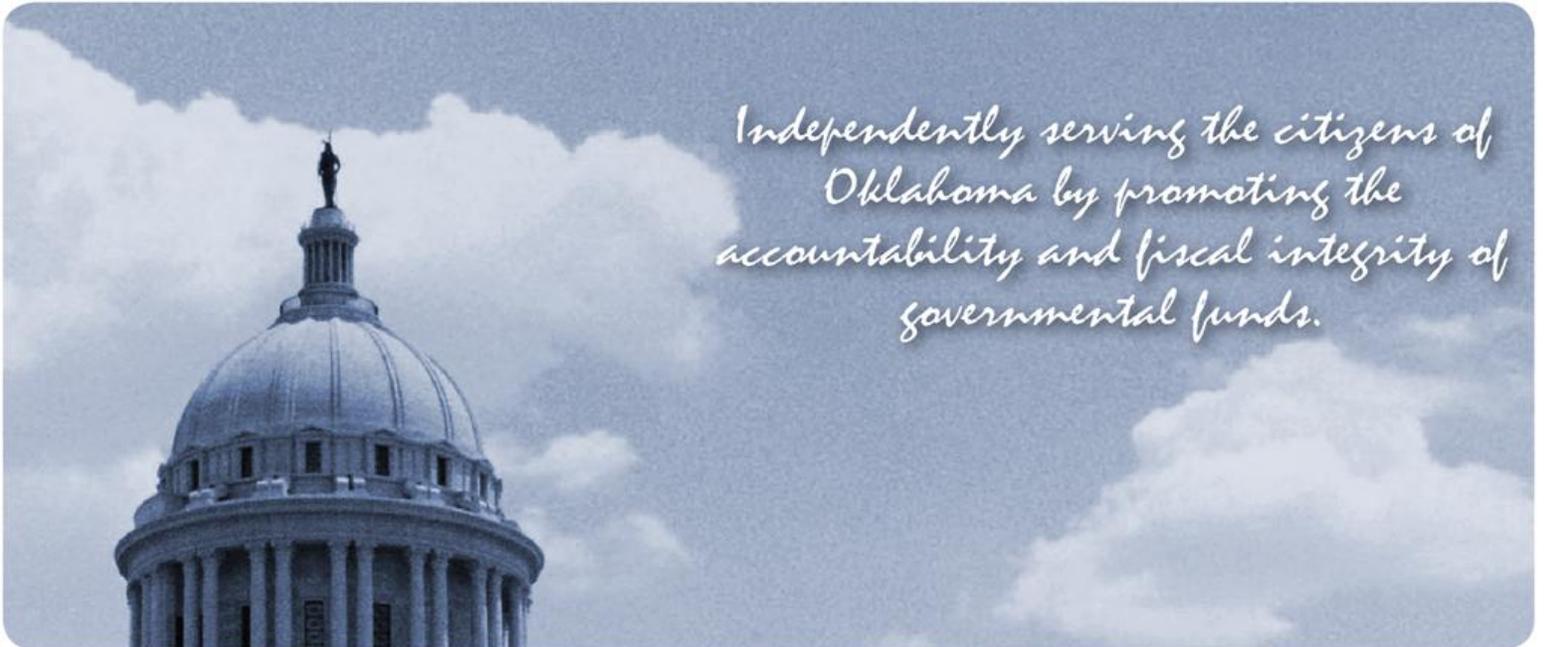


PERFORMANCE AUDIT

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

For the period July 1, 2012 through June 30, 2014



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Oklahoma Department of Wildlife Conservation**

**For the Period
July 1, 2012 through June 30, 2014**



Report Highlights

This audit was performed in response to the Oklahoma Department of Wildlife Conservation's request in accordance with 74 O.S. § 213.2.B.

Oklahoma Department of Wildlife Conservation

Administrative Fines and Temporary Licenses

March 3, 2015

Background

The Oklahoma Department of Wildlife Conservation (ODWC) was created by **Article XXVI of the Oklahoma Constitution to regulate and enforce hunting and fishing laws**. O.S. 29 § 4-110 and § 7-208 granted the agency the ability to issue temporary hunting and fishing licenses and administrative fines, and collect the associated fees in the field. This process bypasses the involvement of the court system, thus increasing revenue generated from such activities.

Objective and Scope

The objective for this audit was to determine whether the Department's internal controls provide reasonable assurance that revenues received in the field for temporary licenses and administrative fines were accurately reported in accounting records.

The time period covered by the audit was July 1, 2012 through June 30, 2014.

What We Found

- Internal controls related to receipting funds in the field appear to be adequate.
- Documentation of annual inventory counts related to administrative fine and temporary license booklets were not properly maintained.
- Affidavits accounting for assignment of administrative fine and temporary license booklets were not properly maintained.
- Annual inventory counts do not include a count of the administrative fine and temporary license booklets that are unassigned.

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Background

Pursuant to the request of management and in accordance with 74 O.S. § 213.2.B, we conducted a performance audit of the Oklahoma Department of Wildlife Conservation Commission (ODWC) for the period July 1, 2012 through June 30, 2014.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24.A.1 et seq.), and shall be open to any person for inspection and copying.

The Oklahoma Department of Wildlife Conservation was created by **Article XXVI of the Oklahoma Constitution**. Under the Constitutional provisions, ODWC is governed by the Wildlife Conservation Director under such rules, regulations and policies as shall be directed by an eight member Oklahoma Wildlife Conservation Commission. Each of the eight members of the Commission is appointed by the Governor and with the consent of the Oklahoma Senate. Each represents one of the eight individual Districts in Oklahoma and is appointed for a term of eight years.

Commission members as of January 2014:

- Robert S. Hughes II, District 1 Commissioner
- Bruce R. Mabry, District 2..... Commissioner
- Mike Bloodworth, District 3 Commissioner
- Leigh Gaddis, District 4 Commissioner
- Ed Abel, District 5..... Commissioner
- John P. Zelbst, District 6..... Commissioner
- Danny Robbins, District 7..... Commissioner
- John D. Groendyke, District 8 Commissioner

**Oklahoma Wildlife Conservation Commission – Performance Audit
July 1, 2012 through June 30, 2014**

Effective January 1, 1985, O.S. 29 § 4-110¹ allowed the game wardens to issue temporary licenses in an effort to collect fees immediately from an individual in lieu of issuing citations and then involving the court system.

Effective April 2007, O.S. 29 § 7-208² allowed game wardens to issue and collect fees for administrative fines as well.

According to ODWC management and game wardens, having the ability to issue administrative fines and temporary licenses in the field is more beneficial to the agency than issuing citations and collecting fines through the court system, due to the associated court fees deducted during that process. Issuing citations is also complicated by the fact that unlicensed individuals cannot always provide identification and therefore may identify themselves falsely, preventing further legal action. By allowing wardens to accept funds in the field, the agency feels it is more likely to collect its funds and to do so in a timely manner.

See the following table of total temporary license and administrative fines collected during FY 2013 and FY 2014.

ODWC Temporary License and Administrative Fines FY13 & FY14

Description	FY 2013 Collections	FY 2014 Collections
Temporary Resident Fish	\$75,600	\$75,400
Temporary Non-Resident Fish	27,540	32,580
Temporary Non-Resident Hunt	2,755	3,915
Temporary Resident Hunt	5,200	7,850
Temporary Resident Waterfowl	1,300	2,750
Temporary Non-Resident Waterfowl	725	145
Administrative Fines	126,500	134,500
Totals	\$239,620	\$257,140

Source: Agency BTG system (Unaudited)

¹Effective January 1, 1985, O.S. 29 § 4-110 D. states, "Any person arrested while violating the provisions of this section may purchase a substitute temporary thirty-day license from the arresting Wildlife Conservation Ranger in lieu of posting bond."

² Effective April 2007, O.S. 29 § 7-208 states, "Any person arrested for violation of any rule promulgated by the Oklahoma Wildlife Conservation Commission may, in lieu of posting bond, pay an administrative fine equal to one-half (1/2) of the current bond schedule, as prepared by the Administrative Office of the Courts pursuant to Section 1115.3 of Title 22 of the Oklahoma Statutes. The amount of the fine shall be rounded to the nearest five-dollar increment."

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Objective Determine whether the Department's internal controls provide reasonable assurance that revenues received in the field for temporary licenses and administrative fines were accurately reported in the accounting records.

Scope The scope of this audit included revenue controls related to the collection and deposit process for funds obtained by ODWC game wardens when issuing administrative fines and temporary licenses to citizens for hunting or fishing violations, and inventory records for unused administrative fine and temporary license booklets. The time period covered by the audit was July 1, 2012 through June 30, 2014.

Methodology An understanding of the ODWC administrative fine and temporary license process was obtained through discussions with ODWC management, staff and game wardens; review of relevant state laws, Oklahoma Administrative Code, and ODWC internal policies; and identification of significant internal controls.

We also utilized sampling of transactions to achieve our audit objectives. To ensure the samples were representative of the population and provided sufficient evidential matter, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objective.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future period are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Conclusion

The Agency’s internal controls generally provide assurance that revenues received in the field for temporary licenses and administrative fines were accurately reported in the accounting records. However, internal controls governing the process of conducting annual inventories of administrative fine and temporary license booklets do not provide assurance that all unwritten fines and licenses are accounted for properly.

FINDING AND RECOMMENDATION

*Inadequate
Retention of
Affidavits and
Inventory
Records*

The United States Government Accountability Office’s (GAO) *Standards for Internal Control in the Federal Government (2014 Revision)*³, “...provides that management must establish physical control to secure and safeguard vulnerable assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use.” Furthermore, the GAO provides that management clearly document internal controls and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. To protect against fraud, errors, and professional misconduct, the internal control system should provide reasonable assurance that important documents are adequately retained.

During the course of the audit, we noted the following issues related to inventory record keeping:

- Documentation of annual administrative fine and temporary license booklet inventory counts are not properly maintained.
 - FY 2013- management was unable to provide inventory counts for 18 of 146 temporary license booklets and 17 of 146⁴ administrative fine booklets.
 - FY 2014- management was unable to provide inventory counts for 10 of 142 administrative fine booklets and 11 of 142 temporary license booklets.
- Affidavits documenting administrative fine and temporary license booklets checked out to wardens are not properly maintained.
 - FY 2013- management was unable to provide affidavits for two of 25 wardens.

³ Although this publication addresses controls in the federal government, this criterion can be treated as best practices. The theory of controls applies uniformly to federal or state government.

⁴ We obtained a complete listing of game wardens (including reserve wardens) for calendar year 2013 and 2014 to ensure that each warden was included in the agency’s inventory count for administrative fine and temporary license booklets.

- FY 2014- management was unable to provide affidavits for three of 25 wardens.
- Annual inventory counts do not include a count of the administrative fine and temporary license booklets that are unassigned.

In addition, we noted one discrepancy between the agency's information system's records and the 50⁵ physical inventory counts reviewed during testwork. One physical inventory count noted that a license had been voided while the agency's information system still showed that the license was open.

Without inventory counts of both assigned and unassigned temporary license and administrative fine booklets, the misappropriation of funds or assets could occur and not be detected in a timely manner.

Recommendation

In an effort to improve the agency's processes over temporary licenses and administrative fines we recommend management ensure a physical inventory count of the temporary license and administrative fine booklets is conducted at least annually for all wardens, including reserve officers, to ensure payments received for fines assessed are accounted for and any discrepancies noted are followed-up on and resolved as soon as possible. We also recommend management ensure all records concerning the custody and inventory of administrative fine and temporary license booklets are properly maintained and readily available for viewing.

**Views of
Responsible
Officials**

Below are procedures developed to provide better efficiency in the areas found to be insufficient:

- With regard to the findings that annual inventory reports are not properly maintained, ODWC will implement a strict February 15th deadline for return to License Section. Any reports not returned by this deadline will prompt a written notice to be sent to the respective Division Chief listing any employees with unreturned reports. Division Chiefs will be required to submit any outstanding inventory reports by March 15th. If any reports are not received by March 15th, License Section will forward a list of noncompliance to the Director for appropriate action or disciplinary measures, if warranted. In addition, any discrepancies noted as a result of these counts will be followed up on and resolved in a timely manner.

⁵ We reviewed a sample size of 25 inventory counts from both FY 2013 and FY 2014 for a total of 50.

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- For affidavits accounting for administrative fines and temporary license books, more efficient follow up procedures have been developed in the form of a central collection of the Office Copy forms held in a single place. Rather than filing the Office Copy of this affidavit, all Office Copy forms will be stored together in one location and ordered by date. These forms will be held until the Signed Copy is returned to License Section, where both copies will be filed. Affidavits not returned within two weeks will prompt written follow up from License Section with a 10-day extension for return. After the extension period, no administrative fine or temporary licenses will be issued and the items in question will be routed through Division Chiefs for compliance.
- Finally, we will address the accounting practices for our unassigned administrative fine and temporary license books. Currently, our electronic database has a counter of the next book to be issued and licenses are securely stored in the License Vault with limited access. However, to complement our current systems, the annual inventory for unassigned books will now include a quarterly manual inventory of all administrative fine and temporary license books. This manual audit will be conducted each quarter and require signatures of the License Supervisor, as well as the Assistant Director of Administration and Finance. This will help insure all books are accounted for in the field and at Central Office.
- In addition to the above procedures, Division Chiefs will be given notification informing them of the upcoming inventory and instruction letters will be included with future inventories to provide proper communication to staff regarding their responsibility with the inventory protocols and expectations with regard to the importance of this matter.



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