



Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman St., 7th Floor  
Denver, CO 80203

Dear Auditor Ray:

In response to your request, we have prepared the attached status report on the implementation status of audit recommendations contained in the Investments in Colorado's Great Outdoors Audit. The report provides a brief explanation of the actions taken by the State Board of the Great Outdoors Colorado Trust Fund to implement each recommendation.

If you have any questions about this status report and the State Board of the Great Outdoors Colorado Trust Fund's efforts to implement the audit recommendations, please feel free to contact me at 303-226-4500 or [ccastilian@goco.org](mailto:ccastilian@goco.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Castilian", with a long horizontal flourish extending to the right.

Chris Castilian  
Executive Director

## AUDIT RECOMMENDATION STATUS REPORT

<b>AUDIT NAME:</b>	<b>Investments in Colorado's Great Outdoors</b>
<b>AUDIT NUMBER:</b>	<b>1621P</b>
<b>DEPARTMENT:</b>	<b>The State Board of the Great Outdoors Colorado Trust Fund</b>
<b>DATE OF STATUS REPORT:</b>	<b>6/4/18</b>

### SUMMARY INFORMATION

Rec. Number	Agency's Response	Original Implementation Date	Current Implementation Status	Current Implementation Date
1a	Agree	July 2018	Implemented	Implemented
1b	Agree	July 2018	Implemented	Implemented
1c	Agree	July 2018	Implemented	Implemented
1d	Agree	July 2018	Implemented	Implemented
1e	Agree	July 2018	Implemented	Implemented
1f	Agree	July 2018	Implemented	Implemented
2a	Agree	July 2018	Not Implemented	6/14/18
2b	Agree	July 2018	Not Implemented	6/14/18

### IMPLEMENTATION STATUS DETAIL

#### Recommendation 1A:

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should ensure that it has a clear and transparent process for categorizing grant expenditures and dividing spending across the four purposes on a substantially equal basis by promulgating policies and procedures through a public process that specify how the GOCO Board and its staff should determine when it is appropriate to categorize funding to the four purposes when the grant recipient is not specifically listed in the Colorado Constitution under the applicable purpose.

**Current Implementation Status:** Implemented

**Current Implementation Date:** Implemented

#### Agency's Update:

After undertaking a comprehensive, open public process that lasted from August 2017 to March 2018, the State Board of the Great Outdoors Colorado Trust Fund updated its policies and procedures via adoption of Resolution 2018-08 on March 15, 2018. This resolution included adoption of policy 2.11 *Program Purposes, Eligibility, Categorization and Discretionary Authority* which addresses audit recommendation 1A. Policy 2.11 includes provisions that detail: acceptable uses of grant funds; eligibility for grant funds; the interplay between use and eligibility; the board's standard approach to grant categorization; and, the definition and use of the board's discretionary authority in regards to

expenditures and grant categorization, including when the grant recipient is not specifically listed under the applicable purpose. (See policy attached.)

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### **Recommendation 1B:**

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should ensure that it has a clear and transparent process for categorizing grant expenditures and dividing spending across the four purposes on a substantially equal basis by promulgating policies and procedures through a public process that specify how the GOCO Board will obtain and document concurrence from Colorado Parks and Wildlife (CPW) to award outdoor recreation or wildlife funding to recipients other than CPW.

**Current Implementation Status:** Implemented

**Current Implementation Date:** Implemented

#### **Agency's Update:**

After undertaking a comprehensive, open public process that lasted from August 2017 to March 2018, the State Board of the Great Outdoors Colorado Trust Fund updated its policies and procedures via adoption of Resolution 2018-08 on March 15, 2018. This resolution included adoption of policy 2.11 *Program Purposes, Eligibility, Categorization and Discretionary Authority* which addresses audit recommendation 1B. Policy 2.11 includes provisions that discuss eligibility, including specific standards for obtaining and documenting concurrence from CPW at 2.11(B)(1)(iv). (See policy attached.)

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### **Recommendation 1C:**

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should ensure that it has a clear and transparent process for categorizing grant expenditures and dividing spending across the four purposes on a substantially equal basis by promulgating policies and procedures through a public process that clearly define acceptable uses of grant funds and how specific uses will be categorized under each funding purpose.

**Current Implementation Status:** Implemented

**Current Implementation Date:** Implemented

#### **Agency's Update:**

After undertaking a comprehensive, open public process that lasted from August 2017 to March 2018, the State Board of the Great Outdoors Colorado Trust Fund updated its policies and procedures via adoption of Resolution 2018-08 on March 15, 2018. This resolution included adoption of policy 2.11 *Program Purposes, Eligibility, Categorization and Discretionary Authority* which addresses audit recommendation 1C. Policy 2.11 includes provisions that detail: acceptable uses of grant funds; eligibility for grant funds; the interplay between use and eligibility; the board's standard approach to grant categorization; and the definition and use of the board's discretionary authority in regards to expenditures and grant categorization. (See policy attached.)

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## Recommendation 1D:

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should ensure that it has a clear and transparent process for categorizing grant expenditures and dividing spending across the four purposes on a substantially equal basis by promulgating policies and procedures through a public process that establish guidelines for the categorization of its discretionary spending authorized by Article XXVII, Section 5(1)(b) of the Colorado Constitution.

**Current Implementation Status:** Implemented

**Current Implementation Date:** Implemented

### Agency's Update:

After undertaking a comprehensive, open public process that lasted from August 2017 to March 2018, the State Board of the Great Outdoors Colorado Trust Fund updated its policies and procedures via adoption of Resolution 2018-08 on March 15, 2018. This resolution included adoption of policy 2.11 *Program Purposes, Eligibility, Categorization and Discretionary Authority* which addresses audit recommendation 1D. Policy 2.11 includes provisions that detail: acceptable uses of grant funds; eligibility for grant funds; the interplay between use and eligibility; the board's standard approach to grant categorization; and the definition and use of the board's discretionary authority in regards to expenditures and grant categorization. (See policy attached.)

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## Recommendation 1E:

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should ensure that it has a clear and transparent process for categorizing grant expenditures and dividing spending across the four purposes on a substantially equal basis by promulgating policies and procedures through a public process that define what it means for grant expenditures to be "substantially equal" over the time period(s) that the GOCO Board considers to be "a period of years."

**Current Implementation Status:** Implemented

**Current Implementation Date:** Implemented

### Agency's Update:

After undertaking a comprehensive, open public process that lasted from August 2017 to March 2018, the State Board of the Great Outdoors Colorado Trust Fund updated its policies and procedures via adoption of Resolution 2018-08 on March 15, 2018. This resolution included adoption of policy 2.10 *Multiyear and Annual Spending Plans* which addresses audit recommendation 1E. Policy 2.10(C)(7) clearly establishes definitions for "substantially equal" over the time periods that the GOCO Board considers to be "a period of years" for both authorizations and expenditures of grant awards. (See policy attached.)

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## Recommendation 1F:

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should ensure that it has a clear and transparent process for categorizing grant expenditures and dividing spending across the four purposes on a substantially equal basis by promulgating policies and procedures through a public process that specify what actions the GOCO Board will take if expenditures for a certain funding purpose fall outside of the acceptable limits that define “substantially equal” established in PART E above.

**Current Implementation Status:** Implemented

**Current Implementation Date:** Implemented

**Agency’s Update:**

After undertaking a comprehensive, open public process that lasted from August 2017 to March 2018, the State Board of the Great Outdoors Colorado Trust Fund updated its policies and procedures via adoption of Resolution 2018-08 on March 15, 2018. This resolution included adoption of policy 2.10 *Multiyear and Annual Spending Plans* which addresses audit recommendation 1F. Policy 2.10(D)(4) clearly establishes what actions the GOCO Board will take if “substantially equal” over the time periods that the GOCO Board considers to be “a period of years” are outside of acceptable limits for both authorizations and expenditures of grant awards. (See policy attached.)

**Recommendation 2A:**

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should adhere to its constitutional requirement to ensure that grant expenses are substantially equal by reviewing the at least \$45 million in expenses identified during our audit for which the categorization was unclear and, if necessary, recategorizing them under the appropriate constitutional funding purpose based on the policies and procedures promulgated in response to RECOMMENDATION 1.

**Current Implementation Status:** Not Implemented

**Current Implementation Date:** 6/14/18

**Agency’s Update:**

Implementation of this recommendation is dependent upon action regarding recommendation 1, which was taken on March 15, 2018 via Resolution 2018-08. As such, the State Board of the Great Outdoors Colorado Trust Fund anticipates implementing this recommendation by the original implementation date, July 2018, consistent with newly adopted policies, as described above.

**Recommendation 2B:**

The State Board of the Great Outdoors Colorado Trust Fund (GOCO Board) should adhere to its constitutional requirement to ensure that grant expenses are substantially equal by, based on the recategorization conducted in response to PART A (if any), analyzing whether expenses are substantially equal, based on the policies and procedures promulgated in response to RECOMMENDATION 1, PARTS E and F, over Great Outdoors Colorado’s history and making adjustments to future grant awards, if necessary, to rebalance expenditures across the four funding purposes.

**Current Implementation Status:** Not Implemented

**Current Implementation Date:** 6/14/18

**Agency's Update:**

Implementation of this recommendation is dependent upon action regarding recommendation 1, which was taken on March 15, 2018 via Resolution 2018-08. As such, the State Board of the Great Outdoors Colorado Trust Fund anticipates implementing this recommendation by the original implementation date, July 2018, consistent with newly adopted policies, as described above.



Policies & Procedures of the  
State Board of the  
Great Outdoors Colorado Trust Fund

Adopted  
March 15, 2018



## 2.10. Multiyear and Annual Spending Plans

- A. Multi Year and Annual Spending Plans:** It is the policy of the board to adopt, from time to time and by resolution, multi-year spending plans which, in concert with regular, multi-year strategic plans, will reflect its objectives and budget, consistent with its constitutional mandate.

With the context of the multi-year spending plan, the board will also adopt, by resolution of the board, annual spending plans for all investments and competitive grant programs. Annual spending plans shall outline the nature, frequency, and amount of spending for all investments and grant cycles for the upcoming fiscal year.

The board may, at its discretion, amend multi-year or annual spending plans to address unforeseen revenue changes, unexpected and urgent investments and grant opportunities, or to comply with the parameters set forth in the remainder of this policy. Development of multi-year and annual spending plans shall include the opportunity for public comment and shall inform development and dissemination of the organization's annual report.

- B. Goals:** Through this policy the board seeks to accomplish the following:
1. fulfill constitutional obligations to achieve the GOCO Program and to make expenditures to the four funding categories in a manner that is substantially equal over time;
  2. balance the maximization of funds available for awards with its duty as fiduciary manager of a public trust;
  3. manage existing cash obligations while continuing to take on new award obligations that have a high degree of variability in terms of the timing of payment; and,
  4. retain the ability to respond to significant or unforeseen grant opportunities that are consistent with the GOCO program.
- C. Factors & Definitions:** Multi-year and annual spending plans shall incorporate the following factors and their definitions:
1. GOCO's constitutional cap, as defined at Article XXVII, Section 3(1)(b)(III) and as calculated by the Colorado Lottery.
  2. Informed projections regarding if, when, and to what extent net Lottery proceeds may differ from the constitutional cap on such proceeds directed to GOCO.
  3. Historically informed assumptions regarding the rate of grant expenditure and the rate of deauthorization of previously awarded grants funds.
  4. Informed estimates regarding multi-year operational expenses.
  5. A goal for "months ahead of lottery" for the duration of the multi-year plan, with months ahead of lottery being calculated by subtracting the cash balance from the outstanding grants balance, then dividing the remainder by average, expected monthly lottery proceeds for the current fiscal year.
  6. The organization's cash balance as a percentage of outstanding grants balance, with any ratio under 60% but over 25% considered appropriate.



7. GOCO's constitutional obligation to award funds to grantees in each of the four funding categories described in the constitution in a manner which achieves substantially equal expenditures over time, which the board defines as:
  - a. For grant authorizations, substantially equal means a range of tolerance of +/- 1.25% of 25% per funding category, to be measured cumulatively from the organization's inception to the forecasted end of a board-adopted multi-year spending plan.
  - b. For grant expenditures, substantially equal means a range of tolerance of +/- 2.5% of 25% per funding category, measured cumulatively from the organization's inception to the end of the most recently closed fiscal year, as established via the annual financial audit of the organization.

**D. Board Actions:** Given all factors and definitions as described above:

1. If cash balances exceed 60% or falls below 25% of outstanding grants; or,
2. If grant authorizations are projected to exceed +/- 1.25% of 25% per funding category by the end of the relevant multi-year spending plan; or,
3. If grant expenditures exceed +/- 2.5% of 25% per funding category, measured cumulatively from the organization's inception to the end of the most recently closed fiscal year, as measured via the annual financial audit of the organization; then,
4. In resolutions of the board that amend and/or adopt subsequent multi-year and annual spending plans, the board shall:
  - a. determine what circumstances are affecting its ability to maintain its cash balance as a percentage of outstanding grants, grant authorizations, or grant expenditures within established ranges; and,
  - b. determine what actions it will take to bring cash balance, grant authorizations or grant expenditures within established ranges; and,
  - c. determine a timeframe by which it will seek to return its cash balance as a percentage of outstanding grants, grant authorizations or grant expenditures back within established ranges.

Constitutional Mandate: Section 5; Section 6



## 2.11. Program Purposes, Eligibility, Categorization and Discretionary Authority

- A. **Acceptable Use of Grant Funds:** Section 1(1) of Article XXVII of the Colorado Constitution establishes the overarching mission of the Great Outdoors Colorado Program (“the Program”) as “the preservation, protection, enhancement and management of the state’s wildlife, park, river, trail and open space heritage.” Sections 1(a), (b), (c) and (d) further define individual program areas which seek to achieve the Program. Section 5(1)(a) further specifies that expenditures made from the Great Outdoors Colorado Trust Fund (“the Fund”) shall be consistent with four categories of “purpose” as found at 5(1)(a)(I), (II), (III) and (IV). As such, it is the policy of the board that:
1. “Purpose” means the reason for which something exists or is done; the intended or desired result; end; aim; goal; benefit.
  2. Sections 1 and 5 of Article XXVII establish forty (40) constitutionally mandated purposes of the amendment which, collectively, describe the universe of acceptable uses of GOCO grant funds and investments, a full list of which can be found at section 2.11(C), below.
- B. **Eligibility:** Article XXVII sections 5(1)(a)(I), (II), (III) and (IV) specifies three entities or categories of entities that are considered eligible conduits for achievement of the purposes of the amendment. However, significant overlap in identity exists across the four funding categories, and the constitution provides for both investments “through” and grants “to” different entities. As such, the board has adopted the following policies regarding eligibility across the three entities or categories of entities:
1. **Wildlife and Outdoor Recreation:**
    - i. Colorado Parks and Wildlife (CPW), as it is currently constituted, is the presumed conduit for achievement of wildlife and outdoor recreation purposes.
    - ii. Article XXVII sections 5(1)(a)(I) and (II) provides for investments “through” CPW, diffusing achievement of the desired purposes of the amendment from CPW as the sole conduit for investments.
    - iii. GOCO will restrict itself to the use of other eligible entities, as identified at Section 2.11(B)(2) and 2.11(B)(3) of this policy, should it seek to achieve purposes of the amendment found within the wildlife and/or outdoor recreation funding categories through recipients other than CPW.
    - iv. GOCO will obtain and document the concurrence of CPW if seeking to achieve purposes of the amendment found within the wildlife and/or outdoor recreation funding categories through recipients other than CPW. Concurrence by CPW may be demonstrated in the following ways:
      1. Inclusion of an investment in an annual CPW Investment Proposal that is duly adopted by the GOCO Board, consistent with the Memorandum of Agreement (MOA) between GOCO, the Department of Natural Resources (DNR), and CPW;



2. Any duly adopted modification/scope change, project extension, deauthorization or reauthorization that is duly adopted by the GOCO Board, consistent with the MOA between GOCO, DNR, and CPW;
3. A letter of approval for specific investments signed by the executive director or chief financial officer of CPW.

**2. Open Space:**

- i. CPW;
- ii. Non-profit land conservation organizations (NPO) that include in their mission the identification, acquisition, or management of open space and natural areas;
- iii. Political subdivision of the state created by Colorado statute or the Colorado Constitution that is not a state agency directly controlled by state government. This includes counties; cities; towns; public education institutions; local improvement metropolitan, irrigation, drainage, or other special districts; and their subsidiaries. However, to be eligible for GOCO open space purpose funding, a political subdivision of the state must include in its mission the identification, acquisition, or management of open space and natural areas. Any other political subdivision of the state is ineligible to receive GOCO funds but may collaborate with an eligible entity on a GOCO-funded project.

3. **Local Government:** Local governments or other entities that are eligible for distribution from the state conservation trust fund (LG).

**C. Use & Eligibility Summary Table:** The following table summarizes:

1. The 40 constitutionally mandated purposes of the amendment collectively describe the universe of acceptable uses of GOCO grant funds and investments. Further details regarding funding parameters, including grant amounts; match requirements; grant term; grant administration; and, eligible costs are enumerated in:
  - i. GOCO Competitive Grant Program Procedures;
  - ii. the MOA between GOCO, DNR, and CPW.
2. Entities eligible to achieve the relevant acceptable use of grant funds, along with any enabling or clarifying aspects of this policy.

#	Acceptable Use of Grant Funds	Entities Eligible to Achieve This Purpose
1.	Develop wildlife watching opportunities	<ul style="list-style-type: none"> <li>• CPW</li> </ul>
2.	Implement educational programs about wildlife	<ul style="list-style-type: none"> <li>• Non-profit land conservation</li> </ul>



#	Acceptable Use of Grant Funds	Entities Eligible to Achieve This Purpose	
3.	Implement educational programs about wildlife environment	organizations consistent with 2.11(B)(1) <ul style="list-style-type: none"> <li>• Local governments consistent with 2.11(B)(1)</li> </ul>	
4.	Provide appropriate programs for maintaining Colorado's diverse wildlife heritage		
5.	Protect crucial wildlife habitats through the acquisition of lands		
6.	Protect crucial wildlife habitats through leases or easements		
7.	Protect crucial wildlife habitats through restoration of critical areas		
8.	Establish state parks throughout the State of Colorado		
9.	Improve state parks throughout the State of Colorado		
10.	Establish recreation areas throughout the State of Colorado		
11.	Improve recreation areas throughout the State of Colorado		
12.	Develop appropriate public information resources on Colorado's natural resources at state parks		
13.	Develop appropriate public information resources on Colorado's natural resources at recreation areas		
14.	Develop appropriate public information resources on Colorado's natural resources at other locations throughout the state		
15.	Develop appropriate environmental education resources on Colorado's natural resources at state parks		
16.	Develop appropriate environmental education resources on Colorado's natural resources at recreation areas		
17.	Develop appropriate environmental education resources on Colorado's natural resources at other locations throughout the state		
18.	Acquire trails		
19.	Acquire river greenways		<ul style="list-style-type: none"> <li>• CPW</li> <li>• Non-profit land conservation</li> </ul>
20.	Construct trails		



#	Acceptable Use of Grant Funds	Entities Eligible to Achieve This Purpose
21.	Construct river greenways	organizations consistent with 2.11(B)(1) <ul style="list-style-type: none"> <li>• Local governments consistent with 2.11(B)(1)</li> </ul>
22.	Maintain trails	
23.	Maintain river greenways	
24.	Provide water for recreational purposes through the acquisition of water rights in accord with applicable state water law	
25.	Provide water for recreational purposes through agreements with holders of water rights, in accord with applicable state water law	
26.	Identify unique open space	<ul style="list-style-type: none"> <li>• CPW</li> <li>• Non-profit land conservation organizations consistent with 2.11(B)(2)</li> <li>• Local governments consistent with 2.11(B)(2)</li> </ul>
27.	Identify natural areas of statewide significance	
28.	Acquire unique open space	
29.	Acquire natural areas of statewide significance	
30.	Manage unique open space	
31.	Manage natural areas of statewide significance	<ul style="list-style-type: none"> <li>• Local Governments consistent with 2.11(B)(3)</li> </ul>
32.	Acquire open space	
33.	Acquire parks	
34.	Acquire environmental education facilities	
35.	Develop open space	
36.	Develop parks	
37.	Develop environmental education facilities	
38.	Manage open space	
39.	Manage parks	
40.	Manage environmental education facilities	

D. **Standard Approach to Categorization:** In seeking to reconcile achievement of the desired purposes with eligibility considerations, as summarized in the table at 2.11(C), and to codify a transparent, standard approach to categorization of its grants and investments, it is the policy of the board that:

1. The identity of entities at Sections 5(1)(a)(I), (II), (III) and (IV) is qualified by the statement “consistent with the purposes set forth at...” Sections 1(1)(a), (b), (c) and (d), respectively. As such, the purposes of the GOCO Program listed at Section 1 are elevated over the identity of entities identified at Section 5 as a matter of both the sequence and the rhetorical hierarchy of Article XXVII;
2. The identity of the recipient of a grant or investment remains an important factor that the board will consider, but identity, as the foremost factor, may fail to fully or accurately reflect how a grant or investment fulfills the purposes of the amendment. The board does not consider achievement of the purposes of the amendment, as defined at Sections 1(a), (b), (c) and (d), and reinforced at Sections 5(1)(a)(I), (II), (III) and (IV), respectively, to be synonymous with or exclusive to the organizations or constituencies cited as potential conduits for grants or investments. Rather, as it designs and executes programs and investments and, subsequently, categorizes expenditures, the constitution’s primary imperative is consideration of how the grant or investment fulfills the amendment’s purposes (the intended or desired result; end; aim; goal; benefit). As such, in most cases, the purposes of the grant or investment will determine the board’s decision regarding categorization of the grant or investment. When more than one purpose is being achieved the board will utilize its discretion, the expertise of its staff, and the input of partners and grantees to arrive at a reasonable categorization across all relevant purposes.

E. **Discretionary Authority:** With a standard approach to categorization described at 2.11(D), the board also notes that Section 5(1)(b)(b) of the constitution grants the board significant discretion to deviate from this standard approach to, “make other expenditures which it considers necessary and proper to the accomplishment of the purposes of this amendment.” It is the policy of the board that this authority be defined as follows:

1. The discretionary authority includes the ability to make grants or investments and to categorize expenditures across the four funding categories as it sees fit, irrespective of the standard approach to eligibility and categorization described at 2.11(D), so long as:
  - i. the expenditure accomplishes one or more purposes of the amendment, as summarized at 2.11(C);
  - ii. the grant or investment uses one or more entities identified in the constitution, as listed at 2.11(B) of this policy; and,
  - iii. in these instances, the board may categorize these discretionary program, grant or investment expenditures by the purpose achieved or by the identity of the entity.
2. The board may also find it necessary and proper to make “direct expenditures,” which the board defines as expenditures deemed necessary for development and/or administration of grant programs, and which may be best achieved by entities that are not eligible for grant funding within any of the funding categories.

**Policies & Procedures of the State Board of the Great Outdoors Colorado Trust Fund  
October 7, 2016**

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- i. Examples of these services include, but are not limited to, design fees, measurement and evaluation of awarded grants, grantee learning workshops, program planning efforts, reviews of due diligence items for land acquisition grants including appraisals, water matters, and mineral assessments.
    - ii. These expenses will be categorized to the same funding categories to which the related grants or investments are categorized. Basic administrative overhead expenses, such as GOCO staff salaries, office expenses, utilities, etc., will continue to be treated as operating costs and not as direct expenditures.
  3. The board will clearly identify when it is exerting its discretionary authority by including language in resolutions of the board that authorize such programs, grants or investments.
- F. Policy Implementation & Management:** To transparently implement and memorialize Policy 2.11, for each GOCO program, grant or investment, the board and staff will prepare and retain a “Program, Eligibility & Categorization Worksheet.” The board and staff will update these worksheets concurrent with regular cycles of program review and authorization, and the worksheet will be included as an attachment to resolutions of the board that authorize grant or investment expenditures.

**Constitutional Mandate:** Section 1, Section 5



# COLORADO

## Parks and Wildlife

Department of Natural Resources

Director's Office  
1313 Sherman Street, Room 618  
Denver, CO 80203

4 June 2018

Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman St., 7<sup>th</sup> Floor  
Denver, CO 80203

Dear Auditor Ray:

In response to your request, Colorado Parks and Wildlife has prepared the attached status report on the implementation status of audit recommendations contained in the Investments in Colorado's Great Outdoors Audit. The report provides a brief explanation of the actions taken by Colorado Parks and Wildlife to implement each recommendation.

Of the eight recommendations contained in the audit report, five have been implemented and have resulted in changes to Colorado Parks and Wildlife's processes that will continue into future years. Of the remaining recommendations that have not yet been fully implemented, two will be finalized this November. These two recommendations will likely result in changes to the format and content of the division's legislative budget request. Lastly, one recommendation will be implemented by July of 2019.

If you have any questions about this status report and Colorado Parks and Wildlife's efforts to implement the audit recommendations, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Broscheid". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Bob Broscheid  
Director, Colorado Parks and Wildlife

## AUDIT RECOMMENDATION STATUS REPORT

<b>AUDIT NAME:</b>	<b>Investments in Colorado's Great Outdoors</b>
<b>AUDIT NUMBER:</b>	<b>1621P</b>
<b>DEPARTMENT:</b>	<b>Department of Natural Resources, Colorado Parks and Wildlife</b>
<b>DATE OF STATUS REPORT:</b>	<b>June 4, 2018</b>

### SUMMARY INFORMATION

Rec. Number	Agency's Response	Original Implementation Date	Current Implementation Status	Current Implementation Date
3a	Agree	November 2018	Partially Implemented	November 2018
3b	Agree	November 2018	Partially Implemented	November 2018
3c	Agree	November 2017	Implemented and Ongoing	November 2017
3d	Agree	May 2017	Implemented and Ongoing	May 2017
3e	Agree	November 2017	Implemented and Ongoing	May 2018
3f	Agree	May 2017	Implemented and Ongoing	May 2017
4a	Agree	November 2017	Partially Implemented	July 2019
4b	Agree	November 2017	Implemented and Ongoing	November 2017

### IMPLEMENTATION STATUS DETAIL

#### **Recommendation 3A:**

Colorado Parks and Wildlife (CPW) should streamline its planning and implementation process for projects to be funded by Great Outdoors Colorado (GOCO) by working with the Capital Development Committee (CDC), Office of State Planning and Budgeting (OSPB), GOCO, Attorney General, and other parties as needed to determine the appropriate content of CPW's legislative capital construction request and whether information submitted to the CDC aligns with constitutional restrictions on legislative oversight of GOCO funding. This process should include a review of applicable statutes, Long Appropriations Bill headnotes, House and Senate rules and joint rules, and OSPB and Office of the State Architect's budget instructions.

**Current Implementation Status:** Partially Implemented

**Current Implementation Date:** November 2018

#### **Agency's Update:**

CPW has reviewed relevant background material and has engaged in discussion with GOCO, legal counsel at the Attorney General's Office, and internal stakeholders. Over the coming summer, CPW will engage with the Governor's Office of State Planning and Budgeting and the Capital Development Committee. The conclusion of this process will ultimately inform the budget request delivered to the Legislature in November of 2018.

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### **Recommendation 3B:**

Colorado Parks and Wildlife (CPW) should streamline its planning and implementation process for projects to be funded by Great Outdoors Colorado (GOCO) by working with the CDC and other parties, as appropriate, to determine ways to keep policy makers informed about GOCO-funded capital projects, if the results of the efforts in Part A of this recommendation eliminate CPW's submissions to the CDC.

**Current Implementation Status:** Partially Implemented

**Current Implementation Date:** November 2018

**Agency's Update:**

CPW has reviewed relevant background material and has engaged in discussion with GOCO, legal counsel at the Attorney General's Office and internal stakeholders. Over the upcoming summer, CPW will engage with staff and members of relevant committees to implement any suggested changes. The conclusion of this process will ultimately inform the budget request delivered to the Legislature in November of 2018.

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### **Recommendation 3C:**

Colorado Parks and Wildlife (CPW) should streamline its planning and implementation process for projects to be funded by Great Outdoors Colorado (GOCO) by implementing written processes to set up project coding in the State's accounting system in a timely manner after projects are approved.

**Current Implementation Status:** Implemented and Ongoing

**Current Implementation Date:** November 2017

**Agency's Update:**

For the 2017-18 budget, CPW managed the process to insure all projects were available in CORE by July 1. Additional processes were made available to staff which would allow access to funds sooner than July 1, if desired. Since that time, CPW and DNR have begun LEAN process improvement reviews on project setup which documented the steps involved and identified pain points. CPW anticipates further improvements from this review. Additionally, a written procedure document has been produced, and is updated periodically, for guidance and training on the technical process of setting up projects in CORE.

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### **Recommendation 3D:**

Colorado Parks and Wildlife (CPW) should streamline its planning and implementation process for projects to be funded by Great Outdoors Colorado (GOCO) by ensuring that authorized staff sign contracts as soon as is reasonably possible after they are signed by contractors.

**Current Implementation Status:** Implemented and Ongoing

**Current Implementation Date:** May 2017

**Agency's Update:**

As a result of a lean process review CPW has: eliminated a mailing of contracts by emailing completed contracts to the vendor, has reduced the number of “wet signatures” required to one for ease of mailing, and routes contracts to alternate Leadership Team members for signature in the event that a member is unavailable. Additionally, DNR has authorized additional staff to sign low and no risk contracts, standardized the construction contract template, and improved the checklist used for review. These changes have reduced the time needed for contracts to be signed on average.

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### **Recommendation 3E:**

Colorado Parks and Wildlife (CPW) should streamline its planning and implementation process for projects to be funded by Great Outdoors Colorado (GOCO) by implementing controls over contractor payments, such as written procedures, to ensure that contractors are paid within 45 days, and continuing the manual monitoring process that CPW implemented during the audit.

**Current Implementation Status:** Implemented and Ongoing

**Current Implementation Date:** May 2018

#### **Agency’s Update:**

CPW implemented a manual review during the audit that continues to ensure CPW processes payments in a timely manner. This review involves an assigned staff member performing a twice a week review of outstanding invoices that have been awaiting approval for more than seven days. If any invoices are found, the appropriate approver is contacted to request approval. In an effort to ensure that invoices are entered in a timely manner, CPW has added a reminder of the 45 day requirement to the beginning of the job aid used by staff to enter invoices and will follow up with staff that enter aged documents.

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### **Recommendation 3F:**

Colorado Parks and Wildlife (CPW) should streamline its planning and implementation process for projects to be funded by Great Outdoors Colorado (GOCO) by implementing controls to ensure that it submits reimbursement requests to GOCO within the deadlines established in the memorandum of agreement between the two agencies.

**Current Implementation Status:** Implemented and Ongoing

**Current Implementation Date:** May 2017

#### **Agency’s Update:**

Though billings for some months are complicated by the State’s open \ close accounting processes, CPW is submitting billings in a timely manner. Any delays, for whatever reason, are communicated to GOCO and alternative deadlines are agreed to. Since the audit, CPW’s process has changed to include a review by the Deputy CFO and logging of the billing on a shared drive. When the bill is submitted, an email is sent to relevant staff documenting its transmittal. Both GOCO and CPW feel that the current billing process is working well and meeting the deadlines established in the memorandum of agreement to the extent feasible.

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## **Recommendation 4A:**

Colorado Parks and Wildlife (CPW) should optimize the use of Great Outdoors Colorado (GOCO) funding to help defray park operating costs for GOCO-funded projects by implementing a process to help park managers accurately estimate costs to operate individual capital projects.

**Current Implementation Status:** Partially Implemented

**Current Implementation Date:** July 2019

### **Agency's Update:**

Estimating the operating needs of individual capital projects has been incorporated into the project request, review, and approval process. These estimates are included in the project request so as to inform decision makers of the expected, ongoing cost. At project completion, operating estimates are revisited and updated. While CPW had intended to develop additional guidance on standard operating costs, the variation in conditions across the State has complicated that effort. Each estimate represents the combined knowledge of the park managers, the Capital Development unit, and budget liaisons. Though some aspects of cost estimation are more readily available (e.g. average cost to operate utilities for various buildings) other costs are harder to estimate. CPW will use the process of individually estimating project costs to develop more general guidelines for estimating costs.

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## **Recommendation 4B:**

Colorado Parks and Wildlife (CPW) should optimize the use of Great Outdoors Colorado (GOCO) funding to help defray park operating costs for GOCO-funded projects by implementing a process to estimate aggregate operating cost increases that are due to capital improvements and determine the amount of those increases related to GOCO-funded projects to include in its requests for funding from the State Board of the Great Outdoors Colorado Trust Fund (GOCO Board).

**Current Implementation Status:** Implemented and Ongoing

**Current Implementation Date:** November 2017

### **Agency's Update:**

As part of CPW's internal budget process, capital projects that are scheduled to be completed in the next fiscal year are reviewed for operating needs, and any needs identified are forwarded to CPW's Leadership Team to decide on funding levels. Historically, a subset of Parks were identified in the GOCO grant for "Recreation Management on State Parks," and this grant funded a portion of those budgets. Starting with the FY 2018-19 Investment Plan, the GOCO grant was written to cover a portion of the operating costs at all State Parks. This change in philosophy led to an increase of approximately \$400,000 for this grant.