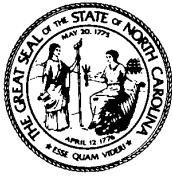


**PERFORMANCE AUDIT  
OF THE  
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
DIVISION OF MARINE FISHERIES**

**JANUARY 1998**





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AUDITOR'S TRANSMITTAL

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January 30, 1998

The Honorable James B. Hunt, Jr., Governor  
Senator Marc Basnight, President Pro Tempore  
North Carolina Senate  
Representative Harold J. Brubaker, Speaker  
North Carolina House of Representatives  
Secretary Wayne McDevitt  
Department of Environment and Natural Resources  
Senator Charles Albertson, Co-Chair  
Representative Jean Preston, Co-Chair  
Members, Joint Legislative Commission  
on Seafood and Aquaculture  
Members of the North Carolina General Assembly

Ladies and Gentlemen:

We are pleased to submit this performance audit of the *Department of Environment and Natural Resources, Division of Marine Fisheries*. This audit was requested by the Joint Legislative Commission on Seafood and Aquaculture and mandated by the Fisheries Reform Act of 1997.

The audit was conducted in two phases: the first phase of the audit, summarized in an interim report, addressed specific questions from the Commission; the second phase of the audit addressed in detail the concerns identified in the interim report. Additionally, we expanded the audit to include specific operational procedures which we determine to be essential to DMF's mission. This final report, which summarizes the findings and recommendations from both phases of the audit, contains specific recommendations aimed at improving the operations of DMF in terms of economy, efficiency, and effectiveness.

We wish to express our appreciation to the Secretary and his staff for the courtesy, cooperation, and assistance provided us during the audit.

Sincerely,

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

Ralph Campbell, Jr.  
State Auditor



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## EXECUTIVE SUMMARY

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The Office of the State Auditor undertook the audit of the Division of Marine Fisheries (DMF), located within the Department of Environment and Natural Resources (Department), at the request of the Joint Legislative Commission on Seafood and Aquaculture. To fully answer questions relative to DMF's current and future capabilities, the Auditor agreed to undertake the audit in two phases. The objective of *Phase I* of the performance audit of the Division of Marine Fisheries was to answer the initial questions asked by the Joint Commission. This report was submitted in May 1997, and relevant findings and recommendations from that report have been incorporated into this final performance audit report. The objectives of *Phase II* of the performance audit were to review in detail the areas of potential concerns noted in *Phase I* and to examine specific operational procedures determined to be key to achieving DMF's mission. This report contains the results of the audit as well as specific recommendations aimed at improving the operations of DMF in terms of economy, efficiency, and effectiveness.

*The Fisheries Reform Act of 1997*, passed in August 1997 at the end of the audit fieldwork, directed that the performance audit should “. . .include an assessment of the capacity of the Division of Marine Fisheries to effectively implement the provisions of Part V. . .” of the act. Since DMF had not implemented changes at that time in response to Part V, the findings and recommendations contained in this report reflect the systems in place at the time of the audit. However, based on our observations of DMF management, staff, and procedures during six months of fieldwork, we offer the following assessment.

### *Assessment of DMF's Current Capacity for Additional Responsibilities*

The Division of Marine Fisheries has made significant strides in improving its internal practices and procedures since the issuance of the interim report in May 1997. At that time, we noted concerns relative to operational procedures throughout DMF. DMF and Department management worked closely with the audit team to develop and implement corrective measures within available resources. It is noted throughout the report where DMF has already begun implementation of recommendations. Therefore, it is our assessment that the Division of Marine Fisheries is now in a position to assume additional responsibilities. However, we again caution that DMF needs sufficient resources, both personnel and technology, to effectively handle the *new* responsibilities contained in the Act such as the development of fishery management and coastal habitat protection plans. These concerns are reflected in the report.

The Secretary of the Department of Environment and Natural Resources reviewed a draft copy of the report. The Secretary's response is included as Appendix D, page 123. We have noted with an asterisk (\*) the findings on which DMF and/or the Department have already begun action.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

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The Office of the State Auditor undertook the audit of the Division of Marine Fisheries (DMF) at the request of the Joint Legislative Commission on Seafood and Aquaculture. The Commission requested the audit as part of its deliberations on the recommendations from the Fisheries Moratorium Steering Committee. Specifically, the Joint Commission asked the State Auditor to review the operations of DMF to give an assessment of the current status of operations and DMF's capacity to assume additional responsibilities. The Commission needed this information in time to make a decision on the recommendations of the Moratorium Steering Committee during the 1997 legislative session. The State Auditor realized that to fully answer questions relative to DMF's current and future capabilities would require a significant amount of time. Therefore, the Auditor agreed to undertake the audit in two phases in order to accommodate the Commission's needs and fully examine DMF's operations.

The objective of *Phase I* of the performance audit of the Division of Marine Fisheries was to answer the initial questions asked by the Joint Commission in order to make an interim report to the Commission. This report was submitted in May 1997 and relevant findings and recommendations from that report have been incorporated into this final performance audit report.

The objectives of *Phase II* of the performance audit were to review in detail the areas of potential concerns noted in *Phase I* and to examine specific operational procedures determined to be key to achieving DMF's mission. Specific objectives were to:

- review the governance structure and oversight responsibilities of the Marine Fisheries Commission and the Department of Environment and Natural Resources (Department);
- review the current organization, identify the functions and responsibilities of the various areas of DMF operations, and assess the staffing levels;
- review DMF operations for adequacy of controls which provide operational guidance to management and review the adequacy of reporting and accountability systems;
- examine specific programs and functions within DMF to determine effectiveness;
- determine how DMF's structure and operations compare with other states' fisheries programs; and
- assess the capacity of DMF to effectively implement the provisions of Part V of the *Fisheries Reform Act of 1997*. (We have included that assessment in the Executive Summary of this report.)

The scope of the audit encompassed all aspects of the operation of the North Carolina Division of Marine Fisheries. Additionally, the Department of Environment and Natural Resources' Controller's Office and Personnel Office were included to the extent necessary to conduct our review of DMF's operations.

During the period March 10, 1997, through August 15, 1997, we conducted the on-site fieldwork for the audit of DMF. In order to achieve our objectives, we employed various auditing techniques which adhere to the generally accepted auditing standards as promulgated in *Government Auditing Standards* issued by the Comptroller General of the United States. These techniques included:

- review of existing General Statutes and North Carolina Administrative Code as they relate to DMF;

## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

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- review of the recommendations of the Moratorium Steering Committee, as well as review of proposed legislation affecting DMF;
- survey of all current employees as identified by DMF management;
- on-site, in-depth interviews with 128 staff members;
- in-depth interviews with all members of the Marine Fisheries Commission;
- accompaniment of selected staff during the performance of their daily duties;
- identification and review of internal control procedures for DMF sections;
- review of existing planning documents, organizational charts, policies and procedures, contractual arrangements, and financial data;
- sample of data contained in DMF databases to test validity;
- examination of staffing levels, workloads, and time records;
- analysis of financial data including travel reimbursements, expenditures, and vehicle logs;
- examination of records and data pertaining to leases and proclamations;
- review of various other studies and reports on DMF operations; and
- review of data from other states for comparative purposes.

This report contains the results of Phase I and Phase II of the audit, as well as specific recommendations aimed at improving the operations of DMF in terms of economy, efficiency, and effectiveness. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any system of internal and management controls, this audit would not necessarily disclose all weaknesses in the system or instances of noncompliance. Also, projections of any of the results contained in this report to future periods are subject to the risk that procedures may become inadequate because of changes in conditions and/or personnel, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

## BACKGROUND INFORMATION

The North Carolina Division of Marine Fisheries (DMF), located within the Department of Environment and Natural Resources (DENR), was created approximately 175 years ago. DMF can trace its roots back as early as 1822 when the North Carolina General Assembly enacted legislation to impose gear restrictions on oyster harvest. Separate fish and shellfish commissions later followed that action. In 1915, these commissions were combined to form a commercial regulatory body. Until about 1963, the primary focus of DMF was on the sale of licenses, shellfish leases, collection of seafood taxes, and enforcement. Since 1964, growth and diversification of the fishing industry, development of sport fishing, increased stress on fishery resources and their habitats, and increasing economic and political complexity related to these issues have demanded the attention of DMF. In 1965, the scope of the Marine Fisheries Commission was expanded to include regulatory authority over recreational fishing activities in coastal waters. See Table 1, page 6, for a history of the Division of Marine Fisheries.

Currently, DMF's jurisdiction encompasses all coastal waters and extends to 3 miles offshore. The 9-member Marine Fisheries Commission<sup>1</sup> and the Secretary of the Department of Environment and Natural Resources establish agency policies. Traditionally ranked in the top 10 seafood producing states by pounds caught, as shown in Table 2 below, North Carolina has over 4,000 miles of shoreline and 2.5 million acres of marine and estuarine waters. Latest estimates show that approximately 6,000 full-time commercial fishermen and 1.5 million recreational anglers use the State's marine resources.

States	1991		1992		1993		1994		1995		1996	
	Thousand Pounds	Thousand Dollars	Thousand Pounds	Thousand Dollars	Thousand Pounds	Thousand Dollars	Thousand Pounds	Thousand Dollars	Thousand Pounds	Thousand Dollars	Thousand Pounds	Thousand Dollars
Alabama	21,907	\$ 36,697	23,689	\$ 35,566	22,093	\$ 34,242	23,488	\$ 48,300	28,741	\$ 49,656	26,579	\$ 38,342
Alaska	5,144,800	1,216,482	5,637,937	1,577,421	5,905,638	1,429,536	5,388,923	1,449,045	5,410,090	1,431,679	5,012,875	1,190,576
California	348,238	139,560	302,380	136,306	281,476	119,749	343,429	159,148	432,520	166,522	460,681	187,461
Connecticut	14,905	44,815	19,634	62,672	17,398	50,885	19,797	44,376	21,914	56,705	20,949	48,409
Delaware	7,881	4,522	6,554	4,207	7,191	4,628	6,988	6,118	10,108	7,858	5,958	4,397
Florida	162,731	162,056	152,169	154,889	178,751	208,833	176,551	238,995	133,483	198,067	134,038	205,203
Georgia	15,987	23,719	17,620	22,957	15,743	21,231	14,506	20,302	20,341	35,268	13,117	21,114
Hawaii	27,662	57,702	27,893	70,209	34,582	69,082	27,090	62,451	29,892	59,847	31,870	64,288
Illinois	229	377	187	367	194	275	405	566	235	444	202	415
Indiana	658	1,024	1,358	2,550	1,596	2,294	1,411	1,919	1,025	2,225	303	736
Louisiana	1,192,539	243,600	1,013,575	294,986	1,292,893	261,822	1,704,387	336,314	1,110,220	290,576	1,130,639	267,286
Maine	191,880	155,257	201,217	163,341	236,406	181,136	231,035	243,360	231,804	216,546	236,567	200,930
Maryland	88,462	47,131	57,067	36,424	84,938	53,399	67,512	60,503	68,030	60,570	69,179	52,720
Massachusetts	288,924	295,838	274,269	280,589	219,166	232,103	183,307	205,939	204,255	224,361	236,550	231,380
Michigan	14,434	10,515	15,057	10,337	16,861	9,336	13,641	9,266	14,331	10,143	14,174	9,228
Minnesota	309	111	269	101	371	138	480	236	497	236	584	221
Mississippi	238,388	34,297	187,634	31,348	181,339	29,436	220,828	44,990	145,468	41,735	160,283	32,782
New Hampshire	10,675	13,267	10,328	11,503	10,971	11,836	12,099	12,746	12,763	14,923	11,047	13,531
New Jersey	175,841	96,865	204,368	97,500	196,101	96,288	201,598	99,866	177,177	95,479	179,306	94,026
New York	50,823	53,161	50,112	53,985	54,340	54,163	44,721	53,210	76,501	56,732	83,527	
<b>North Carolina</b>	<b>212,609</b>	<b>66,747</b>	<b>154,035</b>	<b>57,458</b>	<b>164,883</b>	<b>57,890</b>	<b>196,853</b>	<b>97,892</b>	<b>184,664</b>	<b>110,884</b>	<b>193,828</b>	<b>110,057</b>
Ohio	5,360	3,591	4,985	2,555	5,332	1,731	4,348	1,392	4,722	2,639	4,258	1,984
Oregon	150,023	62,946	256,912	76,240	210,246	61,332	245,560	66,305	238,764	77,766	264,113	84,186
Pennsylvania	315	323	485	395	230	171	371	292	506	496	311	274
Rhode Island	139,805	85,111	141,655	85,681	120,756	76,320	111,808	76,807	121,929	68,422	136,708	69,919
South Carolina	19,138	28,534	19,272	25,621	18,843	25,843	17,571	27,788	24,162	37,669	15,788	24,067
Texas	108,315	214,410	96,125	181,353	90,573	152,755	85,209	206,686	94,674	198,876	91,593	190,860
Virginia	681,163	94,984	630,521	90,500	728,345	108,117	580,930	101,245	777,602	113,659	659,651	106,016
Washington	152,290	109,548	121,512	104,960	362,344	111,779	527,804	175,197	343,038	115,429	391,741	148,285
Wisconsin	17,903	5,082	8,484	5,914	7,295	5,110	8,738	5,537	8,034	5,139	5,264	4,493
<b>Total</b>	<b>9,484,194</b>	<b>\$3,308,272</b>	<b>9,637,303</b>	<b>\$3,677,935</b>	<b>10,466,895</b>	<b>\$3,471,460</b>	<b>10,461,388</b>	<b>\$3,846,398</b>	<b>9,904,199</b>	<b>\$3,770,320</b>	<b>9,564,888</b>	<b>\$3,486,713</b>
*Landings are reported in round (live) weight for all items except univalve and bivalve mollusks such as clams, oysters, and scallops, which are reported in weight of meats (excluding the shell). Landings for Mississippi River Drainage Area States are not available.												
Source: US Commercial Landings												

<sup>1</sup> During the 1997 Session of the General Assembly, the composition and membership of the Commission was changed. The Commission consisted of 17 members when the audit began.

## BACKGROUND INFORMATION

**TABLE 1**  
**HISTORY OF THE DIVISION OF MARINE FISHERIES**

PERIOD	GOVERNOR	COMMISSION	DMF DIRECTOR	SIGNIFICANT EVENT
1822	Gabriel Holmes			NC passes "An Act to Prevent the Destruction of Oysters, and for Other Purposes" <ul style="list-style-type: none"> <li>• prohibited exportation of oysters out of state</li> <li>• established how oysters could be harvested</li> <li>• established fine of \$200</li> <li>• no staff to enforce provisions</li> </ul>
1823				Office of State Geologist created; given administrative supervision of marine resources
1840	Edward Dudley			First record of oysters being planted, Beaufort, NC
1855	Thomas Bragg			NC passes "Oysters and Other Fish" <ul style="list-style-type: none"> <li>• prohibits any planted, cultivated oysters in private oyster beds from being exported</li> <li>• penalties stiffened</li> <li>• allowed owners of private oyster beds to use gear other than tongs to harvest</li> </ul>
1858				NC passes "An Act to Promote and Encourage the Planting of Oysters and Clams" <ul style="list-style-type: none"> <li>• grants no more than two acres to any one person</li> <li>• excluded blacks from obtaining grants</li> <li>• established penalties for injury of a private oyster bed</li> </ul>
1872	Tod R. Caldwell			United States Fish Commission created NC passes "An Act for the Better Protection of Oysters" <ul style="list-style-type: none"> <li>• established a season on oysters 9/1 to 4/30</li> <li>• made it legal to export oysters from NC</li> <li>• stated "any person" (regardless of race) could be fined and imprisoned for violation</li> </ul>
1873				NC passes "Oysters and Other Fish" <ul style="list-style-type: none"> <li>• gave blacks right to apply for and receive grants for oyster and clam beds</li> <li>• increased grant size from two acres to ten</li> <li>• first hatcheries under Board of Agriculture</li> </ul>
1881	Thomas J. Jarvis			established superintendent of fish and fisheries
1885-86	Alfred M. Scales			Lt. Francis Winslow, US Navy, conducted survey of oyster beds in NC
1887		NC Shell-Fish Commission		Winslow makes report to NC General Assembly; NC passes "An Act to Create the Shell-Fish Commission" <ul style="list-style-type: none"> <li>• placed under the Department of Agriculture</li> <li>• 3 commissioners, 1 year terms; no pay</li> <li>• made it illegal to trespass on grounds where shell-fish were being raised or to work oyster grounds at night</li> <li>• commission directed to keep records of all grants</li> </ul> Another law prohibited dredging in Pamlico and Roanoke Sounds in less than 8 ft. of water, no dredging at night
1888				Winslow makes final written report to General Assembly

## BACKGROUND INFORMATION

**TABLE 1 (continued)**  
**HISTORY OF THE DIVISION OF MARINE FISHERIES**

PERIOD	GOVERNOR	COMMISSION	DMF DIRECTOR	SIGNIFICANT EVENT
1889	Daniel G. Fowle			Northern oyster beds declining which stimulated prospects for a large scale oyster industry in NC NC passes “An Act to Pay the Shell-Fish Commission” <ul style="list-style-type: none"> <li>abolished Commission</li> <li>turned duties over to Secretary of State for record keeping</li> </ul> NC passes “An Act to Protect the Oyster Interest in the State of North Carolina” <ul style="list-style-type: none"> <li>called for employment of patrol boats by counties for the sound</li> </ul>
1890-91		Shell-Fish Commission (reactivated)	Wilson H. Lucas	<ul style="list-style-type: none"> <li>NC oystermen petition Gov. to ban dredgers; problems lead to the “oyster war”</li> <li>laws on dredging stiffened on temporary basis, “An Act to Give Temporary Powers to the Governor to Protect the Industry”</li> <li>first use of a chartered patrol boat, <i>Vesper</i></li> <li>NC passes “An Act to Promote and Protect the Oyster Interest of the State”</li> <li>Shell-Fish Commission recreated</li> </ul>
1892	Thomas M. Holt			<ul style="list-style-type: none"> <li>purchase of first patrol boat, <i>Lillie</i></li> </ul>
1893	Silas Carr			<ul style="list-style-type: none"> <li>legislation directing Commissioner to keep statistics on oyster industry by year</li> </ul>
1894			J. S. Mann	<ul style="list-style-type: none"> <li>annual report showed production drastically reduced</li> </ul>
1895			Theophilus White	NC passes “An Act to Provide for and Promote the Oyster Industry of North Carolina” <ul style="list-style-type: none"> <li>repealed 1891 legislation</li> <li>limited dredging significantly</li> <li>required license to fish for oysters; also had to be state resident</li> <li>stiffened penalties for violations</li> <li>allowed General Assembly to elect “Chief Inspector”</li> </ul>
1896				<ul style="list-style-type: none"> <li>oyster season set 10/1 through 4/30</li> </ul>
1897	Daniel L. Russell			<ul style="list-style-type: none"> <li>new legislation increased taxes on certain vessels</li> <li>chief inspector once again appointed by Governor</li> <li>allowed limited dredging; set longer dredging season</li> <li>provided more law enforcement</li> </ul>
1898			George Hill	<ul style="list-style-type: none"> <li>new legislation forbade licenses for any vessel under mortgage, lien, encumbrance to any non-resident</li> </ul> NC passed “An Act to Create a New Board of Shell-Fish Commissioners” <ul style="list-style-type: none"> <li>General Assembly appointed commission</li> <li>7 man commission, responsible for supervising taxes, regulating shell-fish industry</li> <li>unlawful to ship oysters out of state before culling and taxing</li> </ul>



## BACKGROUND INFORMATION

**TABLE 1 (continued)**  
**HISTORY OF THE DIVISION OF MARINE FISHERIES**

PERIOD	GOVERNOR	COMMISSION	DMF DIRECTOR	SIGNIFICANT EVENT
1901	Charles B. Aycock		William M. Webb	<p>NC passed “An Act to Promote the Oyster Industry”</p> <ul style="list-style-type: none"> <li>• replaced all prior laws re: oyster industry &amp; Shell-Fish Commission</li> <li>• abolished Shell-Fish Commission</li> <li>• gave Governor power to appoint commissioner; 5 inspectors</li> <li>• Shell-Fish Commissioner now called Oyster Commissioner</li> <li>• gave Oyster Commissioner power to make rules and regulations</li> <li>• established legislative commission to investigate the administration and accounts of the oyster industry and the shell-fish and oyster fund</li> </ul>
1903				<ul style="list-style-type: none"> <li>• Governor appointed Commissioner and Assistant Commissioner</li> <li>• Commissioner appointed inspectors</li> <li>• Commissioner given authority to enhance oyster productivity by scattering shells over beds</li> </ul>
1905	Robert B. Glenn			<ul style="list-style-type: none"> <li>• clerks of superior court no longer issues oyster licenses; Commission given responsibility</li> <li>• clams considered for regulation by Commission</li> </ul>
1906				<ul style="list-style-type: none"> <li>• appointed Governor’s committee to investigate fishing industry in NC, the Geological Survey Committee of 1906</li> </ul>
1909	William Kitchin			<ul style="list-style-type: none"> <li>• Commissioner given power to lease public bottom land for oyster beds</li> <li>• leases for period of 20 years</li> <li>• legislative committee appointed to investigate fisheries in NC</li> </ul>
1915	Locke Craig	Fisheries Commission Board	H. L. Gibbs	<ul style="list-style-type: none"> <li>• legislation to combine the Shell-Fish Commission and the Fish Commission (established in 1870’s to manage finfish)</li> <li>• 5 members appointed by Governor</li> <li>• Commissioner now called Fish Commissioner; chosen by Commission</li> <li>• gave Commission power to make regulations concerning fisheries of state; exclusive jurisdiction and control over commercial fisheries</li> </ul>
1917	Thomas W. Bickett			<p>NC passes “an Act to Establish a Fisheries Commission and to Protect Fisheries in NC”</p> <ul style="list-style-type: none"> <li>• legislation reiterated 1915 law</li> <li>• reduced arrest power of Fish Commissioner</li> <li>• increased taxes on traditional fishing appliances</li> <li>• created new license for people taking scallops and clams, including dealers</li> </ul>
1918				<p>Commission passed regulations for:</p> <ul style="list-style-type: none"> <li>• prohibiting taking of small fish before they had chance to breed and reproduce</li> <li>• dredging of channels and inlets to keep them open</li> <li>• spawning grounds for shad and herring closed to netting</li> <li>• eggs from shad and herring turned over to US Bureau of Fisheries for hatching</li> <li>• empty oyster and scallop shells planted near natural oyster beds</li> <li>• all oysters under 2 1/2 inches long be returned to public waters</li> <li>• unlawful to take clams less than 1 1/2 inches from hinge to mouth</li> <li>• scallops had to be 2 inches from hinge to mouth; season from 12/1 to 4/14</li> </ul>

## BACKGROUND INFORMATION

**TABLE 1 (continued)**  
**HISTORY OF THE DIVISION OF MARINE FISHERIES**

PERIOD	GOVERNOR	COMMISSION	DMF DIRECTOR	SIGNIFICANT EVENT
1919			James K. Dixon	<ul style="list-style-type: none"> <li>Commissioner reports fisheries management programs succeeding</li> <li>not based on scientific data</li> </ul>
1921	Cameron Morrison		John A. Nelson	<ul style="list-style-type: none"> <li>reported Commission still not self-sustaining</li> <li>first chemist hired by Commission</li> </ul>
1922				<ul style="list-style-type: none"> <li>Commission sponsors first booth at State Fair</li> </ul>
1923				<ul style="list-style-type: none"> <li>legislature appropriated additional funds to Commission to expand programs</li> <li>Fisheries Commission increased to 11 members appointed by Governor, confirmed by Senate</li> <li>staggered terms for Commission members introduced</li> </ul>
1924				<ul style="list-style-type: none"> <li>Commission built fish hatcheries in several locations in state, fully completed in 1926</li> <li>inlets opened</li> <li>planting of oyster shells expanded</li> <li>shell-fish sanitation program expanded</li> </ul>
1925	Angus W. McLean			<ul style="list-style-type: none"> <li>Dept. of Conservation &amp; Development established</li> </ul>
1927				<ul style="list-style-type: none"> <li>Fisheries Commission moved to Dept. of Conservation &amp; Development</li> </ul>
1928				<ul style="list-style-type: none"> <li>Fisheries Commission name changed to Division of Commercial Fisheries</li> </ul>
late 1940's	Robert Gregg Cherry			<ul style="list-style-type: none"> <li>UNC Institute for Fisheries Research established in Morehead City in part to conduct research for Division</li> <li>Wildlife Resources Commission established; removed inland fisheries and game responsibilities from Fisheries Commission Board</li> </ul>
1955	Luther H. Hodges	Commercial Fisheries Advisory Board	Gehrmann Holland	<ul style="list-style-type: none"> <li>7 member board created to advise the Conservation &amp; Development Board</li> </ul>
1965	Dan K. Moore	Commercial and Sports Fisheries Advisory Board	David A. Adams	<ul style="list-style-type: none"> <li>Division office moved to Raleigh from Morehead City</li> <li>Division reorganized; renamed Division of Commercial and Sports Fisheries</li> <li>most local laws re: fishing eliminated</li> <li>Research and Development section added to Division to develop data on which to base decisions</li> <li>Board's name changed; authority expanded to include regulation over recreational fishing activities in coastal waters</li> </ul>
1967				<ul style="list-style-type: none"> <li>construction of the research vessel, <i>R/V Dan Moore</i>, approved</li> </ul>
1969	Robert W. Scott		Thomas L. Linton	<ul style="list-style-type: none"> <li>dredge and fill law enacted</li> </ul>
1970				<ul style="list-style-type: none"> <li>Dredge and Fill Section created in Division (became Div. of Coastal Management in late 70's)</li> <li>first field office established in Wilmington</li> </ul>
1972				<ul style="list-style-type: none"> <li>Elizabeth City field office established</li> </ul>

## BACKGROUND INFORMATION

**TABLE 1 (concluded)**  
**HISTORY OF THE DIVISION OF MARINE FISHERIES**

PERIOD	GOVERNOR	COMMISSION	DMF DIRECTOR	SIGNIFICANT EVENT
1973	James E. Holshouser, Jr.	Marine Fisheries Commission	Edward G. McCoy	<ul style="list-style-type: none"> <li>• Department of Conservation and Development dismantled</li> <li>• Department of Natural and Economic Resources created; Division renamed Division of Marine Fisheries, Division office moved back to Morehead City</li> <li>• advisory board eliminated; MFC established; 7 members</li> </ul>
1975				<ul style="list-style-type: none"> <li>• Washington field office established</li> </ul>
1977	James B. Hunt, Jr.			<ul style="list-style-type: none"> <li>• Dept. renamed Dept. of Natural Resources and Community Development</li> <li>• MFC reorganized; membership increased to 15</li> <li>• Staggered terms for Commission members deleted</li> </ul>
1980			Connell Purvis	<ul style="list-style-type: none"> <li>• R&amp;D program undergoes major changes; <i>R/V Dan Moore</i> program ended</li> <li>• biological programs focused on estuarine fisheries</li> <li>• funding for commercial fisheries statistics and data management</li> </ul>
1982			O. B. Lee, Jr. (died after 1 month)	
1985	James Martin		Robert K. Mahood	<ul style="list-style-type: none"> <li>• MFC reorganized; majority of members replaced by new Governor</li> </ul>
1987			William T. Hogarth	<ul style="list-style-type: none"> <li>• MFC reorganized; authority increased</li> <li>• Staggered terms for Commission members reinstated</li> <li>• Much authority moved from Dept. Secretary to Marine Fisheries Director</li> <li>• Coastal counties divided into 4 districts for enforcement and fisheries management</li> </ul>
1993	James B. Hunt, Jr.			<ul style="list-style-type: none"> <li>• MFC membership categories changes; increased to 17</li> </ul>
1994				<ul style="list-style-type: none"> <li>• Moratorium Steering Committee appointed</li> </ul>
1995			Bruce Freeman	
1996				<ul style="list-style-type: none"> <li>• Moratorium Steering Committee final report</li> <li>• Submitted to Joint Legislative Committee on Seafood and Aquaculture</li> </ul>
1997			Preston Pate	NC passes "An Act To Enact the Fisheries Reform Act of 1997 to Protect, Enhance, and Better Manage Coastal Fisheries in North Carolina"

Source: Data compiled from Division of Marine Fisheries documents.

## BACKGROUND INFORMATION

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### MISSION, VISION, AND GOALS AND OBJECTIVES

DMF's mission is “. . . to ensure sustainable marine and estuarine fisheries for the benefit of the people of North Carolina.” DMF has defined its agency vision as:

1. To become a “model” fisheries management agency, which ensures healthy, sustainable marine and estuarine fisheries through management decisions based upon accurate data and objective analysis;
2. To provide excellent public service by motivated employees in a healthy, open working environment;
3. To view public participation as essential for successful management of North Carolina's fisheries; and
4. To enforce marine fisheries statutes and rules fairly and consistently.<sup>2</sup>

### STATUTORY AUTHORITY

#### *Marine Fisheries Commission*

The Marine Fisheries Commission was created by GS §143B-289.51 and given the power and duty to adopt rules to be followed in the management, protection, preservation, and enhancement of the marine and estuarine resources of the State including commercial and sports fisheries resources. Specifically, the overall function, purpose, and duty of the Commission is:

- 1) To manage, restore, develop, cultivate, conserve, protect, and regulate the marine and estuarine resources of the State of North Carolina;
- 2) To implement the laws, relating to coastal fisheries, coastal fishing, shellfish, and crustaceans, and other marine and estuarine resources enacted by the General Assembly, through the promulgation of rules and policies, to the end that there may be provided a sound, constructive, comprehensive, continuing, and economical coastal fisheries program directed by citizens, who shall have knowledge of or training in the protection, restoration, proper use and management of marine and estuarine resources;
- 3) To implement management measures regarding ocean and marine fisheries in the Atlantic Ocean consistent with the authority conferred on the State by the federal government; and
- 4) To advise the State regarding ocean and marine fisheries within the jurisdiction of the Atlantic States Marine Fisheries Compact, the South Atlantic Fishery Management Council, and other similar organizations established to manage or regulate fishing in the Atlantic Ocean.

At the time the audit began, the Commission was composed of 17 members appointed by the Governor. However, during the 1997 Session of the General Assembly, the composition of the Commission was changed to 9 members, still appointed by the Governor. The members must represent the interests of commercial fishing, sports fishing, seafood processing and distribution, and marine or estuarine sciences or the environment. Members serve staggered six-year terms of office. The Director of DMF and the Department of Environment and Natural Resources supply all clerical and other services required by the Commission.

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<sup>2</sup> Excerpts from comments by Mike Buhl, Deputy Director of the Division of Marine Fisheries, September, 1997.

## BACKGROUND INFORMATION

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### *Department of Environment and Natural Resources*

The Department of Environment and Natural Resources (Department) is charged with the duty of administering and enforcing provisions pertaining to the conservation of marine and estuarine resources. The main statutory authority for the Department is contained in Articles 14-17 of Chapter 113 of the General Statutes. In executing the duty outlined in GS §113-181, the Department may:

- 1) Collect such statistics, market information, and research data as is necessary or useful to the promotion of sports and commercial fisheries in North Carolina and the conservation of marine and estuarine resources generally;
- 2) Conduct or contract for research programs or research and development programs applicable to resources generally and to methods of cultivating, harvesting, marketing, or processing fish as may be beneficial in achieving the objectives of this Subchapter;
- 3) Enter into reciprocal agreements with other jurisdictions with regard to the conservation of marine and estuarine resources; and
- 4) Regulate placement of nets and other sports or commercial fishing apparatus in coastal fishing waters with regard to navigational and recreational safety as well as from a conservation standpoint.

### *Division of Marine Fisheries*

The Department has delegated the duty and responsibility pertaining to the conservation of marine and estuarine resources to the Division of Marine Fisheries (DMF). These duties and responsibilities are contained in Chapter 3 of Title 15A of the North Carolina Administrative Code (NCAC). The scope and purpose outlined for DMF in Subchapter 3H.0002 are:

- 1) The Division of Marine Fisheries is charged with the stewardship of the marine and estuarine resources of the State of North Carolina and is responsible for the management of all marine and estuarine resources. This responsibility includes the administration and enforcement of all statutes and rules governing commercial and recreational fishing in coastal waters, the development and improvement of the cultivation and harvesting of shellfish, and submerged land claims in North Carolina;
- 2) In its constant effort to meet its obligation, the Division of Marine Fisheries administers programs in commercial and recreational fisheries management and enforcement, applied research and monitoring, fisheries statistics, shellfish rehabilitation, bottom leasing, submerged land claims, and information and education;
- 3) The rules herein are applicable in all coastal waters of North Carolina, including joint fishing waters, and in the Atlantic Ocean; and
- 4) The rules are designed to carry out, in part, the duty of the Division of Marine Fisheries to maintain, preserve, protect, and develop all the marine and estuarine resources of the State.

In addition to duties delegated to DMF, specific authority has been delegated to the Fisheries Director. The delegation of authority outlined in NCAC 3H.0003 states:

- 1) The following specific functions have been delegated by the Secretary to the Fisheries Director:
  - i) The authority to return confiscated property when satisfied that the owner of such property had no knowledge of the use of the property for illegal purposes pursuant to GS §113-137;
  - ii) The authority to select license agents pursuant to GS §113-151.1;

## BACKGROUND INFORMATION

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- iii) The authority to suspend or revoke all licenses pursuant to GS §113-166;
  - iv) The authority to grant, renew or terminate shellfish leases pursuant to GS §113-202, 113-202.1 and 113-202.2;
  - v) The authority to settle claims of ownership of estuarine bottoms pursuant to GS §113-206; and
  - vi) The authority to issue Scientific Collecting Permits pursuant to GS §113-261.
- 2) The proclamation authority granted to the Fisheries Director by the Marine Fisheries Commission within this Chapter includes the authority to close as well as open seasons and areas, to establish conditions governing various activities, and to reduce or increase the size and harvest limits from those stated in rule when specifically authorized. It is unlawful to violate the provisions of any proclamation issued by the authority of the Marine Fisheries Commission Rule.

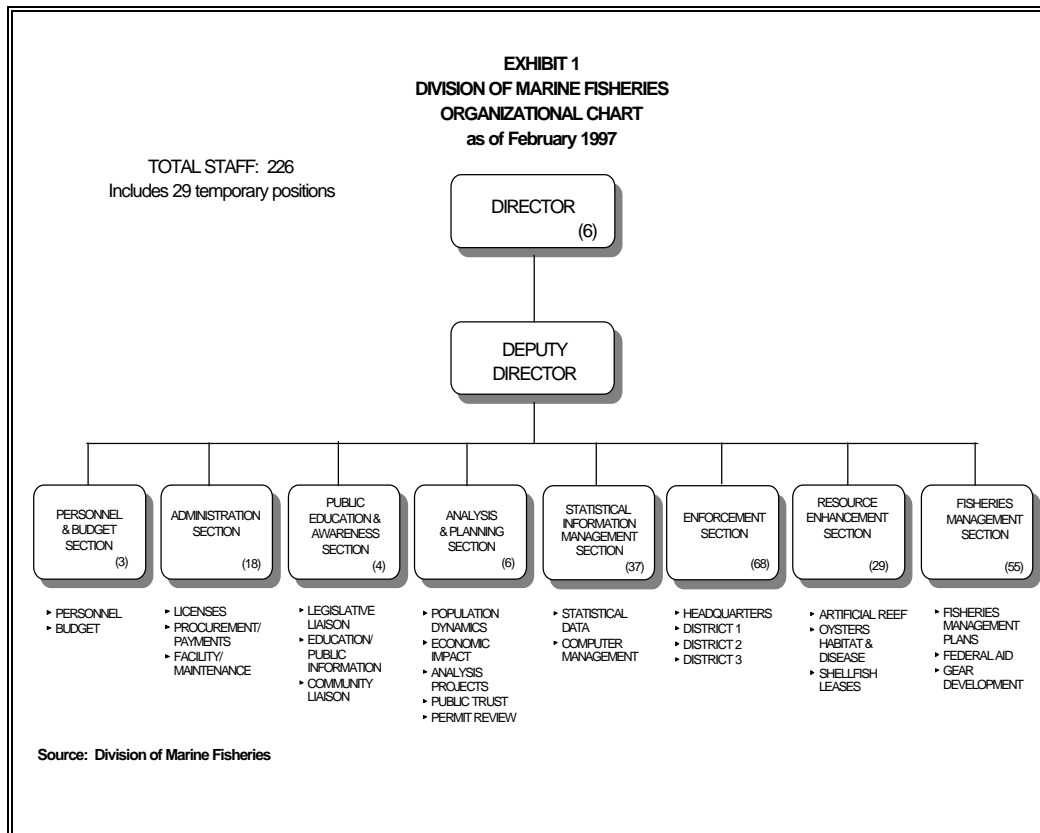
## ORGANIZATIONAL STRUCTURE AND STAFFING

Exhibit 1 below depicts the organizational structure in place at the beginning of our audit.<sup>3</sup> This organization featured eight distinct areas: personnel and budget, administration, public education and awareness, analysis and planning, statistical information management, enforcement, resource enhancement, and fisheries management. The Statistical Information Management section and the Enforcement Section are further divided into 3 districts. The Fisheries Management section is divided into 4 districts. Based upon our review, the districts are necessary, logical, and meet the needs of DMF and the programs without causing any overlap of duties and/or confusion for Division staff. Following is a discussion of the major functions assigned to each section.

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<sup>3</sup> The division was reorganized as of September 1997. See page 33 for discussion of the reorganization.

## BACKGROUND INFORMATION



### *Personnel and Budget*

The **Personnel and Budget** section oversees personnel management for over 200 permanent and temporary employees and manages DMF's \$12 million budget. Additionally, this section is responsible for job recruitment, orientation, employee training and development, and administration of state policies, procedures, and guidelines.

### *Administration*

Headed by a Business Officer, the **Administration** section provides much of the support for the day-to-day operations of licensing, purchasing and the maintenance of Division facilities. Functions included in the day-to-day operations are property management, travel, accounts payable, boat repair, the motor pool, and the procurement of supplies and services. Table 3 shows the number of licenses sold by type for the past ten years.

## BACKGROUND INFORMATION

TABLE 3 LICENSES SOLD BY TYPE										
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
VESSEL	20,773	20,751	20,199	19,811	12,145	18,288	21,941	18,675	17,534	16,389
SHELLFISH AND CRAB	11,522	10,775	9,988	9,098	4,942	7,910	13,011	7,438	6,115	5,607
VESSEL CRAB	N/A	N/A	N/A	N/A	N/A	N/A	N/A	336	1,073	1,293
ENDORSEMENT TO SELL	N/A	N/A	N/A	N/A	N/A	N/A	6,672	7,536	7,799	8,165
SEAFOOD DEALERS	1,085	N/A	1,100	1,256	975	677	833	865	729	850
SPOTTER PLANE	N/A	N/A	21	22	20	19	11	20	20	19
OCEAN PIER	17	N/A	N/A	N/A	N/A	32	32	32	32	29
<b>TOTAL</b>	<b>33,397</b>	<b>31,526</b>	<b>31,308</b>	<b>30,187</b>	<b>18,082</b>	<b>26,926</b>	<b>42,500</b>	<b>34,902</b>	<b>33,302</b>	<b>32,352</b>
Note 1: Shellfish and crab licenses were oyster, scallop, and clam licenses prior to FY1994.										
Note 2: Vessel crab licenses were implemented in FY1995.										
Note 3: Endorsement to sell licenses was implemented in FY1994.										
Note 4: Spotter plane licenses were implemented in FY1990.										
Note 5: Figures not available for ocean pier licenses for FY1989 through FY1992 and for seafood dealers for calendar year 1989.										
Note 6: Figures for seafood dealers for 1988 through 1992 are on a calendar year basis.										
Source: License databases and actual license count for spotter plane and ocean pier from Division of Marine Fisheries License Unit. These amounts are unaudited.										

### *Public Education and Awareness*

The **Public Education and Awareness** section is responsible for the distribution of information about Division activities and oversees educational outreach to user groups and the general public. Included also in this section are photography services, graphic design, and DMF's web site.

### *Analysis and Planning*

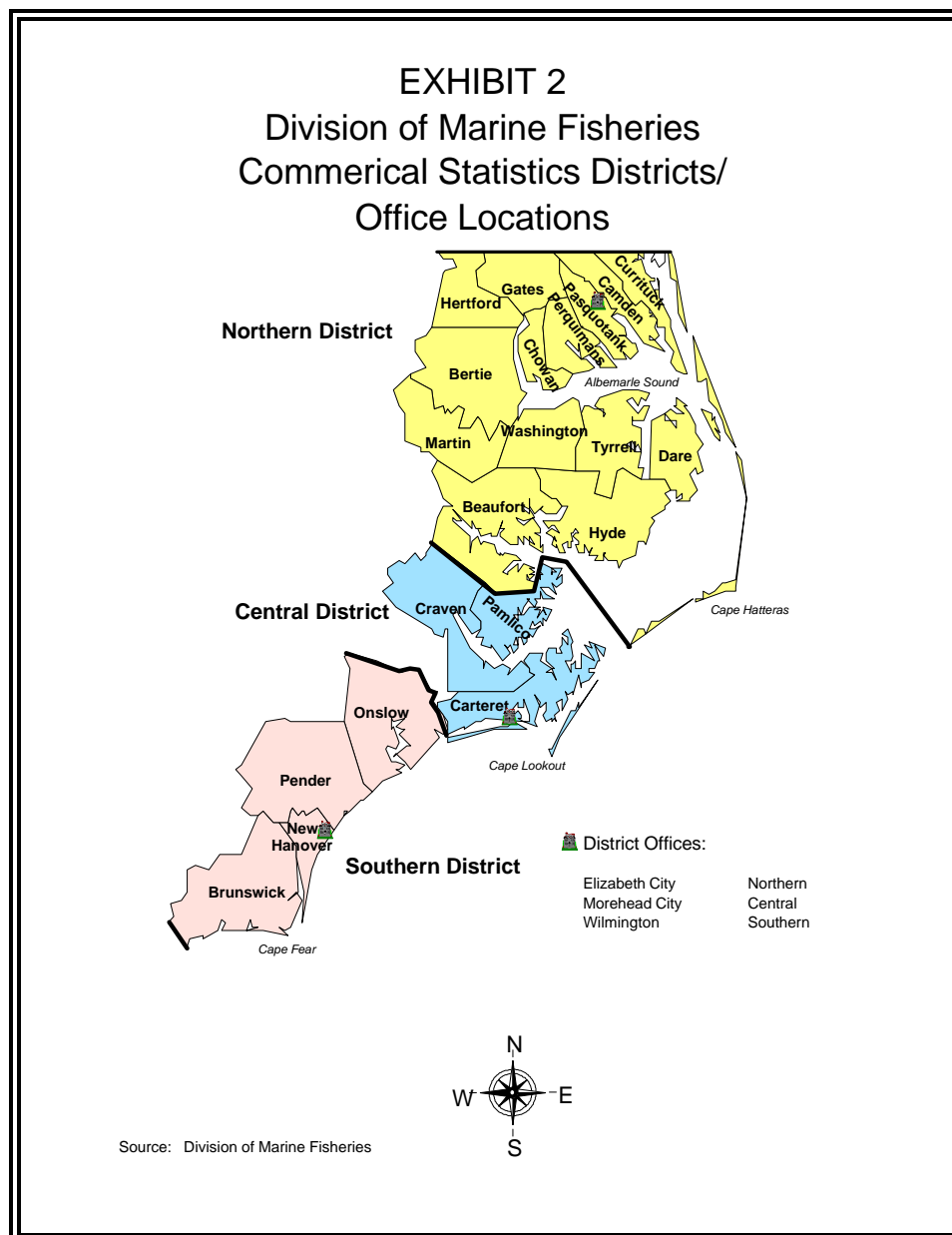
The **Analysis and Planning** section is responsible for protecting coastal fisheries habitat, water quality, and public trust interests; providing a logical basis for fisheries management decisions; and providing planning guidance for Division operations. Functions included in this section are the management of DMF's process for commenting on habitat alteration permit applications, resolution of submerged lands claims under specific legislative acts, short-term and long-term economic studies and population dynamics research, and preparation of economic sections of DMF fishery management plans.



## BACKGROUND INFORMATION

### *Statistical Information Management*

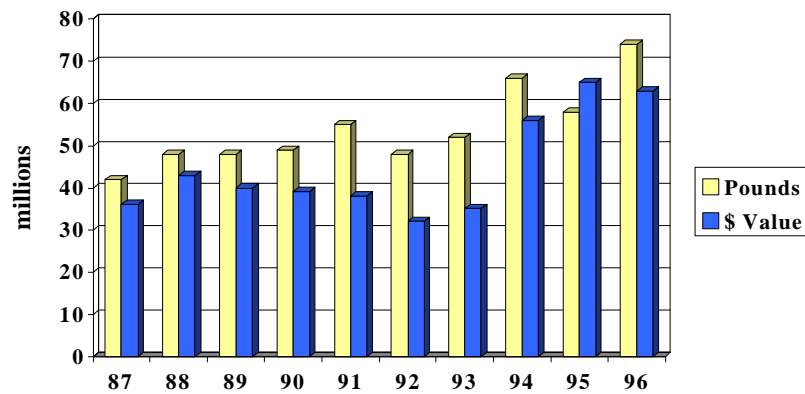
The **Statistical Information Management** section is responsible for collecting, processing, and disseminating all commercial and recreational fisheries catch statistics. As depicted in Exhibit 2 below, this work is carried out in three districts along the coast. Appendix A, page 113, shows the annual commercial landings for the period 1987 through 1996. Exhibit 3, page 18 shows total finfish, shellfish, and grand totals for all types of fish for 1987 through 1996. Additionally, the section is responsible for the management of biological (research and monitoring), and other administrative data; providing technical support for computer use; purchase and maintenance of DMF computers; the dissemination of statistical, biological, and other data required by DMF staff, other state and federal agencies and the public; maintenance and operation of DMF's Geographic Information System (GIS); and implementation and maintenance of DMF's Local Area Network (LAN).



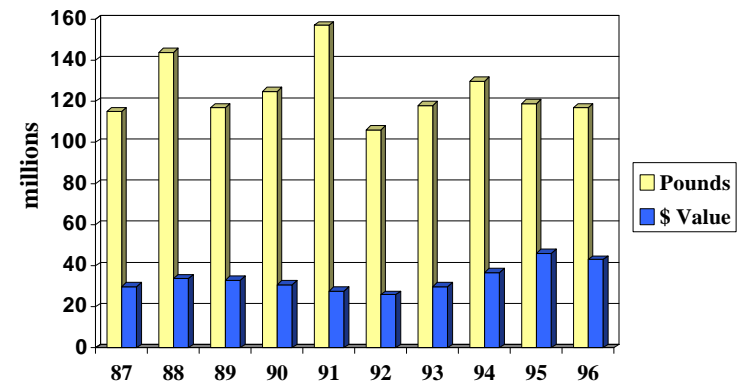
## BACKGROUND INFORMATION

### EXHIBIT 3 NORTH CAROLINA'S ANNUAL COMMERCIAL LANDINGS 1987 THROUGH 1996

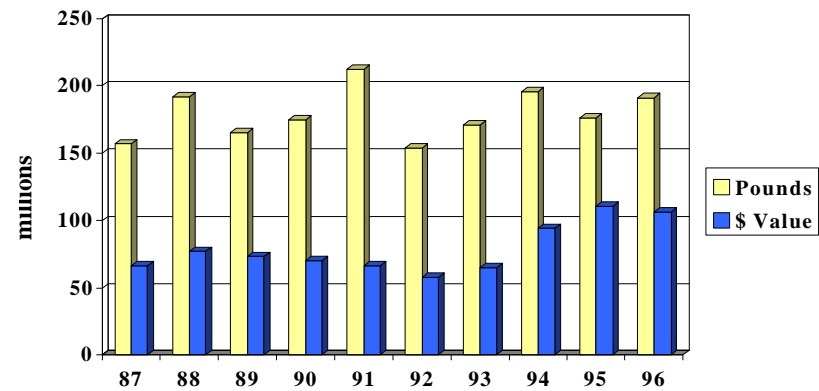
#### SHELLFISH TOTAL



#### FINFISH TOTAL



#### GRAND TOTAL ALL TYPES

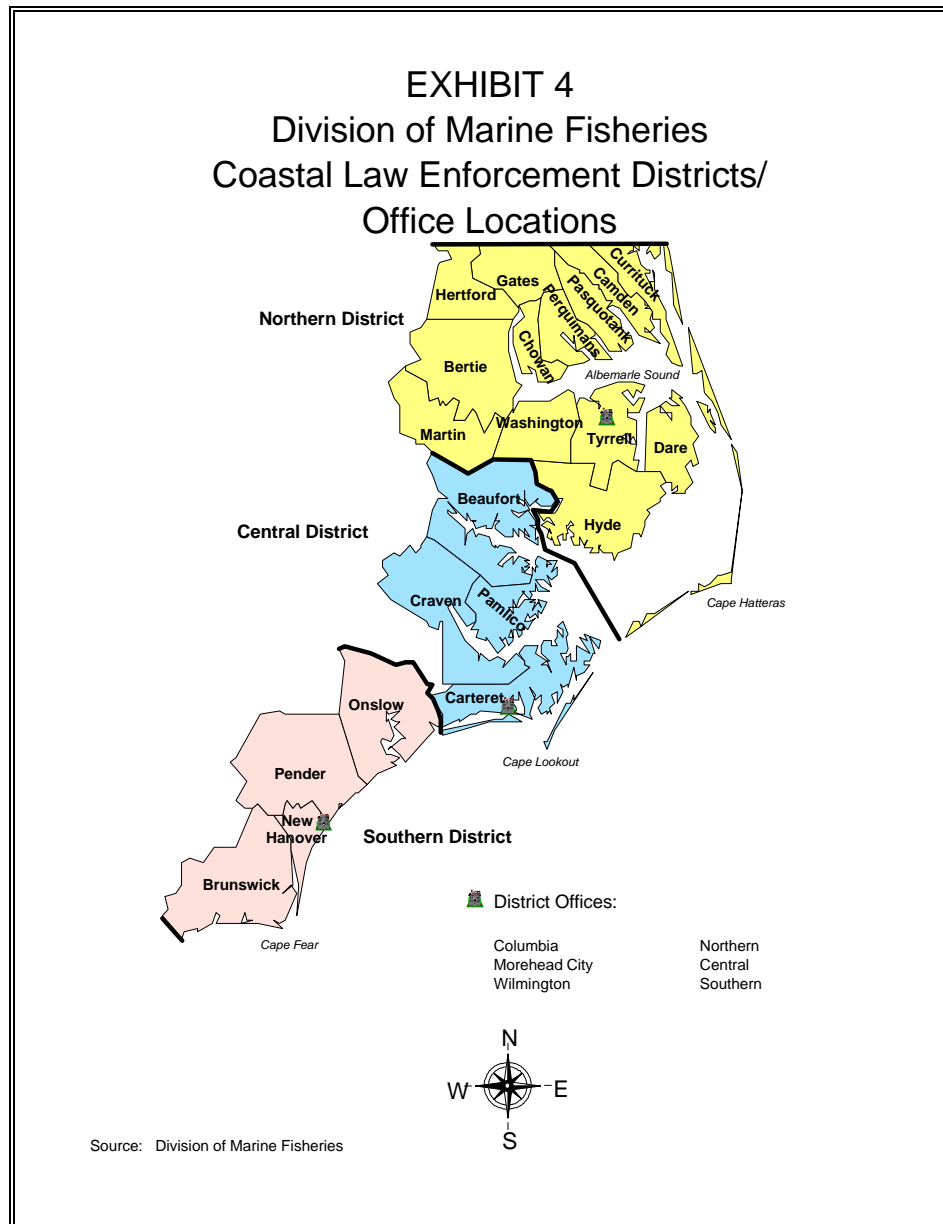


Source: Division of Marine Fisheries

## BACKGROUND INFORMATION

### *Enforcement*

The **Enforcement (Marine Patrol)** section has officers who work in three law enforcement districts along the coast. Exhibit 4, below, depicts the three districts. It is the officers' responsibility to ensure compliance with conservation regulations and protect the State's fisheries resources. Officers also inspect seafood houses, fish dealers, and restaurants that buy or sell North Carolina seafood. This mission is accomplished with boats, fixed-wing aircraft, helicopters, and patrol vessels.



### *Resource Enhancement*

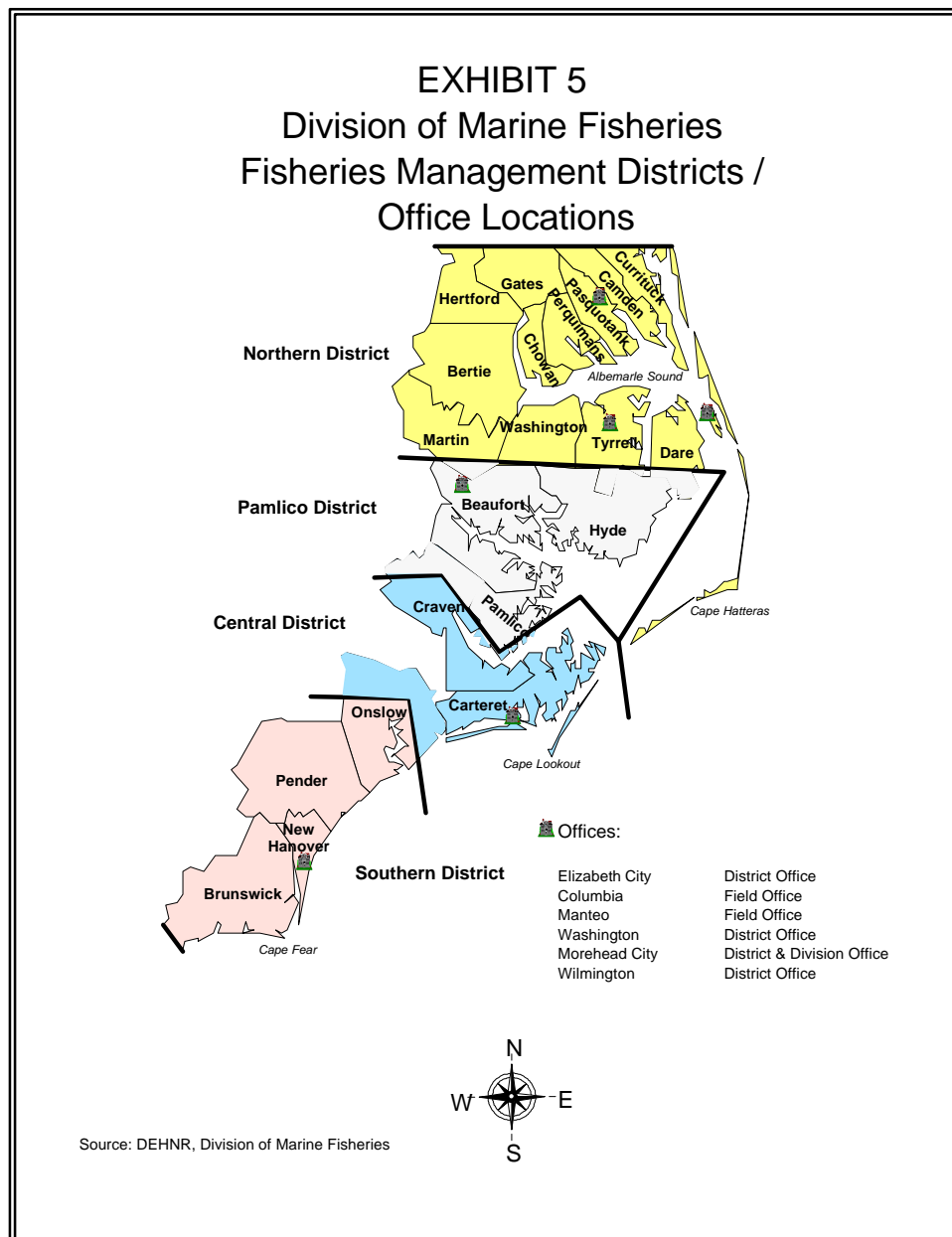
The **Resource Enhancement** section is responsible for shellfish resource development, habitat enhancement, shellfish mapping, shellfish leasing, and identification of diseases affecting

## BACKGROUND INFORMATION

shellfish. This section additionally manages the Artificial Reef Program (39 ocean sites and 17 estuarine sites).

### *Fisheries Management*

The **Fisheries Management** section, which houses the bulk of DMF's biologists, is responsible for conducting fisheries research, gear research, resource monitoring, and collection of biological information. As depicted in Exhibit 5 below, this work is carried out in four coastal districts, which separate the State's uniquely different fisheries. This section also administers the Saltwater Tournament and the Governor's Cup Conservation Billfish Tournament series.



## BACKGROUND INFORMATION

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### PROGRAM OVERVIEW

DMF is responsible for a number of major programmatic areas. We have briefly summarized these program efforts below.

#### *Fishery Resource Grant*

The Fishery Resource Grant program, created by the General Assembly in 1994, became effective July 1, 1994. The program offers \$1 million in State funds annually based on grant proposals. These proposals are evaluated by DMF, which makes recommendations on awards to the Marine Fisheries Commission. The grants must address one of the following issues: (1) new fishing equipment and techniques, (2) assess fishing trends, (3) environmental studies, and (4) other fishery issues that will enhance the State's coastal fisheries. Grants are to be distributed as equally as possible among the four coastal districts. During 1995-96, DMF received 110 applications. The Commission awarded 38 grants to 37 different grantees. In addition to overseeing the application process and awarding of grants, DMF is responsible for monitoring progress on grant projects. In 1996, the General Assembly passed legislation that transferred administration of the grant program to the North Carolina Sea Grant Program; the Marine Fisheries Commission still awards the grants, however.

#### *Governor's Cup Billfish Tournament*

The Governor's Cup was established approximately six years ago to promote coastal North Carolina, sportfishing, and the billfishing industry, as well as to encourage conservation. This tournament acts as the "umbrella" tournament to seven previously established tournaments occurring between May and November of each year. The tournaments encourage increased fish size by promoting a tag and release program. Costs to participants are \$125 to \$150. Of this amount, \$100 goes to the Marine Fisheries Conservation Fund and the remainder goes to the Billfish Foundation. No state funds have been appropriated for this program. Tournament sponsors pay for advertising, awards, trophies, and other promotions.

#### *Saltwater Fishing Citation Program*

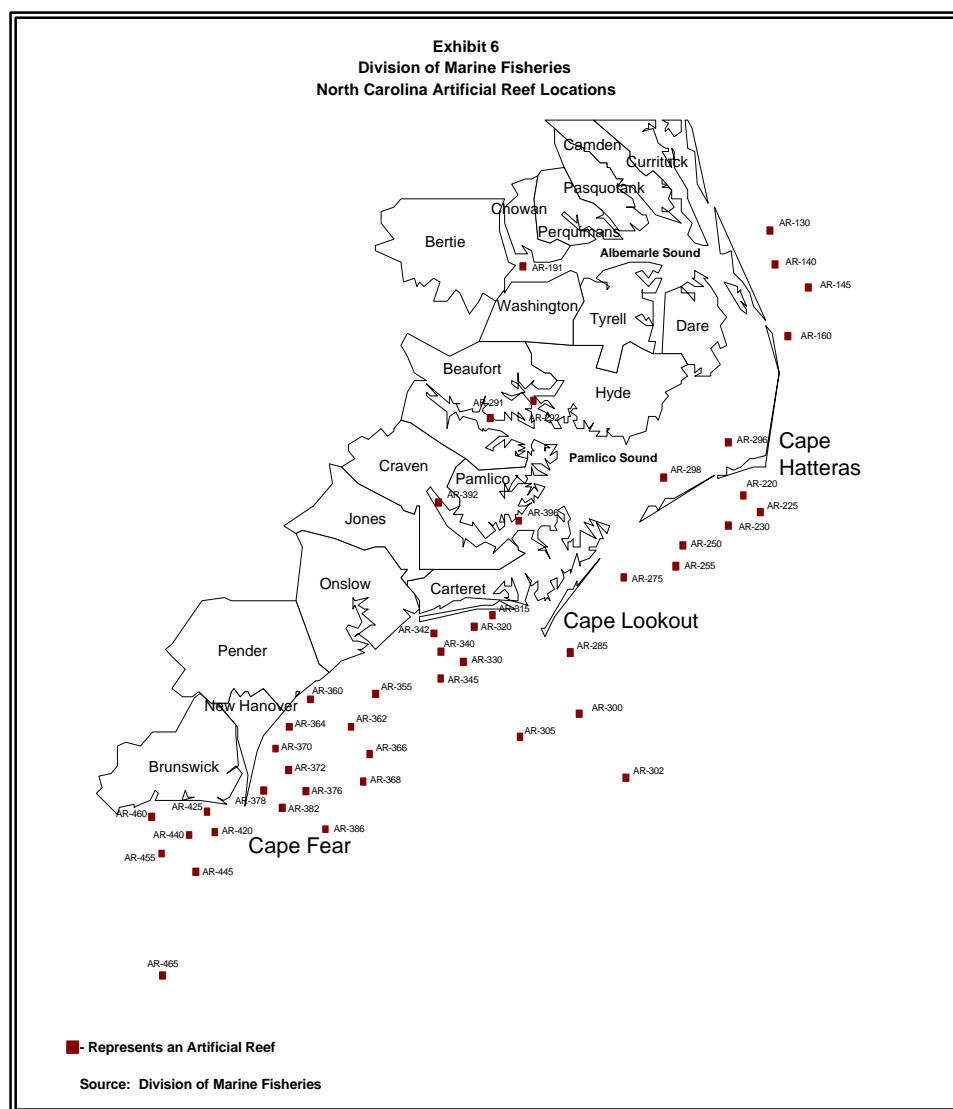
The Division of Travel and Tourism initially carried out the Saltwater Fishing Citation program. Four years ago, the program was transferred to DMF. The program's goal is to encourage recreational fishermen to catch larger size fish, which should result in increased fish populations. The program awards certificates to fishermen who catch "exceptional" fish. There are 32 fish species for which the program has established minimum sizes greater than the State and federal regulation size limits. There are 110 approved weight stations across the State which measure fish and notify DMF when a fisherman deserves a certificate. For 1996, the program issued over 8,000 certificates to sportfishermen. Sponsors offset program costs.

#### *Artificial Reef Program*

The purpose of the Artificial Reef Program is to provide habitat and enhanced opportunities for fishing and diving. The program, begun in the 1960's, was funded during the 1970's from unrebated motor fuels tax. Presently, the program maintains 39 ocean and 17 estuarine sites, ranging from one mile from the beach to several miles beyond the shore. See Exhibit 6, page 22. While the program previously sank old vessels, the current materials of choice are pipe

## BACKGROUND INFORMATION

and prefabricated materials. Ten thousand feet of surplus pipe has been placed in the past five years. Both commercial and recreational fishermen use the reefs, with the target population being the recreational fishermen. DMF is responsible for the maintenance of existing sites, selection of new sites, and evaluations of sites.



### *Shellfish Rehabilitation Program (formerly the Oyster Rehabilitation Program)*

The purpose of the *Shellfish* Rehabilitation Program is to restore and enhance oyster resources by increasing spawning areas. The State began a program in 1915 to enhance spawning areas. In the past, the program has included transplanting oysters from slow growth areas to higher growth areas. The program has evolved into a cooperative effort between the State and private individuals. DMF is responsible for purchasing and planting the cultch<sup>4</sup> material in the water. Private individuals often collect material and provide it to DMF for planting. Additionally, DMF maintains a Dermo disease lab where samples of oysters are monitored for prevalence and intensity of Dermo. DMF contracts with the NCSU School of Veterinary Medicine to look at aspects of this disease and MSX disease.

<sup>4</sup> Cultch is material laid on oyster beds for larval oyster attachment. DMF uses shells and fossil stones.

## BACKGROUND INFORMATION

### BUDGETARY DATA

Table 4 summarizes the financial data for DMF for fiscal years 1991-92 through 1996-97. A review of the data reveals that the revenues have remained fairly stable for the period. Appropriations and expenditures have continued to increase, with a 57.4% increase in expenditures and a 75.2% increase in appropriations during this period. DMF receives general fund appropriations from the General Assembly and federal grants. DMF also collects revenues from sales of licenses and leases of shellfish bottoms and water columns. The operating costs (expenditures) of DMF are the costs for administering the various programs, grants, and daily operations.

<b>TABLE 4</b> <b>SUMMARY OF EXPENDITURES, REVENUES AND APPROPRIATIONS</b> <b>FYE 6/30/92-6/30/97</b>							
		FYE 6/30/92	FYE 6/30/93	FYE 6/30/94	FYE 6/30/95	FYE 6/30/96	FYE 6/30/97
<b>EXPENDITURES</b>							
	ADMINISTRATION	\$1,049,462	\$1,015,340	\$1,053,098	\$2,016,606	\$2,293,685	\$2,609,911
	RESEARCH	1,804,475	1,848,290	2,334,451	2,217,879	5,941,217	6,040,484
	LAW ENFORCEMENT	3,954,401	4,176,685	4,397,473	5,133,305	4,846,941	4,579,131
	DEVELOPMENT	1,598,993	1,506,988	1,612,397	1,682,313	0	0
	<b>TOTAL EXPENDITURES</b>	<b>8,407,331</b>	<b>8,547,303</b>	<b>9,397,419</b>	<b>11,050,103</b>	<b>13,081,843</b>	<b>13,229,526</b>
<b>REVENUES</b>							
	ADMINISTRATION	79,720	94,744	109,437	98,508	106,072	98,289
	RESEARCH	1,390,428	1,382,088	1,494,092	1,212,863	1,269,479	1,444,197
	LAW ENFORCEMENT	675,979	670,273	786,316	988,965	769,800	727,906
	DEVELOPMENT	5,000	5,795	15,835	21,700	0	0
	<b>TOTAL REVENUES</b>	<b>2,151,127</b>	<b>2,152,900</b>	<b>2,405,680</b>	<b>2,322,036</b>	<b>2,145,351</b>	<b>2,270,392</b>
	<b>APPROPRIATIONS</b>	<b>\$6,256,204</b>	<b>\$6,394,403</b>	<b>\$6,991,739</b>	<b>\$8,728,067</b>	<b>\$10,936,492</b>	<b>\$10,959,134</b>
Source: Budget Reports obtained from Division of Marine Fisheries							

### THE MORATORIUM STEERING COMMITTEE

In conjunction with the moratorium on the sale of marine fisheries licenses instituted by a 1994 Session Law, the General Assembly directed that a comprehensive study of the entire coastal fisheries management system, including the licensing program, be conducted. The General Assembly established the Moratorium Steering Committee and charged it with the responsibility of conducting the study. An appropriation of \$275,000 was made to fund the study and supporting research through the Sea Grant College Program at North Carolina State University. The nineteen member Moratorium Steering Committee was directed to report its findings to the Joint Legislative Commission on Seafood and Aquaculture.

The Moratorium Steering Committee held regular public meetings, from its initial meeting in November 1994, until it issued a final draft report in July 1996. In the preparation of its draft report, the Committee considered, among other items of information, the five research studies funded from the appropriation. The Committee then held nineteen public hearings across the State attended by more than 1,200 people. Prior to the approval of its final report at its October 24-25, 1996, meeting, the Committee considered comments received from nearly 400

## BACKGROUND INFORMATION

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sources and made revisions to its draft report. The final report contained recommendations for the improvement of the health and management of the State's coastal fisheries. The 127 recommendations were divided among the five subject areas:

1. revision of the licensing system,
2. regulation of gear and fishing equipment,
3. protection of habitat important to coastal fisheries,
4. organization of the Marine Fisheries Commission and the Division of Marine Fisheries, and
5. means to strengthen law enforcement by the Division of Marine Fisheries.

From its review of the final report, the Joint Legislative Commission on Seafood and Aquaculture made its own recommendations to the General Assembly on the study topics. These recommendations resulted in the legislation passed by the 1997 Session of the General Assembly entitled *The Fisheries Reform Act of 1997* to Protect, Enhance, and Better Manage Coastal Fisheries in North Carolina. This legislation changed the number and composition of the Marine Fisheries Commission, required DMF to develop fishery management plans and prepare coastal habitat protection plans, increased penalties for violations, and realigned the commercial fishing license types and fees.



## FINDINGS AND RECOMMENDATIONS

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This section of the report details the specific findings and recommendations resulting from the work done by the audit team. In order to assist the reader in following and understanding the findings, we have arranged them in order of the specific objectives of the audit: governance and oversight; organizational and staffing issues; operational issues; program effectiveness; and comparison to other states. The specific objectives will be repeated at the beginning of the segment that contains findings and recommendations related to that specific objective. ***All findings and recommendations reflect conditions at the time of the audit.*** DMF and the Department made a number of changes in procedures and operations as the audit progressed resulting from the audit team's discussions of the issues with staff. We have included within the findings discussion of any changes that were taking place during the fieldwork and have noted changes made since the completion of the fieldwork, where applicable, after the related finding and recommendation.

### G OVERNANCE AND OVERSIGHT

***Objective:*** *To review the governance structure and oversight responsibilities of the Marine Fisheries Commission and the Department of Environment and Natural Resources.*

Our review of the governance structure and oversight responsibilities of the Marine Fisheries Commission and the Department of Environment and Natural Resources was for the purpose of identifying roles and responsibilities. To this end, we interviewed all members of the Commission, both current members and those immediately prior to the current membership, as well as representatives from the Department. These individuals expressed concerns regarding the role of the Commission, the lack of orientation and training for the Commission members, and the untimely receipt of information from DMF. Additionally, we discussed the Commission's role in the hiring of the DMF Director and coordination of environmental issues with other existing environmental-related boards. A more detailed discussion of the issues and recommendations for improvements is included below.

#### MARINE FISHERIES COMMISSION

##### THE ROLE OF THE COMMISSION NEEDS TO BE CLEARLY DEFINED.

During the audit, we interviewed all the Marine Fisheries Commission members from the previous Commission and the current membership. When we began this audit, the Commission was composed of 17 members from various segments of the population. During the 1997 session of the General Assembly, the composition and membership of the Commission was changed to 9 members.

Based on interviews with current and past Commission members and DMF staff, we have identified a major need to clearly define the role of the Commission. The current Commission is working on redefining its role and developing a new mission statement. Critical areas which

## **FINDINGS AND RECOMMENDATIONS**

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the Commission should address include the development of specific procedures for requesting information from DMF staff, who to contact at DMF, and how involved the Commission should be in day-to-day operational decisions. All current members have stated that the major role of the Commission should be one of overall policy setting and that the Commission should leave the day-to-day operations to the Director and his staff.

### **RECOMMENDATION**

**The Commission should develop specific procedures for its operations and implement them as soon as possible. The procedures should contain a clear definition of the role of the Commission and the role of the DMF Director and his staff. Procedures should address all Commission functions and should be available for each member's use. A system for distributing and updating the procedures should also be implemented. Once the procedures are in place, the Commission should require strict adherence to the procedures in all areas. Additionally, the Commission should review the General Statutes regarding its duties, powers, and responsibilities to identify any needed changes or updates to these statutes.**

### **THE COMMISSION'S EFFECTIVENESS IS NEGATIVELY AFFECTED BY THE LACK OF FORMALIZED ORIENTATION AND TRAINING.**

During our interviews, both former and current Commission members expressed concerns over the lack of formalized orientation and training for the role of Commission member. Several indicated that they had not received any orientation and did not know what was expected. Other members stated that it had taken approximately one and one-half years to understand and become comfortable with the meeting process and procedures. Additionally, members expressed concerns about the untimely receipt of required forms and information for meetings. Current members stated they have not received financial disclosure forms from the State Ethics Board although they have asked for them. They all felt that training should be provided annually and include such items as procedures for completion of travel reimbursement forms, explanation of temporary rules and regulations, and delineation of Commission authority and expectations.

### **RECOMMENDATION**

**DMF, with direction and instruction from the Commission and the Department, should develop a formalized orientation program for all new Commission members. Additionally, an annual training program for all Marine Fisheries Commission members should be provided by DMF. This training should include, but not be limited to, completion of all required forms, updating of procedures for the Commission, review of the authority of and expectations for the Commission members, and any other changes to statutes or regulations affecting the Commission. Additionally, DMF should ensure that all information is sent timely to the members for their review prior to their meetings.**

## FINDINGS AND RECOMMENDATIONS

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*Auditor's Note: The Department and DMF have taken steps to implement this recommendation. A 2-day retreat for Commission members was held in mid-October 1997 where many of the issues identified were addressed.*

### **IMPROVED COOPERATION AMONG ENVIRONMENTAL-RELATED COMMISSIONS WOULD MORE EFFECTIVELY PROTECT AND ENHANCE FISHERIES RESOURCES.**

As part of the audit, we discussed with Commission members the possibility of creating a “super” commission to better protect and enhance all environmental resources, including fisheries resources. Combining the Marine Fisheries Commission, the Environmental Management Commission, and the Coastal Area Management Commission could form such a commission. We received mixed comments on the creation of this commission. We learned that a meeting was held approximately three years ago among these commissions to discuss water quality, coastal development, fisheries resources, etc. However, due to the size of each commission and the lack of cooperation between them, no goals and objectives were established. No additional meetings have taken place and at the time of the audit efforts to improve the coordination among these commissions appeared to have ceased.

### **RECOMMENDATION**

**To protect and improve all environmental resources, including fisheries resources, we recommend the Governor and the Secretary of the Department of Environment and Natural Resources take steps to improve cooperation and coordination among the Marine Fisheries Commission, the Environmental Management Commission, and the Coastal Area Management Commission. In lieu of creating a “super” commission, representatives from each commission should attend the meetings of the other commissions for the purpose of noting issues which overlap and intersect with issues before their own commissions. When such issues are identified, a committee composed of members from each of the commissions should be convened to fully discuss the issues and to reach agreement on the best course of action.**

*Auditor's Note: The Secretary of the Department agrees with this recommendation and has already taken steps to improve the coordination among these Commissions as well as others under his jurisdiction. Joint meetings are being held based on the model described in the 1997 Fisheries Reform Act.*

### **ACCOUNTABILITY FOR DMF OPERATIONS COULD BE IMPROVED IF THE COMMISSION HIRED THE DIRECTOR.**

Either the Governor or the General Assembly has appointed the Director of DMF since 1915. History has shown that generally with each change of administration, there is likely a change of directors, setting up a situation where there is no continuity of direction or effort. Interviews with prior and current Commission members revealed mixed opinions as to whether the Commission should hire the Director. Information received from other states revealed that the

## FINDINGS AND RECOMMENDATIONS

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Director is appointed in six states, while the Commission hires him in three states. (See Table 17, page 106). We believe that since the Commission is appointed by the Governor and has policy-making authority, it is not necessary for the Director to also be appointed by the Governor. We feel the Commission should hire the Director to carry out the policies made by the Commission. It would be the Director's responsibility to implement the policies and procedures established by the Commission and to be accountable for all DMF operations. In our opinion, this arrangement would reduce any potential conflict between the Director and the Commission and help to solidify the direction and efforts of DMF. A similar hiring arrangement is currently used by the North Carolina Wildlife Resources Commission and appears to be working effectively.

### RECOMMENDATION

**Legislation should be changed to give the Commission authority to hire the DMF Director. The Director should serve at the pleasure of the Commission while reporting administratively to the Secretary of the Department of Environment and Natural Resources. It should be the responsibility of the Director to implement the policies and procedures established by the Commission and to oversee the daily operations of DMF.**

### *DEPARTMENT OF ENVIRONMENT & NATURAL RESOURCES*

#### **CONTINUED DEPARTMENTAL INTERACTION WOULD ENHANCE DMF OPERATIONS.**

The Department has administrative oversight responsibility for DMF. Currently, the Department provides check writing functions, training of employees, approval for hiring new employees, budgetary support, and approval of contracts and leases for DMF. Based on interviews with Department and DMF staff, as well as review of documentation, the Department was not actively involved in DMF activities in the past. DMF staff stated they historically had problems communicating with and receiving direction from the Department staff in Raleigh. They felt the Department had taken an "out of sight, out of mind" approach when responding to DMF's needs. While there are several reasons for this situation, the results have been frustration and confusion among DMF personnel, as well as non-compliance to State regulations. (See discussion beginning on page 37.)

During 1997, the Department initiated efforts to increase and improve interaction between Department management and DMF. The DMF Director and Deputy Director have increased contact with the Department through E-mail, telephone, and trips to Raleigh. Department management has increased visits to DMF, actively participating during the license renewal process and the presentation of DMF's strategic plan. We observed several visits from the Department Controller, Budget Officer, and Personnel Officer during the audit. Department representatives have also made several visits to provide training on direct entry of vouchers, and DMF personnel have made an increased number of trips to Raleigh for training and meetings.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION**

**To fulfill its administrative oversight responsibilities, Department management should maintain an active involvement with DMF's operations and provide ready and stable support as needed. The interaction between the Department management and DMF should continue, especially in the areas of finance, budget, personnel, and technology.**

# **O**RGANIZATIONAL AND STAFFING ISSUES

***Objective:** To review the current organization, identify the functions and responsibilities of the various areas of DMF operations, and assess the staffing levels.*

### GENERAL COMMENTS

One audit objective was to determine the current organizational structure and staffing levels and identify the functions and responsibilities of the various sections. In order to assess the current structure, we conducted in-depth interviews with staff at all levels of DMF, analyzed personnel, time, and payroll records, and examined workload data supplied by management. Our examination of records and interviews identified a number of organizational issues that appear to affect DMF operations. Below is a discussion of the issues and recommendations for improvements.

### ORGANIZATIONAL ISSUES

#### **COMMUNICATION PROBLEMS AMONG DMF PERSONNEL HAVE LED TO CONFUSION, INCONSISTENCY, AND LACK OF COORDINATION.**

The audit revealed communications problems among DMF headquarters staff and between headquarters staff and the field personnel. Historically, each section chief has been allowed to operate independently of the other sections. This situation is a direct result of the lack of an overall plan for DMF operations, frequent changes in leadership, and the “political power” (perceived or real) of the section chiefs. The lack of cooperation between sections has resulted in divisiveness within DMF, internal politics, and “turf battles” between sections. Interviews also revealed frustration and confusion over initiatives, decisions, and a general lack of understanding about DMF direction, goals, and objectives.

The Department recognized that DMF needed better internal and external communications. To address these and other organizational issues, DMF was authorized to hire an outside consultant for assistance.<sup>1</sup> As part of this effort, DMF began holding weekly staff meetings for the section chiefs during the fieldwork portion of the audit. Also, we noted increased interaction between DMF and Department management. Yet, despite these efforts, we continued to observe instances where some staff members refused to ask for information needed to perform their duties or would not provide information needed by other staff members. These situations have contributed to poor staff morale and motivation, as evidenced in the responses to the staff questionnaire (Appendix B, page 113).

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<sup>1</sup> *Interim Organizational Assessment Report*, Goald Development Systems, Inc., 1/6/97

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION**

**Lines of authority and responsibility should be clearly identified and communicated to all staff. Organizational reporting lines should be properly adhered to. Each section should have input into the long-range plan and should be aware of how each section's actions relate to and impact on all other sections. Weekly staff meetings for the section chiefs should be continued. Also, division-wide staff meetings should be scheduled as needed to update the staff on new legislation, changes in policies and procedures, etc.**

### **DMF DOES NOT HAVE ADEQUATE WORKLOAD INDICATORS FOR EACH SECTION.**

DMF personnel indicated that the performance-based 1997-1999 Biennium Budget was the only performance measures or standards in existence for DMF. We were able to identify only a few functions where guidelines for performing work had been established.<sup>2</sup> With few exceptions, we observed no push to perform work in a timely or disciplined manner throughout DMF. Many of the activities performed by staff appeared to be the result of reactions to a management crisis. Pre-planning and pro-activity were limited in number and in depth.

Standards and specific criteria are critical for evaluating the performance of individuals, programs, divisions, and agencies as a whole. Workload indicators for sections or programs help management to better refine staffing needs and assist management in identification of procedures which may not be as productive as possible. Standards, criteria, and workload analysis are management aids which help assure quality and timely completion of work.

### **RECOMMENDATION**

**DMF should identify specific criteria and standards for evaluating the performance of its various programs. The standards should include specific guidelines on how and when work must be performed. Additionally, DMF should develop workload indicators for each section to better evaluate processes and to refine the staffing needs for the section or program.**

### **TRAINING NEEDS OF DMF PERSONNEL ARE NOT BEING ADEQUATELY ADDRESSED.**

Currently, overall training for DMF personnel is scheduled through the Personnel section, and the various section chiefs schedule programmatic training. Actual training is conducted by personnel from the Office of State Personnel (OSP), Office of the State Controller (OSC), the Department's Training & Development Unit, and local community colleges. One of the most consistent needs identified during the audit from staff at all levels was the need for more/better

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<sup>2</sup> This lack of specific performance standards was noted in the Goald Development Systems, Inc. report.

## **FINDINGS AND RECOMMENDATIONS**

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job-specific training. A further identified need was that of cross training within and between sections. As an example, the lack of training in the use of heavy equipment resulted in a \$1,750 fine when the North Carolina Department of Labor's Occupational Safety and Health Division conducted a 1996 inspection.

DMF's training needs and/or requests were discussed in March 1997 during the organizational development meetings. As an outgrowth of these meetings, a list of the training requests was compiled and given to the Personnel section. This list of training requests included computer training, positional related training, writing skills, public relations, and in-service training for Marine Patrol officers. Prior to completion of our fieldwork, DMF negotiated a series of software applications training courses with the local community college. Additionally, Business Office personnel received limited training on direct entry of accounts payable and travel vouchers.

### **RECOMMENDATION**

**We recommend that DMF management critically assess the current training received by staff from all sources. The assessment should include identification of training needs at the State level, the department level, and division level. Further, each section should develop specific training that should be given to employees at all levels within the section. Once the overall training plan is developed, DMF management should work with the Department's Training and Development Unit, OSC, OSP, or local community colleges to make necessary training available to staff.**

### **STAFFING ISSUES**

#### **DMF RESEARCH VESSELS MAY NOT BE ADEQUATELY STAFFED.**

As part of the audit, we interviewed crewmembers and conducted on-site visits of several of DMF's research vessels. Additionally, we surveyed the crew regarding the current uses and potential uses for each type of vessel, safety and sea-worthiness of the vessels, and staffing needs of each vessel. Inadequate staffing was a concern identified in the interviews and survey responses, especially under-staffing on DMF's landing craft utility vessels. These specific vessels are assigned a full-time crew of three: a captain, an engineer, and a crewmember. The underway time varies from six to fourteen hours per day, with the average being about ten hours. DMF requested the United States Coast Guard examine the safety of DMF operations and provide assistance in determining the proper manpower for the vessels and their operations. In its response to the manning level, the Coast Guard provided information for operations of less than 24 hours and operations of more than 24 hours. The proper manning level for operations less than 24 hours included four crew members, while the manning level for operations of more than 24 hours included a crew of six.

### **RECOMMENDATION**

**DMF should evaluate the manning level information provided by the United States Coast Guard and take immediate steps to ensure that all**



## FINDINGS AND RECOMMENDATIONS

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vessels are properly staffed based on the time and type of operations undertaken by each vessel.

### **THE STATISTICAL INFORMATION SYSTEM (SIMS) SECTION IS UNDERSTAFFED.**

DMF does not have adequate computer staff to meet its technological needs. In the past eight years, the number, complexity, and interaction of the databases have greatly increased, yet the staffing levels have not increased to accommodate this workload. Currently, DMF has five computer support positions, three of which were vacant during the audit including the section chief's position. One of the filled positions is Federally funded, with a primary function of overseeing the Biological database. The other position serves as an application developer, system administrator, database administrator, and trainer for the other 28 databases as well as the LAN system. Therefore, two people provide computer support to 226 employees. Additionally, computer training is inadequate. No computer classes are offered to employees and previous efforts have been self-taught or elementary in nature. Lack of funds to hire additional staff and to provide staff training decreases the productivity and overall operating efficiency of DMF. The Department has requested and received funds from the General Assembly for fiscal years 97-98 to provide additional computer support positions and staff training.

### **RECOMMENDATION**

**Management should continue to assess the responsibilities of the computer support staff, fill the vacant computer positions, and when funds become available, hire additional staff to support the computer operations of DMF. Also, funds should be used to provide adequate computer training for staff.**

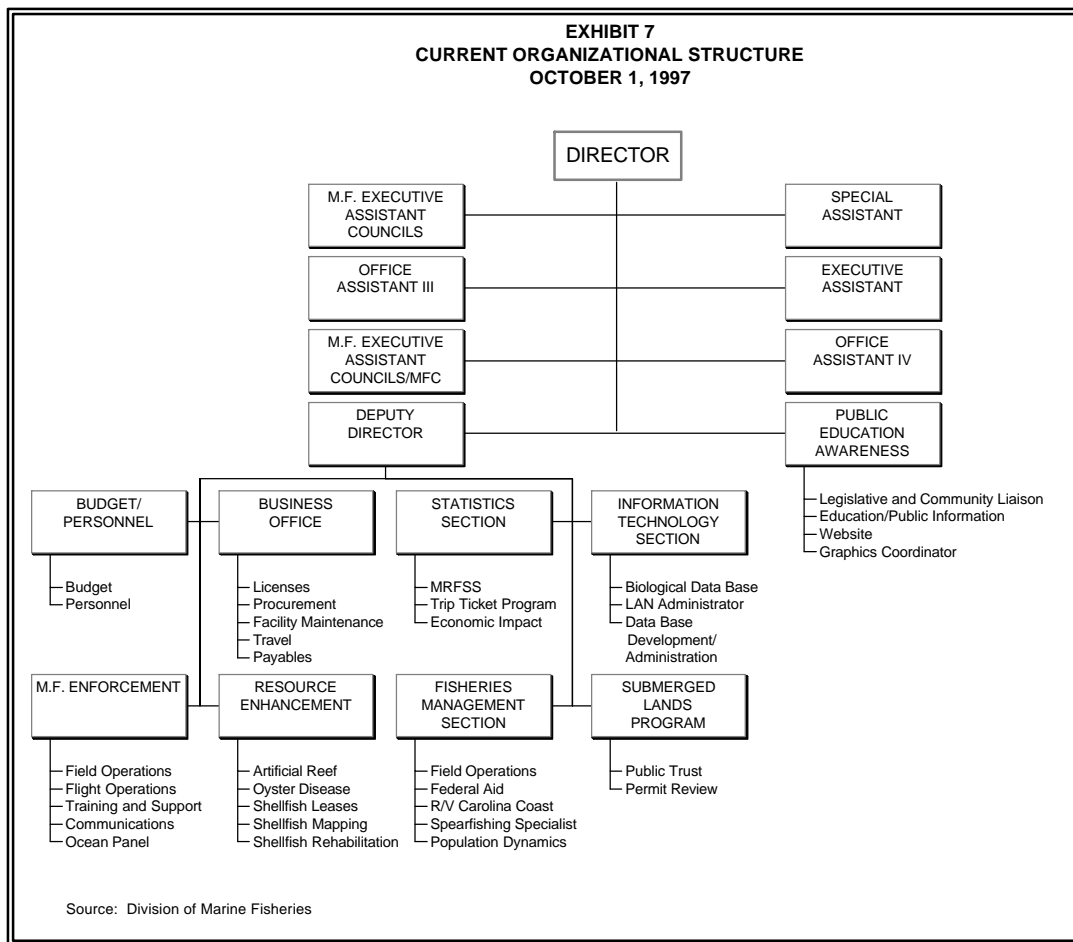
*Auditor's Note: Since the completion of the fieldwork, DMF has eliminated the SIMS section and created an Information Technology section to handle the technology needs. DMF has hired a section chief and is developing a comprehensive technology plan.*

### **DMF REORGANIZATION**

#### **GENERAL COMMENTS**

DMF underwent reorganization on October 1, 1997. Exhibit 7 page 34, depicts the organizational structure currently in place. We note that the number of sections increased from eight sections to ten sections. Based on our analysis, we believe there is an opportunity to further restructure the organization to improve its efficiency and responsiveness to the public.

## FINDINGS AND RECOMMENDATIONS



### RESTRUCTURING OF STAFF RESOURCES WOULD RESULT IN A MORE EFFECTIVE AND RESPONSIVE STAFF.

We examined the organizational structure in place at the time of the fieldwork as shown in Exhibit 1, page 15. Our examination revealed excessive layers of management in some sections, fragmentation of authority and responsibility for some functions, unnecessary positions, several one-to-one reporting relationships, and areas where too many duties were assigned to one individual. Specific situations that result in improper segregation of duties and could allow internal controls to be circumvented for operational convenience or to perpetrate and conceal errors or irregularities include:

- the Accounting Technician IV has the responsibilities of budget officer and personnel officer;
- the Administrative Assistant I in the Business Office was responsible for the procurement of items on state contract, received the items, and prepared the accounting code sheets for payment.

One area of concern was the number of supervisory positions in both the Fisheries Management section and Law Enforcement section. Our review of the districts revealed a one-to-one reporting relationship in several areas. Based on our review, these layers of management serve no useful function and, therefore, are not needed. Specifically, one-to-one reporting relationships were noted:

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- between the Fisheries Management District Managers and Biologist Supervisors;
- between the Marine Patrol Captains and Lieutenants; and
- in the Business Office.

Another area of concern is the recent reassignment of duties for the Marine Patrol Headquarters Lieutenant. In the past few years, he directly supervised employees and was responsible for the aircraft section and the large patrol vessel. These duties have been reassigned to the Marine Patrol Major. The Lieutenant has been assigned new duties which include training and support but no direct supervision of other employees. The new duties consist of arranging in-service training classes for the Law Enforcement officers and the ordering and issuing of inventory, uniforms, etc. for the officers. Personnel file review revealed this officer is not a certified law enforcement instructor; therefore, he is not qualified to provide any direct training courses himself. Based on our review, we are of the opinion that the above duties are clerical in nature, could be performed by the section's secretary, and do not support retaining the rank of Lieutenant. At the time of the completion of the fieldwork, the Department or OSP had not approved this reassignment. We believe the position would benefit DMF the most if it were reassigned to the field.

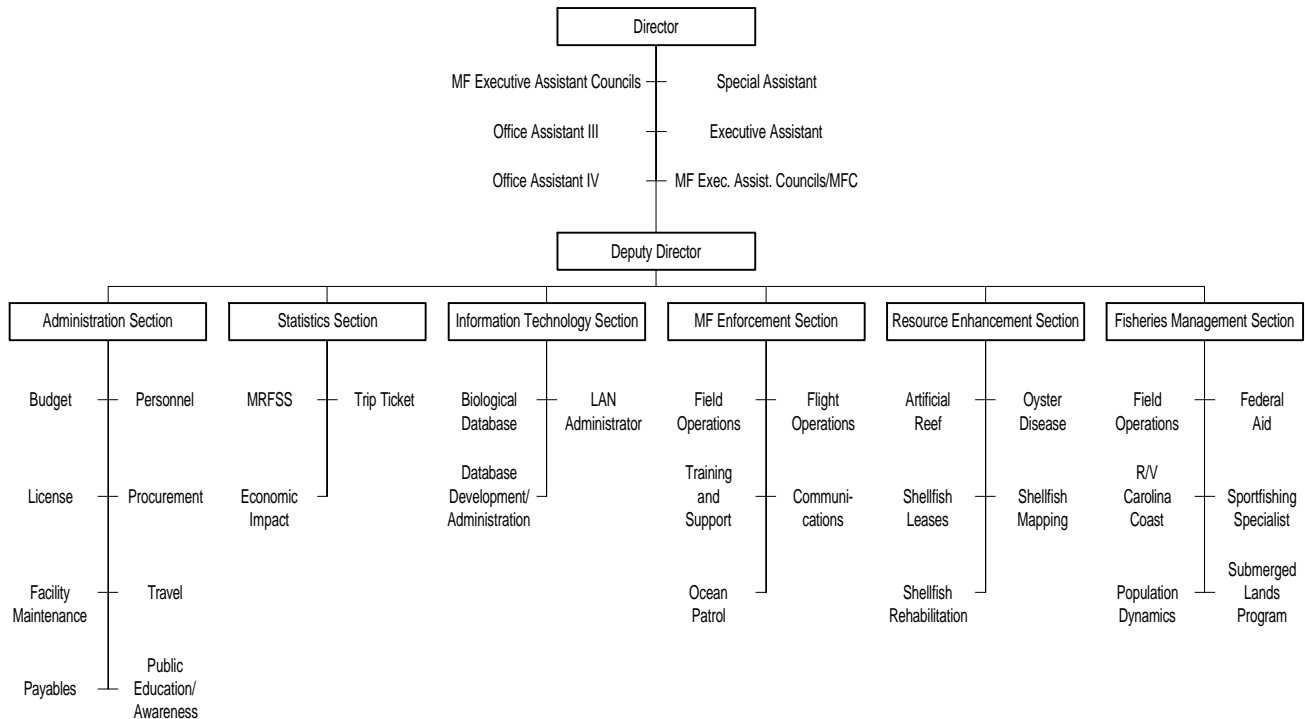
Finally, we noted several sections whose activities and functions are related to or tied into the activities of other sections. We believe the following sections could be merged to create more effective and responsive sections:

- the Policy and Planning section provides data for fish management plans and the improvement of various fish species; and
- the Budget and Personnel sections provide budgetary information for administrative functions such as travel, accounts payable, maintenance, and other related functions.

While we have not found gross over-staffing in any area of DMF, we are recommending the realignment of several functions. Additionally, we are recommending the creation of an Information Management Systems section. Exhibit 8, page 36, contains our proposed organizational structure based on the best information available at the time of the audit. We have excluded from our recommendation the identification of employees to fill positions in the new organizational structure. Management should properly perform this function.

## FINDINGS AND RECOMMENDATIONS

**Exhibit 8  
Proposed Organizational Chart**



### RECOMMENDATION

**DMF should consider reorganizing based on Exhibit 8. The combination and/or merging of sections as shown in our proposed structure focuses on placing resources in the functional areas which have a direct impact on the preservation of marine resources. The proposed organizational structure should better serve DMF and the public by more properly aligning functions and allowing better coordination between and among sections.**

***Auditor's Note:** DMF has created an Information Technology section since the completion of the fieldwork, has merged the Policy and Planning section with the Fisheries Management section, and is in the process of merging the Budget and Personnel section with the Administrative section.*

### **O**PERATIONAL ISSUES

***Objective:** To review DMF's operations for adequacy of controls that provide operational guidance to management and to review the adequacy of reporting and accountability systems.*

#### REPORTING AND ACCOUNTABILITY

##### GENERAL COMMENTS

During the audit, we encountered problems in locating records, files, and documentation of various events and actions. We were able, however, to locate and/or reconstruct records to an extent which allowed us to reach conclusions relative to the operations of DMF. Our examination of records identified a number of non-compliance, operational, and efficiency issues that appear to have an adverse effect on operations. We have grouped these items into broad categories with a discussion of the issues and recommendations for improvements. We should note that despite the operational concerns reported here, DMF has generally provided services to the public as required by legislation.

#### **DMF's PLANNING PROCESS DOES NOT CAPTURE THE NECESSARY LEVEL OF DETAIL.**

One of the most critical needs for any organization is the establishment of a clearly defined strategic, or long-range, plan that articulates the focus of the organization, identifies goals and objectives, and establishes appropriate planning procedures. The strategic plan should address all aspects of the operation of the agency. As part of the audit, we reviewed DMF's planning process. State Planning and Budgetary Regulations (GS §143A-17 and 143B-10) require each agency to submit both short-term and long-term plans as part of its budgetary request. DMF did have a six-year plan dated October 1993. This plan addressed, in broad terms, the goals and objectives of DMF and listed outcome measures. However, the strategic plan was never implemented. Our review showed that the plan did not identify specific steps to carry out the strategies, did not establish a timeline for completion of the goals, never identified who was assigned each task, and/or how to measure the outcome or output. We were unable to locate any short-term plan other than the biennial budget requests, which did not contain the level of detail necessary to constitute a short-term plan. A number of the shortcomings we have identified can be attributed to the lack of, or poor planning. Therefore, it is our opinion that the planning process that existed at the time of the audit only marginally meets the requirements of the budgetary regulations. DMF and the Department recognized the importance of the planning process and contracted with Goald Development Systems, Inc. to help develop a new strategic plan. This process was taking place as we conducted the audit. This new plan was unveiled in September 1997 at a division-wide meeting and contains most of the elements that we recommend below.

## FINDINGS AND RECOMMENDATIONS

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### RECOMMENDATION

DMF should continue its efforts to establish procedures for a comprehensive short-term and long-term planning process. The long-term plan should address areas in detail. Each section chief should submit detailed goals and objectives to management for inclusion in DMF's overall plan. The short-term plan should be prepared each year detailing how funds appropriated by the Legislature will be spent in the major operational areas contained in the long-term plan. Detailed measures of performance should be identified, gathered, and evaluated for each objective.

*Auditor's Note: DMF is continuing to refine its strategic plan and its planning process overall.*

### THE LACK OF CLEARLY WRITTEN, SPECIFIC POLICIES AND PROCEDURES HAMPERS EFFECTIVE OPERATIONS.

DMF has a *Personnel Policies Manual*, dated, June 21, 1993, which was presented to us as the internal policies and procedures manual. Review of this manual revealed that it contained only minimal restatements of State and Department policies and procedures relative to daily office operations. In our opinion, this document does not contain the level of detail necessary to function as a true internal policies and procedures manual. We found no evidence of a procedure for updating the information contained in the manual, nor procedures for distribution of the manual. Further review revealed that each major section within DMF, with the exception of the Enforcement Section, does not have specific, written, step-by-step procedures in place. Such procedures are critical, in our opinion, since DMF has a high turnover rate. As shown in Appendix B, page 113, 58.0% of the staff responding had been in their current position five years or less. The lack of formal written procedures has resulted in inconsistent practices in the past in such critical areas as personnel and finance. Additionally, the lack of specific procedures has contributed to staff confusion, frustration, and poor performance. After discussion with the audit team, DMF started working on an internal policies and procedures manual, during the fieldwork portion of the audit.

### RECOMMENDATION

DMF management should make the development of a comprehensive division-wide internal policies and procedures manual, as well as specific policies and procedures manuals for each major section within DMF, a priority. Specific, step-by-step procedures should be included in each section's manual. A system for distributing and updating these procedural manuals should also be implemented. Once the procedures are in place, management should enforce strict adherence to the procedures in all areas.

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### **DMF DOES NOT HAVE PROCEDURES TO ENSURE ITS BUSINESS ACTIVITIES ARE CONSISTENT WITH GENERAL BUSINESS PRACTICES.**

During the audit, we learned that DMF did not have policies and procedures in place to ensure that its business practices are consistent and to minimize any potential risk of loss. Currently, DMF may legally enter into leases and/or contracts with minors (persons under 21 years of age); however, the minor may later void these leases. Thus, DMF is not able to legally bind the minor to the lease. Additionally, there are no procedures for reviewing lease applicants for potential conflicts of interest. The current lease application does not require the applicant to state whether he is related to any of DMF's employees. As part of the lease application process, DMF's employees are to determine if it is a natural shellfish area investigate the proposed lease area. While we found no instances where a direct relationship existed, management's knowledge and monitoring of such relationships would provide additional assurances regarding the integrity of the program. Although neither of these procedures are required by the North Carolina General Statutes or North Carolina Administrative Code, they are consistent with general business practices, will serve to enhance DMF's internal controls, and will enhance the public's confidence in DMF.

#### **RECOMMENDATION**

**DMF should adopt policies and procedures that allow screening of lease applicants by age, as well as obtain information regarding the applicant's relationship to current DMF employees. The application should be revised to solicit this information from applicants. In our opinion, management should reconsider the advisability of entering into contracts with minors. Also, management should establish procedures to ensure that any situation which posed a conflict of interest is documented and monitored to ensure decisions involving these leases are unbiased.**

### **DMF DOES NOT TRANSCRIBE THE MINUTES OF ALL PUBLIC MEETINGS AND HEARINGS.**

As part of its normal operations, DMF holds public meetings and hearings on various topics including applications for pound nets permits, closing of areas to fishing, and applications for shellfish leases. We learned that some of these meetings are taped and transcribed. However, the only records in some instances are handwritten notes taken by a DMF employee. Persons external to DMF have questioned the validity of information reported from some of the meetings for which minutes were not transcribed. The lack of a certified transcript prevents confirmation that information reported is accurate.

#### **RECOMMENDATION**

**DMF should take steps to ensure that a complete record of all public meetings is maintained. We suggest that DMF either tape or prepare written minutes of these meetings. Copies of the transcripts should be maintained in the DMF headquarters offices. When requested, the public**

## FINDINGS AND RECOMMENDATIONS

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should be provided copies of the transcript at a fee that offsets the costs of copying.

### **THE FIELD OFFICES AT WANCHESE AND MANTEO DO NOT HAVE ADEQUATE SPACE.**

During our field visits, we observed the lack of space at these two offices. The three employees located in Wanchese share a single room attached to a seafood dealer's warehouse, for which DMF pays \$4,680 per year. Any lab work required must be performed outside in an area adjacent to the parking lot. Prior to the recent license office addition, the employees had to drive to Manteo to send or receive facsimiles. In Manteo, five DMF employees use a room within the North Carolina Aquarium at no cost to DMF. These employees must share a laboratory with that of the Aquarium employees. In addition, fixed assets such as boats and trailers are not secured; rather, these items remain in unlocked parking areas. (See fixed asset finding, page 77) Employees at both locations cited space concerns as hindrances to morale.

### **RECOMMENDATION**

**DMF should provide adequate office space for all field offices. Management should consider combining the Wanchese and Manteo field offices into one location that has adequate office space, laboratory areas, and areas to secure fixed assets. One alternative might be to lease space from the Seafood Industrial Park at Wanchese owned and operated by the Department of Commerce. It is our understanding that a building would need to be constructed at this site.**

*Auditor's Note: DMF agrees with this finding and management has begun to look for space to combine these two offices.*

### **DMF DOES NOT HAVE A FORMALIZED PREVENTIVE MAINTENANCE PLAN.**

During the audit, we learned that DMF did not have a formalized preventive maintenance plan for its boats, research vessels, vehicles, or equipment. DMF had implemented a work order system whereby the section requesting the maintenance or repairs completes a work order request. The work order is given to DMF's mechanics and/or maintenance staff who perform the work. Specifically:

- Personnel at the local dealership perform repairs and/or maintenance to motor fleet management vehicles or vehicles, motors, etc. under warranty.
- The engineers and technicians perform routine maintenance on the larger vessels (changing oil, filters, etc.). If they are unable to perform the maintenance/repairs, the vessels are sent to a shipyard for repairs or a factory specialist is sent to DMF.
- The pilots perform routine aircraft maintenance, while a qualified aircraft mechanic performs scheduled maintenance.



## FINDINGS AND RECOMMENDATIONS

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Although this system is in place, we were unable to locate any procedures for supervisory review of the quality of the completed job or approval of the completed work order.

DMF personnel stated maintenance was usually in response to a “crisis” with little scheduled preventive maintenance performed. We did learn, however, that preventative maintenance is performed on the new outboard motors. In the past, haulout and maintenance was performed annually on the larger research vessels. However, shipyard maintenance has decreased due to budgetary constraints. Staff felt the decreased maintenance and/or inadequate maintenance (cosmetic verses structural) has compromised the sea-worthiness of their vessels and threatened their safety. The North Carolina Department of Labor’s Occupational Health and Safety Division grounding of DMF’s landing craft utility vessels in November 1996 due to safety problems supports this position.<sup>3</sup> Additionally, cranes and forklifts were taken out of operation because of leaks, missing safety equipment, and lack of trained personnel to operate the equipment. DMF was fined \$9,275.00 for the safety violations.

### RECOMMENDATION

**DMF should implement a preventive maintenance program that encompasses current, intermediate, long-term, and emergency planning. Components that should be included are scheduled preventive maintenance, staffing requirements, training requirements, and contractual needs, along with an estimation of the costs associated with each component. Additionally, we recommend the development and implementation of a computerized tracking and monitoring system for work orders which allows management to assess quality of work performed, frequency of requests, and allows for the accountability of inventory. Finally, DMF should increase its budgetary request for repair and maintenance to provide adequate funding to ensure the safety of its staff and equipment.**

### INTERNAL CONTROLS

#### Financial and Budget Issues:

State government agencies have an inherent responsibility to be prudent in the use of public resources. The leaders of state agencies must adhere to State regulations and must be sure that control procedures are in place to review and approve only expenditures that are necessary, reasonable, and demonstrate an efficient use of funds.

In order to audit compliance with the State budget revision regulations, we examined a sample of 208 budget revisions affecting DMF during fiscal years 1994-95 through 1996-97. We analyzed all budget revisions for salary line-item transfers to determine to which accounts funds were transferred. Below, we discuss the findings from our review.

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<sup>3</sup> At the completion of our fieldwork in August 1997, one of the landing craft was still grounded. DMF management has since informed the audit team that this LCU will be permanently retired. Plans now are to place it in the artificial reef program.

## FINDINGS AND RECOMMENDATIONS

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In order to audit compliance with State budget regulations and State purchasing regulations, we examined in detail a sample of 509 expenditures and travel reimbursements drawn from FY 1993-94 through FY 1996-97. The sample was determined judgmentally after reviewing a complete listing of all expenditures for those years. Supporting documentation was reviewed to determine whether the appropriate management review and approval was taking place. We prepared lists of the questionable expenditures and sent them to DMF for review and response regarding expenditures, travel reimbursements, leases, contracts, budget revisions, travel logs, personnel issues, etc. As of November 26, 1997, we still have not received all the requested information despite working with DMF personnel for almost two months. As a result, we are questioning all the costs incurred for travel from the sample during the period 1993-94 through 1996-97. Table 6, pages 58-70 summarizes these questioned costs.

### **DMF DID NOT RECEIVE A CERTIFIED BUDGET FROM THE DEPARTMENT IN A TIMELY MANNER.**

The certified budget reflects the actual appropriations by the General Assembly and acts as the starting point for fiscal operations. During fiscal year 1997, DMF did not receive its certified budget until January 1997--six months after the fiscal year began. Interviews with staff revealed the following concerns relating to budgetary matters:

- Sections within DMF did not receive budgets. As a result, section chiefs and project managers were unaware of funds available to manage their programs.
- The Submerged Lands program did not have an allocated budget. Rather, expenditures incurred were covered by funds from other sections. During the past five years, program expenditures averaged over \$25,000 per year.
- The Appeals Panel program did not have an allocated budget for FY 94-95. The General Assembly appropriated \$10,000 for FY 95-96 and FY 96-97. During the past two fiscal years, program expenditures averaged over \$30,000 per year. The expenditures incurred in excess of the appropriated amounts were absorbed through the DMF's operating budget.

We learned that much of the delay in getting the certified budgets to DMF resulted from the conversion by the Department to the North Carolina Accounting System, much of it unavoidable. However, section 2.V.A.1 of the *State Budget Manual* requires that each program or function within a Department have a work program, including a breakdown of expenditures, to coordinate activities and to efficiently use funds. The lack of a timely detailed budget could result in over expenditure of funds or misallocation of funds. Delays in receipt of budgets and the absence of budgets hamper DMF's ability to monitor expenditures and effectively oversee program operations. The potential also exists to transfer funds from one section to another without the section chiefs' knowledge or approval.

### **RECOMMENDATION**

**The Department should examine its budgetary process to ensure that each division receives the certified budget in a timely manner. DMF should prepare and distribute budgets for each section. Each section should also receive monthly budget reports. This information would provide section chiefs with information to effectively monitor program expenditures and to utilize resources in the most efficient manner. Finally, DMF should**

## FINDINGS AND RECOMMENDATIONS

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**explicitly establish a budget for the Submerged Lands program. If necessary, DMF should request the General Assembly to appropriate funds specifically for this function and increase the appropriations for the Appeals Panel program.**

*Auditor's Note: Department management is aware of this issue and has worked with the Budget staff to resolve the conversion problems.*

### **DMF DID NOT COMPLY WITH THE STATE BUDGET MANUAL REGARDING TRANSFERS OF SALARY-RELATED ITEMS.**

Section 3.IV.I.6. of the *State Budget Manual* prohibits using “. . . lapsed salaries and/or salary benefits and other non-salary funds . . . to support any expenditures outside. . .” this class. Our analysis of budget revisions for the past three fiscal years revealed nine instances where budgeted funds were transferred from salary-related items to other expenditure objects. While the number of instances is small, transferring salary funds to non-salary items allows funds to be expended for purposes other than the appropriated intent. State regulations do allow such transfers in special cases. Each of these revisions was approved by the Department and the Office of State Budget as necessary under the special case regulation. However, our examination showed that these instances did not meet the special case criteria.

### **RECOMMENDATION**

**Staff in DMF's budget office should comply with all provisions of the State Budget Manual. DMF and Department personnel should review budgetary regulations to prevent future budgetary violations.**

### **DMF IS NOT IN COMPLIANCE WITH STATE REGULATIONS REGARDING EXPENDITURES AND TRAVEL REIMBURSEMENTS.**

The *State Budget Manual* and *State Purchasing Manual* outline the regulations for purchasing, reimbursing vendors, and reimbursing employees traveling on State business. To assess compliance with these regulations, we examined a sample of 509 expenditures and travel reimbursements along with the attached supporting documentation, totaling \$1,323,398, from the fiscal years 1993-94 through 1996-97. The sample was selected judgmentally after reviewing a complete listing of reimbursements for those years. As summarized in Table 5, pages 46-57, the following internal control weaknesses and inefficient uses of state funds were identified:

- 90 (37%) instances where invoices and accounting code sheets were not properly approved for payment. DMF personnel stated that prior to NCAS, it was not policy to approve accounting code sheets for payment. Additionally, it was policy that if the purchase order was approved, individual invoices did not have to be approved for payment.
- 8 (3%) instances where purchases were not coded correctly. If funds were not available in a specific line item, the purchases were charged to line items with available funds.

## FINDINGS AND RECOMMENDATIONS

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- 36 (15%) instances where documentation was not submitted timely; therefore, payments were not made timely.
- 14 (6%) instances where some expenditures do not appear to be reasonable and necessary.
- 20 (4%) instances where the Department was unable to locate nineteen vouchers and/or control groups in the Controller's Office or at the State Record Center. As part of its oversight responsibilities, the Department writes the checks for DMF and maintains the expenditure documentation.
- 23 (9%) instances where supporting documentation was not adequate or was missing.
- 3 (1%) instances where payments/code sheets were not mathematically correct. Discounts were not taken.
- 16 (7%) instances where documentation was not canceled to prevent repayment. The Department cancels documentation by perforation of the documents. However, some motel receipts, parking receipts, and invoices were not canceled.

As summarized in Table 6, pages 58-70, we identified the following areas of non-compliance with the travel regulations:

- 50 (21%) instances where travel reimbursements were not submitted within 30 days after the travel period ended, where "travel period" is defined as being the month during which the travel occurred.
- 65 (27%) instances where lodging reimbursements were not supported with original receipts. Reimbursements and use of vehicle forms were not complete.
- 39 (16%) instances where authorizations to use privately owned vehicles and travel authorizations were approved after the dates of travel.
- 9 (4%) instances where expenditures were coded to the wrong object.
- 22 (9%) instances where the justification and necessity of many trips were unclear. Travel authorizations are required for all out-of-state travel and for in-state travel if the motel rate exceeds the blanket policy amount of \$50. Several travel authorizations did not indicate the purpose of the trip, or if indicated, the purpose was vague. Employees attended seminars, conferences, and meetings that appeared unrelated to their job duties.
- 90 (38%) instances where we noted other internal control errors by the Department Controller's Office such as reimbursement requests not being canceled to prevent repayment and the Controller's Office being unable to locate vouchers and/or control groups for travel reimbursements.
- 26 (11%) instances where reimbursements and accounting code sheets were not properly approved for payment.
- 30 (13%) instances where reimbursements/payments were not mathematically correct. Proper rates were not charged.

As a result, DMF has incurred costs that are inadequately supported and that may not be necessary for the operations of DMF. As summarized in Tables 5 and 6, we are questioning \$1,057,654 in expenditures and travel reimbursements. DMF is responsible for ensuring its personnel are aware of the requirements for expenditure reimbursements. DMF and the Department Controller's Office are responsible for ensuring controls are in place to prevent and detect errors and for ensuring compliance with budgetary and departmental regulations. Based on the results of the sample, it is our opinion that DMF personnel are not properly informed of these requirements and procedures in place are not working properly or are not being adhered to.

## FINDINGS AND RECOMMENDATIONS

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### RECOMMENDATION

DMF management should institute procedures to ensure all personnel are properly informed of the budgetary and departmental requirements concerning payment of expenditures and reimbursement of travel. Additionally, the existing system of internal controls over the accounts payable function at both DMF and the Department should be strengthened to provide management with reasonable assurance that instances such as those noted above are detected and prevented. Management should institute procedures to ensure that all travel is necessary and relevant to the performance of the employee's duties and DMF's operations. Furthermore, the purpose of travel should be clearly indicated to properly support any expenses incurred. Additionally, DMF and the Department Controller's Office should review the controls in place for weaknesses that have allowed the errors noted.

*Auditor's Note: Prior to completion of our fieldwork, DMF went on-line for the payment of vendor invoices and travel reimbursements. All documentation is now stamped "Paid" to prevent duplicate payment.*

## FINDINGS AND RECOMMENDATIONS

**TABLE 5  
EXPENDITURES - QUESTIONED COSTS  
FISCAL YEARS 1993-94 THROUGH 1996-97**

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
366398	07/08/93	28,795.00	Outboard Marine Corp	1 Lot Outboard Motors And Parts	Code Sheet And Invoice Not Authorized For Payment, Coded As Other Equipment Rather Than Boats And Trailers, How Arrived At Unit Price?	Code Sheets Were Not Approved For Payment Until New Ncas; If Purchase Order Was Approved, Invoices Were Not Individually Approved For Payment; Unit Price Included Tax
366399	07/08/93	907.36	Macthrift Office Furniture	4 Drawer Insulated File Cabinet	Invoice Not Approved For Payment, Code Sheet Not Approved For Payment	Invoices Never Approved For Payment If The Purchase Order Was Approved; Code Sheets Were Not Approved For Payment Until New Ncas
366400	07/08/93	1,512.00	Alexander Battery Se Inc	48 Rechargeable Radio Batteries	Code Sheet Not Approved For Payment, Invoice Not Approved For Payment	Invoices Never Approved For Payment If The Purchase Order Was Approved; Code Sheets Were Not Approved For Payment Until New Ncas
369524	07/19/93	19,021.00	Atlantic States Marine	Annual Dues/Membership Fee	Code Sheet Not Approved For Payment	Code Sheet Was Not Approved For Payment Until New Ncas
371478	07/23/93	9,381.06	Homer Smith Seafood Market	Purchase, Loading, And Transporting Of Scallop Shells To Be Used As Cultch Material	No Purchase Order Or Request To Purchase, Accounting Code Sheet Not Approved	Code Sheet Was Not Approved For Payment Until New Ncas; Purchase And Transportation Approved By Special Delegation Per 5/3/89 Memo - No Po Required
375486	08/11/93	540.96	Rotanium Products	Electrical Contact Cleaner, Penetrating Oil, Wire Ties Used On LCU's	Code Sheet Not Approved For Payment, No Purchase Order Or Request	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Purchase - Purchase Order Not Required
375653	08/11/93	8,013.45	James C Hewett Trucking	Loading & Transportation Of DMF Owned Oyster Shells To Be Used As Cultch Material	No Purchase Order Or Request, On Contract? Code Sheet Not Approved For Payment	Code Sheet Was Not Approved For Payment Until New Ncas; Purchase & Transportation Approved By Special Delegation Per 5/3/89 Memo - No Po Required
375654	08/11/93	6,028.57	Robinson Oyster Co	Purchase Of Oyster Shells To Be Used As Cultch Material	Code Sheet Not Approved For Payment, No Purchase Order Or Request, On Contract?	Code Sheet Was Not Approved For Payment Until New Ncas; Purchase & Transportation Approved By Special Delegation Per 5/3/89 Memo - No Po Required
375716	08/11/93	942.82	R & E Electronics	Lan Cabling And Installation	Code Sheet Not Approved For Payment, Invoice Not Approved For Payment, Coded As Other Repairs For Lan Installation	Invoices Never Approved For Payment If The Purchase Order Was Approved; Code Sheets Were Not Approved For Payment Until New Ncas

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
376038	08/12/93	1,227.80	Douglas Battery Mfg Co	12 Group Size 24 BCI Batteries, 24 Group Size 27 BCI Batteries	Code Sheet Not Approved For Payment, Coded As Purchases For Resale	Code Sheet Was Not Approved For Payment Until New Ncas; Coded As Warehouse Stock - Resold To Sections
376182	08/12/93	100.00	Miss Oregon Inlet	Trips By DMF Personnel To Gather Statistical Data	Code Sheet Not Approved For Payment	Code Sheet Was Not Approved For Payment Until New Ncas
376651	08/13/93	45.05	County-Aire Rental Co	Rental Of Weed & Brush Cutter	No Rental Request Describing The Purpose, Direct Pay?	Direct Pay Vendor - No Po Required; Purpose Was To Clean Wooded Area Around Storage Building
377368	08/16/93	192.16	Sears Roebuck & Co	Drill Driver, Dust Collectors	Code Sheet Not Approved, Drill Driver Coded As Scientific Supplies But Should Be Other Equipment, Table Saw Coded As Scientific Supplies Is Required By OSHA And Should Be Coded As Repair And Maint Supplies, Direct Pay Vendor?	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required; Coded Correctly As Other Equipment
378475	08/19/93	2,259.41	Eveready First Aid	2 First Aid Kits For Maintenance Shop, 25 Snake Bite Kits, 125 First Aid Kits For Boats/Vehicles	Invoice And Accounting Code Sheet Not Approved For Payment	Invoices Never Approved For Payment If The Purchase Order Was Approved; Code Sheets Were Not Approved For Payment Until New Ncas
381817	09/08/93	1,122.28	Fisher Scientific Co	Emergency Eyewash/Shower Combination Station	Invoice And Accounting Code Sheet Not Approved For Payment	Invoices Never Approved For Payment If The Purchase Order Was Approved; Code Sheets Were Not Approved For Payment Until New Ncas
382028	09/08/93	146.75	Ascom Hasler Mailing	Rental Of Postage Meter	No Documentation On Purpose For Meter Rental	Postage Meter - To Do Postage; Direct Pay Vendor
383333	09/10/93	417.19	Roses Stores Inc	Water Coolers, Sun Screen, Film, Cleaning Supplies, Trash Bags, Insect Spray	Seven Of 30 Receipts For Purchases Made In May And June Not Paid Until Sept, Why Did Juanita Gaskill Approve Purchases For Carolina Coast?	Held Tickets To Balance With Statement; Gaskill Worked In That Section & Had Signature Authority To Approve Payment
384098	09/13/93	874.62	Williams Hardware	Paint, Paint Brushes, Tape, Copper Pipe, Fittings, Cleaner, Shovel, Bolts	Accounting Code Sheet Not Approved For Payment, Direct Pay Vendor?	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required
386144	09/16/93	110.95	Black & Decker	Safety Re-Coil Device & Safety Blade Guard Assembly For Radial Arm Saw	No Purchase Order, Code Sheet Not Approved	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required
387827	09/23/93	56,661.18	Dot--Division Of Highways	Work On Research Vessel Long Bay	Contract Expenditure Report Not Approved, Accounting Code Sheet Not Approved, Approved For Payment 7/26 But Not Paid Until 9/23--Why Delayed?	Contract Had Been Approved - Contract Expenditure Not Required To Be Signed At That Time; Code Sheet Was Not Approved For Payment Until New Ncas; Paid When Received From Section
390471	10/04/93	232.82	Wal-Mart	Tool Box, Alkaline Batteries, Quick Connectors, Trash Bags, Cleaning Supplies	Accounting Code Sheet Not Approved, Purchases Made 7/22, 7/28, 8/25, 8/31 Not Paid Until 10/4--Why Delayed?	Code Sheet Was Not Approved For Payment Until New Ncas; Waiting For Payment To Pay
393962	10/12/93	376.27	Queen City TV Service Co	Video Recorder Player/Monitor	Invoice And Accounting Code Sheet Not Approved	Code Sheet Was Not Approved For Payment Until New Ncas; Coded As Warehouse Stock - Resold To Sections

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
399583	11/02/93	83,192.64	Martin Marietta	Purchase Of Fossil Stone To Be Used As Cultch Material	Invoices And Accounting Code Sheet Not Approved For Payment, Invoice Rec'd 8/25/93-Not Paid Timely	Code Sheet Was Not Approved For Payment Until New Ncas; Invoices Not Approved If Po Was Approved; Documentation Shows Money Had To Be Moved From Encumbrance
401178	11/05/93	152.90	Snap-On Tools Corp	Wrench, Pliers, Glasses	Accounting Code Sheet Not Approved, Direct Pay?	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required
401180	11/05/93	134.62	Mike Keller Ltd	Floats For Gill Nets, Knives, Viking Boots	Accounting Code Sheet Not Approved, Direct Pay?	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required
402067	11/08/93	120.00	Stow-A-Way Ministorage	Rental Of Storage Unit For Parts/State Fair Items	Code Sheet Not Approved For Payment, Payment For Two Months Although Due Each Month, Reason For The Lease?	Lease Paid By Dehnr At This Time
402268	11/08/93	182.00	Canady's Sport Center	Chest Waders	Accounting Code Sheet Not Approved, Direct Pay?	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required
402281	11/08/93	214.89	Freeman's Discount	Chest Waders	Accounting Code Sheet Not Approved, Direct Pay?	Code Sheet Was Not Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required
409929	12/07/93	228.58	Wal-Mart Stores, Inc	Grease, Cleaning Supplies, Paint Thinner	Nine Of 10 Purchases Made In Sept Or Oct Not Paid Until 12/7, Accounting Code Sheet Not Approved For Payment	Code Sheet Was Not Approved For Payment Until New Ncas; Held Tickets For Statement
412199	12/10/93	643.50	Tina R Stancill	Transcript Of 3/8/93 Trial	Accounting Code Sheet Not Approved, Invoice Rec'd 10/21 But Not Paid Until 12/10-Why Delay?	Code Sheet Was Not Approved For Payment Until New Ncas; Documentation Sent To Dehnr 10-26-93 - Do Not Know Why The Delay
414954	12/20/93	2,051.48	Texaco Refining And Marketing Inc	Fuel Purchases For The Division	Statement Dated 11/15/93 Not Paid Until 12/20/93--Why Delay?	Documentation Sent To Dehnr 12-8-93; Delay Due To Holiday?
417987	01/11/94	1,200.00	Weyerhaeuser	Lease Of South River Barge Landing Site	Letter Not Approved For Payment	Paid By Dehnr At This Time
418170	01/11/94	161.61	Poor Richard's	Fluorescent Paint & Brushes	No Purchase Order, Why Not Purchased From Doc Enterprises?, Invoice Rec'd 12/10/93 But Not Paid Until 1/11, Circumventing State Contract?	Direct Pay Vendor - No Po Required; Special Paint To Paint Signs That Go In Water. The Only Paint That We've Found That Holds Up; Documentation Sent To Dehnr 12-11-93 - Late Due To Holidays?
419424	01/14/94	685.00	Independent Mailing System	Maintenance Agreement On Mail Machine	Invoice And Accounting Code Sheet Not Approved For Payment, Invoice Rec'd 10/19 But Not Paid Until 1/14--Why Delay?	Code Sheet Was Not Approved For Payment Until New Ncas; Invoices Never Approved If Po Was Approved; Delay In Approving Request
423298	01/25/94	6,708.40	Trawl Works Inc	Lot Codends, Extensions And Modifications Of Existing Codends For Experimental Trawler Trawls	Invoice And Accounting Code Sheet Not Approved, Invoice Rec'd 11/29 But Not Paid Until 1/25--Why Delay?	Code Sheet Was Not Approved For Payment Until New Ncas; Invoices Were Not Approved If Po Was Approved; Late Due To Holidays



## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
423300	01/25/94	605.40	Ocean Wonders Dive Center	Wrist Mounted Dive Computers	Paid From Copy Of Invoice, Accounting Code Sheet Not Approved, Invoice Dated 11/17 But Not Paid Until 1/27-- Why Delay?, Dive Computers Coded As Educ Supplies Rather Than Other Equipment	Original Invoices Were Lost; Code Sheet Was Not Approved For Payment Until New Ncas; Po's Paid By Dehnr At This Time - Not Sure Why The Delay; Coded Correctly - Used As Scientific Research
424863	01/28/94	103.90	Huntley's	Bolts, Hinges, Covers	No Purchase Order--Direct Pay? Invoices Rec'd 12/20 But Not Paid Until 1/28	Direct Pay Vendor - No Po Required; Late Payment Due To Holidays
428732	02/08/94	43,460.00	University Graphics	Printing Of Trip Ticket Forms	Invoice Not Approved For Payment	Invoices Were Not Approved For Payment If The Po Was Approved
428759	02/08/94	1,641.14	Coastal Carolina Corp	Repair Parts & Labor For HVAC	Paid Three Months After Invoice Received	Confirming Po Was Required - This Always Causes A Delay In Payment
440706	03/14/94	359.28	Outer Banks Outfitters	Marine Vhf Radio & Antenna	Invoice Not Approved, Coding?	Invoices Never Approved For Payment If Po Was Approved; Coded Correctly - Radio Was For Boat
440707	03/14/94	3,435.30	Omc Systematched Parts	Outboard Motor Parts	Invoices Paid One To Five Months Late, Coding?	Coding Correct - Warehouse Stock For Outboard Motor Parts; Held Invoices Waiting On Change Order
441630	03/16/94	2,600.53	Branch's	Lot Of Tyvek Envelopes	Invoice Not Approved	Invoices Never Approved For Payment If Po Was Approved
444931	03/25/94	2,734.80	Zellerbach	White Bond Paper	Paid From Invoice Copy, Not Approved For Payment	Never Received Original Invoice; Invoice Never Approved For Payment If Po Was Approved
445063	03/25/94	149.36	Ihrie Supply Company, Inc	Insulation For Piping Onboard R/V Long Bay	No Purchase Order, Direct Pay?, Did Not Take Advantage Of Discount	Direct Pay Vendor - No Po Required; Could Not Take Discount Unless Paid By 3-10-94, Was Paid 3-25-94
445345	03/28/94	150.40	Whitman's Engraving, Inc	Brass Names For Plaques	No Supporting Documentation, Did Not Take Discount, Purpose?	Direct Pay Vendor - No Po Required; Brass Names For Plaques To Go On Saltwater Fishing Citations; Missed Discount
445348	03/28/94	1,844.40	Barbours Marine Supply	Spool Of 3/4" Braided Nylon Rope	No Approval On Invoice Or Accounting Code Sheet, Coding?	Code Sheet Not Approved For Payment Until New Ncas; Invoice Never Approved For Payment If Po Was Approved; Correct Account Coding Used At Time Of Payment
453471	04/18/94	5,097.14	International Paint	Paint	Purpose? Coding? Invoice Not Approved	Invoice Never Approved For Payment If Po Was Approved; Coding Correct; Paint Used To Paint Bottom & Outside Of Boats
453472	04/18/94	2,175.12	Institutional Interiors	Executive Desk	Invoice Not Approved, Coding-Office Furniture?	Invoice Never Approved For Payment If Po Was Approved; Coding Correct At Time Of Payment - Items Under \$500 Could Not Be Charged In The 55xx Series
453474	04/18/94	1,873.04	Arrington Police Distributors, Inc	6,000 Rounds Of 9mm Ammo	Paid From Invoice Copy, No Approval, Coding?	Did Not Receive Original Invoice; Invoice Never Approved For Payment If Po Was Approved; Coding Correct - Used For In-Service School

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
461642	05/06/94	16,305.93	Ford/New Holland, Inc	4wd Ford Tractor	Invoice Not Approved	Invoice Never Approved For Payment If Po Was Approved - Had Approved Po
463622	05/12/94	16,321.01	Voerman & Carroll, Pa	Attorney's Fees & Costs	Incomplete Documentation, No Explanation, Approved For Payment - By Who?	No Response From Dmf.
465052	05/17/94	1,441.53	Morehead Gulf Docks	Diesel Fuel For R/V Long Bay	Paid Late	Confirming Request Required; Results In Late Payment
465060	05/17/94	144.78	Topsail Sportswear	24 Golf Caps For NC Striped Bass Tagging Program	No Purchase Order, Direct Pay?, Purpose? Coding?	Direct Pay Vendor - No Po Required; Caps For Tagging Program; Coded Correctly
468065	05/25/94	16,244.13	Parker Marine Enterprises	25' Parker Marine Commercial Cabin Boat	Invoice Not Approved	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved
469004	05/27/94	500.00	Imprest Cash	Postage Reimbursement - Mailing Proclamations	No Receipts Attached, Coded To Several Funds-Why?	No Response From Dmf.
471099	06/06/94	9,787.93	Rondol Cordon Trucking Company	Hauling Of Shells To Be Used For Culch Material	Invoice Not Cancelled	Dehnr Cancels Invoices When They Pay - Not Sure Why They Didn't
471514	06/07/94	1,185.29	Sears	Wrenches, Air Hose, Sand Blaster, Pliers, Grinder, Reciprocating Saw, Clamps, Air Drill	Invoice Not Approved For Payment, Coding?, Purpose?	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved; Coding Correct At Time Of Payment; Tools For Dmf Use
471841	06/07/94	76,470.10	Carteret County	Reimburse County For Boat & Fishing Access Area Project	Late Payment--Original Invoice Sent 12/93	County Had A New Employee And It Took Sending Memos Back & Forth To Get A Corrected Copy
472864	06/09/94	12,400.00	Department Of Labor	Payment Of Fines For Safety Violations	Late Payment--Due 11/25/93, Coding?	Held By Business Office?
473644	06/10/94	2,450.70	Cella Ford, Inc	Emergency Repair Of Dump Truck	Invoice Not Approved	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved
478932	06/23/94	2,320.00	SAS Institute Inc	Software License Agreement	No Purchase Order, Submitted One Month Late, Purpose?	Direct Pay Vendor; Held For Charging Information From Controller's Office
479426	06/23/94	987.39	Bates Shoe Company	24 Pairs Of Men's Chukka Boots	No Approval	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved
504025	09/08/94	1,612.83	Topsail Sportswear	384 Caps For Fish Tagging Program	Purpose Of Purchase Of 384 Golf Caps? Invoices Not Approved For Payment, Why Coded To Other Services Instead Of Clothing And Uniforms?	Caps Are Given For Fish Tag Rewards; Had Approved Po - Invoices Never Approved For Payment If Po Was Approved; Not Charged To Uniforms But As A Fish Tag Reward
514165	10/11/94	13.67	Friends Of The NC State Museum	Wetlands Coloring Books	No Purchase Order-Direct Pay? Purpose? Accounting Code Sheet Not Approved	Code Sheet Never Approved For Payment Until New Ncas; Direct Pay Vendor - No Po Required; Educational Research On Wetlands Grant For Us Fish & Wildlife

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
519413	10/26/94	12.71	Pet World Of Morehead	Motor	Purpose? No Purchase Order--Direct Pay?, Payment Approved 9/23 But Not Paid Until 10/26--Why Delay?	Motor For Fish Tank; Direct Pay Vendor - No Po Required; Delay In Payment - New Accounts Payable Clerk
523332	11/08/94	1,997.04	John Chatillion & Sons Inc	Instrument Scales	Invoice Not Approved For Payment, Purchase Of Scales Coded As Other Supp And Mat Rather Than Other Equipment	Invoice Never Approved For Payment If Po Was Approved; Coding Correct - Items Not Put On Fas
527930	11/23/94	6,000.00	Rolyan Mfg Co Inc	Regulatory Buoys	Invoice Not Approved For Payment, Buoy Marker Coded As Educ Supplies--Why Not Other Supplies?	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved; Correct Coding At Time Of Payment
542782	01/10/95	4,699.84	Lowes	Slat Treated Posts	Invoices Not Approved For Payment, Rec'd 11/15 Not Paid Until 1/10--Why Delay?	Had Approved Po - Invoices Never Approved For Payment If Po Was Approved; Invoices Lost In Mail And Had To Get Copies, Also Holidays
557808	02/21/95	2,245.61	R C Weatherman & Son Inc	Covered Mats, Vinyl Matting	Invoice Not Approved, Coding?	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved; Coding Correct - Charged To Warehouse To Resell To Sections
558156	02/22/95	862.86	Autry's PTO	Executive Desk	Invoice Not Approved, Should Be Coded To Office Furniture	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved; Coding Correct - At This Time Office Furniture Was In The 4xxx Series & We Could Only Charge If Over \$500 For Fas
579950	04/26/95	6,262.50	Smalley Packaging Co, Inc	1 Bu. Wooden Export Tubs	Invoice Not Approved	Had Approved Po - Invoice Never Approved For Payment If Po Was Approved
587786	05/15/95	2,725.74	Campbell-Brown Inc	35 Strobe Blue Lights	Invoice And Accounting Code Sheet Not Approved	Code Sheet Not Approved For Payment Until New Ncas; Had Approved Po - Invoice Never Approved For Payment If Po Was Approved
591417	05/23/95	30,164.12	Rondol Cordon Trucking Co	Purchase & Transportation Of Washed Stone	Accounting Code Sheet Not Approved	Code Sheet Not Approved For Payment Until New Ncas
591674	05/24/95	22,902.36	Lawmen's Safety Supply Inc	39 48" Blue Light Bars	Invoice And Accounting Code Sheet Not Approved, Coding--Other Equipment? Other Supplies?	Code Sheet Not Approved For Payment Until New Ncas; Had Approved Po - Invoice Never Approved For Payment If Po Was Approved; Coding Correct - Some Went On Boats & Some Went On Cars

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
591698	05/24/95	9,826.20	Sign Shop	Marine Patrol Decals	Invoice And Accounting Code Sheet Not Approved, Coding--Other Equipment? Other Supplies?	Code Sheet Not Approved For Payment Until New Ncas; Had Approved Po - Invoice Never Approved For Payment If Po Was Approved; Coding Correct - Some Went On Boats & Some Went On Cars
593102	05/30/95	1,012.16	Topsail Sportswear	Caps For Red Drum Tagging Program	No Purchase Order--Direct Pay?, Purchased 240 Golf Caps--Purpose?, Coded As Other Services--Why Not Clothing?	Direct Pay Vendor - No Po Required; Caps For Fish Tag Reward; Charged Under Line Item For Fish Tag Reward
597484	06/08/95	12,769.41	American Decal & Mfg Co	Vessel License Decals	Invoice And Accounting Code Sheet Not Approved	Code Sheet Not Approved For Payment Until New Ncas; Had Approved Po - Invoice Never Approved For Payment If Po Was Approved
597837	06/08/95	1,367.40	Crystal Coast Cordage, Inc.	3/4" Double Braided Nylon Rope	Approved Before Goods Received; Coding For 1330/2300?	Approved 5/15/95 & Received 5/8/95; Coding Correct At That Time - Rope Was Coded To 2300
601437	06/15/95	2,175.00	Floy Tag & Mfg Inc	Shrink Lock Internal Laminated Anchor Tags	How Were Amounts Derived? Invoice And Accounting Code Sheet Not Approved For Payment, Stainless Steel Dart Tags And Internal Anchor Coded As Educ Supplies Rather Than Other Supplies	Code Sheet Not Approved For Payment Until New Ncas; Had Approved Po - Invoice Never Approved For Payment If Po Was Approved; Amount Changed Because Of Freight; Coded This Way Because It Is Considered Education - These Are Fish Tags For Fish Tagging Program
606445	06/21/95	738.33	K-Mart Stores Inc	Ice Chests/Coolers	Coded To Purchase For Resale? Receipt Not Cancelled, Sue Approved Invoice And Accounting Code Sheet	Stock For Warehouse To Be Resold To Each Section; End Of Fiscal Year, Short Staffed, & I Was Preparing Code Sheets, Don't Know Why Dehnr Did Not Cancel Receipt
607485	06/21/95	442.71	Branch's	Envelopes, Carrying Case	Sue Approved Invoices And Accounting Code Sheet, Coding?	End Of Fiscal Year, Short-Staffed, And I Was Preparing Code Sheets; Coded Correctly - Used For Educational Classes
607531	06/21/95	3,623.48	National Police Supply	9mm Ammo	Invoice And Accounting Code Sheet Not Approved, Coding? Purpose? Why Delay In Payment?	Code Sheet Not Approved For Payment Until New Ncas; Had Approved Po - Invoice Never Approved If Po Was Approved; Ammo Used For Training; Waited For Corrected Invoice & Never Received One - Made Corrections 7 Paid It
141153	06/29/95		DENR		COULD NOT BE LOCATED BY DEHNR	Dmf Could Not Locate Invoice/Voucher.

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
8108	08/04/95	230.36	Kittrell Auto Parts	Air Filter, Fuses, Master Brake Cylinderbulbs, Oil Pressure Sending Unit, Brake Line	Invoices Dated In June But Code Sheet Not Approved Until 7/31--Why Delay?	End Of Fiscal Year - There Is Always A Period This Time Of Year They Are Slow Getting To Raleigh - Shut Down For Close-Out
5056	08/08/95	690.00	Allen Hines	Trips For DMF Personnel To Collect Statistical Data	Accounting Code Sheet Not Approved	Contract Expenditure Was Approved For Payment - Code Sheet Was Not Needed
5069	08/15/95	31,990.18	Rondol Cordon Trucking Company	Transportation Of Surf Clam Shells To Be Used As Culch Material	Accounting Code Sheet Not Approved, Which Account To Be Used For Oyster Contracts--6989 Or 2199?	Purchase & Transportation Approved By Special Delegation Per 5/3/89 Memo - No Po Required
8607	08/18/95	13,650.00	NC Association Of Insurance	Aviation Renewal	Code Sheet Not Approved For Payment	This Was In A Transition Period Of Deciding Whether To Approve Agency Code Sheets Or Not Approving Them
8640	08/21/95	750.00	Larry's Food And Tackle	Rent Payment For Colombia Office	DENR Could Not Locate--Rent Payment For Columbia Office, Need Copy Of Contract/Invoices	Lease Paid By Dehnr - Do Not Have Copies Of Invoice At Dmf - Have Copy Of Lease Contract
6509	10/02/95	1,500.00	Environmental Systems Re		COULD NOT BE LOCATED BY DEHNR	Dmf Could Not Locate Invoice.
7451	10/06/95	341.62	Branch's Of New Bern	Desk File Sorters, Educational Display Materials	Invoice Not Approved For Payment, No Purchase Order Or Purchase Request, No Phone Quotes--Were Items Available On State Contract?	Items Not On State Contract Or Did Not Meet Minimum; Temporary Employee Preparing Code Sheet - I'm Sure She Saw Section Head Signature And Thought It Was Approved For Payment
7427	11/17/95	5,535.00	Unisource	Bond Paper	Invoice Not Approved	Po Was Approved; Invoices Were Never Approved
7428	11/17/95	156.00	Topsail Sportswear	Caps For Tagging Program	No Purchase Order-Direct Pay? Purpose--What Is Done With Caps?	Direct Pay Vendor - No Po Required; Caps Used In Tagging Program
7531	01/03/96	532.83	Galls Inc	Belt, Security Holsters, Handcuff Cases, Baton	No Purchase Order Or Purchase Request Or Phone Quotes--Were The Items On State Contract? Purpose?	Items Not On State Contract; \$750 Limit Requires Quotes; Items For Marine Patrol
7575	01/18/96	936.00	Topsail Sportswear	Caps For Tagging Program	Accounting Code Sheet Not Properly Completed, No Purchase Request--Contract? Invoice Rec'd 11/17 Not Approved Until 1/11--Why Delay? Purchased 480 Caps For Tagging Program--Purpose?	Caps For Flounder, Red Drum, & Striped Bass Tagging Program; Direct Pay Vendor - No Po Required;
7594	01/23/96	599.75	Camera Corner Inc	5 Satter Sea Kings	Invoice Rec'd 11/16 But Not Approved By Marine Patrol Until 1/9--Why Delay? No Purchase Order Or Purchase Request Or Phones Quotes--On State Contract?	Item Not On State Contract; \$750 Limit - Requires Quotes; Direct Pay Vendor - No Po Required; Do Not Know Why Delay In Approving
8306	02/06/96	75,257.00	Outboard Marine Corp	Outboard Motors	Invoice Not Approved, Invoice Rec'd 12/29 And Payment Due 1/20 But Accounting Code Sheet Not Approved Until 2/1--Why Delay/Late Payment?	Po Was Approved - We Never Did Approve Invoices; Holiday & Had To Wait For Fas Sheets Before It Could Be Paid
8367	02/13/96	56,037.00	Long Trailer Company Inc	Boat Trailers	Invoice Not Approved	Po Was Approved But We Never Approved Invoices
8369	02/15/96	4,182.48	Carolina Camera Centers	2 Nikon Cameras & Equipment	Invoice Not Approved	Po Was Approved - Never Did Approve Invoices

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
8626	02/26/96	250.00	Larrys Food And Tackle	Rent For Colombia Office	Could Not Be Located By DENR	Paid Directly By Dehnr - Never Received Invoices
7701	03/07/96	27,500.00	Coastal Electronics Inc	Motorola Radios	Invoice Not Approved	Po Was Approved - Never Did Approve Invoices
8181	03/12/96	5,865.00	Smith & Nephew Roylan Inc	Regulatory Buoys	Invoice Not Approved	Po Was Approved - We Never Have Approved The Invoice
7777	03/20/96	258.20	Brame Specialty Company	20 Cases Of Paper Towels	Invoice Not Approved	Po Was Approved - We Never Approved Invoices
7600	03/26/96	38.14	Lowes Business Account	Shelving, Boards, Zinc Support	No Purchase Order-Direct Pay?, Documentation Not Cancelled, Paid Late	Direct Pay Vendor - No Po Required; Department Would Have To Cancel; Approved 3-11-96 - Don't Know Why Delayed
7698	04/11/96	718.20	Sears Atlanta Comm Credit	Welder & Mig Kit	Accounting Code Sheet Approved Before Prepared, Coding?	I Don't Know - Human Error; Should Have Been 533240
7625	04/16/96	667.60	Poor Richards	Paint	No Purchase Order--State Contract? Purpose--Approved By Marine Patrol Major?, Rates Charged?	Only Paint That Will Hold Up In Water - Not On Contract; Major Was Acting Section Chief; Rate Is Acceptable For This Type Of Paint
7648	04/19/96	3,688.54	Buddy & Ernie	Net Reels	Batch Not Found By DENR; Purpose?	Gill Net Reel System; Dmf Found Copy Of Invoice
7656	04/24/96	8,600.00	Floy Tag & Mfg Inc	Laminated Internal Anchor Tags	Invoice Not Approved	Po Was Approved But We Have Never Approved The Invoice
7661	04/26/96	2,500.00	Smith Addressing Machine Inc	Endorsement To Sell Cards	Invoice Not Approved Or Cancelled	Po Was Approved But We Have Never Approved The Invoice; Invoice Should Have Been Cancelled By Dehnr
7675	05/01/96	25,296.00	Professional Communication	Radio, Antenna, Speaker, Siren	Invoice Not Approved	Po Was Approved But We Have Never Approved The Invoice
7601	05/02/96	14,112.64	Magic Tilt Trailers	Spare Tire, Winch Upgrade On Trailers, Axle Corrosion Upgrade, Brake Flush Kit	Invoice Not Approved	Po Was Approved But We Have Never Approved The Invoice
7603	05/06/96	3,235.00	Godwin Mfg Co	Steel Platform For Truck	Invoice Not Approved	Po Was Approved But We Have Never Approved The Invoice
5887	05/13/96	2,985.00	Bobby Gurganus	Annual Inspection For Airplane	Accounting Code Sheet Not Complete	Code Sheet Was Not Entered By Dehnr
7642	05/14/96	697.86	Focus Camera Inc	Minolta Freedom Zoom Lens	Invoice Not Approved	Po Was Approved - Never Approved Invoice
7646	05/17/96	1,090.00	Harbor Welding Inc	Boat Repairs	Accounting Code Sheet Not Complete, Coding? Direct Pay?	Whomever Paid This Should Have Completed; Coding Correct - Coded To Boats; Direct Pay - Quotes Attached
7653	06/10/96	4,243.50	Cal-June Inc	Regulatory Buoys	Invoice Not Approved	Po Was Approved - Never Approve Invoices

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
7659	06/11/96	759.23	Sears Atlanta Comm Credit	124 PC Mechanics' Tool Set, Soldering Gun Kit, Curved Claw Hammer, Voltage Tester, Pliers, Wrenches, Cordless Drill, Bolt Cutter, Air Tank, Angle Grinder	Coding? Invoice Not Approved	Po Was Approved - Invoices Were Never Approved; Coding Is Incorrect - Was Changed In Controller's Office
7681	06/13/96	8,613.45	Shields Business Forms	Trip Tickets	Invoice Not Approved Or Cancelled	Had Approved Po - Never Approved Invoices; Invoice Should Have Been Cancelled By Dehnr
40404	?	438.81	John Daniels		COULD NOT BE LOCATED BY DEHNR	Dmf Could Not Locate Invoice.
7452	11/27/95	229.97	K-Mart	VCR	No Purchase Order Or Phone Quotes--Direct Pay? Coded To Other Admin Supplies But Should Be Educational Supplies	Emergency Purchase While At State Fair; Direct Pay; Probably Should Be Charged To Education
7461	12/04/95	41.26	Kittrell Auto Parts	Spray Paint, Fuel Filter, Rotor, Cap, Belt, Plug Wires	Invoice Not Cancelled, No Purchase Order Or Phone Quotes--Direct Pay?	Direct Pay Vendor - No Po Required; Dehnr Cancels Invoices
7490	12/21/95	169.90	Frank & Frans	Chest Waders	Accounting Code Sheet Not Completed, No Purchase Order Or Phone Quotes--Direct Pay?	Direct Pay Vendor - Po Not Required; \$750 Limit Requires Quotes; Dehnr Cancels/Completes Code Sheet
2261	01/06/96	1,470.00	Megg Assoc	Annual Criswatch Support	No Purchase Order, Quotes--Direct Pay? Invoice Dated 10/31 But Not Approved Until 11/19 Or Paid Until 12/18-- Why Delay? Could Not Be Located By DENR	Direct Pay - No Po Required; Do Not Pay In Advance; Service Is 12-8-96 To 2-7-97
7648	06/14/96	653.27	Sears Atlanta Comm Credit	Wrenches, Wrecking Bar Screwdriver Set, Hex Set, Pipe Wrench, Files, Pliers	No Purchase Request Or Purchase Order--Direct Pay? Invoice Not Approved, Purpose?	Had Approved Po - Never Approved Invoices; Purchased Tools; Direct Pay Vendor
8636	07/03/96	250.00	Larrys Food And Tackle	Rent For Colombia Office	Could Not Be Located By DENR	Invoices Sent Directly To Dehnr & Paid By Them; Dmf Doesn't Have Copies Of Invoices
2252	07/31/96	200.00	Eastern Glass Tinting	Installed Solar Film On Windows	No Purchase Order--Direct Pay? Invoice Not Cancelled, Purpose?	Direct Pay Vendor - No Po Required; Replaced Window Due To Hurricane Bertha Damage; Dehnr Cancels Documentation
2253	07/31/96	4,088.87	Camera Corner Inc	Sharp Multi-Media Data/Video Projector & Carrying Case	Paid From Duplicate Invoice, Invoice Not Approved For Payment, Could Not Be Located By DENR	Had To Use Duplicate Invoice - Never Received Original Invoice; Had Approved Po - Never Approve Invoice; Dmf Provided Copy Of Invoice
2254	08/01/96	2,250.00	Inco Inc	Trojan 3 Yd. Loader	Invoice Not Approved	Had Approved Po - Never Approve Invoice
2263	08/07/96	576.73	360 Communications	Phone Bill	Cellular Phone Bill Seems Excessive, Calls From Morehead City To Washington (Jess Hawkins)	Commission Meetings - Jess Was In The Washington Office At Time Of Calls
2265	08/16/96	1,798.40	D & M Concrete	Concrete Pipe	Two Invoices Not Approved For Payment, Could Not Be Located By DENR	Po Was Approved - We Have Never Approved Invoices With Approved Po

## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
2277	09/17/96	289.00	Branch's Of New Bern	File Folders, Markers, Bottle Of Dry Erase Cleaner, Sorters, Easel, Stamp Pad	Accounting Code Sheet Not Approved, No Purchase Order Or Request--Direct Pay? Invoice Missing For \$3.27	Human Error Code Sheet Not Approved; Direct Pay Vendor - No Po Required; Copy Of Missing Invoice Given To Auditor
2280	10/08/96	26.04	Poor Richard's	Sign Paint	No Purchase Request Or Purchase Order--Direct Pay? Purpose?	Paint For Signs In Water; Direct Pay Vendor - No Po Required
2282	10/10/96	349.75	Lawmen's Safety Supply	Belt, Handcuff Case, Mace Holders	No Purchase Order Or Purchase Request--Direct Pay? Did Carol Weeks Have Payment Approval Authority? Coding--Should Be To Clothing And Uniform	Direct Pay Vendor - No Po Required; Not On State Contract; Carol Weeks Did Have Approval Authority; Mace Holders For Boats - Coded Correctly
2255	10/18/96	105.00	Kittrell Auto Parts	Ball Mount, Car Wash Liquid, Car Wax Hitch, Pull-Pin, Paint, Sealer	No Purchase Order--Direct Pay? No Entered Date On Accounting Code Sheet	Direct Pay Vendor - No Po Required; Gave Auditor Code Sheet With "Entered Date"
2262	11/25/96	48.95	B & W Sports Cards & Books	JCL Reference For John Rumsey	Invoice Not Cancelled, No Purchase Order--Direct Pay? Accounting Code Sheet Not Complete, Coding? Purpose?	Dept Cancels Invoice When Paying; Direct Pay Vendor - No Po Required; Ibm Job Control Language Reference Book; Incorrect Coding
5385	11/26/96	6,075.00	Charles King	Program Review & Presentation, Staff Assessment Interviews	Is Lunch Included In Rate?	Yes, Working Lunches Per Mr. King
2295	12/20/96	10,000.00	Peterson Architects	Design Fees - South River Warehouse & Facilities Planning Process & Master Plan	Contract Or Purchase Order? Invoice Rec'd 11/6 But Not Approved Until 12/17--Why Delay?	Have Contract & Agreement; Repair & Renovation Payment; Do Not Know Why Delay For Approval
2305	01/06/97	369.75	Branch's Of New Bern	Bpard & Notebook	No Purchase Order Or Request-Direct Pay? Invoices Not Cancelled	Direct Pay Vendor - No Po Required; Invoices Should Be Canceled By Dehnr
2267	01/08/97	250.00	Coastal Engine Company	Crab Slough Repairs	Accounting Code Sheet Approved By Deputy Director--Why?	In Supervisor's Absence, Deputy Director Approved For Payment
2293	01/29/97	3,967.52	Us Postmaster	Postage For Postage Meter	Inadequate Documentation, Summary Report Not Approved, No Signature To Validate Information As Correct	No Response From Dmf.
2262	02/18/97	8,702.13	Better Business Forms	Various Types Of Trip Tickets	Invoice Not Approved For Payment, Invoices Dated 11/19 But Not Paid Until 2/17--Why Delay? Could Not Be Located By DENR	Po Was Approved - Never Approved Invoices; The Order Was Short & I Held Up Payment Until All Received
2299	03/11/97	33.40	Branch' S Of New Bern	Form Holder, Key Rings, Letter Opener, Phone Message Books, Mailing Tubes	No Purchase Order Or Request--Direct Pay?, Two Purchases Of Same Item (Form Holders) On Same Day By Dale Ward--Necessary? Purpose?, Four Phone Message Books, Can Of Dust Off, Four Letter Openers, And Four Key Rings--Reasonable And Necessary?	Direct Pay Vendor - No Po Required; All Different Types Of Holders, 7 Invoices - 6 Different Sections Ordered Supplies; Archdale Supply Center Had Closed
2052	03/14/97	381.53	Sprint-Carolina Telephone	Telephone Service	Prior Month Payment Late--\$6.40 Late Fee--Why Delay?	There Is No Late Fee; Dept. Paid Prior Month
2287	03/25/97	157.00	Carolina Fishermen Supply	Pants, Coats, Gloves	No Purchase Order, Request, Or Quotes--Direct Pay? Invoices Approved For Payment 1/97 But Code Sheet Not Approved Until 3/97--Why Delay?	Direct Pay Vendor - No Po Required; Don't Know Why Delay - Received Back With Approval On 3-18-97
2108	04/16/97	2,192.29	Sprint-Carolina Telephone	Telephone Service	Prior Month Payment Late--\$18.54 Late Fee--Why Delay?	Dept. Paid Prior Month; Don't Know Why Late



## FINDINGS AND RECOMMENDATIONS

TABLE 5 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
2226	05/07/97	386.00	Queen City TV	Camcorder, Case, Battery	Invoice Not Approved By DENR	Had Approved Po - We Never Did Approve Invoices
2452	05/16/97	70.68	Poor Richard's	Paint, Rollers, Paint Tray	No Purchase Order--Direct Pay? Contract? Why Didn't They Buy Paint From Doc Enterprise?	Direct Pay Vendor - No Po Required; 4 Gallon Minimum On Contract
2495	05/16/97	66.90	Kittrell Auto Parts	Lug Wrench, Hand Jack, Blade, Solvent Spray	No Purchase Order--Direct Pay? Coded As Hardware	Direct Pay Vendor - No Po Required; Coded Correctly At Time - Wrench & Jack = Hardware For Boat
2458	05/29/97	140.16	Poor Richards	Paint & Floor Enamel	Paid Two Weeks Late, No Purchase Order--Direct Pay? Paint On State Contract? Why Didn't They Buy From Doc Enterprise?	Each Section Was To Pay For Their Own Repair; Authorized To Purchase Small Quantities; No Place To Store Large Amounts
2461	05/30/97	102.18	Kittrell Auto Parts	Jumper Cables, Compressor	No Purchase Order-Direct Pay? Coding To Equipment?	Direct Pay Vendor - No Po Required; Cables For Boat
2462	05/30/97	105.00	Coastal Foto Inc	Print File Photos	No Purchase Order Or Phone Quotes--Direct Pay? Approved 56 Days After Invoiced--Why Delay?	Direct Pay Vendor - No Po Required; Invoice Not Received Until 5-8-97
2463	05/30/97	139.95	Ritz Camera Centers	Dividers	No Purchase Order Or Phone Quotes--Direct Pay? Should Be Coded To Equipment	Phone Quotes Not Required; Scientific Supplies
2463	05/30/97	385.25	Kittrell Auto Parts	Gear Box	No Purchase Order Or Phone Quotes--Direct Pay? Accounting Code Sheet Does Not Foot, Paid One Month Late	Direct Pay Vendor - No Po Required; Received 5-16-97, Paid 5-27-97; Should Be \$385.25 - \$150.00 Debit, 14.12 Tax, Total Is Correct
2234	06/04/97	5,640.99	Institutional Interiors	Computer Furniture	Invoice Not Approved	Had Approved Po - Never Approved Invoices
2261	06/09/97	7,100.00	Environmental System Reser	License Agreement	Invoice Not Approved, Purpose? Invoice Rec'd By?	Had Approved Po - Never Approved Invoices; Item Received By A. Nelson; Software License For Gis System
2261	06/09/97	4,476.52	Choice Computer Center	Computer	Invoice Not Approved, Coding? Purpose?	Had Approved Po - Never Approved Invoices If Po Approved; Coding Correct - Computer
2261	06/09/97	735.20	Ita, Inc (Toshiba)	Phone System (Digital Console System)	Invoice Not Approved, Purpose?	Had Approved Po - Never Approved Invoices If Po Approved; Purchase Was To Add On To Equipment For Staff In Wilmington Office (Phone System)
2484	06/16/97	54.08	Poor Richard's	4 Gallons Paint	No Purchase Order--Direct Pay? Buy On Contract? Paint Coded As Office Supplies? Late Payment Why Didn't They Buy From Doc Enterprise?	Direct Pay Vendor - No Po Required; Per Section Chief - No Funds In 533240; Received In Office 5-7-97, Out For Approval - Received Back 5-22-97
TOTAL		\$936,850.95				

## FINDINGS AND RECOMMENDATIONS

**TABLE 6  
TRAVEL - QUESTIONED COSTS  
FISCAL YEARS 1993-94 THROUGH 1996-97**

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
367963	07/13/93	530.00	Diners Club	Travel To New Jersey	Travel Authorization Not Approved, Accounting Code Sheet Not Approved, No Airline Vouchers To Prove Travel Occurred	DMF did not respond.
371491	07/23/93	1,084.58	Pak-A-Sak Stores Inc	Grocery Purchases For The Crew Of The Carolina Coast	Code Sheet Not Approved For Payment, Purpose Of Trip? Travel Authorization?	no travel authorization. employee did not get proper approval signature.
141215	08/03/93	241.87	Juanita Gaskill		Could Not Be Located By DENR	DMF did not respond.
374183	08/06/93	386.00	Michael D Cruze	Travel To St. Louis, Missouri	Registration Fee Coded With Meals Rather Than Separately, Late Submission	no idea what happened. old codes and I did not work in travel then.
374929	08/10/93	537.34	William T Hogarth	Travel - NC (Jacksonville, Raleigh, Washington, Manteo, Wilmington, Asheboro)	Travel Authorization Submitted After Travel, Authorization Only Covers Three Of 12 Days Of Travel	travel was submitted after fact. authorization only needed for excess hotel on 2 nights, the 23rd and 24th.
374949	08/10/93	211.20	Pasquale A Wojciechowski	Travel - NC (Raleigh)	Need Use Of Vehicle Form	we now use forms "fp-16"
376638	08/13/93	220.77	Byrds Food Stores	Grocery Purchases For Crew Of Royal Shoal	Are They Entitled To Breakfast, Lunch, Or Dinner?	times of departure and arrival (return) are requested. can not tell if entitled to meals without times of departure and return.
376688	08/13/93	24.26	Fentress H Munden	Travel To Mclean, Va.	Registration Coded As Part Of Subsistence	registration is coded separately under acct #2930. now entered separately.
377059	08/16/93	251.22	William Mark Summerlin	Disability Payment	No Supporting Documentation	documentation will be provided by personnel office
383116	09/08/93	183.70	Jule McMichael	Travel NC (Wilmington & Carolina Beach)	Why Did Intern Attend King Mackerel Tournament? What Did Intern Do?	interns are treated like state employees, because they receive a state check. she worked and helped out.
386383	09/17/93	460.16	James Dale Ward	Travel - NC (Raleigh, Manteo, Wilmington, Asheboro)	No Travel Authorization, Not Submitted Timely, Why Go Back To Morehead And Return To Raleigh, Some Info Whited Out, Purpose?	reason unknown. now excess hotel 30 day law. whiteout was allowable at one time.
141270	09/27/93	69.76	Kelly B Odom		Could Not Be Located By DENR	DMF did not respond
141280	10/07/93	71.73	Michael D Cruze		Could Not Be Located By DENR	DMF did not respond
396024	10/20/93	518.44	William T Hogarth	Travel - NC (Raleigh)	Use Of Vehicle Approved?, Hotel Receipts Not Canceled	DENR canceled by perforator.
396457	10/20/93	1,050.42	Pak-A-Sak Stores	Grocery Purchases For R/V Rose Bay Crew	How Did They Arrive At Amounts?	'rose bay' boat. from the receipts. no cash register receipts attached.
396974	10/22/93	256.61	Harrel B Johnson	Travel NC - Morehead City, Raleigh)	Hotel Receipts Not Canceled, No Departure/Arrival Times	department error. division error. times are always used now.
397920	10/26/93	675.00	Diners Club	Travel To St. Louis, Missouri-Airline Tickets	Airline Invoice Not Approved For Payment And Not Canceled	controller's office pays diner's club. for payment now. we supply (1) boa, (2) itinerary.
398043	10/26/93	731.98	James Dale Ward	Travel NC & SC (Manteo, High Point, Raleigh, Georgetown, SC)	3 Hotel Receipts Not Canceled, Use Of Vehicle Form?, Note In File Regarding Late Submission, Purpose?	department error.
399218	11/01/93	930.68	Pasquale A Wojciechowski	Travel - NC & Canada (Raleigh, New Brunswick, Canada)	Use Of Vehicle Form?, Airline Ticket? Wife?	vehicle not required by DMF. we did not pay for wife. he turned in wrong itinerary.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
402037	11/08/93	1,297.25	Jerry W Hardesty	Travel NC - (Morehead City, Washington, Manteo Asheboro, Wilmington) MFC Meetings/Public Hearings	Not Submitted Timely	commission members did not and do not understand rules set by the office of state budget and management.
404312	11/17/93	968.08	Jodie E Gay	Travel NC (Long Beach, Morehead City, Manteo, Asheboro, Wilmington, Beaufort, Topsail Beach) - MFC Meetings/Public Hearings	Paid From Copies, Not Submitted Timely	commission member and appeals panel does not know or remember rules.
404888	11/19/93	417.80	James Dale Ward	Travel NC (Goldsboro, New Bern, Manteo, Raleigh, Hatteras)	Hotel Receipts Not Canceled, Why Stay Th, Fr, Sat Nights?, Purpose?	dept. authority not division. was working fishing tournament that lasted through Saturday and the awards were Sunday and then I returned to Morehead City.
404889	11/19/93	291.60	Bernard E McLeod	Travel NC	Reimb Submitted 9/30 But Not Paid Until 11/19--Why?	was submitted on wrong form and was returned to be submitted on correct form.
406313	11/23/93	443.80	John Zuaboni	Travel NC	Reimb Form Incomplete--No Duty Station, Commute Or Overnight Stays On 11/11, 11/15-11/17? Entitled To Lunch?	was in moving status. duty station was considered Morehead city. yes, when in moving status.
406322	11/23/93	232.00	Merton Cox Iii	Travel NC (Wilson)	Purpose Of Travel On Sundays 10/31 And 11/7?	responded "I have no information"
409673	12/06/93	512.76	Diners Club		Could Not Be Located By DENR	DMF did not respond
414746	12/17/93	904.77	James Dale Ward	Reimbursement For Lunch For The MFC Meeting	Accounting Code Sheet Not Approved, MFC Mtg--State Paying For All Attendants Lunch?, Who Prepared Food? What Was Served?, Excessive Expenditures? Purpose?	never approved code sheet. was sent to DENR 10-26-93. do not know why the delay.
418258	01/12/94	1,372.84	William T Hogarth	Travel To Williamsburg, Va.. Port Jefferson, NY, Newport, RI	Using \$.28 Per Mile Although Over 60 Miles And No Doc That State Car Not Available, Hotel Included In Code For Meals, Amount Excessive?	employee, to my knowledge, always had car available to him.
419713	01/14/94	189.10	Brian A Melott	Travel NC - Recreational Port Sampler	Postage Receipts Not Canceled	department cancels.
424292	01/27/94	357.86	Juanita T Gaskill		Could Not Be Located By DENR	could not be located by department or division.
424293	01/27/94	105.79	Ramona R McDonald	Travel NC (Greensboro, Greenville, Nags Head, Manteo, Wilmington, Wrightsville Beach) MFC Meetings/Public Hearings	Three Of Four Hotel Receipts Not Canceled	department error
425034	01/28/94	156.20	Jess H Hawkins Iii	Travel NC (Grantsboro, Manteo, Wilmington)	Paid Without Hotel Receipt	don't know why. we require original receipts now.
425036	01/28/94	315.50	Michael W Street	Travel NC (Arapahoe, Raleigh, Wrightsville Beach)	Parking Receipts Not Canceled	department .
425037	01/28/94	266.54	James Fred Swain	Travel NC (Greensboro, Manteo, Wrightsville Beach)	Motel Receipt Not Canceled	department.
425740	02/01/94	281.40	Fentress H Munden	Travel NC (Grantsboro, Greenville, Manteo, Wilmington, Wrightsville Beach)	Receipt Not Canceled	department.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
431109	02/16/94	34.81	James Dale Ward	Travel NC (Greensboro, Greenville, Wilmington, Wrightsville Beach)	Who Added Him On Wrightsville Trip? Purpose?	marine fisheries comm. meeting
432586	02/21/94	1,261.00	Diners Club	Airline Tickets For Port Jefferson, NY, Old Lyme, CT & Newport, RI	No Supporting Documentation	now a boa and copy of itinerary are attached
439269	03/10/94	273.30	Michael W Street	Travel NC (Raleigh)	Receipt Not Canceled	department.
442048	03/17/94	272.12	Maury Wolff	Travel To Tifton, GA	Coding	DMF coding is correct for out-of-state.
447234	04/05/94	1,098.32	Margaret Stamey	Travel To Newport, RI As Legislative Representative On The Commission	No Reimbursement Form, Did Not Attend Entire Meeting, What Was Paid?	vendor #05 BCCC member shall be paid. wrong form used.
450106	04/11/94	912.07	Dirk Frankenburg	Travel NC (Wilmington, Morehead City, Greensboro, Greenville, Nags Head, Manteo, Wrightsville Beach) - MFC Meetings/Public Hearings	Not Submitted Timely	bccc member did not know rules and regulations.
452923	04/15/94	692.88	Shell Island	MFC Gear Committee Meeting	Paid Late	another employee compiles all info. on commissions. always late and incomplete.
455827	04/22/94	365.52	Sue L Fallat		Invoice Not Canceled	department did not stamp.
464875	05/16/94	388.90	Stephen W Shelton	Travel To Charleston, SC	Why Registration Included In Subsistence?	used wrong code.
467754	05/24/94	305.32	Michael S Ervin	Travel NC (Colombia)	Documentation Not Canceled	department did not stamp
468498	05/26/94	463.31	Jeffrey E French	Travel To Charleston, SC	4/25 Lunch Included In Registration But Reimbursed For Lunch, See Explanation	someone okayed the explanation of lunch and he was paid. we don't do that now.
469462	06/01/94	208.73	James Dale Ward	Travel NC (New Bern, Manteo, Greenville, Raleigh)	Submitted Two Months Late, Hotel--Break Out Charges, Purpose?	was on leave attempting to use up some comp time and did not complete until after march and April travel. attended Raleigh sportfishing club meeting - presented program on NC marine fisheries and the new sportfishing regulations. April 5, 1994.
469477	06/01/94	287.50	James M Kelley	Travel NC (Colombia)	White Out	approved to use whiteout. it should have been returned.
469478	06/01/94	287.50	Timothy L Mitchell	Travel NC (Colombia)	White Out	approved to use whiteout. it should have been returned.
472880	06/09/94	379.60	Bernard E McLeod	Travel NC	Wrong Mileage Rate Used (<60 Miles)	not permanent agent at this time. did not have access to state vehicle.
472885	06/09/94	251.00	Douglas L Freeman	Travel NC (Colombia)	Full Room Rate Not Allowed? Why?	dept. sec. authority at \$40 / max without additional authorization at this time.
472875	06/09/94	72.50	Bonnie S McIntosh	Travel NC (Raleigh)	Documentation Not Canceled	department responsibility .
476908	06/20/94	883.91	William S Perret	Travel To Wilmington To Attend NC Oyster Summit Meeting As A Speaker	Authorized And Paid Late	original request applied DENR controller April 15. request revised June 3, applied on 6. controller received expenses second time with June 14 memo from another employee. sent to controller for payment ; paid by controller June 6.
479168	06/23/94	499.55	William T Hogarth	Travel NC (Raleigh, Manteo, Nags Head) & Norfolk, VA	Travel Authorization Approved After The Fact	DMF did not respond
482480	06/27/94	1,500.00	Royal Pavilion Resort	Room Rental - Southeastern Education Summit	Purpose? Any Other Location Cheaper?	DMF did not respond

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
483591	07/01/94	666.34	Maury Wolff	Travel To Bluefield, W Va.	No Authorization For Use Of Private Car	another employee approved old way of doing this. would not change.
491545	07/27/94	1,172.60	Pak-A-Sak Stores	Grocery Purchases For The Carolina Coast Crew	How Cost Computed? Appropriate Amount For Meals Exceeded	(1) statutory rates of meals (2) allowable meals less than authorized.
491716	07/27/94	268.00	James Dale Ward	Travel NC (Hatteras)	One Receipt Not Properly Canceled, Purpose?	cancellation at dept. authority. section chief unavailable for purpose.
496941	08/12/94	213.00	Diners Club	Airline Ticket To Bluefield, W VA	Documentation Not Canceled	cancellation at dept. authority
500439	08/25/94	646.00	Diners Club	Airline Ticket To Tacoma, Washington	No Airline Receipts, No Approval On Receipts	handled at dept. level at this time. unable to comment. div. is now requiring itineraries and boarding passes.
501287	08/29/94	698.50	Pak-A-Sak Stores Inc	Grocery Purchases For Carolina Coast Crew	How Arrived At Cost?	DMF did not respond.
506604	09/16/94	283.60	Judy M Powell	Travel NC (Raleigh)	Not Submitted Timely, Prior Approval Of Vehicle Use?	memo of explanation attached. approval of pov low mileage rate note required by dept.
507467	09/20/94	483.61	Michael W Street	Travel To Atlanta, GA & Providence, RI	Hotel Receipts Not Canceled, Approval Of Vehicle Use?	cancellation authority at controller's office. not required of pov at low mileage rate.
508844	09/23/94	786.38	Paul S Phalen	Travel To Mountain Lake, VA	Request For Use Of Private Vehicle Dated After Travel Dates	approved by interim director on travel authorization and controller prior to trip.
508845	09/23/94	536.44	Douglas L Freeman	Travel To Tacoma, Washington	Hotel Receipt And Airline Ticket Not Canceled, Timely Payment?	cancellation authority at controller's office. authorization approved for august travel and paid d in September (within 30 day time frame)
511884	10/05/94	313.50	William T Hogarth	Travel NC (Manteo)	One Hotel Receipt Not Canceled	department error
511885	10/05/94	1,663.75	Robert J Jamieson	Travel NC (Morehead City, Raleigh, Williamston, Kill Devil Hills)	Two Hotel Receipts Not Canceled, Room Charges Inconsistent	cancellation authority at controller's office and no explanation of inconsistencies, however, paid in accordance with commercial receipt and secretary's authority.
514369	10/11/94	1,629.89	Pak-A-Sak Stores Inc	Grocery Purchases For Long Bay Crew	How Cost Computed? Four Of Six Invoices Rec'd In August But Not Paid Until 10/11	(1) computed at statutory rates per meal per person. (2) prepared for payment September, forwarded to controller September - controller received in September but paid in October by controller.
516525	10/18/94	619.45	Jodie E Gay	Travel NC (Wilmington, Morehead City) MFC Meeting	No Travel Authorization, Purpose?, Some Transportation Chgd To 3111 And Other To 3131	authorization - legislative appeals panel and marine fisheries commission. wrong travel object charged.
517243	10/20/94	276.09	Jess H Hawkins Iii	Travel NC (Atlantic Beach) Attend MFC Meeting	Not Submitted Timely--Travel In August Paid 10/20, How Room Cost Computed On 8/25 And 8/26, Candy Purchase Reimbursed But Disallowed For Another Employee, Coding For Candy Purchase?	original travel authorization applied timely but information was incorrect. revision to original sent to controller. computed at \$62.10 + 9% tax per revision request. candy purchase for break of marine fisheries commission. charged marine fisheries commission subsistence (3132)
518959	10/25/94	909.29	Sheraton Resort	Room Rental & Coffee Breaks - MFC Business Meeting	Invoice Not Approved For Payment, Meeting Room Coded As Bd/Non-Employee Subsistence	(1) accounting error.(2) commission does not have an "operating" budget , only a budget of transportation, subsistence, and per diem (only code to charge to)
518960	10/25/94	116.50	Alger G Willis Fishing	Ferry Service	Purpose Of Trip? No Authorization, Approved For Payment 9/19 But Not Paid Until 10/25--Why Delay?	(1) ferry ride. for employee to cape lookout. (2) authorized by section chief's signature. (3)paid within 30 days law, cent to controller 10/18.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
521431	11/01/94	497.05	Curtis A Donaldson	Travel NC (Washington, Atlantic Beach) - MFC Business Meeting	Not Submitted Timely--Travel In May Submitted In Sept	commission members never told rules and regulations by division.
521432	11/01/94	1,763.53	Jerry W Hardesty	Travel NC (Raleigh, Washington, Wilmington, Atlantic Beach) - MFC Business Meeting	Two Hotel Receipts Not Canceled, Not Submitted Timely--Travel For Feb Through August Submitted In October	commission members never told rules and regulations by division.
506987	9/16/94	564.00	Robert L. Daughety	Travel On 8/2 Does Not Begin At Duty Station - Why?		no response
524737	11/10/94	444.98	Bonnie S McIntosh	Travel NC (Manteo, Greenville, Wilmington, Charlotte, Winston-Salem)	Hotel Receipts Not Canceled	department error
525416	11/14/94	1,378.98	William A Foster	Travel NC (Washington, Kinston, Morehead City, Atlantic Beach) - MFC Business Meeting	Not Submitted Timely--Travel In June Through Aug Submitted In October, One Receipt Not Canceled, Inconsistent Rates?	(1) timely submission was a problem with 17 member commission (they were reminded of 30 day law over and over); (2) cancellation authority at controller's office; (3) cannot identify ,in consistent rates.
525417	11/14/94	693.75	Dirk Frankenburg	Travel NC (Wilmington, Beaufort, Atlantic Beach) - MFC Business Meeting	Not Submitted Timely--Travel In August Through Aug Not Submitted Until Oct	commission members never trained in rules and regulations.
525418	11/14/94	1,187.97	Jodie E Gay	Travel NC (Wilmington, Washington, Kinston, Morehead City, Brunswick County, Atlantic Beach) - MFC Business Meeting, Committee Mtg., Menhadern Mtg.	Registration Receipt Not Canceled, Not Submitted Timely--Travel In April Through Aug Not Submitted Until Oct	commission members never trained in rules and regulations.
525419	11/14/94	3,479.97	Robert V Lucas	Travel NC (Wilmington, Morehead City, Greenville, Grantsboro, Wrightsville Beach, Manteo, Raleigh) - MFC Mtg., Committee Mtg.	Four Of Five Hotel Receipts Are Copies, Not Submitted Timely--Travel For 10/93 Through 8/94 Not Submitted Until 9/94, Rates For Mileage And Motel?	please note documentation attached to voucher. chairman was having secretarial problems and even though repeatedly contacted she did not submit documents timely. we will be glad to re-audit this voucher to clear the chairman's name.
525541	11/14/94	445.88	Nancy D Fish	Travel NC (Manteo, Greenville, Wilmington, Raleigh, Charlotte, Winston-Salem)	One Of Six Hotel Receipts Not Canceled	department error
525691	11/15/94	1,360.12	Robert J Jamieson	Travel NC (Morehead City, Raleigh, Belhaven, Elizabeth City, Manteo)	Hotel Expense On 11/1 Recorded Incorrectly--\$40.55 Instead Of \$40.65, One Receipt Not Canceled, Not Submitted Timely--Sept Travel Submitted In Nov	not audited in Morehead office. just paid at department.
527057	11/21/94	715.67	Joann M Burkholder	Travel NC (Grantsboro, Greenville, Wilmington, Manteo, Plymouth, Wrightsville Beach) - MFC Mtg., Committee Mtg.	Hotel Receipt Is A Copy, One Hotel Receipt Is Missing, Not Submitted Timely--Travel In Jan And April Submitted In Nov	another commission member who did not submit on a timely basis. we continually had problems with getting the original receipts from commissioners.
527060	11/21/94	227.00	Stephanie E Cooper	Travel NC (Nags Head)	Why Not Reimbursed For Room Taxes?	no authorization for excess. cannot pay over excess. tax must be included up to excess.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
519336	10/25/94	1,001.08	James Dale Ward	Travel NC (Manteo, Greenville, Wilson, Southport)	Purpose?	sportfishing spec. who really knows! division employee.
528020	11/23/94	579.00	Diners Club	Airline Ticket To Nashville, TN.	No Documentation To Note Trip Was Actually Made, Invoice Not Approved For Payment	(1) boarding passes now required and approval from section chief now required. (2) invoice was approved for payment.
528021	11/23/94	401.00	Diners Club	Airline Ticket To Vancouver, British Colombia, Canada	No Documentation On Actual Boarding, Invoice Rec'd 10/4 Not Paid Until 11/23 For Trip On 10/7--Why Delay?	(1) accounting error (boarding passes now required) (2) division applied payment but invoice face not approved.
531654	12/08/94	439.54	Pak-A-Sak	Grocery Purchases For Long Bay Crew	Purchase Made 8/25 Not Paid Until 12/8--Why Delay?, No Purchase Order--Direct Pay?, How Cost Computed?	(1) not approved by section chief until 11/14 . (2) direct pay now approved under travel expenditure guideline; was paid in compliance with 30 day law after receiving from section.
534379	12/13/94	155.07	Judy M Powell	Travel NC (Selma, Wilmington)	Documentation Not Canceled, Chain Hotel Receipt Handwritten	should not have been paid. error for division we must have original receipt.
534383	12/13/94	407.00	Roxanne D Dorman	Travel NC - Recreational Port Agent	Documentation Not Canceled	department error
534388	12/13/94	652.85	James Dale Ward	Travel NC (Greenville, Wilmington, Manteo, Charlotte, Raleigh, Greensboro) & Ft. Lauderdale, Fla.	Documentation Not Canceled, Necessary To Attend Billfish Foundation Award Ceremony To Receive Award?	(1) cancellation authority a t controller's office. (2) this is a national award for conservation individual achievement and the div. director instructed/approved this attendance. he coordinates and manages 7 tournaments a year.
535716	12/15/94	261.21	Fentress H Munden	Travel NC (Manteo, Raleigh) & Annapolis, MD	Hotel Receipts Not Canceled, Date Submitted Not Recorded On Reimbursement	department error
537274	12/19/94		Juanita T Gaskill		Could Not Be Located By DENR	contacted employee for copy of expenses. unaudited copy attached.
542322	01/10/95	1,014.77	Michael K Orbach	Travel NC (Manteo, Wilmington, Greenville)	Hotel Receipts Not Canceled, Not Submitted Timely--Travel In Oct Not Submitted Until Dec, One Hotel Receipt Handwritten	commission member and all hotel receipts for this meeting were handwritten.
542508	01/10/95	653.93	Central Telephone Co	MFC Phone Calls	Check Dated 19 Days After Due Date, Invoice Not Canceled, Documentation Does Not Show Individual Calls To Determine If Expense Reasonable, \$326.96 Coded As Bd/Non-Employee Subsistence	DMF did not respond
542918	01/10/95	1,506.55	Robert J Jamieson	Travel NC (Raleigh, Morehead City, Edenton, Selma.)	Paid From Copies Of Hotel Receipts, Two Receipts Not Canceled, One Hotel Receipt Handwritten	DENR lost original receipt. all hotel receipts for this meeting were handwritten.
545697	01/19/95	14.41	Byrds Food Stores	Grocery Purchases - Lunch For Members Of Blue Ribbon Advisory Council On Oysters	Receipt Not Canceled, Approved For Payment 12/6 But Not Paid Until 1/19--Why Delay?	received in controller's office on dec. 12.
141020	01/23/95		Kelly B Odom		Could Not Be Located By DENR	personnel could not locate.
141020	01/23/95		Ramona R McDonald		Could Not Be Located By DENR	personnel could not locate.
547359	01/25/95	1,060.00	Diners Club	Airline Tickets To Ft. Lauderdale, Fla. & Mobile, Al	Invoice Not Approved, No Receipt To Show Travel Occurred, Accounting Code Sheet Not Approved	I was not informed or instructed how to pay diner's club properly.
551779	02/08/95	872.39	Robert J Jamieson	Travel NC (Morehead City, Raleigh, Elizabeth City)	No Submittal Date, Paid After 30 Days?	error on my part for not checking date. also was late submission.
552866	02/10/95	1,763.53	Jerry W Hardesty	Travel NC (Raleigh, Washington, Wilmington) - MFC Business	Paid From Canceled Copy, No Motel Receipt	DMF did not respond.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
557808	02/21/95	2,245.61	R C Weatherman & Son Inc	Covered Mats, Vinyl Matting	Invoice Not Approved, Coding?	had approved PO - invoice never approved for payment if PO was approved; coding correct - charged to warehouse to resell to sections
567315	03/06/95		Phillip S Kemp Jr		Could Not Be Located By DENR	personnel could not locate.
569042	03/22/95	465.57	James Dale Ward	Travel NC (Raleigh, Buxton, Morehead City	Invoice Not Canceled, Purpose?	DMF did not respond.
569586	03/22/95	579.18	Robert J Jamieson	Travel NC (Morehead City, Raleigh, Ocracoke, Manteo, Bolovia)	All Receipts Not Canceled	DENR error.
570062	03/24/95	430.70	Bruce L Freeman	Travel From New Jersey To NC	Authorized After The Fact, Receipt Not Canceled	in moving status
571267	04/03/95	1,485.67	James Swartzenberg	Travel NC - Blue Ribbon Panel On Oysters	All Receipts Not Canceled	DENR. commission.
573818	04/07/95	719.60	Diners Club	Airline Tickets To Jacksonville, Fla. & Hiroshima, Japan	No Boarding Pass	we now require boarding pass.
579331	04/25/95	44.50	Crystal Sports	2 Plaques	Accounting Code Sheet Only, Approved Invoice?, Coding?	commission.
579445	04/25/95	220.00	Michael D Hardison	Travel NC (Manteo, Ocracoke)	Receipt Not Canceled	DENR error.
582632	05/04/95	96.00	Carol S Weeks	Travel NC (Salemberg)	Why Did She Need To Attend This School?	supervisor said she must attend.
583368	05/05/95	39.37	Pauls Butcher Shop	Lunch For Members Of Blue Ribbon Oyster Advisory Council	Receipt Not Cancelled, Why Providing Lunch To Commission Members Who Get Meal Allowance And Per Diem?	(1) cancellation authority at controller's office ; (2) blue ribbon advisory council full meeting with predetermined meal approval from dept.; (3) expense accounts are cross-referenced with these types of payments (duplicate meals not paid.)
583369	05/05/95	23.56	Wal-Mart Stores, Inc	Snacks, Plates, Etc. For Lunch For Oyster Blue Ribbon Council Mtg.	Invoice Not Approved, Why Providing Lunch To Commission Members Who Get Meal Allowance And Per Diem?	same as above.
585935	05/10/95	453.73	Bruce L Freeman	Travel NC (Raleigh, Colombia, Elizabeth City) & Newark, NJ	Receipt Not Canceled, No Submittal Date On Reimbursement, Entitled To Breakfast And Lunch When Going Home To New Jersey?	(1) cancellation authority at controller's office ; (2) error - dates are now required ; (3) yes, in moving status (40 day allowance )
586573	05/11/95	960.33	Bruce L Freeman	Travel To Newark, NJ & NC (Raleigh, Edenton, Ocracoke, Jacksonville)	Documents Not Canceled Or Submitted Timely, No Submittal Date On Reimbursement	employee error. in moving status.
585942	05/18/95	344.38	Chesley Parks Lewis	Travel NC (Edenton)	Not Original Receipts	claimant lost originals. we required duplicates to pay (all info. attached) ; duplicates marked "use as originals " in order not to pay twice.
589433	05/18/95	511.50	Brian A Melott	Travel NC (Recreational Port Agent)	No Use Of Vehicle Form, Rate Should Be \$0.20 Per Mile	temporary employee with no access to state vehicle; high mileage rate applied by section chief on monthly basis.
589440	05/18/95	298.87	Jeffrey E French	Travel To Williamsburg, VA & NC (Manns Harbor, Swan Quarter, Wanchese)	Receipt Not Canceled	DENR.
590058	05/19/95	375.37	Joseph A Huber	Travel To Milford, Conn. & Hyannis, Mass.	Receipt Not Canceled, Mileage Approved For 35 Miles But Paid For 150	(1) cancellation authority at controller's office (2) authorization error - 75 miles each way, not 35 miles round trip.



## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
591093	05/23/95	10.09	Byrds Food Stores	Lunch For Members Of Oyster Blue Ribbon Advisory Council	Receipt Not Approved Or Canceled, Why Paying For Lunch Since Members Receive Per Diem And Paid Meals?	(1) accounting error for approval, (2) cancellation at controller's office, (3) pre- determine meals allowed and approved by controller 5/5/95 - these expenses are cross-referenced with expense accounts to eliminate duplicate payments.
591094	05/23/95	61.67	Kentucky Fried Chicken	Lunch & Breaks For Blue Ribbon Advisory Council On Oysters	Invoice And Accounting Code Sheet Not Approved, Receipt Not Canceled, Why Paying For Lunch Since Members Receive Per Diem And Paid Meals?	(1) my error, (2) employee would provide lunch for commission members if they were having a business meeting and was a working lunch. members should not have been paid for this lunch.
591538	05/24/95	266.87	Harry C Hardy	Travel To Williamsburg, VA	Registration Receipt Not Canceled	DENR.
592161	05/25/95		Diners Club		Could Not Be Located By DENR	personnel could not locate.
140139	05/26/95		Douglas L Freeman		Could Not Be Located By DENR	personnel could not locate.
593319	05/30/95	528.26	Michael D Marshall	Travel To Milford, Conn., Syannis, Mass. & Williamsburg, Va.	Receipt Not Canceled, Letter From Conference Regarding Reimbursement Missing	letter must have been misplaced in controller's office.
593330	05/30/95	233.44	James Dale Ward	Travel NC (Kill Devil Hill, Wilmington, Selma, Raleigh)	Purpose?	supervisor approval.
141153	06/02/95		James Dale Ward		Could Not Be Located By DENR	personnel could not locate.
597837	06/08/95	1,367.40	Crystal Coast Cordage, Inc.	3/4" Double Braided Nylon Rope	Approved Before Goods Received; Coding For 1330/2300?	approved 5/15/95 & received 5/8/95; coding correct at that time - rope was coded to 2300
598405	06/09/95	40.36	Joseph A Nelson	Travel NC (Wilmington)	Receipts Not Canceled	DENR.
598411	06/09/95	857.24	P A Wojciechowski	Travel To Washington, Dc	Receipt Not Canceled, Authorization Altered--Who Approved It?	authorization was revised. verbal and written approval was given by the controller.
598415	06/09/95	611.10	James W Henderson	Travel NC	Rate Not Approved In Advance, Receipt Not Canceled	DENR. by supervisor after fact.
598418	06/09/95	580.20	Bernard E McLeod	Travel NC (Comm Port Agent)	Rate Not Approved In Advance	approved after fact by supervisor.
599228	06/12/95	875.18	Maury Wolff	Travel To Monterey, Ca	Documentation On Ticket Change Not Approved By Supervisor, Approved When Reimbursement Approved?	memo states work load. approved by another.
601212	06/15/95	881.10	Robert L Daughety Jr	Travel NC (Kifish Tech)	Use Of Private Vehicle Form Dated After Travel--Is It Necessary Since Temp Employee?	paid at higher rate. port agent approved by supervisor.
601437	06/15/95	2,175.00	Floy Tag & Mfg Inc	Shrink Lock Internal Laminated Anchor Tags	How Were Amounts Derived? Invoice And Accounting Code Sheet Not Approved For Payment, Stainless Steel Dart Tags And Internal Anchor Coded As Educ Supplies Rather Than Other Supplies	code sheet not approved for payment until new NCAS; had approved PO - invoice never approved for payment if PO was approved; amount changed because of freight; coded this way because it is considered education - these are fish tags for fish tagging program
603543	06/16/95	557.85	Bruce L Freeman	Travel NC (Wilmington, Washington, Selma) & Newark, NJ	Rent Apartment--Considered Moved?, Who Approved Change?	in 40 day moving status during transition from NJ/NC OSBM sec. 5. < still investigating - applied by OSBM - locating files>
594548	06/21/96		Diners Club		Could Not Be Located By DENR	personnel could not locate.
6636	01/13/95	566.72	P A Wojciechowski	Travel To Annapolis & Baltimore, MD	Coding--In State Meal Coded As Out Of State, Documentation Not Canceled, No Authorization To Use Private Vehicle, Compute Motel For 9/24 Through 9/27?	OSBM manual sec. 5 , pg. 24, 13. out of state travel. department not division. not required at low mileage rate (more cost effective/less paperwork) approved for 2 hotels different rates and locations/ controller approved cost.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
6130	08/02/95	296.40	Pasquale A Wojciechowski	Travel To New Bern, NC	Authorization Approved After Travel, Documentation Not Canceled	yes, director unavailable to sign; employee directed to go.
6161	08/10/95	270.00	George Bowman	Travel NC (Morehead City, Atlantic Beach)	Transaction Amount Actually \$434.20--Why Is Amount Split On Code Sheet? Documentation Not Canceled	unable to locate voucher.
6161	08/10/95	156.00	Sara E Winslow	Travel NC (Morehead City)	Documentation And Reimbursement Not Canceled	DENR
6187	08/14/95	1,169.00	Diners Club	Airline Tickets To Monterey, Ca, Providence RI, & Falmouth, Ma	No Documentation To Assure Ticket Used, Documentation Not Canceled	now know boarding pass necessary. must have.
6224	08/17/95	653.10	James W Henderson	Travel NC	Documentation Not Canceled, Private Vehicle Use Form Not Properly Completed	must use own car, not state employee. that is reason for trip log.
6399	09/11/95	503.06	Damon Tatem	Travel NC (Morehead City, New Bern, Raleigh) - MFC Meetings	Documentation Not Canceled, Untimely Submission Due To Appropriations From General Assembly Being Trsfrd To DMF	commission member - rules not known.
6399	09/11/95	627.50	Damon Tatem	Travel NC (Morehead City, New Bern, Raleigh) - MFC Meetings	Documentation Not Canceled, Untimely Submission Due To Appropriations From General Assembly Being Trsfrd To DMF	commission member - rules not known.
6838	11/03/95	663.38	Nancy D. Fish	Travel NC (Raleigh) - NC State Fair	Amounts Whited Out - Why?	no response.
6617	10/11/95	326.00	William E Schaaf	Travel To Tampa, Fla	Documentation Not Canceled, No Program Included	there was no program that I am aware of.
6635	10/13/95	523.53	Sheraton Hotel & Marina	Meeting Room Rental	Invoice Rec'd 7/18 But Code Sheet Not Approved Until 9/15--Why Delay?, Purpose? Documentation Not Canceled	can only pay from original receipts. cannot pay from statements .when statement received called for copy of original receipt. never received original receipt from employee.
6722	10/24/95	600.00	Grouper Nancy's	Coffee & Danish For Breaks For MFC Meetings	No Purchase Order Or Request--Was P.O. Needed? Same Person Sold Products, Made Verbal Agreement, And Approved Invoice For Payment--Segregation Of Duties?, Invoice And Approved Amount Does Not Agree, Documentation Not Canceled	another employee responsible for commissioner meetings. she had vendor lower price.
6937	11/13/95	669.30	Bernard E Mcleod	Travel NC (Commercial Port Tech)	Request To Use Personal Vehicle Completed After Travel	supervisor approval.
6937	11/13/95	597.50	Jerry Hardesty	Travel NC (Washington, New Bern, Raleigh) - MFC Meetings	Not Submitted Timely--Period Covered 6/5 Through 9/23, Two Of Three Hotel Receipts Not Canceled	commission member.
7897	11/17/95	50.50	Sunshine Laundry & Cleaners	Laundry & Linens For Carolina Coast, Long Bay, And Maintenance	No Purchase Order-Direct Pay? Purpose?	direct pay vendor - no PO required; linen cleaning for boats & mop head cleaning
6998	11/21/95	294.00	Ronald G Garner	Travel NC (Manns Harbor)	Receipt Not Canceled	DENR department.
7452	11/27/95	990.74	Rices Rentaland	Truck Rental To Cary Exhibits To NC State Fair	No Purchase Order--Direct Pay? Necessary To Rent For 19 Days	direct pay vendor - no PO required; used to transport state fair exhibits & used for storage while working the fair
6294	01/03/96	42.39	Juanita T Gaskill	Travel NC (Manteo, Wilmington, Washington, Asheboro, New Bern, Hatteras, Buxton) - MFC Business Meetings	Use Of Vehicle Not Approved Prior To Trip, Receipts Not Canceled, Coding--Food Service?, Breaks For MFC?	division secretary deals only with other employee.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
6450	01/25/96	533.45	Jodie Gay	Travel NC (Manteo, Beaufort, Wilmington, Washington, Asheboro, New Bern, Hatteras) - MFC Meetings	Two Hotel Receipts Not Canceled, Purpose Of Travel? Departure/Arrival Times Not Recorded	commission - not needed for commission members.
6461	01/30/96	271.18	Bruce Freeman	Travel NC (Wilmington, New Bern, Washington, Asheboro, Raleigh, Hatteras, Buxton) - MFC Meetings	Parking Receipts Were Not Canceled	department
6816	03/11/96	242.29	Michael W Street	Travel NC (Bayboro, Wilmington, New Bern	Hand Written Receipt	from hotel - official receipt.
6844	03/13/96	576.50	Jerry W Hardesty	Travel NC (Manteo, Washington, Raleigh, Buxton)	Copy Of Previous Request, Paid Twice? Why? What Happened?	this was supplemental check. was not paid twice. Raleigh needs to pull original travel voucher # 1150407.
6844	03/13/96	576.50	Jerry W Hardesty	Travel NC (Manteo, Washington, Raleigh, Buxton)	Purpose Of Travel?, No Departure/Arrival Times	commission member.
6821	03/20/96	310.15	Pak-A-Sak Stores	Grocery Purchases For Carolina Coast Crew	Direct Pay? Documentation Not Canceled, Invoice Not Approved, How Amount Computed?	(1) yes,. travel on boat. (2) cancellation authority at department level, (3) accounting error, (4) computed at statutory rate allowances for meals.
6993	04/02/96	162.25	Twila M Nelson	Travel NC (Washington, New Bern, Raleigh)	Receipt Not Canceled, No Departure/Arrival Times	commission member.
6989	04/08/96	576.88	Byrds Food Stores Inc	Grocery Purchases For Carolina Coast Crew	Billed 6/95 But Not Paid Until 4/96--Why? Invoice Not Approved, Receipts Not Canceled	could not get or verify documentation and did not need approval to pay. was long discussion as how to pay boat crew and visitors.
6233	05/10/96	644.49	William A Hatfield	Travel NC (Recreational Port Agent)	Private Vehicle Use Approved After Travel Ended	supervisor approved. temporary employee.
6234	05/10/96	224.75	Pasquale A Wojciechowski	Travel To Washington, Dc	Private Vehicle Use Approved After Travel Ended, Documentation Not Canceled	dpf - 16 now required before trip.
6262	05/10/96	302.40	Elizabeth B Noble	Travel To Baltimore, MD	No Signature On Receipt, Receipt Not Canceled	DENR. no documentation. attached by auditor.
6180	12/14/95	890.70	Robert L Daughety Jr	Travel NC (Fish Tech)	Private Vehicle Use Approved After Travel, Form Not Completed Properly	temporary employee. no access to state vehicle. section chief authorized mileage on monthly basis (see dpf-16 on voucher)
6182	12/14/95	324.00	James Dale Ward	Travel NC (Southport, Hatteras)	Three Hotel Receipts Not Canceled, Purpose?	cancellation authority at department level.
6198	12/18/95	703.20	Robert L Daughety Jr	Travel NC (Fish Tech)	Use Of Personal Vehicle Approved After Travel Completed	supervisor approval. division temporary.
6587	06/14/96	906.44	Robert L Daughety Jr	Travel NC (Fish Tech)	Request To Use Private Vehicle Completed After Travel And No Completed Properly	supervisor approval. division temp.
2394	08/16/96	1,003.47	Robert L Daughety Jr	Travel NC (Fish Tech)	Private Vehicle Request Completed After Travel And Not Completed Properly	supervisor approval. division temp.
2337	09/17/96	982.08	Robert L Daughety Jr	Travel NC (Fish Tech)	Private Vehicle Request Dated After Travel And Not Completed Properly	temporary employee. no access to state vehicle section chief approved travel on monthly basis.
2344	09/19/96	471.28	Pak-A-Sak Food Store	Grocery Purchases For Carolina Coast Crew	Invoices Not Approved, Invoices And Receipts Not Canceled, Computed Cost Versus Allowance?	(1) accounting error.(2) cancellation authority at department level.(3) computed at statutory rates.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
2379	10/08/96	1,050.00	Holiday Inn-Raleigh North	Room Rental & Breaks	Invoice States Account Is Past Due 5 Months And This Is Third Bill--Why Late? Invoices Not Approved, Insufficient Documentation, Did DMF Overpay By \$150?	(1) information not received in bofc until august 23, sent to controller, returned to DMF on October 3, received back October 9, in controller's office.(2) sufficient information not received from section to pay bill .(3) invoices not approved - accounting error.
2396	10/16/96	784.20	Speedy Food Service	Meals For Marine Patrol Basic Training School	Documentation Does Not Include Number Of Participants At Each Meal, Cost Per Meal, Or Method To Determine Cost, Invoice Rec'd 6/96 But Not Approved Until 10/96, Deputy Director Approved Code Sheet--Why?	(1) mandatory meeting of marine patrol; all staff at each meal, (2) cost lower than the statutory rates.(3) documentation for meeting received in September then paid within 30 days.(4) don't know.
2027	10/21/96	1,009.05	Robert L Daughety Jr	Travel NC (Fish Tech)	No Prior Approval For Vehicle Form And Form Not Completed Properly	temporary employee. no access to state vehicle. section chief approved travel on monthly basis.
2314	11/07/96	233.41	Plum Tree Deli	Lunch & Breaks For Annual DENR Program Overview	No Purchase Order, Phone Quotes--Direct Pay? Was Lunch Provided To All Staff? Including CCC Staff?	(1) authorization received from controller's office, (2) direct pay (no purchase order for travel items), (3) lunch provided to everyone on the attendance list, (4) this was a program review required by the secretary of DENR - CCC staff not involved.
2379	11/08/96	524.11	P A Wojciechowski	Travel To Cleveland, Ohio & Sunset Beach, NC	Receipts Not Canceled	DENR error.
2380	11/15/96	3,462.05	Jess Hawkins	Moving Expenses	Receipts Not Canceled, Dates Need To Be Completed When Signed	DENR error.
2430	11/21/96	1,049.34	James Dale Ward	Travel NC (Raleigh, Manteo, Fayetteville, Asheville, Hickory, Winston-Salem, Southport)	Missing Hotel Receipt, Why Reimbursement Approved By Deputy Director? Necessary For Four Bedrooms And Three Baths? Who Else Stayed? Was Weekend Stay Necessary?	employee out sick.
2402	12/03/96	776.72	Harris Teeter Supermarkets	Food Purchases By Marine Patrol During Hurricane Fran Cleanup	No Purchase Order--Direct Pay? Receipts Not Approved Or Canceled, Why Is Accounting Code Sheet Approved By Deputy Director? List Of Who Ate Meals?	(1) emergency, hurricane Fran; direct pay, (2) each ticket signed by marine patrol officer, cancellation authority in controller's office, not division; chain of command signature; was not supplied but instructions were given to staff.
2450	12/03/96	1,081.90	Robert L Daughety Jr	Travel NC (Fish Tech)	No Prior Approval For Use Of Private Vehicle And Form Not Completed Properly	temporary employee. no access to state vehicle. section chief authorizes travel on a monthly basis.
2429	12/16/96	368.00	Pasquale A Wojciechowski	Travel To Atlantic City, NJ	Receipts Not Canceled, Hotel Authorized At \$91 Per Day	(1) cancellation authority in controller's office, (2) payment error on hotel (receipt on this copy unreadable, cannot determine why.
2443	12/17/96	1,084.48	Riverview Cafe	Food Bill For Marine Patrol & DMF Employees Working During Hurricane Fran Cleanup	Receipts Not Approved For Payment, Expenditures Incurred 9/96 But Not Approved Until 12/96, Hurricane Fran Inadequate Explanation, List Of Employees Paid? Did Agency Pay For Employees From Other Agencies?	(1) each ticket signed by marine patrol officer, (2) invoice received bus. office October 31 and worked in other duties as well as coordinating with dept. FEMA instructions; list was not supplied but instructions were given to staff; (3) instructions were for employees of DMF, not authorized to pay for outsiders.

## FINDINGS AND RECOMMENDATIONS

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
2478	02/04/97	608.53	Charles King	Technical/ Professional Services	Accounting Code Sheet Approved By Deputy Director--Why? Missing Motel Receipt On 1/5/97, Is Mileage Log Required? Check Made Payable To IRS--Why?	(1) deputy designated as contract administrator; (2) day of return, receipt covers 12/4, (3) log required, under contract; (4) decision made in controller's office.
2415	02/07/97	362.00	James Dale Ward	Travel NC (Manteo, Raleigh)	No Authorization To Use Private Vehicle, Four Of Five Hotel Receipts Not Canceled, Signatures On Reimbursement Not Dated, Four Trips To Manteo Between 11/7 And 12/11--Why?	(1) authorization not required for private vehicle at low mileage rate, (2) cancellation authority at controller's office; (3) lack of dated signatures-accounting error, expenses received in business office February 3, returned for justification (justification memo from claimant dated 2/4 and approved by section chief; (4) waiting for information from sec. on reason for travel.
2423	02/12/97	1,190.07	Samuel Clay Hauser	Travel NC (Recreational Port Agent)	Odometer Readings Incomplete On Vehicle Form	error; section chief monthly approval.
2262	02/24/97	1,920.00	Decision One Corporation	Annual Maintenance For Memorex-Telex	No Purchase Order--Direct Pay?	direct pay vendor - no PO required
2394	02/24/97	1,567.30	Office Of The Governor	Governor's Trips To Washington, Dc To Testify Before Congress	Trips Occurred 7/96 And 9/96 But Not Approved Until 2/97--Why Delay?	voucher # 2394, another employee, not governor's office .unable to advise.
2424	03/12/97	313.87	Benjamin Rivenbark	Travel NC (Morehead City, Raleigh)	Receipts Not Canceled	DENR error.
2434	04/23/97	1,590.00	Plum Tree Deli	Lunch For All DMF Staff For Staff Meeting	Lunch Not Allowed For Internal Meetings, No Purchase Order Or Phone Quotes--Direct Pay?	(1) yes, approved by controller.(2) see previous memo dated 12/6 faxed yesterday, (3)within statutory allowance rates, no quotes required, (4) direct pay then travel to eliminate duplicate payments.
2403	05/06/97	418.54	Kettle Restaurant	Meals For DMF Staff Working During Hurricane Fran Cleanup	Paid From Copy Of Receipt, Receipt Not Canceled, Need List Of Employees Who Ate--Were All DMF Employees? Hurricane Fran In 9/96 But Bill Not Paid Until 4/97--Why Delay?	(1) received letter 9/23 asking for payment without receipt or list; contacted and faxed DMF copies of receipts 4/29. (2) error payment - list was never received from marine patrol. (3) only DMF employees authorized to eat. (4) delay due to lack of proper documents to pay. (5) owner contacted numerous times for information.
2482	05/08/97	555.71	James W Summerlin	Educational Reimbursement	Paid From Copies, Purpose? Coding? Why Not Paid Full Amount?	state education assistance program - payment handled in DMF personnel office not business office; error - payment should have gone through business office (personnel will need to respond)
2411	05/14/97	492.90	Catherin B Marcella	Breaks For Organizational Development Meetings	Overpaid, No Purchase Order Or Phone Quotes--Direct Pay? Paid From Copies, Need Agenda, No List Of Attendees	still waiting, files misplaced.
2415	05/14/97	401.79	James Dale Ward	Travel NC (Hatteras, Nags Head, Wilmington)	Prior Use Of Vehicle Not Approved, Purpose?, Why Paid From Copies	(1) approval of pov at low mileage rate not required by department; (2) originals lost in April within section - "copy" resubmitted in may and marked "use-as-original" to eliminate duplicate payment.

TABLE 6 CONTINUED

VOUCH # OR CTRL GROUP #	(CTRL) DATE	AMOUNT	PAYEE	DESCRIPTION	COMMENTS	DMF/DEHNR RESPONSE
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## FINDINGS AND RECOMMENDATIONS

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2083	05/30/97	1,107.00	Diners Club	Airline Tickets To Brunswick , Ga., (3 Employees) & Tampa, Fla.	Invoice Not Approved, Coding Should Be Out-Of-State, Authorization To Go To San Juan?	2712 correct code. my error.
Total		\$120,802.82				

## FINDINGS AND RECOMMENDATIONS

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### **DMF DID NOT MAINTAIN ADEQUATE SUPPORTING DOCUMENTATION FOR ITS CONTRACTS AND LEASES.**

As part of the audit, we examined the documentation contained in the DMF contract and lease files for compliance with State Purchasing regulations. We found that DMF did not maintain adequate supporting documentation in the building and equipment lease files to determine if they had followed prescribed procedures for lease negotiations. Procedures for adequate supporting documentation and proper lease negotiations are outlined in the *State Purchasing Manual* and the *Department Purchasing Manual*. Based upon the lease amounts, the procedures require DMF to obtain either three telephone quotes, three written bids, or justification for a sole source lease. Additionally, approved leases must be maintained in DMF lease files. During our review of 21 building and equipment leases, we noted the following concerns:

- Twenty-one (100%) lease files did not contain three telephone quotes or three competitive bids.
- In the case of sole source leases, justification for the lease was not always documented.
- Five (24%) lease files did not contain approved leases or lease information for the prior year(s).
- Three (14%) lease files did not include leases that had been properly approved and signed.
- DMF did not maintain a list summarizing the building and equipment lease data.

During our review of 168 general contract files, we noted the following concerns:

- Thirty-nine (23%) contract files did not include approved contracts.
- Seventy-three (56%) contract files did not contain three telephone quotes, or three competitive bids. In the case of sole source contracts, justification for the contract was not always documented.
- Sixty-eight (41%) contracts did not include approved contract budgets and lacked contract expenditure forms, contract agreement information summaries, and DMF payment summary schedules in order to make sure payment amounts did not exceed contract amounts.
- Seven (4%) contract files did not contain documentation to reflect whether the contract was actually performed or if it was being monitored.
- DMF did not maintain a list summarizing contract data.

The failure to centralize lease data is the key reason for the lack of supporting documentation in the lease files. Approved leases, bids, telephone quotes, and sole source justifications were generally maintained by the section chiefs rather than the DMF Administrative Assistant I (Contract and Lease Officer). The absence of supporting documentation prevents DMF from tracking lease payments to prevent overspending, obtaining the lowest possible bid, and knowing the total number of leases to be paid. Also, the lack of documentation for sole source leases may create the appearance of bias in the lease process.

### **RECOMMENDATION**

**DMF should adhere to the policies and procedures as outlined in the State Purchasing Manual and the Department Purchasing Manual regarding the supporting documentation requirements for contract and lease files.**

## FINDINGS AND RECOMMENDATIONS

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**Additionally, DMF should adhere to the procedures for negotiating leases and contracts. DMF should centralize its contract and lease records, maintain a list of all contracts and leases, and implement controls to track and monitor its contract and lease payments.**

***Auditor's Note:** After review of this finding, DMF located additional lease information in the section chiefs' files for the 21 building and equipment leases questioned. This information has now been centralized. Our review of these files revealed the following:*

- *Four (19%) lease files did not contain three telephone quotes, competitive bids, or sole source justification for the lease.*
- *Three (14%) lease files did not include approved leases or lease information for prior years.*
- *Two (10%) lease files did not include leases that had been properly approved and signed.*

*DMF also located additional information on the general contracts questioned. We reviewed the data located and found:*

- *Nine (5%) did not include approved contracts.*
- *Fourteen (8%) did not contain three telephone quotes, or competitive bids.*
- *Five (3%) did not contain approved contract budgets.*

### **MEMBERS OF THE CAROLINA COAST CREW ARE NOT SUBMITTING INDIVIDUAL REIMBURSEMENT REQUESTS.**

Section 5 of the *State Budget Manual* outlines regulations for reimbursing employees while in overnight travel status. It states that “. . . each employee is responsible for his or her own request for reimbursement. Requests for reimbursement must be filed within 30 days after the travel period ends for which the reimbursement is being requested. Each meal reimbursement rate must be listed on the reimbursement request. Times of departure and arrival must be listed on the reimbursement request.” The crewmembers of the research vessel *Carolina Coast* do not submit individual reimbursement requests for meals when they are in overnight travel. Instead, the Captain buys the groceries for the entire crew and charges the purchases to DMF. Then, he prepares a list showing who worked each day, departure and arrival times, and the amount of per diem they were entitled to. Next, he attempts to reconcile the per diem amounts to the grocery purchases. This cycle of purchasing and reconciling may continue for 3-4 weeks before the reimbursement request is submitted to the Business Office for payment.

During our review of a sample of reimbursements for grocery purchases for the *Carolina Coast*, we noted a number of internal control weaknesses in the procedures used for reconciling allowable per diem amounts for meals. Specifically, we:

- were unable to determine how the Captain computed and reconciled the costs;
- were unable to determine if DMF owes the crew additional reimbursement or if the crew owes DMF a refund;
- were unable to determine what happens to the groceries if the vessel cannot go out because of weather conditions; and
- found crew lists that showed non-State employees whose meals were paid for by DMF.



## FINDINGS AND RECOMMENDATIONS

All other boat crews, as well as other DMF staff, submit individual reimbursement requests for overnight travel.

### RECOMMENDATION

**To enhance accountability and promote uniformity of procedures, the crew of the *Carolina Coast* should submit individual travel reimbursement requests. The submission of reimbursement requests by individual crewmembers would allow the Captain to spend his time performing more appropriate duties.**

### THERE IS INSUFFICIENT EVIDENCE TO INDICATE WHERE THE PROPER DUTY STATION FOR THE MARINE PATROL COLONEL SHOULD BE LOCATED.

As part of the audit, we were asked to determine the proper duty station for the Marine Patrol Colonel. In the past, the duty station was located in Morehead City. However, the duty station was reassigned to Wilmington with the promotion of the new Colonel. We examined travel reimbursements, car logs, and weekly activity reports from the time of his promotion to acting Colonel on November 1, 1996,

through July 31, 1997. Additionally, we determined the days spent in Wilmington and days spent in Morehead City to ascertain where the majority of work took place. Our analysis revealed that the Colonel actually spent a portion of his workday in the Wilmington area more often than in Morehead City. This would tend to indicate that Wilmington is his proper duty station. See Table 7. Further examination reveals that the time spent in Morehead City actually decreased after his permanent appointment to Colonel.

TABLE 7 WORKDAYS SPENT IN MOREHEAD CITY VS. WILMINGTON DUTY STATION 11/1/96-7/31/97					
Month	Total Workdays	Days in Morehead City	% of Days in Morehead City	Days in Wilmington	% of Days in Wilmington
November	18	14	78%	15	83%
December	19	12	63%	15	79%
January	21	12	57%	19	90%
February	20	16	80%	15	75%
March	21	15	71%	17	81%
April	21	13	62%	18	86%
May	21	7	33%	16	76%
June	21	11	52%	16	76%
July	22	10	45%	16	73%
<b>Total</b>	<b>184</b>	<b>110</b>		<b>147</b>	
Source: Weekly Activity Reports, Motor Fleet Management Mileage Logs, and Travel Reimbursements obtained from Division of Marine Fisheries					

During the period analyzed, the Colonel was reimbursed \$4,780.50. Of this total, \$2,859.94 was related to trips with Morehead City as one of the destinations. Also, the Colonel traveled 19,537 miles during this period. Had his duty station been Morehead City rather than Wilmington, he would have driven 2,444 miles less. Using the Motor Fleet mileage rates in effect, DMF incurred \$675.84 more in mileage as a result of the Wilmington duty station designation. See Table 8. However, the total amount cannot be considered an overpayment as some round trips from Wilmington to Morehead City and return may have still have been necessary had the Colonel been located in Morehead City. Therefore, we cannot conclusively state where his proper duty station should be located. A valid argument can be made for his assignment to Wilmington especially if a Major is hired and staffed in Morehead City.

## FINDINGS AND RECOMMENDATIONS

**TABLE 8**  
**ANALYSIS OF TRAVEL REIMBURSEMENT TO COLONEL**  
**11/1/96-7/31/97**

Month	Total Reimbursed	Morehead City Related Expense	Miles Traveled	Miles if Duty Station = MC	Mile Diff.	Rate	Amt. Diff.
November	625.50	534.00	2132	1436	696	0.27	187.92
December	570.05	409.90	1520	1407	113	0.27	30.51
January	593.35	379.59	3430	2666	764	0.27	206.28
February	0.00	0.00	2170	1844	326	0.27	88.02
March	634.79	633.29	1795	1649	146	0.27	39.42
April	548.26	452.66	2460	2148	312	0.31	96.72
May	393.00	135.00	2220	2501	-281	0.31	-87.11
June	94.50	94.50	2080	1720	360	0.31	111.60
July	1321.05	221.00	1730	1722	8	0.31	2.48
<b>Totals</b>	<b>\$4,780.50</b>	<b>\$2,859.94</b>	<b>19,537</b>	<b>17,093</b>	<b>2,444</b>		<b>\$675.84</b>

Source: Travel Reimbursements and Motor Fleet Management Mileage Logs obtained from Division of Marine Fisheries

### RECOMMENDATION

**To comply with GS §138-6(a)(1), DMF should institute procedures to review and approve the designation of the Colonel's duty station on an annual basis. Management has the option of changing the duty station location should it be deemed necessary. The determination of the proper duty station is the responsibility of management and should be based on factors such as the most economical, yet efficient, location.**

***Auditor's Note:*** Since the completion of the fieldwork, DMF has hired a Major whose duty station is Morehead City. This action tends to further validate the assignment of Wilmington as the duty station for the Colonel.

### **DMF IS NOT REVIEWING TRAVEL LOGS FOR STATE VEHICLES USED BY EMPLOYEES.**

DMF has approximately 93 Motor Fleet Management vehicles and 45 vehicles owned by DMF assigned to various employees for use in their daily functions. Motor Fleet Management regulations require drivers to complete travel logs which document each trip, giving date, origin, destination, purpose of trip, odometer readings, and total miles traveled. DMF management reported that these travel logs are reviewed and approved by the employee's direct supervisor. DMF's Administration section is responsible for verifying supervisory approval and the accuracy of total recorded miles traveled. We learned during the audit that DMF did not have any written policies or procedures for completing, approving, monitoring, or reviewing travel logs for DMF-owned cars. To test for compliance, we reviewed 745 travel logs completed for 37 Motor Fleet Management vehicles during the period July 1994 through June 1997. Based on our review, DMF is not following State regulations for use of Motor Fleet Management vehicles, nor properly recording and monitoring use of DMF-owned vehicles. Table 9 summarizes our findings.

## FINDINGS AND RECOMMENDATIONS

**TABLE 9**  
**REVIEW OF TRAVEL LOGS FOR STATE VEHICLES**  
**7/1/94-6/30/97**

Vehicle Number	# of Travel Logs Reviewed	# and % of Travel Logs Not Approved by Authorized Personnel	# of Months Minimum Miles Were not Traveled Without Explanation	# and % of Travel Logs With Undocumented Mileage	# of Undocumented Miles	# of Trips Without Complete Documentation	# and % of Logs With Estimated Mileage
41666	32	18 56%	22	8 25%	912 miles	1	
41968	34	15 44%	9			8	
31236	35	9 26%	14			48	
11770	35	17 49%	25			2	
11914	24	11 46%	11	1 4%	13 miles		
41465	25	13 52%	8	2 8%	242 miles	1	
61671	14	9 64%	3	1 7%	14 miles		
4626	10		4				10 100%
51646	27		9				27 100%
41464	11	5 45%		1 9%	45 miles		11 100%
52006	26	13 50%					22 85%
6131	1						
5834	6						
51906	26						
5834	5						
42003	16	7 44%					
51263	17	7 41%					
42004	36	12 33%					
5873	11						
51894	26						
98177	22					1	
61783	15						
32117	13	3 23%					
32131	7	1 14%				2	
51275	17	11 65%					
6131	2						
42002	34						
12094	11		3				
42632	22	9 41%					10 45%
32191	10						9 90%
32185	35	2 6%					
71500	1						
31243	9	1 11%				1	
51275	11	2 18%					
61006	17	7 41%		2 12%		6	
41483	9	6 67%					
51263	10	5 50%					
42632	10	1 10%					
31245	8	2 25%					
51274	28	16 57%		1 4%	109 miles	1	8 29%
97525	20	1 5%		1 5%		1	
42003	4						
51929	13			1 8%	75 miles		
<b>Total</b>	<b>745</b>	<b>203 27%</b>	<b>108</b>	<b>18 2%</b>	<b>1,410 miles</b>	<b>72</b>	<b>97 13%</b>

Source: Division of Marine Fisheries Records

## FINDINGS AND RECOMMENDATIONS

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### RECOMMENDATION

**DMF should take steps to comply with State Motor Fleet Management regulations and make sure that all employees understand the requirements. Management should establish written policies and procedures outlining the use, documentation, review, and approval responsibilities for all State vehicles used by DMF employees. Each trip should be completed, documented by the driver, and list actual miles driven. Additionally, DMF management should periodically review and evaluate the need for each vehicle.**

### **DMF IS NOT TRACKING THE COST AND USE OF ITS VESSELS AND AIRCRAFT.**

DMF owns and operates seven research vessels, one large patrol vessel, two helicopters, one float airplane, and one wheel-based airplane. As part of the audit, we tried to determine the percentage of usage for each vessel and aircraft, as well as the cost to operate each. DMF personnel indicated the aircraft are used to patrol the three law enforcement districts, to observe shrimping, scalloping, mechanical harvesting of clams, pound net placement, violations of polluted areas, and to search for missing boaters. Activity and flight logs supported use for these purposes, as well as for patrolling for looters in the aftermath of Hurricane Fran. However, the activity and flight logs contained only documentation of the flight (flight hours, location) and not documentation of the pilot's entire daily activities. Additionally, DMF was unable to locate the activity and flight reports for three months for one pilot; reports that were located were incomplete as to this pilot's activities for fourteen months. Therefore, we were unable to determine the actual percentage of use of each aircraft by function.

DMF's research vessels and patrol vessel are used for oyster rehabilitation (cultch<sup>4</sup> planting), artificial reef construction, artificial reef buoy maintenance, oyster research, clam and oyster relay, gear testing, flounder collecting for aging, and law enforcement. DMF personnel stated potential uses for the vessels include emergency ferry operations, recovery of abandoned crab pots, and as a diving platform for study of health and productivity of artificial reefs. Activity logs, documenting significant daily activities, are maintained for six of the eight vessels and supported use for the above stated purposes. However, the activity logs are not uniform and some of the logs do not include hours spent on each activity. Therefore, we were unable to determine the actual percentage of use of each vessel.

The Marine Patrol section uses a separate budget code for tracking the operating costs of its aircraft and patrol vessels. However, expenditures for both the helicopters and airplanes are charged to the airplane account. Operating costs for the Resource Enhancement and Fisheries Management vessels are tracked manually. Separate cost centers and/or individual program numbers are not assigned for each vessel. Copies of maintenance and repair bills are kept in separate folders for each vessel, but fuel costs are not included in the folders. The section chiefs stated they reviewed their budgets monthly and could compute the operating costs for

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<sup>4</sup> Cultch is material laid on oyster beds for larval oyster attachment. DMF uses shell and fossil stones.

## FINDINGS AND RECOMMENDATIONS

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each vessel but were unable to do so when we asked for this information. In our opinion, the lack of data to determine exact usage and costs of the vessels and aircraft inhibits effective management.

### RECOMMENDATION

**DMF should establish separate cost centers for each large vessel and all aircraft in order to track operating costs. All expenditures (fuel, maintenance, repairs, etc.) for each vessel or aircraft should be charged directly to its respective cost center. Furthermore, DMF should utilize available data to monitor the percentage of time each vessel or aircraft is used on specific projects or activities. Activity logs for the vessels should be standardized and include the hours of operation spent on each project, miles traveled, etc. Finally, activity logs should be maintained for all DMF vessels and aircraft.**

*Auditor's Note: Separate budget codes were established in November 1997 for the Law Enforcement section helicopters and airplanes. Additionally, the Resource Enhancement section has instituted a program number for each vessel that was validated during the 96-97 fiscal year.*

### DMF IS NOT IN COMPLIANCE WITH NORTH CAROLINA'S FIXED ASSET SYSTEM REQUIREMENTS.

DMF performs an annual physical inventory of fixed assets to verify the accuracy of the Department's fixed asset listings for DMF. Although the Department has a fixed asset policies and procedures manual, DMF does not have written internal procedures for conducting a fixed asset inventory. During April 1997, DMF initiated its 1997 physical inventory, utilizing a fixed asset inventory printout from the Fixed Asset System. This printout listed approximately 1,667 fixed assets owned by DMF, with an approximate cost of \$8,101,716. We randomly selected for review a sample of 291 fixed assets to verify that the assets were properly documented on the inventory printout; fixed asset numbers were attached to the assets; and the assets were physically secure. Based on this review, we identified the following:

- Fifteen fixed assets, costing approximately \$408,764 (5% of the total cost), were not included in the NC Fixed Asset System. DMF had previously documented the acquisition of ten of these assets and, according to DMF's Fixed Asset Officer, had submitted the necessary forms to the Department to be keyed into the system. However, the Department had not keyed the information into the system. DMF did not document the acquisition of the other five assets, two of which were helicopters donated to DMF.
- Eleven fixed assets, costing approximately \$98,246 (1% of total cost), were included in the Department's Fixed Asset System but were not listed on the inventory printout.
- The inventory printout did not contain the current location of five fixed assets (2% of sample). According to DMF's Fixed Asset Officer, the location of a fixed asset is not updated if it is returned to the Fixed Asset Officer for surplus. The employee who relinquished the fixed asset remains responsible for the asset until sold. Some items have been held for surplus for several months without the location being updated.
- The current fixed asset numbers were not affixed to 18 fixed assets (6% of sample).

## FINDINGS AND RECOMMENDATIONS

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### RECOMMENDATION

**DMF should complete written internal procedures for conducting physical inventories and provide them to all employees engaged in performing the inventories. To reduce the potential for material misstatements of the Department's financial assets, DMF should ensure the proper documentation of all fixed assets, as outlined in the Department's *Fixed Asset Policies and Procedures Manual*, and provide this information to the Department timely. DMF should update changes in fixed asset locations as they occur. Furthermore, DMF should attach a fixed asset decal or engrave the fixed asset number on all fixed assets.**

### **DMF LACKS CONTROLS TO ADEQUATELY SECURE ITS POSTAGE METER AND MAINTAINS AN EXCESSIVE POSTAGE FUND BALANCE.**

DMF maintains a postage meter for mailings from the Marine Fisheries Commission and DMF itself. The postage meter is located in a room accessible to all DMF employees. The only security measure to impede the unauthorized use of the meter is a key to the meter. The key is removed and stored in a secured location at night. However, during the day, the key remains with the meter in the room frequently visited by employees using a copier, refrigerator, and microwave.

Our review of postage meter records showed that DMF maintains an excessive postage fund balance. For the period January 1996 through June 1997, DMF spent an average of \$4,402.05 per month, ranging from \$1,524.17 to \$7,352.40. However, the average postage meter balance on the dates DMF requested reimbursements was \$23,910.81. Records also indicate that the average postage meter balance on the dates DMF received the reimbursements from the Department was \$19,857.72. In our opinion, maintaining such a large postage meter balance is an inefficient use of DMF funds.

### RECOMMENDATION

**DMF should ensure that the postage meter's key is removed while the meter is not in operation and stored in a secured location. The key should be easily accessible only to the employee authorized to operate the meter. In addition, DMF should revise its policy on the level of postage fund balance it maintains to more efficiently use funds. We suggest maintaining no more than \$7,500 in the postage meter at any given time.**

### Technology Issues:

### **DMF IS NOT ADEQUATELY SAFEGUARDING ITS COMPUTER EQUIPMENT, SOFTWARE, SUPPLIES, AND DATA.**

During the audit we learned that DMF had not established policies and procedures to safeguard computer equipment and data. Specifically, DMF did not have a plan for data

## FINDINGS AND RECOMMENDATIONS

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backup or disaster recovery. There were no security policies or procedures in place to protect vital databases or restrict use to those databases. Neither did DMF have a detailed inventory of computer hardware and software, procedures to assure adherence to licensed software agreements, nor virus detection software or procedures. There were no established procedures on the acquisition of computer hardware and software to assure compatibility. Finally, DMF had not established any methods of periodically testing the validity of data entered into the various databases by DMF staff or contractors. There were procedures manuals for the trip ticket program and the biological and recreational license databases that dealt with the collection of the data but not testing for validity.

### RECOMMENDATION

**DMF should immediately develop a comprehensive plan for the acquisition and safeguarding of computer equipment and software. Further, DMF should request assistance from the Department in the development of a disaster recovery plan. Finally, DMF should develop specific policies and procedures to periodically test the validity of data being entered into DMF's databases.**

*Auditor's Note: Since the completion of the fieldwork, DMF has developed a technology plan that addresses these issues.*

### IMPROVED TECHNOLOGICAL EQUIPMENT AND SOFTWARE WOULD ENHANCE DMF's OPERATIONAL EFFICIENCY.

As we conducted the audit, we found that DMF's technology to perform mandated functions was not adequate. Computer software and hardware is needed in order to increase DMF's overall operational effectiveness. Of the 250 computers identified by DMF, 110 (46%) are either sub-standard, not cost-effective to upgrade, or were unusable. An upgrade and/or purchase of new computer equipment would allow DMF to:

- increase computer memory to run current word processing and geographical information software;
- access accounting information from the North Carolina Accounting System, Smartstream, and Federal Financial Reporting system; and
- present Federal reports and publicly distributed information in a professional manner.

DMF lacks an integrated computer system for its operations. Currently, DMF has a total of 29 separate databases either on the mainframe or standalone computers. (See Exhibit 9). None of these databases are integrated. For example, to determine whether a licensee has more than one license, the License unit has to research nine separate databases. Since the databases are not on the LAN and all employees are not connected to the LAN, sections can only access database information for their own section. For instance, the endorsement to sell license number is required to process the commercial trip ticket, but the trip ticket agents cannot directly access the license database. If all the databases were integrated and linked together, improved communications, coordination, information sharing, and verification could be achieved. DMF will need to acquire additional funding, training, staff, software, and hardware to accomplish this task.

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DMF has realized the need for computer software and hardware and better use of computer technology. Working towards this goal, DMF hired an outside computer contractor to evaluate its technology needs, and the State Information Processing Services (SIPS) is working with DMF to prioritize computer needs. During the audit, DMF obtained authorization from the Legislature to begin upgrading computer software, hardware, and to provide technological training for the staff. At the completion of the fieldwork, DMF began advertising for a Project Manager and Network Administrator position.

<b>EXHIBIT 9 LIST OF CURRENT DATABASES</b>		
<b>Item #</b>	<b>Name of Database</b>	<b>Period Covered</b>
1.	Division of Marine Fisheries(DMF) Biological database	1964-present
2.	DMF Marine Recreational Fisheries Survey(MRFSS)	1987-present
3.	DMF Head Boat(HB) database	1992-present
4.	DMF Albemarle Sound Creel Survey(ASCS)	1991-present
5.	DMF Pound Net database	1985-present
6.	DMF License database	1974-1993
7.	DMF Shellfish License database	1985-1993
8.	DMF Personal Computer(PC) Mechanical Oyster database	1985-1987
9.	DMF PC Shellfish Bottom License	1994-present
10.	DMF PC Commercial Marine Vessel License	1994-present
11.	DMF PC Vessel Crab License	1995-present
12.	DMF PC Shellfish and Crab License	1994-present
13.	DMF PC Shellfish License	1985-1993
14.	DMF PC Endorsement to Sell License	1994-present
15.	DMF PC Library	1971-present
16.	DMF PC Proclamations	unknown
17.	DMF PC Landings Bulletin	1989-present
18.	DMF PC Governor's Cup	1991-present
19.	DMF PC License Agent	1996-present
20.	DMF PC Criminal Records Information System(CRIS)	1994-present
21.	DMF PC License to Land Flounder	1996-present
22.	DMF Spotter Plane License	1989-present
23.	DMF database (main frame)	1964-present
24.	Geographical Information System(GIS) database	1995-present
25.	Trip Ticket Program	1994-present
26.	Seafood Dealer Tracking System database	1994-present
27.	DMF/Center for Geographic Information Analysis	June 1992
28.	Submerged Land	1994-present
29.	Conviction Warning System	4/97-present
Source: Division of Marine Fisheries		
Note: The CRIS system was supposed to replace the Conviction Warning system; however, it is currently being used only for the logging of inspections and complaint calls. Since the CRIS system was not working for the Marine Patrol, the section begin using the Conviction Warning system again as of April 1997. The CRIS is the only database that is on the LAN.		

### RECOMMENDATION

**We fully support DMF's request for more efficient and effective computing capabilities. We recommend DMF integrate all computer databases, as well as connect every employee to the LAN. DMF should continue to request additional funding for computer software and hardware, staff, and training as identified in the consultant's report.**



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### Personnel Issues:

In order to audit compliance with State personnel regulations, we examined in detail a sample of 59 personnel files for DMF employees covering the period July 1, 1994, through May 30, 1997. The sample was determined judgmentally based on a review of records obtained from the Office of State Personnel (OSP). Supporting documentation was reviewed to determine whether the appropriate management review and approval had occurred for personnel actions. We should note that all personnel transactions questioned have been approved by the Department and OSP. Overall, we are concerned that neither DMF, the Department, nor OSP had documented exceptions to the established procedures. While we understand the need for flexibility in personnel matters, we strongly recommend that adequate documentation be kept for all actions. The findings from our review are discussed below.

### **DMF IS NOT IN COMPLIANCE WITH STATE PERSONNEL POLICIES AND PROCEDURES.**

Our sample review of 59 employees revealed several instances of non-compliance with the Office of State Personnel's policies and procedures as outlined in the *Personnel Manual*. Specifically:

- Section 2.4 of the *Personnel Manual* requires that an applicant must possess at least the minimum education and required experience to fill a position. DMF employed one (2%) law enforcement pilot who did not have the minimum required flight experience when hired.
- Section 2.4 requires hiring authorities to "reasonably document hiring decisions...and explain their basis for selection." DMF could not provide written documentation explaining the basis for selecting seven applicants (12%).
- One (2%) employee submitted an application for his current position approximately six months following the posted closing date. This position remained vacant more than eleven months from its closing date. According to OSP, agencies should consider reposting a position that is not filled within sixty days and refrain from accepting applications following the position's closing date.
- One (2%) file did not contain the date of original employment, as required by Section 11.1 of the *Personnel Manual*.
- DMF could not locate documentation indicating three (5%) positions were posted and interviews were conducted.
- Two (3%) personnel files contained conduct warnings although documentation indicated the warnings would be removed. DMF removed these warnings from the files during the audit.
- One (2%) file contained documentation indicating that a former DMF Director circumvented the structured interview process by disregarding an interview panel's recommendation. The Director submitted to the Department a recommendation to employ an applicant not recommended by the panel. There was no documentation in the file justifying the Director's recommendation.

### **RECOMMENDATION**

**DMF should ensure all personnel files are in compliance with OSP regulations and contain relevant records for each employee. All applicants hired should possess the minimum qualifications required by OSP. DMF should document hiring decisions to explain the basis for selecting each employee.**

## FINDINGS AND RECOMMENDATIONS

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### **DMF IS NOT IN COMPLIANCE WITH STATE REGULATIONS FOR THE EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM.**

Section 12 of the *State Personnel Manual*, requires each department, agency, and institution to initiate and maintain a performance management system. This system requires, for each employee, the establishment of an annual work plan at the beginning of the work cycle, the completion of an interim review of performance at least once during the middle of the work cycle, and the completion of an annual performance appraisal summary at the end of the work cycle. The work plan should include the supervisor's expectations for the employee and detail the skills needed to produce these results. The interim performance review should document the employee's progress toward each of the established expectations and any actions needed for improvements. The annual performance appraisal summary should indicate ratings earned for each performance criteria. OSP requires the signatures of the employee, supervisor, and manager on these performance appraisal documents.

Although DMF has established a performance management system, our review of a sample of documentation for the 1995-96 work cycle indicated that DMF did not consistently administer the performance management system. During our review of the performance appraisal documents for fifty-three employees, we identified the following:

- Thirty-six work plans (68%) lacked documentation indicating that the employee's performance expectations had been discussed between the supervisor and employee at the start of the work cycle. These work plans were not signed by the employee, supervisor, and/or manager.
- Thirty-nine (74%) files did not contain interim performance reviews.
- Six performance appraisal summaries (11%) were not signed by the employee's supervisor.
- One performance appraisal summary (2%) was not signed by the employee's manager.
- Thirty performance appraisal summaries (57%) were not signed by the employees' managers at the time the performance appraisals were given. Two summaries were signed two months following the evaluations; thirteen summaries were signed more than six months following the evaluations; and fifteen summaries were signed more than eight months following the evaluations.
- One performance appraisal summary (2%) did not contain an overall summary rating for the employee.
- Sixteen of the key responsibility ratings in six (11%) employees' performance appraisal summaries were changed. However, the changes were not initialed nor dated by the employees, supervisors, and managers as required in Section 12.4 of the *Personnel Manual*.

### **RECOMMENDATION**

**Performance management is an integral part of total management, influencing the selection, staffing, discipline, training, and development of an agency and its employees. DMF should maintain an operative performance management system as required by State regulations by ensuring that a work plan, interim performance review, and performance appraisal summary are properly completed, as well as documented, on an annual basis for each employee.**

*Auditor's Note: As required by statute, we have notified OSP of DMF's non-compliance to the Performance Management System regulations.*

## FINDINGS AND RECOMMENDATIONS

### DMF HAS HAD TO SIGNIFICANTLY SUPPLEMENT PERMANENT POSITIONS WITH THE USE OF TEMPORARY EMPLOYEES.

Our examination of personnel records revealed that for the period July 1, 1994, through May 30, 1997, DMF has utilized a total of 37 departmental temporary and/or part-time positions. Personnel records reveal that 69 different people were employed to fill the 37 departmental temporary positions. Additionally, DMF uses the services of four temporary employment agencies. For the fiscal years 1994-95 through 1996-97, our examination revealed that 60 different people were employed in temporary positions throughout DMF. These temporary employees (departmental and independent contractors) worked as Recreational Port Agents, Creel Clerks, Processing Assistants, and Data Control Clerks, many of which are seasonal positions. DMF's standard practice has been to transfer temporary employees from position to position frequently. It is not uncommon for one temporary employee to be shown in 4 or 5 different positions during a short time span. Table 10 shows the hours worked and amounts spent for temporary employee services. During this three-year period, DMF has averaged supplementing permanent positions with 14.9 full-time equivalent temporary positions. While it is to DMF's credit that temporary rather than permanent positions were used, this could be a strong indicator that DMF may be under-staffed in some areas. However, it could also be an indicator that permanent staff were not working to their full potential. We noted during the audit areas where both under-staffing and under-utilization occurred.

TABLE 10 DMF OF MARINE FISHERIES PAYMENTS FOR TEMPORARY EMPLOYEES							
FISCAL YEAR	DMF TEMPORARIES	NUMBER OF HOURS WORKED	TEMPORARY EMPLOYMENT AGENCIES	NUMBER OF HOURS WORKED	TOTAL PAYMENTS	TOTAL HOURS WORKED	FULL-TIME EQUIVALENT
1994-1995	\$164,332	19,146	\$ 27,356	3,741.50	\$191,689	22,886	11.0
1995-1996	\$185,845	21,616	\$147,678	13,574.20	\$333,523	35,190	16.9
1996-1997*	\$187,806	21,614	\$151,406	13,219.25	\$339,212	34,833	16.7
TOTALS	\$537,983	62,376	\$326,442	30,534.95	\$864,424	92,909	44.6
* Amounts paid were compiled for period 7/1/96 - 5/30/97.							
Source: Office of State Controllers Payroll Registers and Cash Disbursement Registers for 7/94 - 5/97, unaudited.							

### RECOMMENDATION

**DMF should critically evaluate the workload of each section and determine the need for, and use of, temporary positions. The creation of additional, permanent, full-time positions should be considered if the workload so indicates.**

### DMF's TIME KEEPING SYSTEM IS NOT UNIFORM AND DOES NOT CONSISTENTLY REFLECT ACCURATE LEAVE BALANCES.

The majority of employees in five of DMF's eight sections are required to document their daily activities on two separate time keeping forms--a weekly and a monthly time sheet. The weekly time sheet summarizes work performed, as well as lists hours worked and leave taken. Employees in the other three sections only complete a monthly time sheet documenting hours worked and leave taken. The monthly time sheets, required by the Department's *Operating Procedures Manual*, provide information to support the payroll and document leave. Supervisors review and approve both the weekly and monthly time sheets. However, three of

## FINDINGS AND RECOMMENDATIONS

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the sections requiring weekly time sheets do not compare the information documented on these reports with the monthly time sheets. During our comparison of the two types of time sheets from July 1995 through April 1997, we noted:

- One employee documented twelve hours of sick leave on a weekly time sheet, but only four hours of sick leave on the monthly time sheet.
- One employee documented one hour of compensatory leave on his weekly time sheet, but not on the monthly time sheet. A second employee documented thirteen hours of compensatory leave on three of his weekly time sheets, but only recorded eight hours total on the monthly time sheet.
- Following Hurricane Fran in September 1996, DMF employees were authorized compensatory leave for working in declared disaster counties. Eleven employees who were not working in declared disaster counties recorded 208 hours of compensatory leave on their time sheets.

We also selected for review monthly time sheets submitted by 59 employees in other sections of DMF from July 1995 through April 1997. Based on this review of 1,212 time sheets, the following items were noted:

- One (.08%) time sheet was not signed by either the employee or supervisor.
- Twelve (1%) time sheets were not signed by the supervisor.
- Forty-seven (4%) time sheets contained compensatory leave incorrectly calculated, resulting in 93.5 hours of unearned compensatory leave awarded to employees and 114 hours of earned compensatory leave excluded from the employees' accumulated compensatory leave balances.
- Two (.16%) employees reduced their accumulated sick leave balances (totaling 12 hours) without documenting the sick leave time on their time sheets.
- Adverse weather leave hours were not properly accounted for on three (.25%) employees' time sheets. Nine and one-half adverse leave hours were not made up, nor charged to vacation leave or leave without pay as required by the State policy.
- Vacation leave (8 hours) used by one (.08%) employee was not subtracted from the accumulated vacation leave balance.
- One (.08%) employee incorrectly recorded 24 hours of compensatory time earned for working two holidays. The Office of State Personnel allows an employee eight hours of compensatory time for each holiday worked, at the convenience of the agency.
- One (.08%) time sheet contained only 39 hours documented for one 40-hour week.

### RECOMMENDATION

**DMF should examine its current time recording procedures to identify methods for improving the accuracy of documented leave. Consideration should be given to creating a time sheet that would combine the information currently being documented on both the weekly and monthly time sheets. The time reports should be signed by both the employee and the immediate supervisor.**

***Auditor's Note:** Following our review, DMF initiated corrective action on the identified exceptions. In addition, DMF reviewed time sheets of other employees not included in our sample who may have been granted compensatory time in error following Hurricane Fran. During its review, DMF identified nine additional employees who were granted 168 hours of compensatory time, but were not working in declared disaster counties.*

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### EMPLOYEES EXEMPT FROM THE FAIR LABOR STANDARD ACT RECEIVED OVERTIME PAY.

Based on our review of a sample of shift premium, holiday premium, and overtime paid from July 1995 through April 1997, we noted the following:

- Six employees in positions exempt from the Fair Labor Standard Act received overtime pay totaling \$20,047 from February 1995 through April 1997. DMF's policy is to grant employees exempt from the Fair Labor Standard Act one hour of compensatory time for every hour of overtime worked. However, these six employees received one and one-half hours for every hour of overtime worked, totaling an additional 279 hours of overtime.
- One employee did not receive 6.5 hours of overtime pay earned.
- Three employees did not receive 14.5 hours of holiday premium pay earned.
- A supervisor did not approve shift premium pay documentation for three months.
- One employee did not receive the correct shift premium pay for six months, resulting in overpayment of five hours for \$5.80.

### RECOMMENDATION

**DMF should ensure that employees in positions exempt from the Fair Labor Standard Act do not receive pay for hours worked in excess of forty per workweek. To accurately calculate overtime, holiday premium, and shift premium pay, DMF should properly document, review, and approve hours worked by employees.**

*Auditor's Note: DMF made the necessary adjustments to correct the exceptions discussed in this finding during the audit.*

### DMF DID NOT MAXIMIZE ITS PERSONNEL RESOURCES BY FILLING VACANCIES TIMELY.

We reviewed DMF's use of its personnel resources to assess effectiveness. On March 4, 1997, DMF had sixteen vacant permanent positions, fifteen of which had been vacant for more than one month. (Table 11, page 86) As can be seen, a number of these positions had been vacant for a year or longer. Management stated that all the vacant positions were necessary to adequately perform the duties assigned to DMF and that they had attempted to fill these vacancies. Several factors account for the amount of time it has taken, however. First, State personnel regulations must be followed relative to the posting of a vacancy and the interview process. Secondly, since DMF has not been given authority by the Department to fill its own vacancies, all recommendations for new hires must be approved by the Department. This process added considerable time between the posting and having a new employee begin work. In addition, DMF and Department management purposely kept some positions vacant pending the outcome of the audit. Steps have now been taken to fill several of these positions.

**TABLE 11**  
**SUMMARY OF DMF's VACANT PERMANENT POSITIONS**  
**as of March 4, 1997**

## FINDINGS AND RECOMMENDATIONS

POSITION TITLE	POSITION NUMBER	DATE OF VACANCY	DATE FILLED
Marine Fisheries Enforcement Chief	4308-0000-0008-304	1/31/96	4/1/97
Marine Fisheries Enforcement Supervisor	4308-0000-0008-022	1/3/97	11/1/97
Marine Fisheries Enforcement Officer III	4308-0000-0008-398	9/18/96	6/23/97
Marine Fisheries Enforcement Officer III	4308-0000-0008-410	2/1/97	10/20/97
Marine Fisheries Telecommunicator	4308-0000-0008-350	3/31/95	7/1/97
Computing Consultant IV	4308-0000-0008-164	12/31/96	vacant
Computing Consultant II	4308-0000-0008-517	1/1/95	position abolished as of 10/97
Marine Fisheries Biologist II	4308-0000-0008-373	5/2/96	7/1/97
Marine Fisheries Biologist I	4308-0000-0008-532	11/1/96	5/1/97
Marine Fisheries Biologist I	4308-0000-0008-518	2/14/97	5/8/97
Marine Fisheries Technician II	4308-0000-0008-372	10/1/96	9/1/97
Marine Fisheries Technician II	4308-0000-0008-223	2/1/97	4/28/97
Office Assistant IV	4308-0000-0008-165	3/1/96	5/12/97
Data Control Clerk IV	4308-0000-0008-210	2/1/97	4/21/97
Data Control Clerk IV	4308-0000-0008-521	7/31/94	position abolished as of 10/97
Data Control Clerk III	4308-0000-0008-222	2/13/96	Position abolished as of 10/97
Source: DMF and OSP Position Records			

### RECOMMENDATION

**DMF and the Department should evaluate the necessity of vacant positions and abolish non-essential positions. Management should evaluate the procedures used to fill vacancies, identify points of delay, and modify procedures to fill needed positions in a timely manner.**

## PROGRAM EFFECTIVENESS

***Objective:** To examine specific DMF programs and functions in detail to determine their level of effectiveness.*

### GENERAL COMMENTS

This section of the report contains assessments of selected programs operated by DMF. Due to time constraints, we were unable to assess all programs, but concentrated on the ones that appeared to be the most important to the overall mission of DMF.

#### Shellfish Leases:

#### **SHELLFISH BOTTOM LEASE FEES ARE INADEQUATE TO COVER COSTS OF PROCESSING.**

DMF currently charges the following fees for a shellfish bottom lease, as outlined in GS §113-202(d) and (j):

- Filing fee submitted with the lease application - \$100.
- Annual rental fee - \$1 per acre for first partial and complete year; \$5 per acre following first complete year.
- Renewal lease fee, due following the tenth anniversary of the granting of the lease - \$50.

Year	# of Initial Application Fees	# of Annual Leases	# of Applications Renewed After 10 Years	Amt of Initial Application Fees Paid	Amount of Annual Leases Paid	Total Amount Paid Initially	Amount of 10 Year Renewals Paid
1992	15	268	19	\$1,500.00	\$9,385.20	\$10,885.20	\$950.00
1993	7	281	28	\$700.00	\$10,022.69	\$10,722.69	\$1,400.00
1994	13	271	19	\$1,300.00	\$9,651.07	\$10,951.07	\$950.00
1995	20	259	15	\$2,000.00	\$9,074.16	\$11,074.16	\$750.00
1996	12	255	12	\$1,200.00	\$8,674.22	\$9,874.22	\$600.00
1997	5	250	20	\$500.00	\$8,411.27	\$8,911.27	\$1,000.00
	72	1584*	113			\$62,418.61	
* Includes the # of application renewals							
1,543 Initial and annual Shellfish Bottom Leases (72+1584-113).							
Fees collected from the initial and annual Shellfish Bottom Leases - \$62,418.61 (\$7,200.00+\$55,218.61).							
Average annual revenue per initial and annual Shellfish Bottom Lease - \$40.45.							
Source: DMF Shellfish Lease Billing Information, 1/1/92 - 9/10/97, unaudited.							

From January 1, 1992, through September 10, 1997, DMF collected \$62,419 in initial and annual shellfish bottom lease fees on 1,543 leases, averaging \$40 annually per lease. See Table 12. According to DMF, the estimated cost for processing one shellfish bottom lease application is \$890. Furthermore, DMF incurs an estimated \$86 on the renewal lease process. Based on these calculations, a shellfish bottom lease would have to exist for more than twenty-two years in

order for DMF to recoup its processing costs. Table 13 contains comparative data from Atlantic coast states.

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TABLE 13 SHELLFISH BOTTOM LEASE FEES CHARGED BY OTHER STATES	
State	Fee Charged
North Carolina	Initial Application Fee - \$100
	Annual Rent for 10 yrs.: \$1 per acre for first full year.
	\$5 Per acre for remaining years.
	\$50 Renewal fee after 10 years
Connecticut	Minimum of \$2 per acre for a minimum of 3 yrs.
	Under the Department of Agriculture
Florida	\$15 per acre, \$5 surcharge
Georgia	Minimum of \$500 per tract regardless of acreage
Maine	\$10 for areas less than 1 acre
	\$1000 for areas between 50 - 100 acres.
	Initial Acre Lease Fee \$50
Maryland	\$300 application fee
Massachusetts	\$25 per acre
New Jersey	Atlantic Coast Estuaries - \$2 per acre per year
	Delaware Bay - \$0.50 per acre per year
New York	Done through the New York Office of General Services
Virginia	\$1.50 per acre - 10 years
Source - Survey Information from Atlantic Coast States	

### RECOMMENDATION

**DMF should petition the General Assembly to amend the General Statutes to increase the fees to an amount that would cover DMF's expenses in processing shellfish bottom leases. In our opinion, the initial application fee should be \$500, with an annual rental fee of \$10 per acre, and a renewal fee of \$100. These increases would allow the program to be self-supporting.**

### **DMF DOES NOT MAINTAIN SHELLFISH LEASE DATA IN A SUMMARY FORM.**

DMF does not maintain detailed, historic data for its various leases in a summary form. As part of the audit, we requested a list of shellfish lease applications for the past five years. Although DMF supplied this information, it was not readily available. To retrieve this data, staff had to review lease files, accounting journals, and ledger sheets in order to compile:

- name of the lessee
- lease number
- lease rental fee
- lease payment date
- lease renewal date
- number of acres leased



## FINDINGS AND RECOMMENDATIONS

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The absence of such information in a summary form precludes DMF management from monitoring the leases and controlling related costs. Additionally, DMF's ability to perform economic analysis on the cost-benefit of such leases is restricted because staff are not able to measure the extent of direct and indirect lease costs.

### RECOMMENDATION

**DMF should implement procedures that capture both detailed and summarized data on lease contracts. Management should periodically receive and review reports tracking revenue and expenditures related to lease activities, analyze the efficiency of such leases, and use this data to make determinations on lease renewals.**

*Auditor's Note: During the audit, DMF personnel created a computerized spreadsheet for use in tracking and monitoring lease activities. Prior to completion of our fieldwork, DMF personnel stated they had revised the spreadsheet and updated the information.*

### CURRENT PROCEDURES FOR SHELLFISH LEASE RENEWALS INHIBIT EFFECTIVE MANAGEMENT BY DMF.

We examined in detail the procedures surrounding the shellfish lease program intended to promote shellfish cultivation. Shellfish leases run for a period of ten years from the initial issuance of the lease by the Department Secretary, terminating at noon on April 1st following the tenth anniversary of the granting of the lease. Renewal leases are issued for a period of ten years effective from the time of expiration of the previous lease. Amendments of shellfish cultivation leases, to authorize the use of water columns, are issued for five years or the remainder of the term, whichever is shorter.

Renewal applications for shellfish bottom leases are provided to the lessee in January of the year of expiration. Renewal applications for water column leases are provided at least 90 days prior to the expiration date. Additionally, DMF mails an annual shellfish rent notice and production/use report in January of each year. The annual shellfish rent and production/use information is due from the lessee by April 1st of each year, the lease expiration date. DMF personnel must review the renewal application documents for completeness, ensure annual rents have been paid, and determine the production/use requirements have been met. Since the annual rent and production/use report is due the same day as the lease expires, it is not possible to process all renewals before the existing leases expire. For the years 1992 through 1996, we selected 64 leases for review. Our lease review showed that 71.9% of lease renewals were approved after the prior lease had expired and that 31.3% of the annual production reports were submitted after the April 1st deadline.

### RECOMMENDATION

**DMF should request a change to the General Statutes on the timing of the lease renewal and the submission of the annual production report. We suggest that annual rent payments and production/use reports continue to be due by April 1st of each year, but change the expiration date of the**

## FINDINGS AND RECOMMENDATIONS

lease to July 1st. Renewal leases should continue to be issued for a period of ten years effective from the time of expiration of the previous lease. This change would allow time for DMF personnel to determine that the lessee has met all lease requirements, approve the renewal, and process the new lease before the prior lease expires.

Fisheries Management:

### **DMF PROCESSED RENEWALS FOR POUND NET PERMITS WHICH DID NOT MEET NORTH CAROLINA ADMINISTRATIVE CODE REQUIREMENTS.**

According to NCAC 3J.0107(b)(2), pound net permits expire 365 days after issuance and must be renewed within 10 days of expiration. We examined a sample of permits issued to 10 permit holders. Our tests revealed that permit holders were issued renewals although they did not submit renewal applications within the required deadlines. Documentation in the files did not indicate that five expired permits had been canceled. In addition, permits were renewed for two individuals despite the absence of any renewal forms in the file. See Table 14.

### **RECOMMENDATION**

**DMF should immediately comply with the Administrative Code and not allow renewals for permits which do not meet stated requirements. When permits expire, DMF should promptly update its files and notify the Marine Patrol to investigate whether the pound nets are still being used. Citations should be issued for operators in non-compliance.**

### **DMF DOES NOT HAVE THE NECESSARY RESOURCES TO DEVELOP REQUIRED FISHERY MANAGEMENT PLANS AND HABITAT PROTECTION PLANS.**

Approximately 6 years ago, DMF recognized the need to consolidate outlying strategies, objectives, and options regarding certain species. At that time, DMF started developing fishery management plans to better manage the State's marine and estuarine plans. One lead person was assigned to each plan and recruited additional people as needed (biologists, data management, statistics, etc.) from within DMF. Management plans for striped bass, hard

TABLE 14 REVIEW OF POUND NET PERMITS			
Sample Permit	Number of Possible Renewals	Number Not Submitted Timely	Number Not Cancelled But Should Be
1	2	1	
2	3	0	1
3	4	1	1
4	2	0	
5	5	2	1
6	5	2	1
7	5	1	
8	5	2	1
9	5	1	
10	2	0	
11	5	1	
12	5	1	
13	5	0	
14	1	0	
15	2	0	
16	2	0	
17	2	0	
18	6	1	
19	2	0	
20	5	1	
21	5	1	
22	5	1	
<b>Total</b>	<b>83</b>	<b>16</b>	<b>5</b>
		(19.3%)	(6.0%)
Source - Division of Marine Fisheries Pound Net Permit Files			

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clams, oysters, shrimp, shad, and river herring are currently being developed. The plans are in a draft form and DMF has recently held public meetings to obtain additional citizen input. DMF is also updating the socio-economic data, landings data, etc. for each plan.

The 1997 Fisheries Reform Act requires the preparation of proposed fishery management plans for “. . . all commercially or recreationally significant species or fisheries that comprise State marine or estuarine resources.” The proposed plans are to be developed in accordance with the priority list, schedule, and guidance criteria established by the Marine Fisheries Commission under GS §143B-289.22. DMF personnel indicated there are at least 31 species or species groups for which plans may need to be developed. Additionally, each plan shall be revised at least once every three years. The Fisheries Reform Act requires the management plan for Blue Crabs to be completed by January 1, 1999. However, no additional positions were given to DMF to help develop these plans. With current resources, staff estimated they could complete 2-3 fishery management plans per year. This means it could take up to 15 years to develop plans for all 31 identified species.

### RECOMMENDATION

**DMF should continue its efforts to develop fishery management plans and habitat protection plans to ensure the long-term viability of the State’s commercially and recreationally significant species or fisheries. The plans should include conservation and management measures to prevent overfishing, while achieving, on a continuing basis, the optimal yield from each fishery. DMF management should determine the additional staffing and equipment resources needed to develop the plans in a timely manner. This request should be conveyed to the Department for inclusion in its budget request.**

Proclamations:

### DMF ISSUES REPETITIOUS PROCLAMATIONS FOR OPENING AND CLOSING OF VARIOUS FISHING SEASONS.

Proclamations are issued to address the management of resources that are controlled by “variable conditions”. “Variable conditions” include size restrictions, gear limitations, and opening or closing of shrimping, fishing, and polluted areas. General Statute §113-221 says in part “. . . the Marine Fisheries Commission may delegate to the Fisheries Director the authority to issue proclamations suspending or implementing, in whole, or in part, particular rules of the Commission which may be affected by variable conditions.” We reviewed a total of 644 proclamations for the period of January 1994 through August 1997 to determine the purpose, justification, status, issue date, and effective date of the proclamations.

Table 15 Summary of Proclamations Issued January 1, 1994 through August 29, 1997					
Category	Seasonal Openings	Seasonal Closings	Seasonal Opening/ Closing Joint Proclamations	Special/Temp. Proclamations	Totals
Bay Scallops	5	1	2	5	13
Crab Pot	1	0	13	1	15
Finfish	40	17	0	48	105
Shellfish	18	10	0	339	367
Shrimp	31	3	0	41	75
Misc. Area	5	0	0	52	57
Research Area	0	0	0	12	12
<b>Totals</b>	<b>100</b>	<b>31</b>	<b>15</b>	<b>498</b>	<b>644</b>
Source -- DMF Proclamation Records					

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Table 15 summarizes the results of that review. As can be seen, 23% of proclamations were issued solely for the opening and closing of various fishing seasons, generally within the same week each year. In our opinion, this type of repetitious proclamation could be set by Commission rule to start “the week of” and end “the week of” each year. This would serve to eliminate confusion and relieve some of the workload pressure from the Director and his staff. This would not preclude the continued monitoring for quota limitations or the closing/opening based on quotas. Further, we noted in our review that the preceding proclamation number was not made a part of later proclamations. This makes it more difficult for the public and DMF staff to follow the sequence of events for any given proclamation.

### RECOMMENDATION

**The Marine Fisheries Commission and the DMF Director should consider making proclamations that are issued at approximately the same time each year rules. The rule should then be made a part of the Fishery Management Plan for that particular species of fish. Additionally, DMF should change its procedures on proclamation issuance to include the superseded proclamation number on the current proclamation to assist DMF staff and the public in identifying any preceding actions.**

Licensing System:

#### **DMF LICENSING SYSTEM IS INEFFICIENT.**

Currently, licenses are sold by DMF, as well as 34 contracted license agents located in counties along the coast. License information is handwritten on a license receipt at the time of sale. The license receipt serves as the official license for each license type (vessel licenses are issued a pre-numbered decal and endorsements to sell are also issued a credit card). Each license application and receipt has a different design and appearance. License information is not entered into the DMF databases at the point of sale. All licenses expire at June 30 of each fiscal year causing huge fluctuations in the license section’s workload. (See Table 3, page 16 for breakdown of number of licenses sold.) During the annual renewal period in July, the workload often prevents license data from being entered until three or four months after sale. Further, license agents do not submit licenses sold nor revenues collected to DMF until the 10th of the month following sale. These time lags prevent retrieval of current license information.

We learned during the audit that the Wildlife Resources Commission and the Marine Fisheries Commission have joint responsibilities for certain areas of the State and certain types of fish. Hunting and fishing licenses obtained from the Wildlife Commission are purchased from more than 900 locations throughout North Carolina or by calling a toll free number at the Wildlife Commission. The Wildlife Commission has installed computers in all locations to facilitate the license transaction and to provide a means to collect and transmit data. As the license is purchased, the customer’s information is entered into a terminal and then transferred to a centralized database the night of the purchase. Also included in the information transferred are the amount of the sale and the type of license purchased. In our opinion, this type of computerized system would greatly enhance DMF’s license operations.

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### RECOMMENDATION

The license system should be redesigned and automated with licenses entered into the database at the point of sale. In our opinion, DMF should explore the feasibility of “piggybacking” on the Wildlife Resources Commission’s system already in place. Licenses and/or receipts could be printed at the time of the sale and the database updated the day of the sale. This would allow the database to reflect current information. Furthermore, DMF should integrate all license databases to allow cross-checking and to speed retrieval of information. The license application and the printed license or receipt should include the necessary information for each license type on one form. Finally, consideration should also be given to staggering the license renewal dates to better manage the workflow of the license section. One method of accomplishing this would be to have licenses expire on the licensee’s birth date.

*Auditor’s Note: DMF and the Wildlife Commission are currently engaged in discussions of the feasibility of using Wildlife’s established licensing system for both commercial and proposed recreational licenses issued by DMF.*

### LICENSE AGENTS’ COLLECTIONS ARE NOT SUBMITTED IN COMPLIANCE WITH THE STATE’S DAILY DEPOSIT ACT.

DMF policy requires that license agents submit monthly reports of licenses sold and revenues collected by the 10th of the month following license sales. We reviewed all monthly reports submitted during the 1996 fiscal year. Of the 418 monthly reports submitted, 240 (57%) were received by DMF after the due date. License agents collect either cash or checks payable to the agent. These funds are deposited into the agent’s individual bank account and are not remitted to DMF until the monthly report is submitted. As a result, the license agent earns interest on sales for as many as 41 days. The Daily Deposit Act (G.S. §147-77) requires that all funds collected for the State be deposited into a State Treasurer account daily. Exemptions may be granted by the State Treasurer as long as funds are deposited and reported at least weekly if not more than \$250 has been collected. DMF has authority to suspend or revoke the contracts for all license agents for not meeting reporting requirements. Despite delays in submitting monthly reports and sales collections, there was no evidence that action was taken against any license agents. DMF management reported that difficulties in securing license agents in the required

TABLE 16 ANALYSIS OF SUBMISSION OF LICENSE AGENTS’ MONTHLY REPORTS FOR THE YEAR ENDED 1996			
Agent	Number of Reports Submitted	Number of Reports Submitted Late	% of Late Reports
1	12	8	67%
2	5	4	80%
3	3	2	67%
4	1	0	0%
5	12	10	83%
6	12	6	50%
7	12	8	67%
8	12	1	8%
9	13	2	15%
10	13	12	92%
11	12	4	33%
12	12	10	83%
13	12	12	100%
14	12	12	100%
15	12	4	33%
16	1	0	0%
17	12	4	33%
18	12	7	58%
19	12	12	100%
20	12	11	92%
21	12	3	25%
22	9	4	44%
23	12	3	25%
24	12	12	100%
25	10	8	80%
26	12	0	0%
27	7	5	71%
28	11	9	82%
29	12	7	58%
30	12	7	58%
31	11	8	73%
32	13	9	69%
33	12	12	100%
34	10	5	50%
35	11	6	55%
36	12	4	33%
37	12	6	50%
38	12	1	8%
39	12	2	17%
<b>Total</b>	<b>418</b>	<b>240</b>	<b>57%</b>
Source: Compiled by Office of the State Auditor.			

## FINDINGS AND RECOMMENDATIONS

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areas prevent stronger action from being taken against license agents found to be in non-compliance.

Further examination of these reports, as well as interviews with license unit personnel, revealed numerous reporting errors which were caught and changed by employees in the license unit. License agents only receive a \$1.00 surcharge per license sold. This minimal amount does not provide incentive to accurately account for licenses sold. Also, license agents receive little training from DMF staff. Their lack of expertise causes reporting errors and inaccurate information being communicated to licensees.

In reviewing the procedures used by the Wildlife Resources Commission for its license agents, we learned that they receive a six percent commission on all licenses sold. Income received from sales is deposited into the agent's personal account daily. The funds received in a seven day period are electronically drafted from the agent's account by the Commission weekly. The amount drafted by the Wildlife Commission is determined from the computerized daily sales reports. In our opinion, this method of reimbursement for license agents and remittance of funds to the State is more efficient and would eliminate many of the problems now experienced by DMF.

### RECOMMENDATION

**DMF should immediately require all license agents to remit funds to DMF in compliance with the Daily Deposit Act, whether through electronic transfer of funds or through creation of separate bank accounts in the State Treasurer's name. Further, DMF should examine alternative methods of selling licenses such as eliminating license agents and having DMF sell all licenses from its administrative office in Morehead City and regional offices located throughout the coastal areas. This would provide greater control of license information, more timely accounting of licenses sold and revenues collected, and better communication of regulations to the public. If license agents are retained, DMF should explore the feasibility of increasing the fee paid, perhaps to 6% as paid by the Wildlife Resources Commission to its license agents. More training should be provided to the agents with agents receiving point-of-sale terminals to link to DMF's database to provide more timely update of license information and electronic transfer of funds collected.**

### INTERNAL CONTROLS OVER THE LICENSE PROCESS ARE NOT PREVENTING AND DETECTING ALL ERRORS.

We randomly selected thirty licenses of each of the five major license types (vessel, endorsement to sell, shellfish and crab, vessel crab, and seafood dealers) and five licenses each for spotter plane and ocean pier for each of the three previous fiscal years. We examined the actual license receipts to determine whether the correct fee was charged, the licensee was eligible to purchase a license, and information contained on the license agreed to the information in the associated database. Our examination of these 480 sample items revealed the following problems:

## FINDINGS AND RECOMMENDATIONS

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- five instances (1.06%) where the licensee was charged the wrong amount;
- ten instances (2.11%) where the receipt differed from information contained in the database; and
- seven instances (1.46%) where license receipts could not be located.

These errors may result from license agents' lack of expertise and training, oversight by unit personnel, or the time lag between sale of licenses and data entry. The license unit has controls in place to review all licenses sold to prevent or detect errors or irregularities. These controls include "auditing" of agents' monthly reports, review of individual licenses, and editing of the monthly database printouts. While the instance of error is small, this may indicate that the controls need to be strengthened to avoid errors.

### RECOMMENDATION

**DMF management should review the procedures in place for detecting errors on licenses. More care should be taken in recording, entering, reviewing, and maintaining license information. In our opinion, to avoid errors, DMF should employ data entry at point of sale to allow immediate review and comparison of information with verification by the licensee. See above recommendations.**

### MARINE PATROL OFFICERS HOLD COMMERCIAL FISHING LICENSES IN VIOLATION OF DMF POLICY.

We obtained database printouts of all license types and compared those lists to lists of current DMF employees. Our analysis revealed that twenty-five DMF employees currently hold commercial fishing licenses, five of which were Marine Patrol officers. DMF's personnel policies specifically prevent Marine Patrol Officers from having commercial fishing licenses. However, we noted that State and personnel policies prohibit secondary employment in cases that create a conflict of interest. DMF employees involved in policy making or who perform duties that lead to changes in fishing rules, regulations, or activities could potentially have a conflict of interest since their job duties may impact their secondary employment. Review of personnel files for the twenty-five employees holding commercial fishing licenses revealed that only 10 of these employees have ever received approval for commercial fishing as secondary employment as required by DMF policy. State policy requires annual approval by agency management for each employee's secondary employment.

### RECOMMENDATION

**DMF should examine its personnel policies on secondary employment and conflict of interest and take steps to comply with State policy. In our opinion, all DMF employees should be prohibited from holding commercial fishing licenses since all could have access to privileged information regarding fishing. Exceptions to this provision could be granted but should be adequately documented to prove that no conflict of interest exists.**

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### **IT IS NOT COST EFFECTIVE TO OPERATE THE LICENSE ANNEX IN WANCHESE.**

DMF opened a license annex in Wanchese on August 6, 1997. Prior to the office opening, license sales in the area were handled by license agents in Manteo and Nags Head. Each of these agents is located within fifteen minutes drive of Wanchese. During August and September, the Wanchese office was staffed with personnel from Morehead City. As a result, DMF incurred travel and subsistence costs in addition to normal operating costs. Through September 20, 1997, DMF incurred \$10,531 in costs, while revenues collected from August 6 through September 30 were \$4,321 from the sale of only 102 licenses. Of the 35 days the office was open, no licenses were sold on nine days. DMF hired a clerk to staff the office beginning October 13, 1997. This employee will work eleven months each year. Salary costs, rent, utilities, and supplies will exceed \$20,000 annually to operate the office.

### **RECOMMENDATION**

**DMF should re-evaluate the need for a license office in Wanchese. DMF should consider closing the office totally or operating the office only when there is a demonstrated need. One possibility would be to open the office one day per week or only during the annual renewal “rush” period of July and August. The employee just hired to staff this office should be moved to another DMF location where staffing is limited.**

*Auditor’s Note: DMF is in the process of reviewing the most effective use of this employee and is assessing the feasibility of combining all Wanchese and Manteo staff into one office.*

Marine Patrol:

### **MARINE PATROL OFFICERS DO NOT HAVE STATUTORY AUTHORITY TO ARREST FOR ALL MISDEMEANORS COMMITTED IN THEIR PRESENCE.**

Marine Patrol Officers are authorized to enforce fisheries statutes and the Marine Fisheries Commission’s rules, as well as issue citations for the dumping of waste in navigable waters, obstructions to navigation, and other matters directed by the Department which are within its jurisdiction. Marine Patrol Officers are also authorized to arrest for felonies, breaches of the peace, assaults in their presence, and other offenses displaying a flouting of their authority as law enforcement officers or constituting a threat to public peace. However, Marine Patrol Officers are not allowed to arrest for misdemeanors external to their subject matter jurisdiction discovered during the enforcement of fisheries laws. Specifically, a Marine Patrol officer is not allowed to arrest an impaired operator of a vessel following a legal stop and inspection. Instead, the officer must call in another law enforcement officer with jurisdiction to make the arrest.

### **RECOMMENDATION**

**The General Assembly should consider amending GS §113-136 to provide additional law enforcement powers to Marine Patrol Officers. Marine**



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**Patrol Officers should have jurisdiction over any offense occurring under GS §75A-10.**

### **ALL PERSONS HOLDING AQUACULTURE<sup>5</sup> OPERATION PERMITS DO NOT POSSESS REQUIRED COMMERCIAL FISHING LICENSES.**

The Marine Patrol is responsible for enforcing all fisheries' regulations. As part of their duties, the Patrol must approve aquaculture permits. The Patrol should be knowledgeable of existing operations and should monitor those operations. To examine the effectiveness of this portion of the Patrol's duties, we obtained a list of current aquaculture operation permit holders and compared that list to the license databases. Our analysis revealed that five of 44 (11.4%) permit holders do not currently possess either an endorsement to sell or a seafood dealer's license. G.S. §113-154.1 requires that "... any person who takes or lands any species of fish ... from coastal fishing waters by any means whatever, *including aquaculture operations*., to sell. . . " must acquire an endorsement to sell fish. G.S. §153-156 requires that persons selling fish to the public must purchase a fish dealer's license. The one exception to this rule is for operations used solely for scientific or educational purposes. However, none of the above aquaculture operators falls under the exception and none have been cited by the Patrol for not having licenses.

### **RECOMMENDATION**

**DMF management should examine its procedures for the licensing and oversight of aquaculture operations. The Marine Patrol should monitor aquaculture operations more carefully. Once a permit is issued, the Marine Patrol should be required to visit the operation at predetermined intervals to ensure that all necessary licenses have been obtained.**

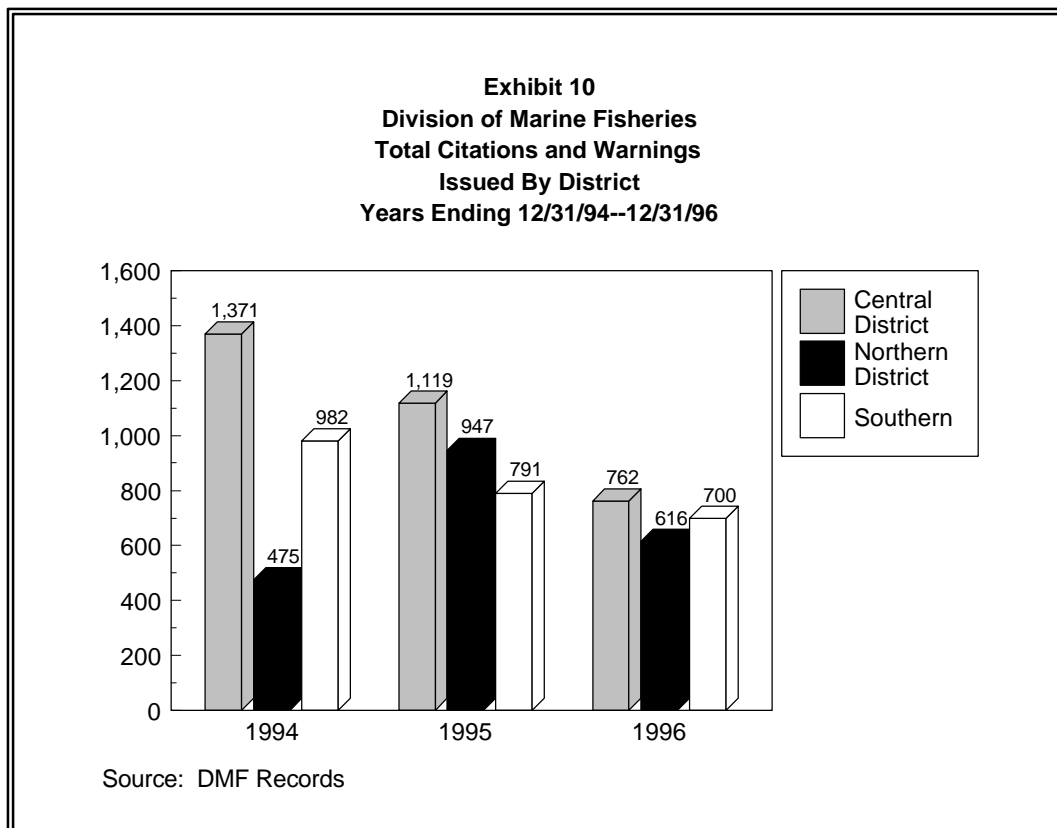
### **CITATIONS AND WARNINGS DO NOT ADEQUATELY DOCUMENT THE SEIZURE AND DISPOSITION OF FISH.**

According to the *Marine Patrol Policy and Procedure Manual*, seized fish must either be returned to the water, sold, donated to charity, or destroyed in a landfill. The officer issuing the citation or warning is responsible for documenting the seizure and disposal of fish, as well as turning in seized fish along with the citations and warnings to his supervisor. Proper supervision would require that the officer's supervisor review the citations and warnings to ensure that procedures are followed. Exhibit 10 shows the total number of citations and warnings by districts. We randomly selected 100 citations and warnings issued during each of the three previous calendar years. Of these 300 sample items, 173 tickets (58%) were written for violations that warrant seizure of fish. However, only 95 of the 173 citations or warnings indicated those fish were seized; rarely did a warning indicate that illegal fish was seized. This appears in part due to the warning ticket design.

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<sup>5</sup> The more correct term for "aquaculture" may be "mariculture;" however, the permits are for "aquaculture operation."

## FINDINGS AND RECOMMENDATIONS



### RECOMMENDATION

**DMF management should review the policies and procedures in the *Marine Patrol Manual*. If they are deemed adequate, then Patrol management should enforce adherence. The officer's supervisor should review all citations and warnings to ensure that all adequately document the seizure and disposition of fish. For violations requiring the seizure of fish that do not indicate seizure or disposal, the citation or warning should be returned to the arresting officer to complete the information. In addition, the warning tickets should be redesigned to include a place to document the seizure and disposal of fish.**

### DATA ENTRY OF CITATIONS AND WARNINGS IS NOT EDITED FOR ACCURACY.

Clerical personnel in the Marine Patrol section enter citations and warnings into a database. Once entered into the database the data is not reviewed for accuracy. (See finding on page 97.) Scanning of the database and review of our sample of 300 items revealed duplicate entries for three citations and nine instances in which warnings or citations were incorrectly coded.

## FINDINGS AND RECOMMENDATIONS

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### RECOMMENDATION

**DMF and Patrol management should revise existing procedures to require periodic review of database entries. Either the processing assistant or a Marine Patrol Major should be responsible for reviewing the database at least monthly to ensure that data is entered correctly.**

### **MARINE PATROL OFFICERS DO NOT HAVE ADEQUATE PROTECTIVE EQUIPMENT.**

During the audit, we learned that Marine Patrol Officers are not issued bullet-proof vests as part of their standard equipment. In the performance of their duties, these Marine Patrol Officers are placed in situations that could be potentially life-threatening. We also learned that a limited number of survival suits and night vision equipment have been issued to Marine Patrol Officers. During interviews, we learned the Patrol boats do not have “crab pot pullers,” used to pull crab pots from the water for inspection to determine whether crab fishermen had violated certain rules and regulations. The crab pots would be inspected to determine if the cull rings were closed which would prevent smaller crabs from escaping and to determine if the pots had been left unattended for more than ten days. In our opinion, DMF should provide protective and other necessary equipment to perform the duties of the job.

### RECOMMENDATION

**DMF should request funds to purchase necessary protective equipment for all Patrol officers. The vests should be fitted to each officer and should be the type that can be worn under clothing. DMF should assess the protective equipment needs for all its employees. Additionally, DMF should determine what other specialized equipment is needed by staff to effectively perform their jobs and seek funds to properly equip them.**

*Auditor's Note: Prior to completion of our fieldwork, DMF purchased some survival suits that were issued to Marine Patrol Officers. Also, DMF has requested funding in the 1997-1998 expansion budget for the purchase of additional survival suits.*

Fishery Resource Grant Program:

### **DMF DID NOT ADEQUATELY MONITOR NOR REPORT ON GRANTS AWARDED THROUGH THE FISHERY RESOURCE GRANT PROGRAM.**

The Fishery Resource Grant program was established during 1994 to provide \$1 million in State funds to projects directed at enhancing North Carolina's coastal fishery resources. (See Appendix C, page 117 for list of grants awarded.) Grants are awarded by the Marine Fisheries Commission and, during the first two years of the program, DMF was responsible for administering the program. Legislation enacted during 1996 transferred program administration to North Carolina Sea Grant. However, DMF maintains oversight on projects still in progress. Program responsibilities included establishing grant criteria, collecting grant

## FINDINGS AND RECOMMENDATIONS

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proposals, monitoring progress toward project goals, and reimbursing grantees for approved grant expenditures. We reviewed the procedures established by DMF for administering the program and examined in detail a sample of grant files. Our review noted the following deficiencies:

- DMF did not establish a formal mechanism to monitor grant performance. As a result, grant monitoring did not occur on a few projects.
- DMF did not enforce rules requiring grantees to submit semi-annual progress reports or quarterly contract expenditure reports.
- DMF did not publish an annual report summarizing the status of all projects conducted under the program as required by the NCAC.

### RECOMMENDATION

**For projects still in progress, DMF should create a system to monitor performance including the submittal of progress and contract expenditure reports. Also, DMF should publish a report summarizing the status of the projects awarded. DMF should consult with Sea Grant to ensure that these concerns are addressed by both agencies for the applicable years.**

### FISHERY RESOURCE GRANT FILES DID NOT CONTAIN ADEQUATE DOCUMENTATION.

We reviewed a sample of twenty grants awarded and twenty grant applications not awarded during fiscal years 1994-95 and 1995-96. Our sample tests revealed the following concerns:

- Seven (35%) grantees were reimbursed without proper supporting documentation. Few grant files contained copies of invoices to document that reimbursements requested were legitimate and applicable to the grant project. In many cases, the grantee received the awarded grant amount regardless of actual expenditures incurred.
- Nine (45%) grantees did not submit any semi-annual progress reports and three (15%) did not submit all semi-annual progress reports.
- Fifteen (75%) grantees did not submit quarterly contract expenditure reports.
- Grant files did not reflect the date applications were received in four instances and documentation found in another instance indicated the application, for which a grant was awarded, was received late (25%).

### RECOMMENDATION

**For grants still in progress, DMF should not reimburse grantees without documentation supporting that expenditures were proper. Also, DMF should ensure that reports are submitted as required. DMF should consult with Sea Grant to assure that all grant files contain adequate documentation and that procedures are in place to review documentation prior to reimbursing the grantee.**

## FINDINGS AND RECOMMENDATIONS

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### **THERE WERE INADEQUATE PROCEDURES TO PREVENT THE AWARDING OF GRANTS WITH APPEARANCES OF CONFLICT OF INTEREST.**

During the first grant year, DMF and the Marine Fisheries Commission did not establish procedures to prevent the appearance of conflict of interest. As a result, grant applications were received from and awarded to Commission members and their families. Subsequently, DMF received guidance from the Attorney General's Office and thus rescinded these grant awards. However, before the procedures were changed, one grant awarded and one recommended but not awarded gave the appearance of conflict. In one instance, the grantee just constructed materials for use in a DMF project. For the application recommended by DMF but not awarded by the Commission, the DMF employee that recommended the grant to the Commission also wrote a letter of recommendation for the applicant.

### **RECOMMENDATION**

**DMF should establish written procedures that clearly define eligibility to receive grant funds and prevent appearances of conflicts of interest. These procedures would be in place should this program or a new program be administered by DMF. The applications should include a question or statement that documents the lack of conflict of interest.**

#### *Federal Grant Projects*

### **EXPENDITURES WERE CHARGED AGAINST FEDERAL GRANT PROJECTS AFTER THE GRANT PERIOD ENDED.**

Each federal grant received by DMF is segmented by year. For example, a three-year grant would be divided into three different grant segments. A separate cost center must be established for each grant segment. Therefore, all revenues received and expenditures incurred must be allocated to the appropriate grant segment and its associated cost center. We analyzed quarterly budget reports for federal grants that ended during the past fiscal year. While adjustments were subsequently recorded on four grants, seven of the eight grants had net expenditures for the quarters after the grant period end.

The charging of revenues and expenditures to the wrong grant segment causes budget reports to reflect overcharging of federal awards. We reviewed a sample of 15 grants received during the previous five fiscal years. For three (20%) grants, the allowable share of federal expenditures was exceeded and for two (13%) grants the revenues received (according to the budget reports) exceeded the federal grant award. It appears these discrepancies occurred not because the federal government was overcharged, but rather that revenues and expenditures for the new grant segment were recorded against the previous cost center. Additionally, we noted that employees' time charged against the federal grant projects did not reflect the actual time worked on the project. Rather, time was charged based on predetermined budgets. DMF personnel indicated delays occurred in establishing new cost centers for these grants. As a result, revenues and expenditures at the outset of a grant segment have been erroneously charged against the cost center for the prior grant segment.

## FINDINGS AND RECOMMENDATIONS

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### RECOMMENDATION

**DMF should establish new cost centers prior to the beginning of a new grant segment. Budget reports should be reviewed to compare federal revenues received and federal share of expenditures to the grant award. Where necessary, adjustments should be recorded to appropriately reflect actual revenues and expenditures. Additionally, DMF should establish a mechanism by which employees' salaries are accurately pro-rated and charged to applicable federal grants.**

*Auditor's Note: Many of these same issues were identified in a federal audit of the grants conducted in 1997. DMF was in the process of responding to this audit at the conclusion of our fieldwork.*

### **DMF DID NOT SUBMIT FEDERAL FINANCIAL AND PERFORMANCE REPORTS TIMELY.**

DMF currently receives federal grants from the United States Department of Commerce and the United States Department of Interior. The Department of Commerce requires Financial Status Reports no later than 30 days following each quarter ending and Federal Cash Transaction Reports within 15 days of the quarter end. The Department of Interior requires agencies to present Financial Status Reports annually within 90 days of the grant's ending. We reviewed grant files for 15 federal grants received during the previous five fiscal years. Forty Financial Status Reports and 32 Federal Cash Transaction Reports should have been submitted for these 15 grants. Our review revealed the following concerns:

- Twenty-one (53%) Financial Status Reports were submitted late.
- Sixteen (40%) Financial Status Reports were not located in the grant files.
- Seven (22%) Federal Cash Transaction Reports were submitted late.
- Twenty-two (69%) Federal Cash Transaction Reports were not found in the grant files.

These reports are prepared by DMF's Budget Officer and submitted to the Department Controller's Office for submission to the appropriate federal agency. The Budget Officer indicated that many Federal Cash Transaction Reports were not submitted because of confusion regarding responsibility for that function. Additional delays occur because the fund drawdown and report processing functions are split between DMF and the Department.

Additionally, each federal program requires a performance report to be submitted on a quarterly basis. DMF's biologists are responsible for completing the performance reports and the Federal Aid Coordinator is responsible for submitting the report along with a status letter to the federal program officer. We reviewed 94 status letters and reports, along with acceptance letters from the federal programs, submitted during June 1991 to May 1997. Fifty-one (54.25%) of the letters and reports were not submitted on time. However, DMF has improved its timely submission rate within the past five years. Failure to submit required federal reports on time could cause the federal funding agencies to discontinue awarding grants to DMF.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION**

**DMF and the Department should ensure that all required federal reports are submitted timely. This function should be specifically assigned to an employee and should be identified as a key responsibility in that employee's performance appraisal. Consideration should be given to assigning both drawdown and reporting functions to either DMF or the Department to eliminate communication problems that contributed to missed deadlines.**

# OTHER STATES AND OTHER AGENCY OPERATIONS

*Objective: to determine how DMF's structure and operations compare with other states' fisheries programs.*

## OTHER STATES

In order to compare North Carolina's Marine Fisheries programs to other states, we surveyed 14 Atlantic Coast States; 9 states responded. Table 17 contains the results of the survey. Specific points noted from the survey were:

1. The Director is hired in Connecticut, Florida and Georgia. Director is appointed in Maine, Maryland, New Jersey, New York and Virginia.
2. Florida, Georgia, Maine, Maryland, and New Jersey have oversight commissions. Connecticut, Massachusetts, New York, and Virginia have either advisory councils or regulatory boards.
3. The Division of Fisheries or the Department of Marine Resources oversees enforcement of fisheries rules and regulations in all 9 states.
4. All 9 states have sworn, certified law enforcement personnel to enforce fisheries regulations.
5. Except for Florida, fishing licenses are issued annually and expire on one specific day.
6. Florida, Maryland, and Virginia require saltwater licenses for recreational fishermen.
7. Costs of fishing licenses vary among the different states.
8. Connecticut, Maine, Maryland, and Virginia have fisheries management plans. Georgia is in the process of developing these plans.
9. Georgia and New York do not award grants for research projects relating to fishery resources.

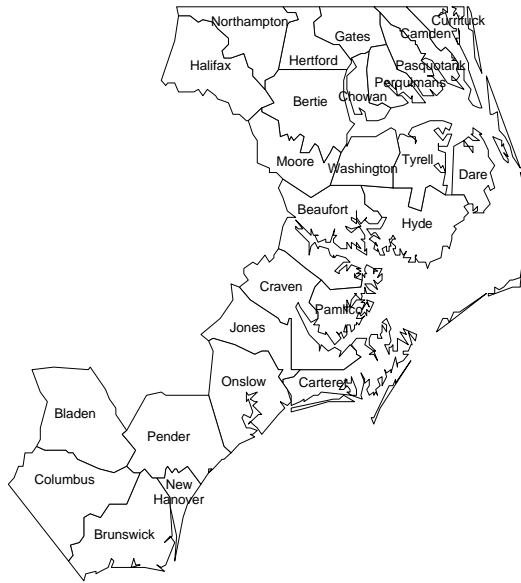


## FINDINGS AND RECOMMENDATIONS

### OTHER AGENCIES

We learned during the audit that the Marine Fisheries Commission and DMF share joint responsibilities with the Wildlife Resources Commission for certain waters in the State. Exhibit 11 shows the counties where DMF and Wildlife have joint responsibilities. The joint waters are clearly marked and instructions have been published and distributed to the public, as well as to Wildlife and DMF officers. If fishing is done in joint waters with commercial equipment, it's necessary to have a Marine Fisheries commercial fishing license. If sport fishing is done in joint waters, it's necessary to have a fishing license from the Wildlife Commission. Based on our review, officers in both agencies freely share information and enjoy a good working relationship. We found no problem with overlapping duties.

**Exhibit 11**  
**Coastal-Joint-Inland Fishing Waters**



Source: Wildlife Resources Commission

Note: Counties with both Inland and Coastal Fishing Waters  
Enforcement Shared with Wildlife Resources and  
Division of Marine Fisheries

**TABLE 17  
COMPARISON OF OTHER STATES' FISHERIES OPERATIONS**

	Connecticut	Florida	Georgia	Maine	Maryland	Massachusetts	New Jersey	New York	Virginia	NORTH CAROLINA
<b>Agency:</b>	Department of Environmental Protection, Division of Fisheries	Department of Environmental Protection, Division of Marine Resources	Department of Natural Resources, Coastal Resources Division	Department of Marine Resources	Department of Natural Resources	Dept of Fisheries, Wildlife and Environmental Law Enforcement	Department of Environmental Game & Wildlife	Department of Environmental Protection, Division of Fish, Conservation, Division of Fish, Wildlife, and Marine Resources	Virginia Marine Resources Commission	Department of Environment, Health and Natural Resources, Division of Marine Fisheries
Employees: Full Time	62	366	51	160 full and part time	180	88	225	65	140	208
Part Time		270								14
Agency Director	Hired	Hired	Hired	Appointed	Appointed	Appointed	Appointed	Appointed	Appointed	Appointed
<b>Oversight Commission:</b>										
Does Agency have Oversight Commission?	No - but has a Fisheries Advisory Council	Yes - The Marine Fisheries Commission	Yes - Board of Natural Resources	Yes - Joint Standing Committee on Marine Resources, and The Dept. Advisory Council	Yes - Joint Committee on Administrative, Executive & Legislative Review	No - but has an Advisory Commission	Yes - The Marine Fisheries Council, The Shellfisheries	No - but has an Advisory Council	No - but has a regulatory board	No - but has a Marine Fisheries Commission
Members: Appointed by	N/A	Governor, confirmed by Senate	Governor	Governor	General Assembly	Governor	Governor	General Assembly, Director	N/A	General Assembly, Governor
Number	N/A	7	16	15 (The Dept Advisory Council)	20	9	20*	15	N/A	17
Commission meetings		quarterly	monthly, except December	Not provided	as needed	monthly	monthly	8 meetings/year	N/A	quarterly
Who issues rules/regulations regarding coastal fishing?	Prepared by the Department, approved by the Legislature	Commission, approved by Governor	Department	Department	Department	Department, with approval from the Advisory Commission	Department	Department for emergencies	Commission - in emergencies	Commission
<b>Enforcement:</b>										
Who oversees enforcement of saltwater fisheries rules and regulations?	Division	Division	Division	Department	Department	Department	Division	Division	Commission	Division
What type enforcement vehicles used?										
Car/truck	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Boat	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Air Plane	No	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Helicopter	No	Yes	Yes							Yes
Are officers sworn and law enforcement certified?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

**TABLE 17 (CONTINUED)**  
**COMPARISON OF OTHER STATES' FISHERIES OPERATIONS**

	Connecticut	Florida	Georgia	Maine	Maryland	Massachusetts	New Jersey	New York	Virginia	NORTH CAROLINA
<b>Licenses:</b>										
Are license issued annually?	Yes	Most	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Do all licenses expire on one day?	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Is a saltwater license required for recreational fishermen?	No	Yes	No	No	Yes	No	No	No	Yes	No
What is the cost for individuals?	N/A	resident- \$12/year; nonresident- \$30/year	N/A	N/A	resident - \$7/year, non resident - \$12/year	N/A	N/A	N/A	\$7.50/year	N/A
<b>Operations:</b>										
Have state fisheries management plans?	Yes	No	In process	Yes	Yes	No	No	No	Yes	No
Have a resource enhancement program?						Yes				
Artificial reefs	Yes	Yes	No		Yes	Yes	Yes	Yes	Yes	Yes
Oyster rehabilitation	Yes	Yes	No		Yes		Yes	Yes	Yes	Yes
Shellfish Sanitation	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes
Others				Yes						
Have a shellfish lease program?	Yes	Yes	Yes	Yes	Yes	Issued by cities/towns	Yes	No	Yes	Yes
Does state lease water bottoms?	Yes	Yes	Yes	Yes	Yes	Leased by cities/towns	Yes	No	Yes	Yes
Cost	minimum of \$2/acre, 3 years	Competitive bids	Competitive bids, minimum \$500/tract	\$10-100 application fee, \$50/acre	\$300 application fee	\$25/acre	\$2.00/acre	N/A	\$1.50/acre	\$100 filing fee, \$1/acre for first 2 yrs. then \$5/acre; \$50 renewal fee after 10 years.
What are production requirements?	None	Approved business Plan	None	None	planting of 25 bushels of oysters or 25 bags of clams/year	Specified by cities/towns	None	N/A	None	Produce & market OR plant 25 bushels/acre/year
Does State lease water columns?	No	Yes	No	Yes	Yes	Leased by cities/towns	No	No	No	Yes
Cost	N/A	Negotiable	N/A	\$10-100 application fee, \$50/acre	\$60/acre	\$25/acre	N/A	N/A	N/A	\$100 filing fee, \$100/acre for first 4 yrs. then \$500/acre; \$50 renewal fee
What are production requirements?	N/A	Approved business Plan	N/A	None	None provided	Specified by cities/towns	N/A	N/A	N/A	Produce & market OR plant 100 bushels/acre/year

**TABLE 17 (CONTINUED)**  
**COMPARISON OF OTHER STATES' FISHERIES OPERATIONS**

	Connecticut	Florida	Georgia	Maine	Maryland	Massachusetts	New Jersey	New York	Virginia	NORTH CAROLINA
<i>How does state enforce production requirements?</i>	<i>N/A</i>	<i>Annual Audit</i>	<i>N/A</i>	<i>N/A</i>	<i>Records</i>	<i>Annual reports, observations</i>	<i>N/A</i>	<i>N/A</i>	<i>Submit written proof of use</i>	<b>Production reports submitted</b>
<b>Research:</b>										
<i>Does state award grants for research projects relating to fishery resources?</i>	Yes	Yes - for recreational fisheries	No	Yes	Yes	Yes	Yes	No	Yes	<b>Yes</b>
<i>What is source of funding for grants?</i>	<i>Federal</i>	<i>Saltwater recreational fishing license revenue, state appropriations</i>	<i>N/A</i>	<i>Federal, state, dedicated or private donated funds</i>	<i>Federal, state</i>	<i>Federal, state</i>	<i>Federal funds</i>	<i>N/A</i>	<i>License fees, federal funds</i>	<b>State appropriations</b>

\* Two oversight commissions: The Marine Fisheries Council composed of 11 members, and the Shellfisheries Council composed of 9 members.

APPENDICES		
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# APPENDIX A

APPENDIX A ANNUAL COMMERCIAL LANDINGS 1987 THROUGH 1996																				
	1987		1988		1989		1990		1991		1992		1993		1994		1995		1996	
SPECIES	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE
Amberjacks	33,683	\$6,551	56,983	\$12,487	63,498	\$19,970	85,264	\$29,922	124,820	\$41,609	107,328	\$38,487	129,011	\$52,669	151,623	\$74,529	171,830	\$85,889	139,537	\$63,854
Anglerfish (Goosefish, Monkfish)	123,714	94,901	245,995	161,861	126,091	78,026	135,882	76,157	143,589	106,102	36,656	25,270	80,881	52,147	336,759	204,349	535,887	421,834	535,092	432,712
Bluefish	4,561,101	818,046	5,039,039	683,232	3,291,468	587,992	4,578,172	738,993	3,919,786	643,997	2,839,057	550,619	2,705,278	661,515	1,782,299	542,219	3,010,640	1,078,889	3,298,571	861,528
Bonito	6,723	1,292	3,113	526	4,422	1,564	4,062	792	4,903	1,505	11,658	2,840	15,583	5,220	37,372	14,201	34,717	6,943	16,267	3,843
Butterfish	137,859	54,258	67,010	29,877	192,277	59,215	252,753	90,349	219,115	75,400	386,445	149,331	423,666	158,066	228,513	73,738	309,820	133,315	295,753	133,861
Carp	38,707	2,240	21,780	1,162	108,356	10,710	108,872	6,582	102,866	7,830	146,019	14,320	83,489	5,403	69,447	4,167	80,855	5,660	86,594	3,351
Catfishes	1,234,525	199,981	1,128,613	163,753	815,657	151,061	986,429	203,026	1,351,189	272,081	1,466,594	283,419	1,364,430	276,573	1,276,348	284,723	877,715	230,200	802,420	238,016
Cobia	32,672	29,181	15,690	11,706	14,898	10,921	21,938	19,912	23,217	19,337	18,534	21,612	20,431	22,612	30,636	34,117	35,103	41,113	33,341	37,518
Croaker, Atlantic	7,289,191	2,956,025	8,434,415	3,542,549	6,824,088	3,380,041	5,769,512	2,959,259	3,436,960	1,518,888	2,796,612	1,010,646	3,267,652	990,961	4,615,754	1,451,056	6,021,284	2,002,297	9,961,822	3,642,597
Cutlassfish, Atlantic	16,381	2,685	1,391	199	1,814	276	8,428	1,267	5,474	815	12,504	1,833	4,137	798	9,657	4,829	42,122	14,852	2,683	1,945
Dolphinfish	70,516	83,783	56,098	67,622	98,899	117,260	96,207	103,362	140,837	146,823	72,119	89,179	149,043	195,528	160,742	243,740	355,642	575,692	126,376	211,706
Drum, Black	19,463	2,717	18,187	2,524	21,068	2,653	20,486	3,012	14,304	2,228	6,290	975	102,614	16,227	33,536	5,366	128,221	33,337	122,747	28,325
Drum, Red	249,657	148,205	220,271	125,289	274,356	173,755	183,216	106,450	96,045	56,989	126,497	86,859	238,099	203,955	142,119	102,326	248,122	223,310	113,330	112,873
Eel, Common	127,964	220,626	57,369	86,532	152,565	254,815	56,494	64,048	12,082	2,903	17,739	32,388	32,711	61,081	95,991	175,664	169,698	358,063	141,592	247,786
Flounders, Summer	5,362,322	6,251,598	6,951,749	7,152,183	4,329,403	5,707,719	2,829,105	4,490,873	3,630,629	4,456,810	2,613,003	3,505,193	3,121,171	3,872,667	3,573,772	5,820,759	4,582,822	8,191,609	4,227,054	6,784,627
Flounder, Southern	2,621,651	3,238,358	3,314,027	3,584,908	3,225,955	5,267,360	2,560,459	4,105,161	4,163,374	4,978,710	3,145,020	4,026,402	4,272,368	5,596,669	4,897,461	8,076,830	4,211,848	7,698,264	3,806,750	7,229,616
Flounders, Other	5,393	2,746	9,413	4,542	4,252	2,147	25,716	21,174	30,490	19,470	1,915	964	6,127	2,527	38,000	19,010	40,600	20,807	4,287	2,265
Garfish	9,558	1,482	12,449	2,927	5,449	4,183	8,067	1,943	5,922	1,150	20,169	3,871	6,680	217	10,338	827	10,628	1,169	18,191	985
Gizzard Shad	315,916	15,370	133,926	6,693	15,067	754	18,405	987	12,048	836	11,795	700	70,117	3,456	229,310	11,466	317,540	19,052	410,963	26,546
Groupers	792,144	1,182,559	776,314	1,192,552	780,911	1,247,069	798,613	1,297,609	609,520	1,009,066	761,909	1,365,580	724,852	1,368,289	779,089	1,577,718	794,006	1,574,255	648,898	1,346,067
Grunts	123,143	42,578	142,716	57,024	174,678	75,336	191,790	85,195	179,345	82,720	159,372	79,242	149,564	71,919	181,719	94,494	163,392	88,232	96,981	56,627
Hakes	3,166	388	1,635	453	3,454	702	6,413	709	3,914	499	851	195	4,065	1,012	11,388	2,277	15,052	3,010	3,989	1,067
Harvestfish	265,901	163,672	242,979	157,380	226,897	134,324	192,637	133,144	205,348	123,132	119,408	63,770	175,281	146,718	150,332	90,199	221,961	208,103	179,171	133,006
Herring (Atlantic, Thread)	922,670	26,017	1,238,830	47,724	0	0	5,574,400	171,591	3,796,220	119,472	3,955,782	136,292	6,815,014	264,957	7,775,404	393,297	6,833,627	478,354	6,802,840	488,266
Hickory, Shad	45,341	10,204	92,922	28,919	18,510	4,254	11,478	1,575	16,466	10,425	18,603	4,919	75,375	25,023	57,543	17,263	67,569	19,301	187,887	40,326
Hogfish (Snapper)	5,350	7,264	7,243	9,214	9,581	12,200	24,216	29,017	19,426	23,621	24,186	29,528	21,404	27,540	19,133	33,393	33,402	55,785	13,766	23,734
Jacks	36,811	6,803	26,699	4,898	14,065	2,225	18,787	3,439	9,447	1,770	22,405	3,188	4,255	721	10,067	1,447	9,296	2,283	8,443	2,859
Kingfishes (Sea Mullet)	959,928	426,366	503,949	223,357	562,424	334,358	738,612	412,824	864,651	439,283	851,708	464,525	1,194,224	701,314	620,889	424,324	1,058,785	746,603	528,260	470,545
Mackerel, Atlantic	458,367	45,936	657,132	64,335	15,246	1,784	863,633	85,398	144,028	15,331	169,702	15,829	129,700	12,982	41,565	4,988	12,704	1,699	75,088	9,595
Mackerel, King	1,348,502	1,279,793	886,344	1,089,656	720,401	928,266	1,130,805	1,271,936	1,102,862	1,263,235	1,034,694	1,552,953	887,810	1,358,915	849,962	1,267,131	1,013,386	1,589,795	790,205	1,266,481
Mackerel, Spanish	504,063	145,141	438,222	140,815	589,383	214,563	838,914	317,880	858,808	309,143	738,362	302,887	589,868	252,157	531,335	246,989	402,176	215,983	401,526	204,279
Menhaden, Atlantic	55,498,571	1,624,511	73,715,713	2,566,832	66,756,288	1,808,906	72,731,989	1,820,654	110,528,754	3,002,829	57,515,712	1,744,030	64,711,384	1,954,299	73,853,901	3,178,605	58,374,081	3,560,953	53,850,943	4,858,471
Mullets	2,590,360	654,536	3,060,829	1,634,408	2,062,147	1,637,650	2,994,604	1,861,881	1,467,448	823,424	1,820,494	1,171,094	3,063,853	1,942,472	1,726,242	1,058,691	2,298,446	1,944,124	1,756,946	1,091,919
Perch, White	791,764	427,934	587,228	264,471	295,095	233,886	155,544	141,835	119,445	99,365	165,141	156,533	180,294	145,507	213,337	166,771	111,366	75,348	172,879	124,218
Perch, Yellow	42,929	15,067	33,506	12,486	64,213	35,827	61,795	37,076	42,982	26,999	28,929	20,029	48,578	37,408	67,974	55,059	61,872	40,831	53,828	42,360
Pigfish	140,206	21,844	172,735	27,473	199,052	33,409	171,797	28,688	164,705	28,388	136,711	19,573	114,430	18,209	73,653	13,300	101,819	19,293	131,396	26,764
Pinfish	530	131	1,480	285	63,337	6,411	1,393	218	1,354	176	1,565	856	0	0	15,734	1,562	41,219	8,244	16,583	1,949
Pompano	20,806	24,377	8,111	8,919	20,799	28,158	29,966	23,578	26,539	29,131	11,177	14,216	17,091	16,504	23,890	21,056	25,837	22,807	13,921	9,122
Porgies	313,705	290,173	377,453	340,039	385,997	347,568	585,537	545,974	360,121	308,218	340,870	287,939	269,058	232,732	508,242	355,545	276,555	276,313	256,429	274,660
River Herrings (Alewife)	3,194,975	368,062	4,191,211	502,166	1,491,077	183,842	1,157,625	174,259	1,575,378	118,272	1,723,178	172,453	916,235	67,494	605,704	97,136	434,884	130,159	529,503	132,389
Scup	252,731	189,273	125,817	60,999	18,231	11,075	103,124	81,892	127,427	45,579	174,397	54,005	88,702	43,892	56,394	18,061	11,255	4,280	57,519	19,146
Sea Basses	535,814	540,320	1,229,440	1,268,695	996,352	1,174,020	1,035,697	1,366,464	707,781	1,101,723	792,875	1,053,519	737,950	953,000	706,111	772,545	493,702	597,057	778,399	998,051
SeatROUT, Spotted	315,380	261,455	296,538	247,852	451,909	435,504	250,634	225,553	660,662	545,164	526,271	563,136	449,886	525,840	412,358	492,461	574,290	634,054	226,580	252,404
Shad, American	327,646	215,115	283,050	171,962	323,396	214,896	313,550	170,161	276,507	201,880	239,162	194,629	178,790	149,739	110,975	95,718	205,836	188,511	199,133	171,625
Sharks	264,301	68,401	329,538	84,789	1,031,532	502,049	903,459	498,589	609,873	191,732	1,272,213	272,749	2,321,177	639,797	3,147,453	1,491,542	2,724,842	1,144,628	1,824,789	755,770
Sharks, Dogfish	0	0	301,768	36,208	0	0	41,446	3,799	1,463,221	122,862	8,634,923	691,163	8,806,064	735,603	9,877,661	1,011,562	9,356,880	1,553,442	13,673,782	2,228,926
Sheepshead	81,101	13,537	63,400	10,946	56,940	11,639	68,029	14,213	52,611	11,182	47,526	10,402	57,884	14,073	83,691	22,597	91,138	31,898	82,260	25,921
Skates	126	13	0	0	175	26	0	0	6,482	698	5,740	745	50,107	5,155	223,971	29,035	65			

APPENDIX A (concluded)

	1987		1988		1989		1990		1991		1992		1993		1994		1995		1996	
SPECIES	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE	POUNDS	\$ VALUE
Spot	2,806,041	648,742	3,080,258	682,260	3,254,473	787,150	3,455,460	801,181	3,047,305	708,356	2,826,138	642,491	2,672,164	749,339	2,937,311	980,536	3,006,845	932,122	2,290,000	866,053
Striped Bass	262,221	262,542	115,915	116,776	100,830	101,002	113,939	159,630	122,816	175,822	161,009	204,434	262,447	330,351	261,896	353,559	446,434	606,046	181,566	220,903
Swellfishes (Puffers)	48,000	14,078	47,975	22,570	153,017	58,728	102,509	35,962	33,195	15,128	27,726	8,722	18,349	7,745	31,527	11,034	48,094	14,898	51,571	14,061
Swordfish	34,964	129,619	36,972	135,437	64,434	277,606	112,465	312,514	48,075	169,227	60,810	238,273	27,144	95,941	96,677	292,410	164,240	496,726	175,826	437,751
Tilefish	84,706	72,181	131,165	162,504	115,083	164,178	165,744	187,830	247,084	281,754	360,740	441,907	217,781	281,584	231,584	335,292	160,860	228,295	158,586	229,734
Triggerfish	49,831	19,817	51,340	27,008	40,372	25,025	82,039	49,375	133,107	66,172	135,190	94,100	190,672	144,095	271,503	187,337	304,540	216,211	277,475	210,740
Tuna, Little	148,730	13,042	106,732	6,092	104,839	9,253	131,278	12,596	110,419	6,752	174,481	9,514	146,836	10,576	206,149	30,650	182,515	38,328	133,980	41,329
Tuna, Yellowfin	462,819	558,563	410,837	508,198	225,325	334,725	607,923	750,717	395,982	496,288	274,196	428,179	302,773	546,070	799,235	1,150,202	1,690,974	2,713,240	1,208,711	1,912,365
Tuna, Bigeye	81,865	211,283	23,392	105,166	25,991	145,887	14,123	50,512	27,735	160,001	72,132	502,354	41,638	191,336	196,798	675,210	121,237	602,930	68,127	88,672
Tuna, Others	89,412	94,175	66,792	85,038	29,382	53,318	47,552	71,933	44,506	55,353	11,572	16,300	22,561	32,091	23,790	23,578	56,213	55,751	48,859	135,027
Wahoo	15,827	22,721	19,783	28,099	9,921	15,929	16,653	26,050	18,620	30,155	14,383	23,954	24,121	42,402	20,319	41,718	40,689	84,588	26,182	52,367
Weakfish (Seatrout, Grey)	11,882,362	4,423,164	15,091,878	5,220,475	10,115,747	4,351,399	5,802,159	3,227,006	5,308,647	2,302,086	4,862,551	2,483,359	4,309,249	2,241,146	3,489,950	1,917,957	4,113,255	2,165,274	3,977,630	2,304,414
Unclassified Fish	3,063	954	3,409	1,233	6,784	2,727	20,728	16,180	111,021	6,461	4	1	26,222	11,617	189,731	94,454	207,890	101,077	201,767	157,317
Unclassified for Industrial/Bait	6,405,951	217,014	8,518,273	260,324	5,297,418	164,802	5,109,801	144,196	3,486,386	90,280	1,429,629	61,922	602,926	26,845	677,075	33,854	527,312	42,188	438,881	45,845
Finfish Total	114,916,078	29,679,798	143,803,643	34,229,577	117,086,878	33,175,625	125,193,629	30,918,639	157,221,885	28,143,115	105,919,598	26,211,891	118,215,258	29,576,605	130,392,450	\$37,331,718	118,602,645	\$45,619,996	117,223,203	\$42,630,540
Unclassified Shrimp (Heads on)	4,416,636	\$8,178,180	8,139,190	\$16,509,108	8,922,932	\$15,620,436	7,839,457	\$15,885,027	10,740,936	\$18,586,613	5,496,019	\$10,859,283	6,778,762	\$13,590,460	7,294,020	\$18,999,842	8,669,100	\$20,316,560	5,271,757	\$13,373,412
Clam, Hard (Meats)	1,207,400	7,822,801	939,976	6,178,117	1,294,628	8,388,051	1,354,842	6,584,756	984,410	5,235,182	722,235	3,853,005	741,248	3,922,932	718,356	3,720,117	902,358	5,880,333	641,431	4,521,175
Whelks/Conchs (Meats)	85,337	46,847	98,774	44,667	48,777	20,319	71,807	33,332	81,176	30,893	58,938	16,423	46,137	18,111	62,632	49,435	43,535	28,751	74,642	62,095
Crabs, Blue, Hard	31,760,413	7,345,210	35,136,232	10,211,661	33,935,992	8,790,304	36,985,206	9,156,390	41,074,063	9,154,358	40,507,415	12,836,836	42,867,109	14,262,152	55,479,064	29,070,320	45,033,543	33,053,805	65,669,125	39,869,047
Crabs, Blue, Soft and Peeler	663,191	2,263,437	468,191	921,403	788,681	1,567,298	1,085,122	2,136,942	755,613	1,389,140	560,959	996,904	805,623	1,515,569	1,253,483	2,703,997	1,539,639	3,372,149	1,397,669	3,168,829
Crabs, Other	11,858	4,573	38	19	18,845	9,190	8,757	2,444	7,422	1,792	359	90	0	0	10,724	16,855	19,205	40,873	14,841	22,656
Octopus	14,355	11,827	27,623	12,631	34,277	25,195	13,600	13,347	30,603	21,841	22,871	22,843	20,141	19,910	33,112	30,794	20,226	22,654	26,301	30,063
Oyster (Meats)	1,425,584	2,875,406	913,100	2,162,931	529,858	1,575,634	328,850	1,160,171	319,040	1,229,293	293,956	1,172,397	223,993	843,617	193,405	665,737	232,464	858,634	219,411	825,012
Scallop, Bay (Meats)	154,568	500,068	38,923	73,179	84,474	214,136	62,018	127,545	44,545	99,661	21,721	54,124	152,054	365,274	73,043	132,967	205,662	408,209	29,235	112,845
Scallop, Sea (Meats)	2,212,701	6,889,026	1,850,607	6,578,776	1,012,748	3,637,606	1,058,979	3,561,023	635,211	2,324,007	404,632	1,806,066	67,757	305,935	167,096	801,865	206,790	1,017,407	149,509	762,496
Squid	406,833	66,043	551,123	95,473	845,249	181,041	609,828	108,721	303,724	62,303	237,615	43,614	623,889	91,974	469,086	85,714	607,873	223,962	245,397	123,898
Unclassified Shellfish	8,501	3,319	6,933	2,427	16,488	8,798	7,983	2,907	13,073	3,787	12,047	3,336	7,808	3,482	21,041	27,405	26,343	30,594	26,695	27,336
Shellfish Total	42,367,377	36,006,737	48,170,710	42,790,392	47,532,949	40,038,008	49,426,449	38,772,605	54,989,816	38,138,870	48,338,767	31,664,921	52,334,521	34,939,416	65,775,062	\$56,305,048	57,506,738	\$65,253,931	73,766,013	\$62,898,864
GRAND TOTAL	157,283,455	65,686,535	191,974,353	77,019,969	164,619,827	73,213,633	174,620,078	69,691,244	212,211,701	66,281,985	154,258,365	57,876,812	170,549,779	64,516,021	196,167,512	\$93,636,766	176,109,383	\$110,873,927	190,989,216	\$105,529,404
Sources: "North Carolina Commercial Landings" release and Commercial Landing Statistics database provided by Division of Marine Fisheries. These amounts are unaudited.																				
Note1: The trip ticket program was implemented in 1994 yielding improved data collection methods. As a result, comparisons with prior years may be invalid.																				
Note 2: The data for 1996 is preliminary.																				



TOTAL MAILED: 182; TOTAL RETURNED: 115; PERCENT RETURNED: 63.2%

## OFFICE OF THE STATE AUDITOR

### Division Of Marine Fisheries--*Employee Questionnaire*

**PURPOSE:** The Office of the State Auditor is currently conducting a performance audit of the Division of Marine Fisheries. This questionnaire will help the auditors identify the strengths and weaknesses of the Division's operations. It will also give you the opportunity to offer your opinions as well as suggestions for improvements. **Individuals responses will remain strictly confidential.** Only summary data will be included in the final report. Please complete and return in the enclosed envelope by **Tuesday, March 25, 1997.**

**INSTRUCTIONS:** Please check your responses. If you need more space for your response to any question, please attach additional sheets. Be sure to cross reference the question number on any additional sheets. For questions which ask you to indicate your opinion on a scale from 1 (poor) to 10 (excellent), please circle the number that most closely reflects your opinion.

**GENERAL DATA:**

1. In which section do you work? (If your section is not listed, please check "Other" and write in the name.) **115 RESPONSES**

<input type="checkbox"/> a) Administration	<b>17</b>	<b>14.8%</b>	<input type="checkbox"/> e) Marine Patrol	<b>32</b>	<b>27.8%</b>
<input type="checkbox"/> b) Statistics and Analysis	<b>13</b>	<b>11.3%</b>	<input type="checkbox"/> f) Public Education/Awareness	<b>3</b>	<b>2.6%</b>
<input type="checkbox"/> c) Fisheries Management	<b>32</b>	<b>27.8%</b>	<input type="checkbox"/> g) Other (Please list)	<b>3</b>	<b>2.6%</b>
<input type="checkbox"/> d) Resource Enhancement	<b>15</b>	<b>13.0%</b>			

2. Indicate the type of job you have: **117 RESPONSES (some employees listed more than 1 type job)**

<input type="checkbox"/> a) Senior Management	<b>6</b>	<b>5.1%</b>	<input type="checkbox"/> d) Technical	<b>32</b>	<b>27.4%</b>
<input type="checkbox"/> b) Director/Supervisor	<b>15</b>	<b>12.8%</b>	<input type="checkbox"/> e) Clerical/Support	<b>12</b>	<b>10.3%</b>
<input type="checkbox"/> c) Professional/Specialist	<b>30</b>	<b>25.6%</b>	<input type="checkbox"/> f) Other (Please list)	<b>22</b>	<b>18.8%</b>

3. How long have you been in your **current** position? **112 RESPONSES**

<input type="checkbox"/> a) Less than 1 year	<b>14</b>	<b>12.5%</b>	<input type="checkbox"/> d) 11 to 15 years	<b>13</b>	<b>11.6%</b>
<input type="checkbox"/> b) 1 to 5 years	<b>51</b>	<b>45.5%</b>	<input type="checkbox"/> e) 16 to 20 years	<b>5</b>	<b>4.5%</b>
<input type="checkbox"/> c) 6 to 10 years	<b>26</b>	<b>23.2%</b>	<input type="checkbox"/> f) More than 20 years	<b>3</b>	<b>2.7%</b>

4. How long have you been employed with the Division of Marine Fisheries? **113 RESPONSES**

<input type="checkbox"/> a) Less than 1 year	<b>12</b>	<b>10.6%</b>	<input type="checkbox"/> d) 11 to 15 years	<b>15</b>	<b>13.3%</b>
<input type="checkbox"/> b) 1 to 5 years	<b>35</b>	<b>31.0%</b>	<input type="checkbox"/> e) 16 to 20 years	<b>11</b>	<b>9.7%</b>
<input type="checkbox"/> c) 6 to 10 years	<b>26</b>	<b>23.0%</b>	<input type="checkbox"/> f) More than 20 years	<b>14</b>	<b>12.4%</b>

**COMMUNICATIONS:** (For questions which use a scale of 1 to 10, please circle the number that most closely reflects your opinion.)

5. Under the current organizational structure, communications **among** staff members are: **112 RESPONSES**

1	2	3	4	5	6	7	8	9	10
Poor		Fair		Average			Good		Excellent
<b>4.009 AVERAGE</b>									

6. Under the current organizational structure, communications with the public and other governmental agencies are:

1	2	3	4	5	6	7	8	9	10
Poor		Fair		Average			Good		Excellent
<b>3.825 AVERAGE</b>									

7. Do you understand the missions and operations of the Division of Marine Fisheries and how you fit in?

<b>115 RESPONSES</b>									
<input type="checkbox"/> a) Yes	<b>98</b>	<b>85.2%</b>	<input type="checkbox"/> b) No	<b>17</b>	<b>14.8%</b>				

8. How would you characterize staff motivation? **114 RESPONSES**

1	2	3	4	5	6	7	8	9	10
Poor		Fair		Average			Good		Excellent
<b>4.013 AVERAGE</b>									

9. How would you characterize staff morale? **115 RESPONSES**

1	2	3	4	5	6	7	8	9	10
Poor		Fair		Average			Good		Excellent
<b>2.900 AVERAGE</b>									

**SKILLS AND TRAINING:**10. Utilization of your skills by management is: **112 RESPONSES**11. Has any specific technical training been provided to you in relation to your duties? **113 RESPONSES**
☐ a) Yes **85 75.2%**
☐ b) No **28 24.8%**
12. Training provided has been: **108 RESPONSES**

13. What type of training do you believe would enhance your job performance? (please list)

**COMPUTER SUPERVISORY SKILLS**      **COMMUNICATION NCAS**      **HEAVY EQUIPMENT STOCK ASSESSMENT TECHNIQUES**      **GPS TECHNICAL WRITING**

14. Do you have an internal policies and procedures manual available to you? If no, what areas need to have policies and procedures developed? **116 RESPONSES (some employees listed more than one response)**
☐ a) Yes **85 73.3%**
☐ b) No **13 11.2%**
☐ c) Don't Know **18 15.5%**

15. Please indicate the State policies and procedures manuals to which management has provided you access.

**115 RESPONSES (some employees listed more than one response)**

<input type="checkbox"/> a) Budget Manual	<b>9 7.8%</b>	<input type="checkbox"/> d) Cash Management Manual	<b>0 0.0%</b>
<input type="checkbox"/> b) Personnel Manual	<b>84 73.0%</b>	<input type="checkbox"/> e) Fixed Assets Manual	<b>8 7.0%</b>
<input type="checkbox"/> c) Purchasing Manual	<b>39 33.9%</b>	<input type="checkbox"/> f) Other (Please list)	<b>19 16.5%</b>

**RESOURCE MANAGEMENT:**16. Space and facilities for the Office are: **110 RESPONSES**17. Support equipment for the staff is: **108 RESPONSES**
☐ a) Adequate **70 64.8%**
☐ b) Inadequate (Please list needs) **38 35.2%**

**UNIFORMS**      **SURVIVAL SUITS**  
**COMPUTERS**      **SAFETY EQUIPMENT**  
**TECHNOLOGY UPGRADES**      **COPIERS**

18. Are you normally able to complete your duties within the 40 hour work week? **112 RESPONSES**
☐ a) Yes **51 45.5%**
☐ b) No **61 54.5%**

Skip to question #20

19. How are hours worked in excess of 40 per week handled? **85 RESPONSES**
☐ a) Paid overtime **16 18.8%**
☐ b) Receive compensatory time **63 74.1%**
☐ c) Other (Please explain) **6 7.1%**

20. Is the Office effectively managing its available resources (facilities, personnel, funding, etc.)? If no, please explain.

**116 RESPONSES (some employees listed more than one response)**

<input type="checkbox"/> a) Yes	<b>34 29.3%</b>	<input type="checkbox"/> b) No	<b>52 44.8%</b>	<input type="checkbox"/> c) Don't Know	<b>30 25.9%</b>
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- **ELIMINATE PURCHASING ON STATE CONTRACT--POOR QUALITY**
- **UNNECESSARY DUPLICATION--UNCLEAR GUIDELINES, PERSONAL AGENDAS**
- **PROJECT MANAGEMENT LACKING; UNEQUAL WORKLOADS; SECTION CHIEFS CAN'T MAKE DECISIONS**
- **TEMPORARY EMPLOYEES HIRED BECAUSE PERMANENT EMPLOYEES CAN'T DO JOB**

**ORGANIZATIONAL STRUCTURE:**

21. Are there other jobs that overlap or duplicate your job? If yes, please describe. **116 RESPONSES**  
(some employees listed more than one response)
- ☐ a) Yes **18 15.5%** ☐ b) No **93 80.2%** ☐ c) Don't Know **5 4.3%**  
**BIOLOGISTS & TECHNICIANS--BOTH COLLECT DATA; ONLY DIFFERENCE IS IN ANALYSIS OF DATA**
22. Are you aware of any work delays or impediments to your job performance? If yes, please describe and offer your solutions. **111 RESPONSES**
- ☐ a) Yes **59 53.2%** ☐ b) No **43 38.7%** ☐ c) Don't Know **9 8.1%**
- **FISHERIES MANAGEMENT LAST MINUTE DECISIONS ADVERSELY AFFECT ENFORCEMENT**
  - **PROBLEMS COMMUNICATING WITH EHNH STAFF IN RALEIGH--OUT OF SIGHT, OUT OF MIND**
  - **MANAGEMENT DELAYS MAKING DECISIONS UNTIL FORCED**
  - **HIRING UNQUALIFIED PERSONNEL**
  - **LACK OF COOPERATION BETWEEN SECTIONS**
23. Do you believe the current organizational structure is meeting the needs of the public? If no, please explain. **112 RESPONSES**
- ☐ a) Yes **29 25.9%** ☐ b) No **62 55.4%** ☐ c) Don't Know **21 18.8%**
- **CAN'T FIND ANYONE TO ANSWER GENERAL QUESTIONS**
  - **MFC HAS TOO MANY MEMBERS TO BE EFFECTIVE**
  - **NEED COMMERCIAL FISHERMAN AS LIAISON TO WORK WITH COMMERCIAL FISHERMEN**
  - **FISHERIES MANAGEMENT NEEDS TO BE CENTRALIZED**
24. What organizational changes would you make to your work unit? Why?
- **NEED ADDITIONAL STAFF IN SOME SECTIONS**
  - **ESTABLISH A BETTER SYSTEM FOR ISSUANCE OF LICENSES**
  - **CENTRALIZE COMPUTER RELATED RESOURCES**
  - **HOLD SECTION STAFF MEETINGS WHERE EACH EMPLOYEE IS INCLUDED**
  - **ESTABLISH AND COMMUNICATE GOALS AND OBJECTIVES FOR EACH SECTION**
  - **REDUCE INTERNAL AND EXTERNAL POLITICS**
25. What are the greatest strengths of the Division? (Give examples, details)
- **TRYING TO PROTECT OUR NATURAL RESOURCES**
  - **HARD WORKING EMPLOYEES WHO HAVE THE BEST INTEREST OF THE CITIZENS AT HEART**
  - **LONG-TERM BROAD-BASED DATA COLLECTION PROGRAM**
26. What areas continue to need the most improvement? (Give examples, details)
- **MANAGEMENT--TOO MANY CHIEFS, NOT ENOUGH INDIANS**
  - **LACK OF LEADERSHIP**
  - **COMMUNICATION BETWEEN SECTIONS AND WITH PUBLIC POOR**
  - **IMPROVE DIVISION'S IMAGE THROUGH BETTER/MORE USE OF PUBLIC EDUCATION SECTION**
  - **STAFF MORALE IS VERY LOW**
  - **LEASE SAFE, DEPENDABLE, MAINTAINED EQUIPMENT**
  - **NEED DIRECTOR WHO IS WILLING TO MEET WITH COMMERCIAL AND RECREATIONAL FISHERMEN**
  - **OUTSIDE INFLUENCES (POLITICS) NEED TO BE ELIMINATED AND LET PEOPLE DO THEIR JOBS**

If you would like to talk to the auditors on any issue, please provide your name, the telephone number where you would like us to contact you, and the best time to reach you. This questionnaire and any other communications we have with you will be kept STRICTLY CONFIDENTIAL.

Name: \_\_\_\_\_ Telephone #: \_\_\_\_\_ Best Time to Call: \_\_\_\_\_  
(Please Print)

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**APPENDIX C  
FISHERY RESOURCE GRANT  
GRANTS AWARDED  
FY 1995 through FY 1997**

<b>FISCAL YEAR</b>	<b>PROJECT TITLE</b>	<b>GRANTEE</b>	<b>AMOUNT AWARDED</b>	<b>STATUS</b>
1994-95	Artificial Reef High Profile Units	Carteret Co Sportfishing Association	\$48,780	Completed
1994-95	Software Development for Trip Ticket Program	Salsbury Associates, Inc.	2,400	Completed
1994-95	Cage and Rack Method for Oyster Culture	Mark Hooper	32,610	In progress
1994-95	Crab Trawl Selectivity and By-catch Reduction	Pamlico Co Board of Education	28,750	Completed
1994-95	Tarpon Tag and Release Tournament	Oriental Rotary Tarpon Tournament	1,000	Completed
1994-95	Use of Peeler Crab Pounds	Robert D Williams	2,600	Completed
1994-95	Oyster Chub Demonstration Project	J&B AquaFood--Jim and Bonnie Swartzenberg	49,967	In progress
1994-95	Tests of Modified Bycatch Reduction Devices in Shrimp Fishery	James N Bateman Jr	18,350	Completed
1994-95	Water Quality Testing	Pender Watch and Conservancy	14,430	Completed
1994-95	Reduction of Bycatch in Crab Trawls	Alpheus Lewis	12,000	Withdrew grant in process
1994-95	Development of New Blue Crab Products	Osprey Seafood Inc	22,800	Completed
1994-95	Remove Dam on Neuse River	NC Coastal Federation	97,000	In progress
1994-95	Develop Trip Ticket Computer Software	Seaside Management Systems	9,840	Completed
1994-95	Develop New Product Line for Crab, Shrimp, and Clams	Sea Snacks, Inc	49,279	Completed
1994-95	Develop Shrimp Pound Net and Compare to Trawls	Roger B Harris Jr	3,750	Completed
1994-95	Measuring Hard Clam Reproduction and Recruitment	Joseph Huber	20,600	Declined grant
1994-95	Hard Clam Growout Technique	Mark Hooper	5,521	In progress
1994-95	Study Siltation in Newport River	Gary Page--Carteret Co MF Advisory Bd	10,000	Completed
1994-95	Effect of Dam Removal on Anadromous Spawning Sites	Joseph Hightower-NC Cooperative Fish & Wildlife Research Unit	58,000	In progress
1994-95	Effect of Water Quality on River Herring	Joseph Hightower-NC Cooperative Fish & Wildlife Research Unit	50,000	In progress
1994-95	Reduce Finfish Bycatch in Shrimp Fishery	Alpheus Lewis	7,850	Withdrew grant in process
1994-95	Produce Educational Videos on Fisheries Issues	Coastal Carolina Community College	25,000	In progress
1994-95	Fyke Net Alternative to Gill Nets	Lloyd L Barnes	20,471	In progress
1994-95	Establish Training Program Utilizing Video with Fox 8-TV	NC Coastal Federation and Coastal Carolina Fishing	20,000	Completed
1994-95	Measure Striped Bass Bycatch in Flounder Gill Nets	Scott G Keefe	23,500	Completed

**APPENDIX C (continued)**

<b>FISCAL YEAR</b>	<b>PROJECT TITLE</b>	<b>GRANTEE</b>	<b>AMOUNT AWARDED</b>	<b>STATUS</b>
1994-95	Study Fish Passage through Lock and Dam #1 on Cape Fear River	J Robin Hall	33,365	Completed
1994-95	Develop New Seed Oysters for NC	Bear Creek Shellfish--John R Townson	34,800	Completed
1994-95	Control of "Killer" Dinoflagellate in Aquaculture Operations	Bear Creek Shellfish--John R Townson	28,600	Completed
1994-95	Spotted Seatrout Tagging Program	Atlantic Coast Conservation Association of NC--Richen M Brame	6,000	In progress
1994-95	Design Trip Log System for Crab Potters	Tom Stroud	39,000	Completed
1994-95	Develop Live Transport System for Shrimp and Fish	Living Seafood-Bobby Bryan Goodwin Jr and William C Rice	21,200	Completed
1994-95	Test Biodegradable Panels for Ghost Pots	Irene Hooker	7,878	Completed
1994-95	Alternative Gears in Albemarle Area	Riley W Williams	15,000	Declined grant
1994-95	Computer Program to Monitor Temperatures in Processing Seafood	Jimmy Johnson--Washington Crab Co, Inc	17,300	Completed
1994-95	Utilization of Crab Processing Waste	Mattamuskeet Seafood, Inc--Patty Buck	7,000	Completed
1994-95	Reduce Bycatch in Shrimp Fishery	Medford Daniels	8,630	Completed
1994-95	Demonstration Project of Off-Bottom Clam Culture	Dr. Doug Holland--Brunswick Community College	30,000	In progress
1994-95	Document and Monitor Dissolved Oxygen Levels in Pamlico Sound	Robert A West	23,500	In progress
<b>YEAR 1 TOTALS</b>			<b>\$906,771</b>	
1995-96	Develop statistical models from gill net data in Albemarle Sound	National Biological Service-Dr. Robert M Dorazio	34,720	In progress
1995-96	Develop environmental programs for middle school students	Carteret Co Cooperative Extension Service/4-H--Eric Matthews	13,207	In progress
1995-96	Test multiple "tie-down" flounder nets for reduced bycatch	Dr. Regis Dander	14,500	Completed
1995-96	Survey of data needs for economic analysis of fishery stocks	J E Easley, Jr--NCSU Dept of Agricultural and Resources Economics	9,571	In progress
1995-96	Develop seafood handling program for restaurants	NC Cooperative Extension Service--Jean S Rawls and Sandra J Maddox	25,875	In progress
1995-96	To test Bycatch Reduction Devices in inshore shrimp fishery and train high school students to use	Pamlico Co Board of Education	30,000	In progress
1995-96	Evaluate passage of anadromous fishes during high flow on Cape Fear River	J Robin Hall	23,725	In progress
1995-96	Low density hard clam growout experiments	Bob Austin	15,500	In progress

**APPENDIX C (continued)**

<b>FISCAL YEAR</b>	<b>PROJECT TITLE</b>	<b>GRANTEE</b>	<b>AMOUNT AWARDED</b>	<b>STATUS</b>
1995-96	Expand catch/effort log book system for blue crab fishery	Tom Stroud	38,700	In progress
1995-96	Produce and distribute educational videos on fish and shellfish habitat	NC Coastal Federation	5,000	Completed
1995-96	Develop informational programs on fishing industry for general public	Waterman Aligned for the Environment and Resources, Inc--Melba Edwards	10,000	In progress
1995-96	Watershed monitoring program for the White Oak River drainage	Southeastern NC Waterman's Association	2,400	In progress
1995-96	Life history of hickory shad in the Albemarle Sound	ECU--Institute for Coastal and Marine Resources--Dr. Roger A Rulifson	36,940	In progress
1995-96	Study of fish utilization of submerged aquatic vegetation in Pamlico River	Pamlico-Tar River Foundation, Inc	26,100	In progress
1995-96	Statistical analysis of long term blue crab data	NCSU-Dept of Marine, Earth, and Atmospheric Sciences--Dr. David B Eggleston	30,341	In progress
1995-96	Net and Crabpot collection and recycling	Southeastern NC Waterman's Association	23,000	In progress
1995-96	Develop stock of "dermo" resistant oysters	Bear Creek Shellfish	59,400	In progress
1995-96	Study of excess nitrogen sources in Neuse River estuary	UNC-Institute of Marine Sciences--Dr. Hans Pearl	100,000	In progress
1995-96	Established new techniques for handling fish for live sale	Lucky International, Inc	20,000	In progress
1995-96	Sinknet mesh selectivity study	David Beresoff	10,505	In progress
1995-96	Sediment effects on habitat in New Hanover Co	Northeast New Hanover Conservancy	4,655	In progress
1995-96	Study Atlantic sturgeon populations in NC	UNC-Wilmington-Center for Marine Science Research--Dr. Mary L Moser	15,000	In progress
1995-96	Develop network to assist with creel surveys and habitat monitoring in the Pungo River area	Pungo River Sport Fishing Association--Arthur Vanderaa, Jr	1,000	In progress
1995-96	Develop workshops to inform public regarding findings of the Moratorium Steering Committee	NC Coastal Federation	70,000	Completed
1995-96	Increase oyster production by varying planting and harvest times to reduce impact of "Dermo"	Onslow Co Schools--Don Herring and Ed Hudson	41,500	In progress
1995-96	Produce videos to educate public on proper release techniques	Hitchcock Television Production--Bill Hitchcock	15,000	In progress
1995-96	Establish water quality testing pilot program for the Cape Fear River	Cape Fear River Watch, Inc	29,500	In progress
1995-96	Feasibility study to develop mobile exhibit for marine environmental education	John D Costlow	10,384	In progress

**APPENDIX C (continued)**

<b>FISCAL YEAR</b>	<b>PROJECT TITLE</b>	<b>GRANTEE</b>	<b>AMOUNT AWARDED</b>	<b>STATUS</b>
1995-96	Analysis of growth and survival from seed clam plantings	Mark Hooper	3,960	In progress
1995-96	Develop improved bycatch reduction device for inshore shrimp fishery	Bob Austin	12,500	In progress
1995-96	Investigate improved oyster spat collection techniques	Mark Hooper	15,500	In progress
1995-96	Develop cooperative program for mariculture instruction between Carteret Community College, Sea Grant, and industry	Carteret Community College--Dr. Dan Krautheim	25,000	In progress
1995-96	Development of wet culling and holding system for shrimp fishery	Milton Cooper Mason	8,500	In progress
1995-96	Evaluate larger mesh gill net catch of flounders and reduced bycatch of striped bass	Scott G Keefe	17,000	In progress
1995-96	Demonstrate use of west coast remote spat setting technology for eastern oysters	Leslie A Lee	48,840	In progress
1995-96	Effect of harvesting on shellfish production on shallow-water oyster rocks	Robert A Cummings	26,900	In progress
1995-96	Study utilization of oyster shell planting sites by shrimp, fishes, and crabs	Hunter Lenihan	67,315	In progress
1995-96	Evaluate escape panels in eel pots	Robert L Hutchinson	14,000	In progress
1995-96	Document freshwater flow into Currituck Sound and its effects on marine resources	County of Currituck	37,900	In progress
<b>YEAR 2 TOTALS</b>			<b>\$993,938</b>	
1996-97	Gill Net Selectivity for Striped Mullet	Steven Etheridge	12,960	
1996-97	Bycatch Reduction with Hoop Net Seine	Linwood Charles Elliot, Jr	15,484	
1996-97	Gill Net Selectivity for Flounder	Regis Dandar	11,706	
1996-97	NC Fishery Assessment	John B Bichy		Conditional
1996-97	Gill Net Selectivity for Coastal Shark Species	David Beresoff	24,679	
1996-97	Pound Net Bycatch Reduction through Escape Panels	Murray Fulcher	22,532	
1996-97	Juvenile American Eel Migrations in the Cape Fear River Drainage	Robin Hall	9,250	
1996-97	Video on Commercial Fishing Gear and Bycatch Reduction Devices	Bill Hitchcock	36,850	
1996-97	Size and Age Composition of Striped Mullet in Albemarle Sound Gill Net Fishery	Scott G Keefe	21,700	
1996-97	TED Development for Small Trawls	Braxton Keith Mason	7,805	



**APPENDIX C (continued)**

<b>FISCAL YEAR</b>	<b>PROJECT TITLE</b>	<b>GRANTEE</b>	<b>AMOUNT AWARDED</b>	<b>STATUS</b>
1996-97	Trolling Gear Development for the Tuna Fishery	Charles D Midgett, Sr	3,550	
1996-97	Size of Flounder Caught by Gill Nets and the Catch of Marketable Bycatch	Frank A Montgomery III	11,550	
1996-97	Gear Development for the Live Flounder Market	Robert W Naples	8,920	
1996-97	Biological and Social Characterization of the NC Spiny Dogfish	Roger A Rulifson		Conditional
1996-97	Species and Size Selectivity in the Southern NC Ocean Gill Net Fishery	Brian K Sheperd	25,300	
1996-97	Shrimp Trap Development to Reduce Shrimp Trawl Bycatch	Grady Lee Simmons III	1,802	
1996-97	Development of a Submerged, Anchored Pound Net to Reduce Bycatch and Water Hazards Created by Poles	Jackie D Spear	17,950	
1996-97	NC Blue Crab Harvest Data Collection	Tom Stroud	32,665	
1996-97	Characterization of Shallow Water Mullet Gill Net Fisheries by Species, Bycatch, and Fishing Method	Riley W Williams	17,750	
1996-97	Certification of Bycatch Reduction Devices for NC Waters	Owen Lupton--Pamlico Co Board of Education	26,500	
1996-97	Gill Net Selectivity for Mullet Related to Fishing Depth	Regis Dandar	16,294	
1996-97	The Biological and Economic Value of Restored Intertidal Oyster Reef Habitat to the Nursery Function of an Estuary	Jonathan Henry Grabowski	45,180	
1996-97	Spatial and Temporal Incidence of Fish Disease in the Lower Cape Fear River	Mary L Moser	32,260	
1996-97	Crab Shedding in Closed Recirculating Aquaculture Systems	Norman Gary Culpepper	3,807	
1996-97	Development of a Holding and Growout System for Off-Season Sale of Value-Added Flounder	H V Daniels	37,056	
1996-97	Seasonal and Spatial Variation in Clam Growth as Related to Growout Procedures	Don Freeman	48,981	
1996-97	Evaluation of Leased Bottom Areas as Habitat for Estuarine Species	Mark E Hay	64,371	
1996-97	Developing a Simplified Technique for Estimating the Abundance of Oyster Larvae	Mark Hooper	7,268	

**APPENDIX C (concluded)**

<b>FISCAL YEAR</b>	<b>PROJECT TITLE</b>	<b>GRANTEE</b>	<b>AMOUNT AWARDED</b>	<b>STATUS</b>
1996-97	Seed Oyster Production in Saltwater Aquaculture Ponds	Nancy Hooker	30,000	
1996-97	Publication of a Seafood Dictionary	Clifton A Lynch	11,500	
1996-97	Shrimp Trawl Webbing as a Base for Culture of Oysters and Hard Clams in Soft Bottom Areas	Brian K Sheperd	13,479	
1996-97	Aquaculture Pond Construction for South Brunswick High School	Greg Walker--South Brunswick High School	15,500	
1996-97	HAACP Program Assistance for Small Seafood Processors and Dealers	Carl R Doerter	48,100	
1996-97	Development of a Process to Achieve Strong Binding of Seafood Flakes for Restructured Products	Linnie Perry	29,200	
<b>YEAR 3 TOTALS</b>				<b>\$711,949</b>



JAMES B. HUNT JR.  
GOVERNOR

WAYNE McDEVITT  
SECRETARY

NORTH CAROLINA DEPARTMENT OF  
ENVIRONMENT AND NATURAL RESOURCES

January 26, 1998

Ralph Campbell, Jr., State Auditor  
Office of State Auditor  
300 North Salisbury Street  
Raleigh, NC 27603-5903

Dear Mr. Campbell,

Thank you for the excellent and thorough performance audit conducted by your staff, and for the opportunity to review and respond to the findings. The information and recommendations of the audit will help greatly as we continue our efforts to improve the performance of the Division of Marine Fisheries.

I am enclosing the Department's response to the draft findings and recommendations. We appreciate your staff's cooperation and teamwork during the audit. These efforts have helped the division focus on quality improvements within the organization. If you have questions or need additional information, please let us know.

Sincerely,

Wayne McDevitt  
Secretary

Attachment

cc: Henry Lancaster  
Sherri Evans-Stanton  
Lois Artis-Murray  
Preston Pate

## **DMF Performance Audit Response to State Auditor's Draft Report**

### **Background Information-Organization Structure and Staffing**

**Page 16: *Analysis and Planning Section***

The Analysis and Planning Section has been eliminated through reorganization of the Division in 1997. Staff and functions of this section have been moved to the Fisheries Management Section and the Statistics Section.

**Page 17: *Statistical Information Management Section***

The name of this section has been changed to Statistics Section. Responsibility for providing technical support for computer use and management of the Division's various data bases has been moved to the newly formed Information Technology Section.

**Page 22: *Oyster Rehabilitation Program***

The Oyster Rehabilitation Program has been renamed to Shellfish Rehabilitation so that management efforts can encompass management of all shellfish resources particularly clams which are the most valuable shellfish resource in North Carolina in terms of dollar value of the landings.

### **FINDINGS AND RECOMMENDATIONS**

**Page 25: Governance and Oversight - MARINE FISHERIES COMMISSION - *The role of the Commission needs to be clearly defined. The Commission's effectiveness is negatively affected by the lack of formalized orientation and training.***

The Fisheries Reform Act of 1997 restructured the Marine Fisheries Commission by reducing the number of Commissioners from 17 to 9. Governor Hunt appointed the nine members in September, 1997. The Division conducted a training session for the members in October, 1997. The Commissioners were instructed by Division staff and representatives of the Attorney General's Office on such matters as travel and reimbursement requirements, conflict of interest, rulemaking, quasi-judicial responsibility and delineation of the Commission's authority. At that meeting, the Commission began its consideration of a mission statement and bylaws to govern the operation of the Commission and participation by individual members. To facilitate training of future new Commission members, the Division intends to develop an orientation package containing all pertinent instructions and background information necessary for a new Commission member to quickly become acquainted with the function of the Division and his or her role with the Commission.

**Page 30: Organizational and Staffing Issues - *Communication Problems*)**

The DMF concurs with this finding and has implemented all of the auditor's recommendations. Lines of authority and responsibility for all functions of the agency were identified and communicated to staff as part of the development of the DMF's strategic plan from January to December 1997. In addition, adherence to proper organizational reporting lines is now demanded in everyday conduct and is a key element woven throughout the strategic plan and individual employee work plans. It is further emphasized through a formal organizational code of conduct which stresses loyalty, accountability and teamwork. A long-term goal of DMF is to ultimately develop an organization and functions manual for the agency after all foreseeable structural changes have been fully implemented.

The development of the overall agency strategic plan was accomplished through encouraging all staff to participate in the crafting of the agency long-range objectives and implementing strategies. Since the completion of the State Auditor's field work, each section of the DMF has developed comprehensive, detailed work unit action plans which translate the vision and strategy into measurable action steps with established deadlines and accountability for results. In December 1997, the section action plans were briefed to all sections for inter-sectional coordination and elimination of conflicts, where appropriate. These action plans will be closely monitored to ensure progress and will be formally reviewed quarterly.

Weekly staff meetings for section chiefs have been instituted since August 1996 as standard operating procedure. In addition, the DMF has conducted division-wide staff meetings in March and September 1997. Division-wide staff meetings will be conducted no less frequently than twice yearly to ensure adequate and consistent communication throughout the DMF.

**Page 31: ORGANIZATIONAL ISSUES - *Training Needs***

The DMF has conducted a critical assessment of training needs within the agency as part of its strategic planning process. Training has been planned and conducted to meet a wide variety of training needs including computer applications, heavy equipment maintenance and operation, supervision and management skills, conflict resolution and interpersonal skills, safety and first aid. Additional training is being planned for computer software, customer service, supervisory skills, media interaction and various technical skills. Training remains a high and continuing priority integrated into DMF's strategy for continuous, significant improvement. It will be continuously emphasized as a key responsibility of all supervisory and management personnel.

**Page 32: STAFFING ISSUES - *DMF Research Vessels may not be adequately staffed.***

The Division has recently determined that maintenance of one research vessel is not justified and decided to terminate its use. Staff from that vessel is being reassigned to service on other vessels which will bring staff to a level recommended by the United States Coast Guard.

**Page 33: ORGANIZATIONAL ISSUES - *SIMS Understaffed***

DMF concurs with the findings and recommendations of this audit concerning computer support staff. Since the conclusion of the field portion of the audit, DMF has consolidated all computer related positions and functions into a new Information Technology (IT) Section. This effort was aided by 1997 legislation providing two new information technology positions for DMF.

The former SIMS Section Chief's position was changed from a marine biologist to true computer consultant and has been permanently designated as the Information Technology Section Chief. This position has been hired and interviews are currently taking place to hire a LAN Administrator. Hiring procedures have begun, as well, to hire a biological database manager. In addition, a computer consulting firm is working with the DMF IT Section to develop a comprehensive IT Plan for the agency. DMF has established a section budget for this new section, however, it is grossly inadequate to meet agency demands and will require additional funding to become fully effective.

DMF has conducted training for all agency employees for commonly used computer applications and is in the process of developing a long range computer training plan as part of its overall strategic planning initiative. DMF plans to establish a temporary computer training lab at its Morehead City facility to accelerate the raising of computer proficiency of its staff. The computer lab will be phased-out when overall staff computer proficiency has been elevated to the appropriately high standards. Proficiency will then be maintained by reinforcement and new applications training on an as needed basis.

**Page 34: DMF Reorganization - *Restructuring of Staff Resources***

DMF agrees that there is an opportunity for further restructuring to improve its efficiency and responsiveness to the public. Future reorganization is anticipated concerning DMF's personnel, budgetary, fiscal management, maintenance, resource enhancement and fisheries management functions. Due to the potential impact of these organizational changes on the quality of our public service and on the lives of our employees, DMF will continue to make the necessary changes incrementally as part of a deliberate, carefully planned improvement process. Changes in the duties and status of individual positions are part of that process.

**Page 38: Operational Issues - *Lack of Clearly Written Policies***

DMF is developing a comprehensive Division Policy and Procedures Manual modeled on the one currently in use by the Office of the State Auditor. The draft manual is currently 90% complete. It will be produced in binder format permitting the rapid replacement or revision of individual policies and procedures. Upon completion and publication, this manual will be issued to every employee of the agency and will be provided to each new employee as part of his/her initial employment orientation.

**Page 39: Operational Issues - *DMF does not transcribe the minutes of all public meetings and hearings.***

The Division records all public meetings including Marine Fisheries Commission and public hearings on such matters as applications for shellfish leases and pound net permits. Written summaries of these meetings are prepared from the recordings. The recordings and written summaries are available to the public for their inspection and use. The minutes of the business meetings of the Marine Fisheries Commission are transcribed verbatim and summary minutes are prepared from these verbatim minutes. Both verbatim and summary minutes are available upon request.

**Page 40: OPERATIONAL ISSUES - *The field offices at Wanchese and Manteo do not have adequate space.***

The Division of Marine Fisheries agrees with this finding. We are in the process of locating additional space for staff in the Manteo area. Adequate space for the staff is even more critical than the audit has noted given the projected increase in staffing levels in this area.

**Page 42: DMF did not receive a Certified Budget from the Department in a timely manner.**

The Certified Budget was received from OSBM on September 23, 1996 and was immediately made available to all divisions at the certified level. The delay was primarily due to the General Assembly session lasting well into August 1996. This affected all North Carolina state government agencies.

Since the conclusion of the field portion of the audit, DMF has created graphical monthly budgetary reports for each of its sections. The reports detail section and agency budgets, current expenditures and expenditure rates to permit better fiscal management. These reports are distributed and reviewed monthly during one of DMF's weekly scheduled staff meetings. An independent budget has also been established for the Submerged Lands program. As accurately noted in the auditor's report, however, the Submerged Lands program has been primarily funded by the DMF operations budget appropriated for other purposes. Appropriations are needed to properly support this legislative requirement.

The response from the Department has been reformatted to conform with the style and format of the rest of the audit report. However, no data has been changed.

Adequate funding is also needed for the Appeals Panel, which again, is partially funded by diverting funds from the DMF operating budget.

**Page 43: DMF is not in compliance with state regulations regarding Expenditures and Travel Reimbursements.**

The Department agrees with this finding and has taken a number of actions to correct the situation. Audit reports for several years cited a lack of qualified financial personnel throughout the department. The Department has hired a new Controller and Assistant Controller, reallocated and filled a position to supervise the accounts payable/travel functions, established new procedures and a training program for accounts payable and travel clerks. We are in the process of reorganizing fiscal functions and procedures in DMF to correct this situation. The Department will correct any errors found in the audit sample.

**Page 71: DMF did not maintain adequate supporting documentation for its Contracts and Leases.**

The Department is in the process of reorganizing the purchase and contracting functions at DMF and will be implementing these changes during the current fiscal year.

**Page 72: Members of the “Carolina Coast” crew are not submitting individual reimbursement requests.**

The R/V Carolina Coast is a research vessel owned by the Division of Marine Fisheries and operated through the Fisheries Management Section. The vessel is used for a variety of scientific purposes, but is primarily utilized for management and research surveys that occur over weekly time periods.

The vessel is equipped to house five to six individuals, including sleeping quarters and the preparation of meals. For the last two years, groceries for meals have been purchased for the crew working on research surveys, based on number of individuals and days at sea. Staff have been instructed to not expend beyond what would be the maximum allowed under a personal travel reimbursement system (persons involved, time arrived and departure, and maximum amounts).

The benefits of purchasing groceries and utilizing the joint purchase method versus individual expense account method are:

Savings to the state: calculations of expenditures for a random time period (Jan. 1 - Oct. 6, 1997) showed that using the joint purchase method saved the state \$947.16 over what would have been allowed under a personal expense account method. Obviously, over the years this will result in a significant savings to the state.

More efficient operation: due to the manner that the research surveys are conducted, one person (mate) is responsible for planning and preparing meals

The response from the Department has been reformatted to conform with the style and format of the rest of the audit report. However, no data has been changed.



while other crewmembers can focus on the scientific research and analysis. Sometimes staff actually conduct analyses with laptop computers at sea using the data from recent samples.

Also, the R/V Carolina coast is sometimes utilized in cooperative research and training with university personnel, Marine Fisheries Commissioners, or Marine Fisheries Commission Advisors. Often individuals such as graduate students accompany division personnel and assist with sampling, while also collecting specimens for their own university research.

**Page 74: DMF is not reviewing travel logs for state vehicles used by employees.**

Department policy and procedures require that appropriate division personnel review, approve and sign all travel logs prior to payment. The Department will review this situation and take appropriate corrective action.

**Page 77: DMF is not in compliance with the North Carolina Fixed Asset System Requirements.**

The Department agrees with this finding and has taken a number of actions to correct the situation. Audit reports for several years cited a lack of qualified financial personnel throughout the department. The Department has hired a new Controller and Assistant Controller, reallocated and filled a position to supervise the fixed asset function, replaced unqualified personnel, and established new procedures and a training program for fixed asset clerks. We are in the process of reorganizing these functions at the division level in DMF.

**Page 78: INTERNAL PROCEDURES - *Postage Meter***

DMF agrees with the auditor's recommendations concerning postage meter security and has implemented appropriate procedures to ensure that the key is removed and secured by the authorized employee when not in use. DMF will monitor the balance of the postage fund to determine the appropriate maintenance level of the fund based upon historical use.

**Page 79: OPERATIONAL ISSUES -*Technology Issues - DMF is not adequately safeguarding its computer equipment, software, supplies, and data. Improved technological equipment and software would enhance DMF's operational efficiency.***

The Division is well underway in improving its computer technology to facilitate consolidation of numerous data bases, enhance the ability to track decision making procedures, more effectively meet the fixed asset system requirements, and improve the ability to provide information to managers and the public in a timely manner. The improvements made thus far have addressed the recommendations about safeguarding computer equipment and the need for up-to-date technology. Although we have made substantial progress in this area in the past few months due to increased funding by the General Assembly, it is

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imperative that funding levels increase consistent with projected needs for complete information system development.

**Page 84: DMF's Timekeeping System is not uniform and does not consistently reflect accurate leave balances.**

In addition to the actions noted in the "Auditors Note," the Department is implementing an automated, PC based timekeeping system that has built in audit checks and calculations. The new system will eliminate errors and reduce the time needed for data entry, which will allow the timesheet reviewer in the division to concentrate on the accuracy of the information entered.

**Page 90: PROGRAM EFFECTIVENESS - *DMF processed renewals for pound net permits which did not meet North Carolina Administrative Code requirements.***

The Division has begun a process of evaluating its procedures for issuing new pound net permits and pound net permit renewals. It is our goal to make procedures for these processes more specific and incorporate those procedures into the North Carolina Administrative Code.

**Page 90: PROGRAM EFFECTIVENESS - DMF does not have the necessary resources to develop required fishery management plans.**

The Division concurs with the findings and recommendations and is requesting the necessary funds as part of the Department's expansion budget. The Department respectfully requests that the audit include the requirement of Habitat Protection Plans in the heading as well as the recommendation on the following page. It is our opinion that current staffing levels are inadequate to fulfill both statutory obligations and that future budget expansions by the Department should also consider this need as a high priority.

**Page 95: PROGRAM EFFECTIVENESS - Marine Patrol Officers hold commercial fishing licenses in violation of DMF Policy.**

DMF policy does not prevent Marine Patrol Officers or any employee of the Division of Marine Fisheries from holding a commercial fishing license. General Statute 113-225 prevents a Marine Patrol Officer from being financially interested in any fishing industry in the State of North Carolina but does not prohibit the officer from holding a valid commercial fishing license. The license is necessary to allow the use of commercial fishing gear and such use does not categorically create a financial interest in any fishery. Other employees of the Division are allowed to hold commercial fishing licenses and engage in commercial fishing activities provided that secondary employment has been properly approved.

**Page 97: PROGRAM EFFECTIVENESS - All persons holding aquaculture operation permits do not possess required commercial fishing licenses.**

It is neither a statutory nor regulatory requirement that all holders of aquaculture operations permits also have an endorsement to sell their product. There are examples of aquaculture operations that produce a shellfish resource for placement on private leases with that resource being harvested by other fishermen who are properly licensed for the harvest and sale of the aquaculture product.

**Page 99: Fishery Resource Grant Program**

The Fishery Resource Grant Program administration has been transferred to the North Carolina Sea Grant Program. That agency is now responsible for awarding grants, monitoring progress of individual grant awards and disseminating information from completed projects. Additionally, the Marine Fisheries Commission has selected grant awardees present the results of completed projects to the Commission at its regular meetings.

**Page 101: Expenditures were charged against Federal Grant Projects after the Grant Period Ended.**

The Department agrees with the finding and has taken action to correct the situation. All personnel costs are adjusted to actual time worked on grants by a newly developed cost allocation program. An automated timekeeping system is being implemented to make the entry of timesheet information more accurate and timely.

The Department has also spent a great deal of time training DMF personnel on the proper accounting and reporting of federal grants, and worked with DMF to establish procedures for timely budgeting of grants.

**Page 102: DMF did not submit Federal Financial and Performance Reports Timely.**

The importance of timely submission of federal reports has been stressed by Department and Division management. We have made considerable progress towards on-time submission of reports. This finding also relates to the lack of trained, qualified financial personnel. The Controller's Office has added two positions to help with management department-wide; however, additional manpower is still needed at DMF.

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January 30, 1998

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