



DEPARTMENT OF WILDLIFE RESOURCES

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have performed an audit of the revenue cycle, including the licensing and registration system, at the Department of Wildlife Resources (Wildlife Resources) for the fiscal year ended June 30, 2021. In support of our audit of the revenue cycle, we also reviewed internal controls over cash collections, reconciliations, and system access. In addition, we reviewed Wildlife Resources' corrective action for select prior audit findings as identified in the [Findings Summary](#) in the Appendix. Our audit found:

- four matters involving internal control and its operation necessary to bring to management's attention;
- one of the four matters involving internal control and its operation also represents an instance of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to audit findings reported as resolved in the Findings Summary.

We did not review management's corrective action on the prior audit finding identified as "Deferred" in the Findings Summary. We will follow up on this finding in a future audit.

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AUDIT FINDINGS AND RECOMMENDATIONS

Remove System Access for Terminated Employees Timely

Type: Internal Control and Compliance

Repeat: No

Wildlife Resources is not consistently removing system access to their internal licensing system in a timely manner. For four out of eight (50%) licensing system users that terminated during the fiscal year, Wildlife Resources did not remove employee access until two to five days after the employees' last day worked.

The Commonwealth's Information Security Standard (Security Standard), SEC 501, Section PS-4, states an organization must disable information system access within 24 hours of employee separation and terminate any authenticators or credentials associated with the individual. Untimely termination of access from Wildlife Resources' internal licensing system increases the risk of unauthorized transactions. Wildlife Resources did not remove the licensing users access timely due to terminations occurring over a weekend, and in one case, the Information Technology Specialist who is responsible for removing access was on leave on the employee's last day worked.

Wildlife Resources should remove access to the internal licensing system within 24 hours of termination to comply with the Security Standard. Additionally, Wildlife Resources should consider having a secondary employee who is capable of removing system access in cases when the Information Technology Specialist is out of the office.

Deactivate Inactive Small Purchase Charge Cards Timely

Type: Internal Control

Repeat: Yes (first issued in fiscal year 2019)

Wildlife Resources does not deactivate or suspend inactive small purchase charge cards timely. During our review, we found one card that Wildlife Resources should have deactivated or suspended after one year of inactivity. The purchase card administrator suspended the card after over two years of inactivity as a response to the Department of Accounts (Accounts) notifying Wildlife Resources about the need to deactivate or suspend the card.

Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 20355 requires the program administrator to periodically review inactive cards and deactivate those that are no longer needed. Additionally, the program administrator should deactivate cards for cardholders who have had no card activity in twelve months or more unless the card is designated as emergency response use only and is placed into suspend status when not in use. This issue was the result of lack of policies and procedures over emergency response cardholders.

Wildlife Resources should update policies and procedures to require monitoring of emergency response cardholders. Not monitoring purchase card usage and ensuring the timely deactivation and

suspension of inactive cards increases Wildlife Resources' susceptibility to fraud and abuse. Wildlife Resources should ensure the purchase card administrator actively reviews and monitors card usage and timely deactivates or suspends unused cards.

Improve Documentation Surrounding Reconciliations of Capital Assets

Type: Internal Control

Repeat: Yes (first issued in fiscal year 2018, deferred in 2019)

Prior Title: Improve Policies Surrounding Reconciliations of Capital Assets

Wildlife Resources has developed reconciliation policies and procedures over internal balances of Construction in Progress (CIP) to the Schedule of Changes in CIP by Agency and Project Report (FAC751). However, these policies and procedures do not address all documentation requirements. Wildlife Resources was unable to provide documentation for all four reconciliations between Wildlife Resources' internal balances of CIP to the FAC751 report; therefore, we could not evaluate the following:

- who performed the reconciliation;
- if the reconciliation was performed timely;
- if and when management reviewed the reconciliation; and
- if and when reconciling items were resolved.

CAPP Manual Topic 30905 states that agencies should ensure a responsible agency management employee reviews the reconciliations for accuracy and correct all identified errors timely. Further, the topic states that each agency should ensure that the reconciliation and error correction processes are documented and reviewed periodically by senior management. Without documenting these details, there is no evidence available for review by outside parties such as the Auditor of Public Accounts and Accounts to support that Wildlife Resources followed applicable guidelines.

Wildlife Resources should update their written policies and procedures to ensure staff retain adequate documentation of the CIP to FAC751 reconciliation.

Improve Employment Eligibility Process

Type: Internal Control and Compliance

Repeat: Yes (first issued in fiscal year 2018)

Wildlife Resources' Human Resources Department (Human Resources) did not complete the Employment Eligibility Verification Form (I-9) in accordance with guidance issued by the U.S. Citizenship and Immigration Services of the Department of Homeland Security. Our review of seven I-9 forms identified the following issues:

- For four employees (57%), Human Resources did not ensure the employee information in Section 1 matched the employee information in Section 2 of the I-9 form.
- For two employees (29%), Human Resources did not complete the expiration date field.
- For one employee (14%), Human Resources did not create a case in E-verify within three business days after the employee started work for pay.
- For one employee (14%), Human Resources did not use the correct I-9 form in accordance with the employee's hire date.

The Immigration Reform and Control Act of 1986 requires that all employers complete an I-9 form to verify both identity and employment eligibility for all employees hired after November 6, 1986. This requirement ensures that employers hire only individuals who may legally work in the United States. Additionally, the U.S. Department of Homeland Security's Guidance for Completing Form I-9 Handbook for Employers issued by the U.S. Citizenship and Immigration Services prescribes federal requirements for completing I-9 forms. Per this guidance, employers must enter the employee's last name, first name, and middle initial in Section 2 exactly as this information was entered in Section 1. Additionally, employers must enter the expiration date for documents or enter N/A if not applicable. Agencies should also review the employee's documents and create a case in the E-Verify system within three business days of the employee's hire date. Further, agencies must also use the proper form for verifying employment eligibility based on the employee's hire date.

By not performing due diligence with regard to I-9 forms as required by the Immigration Reform and Control Act of 1986, Human Resources is noncompliant with federal regulations. Failure to comply with federal regulations could result in civil fines and/or criminal penalties and debarment from government contracts.

The underlying cause of the inaccurate forms was lack of oversight and training on some of the specific federal requirements. Human Resources should communicate I-9 requirements and provide adequate training over the federal regulations. In addition, Human Resources should perform a thorough review of all completed eligibility forms and ensure that hiring managers and new employees adequately complete the forms.

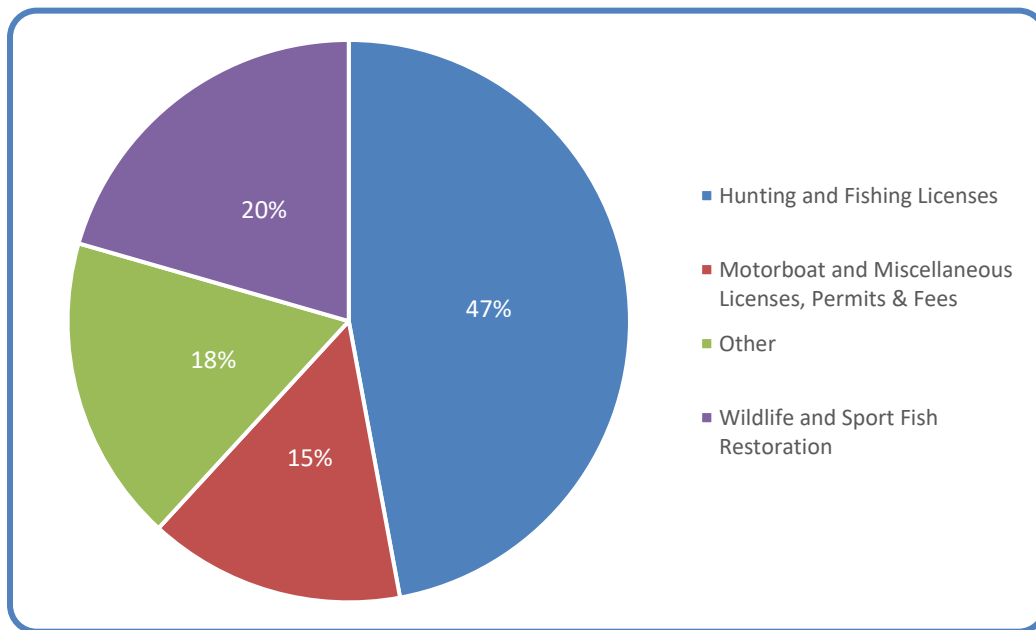
AUDIT SCOPE OVERVIEW

Wildlife Resources conserves and manages wildlife populations and habitat for the benefit of present and future generations; connects people to Virginia's outdoors through boating, education, fishing, hunting, trapping, wildlife viewing, and other wildlife-related activities; and protects people and property by promoting safe outdoor experiences and managing human wildlife conflicts. Wildlife Resources also enforces laws for the protection, propagation, and preservation of wildlife and fish and assists in enforcing forestry and boating laws.

Wildlife Resources is primarily funded through non-general funds, which are mostly earmarked for specific purposes. Wildlife Resources relies primarily on its own revenues from issuance of licenses for hunting and fishing to support its expenses, which makes controls surrounding their revenue cycle critical to the agency's mission. Because the revenue cycle is significant to Wildlife Resources operations and we did not review this cycle during the last audit, we focused on the revenue cycle and corresponding cash collections in our fiscal year 2021 audit.

Fiscal Year 2021 Revenues by Type

Chart 1



Source: Commonwealth's accounting and financial reporting system

The chart above provides a breakdown of Wildlife Resources' revenue of \$49.8 million in fiscal year 2021. Wildlife Resources primary source of revenue comes from the sale of hunting and fishing licenses, which total \$23.4 million, or 47 percent of total revenues. The 'other' category includes, but is not limited to, boating safety financial assistance from the federal government, sales of land, private donations, gifts and grants, insurance recoveries, and a state wildlife grant. In an effort to ensure that management has maintained sufficient internal controls over the revenue cycle, we tested controls over cash collections, revenue reconciliations, and system access as it relates to the audit objectives. In

addition, we followed up on all prior audit findings except one, where Wildlife Resources was unable to complete corrective action due to the COVID-19 pandemic.

Wildlife Resources also collects saltwater fishing license revenue for the Virginia Marine Resources Commission, state forest hunting license revenues for the Department of Forestry, and boat trailer registration fees for the Department of Motor Vehicles. Additionally, Wildlife Resources collects watercraft sales tax revenue for the Department of Taxation, donations for the Hunters for the Hungry Foundation, and revenue from Federal Duck Stamps. Wildlife Resources transfers revenues collected on behalf of these agencies to the applicable agencies in the month following collection. We reviewed the controls over the collection and transfer of these revenues as part of this audit.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 23, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Department of Wildlife Resources Board

We have audited the revenue cycle of the **Department of Wildlife Resources** (Wildlife Resources) including the licensing and registration system and internal controls surrounding cash collections, reconciliations, and system access for the year ended June 30, 2021. We conducted this performance audit 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.

Audit Scope and Objectives

Our audit's primary objectives with regard to the revenue cycle were to review the adequacy of Wildlife Resources' internal controls and test compliance with applicable laws, regulations, contracts, and grant agreements. We also reviewed corrective actions for select audit findings from the prior year reports. We did not review corrective action for the prior audit finding identified as "Deferred" in the [Findings Summary](#) included in the Appendix. We will follow up on this finding in a future audit. See the [Findings Summary](#) included in the Appendix for a listing of all prior findings and the status of follow-up on management's corrective action.

Audit Methodology

Wildlife Resources' management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, as they relate to the audit objectives, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether Wildlife Resources' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements as they pertain to our audit objectives.

Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of Wildlife Resources' operations. We performed analytical procedures, including budgetary and trend analyses. We also tested details of transactions to achieve our objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Conclusions

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts, and grant agreements that require management's attention and corrective action. These matters are described in the section titled "Audit Findings and Recommendations."

Wildlife Resources has taken adequate corrective action with respect to select audit findings reported in the prior year that are listed as resolved in the [Findings Summary](#) in the Appendix.

Exit Conference and Report Distribution

We discussed this report with management on February 2, 2023. Management's response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, Wildlife Resources Board, and citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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FINDINGS SUMMARY

Finding	Follow Up Status	Year(s) Issued
Improve Employment Eligibility Process	Repeat	2018 2019 2021
Improve Documentation Surrounding Reconciliations of Capital Assets	Repeat	2018 2021
Deactivate Inactive Small Purchase Charge Cards Timely	Repeat	2019 2021
Improve Completion and Performance of Physical Inventories	Deferred*	2014 2015 2016 2018
Improve the Tracking and Reporting of Construction in Progress	Resolved	2015 2016 2018
Improve Procedures Over Monthly Commonwealth Retirement Benefits System Reconciliations and Documentation Maintenance	Resolved	2014 2015 2016 2019
Perform Adequate Payroll Certification Procedures	Resolved	2015 2016
Improve Budget Development and Management Process	Resolved	2017
Perform Annual Access Review of the Commonwealth's Attendance and Leave System	Resolved**	2018
Remove System Access for Terminated Employees Timely	New	2021

*Due to the COVID-19 pandemic, it was not practical for Wildlife Resources to conduct capital asset physical inventories at all of their departments across the state. Review of management's corrective action will be performed in a future audit.

**Finding relates to an obsolete system.



COMMONWEALTH of VIRGINIA

Travis Voyles
*Acting Secretary of Natural
and Historic Resources*

Department of Wildlife Resources

Ryan J. Brown
Executive Director

February 2, 2023

Staci Henshaw
The Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia 23218

Dear Ms. Henshaw:

Thank you for affording us the opportunity to review the findings and recommendations made during the Auditor of Public Accounts (APA) audit of our financial and human resources transactions for fiscal year ending June 30, 2021. The Department of Wildlife Resources (DWR) agrees with the observations and concurs with the recommendations that have been made by APA in this report.

The Department continues to be proud of the significant progress that has been made to improve prior year weaknesses in our finance and human resources functions and is pleased to see that five (5) different previous findings have been declared "resolved" by APA during their most recent review. Our employees bring a sense of pride and professionalism in how to manage these important responsibilities, and as a result we are always striving for the highest standard of operations.

Further, as of this letter, our staff has already implemented corrective actions to respond to audit recommendations for this year. Thanks to updated policies and procedures, cross training, and more consistent staffing levels, we were well-positioned to respond quickly to this year's identified issues of internal control and compliance. DWR will continue to seek ways to ensure consistency and efficiency for all our financial and human resources responsibilities.

We look forward to working with your staff to address ongoing Corrective Action Work Plans. I would also like to thank you for the level of cooperation and professionalism your staff showed during this year's audit and look forward to a strong working relationship in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Brown".

Ryan Brown, Executive Director

cc: GK Washington, Chair, DWR Board
Tom Sadler, Vice Chair, DWR Board

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Equal Opportunity Employment, Programs and Facilities

DEPARTMENT OF WILDLIFE RESOURCES

As of June 30, 2021

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DIRECTOR

Ryan Brown