

LBA Financial Audit Report Summary:

Fish And Game Fund, Audit Report For The Period Ended June 30, 2003

STATE OF NEW HAMPSHIRE

FISH AND GAME FUND

Reporting Entity And Scope

The reporting entity and scope of this audit and audit report is the New Hampshire Fish and Game Fund as of and for the fiscal year ended June 30, 2003. During this period, the Fish and Game Fund primarily reported the operations of the New Hampshire Fish and Game Department.

The following report describes the financial activity reported in the Fish and Game Fund as it existed during the period under audit. Unless otherwise indicated, reference to the Department refers to the Fish and Game Department. Auditee responses, comments on observations, and action to be taken statements were provided by the Department.

Organization

The Fish and Game Department was created in 1935 pursuant to RSA 206 under a commission known as the Fish and Game Commission to manage the fish and wildlife resources of the State. The eleven-member Commission is comprised of one commissioner from each of the state's 10 counties plus one commissioner representing the seacoast area. All Commissioners are appointed to the Commission by the Governor and Council. The financial activities of the Department are primarily accounted for in the Fish and Game Fund, a special revenue fund of the State of New Hampshire.

The Department operates out of its headquarters in Concord and four regional offices located in Durham, Keene, Lancaster, and New Hampton. In addition, the Department operates six fish hatcheries located in Berlin, Milford, New Hampton, New Durham, Twin Mountain, and Warren.

At June 30, 2003, the Department employed one unclassified, 165 full-time classified, and 33 full-time temporary employees accounted for in the Fish and Game Fund.

Responsibilities

The Department defines its mission “As the guardian of the state’s fish, wildlife and marine resources, the New Hampshire Fish and Game Department works in partnership with the public to:

- Conserve, manage and protect these resources and their habitats;
- Inform and educate the public about these resources; and
- Provide the public with opportunities to use and appreciate these resources.”

Funding

The Fish and Game Department is funded primarily by appropriations from the Fish and Game Fund. Per RSA 206:34-a, “All revenues accruing from sales of licenses and permits, and any other revenue received by the department, and any money reimbursed or granted to the department by the state or federal government for fish, game, and wildlife conservation or related programs shall be used solely for conservation, restoration, management, educational benefit, recreational use, and scientific study of the fish, game, and wildlife resources of the state, including acquisition of property and general administration of RSA title XVIII. Such funds shall be used for no other purpose.” The Department received \$50,000 from the State’s General Fund as matching appropriations for donations received by the Department’s Nongame Program in accordance with RSA 212-B:6 and also received \$6,000 of other General Fund appropriations pursuant to RSA 207:23-a during fiscal year 2003. As noted above, the scope of this audit is the financial activities reported in the Fish and Game Fund. A summary of the Fish and Game Fund revenues and expenditures for the fiscal year ended June 30, 2003, is shown in the following table.

Fish And Game Fund
Summary Of Revenues, Expenditures, And Changes In Fund Balance
Fiscal Year Ended June 30, 2003
(expressed in thousands)

Revenues	
Unrestricted Revenues	\$ 8,688
Restricted Revenues	<u>10,429</u>
Total Revenues	\$ <u>19,117</u>
Total Expenditures	\$ <u>19,342</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	\$ <u>(225)</u>
Other Financing Sources (Uses)	\$ <u>824</u>
Excess Of Revenues And Other Sources Over Expenditures	\$ <u>599</u>
Fund Balance July 1, 2002	\$ 8,241
Change In Reserve For Inventory	<u>116</u>
Fund Balance June 30, 2003	\$ <u>8,956</u>

The auditor's report on the Fish and Game Fund financial statements was unqualified.

The audit report included the auditor's reports on compliance and internal control over financial reporting and on management issues. The following is a list of the comments in the report.

Internal Control Comments

Material Weaknesses

- Control Environment Must Be Strengthened

- Federal Ledger System Needs To Be Enhanced

Other Reportable Conditions

FINANCIAL ADMINISTRATION

- Policies And Procedures Should Be Established Requiring Formal Reviews Of Division Accounting Reports
- Accountability Controls For Revenues And Receipts Collected In The Sales Office Should Be Improved
- Revenue Reconciliation Procedures Should Be Improved
- Policies And Procedures Should Be Documented For Monitoring License Agent Accounts
- Significant Memorandums Of Agreement Should Be Subject To Governor And Council Approval
- Transfers Of Expenditures Should Be Based Upon The Underlying Accounting Records
- Expenditures Should Be Charged To Appropriate Account Class Lines
- State And Department Control Policies Must Be Adhered To

- Insurance Proceeds Should Be Recorded As Revenue And Not As A Refund Of Expenditures

- Communication And Coordination Of Efforts With The Department Of Administrative Services, Bureau Of Financial Reporting Should Be Improved

INFORMATION TECHNOLOGY ADMINISTRATION

- Documentation Of Department Information Technology Resources Should Be Improved
- Limited Segregation Of Information Technology Responsibilities Should Be Recognized As A Potential Risk To Department Operations

OHRV PROGRAM

- Accounting For And Reporting Of OHRV Financial Activity Should Be Improved
- Contract Monitoring System Should Be Established For OHRV Registrations
- Accounting For OHRV Transactions Should Be Simplified

- Procedures For Distributing Excess OHRV Revenue Should Be Reviewed
- Critical Agreements Should Be Monitored And Provided For Prior To Expiration To Ensure Continued Operation

DEDICATED ACCOUNTS

- Restricted Revenue Accounts Should Be Periodically Reconciled
- Policies And Procedures Addressing Required Approvals For The Expenditure Of Dedicated Accounts Should Be Established
- Expenditures From Dedicated Accounts Should Reflect Purpose Of The Accounts
- Administrative Cost Plan Should Be Reviewed And Revised
- The Department Should More Actively Monitor Statewide Public Boat Access Revenue
- Problems Surrounding The Failure To Post Interest To Account Should Be Resolved

FEDERAL FUNDS ADMINISTRATION

- Controls Over The Utilization Of Volunteer Efforts As A Match To Federal Programs Should Be Improved
- Segregation Of Duties Over The Federal Accounting System Should Be Improved
- Coordination Of Federal Reporting Efforts Should Be Increased
- Methods For Establishing Year-End Federal Accounts Receivable Should Be Improved
- All Federal Grants Should Be Properly Documented
- All Expenditures Eligible For Federal Participation Should Be Properly Identified And Coded
- Changes In Department Structure, Including Changes In Employee Funding Sources, Should Be Accurately And Timely Reflected In The Federal Ledger
- Federal Financial Reports Should Be Subject To A Review And Approval Function
- The Methodology Used To Prepare Indirect Cost Proposal Should Be Reviewed And Revised As Appropriate

EQUIPMENT AND PROPERTY ADMINISTRATION

- Policies And Procedures For The Use Of Warden's Camp Should Be Established
- Discrepancies In Equipment Records Noted During The Annual Equipment Inventory Should Be Reported Timely
- Policies And Procedures For Equipment Control Should Be Consistently Applied For All Divisions Of The Department
- Error Corrections Should Not Distort Accounting Record
- Controls To Ensure Complete And Accurate Asset Reports Should Be Established

PERSONNEL AND PAYROLL ADMINISTRATION

- Personnel Positions Should Not Be Filled Prior To Receipt Of Authorization And Funding
- Controls Over Payroll Process Should Be Improved To Ensure Adherence To Department
- Policies And Procedures
- Compliance With Timesheet Approval Policy Should Be Monitored
- Timekeeping System Should Be Made More Efficient And Effective
- Caretaker Agreement For Sandy Point Facility Must Be Subject To Proper Authorization, Recording, And Reporting Procedures
- Residential Agreements With Hatchery Employees Should Be Established

Compliance Comments

State Compliance

- Conflicting OHRV Statutes Should Be Clarified

Federal Compliance

- Federal Cash On Hand Should Be Limited To What Is Allowed

Management Issues Comment

- Information On Employee Cards Appears Redundant And Efforts Required To Prepare And Maintain Cards Could Be Eliminated