



**DIVISION OF WILDLIFE**  
**Performance Audit, May 2012**  
**Report Highlights**



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**PURPOSE**

Review the Division of Wildlife’s (the Division) financial recordkeeping practices, including calculations of the Wildlife Cash Fund unobligated reserve balance.

**BACKGROUND**

- On July 1, 2011, the Division was merged with the Division of Parks and Outdoor Recreation, in accordance with Senate Bill 11-208. The new entity is called the Division of Parks and Wildlife. This audit reviewed Division activities prior to the merger.
- Prior to July 1, 2011, the Division was overseen by the 11-member Wildlife Commission (the Commission).
- The Wildlife Cash Fund is the largest fund in which the Division records revenue and expenses.
- In 2006, the Commission adopted a policy that requires the Division to maintain an unobligated reserve amount in the Wildlife Cash Fund equal to or greater than 10 percent of the Division’s annual revenue.

**OUR RECOMMENDATIONS**

The Division of Parks and Wildlife should:

- Work with the Parks and Wildlife Board to train key Division accounting staff on requirements of the Commission policy.
- Ensure the accuracy of its annual unobligated reserve balance calculation by including all appropriate expense categories in the calculation, clarifying the Wildlife Cash Fund unobligated reserve policy, implementing standard processes for calculating the reserve accurately and timely, and developing a plan to ensure continuity of job duties performed by senior-level accounting staff.

The Division and the Commission agreed with these recommendations.

**EVALUATION CONCERN**

The Division has not followed the Commission’s policy when calculating the unobligated reserve amount for the Wildlife Cash Fund. In addition, the Division omitted \$32.4 million of expenses from financial information it presented to the Commission for Fiscal Years 2008 through 2010.

**KEY FACTS AND FINDINGS**

- The only years in which we found clear evidence that the Division provided the Commission the required annual unobligated reserve calculation were Fiscal Years 2007 and 2011.
- The Division’s Fiscal Years 2007 and 2011 calculations of the Wildlife Cash Fund unobligated reserve amounts did not comply with the formula specified in Commission policy.
  - For Fiscal Year 2007, the Division calculated the unobligated reserve using revenue and expenses rather than current assets and liabilities, as required by Commission policy.
  - For Fiscal Year 2011, the Division included only revenue from hunting and fishing license sales rather than total annual revenue, as required by Commission policy. In addition, the Division excluded financial data for an entire enterprise fund from that year’s unobligated reserve calculation.
- The Division’s July 2011 recalculations of the Fiscal Years 2008 through 2010 unobligated reserve amounts were not based on the formula in the Commission’s policy. Our analysis, which did follow the policy, identified 2 years—Fiscal Years 2010 and 2011—in which the unobligated reserve amounts were less than the required 10 percent of annual Division revenue.
- As of July 2011, the Division’s actual unobligated reserve balance had been depleted to \$5.7 million—4 percent of the Division’s Fiscal Year 2011 revenue.
- We verified that expense information the Division provided to the Commission for Fiscal Years 2008 through 2010 contained \$32.4 million in financial reporting errors. As a result, several capital projects have been delayed or eliminated.