

**FINANCE, AUDIT AND COMPLIANCE COMMITTEE MEETING MINUTES  
4016 WEST BROAD STREET  
RICHMOND, VIRGINIA**

**SEPTEMBER 19, 2006, 7:00 p.m.**

**PRESENT:** C. T. Hill, Chairman, C. Marshall Davison, Sherry Smith Crumley, Thomas A. Stroup; **ABSENT:** William T. Greer; **LEGAL COUNSEL:** Roger Chaffe; **INTERIM DIRECTOR:** Colonel W. Gerald Massengill; **Staff:** Ray Davis, John Moore, Mike Bise, David Whitehurst, Becky Gwynn, Julia Dixon, Lynn Sikora, Cleve Pierce

Chairman Hill called the meeting to order at 7:00 p.m. and legal counsel was recognized.

**Minutes of Meeting:** The minutes of the July 18, 2006 meeting have been posted on the Web and copies were distributed to Committee members. Chairman Hill asked if there were any additions or corrections to the minutes. As there were none, **Mr. Davison moved, seconded by Ms. Crumley, passed unanimously, to approve the minutes as written. Ayes: Hill, Davison, Crumley and Stroup**

**JLARC STUDY DISCUSSION:** The Joint Legislative Audit and Review Committee recently released a report entitled "Special Report: Severance Benefits for State Employees. Mr. Hill commented that the report had generated several inquiries to the Department's Web site that solicited a response from the Board on that study. As a result of those inquiries, Board members consulted and found there was some confusion in state statute that was identified in the JLARC study. The Board in May of 2005, based on information available at the time, took an action felt to be appropriate regarding the former director. Mr. Hill added that it is felt that action stands for itself, and no further discussion or action was deemed necessary by the Finance, Audit and Compliance Committee or the Board on that action. Mr. Hill added that the Search Committee is in the process of interviewing candidates for the vacant Director's position and that the Board will consult with the Attorney General's Office for clarification on the relevant Code section as it enters into arrangements with the new Director.

He asked, and there were no questions or comments offered by those in attendance.

**Financial Statement:** Virgil Kopf briefed the Committee on the failure of a component of the Agency's automated license delivery system over the Labor Day weekend. The Department lost its internet connection back to the office as a result of the failure of an external communication line. This failure impacted the Law Enforcement Division's ability to contact other law enforcement agencies. The Department was unable to check

criminal records through the State Police and other law enforcement agencies were unable to check boat records. Virginia Information Technology Agency (VITA) was consulted and the problem was corrected. The system was down for over 100 hours, and the Department is working to create a back-up system to address possible future failures.

Staff reported that 84.6% of our licenses are sold by license agents, 13% are sold over the Internet, and 1% is sold by our in-house information desk. One-half of a percent is sold over the telephone. The Department currently has 490 license agents.

A brief review was conducted of the monthly revenue statements through August 2006. Net revenues are ahead of last year; a reflection of the recent license fee increase. Although it is too early to predict, it is felt that a slight buyer resistance trend may be occurring (0 to 3%). This year's loan payment has been made for the Featherfin Wildlife Management Area. There are three remaining annual payments. The Department continues to improve its collection of federal funds. Staff reported that this fiscal year's expenditures are down due to the extra payroll paid at the end of the last fiscal year that would have normally occurred in this fiscal year. Personnel costs are also down due to retirements and some employees leaving for other opportunities, especially within the Law Enforcement Division.

The Department's sworn personnel level is currently below 170, and the internal Game Warden Training Academy does not have the capacity to meet the agency's training needs. To meet our training needs, the academy would have to run double schools. Twenty-two offer letters were recently sent to prospective recruits.

The Committee was told that the Department has not yet received its reimbursement from FEMA for cost incurred when game wardens were deployed to the Gulf Coast to assist with Hurricane Katrina recovery efforts.

### **Financial Reports on Agency Web and Financial Article in Virginia Wildlife**

**Magazine:** Virgil Kopf reported that he will write an article for the December edition of the *Virginia Wildlife* magazine that explains the Department's revenue sources and uses. An article will be prepared for future December editions of the magazine that will serve as an annual report. He also reported that he is still developing the Web site format that will address the Department's revenue sources and expenditures. Current plans are to update the Web site information on a quarterly basis.

The Committee also discussed the need to improve outreach efforts to constituents and constituent groups. Staff agreed that constituencies would benefit from Board member and staff presentations. Staff felt that it could develop a presentation for this purpose that would be appropriate for multiple audiences. Staff was requested to pursue this topic in a staff meeting discussion and to report back to a Committee at a future meeting.

Colonel Massengill noted that the Board has repeatedly requested information on agency events or opportunities where the agency provides information to the public. He noted that we need to improve on the collection of this type of information for distribution to Board members before an event is held.

**SPCC Report:** John Moore reported that the SPCC Committee met September 14 and reviewed August charges. Identified concerns have been addressed or are being investigated further.

**Department of Accounts Audit Report:** John Moore briefly reviewed the findings of the recent audit of the Department by the Department of Accounts. The Department received a “good” rating. There were six findings, of which only one had a monetary value. Staff felt that necessary controls are in place and are effective.

The Auditor of Public Accounts has also announced three statewide audits that will affect the Department of Game and Inland Fisheries: a system security audit, a capital programs audit associated with financial reporting, and the use of state vehicles and controls.

**Vehicle Pooling:** Ray Davis presented an overview of the Department’s plan to reduce the number of vehicles assigned to Richmond. Some of the vehicles assigned to Richmond will be transferred to the field, and some may be surplus. Initial plans will require divisions to retain the responsibility for insuring that vehicles are properly maintained. A pilot program will be implemented to insure timely maintenance and service through the state’s central fleet section.

Some of the agency’s specialty vehicles will be retained until they are no longer useful. Mileage use will be evaluated to determine the feasibility of buying versus leasing special use vehicles when needed.

Staff hoped to reduce the number of vehicles assigned to Richmond by one-third to one-half. Vehicles will not be garaged at the homes of employees (other than law enforcement) unless the home is the official work station. Commuting will not be permitted, except in law enforcement, unless approved by the director in writing or the use complies with state policy regarding commuting the employee will be charged for commuting as allowed by the policy.

Law Enforcement will also convert to the use of sedans for its supervisory staff and SUVs will be reserved for field use.

Mr. Hill asked and was told that staff continues to work on developing a plan to share an internal auditor function with other state agencies.

**Virginia Forever Funding Alternatives Evaluation:** Using Power Point, David Whitehurst presented an overview of funding alternatives that may be available. A handout was provided to the members on the Conservation Finance Initiative that is funded by the Doris Duke Charitable Foundation.

Mr. Whitehurst stated that one of the champions of the Pittman-Robertson Act was A. Willis Robertson, the Chairman of the Commission of Game and Inland Fisheries from 1932 to 1936. The Department receives approximately \$8.4 million annually as a result of this Act. The Department receives approximately \$4.8 million annually from the Dingell-Johnson Act. A portion of this revenue is shared annually with VMRC since it is also collected on saltwater fishing gear.

In the early 80's, Congress recognized the need to fund nongame initiatives, but no funds were appropriated. In the mid 1990's, the Teaming With Wildlife Coalition was formed to fund nongame wildlife initiatives. Over 4,300 organizations are now in the Teaming With Wildlife Coalition. CARA (the Conservation and Reinvestment Act) was an outgrowth of the Teaming With Wildlife Coalition. The concept for this act was to take revenue resulting from the leasing of off shore oil and gas tracks and reinvest that revenue in renewable resources. This bill did not pass Congress, but supporters of the Act created the State Wildlife Grants Program. To receive State Wildlife Grants Program funds, states were required to create Comprehensive Wildlife Action Plans by October 2005. State plans had to be approved at the federal level. The plans have shown that there are over 925 species in serious decline.

The Doris Duke Charitable Foundation has become interested in the Wildlife Action Plans, and has allocated over \$43 million to state wildlife action plans. They have provided a \$4 million grant to The Nature Conservancy and The Trust for Public Land's Conservation Finance team to help states raise funding at the state level. Virginia is one of the states identified as having a top wildlife action plan. Department staff has had two meetings with this group, and they have been receptive to our proposal.

The Foundation is funding feasibility research at the state levels through The Trust for Public Lands Conservation Finance team. Virginia Forever has been brought in to help increase natural resources funding in Virginia.

The Nature Conservancy will conduct polls in each state to assess public support for increased funding for conservation.

Staff feels that now is the time to revitalize the Teaming with Wildlife Coalition and a steering committee has been established that is composed of the National Wild Turkey Federation, the Izaak Walton League of America, Audubon Society, The Nature Conservancy, Garden Clubs of Virginia, Ducks Unlimited, Trout Unlimited, the Virginia Conservation Network and the Department of Game and Inland Fisheries. The objective

is to take the funding initiative to sportsmen and constituent groups after it has been presented to the Wildlife and Boat Committee and eventually the Board.

Mr. Whitehurst indicated that funds are budgeted for Wildlife Action Plan implementation, but the Wildlife Action Plan coordinator's position has not been filled due to the Department's funding shortfall. The plan is being implemented to the extent that current staffing allows. Colonel Massengill indicated that he has committed to staff that before he completes his assignment at the Department, all unfilled personnel positions will be revisited for possible approval.

Staff was requested to present an update on this initiative to the Finance, Audit and Compliance Committee at a spring meeting.

**Additional Business:** Colonel Massengill reported that employee pay realignment is moving forward. The effort will cost more than initially estimated (approximately \$400,000). Mike Bise reported that game wardens have responded very positively to this effort to address compensation issues.

Colonel Massengill reported that Charlie Sledd has completed an assessment of permit fees that are charged by the Department. After the report is reviewed by staff, it will be presented to the Committee at the November 14 meeting.

The next Finance, Audit and Compliance Committee Meeting will be held November 14, 2006 at 5:30 p.m.

**Adjournment:** As there was no further business, the meeting was adjourned by the Chairman at 8:45 p.m.

Respectfully submitted,

Belle Harding  
Board Secretary