



**REPORT OF
THE
STATE AUDITOR**

Division of Wildlife

**Performance Audit
October 1999**

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October 12, 1999

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This report contains the results of a performance audit of the Division of Wildlife at the Department of Natural Resources. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The report presents our findings, conclusions, and recommendations, and the responses of the Division of Wildlife.

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**STATE OF COLORADO
OFFICE OF THE STATE AUDITOR**

REPORT SUMMARY

J. DAVID BARBA, C.P.A.
State Auditor

**Division of Wildlife
Performance Audit
October 1999**

Authority, Purpose, and Scope

This performance audit was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The audit was conducted in accordance with generally accepted governmental auditing standards. Our audit procedures included reviewing documentation, interviewing Division staff and members of the Wildlife Commission, analyzing data, and interviewing staff in other states' wildlife agencies. Audit work was conducted between January and August 1999.

The purpose of the audit was to review the efficiency and effectiveness of the Division's operations in the following areas: property management, capital construction, program management, and customer service. As part of our audit we also conducted procedures to determine the implementation status of recommendations made in our 1995 performance audit of the Division and a 1998 federal audit performed by the U.S. Fish and Wildlife Service.

We gratefully acknowledge the assistance and cooperation of staff at the Division of Wildlife and members of the Wildlife Commission. The following summary provides highlights of the comments, recommendations, and agency responses contained in the report.

Overview

The Division of Wildlife is the largest agency within the Department of Natural Resources. The Division's statutory mission is to ensure that "wildlife and their environment are...protected, preserved, enhanced, and managed for the use, benefit, and enjoyment of the people of this State and its visitors." In addition to being an agency within the Department of Natural Resources, the Division is also governed by an eight-member Wildlife Commission. Members of the Wildlife Commission represent various geographical areas of the State, specific occupational categories (e.g., livestock producers, wildlife organizations), and the public at large.

The Division was appropriated approximately \$63.3 million and 744 FTE for its Fiscal Year 2000 operations and an additional \$17.3 million for land acquisition and capital construction projects. About three-fourths of the Division's funding comes from license and permit sales, with the remaining portion coming from a mix of federal funds, Great Outdoors Colorado (GOCO) grants, and tax checkoff revenues, among other sources. In 1998 the Division sold approximately 1.6 million hunting, trapping, and fishing licenses; hiking certificates; and use permits worth approximately \$60 million.

For further information on this report, contact the Office of the State Auditor (303) 866-2051.

Property Management Needs Significant Improvement

We reviewed the Division's methods for managing various types of assets including its fleet, confiscated firearms, and real property. We found that significant improvements are needed to maximize the Division's cost-efficiency, ensure assets are adequately safeguarded, and avoid the reoccurrence of problems in the future. Key findings in each of the areas we reviewed include:

- **The Division has an excessive number of vehicles given its staffing levels.** The absence of any significant controls over vehicle acquisitions and assignments prior to December 1998 has been largely responsible for the problems we observed. Specifically, the Division had 660 vehicles for the 732 FTE it employed at the time of the audit. This means that there were nine vehicles for every ten Division employees. We reviewed the Division vehicles identified by State Fleet Management as being underutilized in Fiscal Years 1998 and 1999 (e.g., vehicles driven fewer than 12,600 miles a year -- 70 and 97 vehicles in each year, respectively). Low mileage is often a signal that a vehicle is not properly assigned or that it may not be needed at all. Given recent underutilization levels, we conservatively estimate that the Division could reduce its fleet by a least 50 vehicles (as leases expire), which would save about \$213,000 annually. Additional problems we noted include the purchase of more expensive vehicle models when less expensive ones may have sufficed, general lack of accountability in regard to vehicle assignments which may further increase fleet costs, and inadequate monitoring of commuting exemptions.
- **The Division currently has in its possession at least 65 firearms (e.g., rifles, shotguns, handguns, and one assault rifle) that its officers have confiscated from individuals during the commission of a crime.** Although the law allows the Division to seize property in this manner, some of the confiscated items have been on hand since the 1980's and at least one is improperly stored. Lack of monitoring and other controls over the handling and disposal of seized property are evident. Because of the dangerous nature of firearms and the fact that these items do not legally belong to the Division, it is even more important for staff to closely monitor and safeguard this property.
- **The Division's decision to lease 16 properties acquired with license revenues to the Division of Parks and Outdoor Recreation instead of operating the properties itself resulted in an unauthorized diversion of license revenues.** Use of hunting and fishing license revenues for purposes other than administering a state's wildlife agency is prohibited by federal law. As such, the federal government has stated that the Division of Wildlife must be reimbursed for the value of these properties, along with the revenue that the Division of Parks and Outdoor Recreation earned from charging entrance and use fees on them. These problems were identified in a 1998 audit by the U.S. Fish and Wildlife Service. Resolving audit issues is expected to take several years and will require many actions on the part of the Division and other state and federal agencies.

Accountability for Capital Construction Spending Is Inadequate

Each year the Division undertakes between 80 and 130 capital construction projects using cash, federal, and GOCO funds. Typical projects include employee housing renovations, fish unit maintenance, motorboat access improvements, and dam maintenance. Construction projects are planned, designed, and monitored through a process that involves field staff, regional engineers, outside design consultants, construction contractors, and staff in the Division's Engineering Section.

Our audit showed that improvements were needed in several areas related to the Division's management of capital construction projects, including the following:

- **The existence of substantial differences between the construction projects that comprise the Division's funding request in any one year and the projects that are eventually constructed using those funds led us to conclude that capital construction funds are not always used as intended.** Projects are routinely canceled and funding is shifted to other projects. For instance, we found that about 18 percent of the Division's Fiscal Year 1998 projects (i.e., 25 of 136 projects worth \$1.4 million) were canceled and the associated funds were used for other projects, including some that did not appear on the project lists that were approved through the budget process. Twenty projects totaling \$715,500 were constructed using funds obtained in this manner. Further, from July 1997 to March 1999, the Division transferred \$3.4 million (59 percent) of its Fiscal Year 1998 construction budget among projects. Changes of this magnitude signal the need for improved overall accountability. However, basic, summary information about how capital construction monies are being used (e.g., original budget by funding source, budget-to-actual spending comparisons, planned vs. actual completion dates for construction activities) is currently not available.
- **The Division is not ready to begin many construction projects when funds become available.** For example, on the basis of our review of the 162 projects that were in progress during the audit, we found that it takes an average of 14 months after funds have been appropriated for the Division to begin construction. Delays in starting construction can negatively affect the Division's achievement of its organizational goals. Design delays were one key reason for the lag between funding availability and the actual commencement of construction activities.

Improved Program Management Is Needed

Our review showed that improvements are needed in the management of several Division programs, including law enforcement, hunting license administration, GOCO project management, and the Habitat Partnership Program. Key findings and recommendations in these areas are summarized below:

- **Law Enforcement:** We found that the Division's systems are inadequate for preventing individuals who have had their wildlife privileges suspended from obtaining a hunting or fishing

license. We reviewed CORIS records (i.e., the Colorado Outdoor Recreation Information System -- the Division's hunting and fishing licensing database) for 25 individuals whose wildlife privileges were suspended in either Calendar Year 1998 or 1999. We found that in 11 cases (44 percent), CORIS records did not have the information needed to prevent these individuals from obtaining a license. Other systems for preventing license sales to individuals under suspension are also inadequate. Further, we found two cases where individuals actually received hunting licenses while under suspension.

- **Hunting License Administration:** Statutes allow landowners advantages in obtaining certain types of limited hunting licenses. However, we found that the Division is providing advantages to landowners that go beyond those explicitly allowed by statute. For example, the license applications that are not drawn in the landowner draw are placed in the general public draw, thereby giving landowners two chances to obtain a license. We also found that although statutes allow "up to 15 percent" of the hunting licenses for a particular area to be set aside for landowners, this percentage is exceeded in some cases. Both of these situations result in fewer licenses being available to members of the general public and may be perceived as giving unfair advantages to landowners. This can create significant problems because of the high demand for big game hunting licenses in Colorado.
- **GOCO Project Management:** The Division receives a constitutionally-determined portion of the proceeds coming from the State's Lottery in the form of GOCO grants. These funds are used for various programs including habitat and species protection, watchable wildlife, and education. Since 1994 GOCO has awarded nearly 130 grants worth over \$21 million to the Division. We found that the Division is not adequately managing its GOCO projects. The Division's GOCO spending has not kept pace with constitutional requirements, grant management is inadequate to ensure projects are completed as planned, and expenditure reimbursement requests are not submitted to GOCO in a timely manner.
- **Habitat Partnership Program:** The Habitat Partnership Program was created in statute by Senate Bill 92-81 to alleviate rangeland forage and fence issues arising from the migration and presence of Colorado's big game herds. Program expenditures were about \$1.3 million in Fiscal Year 1999, with most expenditures occurring at the local level. Monitoring the effectiveness of the Habitat Partnership Program is required by law. Since inception, however, the Division has not completed a state-level evaluation of the Program and local committees have not been required to routinely collect, analyze, and report evaluation data.

Customer Service Can Be Improved Through Technology Enhancements and Better Communication

Providing quality customer service is an important goal for the Division. We found that customer service could be improved in several areas, including the following:

- **Implementing a point of sale system for licensing activities would allow the Division to serve customers faster, reduce or eliminate paper-based license administration and vendor reporting processes, and help prevent certain types of licensing violations.** It is currently estimated that such a system will cost between \$9 and \$19 million over five years, depending on system structure, cost-sharing arrangements, and other factors. Although costly, the benefits of a point of sale system are compelling. Further, federal funds may be available to help defray some of the State's costs for implementing such a system. At the time of the audit, however, the Division had not developed formal plans to pursue the federal funding for a point of sale system.
- **Improving communication with Division customers would help alleviate certain problems including mistrust of the limited licensing system and the process used to estimate game levels and set harvest objectives.** For instance, disclosing the wait associated with obtaining certain high-demand hunting licenses might decrease some of the dissatisfaction associated with the limited license draw process. In addition, providing more public information about the methods used to collect and analyze data for estimating game levels and to set harvest objectives would improve the credibility of the Wildlife Commission's decisions regarding the number of limited licenses that will be available each year.

Summary of Agency Responses to the Recommendations:

The Division of Wildlife agrees with our recommendations. A summary of responses, along with implementation dates, can be found in the Recommendation Locator on Page 7.

RECOMMENDATION LOCATOR
Agency Addressed: Division of Wildlife

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	18	Reduce the size of the fleet, and improve management controls over vehicle acquisitions and inventories.	Agree	December 2000
2	21	Improve oversight of vehicle assignments by conducting annual review procedures, developing methods to eliminate unauthorized transfers of vehicles among staff, periodically reviewing commuting exemptions, and evaluating seasonal lease possibilities.	Agree	June 2000
3	23	Reduce the current inventory of firearms and other seized property, and revise procedures to ensure problems do not reoccur.	Agree	June 2000
4	26	Work with the Division of Parks and Outdoor Recreation, GOCO, the U.S. Fish and Wildlife Service, and other agencies to implement recommendations made in the 1998 federal audit.	Agree	December 2002
5	31	Improve accountability for the use of capital construction funds by modifying existing monitoring and reporting processes.	Agree	July 2000
6	34	Modify the process for designing capital construction projects to ensure projects have accurate budgets and are completed in a timely manner.	Agree	July 2002
7	36	Improve monitoring of design consultants.	Agree	Implemented
8	37	Work with the Capital Development Committee to develop an approach for funding design consultants' fees.	Agree	July 2000

RECOMMENDATION LOCATOR
Agency Addressed: Division of Wildlife

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
9	38	Require contractors to present original invoices when requesting payment for services, and assign responsibility for invoice review and approval to regional engineers.	Agree	January 2000
10	40	Consider the cost-benefit of continuing to operate the "Fishing Is Fun" Program.	Partially Agree	Implemented
11	47	Improve procedures aimed at preventing individuals with suspended wildlife privileges from obtaining hunting or fishing licenses.	Partially Agree	January 2000
12	50	Improve enforcement of hunting laws and regulations that prohibit individuals from obtaining multiple licenses for the same species hunt in a given calendar year.	Agree	July 2002
13	52	Evaluate procedures for processing hunting license applications to determine if a better method for handling preference point-only requests exists.	Agree	August 2001
14	55	Ensure procedures for administering the landowner preference program do not result in excessive advantages being granted to landowners.	Agree	Testing - May 2001 Logic - May 2002
15	56	Require landowners to submit proof of ownership as a prerequisite to participating in the landowner preference program.	Agree	December 2003
16	59	Improve management of GOCO-funded projects by modifying various planning, monitoring, billing, and accountability processes.	Agree	Implemented

RECOMMENDATION LOCATOR
Agency Addressed: Division of Wildlife

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
17	62	Work with the Habitat Partnership Council to develop processes to monitor the effectiveness of the Habitat Partnership Program.	Agree	September 2000
18	63	Formalize policies and procedures for administering the Habitat Partnership Program.	Agree	September 2000
19	64	Develop more effective methods to ensure that all employees submit time sheets in a timely manner.	Partially Agree	Implemented
20	65	Review all recommendations that have not been completely implemented from the 1995 State Auditor's performance audit report, and develop an action plan to ensure their timely implementation.	Agree	July 2000
21	69	Continue efforts to improve customer service by working with the appropriate federal agencies to secure partial funding for a point of sale system.	Agree	July 2002
22	70	Periodically communicate the average wait associated with obtaining various hunting licenses to interested members of the public.	Agree	May 2000
23	73	Improve communication with the public regarding the methods used to estimate game populations and determine harvest objectives for various species.	Agree	Implemented
24	74	Improve methods for communicating with the public regarding the Habitat Partnership Program including establishing and adhering to a regular publication schedule for the Program's newsletter.	Partially Agree	July 2001

Description of the Division of Wildlife

Overview

The Division of Wildlife (Division) is the largest agency within the Department of Natural Resources, in terms of both personnel and budget. The Division's statutory mission is to ensure that "wildlife and their environment are...protected, preserved, enhanced, and managed for the use, benefit, and enjoyment of the people of this State and its visitors." To meet its mission, the Division performs activities that can be categorized under four main programmatic areas, which are administration/support (also known as "responsive management"), wildlife and wildlife habitat protection, wildlife-related recreation, and wildlife education and information. Specific duties related to these programmatic areas include:

- Issuing hunting, fishing, and trapping licenses.
- Promulgating regulations and enforcing wildlife laws.
- Propagating and stocking wildlife.
- Establishing programs necessary for the management of non-game, endangered, and threatened wildlife.
- Assessing, controlling, and reimbursing landowners for damage created by wildlife.
- Acquiring and leasing land and water for the preservation and conservation of wildlife.
- Entering into agreements with landowners for public hunting and fishing areas.
- Providing educational programs to the general public.

The Division also manages more than 230 wildlife areas and maintains regional service centers in Denver, Grand Junction, and Colorado Springs, as well as area service centers in 16 other cities and towns across the State.

Description of the Wildlife Commission

The Division is currently governed by an eight-member Wildlife Commission, appointed by the Governor with the consent of the Senate. Five commissioners are selected according to geographical districts, and three commissioners are appointed to represent the public-at-large. By statute, each of the following occupational categories must be represented on the Commission: livestock producers, agricultural or produce growers, sportsmen or outfitters, wildlife organizations, and boards of county commissioners. Beginning January 1, 2000, the membership of the Wildlife Commission will be increased to ten, including two ex officio members (i.e., the Commissioner of Agriculture and the Executive Director of the Department of Natural Resources or their designees). At this time, the Division will also change from a Type I to a Type II agency.

The Wildlife Commission appoints a Division Director, with the consent of the Department of Natural Resources' executive director. The Commission also sets regulations and policy for the Division's program areas, makes property acquisition and disposal decisions, and reviews the Division's long-range plans and budget requests.

Financial Overview

The Division is primarily cash-funded from fees assessed on hunting and fishing licenses. As shown in the following table, in Fiscal Year 1999 about \$58.5 million (74 percent) of the Division's revenues came from license sales. Federal funds, Great Outdoors Colorado (GOCO) monies, and other miscellaneous revenue made up the remainder of the Division's funding sources.

Division of Wildlife – Revenues			
Fiscal Years 1997 to 1999			
(In Millions)			
Revenue Source	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999
Licenses	\$55.1	\$58.8	\$58.5
Federal Funds	9.3	8.9	9.4
GOCO	5.3	3.5	4.9
Other¹	6.9	7.9	6.5
TOTAL	\$76.6	\$79.1	\$79.3
Source: Division of Wildlife Fiscal Year 2000 budget request.			
¹Note: Includes interest earnings, revenue from the sale of goods and publications, miscellaneous grants, tax checkoff revenues, and donations.			

Appropriations by major programmatic area for Fiscal Year 2000 are shown in the following table. These figures do not include capital construction funding.

Division of Wildlife Operating Appropriations by Major Program Fiscal Year 2000		
Program Area	Appropriation	FTE
Habitat and Species Management	\$10,915,863	144.7
Habitat	8,639,180	116.9
Wildlife Populations	2,276,683	27.8
Wildlife-Related Recreation	\$21,947,251	263.7
Hunting	8,138,251	64.7
Angling	8,671,005	138.4
Wildlife Viewing	504,491	5.7
Law Enforcement	2,631,839	41.2
Licensing	2,001,665	13.7
Wildlife-Related Education & Information	\$8,980,357	127.4
Education	2,863,171	31.6
Public Information	2,171,309	17.2
Customer Service	3,945,877	78.6
Responsive Management	\$14,745,693	178.3
Public Policy	1,674,683	12.6
Human Resources	4,506,527	43.3
Internal Support Systems	8,564,483	122.4
Special Purpose	\$6,660,274	30.0
Indirect Cost Assessment	2,979,144	0.0
Wildlife Commission Discretionary Fund	250,000	0.0
GOCO Grants	3,431,130	30.0
TOTAL	\$63,249,438	744.1
Source: Fiscal Year 2000 Long Bill.		

Significant Accomplishments

Our audit identified areas where the Division should be recognized for its achievements. For example, the Division's methods for estimating game populations and establishing harvest objectives were praised by peers in other states' wildlife agencies who we interviewed. Further, we noted that the Division's Web site provides a great deal of useful information, as well as some innovative ways to serve

customers. For example, starting in 1998, applicants for limited hunting licenses could use the Division's Web site to access timely information about how well they did in the license draw. We also noted that the Division has improved the way it handles leftover license sales. Specifically, the lottery system that was recently used at some Division locations was generally well received and eliminated some of the problems experienced in the past (e.g., long lines, overnight camping on Division property). We commend the Division's employees for their efforts in these areas.

We also noted areas where improvements are needed. The following report identifies findings and recommendations on property management, capital construction, program management, and customer service.

Property Management

Chapter 1

Overview

This chapter deals with various property and asset management issues at the Division. Issues include management of the Division's fleet, confiscated firearms and other types of confiscated property, and real property.

Fleet Management

Overall, we found that management of the Division's fleet needs significant improvement. Major problems include an excessive number of vehicles in use at the Division, issues regarding the types of vehicles being acquired, and questionable vehicle assignment policies. The absence of any significant controls over vehicle acquisitions and assignments prior to December 1998 has been largely responsible for the problems we observed. We believe that the Division needs to review the need for every vehicle now in use and determine whether reductions in the size of the fleet can be made. Using the number of vehicles that were underutilized in Fiscal Years 1998 and 1999 (i.e., driven less than 12,600 miles/year), we estimate that the Division could cut its fleet by approximately 50 vehicles, which would save about \$213,000 annually. These savings would be realized by not replacing vehicles as leases expire. The Division should look for savings like these when it makes vehicle acquisition and replacement decisions in the future. The following narrative describes our findings in greater detail.

The Division Has an Excessive Number of Vehicles

We reviewed fleet issues at the Division because of two main concerns—the number and types of vehicles currently in use by the agency. In March 1999 the Division had about 660 vehicles it used in its daily operations. Most of these vehicles (485 vehicles, or 73 percent) were administered through a lease arrangement with State Fleet Management. The Division spent about \$1.3 million and \$1.6 million, respectively, on vehicle leases in Fiscal Years 1998 and 1999. The remainder of the Division's vehicles (175) are owned outright by the agency. These are specialty vehicles (e.g.,

hatchery trucks) or other vehicles acquired prior to 1993 when the Division first came into the state fleet program. Our review focused on the 485 vehicles in the state fleet, since the majority of the Division's fleet costs are related to these vehicles.

We found that the Division has an excessive number of vehicles, especially in relationship to the number of people it employs. Counting those vehicles that are agency-owned, there were nine vehicles for every ten full-time Division employees at the time of the audit (i.e., 660 vehicles for 732 FTE). This ratio of vehicles to FTE is higher than the ratios in comparable state agencies we contacted. Further, none of the other western state wildlife agencies we contacted (i.e., Utah, New Mexico, Wyoming, and Montana) had as many vehicles per FTE as Colorado's Division of Wildlife. The number of vehicles at the Division also appears high given that at least a fourth of the Division's FTE perform support or administrative functions. Although some of these employees may need occasional access to a vehicle, it is unlikely that most of them would need one to perform most of their daily duties. If this fact is taken into account, the vehicle-to-staff ratio is even higher. Vehicle assignment issues are explored further in the comments related to Recommendation No. 2.

Cost Differences Between Vehicle Types Can Affect Overall Fleet Expenditures

The second issue—the type of vehicles in use at the Division—was based on concerns about the agency's acquiring an unduly large number of late-model, higher-end vehicles (e.g., GMC Suburbans, Ford Expeditions). We found that the Division had 190 of the 2,642 total late-model (1996-1999) vehicles in the state fleet at the time of the audit (7 percent). Given that Division vehicles account for around 8 percent of the state fleet as a whole (5,787 vehicles), the Division's "share" of late-model vehicles was about as expected. In regard to vehicle make/model, we found the following:

Division of Wildlife Number of Vehicles by Make and Model	
Vehicle Make and Model	Number
Sedans, Vans, and Station Wagons – various makes	20
Pickup Trucks (1/2 ton) – various makes	150
Pickup Trucks (3/4-ton) – various makes	214
Passenger and Utility Vehicles: Ford Bronco and Bronco II (30) Jeep Cherokee (23) GMC Suburban (20) Chevrolet Blazer (14) Ford Expeditions (9) Miscellaneous (5)	101
TOTAL	485
Source: Office of the State Auditor analysis of State Fleet Management records dated 3-16-99.	

As the table shows, about 59 percent of the Division's pickup trucks are 3/4-ton—which are more expensive to lease than 1/2-ton pickup trucks. This may point to the need for the Division to make changes to the types of vehicles it is acquiring. For example, in 1999 the Division ordered 35 new 3/4 ton and 42 new 1/2-ton pickup trucks. Ordering only 1/2-ton pickup trucks would have resulted in considerable savings for the Division over a 60-month lease, as shown below:

Potential Cost Savings 60-Month Lease 1999 1/2-Ton and 3/4-Ton Pickup Trucks	
Total Cost—60-month lease	
3/4-Ton Pickup	\$23,444
1/2-Ton Pickup	\$19,820
<i>Difference</i>	\$3,624
Total Cost—35 3/4-Ton and 42 1/2-Ton Pickups	\$1,652,980
Total Cost—77 1/2-Ton Pickups	\$1,526,140
<i>Difference</i>	\$126,840
Source: Office of the State Auditor analysis of data obtained from State Fleet Management and the Division of Wildlife.	

The money saved from ordering all 1/2-ton pickups instead of a mixture of 1/2- and 3/4-ton pickups could have been redirected for use in other programmatic areas. Of course, the Division may need larger, more heavy-duty vehicles in some cases, but these decisions should be weighed carefully because of the expense involved.

Better Oversight Is Needed

We believe that many of the Division's vehicle problems have occurred because the agency lacks effective controls over vehicle acquisitions, among other issues. Prior to December 1998 the Division had no written guidelines available to staff who wanted to order a new vehicle from Fleet Management. As such, the type of vehicle requested was generally decided by the person ordering the vehicle and his or her immediate supervisor. The Division should formalize the vehicle ordering standards outlined in its December 1998 memorandum and communicate these instructions to staff in the form of an administrative directive or similar guidance. The Division should also ensure that any written guidance it develops includes clear instructions about the need for upper-level management review and approval (i.e., section or regional manager level) of all vehicle acquisitions.

We also found that the Division does not conduct any periodic physical inventories of its vehicles. Instead, the Division relies upon Fleet Management records to ascertain the number and types of vehicles it has in its possession. Although these records can serve as a starting point, they should not be relied upon to ensure the actual existence of an asset as valuable as a vehicle. Accordingly, the Division should conduct a physical inventory of all its vehicles on at least an annual basis to ensure that all vehicles are accounted for and that Fleet Management records are accurate.

Recommendation No. 1:

The Division of Wildlife should review the need for every vehicle now in use and determine whether reductions in the size of the fleet can be made. Further, to ensure problems do not reoccur, the Division should institute improved management controls over agency vehicles, including:

- Developing, communicating, and enforcing formal, written guidelines for staff and managers to follow when making vehicle acquisition decisions.
- Formalizing and enforcing a vehicle acquisition review and approval process that includes upper-level management.
- Performing an annual physical inventory of all vehicles.

Division of Wildlife Response:

Agree. The Division of Wildlife will reduce its fleet by 50 vehicles (or 7.5 percent) by December 31, 2000. The initial focus will be on low mileage vehicles. The Division is currently in the process of instituting management controls and writing guidelines for vehicle acquisitions and inventories and will complete this process by December 31, 1999. The Division will conduct a complete physical inventory of its current fleet by December 31, 1999.

Vehicle Utilization Needs To Be Reviewed

The Division uses a number of vehicle assignment approaches. Many vehicles are assigned to one individual for his or her permanent use. Other vehicles may be shared among certain individuals (e.g., two or more employees who work out of the same office), or they may be available for "checkout" through a motor pool. All of these approaches have their advantages and drawbacks. For example, individual assignments may result in greater accountability because responsibility for the vehicle is clear. However, individual assignments sometimes result in underutilization and, consequently, low-mileage situations for certain vehicles. Shared assignments can sometimes alleviate the latter problem, but this type of use arrangement can negatively impact accountability and may lead to conflicts among the employees who share the vehicle. Motor pools are useful in situations where vehicle needs are less consistent, but this arrangement may also result in low-mileage situations and accountability problems.

Low mileage is often a signal that a particular vehicle may be inappropriately assigned. We reviewed a list prepared by Fleet Management of those Division vehicles that traveled fewer than 12,600 miles in Fiscal Years 1998 and 1999. This is the mileage that Fleet Management has established as a minimum-use standard. Of the 70 Division vehicles on the 1998 list, 53 were pooled or shared assignments, 7 were individually assigned, 7 were seasonal use, and 3 were special use (e.g., assigned to a particular Division program to meet a specific need). The number of underutilized vehicles rose to 97 in Fiscal Year 1999 (i.e., 20 percent of the Division's 485 State Fleet-administered vehicles). Of these vehicles, 35 were pooled or shared assignments, 42 were individually assigned, 6 were seasonal use, and 14 had no assignment method listed. Forty-six vehicles appeared on both the 1998 and 1999 lists. The large number of vehicles driven fewer than 12,600 miles/year in both 1998 and 1999 leads us to question whether these vehicles are needed at all and/or whether their assignments should be modified to ensure appropriate usage. As we note at the beginning of this Chapter, underutilized vehicles should be the first reviewed for potential elimination.

Periodic Review of Assignments Can Maximize Vehicle Cost-Effectiveness

The Division should review all types of vehicle assignments—whether they are individual, shared, or pooled—on an annual basis to ensure they are cost-effective and necessary to meet agency objectives. Assignments should be modified if, for example, an individually assigned vehicle could be driven enough to meet minimum mileage standards through a shared arrangement. Because of the number of shared vehicles at the Division with low mileage, however, this type of arrangement should be carefully considered. It may be possible for the Division to increase the use of motor pools in some areas of the State where shared or individually assigned vehicles are consistently underutilized. Generally, the Division should consider assigning individual responsibility for a vehicle whenever it is cost-effective and feasible in order to ensure the greatest level of accountability.

We noted problems with another practice used by Division staff in regard to vehicle assignments. Division staff told us that employees sometimes "swap" vehicles or use a vehicle assigned to another employee if, for example, their vehicle is out for repair. These "swaps" do not appear to require any supervisory approval. "Swapping" vehicles without a supervisor's approval may negatively impact individual accountability for a vehicle. In those situations where a "swap" is in the best interest of the Division (e.g., one employee's vehicle is out for repair and another employee is on vacation), a supervisor should be consulted to ensure that it is clear which employee has responsibility for the vehicle.

Commuting Exemptions Are Not Routinely Reviewed for Validity

We also observed that the Division's commuting exemption list was out of date. This is because the Division has no formal procedure for routinely reviewing the list to ensure it is accurate and verifying whether the exemptions are still valid. Fleet Management and Division rules require state employees who commute between home and work to reimburse the State for use of the vehicle unless they are considered exempt. Exemptions typically occur because an employee is on-call (e.g., persons with law enforcement responsibilities) or because an employee works out of his or her home, which means the vehicle is garaged there.

As of April 1999, the Division had 189 employees who were listed as exempt from the commuting rules and just one employee who was commuting with his vehicle under a reimbursement arrangement. Of the 189 exempt employees, the vast majority

were exempt because of their law enforcement responsibilities (i.e., 176 employees on the list, or 93 percent, had law enforcement exemptions). However, a closer review of the exemption list showed four employees who were still on the list but who had actually retired. We also found one employee who was supposedly on the list because of his law enforcement officer status but who did not have a current Peace Officer Standards and Training (POST) certificate on file at the Division. This individual's commuting exemption may not be justified and should be reviewed for validity.

Seasonal Leases May Produce Even More Cost Savings

Finally, we believe that the Division should research the possibility of using seasonal leases to meet some of its vehicle needs. Using a seasonal lease could help the Division avoid low-mileage (i.e., underutilization) situations with certain vehicles. For example, in Fiscal Year 1998, 7 of the Division's 70 vehicles (10 percent) that did not meet state fleet minimum mileage requirements were listed as seasonal-use vehicles. These vehicles were driven an average of 5,793 miles in Fiscal Year 1998—less than one-half of the 12,600 minimum miles required by Fleet Management. Four of these seven vehicles were also listed as having low mileage in Fiscal Year 1999.

Staff from the Division of Parks and Outdoor Recreation reported that they use seasonal leases to accommodate the large number of temporary employees they hire during the summer months. We interviewed Fleet Management personnel and found that seasonal leases can also save money. For example, a seasonal lease on a 1/2- or 3/4-ton pickup truck currently costs about \$125 a month—much less than the regular monthly lease payment for these types of vehicles (i.e., about \$361). Fleet Management staff did caution us that it is difficult to determine the number of seasonal leases that will be available each year because they use vehicles that are turned in for disposal to fulfill these requests. Regardless, because of the potential for cost savings, we believe the Division should look into the possibility of using seasonal leases, especially in those situations involving low-mileage vehicles.

Recommendation No. 2:

The Division of Wildlife should improve its oversight of vehicle assignments by annually reviewing all types of vehicle assignments to ensure they are still necessary and cost-effective; developing procedures to ensure there are no unauthorized transfers of vehicle assignments among staff; and periodically reviewing commuting exemptions to ensure they are still valid. Further, the Division should work with State

Fleet Management to assess the cost-benefit of using a seasonal leasing option for some vehicles.

Division of Wildlife Response:

Agree. The Division of Wildlife's vehicle assignment and management guidelines will address the issue of transferring of vehicles and commuting exemptions. These guidelines will be in place by June 30, 2000. The Division will evaluate seasonal lease options by June 30, 2000.

Controls Over Seized Firearms Need Strengthening

Wildlife officers report that the Division currently has in its possession at least 65 firearms that have been seized from individuals during the suspected commission of a crime. The firearms on hand are mostly rifles and shotguns with a few handguns and, notably, one assault rifle. The Division also has various related equipment (e.g., gun sights, scopes) that officers seized at the time these firearms were confiscated. The value of the firearms and related equipment is unknown. Some of the items have been on hand since the early 1980s. Most of these items are stored in Division field offices around the State. However, we found that at least one firearm was stored in a wildlife officer's gun safe at his home.

The Division is acting within its authority when it seizes a firearm from a person suspected of committing a crime. Confiscated items are kept until the case related to the seizure is closed. At that time, a firearm may be returned to its owner or forfeited to the Division. In a forfeiture situation, Division procedures allow assignment of a seized firearm to an officer for official business use or disposal of the item. Statutes (Section 16-13-311, C.R.S.) also allow the Division to sell confiscated firearms. According to Division staff, this method of disposal has not been used in several years.

Until we requested it, the Division had never conducted an inventory of its seized firearms. As such, management was unaware of the number and types of firearms that had been seized, their location, and the status of the case(s) related to the seizure. Agencies have the responsibility to develop effective internal control systems, including methods for properly safeguarding assets. Periodic inventories can be an effective method of ensuring proper asset control. The fact that these items do not technically belong to the Division does not lessen the agency's responsibility for safeguarding them. Without proper controls, these items could be converted to

personal use or become lost or stolen. Indeed, because of the dangerous nature of the items, it is even more important that they are carefully safeguarded.

In addition, lack of proper controls over these items may result in the loss of property that is not rightfully the Division's, since seized items are frequently available for return to their owner upon case closure. Some of the firearms that the Division now has on hand are available for return to their owner, but staff either have not initiated return procedures or have been unable to contact the individuals involved.

The Division needs to review the status of every seized firearm it now has in its possession, determine its disposition, and act to reduce the firearms inventory to the greatest extent possible. To ensure proper safeguarding and control of seized firearms in the future, the Division needs to develop policies and procedures that include:

- Timely notification of one person or entity (e.g., headquarters staff, most likely the Law Enforcement Unit) when a firearm or other property is seized.
- Periodic monitoring of items on hand and the cases associated with them.
- Timely return or disposal of items once a case is closed.

Recommendation No. 3:

The Division of Wildlife should revise its procedures for handling firearms and other property seized from individuals during the commission of a crime. Specifically, the Division should:

- Review the status of every seized firearm currently on hand, determine its disposition, and act to reduce the number of firearms on hand to the greatest extent possible.
- Institute a procedure for notifying the Law Enforcement Unit of any seizure within ten days of the action. In each case, the Law Enforcement Unit should receive the following information (at a minimum): a description of the items seized and where they are stored, the name of the officer responsible for the items, and a list of any tickets or summonses related to the case. Items should be stored in Division evidence lockers or in another secure location if an evidence locker is unavailable.

- Modify existing procedures and periodically monitor (e.g., quarterly) seized firearm cases to ensure timely return of items to their rightful owner or to commence forfeiture and/or disposal procedures.
- Conduct annual inventories of all seized items still on hand to ensure they have not been misplaced or converted to personal use and are properly recorded on state financial records.

Division of Wildlife Response:

Agree. The following law enforcement procedures concern property seized as evidence as a result of law enforcement activities: #304 – Seizure Tag; #305 - Seized Firearm Data Form; #403 – Seizure of Evidence; #405 – Personal Property Seized as Evidence; and #406 – Disposition of Seized Wildlife.

Near-term action in relation to comments:

1. “Review the status of every seized weapon currently on hand, determine its disposition, and act to eliminate the weapons inventory.” The Division will begin this process after November 15, 1999 with the objective of reducing the seized firearms inventory by June 30, 2000. The firearms that will continue to be in inventory will be those associated with active case files or case files that have not been adjudicated by the courts or those that are in the process of returning the firearm to the owner.
2. “Institute a procedure for notifying the Law Enforcement Unit of any seizure within ten days of the action.” We will add the ten-day requirement to Law Enforcement Procedure #305 – Seized Firearm Data Form with the objective to revise and implement the procedure by June 30, 2000.
3. “Modify existing procedures and periodically monitor (e.g., quarterly) seized firearm cases to ensure timely return of items to their rightful owner or to commence forfeiture and/or disposal procedures.” The Law Enforcement Unit will use the form as provided in Law Enforcement Procedure #305 – Seized Firearm Data Form. A database to monitor and track firearms seized as evidence will be developed by January 1, 2001. Existing procedures will be modified to ensure proper return or disposition within 90 days of final action.

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4. Annual inventories will be conducted beginning January 1, 2001.
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Certain Property Leases Have Been Questioned

We are also concerned with the Division's lack of oversight of its real property leases to the Division of Parks and Outdoor Recreation. In January 1998 the U.S. Fish and Wildlife service issued a report that assessed the Division's activities in relation to federal grants made in Fiscal Years 1994 and 1995. The audit focused on three issues:

- Determining whether costs claimed by the Division of Wildlife were eligible for federal reimbursement.
- Establishing that fishing and hunting license revenues, as well as assets acquired with these revenues, were used for administration of the State's fish and wildlife agency.
- Ensuring that minimum state spending requirements on sport fish activities were met.

The federal audit concluded that the last requirement was met but had audit comments related to the first two issues. Eight recommendations were made to resolve the problems identified by the audit.

Three of the audit recommendations centered around questions about whether the Division complied with federal laws and regulations that prohibit states which receive federal grants from using license revenues for purposes other than the administration of their state fish and wildlife agencies. The auditors found that instead of operating some properties that had been purchased with hunting and fishing license revenues itself, the Division leased these properties to the Division of Parks and Outdoor Recreation. Sixteen specific leases were questioned. Further, the Division of Parks and Outdoor Recreation, which managed the properties with little oversight from the Division, charged entrance and use fees on some properties and kept the revenue instead of remitting it to the Division. The audit report noted that these diversion issues stemmed from the fact that the Division did not maintain "adequate control or oversight to ensure...leased properties...were used in accordance with program objectives...." It further stated that because of inadequate formal monitoring by the Division, there was no assurance that the properties were used in accordance with the

objectives of federal acts requiring license revenues to be used solely for the administration of a state's fish and wildlife agency.

Resolving the issues related to these recommendations is expected to take several years and will require many actions on the part of the Divisions of Wildlife and Parks and Outdoor Recreation (e.g., appraisals of the 16 properties in question, negotiation of property sales/exchanges/purchases to reimburse the Division, and determination and settlement of the amount of past entrance and use fees that may be owed to the Division, among other tasks). The entities involved have set an April 1, 2002, deadline for accomplishing all actions needed to resolve the audit issues.

The dollar impact of implementing the recommendations is also unknown. At the time of our audit, only 2 of the 16 properties in question had been appraised, and these appraisals were only in draft form. Agency-prepared estimates show the impact of one recommendation (i.e., the recommendation regarding the entrance and use fees owed to the Division of Wildlife) to be almost \$3.7 million through Fiscal Year 1998. It is still unclear whether the federal government will allow this "debt" to be offset by the expenses the Division of Parks and Outdoor Recreation incurred for operating and managing the 16 leased properties. These costs could have been billed to the Division of Wildlife but were not. According to Division of Wildlife staff, this is the resolution preferred by both divisions.

Another key issue that remains unresolved is whether, and to what extent, GOCO funds can be used to purchase new properties for the Division as replacements for previously leased properties that the Division of Parks and Outdoor Recreation desires to acquire permanently. Discussions with GOCO staff and a review of the documentation associated with this potential solution showed that this issue is far from resolved. (See Recommendation No. 16 for more discussion about the Division's use of GOCO monies.) We encourage the Division to continue its work with the Division of Parks and Outdoor Recreation, GOCO, and the appropriate federal agencies to settle these issues and to ensure that the established deadline for resolving all audit recommendations is met (April 1, 2002).

Recommendation No. 4:

The Division of Wildlife should continue its efforts to work with the Division of Parks and Outdoor Recreation, Great Outdoors Colorado (GOCO), the U.S. Fish and Wildlife service, and other state and federal agencies as needed to implement the recommendations contained in the 1998 federal audit.

Division of Wildlife Response:

Agree. The Division of Wildlife agrees with this recommendation and continues to work to resolve the federal aid audit issues related to the leases and entrance fee collections by the April 1, 2002 deadline. Currently, under direction from the Department of Natural Resources, a team of representatives from the Divisions of Parks and Wildlife and the Executive Director's Office meet regularly to address the property management issues.

Capital Construction

Chapter 2

Background

Each year, the Division undertakes between 80 and 130 capital construction projects. Recurring projects include employee housing renovations; fish unit maintenance; motorboat access improvements; dam maintenance; and habitat, stream, and lake improvements. In Fiscal Years 1998 and 1999 about \$5.5 and \$5.3 million, respectively, was appropriated for capital construction projects like these. The Division also receives several additional appropriations each year for special projects like land acquisitions, individual projects costing over \$250,000, and controlled maintenance projects, among others. In Fiscal Years 1998 and 1999 about \$12.8 million and \$11.8 million, respectively, was appropriated to the Division in this manner. Funding for the Division's capital construction projects comes from Wildlife Cash, federal funds, and GOCO monies.

The Engineering Section is a centralized unit of 24 FTE who design and oversee construction of the Division's various construction projects. All construction work is performed by contractors. Most of the Engineering staff work out of the Denver Headquarters Office (18 FTE), with the others working in the Division's three regions (6 FTE).

The Division's construction cycle can be divided into three main phases, which are explained as follows:

- **Planning**—This phase typically begins two years before project funds are likely to become available. Requests for Engineering or Requests for Cooperative Agreements are developed by Division staff and regional engineers and eventually submitted to the Division's regional and sectional managers for approval. If approved, a project is added to a project list for discussion and prioritization at a regional meeting. Projects passing this stage of review are discussed further at a statewide meeting that is held to combine regional priorities and form a divisionwide, prioritized list of construction projects. Potential funding sources are attached to the project list, and a cutoff point is established and then adjusted (if necessary) to determine how much funding should be pursued.

- **Design**—This phase typically begins one year before project funds are likely to become available. Design work is performed in-house and, upon occasion, by contract firms. The design phase encompasses several activities including defining the scope of work, conducting site visits, performing surveying tasks, drafting construction drawings, writing materials specifications, obtaining most of the required permits, and creating contract and bid requirements. Outside agencies may also review projects during or before this phase if it is required. The Division also works with the General Assembly, GOCO, and federal agencies during this phase to secure funding for its project lists.
- **Construction**—Once funding becomes available, all permits and necessary reviews are completed, various pre-construction issues are addressed, bids are let, and a contract is awarded. Once contracts are approved and everything else is in order, a "notice to proceed" is issued and construction can commence. The Division's construction projects usually take less than six months to complete once work has started. During construction, regional engineers monitor progress, perform inspections, and approve requests for payment.

Project Management Needs Improvement

Overall, we found that the Division needs to improve its management of capital construction projects, specifically in the areas of planning and budgeting. There are substantial differences between the construction projects that make up the Division's funding request in any one year and the projects that get constructed using those funds. For example, we found:

- About 18 percent of the Division's Fiscal Year 1998 projects (25 of 136 projects totaling \$1.4 million) were canceled by the Division. The unused funds were used on other projects, including some that appeared on original project lists and others that did not.
- During the period July 1997 to March 1999, the Division transferred \$3.4 million (59 percent) of its Fiscal Year 1998 construction budget among projects. These transfers occurred between projects of the same type (e.g., from one dam maintenance project to another). In some cases, however, money was transferred from projects that were on the original project list to projects that were not. For example, the Division added 20 projects totaling approximately \$715,500 to its Fiscal Year 1998 project list after the list was approved through the budget process. Some of these projects were emergencies (e.g., furnace repair), and moving funds for this purpose appears to be allowed. However, other cases did not appear to be emergencies (e.g.,

design consulting services and newly identified projects). Overall, we found no evidence that the Division informed the Capital Development Committee of all the changes it made to the original, approved project list for Fiscal Year 1998.

Construction projects are approved with the Division's Long Range Plan goals in mind. Excessive movement of funds, cancellation of projects, and routine use of funds for projects not on the original project list make it difficult to determine whether the Division's long-term objectives are being supported by its capital construction program. Although providing the Division with some flexibility is appropriate, changes of this magnitude make it difficult to ensure that the intent of the original capital construction budget approved by the General Assembly was met.

Budget-to-Actual Reports Would Provide More Accountability

Existing monitoring and reporting do not provide basic information about whether construction monies are used as intended. For example, no one outside of the Division's Engineering Section has regular access to information about what projects are being built and whether work on these projects is proceeding according to established budgets and time lines. In addition, even if the Engineering Section did report to outside parties, the data it maintains are not compiled in a manner that allows one to easily determine basic project-level information (e.g., original project budget by funding source(s), authorized budget changes, actual expenditures, and planned vs. actual project completion dates). Summarized information on the reasons for project cancellations and construction/design delays is also needed. The Division needs to establish a reporting process that provides information like this so that lawmakers, the Wildlife Commission, and others can ensure that capital construction funds are being used properly and that projects are built as intended within budget and calendar deadlines.

Recommendation No. 5:

The Division of Wildlife's Engineering Section should improve accountability for the use of capital construction funds by implementing a reporting process with the following components:

- A budget-to-actual comparison that shows each project's original, authorized budget by funding source, any budget modifications (including projects that

were added because of emergencies or other reasons), and actual expenditures to date.

- A comparison showing each project's estimated completion date vs. actual completion date. Completion dates should be established and monitored for each major phase of a project.

The Division should share this information with various oversight bodies (e.g., Division management, Wildlife Commission, Capital Development Committee) on at least an annual basis.

Division of Wildlife Response:

Agree. Per the audit, the Division has modified the project accounting report for all active and future fiscal years to include a column that lists any adjustments to the original budget amount. The report has columns identifying the funding source and fiscal year, project name, project number, original amount, increases or decreases to the original amount, encumbrances, expenditures, balance, the fiscal year(s) payments made, comments (particularly for transfers), program codes, federal aid eligibility, and Division project priority number. Actual completion versus estimated completion will also be tracked.

In the past, a report containing some of this information has been submitted to the Capital Development Committee. The Division will work with the Capital Development Committee staff on how they would like this additional information reported on an annual basis. Division management will receive at least two updates per year.

Delays in Beginning and Completing Projects Are Common

The Division is not ready to begin many construction projects when funds become available. We found that the projects in progress at the time of the audit (162 projects totaling almost \$20 million) did not begin construction until an average of 14 months after funds had been appropriated. Delays in various stages of the construction process are responsible for the failure to spend dollars when they become available. For example, 34 of the 162 projects that were in progress during Fiscal Year 1999 (21 percent) were still being designed when funds became available. Delays in the design phase may result in further delays once contracting and construction activities

commence. For instance, funds generally become available for construction projects in May or June after the Long Bill has passed. If the Division cannot let bids, hire a contractor, and get ready to proceed on a project within the next month or so, construction may be pushed back into the fall or winter, when weather conditions may make it impossible to begin work. This means that construction may be delayed even longer until weather conditions are appropriate to proceed (i.e., the ensuing spring and summer). Hatchery production schedules, tourism, and other issues may also hinder the start of construction on a particular project.

Since the authority to spend capital construction funding expires after three years, funding may be lost if it cannot be spent in a timely manner. For example, after 21 months, no expenses had been incurred in 60 out of 131 projects that were approved for Fiscal Year 1998. Further, only 35 percent of the funds associated with all 1998 projects had been expended after 21 months. To ensure that the funding will be spent before it expires, Division spending on Fiscal Year 1998 projects should have been closer to 60 percent at the time of the audit. We also found that about \$464,000 (9 percent) of the funding allocated for projects in 1993 and \$1,321,000 (22 percent) of the funding allocated for projects in 1994 remained unexpended at the time of our audit. The authority to spend these funds has expired.

More Time Is Needed to Design Certain Types of Projects

As noted in the background section, the design phase for a construction project usually begins a year before funding is expected to become available. For certain projects (i.e., projects with complicated permitting, right-of-way, and design issues), however, one year may not be enough time to ensure design work is finished so that construction can proceed when funds are available. We believe that the Division should consider adopting a two-track design process to address this problem. Under such a system, each Request for Engineering/Request for Cooperative Agreement would be immediately assessed to determine whether it could be dealt with using the existing time line. If a project appeared to need more time because of issues like those mentioned previously, it could be placed in a two-year design cycle instead of the normal one-year process. Funding requests would be delayed one year for projects on the two-year design cycle. A two-year cycle should be sufficient to ensure most projects are ready to proceed once funding is available, given the 14-month average noted previously. Using a process that separates projects into short and long design cycles should help the Division avoid problems like having to obtain encumbrance waivers and contract extensions, as well as possible situations where spending authority may expire before a project can be completed.

Project Budget Estimates Need Improvement

We also found that aspects of the project design process result in inaccurate budgets for projects. Project budgets are not developed by the staff responsible for finalizing the scope and design of a project. Instead, budget estimates are developed by the Division employees who request the engineering projects, with assistance from the regional engineers. These early estimates become project budgets without input from design staff. As such, when funding is obtained, project budgets change substantially, which causes transfers between the amounts appropriated for individual capital construction projects, like those noted previously.

Most of the budgets we reviewed were substantially higher than they needed to be. For example, in Fiscal Year 1998, four motorboat access projects originally budgeted for a total of \$390,000 had negative budget modifications of about \$106,300—a 27 percent change. These leftover funds are eventually moved into a contingency budget where they can be used for other purposes, including newly identified projects (i.e., projects not on the Division's originally approved list of projects). Overbudgeting for capital construction projects, therefore, negatively impacts accountability. Also, because Wildlife Cash is used for many of these projects, overbudgeting in capital construction means that fewer dollars are available for the Division's operating costs. To the extent possible, the Division should involve the design staff in the budgeting process to ensure that individual project budgets are as accurate as possible.

Recommendation No. 6:

The Division of Wildlife should modify its process for designing capital construction projects to ensure designs have accurate budgets and are completed in a timely manner. Modifications should include:

- Assessing each Request for Engineering/Request for Cooperative Agreement immediately upon receipt to determine whether it can be designed within a year and incorporating this information into the budget process accordingly. The Division should ensure that design staff are involved in the budget estimation process to improve the accuracy of individual project budgets.
- Starting the design phase for those projects with complicated permitting, right-of-way, or design issues two years before funds are estimated to be available.

Division of Wildlife Response:

Agree. The project request and design process will be modified to overlap and “dove tail” into the budget request, preliminary engineering, and scheduling functions. Division staff are presently working on a 12-month design cycle (July 1 to June 30). This cycle must be moved to April 1 to March 31 in order to overlap the design and request process. Implementation will begin this fiscal year by adjusting the design cycle to 11 months, creating a one-month overlap for some planning this fiscal year, and full implementation will be complete by July 31, 2002, when there will be a three-month overlap for planning on all projects. Complex projects will require a two-year processing time as recommended.

Contract Extensions May Point to the Need for Improved Oversight

We reviewed information on 34 Division construction contracts that were active during February 1999. Four of these contracts were for design work and 30 were for construction work. On average, design contracts were extended an average of 73 days—almost double the average extension on the construction contracts (i.e., 37 days). Differences in the general nature of the work performed by design consultants and construction contractors may be responsible for the longer contract extensions we noted with design projects. However, the longer extensions for design contracts may also be related to the fact that the Division's processes for monitoring design consultants are inadequate when compared with its processes for monitoring construction contractors. For instance, we could not determine the exact reasons for the extensions in these four cases because the Division's project tracking system does not contain specific information on the reasons for design delays. Staff report that most design delays are due to review delays or changes in scope. Reasons for construction contract extensions are more specific (e.g., supply, equipment, and weather problems). More specific information on the reasons for design delays would allow better oversight of these projects.

In addition, the Division does not require design consultants to provide information on the percentage of work they have completed on each contract task. Invoice requirements compel design firms to report only the number of hours they have spent on a project, not how much progress they have made toward completing it. If design consultants provided more detailed information on their progress, it would be easier for the Division to identify potential problems and correct them in a timely manner.

Design Delays May Have Several Negative Consequences

Delays in design work can have a considerable negative impact on a construction project. As noted previously, design delays may result in project funds sitting idle and may even result in the potential for lost spending authority. We noted one case where delays on the part of a design contractor were particularly troublesome. Specifically, at the time of the audit, design work on this project was still incomplete, even though the contract with the consultant expired a year ago. The construction monies related to this project (about \$400,000) have been sitting idle for almost two years. Further, by the time the design work is actually finished and bids can be let for the project, the three-year time limit for using these funds may have expired. If the Division can get a construction contractor hired before the three-year deadline, it will still need to obtain an extension from the State Controller's Office in order to use the funds. Improving the processes for monitoring design consultants should help the Division avoid problems like this in the future.

Recommendation No. 7:

The Division of Wildlife should improve its methods for monitoring work performed by design consultants. This should include modifying existing invoice formats so that contractors regularly report the percentage of work they have completed for each major task and expanding monitoring systems to include more detailed information about the reasons for design delays.

Division of Wildlife Response:

Agree. The Division recognizes that improvements need to be made in the management of consulting engineers and architects contracts. State Buildings contract practices for design contracts, which should eliminate this issue, have been adopted. Rather than specifying contract time, the consultant will be required to submit a schedule for completing the work, including a description of all major tasks and sub-tasks. These descriptions will then be incorporated into the contract and the request for payment form. The consultant will indicate the percent of work complete for each task and sub-task on each pay request. The consultant will not be authorized to work on the next task until previous tasks are complete. The schedule for completing the work will then be compared to the pay requests as they are received to hold the consultants accountable to the schedule. Changes to the schedule will be granted only for

changes in scope, additional work, or other unforeseen and justifiable reasons (e.g., unusual weather). All changes will be documented as a contract modification and approved by the State Controller.

This change will be used on all new consultant contracts effective immediately.

The Division Does Not Specifically Budget for All Design Consultant Fees

As stated previously, the Division does most of the design work for capital construction projects in-house. From time to time, however, the Division will hire outside design consultants. Currently about 25 percent of the Division's design projects are done by outside firms. In past years (e.g., Fiscal Years 1995-1997), expenditures for design consultants averaged about \$115,000 a year. Expenditures have risen in recent years, however, totaling approximately \$880,200 in Fiscal Year 1998 and \$529,700 in Fiscal Year 1999.

The Division does not specifically budget for many of the smaller design projects done by outside consultants. This occurs because the Division does not determine whether it will use an outside firm until after it has requested construction funds. As a result, when it decides to use an outside design consultant, fees are paid out of unexpended capital construction funds (e.g., contingency funds, funds associated with canceled projects). This practice virtually ensures that some of the funds earmarked for specific construction projects will be used in a manner other than what was intended (e.g., the Division used this method to pay the design consultant fees for 36 of the 162 projects that were in progress during the audit). Not budgeting for design consultants, therefore, exacerbates the accountability problems noted previously in the report. The Division should pursue discussions with the Capital Development Committee regarding this issue to ensure an appropriate level of accountability for its capital construction spending.

Recommendation No. 8:

The Division of Wildlife should work with the Capital Development Committee to develop an approach for funding design consultants' fees.

Division of Wildlife Response:

Agree. The Division will work with the Capital Development Committee and its staff to implement new approaches to solve this issue during this fiscal year.

Internal Controls Over Payments to Contractors Should Be Improved

We found that the Division's own staff (i.e., regional engineers) routinely prepare and approve payment invoices for the outside contractors hired to perform the agency's construction activities. Normally, the contractor would prepare an invoice, and the Division staff would review it for contractual compliance and accuracy, either approve or deny the request for payment, and then forward the paperwork to the accounting staff for payment processing. Preparing payment invoices for contractors means that regional engineers have less time to perform the other duties for which they are responsible. Further, a good system of internal controls includes safeguards to ensure that disbursements are based upon independent indicators of services provided.

Problems have arisen because of the Division's method for handling payment requests from construction contractors. One recent case involved the Division, a firm that was hired to oversee the construction phase of several fish hatchery projects (i.e., whirling disease clean-up), and the private construction firm hired to perform the work. In this case, the applications for payment that were completed by the oversight contractor contained errors and led to a payment dispute with the construction firm. This situation was later resolved but only after a significant dispute that might have been avoided if the Division's payment processes relied on the firms seeking payment to determine what amount was due (i.e., submit an original invoice). Regional engineers or whoever is responsible for project oversight (e.g., a contract firm, in this case) could then review the invoice for accuracy, provide their independent assessment of the work completed to date, and process the payment request accordingly.

Recommendation No. 9:

The Division of Wildlife should require contractors to present original invoices when requesting payment for services. Regional engineers should be assigned responsibility for reviewing the invoices for accuracy and approving them prior to disbursing funds.

Division of Wildlife Response:

Agree. The Division will solicit contractors for invoices, utilize these invoices to fill out the pay sheet request, attach them to the pay sheets reviewed and approved by the contractors, and keep copies in the project files in the Denver Engineering Office.

Management of the "Fishing Is Fun" Program Continues to Be Problematic

We also noted that there are continuing problems in the management of a specific program that the Division uses for certain types of construction activities. In our 1995 performance audit of the Division we identified several problems related to the "Fishing Is Fun" Program. This program provides grants to local entities like cities and towns that wish to make various improvements aimed at enhancing area fishing opportunities. Typical projects include aquatic habitat enhancements and angler access improvements (e.g., new boat docks, modifications to allow handicapped access to fishing areas). Funding comes from a mixture of mostly federal and local sources, with a limit of 75 percent of total funding coming from federal sources. Overall program funding varies from year to year depending upon the number of applications approved and the availability of federal monies and other sources of project funding. Since 1991, for example, annual overall program funding has ranged from approximately \$350,000 to \$1 million.

Problems noted in the 1995 performance audit included long delays in processing and approving "Fishing Is Fun" grant applications. In 1994, for example, projects took an average of 279 days (over nine months) to obtain approval so that construction could begin. Communication with project sponsors was also problematic, often adding even more time to the already lengthy project approval and completion process.

Although some improvements in the processes associated with the "Fishing Is Fun" Program have been realized (e.g., contract management), problems continue. For example, the number of projects funded through the Program is at an all-time low, and the length and complexity of the process for obtaining funding has not improved. In 1998 only nine projects totaling \$587,300 were funded through the "Fishing Is Fun" Program. Three of these projects were still awaiting federal approval on August 2, 1999—488 days after their applications were submitted to the Division (April 1, 1998). On the remaining six projects, an average of 381 days passed between the time the applications were received and the start of construction. Besides being

problematic to local project sponsors, approval delays of this magnitude endanger the Division's authority to use certain types of funding to complete these projects. For example, in 1997 the Division had to reimburse the federal government for \$6,330 in "Fishing Is Fun" Program expenditures because it did not request an extension for expiring federal funds in a timely manner.

We could not fully assess the cost-benefit of this program because the Division does not separately track all expenditures related to it. Information provided by the program director shows that 1999 expenses were at least \$90,500 for his salary and some operating costs (e.g., travel, equipment, supplies, indirect costs). The Division reports that program benefits in 1998 (1999 data were not available) included an increase of 35,760 angler days and some minor increases in river and surface water access. Further, Division staff report that the Program is popular with Colorado citizens and that it has fiscal advantages because it is primarily funded from federal sources. However, if major operational improvements cannot be made in the "Fishing Is Fun" Program soon, we believe the Division should consider discontinuing it and seeking other funding sources for the types of projects the Program currently supports. Federal funds now used for "Fishing Is Fun" projects would then be freed up for other uses.

Recommendation No. 10:

The Division of Wildlife should consider the cost-benefit of continuing to operate the "Fishing Is Fun" Program. If major program improvements cannot be achieved in the next year, the Division should discontinue the Program and use available federal funds for other worthy purposes.

Division of Wildlife Response:

Partially Agree. The Division agrees with the recommendation; it disagrees with the overall characterization of the "Fishing is Fun" (FIF) program as "problematic." The agency believes it has fully complied with the 1995 audit recommendations and has made significant improvements. The entire FIF process from submittal of the application through construction is lengthy. As with the Division's internal capital construction process, the entire process from planning through approvals and construction can take two to three years. With 75 percent federal funds, the FIF process is complex and somewhat out of the Division's control. During budget discussions this summer, the cost-benefit of this program was reviewed and the conclusion was that it needs to be maintained at some level. This popular program will continue to be

monitored and improvements made where possible. As evidenced by the number of rural Colorado newspaper articles written in May and June when it appeared that program funds may be reduced, the concern of program participants was that this program continue—their concern was not over the bureaucracy of the program. Most delays occur in the federal review or while the local community is developing the local match requirement.

Program Management

Chapter 3

Overview

As outlined previously, the Division administers a vast array of programs aimed at protecting wildlife and their habitats and ensuring responsible use of wildlife resources. As part of our audit we found that improvements could be made in the management of several of these programmatic areas. Specifically, improvements are needed in law enforcement, hunting license administration, Great Outdoors Colorado (GOCO) project management, and the Habitat Partnership Program. We also found that the Division has not implemented several recommendations for programmatic improvements that were made in our 1995 performance audit. This Chapter discusses the actions that the Division needs to take to implement those improvements.

In 1998 the Division sold about 1.6 million hunting, trapping, and fishing licenses; hiking certificates; and use permits worth over \$60.5 million. License sales make up the bulk of the Division's revenues. Unlimited licenses, also called over-the-counter licenses, are sold by Division offices and about 900 private vendors (i.e., agents) in local communities around the State. Unlimited licenses make up about 90 percent of the total licenses sold by the Division and include fishing licenses, some types of hunting licenses, and all of the miscellaneous permits the Division issues (e.g., hiking certificates).

The Division also sells some types of hunting licenses on a limited basis because demand exceeds the number that can be issued. Limiting the number of licenses available by species, sex, season, and geographical area is also necessary so that the Division can effectively manage the State's big game populations. Limited licenses account for about 10 percent of the total number of licenses sold by the Division. Individuals must apply for these licenses, and a drawing determines who will receive them. The drawing is not completely random in that a complicated series of preferences have been incorporated into the draw over the years, both by statute and by regulation (e.g., landowner preference). Drawings are administered through a computerized system called CORIS (Colorado Outdoor Recreation Information System). This system maintains customer information and performs accounting functions. All limited license drawings follow this order:

- Landowner and youth preference
- General public, first choice
- General public, second choice

In Fiscal Year 1998 about 282,000 individuals applied for the 148,570 limited licenses that were issued. The following table shows the results of the 1998 draw by the applicant's residency status:

1998 Limited License Draw Results Resident vs. Non-Resident Applicants		
Species	Resident	Non-Resident
Antelope	12,606	536
Bear	2,987	208
Deer	29,353	13,014
Elk	37,811	18,765
Mountain Goat	169	19
Moose	73	6
Desert Bighorn Sheep	7	0
Rocky Mountain Bighorn Sheep	325	34
Spring Turkey	389	2
Fall Turkey	194	0
TOTALS	83,914	32,584
Source: Office of the State Auditor analysis of Division data.		

Licenses that were available but not drawn (i.e., 32,072 licenses in 1998) were made available for sale as "leftover" licenses at Division offices around the State. Some offices sell leftover licenses on a first-come, first-served basis. Other offices began using a lottery system in 1998 to alleviate some of the problems associated with the sale of these licenses (e.g., long lines, overnight camping on Division property).

Individuals With Suspended Wildlife Privileges Are Not Prevented From Obtaining Licenses

We found that it is possible for individuals who have had their wildlife privileges suspended to obtain a hunting or fishing license. An individual's wildlife privileges can be suspended through the accumulation of 20 or more points against his or her license. Points accrue from violating various hunting and fishing laws and regulations (e.g., hunting without a license, improperly tagging carcasses). At the time of the audit over 400 individuals were under suspension. About 10 percent of these were lifetime suspensions.

Individuals under suspension are able to obtain licenses because the Division does not always flag their CORIS customer records correctly. In addition, although suspension lists are routinely provided to Division staff and agents, there are no assurances that these lists are reviewed prior to issuing a license. Further, there are no sanctions applied to staff or agents who willingly sell a license to an individual with suspended wildlife privileges.

We reviewed the CORIS records for 25 individuals who had their wildlife privileges suspended in either Calendar Year 1998 or 1999 and found the following problems:

- Six individuals' records did not show a suspension flag, although a flag should have been present.
- Five individuals' records could not be located in CORIS at all.

This means that in 11 of the 25 cases (e.g., 44 percent) accessing CORIS records would not have alerted staff that these individuals' wildlife privileges were under suspension. Further, we found two cases where it appears that both limited and unlimited hunting licenses were issued to persons who were under suspension. Specifically, we found:

- One individual who was suspended from 10-1-98 to 10-1-99 received both resident deer and resident elk hunting licenses through the 1999 draw conducted on 6-5-99.
- One individual who was suspended from 1-1-99 to 1-1-00 received a resident combination fishing/small game hunting license on 1-2-99 (available over-the-counter) and a resident bear hunting license through the 1999 draw conducted on 6-6-99.

Neither of these individuals' CORIS records showed a suspension flag, although both names were included on Division suspension lists.

Severe Penalties Can Be Imposed for Trying to Obtain a License While Under Suspension

Division staff attempt to stop individuals under suspension from obtaining limited hunting licenses by matching a suspension list against a list of license applicants prior to conducting the draw. However, given the outcomes in these two cases mentioned above, this procedure is obviously inadequate. Further, when individuals who are trying to obtain a license while under suspension are identified, it is unclear whether the appropriate penalties are being imposed. Section 33-6-106(6), C.R.S., states:

Any person whose license privileges have been suspended shall not be entitled to purchase, apply for, or exercise the benefits conferred by any license issued by the Division until his suspension has expired. Any person who violates this subsection (6) is guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of five hundred dollars. Conviction under this subsection (6) shall result in an automatic two-year extension of the existing suspension added to the end of the original suspension.

Licensing staff told us that if the matching procedure described above produces any names, they are given to the Law Enforcement Unit. Law Enforcement Unit staff reported that the names are forwarded to district wildlife managers for follow-up. However, we could not tell what happened in these situations because no one at the Division keeps a list of the original matches and what follow-up procedures yielded, if anything. Our observations led us to question whether the Division has appropriately prioritized enforcement of statutes regarding license suspensions.

A point of sale system could remedy the problems we found as long as the suspension information contained in the system was accurate and up to date. (Point of sale is discussed further in Chapter 4.) Until such a system exists, however, the Division needs to take interim steps to ensure that individuals whose wildlife privileges have been suspended do not obtain licenses. Steps should include developing methods to ensure that the suspension information in CORIS is accurate and up to date; periodic monitoring of CORIS records to identify and address possible violation situations; and sanctioning Division employees and agents who willingly sell licenses to people whose wildlife privileges are under suspension.

Recommendation No. 11:

The Division of Wildlife should improve its procedures for preventing individuals whose wildlife privileges have been suspended from obtaining a hunting or fishing license. Methods to prevent this type of activity should be a component of any point of sale system the Division adopts for its over-the-counter licensing operations. Possible interim solutions include:

- Requiring that staff create an accurate, properly flagged customer record in CORIS for all persons under suspension.
- Developing a method to periodically (e.g., monthly) search all CORIS customer records against current suspension lists to ensure that electronic records are complete and up to date, and to identify persons who may have violated their suspension. All possible violation cases should be researched and a record of the disposition of each case should be maintained. Whenever appropriate, the Division should impose sanctions against any individual who tries to obtain a license while his or her wildlife privileges are suspended.
- Sanctioning or disciplining license agents or Division employees who willingly sell licenses to individuals with suspended wildlife privileges.

Division of Wildlife Response:

1. Agree. The Division will develop a process to be implemented by December 31, 1999 to ensure accurate entries regarding license suspensions.
 2. Agree. Effective January 2000, the Division will identify those individuals who purchased licenses while under suspension and establish a process to track the disposition of each case.
 3. Partially agree. As noted in the audit, over-the-counter licenses make up about 90 percent of the 1.6 million licenses sold. License agents sell the bulk of these licenses. Without a point of sale system, this recommendation is asking license agents and Division staff to look at a paper printout every time a license is sold. This will create yet another step to what agents already feel is a time-consuming process and will potentially diminish customer service to the license buyer. There are existing statutes to address Division employees intentionally selling a license to someone under suspension. Implementation of part two of this recommendation will also help address some concerns.
-

Licensing Infractions Account for Most of the Wildlife Violations Detected by the Division

Statutes give the Division's district wildlife managers the power and duty to enforce wildlife laws and regulations. About 200 employees (e.g., district wildlife managers, wildlife technicians) at the Division are involved with law enforcement activities, but the time spent on these responsibilities is equivalent to only about 40 FTE. Law enforcement activities include routine patrolling, which is aimed at deterring illegal activities; contacting hunters, anglers, and other wildlife users in the field to inspect licenses and wildlife; responding to complaints of illegal activities from the public and other law enforcement agencies; and conducting specialized activities like check stations and decoy operations. In Fiscal Years 1996 through 1998, the Division reported the following wildlife violation data:

Wildlife Violations by Type Fiscal Years 1996 to 1998			
Type of Violation	FY 1996	FY 1997	FY 1998
Commercial Use and Carcass Care	93	82	57
Fair Chase	72	77	25
Big Game	477	381	353
Small Game	393	434	450
Fishing	440	410	506
Licensing	2,448	1,879	2,219
Safety	717	713	656
Private Property Egress	343	300	303
Other	591	510	374
TOTAL	5,574	4,786	4,943
Source: Division of Wildlife Law Enforcement Unit records.			

As the table shows, licensing infractions represent the largest number of wildlife violations in any one year (about 43 percent of total violations). Licensing violations include hunting without a license, underage hunting, selling a lawfully obtained license, obtaining multiple licenses for the same purpose within a given calendar year, and falsifying information on a license application, among others.

The Division Does Not Systematically Ensure Compliance With Certain Wildlife Laws

Upon reviewing the Division's processes for ensuring compliance with wildlife laws and regulations, we found that the Division does not have effective methods to guarantee that hunters do not obtain multiple licenses for the same species hunt within a given calendar year. Section 33-6-107(1), C.R.S., and Division regulations prohibit individuals from obtaining or using more than one license of a certain type in any one calendar year. Violating this provision with respect to big game is punishable by a fine of \$200 and an assessment of 15 license suspension points. An accumulation of 20 points will result in the suspension of an individual's wildlife privileges.

Our review of Division records indicates that in 1997 and 1998, 1,061 and 1,171 individuals, respectively, obtained more than one license for the same species hunt. These cases may or may not be violations of the aforementioned law. For example, multiple licenses showing on one customer's record may indicate a data entry error. Even so, controlling individual access to licenses is important to ensure hunting privileges are granted in a fair and equitable manner. The Division has some safeguards to ensure that individuals do not obtain multiple, same-species hunting licenses, but these procedures do not appear to be effective. Specifically:

- **Limited license (draw) safeguards:** Prior to each license draw, CORIS is used to produce a "near match" report that identifies customer records with the same or similar names, drivers' license numbers, and birth dates. Duplicate records that appear on the "near match" report are researched and merged before the draw is actually conducted. This process helps eliminate the possibility that someone could obtain more than one same-hunt license through the draw by sending in multiple applications using different versions of their name or other key information. Staff report that information on questionable records (e.g., possible deliberate duplicates) is sent to the Division's Law Enforcement Unit for further attention. However, we could not establish that the Law Enforcement Unit investigates the "questionable" duplicates to impose the appropriate penalties if they are warranted.
- **Unlimited license safeguards:** We found that obtaining multiple licenses for the same species hunt during a given calendar year is fairly easy using the Division's unlimited (i.e., over-the-counter) licensing system. This is because the Division has no method of providing its license agents with data on the number and types of licenses that a person already holds. This information is available through CORIS, which is accessible to Division staff but not to

agents. The Division introduced conservation certificates (CCs) several years ago as a method of linking all license information into one customer record. However, this does not act as a control against obtaining multiple licenses because there is nothing stopping an individual from obtaining more than one CC—and they are provided free of charge. Therefore, to obtain more than one over-the-counter license for the same species hunt in a year, a person would just need to obtain two CCs and purchase a license on each one. Unless the second license were purchased at a Division office and staff checked CORIS, the selling agent would have no way of knowing that the person buying the license already had another one. Another way to obtain multiple licenses for the same species hunt would involve obtaining a limited license through the draw using one CC and then buying an unlimited license from an agent using the same or another CC. Either of these scenarios is entirely possible in the case of elk licenses, which are sold on both a limited and unlimited basis.

CORIS Could Be Used to Assist in the Identification of Possible Violators

Again, we believe that a point of sale system could be used to eliminate the problems we observed. Changing existing processes so that a customer cannot be issued more than one CC may be another way to address this problem, at least in part. In lieu of these changes, however, the Division should routinely monitor CORIS records to identify cases that may violate the law against obtaining multiple licenses for the same species hunt. The Division should then research any questionable cases and impose penalties in situations where they are warranted.

Recommendation No. 12:

The Division of Wildlife should improve its enforcement of hunting laws and regulations by developing a process to routinely identify and sanction individuals who obtain multiple licenses for the same species hunt within a given calendar year. In the absence of a point of sale system or similar technology, modifications to the system for issuing CCs and/or increased monitoring of CORIS records, along with appropriate research and follow-up, should be used to comply with this recommendation.

Division of Wildlife Response:

Agree. The agency agrees with the intent of the recommendation. The cost-benefit and reality of implementing a point of sale system versus modifications

to CORIS will be analyzed along with available resources to most efficiently enforce multiple license purchases. A detailed report on the cost-benefit of a point of sale system will be received in May 2000. By July 2000, a decision will be made on whether to pursue point of sale. Final implementation will not occur until July 1, 2002.

Customers Complain About Preference Point-Only Application Processes

The Division uses a system of preference points to administer its draw procedures for certain types of hunting licenses. A preference point system is used to give higher priority to applicants who have failed to draw a license in previous years. The use of preference points ensures that an individual who consistently applies for a certain type of license will eventually receive one. Under a completely random draw system, an applicant may never be drawn for a license, even though he or she applies each year. There are several types of preference point systems. Some involve the accumulation of a certain number of points to even be considered in the draw. Others provide a chance for everyone who applies but offer more chances for those applicants who were unsuccessful in the past. The Division will use a combination of preference point systems in its draw procedures beginning in 2000. A weighted system will be used for moose, sheep, and goat licenses, and a straight accumulation system will continue to be used for elk, deer, bear, and antelope licenses.

Obtaining some types of hunting licenses requires a long wait. Because of the wait associated with obtaining certain licenses, applicants may be more inclined to apply for a preference point for several years instead of participating in the draw (where they would be unsuccessful anyhow). For example, in 1999 no one with fewer than three preference points was even considered in the 1999 mountain goat license draw. Because of the way the Division's preference point system works, it is futile for an applicant to even try to participate in certain draws until he or she has a certain number of points. This is why some applicants ask only for a preference point instead of applying for a particular hunt code. Applicants may also submit a preference point-only request if they are unavailable to hunt during the established seasons for some reason and want to "hold their place in line."

Existing application procedures require individuals who wish to obtain a preference point instead of participating in the draw to submit all fees associated with actually obtaining a particular license. For example, if an individual wanted to obtain a preference point in the 1999 draw for a resident moose hunting license, he or she would pay \$203.25 (i.e., \$200.25 license fee, which includes a \$.25 surcharge for the Search and Rescue Fund, and \$3 processing fee). These fees are processed and held

by the Division until after the draw is conducted and then refunded minus the processing fee.

We received complaints from Division customers regarding the agency's requirement for all fees to be submitted with preference point-only requests. The current procedure results in the customer's license fee being held by the Division for several weeks while the draw is conducted, even though these customers are not technically "participating" in the draw. Depending upon the type of license involved, a customer may have to tie up a substantial amount of funds for a period of about three months just to get a preference point. In the 1999 draw, about \$7.4 million in customer funds were held for approximately three months in connection with preference point-only applications. This figure was about \$7.0 million in 1998. The Division earned interest on these funds of about \$110,200 in Fiscal Year 1998 and \$114,700 in Fiscal Year 1999.

We noted that at least one other western state issues preference points to applicants for only the cost of processing the request (Utah). It may be possible for the Division to set up a similar system for handling its preference point-only requests. The Division should evaluate its current procedures and determine whether the cost of changes (e.g., possible added cost for a differential processing system) would be worth the improvement in customer relations.

Recommendation No. 13:

The Division of Wildlife should evaluate its procedures for processing hunting license applications that contain requests for preference points only. This should include an assessment of the cost associated with issuing refunds for these applications, the cost for designing and utilizing an alternative processing system (if necessary), and the possible benefits to customer relations.

Division of Wildlife Response:

Agree. The Division of Wildlife will evaluate its procedures for processing hunting license applications for preference points only by August 2001.

Landowners Receive Preference in the Limited License Draw

Statutes allow landowners certain advantages in obtaining certain types of hunting licenses. Specifically, Section 33-4-103, C.R.S., states that "any landowner in

Colorado is entitled to landowner preference for licenses permitting the hunting of deer, elk, or antelope" when certain qualifications are met. Special privileges are granted to landowners because it is illegal to hunt big game in Colorado without a license—even on your own land. This is because Colorado's big game animals are "owned" by the State. The landowner preference program serves as a means to balance individual property rights and the State's ownership and right to control big game animals. The program is also seen as a "good faith effort" to compensate landowners for the costs associated with wildlife utilizing their property. Because the demand for hunting licenses far exceeds the number of licenses available, however, programs that grant special privileges like the landowner preference program can be controversial.

Qualifications for the landowner preference program include:

- Landowners must own, as evidenced by recorded deed, a parcel of agricultural land of 160 acres or more. If a land parcel is owned by two or more individuals, only two people are eligible for landowner preference privileges.
- All licenses permitting firearm hunting of the species in the area for which a license preference is requested must be limited in number by the Wildlife Commission. This means that landowner preference is applied to only those hunt codes (e.g., game management unit, animal species by sex, and hunting season) where firearm hunting is totally limited (i.e., there are no over-the-counter licenses available to hunt the species in question). Only one landowner preference license application per species is allowed in any calendar year.

Statutes further stipulate that the number of licenses available to landowners is limited to "up to 15 percent" of the total number of limited licenses available for a particular game management unit. For example, if there were 100 licenses available through the draw for a particular hunt code, 15 of them would be set aside for landowners. In situations where there are fewer landowner applications than the number of licenses in the 15 percent set-aside pool, any unused licenses would become available to members of the general public through the regular draw. To illustrate using our previous example, if there were only ten landowner applications for the 15 licenses available, all landowners who applied would receive a license and five more licenses would be made available to the general public. In situations where more landowner applications are received than there are licenses (e.g., 20 applications are received for 15 licenses), the unsuccessful landowner applications are placed into the general public pool, thereby giving them two chances to be drawn. Landowner license preference is transferrable to anyone who is eligible for a big game license in Colorado.

Advantages to Landowners Go Beyond Those Explicitly Allowed by Statute

We reviewed the Division's methods for administering the landowner preference program and found that more privileges are being afforded to landowners than are explicitly allowed by statute. For example, we found:

- **The Division allows landowner applications that are not chosen in the landowner draw to be placed in the general public draw, thereby giving landowners two chances to obtain a license.** The statute is silent on this practice, but it obviously doubles the chances that a landowner will receive a license, thereby reducing the chance that a member of the general public will successfully draw. Statutes do not grant the Division or the Wildlife Commission specific authority to further regulate any aspect of the landowner preference program, so it is unclear whether this practice is even legal.
- **The Division "rounds up" in favor of landowners when applying the 15 percent rule.** This results in fewer licenses being available for draw by members of the general public. For example, in a game management unit where the Wildlife Commission limits the total number of licenses to 50, the Division will set aside 8, not 7, licenses for landowners. This is because 15 percent of 50 is 7.5 and a "half" license cannot be issued. Therefore, the Division rounds in favor of landowners and technically violates the statute, which limits landowner licenses to "up to 15 percent" of the total number of licenses available. This practice is used for all types of licenses where landowner preference is applied (e.g., deer, elk, and antelope).

We reviewed the results of the 1998 antelope license draw and found that the number of licenses set aside for and drawn by landowners exceeded 15 percent in 26 of the 132 game management units (about 20 percent) where landowner preference was applied. As a whole, about 16.2 percent of the total number of available licenses in these units went to landowners (i.e., 155 of 955 total licenses). If the 15 percent rule had been strictly applied, 143 licenses, not 155, should have gone to landowners.

Because of the high demand for big game hunting licenses, it is crucial for the Division to ensure its license drawing procedures are as fair as possible—both to landowners and to members of the general public. The Division should review and modify its policies and procedures for administering the landowner preference program to ensure it is not providing excessive advantages to landowners. Statutory clarifications may also be needed to ensure that the Division's methods for calculating the number of landowner licenses do not violate legislative intent.

Recommendation No. 14:

The Division of Wildlife should ensure that its procedures for administering the landowner preference program do not result in excessive advantages being granted to landowners. This should include:

- Determining whether the existing process for redrawing unsuccessful landowner preference license applications in the general public draw meets the intent of the statutory provisions governing the program.
- Developing a method to ensure that the 15 percent set aside for landowner licenses is adhered to strictly, or seeking statutory changes that endorse the Division's current method for calculating the number of licenses that will be set aside for landowners.

Division of Wildlife Response:

1. Agree. The Division will request an official Attorney General ruling to determine whether the existing process for redrawing unsuccessful landowner preference licenses in the general public draw meets the intent of the statutory provisions governing this program. If it is determined it does not meet statutory intent, either legislative changes will be sought or changes to the computer programs will take place for the May 2001 draws.
2. Agree. The Division will develop a method to ensure that the 15 percent set aside for landowner licenses is strictly adhered to or legislative authority is clarified. If programming changes are needed due to the complexity of this portion of the limited licensing draw process, the Division will run a complete testing process in 2001 and the logic will be implemented for the May 2002 drawing cycle.

The Division Does Not Regularly Verify Land Ownership

As noted previously, statutes specify that individuals can participate in the landowner preference program if they own, by proof of recorded deed, 160 acres of agricultural land. The Division receives complaints about people who are participating in the landowner preference program but who are not really eligible or who are abusing their

privileges in some way. For example, the Division recently reviewed a case to determine if a landowner with four separately deeded, contiguous 250-acre land parcels was eligible to apply for four landowner preference licenses instead of one.

The Division has no systematic, statewide method of verifying land ownership for persons who participate in the landowner preference program. The landowner preference program application requires landowners to sign an affidavit that identifies the size and location of their property, but no further documentation of ownership is required. The Division does not, for example, require a copy of a deed to be submitted with an application, nor does it regularly check with county clerks and recorders to verify land ownership, even on a sample basis. It also does not regularly verify that land is being used for agriculture or even that it is zoned appropriately. Therefore, it is possible that ineligible persons are participating in the landowner preference program. Again, because of the high demand for hunting licenses, the Division should ensure that the landowner preference program is extended to only those persons who are truly qualified.

Recommendation No. 15:

The Division of Wildlife should require landowners to submit proof of ownership that includes information on property use, acreage, and location in order to participate in the landowner preference program. The Division should verify this information on at least a sample basis through inquiries with the appropriate authorities (e.g., county clerks and recorders).

Division of Wildlife Response:

Agree. The Division is currently in the process of reviewing the landowner program and will be making a recommendation for legislation to change the landowner preference program. The Division will ensure that some type of ownership tracking and verification is built into the new program. An interim process will be developed by December 2003.

Better Management of GOCO-Funded Projects Is Needed

As required by the Colorado Constitution, a portion of the proceeds coming from the State's Lottery are allocated to Great Outdoors Colorado (GOCO) for preserving, protecting, enhancing, and managing the State's wildlife, park, river, trail, and open space heritage. The Constitution requires these funds to be distributed to various

entities including the Division of Wildlife. Since 1994 GOCO has awarded nearly 130 grants worth over \$21 million to the Division, which have been used for habitat and species protection, watchable wildlife, and education projects. A complete list of the Division's GOCO base grants for Fiscal Years 1995 to 1999 can be found at Appendix A. The lists include the amount of GOCO funds provided, amounts expended by the Division to date, unexpended grant balances, and expenditure rates.

We found that the Division is not adequately managing its GOCO projects. This is evident through a review of recent grant expenditures and also from comments noted in previous GOCO audits. This year, for example, we found that only about 63 percent of the Division's Fiscal Year 1999 GOCO base grants (i.e., just over \$2.8 million of the \$4.5 million in grants) were expended during the grant period. Spending rates on these 14 grants ranged from 5 to 99 percent. Further, the Division's spending rates for GOCO grants were similar in previous years. For instance, only 55 percent of the Division's Fiscal Year 1998 base grants have been expended to date—two years after the funds were first made available.

Although the Division is not in a "use it or lose it" situation with GOCO monies because these funds do not revert, it is important for the Division to adequately plan for the use of these funds and then keep pace with spending them because of certain constitutional requirements. Specifically, the Constitution requires that expenditures be "substantially equal" among the four GOCO program categories (e.g., Wildlife, Parks and Outdoor Recreation, open space, and local governments). This means that it is not enough that the Division receives GOCO grants "substantially equal" to 25 percent of the funds available—it must also *spend* these dollars to ensure compliance with the Constitution. Compliance is measured over time and is not specific to any one fiscal year. This problem was also noted in a 1997 financial and compliance audit of GOCO. At that time, the Division had spent about 22 percent of all GOCO dollars expended to date in the four program categories (i.e., approximately \$6.4 million of \$29.2 million). The most recent GOCO audit (for the Fiscal Year Ending June 30, 1999) notes continued problems in this area. In addition, this audit notes that grants awarded fell below the 25 percent benchmark in 1999. This makes it even more difficult for the Division to keep pace with constitutional spending requirements. The Division and GOCO have had ongoing discussions in regard to this and other key issues.

Planning, Tracking, and Accountability Systems Are Inadequate

The problems we observed point to the need for the Division to better plan and manage the use of its GOCO grants. Devising methods to ensure these results will become even more important in the future as the GOCO dollars flowing to the Division increase. The Division's Four-Year Financial Plan estimates that the Division

will have an average of \$14.2 million available in GOCO monies annually over the period Fiscal Year 2000 to 2004. This figure is higher than in past years when total Lottery proceeds available for use by GOCO were less because some Lottery monies were being used to pay off the State's prison construction debts.

Further, up until recently, Division project managers did not have timely information about the status of their GOCO grant expenditures because the agency's methods for monitoring GOCO spending by grant were inadequate. The Division and GOCO are also struggling with inadequate accounting for smaller projects within larger grants (i.e., in the Legacy Grant category, in particular). The Division has not yet been able to generate the level of reporting necessary for adequate tracking of projects within grants from either its internal budgetary system or the State's accounting system. Inadequate accounting for project costs has resulted in GOCO's withholding payments to the Division.

The Division also needs better ways to ensure that the managers responsible for individual GOCO projects are held accountable (e.g., through the pay for performance system). Improvements in this area could provide incentives for managers to get projects completed as planned.

Timely Billing Has Been Another Ongoing Problem

We also found that the Division does not consistently request reimbursement for its grant-related expenditures from GOCO on a timely basis. Substantial delays exist between the timing of Division payments for allowable grant costs and the timing of GOCO reimbursement requests. For example, in all 20 instances tested for Fiscal Year 1999, not less than four months had elapsed between the Division's expenditure and its request for reimbursement. Some billings occurred as late as seven months after invoices were paid. Late billings can create confusion about whether costs have already been reimbursed and thereby extend the time required to obtain payment.

Recommendation No. 16:

The Division of Wildlife should improve its management of GOCO-funded projects by developing processes to ensure that projects are properly planned and completed in a timely manner. This should include ways to ensure that project expenditures are tracked in a manner useful to Division and GOCO staff, that individual managers are held accountable for timely project completion, and that reimbursement requests are submitted in a timely manner so that spending keeps pace with constitutional requirements.

Division of Wildlife Response:

Agree. The Division of Wildlife has also recognized the need for more thorough GOCO grants management. Following an internal reallocation of resources, the Division of Wildlife hired a grants specialist in June 1998. This position has been assigned responsibility for analyzing grant spending patterns and reporting to the Division's senior management and project leaders to identify grants which are not following expected spending rates. Grants spending variance analyses were prepared monthly during Fiscal Year 1999. In addition, the agency is now submitting a monthly billing statement to GOCO for reimbursement of expenditures incurred by the Division of Wildlife for GOCO projects.

In an effort to ensure that grants are reported in the format required by the grantor, GOCO and Division staff members will agree on reporting categories prior to expending funds.

The Habitat Partnership Program Was Created to Solve Problems Resulting From the State's Big Game Herds

The Habitat Partnership Program was created in statute by Senate Bill 92-81 to alleviate rangeland forage and fence issues arising from the migration and presence of the State's big game herds (e.g., moose, antelope, deer, and elk). The Program consists of a nine-member, state-level Council and a system of 17 local committees. Both the Council and the local committees have representation from various stakeholder groups, including livestock growers, agricultural producers, sports persons, federal agencies, and the Division of Wildlife. The statewide Council is responsible for advising the local committees, disseminating information about the Program, reviewing and approving local-level plans, monitoring program effectiveness, and approving expenditure requests. Local committees are responsible for developing distribution management plans that outline methods for dealing with big game problems, monitoring program effectiveness, and expending funds as necessary to implement their distribution management plans (e.g., buying fencing materials).

In Fiscal Year 1999 the Division spent about \$1.3 million in Wildlife Cash Funds on the Habitat Partnership Program. Of this amount, about 92 percent was spent by the local committees and the rest by the Council. Funding for individual local committees

is capped at 5 percent of the average annual deer, elk, antelope, and moose hunting license revenue attributable to the herds covered by the committee's distribution management plan. Fiscal Year 1999 funding allocations for the 17 local committees ranged from about \$29,000 to \$220,000.

Statutes Require Monitoring of Program Effectiveness

Monitoring the effectiveness of the Habitat Partnership Program is a statutory requirement for both the Council and the local committees. We found that neither of these requirements is being met in any systematic way. Aside from being a statutory requirement, complying with this provision is important so that lawmakers, state managers, and the general public are provided a sound basis upon which to judge the worth of the Habitat Partnership Program.

Since its inception, no state-level evaluation of the Program has been completed. The Program has established five written goals/objectives, but no data are collected and reported on their achievement. Even if data were being collected on these goals/objectives, the data would not be particularly useful in establishing the value added by the Program. For example, one goal/objective is to "allocate and commit funds to carry out solutions." Merely allocating and spending monies on certain activities is not a valid way to measure success—there must also be some accounting for the benefit derived from these expenditures. A better measure of program success might be the number of conflict areas that were removed or reduced as a result of local committee actions. Measuring the reduction in game damage claims as a result of local committee actions would be another useful way to assess the impact of the Program. Regardless of the measures of success that are used, however, the Program needs to establish a way to collect data that show whether its efforts are having the desired effect. No such process now exists.

The Evaluation Data Reported by Local Committees Vary Significantly

Division staff report that they expect monitoring of the Habitat Partnership Program to occur at the local committee level. However, we found that local committee compliance with evaluation requirements is also less than satisfactory. Distribution management plans are the main vehicle by which local committees establish goals, identify game-related problems, and outline proposed solutions. As such, these plans also provide the most likely avenue for establishing an evaluation methodology. We reviewed the management plans currently in effect for ten local committees. Generally, the plans contained the following basic components:

- Introduction and background on the local committee and its location, game population data, and maps of the area.
- Committee goals and objectives, budget allocations, and actual expenditure data.
- Narrative descriptions and/or maps of the conflict areas within the local committee's area and a list of possible solutions to the problems identified.
- Evaluation data (e.g., habitat surveys, internal evaluations, participant survey results).

The last area—evaluation data—is where we noted the most variation among the plans. Many plans contained little or no evaluation data. For instance, only one plan contained any analysis of the success of the actions contained in previous plans. Only two of the plans reported information on participant surveys (these instruments could be used for evaluation purposes). Also, many of the plans did not contain data that could be used to establish a baseline upon which to measure improvements resulting from the committee's actions (e.g., habitat survey data, detailed information on existing conflict areas, game damage statistics). Some of this information is supposed to be presented through a report called a habitat evaluation. However, most committees do not complete habitat evaluations because they are expensive and difficult to conduct.

Developing an Effective Evaluation Approach Is Important

The Division needs to work with the Habitat Partnership Council to ensure compliance with statutory evaluation requirements. This could be done at either the Council or committee level. For example, the Division and the Council could work together to develop a performance measurement and reporting system that is administered at the state level. Measures of program success might include game damage claims paid, conflict areas eliminated, and acres of habitat improved through committee actions. Some of this information is already collected by the Division (i.e., game damage claims by location). Collecting other types of data would probably require collaboration between the Division and local committees (e.g., data on conflict areas eliminated).

The advantage of this approach is that it would result in a uniform set of performance indicators that could be used to measure the success of the Program statewide. The drawback of this approach is that it is not particularly flexible and does not allow for much variation across local committees. Another approach might involve requiring

each local committee to develop and implement a sound evaluation system. Using this approach, each committee would devise its own evaluation plan and submit it for approval as part of the existing five-year management planning process. The Council would then approve the evaluation approaches and require committees to provide annual reports on the evaluation data they collect as part of the budget request process.

Recommendation No. 17:

The Division of Wildlife, working through the Habitat Partnership Council, should ensure compliance with statutes that require the effectiveness of the Habitat Partnership Program to be monitored at both the state and local levels. This could include developing a uniform set of performance indicators that could be used to measure the success of the Program statewide or requiring local committees to institute individualized evaluation systems with accompanying reporting requirements.

Division of Wildlife Response:

Agree. The statute requires monitoring sufficient to recommend to the Wildlife Commission changes in program guidelines as necessary, and to make an annual report to the Commission, Executive Director, and the General Assembly. Periodic, more comprehensive evaluations of programs like the Habitat Partnership Program are important to undertake. To that end, the Division, through the Habitat Partnership Program Council, has contracted for a study of the Program's effectiveness and has scheduled to have a team of internal and external program participants to build on that study and develop a comprehensive program evaluation in cooperation with the Council. The initial report is to be completed in June 2000. The team evaluation is scheduled for completion by September 2000.

Written Policies and Procedures Are Important

Throughout our review, we noted that one Division employee (i.e., the Habitat Partnership Program Coordinator) performs most of the administrative functions associated with the Habitat Partnership Program. This employee provides staff support for the Council, acts as an information resource for the local committees,

reviews local distribution management plans for compliance with program guidelines, reviews and approves all expense requests submitted by local committees, helps local committees with bidding processes, monitors committee budgets and expenditures, and writes and disseminates the Program's newsletter, among other responsibilities.

We found that no written procedures describe this employee's activities and no one is currently cross-trained to perform his job. Should this employee leave his position, it would be difficult for the Division to perform the tasks associated with running the Habitat Partnership Program. Few Division employees are familiar with the Program's operations and none are as knowledgeable about its operation as this particular individual. Further, because so many of the Program's operations are performed by one individual (e.g., authorizing payments to local councils, monitoring program expenditures), internal controls—especially those involving segregation of duties—may be inadequate for this program area. Developing formalized, written policies and procedures and cross-training additional staff in key administrative functions will help ensure the smooth operation of the Program now and in the future.

Recommendation No. 18:

The Division of Wildlife, working through the Habitat Partnership Council, should formalize its policies and procedures for administering the Habitat Partnership Program.

Division of Wildlife Response:

Agree. The Division intends to complete a policies and procedures document for the Habitat Partnership Program by September 1, 2000.

The Division Needs to Enforce Timekeeping Policies

In our 1995 performance audit of the Division, we noted problems related to expenditure tracking. Although some improvements have been made since then, the Division continues to have problems accurately tracking its expenditures by program area. This is occurring because not all employees are submitting their time sheets on a monthly basis as required by Division policy. Specifically, a Division-prepared report dated June 15, 1999, showed that 90 employees had not turned in 121 time sheets in previous months. Eight employees had three or more months' worth of time sheets that were still outstanding as of June 15.

Timekeeping procedures compel employees to distribute the hours they work among various "work packages." This information is used to allocate personnel costs across the Division's numerous programs. If a time sheet is not submitted for an employee, his or her personnel costs cannot be allocated to the appropriate program. In Fiscal Years 1998 and 1999 about \$2.8 million in expenditures (i.e., about \$1.4 million in each year, or about 4 percent of the Division's annual personnel services costs) were not allocated to the proper program area. Division staff report that a portion of these costs were not allocated for reasons other than missing time sheets (e.g., disability leaves, resignations). The Division provided no data, however, on the unallocated costs attributable to these situations.

The Division recently developed a system that identifies employees who are not in compliance with the time sheet policy and informs their supervisor of the circumstances. Given the problems we observed and the importance of accurate expenditure information, however, it appears that more is needed (e.g., a sanctioning system) to ensure compliance.

Recommendation No. 19:

The Division of Wildlife should improve its expenditure tracking methods by developing a more effective method of ensuring that times sheets are received from all employees in a timely manner. This may include pay-related consequences for offending employees and/or sanctioning the supervisors of chronic offenders.

Division of Wildlife Response:

Partially agree. In Fiscal Year 1999, there are 57 time sheets missing, less than .5 percent. [For Fiscal Year 1998, 217 time sheets are missing.]

The improved rate of compliance from 1998 to 1999 is a result of the Division of Wildlife recognizing the need for increased compliance. At the beginning of Fiscal Year 1999, in July 1998, the Division instituted a procedure whereby supervisors were provided a monthly list of employees who had not submitted a time sheet. Supervisors were expected to remind employees to submit these missing time sheets. The agency is fairly well satisfied with a 99.5 percent compliance rate, but will continue to strive for 100 percent compliance. Given retirements, personal leave, and changes in supervisors, that may be very difficult to achieve.

Several Recommendations Made in the 1995 Performance Audit Have Not Been Fully Implemented

As mentioned previously, our current audit also included procedures to determine the implementation status of recommendations made in our February 1995 performance audit of the Division. This report contained 20 recommendations that addressed revenue and expenditure issues, accountability, law enforcement functions, management of contracts and grants, hatchery operations, volunteer and youth programs, and real estate issues, among other issues. The Division generally agreed or partially agreed to implement most of the recommendations.

We found that about half of the 1995 audit recommendations still need to be fully addressed by the Division. See Appendix B for more detailed information about the status of individual recommendations. Division management should identify what actions need to be taken to fully implement these recommendations and then develop an action plan to ensure they are dealt with as soon as possible. This action plan should include a method of holding individual managers accountable for completing the tasks needed to address individual recommendations.

Recommendation No. 20:

The Division of Wildlife should review all recommendations that have not been completely implemented from the 1995 State Auditor's performance audit report and develop an action plan to ensure their timely implementation.

Division of Wildlife Response:

Agree. The Division will develop a status report and update on implementing the 1995 State Auditor's Performance Audit Report by July 2000. The Division believes it has made significant progress toward full implementation of those recommendations solely under its control and will detail that progress and define expectations in the July status report. The report will also discuss legislative initiatives that did not pass, in spite of detailed public processes and agency expense.

Customer Service

Chapter 4

Overview

This chapter addresses areas where the Division can improve its customer service through the use of technology and better communication with the public.

Technology Can Help the Division Better Serve its Customers

The Division has been researching ways it can use technology to better serve its customers. One major step was taken in 1994 when the Division implemented CORIS, which is an extensive database containing information on license holders, selling agents, and related information. Another idea for using technology that has been discussed for several years is the implementation of a point of sale system. The functionality of a point of sale system will differ depending upon how it is designed. Generally, however, a point of sale system would allow customers to walk into a Division office or licensing agent (i.e., retailer) and apply for and, if appropriate, immediately receive a license through use of a computerized system. Perceived benefits of a point of sale system include:

- **Improved customer service.** An online licensing system would allow license sales to occur over the Internet and via the telephone, reduce the time needed to perform licensing transactions, and allow for more timely replacement of lost licenses and hunter education cards.
- **More efficient and less paper-intensive license administration and reporting processes.** License sales reports from vendors could be generated automatically with an online licensing system, eliminating the need for paper-based reporting methods. An online system would also allow for more timely revenue collection from licensing agents.
- **More timely access to information for law enforcement purposes.** An online licensing system could be used to prevent the sale of licenses to persons with suspended wildlife privileges. It could also be used to ensure individuals

do not purchase multiple licenses for the same species hunt during a particular calendar year.

To date, the Division has completed the following steps toward implementing a point of sale system:

- April 1997 - Completion of Unisys *Business Assessment and Cost-Benefit Analysis* for a point of sale system. This study estimated the total increased cost for a point of sale system to be between \$9 and \$19 million over five years. Exact costs would depend upon a number of factors, including choice of hardware and cost sharing arrangements. This study cost about \$10,000.
- July 1999 - The Division issued a Request for Proposal searching for vendors who could perform an in-depth analysis of the Division's licensing processes, explore possibilities for integrating point of sale processes and technologies, and develop alternative process designs. This step is seen as a precursor to a demonstration project and eventual statewide implementation of the point of sale system (contingent upon funding availability). About \$768,000 has been earmarked for this project.
- September 1999 - Vendor selection for the above project.

Contract execution and vendor start-up is anticipated for October 1999.

The Division Should Pursue Federal Funding to Offset Costs of a Point of Sale System

The point of sale system is costly, but it appears that the benefits will vastly improve customer service at the Division. Further, as we discussed in Chapter 3, ensuring compliance with certain licensing laws and regulations is not easily accomplished using the existing licensing system. A point of sale system could be used to eliminate certain types of licensing violations and, specifically, to ensure individuals with suspended wildlife privileges do not obtain licenses. Many other states have implemented point of sale systems or are now in the process of implementing one.

At the time of our review, the Division had not attempted to secure any federal funding to help implement a point of sale system. We believe that federal funds may be available to offset some of Colorado's costs for such a system, given the experience of other states. For example, Montana recently received a federal grant of approximately \$4.8 million to help pay for the costs of an enhanced information

system that includes point of sale licensing components. Further, representatives from the U.S. Fish and Wildlife Service told us that they are interested in helping Colorado secure funding to implement a point of sale system. The Division should work with the appropriate federal agencies to determine what costs related to point of sale system, if any, the federal government will help absorb and pursue this funding accordingly.

Recommendation No. 21:

The Division of Wildlife should continue its efforts to improve customer service by working with the appropriate federal agencies to secure partial funding for a point of sale system.

Division of Wildlife Response:

Agree. The Division will continue its effort with the appropriate federal agencies to secure partial funding for a point of sale system should that decision be made. (See Recommendation No. 12.)

Customer Satisfaction With the Limited Licensing System Could Be Improved

As stated previously, it may take years for a hunter's application to be drawn for certain types of highly sought-after licenses (e.g., moose, bighorn or desert sheep, mountain goat, and elk in certain game management units). Long waits for certain types of licenses create customer complaints and questions about the fairness of the Division's draw procedures.

Improving customer satisfaction is one of the Division's most important ongoing objectives. Better communication with Division customers about expected wait time for certain licenses could decrease some of the dissatisfaction with the limited license draw process. Currently the Division does not generate or publically disclose accurate information about the expected wait for certain types of licenses. The Division tracks and reports the minimum number of preference points needed to draw certain types of licenses, but this information does not necessarily equate into the average number of years an applicant waits before being drawn. This is because the number of people with the "right" number of preference points may exceed the number of licenses available in a given year—requiring some people to wait at least another year. Also, the Division does not use a straight point accumulation system to administer all of its

license drawings. In the past, preference points for sheep and goat licenses were capped at three, which meant that everyone had an equal chance of drawing after applying unsuccessfully for three years. A preference point system that includes caps or weights will have a different average wait time—and one that is less easily calculated—than a straight accumulation system.

Division staff believe that CORIS has the capability to estimate the wait associated with obtaining certain types of licenses. The Division should research this possibility and others, if necessary, to obtain accurate data on wait time and then use its brochures, Web site, or other communication devices to convey this information to its customers.

Recommendation No. 22:

The Division of Wildlife should improve the information it provides the public regarding the limited license draw system by periodically communicating the average wait required to obtain various hunting licenses. The Division should use brochures, its Web site, and/or additional cost-effective means of communicating with customers to implement this recommendation.

Division of Wildlife Response:

Agree. Each year, the State's conservation magazine, *Colorado Outdoors*, publishes a listing of the number of licenses available, number of applicants, and minimum preference points required (wait time) for both deer and elk licenses in each game management unit in the State. Minimum preference points needed to draw antelope, black bear, bighorn sheep, mountain goat, and moose hunting licenses are also provided in this special section of the magazine. The same information is repeated in the Big Game Harvest Book, which is published and sold in May of each year.

Beginning with the 2000 Big Game Season Information Brochure, the Division will include information describing the relationship between wait time and preference points. Similar information will be included in releases to the State's news media by April 15, 2000 (and periodically thereafter) and in the 2000 "hunting packet" which is distributed to news media throughout the State prior to the fall hunting seasons. This information will also be posted on the Division's Web site. The minimum preference points required and other information from the 1999 Harvest Statistics Book (available in May 2000) will also be available from the Division's Web site storefront.

Game Harvest Objectives Are Set Using a Variety of Information

Each year the Division collects the data needed to estimate game levels and determine harvest objectives that are consistent with statewide game management objectives. Objectives include providing hunters with a diversity of hunting experiences, maintaining the current number of participants and existing levels of hunter satisfaction, and ensuring that decisions are made using sound ecological and biological principles. Key activities include:

- Conducting various post-hunt data collection activities. Data collection methods include performing aerial and ground counts of animals, tracking animals with radio collars, surveying hunters, and compiling hunter success data from the previous year. With the exception of special late season hunts, big game hunting activities conclude by November 15 each year. Therefore, post-hunt data collection activities are conducted in late November through early January each year.
- Estimating game populations using computerized methods. The Division uses actual (e.g., harvest and herd composition information) and estimated data (e.g., survival rates) for each species to estimate current population levels. Estimates are conducted for each major big game species (e.g., deer, elk, antelope) by game management unit or by a group of game management units. Population estimates are then compared against population objectives and other information (e.g., habitat carrying capacity information) to establish recommended harvest quotas and the associated number of limited licenses that should be issued to meet those quotas. Data analysis activities occur during March and April each year.
- Presenting harvest recommendations to the Wildlife Commission, which then sets the number of limited licenses that will be available for each species by game management unit. This subject is discussed at a public meeting held in May of each year.

It is important that harvest determination activities are as accurate as possible for several reasons. For instance, if harvest quotas are set too low, herd sizes may become excessive, which places strains on habitat and/or causes an increase in game damage costs. Setting a harvest quota too high, on the other hand, may result in too many animals being taken in the hunt, which may adversely affect future populations.

Public Information on Harvest Determination Methods Is Lacking

We reviewed the data collection methods and estimation processes that the Division uses for harvest determination and found them to be generally sound. The methods used by the Division appear to be logical and comprehensive given budget constraints. Even though the Division's harvest determination methodology appears to be credible, we observed that the Division's customers have numerous misconceptions and doubts about its accuracy. For example, in recent years the Wildlife Commission has been sued twice because of citizen opposition to elk harvest recommendations that it had adopted. Reacting to these lawsuits cost the Division about \$22,000 in legal costs alone during Fiscal Years 1998 and 1999. This figure does not include the cost of additional Commission meetings or added staff and operating expenses. Although lawsuits are brought forth for any number of reasons, it is possible that these suits could have been avoided if the Wildlife Commission and the Division had improved their communication with citizens about the methods used to estimate game populations and set harvest quotas. Better communication would enable citizens who have opposing views, statistics, and information to enter into dialogue with the Division and the Wildlife Commission at an earlier stage.

The Division should consider several methods of improving communication with the public about its harvest determination methods, including but not limited to:

- Establishing local or regional committees composed of members of the public with an interest in the Division's game management activities. Establishing local game management committees would provide an avenue for regular communication with interested citizens and might help the Division and the Wildlife Commission avoid problems stemming from their game management decisions, including lawsuits. Adding this charge to the current responsibilities of the Habitat Partnership Program's local committees might be a cost-effective method of addressing this issue.
- Publicizing information on the Division's methods for collecting and analyzing data to estimate game populations and determine harvest quotas. This should include information by species and by game management unit on the estimated post-hunt game population, desired population objectives, hunter success rates, and other pertinent data. The Division should use its Web site or other cost-effective communication methods to comply with this recommendation.

Recommendation No. 23:

The Division of Wildlife should improve its communication with the public regarding methods it uses to estimate game populations and determine harvest objectives for various game species.

Division of Wildlife Response:

Agree. The desire for detailed information varies among the public. Those most interested in game management (i.e., sportsmen) are getting additional information at monthly Wildlife Commission and Sportsmen's Advisory Group meetings. The Division is reluctant to burden the Habitat Partnership Program's committees with this responsibility. Each Wildlife Commissioner will hold two local public meetings in their areas each year to comply with House Bill 99-1313. Additional game management information will be posted on the Division's Web site by July 1, 2000.

Annually, the Division publishes the Big Game Harvest Statistics Book, which includes a brief discussion of methodology used to establish those numbers. That discussion will be expanded.

This information will be distributed to the public through the news media, the Division's Web site and will be distributed again through the 2000 "hunting packet" and periodically thereafter. The Division will publish information on methodology and harvest objectives in the March-April 2000 issue of *Colorado Outdoors*.

Accurate and Timely Communication With the Public Is Important

The Division communicates information about the Habitat Partnership Program to members of the general public using several methods. Two key communication methods are the periodic dissemination of a newsletter and the presentation of information on the Division's Web site. Both methods provide a great deal of information about the Habitat Partnership Program. However, we observed that the newsletter is published only sporadically. In the past two years, the newsletter was published in March and August 1998 and in April 1999. By not publishing the newsletter on a regular schedule, the Division may be negatively affecting the

timeliness of some of the information it conveys to persons interested in the Habitat Partnership Program.

Further, some of the information about the Habitat Partnership Program that is maintained on the Division's Web site is out of date. For example, the Web site has inaccurate information about the status of several local committees' distribution management plans. If someone relied upon this information to determine plan status statewide, he or she would erroneously conclude that many plans are out of date or overdue for revision, which is not the case. In addition, we noted that the Program's two most recent newsletters (August 1998 and April 1999) were still not available on the Web site. By not making these publications available electronically, the Division is missing a valuable opportunity to expand its communication with interested members of the public.

Recommendation No. 24:

The Division of Wildlife should improve its methods for communicating with the general public in regard to the Habitat Partnership Program. This should include regularly reviewing and updating the information about the Program that is reported on the Division's Web site and establishing and adhering to a regular publication schedule for the Program's newsletter.

Division of Wildlife Response:

Partially agree. More communication would be desirable; more regular newsletters and an up-to-date Web site are worthwhile goals. Given limited resources, however, and higher priorities for the Habitat Partnership Program's coordinator (including some recommendations in the audit), those assignments are not likely to be accomplished in the near future.

Appendix A

GOCO Base Grants - Fiscal Year 1999

Project Name	Original Grant Amount	Amount Spent	Grant Funds Unspent	% of Grant Spent
Enhance Habitat on Private Lands & Waters	\$150,000	\$7,735	\$142,265	5.16%
Inventory Native Species	\$150,000	\$36,135	\$113,865	24.09%
Wildlife Viewing Opportunities on State Lands	\$325,000	\$89,002	\$235,998	27.39%
Recover Threatened and Endangered Species	\$300,000	\$134,901	\$165,099	44.97%
Acquire High Priority Habitat	\$1,000,000	\$480,000	\$520,000	48.00%
Protection of Species at Risk	\$500,000	\$283,632	\$216,368	56.73%
Wildlife Viewing Recreation/Interpretive Programs	\$65,000	\$46,626	\$18,374	71.73%
PROJECT WILD AND TEN	\$50,000	\$37,988	\$12,012	75.98%
Implement Species Conservation Plans	\$500,000	\$405,336	\$94,664	81.07%
Natural Diversity Information System	\$1,000,000	\$850,680	\$149,320	85.07%
Colorado Youth Naturally	\$70,000	\$62,722	\$7,278	89.60%
Urban Wildlife Education	\$250,000	\$242,270	\$7,730	96.91%
Wildlife Education With Partners	\$50,000	\$48,864	\$1,136	97.73%
South Platte Stewardship Program	\$90,000	\$88,734	\$1,266	98.59%
Total	\$4,500,000	\$2,814,625	\$1,685,375	62.55%

Source: GOCO and Division of Wildlife records.

GOCO Base Grants - Fiscal Year 1998

Project Name	Original Grant Amount	Amount Spent	Grant Funds Unspent	% of Grant Spent
Tern/Plover Habitat Protection/Improvement	\$27,000	\$1,485	\$25,515	5.50%
Natural Diversity Information System	\$830,000	\$247,052	\$582,948	29.77%
Watchable Wildlife in Parks	\$250,000	\$82,666	\$167,334	33.07%
Teaching Environmental Science Naturally	\$40,000	\$14,195	\$25,805	35.49%
Preble's Meadow Jumping Mouse	\$600,000	\$272,392	\$327,608	45.40%
South Platte Stewardship Program	\$85,000	\$41,926	\$43,074	49.32%
Prairie Grouse Habitat Protection / Improvement	\$473,000	\$310,068	\$162,932	65.55%
Urban Wildlife Conservation Education Initiative	\$300,000	\$216,255	\$83,745	72.09%
Colorado Youth Naturally	\$60,000	\$44,455	\$15,545	74.09%
Watchable Wildlife on Division Properties	\$25,000	\$18,876	\$6,124	75.50%
Conservation of CO Aquatic Species of Special Concern	\$240,000	\$183,859	\$56,141	76.61%
Black-Footed Ferret Reintroduction	\$30,000	\$24,650	\$5,350	82.17%
Inventory Native, Non-Native Species	\$290,000	\$243,729	\$46,271	84.04%
Face-to-Face With Wildlife	\$50,000	\$42,579	\$7,421	85.16%
Wildlife Education Programs With Partners	\$50,000	\$44,709	\$5,291	89.42%
Enhance Habitat on Private Lands & Waters	\$150,000	\$143,660	\$6,340	95.77%
Totals	\$3,500,000	\$1,932,556	\$1,567,444	55.22%

GOCO Base Grants - Fiscal Year 1997

Project Name	Original Grant Amount	Amount Spent	Grant Funds Unspent	% of Grant Spent
Least Tern/Piping Plover Study	\$26,840	\$1,837	\$25,003	6.84%
Plains Sharp-Tailed Grouse Recovery	\$126,720	\$27,921	\$98,799	22.03%
Habitat Acquisition	\$500,000	\$155,000	\$345,000	31.00%
Rio Grande Sucker Recovery Plan	\$23,760	\$8,284	\$15,476	34.87%
Aquatic Wildlife Recovery Enhancement	\$124,458	\$54,425	\$70,033	43.73%
Boreal Toad Recovery Plan	\$61,816	\$27,316	\$34,500	44.19%
Basinwide Habitat Classification	\$100,000	\$58,239	\$41,761	58.24%
Gap Analysis	\$93,400	\$59,875	\$33,525	64.11%
Arkansas Darter Recovery Plan	\$35,640	\$25,831	\$9,809	72.48%
Support for County Decision-Making	\$271,480	\$239,502	\$31,978	88.22%
Colorado Bat Conservation	\$38,960	\$34,788	\$4,172	89.29%
Watchable Wildlife in Parks	\$250,000	\$224,960	\$25,040	89.98%
Colorado Youth Naturally	\$60,000	\$54,541	\$5,459	90.90%
Non-Game Habitat Protection Grants	\$150,000	\$137,145	\$12,855	91.43%
Wildlife in the Classroom	\$12,560	\$11,507	\$1,053	91.62%
Wildlife Resources Information System	\$20,400	\$18,882	\$1,518	92.56%
Teaching Environmental Science Naturally	\$5,400	\$5,000	\$400	92.59%
Statewide Inventory of Amphibians/Reptiles	\$47,520	\$44,077	\$3,443	92.75%
Colorado Bird Observatory Field Station	\$64,000	\$60,000	\$4,000	93.75%
Pilot: Urban Aquatic Habitat Development	\$100,000	\$95,385	\$4,615	95.39%
A System for Conservation Planning	\$184,000	\$180,304	\$3,696	97.99%
South Platte Stewardship Program	\$75,400	\$73,932	\$1,468	98.05%
Wood Frog Recovery Plan	\$11,880	\$11,781	\$99	99.17%
Stopping the Decline of Colorado's Songbirds	\$115,500	\$114,793	\$707	99.39%
Biological Conservation Database	\$271,275	\$270,000	\$1,275	99.53%
Wetland Development and Enhancement	\$205,000	\$205,000	\$0	100.00%
Gunnison Habitat Acquisition	\$500,000	\$500,000	\$0	100.00%
Denver Audubon Urban Education Project	\$30,000	\$30,000	\$0	100.00%
Colorado Greenback Cutthroat Trout Recovery	\$10,000	\$10,000	\$0	100.00%
Colorado Wildlife Federation Wildlife Education	\$20,000	\$20,000	\$0	100.00%
Plains/Front Range Fishes Inventory	\$23,760	\$23,805	(\$45)	100.19%
Urban Wildlife Conservation Program	\$140,000	\$141,856	(\$1,856)	101.33%
Bluff Lake Environmental Education Satellite Site	\$51,434	\$55,000	(\$3,566)	106.93%
Totals	\$3,751,203	\$2,980,986	\$770,217	79.47%

GOCO Base Grants - Fiscal Year 1996

Project Name	Original Grant Amount	Amount Spent	Grant Funds Unspent	% of Grant Spent
Gap Analysis	\$140,661	\$16,117	\$124,544	11.46%
Aquatic Wildlife Recovery Enhancement	\$113,891	\$14,285	\$99,606	12.54%
Wood Frog Recovery Plan	\$11,000	\$2,446	\$8,554	22.24%
Rio Grande Sucker Recovery Plan	\$22,000	\$15,114	\$6,886	68.70%
System for Conservation Planning	\$220,000	\$155,292	\$64,708	70.59%
North Park Wildlife View Prototype	\$40,000	\$30,778	\$9,222	76.95%
Non-Game Habitat Protection Grants	\$150,000	\$123,220	\$26,780	82.15%
Colorado Youth Naturally	\$40,000	\$32,973	\$7,027	82.43%
Colorado Bat Conservation	\$37,450	\$32,013	\$5,437	85.48%
Wildlife Education Curriculum Correlation	\$32,000	\$28,272	\$3,728	88.35%
Preble's Meadow Jumping Mouse	\$32,360	\$29,443	\$2,917	90.99%
Stopping the Decline of Colorado's Songbirds	\$117,500	\$108,135	\$9,365	92.03%
Colorado Bird Observatory Field Ornithology Station	\$79,392	\$75,000	\$4,392	94.47%
South Platte Stewardship Program	\$103,472	\$101,788	\$1,684	98.37%
Boreal Toad Recovery Plan	\$61,020	\$60,113	\$907	98.51%
Wetland Enhancement	\$85,000	\$84,320	\$680	99.20%
Habitat Acquisition	\$250,000	\$249,931	\$69	99.97%
Basinwide Habitat Classification (#5213)	\$55,000	\$55,000	\$0	100.00%
Colorado Greenback Cutthroat Trout Recovery	\$10,000	\$10,000	\$0	100.00%
Arkansas Darter Recovery Plan	\$33,000	\$33,000	\$0	100.00%
Plains/Front Range Fishes Inventory	\$22,000	\$22,000	\$0	100.00%
Plains Sharp-Tailed Grouse Recovery	\$25,900	\$25,900	\$0	100.00%
Urban Wildlife Conservation Program	\$500,000	\$500,000	\$0	100.00%
Teaching Environmental Science Naturally	\$5,500	\$5,500	\$0	100.00%
Watchable Wildlife in Parks	\$223,000	\$228,449	(\$5,449)	102.44%
Bluff Lake Environmental Education Satellite Site	\$41,613	\$44,000	(\$2,387)	105.74%
Glenwood Canyon Wildlife Interpretation	\$41,452	\$43,870	(\$2,418)	105.83%
Wildlife Resources Information System	\$18,700	\$20,182	(\$1,482)	107.93%
Wildlife in the Classroom	\$11,654	\$12,779	(\$1,125)	109.65%
Biological Conservation Database	\$301,300	\$331,519	(\$30,219)	110.03%
Denver Audubon Urban Education Project	\$30,000	\$33,356	(\$3,356)	111.19%
Support for County Decision-Making	\$316,421	\$376,113	(\$59,692)	118.86%
Urban Wildlife Education Program Development	\$31,666	\$41,598	(\$9,932)	131.36%
Basinwide Habitat Classification (#5751)	\$80,000	\$112,288	(\$32,288)	140.36%
Least Tern/Piping Plover Study	\$24,840	\$35,250	(\$10,410)	141.91%
Statewide Inventory of Amphibians/Reptiles	\$44,000	\$118,583	(\$74,583)	269.51%
Totals	\$3,351,792	\$3,208,627	\$143,165	95.73%

GOCO Base Grants - Fiscal Year 1995

Project Name	Original Grant Amount	Amount Spent	Grant Funds Unspent	% of Grant Spent
Non-Game Habitat Protection Grants	\$150,000	\$98,500	\$51,500	65.67%
Native Aquatics Species Management Facility	\$70,000	\$53,440	\$16,560	76.34%
Plains Sharp-Tailed Grouse Recovery	\$25,000	\$19,729	\$5,271	78.92%
Colorado Bat Conservation	\$20,000	\$18,528	\$1,472	92.64%
Colorado Youth Naturally	\$25,000	\$23,745	\$1,255	94.98%
Developing Biological Conservation Data System	\$360,000	\$348,036	\$11,964	96.68%
Wildlife in the Classroom	\$31,200	\$30,341	\$859	97.25%
Teaching Environmental Science Naturally	\$5,000	\$4,986	\$14	99.72%
Least Tern/Piping Plover Study	\$43,000	\$43,000	\$0	100.00%
Windy Gap Watchable Wildlife Site	\$120,000	\$120,000	\$0	100.00%
Mount Evans Education Cooperative	\$74,000	\$74,000	\$0	100.00%
Watchable Wildlife Family Workshops	\$47,000	\$47,000	\$0	100.00%
Durango Wildlife Center Nature Trail	\$31,000	\$31,000	\$0	100.00%
Watchable Wildlife in Parks	\$248,800	\$248,800	\$0	100.00%
Colombus Elementary School Science Park	\$25,000	\$25,000	\$0	100.00%
Inner City Wildlife Conservation Program	\$100,000	\$102,128	(\$2,128)	102.13%
Statewide Inventory of Amphibians/Reptiles	\$40,000	\$43,303	(\$3,303)	108.26%
Stopping the Decline of Colorado's Songbirds	\$75,000	\$81,939	(\$6,939)	109.25%
Complete Recovery of CO Greenback Cutthroat Trout	\$10,000	\$13,440	(\$3,440)	134.40%
Totals	\$1,500,000	\$1,426,915	\$73,085	95.13%

Appendix B

Disposition of 1995 Performance Audit Recommendations

Overview

As part of our current audit, we reviewed the implementation status of the recommendations made in the Office of the State Auditor's February 1995 performance audit of the Division of Wildlife. The recommendations, the Division's 1995 responses, and our current assessment of the status of the Division's implementation efforts are shown below.

Recommendation No. 1:

The Division of Wildlife should work with the Wildlife Commission and General Assembly to propose legislation which improves the predictability of license revenues. Indexing may be one such option.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Deferred. Legislation was introduced in 1998 (i.e., House Bill 98-1291) to effect the changes recommended by the audit report. This bill, however, was postponed indefinitely. Division managers have expressed their intent to work with the General Assembly to reintroduce legislation in the 2000 Legislative Session that will address the issues noted in the audit report.

Recommendation No. 2:

The Division of Wildlife should develop active, ongoing mechanisms to identify new revenue sources and to utilize existing funding sources better. This may include:

- a. Creating a working group to study and develop proposals for diversification in funding.

- b. Exploring the development and/or expansion of the Wildlife for Future Generations Trust Fund or similar mechanisms which would decrease dependence on license revenue.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Partially implemented. As a result of the passage of House Bill 98-1006, the Division will be receiving an estimated \$850,000 in Fiscal Year 2000 for species conservation programs. However, the problems that were apparent at the time of the audit (e.g., heavy reliance on stagnant or decreasing license revenues, low license fees relative to other western states) persist. Further, legislation aimed at increasing the revenue coming from license sales has not been successful in recent years. Consequently, the Division needs to continue its efforts to identify alternative funding sources in order to ensure its long-range goals are accomplished.

Recommendation No. 3:

The Division of Wildlife, in consultation with the Joint Budget Committee, should seek revisions to the current Memorandum of Understanding which include:

- a. Developing and implementing financial incentives for cost-effective management.
- b. Instituting monitoring and reporting mechanisms which ensure the terms of the agreement are met by both parties.
- c. Improving the linkages between the Long Range Plan and performance information reported in the budget narrative.
- d. Updating provisions to reflect changing circumstances such as new funding sources.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Partially implemented. Although the MOU was revised in Fiscal Year 1996, the agreement still does not contain incentives or disincentives for meeting a particular level of performance. The Division has improved the linkages between the Long Range Plan and the performance information reported in its budget narrative. However, these documents do not align closely with the performance information required by the revised MOU. Joint Budget Committee staff anticipate another revision of the MOU this year.

Recommendation No. 4:

The Division of Wildlife should ensure that its planning, budgeting, and performance measurement systems clearly relate to the Division's Long Range Plan and that priorities are based accordingly.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Implemented.

Recommendation No. 5:

The Division of Wildlife should improve its ability to account for expenditures by:

- a. Updating and enforcing guidelines which direct how employees account for time and other expenditures. This should include enforcing a policy which requires that all employees turn in time sheets.
- b. Restricting or eliminating the use of a "multiple" category for expenditures.
- c. Continuing to work with the Division of Accounts and Control to make better use of COFRS capabilities.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Partially implemented. There have been some improvements in how employees account for time and other expenditures. For example, there is no longer a “multiple” category to which staff can charge their time. However, more improvements are needed. Unallocated personnel costs, which result from employees not submitting time sheets, totaled \$2.8 million in Fiscal Years 1998 and 1999. See current Recommendation No.19.

The Division has replaced its expenditure tracking system with an off-the-shelf automated budget system that is expected to interact with COFRS and provide more timely information. Since it was not fully operational at the time of the audit, however, the actual benefits of this system are unknown.

Recommendation No. 6:

The Division of Wildlife should improve its ability to monitor internal accountability by:

- a. Establishing a standard Individual Performance Objective for all managers which requires good fiscal management.
- b. Completing systems now under design which will effectively monitor the achievement of performance objectives throughout the organization.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Implemented.

Recommendation No. 7:

The Division of Wildlife should improve its management of the Aquatics Program by:

- a. Completing the Fisheries Management Categorization Model. This should include developing statewide stocking and management objectives based on the Long Range Plan.
- b. Performing sufficient data collection activities including fish inventories, angler surveys, and creel censuses.

- c. Determining hatchery production and fish allocation methods using the information obtained through a. and b.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Partially implemented. Classifications have been developed through administrative directive, and all waters under Division control have been categorized. Stocking guidelines have been developed, and the Division is making plans to use classifications and data collection activities to set hatchery production and stocking schedules. Data collection activities have improved overall. Specifically, water inventories and angler surveys are being conducted with appropriate frequency; however, creel censuses are still declining.

Recommendation No. 8:

The Division of Wildlife should actively study the Durango Hatchery problem and seek the most cost-effective alternative to continuing current hatchery operations. Options may include:

- a. Closing the Durango facility and eliminating its mission.
- b. Closing the Durango facility and meeting its mission by acquiring new hatchery facilities.
- c. Keeping the hatchery open but changing its mission to accommodate reduced water flows.
- d. Pursuing a combination of approaches.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Implemented.

Recommendation No. 9:

The Division of Wildlife should review the “Fishing Is Fun” application and contracting process and correct problems which cause delays, reworking, and duplication of effort.

Division of Wildlife Response:

Partially agree.

Office of the State Auditor Disposition:

Partially implemented. The Division has made some improvements in the contracting processes associated with this and other programs, but problems with the "Fishing Is Fun" Program are still apparent. See current Recommendation No. 10.

Recommendation No. 10:

The Division of Wildlife should improve its “Fishing Is Fun” grant process by:

- a. Performing a comprehensive analysis of the information necessary for timely contract approval.
- b. Examining the Guidebook to ensure it is free from mistakes and that information it contains is consistent. This should include communicating realistic time frames for contract approval to project sponsors.
- c. Formalizing the process for communicating with project sponsors.

Division of Wildlife Response:

Partially agree.

Office of the State Auditor Disposition:

Partially implemented. The Division did not perform a comprehensive analysis of the information needed for timely contract approval. Upon our review of the Guidebook, we found it generally free of mistakes, although some of the information presented in the Division's Web site version was out of date (i.e., application deadlines). The Guidebook now contains better, although still somewhat vague, information on the estimated length of the contract approval process. The Division has improved its process for communicating with

project sponsors by instituting a postcard system to update sponsors on the status of their application.

Recommendation No. 11:

The Division of Wildlife should improve its oversight of fish and fish egg trades by establishing a method to track trading activity and then publicly disclosing this information on a regular basis.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Implemented.

Recommendation No. 12:

The Division of Wildlife should improve its ability to provide adequate law enforcement services by:

- a. Collecting and analyzing data systematically to determine where to focus law enforcement activities. This should include establishing reasonable compliance objectives and estimates of the resources necessary to accomplish them.
- b. Evaluating the feasibility of adopting other law enforcement models and/or modifying the current model.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Part (a) is partially implemented. The Law Enforcement Unit is developing statewide performance indicators for its law enforcement function. Draft measures and performance targets have been developed for each region, but data collection and analysis have yet to be conducted.

Part (b) is rejected. Division management decided to keep the existing, multi-use officer concept for conducting its law enforcement activities.

Recommendation No. 13:

The Division of Wildlife should evaluate alternatives to its current training program. Specifically, the Division should consider:

- a. Requiring P.O.S.T. certification as a condition of hire.
- b. Instituting a lower salary for recruits during training.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Part (a) was considered and rejected.

Part (b) is implemented.

Recommendation No. 14:

The Division of Wildlife should develop and implement procedures to account for credits received from confiscated weapons and weapons acquired through the credit process.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Implemented. See current Recommendation No. 3 for further information on this issue.

Recommendation No. 15:

The Division of Wildlife should increase the benefits provided through its Volunteer Program by:

- a. Promoting program uniformity by encouraging the use of minimum statewide standards for recruitment, timekeeping, record keeping, training, and supervision.

- b. Improving accountability by requiring managers to address the Volunteer Program in regional operations plans and individual performance plans as appropriate.
- c. Prioritizing projects and communicating this information to volunteers. Projects should be evaluated for cost-benefit and their relationship to the Long Range Plan.

Division of Wildlife Response:

- a. Agree.
- b. Agree.
- c. Partially agree.

Office of the State Auditor Disposition:

Implemented.

Recommendation No. 16:

The Department of Natural Resources should improve the Youth in Natural Resources Program by:

- a. Completing a plan which specifies program goals, objectives, and performance measures consistent with statutory intent.
- b. Instituting procedures which ensure the program is geared toward economically disadvantaged youth. This should include developing processes to collect adequate data on the economic status of participants and examining and modifying recruiting practices.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Partially implemented. The Department has not produced a plan which specifies program goals, objectives, and performance measures for the Youth in Natural Resources Program. We also noted that the Department continues to experience problems in complying with statutory directives to gear the Youth in Natural Resources Program to economically disadvantaged youth.

It has modified its application procedures and recruitment strategies to a certain extent but still has difficulty establishing and collecting accurate data on the economic status of participants.

Recommendation No. 17:

The Division of Wildlife should improve its methods for assessing the cost-benefit of the Youth in Natural Resources program by:

- a. Instituting cost-effective processes to collect and analyze data on the hours worked and projects completed by program participants.
- b. Developing more accurate ways to estimate the cost savings accruing to the Division from this program.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Partially implemented. The Division has instituted methods that enable it to collect and analyze information on the hours worked and projects completed by program participants. In addition, the Division conducted a cost-benefit analysis of the program in 1995, but none has been completed since. Another cost-benefit analysis should be conducted to ensure the program still adds value.

Recommendation No. 18:

The Division of Wildlife should seek legislative changes which would give it authority to use the special bill process whenever the Wildlife Commission determines that the Request for Proposal process would not be effective, regardless of property location.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Deferred. Two bills were introduced in the 1995 Legislative Session (i.e., House Bill 95-1067 and House Bill 95-1286) to effect the changes recommended by the audit report. One bill was postponed indefinitely (House

Bill 95-1067) and the other was passed (House Bill 95-1286) but did not address the problem noted in the audit report.

Recommendation No. 19:

The Division of Wildlife should develop and enforce written security measures for its real estate records. These measures should include checkout mechanisms which will provide the Real Estate Unit with the ability to track the whereabouts at all times of any document within a file.

Division of Wildlife Response:

Agree.

Office of the State Auditor Disposition:

Implemented.

Recommendation No. 20:

The Division of Wildlife should reduce the cost of maintaining aircraft by:

- a. Examining the feasibility of consolidating Division aircraft into two regions (east and west).
- b. Developing criteria for all flights which ensure appropriate use and maximum benefit. This may include prioritizing flight usage and eliminating less important flights, reducing or eliminating the use of aircraft for administrative flights, and requiring the use of charter services in certain cases.
- c. Developing a fee schedule which reflects actual flight costs and charging outside users accordingly.
- d. Developing and implementing guidelines which ensure all aircraft-related expenditures are charged to the appropriate cost center.

Division of Wildlife Response:

- a. Disagree.
- b. Agree.
- c. Agree.

d. Partially agree.

Office of the State Auditor Disposition:

Part (a) was rejected.

Parts (b) through (d) are partially implemented. The Division developed an “Aircraft Operations Manual” in 1997, which prioritizes use of aircraft and establishes a policy that administrative flights be kept to an absolute minimum. The Division also developed a timekeeping system that compels employees, including pilots, to charge expenditures to a specific work package or program area. The Division has not developed a fee schedule for outside users.

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