

PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

Department of Fish and Wildlife Selected Revenue and Expenditures (July 9, 2010)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits
on July 21, 2010

The performance audit being discussed at this hearing was conducted solely and independently by the office of the State Auditor, under the authority of legislation approved by the voters in Initiative 900. The State Auditor is elected directly by the people of the State of Washington and operates independently of the Legislature and the Joint Legislative Audit & Review Committee. Staff to the Joint Legislative Audit & Review Committee prepare a summary of public testimony on State Auditor reports. These summaries are for informational purposes only, and do not serve as an assessment by committee staff of the findings and recommendations issued by the State Auditor nor do they reflect a staff opinion on legislative intent.

Title: Department of Fish and Wildlife Selected Revenue and Expenditures

Audit Scope and Objectives:

In response to a legislative request, SAO audited the revenue and expenditures for Department of Fish and Wildlife accounts that support 1) the Eastern Washington Pheasant Enhancement Program, 2) the Puget Sound Dungeness crab recreational fishery, and 3) the Puget Sound Recreational Salmon and Marine Fish Enhancement Program. SAO indicates it designed the audit to determine whether the Department manages revenue and expenditures for each account as required by state law and legislative appropriations. SAO indicates it also considered the nine elements of Initiative 900.

SAO indicates that its analyses of revenue and expenditures for the three accounts covered the 2005-07 and 2007-09 biennia.

SAO Findings:

This report identifies four issues:

Eastern Washington Pheasant Enhancement Account

Issue 1: The Department deposited the appropriate amount of revenue into the Eastern Washington Pheasant Enhancement Account and spent the funds as required by state law and legislative appropriations.

SAO Recommendations:

The report has five recommendations to the Department of Fish and Wildlife:

1. The Department should expand the existing review process to ensure it follows established methods for allocating revenue to dedicated funds, supports and documents its reasons for deviating from the methods, and verifies the accuracy of the calculations.

<p>SAO Findings (continued):</p> <p>Puget Sound Crab Endorsement Account</p> <p>Issue 2: Administrative rules are not clear about how to calculate the amount of revenue for the Crab Endorsement Subaccount. The Department spent the funds as required by state law and legislative appropriations.</p> <p>Recreational Fisheries Enhancement Account</p> <p>Issue 3: The Department used an appropriate method to calculate deposits but applied it inconsistently. The Department spent the funds as required, but did not document how it allocated costs shared among agency hatcheries.</p> <p>Administrative Costs</p> <p>Issue 4: The Department inconsistently interpreted state law to determine which dedicated accounts may be charged administrative costs.</p>	<p>SAO Recommendations (continued):</p> <ol style="list-style-type: none"> 2. The Department should revise the administrative rules to clarify the method used to calculate the transaction fee and revenue to deposit from crab endorsement fees. 3. The Department should continue to manage fish stocking programs at the hatchery level, including making bulk purchases of items such as fish food, but document its methodology for allocating shared costs to each separately funded program. 4. The Department should establish and follow procedures to ensure it regularly addresses discrepancies identified during its account reconciliation process and corrects errors in a timely manner. 5. The Department should prepare in advance if it changes Washington Interactive Licensing Database (WILD) vendors in the future to ensure it has accurate and reliable license data during the transition. The Department should monitor the data for accuracy, reconcile differences it identifies, and assess and correct the causes of discrepancies.
<p>Agency Responses in Audit Report?</p>	<p>Yes, in Appendix B</p>
<p>Legislative Action Requested?</p>	<p>No</p>

Agencies Testifying:

The Department of Fish and Wildlife (Lee Rolle, Chief Financial Officer; Jack Needham, Internal Auditor)

Summary of Testimony from Audited Agencies:

We would like to thank SAO for conducting the audit. We have addressed the issues raised in the report. We have corrected the discrepancies SAO identified and have established corrective procedures where appropriate.

Other Parties Testifying:

(No other parties signed in to testify.)

Summary of Testimony from Other Parties:

(No other parties signed in to testify.)