



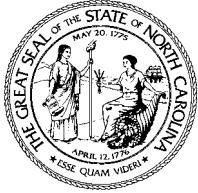
STATE OF NORTH CAROLINA

AUDIT RESULTS FROM
CAFR AUDIT PROCEDURES
WILDLIFE RESOURCE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2001

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR



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February 11, 2002

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Mr. Charles R. Fullwood, Director
Wildlife Resource Commission

We have completed certain audit procedures at the Wildlife Resource Commission related to the State's *Comprehensive Annual Financial Report (CAFR)* and the State's *Single Audit Report*, for the year ended June 30, 2001. Our audit was made by authority of Article 5A of *North Carolina General Statute § 147*.

The results of these procedures, as described below, yielded audit findings and recommendations for the Commission related to the State's general-purpose financial statements which may require disclosure in the aforementioned reports. The findings noted above are included in the findings and recommendations section contained herein. Our recommendations for improvement and management's response follow each finding.

We noted internal control weaknesses at the North Carolina Wildlife Resource Commission. These deficiencies pertained to untimely reconciliation of the Commission's disbursing account and employee's having access to critical North Carolina Accounting System screens that were not necessary for carrying out their job duties.

The accounts and operations of the Wildlife Resource Commission are an integral part of the State's reporting entity represented in the *CAFR* and the *Single Audit Report*. In the *CAFR*, the State Auditor expresses an opinion on the State's financial statements. In the *Single Audit Report*, the State Auditor also presents the results of tests on the State's internal control and on the State's compliance with laws, regulations, contracts, and grants applicable to the State's financial statements and to its federal financial assistance programs. The audit procedures were conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133.

As part of the work necessary for issuance of the *CAFR* and the *Single Audit Report*, the following individual funds and federal programs of the State were subjected to audit procedures at the Wildlife Resource Commission as we considered necessary:

Funds for the *Comprehensive Annual Financial Report*:

Capital Projects

Federal Programs for the *Single Audit Report*:

None

The individual funds and federal programs subjected to audit at the Wildlife Resource Commission are substantially less in scope than would be necessary to report on the general-purpose financial statements that relate solely to the Commission or the administration of federal programs by the Commission. Therefore, we do not express such conclusions.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Ralph Campbell, Jr." in a cursive script.

Ralph Campbell, Jr.
State Auditor

AUDIT FINDINGS AND RECOMMENDATIONS

Matters Related to Financial Reporting or Federal Compliance Objectives

Current Year Findings and Recommendations - The following findings and recommendations were identified during the current audit and represent significant deficiencies in internal control or noncompliance with laws, regulations, contracts, or grants.

1. DISBURSING ACCOUNT NOT RECONCILED TIMELY

As of June 30, 2001, the Wildlife Resource Commission's (the Commission) disbursing account had not been reconciled since October 2000. The October 2000 reconciliation was not completed until December 12, 2000. This procedure provides management with reasonable assurance that all transactions are properly recorded in the accounting records. We were able to perform alternative audit procedures to provide reasonable assurance that the cash balance was fairly stated at fiscal year end. As of our fieldwork completion date, September 12, 2001, the disbursing account had been reconciled through June 30, 2001.

Section 20 NCAC 1C.0402 of the North Carolina Administrative Code requires all agencies for whom a disbursing account has been established to reconcile its monthly disbursing account statements within 15 days of the date of the statement.

Recommendation: The Commission should reconcile its monthly disbursing account statement within 15 days of the date of the statement and the statement should be reviewed by management on a monthly basis.

Agency Response: We concur with the audit finding. The WRC has implemented procedures to ensure our disbursing account is reconciled within the 15 day limit per Section 20 NCAC 1C.0402 of the North Carolina Administrative Code. The procedures implemented have already enabled the WRC to be in compliance with the North Carolina Administrative Code by November 2001.

2. STRENGTHEN CONTROLS OVER ELECTRONIC DATA PROCESSING

Our review of the Commission's electronic data processing general controls revealed that eight employees in the finance section had inappropriate access to critical NCAS screens that were not necessary for their job duties. Inappropriate access to NCAS screens increases the likelihood of errors and unauthorized transactions. An adequately designed system of internal controls requires that employee access to NCAS screens be restricted to those screens that are necessary to carry out assigned duties.

AUDIT FINDINGS AND RECOMMENDATIONS (CONCLUDED)

Recommendation: The Commission should review and monitor its general controls over the access level provided to employees. Access should be limited to employees on a need-to-use basis.

Agency Response: We concur with the audit finding. Since WRC has a small accounting staff, the need for cross training is a priority. The times in which more than one person is out of the office for more than a day, occur frequently. WRC values the timeliness that we can respond to our customer's needs, therefore cross training necessitates staff to have access to areas of NCAS not normally utilized in their day to day functions. These two situations, size of staff, and response time to customers, cause these infractions in internal control. The WRC will review and monitor its general controls over the access level provided to employees. Access should be limited to those that employees need in order to carry out their job requirements.

DISTRIBUTION OF AUDIT RESULTS

In accordance with G.S. § 147-64.5 and G.S. § 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

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Mr. Charles R. Fullwood	Director, Wildlife Resource Commission

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March 5, 2002

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