



AUDITOR GENERAL

DAVID W. MARTIN, CPA



FISH AND WILDLIFE CONSERVATION COMMISSION

EXPENDITURES AND PRIOR AUDIT FOLLOW-UP

Operational Audit

SUMMARY

This operational audit of the Fish and Wildlife Conservation Commission (Commission) focused on the Commission's nonpayroll-related expenditure and disbursement processes and Travel Revolving Fund controls during the period July 2006 through February 2008, and selected actions through July 2008. Our audit also included a follow-up on prior audit findings related to the Commission's utilization of the MyFloridaMarketPlace and People First systems. Our audit disclosed the following matter requiring Commission corrective action:

TRAVEL REVOLVING FUND ACCOUNT

Finding No. 1: Improved Travel Revolving Fund account controls were needed.

BACKGROUND

The Commission is responsible for exercising regulatory and executive powers with respect to wild animal life, freshwater aquatic life, and marine life. During the audit period, the Commission's organizational structure included the Divisions of Freshwater Fisheries Management, Habitat and Species Conservation, Hunting and Game Management, Law Enforcement, and Marine Fisheries Management; the Fish and Wildlife Research Institute; and various administrative Offices.

FINDINGS AND RECOMMENDATIONS

Our audit included within its scope expenditures for travel, contractual services, grants and aids, tangible

personal property, real property, and other nonpayroll operating charges. For the period July 2006 through February 2008, these expenditures totaled approximately \$170 million.

For the transactions tested, Commission controls provided reasonable assurance that the related expenditures were properly authorized, adequately supported, accurately and timely recorded in Commission accounting records, and paid from an authorized funding source. Also, for the transactions tested, Commission records demonstrated the Commission's compliance with significant selected controlling laws, rules, and other guidelines. However, our audit disclosed, as described in Finding No. 1, that improvements were needed in the Travel Revolving Fund controls.

Travel Revolving Fund Account

Finding No. 1: Travel Revolving Fund Controls

Pursuant to law,¹ a State agency is authorized to establish a revolving fund account, to be used to provide to travelers advances for travel expenses. The Commission established in the amount of \$45,000 a Travel Revolving Fund account with a commercial bank and, for the period July 2006 through June 2008, travel advances made from the account ranged from \$203 to \$2,274. Travel expenditures ultimately paid from the Travel Revolving Fund account totaled

¹ Section 17.58, Florida Statutes.

\$14,581. These expenditures included hotel charges, airfare, employee reimbursements for mileage and meals, car rentals, and training and registration fees.

To obtain a Travel Revolving Fund advance, an employee must complete an *Application for Advance on Travel Expense* form (Advance form). The employee’s supervisor must approve the advance and provide the Advance form to the Commission Finance and Budget Office for review and payment.

Our audit included review of the Travel Revolving Fund account bank reconciliations completed for the months July 2006 through February 2008 and June 2008. We also observed the processes applicable to the administration of the Travel Revolving Fund account. Our audit disclosed that improvements in the administration and oversight of the Travel Revolving Fund were necessary. Specifically:

- The responsibilities of the custodian for the Travel Revolving Fund did not provide for an appropriate separation of duties. We found that the Fund custodian was responsible for the preparation of the monthly bank account reconciliation, recordkeeping duties, making deposits to the account for reimbursements received from employees, requesting reimbursements to the account from the Department of Financial Services, and the preparation of the checks for review and signature by the Accounting Services Supervisor.
- The bank account reconciliations did not include a record of the preparer’s initials or name, the reviewer’s initials or name, the date the reconciliation was completed, or the date the reconciliation was reviewed.
- The list of authorized signatures for the Travel Revolving Fund bank account had not been updated to remove authorization for an employee who separated from the Commission in November 2007.

- Given that payments from the Travel Revolving Fund account only totaled \$14,581 for the period July 2006 through February 2008, increased use of purchasing cards, and continued availability of State travel credit cards through the Commission, a Travel Revolving Fund balance of \$45,000 may not be necessary for Commission operations.

Absent effective controls, such as an appropriate separation of duties for responsibilities relevant to the Travel Revolving Fund, supervisory review of bank account reconciliations, and the updating of the authorized signatures for the Travel Revolving Fund, errors or unauthorized transactions may not be timely detected and corrected, and State assets may not be effectively safeguarded.

Recommendation: We recommend that the Commission:

- **Revise the assignment of responsibilities relevant to the Travel Revolving Fund to provide for an appropriate separation of duties.**
- **Ensure that all bank account reconciliations include a record of the preparer’s initials or name, evidence of supervisory review, the date the reconciliation was completed, and the date the reconciliation was reviewed.**
- **Update the list of authorized signatures for the Travel Revolving Fund account and ensure that the list is periodically updated for any necessary changes.**
- **Consider decreasing the balance of the Travel Revolving Fund account to better match current operational needs.**

PRIOR AUDIT FOLLOW-UP

As part of our audit, we determined that Commission staff had corrected, or were in the process of correcting, the applicable findings included in audit report Nos. 2007-076 and 2007-087.

OBJECTIVES, SCOPE, AND METHODOLOGY

This operational audit focused on the Commission's nonpayroll-related expenditure and disbursement processes and Travel Revolving Fund controls and included a follow-up on prior audit findings. The overall objectives of our audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To determine whether management had corrected, or was in the process of correcting, all applicable deficiencies disclosed in audit report Nos. 2007-076 and 2007-087.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

We conducted this operational audit in accordance with applicable 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 conclusions based on our audit objectives.

Our audit included examination of various records and transactions (as well as events and conditions) occurring during the period July 2006 through February 2008, and selected actions through July 2008. In conducting our audit we:

- Interviewed selected Commission personnel.

- Obtained an understanding of information technology (IT) controls, assessed the risks of those controls, evaluated whether selected general and application IT controls were in place, and tested the effectiveness of selected controls as they related to the payment processes and related records.
- Obtained an understanding of processes and related internal controls for Commission expenditures and disbursements and performed procedures to evaluate the effectiveness of selected processes and internal controls in ensuring that transactions were:
 - Properly authorized.
 - Adequately documented.
 - Accurately and timely recorded in the State's accounting records to the proper accounts in the appropriate accounting (fiscal) period.
 - Paid from an authorized funding source.
 - For a valid purpose and made in compliance with applicable laws, rules, and other guidelines.
- Tested selected expenditure transactions to evaluate the sufficiency of the documentation supporting the payments and to determine whether the expenditures were authorized and approved and made in compliance with applicable laws, rules, and other guidelines. Specifically we examined documentation related to:
 - Forty general expenditure transactions totaling \$649,173.
 - Twenty grants and aid disbursements totaling \$7,991,264.
 - Forty contractual services payments totaling \$3,929,113.
 - Twenty payments for tangible personal property acquisitions totaling \$113,872.
 - Ten real property transactions totaling \$4,502,886.
 - Sixty travel expenditures totaling \$32,024.
- Reviewed the appropriateness of the funding sources used and the classification and recording of transactions.
- Evaluated the effectiveness of the internal controls over the Commission's use of the Travel Revolving Fund account and

determined whether such use complied with applicable laws, rules, and other guidelines.

- For selected travel expenditures, compared the travel voucher and supporting documentation to other records such as employee time sheets, wireless telephone records, and motor vehicle records and evaluated the consistency of the recorded information.
- Performed procedures to follow-up on audit findings related to State agency utilization of the People First and MyFloridaMarketPlace (MFMP) systems. The results of our survey will be disclosed in our operational audit report issued on the Department of Management Services.
- Performed various other audit procedures as necessary to accomplish the objectives of the audit.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT RESPONSE

In a letter dated October 8, 2008, the Executive Director provided a response to our preliminary and tentative audit findings. The Executive Director's response is included in its entirety at the end of this report as **APPENDIX A**.

This audit was conducted by Annette Green, CPA, and David Wussler, CPA, and supervised by Jennifer Reeves, CPA. Please address all inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail (davidvick@aud.state.fl.us) or by telephone (850-487-4494).

This report and other audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.myflorida.com/audgen>); by telephone (850-487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

APPENDIX A
MANAGEMENT RESPONSE



Florida Fish
and Wildlife
Conservation
Commission

Commissioners

Rodney Barreto
Chair
Miami

Brian S. Yablonski
Vice-Chair
Tallahassee

Kathy Barco
Jacksonville

Ronald M. Bergeron
Fort Lauderdale

Richard A. Corbett
Tampa

Dwight Stephenson
Delray Beach

Kenneth W. Wright
Winter Park

Executive Staff

Kenneth D. Haddad
Executive Director

Nick Wiley
Assistant Executive
Director

Karen Ventimiglia
Deputy Chief of Staff

October 8, 2008

Mr. David W. Martin, CPA
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

We are pleased to respond to the preliminary and tentative audit findings and recommendations from your recent operational audit: *Florida Fish and Wildlife Conservation Commission, Expenditures and Prior Audit Follow-Up, for the period July 2006 through February 2008, and selected actions through July 2008.*

Pursuant to your instructions, we have enclosed the Commission's response to Finding Number 1.

We appreciate the constructive comments and technical assistance provided by your staff. If further information is required, please contact Trevor Phillips, Director of Auditing, at 488-6068 or email trevor.phillips@myfwc.com.

Sincerely,

Kenneth D. Haddad
Executive Director

*Managing fish and wildlife
resources for their long-
term well-being and the
benefit of people.*

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APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)

2 | Page
October 8, 2008

Operational Audit
Fish and Wildlife Conservation Commission
Expenditures and Prior Audit Follow-Up

Florida Fish and Wildlife Conservation Commission (FWC) Response

Finding No. 1: Travel Revolving Fund Controls

Pursuant to Section 17.58, Florida Statutes, a State agency is authorized to establish a revolving fund account, to be used to provide to travelers advances for travel expenses. The Commission established in the amount of \$45,000 a Travel Revolving Fund account with a commercial bank and, for the period of July 2006 through June 2008, travel advances made from the account ranged from \$203 to \$2,274. Travel expenditures ultimately paid from the Travel Revolving Fund account totaled \$14,581. These expenditures included hotel charges, airfare, employee reimbursements for mileage and meals, car rentals, and training and registration fees.

Recommendation:

We recommend that the Commission:

- a. Revise the assignment of responsibilities relevant to the Travel Revolving Fund to provide for an appropriate separation of duties.
- b. Ensure that all bank account reconciliations include a record of the preparer's initials or name, evidence of supervisory review, the date the reconciliation was completed, and the date the reconciliation was reviewed.
- c. Update the list of authorized signatures for the Travel Revolving Fund account and ensure that the list is periodically updated for any necessary changes.
- d. Consider decreasing the balance of the Travel Revolving Fund account to better match current operational needs.

FWC Response:

- a) Revise the assignment of responsibilities relevant to the Travel Revolving Fund to provide for an appropriate separation of duties.**

The FWC has assigned the responsibility of receiving monthly bank statements and performing monthly reconciliations (related to the Travel Revolving Fund) to an accountant within the Office of Finance and Budget, Financial Management Section. An accountant within the Travel Section remains responsible for the operation of the Travel Revolving Fund.

**APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)**

3 | Page
October 8, 2008

- b) Ensure that all bank account reconciliations include a record of the preparer's initials or name, evidence of supervisory review, the date of the reconciliation was completed, and the date the reconciliation was reviewed.**

The FWC will amend the bank account reconciliation form to include the date and signature of the individual preparer. In addition, the form will include the supervisor/reviewer signature, the reconciliation completion date, and the review date.

- c) Update the list of authorized signatures for the Travel Revolving Fund account and ensure that the list is periodically updated for any necessary changes.**

The FWC has updated the list of authorized signatures for the Travel Revolving Fund account and will ensure future updates are conducted in a timely manner.

- d) Consider decreasing the balance of the Travel Revolving Fund account to better match current operational needs.**

The FWC will make appropriate arrangements with the Department of Financial Services to reduce the balance of the Travel Revolving Fund to \$20,000 (a total reduction of \$25,000), in an effort to better match current operational needs. In addition, the approved uses of this fund will be amended to include natural disaster response. The FWC will retain the ability to temporarily increase the balance of the account in the event of a natural disaster.