



# Memorandum

## Oregon Department of Fish and Wildlife

**Date:** July 18, 2018  
**To:** Commissioners  
**From:** Cameron Smith, Deputy Director for Administration  
**Subject:** Financial Report

### **Department Financial Report**

The Commission Financial Report for the 2017-19 biennium as of June 30, 2018 is provided as an attachment. Revenues continue to be strong. Federal revenues are still leaning towards flat funding or reductions. Other Funds spending is currently below projections. The department still expects expenditures in the last part of the biennium will be higher but still be below budgeted amount barring unforeseen costs.

### **2019-21 Budget Development**

The department plans to submit the Agency Request Budget for audit on July 30, 2018.

### **Audit Updates**

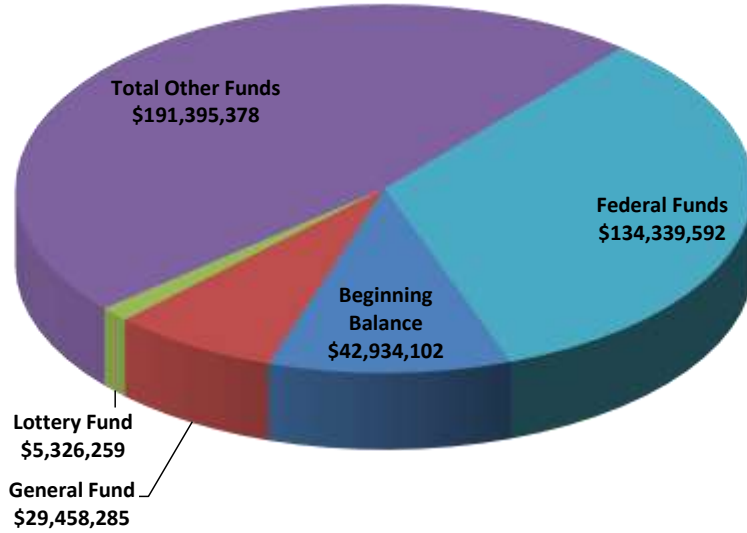
The Secretary of State's audit of 2018 financial statements continues. This audit should be completed December 2018. The Secretary of State's audit on internal audit processes is completed but the report won't be issued until August. The U.S. Department of Interior's audit of Pittman-Robertson and Sport Fish Restoration program spending for the federal fiscal years of 2016 and 2017 continues. This audit should be completed in autumn 2018. An update of the Department's own internal audits and annual planned audits is attached.

**ODFW Financial Report for 2017-2019 Biennium  
Commission Meeting  
as of June 2018**

	Legislatively Adopted Budget	Adjustments & E-Boards	Legislatively Approved Budget	Actuals as of 6/30/2018	% of Total Biennium Budget 50.00%
<b>REVENUE</b>					
Revenue Transactions for Prior Biennium (AY17)				0.32	
General Fund	28.41	1.05	29.46	13.53	
Lottery Fund	5.21	0.11	5.33	1.98	
Other Funds	-				
Hunter/Angler	119.24	2.23	121.48	51.36	
Commercial Fisheries Fund	10.04	5.87	15.91	5.50	
All Other Categories	105.04	-	105.04	23.95	
Total Other Funds	234.33	-	<b>234.33</b>	<b>80.81</b>	
Federal Funds	134.34	-	134.34	72.72	
<b>Total Revenue</b>	<b>402.29</b>	<b>1.16</b>	<b>403.45</b>	<b>169.05</b>	<b>41.90%</b>
<b>EXPENDITURES</b>					
Expenditure Transactions for Prior Biennium (AY17)				6.43	
Wildlife					
General Fund	4.22	0.15	4.37	1.95	
Lottery Fund	1.31	0.02	1.33	0.43	
Other Funds	38.02	0.58	38.60	16.10	
Federal Funds	29.81	0.49	30.29	13.41	
<b>Total Wildlife Programs</b>	<b>73.36</b>	<b>1.24</b>	<b>74.60</b>	<b>31.90</b>	<b>42.76%</b>
Fish					
General Fund	20.23	0.89	21.12	9.78	
Lottery Fund	3.82	0.09	3.91	1.52	
Other Funds	67.34	1.21	68.54	30.40	
Federal Funds	93.79	1.61	95.40	41.07	
<b>Total Fish Programs</b>	<b>185.18</b>	<b>3.79</b>	<b>188.97</b>	<b>82.76</b>	<b>43.79%</b>
Administration					
General Fund	3.63	0.01	3.64	1.62	
Other Funds	43.76	0.68	44.45	21.10	
Federal Funds	6.45	0.14	6.59	1.78	
<b>Total Administration</b>	<b>53.93</b>	<b>0.83</b>	<b>54.76</b>	<b>24.55</b>	<b>44.83%</b>
State Police					
Other Funds	24.04	-	24.04	8.57	
<b>Total State Police</b>	<b>24.04</b>	<b>-</b>	<b>24.04</b>	<b>8.57</b>	<b>35.64%</b>
Debt Service					
General Fund	0.17	-	0.17	0.17	
Other Funds	2.05	-	2.05	0.92	
<b>Total Debt Service</b>	<b>2.22</b>	<b>-</b>	<b>2.22</b>	<b>1.09</b>	<b>49.05%</b>
Capital Improvement					
General Fund	0.15	-	0.15	0.01	
Other Funds	6.15	0.01	6.15	2.38	
Federal Funds	3.09	-	3.09	0.58	
<b>Total Capital Improvement</b>	<b>9.39</b>	<b>0.01</b>	<b>9.39</b>	<b>2.97</b>	<b>31.65%</b>
Capital Construction					
General Funds	-	-	-	-	
Other Funds	10.00	-	10.00	0.23	
Federal Funds	-	-	-	-	
<b>Total Capital Construction</b>	<b>10.00</b>	<b>-</b>	<b>10.00</b>	<b>0.23</b>	<b>2.33%</b>
<b>Agency-wide</b>					
General Fund	28.41	1.05	29.46	13.53	45.93%
Lottery Fund	5.21	0.11	5.33	2.00	37.48%
Other Funds	191.35	2.47	193.83	79.70	41.12%
Federal Funds	133.14	2.23	135.37	56.84	41.99%
<b>Total Expenditures</b>	<b>358.12</b>	<b>5.87</b>	<b>363.98</b>	<b>152.07</b>	<b>41.78%</b>

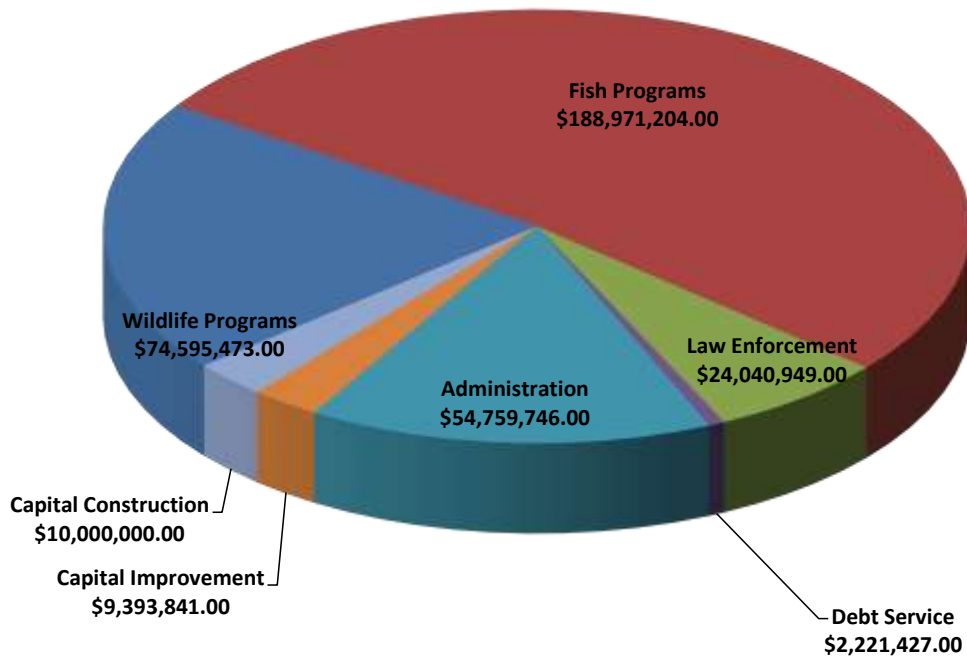
**Oregon Department of Fish and Wildlife  
2017-19 Legislatively Approved Budget - Revenue**

		as of June 2018	\$	403.46	
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**Oregon Department of Fish and Wildlife  
2017-19 Legislatively Approved Budget - Expenditures**

		as of June 2018	\$	363.98	
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## *Annual Internal Audit Update*

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Per the ODFW Audit Committee Charter, each year an update of internal audit activities is provided to the Commission. During fiscal year 2018, the internal audit function changed leadership. In August, Steve Bergmann accepted a rotation as ODFW's Administrative Services Division Administrator. In November, Bevin Clapper from Oregon Parks and Recreation Department started a rotation as ODFW's Chief Auditor until June of 2019.

**Internal Audits:** One internal audit was completed in January of fiscal year 2018 on Employee and Volunteer Screening. Generally, employee screening internal controls are in place and functioning as expected. A sample of employee records was reviewed and those employees appeared to be screened appropriately. In 2016, the Department of Administrative Services (DAS) updated their employee screening administrative rules and is requiring that agencies update theirs to be in alignment. The ODFW Commission approved these updates in February of 2018.

Volunteer screening internal controls are less developed and are at risk of not functioning as expected. Internal Audit found practices and documentation varied depending on the staff person assigned to coordinate the volunteer activity. The variety of ways volunteers can engage with ODFW (hosting, hunter/angler education, etc.) creates a challenge to developing a consistent volunteer screening practice. The audit contained five recommendations.

**Recommendation (A-1a):** ODFW should continue efforts to align its Oregon Administrative Rules (OARs) and policies with model rules and policies developed by the Department of Administrative Services and the Department of Justice.

**Management response:** ODFW Human Resources will be presenting the draft OARs to the Oregon Fish and Wildlife Commission in February 2018 for adoption. Once the OARs are adopted, the rules will be updated and the policies will be updated to comply with the new rules.

**Completion date:** May 2018

**Recommendation (A-1b):** Volunteer criminal history check, driving record, and other related policies should be updated to: align with ODFW employee screening policies, base screening requirements on risk assessments of volunteer position descriptions, identify the offenses or findings that would disqualify an application or current volunteer, and include re-screening schedules.

**Management response:** ODFW Volunteer Program will update policies to comply with the new rules once the OARs are adopted by the Oregon Fish and Wildlife Commission in February 2018.

**Completion date:** May 2018

**Recommendation (B-1a):** Screening documentation related to volunteers in the host program should be consistent and could utilize checklists similar to those implemented by the hunter and angler education programs.

**Management response:** ODFW Volunteer Program Coordinator will work with Volunteer Host Program Coordinator to create a checklist to ensure consistent screening and documentation of screening for volunteer host applicants.

**Completion date:** March 2018

**Recommendation (B-1b):** Hunter and angler education programs should ensure re-screening occurs based on the hunter education program instructor certification policy.

**Management response:** ODFW Volunteer Program Coordinator will work with hunter and angler education program coordinators to update current screening processes to incorporate re-screening of volunteers.

**Completion date:** March 2018

**Recommendation (B-1c):** ODFW should develop general volunteer position descriptions for the different types of volunteers, such as camp hosts and hunting educators, including allowable and prohibited duties. Then conduct risk assessments on these volunteer position descriptions to determine necessary screening requirements.

**Management response:** ODFW Volunteer Program Coordinator will work with program coordinators, management staff and field staff to develop volunteer position descriptions for the various types of volunteers. Once position descriptions have been created risk assessments will be conducted to determine necessary screening requirements.

**Completion date:** December 2018

Consulting Projects: The internal audit function completed a consulting project on restitution/compensatory fines for the Wildlife Division and OSP. The project made recommendations for improved coordination with the Oregon Judicial Department.

External Audits: Additionally, two external audits were completed in fiscal year 2018. The first was a follow-up of the Statewide Single Audit of Selected Federal Programs for the Year Ending June 30, 2016 in which no new findings were found. The second was the Statewide Single Audit of Selected Federal Programs for the Year Ending June 30, 2017 (Management Letter No. 635-2018-03-01) issued April 2018. The Secretary of State auditors found the department substantially complied with the reviewed compliance requirements relevant to the Wildlife and Sport Fish Restoration Program. However, the audit team did identify some areas for improvement and the five recommendations from this audit are listed below.

**Recommendation #1:** The OAD Audit Team recommended department management ensure federal expenditures are correctly classified in the accounting records and the SEFA.

**Management Response:** The SEFA has been adjusted for FY 2017. ODFW will ensure indirect expenditures are reported as federal expenditures for the SEFA going forward.

**Status:** Corrective action was taken.

**Recommendation #2:** The OAD Audit Team recommended department management ensure federal financial reports are independently reviewed and adequately supported before submission.

**Management Response:** The “independent review” portion of this finding is similar to a finding from OAD’s FY2016 audit of the Pacific Coast Salmon Recovery Fund/Pacific Salmon Treaty at ODFW entitled “Establish Controls over Financial Reporting.” In response to that audit, ODFW analyzed internal controls and risks associated with the SF-425 and found that existing controls adequately manage the risk of significant reporting errors and maintain compliance with applicable requirements. The resources necessary to perform a review of the SF-425 reports were determined to exceed the benefit derived from the review.

The results of the review were communicated to the National Oceanic and Atmospheric Administration (NOAA) and NOAA found ODFW had complied with the requirements for audit resolution.

In response to the “adequately supported” portion of this finding, the department will communicate with program managers and administrative personnel to ensure proper understanding of the requirements necessary for documentation.

**Status:** Corrective action taken.

**Recommendation #3:** The OAD Audit Team recommended department management finalize and implement policies and procedures to ensure compliance with real property federal requirements.

**Management Response:** ODFW worked with US Fish and Wildlife Service to reconcile land acquisition and ownership records specific to land acquisition grants under the Pittman-Robertson and Dingell-Johnson programs. Per a letter from the Department of the Interior on July 18, 2017, all discrepancies have been rectified.

The department will now focus efforts on developing and implementing policies and procedures to ensure compliance with real property federal requirements.

**Status:** Policies and procedures have been drafted and are currently under review.

**Recommendation #4:** The OAD Audit Team recommended department management review their methods and processes for allocating direct costs to their programs and improve controls to ensure adherence to cost principles. Specifically, they recommended management require that sufficient documentation of the basis applied to allocating costs is maintained and periodically reviewed to ensure costs reflect actual benefit to the program, are accurately calculated, and are consistently applied across programs and other department activities.

**Management Response:** This finding is similar to a finding from OAD’s FY2016 audit of the Pacific Coast Salmon Recovery Fund/Pacific Salmon Treaty entitled “Supporting Documentation for the Allocated Costs Not Maintained.” In response to that audit, ODFW strengthened its processing documents (payment request authorization form) in FY18 to ensure allocation information was being captured and maintained. Based on the additional detail provided within this finding, ODFW will further enhance its processing documents to ensure compliance with federal and state requirements.

**Status:** Corrective action taken.

**Recommendation #5:** The OAD Audit Team recommended the department management correct and resubmit the certification and implement a more robust review process to ensure the certification is accurate prior to submission.

**Management Response:** The department will work with USFWS to better understand which licenses to include in the annual certification calculation and will follow USFWS’s guidance regarding recertification. Additionally, the department will implement a more robust review process.

**Status:** The annual certification process is currently under review by the Department of Interior for the US Fish and Wildlife Service. At the conclusion of this review, ODFW will implement a new review process.

If you have any questions or would like full copies of the audit reports, please contact Bevin Clapper at [Bevin.A.Clapper@state.or.us](mailto:Bevin.A.Clapper@state.or.us).