

OFFICE OF THE STATE AUDITOR

PERFORMANCE AUDIT FOLLOW-UP REPORT

Of the Status of Recommendations from
WILDLIFE SERVICES PROGRAM

October 6, 2010

Report No. 3026.1



Robert R. Peterson, State Auditor

STATE AUDITOR
ROBERT R. PETERSON



Phone (701)328-2241
Fax (701)328-1406

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE – DEPT 117
BISMARCK, NORTH DAKOTA 58505

October 6, 2010

Honorable John Hoeven, Governor

Members of the North Dakota Legislative Assembly

A fundamental objective of the Office of the State Auditor's work is to bring about improvements through recommendations. To achieve this, our recommendations need to be timely and effectively implemented. The Legislative Audit and Fiscal Review Committee (LAFRC) has requested the Office of the State Auditor to perform follow-up work after presentation of performance audit reports to the Committee and to report those agencies which have not implemented audit recommendations.

The Office of the State Auditor conducted an audit follow-up on the performance audit of the Wildlife Services Program (report #3026) dated May 9, 2008. The objective of this follow-up audit was to determine the status of the 11 recommendations included in the performance audit report. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives. The audit period for which information was collected and reviewed was July 1, 2009 through June 30, 2010.

As a result of the follow-up review, 6 recommendations were determined to be fully implemented, 4 were determined to be partially implemented, and 1 was determined to be not implemented. We want to extend our appreciation to the Department of Agriculture for their assistance and cooperation during this follow-up audit.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Peterson".

Robert R. Peterson
State Auditor

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Performance Audit No. 3026

Wildlife Services Program

Report Dated May 9, 2008

Transmittal Letter

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Recommendations Fully Implemented

Recommendation #1 **We recommend the Department of Agriculture pay salaries of the Wildlife Services' Field Specialists and other cost(s) which can be verified in a timely manner.**

Original Condition State funding for the Wildlife Services Program does not pay for all costs incurred by the federal entity administering the program. The program is administered by the United States Department of Agriculture, Animal and Plant Health Inspection Service (APHIS). Federal funds to administer the program are provided to APHIS. In review of expenditure information, we identified state funds were used for expenditures which were not supported or were not reasonable.

Action Taken An annual Work/Financial Plan identifying each party's responsibilities is entered into between APHIS, the North Dakota Department of Agriculture, and the North Dakota Game and Fish Department. The yearly Work/Financial Plan now identifies only salaries and benefits of the APHIS Field Specialists and the Pilot are reimbursable. Spreadsheets documenting time and work duties have been implemented by APHIS. These spreadsheets were reviewed and approved by the Department of Agriculture prior to implementation.

Result of Implementation By paying only the salaries and benefits of the Wildlife Services' Field Specialists and Pilot for eligible tasks, the North Dakota Department of Agriculture has limited the costs to those which can be verified in a timely and efficient manner.

Recommendation #2 **We recommend the Department of Agriculture review the time of the pilot charged to the Wildlife Services Program and determine what percentage of the Pilot's salary will be paid by the state.**

Original Condition APHIS is authorized and does conduct aerial hunting of coyotes in the state. In a review of information, we identified the Pilot spent a relatively minimal amount of time flying. The Pilot's salary was paid by the state for certain months regardless of the amount of time spent flying. We were informed when not flying, the pilot spent time in the shop doing maintenance work on equipment.

Action Taken The Department of Agriculture identified spreadsheets are completed by APHIS which document the Pilot's time and work duties. These spreadsheets identify the number of hours performed on each specific task performed during the day. The Department determined the tasks performed by the Pilot while not flying are necessary to the implementation and success of the Wildlife Services program. We identified federal funds are being used to pay for the Pilot's salary and benefits when the Pilot is performing Certified Flight Instructor duties. All other time of the Pilot is paid by the state.

Chapter 1
Recommendations Fully Implemented

Result of Implementation The Department of Agriculture has determined eligible tasks of the Pilot for the Wildlife Services Program which will be paid for by the state.

Recommendation #3 **We recommend the Department of Agriculture require travel time of the Wildlife Services' Field Specialists be adequately documented.**

Original Condition The Wildlife Services' Field Specialists completed their time sheets every two weeks and identified their work time under the category of "regular time." The Field Specialists also document time in the Management Information System (MIS) and identify the time spent each day on certain categories. In review of documentation, the time sheet hours attributed to "regular time" did not equal the amount of time documented in MIS. The difference was identified as travel time. The travel time was not documented and/or supported by other documentation.

Action Taken We identified spreadsheets documenting the Field Specialists' time and work duties, which includes travel time, have been implemented by APHIS. These spreadsheets define the number of hours performed on each specific task during the day. Also, the travel miles and time spent traveling are now documented in MIS.

Result of Implementation The Department of Agriculture is able to adequately monitor the time charged to travel and can determine whether the time charged is appropriate.

Recommendation #4 **We recommend the Department of Agriculture require the Wildlife Services' Field Specialists dedicate a certain amount of time in the fall to the state blackbird problem.**

Original Condition Concerns related to the amount of damage blackbirds do to sunflowers were identified by various parties including the Department of Agriculture and the National Sunflower Association. Losses were incurred due to blackbirds sitting on the sunflower heads, causing the seeds to fall to the ground. The loss of revenue and economic impact due to blackbirds in sunflowers was estimated between \$14.1 million and \$17.6 million per year. Both the Department of Agriculture and the National Sunflower Association voiced concerns over the lack of commitment from personnel operating the Wildlife Services Program. In review of the purpose of the Wildlife Services Program, we identified problems associated with blackbirds was an area the program was intended to address.

Chapter 1 Recommendations Fully Implemented

Action Taken

The Work/Financial Plans for state fiscal years 2010 and 2011 identify blackbird work as an eligible activity with up to \$149,300 available in general funds to reimburse expenditures. We identified a performance measure for blackbird work has also been included in the Work/Financial Plans. The Department of Agriculture indicated it has received no complaints related to the work performed on the blackbird problem from producers or from the National Sunflower Association in the last year. We identified APHIS has increased the number of part-time employees, using federal earmarked funds for sunflower blackbird work, to assist producers with blackbird problems. APHIS has also used a number of the state paid Field Specialists to assist with blackbird work during the busy fall season.

Result of Implementation

The performance of work by APHIS on the blackbird problem has helped farmers in North Dakota to address the damage blackbirds cause to sunflowers.

Recommendation #5

We recommend the Department of Agriculture ensure appropriate changes are made to the Cooperative Service Agreements to address recommendations included in this audit report as well as to:

- a) Approve or require information be provided for salary increases of Field Specialists prior to being effective;**
- b) Establish performance measures to evaluate the program;**
- c) Require only necessary reports or information regarding the program; and**
- d) Identify if, when, and where state funds are to be used for issues arising in urban areas.**

Original Condition

For the time period October 2003 through September 2007, the average Field Specialist salary increase was 18.5% with the highest increase being 28%. We identified raises were given to Field Specialists without Department of Agriculture approval or knowledge. In review of the Cooperative Service Agreements, it appeared the agreements did not contain measurable goals/objectives. We identified certain monitoring requirements in the agreements were unnecessary. Also, the agreements did not address work performed in urban areas.

Action Taken

In review of the Cooperative Service Agreements and Work/Financial Plans, we identified changes were made, including:

- The Department of Agriculture is notified of salaries at the beginning of Work/Financial Plan and receives a quarterly report of Field Specialist salaries.
- Performance measures are included in the Work/Financial Plan.
- Required reports are listed in the Work/Financial Plan.
- Urban work is addressed in the Work/Financial Plan as an ineligible activity. The Department of Agriculture indicated urban work is to be billed to the city or individual.

Chapter 1
Recommendations Fully Implemented

Result of Implementation The Department of Agriculture receives additional information to allow it to monitor the Wildlife Services Program. Costs incurred for urban work should no longer be an expense of the state.

Recommendation #6 **We recommend the Department of Agriculture, with assistance from the Office of the Attorney General, review North Dakota Century Code requirements related to the Wildlife Services Program. Appropriate action should be taken to modify or clarify sections to make requirements clear and up-to-date.**

Original Condition State laws related to the Wildlife Services Program had not been updated since 1973 and were in need of review. North Dakota Century Code (NDCC) Section 4-01-17.1 was an example of a law which needed review. It stated the Department of Agriculture may cooperate with APHIS in the control and destruction of certain animals which were injurious to livestock, poultry, and big and small game; injurious field rodents in rural areas; and certain nongame species of birds causing crop damage or substantial economic loss. Work was being conducted in urban areas under the Wildlife Services Program and clarification was needed as to what areas the program was to serve and what animals were included as part of the program.

Action Taken NDCC was reviewed by the Department of Agriculture prior to the 2009 Legislative Session. A bill was introduced and passed by the Legislature to address certain areas. Chapter 67 of the 2009 Session Law made applicable changes to state law.

Result of Implementation Ambiguity regarding the purpose of the Wildlife Services Program has been clarified in state law.

Recommendations Partially Implemented

Recommendation #7 **We recommend the Department of Agriculture periodically verify the Wildlife Services Program billed amounts are adequately supported and reasonable.**

Original Condition Based on a review of bills submitted to the Department of Agriculture, we identified bills consisted of a one page document with very little detail. Total cost amounts were identified by category such as salary, vehicle fuel, etc. The support for these bills was to be maintained by the United States Department of Agriculture, Animal and Plant Health Inspection Service (APHIS). The Department of Agriculture did not review support maintained by APHIS to ensure amounts billed were supported and reasonable. In a review of 12 judgmentally selected bills, a number of concerns were identified. Examples included a lack of support for certain vehicle maintenance and aircraft fuel expenses as well as taxes being included in billed amounts.

Action Taken To simplify billing, the yearly Work/Financial Plan was changed to indicate only salaries and benefits will be reimbursed. In review of the four quarterly billings sent to the Department of Agriculture from APHIS for state fiscal year 2010, we identified APHIS includes the salary and benefit amount to be reimbursed, detail on the amount by pay period and employee, and what amounts are eligible for North Dakota Game and Fish Department funds, Federal funds, or attributable to the North Dakota General Fund for blackbird work. The Department of Agriculture indicated they review all documentation sent by APHIS with the quarterly billing. However, no additional detailed support has been requested.

We requested and received detailed supporting documentation from APHIS for two quarters of state fiscal year 2010. Based on our review of documentation, we identified concerns with salaries. For example:

- We identified APHIS immediately hired an individual for a vacant Field Specialist position. This individual was transferred to North Dakota from another state and brought a significant amount of credit, comp, annual, and sick leave from another federal position (over 1,600 hours). This leave time now appears to be the responsibility of North Dakota even though it was earned elsewhere. Also, the employee was paid with state funds for over 40 hours of administrative leave for time related to the purchase of a new home. The Department of Agriculture indicated they were not aware of this information.
- In review of salary information, we identified an instance in which urban work was performed by a Field Specialist and charged to the State. Urban work is an ineligible activity according to the Work/Financial plan and is to be charged to the city or individual for whom the work is performed. APHIS indicated this was charged to the state in error. APHIS added the employee did not follow proper protocol in documenting the urban work and the problem would be addressed to prevent reoccurrence.

Chapter 2
Recommendations Partially Implemented

*Management's Response
and Future Action to be
Taken*

We agree with the status of the recommendation. We will continue to review and monitor the billed amounts and periodically verify supporting documentation for billings.

Recommendation #8

We recommend the Department of Agriculture improve monitoring of Cooperative Service Agreements to ensure requirements are complied with.

Original Condition

Based on a review of Cooperative Service Agreements, we identified certain requirements in different biennium's were not fulfilled. For example, required discussions related to employment, salaries, expenses, and purchases were not held and information required to be submitted to the Department of Agriculture was not provided. The Department had established an informal monitoring process for the agreements and had relied on APHIS to comply with requirements.

Action Taken

A number of changes have been made to the Cooperative Service Agreements and the annual Work/Financial Plans. For example, reimbursable items include only salaries and benefits, performance measures have been established, and APHIS is required to submit certain information. The Department of Agriculture does review the information submitted with quarterly billings. However, the Department does not review additional supporting documentation maintained at the APHIS office. In a review of supporting documentation, we identified concerns related to salary information.

APHIS has indicated the agreed upon Cooperative Service Agreement will not be sufficient to cover the salaries and benefits of the Field Specialists and Pilot for the 2009-2011 biennium. In our review of information, we identified areas where changes could have occurred which could have reduced the impact of the shortfall of funds claimed by APHIS. For example, immediately filling a vacant position rather than leaving the position open for a certain time period resulted in no cost savings. In addition, the individual selected for this position came from another state and was hired at a significantly higher rate of pay due to years of experience. This individual also brought over 1,600 hours of credit, comp, annual, and sick leave from the prior position.

*Management's Response
and Future Action to be
Taken*

We agree with the status of the recommendation and will continue to review support submitted with quarterly billings. Also, we will periodically review additional supporting documents maintained at the APHIS office to ensure compliance with the Cooperative Service Agreement.

Chapter 2
Recommendations Partially Implemented

Recommendation #9 **We recommend the Department of Agriculture and the Game and Fish Department formally identify advantages and disadvantages of the current monitoring and funding of the Wildlife Services Program. A determination should be made as to whether the primary monitoring and/or primary funding of the program need changing.**

Original Condition The Department of Agriculture had a Cooperative Service Agreement with APHIS and was responsible for the primary monitoring of the Wildlife Services Program by the State. However, the primary funding source for the Wildlife Services Program was the North Dakota Game and Fish Department. The Game and Fish Department relied on the Department of Agriculture to monitor the use of funds being provided and had very little, if any, input as to how the funds were to be used. We determined monitoring and funding of the program should be reviewed.

Action Taken While representatives from both the Department of Agriculture and the Game and Fish Department indicated discussions have been held regarding the monitoring and funding of the Wildlife Services Program, a formal analysis has yet to be completed. A representative of the Department of Agriculture indicated reviews have been conducted on how other states are funding the Wildlife Services Program.

Management's Response and Future Action to be Taken We agree with the status of the recommendation. The Department and the Game and Fish will continue our discussions regarding monitoring and funding of the Wildlife Services Program. We will formally identify advantages and disadvantages of the current process. We will jointly make a determination regarding changes, if any, in the primary monitoring and funding of the program. Recommendations will be made to the Legislature if changes are needed.

Recommendation #10 **We recommend the Department of Agriculture obtain necessary federal budget and expenditure data for monitoring and budgeting purposes.**

Original Condition The Wildlife Services Program is funded with general funds (through the North Dakota Department of Agriculture), special funds (through the North Dakota Game and Fish Department), and federal funds (through the U.S. Department of Agriculture). Information presented to appropriation committees during the 2007 Legislative Session appeared to be inconsistent and certain federal expenditure information was unverifiable. This appears to have led to confusion regarding the funding of the Wildlife Services Program. When APHIS determined additional funds were needed, the Department of Agriculture was unable to determine the reasonableness of the additional request for funding.

Chapter 2
Recommendations Partially Implemented

Action Taken

The Department of Agriculture receives a copy of the federal budget. The budget identifies the amount of federal funds for the North Dakota Wildlife Services Program. However, even with this budget information provided to the Department, apparently an issue of insufficient funds for the 2009-2011 biennium exists. It appears APHIS was aware of the budget shortfall before the biennium began. However, limited actions were taken by APHIS to compensate for the shortfall. The Department of Agriculture performs limited monitoring of the federal budget and expenditure data.

*Management's Response
and Future Action to be
Taken*

We agree with the status of the recommendation. The Department will continue to monitor Wildlife Service's federal budget and expenditures. Federal budgets and supporting documents will be required from the local and regional office to verify credibility and changes in federal funding.

Recommendations Not Implemented

Recommendation #11 **We recommend the Department of Agriculture monitor Field Specialists' time charged to office, bad weather, miscellaneous, or similar categories. Appropriate action should be taken if time charged to these categories is excessive.**

Original Condition In a review of the Field Specialists' time worked, we identified time charged to certain categories which appeared excessive. These categories included office duties, miscellaneous, and bad weather. Time charged to these relatively broad categories provided limited information as to what activities were actually performed or what was actually accomplished by the Field Specialists.

Action Taken We identified spreadsheets, which document the Field Specialists' time and work duties, have been implemented by APHIS and clearly define the number of hours performed on each specific task during the day. These spreadsheets were reviewed and approved by the Department of Agriculture prior to implementation by APHIS.

The Department of Agriculture indicated the time charged to bad weather, office duties, and other similar categories is not monitored. While the Department of Agriculture requires APHIS to have the supporting documentation for time charged to these categories available, the Department does not request the documentation to verify the time charged was reasonable.

The time attributed each day to work categories is documented in the APHIS Management Information System (MIS). In review of MIS information for two quarters in fiscal year 2010, we identified time attributed to bad weather, office duties, equipment maintenance, and other similar categories was inconsistent. For example:

- One employee charged 33 hours to bad weather in one week. Two weeks prior, this same employee charged one hour to bad weather and 7 hours to comp time on the same day.
- One employee charged under 25 hours to equipment maintenance in one quarter, while another charged nearly 120 hours for the same quarter.
- APHIS indicated several employees have been using the MIS 2K and office duties categories interchangeably. MIS 2K duties include updating MIS to include time and work performed.

Although the Department of Agriculture has taken steps to improve APHIS documentation of certain categories of work time, the Department still performs little to no monitoring of the time charged to these categories. No action has been taken on excessive time charged to these categories.

Chapter 3
Recommendations Not Implemented

*Management's Response
and Future Action to be
Taken*

We agree with the status of the recommendation. The Department will periodically verify the Wildlife Services Program billed amounts; reviewing field specialists' time spent as part of that process. Adjustments will be made if funds are used inappropriately.