

Fund-raising Activities at the Texas Parks and Wildlife Department

Overall Conclusion

The Parks and Wildlife Department (Department) does not have accurate information about who has engaged in fund-raising activities or about the value of donations each person has received or solicited. As a result, we are unable to provide assurance that the list disclosing who has engaged in fund-raising activities for the Department and the value of gifts each person has received or solicited is complete and reliable. (Parks and Wildlife Code, Section 11.0182, requires us to report this information.) In addition, the Department has not performed a comprehensive cost-benefit analysis of the Texas Wildlife Expo (Expo). Based on a profit and loss statement we compiled for the 2002 Expo, the result is a loss of \$760,646.

The Department does not have documented policies and procedures for contracting with nonprofit organizations such as the Parks and Wildlife Foundation. The Parks and Wildlife Code, Section 11.0171, requires the Department to develop such policies and procedures. While our testing of a sample of expenditures from the Department to nonprofits did not identify inappropriate expenditures, without documented policies and procedures the Department cannot ensure that these contracts are in the State's best interests. In fiscal years 2002 and 2003 (through May), the Department's expenditures to nonprofits totaled \$2.8 million.

State Statute Requires This Audit

The State Auditor's Office is statutorily required to audit the Parks and Wildlife Department's fund-raising activities, and we based the objectives of this audit on the applicable statute. Section 11.0182 of the Parks and Wildlife Code states, "At least once each biennium the state auditor shall audit the fund-raising activities performed under this section. The audit shall disclose who has engaged in fund-raising activities for the department and the value of gifts each person has received or solicited." (Section 11.0182 deals with employee fund-raising only and applies to donations with a value of \$500 or more.)

In addition, Section 11.206 states that "The official nonprofit partner's [Texas Parks and Wildlife Foundation] financial transactions involving and financial records relating to state money held by the nonprofit partner are subject to audit by the state auditor...."

Summary of Information Technology Review

The Department generally has adequate controls over the revenue, expenditure, and timekeeping portions of its Integrated Financial System (IFS), which is its central internal accounting system. We focused on these three portions of IFS because they play a part in the Department's fund-raising activities and tracking of donations.

In addition to the three areas covered by our audit, IFS consists of project accounting, purchasing, accounts receivable, accounts payable, fixed assets, and general ledger modules. Because these portions of the system did not directly relate to our audit objectives, they were not covered by our review.



Summary of Objectives, Scope, and Methodology

Our objectives were to:

- Review the Department's fund-raising activities to ensure time spent on fund-raising is cost-effective and to review and quantify Expo revenues and expenditures for Expo 2002 and year-to-date expenditures for Expo 2003.
- Disclose who has engaged in fund-raising activities for the Department and the value of gifts each person has received or solicited.
- Review the financial transactions and records of state money held by the official nonprofit partner created by the Department.

The scope of our audit covered the Department's fund-raising information for fiscal years 2002 and 2003; all fiscal year 2002 and 2003 payments made by the Department to the Texas Parks and Wildlife Foundation and a statistical sample of payments made to other nonprofit organizations during fiscal years 2002 and 2003; and access and logical controls in place at the time of fieldwork over the revenue, expenditure, and timekeeping portions of the Department's internal accounting system.

Our methodology consisted of conducting interviews; collecting and reviewing information; and performing tests, procedures, and analyses against predetermined criteria.