

# Legislative Audit Division

State of Montana



Report to the Legislature

September 2003

## Financial-Compliance Audit For the Fiscal Year Ended June 30, 2003

### Department of Fish, Wildlife and Parks

This report contains four recommendations relating to:

- ▶ Timeliness of cash deposits.
- ▶ Recovery of indirect costs.
- ▶ Obtaining bids for services.
- ▶ Reporting actual or suspected theft.

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## FINANCIAL-COMPLIANCE AUDITS

Financial-compliance audits are conducted by the Legislative Audit Division to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

Government Auditing Standards, the Single Audit Act Amendments of 1996 and OMB Circular A-133 require the auditor to issue certain financial, internal control, and compliance reports. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2003, will be issued by March 31, 2004. The Single Audit Report for the two fiscal years ended June 30, 2001, was issued on March 26, 2002. Copies of the Single Audit Report can be obtained by contacting:

Single Audit Coordinator  
Office of Budget and Program Planning  
State Capitol  
Helena MT 59620  
Phone (406) 444-3616

Legislative Audit Division  
Room 160, State Capitol  
PO Box 201705  
Helena MT 59620-1705

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# LEGISLATIVE AUDIT DIVISION

Scott A. Seecat, Legislative Auditor  
John W. Northey, Legal Counsel



Deputy Legislative Auditors:  
Jim Pellegrini, Performance Audit  
Tori Hunthausen, IS Audit & Operations  
James Gillett, Financial-Compliance Audit

September 2003

The Legislative Audit Committee  
of the Montana State Legislature:

This is our financial-compliance audit report for the Montana Department of Fish, Wildlife and Parks for the fiscal year ended June 30, 2003. We performed a one-year audit to improve coordination of financial-compliance audits with the state's single audit on behalf of federal grantor agencies. Our report contains four recommendations related to timeliness of cash deposits, recovery of indirect costs, obtaining bids for services, and reporting actual or suspected theft. The department's written response to the audit recommendations is included in the back of the report.

We thank the director and his staff for their assistance and cooperation during the audit.

Respectfully submitted,

*Signature on File*

Scott A. Seecat  
Legislative Auditor



# **Legislative Audit Division**

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**Financial-Compliance Audit**

**For the Fiscal Year Ended June 30, 2003**

## **Department of Fish, Wildlife and Parks**

Members of the audit staff involved in this audit were Brenda Kedish,  
Laura L. Norris, Paul J. O'Loughlin, and Sonia Powell.



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## Appointed and Administrative Officials

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### Montana Fish, Wildlife and Parks Commission

		<u>Term Expires</u>
Dan Walker, Chairman	Billings	2005
Tim Mulligan, Vice Chairman	Whitehall	2007
John Lane	Cascade	2005
Michael Murphy	Wolf Creek	2005
John Brenden	Scobey	2007

### Department Administrative Officials

M. Jeff Hagener, Director

Chris Smith, Chief of Staff

Larry Peterman, Chief of Field Operations

Dan Ellison, Chief of Administration and Finance Division

Ron Aasheim, Administrator  
Conservation Education Division

Glenn Erickson, Administrator  
Field Services Division

Chris Hunter, Administrator  
Fisheries Division

Jim Kropp, Administrator  
Enforcement Division

Doug Monger, Administrator  
Parks Division

Don Childress, Administrator  
Wildlife Division

For additional information concerning the Department of Fish,  
Wildlife and Parks, contact Dan Ellison, Chief of Administration and  
Finance Division at:

1420 East Sixth Avenue  
PO Box 200701  
Helena MT 59620-0701  
(406) 444-4786  
e-mail: [dellison@state.mt.us](mailto:dellison@state.mt.us)

**Department of Fish,  
Wildlife and Parks**

This audit report is the result of our financial-compliance audit of the Department of Fish, Wildlife and Parks for the fiscal year ending June 30, 2003. The four recommendations in this report relate to cash deposit issues, indirect cost recoveries, compliance with department purchasing regulations, and reporting actual or suspected theft.

We issued an unqualified opinion on the financial schedules contained in this report. The reader may rely on the financial information presented in the financial schedules and the supporting data on the state's accounting system.

The listing below summarizes the recommendations contained in the report, indicates where the issue is presented in the report, and provides a reference to the department's response.

Recommendation #1

We recommend the department implement procedures to ensure deposits are made in accordance with state law. .... 6

Agency Response: Concur. See page B-3.

Recommendation #2

We recommend the department recover indirect costs to the maximum extent possible as required by state law. .... 6

Agency Response: Concur. See page B-3.

Recommendation #3

We recommend the department comply with purchasing requirements as defined by the department's purchasing manual and state policy. .... 7

Agency Response: Concur. See page B-4.

Recommendation #4

We recommend the department establish written policy for reporting actual or suspected theft in accordance with state law. .... 9

Agency Response: Concur. See page B-4.

## Report Summary

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# Introduction

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## Introduction

We performed a financial-compliance audit of the Department of Fish, Wildlife and Parks (department) for the fiscal year ended June 30, 2003. The objectives of the audit were to:

1. Determine if the department complied with applicable laws and regulations which could have a significant effect on the financial schedules.
2. Make recommendations for improvement in the management and internal controls of the department.
3. Determine the implementation status of prior audit recommendations.
4. Determine if the financial schedules present fairly the results of the department's operations for the fiscal year ended June 30, 2003.

As required by section 17-8-101(6), MCA, we reviewed Internal Service Fund type fees and fund equity balances at the department. The statute requires fees and charges for services, which are deposited into Internal Service Funds, be based upon commensurate costs. The Internal Service Funds at the department include the duplicating center, vehicle account, capitol grounds maintenance, and warehouse inventory. Based upon our review, nothing came to our attention to indicate the department is not in substantial compliance with this law.

In accordance with section 5-13-307(2), MCA, we analyzed and disclosed the cost, if significant, of implementing the four recommendations we made to the department.

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## Background

The department's mission is to provide for the stewardship of the fish, wildlife, parks, and recreational resources of Montana while contributing to the quality of life for present and future generations.

The department's headquarters are located in Helena. The department maintains seven regional offices located in Kalispell, Missoula, Bozeman, Billings, Great Falls, Glasgow, and Miles City.

## Introduction

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There are also five area offices located in Libby, Havre, Lewistown, Butte, and Helena. A regional supervisor directs each region.

The five-member Fish, Wildlife and Parks Commission sets fish and wildlife regulations, approves property acquisitions, and approves certain rules and activities of the department as provided by statute. Commission members are appointed by the governor and confirmed by the senate. Statute requires representation from five geographical areas of the state.

The department had approximately 584 budgeted full-time equivalent positions in fiscal year 2003, allocated to programs as noted below. The following paragraphs outline the department organization as reflected in program expenditures on the Schedule of Total Expenditures & Transfers-Out on page A-7.

Administration and Finance (56 FTE) - includes accounting, fiscal and budgeting services, human resource support, purchasing and property management services, federal aid administration, licensing of hunters and anglers, and information technology services.

Capital Outlay - accounts for major repair and maintenance of the department's properties, renovation and construction of facilities, and protection and enhancement of critical habitats.

Conservation Education (23 FTE) - is responsible for public relation functions of the department including film production and publication and distribution of the Montana Outdoors magazine. The division also informs the public about fish and wildlife laws, administrative rules, and policies designed to regulate outdoor recreational activities.

Department Management (50 FTE) - is responsible for department direction regarding policy, planning, program development, guidelines and budgets, direct interaction with the Fish, Wildlife and Parks Commission, and decision-making authority for key resource activities affecting the department.

Field Services (48 FTE) - is responsible for a wide array of support functions to the department and its field offices. These functions include game damage program administration, landowner/sportsman relations, block management, design and construction of department facilities, and the aircraft pool.

Fisheries (112 FTE) - is responsible for preserving and perpetuating all aquatic species and their ecosystems and meeting the public demand for fishing opportunities.

Enforcement (102 FTE) - is responsible for ensuring compliance with laws and regulations regarding fish, wildlife and parks through enforcement actions, education, and enhancing relations with landowners, recreational users and the general public.

Parks (93 FTE) - is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources to meet present and future needs.

Wildlife (100 FTE) - is responsible for management of all native wildlife species within the state. The goals of the division are intended to protect, perpetuate, enhance, and regulate the use of renewable wildlife resources for public benefit now and in the future.

User fees such as hunting and fishing licenses and state park use fees primarily fund the department. The department also receives federal funds to aid in fish and wildlife restoration efforts, for parks development and maintenance, for boating safety, education and regulation, and other programs.

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### **Prior Audit Recommendations**

Our previous audit report (02-17) covering fiscal years 2001 and 2002 was released in November 2002 and contained three recommendations. The department implemented one recommendation. The recommendation relating to the timeliness of deposits was partially implemented and is discussed beginning on page 5. The remaining recommendation concerning the FWP

## Introduction

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foundation was partially implemented and is discussed in the following paragraph.

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### Foundation Operating Agreement

We recommended that the department ensure compliance with the FWP foundation operating agreement to obtain annual financial reports and ensure arm's-length transactions. The agreement was rewritten to address part of our concerns regarding financial reporting and attempted to address the arm's-length transaction issue but did not eliminate our concerns. As noted in our prior audit report, an FWP employee serves in a liaison position and also functions as the foundation's executive director. In that role, the employee solicits and collects donations, approves payments, writes grant proposals, commits foundation resources, searches for potential board members, and directs foundation investment activity. Arm's-length transactions are not maintained because the liaison is acting as the executive director and essentially running the day-to-day operations of the foundation. Department management said future plans include having the foundation hire its own executive director. We will review the status of this recommendation during our next audit.

# Findings and Recommendations

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## Timeliness of Cash Deposits

Section 17-6-105, MCA, requires state agencies to deposit collections daily when coin and currency exceed \$100, when all collections (coin, currency, and checks) exceed \$500, and in any case at least weekly.

In our prior audit, we recommended the department review depositing procedures to ensure deposits are made in accordance with state law. The department concurred with our recommendation. We contacted the department's seven regional offices. Personnel at two locations stated they are depositing weekly regardless of the dollar amount of collections. Personnel at five locations stated they are depositing daily, if required, and in all cases at least weekly, in accordance with state law.

We noted in our prior audit report that deposits from the information desk at the Helena Headquarters (headquarters) were only being done weekly, or in some cases more than weekly, regardless of amounts collected. During our current audit, we found that there have been no changes in deposit procedures at the information desk and noted another area in the headquarters that is only depositing weekly regardless of the amounts collected.

At the information desk, we reviewed deposit activity during May and June 2003. Deposits during this time period totaled approximately \$128,700 and included coin and currency of approximately \$20,500. We noted delays in depositing ranged from 1 to 12 business days.

Personnel indicated they are in the process of reviewing procedures to determine what changes should be made. The risk of theft increases when there are delays between receipt of cash and checks and deposits. Also, delay in deposits result in lost interest to the department. The department should ensure timely deposits as required by law.

## Findings and Recommendations

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### **Recommendation #1**

**We recommend the department implement procedures to ensure deposits are made in accordance with state law.**

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### **Indirect Cost Recoveries**

Section 17-3-111, MCA, requires state agencies to recover indirect costs to the maximum extent possible. During our review of indirect cost applications at the department, we found that overall the department is in compliance with state law. However, we noted that indirect costs are not recovered on some grants and contract projects where the department performs services funded by certain private grants.

Department policy provides that it will not charge indirect costs on grants and contracts funded by not-for-profit entities. However, this is contrary to state law. In fiscal year 2003, the department identified expenditures for these grants totaling \$44,950. The department did not recover approximately \$4,810 of indirect costs related to these grants. The department is not in full compliance with state law and should recover all indirect costs, regardless of the funding source, in accordance with state law.

### **Recommendation #2**

**We recommend the department recover indirect costs to the maximum extent possible as required by state law.**

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### **Not Obtaining Bids for Services**

The department maintains a purchasing manual of policies and procedures to help employees ensure they are in compliance with state and department purchasing policies. We noted two purchases in fiscal year 2003 where purchasing policy was not followed.

The first purchase related to dinners hosted by the department for landowners involved in the Block Management program. 300 meals were purchased at a cost exceeding \$6,000. The second purchase related to ordering 4,500 blank videotapes. The total purchase exceeded \$7,000. Both of these transactions occurred without soliciting bids as required by the department's purchasing manual.

## Findings and Recommendations

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The department's purchasing manual (manual) and Administrative Rule 2.5.603 require obtaining bids for purchases over \$5,000. For purchases between \$5,000 and \$25,000, an approved requisition form with at least three prospective vendors is required to be submitted to the department's purchasing officer. The manual further states that bids in that dollar range may go through a "limited solicitation process" to ensure competitive bidding. The manual requires a minimum of three written or oral quotations. The limited solicitation procedure must be documented by using a "Limited Solicitation" form. We found no record that the requisition or solicitation form was used for either of the purchases noted above.

The department is not in compliance with purchasing policies when procurement policy and procedures are not followed as prescribed. Department personnel stated staff overlooked the purchasing requirements.

### **Recommendation #3**

**We recommend the department comply with purchasing requirements as defined by the department's purchasing manual and state policy.**

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### **Reporting of Actual or Suspected Theft**

Section 5-13-309 (3), MCA, states: "The head of each state agency shall immediately notify both the attorney general and the legislative auditor in writing upon the discovery of any theft, actual or suspected, involving state moneys or property under his control or for which he is responsible."

A theft of state property that included a laptop computer and a power point projector occurred in fiscal year 2003. The loss was reported by regional management to the local police and to Helena Headquarters; however, the theft was never communicated to the Legislative Audit Division or the Attorney General's Office. A senior manager in the Helena Headquarters told us he had worked for

## Findings and Recommendations

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the department for more than 30 years and did not know of reporting requirements as defined by state law.

We reviewed the department's policy manual (manual) and found that the manual includes a section entitled "Code of Ethics and Employee Standards of Conduct." The manual contains references to state statutes, federal laws, and other rules and regulations regarding standards of conduct and ethical behavior but does not specifically address the reporting of actual or suspected theft.

We randomly solicited input from 15 department employees and asked them if they were aware of any department policy regarding actual or suspected theft and to whom they would report incidents of actual or suspected theft. All employees indicated they would contact their immediate supervisor to report actual or suspected theft. Responses, as to whether or not there is written policy, varied as "not sure," "no," "do not know," "probably," "could not find one," "assume there is," and "see state policy." As noted above, the manual does not contain a policy regarding the reporting of actual or suspected theft.

The department's internal control structure identified two additional cases of actual or suspected theft in fiscal year 2003. The department reported these cases to us and we subsequently referred them to the Criminal Investigation Bureau at the Department of Justice; however, given the above information, the department needs to clarify the theft reporting process to ensure improved compliance with state law.

In June 2003, we noted the department advised employees (in a quarterly newsletter) of a discovered theft and reminded them to report incidents of theft to their supervisor, department human resources, or the Legislative Auditor's hotline.

## Findings and Recommendations

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It is not clear to whom supervisors report or how the department ensures it is complying with statutory reporting requirements. The department should have a written theft reporting policy included in the policy manual.

**Recommendation #4**

**We recommend the department establish written policy for reporting actual or suspected theft in accordance with state law.**



**Independent Auditor's Report &  
Department Financial Schedules**

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# LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor  
John W. Northey, Legal Counsel



Deputy Legislative Auditors:  
Jim Pellegrini, Performance Audit  
Tori Hunthausen, IS Audit & Operations  
James Gillett, Financial-Compliance Audit

## INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee  
of the Montana State Legislature:

We have audited the accompanying Schedule of Changes in Fund Balances & Property Held in Trust, Schedule of Total Revenues & Transfers-In, and Schedule of Total Expenditures & Transfers-Out of the Montana Department of Fish, Wildlife and Parks for the fiscal year ended June 30, 2003. The information contained in these financial schedules is the responsibility of the department's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The schedules are not intended to be a complete presentation and disclosure of the department's assets, liabilities, and cash flows.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balances and property held in trust of the department for the fiscal year ended June 30, 2003, in conformity with the basis of accounting described in note 1.

Respectfully submitted,  
*Signature on File*

James Gillett, CPA

July 25, 2003

DEPARTMENT OF FISH, WILDLIFE & PARKS  
SCHEDULE OF CHANGES IN FUND BALANCES & PROPERTY HELD IN TRUST  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Agency Fund	Permanent Fund
FUND BALANCE: July 1, 2002	\$ 1,482	\$ 63,203,728	\$ 853,586	\$ 0	\$ 29,195	\$ 5,433,328		\$ 26,028,351
PROPERTY HELD IN TRUST: July 1, 2002							\$ 2,825,145	
ADDITIONS								
Budgeted Revenues & Transfers-In	56,445	41,138,338	28,623,577		446	2,514,183		3,587,806
NonBudgeted Revenues & Transfers-In	74	3,585,275	24,933		70,632	156,318		6,884
Prior Year Revenues & Transfers-In Adjustments	76	76,064	52,211		2,690			(5,199)
Direct Entries to Fund Balance	254,030	3,556,847	(45,552)	23,762				94,871
Additions to Property Held in Trust							13,138,081	
Total Additions	<u>310,625</u>	<u>48,356,524</u>	<u>28,655,169</u>	<u>23,762</u>	<u>73,768</u>	<u>2,670,501</u>	<u>13,138,081</u>	<u>3,684,362</u>
REDUCTIONS								
Budgeted Expenditures & Transfers-Out	255,659	42,635,679	27,854,722	23,762	77,120	2,735,333		
NonBudgeted Expenditures & Transfers-Out		4,871,497	4,805			(338,514)		1,651,999
Prior Year Expenditures & Transfers-Out Adjustments	3	40,631	44,599		12,023	(1,046,341)		
Reductions in Property Held in Trust							4,405,496	
Total Reductions	<u>255,662</u>	<u>47,547,807</u>	<u>27,904,126</u>	<u>23,762</u>	<u>89,143</u>	<u>1,350,478</u>	<u>4,405,496</u>	<u>1,651,999</u>
FUND BALANCE: June 30, 2003	<u>\$ 56,445</u>	<u>\$ 64,012,445</u>	<u>\$ 1,604,629</u>	<u>\$ 0</u>	<u>\$ 13,820</u>	<u>\$ 6,753,351</u>		<u>\$ 28,060,714</u>
PROPERTY HELD IN TRUST: June 30, 2003							<u>\$ 11,557,730</u>	

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-8.

DEPARTMENT OF FISH, WILDLIFE & PARKS  
SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>General Fund</u>	<u>State Special Revenue Fund</u>	<u>Federal Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
<b>TOTAL REVENUES &amp; TRANSFERS-IN BY CLASS</b>							
Licenses and Permits		\$ 34,922,827				\$ 352,709	\$ 35,275,536
Taxes	\$ 75	4,237	\$ 933		\$ 4		5,249
Charges for Services	54,010	1,522,044	69,199		2,514,183		4,159,436
Investment Earnings		2,366,724		\$ 446		2,991,581	5,358,751
Fines and Forfeits	2,510	101,792					104,302
Sale of Documents, Merchandise and Property		281,517		73,322	19,339	130,000	504,178
Rentals, Leases and Royalties						115,201	115,201
Miscellaneous		211,922	12,811				224,733
Grants, Contracts, Donations and Abandonments		1,051,971					1,051,971
Other Financing Sources		4,336,643	24,000		136,975		4,497,618
Federal			26,535,165				26,535,165
Federal Indirect Cost Recoveries			<u>2,058,613</u>				<u>2,058,613</u>
Total Revenues & Transfers-In	<u>56,595</u>	<u>44,799,677</u>	<u>28,700,721</u>	<u>73,768</u>	<u>2,670,501</u>	<u>3,589,491</u>	<u>79,890,753</u>
Less: Nonbudgeted Revenues & Transfers-In	74	3,585,275	24,933	70,632	156,318	6,884	3,844,116
Prior Year Revenues & Transfers-In Adjustments	<u>76</u>	<u>76,064</u>	<u>52,211</u>	<u>2,690</u>	<u>0</u>	<u>(5,199)</u>	<u>125,842</u>
Actual Budgeted Revenues & Transfers-In	56,445	41,138,338	28,623,577	446	2,514,183	3,587,806	75,920,795
Estimated Revenues & Transfers-In	<u>40,000</u>	<u>36,818,757</u>	<u>19,206,419</u>	<u>0</u>	<u>2,401,066</u>	<u>0</u>	<u>58,466,242</u>
Budgeted Revenues & Transfers-In Over (Under) Estimated	<u>\$ 16,445</u>	<u>\$ 4,319,581</u>	<u>\$ 9,417,158</u>	<u>\$ 446</u>	<u>\$ 113,117</u>	<u>\$ 3,587,806</u>	<u>\$ 17,454,553</u>
<b>BUDGETED REVENUES &amp; TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS</b>							
Licenses and Permits		\$ 2,903,690				\$ 352,743	\$ 3,256,433
Charges for Services	\$ 14,010	(252,818)	\$ 68,917		\$ 113,117		(56,774)
Investment Earnings		895,556		\$ 446		2,984,697	3,880,699
Fines and Forfeits	2,435	101,254					103,689
Sale of Documents, Merchandise and Property		280,800				130,000	410,800
Rentals, Leases and Royalties						120,366	120,366
Miscellaneous		208,993	8,682				217,675
Grants, Contracts, Donations and Abandonments		81,980					81,980
Other Financing Sources		100,126					100,126
Federal			8,601,076				8,601,076
Federal Indirect Cost Recoveries			<u>738,483</u>				<u>738,483</u>
Budgeted Revenues & Transfers-In Over (Under) Estimated	<u>\$ 16,445</u>	<u>\$ 4,319,581</u>	<u>\$ 9,417,158</u>	<u>\$ 446</u>	<u>\$ 113,117</u>	<u>\$ 3,587,806</u>	<u>\$ 17,454,553</u>

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-8.

DEPARTMENT OF FISH, WILDLIFE & PARKS  
 SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	ADMINISTRATION & FINANCE DIVISION	CAPITAL OUTLAY	CONSERVATION EDUCATION DIVISION	DEPARTMENT MANAGEMENT	ENFORCEMENT DIVISION	FIELD SERVICES DIVISION	FISHERIES DIVISION	PARKS DIVISION	WILDLIFE DIVISION	Total
<b>PROGRAM (SUBCLASS) EXPENDITURES &amp; TRANSFERS-OUT</b>										
Personal Services										
Salaries	\$ 2,125,440		\$ 972,213	\$ 2,341,618	\$ 4,016,183	\$ 1,454,679	\$ 5,440,815	\$ 3,021,633	\$ 4,014,937	\$ 23,387,518
Hourly Wages				90	5,857	528	498	523	1,761	9,257
Other Compensation				13,700						13,700
Employee Benefits	578,969		256,678	616,555	1,130,856	379,852	1,532,268	787,551	1,015,903	6,298,632
Personal Services-Other	(16,864)							137		(16,727)
Total	<u>2,687,545</u>		<u>1,228,891</u>	<u>2,971,963</u>	<u>5,152,896</u>	<u>1,835,059</u>	<u>6,973,581</u>	<u>3,809,844</u>	<u>5,032,601</u>	<u>29,692,380</u>
Operating Expenses										
Other Services	2,517,490	\$ 187,718	620,294	495,127	94,964	3,830,102	1,544,442	507,030	850,097	10,647,264
Supplies & Materials	1,034,158	108,578	370,828	157,482	411,532	391,197	909,639	337,409	538,266	4,259,089
Communications	289,087	771	106,050	166,406	197,599	64,097	145,296	99,852	176,930	1,246,088
Travel	33,204	9,552	110,528	121,494	620,229	367,170	631,206	346,213	654,399	2,893,995
Rent	183,545	62,109	38,204	126,553	40,548	195,047	151,985	43,282	528,116	1,369,389
Utilities	8,341	6,176	6,912	137,565	5,285	11,282	158,431	148,710	19,773	502,475
Repair & Maintenance	435,842	65,653	9,833	118,912	70,287	279,264	554,115	502,286	220,624	2,256,816
Other Expenses	(165,990)	2,012	58,388	69,386	110,400	371,462	86,802	119,049	61,180	712,689
Goods Purchased For Resale	84,520		95					87,557		172,172
Total	<u>4,420,197</u>	<u>442,569</u>	<u>1,321,132</u>	<u>1,392,925</u>	<u>1,550,844</u>	<u>5,509,621</u>	<u>4,181,916</u>	<u>2,191,388</u>	<u>3,049,385</u>	<u>24,059,977</u>
Equipment & Intangible Assets										
Equipment	(16,985)		6,390	32,930	77,961	6,783	369,226	1,229	3,388	480,922
Livestock							258			258
Total	<u>(16,985)</u>		<u>6,390</u>	<u>32,930</u>	<u>77,961</u>	<u>6,783</u>	<u>369,484</u>	<u>1,229</u>	<u>3,388</u>	<u>481,180</u>
Capital Outlay										
Land & Interest In Land		16,314,581								16,314,581
Buildings		649,050						32,800		681,850
Other Improvements		2,974,830								2,974,830
Total		<u>19,938,461</u>						<u>32,800</u>		<u>19,971,261</u>
Grants										
From State Sources		519,904	116,050	69,389			625	309,979	110,000	1,125,947
From Federal Sources		40,132		7,640						47,772
Total		<u>560,036</u>	<u>116,050</u>	<u>77,029</u>			<u>625</u>	<u>309,979</u>	<u>110,000</u>	<u>1,173,719</u>
Benefits & Claims										
From State Sources						5,400				5,400
Total						<u>5,400</u>				<u>5,400</u>
Transfers										
Accounting Entity Transfers	3,427,372							11,688		3,439,060
Total	<u>3,427,372</u>							<u>11,688</u>		<u>3,439,060</u>
Total Expenditures & Transfers-Out	<u>\$ 10,518,129</u>	<u>\$ 20,941,066</u>	<u>\$ 2,672,463</u>	<u>\$ 4,474,847</u>	<u>\$ 6,781,701</u>	<u>\$ 7,356,863</u>	<u>\$ 11,525,606</u>	<u>\$ 6,356,928</u>	<u>\$ 8,195,374</u>	<u>\$ 78,822,977</u>
<b>EXPENDITURES &amp; TRANSFERS-OUT BY FUND</b>										
General Fund			\$ 2,278					\$ 253,384		\$ 255,662
State Special Revenue Fund	\$ 7,148,098	\$ 8,550,930	1,969,174	\$ 3,155,223	\$ 6,410,116	\$ 6,419,566	\$ 4,483,730	5,374,638	\$ 4,036,332	\$ 47,547,807
Federal Special Revenue Fund	903,191	12,366,374	701,011	1,319,624	371,585	702,710	7,041,876	338,713	4,159,042	27,904,126
Capital Projects Fund		23,762								23,762
Enterprise Fund								89,143		89,143
Internal Service Fund	814,841					234,587		301,050		1,350,478
Permanent Fund	1,651,999									1,651,999
Total Expenditures & Transfers-Out	<u>10,518,129</u>	<u>20,941,066</u>	<u>2,672,463</u>	<u>4,474,847</u>	<u>6,781,701</u>	<u>7,356,863</u>	<u>11,525,606</u>	<u>6,356,928</u>	<u>8,195,374</u>	<u>78,822,977</u>
Less: Nonbudgeted Expenditures & Transfers-Out	3,109,111	1,937,222	77,929	13,487	22,699	(6,513)	800,257	66,598	168,997	6,189,787
Prior Year Expenditures & Transfers-Out Adjustments	(1,046,626)		13,006	(18,601)	5,307	34,563	32,394	8,782	22,091	(949,084)
Actual Budgeted Expenditures & Transfers-Out	8,455,644	19,003,844	2,581,528	4,479,961	6,753,695	7,328,813	10,692,955	6,281,548	8,004,286	73,582,274
Budget Authority	9,905,784	64,998,148	2,681,310	4,983,625	6,972,809	8,514,952	12,780,606	7,017,074	8,711,545	126,565,853
Unspent Budget Authority	<u>\$ 1,450,140</u>	<u>\$ 45,994,304</u>	<u>\$ 99,782</u>	<u>\$ 503,664</u>	<u>\$ 219,114</u>	<u>\$ 1,186,139</u>	<u>\$ 2,087,651</u>	<u>\$ 735,526</u>	<u>\$ 707,259</u>	<u>\$ 52,983,579</u>
<b>UNSPENT BUDGET AUTHORITY BY FUND</b>										
General Fund			\$ 285					\$ 21,548		\$ 21,833
State Special Revenue Fund	\$ 793,974	\$ 33,880,102	28,536	\$ 318,970	\$ 184,726	\$ 1,068,500	\$ 596,161	580,534	\$ 201,426	\$ 37,652,929
Federal Special Revenue Fund	647,531	11,833,045	70,961	184,694	34,388	73,108	1,491,490	108,060	505,833	14,949,110
Capital Projects Fund		281,157								281,157
Enterprise Fund								880		880
Internal Service Fund	8,635					44,531				77,670
Unspent Budget Authority	<u>\$ 1,450,140</u>	<u>\$ 45,994,304</u>	<u>\$ 99,782</u>	<u>\$ 503,664</u>	<u>\$ 219,114</u>	<u>\$ 1,186,139</u>	<u>\$ 2,087,651</u>	<u>\$ 735,526</u>	<u>\$ 707,259</u>	<u>\$ 52,983,579</u>

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-8.

# Montana Department of Fish, Wildlife and Parks

## Notes to the Financial Schedules

### For the Fiscal Year Ended June 30, 2003

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1. **Summary of Significant Accounting Policies**

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**Basis of Accounting**

The department uses the modified accrual basis of accounting, as defined by state accounting policy, for its Governmental fund category (General, State Special Revenue, Federal Special Revenue, Capital Projects, and Permanent Funds). In applying the modified accrual basis, the department records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable, with the exception of the cost of employees' annual and sick leave.

State accounting policy requires the department to record the cost of employees' annual leave and sick leave when used or paid.

The department uses accrual basis accounting for its Proprietary (Enterprise and Internal Service) and Fiduciary (Agency) Fund categories. Under the accrual basis, as defined by state accounting policy, the department records revenues in the accounting period earned, when measurable, and records expenses in the period incurred, when measurable.

Expenditures and expenses may include: entire budgeted service contracts even though the department receives the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

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**Basis of Presentation**

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules are prepared

## Notes to the Financial Schedules

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from the transactions posted to the state's accounting system without adjustment.

### **Governmental Fund Category**

**General Fund** - to account for all financial resources except those required to be accounted for in another fund.

**State Special Revenue Fund** - to account for proceeds of specific revenue sources (other than private purpose trusts or major capital projects) that are legally restricted to expenditures for specific purposes. Department State Special Revenue Funds include private grants, donations, revenue from licenses and permits, and the Wildlife and Fisheries Mitigation Trust Funds.

**Federal Special Revenue Fund** – to account for federal funds received to aid in fish and wildlife restoration, parks development and maintenance, boating safety, education and regulation, and other programs.

**Capital Projects Fund** - to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds. The department uses this fund for projects administered by the Department of Administration-Architecture & Engineering Division.

**Permanent Fund** - to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the department's programs. The department uses this fund to record revenue from the sale or lease of department lands and the department's share of the state coal severance tax. Revenue earned from the investment of the trust fund money is transferred to the State Special Revenue Fund for expenditure.

### **Proprietary Fund Category**

**Internal Service Fund** - to account for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursement basis. Department Internal Service Funds

## Notes to the Financial Schedules

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include duplicating services, department-owned vehicles and aircraft, warehouse inventory items, and grounds maintenance for the capitol complex area.

**Enterprise Fund** - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The department's Enterprise Fund is the Visitor's Services Fund. This fund accounts for obtaining and selling educational, commemorative, and interpretive merchandise at various sites.

### Fiduciary Fund Category

**Agency Fund** - to account for resources held by the state in a custodial capacity. The department Agency Fund is primarily used as a clearing account for license drawings.

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### 2. General Fund Balance

Each agency has authority to pay obligations from the statewide General Fund within its appropriation limits. The department's total assets placed in the fund exceed outstanding liabilities, resulting in a positive ending General Fund balance for the fiscal year ended June 30, 2003. This balance reflects activity at the agency and not the fund balance of the statewide General Fund.

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### 3. Direct Entries to Fund Balance

Direct entries to fund balances in the General, Special Revenue, Capital Projects, and Permanent Funds include entries generated by SABHRS to reflect the flow of resources within individual funds shared by separate agencies.

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### 4. Additions and Deletions to Property Held in Trust

The department uses the Agency Fund primarily as a clearing account for the initial receipt of big game license drawing fees. After drawings are held, monies are either refunded to unsuccessful applicants or deposited to state Special Revenue Funds as required by state law. The additions and deletions to Property Held in Trust on the Schedules of Changes in Fund Balances & Property Held in

## Notes to the Financial Schedules

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Trust in the Agency Fund represent all transactions posted to the “Property Held in Trust” account, some of which are necessary to close out subsidiary detail information.

### **5. Montana Fish, Wildlife and Parks Foundation**

The department has an operating agreement with the Montana Fish, Wildlife and Parks Foundation (foundation), a non-profit 501(c) (3) corporation. The foundation exists to engage in activities related to the preservation and enhancement of the natural, cultural, and recreational resources in Montana and to provide support from the private sector for the efforts of the department in these areas.

A department employee, in the position of liaison to the foundation, serves as executive director of the foundation. The department paid approximately \$71,500 for the salary and operating costs of this position in fiscal year 2003. The foundation transferred \$13,000 to the department in fiscal year 2003.

# **Department Response**

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# Montana Fish, Wildlife & Parks

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LEGISLATIVE AUDIT DIV.

P. O. Box 200701  
Helena, MT 59620-0701  
(406) 444-3186  
FAX: 406-444-4952  
Ref: DO0526-0

September 30, 2003

Scott Seacat, Legislative Auditor  
Legislative Audit Division  
State Capitol  
Helena, MT 59620

Dear Mr. Seacat:

The Department of Fish, Wildlife & Parks (FWP) has reviewed the financial-compliance audit report issued for the fiscal year ending June 30, 2003. The Department's response to the recommendations follows:

### **Recommendation #1**

We recommend the department implement procedures to ensure deposits are made in accordance with state law.

Concur

FWP will continue to review internal depositing procedures and strengthen where appropriate in order to ensure that deposits are made in accordance with state law.

### **Recommendation #2**

We recommend the department recover indirect costs to the maximum extent possible as required by state law.

Concur

FWP will review and update the agency overhead policy and work with the approving authority (OBPP) prior to accepting any funds from federal or private grants or contracts that do not allow the agency to fully recover indirect costs.

**Recommendation #3**

We recommend the department comply with purchasing requirements as defined by the department's purchasing manual and state policy.

Concur

FWP will continue to stress the importance of proper contract procurement procedures with all department employees.

**Recommendation #4**

We recommend the department establish written policy for reporting actual or suspected theft in accordance with state law.

Concur

FWP is in the process of preparing a theft policy and including it in the Department's policy manual.

FWP appreciates the opportunity to respond to these recommendations, and the professional manner in which the audit was conducted.

Sincerely,



M. Jeff Hagener  
Director