

**FISH AND WILDLIFE
CONSERVATION COMMISSION**

Property Management
and Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

The Fish and Wildlife Conservation Commission

Pursuant to Section 20.331(2), Florida Statutes, the head of the Fish and Wildlife Conservation Commission is the Commission, with Commissioners appointed for 5-year terms by the Governor as provided by Article IV, Section 9 of the State Constitution. The Commissioners who served during the period of our audit were:

Bo Rivard, Chair	Liesa P. Priddy
Robert A. Spottswood, Vice Chair	Charles W. Roberts III
Ronald M. Bergeron	Michael W. Sole
Richard Hanas	Brian Yablonski

Executive Director of the Fish and Wildlife Conservation Commission

The Executive Director is employed by, and serves at the pleasure of, the Commission. Nick Wiley served as Executive Director during the period of our audit.

The team leader was Bryce Carroll and the audit was supervised by Jacqueline Joyner, CPA.

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FISH AND WILDLIFE CONSERVATION COMMISSION

Property Management and Prior Audit Follow-Up

SUMMARY

This operational audit of the Fish and Wildlife Conservation Commission (Commission) focused on property management and included a follow-up on the findings noted in our report No. 2015-081. Our audit disclosed the following:

Property Management

Finding 1: Commission property purchases were not always recorded in Commission property records and the Commission did not always capitalize land improvements and improvements to capital assets that extended an asset's useful life beyond 1 year.

Finding 2: As similarly noted in our report No. 2015-081, Commission controls for reporting lost, missing, destroyed, or potentially stolen property items need enhancement.

Finding 3: Commission controls regarding the accuracy of the information needed to accurately report and maintain accountability over Commission property, and demonstrate compliance with applicable Department of Financial Services rules, need enhancement.

Finding 4: Commission records did not always evidence that all required authorizations were obtained prior to disposing of property items or that the Department of Management Services was timely notified when motor vehicles and watercraft were identified by the Commission as excess property.

Other Administrative Activities

Finding 5: Commission controls continue to need enhancement to ensure that employees responsible for handling cash, checks, and credit card information receive required background screenings.

Finding 6: Controls over daily use permit fees collected at iron rangers¹ located in Commission management areas need improvement. A similar finding was included in our report No. 2015-081.

Finding 7: As similarly noted in our report No. 2015-081, the Commission did not always timely deactivate user access privileges to the Revenue Internal Control System upon an employee's separation from Commission employment.

Finding 8: Commission controls continue to need enhancement to better ensure that purchasing cards are timely canceled upon a cardholder's separation from Commission employment.

¹ Iron rangers are unmanned collection stations used by the Commission to collect fees at fish and wildlife management areas.

BACKGROUND

The State Constitution² specifies that the Fish and Wildlife Conservation Commission (Commission) is responsible for exercising regulatory and executive powers with respect to wild animal life, freshwater aquatic life, and marine life. As of January 2018, the Commission's organizational structure included the Divisions of Law Enforcement, Hunting and Game Management, Habitat and Species Conservation, Freshwater Fisheries Management, and Marine Fisheries Management; the Fish and Wildlife Research Institute; and various administrative offices, including the Office of Finance and Budget.

FINDINGS AND RECOMMENDATIONS

PROPERTY MANAGEMENT

Effective controls for the management of tangible personal property³ require that property items be adequately controlled, safeguarded, and accounted for by Commission management. The Office of Finance and Budget, Asset Management Section, was charged with overseeing Commission property.

Finding 1: Property Records and Capital Assets

Department of Financial Services (DFS) rules⁴ specify that State agencies are to record all tangible personal property with a value or cost of \$1,000 or more and a projected useful life of 1 year or more in the Florida Accounting Information Resource Subsystem (FLAIR) Property Subsystem and that, for Statewide financial reporting purposes, such property items are to be capitalized. DFS guidance⁵ also specifies that all land improvements, and any improvements made to a capital asset that extend the useful life of the asset beyond 1 year, should be capitalized.

Our examination of selected Commission expenditure records and Commission property records as of January 2017 disclosed that property purchases were not always recorded in Commission property records and that land improvements, and improvements to capital assets that extended an asset's useful life beyond 1 year, were not always capitalized. Specifically, we found that:

- Commission property records did not include 935 property items totaling \$1,293,011. The 935 property items included items such as 862 tasers, with acquisition costs totaling \$1,074,354, 8 Global Positioning System (GPS) units, with acquisition costs totaling \$14,851, and a Bush Hog with an acquisition cost of \$9,340. In response to our audit inquiry, Commission management indicated that the tasers were not recorded as property because tasers were not considered conventional weapons. Notwithstanding this response, as the cost of each taser exceeded \$1,000, DFS rules require the tasers to be included in Commission property records. Commission

² Article IV, Section 9 of the State Constitution.

³ Property is defined in applicable laws and rules as State-owned equipment, fixtures, and other tangible personal property of a nonconsumable or nonexpendable nature, the value or cost of which is \$1,000 or more and the projected useful life of which is 1 year or more.

⁴ DFS Rules 69I-72.002 and 69I-72.007, Florida Administrative Code.

⁵ Chief Financial Officer Memorandum No. 05 (2011-2012), *Statewide Financial Statements Capital Asset Guidance and Rules for Tangible Personal Property*.

management also indicated that the other property items were not recorded in Commission property records due to coding errors.

- The Commission did not capitalize land improvement expenditures totaling \$438,738. For example, the Commission purchased two culverts, at a total cost of \$45,827, to replace old culverts used to maintain roads and maintain and improve the hydrology of the area. In response to our audit inquiry, Commission management indicated that the Commission did not record replacement culverts in Commission property records.
- The Commission did not capitalize expenditures, totaling \$65,903, related to improvements to existing capital assets that appeared to extend the useful lives of the capital assets beyond 1 year. For example, the Commission purchased an airboat hull, with acquisition costs totaling \$7,275, to replace an existing hull that would no longer run on dry ground; however, the Commission did not add the cost of the new hull to the value of the existing airboat.

Absent effective property controls, Commission management has reduced assurances regarding the accuracy and completeness of the information needed to accurately report and maintain proper accountability over Commission property.

Recommendation: We recommend that Commission management enhance property controls to ensure that Commission property records are complete and accurately maintained in accordance with DFS rules and guidance.

Finding 2: Lost, Missing, Destroyed, and Stolen Property Items

To promote the proper accountability for and safeguarding of property, DFS rules⁶ require the Commission to complete a physical inventory of all tangible personal property at least once each fiscal year. Upon completion of a physical inventory, the results are to be reconciled to Commission property records and noted differences are to be investigated and corrected, as appropriate. Items not located during the inventory process are to be promptly reported to the property custodian and a thorough investigation is to be conducted.

In accordance with DFS rules, Commission policies and procedures⁷ required that, if property was identified as lost, missing, destroyed, or potentially stolen, Commission staff were to complete a Notification of Missing Property form (form) and send the form to the Asset Management Section within 14 days of the loss being noted. The Asset Management Section was to forward the form to the Office of Inspector General via an automated workflow system and the Office was to investigate the lost, missing, destroyed, or potentially stolen property item. Although Commission policies and procedures did not specify a time frame for providing forms to the Office of Inspector General, the Commission's Inspector General indicated that 10 business days after the form was provided to the Asset Management Section was considered an appropriate time frame. If the investigation indicated that the property item may have been stolen, the property custodian was to file a police report with the local law enforcement agency and the police report was to be attached to the form and submitted to the Asset Management Section within 10 days of the date of the police report.

According to Commission records, as of January 2017, 61 property items, with acquisition costs totaling \$223,744, were identified as lost, missing, destroyed or potentially stolen. As part of our audit, we

⁶ DFS Rules 69I-72.003 and 69I-72.006, Florida Administrative Code.

⁷ Commission Policy and Procedure Section 5.8, *Property*.

examined Commission records for 25 of the property items, with acquisition costs totaling \$115,253, to determine whether the lost, missing, destroyed, or potentially stolen property items were timely reported to the Asset Management Section and to the Office of Inspector General for investigation. Our examination disclosed that:

- Forms for 8 property items, with acquisition costs totaling \$22,929, were not sent to the Asset Management Section until 22 to 112 days (an average of 71 days) after the loss was noted.
- Forms for 2 property items (a pistol and a GPS unit) were sent to the Asset Management Section 36 and 89 days, respectively, after the items were noted as potentially stolen. Additionally, the police reports for the pistol and GPS unit were submitted to the Asset Management Section 36 and 119 days, respectively, after the dates of the police reports.
- Forms for 9 property items, with acquisition costs totaling \$28,121, were not sent to the Office of Inspector General until 11 to 29 business days (an average of 23 business days) after the loss was reported to the Asset Management Section.

In response to our audit inquiry, Commission management indicated that delays between first identifying an item as lost, missing, destroyed, or potentially stolen and reporting the item to the Asset Management Section were due to the time spent by staff searching for the item. Additionally, Commission management indicated that the forms were not timely provided to the Office of Inspector General due to a glitch in the Commission's automated workflow system.

The timely reporting of lost, missing, destroyed, or potentially stolen property items provides Commission management greater assurance that investigations of asset losses will be timely conducted and appropriate actions will be taken. A similar finding was noted in our report No. 2015-081 (finding No. 8).

Recommendation: We recommend that Commission management update Commission policies and procedures to include a time frame for reporting lost, missing, destroyed, or potentially stolen property items to the Office of Inspector General. Additionally, to facilitate timely investigations of asset losses and appropriate actions, we recommend that Commission management ensure that all lost, missing, destroyed, or potentially stolen property items are timely reported to the appropriate parties in accordance with Commission policies and procedures.

Finding 3: Property Record Information

DFS rules⁸ require that, for each property item, State agency property records include, among other things, the name, make or manufacturer, manufacturer's serial number, and cost or value at the date of acquisition, including ancillary charges such as freight and transportation expenses. Additionally, Commission policies and procedures⁹ required a property number decal be affixed to property items within 30 days of the Regional Property Analyst receiving the decal, but did not specify a time frame for adding property to Commission property records. For audit purposes, we considered property record additions to be timely if made within 30 days of acquisition.

According to Commission records, during the period July 2015 through January 2017, the Commission purchased 4,063 property items with acquisition costs totaling approximately \$32.9 million. We examined

⁸ DFS Rule 69I-72.003(3), Florida Administrative Code.

⁹ Commission Policy and Procedure Section 5.8, *Property*.

Commission records for 40 of these property items, with acquisition costs totaling \$338,191, and noted that:

- Commission property records did not always include the information required by DFS rules or included incorrect information. For example, the property records did not always identify the property item's make or manufacturer (9 items) or serial number (4 items), and included incorrect serial numbers (7 items).
- The recorded acquisition cost for certain property items was incorrect. For example, the recorded acquisition costs for 3 property items did not include ancillary freight charges totaling \$385.
- 12 property items, totaling \$153,547, were not timely added to Commission property records. Specifically, the items were added to the property records 34 to 445 days (an average of 115 days) after receipt of the items.
- Commission records did not evidence whether a property decal was affixed to 30 property items with acquisition costs totaling \$277,489. Additionally, Commission records indicated that the property number decal for 3 items was not affixed to the property items until 71 to 82 days after the decal was received by the Regional Property Analyst.

As part of our audit, we also attempted to physically observe 147 property items, with acquisition costs totaling \$726,883, recorded in Commission property records as active as of January 31, 2017. Our audit procedures disclosed that:

- 25 property items, with acquisition costs totaling \$128,483, were not found at the location listed in the property records. The items included laptop computers, mobile radios, and a shotgun.
- 11 property items, with acquisition costs totaling \$35,891, could not be located because they had been previously surplus. The items included portable radios and laptop computers.
- A \$1,128 lightbar could not be physically located.

In response to our audit inquiry, Commission management indicated that the deficiencies in property records were due to data entry errors and other oversights in applying Commission policies and procedures.

Absent effective property controls, Commission management cannot demonstrate compliance with applicable DFS rules and has reduced assurances regarding the accuracy of the information needed to correctly report and maintain proper accountability over Commission property.

Recommendation: We recommend that Commission management enhance property controls to ensure that Commission property records are timely updated and accurately maintained in accordance with DFS rules and Commission records evidence that property decals are timely affixed to property items.

Finding 4: Property Disposal

DFS rules¹⁰ require the property records for each item lawfully disposed of to identify information such as the date of disposition, authority of disposition, manner of disposition, and the employees witnessing the disposition. The Commission used the Surplus Property Disposition form (SPD form) to document this information, as well as all required authorizations for disposition. Additionally, Department of

¹⁰ DFS Rule 69I-72.005, Florida Administrative Code.

Management Services (DMS) rules¹¹ require State agencies to report to the DMS all motor vehicles, watercraft, and aircraft identified as excess property within 45 days of the determination.

According to Commission records, the Commission disposed of 2,034 property items, with acquisition costs totaling approximately \$13.2 million, during the period July 2015 through January 2017. As part of our audit, we examined Commission records for 65 of the property items disposed of, with acquisition costs totaling \$439,319, and noted that Commission records did not always evidence that all required authorizations were obtained prior to disposing of property or that the DMS was timely notified when motor vehicles and watercraft were identified as excess property. Specifically, we noted that:

- 22 property items, with acquisition costs totaling \$69,252, were disposed of prior to the authorization dates evidenced on the items' SPD forms. In response to our audit inquiry, Commission management indicated that, for 7 property items, the property custodians did not follow proper policy for property disposals. For 15 property items (radios), Commission management indicated that the radios were replaced in a Statewide DMS purchase and, as a result, SPD forms were not used. Notwithstanding Commission management's response, Commission records should evidence for each property item lawfully disposed of the information specified by DFS rules and necessary to maintain proper accountability over the items.
- The Commission did not notify the DMS within 45 days of identifying 3 motor vehicles and 2 watercrafts as excess property. Specifically, the items were reported to the DMS 73 to 1,482 days (an average of 479 days) after being identified as excess property by the Commission. In response to our audit inquiry, Commission management indicated that a formal process for tracking notifications to the DMS for compliance with reporting requirements had not been established.

Obtaining all required authorizations prior to disposing of property and timely notifying the DMS when motor vehicles and watercraft are identified as excess property promotes accountability over the disposition of Commission property and demonstrates compliance with DFS and DMS rules.

Recommendation: We recommend that Commission management enhance property controls to ensure, and that Commission records evidence, that property is only disposed of after all required authorizations are obtained and that the Commission timely notifies the DMS when motor vehicles and watercraft are identified as excess property in accordance with DMS rules.

OTHER ADMINISTRATIVE ACTIVITIES

As part of our audit, we evaluated other selected Commission administrative activities and controls, including those related to employee and contractor background screenings, fee collections, information technology (IT) access controls, and purchasing cards.

¹¹ DMS Rule 60B-3.004, Florida Administrative Code.

Finding 5: Background Screenings

State law¹² requires that all persons and employees¹³ in positions of special trust, responsibility, or sensitive location undergo level 2 background screenings¹⁴ as a condition of employment and continued employment. Commission policies and procedures¹⁵ required that a background screening be completed prior to, or within the first 30 days of, employment for selected positions, including those that had access to cash, checks, or credit card information.

In our report No. 2015-081 (finding No. 3), we noted that the Commission did not always ensure that employees responsible for handling cash and checks received required background screenings. As part of our follow-up audit procedures, we examined Commission and People First¹⁶ records for 20 Commission employees and 2 contracted employees who had access to cash, checks, and credit card information received by the Commission during the period July 2015 through January 2017. Our examination disclosed that:

- The 2 contracted employees did not receive a level 2 background screening within the first 30 days of work. In response to our audit inquiry, Commission management indicated that the contracted employees had been subject to background screenings; however, the screenings were not the required level 2 background screenings. Additionally, due to an oversight, a Commission employee, hired in 1997, was not subject to a background screening as a condition of employment and continued employment.
- 3 Commission employees were not subject to periodic background screenings as a condition of continued employment. As of April 2017, the time elapsed between the employees' initial background screenings and our audit inquiry was 6, 19, and 20 years, respectively. In response to our audit inquiry, Commission management indicated that Commission policies and procedures did not require periodic background screenings of employees due to the cost.

Absent timely level 2 background screenings of employees with access to cash, checks, or credit card information as a condition of employment, and periodic background screenings as a condition of continued employment, there is an increased risk that persons with inappropriate backgrounds will have access to Commission assets and confidential and sensitive information.

Recommendation: We again recommend that Commission management ensure that all persons and employees in positions of special trust, responsibility, or sensitive location are subject to timely level 2 background screenings as a condition of employment. We also recommend that Commission management enhance policies and procedures to require periodic background screenings of all persons and employees in positions of special trust, responsibility, or sensitive location as a condition of continued employment.

¹² Section 110.1127(2)(a), Florida Statutes.

¹³ For the purposes of background screening and other requirements of Chapter 435, Florida Statutes, Section 435.02(2), Florida Statutes, defines employees to include persons who are contractors, licensees, or volunteers.

¹⁴ Pursuant to Section 435.04, Florida Statutes, level 2 background screenings are to include, but need not be limited to, fingerprinting for Statewide criminal history records checks through the Department of Law Enforcement, national criminal history records checks through the Federal Bureau of Investigation, and may include local criminal records checks through local law enforcement agencies.

¹⁵ Commission Policy and Procedure Section 6.46, *Employee Criminal History Check*.

¹⁶ People First is the State's human resource information system.

Finding 6: Iron Ranger Collections

Commission rules¹⁷ establish various short-term permits and fees for activities in Commission management areas. For example, a \$3 per person daily use permit fee (or \$6 per non-commercial vehicle) is required for outdoor recreational activities other than hunting in six¹⁸ of the Commission's seven Wildlife Management Areas (WMAs). Additionally, the Tenoroc Fish Management Area (FMA)¹⁹ daily use permit fee was \$3 per person, and the daily use permit fee for the Tosohatchee WMA was \$4 per person.

The Commission, Division of Habitat and Species Conservation, managed the WMAs and the Tenoroc FMA. The Division of Habitat and Species Conservation established written procedures for the collection and deposit of daily use permit fees received at iron rangers²⁰ located in the WMAs. The established procedures, effective June 2015, specified that:

- Collections were to be made in accordance with a frequency set for each WMA and the Tenoroc FMA and ranged from collections 4 days a week to every 3 months.
- Each iron ranger was to have a replaceable insert where the daily use permit envelopes were deposited. The trap door of each insert was to be sealed with a numbered lockable seal.
- The numbered lockable seal was to be removed from the insert in the presence of two employees.
- Both employees were to remove the contents from the insert and complete the *Iron Ranger Daily-Use Permit Accounting Sheet (Accounting Sheet)* by recording required information, including the name of the WMA, iron ranger number, lockable seal number on insert, and total amount of cash and checks collected.
- Both employees were to print and sign their names, along with the date, on the *Accounting Sheet*.
- Employees were to complete a deposit ticket and deposit funds on the same day the iron rangers were checked.

In our report No. 2015-081 (finding No. 4), we noted that controls over daily use permit fees collected at iron rangers located in Commission management areas could be improved. As part of follow-up audit procedures, we examined Commission procedures and records related to fees collected at iron rangers located in the seven WMAs and Tenoroc FMA and noted that, while certain controls had been strengthened, control enhancements were still necessary. Specifically, we found that:

- During the period July 2015 through January 2017, the Commission charged \$3 per non-commercial vehicle for a daily use permit for all outdoor recreational activities other than hunting at the Tosohatchee WMA, rather than the \$4 per person fee specified in Commission rules.²¹ In response to our audit inquiry, Commission management indicated that the Commission inadvertently charged \$3 per person, which was the fee assessed when the WMA was managed by the Department of Environmental Protection, rather than the required \$4 per person fee.
- Commission procedures did not address the process to be used to account for lockable seal numbers and the WMAs used varied processes to account for the numbers. For example, at

¹⁷ Commission Rule 68A-9.007(4), Florida Administrative Code.

¹⁸ Applicable to the Andrews, Chassahowitzka, Fred C. Babcock/Cecil M. Webb, J.W. Corbett, Hilochee (Lake County only), and Three Lakes WMAs.

¹⁹ Effective July 1, 2017, the Tenoroc Public Use Area.

²⁰ Iron rangers are unmanned collection stations used by the Commission to collect fees at FMAs and WMAs.

²¹ Commission Rule 69A-9.007(4)(c)1., Florida Administrative Code.

Chassahowitzka, Fred C. Babcock/Cecil M. Webb, Hilochee, and J.W. Corbett WMAs, lockable seals were not used in sequential order. In response to our audit inquiry, Commission management indicated that there was no requirement for the lockable seals to be used in sequential order and that lockable seals are selected at the convenience of staff.

- At the Chassahowitzka and Fred C. Babcock/Cecil M. Webb WMAs, the lockable seals were not maintained in a secure location.
- At the Tenoroc FMA, lockable seals were not used. In response to our audit inquiry, Commission management indicated that the iron ranger is older and does not have replaceable inserts. Individual money envelopes are deposited by the public using the trail and are collected en masse by two employees.

Absent appropriate and uniform controls for the collection and deposit of daily use permit fees received at iron rangers, there is reduced assurance that the Commission will properly collect and safeguard the fees authorized by Commission rules.

Recommendation: We recommend that Commission management continue to strengthen controls over fees collected at iron rangers to promote the collection of appropriate fee amounts and to ensure that collections are appropriately safeguarded.

Finding 7: Access Privileges

Effective IT access controls are intended to prevent and detect inappropriate access to IT resources and to protect the confidentiality, integrity, and availability of data. Effective access controls include measures to timely remove employee access privileges when a user separates from employment or when access to the information resource is no longer required.

Commission policies and procedures²² required a user's access privileges to be immediately deactivated when the user separated from Commission employment or when the user transferred to another position where the access privileges were no longer required. Commission policies and procedures²³ also specified that an employee's supervisor was responsible for completing a Departed Employee Form as soon as the employee left the Commission. Upon receipt of the Departed Employee Form, an application security administrator was to delete the user account in the system, if possible, or disable access.

In our report No. 2015-081 (finding No. 5), we noted that the Commission did not always timely deactivate user access privileges to the Commission's network and selected revenue systems, including the Revenue Internal Control System (RICS),²⁴ upon an employee's separation from Commission employment. As part of our follow-up audit procedures, we examined Commission records for the nine employees with RICS access who separated from Commission employment during the period July 2015 through January 2017 to determine whether RICS access privileges had been timely deactivated. Our audit procedures disclosed that:

- The user access privileges for four employees remained active 3 to 33 business days (an average of 13 business days) after the employees' separation dates.

²² Commission Policy and Procedure Section 3.3, *Password Policy*.

²³ Commission, Office of Information Technology, Policy and Procedure Section OIT - 2.1, *Disposition of Network User Accounts*.

²⁴ RICS is used to track Commission revenue documents, including transmittal logs for receipts and documentation of deposits.

- The user access privileges for another employee remained active as of April 2017, although the employee separated from Commission employment in August 2016.

In response to our audit inquiry, Commission management indicated that, because the Departed Employee Form did not incorporate RICS access privileges, the application security administrators were unaware that access should be deactivated.

The prompt deactivation of access privileges upon an employee's separation from Commission employment reduces the risk of unauthorized disclosure, modification, or destruction of Commission data and IT resources.

Recommendation: We again recommend that Commission management strengthen controls to ensure that RICS access privileges are timely deactivated upon an employee's separation from Commission employment. Such control enhancements should include revising the Departed Employee Form to incorporate RICS access privileges.

Finding 8: Purchasing Card Controls

As a participant in the State's purchasing card program, the Commission is responsible for implementing key controls, including procedures for timely canceling purchasing cards upon a cardholder's separation from Commission employment. Commission policies and procedures²⁵ specified that a cardholder's supervisor was to notify the Commission's Purchasing Card Administrator when a cardholder separated from employment and that the Purchasing Card Administrator was responsible for canceling the card.

As part of our audit, we examined Commission records for the 123 cardholders who separated from Commission employment during the period June 2015 through February 2017. As similarly noted in our report No. 2015-081 (finding No. 7), our examination found that the Commission did not always timely cancel purchasing cards upon a cardholder's separation from Commission employment. Specifically, we noted that 109 of the employees' purchasing cards were canceled 2 to 273 business days (an average of 13 business days) after the employees' separation dates. In response to our audit inquiry, Commission management indicated that the delays in canceling purchasing cards were due to untimely employment separation notifications.

Although our audit tests did not disclose any charges incurred subsequent to the 109 cardholders' separation from Commission employment, timely cancellation of purchasing cards upon a cardholder's separation from Commission employment reduces the risk that unauthorized purchases will be made.

Recommendation: We again recommend that Commission management promptly cancel purchasing cards upon a cardholder's separation from Commission employment.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2015-081.

²⁵ Commission Policy and Procedure Section 4.4, *Use of State Purchasing Card*.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2017 through November 2017 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 conclusions based on our audit objectives.

This operational audit of the Fish and Wildlife Conservation Commission (Commission) focused on property management. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies disclosed in our report No. 2015-081.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Reviewed applicable laws, rules, Commission policies and procedures, and other guidelines, and interviewed Commission personnel to gain an understanding of Commission property management processes, policies, procedures, and other controls.
- Obtained an understanding of internal controls and evaluated the effectiveness of key processes, policies, and procedures related to property management.
- Analyzed Commission expenditure data for the period July 2015 through January 2017, examined selected invoices, payment vouchers, and purchasing card records, and performed inquiries of Commission management to identify potential property items not recorded in Commission property records.
- Examined Commission records for 40 selected expenditures, totaling approximately \$2 million, from the population of 122,798 expenditures, totaling approximately \$41 million, made during the period July 2015 through January 2017 to determine whether property items, including sensitive and attractive items, were correctly recorded and capitalized.
- Analyzed Commission property records as of January 2017 to determine whether property items subject to depreciation were correctly depreciated.
- From the population of 4,063 property items, with acquisition costs totaling approximately \$32.9 million, purchased by the Commission during the period July 2015 through January 2017, examined Commission property records, expenditure data, and invoices related to 40 selected property items, with acquisition costs totaling \$338,191, to determine whether the expenditures were appropriately authorized, supported, reviewed, and accurately recorded in Commission records.
- Examined Commission records for the 2015-16 fiscal year property inventory to determine whether Commission property was properly inventoried, the inventory results were timely reconciled to Commission property records, and appropriate actions were taken to follow up on any items not located.
- From the population of 1,560 property items, with acquisition costs totaling approximately \$7.1 million, identified as sold, transferred, or deleted during the period July 2015 through January 2017, examined Commission records for 40 selected property items, with acquisition costs totaling \$98,443, to determine whether the Commission disposed of the items in accordance with applicable rules and Commission policies and procedures.
- From the population of 474 property items, with acquisition costs totaling approximately \$6.1 million, identified as surplused during the period July 2015 through January 2017, examined Commission records for 25 selected property items, with acquisition costs totaling \$340,876, to determine whether the Commission disposed of the items in accordance with applicable rules and Commission policies and procedures.
- From the population of 61 property items, with acquisition costs totaling \$223,744, identified as lost, missing, destroyed, or potentially stolen as of January 2017, examined Commission records

for 25 selected property items, with acquisition costs totaling \$115,253, to determine whether Commission personnel reported on and investigated the items in accordance with Department of Financial Services rules and Commission policies and procedures.

- From the population of 29,875 property items, with acquisition costs totaling approximately \$282 million, recorded in Commission records as of January 2017, selected 147 property items, with acquisition costs totaling \$726,883, to attempt to physically observe and determine whether the property items existed and Commission property records accurately reflected the property items' information.
- Evaluated Commission actions to correct the findings noted in our report No. 2015-081. Specifically, we:
 - Reviewed Commission policies and procedures and examined selected Commission records to determine whether Commission staff calculated the amounts to be transferred to the State Game and Marine Resources Conservation Trust Funds for the 2015-16 fiscal year in accordance with State law and Commission policies and procedures.
 - Reviewed Commission policies and procedures, examined Commission forms, and evaluated Commission processes for collecting and utilizing individuals' social security numbers to determine the extent of Commission compliance with applicable statutory requirements.
 - Examined Commission and People First records for 20 selected Commission employees and 2 selected contracted employees who had access to cash, checks, and credit card information received by the Commission during the period July 2015 through January 2017 to determine whether the Commission positions were appropriately flagged in People First as requiring a background screening and whether the employees were subject to level 2 background screenings in accordance with State law.
 - Examined Commission procedures and Commission deposit records, including deposit slip numbers, *Iron Ranger Daily-Use Permit Accounting Sheets*, and iron ranger lockable seal numbers, for each of the Commission's seven Wildlife Management Areas and the Tenoroc Fish Management Area, to determine whether fees were collected in the correct amounts and collections were appropriately safeguarded.
 - Obtained an understanding of Commission information technology controls related to the Revenue Internal Control System, Commercial Saltwater Licensing System, and the Recreational License Issuance Services system, and examined Commission records for 13 selected Commission employees who separated from Commission employment during the period July 2015 through January 2017 to determine whether the employees' applicable system access privileges were timely deactivated.
 - Performed inquiries of Commission personnel, reviewed Commission policies and procedures to gain an understanding of Commission user access privilege controls for the Florida Accounting Information Resource Subsystem (FLAIR), and evaluated the timeliness of the deactivation of FLAIR user access privileges for 5 selected Commission employees who separated from Commission employment during the period July 2015 through January 2017.
 - Examined Commission records for the 123 purchasing cardholders who separated from Commission employment during the period July 2015 through January 2017 to determine whether the Commission timely canceled the employees' purchasing cards upon the cardholders' separation from Commission employment.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Commission operations.
- Observed, documented, and evaluated the effectiveness of selected Commission processes and procedures for:

- Budgetary, cash management, and purchasing activities.
- The assignment and use of motor vehicles. The Commission purchased 246 motor vehicles, with related acquisition costs totaling \$7,745,311, during the period July 2015 through December 2016.
- The administration of Commission travel in accordance with State law and other applicable guidelines. During the period July 2015 through January 2017, Commission travel expenditures totaled \$4,947,746.
- The administration of the requirements of the Florida Single Audit Act. During the period July 2015 through January 2017, the Commission expended \$50,590,210 for 11 State Financial Assistance programs.
- The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of January 2017, the Commission was responsible for 48 active real property leases.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Florida Fish and Wildlife Conservation Commission

Commissioners

Bo Rivard
Chairman
Panama City

Robert A. Spottswood
Vice Chairman
Key West

Joshua Kellam
Palm Beach Gardens

Gary Lester
Oxford

Gary Nicklaus
Jupiter

Sonya Rood
St. Augustine

Michael W. Sole
Tequesta

**Office of the
Executive Director
Eric Sutton**
Executive Director

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

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MyFWC.com

April 25, 2018

Ms. Sherrill F. Norman
Auditor General
Suite G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman,

In compliance with section 11.45(4)(d), Florida Statutes, enclosed are the responses to your operational audit of the Fish and Wildlife Conservation Commission (FWC or Commission), Property Management and Prior Audit Follow-Up.

We appreciate the opportunity to respond to your preliminary and tentative findings and recommendations. We found your staff to be professional and thorough and always look forward to the opportunity to improve our operations.

If you have any questions regarding our response, please feel free to contact Mike Troelstrup, FWC Inspector General at (850) 488-6068.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Sutton".

Eric Sutton
Executive Director

Attachment

Cc: Jennifer Fitzwater, Chief of Staff
Mike Troelstrup, Inspector General

Finding 1: Property Records and Capital Assets

Agency Response: The Commission concurs with the findings.

Corrective Action: Upon review of expenditure records presented by the Auditor General's office it was noted that the transactions were paid with object codes other than 5xxxx and therefore did not transfer to the Property Pending file. The Commission sought and received guidance from the Department of Financial Services (DFS) on Capitalizing Records when a 5xxxx Object Code was not used during payment. The solution provided by DFS was to populate the BPIN field with ZZZZZ when processing the payment in order to ensure the transaction will be posted to the Property Pending file for review by the Asset Management section. Appropriate Accounting personnel have been instructed on this process.

Also, the Commission will review our existing capitalization policy and update it to ensure consistency with DFS rules. Additionally, the Commission's Asset Management Section will provide feedback to appropriate staff through a Property Advisory memorandum concerning issues identified from the review.

Finding 2: Lost, Missing, Destroyed, and Stolen Property Items

Agency Response: The Commission concurs with the findings.

Corrective Action: The Commission will provide training to appropriate staff on the timely reporting of Missing, Lost or Stolen Property. Also, the Commission's Asset Management Section will provide feedback to appropriate staff through a Property Advisory memorandum concerning issues identified from the review. Additionally, the Commission will review existing policy on the timeliness of reporting and update accordingly.

Finally, upon review of documents provided by Auditor General's office, the discrepancies were due to deficiencies in the 'InfoPath' system used by the Commission. The Commission has since moved to 'SharePoint List,' which has corrected the issue with the automated workflow system.

Finding 3: Property Record Information

Agency Response: The Commission concurs with the findings.

Corrective Action: The Commission's Asset Management section has established a process of quality reviews for data elements contained in FLAIR records. Periodic reports are sent to Custodians requesting missing data elements from FLAIR records.

Also, upon review of expenditure records presented by the Auditor General's office it was noted that the transactions were paid with object codes other than 5xxxx which did not transfer to the Property Pending file. The Commission sought and received guidance from the Department of Financial Services (DFS) on Capitalizing Records when a 5xxxx Object Code was not used during payment. The solutions provided by DFS was to populate the

BPIN field with ZZZZZ when the processing the payment in order to ensure the transaction will be posted to the Property Pending file for review by the Asset Management section. Appropriate Accounting personnel have been instructed on this process.

Additionally, the Commission will review our existing capitalization policy and update it to ensure consistency with DFS rules. Additionally, the Commission's Asset Management Section will provide feedback to appropriate staff through a Property Advisory memorandum concerning issues identified from the review.

Finally, the Commission has reviewed and improved the Property Transfer process. The Commission in coordination with DFS has developed an automated upload for transfers. The automated upload has significantly reduced time between an asset being moved and the FLAIR Record being updated.

Finding 4: Property Disposal

Agency Response: The Commission concurs with the findings.

Corrective Action: The Commission has recently established a Fleet Team to review utilization and replacement of Commission motor vehicles and watercraft. One duty of the team is to review surplus of motor vehicles and ensure timelines are in accordance with DMS rule.

Also, the Commission will provide staff with additional training on the property authorizations needed before physically disposing of assets. Additionally, the Commission's Asset Management Section will provide feedback to appropriate staff through Property Advisory memorandum concerning issues identified from the review.

Finding 5: Background Screenings

Agency Response: The Commission concurs with the findings.

Corrective Action: The Commission will continue to work hard to ensure that all persons and employees in positions of trust, responsibility, or sensitive location receive timely level 2 background screenings prior to employment. Internal Management Policies and Procedures 6.46 was updated recently to provide clearer direction on what positions require a level 2 background. The Commission will communicate with Divisions/Offices to remind supervisors and staff of the statutory requirements. Additionally, the Commission will review our policies and assess the need to require periodic background screenings of non-sworn employees.

Finding 6: Iron Ranger Collections

Agency Response: The Commission concurs with the findings.

Corrective Action: A rule change proposal was initiated by FWC staff to change the daily use fee for Tosohatchee Wildlife Management Area (WMA) to \$3. The proposal was approved by the Commissioner and will take effect July 1, 2018. Additionally, Commission procedures and protocols have been modified to require the use of lockable seals in sequential order. Commission procedures and protocols also have been modified to require

all seals be stored in a secure area accessible by only those staff involved in the iron ranger collections. Storage procedures have been corrected at both Chassahowitzka and Webb VMAs. The iron ranger at Tenoroc Fish Management Area is being modified to utilize the replaceable inserts that use the lockable seals.

Finding 7: Access Privileges

Agency Response: The Commission concurs with the finding.

Corrective Action: As part of the Commission's departed user process, a form is submitted by the employee's supervisor. There were previously various questions for the supervisor to answer about the users' access to different agency systems. In November 2017 the Commission's Information Technology staff added an additional checkbox to this form. This box asks if the user had Revenue Internal Control System (RICS) access. (See below) When this box is checked, an e-mail is generated that is sent to the FWCRevenue@MyFWC.com e-mail address. These e-mails are received by the Revenue Section Supervisor and the Revenue Grants and Contracts Manager. Both positions have the adequate access in RICS to delete users as needed.

Request

Inactive User *

User Email *

Supervisor Requirements

- User's Email (in PST format)
- U Drive
- Computer (service tag required)

Please check which items ABOVE you require a copy of for review
 If you check an item you will receive a copy of all files stored at that location prior to removal
 ***If you do not require backups, there is no need to check an item. All files for each User will

Supervisor Notes

Did this user have FLAIR or RACF access * Yes No

Did user have RICS access * Yes No

Was this user with FWRI * Yes No

Immediate Departure * Yes No

Finding 8: Purchasing Card Controls

Agency Response: The Commission concurs with the findings.

Corrective Action: The current process of notification to cancel purchasing cards include: The Commission's Employee Separation Checklist includes a statement instructing supervisor to notify the P-Card Administrator when the employee separates from the agency. In addition, the Commission's Purchasing Card IMPP 4.4 requires that Supervisors notify the

P-Card Administrator of any transfers, extended absence or termination. This requirement will be expanded in the upcoming revision to include language that the P-Card Administrator to be responsible for cancelling the card within 2-business days of this notification. Lastly, the Separation Report from People First is provided to the P-Card Administrator bi-weekly to ensure all cards have been cancelled.

To further enhance this process, the Commission will provide staff with additional training on the notification to the P-Card Administrator and the Human Resource Office will ensure communications are sent regarding the Employee Checklist.