

North Dakota  
Game and Fish  
Department  
BISMARCK, NORTH DAKOTA

**Audit Report**

For the Two-year Period Ended  
June 30, 2014

ROBERT R. PETERSON  
STATE AUDITOR

Office of the State Auditor  
Division of State Audit

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## *Transmittal Letter*

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April 30, 2015

The Honorable Jack Dalrymple, Governor  
Members of the North Dakota Legislative Assembly  
Mr. Terry Steinwand, Director, North Dakota Game and Fish Department

We are pleased to submit this audit of the North Dakota Game and Fish Department for the two-year period ended June 30, 2014. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

In determining the contents of the audits of state agencies, the primary consideration was to determine how we could best serve the citizens of the state of North Dakota. Naturally we determined financial accountability should play an important part of these audits. Additionally, operational accountability is addressed whenever possible to increase efficiency and effectiveness of state government.

The in-charge auditor for this audit was Kristi Morlock. Delan Hellman and Megan Reis were the staff auditors. Paul Welk, CPA, was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 328-2241. We wish to express our appreciation to Director Steinwand and his staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Bob Peterson".

Robert R. Peterson  
State Auditor

# *Executive Summary*

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## *Introduction*

The North Dakota Game and Fish Department is the principal governmental proponent of maintenance and perpetuation of fish and wildlife, and their habitats. It has the responsibility to recommend seasons, set and enforce regulations, and disseminate information about the state's fish and wildlife. The Department assists landowners with wildlife concerns, educates hunters and boaters about safety and sportsmen ethics, provides technical assistance to landowners to improve wildlife habitat, and works to ensure the availability of wildlife and fisheries for future generations.

The Legislative Audit and Fiscal Review Committee (LAFRC) requests that certain items be addressed by auditors performing audits of state agencies. Those items and the Office of the State Auditor's responses are noted below.

## *Responses to LAFRC Audit Questions*

### *1. What type of opinion was issued on the financial statements?*

Financial statements were not prepared by the North Dakota Game and Fish Department in accordance with generally accepted accounting principles so an opinion is not applicable. The agency's transactions were tested and included in the state's basic financial statements on which an unmodified opinion was issued.

### *2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning?*

Other than our findings addressing "noncompliance with procurement laws" (page 14) and "noncompliance with NDCC and OMB guidelines for travel reimbursements" (page 15), the North Dakota Game and Fish Department was in compliance with significant statutes, laws, rules, and regulations under which it was created and is functioning.

### *3. Was internal control adequate and functioning effectively?*

Yes.

### *4. Were there any indications of lack of efficiency in financial operations and management of the agency?*

No.

### *5. Has action been taken on findings and recommendations included in prior audit reports?*

There were no recommendations included in the prior audit report.

6. *Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.*

Yes, a management letter was issued and is included on page 18 of this report, along with management's response.

### **LAFRC Audit Communications**

7. *Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.*

There were no significant changes in accounting policies, no management conflicts of interest were noted, no contingent liabilities were identified or significant unusual transactions.

8. *Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.*

The North Dakota Game and Fish Department's financial statements do not include any significant accounting estimates.

9. *Identify any significant audit adjustments.*

Significant audit adjustments were not necessary.

10. *Identify any disagreements with management, whether or not resolved to the auditor's satisfaction relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.*

None.

11. *Identify any serious difficulties encountered in performing the audit.*

None.

12. *Identify any major issues discussed with management prior to retention.*

This is not applicable for audits conducted by the Office of the State Auditor.

13. *Identify any management consultations with other accountants about auditing and accounting matters.*

None.

*14. Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six audit report questions to be addressed by the auditors are directly related to the operations of an information technology system.*

ConnectND Finance, Human Resource Management System (HRMS), the Licensing System, and the Cost Tracking System are high-risk information technology systems critical to the North Dakota Game and Fish Department.

# ***Audit Objectives, Scope, and Methodology***

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## ***Audit Objectives***

The objectives of this audit of the North Dakota Game and Fish Department for the two-year period ended June 30, 2014 were to provide reliable, audited financial statements and to answer the following questions:

1. What are the highest risk areas of the North Dakota Game and Fish Department's operations and is internal control adequate in these areas?
2. What are the significant and high-risk areas of legislative intent applicable to the North Dakota Game and Fish Department and are they in compliance with these laws?
3. Are there areas of the North Dakota Game and Fish Department's operations where we can help to improve efficiency or effectiveness?

## ***Audit Scope***

This audit of the North Dakota Game and Fish Department is for the two-year period ended June 30, 2014. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The North Dakota Game and Fish Department has operations in the following locations. Each location was included in the audit scope:

- Bismarck Office (Headquarters)
- Bismarck Game and Fish Lab
- Bismarck Game and Fish Shop
- Devils Lake Office
- Dickinson Office
- Jamestown Office
- Lonetree Office
- Riverdale Office
- Williston Office

## ***Audit Methodology***

To meet the objectives outlined above, we:

- Prepared financial statements from the legal balances on the state's accounting system tested as part of this audit and the audit of the state's Comprehensive Annual Financial Report and developed a discussion and analysis of the financial statements.



- Performed detailed analytical procedures including computer-assisted auditing techniques. These procedures were used to identify high-risk transactions and potential problem areas for additional testing.
- Tested internal control and compliance with laws and regulations which included selecting representative samples to determine if controls were operating effectively and to determine if laws were being followed consistently. Non-statistical sampling was used and the results were projected to the population. Where applicable, populations were stratified to ensure that particular groups within a population were adequately represented in the sample, and to improve efficiency by gaining greater control on the composition of the sample.
- Interviewed appropriate agency personnel.
- Queried the ConnectND (PeopleSoft) system. Significant evidence was obtained from ConnectND.
- Observed North Dakota Game and Fish Department's processes and procedures.

In aggregate there were no significant limitations or uncertainties related to our overall assessment of the sufficiency and appropriateness of audit evidence.

## ***Discussion and Analysis***

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The accompanying financial statements have been prepared to present the North Dakota Game and Fish Department's revenues and expenditures on the legal (budget) basis. The accompanying financial statements are not intended to be presented in accordance with generally accepted accounting principles (GAAP).

For the two-year period June 30, 2014, operations of the North Dakota Game and Fish Department were supported by special revenue funds which are received mainly from the sale of hunting and fishing licenses and by federal fish and wildlife grant funding.

### ***Financial Summary***

The North Dakota Game and Fish Department had \$24 million in investments at June 30, 2014 which is the same amount reported in the previous audit report. The investments consist of certificates of deposit that are held at the Bank of North Dakota with interest ranging from .10% to .50% for the period under audit.

Capital Assets were \$45,509,415 at June 30, 2014. Capital Assets increased by \$1,295,721 for fiscal year 2014 over the prior year mainly because of the purchase of equipment and land in fiscal year 2014.

Revenues consisted primarily of licenses and permits, federal funds, mineral lease payments, and sale of publications. License and permits revenue increased by about \$2,242,000 from fiscal year 2013 to fiscal year 2014 due to more fishing licenses being issued and also to fiscal year 2014 being the first year of the three year licensing period for motorboats. Federal revenue for fiscal year 2014 decreased by approximately \$4,515,000 due to projects from the 2011 flood being completed in fiscal year 2013. Leases, Rents, and Royalties revenue increased by approximately \$565,000 due to there being six more oil wells pumping that the North Dakota Game and Fish Department shared revenue on.

Other revenue during the audit period included interest income, donations, various sales, fines, rents, and transfers in. Total revenue and other sources were \$29,292,726 for the fiscal year ended June 30, 2014 as compared to \$30,818,242 for the fiscal year ended June 30, 2013.

Major expenditures consist of salaries and benefits, grants, rents, travel, and operating expenses. Total expenditures for the North Dakota Game and Fish Department were \$28,720,091 as compared to \$30,014,602 for the prior year. Rent of Land decreased approximately \$840,000 due to the number of Habitat Plots and Working Lands payments made. Other Capital payments increased approximately \$279,000 due to improvements made at the Garrison Dam National Fish Hatchery. Grants decreased approximately \$1,152,000 due to projects from the 2011 flood being finished in fiscal year 2014.

# Financial Statements

## Statement of Revenues and Expenditures

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b><u>Revenues and Other Sources:</u></b>		
Licenses and Permits	\$ 16,413,060	\$ 14,171,312
Federal Revenue	11,176,845	15,691,382
Leases, Rents, and Royalties	731,815	166,599
Sale of Publications	235,005	242,693
Donations	141,272	56,008
Interest Income	58,026	72,492
Sale of Agriculture Products	57,427	42,197
Other Revenue	145,791	240,326
Transfers In	333,485	135,233
<b>Total Revenues and Other Sources</b>	<b><u>\$ 29,292,726</u></b>	<b><u>\$ 30,818,242</u></b>
<b><u>Expenditures:</u></b>		
Salaries and Benefits	\$ 13,620,198	\$ 13,145,489
Grants	3,354,208	4,506,654
Rent of Land	2,617,779	3,458,282
Travel	1,750,032	1,742,707
Operating Fees	1,327,205	1,331,531
Other Capital Payments	1,150,187	870,959
Professional Services	754,816	792,066
Building, Ground, and Vehicle Supply	685,580	748,765
IT-Data Processing/Communications/Equipment	633,839	559,532
Postage	393,031	312,401
Supplies	333,942	361,992
Equipment	327,116	311,719
Printing	321,332	287,596
Motor Vehicles	290,377	387,745
Land Improvements and Extraordinary Repairs	253,438	185,668
Utilities	231,987	209,573
Land Purchases	215,000	292,379
Repairs	210,045	283,151
Other Expenditures	249,981	226,393
<b>Total Expenditures</b>	<b><u>\$ 28,720,091</u></b>	<b><u>\$ 30,014,602</u></b>

## Statement of Appropriations

For The Fiscal Year Ended June 30, 2014

<b>Expenditures by Line Item:</b>	<u>Original Appropriation</u>	<u>Adjustments</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Unexpended Appropriation</u>
Salaries and Benefits	\$ 25,899,606		\$ 25,899,606	\$ 12,326,486	\$ 13,573,120
Accrued Leave Payments	816,366		816,366	18,636	797,730
Operating Expenses	12,956,728	\$ 63,702	13,020,430	5,391,917	7,628,513
Capital Assets	3,885,061	491,000	4,376,061	1,673,497	2,702,564
Construction Carryover		283,923	283,923	282,999	924
Grants – Game and Fish	7,122,500		7,122,500	2,755,993	4,366,507
Habitat and Deer Depredation	12,707,403	648,835	13,356,238	4,540,731	8,815,507
Noxious Weed Control	650,000		650,000	277,845	372,155
Missouri River Enforcement	275,939		275,939	119,188	156,751
Grants – Gifts – Donation	800,000		800,000	288,065	511,935
Nongame Wildlife	120,000		120,000	12,037	107,963
Lonetree Reservoir	1,935,636		1,935,636	779,481	1,156,155
Wildlife Services	384,400		384,400	253,216	131,184
<b>Totals</b>	<u>\$ 67,553,639</u>	<u>\$ 1,487,460</u>	<u>\$ 69,041,099</u>	<u>\$ 28,720,091</u>	<u>\$ 40,321,008</u>
<b>Expenditures by Source:</b>					
Other Funds	\$ 67,553,639	\$ 1,487,460	\$ 69,041,099	\$ 28,720,091	\$ 40,321,008
<b>Totals</b>	<u>\$ 67,553,639</u>	<u>\$ 1,487,460</u>	<u>\$ 69,041,099</u>	<u>\$ 28,720,091</u>	<u>\$ 40,321,008</u>

### Appropriation Adjustments:

The \$63,702 increase to the Operating Expenses line was approved by the Emergency Commission to transfer appropriation authority from the State Agency Energy Development Impact Pool in accordance with House Bill 1015, section 6 of the 2013 Session Laws.

The \$491,000 increase to the Capital Assets line was approved by the Emergency Commission for relocating the water supply pumping facility at the Garrison Dam Fish Hatchery.

The \$283,923 increase to the Construction Carryover line was approved by the Carryover Commission for the Devils Lake Office Site Improvements, Dickinson Office Site Improvements, and land acquisitions.

The \$648,835 increase to the Habitat and Deer Depredation line was approved by the Emergency Commission. \$500,000 of the adjustment was to increase appropriation authority in this line for grant money received from the ND Outdoor Heritage Fund for the Private Land Open to Sportsmen (PLOTS) and Save Our Lakes (SOL) program. \$148,835 of the adjustment was adding the remaining appropriation authority from the 2011-13 biennium into the current biennium in accordance with Senate Bill 2227, section 3 from the 2011 session laws.

## Statement of Appropriations

For The Biennium Ended June 30, 2013

<b>Expenditures by Line Item:</b>	<u>Original Appropriation</u>	<u>Adjustments</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Unexpended Appropriation</u>
Salaries and Benefits	\$ 24,019,028		\$ 24,019,028	\$ 23,242,353	\$ 776,675
Operating Expenses	12,524,493		12,524,493	10,730,865	1,793,628
Capital Assets	4,183,170		4,183,170	3,059,821	1,123,349
Construction Carryover		\$ 198,880	198,880	198,880	
Grants – Game and Fish	7,718,500	2,500,000	10,218,500	8,832,213	1,386,287
Habitat and Deer Depredation	12,904,686	(842,462)	12,062,224	11,528,163	534,061
Noxious Weed Control	600,000		600,000	596,256	3,744
Missouri River Enforcement	200,000		200,000	199,999	1
Grants – Gifts – Donation	800,000		800,000	557,975	242,025
Nongame Wildlife	120,000		120,000	45,653	74,347
Lonetree Reservoir	1,749,065		1,749,065	1,579,833	169,232
Wildlife Services	868,800		868,800	868,800	
<b>Totals</b>	<u>\$ 65,687,742</u>	<u>\$ 1,856,418</u>	<u>\$ 67,544,160</u>	<u>\$ 61,440,811</u>	<u>\$ 6,103,349</u>
<b>Expenditures by Source:</b>					
Other Funds	\$ 65,687,742	\$ 1,856,418	\$ 67,544,160	\$ 61,440,811	\$ 6,103,349
<b>Totals</b>	<u>\$ 65,687,742</u>	<u>\$ 1,856,418</u>	<u>\$ 67,544,160</u>	<u>\$ 61,440,811</u>	<u>\$ 6,103,349</u>

### Appropriation Adjustments:

The \$198,880 increase to the Construction Carryover line was approved by the Capital Construction Carryover Committee for land acquisition, upgrade to the Riverdale office, addition to State Fair Facilities building, and an addition to the Devils Lake office.

The \$2,500,000 increase to the Grants – Game and Fish line was approved by the Emergency Commission to be used for boating access along the Missouri River that was damaged in the 2011 flood.

The \$842,462 decrease to the Habitat and Deer Depredation line is the total amount spent for expenses related to hunting access and deer depredation during the 2009-2011 biennium out of the \$850,000 authorized by Senate Bill 2017, section 6 of the 2011 Session Laws which was considered an emergency measure.

## ***Internal Control***

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In our audit for the two-year period ended June 30, 2014, we identified the following areas of the North Dakota Game and Fish Department's internal control as being the highest risk:

### ***Internal Controls Subjected to Testing:***

- Controls surrounding the processing of revenues.
- Controls surrounding the processing of expenditures.
- Controls effecting the safeguarding of assets.
- Controls relating to compliance with legislative intent.
- Controls surrounding the ConnectND (PeopleSoft) system.
- Controls surrounding the cost tracking information system.
- Controls surrounding the licensing information system.

The criteria used to evaluate internal control is published in the publication *Internal Control – Integrated Framework* from the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

We gained an understanding of internal control surrounding these areas and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk. We concluded internal control was adequate.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect: (1) misstatements in financial or performance information; (2) violations of laws and regulations; or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we did not identify any significant deficiencies in internal control. However, we noted other matters involving internal control that we have reported to management of the North Dakota Game and Fish Department in a management letter dated April 30, 2015.

## *Compliance With Legislative Intent*

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In our audit for the two-year period ended June 30, 2014, we identified and tested North Dakota Game and Fish Department's compliance with legislative intent for the following areas we determined to be significant and of higher risk of noncompliance:

- The revenue deposited into the Motorboat Program and Safety Account was properly spent in accordance with North Dakota Century Code (NDCC section 20.1-02-16.5).
- The amount transferred from the Highway Tax Distribution Fund to the Motorboat Program and Safety Account is properly supported (NDCC section 20.1-02-16.6).
- No more than \$300,000 was given to the Agriculture Commissioner for wildlife services (Senate Bill 2017, section 3 of the 2011 Legislative Session).
- Proper use of \$200,000 to be used for Missouri River law enforcement activities (Senate Bill 2017, section 5 of the 2011 Legislative Session).
- Proper use of \$400,000 from the grants, gifts, and donations line to be used for surface damage, easements, or reclamation on North Dakota Game and Fish Department owned or managed properties as a result of mineral exploration and extraction activities (House Bill 1017, section 2 of the 2013 Legislative Session).
- Proper use of the legally restricted Habitat and Depredation fund (NDCC section 20.1-02-05(16)).
- Application of proper statutory rates relating to revenue.
- Proper authorization of the North Dakota Game and Fish Department's funds.
- Compliance with OMB's Purchasing Procedures Manual.
- Compliance with appropriations and related transfers (2011 North Dakota Session Laws chapter 43 and 2013 North Dakota Session Laws chapter 17).
- Travel-related expenditures are made in accordance with OMB policy and state statute.
- Compliance with payroll-related laws including statutory salaries for applicable elected and appointed positions, and certification of payroll.
- Proper use of the State Treasurer (State Constitution, article X, section 12).
- Proper authority for investments and interest being properly deposited.
- Adequate blanket bond coverage of employees (NDCC section 26.1-21-08).
- Compliance with fixed asset requirements including record-keeping, annual inventory, surplus property, lease and financing arrangements in budget requests, and lease analysis requirements.

The criteria used to evaluate legislative intent are the laws as published in the *North Dakota Century Code* and the *North Dakota Session Laws*.

*Government Auditing Standards* requires auditors to report all instances of fraud and illegal acts unless they are inconsequential within the context of the audit objectives. Further, auditors are required to report significant violations of provisions of contracts or grant agreements, and significant abuse that has occurred or is likely to have occurred.



The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*. These findings are described below. Other than those findings, we concluded there was compliance with the legislative intent identified above. We also noted certain inconsequential instances of noncompliance that we have reported to management of the North Dakota Game and Fish Department in a management letter dated April 30, 2015.

### ***Noncompliance With Procurement Laws (Finding 14-1)***

#### **Condition:**

The North Dakota Game and Fish Department did not follow the Office of Management and Budget's procurement policies. We noted during testing that four out of thirty-six transactions were not procured properly. These errors included not completing alternate procurement requests, not completing emergency purchase requests, considering a purchase to be a public improvement and not following procurement policies when the purchase was not a public improvement, and utilizing a procurement process that was done by a county instead of completing their own procurement.

#### **Criteria:**

Chapter 6, section 6.1 of the Office of Management and Budget's State Procurement Manual states when needed commodities or services cannot be obtained from an existing source or a government entity, state procurement procedures must be followed.

Chapter 6, section 6.2 of the Office of Management and Budget's State Procurement Manual states that agencies need to obtain prior approval for all limited competitive or noncompetitive purchases over \$2,500 by using the Alternate Procurement Request form.

Chapter 3, section 3.2 of the Office of Management and Budget's State Procurement Manual states emergency purchases must be made with the level of competition practical under the circumstances. A written determination of the basis for the emergency and selection of the particular contractor must be included in the contract file. An Emergency Purchase Explanation Form must be completed and promptly forwarded to the OMB State Procurement Office after the purchase was made.

#### **Cause:**

The North Dakota Game and Fish Department was not following the Office of Management and Budget's procurement policies.

#### **Effect or Potential Effect:**

If procurement is not followed a vendor may not receive a competitive opportunity for the service or the State may not receive the best pricing option available.

#### **Recommendation:**

We recommend the North Dakota Game and Fish Department follow the Office of Management and Budget's State Procurement Manual for all purchases.

### **North Dakota Game and Fish Department Response:**

*The Department agrees with the recommendation.*

*We note that two of four transactions with discrepancies mentioned were also cited or closely related to similar transactions in the Performance audit, report dated April 2014:*

*1) Discrepancy noted in relation to utilizing a procurement process for noxious weed spraying that was completed by a county weed board – this discrepancy was also noted and cited in the Performance audit (audit period 7/1/2010-4/30/2013); and,*

*2) Discrepancy noted in relation to not completing emergency purchase requests – this discrepancy was for Garrison Dam National Fish Hatchery emergency repairs due to the flood. The non-compliance of the emergency purchase form for pump purchases was previously cited as an audit discrepancy. The transaction pulled by this audit was for a different vendor working on the same project, specifically for electrical services to install the pumps. Both vendors were closely related to the same emergency project. The Department did not complete required state procurement emergency purchase forms for this specific transaction.*

*The Department strives to comply with all laws, rules and policies. This audit period covers 10 months of the Performance audit period. After these procurement discrepancies were brought to our attention in the April 2014 Performance audit report, we immediately held staff training and reviewed policies and procedures with employees to improve compliance with the State Procurement manual, and associated laws and regulations. We will continue to have on-going procurement training, for example, at our annual staff meeting.*

### **Noncompliance With NDCC and OMB Guidelines for Travel Reimbursements (Finding 14-2)**

#### **Condition:**

The North Dakota Game and Fish Department is not following North Dakota Century Code (NDCC) and the guidelines set by the Office of Management and Budget for travel reimbursement. Eleven of the fourteen mileage reimbursements tested were reimbursed at a higher rate per mile and three of the twenty-three taxable meal reimbursements tested paid for a meal outside of the meal allowance guidelines.

There were eleven errors due to the mileage rate being rounded up when calculating the reimbursement amount. From July 1, 2012 to December 31, 2012 the mileage reimbursement rate was rounded from \$0.555 per mile to \$0.56. From January 1, 2013 to December 31, 2013 the mileage reimbursement rate was rounded from \$0.565 per mile to \$0.57. These errors were for both in-state mileage and mileage for non-state employees. The known error for in-state mileage is \$749 and the projected error for non-state employee travel is \$319.

During the Office of the State Auditor performance audit (audit period of July 1, 2010 to April 30, 2013) of the North Dakota Game and Fish Department there were errors found for meals being paid outside of the meal allowance guidelines. Due to these errors the North Dakota Game and Fish Department reviewed all travel reimbursements from July 1, 2010 to June 30, 2014. The North Dakota Game and Fish Department created an error worksheet listing all the travel

reimbursement errors they found. The three meal reimbursement errors found during audit testing were agreed to the North Dakota Game and Fish Department's error worksheet. Per the error worksheet, the overpayments were \$8,541 and \$5,052 for fiscal years 2013 and 2014, respectively.

**Criteria:**

North Dakota Century Code 44-08-04 establishes the allowed travel reimbursement rates.

The Office of Management and Budget Policy establishes guidelines for travel reimbursement regarding meals in policy 505 and mileage in policy 507.

**Cause:**

The North Dakota Game and Fish Department was not following NDCC and the Office of Management and Budget Policy for travel reimbursements. The North Dakota Game and Fish Department's Cost Tracking System did not have the correct parameters in the system for the second and third quarter meals.

**Effect or Potential Effect:**

Travel reimbursements were overpaid.

**Recommendation:**

We recommend the North Dakota Game and Fish Department follow NDCC section 44-08-04 and the Office of Management and Budget policies 505 and 507 when reimbursing employees for travel expenses.

**North Dakota Game and Fish Department Response:**

*The Department agrees with the recommendation.*

*The Department agrees that, from 7/1/12-12/31/13, it had incorrectly rounded up the established mileage rate from three decimal places to two decimal places. Since December 2013, the established mileage rate has not been three decimal places until January 2015. At that time, the Department discovered it had previously been incorrectly rounding up the mileage rate and began using the precise mileage rate of three decimals. Accordingly, we now are using the correct mileage parameter of three decimals when it occurs.*

*The Department corrected meal parameters in the Department's Cost Tracking System on January 29, 2014. Employees have had training on OMB policy 505 and 507 regarding reimbursement for travel expenses. The Department will continue to review payments to employees to ensure compliance with applicable laws, rules and policies.*

## *Operations*

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This audit did not identify areas of North Dakota Game and Fish Department's operations where we determined it was practical at this time to help to improve efficiency or effectiveness.

## ***Management Letter (Informal Recommendations)***

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April 30, 2015

Mr. Terry Steinwand, Director  
North Dakota Game and Fish Department  
100 North Bismarck Expressway  
Bismarck, ND 58501-5095

Dear Mr. Steinwand:

We have performed an audit of the North Dakota Game and Fish Department for the two-year period ended June 30, 2014, and have issued a report thereon. As part of our audit, we gained an understanding of the North Dakota Game and Fish Department's internal control structure to the extent we considered necessary to achieve our audit objectives. We also performed tests of compliance as described in the same report.

Our audit procedures are designed primarily to enable us to report on our objectives including those related to internal control and compliance with laws and regulations and may not bring to light all weaknesses in systems and procedures or noncompliance with laws and regulations which may exist. We aim, however, to use our knowledge of your organization gained during our work to make comments and suggestions which we hope will be useful to you.

In connection with the audit, gaining an understanding of the internal control structure, and tests of compliance with laws and regulations referred to above, we noted certain conditions we did not consider reportable within the context of your audit report. These conditions relate to areas of general business practice or control issues that have no significant bearing on the administration of federal funds. We do, however, want to present our recommendations to you for your consideration and whatever follow-up action you consider appropriate. During the next audit we will determine if these recommendations have been implemented, and if not, we will reconsider their status.

The following present our informal recommendations.

### **LEGISLATIVE INTENT**

Informal Recommendation 14-1: We recommend the North Dakota Game and Fish Department deposit all interest income earned in the Game and Fish Fund into the Habitat and Deer Depredation Fund in accordance with North Dakota Century Code section 20.1-02-05(16).

Informal Recommendation 14-2: We recommend the North Dakota Game and Fish Department keep support for bid tabulations done by other entities.

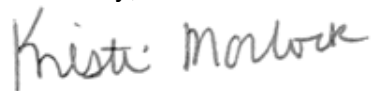
## ACCOUNTS PAYABLE/EXPENDITURES

Informal Recommendation 14-3: We recommend the North Dakota Game and Fish Department properly code expenditures to ensure the PeopleSoft coding is consistent with the nature of the expenditure.

Management of North Dakota Game and Fish Department agreed with these recommendations.

I encourage you to call myself or an audit manager at 328-2241 if you have any questions about the implementation of recommendations included in your audit report or this letter.

Sincerely,

A handwritten signature in cursive script that reads "Kristi Morlock".

Kristi Morlock  
Auditor in-charge

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Division of State Audit

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