



COMMONWEALTH OF PENNSYLVANIA

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

FOR THE PERIODS ENDED DECEMBER 31, 2007, 2006 AND 2005

Independent Auditor's Report

Douglas J. Austen, Ph.D.
Executive Director
Pennsylvania Fish and Boat Commission
1601 Elmerton Avenue
Harrisburg, PA 17106-7000

Dear Dr. Austen:

We have examined the Pennsylvania Fish and Boat Commission's (commission) schedule of physical inventory of undistributed and returned (unsold) fishing licenses and trout/salmon permits (stamps) for the periods ended December 31, 2007, 2006 and 2005. The commission's management is responsible for the accuracy of the inventory of undistributed and returned 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 schedule of undistributed and returned fishing licenses and stamps as of December 31, 2007, 2006 and 2005, and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

Our examination disclosed that material differences that were reported in the previous examination with the returned stamps and Lifetime Resident Fishing Licenses (lifetime licenses) existed throughout our examination period. The commission indicated that it did not correct these deficiencies because it was in the process of implementing an automated licensing system that eliminated the paper-based licenses. The returned stamps (see Table 1) totaled 863,730 for the period under examination, of which 668,791 we could not trace to the on-hand inventories in the warehouse because these stamps did not have the associated booklet number recorded in the commission inventory records. In addition, the unsold lifetime licenses, which are unique because they are not period/year-specific like other license types and therefore not returned if unsold at year end like other license types, were improperly included in the schedule of inventory at the commission, whether they were on-hand or remained at the retail sites for sale in later periods. Therefore, the undistributed and returned licenses (see Table 1) are overstated by an undetermined number.

Our examination also disclosed that the commission was unable to locate a box containing various fishing license types. According to the commission, the licenses in the box totaled over 4,000 licenses.

In our opinion, because of the effects of the matters described in the preceding paragraph, the schedule of physical inventory referred to above does not present fairly the undistributed and returned fishing licenses and stamps on hand at the commission for the periods ended December 31, 2007, 2006 and 2005.

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

Sincerely,

October 16, 2009

JACK WAGNER
Auditor General

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*Pennsylvania Fish and Boat Commission
 Examination of Fishing Licenses and Trout/Salmon Permits
 For the Periods Ended December 31, 2007, 2006 and 2005*

*Pennsylvania Department of the Auditor General
 Jack Wagner, Auditor General
 December 2009*

Schedule

The commission distributes licenses and stamps to public retailers (agents), county treasurers' offices, 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 1-day, 3-day, and 7-day Tourist Licenses and Lifetime Resident 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. The following table represents the licenses and stamps inventory maintained at the commission according to its inventory records.

Table I

**Pennsylvania Fish and Boat Commission
 Fishing Licenses and Stamps Inventory Schedule
 Period Ended December 31, 2007, 2006 and 2005**

| Period Ended December 31, | Undistributed | | Returned | | Total Inventory |
|---------------------------|---------------|-----------|----------|---------|-----------------|
| | Licenses | Stamps | Licenses | Stamps | |
| 2007 | 438,228 | 417,090 | 298,320 | 316,275 | 1,469,913 |
| 2006 | 459,220 | 270,702 | 227,732 | 298,604 | 1,256,258 |
| 2005 | 461,200 | 312,710 | 228,124 | 248,851 | 1,250,885 |
| Total | 1,358,648 | 1,000,502 | 754,176 | 863,730 | 3,977,056 |

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***Finding The Pennsylvania Fish and Boat Commission's
Schedule of Fishing Licenses and Trout/Salmon Permits
Is Inaccurate***

Our prior examination dated March 1, 2006, of the Fish and Boat Commission's (commission) undistributed and returned fishing licenses and trout/salmon permits (stamps) on hand in the warehouse for the periods ended December 31, 2004, 2003 and 2002, found that material differences existed between the inventory files and the on-hand inventories at the commission. In discussion with management and through substantive procedures, we confirmed that two significant weaknesses regarding inadequate accountability and an insufficient audit trail for trout/salmon permits and lifetime licenses, identified in the previous examination, continued to exist throughout the current period under examination. These weaknesses resulted in material differences in the inventory schedule related to returned stamps and Lifetime Resident Fishing Licenses that management confirmed existed through the end of our examination period of December 31, 2007.

We determined that management was implementing a new electronic license delivery system called the Pennsylvania Automated Licensing Service (PALS) system during our examination period that was fully operational in January of 2008. As a result, management indicated it was not prudent to correct the weaknesses identified in the previous examination because the automated system would eliminate the need for paper-based fishing licenses, thus resolving existing weaknesses.

The following describes these significant weaknesses:

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Finding

Trout/Salmon Permits (stamps)

Stamps consist of a statewide stamp and a Lake Erie stamp, which are particular to Lake Erie fishing. The statewide stamps are accounted for by booklet number, the individual stamps are not numbered, and the booklets include 60 stamps each. When the stamp booklets were returned to the commission as unsold, the commission did not record the booklet numbers or quantity of stamps per booklet in their inventory records. The stamp booklets that were returned were stored with the licenses throughout several hundred boxes in the warehouse. As a result, without booklet numbers, we were unable to trace the returned statewide stamp inventories from the inventory records to the stamps in the warehouse. Unlike the statewide stamps, the Lake Erie stamps were individually numbered and the associated stamp numbers were recorded in the inventory records. Therefore, we were able to trace the Lake Erie stamps from the records to the stamps in the warehouse. The returned stamps, including Lake Erie stamps, totaled 863,730 (see Table 1) for the period under examination, of which 668,791 (per the inventory records) were the statewide stamps that we could not trace to the boxes in the warehouse.

Lifetime Resident Fishing Licenses (lifetime licenses)

The commission's inventory schedule overstated undistributed and returned lifetime licenses. These licenses are sold to residents 65 years of age or older. Unlike the annual licenses, these licenses are not period/year-specific; as a result, they typically are maintained at the retail sites for sale during subsequent licensing periods/years. We found that the lifetime licenses were incorrectly included in the schedule of inventory as on-hand at the commission's warehouse. The returned licenses in the inventory records for this examination were developed by the commission from their license computer system by extracting the records of distributed licenses that were unsold at the end of the license period for each year of the examination. The assumption was that at the end of the license year an unsold license is obsolete and would be returned to the commission. Although this is true for period/year specific licenses, this would not be true for a lifetime license, which would remain valid for sale in later years. Since lifetime licenses are not obsolete at the end of a particular license year, in most instances we found they were retained by the retailer for sale in subsequent years and incorrectly recorded as returned in the commission's inventory records. As a result, for the population of undistributed and returned licenses from the

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Finding

schedule on page 1 we were unable to verify the accuracy of the lifetime licenses.

Missing Box

In addition to the deficiencies noted above, during our inventory examination a box of licenses could not be located by the commission. The commission maintained the on-hand inventories in several hundred boxes that were warehoused on pallets. Management indicated that it believed the box was inadvertently warehoused with older inventories that had been destroyed. As a result, the license and stamp inventory schedule was overstated by the contents of this missing box. Although we were unable to determine the contents of the missing box using the inventory data files, management prepared a report of the box contents which included over 4,000 licenses of various license types, such as, resident, non-resident, and tourist license types.

According to the inventory records provided by the commission, we determined the data to be inaccurate and unreliable. As a result, such inaccuracies may potentially lead to errors in accountability of license activities.

Recommendation: With respect to the weaknesses identified above and in consideration of the new PALS system that was fully implemented after the period of our examination, we recommend that the commission ensure the accuracy and completeness of the data entered into its licensing system and that the commission has adequate accountability and a sufficient audit trail for fishing licenses that are sold by the commission.

Commission Response: The commission agrees with the finding. Management indicated that implementation of a new, electronic license delivery system, called PALS would eliminate and resolve the weaknesses disclosed in the finding.

Auditor Conclusion: Based on the agencies response, the weaknesses in the finding existed as of the end of our examination period. Although a new system was placed in operation that may address the weaknesses reported in our examination, it was placed in operation subsequent to our examination period. Therefore, we did not evaluate nor do we attest to the impact of the new licensing system on the weaknesses identified above in the finding.

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Distribution List

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