



**DEPARTMENT OF CONSERVATION  
TWO YEARS ENDED JUNE 30, 2000**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2001-38  
May 14, 2001  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

May 2001

[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**The following problems were discovered as a result of an audit conducted by our office of the Department of Conservation.**

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The lease agreement between the department and the Conservation Employees' Credit Union (Credit Union), a private corporation, may violate federal regulations which could make the department ineligible for future federal funding. In March 1999, the Department of Conservation entered into an agreement to lease land to the credit union for ninety-nine years, for the purpose of constructing a new office building, which is adjacent to the department's central office. Department of Conservation personnel indicated the land the department is leasing to the credit union was purchased with license fees. The lease requires an annual fee of one dollar.

Federal regulations provide that revenues from hunting and fishing license fees shall not be diverted to purposes other than administration of the state fish and wildlife agency. In addition, this lease may violate state law. Article III, Section 38(a), of the Missouri Constitution prohibits state departments from granting public money or property to any private person, association, or corporation.

The audit also noted that the department should make an effort to reduce expenditures for food costs and redirect these resources to conservation activities. During fiscal years 2000 and 1999, the department paid approximately \$271,000 and \$158,000, respectively, to various food service providers for purposes such as meals at conferences and meetings held at motels, catered luncheons, and purchases from local vendors. These amounts do not include amounts reimbursed to employees through expenses accounts.

The department should review the need to routinely incur meals costs for individuals attending training sessions and other events and develop a comprehensive policy regarding food purchases.

During the two years ended June 30, 2000, the department incurred credit card finance and late charges totaling \$1,142 related to operating expenses of the Special Investigations Unit. Requests to replenish the Special Investigations Account from the Conservation Commission Fund were not made on a timely basis, and, as a result, monies were not deposited to the account in time to pay credit card statements by the due date. Failure to pay credit card statements by the due date results in an unnecessary expense to the department.

Vehicles are not placed in service on a timely basis. Approximately 200 vehicles were ordered in November and December 1999. The delivery of these orders caused a backlog at the shops that prepare the vehicles for service. The department should have staggered orders to reduce the quantity of each delivery and to allow for vehicles to be placed in operation in a more timely manner.

YELLOW SHEET

DEPARTMENT OF CONSERVATION

TABLE OF CONTENTS

		<u>Page</u>
<b>FINANCIAL SECTION</b>		
<hr/>		
State Auditor’s Reports: .....		2-6
Financial Statements .....		3-4
Compliance and Internal Control over Financial Reporting .....		5-6
Financial Statements.....		7-9
<u>Exhibit</u>	<u>Description</u>	
A	<u>Conservation Commission Fund</u> Comparative Statement of Receipts, Disbursements, Other Financing Uses, and Changes in Cash and Investments, Years Ended June 30, 2000 and 1999 .....	8
B	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2000 and 1999 .....	9
Supplementary Data: .....		10-11
Schedule	Statement of Changes in General Fixed Assets, Years Ended June 30, 2000 and 1999 .....	11
Notes to the Financial Statements and Supplementary Data .....		12-16
<b>MANAGEMENT ADVISORY REPORT SECTION</b>		
<hr/>		
Management Advisory Report – State Auditor’s Findings .....		18-24
Summary of Findings .....		19
<u>Number</u>		
1.	Credit Union Lease Agreement .....	20
2.	Vehicle Utilization .....	21
3.	Food Costs .....	22
4.	Special Investigations Account Controls .....	22
5.	Information System Access Controls.....	23

DEPARTMENT OF CONSERVATION

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
MANAGEMENT ADVISORY REPORT SECTION	
<hr/>	
Follow-up on Prior Audit Findings .....	26-27
<hr/>	
STATISTICAL SECTION	
<hr/>	
History, Organization, and Statistical Information .....	29-31

FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS

Honorable Bob Holden, Governor  
and  
Conservation Commission  
and  
Jerry Conley, Director  
Department of Conservation  
Jefferson City, MO 65102

We have audited the accompanying special-purpose financial statements of the Conservation Commission Fund of the Department of Conservation as of and for the years ended June 30, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the department's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, other financing uses, and changes in cash and investments and the appropriations and expenditures of the Conservation Commission Fund of the Department of Conservation and are not intended to be a complete presentation of the financial position and results of operations of the Conservation Commission Fund of the department.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, other financing uses, and changes in cash and investments and the appropriations and expenditures of the Conservation Commission Fund of the Department of Conservation as of and for the years ended June 30,

2000 and 1999, in conformity with the comprehensive bases of accounting discussed in Note 1, which are bases of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 9, 2000, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying Statistical Section is presented for informational purposes. This information was obtained from the department's management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

An integral part of the department's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill  
State Auditor

November 9, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Cheryl Colter, CPA
Audit Staff:	Martin Beck
	Julie Vollmer
	Ayanna Merchant



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Honorable Bob Holden, Governor  
and  
Conservation Commission  
and  
Jerry Conley, Director  
Department of Conservation  
Jefferson City, MO 65102

We have audited the special-purpose financial statements of the Department of Conservation as of and for the years ended June 30, 2000 and 1999, and have issued our report thereon dated November 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Department of Conservation are free of material misstatement, we performed tests of the department's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Department of Conservation, we considered the department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would

not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of the Department of Conservation and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

November 9, 2000 (fieldwork completion date)

## Financial Statements

Exhibit A

DEPARTMENT OF CONSERVATION  
 CONSERVATION COMMISSION FUND  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING  
 USES, AND CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2000	1999
<b>RECEIPTS</b>		
Sales and use tax	\$ 86,885,502	82,340,252
Permit sales	28,830,432	26,222,752
Sales, rentals, and leases	7,025,865	6,213,425
Federal reimbursements	13,917,026	14,237,450
Interest	1,879,082	1,019,588
Donations, refunds, and miscellaneous	2,372,321	1,523,374
Total Receipts	140,910,228	131,556,841
<b>DISBURSEMENTS</b>		
Personal service	56,455,520	52,445,845
Employee fringe benefits	14,991,131	15,277,344
Operations	47,089,992	31,028,337
Capital improvements and acquisitions	24,485,414	15,031,700
Total Disbursements	143,022,057	113,783,226
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES</b>	(2,111,829)	17,773,615
<b>OTHER FINANCING USES</b>		
Appropriations exercised by other state agencies	(1,647,760)	(778,214)
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES</b>	(3,759,589)	16,995,401
<b>CASH AND INVESTMENTS, JULY 1</b>	31,493,428	14,498,027
<b>CASH AND INVESTMENTS, JUNE 30</b>	\$ 27,733,839	31,493,428

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF CONSERVATION  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2000			1999		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
<b>CONSERVATION COMMISSION FUND</b>						
Personal service and expense and equipment, including refunds; and for payments to counties for the unimproved value of land in lieu of property taxes for privately owned lands acquired by the Conservation Commission after July 1, 1977 and for lands classified as forest croplands	\$ 119,090,127	107,891,479	11,198,648	115,990,969	86,636,001	29,354,968
Stream access acquisition and development, lake site acquisition and development, land acquisition for upland wildlife and state forests, land purchases for wildlife and natural areas and additions to existing areas; for major improvements and repairs (including materials, supplies, and labor) to buildings, roads, hatcheries, and other departmental structures; and for soil conservation activities and erosion control on department land	50,000,000	24,510,745	25,489,255 *	32,462,920	16,038,138	16,424,782
<b>Total Conservation Commission Fund</b>	<b>\$ 169,090,127</b>	<b>132,402,224</b>	<b>36,687,903</b>	<b>148,453,889</b>	<b>102,674,139</b>	<b>45,779,750</b>

\* Biennial appropriations set up in the current fiscal year are re-appropriations to the next year. After the June month-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for a biennial appropriation at the end of the first year.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule

DEPARTMENT OF CONSERVATION  
 STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
 TWO YEARS ENDED JUNE 30, 2000

	<u>Equipment</u>	<u>Buildings</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total General Fixed Assets</u>
BALANCE, July 1, 1998	\$ 61,104,008	50,344,301	288,480,122	11,555,850	411,484,281
Additions	2,986,395	3,887,047	3,522,016	8,236,072	18,631,530
Dispositions	<u>1,971,905</u>	<u>379,229</u>	<u>2,021,794</u>	<u>3,702,450</u>	<u>8,075,378</u>
BALANCE, June 30, 1999	62,118,498	53,852,119	289,980,344	16,089,472	422,040,433
Additions	13,103,267	256,211	2,378,063	6,400,358	22,137,899
Dispositions	<u>2,492,942</u>	<u>133,158</u>	<u>294,328</u>	<u>120,376</u>	<u>3,040,804</u>
BALANCE, June 30, 2000	<u>\$ 72,728,823</u>	<u>53,975,172</u>	<u>292,064,079</u>	<u>22,369,454</u>	<u>441,137,528</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

DEPARTMENT OF CONSERVATION

NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for the Conservation Commission Fund of the Department of Conservation.

Receipts, disbursements, other financing uses, and changes in cash and investments are presented in Exhibit A for the Conservation Commission Fund. Appropriations from this fund are expended by or for the department for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related fund but are used only to account for and control the department's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, Other Financing Uses, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting which recognizes expenditures on the encumbrance method. Expenditures include amounts payable or encumbered at June 30 and paid during the lapse period. For years ended on or before June 30, 1999, the lapse period ended August 31 for regular appropriations and December 31 for capital improvement appropriations. For years ended on or after June 30, 2000, the lapse period ends August 31 for both regular and capital improvement appropriations. The authority to expend appropriations ends with the close of the lapse period. However, the General Assembly may authorize reappropriation of the unexpended balances of capital improvement appropriations for the following year. The General Assembly also may authorize biennial capital improvement appropriations, for which the unexpended balances

at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year.

The cash basis of accounting and the budgetary basis of accounting differ from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The department administers transactions in the Conservation Commission Fund. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

This fund controls the monies collected and expended by the department within the restrictions imposed by the Missouri Constitution, Article IV, Section 43(b). Appropriations are made from this fund by the General Assembly to control, manage, restore, conserve, and regulate birds, fish, game, forestry, and wildlife resources of the state and to administer the related laws.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in health and optional life insurance plans provided by the department, and the state's deferred compensation and cafeteria plans. Until December 31, 1998, the health and life insurance plans were provided by the Continental Assurance Company (CAN). During the calendar year ended December 31, 1999, the health and life insurance plans were provided by American Medical Security (AMS), a division of United Wisconsin Life Insurance Company. Effective January 1, 2000, the Conservation Commission established the Conservation Employees' Benefits Trust Fund to provide health and life insurance plans for the department. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. Also, the deferred compensation plan involves employee payroll deferrals and a monthly state matching contribution for each participating employee.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement and long-term disability benefits); social security and medicare taxes; basic life insurance; health care premiums; and the deferred compensation plan match.

Employee fringe benefits in the financial statements at Exhibit A are primarily the transfers and payments from the Conservation Commission Fund for costs related to salaries and insurance paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash and Investments

The balance of the Conservation Commission Fund is pooled with other state funds and invested by the state treasurer.

Trust account monies are combined with regular monies to make up the total balance available in the Conservation Commission Fund. At June 30, 2000 and 1999, trust accounts totaled \$1,269,507 and \$1,387,036 respectively, and represented donated funds restricted for development, maintenance and/or purchase of land.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

	<u>Conservation Commission Fund</u>	
	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
DISBURSEMENTS PER EXHIBIT A \$	143,022,057	113,783,226
Employee fringe benefits	(11,378,313)	(11,047,470)
Lapse Period expenditures:		
2000	6,350,648	N/A
1999	(5,592,168)	5,592,168
1998	0	(5,653,785)
EXPENDITURES PER EXHIBIT B \$	<u>132,402,224</u>	<u>102,674,139</u>

4. Appropriations Exercised by Other State Agencies

The Missouri General Assembly makes certain appropriations from the Conservation Commission Fund for personal services, expense and equipment, and programs administered by other state agencies. Expenditures charged to these appropriations and transfers from the fund for associated fringe benefits during fiscal years 2000 and 1999 were:

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Office of Administration		
Insurance and legal expense	\$ 821,561	427,026
Worker's compensation	39,759	19,057
Unemployment insurance	83,298	146,887
Office of State Auditor	38,407	36,702
Department of Revenue	664,735	148,542
Total	<u>\$ 1,647,760</u>	<u>778,214</u>

Note to the Supplementary Data:

5. General Fixed Assets

- A. The investment in general fixed assets at June 30, 2000 and 1999 was from the following funds:

	<u>June 30,</u>	
	<u>2000</u>	<u>1999</u>
Conservation Commission Fund \$	440,214,620	421,122,756
General Revenue Fund-State	73,139	52,508
Revenue Sharing Trust Fund	849,769	865,169
Total	<u>441,137,528</u>	<u>422,040,433</u>

- B. Except as noted, general fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group and are not depreciated. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized along with other general fixed assets. Also not capitalized are certain improvements including hatchery pools, wetland development, and other expenditures to prepare land purchased for its intended use.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report –  
State Auditor’s Findings

DEPARTMENT OF CONSERVATION  
SUMMARY OF FINDINGS

1. Credit Union Lease Agreement (pages 20-21)

The department's lease agreement with the Conservation Employees' Credit Union may violate federal and state laws.

2. Vehicle Utilization (pages 21-22)

Vehicles are not placed in service on a timely basis.

3. Food Costs (page 22)

The department has not developed a comprehensive policy regarding food purchases.

4. Special Investigations Account Controls (pages 22-23)

The department incurred \$1,142 in credit card finance and late charges.

5. Information System Access Controls (pages 23-24)

The department has not developed a criteria for granting, maintaining, and monitoring SAM II access.

DEPARTMENT OF CONSERVATION  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of the Department of Conservation as of and for the years ended June 30, 2000 and 1999, and have issued our report thereon dated November 9, 2000.

The following Management Advisory Report presents our findings arising from our audit of the department's special-purpose financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

<b>1. Credit Union Lease Agreement</b>
--

The lease agreement between the department and the Conservation Employees' Credit Union (Credit Union), a private corporation, may violate federal and state laws. In March 1999, the DOC entered into an agreement to lease land to the credit union for ninety-nine years for an annual fee of one dollar. The credit union constructed a new office building on the land, which is adjacent to the department's central office. DOC personnel indicated the land the department is leasing to the credit union was purchased with license fees.

Federal Regulation 50 CFR 80.4, states that revenues from license fees paid by hunters and fishermen shall not be diverted to purposes other than administration of the state fish and wildlife agency. The regulation defines administration as only those functions required to manage the fish and wildlife-oriented resources of the state. A credit union does not appear necessary to manage the state's fish and wildlife-oriented resources. Diverting license fee revenues for purposes other than the administration of the department could make the department ineligible for future federal funding.

In addition, Article III, Section 38(a), of the Missouri Constitution prohibits the state from granting public money or property to any private person, association, or corporation.

**WE RECOMMEND** the department discuss and resolve this situation with the appropriate federal agency. In addition, the department should request an Attorney General's opinion to determine whether the credit union lease agreement violates state laws.

## **AUDITEE'S RESPONSE**

*Our legal counsel has reviewed the lease agreement with the Conservation Employees Credit Union and determined it to comply with federal and state laws and regulations. This employee benefit is an allowable expenditure for conservation purposes.*

<b>2. Vehicle Utilization</b>
-------------------------------

Vehicles are not placed in service on a timely basis. During the year ending June 30, 2000, the department purchased approximately 310 vehicles. For twenty-one of twenty-five vehicle acquisitions reviewed, the department took over one month to place the vehicle in service after delivery, including six vehicles which took over three months. Many of the vehicles purchased by the department must have additional equipment, such as light bars, installed at one of three department shops. Approximately 200 vehicles were ordered during November and December 1999, resulting in large deliveries. Approximately, one hundred twenty vehicles were received during February 2000, causing a backlog at the shops that prepare vehicles for service. Many of the vehicles purchased were pickups. Office of Administration, Division of Purchasing, personnel indicated the state contracts for pickups allowed orders to be placed between November 1 and April 14. As a result, the department could have staggered the orders to reduce the quantity of each delivery.

Failure to place vehicles in service on a timely basis results in an inefficient use of assets. To ensure vehicles are placed in service on a timely basis, the department should schedule vehicle deliveries to allow for timely service preparation.

**WE RECOMMEND** the department place vehicles in service on a timely basis.

## **AUDITEE'S RESPONSE**

*We agree that preparation time for vehicles was excessive last year. However, duration of processing last year was an exception due to unforeseen complications in the ordering process and unanticipated delays in parts delivery. Preparation time is normally much less than we experienced in the winter and spring of 2000, and this year we were able to process vehicles much faster. However, in order to ensure vehicles are processed in a timely manner from now on we will:*

- a. Stagger order dates to prevent more vehicles being delivered than can be quickly processed. (A caveat here is that staggered order dates do not necessarily mean that delivery dates will be staggered.)*
- b. Request vehicle delivery to more locations than in the past. Vehicles are being delivered to five shops now instead of three.*

- c. *Order parts for new vehicle installation earlier than in the past to allow for unanticipated delays.*
- d. *Mandate higher priorities for vehicle preparations to shops when larger numbers of vehicle replacements are approved in budgets.*

<b>3. Food Costs</b>
----------------------

The department should make an effort to reduce expenditures for food costs and redirect these resources to conservation activities. According to the department's records, the department paid approximately \$271,000 and \$158,000 in food costs during fiscal years 2000 and 1999, respectively. These food purchases represented amounts billed to the department from various food service providers and did not include amounts reimbursed to employees through expense accounts. The department lacks a comprehensive policy regarding agency provided meal expenses at meetings and other departmental functions, including those held within the employees' official domiciles.

We reviewed supporting documentation for eleven food purchases made in fiscal year 2000. The supporting documentation for these purchases did not always indicate the business purpose and/or identify those people attending. Food purchases included meals at conferences and meetings held at motels, catered luncheons, and food purchased from local vendors.

The department should review the need to routinely incur meals costs for individuals attending training sessions and other events and develop a comprehensive policy regarding food purchases, particularly in employees' official domiciles.

**WE RECOMMEND** the department develop a comprehensive policy regarding food purchases, particularly employees' official domiciles, in an effort to control and reduce expenditures in this area.

**AUDITEE'S RESPONSE**

*We are in the process of developing a policy that will address these issues. We estimate this policy will be implemented within the next six months.*

<b>4. Special Investigations Account Controls</b>
---

During the two years ended June 30, 2000, the department incurred credit card finance and late charges totaling \$1,142. The department uses a checking account and two credit cards to pay some operating expenses of the Special Investigations Unit. The checking account is maintained outside the state treasury and replenished upon request from the Conservation Commission Fund. However, requests to replenish the checking account were not made on a timely basis, and, as a result, monies were not deposited to the

Special Investigations Account in time to pay credit card statements by the due date. Twenty-seven of forty-eight credit card statements reflected finance or late charges, and seven statements showed that no payment had been made for the previous billing period.

Failure to pay credit card statements by the due date results in unnecessary expense to the department.

**WE RECOMMEND** the department establish procedures to pay the balance due on credit card statements on a timely basis.

**AUDITEE'S RESPONSE**

*When the Special Fund checking account balance reaches \$3,000, a request for \$5,000 from the Commission Fund will be made. This process will ensure sufficient funds to cover credit card balances.*

*Credit card balances will be paid within five days of the date received. This will allow sufficient time for payments to reach creditors prior to the due date.*

<b>5. Information System Access Controls</b>
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The department processes all financial accounting activity including budget, purchasing, revenues, and expenditures (on-line) using the Statewide Advantage for Missouri system (SAM II). The SAM II system includes over 570 on-line screens for data entry, inquiry, or modification. The significance of the information processed through SAM II requires that controls be in place to adequately restrict access to the system. To provide access control over SAM II, employees are assigned a unique user identification code (user ID). The department is responsible for determining what each user is allowed to do in SAM II, and grants these permissions by assigning specific access rights to each user ID. This control technique provides a method to limit employees' access rights, including data entry and document approval capabilities, to only the functional areas of SAM II that are necessary for the employees to perform their assigned job duties. Therefore, controls over the issuance and maintenance of user IDs and access rights are critical to the effectiveness of system access controls.

During our review of access to the SAM II system, we noted that the department has not developed criteria for determining who is allowed to access SAM II, the purpose and level of the access, and who determines and grants the access. In addition, there are no policies for documenting and reporting management authorization of new access, changes to existing access, or removal of current access when an employee terminates or transfers. As a result, assurance is lacking that management properly authorized employee access and that employees' access is limited to appropriate SAM II data.

Security standards to document the criteria to be used in granting and maintaining access to SAM II represent the minimum control standards that should be in place to ensure that

the department can safeguard its information assets and properly record authorized transactions. This is the first step and a key concept in the development of an adequate security architecture.

**WE RECOMMEND** the department develop security standards to document the criteria to be followed for granting, maintaining, and monitoring access to SAM II.

**AUDITEE'S RESPONSE**

*We were very centralized in the use of SAM II and access was limited to three types and was only granted to approximately 20 employees in Fiscal Services. Due to this centralization and limitation on access, we felt we were exercising control and safeguarding our information assets. We will, however, document our criteria used in granting, maintaining, and monitoring access to SAM II.*

This report is intended for the information of the management of the department and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-up on Prior Audit Findings

DEPARTMENT OF CONSERVATION  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Conservation on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 1998.

1. Plane Usage

- A. The department's flight logs did not list the names of all passengers. In addition, the specific purpose of the flight was not documented.
- B. The department did not document cost comparisons of commercial flights to the cost of using department planes.
- C. The department did not document cost comparisons of charter flights to the cost of using department planes or commercial flights.

Recommendation:

The department:

- A. Document the names of all passengers and the specific purpose of all flights.
- B. Document the comparison of the cost of commercial flights to the cost of using department planes when commercial flights are available and retain this with the flight information.
- C. Obtain and document cost comparisons of charter flights to the cost of using department planes or commercial flights to ensure the most economical use of state resources.

Status:

Implemented.

2. Clothing Allowance Reimbursement

During fiscal year 1999, the department provided a \$100 clothing allowance to employees who were not required to wear a uniform, purchase signature clothing, or wear signature clothing at designated events.

Recommendation:

The department evaluate the necessity and benefits of providing clothing allowances for employees who are not required to wear a uniform.

Status:

Implemented. The Commission believes this has been an important, positive management tool in building teamwork and pride. Such clothing readily identifies employees attending certain functions or in their daily contact with the public at work. The department adopted a policy requiring employees to wear signature clothing at certain designated events. Clothing allowances are currently on a reimbursement basis.

3. Suspension and Debarment Compliance

The department did not require contractors to certify that they had not been suspended or debarred.

Recommendation:

The DOC obtain certifications from parties awarded contracts of \$100,000 or more that the organization and its principals are not suspended or debarred.

Status:

Implemented.

STATISTICAL SECTION

History, Organization,  
and Statistical Information

DEPARTMENT OF CONSERVATION  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Conservation is constitutionally created pursuant to Article IV, Sections 40 and 46. The general functions of the department are to control, manage, restore, conserve, and regulate all bird, fish, game, forestry, and wildlife resources of the state. At June 30, 2000, the department owned 768,397 acres of land in the state.

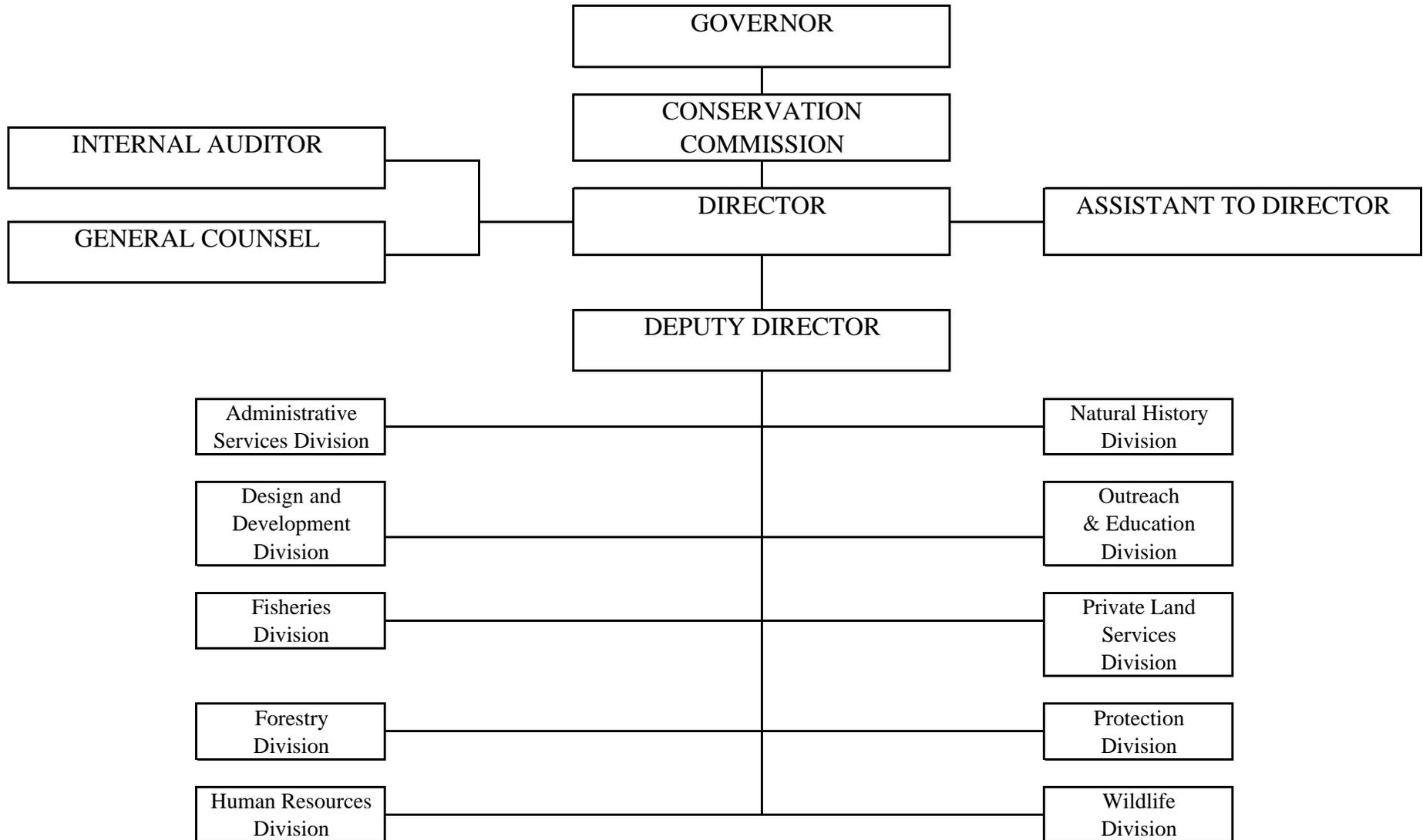
The department is headed by a four-member bipartisan commission, appointed by the Governor with the advice and consent of the Senate. They serve without compensation for staggered six-year terms. The commission members at June 30, 2000 were:

<u>Commissioner</u>	<u>Term Expires</u>
Anita B. Gorman	July 1, 2005
Randy Herzog	July 1, 2001
Ronald J. Stites	July 1, 2001
Howard L. Wood	July 1, 2003

The commission appoints a director who serves as the administrative officer of the Department of Conservation. The director appoints other employees and is assisted by a deputy director with programs carried out by the divisions of fisheries, wildlife, forestry, protection, design and development, outreach and education, administrative services, private land services, natural history, and human resources. An assistant to the director provides leadership for special projects and initiatives as assigned by the director; notably legislative liaison, partnerships with other entities, etc.

Jerry Conley was appointed Director effective January 1, 1997. At June 30, 2000, the department employed approximately 1,470 full-time and 500 part-time individuals.

DEPARTMENT OF CONSERVATION  
ORGANIZATION CHART  
JUNE 30, 2000



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