

DEPARTMENT OF NATURAL RESOURCES
SELECTED SCOPE FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 1993

SEPTEMBER 1994

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

94-47

DEPARTMENT OF NATURAL RESOURCES

SELECTED SCOPE FINANCIAL AUDIT FOR THE YEAR ENDED JUNE 30, 1993

Public Release Date: September 14, 1994

No. 94-47

AGENCY BACKGROUND

The Department of Natural Resources is charged with the management of public waters, lands, parks, forests, and minerals, as well as with the regulation of a broad range of activities that affect natural resources. Rodney W. Sando is the commissioner of the department.

SELECTED AUDIT AREAS

♦ *Water Recreation Account and Snowmobile Trails and Enforcement Account*

The Water Recreation Account receives fees and surcharges from watercraft registration, unrefunded gasoline taxes attributable to boats, and one-half of fines and forfeited bail money for water violations. It collected \$9.7 million in fiscal year 1993. The department uses the account for a variety of water recreation and safety purposes.

The Snowmobile Trails and Enforcement Account receives fees from snowmobile registrations and unrefunded gasoline tax attributable to snowmobile use. It collected \$5.4 million in fiscal year 1993. The department uses the account for snowmobile trail acquisitions and maintenance, safety programs, and enforcement of snowmobile laws. The largest expenditure from this account was \$2.2 million granted to local governments for construction and maintenance of snowmobile trails.

The department uses its cost accounting system to allocate payroll and operating expenditures to these two accounts. For example, in fiscal year 1993 it allocated \$4.9 million in payroll costs to the Water Recreation Account and \$1.6 million to the Snowmobile Trails and Enforcement Account.

We found that the department could not provide satisfactory support for payroll expenditures charged to these two accounts. This was particularly evident in the Trails and Waterways Division that accounted for most of the payroll costs charged to the accounts. The division's staff charged over half their time to payroll categories that were too general to indicate specific funding sources. Other problems we cited, included the license center not verifying the completeness and accuracy of license sales and the transfer of gasoline taxes in advance of the statutory dates.

Contact the Financial Audit Division for additional information.
296-1730

FINANCIAL AUDIT DIVISION



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Senator Phil Riveness, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Rodney W. Sando, Commissioner
Department of Natural Resources

Audit Scope

We have conducted a financial related audit of selected programs of the Department of Natural Resources for the year ending June 30, 1993. We emphasize that this has not been a complete audit of all programs within the Department of Natural Resources and that our audit was limited to only that portion of the financial operations as outlined below and as further discussed in Chapter 1.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we consider the internal control structure in order to plan our audit of the selected programs, and that we perform tests of the department's compliance with certain material provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on the internal control structure or on overall compliance with finance-related legal provisions.

Internal Control Structure

For purposes of this report, we have classified the significant internal control structure policies and procedures for each of the two accounts into the following categories:

- Water Recreation Account:
 - License Receipts
 - Operating Expenditures
- Snowmobile Trails and Enforcement Account:
 - License Receipts
 - Operating Expenditures
 - Snowmobile Grant-in-Aid Payments

For the internal control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Management Responsibilities

Management of the Department of Natural Resources is responsible for establishing and maintaining the internal control structure. This responsibility includes compliance with applicable laws, regulations, contracts, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition;
- transactions are executed in accordance with applicable legal and regulatory provisions, as well as management's authorization; and
- transactions are recorded on the statewide accounting system in accordance with Department of Finance policies and procedures.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Conclusions

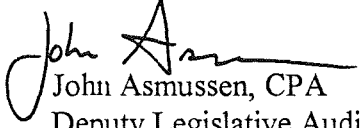
In Chapter 2, we discuss our conclusions resulting from the review of revenues collected and operating expenditures from the Water Recreation Account and the Snowmobile Trails and Enforcement Account. We found the allocation of costs to the Water Recreation Account and the Snowmobile Trails and Enforcement Account to be inadequate. The Department of Natural Resources cannot provide satisfactory support for certain payroll expenditures charged against these accounts. Other problems include the license center's lack of verification of the completeness and accuracy of license sales, and the transfer of gasoline taxes in advance of the statutory dates.

This report is intended for the information of the Legislative Audit Commission and management of the Department of Natural Resources. This restriction is not intended to limit the distribution of the report, which was released as a public document on September 14, 1994.

Senator Phil Riveness, Chair
Members of the Legislative Audit Commission
Mr. Rodney W. Sando, Commissioner
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We thank the Department of Natural Resources staff for their cooperation during this audit.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: June 17, 1994

Report Signed On: September 7, 1994

Department of Natural Resources

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Audit Participation

The following members of the Office of the Legislative Auditor prepared this report:

John Asmussen, CPA	Deputy Legislative Auditor
Margaret Jenniges, CPA	Audit Manager
Jack Hirschfeld, CPA	Auditor-in-Charge
Jean Mellett, CPA	Auditor
Susan Rumpca, CPA	Auditor

Exit Conference

The issues in this report were discussed with the following staff of the Department of Natural Resources on August 22, 1994:

Gene Gere	Assistant Commissioner
Dennis Asmussen	Director, Trails and Waterways Division
John Heintz	Administrator, Financial Management Bureau
John Bouthilet	Accounting Supervisor, Financial Management Bureau
Margaret Winkel	Administrator, License Bureau

Chapter 1. Introduction

The Department of Natural Resources, in its 1994-95 Biennial Budget narrative, describes its mission "to serve present and future generations of Minnesotans by professionally managing our rich heritage of fish, wildlife, waters, wetlands, forests, minerals, public lands, and other natural resources in order to preserve and enhance the environment. To this end, the agency is charged with the management of public waters, lands, parks, forests, and minerals, as well as with the regulation of a broad range of activities that affect natural resources."

The department has approximately 3,200 employees. Figure 1-1 shows the seven divisions of the department, departmental field operations, and support services. Directors of each division report to the assistant commissioner for operations.

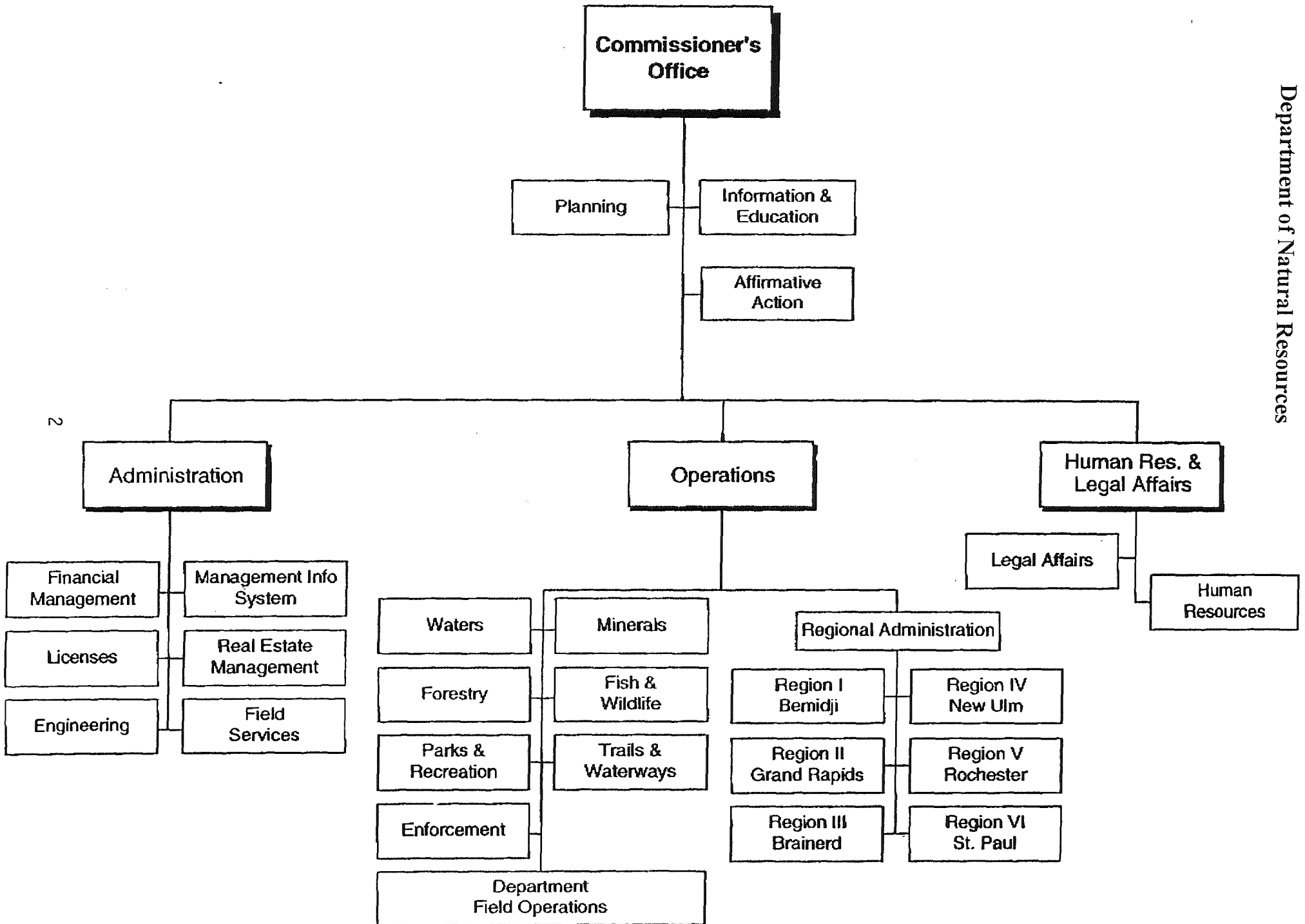
DNR operates six regions throughout the state. Each region has supervisors representing the divisions and a regional administrator who provides overall coordination and support. The regional support staff provide specialized services for field operations, including facility and equipment maintenance, inventory management, land sale and leasing administration, engineering, personnel management, financial management, information and education services, and office management functions. Most divisions within the regions also have area and sometimes district offices. The Minerals Division has two field offices (Hibbing and Ironton).

The legislative appropriations provide funding to each of the seven divisions. The legislature provides additional appropriations for department support, including field operations, regional operations, and administrative management services. The seven divisions allocate the appropriations to each region office, area office, district office, state park, and other locations.

The Department of Natural Resources receives funding for its programs through a variety of sources. These sources include the extensive use of user fee and license collections. Figure 1-2 shows the department's percent of expenditures by major source of funding for fiscal year 1993.

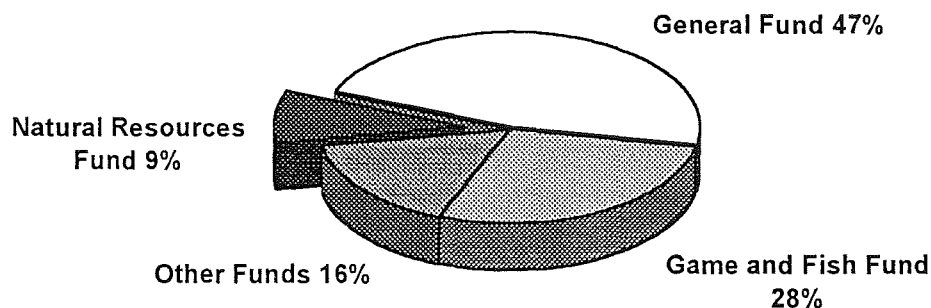
Minnesota Department of Natural Resources Organizational Structure

Department of Natural Resources



Department of Natural Resources

**Figure 1-2
Expenditures by Funding Source
Fiscal Year 1993**



Source: Fiscal year 1993 Statewide Accounting System Manager's Financial Report as of September 3, 1993.

Our audit was limited to selected components of the Natural Resources Fund. The Natural Resources Fund collected over \$17 million in revenues for fiscal year 1993. These revenues were derived mostly from gasoline taxes and registrations. The Department of Natural Resources allocates these revenues to its various divisions and support services participating in the activities of the fund. Expenditures from the Natural Resources Fund were mainly for payroll, operating, and grant expenditures.

The Natural Resources Fund consists of seven separate accounts, including the following:

- Water Recreation Account
- Snowmobile Trails and Enforcement Account
- All-Terrain Vehicle Account
- Nongame Wildlife Account
- Land Acquisition Account
- Off-Highway Motorcycles Account (new in fiscal year 1994)
- Off-Road Vehicles Account (new in fiscal year 1994).

Our audit examined selected revenues and expenditures for the Water Recreation Account and the Snowmobile Trails and Enforcement Account. These two accounts represented 89 percent of the total financial activity of the Natural Resources Fund in fiscal year 1993.

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Chapter 2. The Water Recreation Account and the Snowmobile Trails and Enforcement Account

Chapter Conclusions

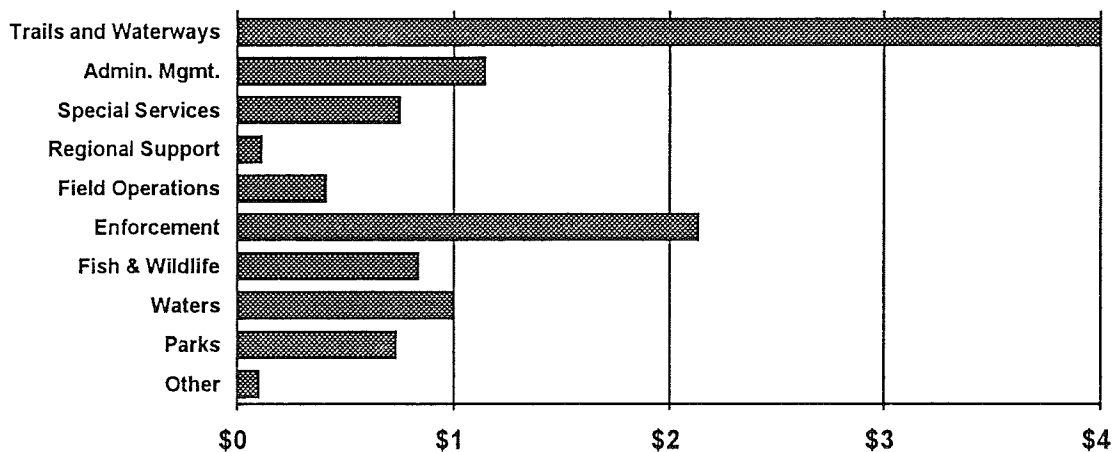
The Department of Natural Resources' allocation of certain costs to the Water Recreation Account and the Snowmobile Trails and Enforcement Account is inadequate. The department cannot provide satisfactory support for payroll expenditures charged against these accounts. This was particularly evident in the Trails and Waterways Division. Other problems include the license center's lack of verification of the completeness and accuracy of license sales, and the transfer of gasoline taxes in advance of the statutory dates.

Water Recreation Account Background

The legislature created the Water Recreation Account pursuant to Minn. Stat. Section 86B.415. By statute, the Water Recreation Account receives fees and surcharges from watercraft registrations, unrefunded gasoline taxes attributable to boats, and one-half of fines and forfeited bail money for water violations. The statutes specify that the department use these funds for acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; state park development; and boat and water safety. The department accounts for the Water Recreation Account within the Natural Resources Fund. The Trails and Waterways Division and the Enforcement Division receive the largest allocations from the Water Recreation Account. Figure 2-1 shows fiscal year 1993 expenditures from the Water Recreation Account for the divisions and the support services.

Department of Natural Resources

Figure 2-1
Water Recreation Account Expenditures by Division
Fiscal Year 1993
(in millions)



Note: Expenditures include encumbrances of \$506,731 paid during fiscal year 1994.

Source: Statewide Accounting System Managers Financial Report for fiscal year 1993 as of February 1994.

Table 2-1 shows the financial activity of the Water Recreation Account for fiscal year 1993.

Table 2-1
Water Recreation Account
Fiscal Year 1993 Financial Activity

Revenues:	
Boat Registrations	\$2,585,000
Boat Registration Surcharges	643,000
Gasoline Taxes	5,796,000
Other	<u>690,000</u>
Total Revenue	\$9,714,000
Expenditures:	
Payroll Expenditures	\$4,863,000
Operating Expenditures	2,963,000
Other	<u>2,855,000</u>
Total Expenditures	\$10,681,000
Net Expenditures Over Revenue	(\$967,000)
Beginning Balance	\$2,044,000
Ending Balance	\$1,077,000

Note: Expenditures include encumbrances of \$1,222,632 paid during fiscal year 1994.

Sources: Statewide Accounting System Estimated/Actual Receipts Reports, Managers Financial Reports, and Appropriation Balances within Fund Reports for fiscal year 1993 as of close.

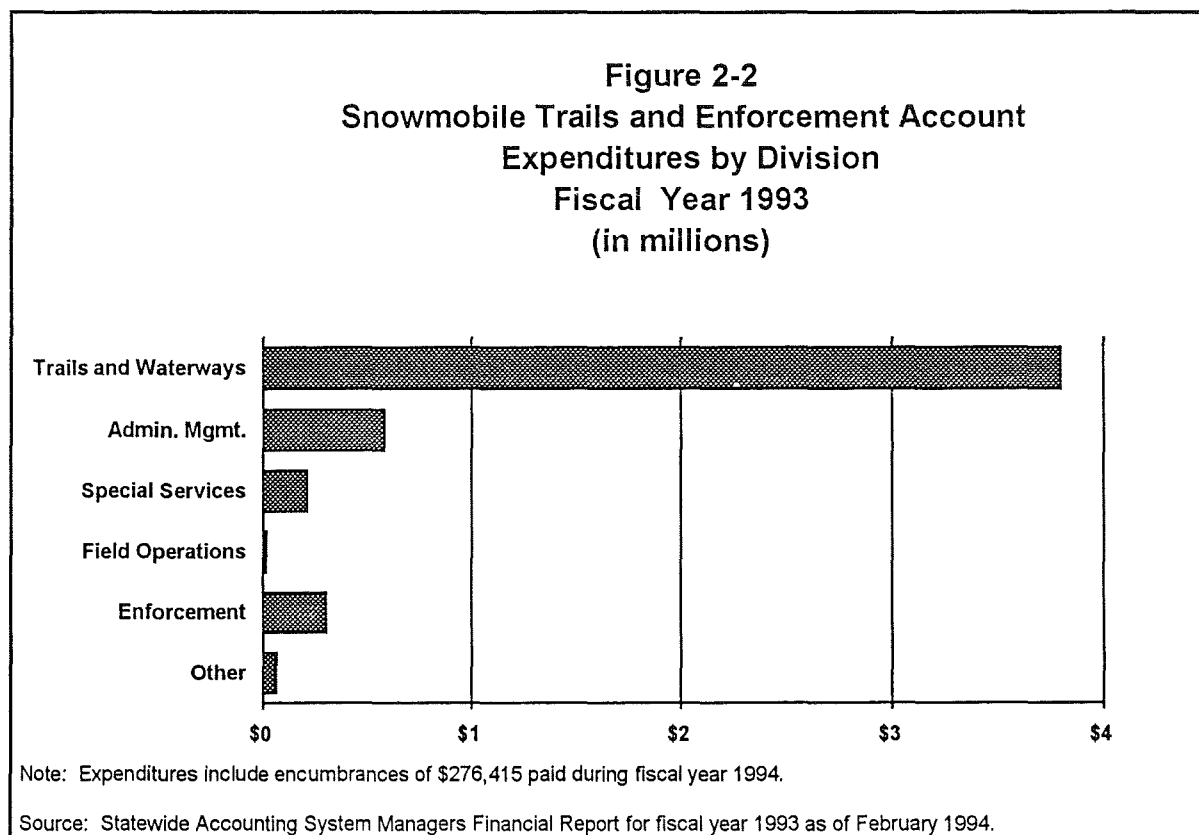
Department of Natural Resources

Snowmobile Trails and Enforcement Account Background

The legislature created the Snowmobile Trails and Enforcement Account in the Natural Resources Fund in 1973. The statutes specify that the account receive fees from the registration of snowmobiles and the unrefunded gasoline tax attributable to snowmobile use. Pursuant to Minn. Stat. Section 84.83, Subd. 3, the purposes of the account are as follows:

- (1) For a grant-in-aid program to counties and municipalities for construction and maintenance of snowmobile trails;
- (2) For acquisition, development, and maintenance of state recreational snowmobile trails;
- (3) For snowmobile safety programs; and
- (4) For the administration and enforcement of [the snowmobile laws].

The department allocates the largest portion of funding from the Snowmobile Trails and Enforcement Account to the Trails and Waterways Division. Figure 2-2 shows fiscal year 1993 expenditures from the Snowmobile Trails and Enforcement Account for the divisions and the support services.



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Table 2-2 shows the financial activity of the Snowmobile Trails and Enforcement Account for fiscal year 1993.

Table 2-2
Snowmobile Trails and Enforcement Account
Fiscal Year 1993 Financial Activity

Revenue:	
Snowmobile Registrations	\$2,252,000
Gasoline Tax	2,898,000
Other	<u>203,000</u>
Total Revenue	\$5,353,000
Expenditures:	
Payroll Expenditures	\$1,588,000
Operating Expenditures	1,453,000
Grant Expenditures	2,152,000
Other	<u>79,000</u>
Total Expenditures	\$5,272,000
Net Revenue Over Expenditures	\$81,000
Beginning Balance	\$1,666,000
Ending Balance	\$1,747,000

Note: Expenditures include encumbrances of \$915,897 paid during fiscal year 1994.

Sources: Statewide Accounting System Estimated/Actual Receipts, Managers Financial, and Appropriation Balances within Fund Reports for fiscal year 1993 as of the closing date.

Cost Allocation

The legislature established both the Water Recreation Account and the Snowmobile Trails and Enforcement Account as self-supporting. The legislature dedicated the revenues collected by each account to the specific objectives of the account. The Department of Natural Resources is responsible for using the revenue to accomplish the specific purposes for which it was collected. The department must be able to demonstrate compliance with the statutes through proper cost allocations.

Department projections for the Water Recreation Account and the Snowmobile Trails and Enforcement Account indicate that, under current operating conditions, both accounts will have a negative fund balance by fiscal years 1996 or 1997. However, Minn. Stat. Section 16A.15, Subd. 1, requires state agencies to maintain a balanced budget. The department is monitoring the accounts and has developed several options to address this concern.

As a part of our audit, we reviewed the appropriateness of payroll and other operating expenditures charged to both the Water Recreation Account and the Snowmobile Trails and Enforcement Account. We analyzed payroll cost allocations for employees of the Trails and

Department of Natural Resources

Waterways Division. Of the payroll costs charged to the Water Recreation Account and the Snowmobile Trails and Enforcement Account during fiscal year 1993, most were from the Trails and Waterways Division.

Within the Trails and Waterways Division, most employees work on a variety of activities during a fiscal year. Each of these activities may be funded from one of several different sources. Instead of allocating a portion of each employee's salary among different funding sources, the Trails and Waterways Division generally pays each employee's entire salary from one funding source. Each payperiod, employees record actual time spent on specific activities on their biweekly timesheets. The department does not formally compare employees' time spent on specific activities to the salaries charged to those specific activities. In addition, the department does not adjust for any differences between the two. Instead, the department assumes that, over time, total salary costs charged to the various funding sources will be reasonably accurate.

For each account, the department was unable to adequately demonstrate that certain expenditures correlated to the cost of services provided. As a result, we do not believe that the department has taken sufficient steps to show it used the Water Recreation Account and the Snowmobile Trails and Enforcement Account only for purposes specified in the statutes.

1. The Department of Natural Resources was unable to show that payroll expenditures from the Water Recreation Account and the Snowmobile Trails and Enforcement Account correlate to the cost of services provided to those accounts.

The Department of Natural Resources cannot demonstrate that it has adequately allocated payroll costs to the Water Recreation Account and to the Snowmobile Trails and Enforcement Account. The department cannot verify the accuracy of its current allocation system because staff charge a large amount of their time to payroll categories which are too general to indicate specific funding sources. In addition, once the department has identified necessary payroll adjustments, it has not developed a method of pursuing those adjustments and making the necessary corrections.

In an attempt to verify the reasonableness of payroll charges to both the Water Recreation Account and the Snowmobile Trails and Enforcement Account, we compared the Trails and Waterways Division salary allocations to the cost of the services provided to those funding sources as recorded on employee time sheets. The comparison showed significant differences between actual payroll expenditures and the cost of services provided to the funding sources. We attribute the differences to two major causes. First, the Trails and Waterways Division staff code much of their time to administrative activity codes, rather than to specific activity codes. The department has not formally allocated this time to specific activities. In addition, the department currently does not have a mechanism in place to adjust its payroll allocations when necessary.

Trails and Waterways Division staff code substantial amounts of time to codes which are not specific to an activity. About 51 percent (or \$2,200,000) of the total time coded for fiscal year 1993 was coded to administrative activities (general trails programs, Trails and Waterways administration, and general administration). In order to facilitate proper payroll cost allocations, to the extent possible, employees must identify specific activities and funding sources, and code their time directly to the activities on which they worked. The department must work out a

Department of Natural Resources

reasonable allocation plan to distribute any remaining administrative time to specific funding sources.

In addition, the Trails and Waterways Division has not taken adequate steps to adjust expenditures among the various funding sources when actual time charged differs from estimated results. The division should monitor actual results and compare them to estimated results. If there are differences, the division should adjust actual expenditures to reflect the cost of the time dedicated to that funding source.

Recommendations

- *The Department of Natural Resources should direct employees to limit time recorded to general administrative categories.*
- *The department must develop a systematic and rationale method for allocating general administrative time among its funding sources.*
- *The department should periodically compare actual time recorded on employee timesheets to payroll charged to the various funding sources. Based on the comparison, it should make any necessary adjustments to payroll charges.*

2. Some regions do not charge fleet costs to the Water Recreation Account and Snowmobile Trails and Enforcement Account based on actual usage.

Some regions do not properly charge fleet costs to the Water Recreation Account and the Snowmobile Trails and Enforcement Account. Fleet costs are the cost of using department vehicles. The correct process is to record the daily use of the vehicle by activity using cost codes. On the basis of this cost coding, the regions charge their costs to the various accounts.

We noted that two regions were charging their fleet costs based on the time of year. In summer these regions charge most of the fleet costs to the Water Recreation Account within the Natural Resources Fund. This is true whether or not they used the vehicle only for Water Recreation purposes. For example, one region charged a June fleet invoice totaling \$1,523 to the Water Recreation Account. However, the coding on the invoice indicated that only half of the costs were associated with Water Recreation Account activities. In winter, the regions charge most of their fleet costs to the Snowmobile Trails and Enforcement Account. The process of charging the fleet costs to an account based on the season is a simplified approach used to reduce invoice processing. Because of this approach, we could not determine whether the costs charged to the two accounts reflect the actual usage of the vehicle. Because the regions are already coding their fleet costs on a daily basis, using the capabilities of the fleet invoice system would not result in any extra invoice processing time. It would also provide a more accurate method of charging fleet costs to the two accounts.

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Recommendation

- *The charging of fleet costs to accounts should incorporate the invoice processing system available from fleet management and should be based on the actual usage of the vehicle.*

Revenues

As shown in Tables 2-1 and 2-2, major sources of revenues for both the Water Recreation Account and the Snowmobile Trails and Enforcement Account are registrations and gasoline taxes. As part of our audit, we assessed the adequacy of the department's procedures over these revenue sources.

3. DNR does not adequately account for license sales.

The license center does not verify the completeness and accuracy of license sales deposits. Problems with the processing of receipts include inadequate deposit procedures and supporting documentation. The problems noted include:

- DNR does not include lapsed registration renewals in the deposit lists and does not separately account for these renewals. Lapsed registration renewals are boat and snowmobile registrations over one year old that have not been renewed. The computer system was not designed to process lapsed registration renewals. As a result, license center employees remove these cards from deposits and manually input these sales. Because the license center does not include the lapsed renewal registrations on the deposit listing, deposit amounts will not reconcile to the number of licenses issued.
- The license center does not retain documentation supporting adjustments to cash register tape totals. Employees occasionally discover inaccurate cash register transactions when they balance the daily deposits. Employees document adjustments to cash register tape totals on a worksheet used to determine the amount of the deposit. The license center discards this worksheet within a few weeks. Without this worksheet, the license center cannot support the accuracy of the deposit.
- Supervisory staff reviews voids only when counter staff cannot balance their deposits. Supervisory staff should review and approve all void transactions to insure the validity of voided sales. Voided sales should be included in the reconciliation between cash and the total receipts on the cash register tape.
- The license center has not established a cash over and short account to record differences between actual and recorded cash receipts. This account would assist in accounting for overages and shortages in the cash drawers. The cash over and short account would also assist in reconciling cash receipts to licenses issued.

Because of the problems in processing license sales receipts, the license center does not reconcile the total licenses issued to the amount of revenue. Without the reconciliation, the license center

Department of Natural Resources

has limited assurance that the deposits to the Water Recreation Account and the Snowmobile Trails and Enforcement Account are accurate.

Recommendation

- *The license center should reconcile license receipts to the number of licenses issued. The supervisor should review all adjustments and voids. The license center should establish a cash over and short account to assist in accounting for immaterial cash differences.*

4. The Department of Natural Resources inappropriately received gasoline tax receipts from the Department of Revenue prior to the required dates.

The Department of Natural Resources received its portion of the gasoline taxes from the Department of Revenue in advance of the statutory dates. Revenue collects all of the state gasoline taxes during the year. The statutes entitle DNR to a share of the receipts for the funding of the Water Recreation Account activities. Minn. Stat. Section 296.421, Subd. 5 states that " the amount of such tax shall be computed for each six-month period commencing January 1, 1961, and shall be [credited to the Water Recreation Account] on November 1 and June 1 following each six-month period." However, during fiscal year 1993, Revenue made the transfers on September 2 and March 3, up to three months in advance of the required dates.

Recommendation

- *The Department of Revenue should transfer DNR's portion of the gasoline taxes to the Water Recreation Account on the dates specified in the statutes, or seek amendment to the statutory provision.*

Grant Payments

The Trails and Waterways Division makes grant payments to local organizations for trail administration, development, maintenance, and grooming. The division reimbursed local organizations \$1,385,000 for grant activities out of the Snowmobile Trails and Enforcement Account during fiscal year 1993. We found that the division made calculation errors in some of these grant expenditures.

5. The department made inaccurate snowmobile trails grant-in-aid payments.

The department made calculation errors in reimbursements to the local government units for snowmobile trails grant-in-aid expenditures. Trails and Waterways administers a cost-sharing program for the development and maintenance of snowmobile trails. Trails and Waterways Division regional and area supervisors review and process the necessary grant forms, provide technical help, monitor trails for performance of reimbursed activities, and conduct informational meetings with local organizations.

Department of Natural Resources

The Trails and Waterways Division does not adequately review invoices prior to the payment. Errors in the computation of the grant payment amount were evident in seven out of the nine grants tested. These errors mostly consisted of inaccurate calculations of the number of hours worked. Examples include an overpayment of \$400 for excessive administrative expenditures, and an underpayment of \$120 for incorrect hours. While the net dollar amount of the errors was not material, the large number of errors indicates a common problem with the review of invoices. To insure the accuracy of grant payments, the department should review the invoices for errors.

Recommendation

- *The department should develop a standard for reviewing snowmobile trails grant-in-aid reimbursement requests.*

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Minnesota Department of Natural Resources

OFFICE OF THE COMMISSIONER

500 Lafayette Road

St. Paul, Minnesota 55155-4037

August 30, 1994

Mr. James R. Nobles, Legislative Auditor
Office of the Legislative Auditor
First Floor, Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155

Dear Mr. Nobles:

Thank you for the opportunity to respond in writing to the audit of the Department of Natural Resources for the year ended June 30, 1994.

Finding #1: Payroll Cost Allocations

Your audit finds that our current methods of allocating expenses to the Water Recreation Account and Snowmobile Account are insufficiently detailed. It recommends a series of steps to improve our cost coding and to use it as the basis of cost allocations. For example, it points out that too much time was coded to administrative activities. We agree. The following steps will be taken to address these concerns:

1. Trails and Waterways management has directed staff to be more precise in cost coding; staff will code time to specific projects or activities whenever possible, rather than general codes.
2. Those amounts coded to administrative activities will be allocated at year-end to the various funding sources.
3. We will periodically compare actual time recorded on time sheets to payroll charged to various funding sources and make any adjustments necessary as part of our year-end closing process.

Finding #2: Fleet Charges

The audit recommends that the invoice processing system from fleet management be the basis of charges. The Trails and Waterways Division will charge based on actual usage as reflected in the invoice system.

Finding #3: License Sale Receipts

The audit recommends that we reconcile license receipts to the number of licenses issued, review adjustments and voids, and establish over and short account. The License Bureau will develop procedures to implement these recommendations.



Mr. James R. Nobles
Page Two
August 30, 1994

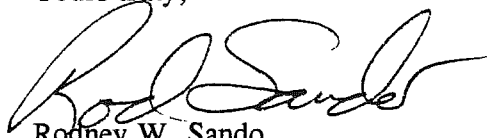
Finding #4: Gas Tax Transfers from Department of Revenue

We will seek legislation to amend the statutory provisions. This may involve elimination of specific dates. The dates are unnecessary because we can work out the timing of transfers with the Department of Revenue.

Finding #5: Grant Documentation

The audit recommends we should develop a standard for reviewing snowmobile trails grant-in-aid reimbursement requests. The Trails and Waterways Division will establish a process to review the accuracy of reimbursement requests.

Yours truly,

A handwritten signature in black ink, appearing to read "Rod Sando", written over a horizontal line.

Rodney W. Sando
Commissioner

cc: Jack Hirschfeld
Ron Nargang
Gene Gere
Ray Hitchcock
Dennis Asmussen
Margaret Winkel-Ledin
John Heintz
John Bouthilet