2.37 Inland Fish and Game Licences

Introduction

The Wildlife Division of the Department of Environment and Conservation is responsible for the administration of inland fish and game licences. The Division is located in Corner Brook on the Province's west coast.

The *Wildlife Regulations* under the *Wildlife Act* prohibit the taking of inland fish and game except under licence. These inland fish and game licences are available to the public from approximately 800 vendors throughout the Province as well as through Government Service Centres operated by the Department of Government Services.

While the Division has overall responsibility for licensing, the Government Service Centres, through an informal arrangement with the Division, distribute licences to vendors, receive payments from vendors for licences sold, and collect unsold licences from vendors for forwarding to the Wildlife Division.

Figure 1 shows inland fish and game licence revenue (excluding the big game draw) recorded by the Wildlife Division for the last 8 years.

Figure 1

Inland Fish and Game Licences
Revenue (excluding the big game draw)
Years Ended 31 March
($000)

Year	Revenue
1997	$ 1,012
1998	1,007
1999	982
2000	1,047
2001	977
2002	1,427
2003	1,110
2004	1,102

Source: Public Accounts

2.37 Inland Fish and Game Licences

Scope and Objectives

We completed our review of inland fish and game licences in March 2004. Our review covered the period April 1996 to March 2004 and included licences sold through vendor outlets and Government Service Centres. Our review did not include licences available through the Wildlife Division's big game licence draw as they are not sold through vendor outlets or Government Service Centres.

Our objective was to determine whether controls existed relating to the administration of inland fish and game licences and whether licence fees due to the Province are properly accounted for and collected from vendors on a timely basis.

Conclusion

The Wildlife Division of the Department of Environment and Conservation is responsible for the administration of inland fish and game licences in the Province. While the Division has overall responsibility for licensing, the Government Service Centres of the Department of Government Services, through an arrangement with the Division, distribute licences to vendors, receive payments from vendors for licences sold, and collect unsold licences from vendors for forwarding to the Division.

Over the eight years covered by our review, weaknesses in control have existed over the administration of inland fish and game licences. As well, licence fees due to the Province during that time have not been properly accounted for and amounts due from vendors have not been collected on a timely basis. While the Division has recently made some progress in dealing with these issues, I am concerned they had not been dealt with for such a significant period of time. I note that over this eight year period, both my Office and the Office of the Comptroller General have recommended several times that action be taken to address issues such as the increasing receivable balance, weaknesses in controls over receivables, and the absence of reliable information.

Our current review indicated that:

- documented policies and procedures were not in place to address the administration of inland fish and game licences, and those informal policies which were in place were not always followed;

- licences were not issued in accordance with existing Departmental policy in that licences were issued to vendors with overdue accounts;

- responsibilities and accountabilities for the Government Service Centres were not documented;

- weaknesses in controls over recording accounts receivable from vendors have resulted in the Department being unable to determine accurate receivable balances for collection purposes;

- information on vendors and the details of the number and type of licences sold from year to year has not been maintained to enable the Department to appropriately monitor licence activity; and

- collection activity has been minimal and in June 2003, due in part to the lack of information supporting accounts receivable balances, the Department wrote off $130,000 in receivables.

Effective 1 April 2004, Government implemented a prepayment system for issuing licences and directed the Department of Environment and Conservation to report back on the results of this change.

Findings and Recommendations

The Wildlife Division of the Department of Environment and Conservation is responsible for inland fish and game licences in the Province; however, the Department has not always been responsible for this Division. In February 2001, the Division was transferred from the Department of Forest Resources and Agrifoods to the Department of Tourism, Culture and Recreation. In June 2001, it was relocated from the Department's St. John's office to its Corner Brook office. Furthermore, in February 2004 it was announced that the Division would be transferred to the Department of Environment and Conservation and remain in Corner Brook.

Our review of the policies, systems and processes in place over inland fish and game licences indicated that the Division does not have adequate controls in place relating to the administration of inland fish and game licences, that licence fees due to the Province have not been properly accounted for, and that amounts due from vendors have not been collected on a timely basis. Detailed findings are as follows.

Basis for Issuing Licences to Vendors

At the time of our review, licences were issued to vendors on a consignment basis, with payment to be made by vendors only when licences are sold. Any unsold licences are to be returned by the vendors at the end of the season.

The vendors sell licences for varying amounts set under the *Wildlife Regulations* and are entitled to add a $3 charge to the licence fee. Figure 2 shows the licence fees by type of licence along with revenue generated for the year ended 31 March 2004.

Figure 2

Inland Fish and Game Licences
Licence Fees and Revenue (excluding the big game draw)
31 March 2004

Species	Type of Licence	Licence Fee	Revenue
Small Game	Resident	15.00	
	Non Resident - Canadian	25.00	
	Non Resident - Alien	50.00	
	Trapper	10.00	$ 413,990
Salmon	Resident - Individual	17.00	
	Resident - Family	27.00	
	Non Resident - Individual	50.00	
	Non Resident - Family	75.00	470,192
Caribou (only Labrador)	Resident	27.00	
	Non Resident	120.00	195,700
Trout	Non Resident - Individual	5.00	
	Non Resident - Family	10.00	20,198
Black Bear	Resident (Application)	30.00	
	Resident (Labrador)	27.00	
	Non Resident	100.00	1,708
Total			**$1,101,788**

Note: Licences sold by vendors or Government Service Centres are subject to an additional $3.00 charge at the time of sale.

It is important that the Division have documented policies and procedures in place to address the administration of inland fish and game licences. Such policies and procedures would be expected to address: the issuance of licences to vendors; the identification, recording and collection of receivables from vendors; the identification of the number and type of licences sold; the rate of licence returns and use of information collected; and the return of unsold licences by vendors. This is especially true given the consignment basis used in issuing licences to vendors, where the vendor is responsible for the sale of licenses on behalf of Government.

For example, if the Division does not have policies and procedures in place to ensure that vendors return unsold licences, the Division cannot ensure it is receiving all of the monies from the vendors.

Our review indicated that documented policies and procedures were not in place to address the administration of inland fish and game licences. Furthermore, the informal policies, such as not issuing new licences to delinquent vendors and recording the details of licences issued to each vendor, while they exist, are not always followed.

It was noted that in the past, the Division has considered changing from a consignment basis to a prepayment basis of issuing licences. The prepayment basis would require the vendor to pay for all licences up front, with any unsold licences being returned for refund. In a report dated November 1996, the Office of the Comptroller General recommended that the then Department of Forest Resources and Agrifoods move to a prepayment system and cease consignment sales. With the implementation of this recommendation, the Office of the Comptroller General anticipated increased operational efficiencies as well as increased revenues. This would result in large part from vendor receivables being minimized due to the advance payment requirement under a prepayment basis.

In April 1997, the Department of Forest Resources and Agrifoods decided to move to the prepayment basis for issuing licences, and the Wildlife Division informed vendors that licences would be available on that basis from the Government Service Centres. However, less than two weeks before the intended implementation date of 20 May 1997, the Minister of Forest Resources and Agrifoods reversed this decision and decided to keep the sales on a consignment basis. On 12 May 1997, the Wildlife Division informed vendors that licences would be available on consignment.

Effective 1 April 2004, Government implemented a prepayment system for issuing licences and directed the Department of Environment and Conservation to report back on the results of this change.

Departmental Responsibilities Relating to Licences

In 1997, the then Department of Government Services and Lands became responsible for distributing licences to vendors, receiving payments from vendors for licences sold, and collecting unsold licences from vendors for forwarding to the Wildlife Division. The Wildlife Division in turn was responsible for printing the licences, approving new vendors, maintaining the vendor listing, recording information on licence transactions received from the Department of Government Services and Lands, and maintaining licence information.

Our review indicated that there was no written agreement or memorandum of understanding between the two parties to outline their respective responsibilities and accountabilities. As a result of not having a written agreement, there were a number of operational issues which the two departments had to resolve. Examples of these issues include the timely distribution of licences to the Government Service Centre staff, updating the vendor listing, and sending vendor order forms to the appropriate individuals.

Licence Information

Our review indicated that information on vendors and details of the number and type of licences sold from year to year has not been maintained to enable the Division to monitor inland fish and game licence activity.

The Wildlife Information Management System (WIMS) was developed for the Wildlife Division in 1994 to keep track of vendor activity and licence statistics. However, the system was only used until 1997. In 1997 the Wildlife Division developed a form for use by the Government Service Centres. This form was to be used to record details of licences issued to vendors to serve as input for the WIMS for monitoring licence activity and for recording accounts receivable from vendors. However, the information from these forms was never entered into WIMS due to a reduction in staff at the Wildlife Division.

In 1999, the Department's Accounting Division started to input the forms into a Simply Accounting software package in an attempt to have information on amounts receivable.

Licence Receivables

Figure 3 shows the total accounts receivable for inland fish and game licences for the last eight years, along with the related allowance for doubtful accounts balance and total licence revenue.

Figure 3

Inland Fish and Game Licences
Accounts Receivable, Allowance for Doubtful Accounts, and Revenue
Years Ended 31 March
($000's)

Year	Accounts Receivable	Allowance For Doubtful Accounts	Revenue
1997	$ 27	$ 0	$ 1,012
1998	29	0	1,007
1999	29	29	982
2000	450 [1]	0	1,047
2001	450 [1]	225 [1]	977
2002	1,069	535	1,427
2003	1,104	596	1,110
2004	913	499	1,102

Source: Public Accounts
[1] Based on estimates provided by the Department of Forest Resources and Agrifoods

From 1997 to 2001, the Department could not provide information on the details of amounts receivable from vendors. As a result, the Department had to provide the Government Accounting Division with estimates for use in the Public Accounts of the Province. Starting for the 2002 year, the Department provided more detailed information.

In past management letters to the Department of Forest Resources and Agrifoods and subsequently to the Department of Tourism, Culture and Recreation, related to our audit of the Public Accounts of the Province, we raised the issue of the increasing accounts receivable balance for inland fish and game licences. We also noted weaknesses in controls over receivables and reliability of information. Improvements were recommended in the record keeping, reconciliation, reporting and collection of accounts receivable related to inland fish and game licences.

As well, in February 1999, the Office of the Comptroller General released a report on its review of small and big game licences. It was noted in the report that there were serious deficiencies in the accounting procedures and controls over the small game licensing system, including the following:

- the accounts receivable balances for 1997 and 1998 had not been determined;
- the licensing system had financial and accounting capabilities that were not being used and the system had not been updated since 1997; and
- the roles and responsibilities of the two departments had not been clearly defined.

Our current review indicated that many of the same weakness existed as we and the Office of the Comptroller General had identified previously. In particular:

- There was an absence of policies and procedures relating to the recording and collection of licence fee receivables that would assist the Wildlife Division in properly accounting for and collecting amounts due from vendors. There are no documented policies, but Departmental officials indicate that they are following Government-wide policies related to accounts receivable collection such as issuing past due notices at 30 and 60 days.
- The Wildlife Division did not utilize Government's accounting system to track receivables. Instead, in 1999, the Accounting Division started to record receivable balances using its own accounting software. However, the receivables recorded were considered unreliable to the point where Accounting Division officials indicated that prior to the 2002-03 fiscal years when older accounts had been reconciled, they were reluctant to proceed with collections. As a result, collection activity has been minimal.

- After the accounts had been reconciled in March 2003, a process which took almost six years, the Department identified a total receivable of approximately $1.1 million. As a result of further analysis of this $1.1 million receivable, it was determined that $333,000 was outstanding for greater than 120 days. The Department has been analyzing this old receivable and has determined that at 31 December 2003, $60,000 is considered collectable, $90,000 of accounts have been sent to the Department of Justice for recovery efforts, $139,000 is considered uncollectible and has been written off, and the remaining accounts are still under review.

- Accounting Division officials indicated that reports from the accounting software in use by the Division since 1999 are not adequate for monitoring accounts receivable from vendors. However, if the appropriate due dates were used when entering vendor receivables for licences issued, the relevant receivables balance report could be produced. For example, departmental staff indicate that a manual reconciliation is necessary to produce an aged receivables listing. Departmental staff must examine each vendor account individually to determine the type of licence outstanding and to determine the age of the receivable based on the related season closing date. We found that there was no support for these manual reconciliations on file at the Department.

- Forms developed by the Accounting Division in 2001 and used for recording licences issued by the Government Service Centres were not always returned to the Division. These forms are used as a basis for recording accounts receivable from vendors in the Department's accounting system. As a result of not receiving all of the forms, receivable information was not available for recording in the accounting system.

Issuance of New Licences

The Department has a policy which prohibits the issuance of a licence to a vendor with an outstanding receivable; however, the Department has not complied with its own policy in that licences are issued to vendors with overdue accounts.

We reviewed the details of vendor accounts up to 31 December 2003. We found that, contrary to the Department’s policy, a total of 25 vendors with overdue accounts totalling approximately $40,000 as of 31 March 2003 were subsequently issued licences for the 2003-04 season.

2.37 Inland Fish and Game Licences

In September 2003, the Department of Tourism, Culture and Recreation commenced the practice of issuing a memo to the Department of Government Services and Lands listing which vendors should not be given new licences because they had overdue accounts. Our review indicated that the listing provided to the Department of Government Services and Lands was not accurate in that only 27 of the 60 vendors with overdue accounts were included.

Recommendations

The Department should ensure that:

- *policies and procedures are developed, communicated and followed relating to the administration of inland fish and game licences;*
- *responsibilities and accountabilities for the Government Service Centres are documented;*
- *information is maintained on licence activity and accounts receivable from vendors; and*
- *licences are only issued in accordance with Departmental policy.*

Department's Response

The Department agrees that the recommendations noted would have had some impact on the Small Games Licensing System; however, the main problem with the system was the lack of dedicated human resources to maintain the system and initiate collection efforts. In September 2001, when the system was handed over to the Department of Tourism, Culture and Recreation, the accounting records had not been properly maintained and a substantial portion of the documentation required to bring the system up-to-date was not available. Although the Department did make significant progress in reconciling the accounts and collecting outstanding amounts, it was too little too late and the end result was the write-off of $130,000 and an anticipated write-off of at least another $150,000.

2.37 Inland Fish and Game Licences

As indicated in your report, effective 1 April 2004, the prepayment system was implemented. This will eliminate the possibility of unpaid or outstanding accounts. As of the beginning of November 2004, the Department of Government Services has been instructed to forward all order/refund requests to the Inland Fish and Wildlife Division. The Financial and General Operations Division has forwarded the forms which relate to all transactions since 1 April 2004. The Inland Fish and Wildlife Division will begin to sort these documents in an appropriate manner in order to determine the number, type and revenue per license sales/issue with the intent of having this data entered directly into the SMG system. Requests for refunds will be approved and forwarded to the Financial and General Operations Division in the same manner as those processed for the Big Game fees. The Inland Fish and Wildlife Division is in the process of updating the Operational Procedures Document to reflect these adjustments prior to distribution to the appropriate Divisions and Departments.

2.37 Inland Fish and Game Licences