



**COMMONWEALTH OF PENNSYLVANIA**

***PENNSYLVANIA FISH AND BOAT COMMISSION  
EXAMINATION OF FISHING LICENSES AND TROUT/SALMON PERMITS***

**FOR THE PERIODS ENDED DECEMBER 31, 2004, 2003 AND 2002**

**TABLE OF CONTENTS**

	<u>Page</u>
<i>Independent Auditor's Report</i> .....	1
<b>FINDING AND RECOMMENDATION:</b>	
<i>Finding - The Pennsylvania Fish and Boat Commission's Fishing Licenses and Trout/Salmon Permits Inventory Files Are Incorrect</i> .....	5
<b>DISTRIBUTION LIST</b> .....	10



**Independent Auditor's Report**

Mr. Douglas J. Austen, Ph.D.  
Executive Director  
PENNSYLVANIA FISH AND BOAT COMMISSION  
1601 Elmerton Avenue  
P.O. Box 67000  
Harrisburg, PA 17106-7000

Dear Mr. Austen:

We have examined the Pennsylvania Fish and Boat Commission's (commission) electronic inventory files of undistributed and unsold fishing licenses and Trout/Salmon permits (stamps) for the periods ended December 31, 2004, 2003 and 2002. The commission's management is responsible for the accuracy of the electronic inventory files of undistributed and unsold fishing licenses and stamps. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence supporting the accuracy of the electronic inventory files of undistributed and unsold fishing licenses and stamps on hand at the commission. We believe our examination provides a reasonable basis for our opinion.

As discussed in the finding included in this report, we found material differences between the commission's electronic inventory files and the licenses and stamps on hand at the commission. As a result, we conclude that the electronic inventory files do not accurately represent the undistributed and unsold fishing licenses and stamps on hand at the commission for the periods ended December 31, 2004, 2003 and 2002.

In our opinion, because of the effects of the matters described in the preceding paragraph, the electronic inventory files referred to in the first paragraph do not present fairly, in all material respects, the undistributed and unsold fishing licenses and stamps on hand at the commission for the periods ended December 31, 2004, 2003 and 2002.

This report is intended solely for the information and use of management of the commission and is not intended to be and should not be used by anyone other than this party.

Sincerely,

March 1, 2006

JACK WAGNER  
Auditor General

***FINDING AND RECOMMENDATION***



**PENNSYLVANIA FISH AND BOAT COMMISSION  
EXAMINATION OF FISHING LICENSES AND TROUT/SALMON PERMITS  
FOR THE PERIODS ENDED DECEMBER 31, 2004, 2003 AND 2002**

***Finding – The Pennsylvania Fish and Boat Commission’s Fishing Licenses and Trout/Salmon Permits Inventory Files Are Incorrect***

---

We were requested by the Pennsylvania Fish and Boat Commission (commission) to perform an examination of its undistributed and unsold (returned) fishing licenses (licenses) and Trout/Salmon permits (stamp) inventory for the periods ended December 31, 2004, 2003 and 2002. To perform our examination, the commission provided three electronic inventory files (inventory files), in an agreed upon format, from its computer system (system), one for each period. Based upon the results of our examination, we were to provide the commission a letter stating our opinion about whether its electronic inventory files of licenses and stamps for each of the three periods presents fairly the number of undistributed and returned licenses and stamps on hand at the commission. Our examination found differences between the inventory files and our physical counts for the periods ended December 31, 2003 and 2002. Additionally, our examination found two licensing procedures that affected the accuracy and completeness of the inventory files for all three periods.

The commission distributes licenses and stamps to public retailers (agents), county treasurers, and its regional offices for sale to the public. Licenses are valid from December 1 of one year through December 31 of the subsequent year (13 months), except for 3-day, 7-day and Senior Lifetime Licenses. The commission tracks licenses and stamps in its system which is designed to account for each as undistributed, distributed, sold, or returned. An account for each agent, county treasurer, and regional office is maintained in the system to track license and stamp activity, including sales revenue.

Table I shows the licenses and stamps inventory on hand at the commission according to its inventory files:

**Table I  
Fishing Licenses and Stamps Inventory**

Period Ended December 31,	Undistributed		Returned		Total Inventory
	Licenses	Stamps*	Licenses	Stamps	
<b>2004</b>	264,860	110,880	211,628	0	587,368
<b>2003</b>	384,180	132,300	223,700	0	740,180
<b>2002</b>	220,540	8,650,980	220,047	0	9,091,567
<b>Total</b>	869,580	8,894,160*	655,375	0	10,419,115

\* Undistributed stamps inventory represents the quantity of individual stamps contained in the stamp books listed in the inventory files (148,236 books x 60 stamps per book = 8,894,160 stamps).

Note: Of the recorded 8,650,980 stamps in 2002, 8,580,000 stamps were determined to be overstated due to a systems conversion error.

**PENNSYLVANIA FISH AND BOAT COMMISSION**  
**EXAMINATION OF FISHING LICENSES AND TROUT/SALMON PERMITS**  
**FOR THE PERIODS ENDED DECEMBER 31, 2004, 2003 AND 2002**

*Finding*

---

**Licensing Procedures Adversely Impacting Inventory Records for the Periods  
Ended December 31, 2004, 2003 and 2002**

As shown in Table I, there are no returned stamps included on the inventory files, only undistributed stamps. When stamps are returned, the commission does not record the stamp book numbers that contain the returned stamps, only the number of returned stamps are recorded in the system. Because the inventory files were created by extracting data from the system that only contained license or stamp numbers, returned stamps were not included. Because of this, we requested the quantity of returned stamps for each period but management stated that, "There is no report that can provide the total number of returned trout stamps." As a result, the inventory files would be understated for any stamps returned to the commission for the periods ended December 31, 2004, 2003 and 2002. Management also stated, "We don't track stamps, but we do keep track of them," meaning that the system accounts for the quantity of stamps distributed and returned. Management stated that it will begin recording stamp book numbers of full stamp books returned; however, partial stamp books will still be recorded by quantity only.

Another procedure that affected the inventory files is the commission's inclusion of distributed Senior Lifetime Licenses on the inventory files that were not on hand at the commission. These licenses are sent to county treasurers and the commission's regional offices for sale to residents 65 years of age or older. Unsold licenses are maintained at those sites for sale during subsequent license periods. However, the commission records the unsold Senior Lifetime Licenses as returned and includes them in its system as licenses on hand at the commission. Therefore, for the periods ended December 31, 2004, 2003 and 2002, the inventory files are overstated by 3,682, 5,529 and 4,510, licenses, respectively.

**Sample Selection and Results**

To test existence, we selected 60 inventory items from each license period to determine if the licenses and stamps reported in the inventory files represented the physical inventory on hand at the commission. Because our sample for the periods ended December 31, 2003 and 2002, included 19 licenses and 12 stamp books, respectively, that did not exist, we selected a like number of inventory items to add to our original sample. The number of inventory items selected and exceptions noted for each period are shown in Table II:

**PENNSYLVANIA FISH AND BOAT COMMISSION  
EXAMINATION OF FISHING LICENSES AND TROUT/SALMON PERMITS  
FOR THE PERIODS ENDED DECEMBER 31, 2004, 2003 AND 2002**

*Finding*

**Table II  
Inventory Samples and Exceptions**

<b>Period Ended December 31</b>	<b>Original Sample</b>	<b>Exceptions</b>	<b>Additional Sample</b>	<b>Additional Exceptions</b>	<b>Total Sample</b>	<b>Total Exceptions</b>
<b>2004</b>	60	0	0	0	<b>60</b>	<b>0</b>
<b>2003</b>	60	20	19	1	<b>79</b>	<b>21</b>
<b>2002</b>	60	13	12	1	<b>72</b>	<b>14</b>
<b>Total</b>	<b>180</b>	<b>33</b>	<b>31</b>	<b>2</b>	<b>211</b>	<b>35</b>

The results of our examination, including the 35 exceptions, are discussed below:

**License Inventory Exceptions For the Period Ended December 31, 2003**

As shown in Table II, from our original sample of 60 inventory items for the period ended December 31, 2003, we identified 20 exceptions that represented Resident Licenses. Nineteen inventory items were selected from a population range that never existed due to a keypunch error. Management stated the system incorrectly showed a total of 1,250,000 Resident Licenses, or 125,000 more than printed. Management stated it did not know why the error was not identified and informed us that it could not adjust the system data. The other Resident License was not located because management determined that it was sold after being returned from one agent and redistributed to another agent. Management provided this same explanation for the exception identified in our additional test sample. Management stated that “somehow” the inventory file did not show the most recent activity for both licenses.

From the inventory file provided, we cannot confirm whether the above errors occurred during the creation of the inventory file, as management stated, or if errors exist within the commission’s system. Asked if the inventory file was checked for accuracy, management stated that because the inventory file was created from its system, there was no reason to check the data. We believe these 21 exceptions should have been identified by the commission.

**PENNSYLVANIA FISH AND BOAT COMMISSION  
EXAMINATION OF FISHING LICENSES AND TROUT/SALMON PERMITS  
FOR THE PERIODS ENDED DECEMBER 31, 2004, 2003 AND 2002**

*Finding*

---

**License and Stamp Inventory Exceptions For the Period Ended December 31, 2002**

From our original sample of 60 inventory items for the period ended December 31, 2002, we identified 13 exceptions. Twelve inventory items represented undistributed stamp books that contained 720 stamps (12 books x 60 stamps per book) that were selected from a population range that never existed due to a system error. Management stated that the system incorrectly showed a total of 159,000 stamp books, or 143,000 more than printed. Management stated that the error was due to a conversion problem during implementation of a new inventory system in November 2003. Therefore, the 2002 inventory file was overstated by 8,580,000 stamps (143,000 books x 60 stamps per book). We believe management should have identified this error as part of its review after the conversion process because the quantity is uncharacteristic of the number of stamps sold, which has never exceeded 761,000 per year over the 14-year period ended December 31, 2004.

The other exception and the one identified in our additional test sample represented Resident Licenses that were on hand at the commission but were misclassified as undistributed when in fact they were distributed and returned as unsold. Management agreed with our determination.

**Recommendation:** We recommend that the commission ensure the accuracy of data entered into its inventory system by ensuring that the number of licenses and stamps ordered are entered correctly and distributed Senior Lifetime Licenses are not recorded.

In addition, we recommend that the commission record stamp book numbers of full and partial stamp books returned and conduct a periodic review of its inventory system for reasonableness.

**Commission Response:** The Fish and Boat Commission agrees with the finding. The commission makes every effort and continually strives to ensure the accuracy of its inventory records and correct any discrepancies when identified. An entirely new system for purchasing fishing licenses is planned for the near future, which will eliminate the problems identified in the finding. We recognize the problem of recording unsold individual trout stamps when returned to the commission, however, it would be impractical and cost prohibitive to implement changes to this process when the new system will resolve the issue.

**Auditors' Conclusion:** Based on the commission's response, the finding and recommendation remain as stated above.

***DISTRIBUTION***

**PENNSYLVANIA FISH AND BOAT COMMISSION**  
**EXAMINATION OF FISHING LICENSES AND TROUT/SALMON PERMITS**  
**FOR THE PERIODS ENDED DECEMBER 31, 2004, 2003 AND 2002**  
**DISTRIBUTION LIST**

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

The Honorable Noah Wenger  
Chairman  
Senate Appropriations Committee  
281 Main Capitol Building  
Harrisburg, PA 17120

The Honorable Vincent J. Fumo  
Democratic Chairman  
Senate Appropriations Committee  
545 Main Capitol Building  
Harrisburg, PA 17120

The Honorable Brett Feese  
Chairman  
House Appropriations Committee  
245 Main Capitol Building  
Harrisburg, PA 17120

The Honorable Dwight Evans  
Democratic Chairman  
House Appropriations Committee  
512-E, Main Capitol Building  
Harrisburg, PA 17120

The Honorable Robert M. Tomlinson  
Chairman  
Senate Consumer Protection and  
Professional Licensure Committee  
362 Main Capitol Building  
Harrisburg, PA 17120

The Honorable Mark B. Cohen  
C/O Leon Czikowsky  
House of Representatives  
417 Main Capitol Building  
Harrisburg, PA 17120

The Honorable Joseph Martz  
Secretary of Administration  
207 Finance Building  
Harrisburg, PA 17120

Mr. Philip R. Durgin, Executive Director  
Legislative Budget and Finance Committee  
400 Finance Building  
Harrisburg, PA 17120

The Honorable Roger A. Madigan  
Chairman  
Joint State Government Commission  
108 Finance Building  
Harrisburg, PA 17120

The Honorable Donald L. Patterson  
Inspector General  
Executive House  
101 South Second Street, 3rd Floor  
Harrisburg, PA 17101

Ms. Sharon Anderson (4)  
State Library of Pennsylvania  
Serials Records Section  
218 Forum Building  
Harrisburg, PA 17120

Mr. Douglas J. Austen, Ph.D. (3)  
Executive Director  
Pennsylvania Fish and Boat Commission  
1601 Elmerton Avenue  
P.O. Box 67000  
Harrisburg, PA 17106-7000

Ms. Mary K. DeLutis (2)  
Comptroller  
Pennsylvania Fish and Boat Commission  
Pitnick Building  
901 North Seventh Street  
Harrisburg, PA 17102

The Honorable Robert P. Casey, Jr. (2)  
State Treasurer  
129 Finance Building  
Harrisburg, PA 17120

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).