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AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

November 2, 2004

The Honorable John Huppenthal, Chair  
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Huppenthal and Senator Blendu:

Our Office has recently completed a 24-month followup of the State Parks Board—Heritage Fund regarding the implementation status of the 7 audit recommendations presented in the performance audit report released in July 2002 (Auditor General Report No. 02-04).

As the attached grid indicates:

- 3 of the 7 recommendations have been implemented;
- 2 of the 7 recommendations are in the process of being implemented;
- 1 recommendation is no longer applicable; and
- 1 recommendation has not been implemented.

Regarding the recommendation that has not been implemented, the State Parks Board indicated in its response to the report that it would not implement it. As a result, unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the Board's efforts to implement the recommendations resulting from the July 2002 performance audit report.

Sincerely,

Debbie Davenport  
Auditor General

DKD:jw  
Attachment

cc: Kenneth Travous, Executive Director  
Arizona State Parks Board

**STATE PARKS BOARD**  
**Heritage Fund**  
**24-Month Follow-Up Report To**  
**Auditor General Report No. 02-04**

**FINDING I: Recent acquisitions generally appropriate but process could be improved**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The Board should ensure that it follows its acquisition process and documents compliance with its written procedures, including submitting the acquisitions to the screening and appropriate advisory committees for review and recommendation. If the Board does not complete a specific step, it should document the reason in its files.	<b>Implemented at 12 Months</b>	
2. The Board should add procedures to its land acquisition process that require qualified individuals to review completed feasibility studies and due diligence work, including property appraisals and surveys. As part of these procedures, the Board should determine the thresholds or triggers that would require acquisitions to undergo these various reviews.	<b>Implemented at 24 Months</b>	
3. The Board should develop procedures for evaluating and prioritizing both park and natural area parcels for future acquisition.	Implementation in Process	

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**FINDING II: Board has established a comprehensive grants program**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The Board should consistently follow its grant monitoring procedures, including ensuring that grantees submit timely quarterly reports and following up with them when they do not.	Implementation in Process	
2. The Board should adopt rules for its Heritage Fund granting process.	<b>Not Implemented</b>	<b>In its response to the report, the Board indicated that it would not implement this recommendation, explaining that the public already has access and can provide input into the process.</b>

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**FINDING III: Board should more accurately allocate expenditures to its Heritage Fund**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The Board should develop reliable estimates of the time employees spend on Heritage Fund activities to use as a basis for allocating salary and related expenditures and other operating expenditures. Using this method, the Board needs to revisit these estimates throughout the year and make necessary adjustments.	<b>Implemented at 24 Months</b>	
2. In conjunction with the implementation of the new state-wide payroll system, the Board should work with the Department of Administration to evaluate whether the new state-wide payroll system will allow it to track employee time spent on various activities, and if so, implement this component of the new system.	Not Applicable <sup>1</sup>	

<sup>1</sup> The Board currently charges only the costs of its seven Heritage Fund program managers to the Heritage Fund. Since the costs of these employees are allocated fully to the Heritage Fund and the Board does not charge the costs of any other employees to the Heritage Fund, it reports that it did not need to implement the labor distribution component of the State's payroll system.