

TEXAS PARKS AND WILDLIFE DEPARTMENT
BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

ELTON BOMER
CONSULTANT

***ELTON BOMER
CONSULTANT
1199 F.M. 837
MONTALBA, TEXAS 75853
(903)549-3232***

March 29, 2002

Ms. Katharine Idsal, Chairman
Texas Parks and Wildlife Commission
4200 Smith School Road
Austin, Texas 78744

Mr. Robert L. Cook, Executive Director
Texas Parks and Wildlife Commission
4200 Smith School Road
Austin, Texas 78744

Dear Chairman Idsal and Director Cook:

I am pleased to submit the final report of our review of various business practices at the Texas Parks and Wildlife Department.

In our management audit, we have reviewed, analyzed, and made recommendations with respect to several operations, practices, or processes including the subjects covered in the State Auditor's report of October 2001. In addition, we examined your consideration of fee increases for parks, hunting and fishing licenses, boats, and other activities.

This report contains my candid observations of the agency as it operates and as it is perceived by the Legislature. The Project Team, which included me, T.C. Mallett, and Sidney Hacker, represent several years of combined experience in state government working at the Comptroller's office, the Appropriations Committee, and experience as a legislator and CEO of a major state agency. In order for these recommended changes to be implemented, direction must come from the highest level of the Department and oversight by the Commission. I strongly recommend that you appoint one person to be responsible for reporting the progress of the implementation to you, the executive staff, and the Commissioners. I am personally committed to working with legislative leadership, the Department, and the Commission to see that the approved recommendations are carried out.

Thank you for this opportunity to have been of service to the Texas Parks and Wildlife Department. You, the Commissioners, and the entire staff have been most cooperative in helping us obtain the information we requested. Everyone has been extremely cordial, making our working relationship a very pleasant one.

Sincerely,

Elton Bomer

ACKNOWLEDGMENTS

This report would not have been possible without the cooperation of many people in state government. In particular, the project team wishes to thank:

- Parks and Wildlife Commission
- Governor's office
- Lieutenant Governor's office
- Speaker's office
- Finance Committee staff
- Appropriations Committee staff
- Comptroller's office
- Legislative Budget Board staff
- State Auditor's Office
- Parks and Wildlife Foundation
- Parks and Wildlife Department staff

The Project Team acknowledges the superb cooperation and leadership of the Executive staff, Chairman Idsal, and the Commissioners, as well as the staff of Texas Parks and Wildlife Department.

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Introduction

Fiscal year 2002 marks the beginning of a new era for Texas Parks and Wildlife Department. Several events during 2001 converged to mark significant changes and opportunities for the agency.

Legislative Changes

The 77th Legislative Session concluded work at the end of May 2001, having passed major legislation affecting the agency. The Sunset Commission issued a report on TPWD in April 2000 with several notable recommendations for changes. The Summary Overview of this report included the following opening paragraph:

The Sunset staff review of the Texas Parks and Wildlife Department found an agency that is genuinely trying to meet public needs in imaginative and innovative ways, but needs to improve its decision making, planning, and internal oversight processes to fully achieve its goals. While the Department is to be complimented for its innovative spirit, the review found a number of areas where TPWD has created duplicative and competing programs that result in a lack of agency wide focus. The review also revealed problems and opportunities in how the Department addresses conservation and recreation, how it relates to private foundations, and in its ability to implement a business-style approach to TPWD operations.

Senate Bill 305 passed during the 77th session as the agency's Sunset legislation. The Act continues TPWD until 2013 and contained other provisions requiring changes in the way the agency operates. Some of the changes are:

- Prohibition of accepting an advertisement that promotes the sale of tobacco for a publication sponsored or published by the agency.
- Requires the State Auditor's Office to audit TPWD employee fund raising activities that involve certain donations. SAO is also required to audit TPWD's official nonprofit partner's (Parks and

Wildlife Foundation of Texas) financial transactions involving state funds.

- Prohibits TPWD from contracting for certain publications without control over ads appropriate for viewing by youth.
- Requires TPWD to limit spending of education and outreach programs until a report to the TPWD Commission and various legislative committees is submitted on the cost-effectiveness of the programs.
- Requires TPWD to inventory historical, natural, recreational, and wildlife resources.
- Requires oyster bed lease rates to increase and caps oyster bed leases at 15 years.

House Bill 3064 and HJR97 authorized \$101.5 million in general obligation bonds to address the critical repairs backlog and scheduled maintenance repairs at state parks and designated several facilities for priority funding. The 2002-03 General Appropriations Act appropriated \$36.7 million of these proceeds for TPWD projects. These actions represent the most significant increase in facility funding for the agency in many years.

Change in TPWD Leadership

Other events also were converging along this path during 2001. The Parks and Wildlife Commission acquired a new Chairman in June 2001. Katharine Idsal approached her new responsibilities with particular enthusiasm and a sense of responsibility. During the August 2001 TPWD Commission meeting, Executive Director Andy Sansom announced his resignation from the agency after more than a decade of leadership. His departure was to be effective as of December 31, 2001. Effective February 1, 2002, Robert L. Cook was named the agency's new Executive Director.

State Auditor's Report

In October 2001, the State Auditor's Office issued a report titled *Revenue Management at the Parks and Wildlife Department*. This report, the fourth from the SAO since 1995, contained significant criticism of the financial practices at the department. The findings included:

- Failure to collect all revenue from its \$63 million point-of-sale licensing system due to inadequate oversight, contract deficiencies, and poor vendor performance.
- Mailroom and cash handling procedures that increase the Departments risk of losing revenue due to fraud and abuse.
- The Department has not consistently allocated Supercombo license revenue to statutorily restricted stamp funds.
- Poorly designed processes that contribute to a high rate of non-value added activities in the Finance Section's Revenue Branch.
- The Department has not reconciled revenue in USAS and its internal accounting system since 1998. There is \$23.4 million more revenue recorded in USAS than in its internal accounting system.

Management Review

With the events outlined above in mind, along with a growing distrust of budget figures presented by the TPWD staff, legislative leadership relayed a request to the Parks and Wildlife Commission that they employ the services of a consultant to perform a management review of the operations and business practices of Texas Parks and Wildlife Department.

In November 2001, TPWD published a notice in the Texas Register requesting proposals to provide the following management consulting services.

Description of Services. *The selected consultant will perform a comprehensive management review of the business practices of the Texas Parks and Wildlife Department, will make recommendations for improvements, and will provide an implementation plan and schedule for the proposed improvements. The review will include among other things the following:*

1. *Examination of issues and recommendations of the State Auditor's Office in it's Audit Report*

on Revenue Management at Texas Parks and Wildlife and proposed improvements and changes to be made by the Department in response to this audit report.

2. *Identification of strategic issues that will be addressed by the Commission.*
3. *Examination of current long-term financial obligations.*

Following evaluation of the proposals submitted, TPWD contracted with Elton Bomer, former state representative, Secretary of State, and Commissioner of Insurance, to perform a review of the agency and to prepare this report. According to the terms of the contract, work began on January 1, 2002 and was completed at the end of March 2002, well in advance of the maximum number of authorized days.

Project Team

The Project Team consisted of Elton Bomer, with the assistance of T.C. Mallett and Sidney Hacker. The experience of this team brought many years of combined experience in state government to the project. This experience included service as an elected state representative, CEO experience at a large state agency, many years of management work with the state appropriations process and leadership of the state's accounting, budget, payroll, and financial reporting systems, and experience with the Appropriations Committee and the Comptroller's Performance Review, to TPWD as added background value toward the evaluation detailed in this report.

Executive Summary

Purpose of Review

The Texas Parks and Wildlife Commission requested this review at a time of leadership change and transition for the Parks and Wildlife Department. During an event filled year 2001, the long-time Executive Director at TPWD, Andy Sansom, resigned effective December 31, 2001. Several new members and a new Commission Chairman, Katharine Idsal, set the basis for a newly formatted Commission with an intense desire to start with a fresh approach and review of agency operations at the same time they were in the process of hiring a new Executive Director. Robert L. Cook was named Executive Director effective February 1, 2002.

Of particular note is the October 2001 report from the State Auditor's Office titled *Revenue Management at the Parks and Wildlife Department*. This report contained significant criticism of several financial management practices at the department and was the fourth report issued on TPWD by the SAO since 1995.

Our review, as detailed in this *Business Practices Evaluation*, concentrated efforts on management practices, and on the financial management and budgetary control mechanisms employed by the agency. The Project Team met with the Parks and Wildlife Commission, performed interviews with each member of the Executive Management Team and key staff, and interviewed and met with numerous employees within the agency. In addition, meetings with the Governor's Budget Office staff, staff at the Speaker's Office, Lt. Governor's Office, Legislative Budget Office, Senate Finance Committee, House Appropriations Committee, State Auditor's Office, and Comptroller's Office were conducted to gather additional insight into the operations and concerns facing the agency.

The Project Team hopes the information in this report will be useful to the Parks and Wildlife Commission and to the staff of the department, the Governor, legislative leadership, legislative and budget oversight offices, the State Auditor's Office, the Comptroller's Office, and to the general public whose lives are touched every day by the activities of this large and diverse agency.

**Brief History of
Texas Parks and
Wildlife
Department**

Texas Parks and Wildlife Department was created in 1963 when the Legislature merged the State Parks Board and the Game and Fish Commission. Responsibilities were expanded in 1983 with the passage of the Wildlife Conservation Act authorizing the agency to manage the fish and wildlife resources in all Texas counties. This Act also increased the agency's governing body from a three-member commission to the present nine-member commission. All commissioners are appointed by the Governor, with confirmation by the Senate, for six-year staggered terms.

TPWD operates more than 120 state parks, 50 wildlife management areas, and several historical sites comprising more than 1.3 million acres of public lands. The department also operates eight fish hatcheries for both freshwater fish and coastal species. Authorized staffing levels of the department, as contained in the 2002-03 General Appropriations Act, allow 3,035 full time employees. As a result of budget and revenue pressures, the agency actually operates well below the authorized maximum and is currently under considerable pressure to find more revenues that would enable them to expand operations. Several new parks and other major projects were authorized in the 2001 legislative session, along with considerable funding for repair, maintenance and construction activities. However, the department was not successful in obtaining additional funding for a legislatively mandated pay increase.

Texas Parks and Wildlife Department is a large and extremely diverse state agency. Approximately 75% of the staff work outside the Austin headquarters, with many of the law enforcement and other staff assigned to remote areas. With operations and staff spread over the entire expanses of the State of Texas, and with duties including law enforcement for all hunting and fishing laws, protection of persons within state parks, and the conservation of all natural resources and species of fish and wildlife in the state, the department has a heavy sense of responsibility to the present and future generations of Texas residents.

Over a period of years, TPWD has experienced a decline in its facilities in state parks and other areas due to minimal maintenance and construction activities.

Meanwhile, with the increasing population in Texas, there is ever increasing pressure for more and better facilities. Also, the increasingly urban population is keenly aware of the need to protect and conserve the environment, habitat and natural resources in which the fish and wildlife thrive, and to maintain the wonderful characteristics that make Texas the state we all know and love.

Review Approach This report examines the business practices of TPWD, with particular emphasis on financial controls, budget development, revenue collection practices, and suggestions on changes in the management structure. Recommendations are included in each of these areas with the emphasis being placed on practical solutions which can be accomplished within available funding and which will enhance the effectiveness and credibility of the department.

To review TPWD operations, the Project Team:

- Interviewed government officials, key legislative staff, and oversight agencies, including:
 - Members of the Parks and Wildlife Commission
 - Staff of the Governor's Office
 - Staff of the Lt. Governor's Office
 - Staff of the Speaker's Office
 - Staff of the Senate Finance Committee
 - Staff of the House Appropriations Committee
 - State Auditor and staff of the State Auditor's Office
 - Director and staff of the Legislative Budget Office
 - Staff of the Comptroller's Office

- Executive Director, staff and employees of Parks and Wildlife Department
 - A list of those interviewed is attached in Appendix D.
- Reviewed prior audits and reports including the following:
- *Texas Historic Sites, A Study Conducted for the Texas Historical Commission and Texas Parks and Wildlife Department (1997)*
 - *Texas Parks and Wildlife for the 21st Century, an Overview of the Texas Tech University Studies in Conservation and Recreation for the Coming Decades*
 - *Sunset Advisory Commission, Texas Parks and Wildlife Department Staff Report 2000*
 - *State Auditor's Office Report on Revenue Management at the Parks and Wildlife Department, October 2001*
 - *State Auditor's Office Report on Management Controls at TPWD, November 1995*
 - *State Auditor's Office Report on the Texas Parks and Wildlife Department's Management of the State Park System, September 1998*
 - *State Auditor's Office Report on Catalog Operations at the Parks and Wildlife Department, April 1999*
 - Numerous other documents, publications and Internal Audit reports at TPWD

Regular meetings were held with the newly appointed Executive Director, Robert L. Cook, and other executive management at TPWD. The Project Team discussed findings on most situations as they were identified and made recommendations for immediate implementation

where changes could be made to improve operations. Other issues were discussed and are contained in this report with recommendations on actions needed for implementation.

Issues Identified

There are numerous significant issues contained in the details throughout the chapters of this report. This Executive Summary will not attempt to restate all of these items, but will instead highlight some of the overriding concerns that became evident to the Project Team as we examined the practices of the agency.

Decentralized Organization

A striking characteristic of TPWD is the separateness of each division. Each division director has his or her charge of responsibilities. There seems to be little effort at work coordination with other divisions. Various reasons for this have been given, but the one constant seems to be the funding and budget structure. For example Wildlife Division may have a dump truck that is used only a small percentage of the time. Parks Division may have a dump truck in the same area that is also used on a part time basis. Because wildlife funds are not to be used for parks and parks funds are not used for wildlife there is a negative incentive to use only one dump truck.

Another example is that although approximately 75% of agency staff are located in remote offices throughout the state, there is little effort to co-locate staff in the same office complex. As detailed in the report, a small coastal area may have staff from three separate divisions, each with boats and office space needs. None of the three divisions house either staff or equipment in the same facility because there is no incentive to save money. It is the opinion of the Project Team that the agency is too decentralized and our proposal to change the organization structure addresses this concern.

Mission Statement

Texas Parks and Wildlife Department's mission statement is:

To manage and conserve the natural and cultural resources of Texas for the use and enjoyment of present and future generations.

TPWD is funded by a variety of revenue sources, including hunting and fishing licenses. In fact, 27 percent of total funding for the agency is from hunting and fishing license revenue. Despite this fact, neither the agency's mission statement nor its statement of philosophy contains the words "hunting" or "fishing".

The Project Team recommends that a revised mission statement be adopted by the Commissioners to reflect the agency's dedication to protecting and improving hunting and fishing opportunities in the state. Additional information on the mission statement can be found in the Organizational Issues chapter of this report.

Business by Telephone or Internet at Parks and Wildlife Department

TPWD operates a Call Center with staffing levels of about 50 to 70 people. This area handles the telephone and Internet traffic contacting the agency requesting park reservations, information, and other business with the agency. This area handles 350,000 to 400,000 calls each year. Of that total about 300,000 are park reservation requests, which are a major revenue generator for the Park operations of the department.

The Project Team observed several inconsistencies in the customer service aspects of both fees and access capability as follows:

- Toll free phone calls for reservations at parks are not accepted. All other calls on the toll free numbers are accepted. This is reported to be the single area receiving the most complaints from the public. Callers simply do not understand why they are required to pay for a call in order to spend money with the agency.

- For Internet reservations using credit cards, there is a \$3 charge for a convenience fee. If a reservation is made by phone, there is no convenience fee charged.
- Telephone calls for hunting and fishing licenses require a \$5 convenience fee.
- There is presently no Internet capability for hunting and fishing licenses or for boat registration and titling or other business at the agency. Discussions are underway with Texas Online to explore adding these features. A \$5 convenience fee will apply when the feature becomes available.
- Refunds at state parks are limited to \$36 by a long-standing policy at TPWD. The practice needs to be re-examined due to numerous customer complaints. Many park visitors make reservations as far ahead as 332 days with pre-payment of their fees. If bad weather or other refundable event occurs, they frequently do not understand having to wait as much as 4 to 6 weeks for a state warrant to be issued.

The Project Team recommends these various business practices be completely re-evaluated. If economically feasible, the convenience charges should be uniform for each type of customer service. A Toll Free 800 number should be available for customers who want to spend money with TPWD, on an equal status to callers wanting general information.

Financial Management Issues

The Project Team examined the issues raised in the SAO report dated October 2001, as well as other practices related to revenues, bank accounts, appropriation balances, and other financial transactions. While the SAO report concentrated on revenue reconciliation between the Comptroller's USAS system and the TPWD internal accounting system, similar conditions exist in other areas. Details of areas of concern in revenue reconciliation, expenditure reconciliation, advance travel fund outstanding balances, the number and reconciliation practices on 180 bank accounts and state property

accounting are detailed in the chapter titled Financial Management Issues.

Organizational Issues

The Project Team recommends several significant changes in the organizational structure of the department. Current practices and management structure result in TPWD being run as if they were 10 separate agencies or companies. There is little incentive to share resources, equipment, or even office space among divisions. Purchasing, vehicles, and all other funding are handled by each division as a separate unit.

Our recommendations include the creation of a Deputy Director for Administration, and a Deputy Director for Programs. These Deputy Director positions would report directly to the Executive Director and be responsible for coordinating both the business practices of the agency as well as the program activities. A General Counsel position should be created with all agency legal staff reporting to the position. This will provide uniformity in all legal matters within the department. Expanded budget staffing and a concentration of staff expertise in federal funding is also a key recommendation. Simply put, TPWD needs to begin thinking, operating, and budgeting as a single agency rather than 10 separate units. These actions will be key to their success in gaining credibility with the Legislature and the public confidence as the department begins a new round of consideration for fees or other measures that will increase revenues available for operating funding.

Recommendations are also made regarding the following:

- Internal Audit
- Deputy to the Executive Director
- Infrastructure Staff

Fee Increase Proposal

In August 2001, TPWD staff placed before the Commission a consideration for the increase of various fees, including fees for hunting and fishing licenses, boat titles and registrations, and park entrance and facility fees. The project team worked closely with the executive staff, legislative committee staffs, and leadership staffs early in the project to help determine if the fee increases were really needed. Certain fee increases had been mandated, i.e. commercial fishing license fees and oyster bed leases. But, after examining several resource areas such as operating budget balances, lapsed General Revenue, and a desire to “spend-down” certain fund balances, the executive staff recommended to the Commission that fees, except for mandated increases, not be increased. The Project Team and the Commission agreed with their recommendation.

Long Term Capital Projects

The Infrastructure Division has a good grasp of the impact of major capital projects on the department’s budget and operations over the next decade. This report examines most of the major projects that are planned and started. The revenue sources, expenditures planned, the need for the project, schedules and projected revenue shortfalls are examined for the planned capital projects on an individual basis.

The Project Team strongly suggests that the Commission and Department provide the Legislature with a strategy of completing the projects to which TPWD is already committed but to *not* add to the existing list. **You need to pay for what you have already bought!**

Additional Business Practices

Allocation of Credit Card Revenue to Proper Fund

Since September 2000, concurrent with ownership of bank accounts transferring to the Treasury, and when hunting and fishing licenses were sold in State Parks and paid by credit card, the revenue was deposited into Fund 64 rather than Fund 9. This was due to a lack of revenue control and reconciliation processes that should have been in place. The Project Team has used an estimating

place. The Project Team has used an estimating methodology that places the amount of the revenue deposited in the wrong fund at approximately \$300,000. However, the TPWD staff is working on a detailed methodology to more precisely determine the amount of revenue that will be transferred from Fund 64 to Fund 9. At the time of printing this report the actual number was estimated by TPWD staff at approximately \$257,000.

Vehicles

In the report section titled “Optimizing Assets”, the Project Team notes an internal audit released in October 2000 regarding the use of vehicles at the Austin Headquarters location. The audit findings are precise and revealing, i.e. too many vehicles with not much official use. The Project Team recommends that the Executive Director should substantially reduce the number of vehicles at the headquarters location, thereby freeing up money that could be used in other areas of a cash-strapped agency.

Transfer of Some Headquarters Personnel to the Field

The new Executive Director is developing several initiatives that would significantly change some practices at TPWD. He will propose reassigning employees or positions, with a goal of 20% to 25%, from the headquarters location to the field. He has long felt that many of these valuable resources could be better used in the field, and could provide better service from the department to the public.

The Executive Director is commended for working on some substantial changes at the Department, and those recommendations are enumerated in the section titled “Organization” in this report. The Project Team endorses his proposals and believes they deserve serious consideration.

Other Issues

There are many other issues detailed in this report. Many have common threads related to the need to share resources across division lines that could be increased through accounting techniques to allocate funding as

required by dedicated funding streams. Other issues relate to customer service, completing interface programming on their internal financial system, changing work flow procedures in the revenue areas, and the need for future planning on the multitude of long range projects currently in progress or in the planning stages.

As you read this report, please keep in mind that TPWD has taken the initiative to study its practices and make the changes necessary to survive the challenges of the 21st century. The newly appointed Executive Director is to be commended for management actions observed by the Project Team in the short time since appointment in February 2002. With the support of the Texas Parks and Wildlife Commission and key legislative staff, TPWD is poised for success in gaining the critical support and credibility it so badly needs. We believe they are going in the right direction.

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CHAPTER I

STATE AUDITOR'S REPORT

Revenue Management at the Parks and Wildlife Department:
Recommendations with Respect to the State Auditor's Report of
October 2001

TEXAS PARKS AND WILDLIFE DEPARTMENT

BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

Chapter I

State Auditor's Report

Revenue Management at the Parks and Wildlife Department: Recommendations with Respect to the State Auditor's Report of October 2001

OVERVIEW

In October 2001, the State Auditor's Office (SAO) issued their final report, *An Audit Report on Revenue Management at the Parks and Wildlife Department*, detailing the findings and recommendations resulting from nearly a year's worth of work at Texas Parks and Wildlife Department (TPWD). This was the fourth TPWD audit report issued by SAO since November 1995. The 2001 report contained eight different sections of findings that highlighted a variety of management control weaknesses in the agency's revenue operations. The weaknesses ranged from problems in the mailroom, to \$23.4 million in unreconciled accounting entries between TPWD's Internal Financial System (IFS) and the Uniform Statewide Accounting System (USAS).

The report contained substantial criticism, and was issued at a time when the Texas Parks and Wildlife Department was trying to convince the state's leaders that the agency needed to increase fees in order to fund agency operations for the 2002-2003 biennium. The state's leaders were already skeptical about the validity of TPWD's budget problems.

Despite the criticism, the SAO report provides TPWD with a timely opportunity to strengthen agency internal operations. TPWD can also take this opportunity to improve the agency's credibility among the state's leadership and their staff by regularly communicating progress in addressing the issues raised by the SAO report.

The Project Team reviewed the report, interviewed the Chief Financial Officer, Comptroller's Treasury Operations staff members, staff in the TPWD Cashier's section, TPWD's project manager and contract manager for the Point of Sale (POS) Project, WorldCom's

representative, and appropriations control staff at the Texas Comptroller's office before meeting with the staff members of the State Auditor's Office responsible for the report. The purpose of the meeting with the SAO staff was to gain a better understanding of their recommendations as well as to discuss potential solutions. In addition to these meetings, the review team had several meetings with other TPWD staffs. (See Appendix D for complete list of interviewees.)

SAO 1 TPWD should establish a corrective action plan, which lists each of the problems identified in the SAO report. The agency needs to identify the elements to be included in the corrective action plan. However, at a minimum, the plan should include the SAO's statement of the problem, the approved solution, the TPWD staff person responsible for fixing the problem, a deadline for having the problem fixed, and a description of how the agency will know the problem is fixed. In this report, the Project Team includes recommended solutions for each problem identified in the SAO report.

SAO 2 TPWD should review the corrective action plan on a regular basis and report their progress to the Commission, the Governor, and the Legislature. Rapid and thorough resolution of each issue raised in the SAO report is critical to TPWD being prepared for the 2003 Legislative Session.

SAO 3 TPWD needs to correct what the SAO described as "the conditions that allow multiple weaknesses to occur" by "improving its oversight and decision making process."¹ TPWD's executive management must receive monthly reliable management information and should not settle for incomplete, inadequate or inaccurate data or financial figures.

The General Appropriations Act directs TPWD to implement the balanced scorecard concept strategic management system for the use of performance measures.²

¹ State Auditor's Office, *An Audit Report on Revenue Management at the Parks and Wildlife Department*, (Austin, Texas, October 2001), p. 1.

² Senate Bill 1, 77th Reg. Sess., Article IX, Sec. 9.15.

The Balanced Scorecard requires an agency's performance measures to address the perspective of the customer, internal processes, learning and knowledge development, and finances. In other words, the scorecard measures the agency's progress in reaching favorable answers to the following questions:

- How do we look to our shareholders (or taxpayers)?
- How do customers see us?
- What internal processes must we excel at?
- How can we continue to improve and create value?

Agencies keep some focus on their customers, and some of the performance measures address the issue of creating value. However, looking beyond customer satisfaction to the external taxpayer's perception of an agency overall can be an enlightening experience for many agencies. In short, the balanced scorecard approach measures the overall effectiveness of the agency in meeting the expectations of their customers.³

Implementation of the balanced scorecard system can help improve oversight and decision-making within the agency. TPWD should continue working on a pilot scorecard within the agency with the intent of using it agency-wide.

Internal Audit should have a more prominent role in improving agency operations. Strengthened compliance with the state's Internal Audit Act⁴ will allow the Internal Auditor to exert his or her independence by having Internal Audit report directly to the Commissioners. Internal Audit needs to submit their annual audit plan for approval by a majority of the Commissioners. The plan should be submitted to the Commissioners at the same hearing that TPWD presents its Legislative Appropriations Request to the Commissioners for approval. The role of the Internal Auditor needs to be elevated in the eyes of the agency. The Internal Auditor also should consult with the

³ For more information on the balanced scorecard concept, see "Use the 'Balanced Scorecard' Concept to Optimize Texas State Government Performance" in the Texas Comptroller's e-Texas report issued December 2000. <http://www.e-texas.org/recommend/ch03/gp02.html>.

⁴ Government Code, Chapter 2102.

executive team on a regular basis with regards to the scope of the audit plan.

TPWD must correct, before budget hearings in the Fall 2002, any unreconciled accounts, whether they are asset reports, expenditure reports, revenues, bank accounts, petty cash, or travel reimbursements.

Prior to budget hearings in 2002, TPWD must develop a reliable, verifiable statement of their true budget position that can be tied back to the state Comptroller's *Annual Cash Report* and the Legislature's *General Appropriations Act*. There must be a clear explanation of the composition of each of the fund balances. All outstanding appropriations balances should be eliminated from prior years unless there are documented encumbrances and payables. The current budget system at TPWD is highly decentralized and budget amounts allocated to the operating divisions are not routinely swept back to a central budget pool at year end. This has resulted in incomplete and inaccurate presentation of budget status to the Commission and budget oversight agencies.

DISCUSSION AND RECOMMENDATIONS

The following section is organized to mirror the State Auditor's report.

SECTION 1

The Department Continues to Have Financial Management Weaknesses¹

Background

General weaknesses in agency financial management

In reports dating back to 1998, the State Auditor has been finding financial management weaknesses at TPWD. The Department has corrected many of those earlier findings; however, the most recent report includes another set of financial management weaknesses.²

Some examples of organizational weaknesses cited by the State Auditor include:

- Lack of a General Counsel for the agency
- Decentralization of information resource oversight
- Disconnect in reporting between development of the point-of-sale (POS) system and the chief financial officer because the person in charge of the POS project did not report to the CFO despite the fact that the POS system contributes nearly 30 percent of the agency's budget.³

SAO Recommends:⁴

- *Executive management should evaluate the internal structure and operating processes that guide its decision making to ensure that financial management weaknesses are corrected.*
- *The department should implement a balanced scorecard and use it to monitor its strategic objectives.*

¹ SAO Report, October 2001, p. 5.

² SAO Report, October 2001, p. 5.

³ SAO Report, October 2001, p. 6.

⁴ SAO Report, October 2001, p. 6.

Issues**Recommendation****Solutions**

Lack of a General Counsel	SAO 4 The agency must hire a General Counsel who must be responsible for the consistency and integrity of legal advice provided to all divisions of the agency. TPWD can gain efficiencies in productive hours by having attorneys in one section, centralized and reporting to the General Counsel. Without a General Counsel and a consolidated legal division, the agency runs the risk of issuing legal decisions from different divisions that contradict each other. In addition to consistency, a General Counsel and legal division can provide quality control on such products as legal opinions and contracts. A consolidated legal division helps to keep the agency's welfare a higher priority than the needs of individual divisions or programs.	Hire a General Counsel
IR controls inadequate	SAO 5 The agency must implement and enforce a policy of standards for hardware and software. The Information Resources division must review and approve the development of all information resources across the agency. In the past, the failure to do this has resulted in revenue systems, such as R3 (Reservations, Registration and Reporting) for the Parks Division, that are difficult to connect to the agency's Internal Financial System. This is only one example.	Implement agency-wide IR standards
Balanced scorecard provides new opportunity	SAO 6 Since the balanced scorecard has the potential to lead to changes in agency operations and priorities, the agency is wise to proceed carefully and cautiously with development and implementation of this new management tool. The Project Team commends the agency for initiating work on a balanced scorecard and for their collaboration with the State Auditor's office for technical expertise.	Continue work on Balanced Scorecard

SECTION 2**The Department Has Not Accounted for All Revenue from the Sale of Hunting and Fishing Licenses⁵****Background****Failure to account for all POS revenue and sales**

TPWD uses an automated system for selling hunting and fishing licenses and Texas Conservation Passport (TCP) through different retailers, such as Wal-Mart and Academy. This system is called the POS – point of sale – system. Until recently, TPWD contracted with Transactive to supply, maintain and administer the POS system. License deputies are businesses, mainly retail stores, which are authorized to sell licenses and permits on behalf of TPWD.

According to the SAO:⁶

- TPWD was unable to reconcile license sales revenue with Transactive's reports under Transactive's POS system.
- TPWD had not collected all the revenue from the POS license deputies (retailers) because of the failure for all license sales to be captured in Transactive's revenue reports.
- The failure to collect all the revenue occurred because of the problem with tracking off-line sales. If the Transactive system went down, but the license agent continued to make sales while being disconnected from Transactive's system, those offline sales would not register with Transactive. As a result, when Transactive ran a report telling the agency how much money to sweep from the license agents' accounts, the amount would be incorrect.

Unfortunately, due to the lack of data, TPWD has had difficulty determining exactly how much money the state has failed to collect. The State Auditor was dissatisfied with TPWD's calculation of the settlement.

⁵ SAO Report, October 2001, p. 6.

⁶ SAO Report, October 2001, p. 6.

Issues**Recommendation**

According to TPWD's Project Manager for the Point of Sale system (POS), Transactive had notified TPWD in midyear 2000 that they would no longer be in the business of supporting Texas' POS system as of August 2001. The agency decided to transition to the WorldCom system. However, due to delays by WorldCom in getting their system ready for start-up, TPWD had to ask Transactive to continue supporting the POS another six months beyond Transactive's cut-off date. Without the agreement from Transactive to continue supporting the system, TPWD would have had to revert to a paper-based system to issue licenses instead of an automated POS system that involved 2,233 license deputies. This would have occurred during the peak season for selling hunting licenses. It was under these circumstances, and in this transition period, that TPWD settled with Transactive for \$700,000 to cover the under-collections. TPWD also settled with Wal-Mart for \$414,601, and with Academy for another \$180,319, neither of which was mentioned in the SAO report.⁷ Under the circumstances, the Project Team understands TPWD's need for the expedited settlement.

Since the issuance of the October audit report, TPWD has completed the conversion to the WorldCom POS system. WorldCom's system has a series of controls in place, including the ability to use internally stored sequence numbers for transactions, license documents and customers while the system is disconnected from the central host. Arrangements with WorldCom require any licenses issued while the system is offline must be marked as having been created offline and to be stored until the system is back online. The WorldCom system creates an offline summary record starting with the first offline transaction. The summary record is updated with each offline transaction, until the system is back on line. Once communication with the host is restored, the resulting series report of the offline transactions must be sent to the central WorldCom host before the system will make new transactions. These new controls are designed to ensure that the information WorldCom receives on the amount of revenue to sweep from each license agent will be accurate. PricewaterhouseCoopers and TPWD's Internal Auditor are currently auditing this control to be certain it works as represented by WorldCom.

⁷ Figures provided by Jayna Burgdorf, TPWD, February 6, 2002.

Issues

Recommendation

SECTION 2-A

The Department's Oversight of the POS Contract Has Been Inadequate⁸

Weaknesses in POS system

According to the SAO:

TPWD failed to adequately safeguard assets associated with the Transactive POS contract. This has resulted in:⁹

- Uncollected revenue
- Lapsed liquidated damages
- Poor documentation related to the contract
- Inadequate contractor oversight.

***SAO Recommends:*¹⁰**

The Department should:

- *Conduct additional audits to determine the amount of uncollected revenue and take appropriate action to recover any funds due to the State. In lieu of auditing every license deputy, the Department could conduct a statistically valid sampling to identify the extent of unswept license sales revenue.*
- *Ensure that license deputies retain historical records on sales transactions until the Department can quantify the problem of uncollected revenue.*
- *Establish a contract monitoring function to oversee the new License Sales system (LSS) contract. The Department should periodically audit the POS contractor and license deputies to ensure all revenue is collected and received.*

⁸ SAO Report, October 2001, p. 7.

⁹ SAO Report, October 2001, p. 7

¹⁰ SAO Report, October 2001, pp. 9-10.

Issues

Recommendation

Solution

Collect all money due TPWD from POS systems	<p>SAO 7 The SAO recommended that TPWD hire a consultant to verify the validity of the agency’s methodology in determining the degree of underpayment due to problems with the Transactive system. However, even if the audit did show that the settlement amounts should be recalculated, the <i>cost</i> of trying to recover money beyond the settlements with Transactive, Wal-Mart and Academy could prove greater than any additional amounts collected. TPWD had contracted with PricewaterhouseCoopers to begin the audit requested by the SAO.</p> <p>The Project Team recommended that the agency revisit the need for the contract and discuss the issue with the SAO. In response, TPWD proposed that the contract with PricewaterhouseCoopers instead be used to review the strength of controls under the new WorldCom system as a means of preventing a repeat of problems experienced with the Transactive system. PricewaterhouseCoopers agreed to modify the scope of their contract without additional cost to the agency and the SAO agreed that the modified scope was a more effective use of agency resources. In fact, the audit has already been touted by TPWD to the license deputies to reassure the retailers that the reconciliations between license sales reports and revenues swept by TPWD under the WorldCom system will be more accurate.</p>	Audit of controls will identify weaknesses in the new system
License deputy records	<p>SAO 8 TPWD is to be commended for strengthening the documentation requirements in its latest round of contracts with the license deputies. The new contracts require the following:¹¹</p> <ul style="list-style-type: none">➤ Agents are required by their Agreements with TPWD to maintain receipts for 3 full years after the end of a licenses sales year for auditing purposes.	New contracts require retention of documents necessary for audit trail on POS revenue

¹¹ “New ‘WorldCom’ License System Features that Address Prior Audit Issues,” report provided by Terry Lewis, TPWD contract manager.

Issues

Recommendation

- Voided and misprinted documents are counted by the system and must be returned to TPWD in order for the license agent's accounts to be considered clear. There is a returnable documents report that is available to both the agent and TPWD that is monitored to insure that TPWD has received the document that has been voided or reprinted. If the appropriate document has not been returned the agent is assessed the cost of the license that should have been returned.
- The system reports incidences of the operator's failure to follow required procedures.

**POS contract
manager needed**

SAO 9 In October 2001, an experienced contract monitor was hired to oversee the agreement with WorldCom. The Contract Monitor reports to the Revenue Branch Director. Due to the importance to TPWD of the license sales fees generated by the POS system, the Contract Monitor needs to report regularly to the Finance Director and the top agency executives on the status of POS operations and revenues. It is also advisable that the Contract Monitor and the Finance Director report to Appropriations and Finance Committee staffs on the progress of the POS system.

**Contract monitor
has been hired**

**High volume retailers
require special
attention**

SAO 10 Wal-Mart and Academy Surplus alone account for 53 percent of POS revenue to the agency. Therefore, if there is a system failure or any problem inhibiting license sales at these locations, they should receive the highest priority attention from WorldCom's help desk and from the agency. If a store fails to call the help desk but stops selling licenses, the agency is not aware of the lack of sales. To correct this problem, the agency needs to work with WorldCom to develop a daily reporting system that allows TPWD to see quickly and clearly which top license agents are not selling any licenses. This should trigger further investigation to determine if the lack of sales is due to a lack of hunting and fishing activity (seasonal) or to a problem with the system itself. This will allow the agency to keep their top producing license agents up and running as much as possible.

**Carefully monitor
sales activity at
high volume POS
license deputies**

SECTION 2-B

Ensure more accurate reconciliation of POS revenue

Proper screening of license deputies, collection of Social Security numbers from license customers, retention of license copies, maintenance of separate bank account.

The Department's Contracts With the POS Contractor and License Deputies Compromise Its Ability to Collect All Revenue and Comply With Laws and Regulations¹²

*SAO Recommendations:*¹³

The Department should:

- *Ensure that there is adequate reconciliation of the licensing system revenue. Should the Department assign this function to the contractor, it should periodically audit the contractor's performance of the reconciliation.*
- *Ensure that applicable state and federal laws are followed. The Department should:*
 - *Screen license deputies for eligibility to conduct business with the State.*
 - *Comply with state and federal requirements relating to providing social security numbers.*
 - *Require license deputies to retain copies of licenses printed out by the POS terminal.*
- *Consider requiring license deputies to maintain separate bank accounts for license sale receipts.*

Solutions

SAO 11

Routine audits of retailers

TPWD should create and implement, no later than July 2002, a system for monthly random audits of receipts against revenues collected by POS retailers. The audit should be a routine process that is easy to administer by non-accountants. TPWD has contracted with PricewaterhouseCoopers (PWC) to test the controls over the automated licensing system to determine if the system

Implement random monthly audits of POS system

¹² SAO Report, October 2001, p. 10.

¹³ SAO Report, October 2001, pp. 11-12.

Issues**Recommendation**

is providing accurate, complete, and timely processing of transactions and data. TPWD, in the contract with PWC, requires PWC to recommend a process that can be used by TPWD to periodically review the processing of transactions by the WorldCom system. The review process should be used by TPWD to identify the completeness, accuracy, authorization and timeliness of transactions processed by the system. This process will also specifically address the collection and reconciliation of all license sales in a timely manner.

Eligibility requirements	SAO 12 The issue of screening license deputies for eligibility was addressed during the course of the audit. ¹⁴ TPWD uses the Comptroller's taxpayer and account vendor information to verify that license agents do not owe the state any sales tax or franchise tax. As of November 2001, TPWD has been screening new license deputy agents. As of mid-February 2002, about 40 agents had been screened, and three of those failed to pass the screening process. ¹⁵	TPWD now screens new license deputies.
Collect Social Security numbers	SAO 13 With respect to state and federal requirements regarding Social Security numbers, as of January 2002 when the new agreements with the license deputies were executed, TPWD requires customers who purchase licenses to provide their Social Security numbers. ¹⁶ In addition, TPWD provides POS license deputies with signs to be posted to inform their customers of the requirement.	TPWD now in compliance with requirement to collect Social Security numbers
Retain copies	SAO 14 TPWD's new contract with POS license deputies requires that each retailer retain sales receipts and voided and misprinted license documents for three years in addition to the current license year. ¹⁷	Stronger document retention requirements included in new POS contracts

¹⁴ SAO Report, October 2001, p. 27.

¹⁵ Telephone interview with Frances Stiles, Revenue Processing, Finance Division, February 14, 2002. Enrollment procedure document verifies that new applicants are screened with the Comptroller's office.

¹⁶ Social Security Act, Sec. 466(A)(3) as amended by Sec. 5536 of the Balanced Budget Act of 1997 (PL 105-33). Also see "License Agent Agreement" template, Sec. VI., Item 1, for agreement between TPWD, WorldCom and the license agent.

¹⁷ SAO Report, October 2001, p. 27.

Issues

Separate bank accounts

SAO 15 The reason to require separate bank accounts for POS sales is to create additional assurances that the amount of money deposited with the state is correct. SAO made this recommendation in response to the situation of sales revenue being left behind in the electronic sweep of accounts, due to problems with system design regarding recording of off-line sales. The Project Team understands the concern of the SAO; however, the following processes in the WorldCom system make this unnecessary because:¹⁸

- Sequential transaction numbering is used, such that every POS device has its own series of transaction numbers. Every number and the associated transaction data are accounted for in the system. This does not allow for gaps in the transaction sequencing, which could occur in the Transactive system.
- Offline sales retrieval occurs immediately upon the device coming back online. The device is checked to see if the last transaction sequence matches the next transaction to be performed, if there is a discrepancy the device will automatically upload those transactions to the database. Under the Transactive system, the device would attempt to either “piggy back” the offline transactions to current sales or would wait until an end of day closeout had been performed – which could result in transactions sitting on the devices until the device could be manually dumped.
- All accounting adjustments are linked in the database to the original transaction in order to provide an audit trail.

During the February 11, 2002 meeting of the License Deputy Advisory Committee, the members were asked how many of them kept a separate bank account for license sales revenue.

- Five of the eight retailers present kept separate accounts because they wanted the additional controls.

Recommendation

Separate bank accounts are not necessary

¹⁸ “New ‘WorldCom’ License System Features that Address Prior Audit,” report from Terry Lewis, TPWD contract manager for the WorldCom system.

Issues

Recommendation

- The remaining three did not maintain a separate bank account for the license revenue and were resistant to the idea of doing so because of the extra paperwork and additional cost.
- In one case, the agent had to maintain a \$300 minimum in her account to avoid bank service fees. Keeping a separate account for license sales might cause her account to dip below the minimum and cause her to pay service fees on two accounts.
- In another license deputy's case, all the store's revenue, whether it was license sales or merchandise, went into the same cash drawer. Keeping a separate account would require literally separating the money in the cash drawer and making two deposits.

This same retailer complained several times during the meeting that their commission from license sales did not cover the bookkeeping costs as it was, so that any additional requirements added to their costs.

Under the new WorldCom system, the Project Team recommends this not be changed—that separate bank accounts not be made mandatory.

SECTION 2-C

The Department Has Not Maximized Interest Earnings on License Sale Revenue¹⁹

Background

Sweep license sales revenue more frequently

Every day that funds are held outside the State Treasury is a day that the state loses out on earning interest on those funds. The law requires state agencies to deposit funds within three days.²⁰ The SAO asserts that revenue generated by retailers, such as Wal-Mart, through the POS system for hunting and fishing license sales is state revenue, and as such should be deposited with the state Treasury within three days after the revenue is received from customers. Under the current set of contracts

¹⁹ SAO Report, October 2001, p. 12.

²⁰ Government Code, Section 404.094.

Issues

Recommendation

between TPWD and the license deputies, the accounts are swept once a week.²¹

TPWD believes the agency is in compliance with state law because the retailers' revenue does not come under direct state control until it is swept by TPWD into a state account. At the suggestion of the Project Team, on February 1, 2002, TPWD requested official comments from the Comptroller of Public Accounts and the SAO to verify that TPWD is operating within the letter and intent of the law.

SAO Recommends:

The Department should:

- *Ensure it is in compliance with the State's three-day deposit requirement for license sale revenue or obtain a waiver with reasonable justification.*
- *Consider requiring the LSS [License Sales System] contractor to sweep license sale receipts for its largest vendors on a daily basis to maximize interest earnings.*

Solution

SAO 16
Three-day deposit law

The Project Team recommended that TPWD seek a waiver regarding the deposit requirement. TPWD sent a letter, dated February 1, 2002, to the State Auditor and Comptroller of Public Accounts requesting a waiver from the 3-day deposit requirement for POS activities. The Comptroller responded in a letter dated February 13, 2002. She states that she does not have the power to grant a waiver from the three-day deposit rule and recommends that the agency turn to the Attorney General's office for a legal interpretation of Section 404.094 of the Texas Government Code. However, she also says that TPWD's letter has met the notification required in statute.

As of the printing of this report, the State Auditor's Office had not responded to TPWD's letter.

Seek clarification from SAO and Comptroller on how to apply the 3 day rule

²¹ Basic Agreement dated May 24, 2001, page 6, Item 5.

Issues

Recommendation

Bank accounts for sales by TPWD locations	<p>SAO 17 With regards to TPWD locations selling licenses, TPWD has converted all but one bank account to a Treasury-owned bank account. TPWD needs to monitor its field staff to assure they are making deposits to those bank accounts at least every three days. TPWD should take the following steps to assure timely deposits:²²</p> <ul style="list-style-type: none">➤ Assign responsibility in the revenue section for monitoring TPWD offices for timely deposits.➤ TPWD offices submit sales activity reports to the revenue section. The Law Enforcement offices submit these daily and the parks submit the reports weekly. Along with the report, they also attached deposit slips. The revenue section should compare the sales activity to the deposit slips to ensure the funds were deposited timely. <p>TPWD should check the timeliness of the deposits at least monthly. The revenue section receives monthly bank statements for each office. They should review the statements for deposit dates and determine if deposits were made in a timely manner.</p>	Monitor TPWD deposits for timeliness
Sweep from license deputy accounts	<p>SAO 18 TPWD is not in a position with the current contracts with license deputies to change the terms of the sweep days. However, when the contracts come up for renewal, TPWD needs to renegotiate the issue. TPWD needs to evaluate the benefit to the state in terms of interest earned against any additional costs <i>to the state</i> before making a decision on what the new terms should be. Additional costs to the state could come from increased commissions, additional state processes, and increases in contractor costs. At a minimum, the larger retailers should be swept more frequently. A cost-benefit analysis should consider a sales threshold for determining the frequency of sweeps.</p> <p>During the February 11, 2002, License Deputy Advisory Committee meeting at TPWD Headquarters in Austin, the members were asked how they would feel about more</p>	On renewal of POS contracts with license deputies, review terms of sweep frequency

²² The Project Team requested and received a report by Dennis O'Neal, TPWD's Internal Auditor to define a good monitoring process to assure timely deposits.

Issues

Recommendation

frequent sweeps of the agent's accounts, as recommended in the SAO report. They raised the following issues:

- The commission paid to the agents for selling licenses does not cover bookkeeping costs, so TPWD would have to increase the commission paid to license deputies to make the more frequent sweeps worth the retailers' time.
- In one case, the bank is 20 miles away, making more frequent deposits to accommodate more frequent sweeps very inconvenient.

A threshold of activity or revenue should be established for more frequent sweeps when it is cost effective. Another consideration is for TPWD to sweep more frequently during peak license sales seasons, and then return to the weekly schedule during non-peak times.

SECTION 3

The Department Has Not Consistently Allocated Revenue to Statutorily Restricted Stamp Funds²³

Background

Problems with allocation of Supercombo license sales revenue to dedicated programs

The Supercombo hunting and fishing license combines hunting and fishing licenses as well as special species and hunting stamps, such as water fowl, turkey, saltwater fishing, trout, archery and muzzleloader hunting. Since the licenses and stamps are combined in the Supercombo license, TPWD must allocate the revenue from the Supercombo license out to these various dedicated programs. There are different valid methods for making the allocation. The SAO's concern was that TPWD was not being consistent with their methodology, had not documented the methodology, nor discussed their decision in public meetings to allow for public input on how the revenue should be allocated to the individual programs.²⁴ The SAO also was concerned that the method TPWD directed Transactive to use was not the same allocation method TPWD used to report the revenue to USAS. As a result, the revenue did not match up between IFS and USAS for stamp sales.

²³ SAO Report, October 2001, p. 13.

²⁴ SAO Report, October 2001, pp. 13-14.

Issues

Recommendation

SAO Recommends:²⁵

The Department should:

- *Work with the Commission and its stakeholders to develop a standard method to allocate proceeds from Supercombo license sales to the statutorily restricted funds.*
- *Document its method for allocating Supercombo revenue. Any changes to this method should be approved by the Commission prior to adjusting fund balances.*
- *Inform the POS contractor in a timely fashion of any changes to the allocation method.*
- *Make timely adjustments to the Department's USAS deposits to reflect accurate fund balances.*

Solutions

**Allocate
Supercombo
revenues properly**

SAO 19

By the August Commission meeting date on an annual basis, TPWD should develop and post for adoption by the Commission a method for allocating Supercombo sales to the various stamp funds.

**Adopt allocation of
Supercombo sales
in public hearing**

- The method should be based on surveys and analyses that TPWD conducts to get an approximation of the hunting and fishing activity resulting from Supercombo license sales.
- The staff should make a compelling case for the allocation formula presented to the Commission.
- Adoption of the formula should be done in an open meeting with input from interested parties.
- Only after hearing all sides of the issue, the Commission should make a decision on the allocation method.

²⁵ SAO Report, October 2001, p. 14.

Issues

Recommendation

Notify POS contractor of allocation method	SAO 20 While the SAO directs TPWD to notify the POS vendor in a timely manner of any changes in the Supercombo allocation system, the transition to the WorldCom system makes this requirement unnecessary. TPWD no longer requires the POS vendor to make any allocations from the Supercombo sales. Instead, the allocations are made manually by the agency based on a documented methodology. WorldCom's responsibility is to report the amount and number of Supercombo license sales.	POS notification of allocation method no longer necessary.
Reconcile IFS to USAS on timely basis	SAO 21 The issue of harmony between TPWD's Internal Financial System and USAS is a larger issue for the agency, transcending Supercombo license revenue. The backlog of unreconciled items must be cleared and TPWD must conduct monthly reconciliations to prevent problems in the future. See the section on Reconciliation in the Financial Management chapter of this report for a more in-depth discussion of this issue.	Implement monthly reconciliation of license sales and avoid backlog.

SECTION 4

Inadequate Mailroom and Cash Handling Procedures Increase the Department's Risk for Fraud and Abuse²⁶

Background

Lack of adequate controls in mailroom handling of revenue.

At the time of the SAO's report, TPWD had no system in place in the mailroom to open and account for all checks mailed to the agency. Instead, personal or mail marked "confidential" was sent unopened to the divisions. Before SAO's final report was issued in October 2001, TPWD established most of the appropriate mailroom controls effective May 2001.

The one remaining weakness is a process for reconciling cash and checks received in the mailroom to the final deposit. This requires a log of all cash and checks received through the mailroom, which can be compared to

²⁶ SAO Report, October 2001, p. 15.

Issues

Recommendation

the final deposit receipt. This is especially important because checks attached to paperwork are sent out of the mailroom to the section of the revenue branch, which processes boat registrations. Currently, there is no way to account for the items sent to the boats section to track their final dispensation – either return to sender due to incomplete documents, or final deposit or some other action.

SAO Recommends:

The Department should:

- *Open all mail in the mailroom to identify and log in all revenue and perform an independent reconciliation of deposits to the receipt log.*
- *Send all revenue received in the mailroom directly to the cashier for safeguarding or deposit.*

Solution

SAO 22 At the writing of this report, an individual hired for his revenue processes expertise has started developing a new process to address this problem. TPWD should not delay implementing the recommendation outlined here.

Immediately find space for Incoming Mail next to Revenue personnel.

Move incoming mailroom adjacent to revenue sections

- TPWD should not delay implementing this move to ensure proper handling of incoming revenue. The procedure should include the following steps:
- Incoming Mail should be separated from Outgoing Mail. Opening of mail should be restricted to Incoming Mail personnel to properly identify and separate general mail from revenue mail.
- Revenue Mail will be sorted by revenue document type (boat, park fees, licensing etc).
- Any revenue mail routed off the floor must be entered into a revenue tracking system.

Issues

SAO 23 Immediately find space for the Cashiers Office next to Revenue personnel. In order to keep checks and deposits on the same floor, the Cashiers Office must be located on the same floor as Incoming Mail and the Revenue Sections.

Recommendation

Move the Cashiers Office adjacent to Revenue Sections

SECTION 5

Poor Process Management Has lead to Inefficient Use of Staff Time

Background

The revenue branch is overstaffed.

The SAO identified 19 of 48 positions they analyzed in the revenue branch as being “non value added.” While the Auditor, in a meeting with the Consultant team, pointed out that this did not mean the revenue branch was over staffed, it was an indicator of problems. Staffs were performing duplicative tasks that added no real protection against risk. Part of this is due to the lack of adequate automation, and part if it is due to the lack of more effective processes.

One example is that revenue staffs receive a paper report from Treasury on the amount of money deposited by TPWD from each location. Revenue staffs are taking that paper report, which was obviously computer-generated at Treasury, and manually entering the data into TPWD’s system. An alternative process would be for TPWD to obtain an electronic version of the report from Treasury.

Another example of an inefficient process is that some revenue information is being entered into an Excel spreadsheet, then into a Quicken program, then into IFS, and finally into USAS. Each entry increases the opportunities for error. This is one of the causes of differences in revenue reported in IFS versus USAS.

TPWD protested that, in fact, the agency was not overstaffed and contested the SAO’s methodology. However, as mentioned above, the processes in the revenue branch need significant improvement.

SAO Recommends:²⁷

The Department should:

- *Conduct a thorough review of its key revenue processes to eliminate and streamline activities where appropriate. At a minimum, the review should consider the following: consolidation opportunities; improved use of automation; and cost benefit analysis of developing system interfaces. Work done by the State auditor's office may also be used to make appropriate changes.*
- *Consider the effect of manual data entry on data quality, and the associated costs of correction and reconciliation.*

Solutions**Review revenue processes****SAO 24**

After reviewing process documents, interviewing revenue staff and observing each step of the revenue processes, the Project Team concluded that the revenue division must be improved. Simply automating existing processes is not the answer; it would only result in poor processes being done more quickly. Instead, the CFO needs to pull together a team, headed by someone with strong project management skills, to re-engineer the revenue branch. Accurate process mapping and review, then effective problem solving and redesign of the revenue processes will allow the CFO to figure out what her staff are doing today and contrast that with what they should be doing and how they should be doing it. From that information, a plan can be developed to get from what *is* to what *should be*.

The Project Team strongly recommended to the agency that they hire someone to review TPWD's revenue processes and to recommend changes to those processes that should precede any further automation. The agency hired Mr. Clovis Boatright, who will spend two to three months analyzing the current revenue branch procedures and processes, including employee job descriptions. His main focus will be on the boat titling and registration area and the Cashier's office. The CFO will be able to take

Re-engineer revenue processes

²⁷ SAO Report, October 2001, p. 17.

Issues

Recommendation

advantage of Mr. Boatright's extensive professional expertise in revenue processes and process improvement. In his 29 years with the state Comptroller's office, Mr. Boatright served as the manager of revenue accounting, project manager for electronic tax filing system, project manager for intelligent character recognition system, and the project manager for the document imaging system. Mr. Boatright started working with the agency March 1, 2002. As of the printing of this report, he has moved forward on reviewing boat regulation documents processing and cash remittance processing of boat title and registration payments.

SAO 25 Based on preliminary recommendations by Mr. Boatright, the Project Team recommends the following changes to TPWD's boat revenue process. When fully implemented, this will lead to more efficient use of staff resources and address the non-value added concerns of the State Auditor.

**Modify Boat
Revenue Process**

- Baskets of Document types will be placed for appropriate revenue personnel to pickup and sort into two categories. The two sorts are Clean Documents that appear ready for processing and Problem Documents that appear to require detailed review.
- Clean Documents will be sorted into 20 items to a basket for batch control. A revenue person will be assigned this batch to perform final review, data entry and balancing of the batch. This will eliminate routing of checks and documents from station to station and/or floor to floor.
- The existing Boat Registration system will require some modification until a new BR System is written to allow acceptance of underpaid, missing documents, missing signatures, etc. Until the new BR System is in operation, the flow for Direct Return of documents and checks will continue.
- Once data entry is completed for the batch, the BR System will generate a detailed batch report. The employee will separate the checks from the documents, run an adder tape on the checks to confirm it matches the computer batch total, attach the printed batch sheet to the checks and deliver to the Cashiers Office. A copy of the batch sheet will also stay with the document batch.

Issues**Recommendation**

- The Boat Registration System will generate to the Cashier a Batch Remittance Report to alert them a batch for deposit is to be received.
- Once the batch is received the Cashier will match the checks to the batch, balance and release the batch for Deposit to the Treasury. Note the Cashier will not have to re-enter the checks, as the BR system will generate appropriate revenue deposit codes to internal accounting systems.
- The Remittance System will monitor completed and partially completed batches in the BR System. Batch reports will be monitored by the section supervisor and by the Cashier's Office.
- Batches of checks and documents not completed on same day of receipt must be placed into a secure locking cabinet at the end of each day.
- Direct Return documents will be entered into the BR System with minimum entry so tracking of returned checks and documents can be monitored. A letter will be attached to each return document with a file copy retained.
- The BR system will have a new Inquirable General Document Index that records all computer transactions on each account. This file will be inquirable by the "TX#" or other identifying number.
- The new BR System will allow entry of underpaid, overpaid and incomplete boat registration documents. If the application is incomplete, the BR System will place the record in a pending status such as "Underpayment" or Applicant missing lien release etc. This will greatly reduce the number of returned checks and documents.
- Computer generated notices will contain a return tear-off form for prompt identification of the item when received back at TPWD.

Issues

Recommendation

Improve automation of systems	<p>SAO 26 Staffs in Information Resources are working on creating an automated interface between the revenue module of IFS and USAS. Once this interface is in place, it will eliminate the need for some of the duplicate data entry. However, the agency runs other automated revenue systems that do not interface with IFS, or with USAS, such as the boats registration and license system, the law enforcement system and the parks revenue system. In fact, the only revenue system that does interface with IFS is the POS system. TPWD must correct this problem of unconnected systems as quickly as possible. The first step in fixing this problem is to present the Executive Director with a project plan that includes milestones, tasks, responsibilities, deadlines and resources needed to complete the interfaces. Due to the tight budget of the agency and mandatory upgrades from Oracle 10a to the 11i version, connecting the different revenue systems to IFS and to USAS may take some time. However, the agency should not allow its final deadline to go beyond August 2003.</p>	Complete integration of internal revenue systems to IFS and USAS
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SECTION 6 The Department Has Not Reconciled Revenue Since Fiscal year 1998²⁸

SECTION 6-A The Department Has Not Accounted for the \$23.4 Million Revenue difference Between Its Internal Accounting System and USAS²⁹

Background

There is a large backlog of unreconciled revenue items.

The SAO noted differences of \$23.4 million between USAS and IFS between 1998 and August 31, 2001. The department has completed entries resolving about \$23 million of the revenue variances. Work is in progress on a remaining net difference of \$380,722.40, which was reported by TPWD as the remaining net difference. USAS transactions record a higher total than the amounts posted to IFS. As of February 1, 2002, there was a 51 page listing of nearly 1,700 detail lines representing transactions where differences are known. TPWD told the SAO in their

²⁸ SAO Report, October 2001, p. 17.

²⁹ SAO Report, October 2001, p. 18.

Issues

Recommendation

response to the audit report the work would be completed by December 31, 2001. There was neither a definite completion date nor a project plan in place to correct the problem. Instead, the agency was attempting to create computer programming to better identify the transactions.

The Project Team examined the reconciliation procedures for revenues, expenditures, and other accounts. As additional programming provided more detail beginning in February 2002, the actual net difference between IFS and USAS for revenues became a larger number. This is a result of the new techniques employed, which are balancing to a greater level of detail in the IFS system, and from expanding the time period to include fiscal 2002 transactions. Additional details can be found in the Financial Management issues chapter of this report.

The unreconciled revenue amounts are having a direct impact on the agency's credibility among Legislators and the state's leadership. This issue was raised by legislative staff during discussions on the agency's desire to raise fees. Staffs were asking, "Why is the agency looking at raising fees when they can't even reconcile the revenue they already have?"

SAO Recommends:³⁰

The Department should:

- *Complete its reconciliation of revenue.*
- *Improve end user training on IFS system usage to reduce coding errors.*

Solutions

SAO 27
Backlog of items to reconcile between IFS and USAS

After the Project Team convened a meeting of staffs from across the finance and information resource divisions to pinpoint obstacles to eliminating the reconciliation backlog, the CFO made reconciliation of revenues the top priority for her staffs. It was determined that the prototype

Reconciliation must be completed August 2002.

³⁰ SAO Report, October 2001, p. 18.

Issues

Recommendation

automation tool to identify the unreconciled transactions -- which had been under development for several months-- was not going to work. The CFO changed strategy. Staffs figured out what reports the system could already generate with minimal additional programming. The IR and finance staff conducted a proof of concept test using the reports to determine if they could make the necessary correcting entries. The concept worked, so staffs were directed to write up who would be responsible for what steps in the process as well as what those steps would be.

In working with the CFO and the revenue team, the agency should complete reconciling the backlog of revenue items by August 31, 2002.

Following the Project Team's recommendation, the agency has hired four temporary personnel to start to work immediately on revenue reconciliation research and entries.

SAO 28
Reconcile items on current basis

While the backlog of items is being reconciled, the agency must implement a process of *monthly* reconciliations to prevent this problem of a huge backlog of unreconciled items from ever happening again. TPWD should refine and implement a reconciliation process that will include the following steps ³¹

Conduct monthly reconciliations to prevent another backlog.

- Two accountants – one for revenues and one for expenditures – would prepare monthly reconciliations, to be completed within 60 days of the end of each month.
- The two accountants would identify any corrections necessary and would monitor their completion in a timely fashion.
- Personnel in each section would be responsible for making the correcting entries in either USAS or IFS.
- A standardized report should be developed for reporting on the monthly reconciliations. This

³¹ At the request of the Project Team, the process outline here was provided by Carl Speed, IFS System Administrator, TPWD, in an e-mail sent to T.C. Mallett, Elton Bomer, and Sidney Hacker on February 8, 2002.

Issues**Recommendation**

report would be reviewed and initialed by the Financial Reporting Manager, the Director of Financial Management, and the Finance Director.

- The Financial Reporting Manager would also be responsible for preparing an overall reconciliation at a high level (such as Appropriated Fund, Appropriation Year) at least quarterly.
- A monthly recap showing the status of all reconciliation efforts would be provided to the Chief Financial Officer.

SAO 29 The re-engineering of the revenue branch will highlight what staff training is required to make the revenue branch processes error free. Once the CFO knows what training her staff needs, then she should work with Human Resources to get her staff trained, following the plan below:

Revenue branch processes need work

Train staff in order to prevent future errors.

A). Organize a work group consisting of:

- 1) A trainer from Human Resources Division (HR) (Training and Organizational Development branch)
- 2) One or two Administrative Resources Division (AR) functional area/system IFS experts
- 3) An AR IFS trainer
- 4) Two IFS users, one "power" user and one "occasional" user
- 5) An HR person to serve as a job analysis expert to determine knowledge, skills and abilities needed for tasks to be performed in IFS

B.) Conduct a systematic analysis of the IFS control/monitoring information system to identify problem areas as either systemic problems or operator related (operator error due to skill deficiencies etc).

- 1) Organize the group as referenced above
- 2) Perform the systematic IFS analysis referenced above

Issues

Recommendation

- 3) Convene a focus group of users and key experts to identify system issues and training needs.
- 4) Separate needs into system issues and other issues to include in training needs.
- 5) Identify specific knowledge, skills, and abilities needed for both "power" users and occasional users – some may be prerequisites (e.g., basic end user computer skills), others may be training needs—classroom training on particular IFS processes, etc.

The process would result in recommendations for possible system modifications, additional/revised training, and development of several different job aids for the IFS users.

The final step would be to complete and implement an action plan to ensure accomplishment of training and skills development.³²

SECTION 6-B

The Department Is Unable to Explain Variation Between USAS, IFS, and Its Revenue Subsystems

Background

Information in agency's revenue systems doesn't match information in IFS.

A revenue subsystem is a data collection system that is separate from IFS. TPWD uses a system—M204—to collect Boat registration and titling and law enforcement citations revenue. SAO found a discrepancy of \$5.6 million between M204 and IFS on motorboat registration fees; they also found a \$3.8 million discrepancy on the same object between M204 and USAS. The SAO found similar problems in reconciling the Park Reporting System (R3 – Reservation, Registration, and Reporting), for collecting park fees, to IFS and to USAS.

In other words, TPWD's various internal revenue subsystems do not reconcile to the agency's Internal Financial System. According to TPWD's Administrative Resources' "Revenue Management Audit – Resolution Status 1/25/02:"

³² These steps are taken from an e-mail provided by Annette Dominguez, director of Human Resources, February 18, 2002.

Issues

Recommendation

Interfaces between systems must be developed to ensure that all systems reconcile. Manual reconciliation is required for R3 and the boat system. The law Enforcement system is under development; the boat system is scheduled for development in March, and the park system is under review. The IFS to USAS interface has been delayed due to the conversion to Oracle 11i.

SAO Recommends:³³

- *Reconcile all revenue subsystems with IFS and USAS regularly.*
- *Reconcile the POS system and USAS to determine the reasons for the variance.*

Solutions

Automated interfaces need completion

SAO 30

The development of automated interfaces between the revenue subsystems and IFS needs to be carefully managed to assure delivery of a quality system on time and on budget. In addition, the various divisions affected by the subsystems (such as Parks) should be included in the design of each interface to make sure it meets the needs of the agency's internal customers.

Some of the finance and budget systems not linked to IFS were developed because division managers were unable to get accurate and timely information from IFS, so they developed their own systems. For example, the Infrastructure Division developed their own budget information system, which runs parallel to IFS. This system was developed to assure the integrity of the budget data the Director needed to get his job done. His system is reconciled against IFS.³⁴

To prevent this from recurring, IR must work with their internal customers to make sure those customer's information needs will be met

**Complete the
revenue system
interfaces.**

³³ SAO Report, October 2001, p. 19.

³⁴ Interview with Scott Boruff, Infrastructure Division Director, Austin, TX, February 1, 2002.

Issues**Recommendation**

Plans for the interfaces are as follows:³⁵

- Law Enforcement Citation System is currently under development. An estimated completion date of the project's major milestones, which include the interface of the LECS revenue into IFS are:
 - Analysis and design – March 2002
 - Build – July 2002
 - Test – August 2002
 - Implementation – 4th Quarter 2002
- Boat Registration and Titling System will begin the initial design phase by the end of March 2002. The interface of revenue to IFS will be included in this project. The estimated implementation date to production in the third quarter of 2002.
- Parks Reservation, Registration, and Reporting System will go through an analysis of alternatives, starting in the first quarter of 2002, to determine how best to address these issues. The interface of the reservation system to IFS will be analyzed during this process.
- Information Resources will be responsible for these processes.

**POS system
reconciliation**

SAO 31 As of February 20, 2002, TPWD was in the process of reconciling WorldCom (MCI) to IFS, and continues to work on the IFS and USAS reconciliation. The agency compares the IFS Billing History report to the MCI Summary Comparative Sales by License Code report. These reports tie 100% through January 31, 2002. Once the backlog is cleared, the agency will reconcile on a daily basis. There are processes in place to make sure that all deposits MCI claims they have made have been received; this is the responsibility of the revenue branch.

**Reconciliation
between POS and
IFS is on track.**

³⁵ Report from Bridget Wolf, Application Development Manager, Information Resources, January 28, 2002.

SECTION 7**The Department Has Not Accurately Forecasted Revenue****Background**

Agency revenue projections consistently underestimated actual revenue.

TPWD has developed a reputation over the last several years of underestimating their revenue. Various motives have been attributed to the agency for the underestimations. Regardless of motive, underestimating revenue for Fund 9 and Fund 64 caused the agency to request additional General Revenue appropriations. General Revenue is not restricted, unlike Funds 9 and 64, and can be spent on parks, conservation, educational programs, research, enforcement, or any other agency activity. However, at the end of the biennium, in fact the Fund 9 and Fund 64 revenues continued to show significant fund balances.

For example, in FY2000, TPWD collected \$7.2 million more in Fund 9 (Game, Fish and Water Safety Fund) than they forecasted. According to the SAO, *“for fiscal years 1998 through 2000, Fund 009 projections were underestimated by an average of \$8.3 million or 10 percent per year. For the same period, Fund 64 projections were underestimated by an average of \$5.1 million or 19 percent per year.”*³⁶ These figures are based on comparisons between TPWD’s Legislative Appropriations Request and USAS for each year.

Over time, the Fund balances have increased steadily so that this last biennium, the Legislature verbally directed TPWD to begin spending down their fund balances to cover agency operational costs.

In reviewing their resources and demand for services, TPWD concluded that they might need to increase fees in order to fully fund their operating budget. However, in the Project Team’s visits with the staff of the state’s leadership, and various legislative staffs, it became apparent that there was a lack of support for the fee increase. The reason for the lack of support was that no one could be sure that TPWD really needed the money, since TPWD’s revenue projections were historically very

³⁶ SAO Report, October 2001, p. 19.

Issues

Recommendation

short of actual revenue. In addition, there were still unspent fund balances that could not be adequately explained by TPWD staffs.

In an effort to correct the problem of variance between the agency and the official Biennial Revenue Projection published by the state Comptroller's office, TPWD chose to basically adopt the Comptroller's revenue estimate as their own. This has helped to restore some confidence in the validity of TPWD's budget picture; however, there is still work to do on this issue.

TPWD is the real expert in the state in monitoring changes that affect boat, hunting and fishing license sales, registrations, and park attendance. TPWD should not have to simply adopt the Comptroller's revenue estimate to more accurately project agency revenues.

TPWD began work prior to the 2001 Legislative Session to improve its revenue estimate. It took a slightly less conservative approach to estimating growth and worked with the Comptroller's revenue estimating staff. The result was that TPWD's estimates of revenue for Funds 9 and 64 were within a percentage point of the Comptroller's official *Biennial Revenue Estimate* (BRE). It is the BRE that is used as the basis for legislative appropriations. The Legislature cannot spend more than the Comptroller estimates will be available; therefore, the Comptroller's estimates are seen as more binding (and usually more accurate) than agency estimates when it comes to setting the state's budget.

SAO Recommends:³⁷

The Department should:

- *Establish and document its methodology for forecasting revenue.*
- *Consider using established forecasting methodologies to improve the accuracy of revenue forecasts.*

³⁷ SAO Report, October 2001, p. 20.

Issues

Recommendation

SECTION 8**Problems with Automated Systems Hamper Key Financial Processes****Background**

IR function needs to be strengthened.

Standardization

Information Resources is one of the most basic and most important components of any state agency. TPWD has one of the most complex funding systems and constellation of programs of any of the agencies in the state. Information resources, if developed correctly, can tie all the pieces together into a meaningful whole.

In conversations with division directors and other agency staff, it has become clear that divisions develop information resource systems to meet their own needs. This decentralized development has resulted in the creation of systems that cannot communicate. While such systems may do a great job of serving a single division's information needs, they can ultimately serve to hamper the agency as a whole, and place the agency at risk of failing to comply with state standards.

In addition to the risk of not meeting state standards, the more complex the IR system across the agency, the more expensive it is to support the system. IR must have staff with expertise in a wider variety of platforms and systems in order to support those systems. However, the more standardized and the less diverse those systems are, the fewer support staff are needed to provide the services needed to keep the systems running. In fact, an external audit conducted on TPWD's computer security in January 2001, on request of TPWD's internal auditor, states that Texas Parks and Wildlife has insufficient level of IR staff to support the present range of platforms, networks domains and range of distributed systems. The auditor urged TPWD to "*consider controlling complexity through an agency wide – IR standards program...for both security/privacy reasons and the focus for total cost of ownership.*"³⁸

³⁸ Working Papers, presentation of executive summary, January 16, 2002.

Issues

Recommendation

The agency, so far, has not granted Information Resources the authority it needs to make sure all the different systems across the agency can work together. This has begun to change. The CFO has proposed changes to existing policy for the Executive Director. The Executive Director authorized the formation of a workgroup on February 4, 2002. The work group is basically a users group to provide discussion and feedback to the Executive Director regarding IR standards and policies. In addition, an inventory of systems external to IR will be conducted by IR with the help of other divisions. This inventory is a required piece of the agency's Biennial Operating Plan. The inventory will also be a critical tool for use by the IR manager to comply with new requirements issued by the state's Chief Information Officer. For example, if certain security measures must be incorporated into every system in the agency, then the IR manager will need the inventory as a checklist to make sure he has made the upgrades in every system

Expertise

TPWD's IFS is administered by a single person, who, if he left, would leave a tremendous vacuum in expertise on how the system works. Since the IFS administrator is a retiree who returned to the agency, the danger of this happening is very real. There is an immediate need to provide training back-up in case this person leaves in the future.

Information resources are one of the most critical parts of the agency's infrastructure. Without a sound infrastructure, the agency creates unnecessary obstacles to achieving its goals and risks its overall credibility with its customers and the Legislature.

*SAO Recommends:*³⁹

The Department should:

- *Provide IR with the responsibility and the authority to coordinate and manage agency-wide systems development. This could be accomplished by*

³⁹ SAO Report, October 2001, p. 21.

Issues

Recommendation

centralizing or consolidating system management under the information resources division.

- *Conduct and complete the development of system interfaces in a timely manner to help ensure data accuracy and promote a more efficient use of automated systems.*
- *Create accounts in USAS similar to the accounts and sub-accounts in IFS.*
- *Assess training needs and conduct user surveys to determine the timeliness and adequacy of training offered.*
- *Conduct a review of knowledge, skills, and abilities needed to effectively use IFS.*

Solutions

SAO 35 IR organization and control at TPWD is not centralized	SAO 35 The Executive Director should grant the IR director the authority to control all information resource hardware and software purchases and contracts. In other words, different divisions of the agency must obtain the IR director's signature prior to making IR purchases. This would allow for a compatible architecture across the agency, consistent archiving, and higher quality support of systems across the agency. Otherwise, if each division is able to circumvent agency IR standards, then those standards are meaningless.	Centralize acquisition of IR under single IR director.
SAO 36 Division level ability to access data is inadequate	SAO 36 The director of information resources should work with the human resources division to develop a strategic plan for training managers on how to best use the agency's various systems to generate the management information best suited to their needs.	Train staffs on how to extract information from IFS.
SAO 37 Standard reports are needed	SAO 37 The Finance Director and Information Resources Director should work with agency managers and the staffs of the Administrative Resources to develop additional reporting formats with standard data elements that can be used to extract consistent information from IFS and other agency systems.	IR and Finance to develop reporting templates.

Issues

Recommendation

Agency plan is needed for data integration and use	<p>SAO 38 The agency is developing a plan to complete interfaces; however, this plan only covers the financial systems (and revenue systems). The agency needs to review other data systems across the agency to determine additional opportunities to create interfaces that could enhance agency operations and create efficiencies. For example, river sections are defined in a standard way by the Environmental Protection Agency. Other state agencies use the EPA's definition, as do most of the staffs of the Geographic Information System lab. However, one agency division uses a different method of defining river sections. As a result, their data is difficult to impossible to layer into maps based on the more standardized definition.</p> <p>TPWD should create a matrix team (a team that cuts across divisions and areas of expertise) to inventory all the information systems in the agency. The inventory should include architecture, size, location, staffing, content, function, age, etc. Once the inventory is complete, the team should look for overlap, duplication, or opportunities for enhanced value through systems coordination or interfacing. The team's recommendations should then be costed out. From this base of information, the agency will be in a better position to request and allocate information resources in a way that contributes to the overall priorities of the agency.</p>	Inventory information systems across agency to identify risks and opportunities.
Add sub-accounts to agency USAS structure	<p>SAO 39 TPWD needs to wait to complete the various interfaces between IFS and USAS before changing the account structure in USAS. To do so otherwise would be too costly.</p>	Complete interfaces before changing USAS account structure.

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CHAPTER II

Prior State Auditor's Office Reports

TEXAS PARKS AND WILDLIFE DEPARTMENT

BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

Chapter II

Prior State Auditor's Office Audit Reports

TPWD has already addressed several issues raised in the last three reports from the State Auditor's office. The complete list of issues and their status is included in the appendix. This section of the report is devoted to the most significant problems not yet appropriately addressed.

An Audit Report on Management Controls at TPWD, November 1995

Complete executive info system

SAO Recommends:

- *Complete the development of executive information system.¹*

Background

In 1995, the SAO wrote:

The current information systems do not meet the financial and operational information needs of executive management. An adequately functioning executive information system has not been completed. A major hindrance to the system's development is the lack of integration of Departmental information systems.²

As of March 2002, no real progress has been made at TPWD to address this problem.

Solution

PRIOR 1 This has yet to be done. As mentioned elsewhere in this report, TPWD's executive management must receive monthly reliable management information and should not

Management must receive monthly information

¹ State Auditor's Office, *An Audit Report on Management Controls at Texas Parks and Wildlife Department*, November 1995, p.12.

² *An Audit Report on Management Controls at the Texas Parks and Wildlife Department*, State Auditor's Office, Austin, Texas, November 1995, p. 12.

settle for incomplete, inadequate or inaccurate data or financial figures.

**Accuracy of
performance
measures report**

SAO Recommends:

- *Improve controls to ensure accurate reporting of performance measures.*³

Background

In the 1995 audit, the SAO reported that:

*Adequate control systems have not been implemented, or are not operating, to ensure accurate reporting of performance measures. Of the five performance measures we tested, three were inaccurately reported.”*⁴

This problem is not yet resolved. The August 2001 SAO audit of performance measures showed that four of the six agency outcome measures could not be adequately verified⁵.

TPWD assigned the program administrator over performance measures, a former LBB analyst, the task of creating performance measure reporting guidelines, creating a checklist, and investigating the quality of the data collection methods and performance measure calculations of each division responsible for submitting performance reports. Guidelines were developed in September 2001 and the checklist has been in use by the program administrator since the 4th quarter of 2001. Review of data collection on key measures has been started. Quarterly and Annual Reports are distributed to division directors and the Executive Director along with a memo summarizing the key areas of concern.

³ SAO Report, November 1995, p. 14.

⁴ SAO Report, November 1995, p. 14.

⁵ State Auditor’s Office, *An Audit Report on Performance Measures at 12 State Entities – Fiscal Year 2001*, Austin, TX, August 2001.

Solution

PRIOR 2 The Project Team recommends that the agency should implement the following steps to get the job done:

Conduct a complete audit and make necessary corrections in 90 days.

- Within each division, determine whether or not the divisions are tracking performance measures as they are supposed to be doing. (This step is in progress.)
- Check each division's methodology for accuracy. (This step is in progress.)
- Assign the Deputy to the Executive Director to oversee the task, to assign the most appropriate staff person, and to make sure the necessary process and data corrections are made by July 2002.
- Seek input from other agencies that have successfully addressed this problem, e.g., Texas Department of Insurance.

Publication policies *SAO Recommends:*

- *Strengthen publication policies and procedures.*⁶

Background

The 1995 audit reported that, “*Divisions have published documents that have not represented Department views.*” The SAO recommended that TPWD “*...develop publication policies and procedures to ensure that publications are consistent with Department views and are cost effective.*”⁷

⁶ SAO Report, November 1995, p. 21.

⁷ SAO Report, November 1995, p. 22.

TPWD has an informal policy that publications go through a central review process; however, it is not required and the policy is not written.

Solution

PRIOR 3 The Project Team recommends that the Director of the Communications Division be given the authority to sign off on all agency publications; no publications should be distributed without her signature. In addition, she needs to develop a written policy for the review and approval process. The policy should be approved by the Executive Director and distributed to all the division directors.

**Communications
Director should
have sign-off
authority on all
publications**

An Audit Report on the Texas Parks and Wildlife Department's Management of the State Park System, September 1998

SAO Recommends:

Prioritize maintenance

Complete facility inventory

- *Preventative maintenance and equipment replacement budget priorities.⁸*
- *Complete implementation of the new facility management system to better plan and prioritize maintenance and repairs.⁹*

Background

During the course of their 1998 audit, the SAO found that 45.8 percent of the Parks Division's equipment was older than its useful life. At the time, state parks were on average 13 years behind on their replacement schedule.

The Infrastructure Division is currently loading facility data into the Property Management Information System and taking facility inventories at all sites. The target date for completion is Spring 2002. A complete equipment inventory will take 6-12 months to complete.

Solution

PRIOR 4 TPWD continues to have a backlog of "Construction in Progress" items totaling \$19 million. These items must be properly allocated in the accounting and assets systems so that TPWD has an inventory of its assets.

Clear CIP backlog

SAO Recommends:

Define system ownership

- *Define system ownership to ensure optimum development and use of automated systems.¹⁰*

⁸ State Auditors Office, *An Audit report on the Texas Parks and Wildlife Department's Management of the State Park System*, Austin, TX, September 1998, p. 11.

⁹ SAO Report, September 1998, p. 30.

¹⁰ SAO Report, September 1998, p. 19-20.

Background

This same issue was raised again three years later in the 2001 audit report. Ownership for the R3 (reservation, revenue, and reporting) system has still not been clearly defined. System administration duties for the system are still handled by the Parks Division, rather than the information resources branch. In the 1998 report, the SAO recommended:

Information Resources should have clear responsibility and authority to coordinate agencywide system development and management.”¹¹

Solution

PRIOR 5 The Project Team recommends that TPWD clearly assign ownership of the system to Information Resources to assure the necessary oversight and development of the system takes place in a timely manner.

Clearly define ownership of R3 system

SAO Recommends:

Reliable visitation data

- *Develop reliable visitation data.*¹²

Background

According to the 1998 audit, parks visitation figures have been overstated by 12 to 25 percent. Over the last ten years, three different external studies have proven that Park’s use of 3.5 visitors per vehicle is an erroneous number.

When the Internal Auditor asked the Parks Division about this issue in March 2002, the Parks Division stated that they have examined their current visitation measures and will revise the car multiplier factor to reflect a more accurate number. The division continues to examine alternative and more accurate measures for visitation data within the revenue function of the R3 system.

¹¹ SAO Report, September 1998, p. 20.

¹² SAO Report, September 1998, p. 21.

Accurate visitation data is key to good planning, decision-making, and to allocating staff and resources appropriately, not to mention accurate reporting of performance measures.

Solution

PRIOR 6 The Project Team recommends that the Parks Division develop more accurate measures of parks visitation data no later than August 2002, prior to the preliminary budget presentations to the Legislature and Legislative Budget Board.

By August 2002, develop accurate measure of visitation.

An Audit Report on Catalog Operations at the Parks and Wildlife Department, April 1999

Background

In 1997, TPWD suspended retail catalog operations due to “gross fiscal mismanagement” by the catalog department. In April 1999, SAO issued a report on TPWD’s catalog operation, stating that:

Executive management, by recognizing the issues and privatizing operations, has corrected the weaknesses in catalog operations that we noted during our audit.

Since 1999, a contractor has been responsible for running the catalog operation.

In 1999, TPWD signed a 5-year contract with Badge Marketing, Inc. (Badge) that provides TPWD with royalty payments based on a percentage of the contractor’s gross margin. When the contract was signed the commission to TPWD was 3%. It is now 4.5% and will escalate to 5% next year. Badge publishes and distributes about six different versions of the TPWD catalog per year. Badge maintains the mailing list for, and fulfills orders from, the catalog.

During fiscal year 2001, the department received \$38,778 in royalty payments.

Solution

PRIOR 7 The Project Team questions the economic feasibility of TPWD’s catalog operation. Currently, it brings in about \$38,000 per year. However, the gross percentage will increase to 5 percent next year. That still is a very small amount of money.

The cost to the agency in staff time and expense required to monitor the contract and the catalog might exceed that amount. At least one staff person spends 30% to 40% of his time on the catalog, and travels to Dallas once or twice each month.

Take serious look at costs of catalog to TPWD to decide if contract should be renewed.

The staff person reviews the catalog items to make sure that the catalog does not contain any items that might be offensive. At one point, he had approved a rug designed as a State of Texas flag. This raised a protest from the Daughters of the Texas Republic, so the item was withdrawn. A key challenge has been to find the right product mix and the right customer lists to make the catalog profitable for TPWD.¹³

The catalog has a circulation of about 240,000, increasing to nearly 600,000 during the Christmas season. However, there is virtually no cross marketing of other TPWD items in the catalog, such as subscriptions to the TPWD magazine, products from TPW Press, the Lone Star Legacy program, or the Texas Conservation Passport. The catalog company advertises two of TPWD's posters and a couple of the TPW Press books—freshwater fish guide and saltwater fish guide, for example.

On TPWD's web page, the catalog introduction states:

*Our one-of-a-kind partnership with The Texas Parks & Wildlife Department allows us to contribute to the conservation and preservation of our state's natural resources, while bringing you special products that are either from Texas or are full of Texas traditions.*¹⁴

This leaves the purchaser with the impression that his or her purchase is a significant contribution to TPWD. However, the amount contributed to TPWD is 4.5% of the difference between the cost to the catalog company for the item and the cost to the customer. For example, a T-shirt that costs the catalog company \$5 to purchase, and is sold for \$10, results in a commission of \$0.22 for TPWD.

TPWD should seriously look at whether or not to continue the catalog after the five-year contract expires.

¹³ Interview with Corky Palmer, March 14, 2002, Texas Parks and Wildlife Department, Austin, Texas.

¹⁴ <http://www.tpwcollection.com/>

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Chapter III

Budget Issues

TEXAS PARKS AND WILDLIFE DEPARTMENT

BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

Chapter III

Budget Issues

Proposed Fee Increase

Profile of TPWD Method of Finance

In TPWD's operating budget, the agency lists nearly two-dozen different sources of revenue. TPWD receives appropriations from the General Revenue (GR) fund, as well as from GR-dedicated funds, bond funds, and federal funds. Out of the \$473.8 million in legislative appropriations for the 2002-2003 biennium, the funding sources divide up as follows:¹

Source	Percent	Biennium Total Appropriations
General Revenue	27.2%	\$128.9 million
Federal	13.4%	63.4 million
General Revenue Dedicated	45.9%	217.3 million
Other	13.5%	<u>64.1 million</u>
Total		\$473.8 million

Refer to page 83, the subsection on Budget Development Opportunities, of this chapter for detailed breakdown of appropriation by source.

Fund 9 is used to regulate and conserve fish, wildlife, and other resources, and to enforce water safety laws. Fund 64 is used to operate the state's parks, certain historic sites, and natural areas. Money from Fund 9 cannot be used to operate state parks and money from Fund 64 cannot be used for hunting, fishing, or conservation activities. On the other hand, the use of non-dedicated General Revenue is not restricted to a specific activity.

Hunting and fishing license sales account for 51 percent of Fund 9, or 27 percent of total agency revenue. Boat registration and titling fees account for another 11 percent of Fund 9, or 6 percent of agency revenue.

¹ "Texas Parks and Wildlife Planning for the Century," Draft Briefing Document, prepared by Paul Hammerschmidt, March 1, 2002, pp. 3-4.

The largest portion of Fund 64—50 percent—comes from park entrance and use fees. In fact, park fees of about \$27.5 million per year account for 10 percent of total agency appropriations.

With the exception of the dedicated sporting goods sales tax, unclaimed refunds on motorboat fuel, and boat and motor sales and use tax, the amount of non-dedicated General Revenue TPWD receives is totally dependent on the discretion of the Legislature each session. Total GR accounts for \$128.9 million for the current biennium, which is 27 percent of TPWD's budget.² The non-dedicated portion of GR amounts to \$25.6 million, or 5.4% of the total appropriations, which is the only discretionary funding currently appropriated by the Legislature to TPWD. GR has been appropriated in the past to cover extraordinary operating expenses or special programs, such as across-the-board salary increases for all state employees. The agency had been pursuing an agenda of becoming self-funding through fees, and has repeatedly been authorized to spend amounts exceeding their original revenue estimates. However, the General Revenue appropriated to the agency continues to be a significant portion of their funding stream.

Explanation Of Fee Increase Proposal

In August 2001, TPWD staff brought to the Commissioners a consideration to increase certain fees. In November 2001, TPWD published proposed fee increases in the *Texas Register* and began accepting public comment. The agency held a public hearing in Garland on December 17 and in Corpus Christi on December 18 on the proposed changes. The Commission met January 16 and 17 and took action on the proposals.

Possible fee-increase options under consideration included the following:

² Legislative Budget Board, *Fiscal Size Up 2002-2003*, p. 253.

- **Commercial Fishing License Fees and Oyster Bed Lease Fees**

The 77th Legislature mandated TPWD increase its commercial fishing fees and oyster bed lease fees to more fully recover the costs of operating each program.³ The agency estimated the changes would increase revenue by \$600,000 from commercial fishing fees, and \$6,980 from oyster leases.

- **State Park Entrance, Facility, and Activity Fee Ranges**

Park entrance fees are set on a park-by-park basis by the agency. However, the Commission determines the fee range within which the agency must operate. The agency was proposing to increase the cap on park entrance fees, the first time since 1996. They were also exploring an increase in fees for specific services, such as electric hook-ups and cabin rental, as well as activity fee increases. Any increase in park fee revenue would go to operate state parks. TPWD planned to increase the entrance fees at several parks, as well as cabin rentals. The agency generated \$27.5 million from all park fees in fiscal 2001, according to the Comptroller's *Annual Cash Report 2001*. The proposed range and actual increases would result in an additional \$500,000 for the 2002-2003 biennium.

- **Boat Dealer License Fee Increase; Change Dealer License From Voluntary Registration To Mandatory**

The agency's Sunset legislation (Senate Bill 305) contained a section that would allow – not mandate – the agency to increase the boat dealer license fee if it created a statewide list of boat dealers and mandated all dealers to pay a registration fee to TPWD. Since it is not known exactly how many businesses would fall under this mandate, the estimates of revenue are rough projections. The agency estimated that such a program would raise \$228,000 in the first year, and \$326,000 in each subsequent year. However, the agency would

³ Senate Bill 1, 77th Reg. Sess., Section 22, Texas Parks and Wildlife Department, Article VI; Senate Bill 305, 77th Reg. Sess., Sec. 42.

have to hire additional staff to administer and enforce the program, which would likely mean the program would not be self-sustaining.

The mandatory program would require anyone who sold just a few motors or boats each year to become a licensed dealer and pay the registration fee. Since there is not a complete inventory of all the businesses across the state that might be affected by such a mandate, the agency was unable to project the overall impact, especially on small businesses.

- **Boat Registration Fee Increase**

In November 2001, TPWD published proposed changes in boat registration fees, raising fees for each class of boat anywhere from \$5 to \$20. The purpose of the increase was to allow the agency to recover the costs of administering enforcement of water safety laws in the state as well as registering and tracking boat ownership across the state. The increased fees were estimated to raise about \$4.4 million annually. Boat fees are allocated to Fund 9 and cannot be used to fund parks operations.

- **Hunting License Fee Increase**

TPWD administers a large variety of hunting licenses and permits that cover different species, such as deer, wild turkey, and alligator, and different forms of hunting, such as muzzleloader and archery. While the agency had begun to research its options, no formal proposal to change any of the hunting fees was brought to the Commissioners.

- **Fishing License Fee Increase**

TPWD had begun discussing potential fishing license and permit fee increases; however no formal proposals had been drafted. As with hunting permits, TPWD administers a wide range of recreational and commercial fishing licenses, specific to different types of fish and other water species.

TPWD's Budget Problem

The targeted spending level authorized by the 77th Legislature is not fully supported by actual revenues projected to be received by TPWD. This created a gap between operational expectations by the Legislature and the resources available to support such operations. TPWD was directed to continue with existing operations while adding new parks and FTEs. The problem was further compounded by the fact that the sources of revenue for Fund 9 and Fund 64 were not expected to increase rapidly enough to cover the mandatory 4 percent pay increase and increased costs in employee benefits while maintaining the current level of operations.

TPWD attempted to explain this problem during the legislative session to decision-makers and their staffs. However, because the agency had a history of underestimating their revenue for Funds 9 and 64, the Legislature did not make TPWD's concerns a high priority.

When TPWD met with legislative staffs following the session, the figures the agency presented were not consistent with prior presentations. In addition, the agency was not providing a satisfactory explanation of the availability of the various fund balances that appeared in the *Annual Cash Report* prepared by the Comptroller of Public Accounts.

Project Team Activity

The Project Team met with the staffs of the Governor's office, Speaker's office, Lt. Governor's office, Senate Finance Committee, House Appropriations Committee, and the Legislative Budget Board. In every meeting, staffs expressed skepticism about TPWD's need for the fee increases and, as a result, the Project Team found no real support for the increases. The Project Team conveyed this response to the Commissioners and the acting Executive Director.

At each meeting, the Project Team raised the options of TPWD raising park facility fees and activity fees to recover costs. While there was not wholesale endorsement of this idea, these "cost recovery" type proposals for campsite services and cabin rentals were looked upon more favorably than increasing park entrance fees.

The Project Team also raised the option of an emergency appropriation at the beginning of next session to cover the agency's revenue shortfall. The response to this alternative was fairly negative. Other agencies had already been contacting the staffs with similar concerns, and since many of those agencies did not have the option to raise fees to bridge their own budget shortfall, it was pointed out that TPWD's case would not be seen as urgent. Therefore, whatever emergency funding that might be available would probably be spent on the other non-fee-based agencies.

History of Underestimating Revenue

The SAO's October 2001 report cited TPWD's consistent underestimation of agency revenue. In fact, the report pointed out that between 1998 and 2000, TPWD underestimated Fund 9 by an average of \$8 million per year, and Fund 64 by an average of \$5 million per year.

TPWD defended the practice by explaining their desire to be prepared for emergencies, such as weather disasters that would cause a steep drop in park visitation rates. In addition, the agency was directed by prior TPW commissioners to "save" money for future projects, intentionally making conservatively low estimates and requesting GR for the difference. The end result was a level of higher fund balances that attracted the attention of legislators and their staffs.

History of Growing Fund Balances

According to the Comptroller's *2001 Annual Cash Report*, Fund 9 – Game, Fish, and Water Safety Fund – showed a net balance of \$46.7 million. A review of prior year's reports shows that the balance in Fund 9 has been steadily increasing over the last several years. The bulk of the fund balance is dedicated or encumbered and is not available for general agency operations; however, this information is not detailed in the *Cash Report*.

The same situation existed for Fund 64 – State Parks Fund, which had a net fund balance of over \$8 million at the end of fiscal 2001. The balances for Fund 64 had been decreasing over the last few years; however the Fund continued to carry a significant balance in relation to the total annual revenue.

The agency's statement of need met a high level of skepticism when presented to staff in the Speaker's, Lt. Governor's, Governor's, House Appropriations, Senate Finance, and Legislative Budget Board offices. After several conversations, the consultant team concluded that there was very little agency credibility with Legislative leadership and the Governor's office when it came to budget matters.

Underestimating Revenues

In the late 1980s and early 1990s, the agency began to develop a reputation for underestimating revenue from their various fees. This resulted in an increase in their fund balances despite pleas to the Legislature for additional revenue to cover anticipated shortfalls. This was the context in which the agency came to legislative staff in 2001 after the 77th Legislative Session. In the last days of the session, the Legislature added a state employee pay raise, increase in longevity pay, and health insurance premium increase. While the agency received additional General Revenue funds to cover the increase for the non-dedicated GR portion of agency operations, they did not receive funds to cover the pay increases for employees paid from Fund 64 or Fund 9, or the statutorily dedicated portions of GR funding. The agency did not anticipate a significant increase in revenue from the fees, leases and other miscellaneous sources that fund these operations.

The agency explained that the fee increases were necessary to meet operating costs over the biennium. This explanation stood in contrast to the fact that the Legislature increased the agency's appropriation authority and the belief that the agency could access what appeared to be large, and growing, fund balances.

The agency's preliminary strategy was to adopt an operating budget that cut operations below 2000 levels. This included cuts in the capital budget and maximizing lapsed positions. Despite these reductions, preliminary assessment by the agency showed that they would end each year of the biennium with a deficit in Funds 9 and 64. The agency concluded, therefore, that the solution was to raise various fees.

**Improvements in
Revenue
Estimate for
FY2002 and
FY2003**

TPWD began work prior to the 2001 Legislative Session to improve its revenue estimate. It took a slightly less conservative approach to estimating growth and worked with the Comptroller's revenue estimating staff. The result was that TPWD's estimates of revenue for Funds 9 and 64 were within a percentage point of the Comptroller's official *Biennial Revenue Estimate* (BRE). It is the BRE that is used as the basis for legislative appropriations. The Legislature cannot spend more than the Comptroller estimates will be available; therefore, the Comptroller's estimates are seen as more binding (and usually more accurate) than agency estimates when it comes to setting the state's budget.

**Incomplete
Budget
Information**

After meeting with legislative committee and leadership staffs, the Project Team turned their attention to obtaining an accurate and realistic picture of TPWD's budget. The agency continually referred to the fact that the agency was operating at a 96% budget level. However, the agency was not referring to 96% of the legislatively authorized *appropriated budget*; they were referring to the prior year's *operating* budget, which is an internal document. After asking repeatedly for a comparison between the agency's operating budget and the General Appropriations Act, the Project Team was still unable to get an accurate accounting of the agency's budget position.

**"Operating
Budget
Balances"**

In an attempt to better pinpoint the problem, the Project Team asked the Chief Financial Officer to prepare a budget presentation for the Project Team as if the team were members of the Legislature. During the course of the presentation, the CFO listed a fairly large dollar amount labeled "operating budget balances" along with other encumbered amounts to explain the differences between the *Annual Cash Report* balances and agency-unobligated balances. The "operating budget balances" were deducted from the *Cash Report* balances as if they were funds that were not available to the agency to fund 2002 operations. After intense questioning, it became clear that the "operating budget balances" were either lapsed or otherwise unobligated amounts from the prior year that had not yet been recovered from the various divisions' budgets. For the most part, they were unencumbered,

unobligated and undedicated funds that had not been spent. The problem was that the unspent funds had been deducted from cash balances of Funds 9 and 64 and had not been rolled into the fiscal 2002 operating budget, leaving the impression that the agency had \$7.1 million less to operate with than, in fact, was available.

No Ties To GAA

Despite the fact that the starting point for any discussion with legislative staffs of TPWD's budget should be the General Appropriations Act, the agency did not make a single presentation that explicitly tied their operating budget to appropriations. Without that information, neither the Project Team nor legislative staffs could determine the actual condition of TPWD's operating budget as it related to legislative appropriations and estimated revenues.

Conclusions

As the Project Team worked to determine whether or not the agency had to increase fees in order to meet its obligations in fiscal 2002 and 2003, several issues that needed attention surfaced.

1. TPWD's credibility when it comes to budget numbers is very low among legislative staffs.
2. TPWD staff did not understand the significance of being able to tie their operating budget back to the General Appropriations Act.
3. TPWD staff did not realize that changes in their fiscal presentations—both in format and content—to legislative staffs during the interim created the impression that the agency's numbers could not be trusted.
4. TPWD's decentralized operational structure prevented the agency from having an accurate understanding of the agency's overall fiscal situation.
5. The decentralized budget process contributed to untapped agency resources, such as \$7.1 million in "operating budget balances." Had the budget process been more centralized, the \$7.1 million would have been more obvious.

6. TPWD operated with proportionately larger fund balances in its two major dedicated funds, than other state agencies.
7. TPWD's application of the labels "obligated", "encumbered", and "dedicated" is not consistent with how such labels are used elsewhere in state government. This results in the build up of inaccessible fund balances and self-imposed dedications that reduce TPWD's ability to fund basic operations.

TPWD seemed to have more revenue available for operations than they originally thought. By mid-January when the Commissioners needed to make a decision on fee increases for fiscal 2002 and 2003, the Project Team was not convinced that increasing fees this year was necessary and in the agency's best interest. The \$7.1 million of prior year appropriations that had not been used in making projections was significant in making this determination. Therefore, the Team recommended to the Executive Director that he consider postponing any fee increase until 1) the agency budget could be examined more closely, 2) reliable budget figures could be compiled, and 3) assurances could be made that TPWD was optimizing its use of all available fund balances and revenues.

Final Actions by Commissioners

On January 16, 2002, the Executive Director made a presentation to the Commissioners regarding the fee increases. In his statement, he explained that a fee increase could lead to a decrease in park attendance and a decline in park revenue. At the same time, the national recession meant that families had less disposable income for vacation and leisure. On the heels of September 11th, families were looking for ways to vacation together without having to fly. Therefore, it was inappropriate for TPWD to increase fees at this time if it could be avoided. He had reviewed the agency's budget and was convinced that, while it was not going to be easy, the agency could get through fiscal 2002 and 2003 without the fee increases by spending down fund balances and reducing operations.

The following day, in a public hearing, the Commissioners decided not to increase the park fee ranges or boat license fees. However, per legislative mandate, the

Commissioners did approve an oyster lease fee increase from \$3 to \$6 an acre. They also directed the agency to publish for possible Commission action in April 2002 a fee increase for some commercial fishing fees to recover program administration costs.

Solutions

The Project Team brought its findings to the Executive Director and Commissioners, whose decision it was to not increase fees. The Team concurs with the decision.

- B 1** State accounting guidelines require agencies to report all encumbrances for the prior year by November of the current fiscal year. TPWD reported its fiscal 2001 encumbrances to the Comptroller's office by November 2001. As of January 2002, the agency had not reallocated prior year unspent and unobligated division budgets that had been allocated to each of the ten operating divisions. TPWD should not wait so long into the next fiscal year to clean up its prior year budget. Divisions should be given no more than 60 to 90 days into the next fiscal year to report on the status of their prior year budgets. By November, the agency should recapture the remaining balances and reallocate them to the current fiscal year's operating budget. The Commissioners should be notified of the recapture and reallocation and its impact on the current year's operating budget. Again, the situation at TPWD resulting in \$7.1 million of prior year dedicated funds being tied up at the division level is unacceptable.

Reduce time for carrying forward "operating budget balances"

- B 2** This issue is dealt with in greater depth in the Organizational Structure chapter of this report. While allowing divisions some control over their portion of TPWD's budget can enhance agency operations, the almost wholesale decentralization of the budget has resulted in an inability to compile an accurate picture of the agency's budget status. Control over the budget belongs under the CFO, not under each individual division.

Centralize budget control

B 3 The Parks Division is having to lapse over 80 positions to make funds available for the continued operation of all existing parks, historical sites, and natural areas under its purview, not to mention the opening of new parks as mandated in the General Appropriations Act. The revenue sources for parks operations are more limited than those available for Fund 9 purposes. The agency should pursue a strategy of allocating a greater portion of its General Revenue to Fund 64 operations to offset Parks' limited ability to increase revenue and to fund expanded responsibilities.

Use GR for Parks

B 4 This recommendation is discussed in depth in the section of the report titled "Communicate regularly with legislative staffs and the state's leadership during the Interim." In summary, TPWD must meet with staffs at least monthly prior to the next legislative session to assure that all parties clearly understand TPWD's budget, can agree on the budget numbers, and are aware of TPWD's upcoming budget issues.

**Improve
communications
with Legislature**

Lapsed General Revenue

As discussed earlier in this chapter, the first priority for the Project Team in January 2002 was to assist the department in reviewing their budget, determine available cash and other resources, and generally assisting staff in making a recommendation to the Parks and Wildlife Commission regarding the proposal to increase fees.

Declining Balances

The fee increase proposal for Funds 9 and 64 was driven primarily by the declining balances in those funds and the legislative appropriations for 2002-03 that are projected to use all available revenues for the biennium. Nearly 95 percent of TPWD's budget is from dedicated revenue. Only 5.4 percent of the budget is from non-dedicated General Revenue sources. Non-dedicated GR essentially fills the gap between the total funding need and the amount that can be provided by non-GR sources. While statutory dedications limit the types of goods and services that can be paid from non-GR sources, the appropriations from General Revenue may be used for any valid legal purpose of the agency.

Unspent And Unobligated Balances In Prior Years

Therefore, it is with this background that the Project Team investigated the amount of remaining unspent and unobligated balances in prior year General Revenue appropriations.

The Project Team found that General Revenue appropriations for fiscal year 1998 had been lapsed in the amount of \$240,461. Fiscal year 1999 General Revenue appropriations in the amount of \$298,975 had also been lapsed. Since the allowable time period to access the lapsed balances for 1998 and 1999 has expired, this represents an effective loss to the department of \$539,436. Had General Revenue been fully utilized, this amount of extra cash would have been available in Funds 9 and 64. **This is an unacceptable practice for an agency that is strapped for funds.**

The Project Team also determined that \$251,806 in unspent and unencumbered balances remained in fiscal

years 2000 and 2001. Under state law, an agency may only encumber obligations against appropriations for a fiscal year through August 31st. Following that date, payment for validly encumbered items may be made for an additional two years. Thus for 2000 fiscal year, TPWD could only encumber (obligate) through August 31, 2000. Then the bills can continue to be paid through August 31, 2002 against that fiscal year. If an appropriation is not encumbered through a valid contract or unless the good or service has been received and the item is in a “payable” status, then the balance is required to be “lapsed”, effectively taking it off the books.

TPWD is in the unique position of being able to spend 100% of its General Revenue appropriations because of its overall funding structure. The Legislative budget process resulted in every available dollar in Funds 9 and 64 being used to fund the operations of the agency. Therefore, every GR dollar provided and spent will assist the department in managing within their appropriations and reducing the pressure on the dedicated fund balances, hopefully leaving a small balance to begin the next budget cycle. The Project Team believes the agency allowed the incomplete uses of GR as a result of the backlog in reconciling their internal IFS accounting system and the Comptroller’s USAS systems. Many of the appropriation accounts for both GR and special funds were in need of being lapsed, or in some cases transferred to a more current year where authority existed.

Procedure To Capture Unspent Funds

When the \$251,806 General Revenue balances for fiscal 2000 and 2001 were called to the attention of TPWD staff by the Project Team, TPWD staff were encouraged to use more promptly a procedure whereby expenditures previously charged to Funds 9 and 64 could be reversed through an error correction process on the Comptroller’s USAS system. This process would effectively use the remaining GR, including any amounts lapsed or not previously encumbered or obligated. For fiscal years 2000 and 2001, as of the writing of this report, the GR balances have not been completely used.

Solution

- B 5** The Project Team recommends that the Finance Section and the Budget Staff concentrate efforts on cleaning up appropriation account balances. Additionally, every effort should be made to completely use all General Revenue available to the agency unless there are any rider provisions or other statutory restrictions on its use. TPWD staff should work cooperatively with staff from the State Comptroller's Office on transactions, which would completely use all available GR appropriations.

**Clean up
appropriations
account balances**

Budget Development Opportunities for Texas Parks and Wildlife

Background

Texas Parks and Wildlife Department is a large and extremely diverse agency. The staffing level, established in the 2001 legislative session, authorizes 3,035 full time employees. About 75% of these employees work in various locations across the state. The department's responsibilities include managing state parks, fish and wildlife resources, enforcement of hunting and fishing laws, boat registration and titling, boating safety regulations, environmental regulation related to fish and wildlife habitat, grant assistance to local governments for park construction, education and outreach programs and other miscellaneous activities. These responsibilities include the operation of more than 120 state parks and 50 wildlife management areas encompassing more than 1.3 million acres of public lands. Eight fish hatcheries are operated by the Inland and Coastal Fisheries Divisions providing millions of fingerlings to stock both inland and coastal waters for the public enjoyment of aquatic resources.

Funding for TPWD for the 2002-2003 biennium is a combination of general revenue, general revenue dedicated accounts, federal and other funds. According to *Fiscal Size-Up 2002-03*, a publication of the Legislative Budget Board, the Parks and Wildlife funding sources are as follows:

Source	Percent	Biennium Total Appropriations
General Revenue	27.2%	\$128.9 million
Federal	13.4%	63.4 million
General Revenue Dedicated	45.9%	217.3 million
Other	13.5%	<u>64.1 million</u>
Total		\$473.8 million

The General Revenue Dedicated source includes amounts actually collected by TPWD through hunting and fishing license sales, boat registration and titling fees, park entrance and facility use fees and other collections. The General Revenue source includes statutory dedicated revenues from sporting goods sales tax, unclaimed motorboat fuel tax, and boat and motor sales and use tax that are actually deposited into funds 9 and 64. As a result of the way the LBB categorizes the funding sources, it appears confusing to compare the budget as presented by TPWD.

Viewed another way, and by separating the amount of general revenue that is not statutorily dedicated to TPWD from the dedicated GR sources, the budget breakdown by source looks like this:

<u>Source</u>	<u>Percent</u>	<u>Biennium Total Appropriations</u>
GR and Statutory allocations from GR		
General Revenue-non-dedicated	5.4%	\$25,624,570
Sporting Goods Tax to fund 64	6.5%	31,000,000
Sporting Goods Tax to fund 467	6.5%	31,000,000
Capital Account, Fund 403	.4%	2,000,000
Unclaimed Ref-Motorboat Tax	6.1%	28,680,000
Boat & Motor Sales & Use Tax	2.2%	10,600,000
Total General Revenue	27.2%	<u>\$128,904,570</u>
Collected revenue accounts in GR		
GR-dedicated fund 9	34.9%	\$165,346,651
GR-dedicated fund 64	8.4%	40,004,515
GR-dedicated fund 467	2.1%	9,894,331
GR-dedicated fund 506	.01%	71,855
GR-dedicated fund 544	.02%	100,000
GR-dedicated fund 679	.08%	389,377
GR-dedicated fund 5004	.2%	775,232
GR-dedicated fund 5023	.08%	398,000
GR-dedicated fund 5030	.04%	191,000
GR-dedicated fund 5057	.02%	96,000
Subtotal GR-dedicated	45.9%	<u>\$217,466,961</u>
Federal Funds	13.4%	\$ 63,447,152
Appropriated Receipts	2.8%	13,456,792
Interagency contracts	1.1%	500,000
Bond Proceeds-GO	7.7%	36,680,000
Bond Proceeds-revenue	2.1%	10,000,000
Total Appropriations	100%	<u>\$473,755,475</u>

**Budget
Development and
Staffing at TPWD**

Following the 2001 Legislative session, TPWD staff developed their operating budget for 2002 and for 2003 to ensure the expenditure levels for the agency were within both the approved appropriation level of the Legislature and within the estimated funding that would be available to the agency from their collected revenues. The agency realized there were insufficient projected revenues to fund salaries and other operating expenses at the maximum levels authorized. The primary reason for the revenue shortfall was the legislatively mandated salary increase for state employees. Since the majority of TPWD funding comes from sources other than general revenue, these non-GR funds are expected to pay for the salary increase costs, either from fund balances or from increased revenues.

The agency proposed a range of fee increases and conducted public hearings between August 2001 and December 2001. In November 2001, TPWD contracted with the Project Team to conduct a management review of TPWD, and to review the proposed fee increases. In January 2002, the Commission declined to approve the fee increase proposals due to the general state of the economy and the Department's determination to operate within available resources.

In the course of our work at TPWD, the Project Team reviewed the staffing and the budget preparation and monitoring process that is used. Our review examined both the development of the recommended budget for the Legislature, as well as the process of implementing an operating budget to actually fund salaries and operating costs after the Legislature has finished their work.

Several striking observations became immediately apparent:

**Weak Central
Budget Staff and
Budget Control**

TPWD prepares their Legislative Appropriations Request (LAR) and their internal operating budget with a total staff level of 4 persons. The budget unit is administratively housed within the Financial Management branch of the Finance Section under the CFO. Their duties include preparation of the internal budget instruction package, conducting an annual budget meeting for staff throughout the agency, assembling the budget data and so forth. Budget policy decisions are made by the Executive

Director and each of the ten operating division directors. Following approval of the operating budget, the budget section distributes the approved operating budget to division contacts within each of the ten operating divisions. From that point on, it is the responsibility of each of the operating divisions to stay within the confines of the approved budget. There is little central control or approval for major purchases, staff or salary increases, or coordinated agency efforts. Each of these strategic decisions is made separately by each operating division.

Budget Staff at Other Agencies

To compare the TPWD budget process and staffing levels, the Project Team contacted three other agencies as follows:

Texas Department of Insurance—This agency has a staffing level of about 1,020 people. There is a single funding source and only a handful of the employee's work outside the Austin area. The agency has a central budget staff of four and one-half persons.

Additionally, each program area has a budget person whose responsibilities include budget oversight and coordination duties. They exercise centralized control over major purchases, personnel staffing levels, sweep salary lapse amounts back into an agency pool on a monthly basis, etc. This agency seems to have a very tight control on agency operations.

Comptroller of Public Accounts—This agency has a staffing level of 2,831 people. They have locations throughout the state and some offices in other states. There is a single funding source. Central budget staff includes 9 full time staff plus about one-half of a director's time. Additionally, each operating division has a person whose duties include budget coordination at the division operating level. Similar to the Insurance Department, major requisitions must be approved in the budget area. Salary lapse amounts are regularly swept back into an agency pool and in general a strong centralized control is exercised.

Texas Natural Resource Conservation Commission—TNRCC has a staffing level of 3,042. They also have locations and staff spread all across the state and their funding stream has numerous dedicated

accounts. By almost all measures, this agency compares in terms of staffing, complexity, and operations as close to TPWD as any other state agency known to the Project Team

TNRCC has a central budget staff of 15 full time people. Additionally each of the 50 to 60 operating divisions has a staff person with some budget responsibilities. Again as was seen in the Insurance Department and the Comptroller's Office, a strong centralized control function exists over major purchases, salary lapse and general budgetary control.

In addition, TNRCC receives federal funds. Staff from a section separate from the budget area, has centralized responsibilities for both writing grant proposals, soliciting federal funds and for reporting and maintaining the grant reporting process.

Solutions

B 6 The Project Team recommends that TPWD expand the staffing and duties of the centralized budget function for the agency. It should not be necessary to increase the overall staffing levels for the department because there are a number of people located within each of the operating divisions that likely have the required budget skills and background knowledge of agency operations.

**Expand
centralized budget
function at TPWD**

B 7 The current decentralized budget process should be completely revised. While distributing the budget amounts to each of the operating divisions does lead to an ownership and feeling of control for each of the divisions, there is very little room left for the Executive Director to control expenditures and to make strategic decisions. With the entire budget compartmented within each division, it is also very difficult for the finance staff to know how many of the budget dollars are contractually committed or available at any point in time. **For example, in January 2002 when the Project Team began the review of the need for fee increases, we found that over \$7.1 million in appropriations from funds 9 and 64 for prior years remained locked within the operating divisions. As a result this amount of potential funding for 2002-03 was being deducted from the projected**

**Revise current
decentralized
budget process**

revenues and fund balances in computing the available funding for budget estimates. The Finance Division staff was unable to quickly obtain data on how much, if any, of these budget dollars were committed or might be available to assist in funding the projected budget shortfall for 2002-03 as a result of the legislatively mandated salary increases. This piece of critical information was pivotal in the determination that inadequate support existed for a fee increase at that time. Unobligated budget and lapsed salary funds should be swept back to a central pool for use in making strategic budget decisions.

Seeking Federal Funds

Federal Funding Needs Centralized Control

At the time the General Appropriations Act was completed in May 2001, TPWD was projected to receive more than \$63 million over the *biennium* in federal funds. Since that time, the agency has been successful in obtaining final approval of even more funds. Current estimates for the 2002 fiscal year alone include estimated federal funding of \$60.2 million.

Although the uses of most federal funds are highly restricted and are rarely available to increase staffing levels or true operating levels for a state agency, they do provide an important funding source to further the mission of the agency. Federal funds will be used for boating safety and law enforcement, wildlife restoration, sport fish restoration, education, and local park grants.

Although TPWD is reasonably successful in the receipt of certain federal funds, this success could be enormously enhanced if the function were organized more effectively. The current process does not include any focused approach on behalf of the entire agency to plan for, solicit, write grant proposals, or project the receipt and appropriate uses of federal funds. The current process includes each operating division being completely responsible for all federal grant proposals. Cross-divisional opportunities are rarely recognized and many opportunities are missed because of limited staffing. Without any central focus on potential uses for federal funds, it is difficult for TPWD to be successful in competing for federal dollars where other organizations are concentrating their expertise and focusing on success.

By their own admission, staff in the TPWD Finance Division are frequently surprised when federal funds arrive for deposit. Many times they report they did not know that a federal grant proposal was pending. Therefore, the necessary planning and budget process for staff and equipment have not been adequately addressed and this further increases pressure on already limited staff resources.

Solutions

- B 8** The Project Team recommends a separate section of staff be created within the budget and finance area for the purpose of concentrating expertise and focusing attention on the receipt and expenditure of federal funds. The current process of being surprised when federal funds arrive is completely unacceptable and an inadequate use of state resources and undoubtedly results in less than optimum receipt and use of the federal dollars.

Create federal funds section in budget and finance

- B 9** The Project Team recommends the new federal funds section recommended above also be specifically charged with looking for opportunities for cross-divisional uses and purposes for federal funds. Many of the federal grants can likely fill needs that cross several operating division responsibilities. Accounting techniques should be employed where personnel costs, equipment costs and all operating expenses can be accumulated as a result of persons and/or equipment being used for multiple programs within the agency.

Look for cross-divisional opportunities for federal grants

Decentralized Organization

Cross Divisional Cooperation

(Note: This subsection also appears in Chapter VI: Organizational Issues.)

Another striking characteristic of TPWD is the separateness of each division. Each division director has his or her charge of responsibilities. There seems to be little effort at working cooperatively with other divisions. Various reasons for this have been given, but the one constant seems to be the funding and budget structure. For example Wildlife Division may have a dump truck that is used only a small percentage of the time. Parks Division may have a dump truck in the same area that is also used on a part time basis. Because wildlife funds are not to be used for parks and parks funds not used for wildlife, there is a negative incentive to use only one dump truck. It is as if TPWD operates like a county with ten different county commissioners who each have their own precinct within the county. The Department should be managed as one agency, not ten agencies (divisions).

75% of Staff Work Outside Austin Headquarters

Another example observed by the Project Team is that although approximately 75% of the agency staff are located in remote offices throughout the state, there is little effort to co-locate staff in the same office complex. In many cities, there are at least three separate office locations, each with staff from a single division. For example, in some coastal areas, there are boats operated by the Law Enforcement Division, the Coastal Fisheries Division, and the Resource Protection Division. Each of these divisions has separate facilities to house their boats and separate office space for the staff assigned for each area. Some of this could be easily solved with simple budget and time reporting techniques, which may already be available in the agency. The problem is there is absolutely no incentive to save money by sharing resources at the division levels for such shared activities. To implement such plans, the agency would have to accept a more global view across divisional lines and focus on overall activities rather than just at a division level. The Department should be managed as one agency, not several.

Solution

- B 10** The Project Team recommends TPWD management focus attention on the capabilities of their internal accounting system in order to better spread costs among activities that cross over more than one division or purpose. With such cost allocation mechanics in place, then it should be commonplace for the agency to begin thinking along the lines of co-location of staff, equipment, and generally operating as one single agency in its many locations across the state. The results will be one of increased efficiency and less duplication of equipment and personnel and the more efficient use of taxpayer dollars.

**Change
accounting system
to allow for shared
costs across
divisions**

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CHAPTER IV

Optimizing Assets

TEXAS PARKS AND WILDLIFE DEPARTMENT

BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

Chapter IV

Optimizing Assets

Long-Term Projects

The purpose of this chapter is to describe the impact of long-term projects on TPWD's budget and operations. The Project Team concludes that, in almost every case, each project will require additional capital funding to be completed. In addition, each project will require significant ongoing operational expenditures once completed. In most cases, the projects are being developed at parks that already operate at an annual deficit.

Background

TPWD is continually making improvements or repairing facilities at state parks, natural areas, and some historic sites as well as fish hatcheries. The agency also is engaged in purchasing land or accepting donations of property for public use. Sometimes, historical facilities or wildlife habitats or unique ecosystems create opportunities for the agency to invest in large projects that will take several years to complete. These projects are referred to as long-term projects.

Over the last two biennia, the Legislature has granted the agency permission to embark on a list of long-term projects. The Legislature provides a substantial amount of the funding for these projects mainly through bond proceeds. In some cases, the Legislature has made a direct general revenue appropriation for the project. Many of the projects will require private or federal funding in addition to the state funds to come to fruition. The agency develops a master plan for each of the projects. The master plan explains why the project is significant, the goals of the project, and the vision for the final product. It also estimates the total cost of completing the project. However, the master plan does not estimate the ongoing operational costs of the project once it is completed.

Each project is managed through the Infrastructure Division. More detailed spreadsheets for each project's

estimated capital and operational costs and anticipated revenue is included in the Appendix. Combined, the projects total \$84 million in capital costs and \$11.6 million in debt service and operational costs through the 2008-2009 biennium. There is no anticipated shortfall in revenue for the total capital costs for the projects this biennium because the agency is being very cautious about the certainty of funding before moving forward. The agency is also carefully scaling projects this biennium to operate within available revenues. In some cases, this means barely moving forward on the master plan for the project. Based on their best estimates, TPWD will be \$12.5 million short in the 2004-2005 biennium to cover capital and operating costs of their long-term projects.

In 1999, the Legislature directed TPWD to use \$16.3 million in bond proceeds remaining from the Connally bonds originally authorized in 1968 for the following programs¹:

- World Birding Center sites
- High Plains Bison Project
- Government Canyon
- Austin Woods
- Texas Rivers Center
- Meteor Crater

All the projects listed above except the Meteor Crater are part of the Lone Star Legacy campaign of the Parks and Wildlife Foundation. Of the five Lone Star Legacy projects listed, the agency is counting on \$3.6 million in private funds, which includes Foundation funds. The agency is also counting on \$3.7 million in local funds (in-kind matches and cash). All but \$400,000 of the local funds is for the World Birding Centers.

Out of the \$101 million in Proposition 8 general obligation bond proceeds authorized for TPWD, the Legislature appropriated \$36.680 million to TPWD *this biennium*. The agency will use the proceeds this biennium to reduce

¹ House Bill 1, 76th Reg. Sess., Article VI, Texas Parks and Wildlife Department, Rider 18.

their critical repair backlog, fund scheduled repairs, and fund some long-term projects.

Over the life of the Proposition 8 bonds, TPWD plans to invest \$32 million of the \$101 million in the long-term projects listed below.

- Admiral Nimitz National Museum of the Pacific War
- Battleship TEXAS
- Levi-Jordan Plantation
- San Jacinto Battleground
- Sheldon Lake Environmental Education Center

Project Descriptions and Issues

Admiral Nimitz National Museum of the Pacific War

The National Museum of the Pacific War located in Fredericksburg, Texas, is the premier naval memorial facility honoring the United States involvement in World War II in the Pacific. This project will add needed exhibit space in the George Bush Gallery and provide a new Center for Pacific War Studies with new curatorial and collection space. Also included is the renovation of the historic Nimitz Hotel and the Pacific Combat Zone. Phase I repairs to the Nimitz Hotel will cost \$2 million. Phase II, expansion to the Museum, will cost \$7 million. Total capital construction, debt service, and operating costs will reach \$15.5 million through the 2010-2011 biennium if both phases of the project are funded.

Phase I will be funded from Proposition 8 bond proceeds and private donations.

At present, \$7 million of the *capital construction*—Phase II—is unfunded. S.B. 1173 authorized TPWD to issue up to \$9 million in revenue bonds; however, the Legislature did not appropriate the debt service required to pay for the bonds. The Admiral Nimitz Foundation has committed to raise \$3 million for an endowment fund to defray additional operating costs of the enhanced Museum.

In fiscal 2000, the Admiral Nimitz State Historical Site operated at a loss of \$79,000 out of an annual budget of \$495,000. This raises the question of how the debt service on the revenue bonds would be financed.

Austin Woods

“Austin Woods” describes a conservation zone of old-growth bottomland hardwood forest located in Brazoria, Wharton, Fort Bend and Matagorda Counties. It is one of the few remaining expanses of forest adjacent to the Gulf of Mexico and is critical to the survival of migrating songbirds traveling across the Gulf of Mexico.

The new Nannie Stringfellow Wildlife Management Area and the Levi-Jordan Plantation are both located in Austin Woods. TPWD eventually plans to make improvements at the Stringfellow WMA totaling \$2.58 million that will include a pavilion, restrooms, boardwalks, a canopy walk, three miles of trails, and interpretive exhibits. TPWD is in the process of building a barn in the WMA for wildlife management, using proceeds from Texas Department of Transportation mitigation funds.

Proceeds from the Connally bonds are being used for the Levi-Jordan project in the Austin Woods, as authorized in the 1999 General Appropriations Act, Section VI, Texas Parks and Wildlife Department, Rider 18.

No additional sources of funding have been identified for the Stringfellow project.

Battleship TEXAS

Battleship TEXAS is the last surviving battleship of her kind. She was commissioned in 1914, and in 1948, after serving in two World Wars, she became a memorial museum. In 1977, TEXAS was designated a National Historic Landmark; and in 1983, TEXAS came under the stewardship of TPWD. TEXAS is berthed at the San Jacinto Battleground east of Houston. TEXAS underwent a dry dock overhaul in 1988-1990. This current dry dock and berth repairs is expected to cost \$14.6 million. Of that amount, \$12.5 million will come from the Proposition 8 general obligation bond proceeds. The remaining \$2.1 million is expected to be raised by the Battleship Foundation.

In fiscal 2000, the Battleship TEXAS operated with net revenue of \$7,700 out of an annual budget of \$607,000. After completion of the repairs, ongoing operating costs are expected to increase by \$372,000 for the biennium by fiscal years 2008-2009.

High Plains Bison Center

The Bison Center project, located in Caprock Canyons State Park, includes a visitor's center with reception area, classrooms, interpretive exhibits, restrooms, parking, and roads. The Bison Center is significant because it allows the public to see the last remaining genetically pure herd of Southern Plains bison in North America. A major concern about the Bison Center is the water shortage in that area of the state. Accessing an adequate water supply may prove extremely costly.

The total capital project is estimated to cost \$2.8 million; however \$1.25 million of the capital project is unfunded.

In fiscal 2000, the Caprock Canyons State Park where the Bison Center is located, operated at a loss of \$255,000 out of an annual budget of \$333,000. Once the project is completed, it is estimated that operations will cost an additional \$204,000 in the 2006-2007 biennium and beyond.

Government Canyon

Government Canyon is located on a 7,043-acre site that is considered a vital part of the Edwards Aquifer recharge zone. Funding of nearly \$5 million will be used to construct new park facilities that include a headquarters, exhibit space, education wing, group pavilion, primitive camping area, tent camping area, trailheads, and amphitheater.

All but \$541,000 of the funding has been identified. The Parks and Wildlife Foundation has funded \$1.5 million of the project.

Government Canyon State Park currently does not generate any revenue. Once the project is completed, operating costs will run about \$74,000 per biennium.

Levi-Jordan Plantation

The agency is in the process of developing a master plan for the Levi-Jordan Plantation. The site is significant because it offers an opportunity to tell the related stories of black and white inhabitants of a major antebellum sugar plantation. The agency sees the site as providing an opportunity to present the changes in race relations from slavery through freedom and reconstruction. The project includes restoration of the plantation house, stabilization of the slave quarters, site work, interpretive planning and development, and archeological and historical research. Because there is no master plan yet, project costs are estimates. The current estimate is \$7.1 million, including \$2 million for a new Interpretive Center. An additional \$2 million would be needed to fund the construction of a new visitor center, bringing the total capital costs to \$9.1 million.

TPWD has identified sources for \$4.6 million of the construction funds needed, including \$500,000 from private funds, leaving a shortfall of \$4.5 million.

Ongoing operational costs are estimated to be about \$317,000 per biennium assuming the site is completed in the 2008-2009 biennium and within current scope predictions.

Meteor Crater

In November 2000, the Commission voted to grant \$500,000 from the Texas Recreation and Parks Account (for local parks) to make improvements at the Odessa Meteor Crater. The agency was directed to do so in a rider contained in the 1999 General Appropriations Act. The crater was designated a national landmark by the U.S. Department of the Interior in 1965, with no money appropriated. The 40-acre site is owned by Ector County. The \$500,000 funds the development of a visitor's center, a pavilion with picnic units, restrooms, perimeter fencing, parking and landscaping. Ector County is solely responsible for operations and maintenance of the facility.

TPWD has no ongoing operational costs associated with this project, nor any capital funding shortfalls.

**San Jacinto
Battleground**

This project will showcase the site of the battle that secured Texas independence. The \$12.7 million budget is to cover restoring the battlefield to its historic landscape and providing interpretation of the battle. The largest cost (\$6.5 million) is for roads and utilities.

All but \$450,000 of the funding has been identified. TPWD has a verbal commitment from the San Jacinto Museum Association and the Battleship Foundation to fund the remaining \$450,000.

The master plan for the site envisions improvements that will total \$47.7 million, \$35 million of which would be for a new San Jacinto Museum of History. The Museum Association plans to raise the funds for the new museum.

In fiscal 2000, the San Jacinto State Historical Site had an operating budget of \$665,000; however, the site does not generate any revenue. Biennial operating costs are estimated to increase another \$385,000 by the 2006-2007 biennium, *assuming private funds are raised allowing TPWD to complete the museum.*

**San Jacinto
Visitors' Center**

The San Jacinto Visitor's Center would be a new park and orientation center at the San Jacinto Battleground, at a cost of \$4.9 million. The shortfall for this project totals \$1 million, \$900,000 of which is proposed to be funded from the San Jacinto Museum Association and the Battleship Foundation. The agency has not found a source to cover the remaining \$100,000 shortfall.

To date, no Museum Association funds or Battleship Foundation funds have been received by the agency.

Once the visitor's center is complete, additional operating costs will run about \$773,000 per biennium (starting in 2006-2007).

**Sheldon Lake
Environmental
Learning Center**

Phase I of the Sheldon Lake Environmental Learning Center will be a hands-on educational experience for inner city schoolchildren, using former fish hatchery wetlands as a giant natural classroom. Of the \$3.2 million estimated

project cost, all but \$176,000 in funding has been identified. The Parks and Wildlife Foundation will fund \$500,000 of the project, \$250,000 in Phase I and \$250,000 in Phase II.

Phase II of the project will cost about \$5.6 million in capital construction. However, only \$2.25 million in funding has been identified so far.

TPWD estimates that the remaining phases of the project will cost another \$17 million.

In fiscal 2000, Sheldon State Park's budget was \$164,000. No revenue was attributed to the park. Operating costs are expected to run about \$444,000 per biennium *assuming* Phase II is completed within scope.

Texas Rivers Center

The Texas Rivers Center is at the site of the former Aquarena Springs Park in San Marcos. In 1994, Southwest Texas State University took over the site and created an educational and research program featuring the unique environment and three endangered species. The plan is to restore the site's environmental integrity. The \$3.3 million first phase of the project includes the renovation of the existing Inn for office space for TPWD and SWTSU, exhibits, classrooms, and design of a new Texas Rivers Center Visitors Center. Phase II, estimated to cost about \$10 million, includes construction of the Visitors Center, aquatic exhibits, parking, landscaping, new restrooms, and utilities.

Of the \$3.3 million, \$790,000 in funding has not yet been identified. Southwest Texas State University will operate the Center once construction is completed.

World Birding Center

The World Birding Center includes three different sites in South Texas: Bentsen-Rio Grande Valley State Park near Mission, Resaca de la Palma State Park at Brownsville, and Estero Llano Grande at Weslaco. The Lower Rio Grande Valley is the most biologically diverse region in the United States and accounts for more than 465 of Texas' 618 bird species, the most bird species of any state. Different migratory paths, known as flyways, cut across Texas, including the Pacific, Atlantic, Central and

Mississippi Flyways. Three of the flyways cross the Lower Rio Grande Valley, leading to the Valley being described as the “funnel of flyways.”

TPWD has signed Memorandums of Understanding (MOU) with the cities of Mission, Weslaco, and Brownsville in the Valley to create formal partnerships between TPWD and the cities with regards to the World Birding Center. The MOUs outline each community’s responsibilities, including the amount of the annual assessment fee for the World Birding Center Community Council and the amount of the community’s match for legislative and federal funding for the World Birding Center near their city. The World Birding Center Community Council is a non-profit organization created to advise TPWD on elements of the World Birding Center network operation.

Other cities participating in the World Birding Center Community Council include Harlingen, Hidalgo, McAllen, Rio Hondo, Roma, and the Town of South Padre Island. According to TPWD’s plans, these cities are envisioned as providing non-TPWD operated satellite sites within the World Birding Center network.

A total cost for the three sites is projected to be about \$15.4 million, \$4.4 of which has yet to be identified. In addition to capital costs, TPWD faces long-term operational costs for the World Birding Center. The agency is hoping that revenue generated by eco-tourists at the three state parks will be sufficient to cover the additional operational costs. The plan is to use the revenue surplus anticipated from the first year the Centers are open to cover shortfalls for the three subsequent years. TPWD anticipates that by Year 5, revenues will be adequate to cover operating costs. The Project Team is concerned that the revenue estimates may be somewhat overly optimistic.

What is not clear is the extent to which park fees that are currently used to fund Bentsen-Rio Grande park operations will be diverted to fund the operations of the World Birding Center. According to TPWD, Bentsen-Rio Grande State Park’s operations cost of \$305,000 exceeded the Park’s revenue by \$82,000 in fiscal 2000. Llano Grande and Resaca had not yet opened in fiscal 2000; therefore, no comparable figures are available.

Bentsen-Rio Grande

The Bentsen-Rio Grande site will serve as the headquarters for the 3-site World Birding Center. The \$7 million project at Bentsen-Rio Grande (an existing state park) includes construction of a Visitors Center and Interpretive center, restoration of native vegetation, trails, construction of a hawk tower, canopy walk and bird viewing blinds. Of the \$7.3 million needed for the capital construction project, \$2.6 million in funding is in question. The agency is hoping that the Parks and Wildlife Foundation will be able to cover the \$2.6 million shortfall.

The \$4.7 million that has been identified will come from bond proceeds (\$2 million), \$1 million in community match, and \$1.7 million in federal grants.

Resaca de la Palma

The \$5.6 million project at the Resaca site near Brownsville includes a Visitors/Interpretive Center, boardwalks, wetlands, trails, installation of native landscape, and restoration of agricultural fields with native plants. The project faces a \$2 million shortfall in funding.

Weslaco

Unlike the other two sites, Weslaco is not facing a significant funding shortfall. The \$2.9 million project includes a Visitor/Interpretive Center, boardwalks, wetlands, trails, native landscaping and restoration of agricultural fields to native plants.

Solution

- A 1** The Project Team recommends that the Commission work with the Legislature to pursue a strategy of completing the projects to which TPWD is already committed but to not add to the existing list. TPWD must not take on any new long-term projects until the funding for the current list is secured and until the agency finds adequate resources to fund the existing parks as well as the pending expanded operations of the new and enhanced parks and historical sites.

Complete existing projects before accepting new ones

Vehicles Assigned to Austin Headquarters

Background

In October 2000, the TPWD Internal Auditor released an audit on the use of vehicles assigned to the Austin headquarters location. The audit report covered use of vehicles during fiscal year 1999.

The following results are taken directly from the Internal Auditor's review:

- *On average, about one-third of the vehicles were used each day.*
- *At maximum daily usage (the most vehicles each division ever used on one day), sixty-one percent of the vehicles were in use.*
- *About thirty-nine percent of the vehicles were driven less than 7,000 miles during the year. Thirty-seven percent were driven 7,000 to 15,000 miles, fifteen percent were driven 15,000 to 20,000 miles, and nine percent were driven over 20,000 miles.*
- *About three-fourths of the time the Austin headquarters law enforcement vehicles were used to drive from home to Austin headquarters only. On the other days the vehicles were used for traveling to headquarters and other Austin sites (i.e., the Training Academy), other sites in Austin only, or out-of-town trips. Total mileage was split fifty-five percent for headquarters trips only, and 45 percent for other trips.*
- *We found that the Austin headquarters law enforcement vehicles were seldom used specifically for peace officer duties.*

In May 2000, TPWD hired a fleet manager to manage the fleet of vehicles for the Department. To date, the Project Team cannot find adequate information concerning:

- Appropriate use of a vehicle
- A fleet management plan

➤ Cross-use of vehicles at headquarters

The Internal Auditor's report specified that the Austin Headquarters could reduce vehicles and still adequately meet staff needs. The department is aware of the state guidelines with respect to state vehicles. However, the Project Team can see no concrete, agency-wide policy in place to be sure the Department follows the mileage and use guidelines established by the Legislature and the Building and Procurement Commission.

Solutions

- | | | |
|------------|--|---|
| A 2 | The Executive Director should substantially reduce the number of vehicles at the headquarters location. This would free up significant dollars that could be used for pressing matters at the Department, or shift these vehicles to the field to replace high-mileage vehicles. | Reduce number of vehicles assigned to headquarters staff |
| A 3 | Produce a sound vehicle fleet plan and review with the Building and Procurement Commission by June 1, 2002. | Create a fleet plan by June 2002 |
| A 4 | Present the fleet plan to the TPW Commission for approval. | Commission to approve fleet plan |
| A 5 | Present the plan for use of the savings to the leadership staffs and the staffs of the Appropriations Committee and Finance Committee. | Share savings plan |

Business by Telephone or Internet at Parks and Wildlife Department

Background

Texas Parks and Wildlife Department, by its very nature, touches the lives of hundreds of thousands of Texans as well as thousands of out of state visitors. For many of these customers, their first point of contact is through either a phone call to agency personnel or through a computer visit via the Internet. TPWD operates a Call Center with a staffing level of about 50 people. They handle phone calls and Internet resources primarily dealing with the reservations in state parks. Their functions have also been expanded to include hunting and fishing license sales and information, hunter education, boat information, and historic site information requests. The division handles about 350,000 to 400,000 calls each year. Of that total about 300,000 are park reservations and about 40,000 are park information calls.

There is a seasonal nature to the Call Center operation with March and April being the peak times. Hours of operation are 9 a.m. to 8 p.m. and a half-day on Saturday. Staffing levels are increased to 60 or 70 during the peak times. Responsibilities of the call center staff have recently expanded beyond just park reservations to where they now handle calls for all areas of the agency. This change has allowed the leveling of duties and staffing levels over the year and resulted in retaining a more fully trained staff, thereby providing a consistent level of service to the visiting public.

Reservations System

The parks reservation system is through a contract with ReserveAmerica, a division of Ticketmaster, formerly known as Info 2000. It was the first system for state parks in the US and was first used in 1994. TPWD staff are proud of the system and believe the Texas system is still the best system in use in any state. Enhancements to the system over the years have resulted in the system being made available to each of the park locations as well as to the general public through the Internet, and not just limited to the call center staff.

Convenience Fees

When a park reservation is made over the Internet, a fee of \$3 is added to each park reservation and charged to a credit card. The fee is collected along with the reservation charges and ReserveAmerica is paid by the agency based on the total fees collected. However, when park reservations are made by phone, there is no extra \$3 fee charged. Although the TPWD staff uses the ReserveAmerica system for the reservation process, the company does not receive extra compensation. The \$3 convenience charge is only for reservations transacted over the Internet.

Hunting and fishing licenses can also be purchased through a phone call to the TPWD call center. A convenience fee of \$5 is added to the normal license fee for each license purchased by phone. Additional stamps can be added to the license purchase without an added \$5 charge if they are purchased in conjunction with the license. If purchased separately, there would also be a \$5 convenience fee for the stamps. TPWD staff accept credit cards in payment for the transaction and the license is then mailed to the customer.

Hunting and fishing licenses are not presently available via the Internet, however the agency is currently in the process of writing a request for proposal, which will allow Internet purchases. They are also in negotiations with Department of Information Resources to use the Texas OnLine facility, which is currently in use by several state agencies as the primary tool to do business with the State of Texas through the Internet. The Project Team commends the agency for moving forward with this process.

Revenue Flow

When a park reservation is made over the Internet a \$3 fee is added to the charges. Each of these \$3 fees is passed on to ReserveAmerica as their fee for providing the reservation system. At least one night of the requested service is collected in advance or full payment may also be paid. 80% of reservations are paid by credit card. Only credit cards are accepted on the Internet. If a reservation is made by phone, then the customer may pay by credit card, or by cash or check that is mailed to the agency. Those receipts are matched to the reservation in the mailroom

operation. There is no \$3 convenience fee added for telephone reservations and ReserveAmerica does not receive a fee for such transactions.

Refunds are handled the same as receipts with one exception. Credit cards are credited if the charge was by this means. If paid in cash or check, the local park may refund up to \$36 from their petty cash account. If more than \$36, then the customer must wait for a payment voucher to process that takes up to 6 weeks. There are extra charges for cancellations or transfers on reservations. A charge of \$5 applies where the daily charge is less than \$100 per day and \$25 where the cost per night exceeds \$100. These charges became necessary due to the high volume of changes and cancellations and have been effective in limiting abuse of the system.

No Toll Free 800 Number for Reservations

Interestingly, TPWD does not offer a toll free phone call system for park reservations. The agency does have an 800 number, but if a person asks to make a park reservation, they are told they must call back on the regular number. The toll free number is available for all other purposes, including the purchase of hunting and fishing licenses. However most of the phone calls received on the toll free 800 number are information request calls and are not related to income-producing activities.

The Project Team asked why the largest revenue generating telephone based operation for the agency does not offer a toll free number. The response was that it would cost between \$300,000 and \$500,000 to establish and operate the system. TPWD staff admit the cost figures were a few years old and based on a per minute cost of 12 cents a minute where a more current cost might be only 5 cents a minute. No effort is underway to determine the cost benefits of converting to a toll free type system. **The supervisor for the call center operation said the single largest complaint they receive on a consistent and continuing basis is the request for a toll free number. The general public simply does not understand why they have to pay for the call to spend money with the agency.**

Solutions

- A 6** There are apparent discrepancies in the amount of convenience fees charged to do business with the agency. The Project Team recommends the fee structure be re-examined to determine that costs and public perception of value received for the goods and services provided is in line with expectations. Following is a summary of differences noted:

**Re-examine
convenience fee
structure**

- Telephone calls for park reservations: No extra \$3 charge for credit card, cash or checks.
- Internet reservation requests for parks: \$3 convenience fee applies. Only credit cards are accepted as payment. The entire \$3 fee is passed on to ReserveAmerica.
- Telephone calls for hunting and fishing licenses: \$5 convenience fee is applied to all requests. Payment may be made by credit card, cash, or check. The \$5 fee is retained by TPWD.
- Internet request for hunting and fishing licenses: This feature is under development and is not presently available. When implemented in the next few months, TPWD will add a \$5 convenience fee to all sales.
- Toll free 800 number calls: Not accepted for park reservations. All other business with the agency may be transacted by calling one of the published 800 numbers. A caller for park reservations over the 800 number is told to call back on the regular number and pay the resulting toll charges.

- A 7** The Project Team recommends that the policy of not accepting toll free calls for park reservations be re-examined. It has become commonplace for the spending public to expect to be able to do business through a toll free number. If the current fee structure is inadequate to cover the added costs of the 800 number use, and then TPWD should consider implementing the \$3 convenience fee charge for telephone reservations much like the requirement currently in place for Internet reservations.

**Implement toll-free
number for parks
reservations**

A 8 The Project Team met with TPWD Regional Directors to discuss common concerns for the agency. One of the customer service issues that reportedly comes up often is the refund policy at state parks. Frequently, there arise situations where inclement weather or other reasons result in a request for refund of park fees previously paid. The current agency policy, which has been in effect for some years, limits refunds to \$36. Any amount above that amount must be submitted through the payment process in order for a state warrant to be issued to the person requesting a refund. Many times this means an unhappy customer for TPWD. If the amount was paid by check, it is entirely reasonable to hold a refund to be sure the check clears the bank before the refund. Credit card payments are handled as a credit refund through that system. Other payments may have been made months in advance and then if it is raining (or there are other problems, etc.) and the person cannot use the campsite, they just do not understand waiting weeks for a refund.

**Increase refund
cap at state parks**

The Project Team recommends the refund policy be re-examined and a new amount established for an immediate refund. Refunds under this new limit can be made from the Petty Cash bank account maintained at each park. If the cash balance in these petty cash accounts is inadequate, then TPWD should request higher balances in order to handle the normal flow of business. Reimbursements to the petty cash account are processed through the State Comptroller's Office as a normal payment voucher and re-deposited to the petty cash account.

TPWD Should Promote the Economic Multiplier Effect that Park Visitors and Wildlife Viewers Bring to the Texas Economy

Economic Impact Multiplier

Two areas within TPWD stand out as areas of unique opportunity for the agency to focus its energy and attention as it relates to legislative and public outreach. The Parks Division and the Wildlife Division are the divisions charged with control and access to the 1.3 million acres of public lands owned and managed by the department. While there is an intense desire from agency managers to expand the ability and opportunity for the general public to visit parks and to view wildlife in wildlife areas, these areas are viewed by some as not paying their own way. The relatively small amount of General Revenue Funding provided to TPWD is primarily spent on these functional areas because collected receipts do not cover costs of operation. Thus the agency has a classic case that any increase in the number of visitors to state parks and/or wildlife areas will actually cause them to spend more money than they take in which would further hurt an already tight budget. With this in mind, it is not surprising that promoting more visitors to state parks is a less than enthusiastic effort on the agency's behalf.

It appears that TPWD has not focused much effort on the bigger picture of tourism industry and the economic multiplier effect that comes from increased traffic in state parks and/or wildlife areas. Our interviews with the Parks Division Director and the Wildlife Division Director, revealed only passing awareness of the functions of the Texas Department of Economic Development and the Texas Department of Transportation (TxDOT) as related to tourism. There does not seem to be any overall focus on developing an interagency business plan to concentrate the efforts of the multiple state agencies where the functions and resources reside to promote the State of Texas as a tourism destination—either for out-of-state folks or for Texas residents.

For example, the Wildlife Division has access to data developed over the past 15 years by the US Fish and Wildlife Service on the economic impact in Texas for “wildlife watching”. The latest data readily available is for 1996 and an estimated \$1.4 billion in direct expenditures was estimated from more than 3.8 million participants. Average expenditures per participant were estimated at \$304. A much larger economic impact could be calculated based on the multiplier effect of this level of spending as it relates to the entire economy.

Similar logic to the wildlife-watching example could be applied to the state parks visitors. If the agency were to develop data on the overall economic impact of new and additional visitors to state parks, it is entirely possible that the conventional view that adding visitors may not “cost”. Increasing the numbers of such visitors would likely translate into very positive economic impact for the state. Intuitively, it makes sense that you have to look beyond the amount of park entrance fees or camping fees that a family spends to determine impact. Each visitor will also buy gasoline, meals, hotel lodging, supplies and so forth—all of which impact the economy through collections of other taxes and fees and the trickle down effect such spending imparts. TPWD could use this kind of data to support future budget requests to the Legislature. With accurate data, then TPWD programs may be viewed as economic revenue generators in the overall scheme of revenue and expenditures for the Texas economy. The Legislative leadership could use this information when considering the budget request and the result very easily could be for increased funding for the agency.

Solution

- A 9** TPWD should challenge the proposed expanded budget section to work cooperatively with the State Comptroller’s Office, the Texas Department of Economic Development, TxDOT and other agencies to develop economic data. The economic multiplier effect and the effect on the Texas economy from visitors to state parks, wildlife areas and other facilities such as the World Birding Center should be thoroughly explored. With accurate data in hand, the agency should explain the true economic impact that the operations of Texas Parks and Wildlife have on the Texas economy. If the facts bear out the case, then it should be easier for TPWD to provide a more effective and more compelling budget request for the next legislative session. Successfully marketing Texas vacation destinations for Texas residents instead of out-of-state trips would keep more Texas dollars at home. Better maintained facilities and a more effective marketing effort should be a boon to the Texas economy.

Use economic multiplier information in budget request to Legislature

State Property Accounting

Background

When TPWD reported the value of its property and assets to the Comptroller's Office for inclusion in the annual financial report, a value was given for assets and property that was \$50 million higher than the value shown for the assets on the State Property Accounting (SPA) system. When Comptroller employees requested TPWD reconcile the numbers, TPWD staffs were unable to reconcile the amounts in sufficient time for the correct number to be used for the *2001 Comprehensive Annual Financial Report* (CAFR). They agreed to have the Comptroller use the lesser figure. Over the next few weeks, staff was able to verify the SPA balances, but it was too late for the correct number to be used in the CAFR. Dennis O'Neal, Internal Auditor, stated that he does not believe the agency has reconciled the property in the SPA system against actual property for more than 4 years.

Reconciliation Issue Resolved

The Project Team worked with the Supervisor and the Property Accounting staff to determine both the extent of the problem as well as proposed solutions to reconciling differences between the SPA records and the TPWD records. Several new types of reports were requested from the Comptroller's Office and within two weeks, the issue was resolved.

Problem With Construction In Progress Allocation Backlog

However, in the process of working on the SPA balances, it was discovered that the agency has been carrying an estimated \$19 million of balances in a "construction in progress" category. "Construction in progress," or CIP, is a category that is used to account for new assets, mainly new buildings or building repairs or modifications, until the assets can be assigned to a specific property or asset class. Once the project is complete, it is then coded to a more specific category in SPA.

Of the \$19 million, \$12 million of the CIP is from fiscal year 1997. In order to clear the backlog, agency staff will have to physically visit the field sites to identify the new construction and repairs and determine how they should be

properly assigned in SPA. Another \$7 million is still in CIP from fiscal years 1998 through 2001. However, the agency has enough information that site visits will not be necessary to properly allocate the \$7 million.

Solutions

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| A 10 | The Project Team recommends that TPWD set up a routine process of random field verification to make sure that assets actually are in place as reported in SPA. This does not require 100% coverage of all locations. | Create routine process of field verifications |
| A 11 | TPWD must complete, in a timely manner, the inventory currently under way by the Infrastructure Division to prevent future backlogs of items left in CIP. | Complete facility inventory by Infrastructure |
| A 12 | The backlog in CIP needs to be cleared by the end of this fiscal year, August 2002. | Clear backlog by August 2002. |

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CHAPTER V

Financial Management Issues

TEXAS PARKS AND WILDLIFE DEPARTMENT

BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

Chapter V

Financial Management Issues

Reconciliation

Background

The State Auditor's October 2001 report on Revenue Management at the Parks and Wildlife Department included a significant finding that the agency had not reconciled revenue in USAS and its internal accounting system since 1998. The Project Team has performed extensive follow-up on the revenue reconciliation status and full coverage can be found in the State Auditor Chapter of this report. However, in addition to revenues, there are other significant issues related to reconciliation and account balances that must be dealt with within TPWD. This section of the report provides some insight to those other reconciliation type issues.

It is important to note that the SAO did not conclude that, nor is the Project Team aware of, any actual "missing revenues." The differences described below are the result of the TPWD internal accounting system, referred to as "IFS", having different recorded values than the Comptroller's USAS system. The USAS system is the official accounting system of record for the actual money deposits in the State Treasury and the issuance of the state warrants in payment of the vendors and employees who provide goods and services to the state. Therefore amounts in USAS are *the* accounting records to which TPWD and all other agencies must reconcile.

Revenues

The SAO noted differences of \$23.4 million between USAS and IFS between 1998 and August 31, 2001. When the Project Team began work in January 2002, the department had completed entries resolving about \$23 million of the variances. Work is in progress on a reported remaining net difference of \$380,722.40. USAS transactions are higher than the amounts posted to IFS. Additional detail also can be found in the SAO chapter of this report.

In early February 2002, the Project Team convened a meeting of TPWD staff involved in the reconciliation

process. It was determined that the process of data comparison that had been underway since October 2001 involving computer comparison on a detailed line and data element comparison level were not going to work. A new process was agreed upon and implemented within a week following the meeting. This new procedure of data comparison, and the reconciliation procedure agreed upon, involved a much greater examination of the data involved in the IFS side of the transactions. As a result, the reported *net* difference in revenue transactions in the TPWD response to the SAO audit in October 2001 does not reflect the amount of unreconciled differences that have now been identified. As of March 15, 2002, there were an identified 1,173 lines of revenue transactions where differences were noted. **The updated values include the entire period of time between 1998 and the present. This expanded period of time also includes fiscal year 2002 transactions that were not part of the SAO report.** The net difference covering transactions through February 2002 shows \$3,639,564 more revenue recorded to USAS than is reflected in the IFS system.

Effective as of March 18, 2002, TPWD hired four temporary employees to assist in the reconciliation process. Each of these employees has prior experience in working with the USAS system and internal agency accounting systems. Their first priority is to complete the reconciliation process on revenue differences. Other TPWD staff are also working on expenditure differences as is described in the following section.

Expenditures

The Project Team found that similar to the revenue situation described above, differences between USAS and IFS also existed for expenditure transactions. A computer listing of these transactions as of March 15, 2002, indicates that \$5,488,039 of *net* transactions has been posted to the IFS system in excess of expenditures in USAS between 1998 and February 2002. While the “net” out of balance difference does not reveal a large number, this actually represents over 5,000 lines of code that need to be investigated to determine appropriate accounting entries. In comparison, the revenue transactions referenced above involve only about 1,200 lines of code.

Beginning in late October 2001 TPWD employed 3 temporary accounting employees to develop computer data

to assist with the reconciliation. However, as of the first week in February 2002, no actual accounting entries had been made. After an intense meeting between agency staff and the Project Team, new plans and new reconciliation techniques were agreed upon. Within one week of the meeting on February 6th, actual accounting entries to resolve differences between USAS and IFS were beginning to flow. Work is continuing on expenditure reconciliations using the same techniques and some of the same staff as the revenue transactions.

Advance Travel Fund

The department has an advance travel fund of \$75,000, which is held in a bank account to allow employees to receive travel money in advance of their trip in certain situations. TPWD staffs were in the process of investigating outstanding amounts from this fund, which had been advanced to employees, but not repaid over a period of years. The Project Team received a copy of internal working papers from the Internal Affairs Section detailing findings on the fund. A shortage of \$12,228 in outstanding reimbursements to the fund exists as of early February 2002. This amount represents travel advances to employees dating back as far as 1992. It is quite evident that insufficient attention has been given to the management and reconciliation of this account over an extended period of time. We commend Bob Cook, the Executive Director, for actions taken to clean up this problem.

Petty Cash Balance report

In addition to the advance travel fund described above, the agency also has numerous petty cash accounts in locations across the state. The total of these accounts is \$279,000. Responsibility for maintaining and reconciling the balances in these accounts rests within the Accounts Payable section in the Finance Division. We commend TPWD for actions taken over the past year to identify and resolve problems with these accounts. As a result of the account review, many of the petty cash accounts were closed out, others were reimbursed for outstanding items and a general clean up had commenced. At the time the Project Team investigated the issue, there were very few remaining problems.

Bank Accounts and Reconciliation

180 Commercial Bank Accounts Used by TPWD

TPWD uses commercial bank accounts for depositing revenues collected in their various locations throughout the state. Most of these accounts are under the control of the Comptroller's Treasury Operations. The total number of accounts is about 180. Each park, wildlife management area, each law enforcement office, etc., that collect revenue has a separate account for each of the types of revenues collected. The breakdown includes 109 accounts for State Parks, 32 for boat revenues, 36 for license revenues, and an additional account for magazine sales. In addition, there are two accounts that are under the control of TPWD for Indian Lodge and a Wildlife Account operated from the headquarters office.

With the exception of the two accounts that are controlled by TPWD, each of these accounts is for deposit of revenue only. The department receives weekly reports from each location where the account deposits are made of the type of revenue collected. Using that information, TPWD notifies Treasury Operations of the amount, revenue objects and fund numbers for deposit and the funds are swept from the accounts by Treasury staff.

While there is a real need for the agency to be able to deposit revenues to a facility near the location where the collection is made, the entire process needs review and changes. Following are some observations of problems and opportunities for change:

Reconciliation

The process of reconciling bank accounts is a necessary practice to verify that all deposits were credited, amounts swept were correct, charges are verified and recorded, etc. There are a number of staff involved in reconciliation of the bank statements each month. Copies of the actual bank statements are forwarded to TPWD by Treasury Operations. It is estimated that 6 to 8 staff persons, equivalent to 4.22 FTE's work on the process--either full or part time. It was observed that there is no standard procedure to follow in verification of the bank statements among sections. For example, the boat revenue accounts are not reconciled "against" any set of documents. The

amounts on the bank statement are separately entered into an Excel program and questioned where a charge or deposit looks out of place.

Parks accounts are reconciled against the weekly report of collections from each location. Staff enter the data into Quicken programs and also use some Excel programs in their verification process. The Law Enforcement and License accounts are somewhat similar to the Parks accounts.

Magazine Account

There is a notable exception to this reconciliation process for the TPW Magazine Account. This account is handled by the Communications Division, located in the Fountain Park Plaza Building on S. IH 35, and by a staff person in the headquarters building. Revenues collected for magazine sales through a contract with Communications Data Services, Inc. (CDS) are deposited to the bank account daily. CDS receives the magazine subscription revenues for processing in Harlan, Iowa. Their staff processes the revenues at that location, makes the deposit into the Treasury account with Bank of America, and sends a fax of the deposit amounts to the TPWD Cashiers office which is then used to notify Treasury of the amount to sweep from the account. This account is not reconciled by TPWD staff in either the Revenue Branch or the Communications Division. There is no verification process in place to check that the amounts collected and reported as deposited by the contractor are actually deposited into the account and that all amounts withdrawn from the account by Treasury are accurately posted. Treasury staff performs a monthly process to account for all items posted to the account, but that is not a comprehensive reconciliation process.

The Project Team asked the staff in each area where they send the results of the reconciliation. They were also asked if they were verifying the amounts of revenue and bank charges against the IFS system. They said they do not have any interaction with the IFS system and there is no one receiving a “report” of the reconciliation other than notification to Treasury that the process is completed.

Solutions

- FM 1** The entire reconciliation process needs a thorough top-to-bottom examination.

Need thorough review of entire process

The process needs a standard procedure to assure consistency among all bank accounts. Staff assigned to reconciliation in some cases must switch back and forth to the reconciliation task between other more routine assignments. As a result, reconciliation becomes a lower priority and is not performed as timely as it should be.

- FM 2** There should be only one section responsible for bank account reconciliation. That way, staff would become highly skilled and specialized in performing the function. All bank accounts should be reconciled in this single area, including boats, parks, wildlife, law enforcement, magazines and others.

Only one section should do bank account reconciliation

A standard reconciliation procedure must include verification of the transactions on the bank statement against actual deposit information, amounts swept from the account by Treasury operations, verification of bank charges, returned items, etc. The procedure should include a step to assure that revenues entered into IFS match the transactions through the bank account. The weekly summary reports from remote offices reflecting deposit amounts as well as other associated data must be a routine part of the bank account reconciliation procedure.

- FM 3** A magazine account reconciliation process should be created and the function performed by the reconciliation team in the Revenue Branch area of the Finance Section. Internal Audit should periodically validate the number of subscriptions against actual collections and perform other random audit procedures to verify amounts deposited. This will add a level of control, oversight, and consistency that are a necessary part of financial and accounting controls.

Create magazine account reconciliation process

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| FM 4 | A standard report of the results of bank reconciliation needs to be developed. The Treasury needs to be notified when the process is complete as well as situations where adjustments are needed or where there are questions on certain activity. Having only one section involved would limit the number of contacts by TPWD staff and result in more timely and consistent help from the Treasury staff. TPWD management currently has no efficient means to gauge the status of bank account reconciliation. | Develop standardized bank reconciliation report |
| FM 5 | Bank account reconciliation should be coordinated through electronic means. Negotiations should occur between TPWD staff, Treasury staff and the various banks for electronic bank statements to be available. The process currently requires that staff manually enter all of the data from each bank statement into an Excel or Quicken program before the actual “reconciliation” process can begin. There is no electronic report or data received from each remote location on deposits and revenues. In addition, because there is no standard software or process involved, there is no ability to “roll-up” the data into useful information for the agency or for further integration into the IFS system. | Coordinate bank reconciliation electronically |
| FM 6 | TPWD should develop standard software that can be used in each remote location that collects revenues. The collecting offices should enter data as appropriate that identifies each collection amount, revenue type, and other associated data. On a weekly basis, this data should be transmitted to the Austin headquarters office where it can be used in the reconciliation process on the bank accounts. It would also serve as the base information to identify the revenue objects, funds, and amounts for the sweep notification to Treasury Operations. While some locations may not have ready access to computers or communication techniques for this to work, most locations could implement this process. Uniform revenue reporting using electronic data would simplify and streamline the revenue reports received in the Revenue Branch. Savings would result from reduced staff time requirements and the reduction in errors that may be present as a result of the current process of creating a separate Excel or Quicken program for these weekly revenue reports. | Develop software for remote locations |

Bank Charges

There is a charge by many of the banks for these revenue concentration accounts. At least one large bank corporation appears to have a fee structure that vastly exceeds the charges for other similar size accounts. For example, the December summary report of bank charges for 109 Park accounts reveals a total cost of \$2,212 for the month. However, this large bank in question charged \$1,519 of that total for 18 of these accounts, for an average of \$84 per account. The average for the other 25 accounts that had charges was only \$27.72 per account. Another 66 accounts did not have service charges.

In another account involving this same bank corporation, a single account had a service charge of \$194.57 for January 2002. A review of the activity shows 5 separate deposits totaling \$116, and 5 separate sweeps of revenue from the account of \$146. The high charge for services resulted in a negative balance in the account. After the service charge posted to the account, the bank also began charging an additional fee of \$20 for each day the account balance stays negative.

Agency staff are aware that many of the bank charges seem exorbitant but because the accounts are owned by Treasury Operations they are not authorized to call the banks and request detail reports of the services performed. While the bank statement uses the term “client analysis”, they report that they do not routinely see such an analysis from the bank. In order to obtain the analysis, TPWD personnel must make a special request to Treasury personnel to ask that a copy of the analysis be provided on a case-by-case basis. Although Treasury staff use the account analysis, they report there is no extra charge by the bank for this service.

Solution

- FM 7** The agency and Treasury Operations should examine the need for bank accounts in certain locations where activity is minimal and charges are high. If there are no alternative banks in the area, it may be advisable for TPWD to request a waiver of the three-day deposit rule in situations where it is costing money to maintain the bank account versus mailing receipts to Austin. Some remote TPWD locations are many miles from the nearest bank and have low dollar

Examine need for bank accounts in remote locations.

value of receipts most days when viewed on a year round basis. It would make better business sense and be more convenient and economical for agency staff at these locations to routinely mail revenues to Austin.

FM 8 TPWD and Treasury should aggressively investigate bank charges and find alternative banks with lower charges in areas with choice of more than one bank. The need for and availability of “client analysis” reports from the banks should be examined and eliminated where there is no value added or where the cost for such service is not offset by savings in staff time at TPWD or Treasury. Since all Treasury owned bank accounts are for the sole purpose of the deposit of revenue and then are “swept” by Treasury on a routine basis, there is little variety of activity on each account. Since all such accounts are owned by Treasury Operations, and since they are also responsible for the entire banking operation for the State of Texas, they should be able to secure the most cost effective means for the deposit of state funds.

**Look for banks
with lower fees**

**Austin
Headquarters
Use of Bank for
Deposits**

Revenues received at TPWD headquarters in Austin through sales at the counter and through the mail are being deposited into 6 or 7 bank accounts. An additional Austin location, the McKinney Falls State Park, uses still another bank account. Curiously, while some revenue received at headquarters is sent to the banks for deposit and eventual sweep by Treasury Operations, other revenues are being deposited directly to the Treasury. It is both costly and time consuming for the agency to continue to use the bank accounts instead of depositing funds directly to the Treasury.

Use of the bank accounts incurs bank charges as outlined above, as well as the staff time required to notify Treasury of the amount to sweep from each account and then to finally perform the reconciliation process after month end.

Solution

- FM 9** TPWD should immediately cease to use the Treasury-owned bank accounts at the Headquarters location. Immediate savings will result from making a direct deposit to Treasury with the accompanying entry into IFS. Elimination of the “sweep” notification and the need to reconcile the bank accounts will result in reduced staff resource needs as well as avoidance of the bank charges for these accounts. Additionally, there should be few if any situations where the IFS system is out of balance with the Comptroller’s USAS system, further reducing staff time involved in reconciling the internal processes to IFS and USAS.

Eliminate bank account for Headquarters location

Magazine Subscription Sales and Deposits

Magazine subscriptions are handled through the contract with Communications Data Services, Inc. and mailed to a separate address, P.O. Box 17668, Austin, Texas. As a normal routine, the mailroom staff pick up the mail for magazines from this location and then box it up for shipping, via UPS next day air, to CDS in Harlan, Iowa. CDS then deposits the revenues into a Texas State Treasury owned local bank account, and processes the subscription information. Copies of the deposit slips are faxed to TPWD cashier on a daily basis in order for Treasury Operations to be notified of the amount to sweep from the account. However, there are two additional ways magazine revenues are received:

If subscription revenues are received in the mailroom through the regular mail process, TPWD routinely puts the remittance back in the envelope and forward these revenues to Iowa along with the special magazine P.O. box magazine mail.

If magazine revenues are received by the Communications Division staff at the Fountain Park Plaza Building, they are delivered to the Cashier’s Office and deposited into the Treasury along with other receipts. The subscription related information is then forwarded to the contractor in Iowa for further processing.

Solution

FM 10 The process of opening mail, determining it is magazine revenues and then putting it back in the envelope for shipping to Iowa is inconsistent with the handling and control processes on all other money items and should cease immediately. It is recommended that when routine mail (i.e. non special Post Office magazine box) has magazine revenue, the Cashier should deposit the money directly to the Treasury and that only the subscription information should be forwarded to CDS in Iowa, along with information that indicates it has been paid.

Deposit some magazine revenue received in Austin instead of mailing it to Iowa

Fund Equity Problems with Bank Charges at Treasury Operations

During the process of tracking the flow of revenues from the point of collection through the bank, notification of the deposit to headquarters and the eventual sweep of the money from the account, a problem was noticed in the handling of bank charges.

Banks routinely deduct charges from the Treasury Operations owned bank accounts. TPWD staff verify the bank charges along with other reconciliation activities and notify Treasury staff that these amounts need to be restored to the account in order to post 100% of the revenues to the appropriate fund at TPWD. Treasury routinely restores the bank charge amount back to the bank account and the entry shows up on the bank statement as a "Treasury credit" item. When asked exactly where the money came from to restore the money to each of the bank accounts, Treasury staff said they deducted it from the interest earnings for the fund 900 suspense account. Since the interest earnings on the suspense account is credited to General Revenue, this means that TPWD funds 9 and 64 are not paying their fair share of the cost of operations. Treasury staff were unable to explain why the charges were not being allocated to the TPWD funds. They did state that other funds, such as the Highway Fund 6 and other funds that retain their own depository interest, were being charged for bank costs. Therefore, the TPWD routine creates an unusual situation where GR is being incorrectly charged for the bank charges.

Solutions

FM 11 TPWD and Treasury Operations should work cooperatively to determine the appropriate allocation of bank charges to each of their funds—primarily funds 9 and 64. The routine posting of charges to General Revenue instead of funds 9 and 64 should cease as both an inappropriate use of GR as well as a fund equity problem for the state.

Determine appropriate fund allocation of bank charges

FM 12 As noted in number above, TPWD should aggressively work toward more efficient use of bank accounts. The expansive use of separate accounts for each type of revenue such as parks, boats and Law Enforcement at each geographic area should be carefully examined. TPWD should work toward having only one account in each city.

Work toward more efficient use of bank accounts

Texas Monthly Contract

Hunting and fishing is big business in Texas. Each year TPWD sells more than 2.6 million hunting and fishing licenses bringing in more than \$65 million. This is the single largest revenue source among the agency's numerous funding sources and represents almost 51% of the total revenue stream to Fund 9, the Game Fish and Water Safety Fund Account. Almost every person purchasing a license, whether from a retail sports store or through a personal visit or phone call direct to TPWD, receives a publication known as the *Outdoor Annual*, which contains the hunting and fishing regulations for the State of Texas.

The *Outdoor Annual* is a colorful publication, containing numerous advertisements and well-written fishing and hunting articles. It is an essential part of the hunting and fishing scene in Texas and has become a standard expectation for every license purchaser as the reference guide to the laws and regulations throughout the state. Few people realize this brochure is not published by Texas Parks and Wildlife agency.

On October 19, 1995, TPWD signed a contract with Texas Monthly, Inc. giving the company exclusive rights to use Texas Parks and Wildlife Department's name to publish the *Outdoor Annual*. Terms of the contract provided for a cash payment by Texas Monthly, Inc. to TPWD of \$100,000 plus a continuing annual distribution fee of \$49,000 along with an annual royalty fee based on 1% of net profits. These royalty payments have never exceeded \$2,000 per year. In return for the right to publish the *Outdoor Annual*, Texas Monthly, Inc. is allowed to sell advertising in the publication. Texas Monthly, Inc. also receives free space in *Texas Parks and Wildlife* magazine, which is currently being used for 12 pages of ads for Dodge Trucks. Currently, premier advertising pages in the *Texas Parks and Wildlife* magazine could sell for a substantial amount of money.¹

¹ The TPWD advertising rate card in effect for 2002 can be found in Appendix D at the end of this report.

Due to sensitive current negotiations between TPWD and Texas Monthly, Inc., it is inappropriate for the Project Team to discuss the advantages or disadvantages of the contract between these two entities.

Suffice it to say, this is a major contract, and we advise TPWD to consult with and use the Attorney General's Office in dealing with this matter, which involves substantial tax dollars.

Allocation of Credit Card Revenue from TPWD Offices

Background

State park offices handle different types of sales. In addition to park entrance fees, facility fees and activity fees, some also have park stores or other types of concessions, and they sell hunting and fishing licenses. Revenue from all the sales *except* hunting and fishing licenses must be deposited into Fund 64. However, revenue from hunting and fishing licenses belong in Fund 9. A single customer could place several different items, such as park registration, a map or book, and a fishing license, on a single credit card transaction.

Revenue Deposit Errors

In reviewing the various revenue processes at TPWD, the Project Team discovered a problem with the allocation of credit card sales revenue from state parks. The Parks Revenue Reporting area at the agency receives sales information from State Parks and uses the data to advise the Comptroller's Treasury Operations of the amounts to withdraw from the bank account for each park. The revenue code for all types of sales, *except credit cards*, comes through the process in enough detail to be properly credited to the correct fund and Comptroller object. However, on credit cards, the entire revenue was being placed in Fund 64 as parks revenue. Some of this revenue should have been deposited to Fund 9.

The agency does not have another step in the process to correct this problem. This has been a problem since September 2000. According to the CFO, WorldCom (the point-of-sale vendor for hunting and fishing licenses since December 2001) has corrected part of the problem.

Since WorldCom is not receiving credit card revenue from state parks (credit card revenues go directly to the Treasury), it will send accounts receivable invoices by park, object code and fund code to the Internal Financial System. This raises the question of why TPWD reconciliation processes for total revenues versus the WorldCom portion did not flag the problem earlier. By invoicing the parks accounts for license fee revenue, how was the credit card revenue missed as a revenue source for

Fund 9? Without the credit card revenue, the systems should have been out of balance.

The agency is working with WorldCom and PricewaterhouseCoopers to create a reconciliation process for the point-of-sale system; however, the process does not yet exist.

Fund 64 Owes Money to Fund 9

The Project Team developed a rough methodology for estimating the extent of the problem. According to that methodology, as much as \$300,000 in hunting and fishing licenses may have been purchased at state parks with credit cards between September 2000 and December 2001. This is money that is owed to Fund 9 but had been deposited to Fund 64. TPWD staffs are refining the methodology so that they can calculate a more exact figure. As of the writing of this report, TPWD staff estimates placed the actual number at \$256,754.

Correcting the problem for all future sales deposits requires recoding IFS so that the interface with WorldCom and USAS contains the correct information. Originally, it was thought that this process would take only a week or two. However, upon further investigation, it turns out that USAS has always used the merchant ID number to allocate revenue into different accounts. In the case of state parks, which function as merchants, the allocation has been incorrect since September 2000 when the bank account operations were taken over by Treasury operations.

The agency is working on the following steps to correct the problem:

1. Understand the process for entering the transactions correctly. It requires a lot of work to split transactions for license revenue and parks revenue.
2. Change the way staff enter park receipts revenue to IFS. Use invoices prepared by experienced staff. Shift from the cashiers entering the information from the park receipts, to an accounts receivable module. The AR system requires that staff prepare invoices of money due to the agency from license

sales at parks. No license sales would be entered from Park information. All license sales are interfaced from WorldCom to IFS.

It is estimated that changing the process will take two months. Correcting the backlog of misallocated credit card revenue should be completed by the end of April 2002.

Solution

FM 13 TPWD must move forward as quickly as possible to reconcile information between WorldCom, IFS, and USAS.

Reconcile credit card information between WorldCom, IFS, and USAS

FM 14 The Project Team recommends that, once a reliable figure is calculated and agreed upon, funds be transferred from Fund 64 to Fund 9 to correct for the underpayment of Fund 9 from park credit card sales. TPWD may examine the allocation of other funding sources to mitigate this reduction to Fund 64.

Transfer funds from Fund 64 to Fund 9 to correct underpayment.

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CHAPTER VI

Organizational Issues

TEXAS PARKS AND WILDLIFE DEPARTMENT

BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

Chapter VI

Organizational Issues

Decentralized Organization

TPWD is Very Decentralized

A striking characteristic of TPWD is the separateness of each division. Each division director has his or her charge of responsibilities. There seems to be little effort at coordinating with other divisions. Various reasons for this have been given, but the one constant seems to be the funding and budget structure. For example Wildlife Division may have a dump truck that is used only a small percentage of the time. Parks Division may have a dump truck in the same area that is also used on a part time basis. Because wildlife funds are not to be used for parks and parks funds not used for wildlife, there is a negative incentive to use only one dump truck. The department should be managed as one agency, not ten agencies (divisions).

Another example observed by the Project Team is that although approximately 75% of the agency staff are located in remote offices throughout the state, there is little effort to co-locate staff in the same office complex. In many cities, there are at least three separate office locations, each with staff from a single division. For example, in some coastal areas, there are boats operated by the Law Enforcement Division, the Coastal Fisheries Division, and the Resource Protection Division. Each of these divisions has separate facilities to house their boats and separate office space for the staff assigned for each area. Some of this could be easily solved with simple budget and time reporting techniques, which may already be available in the agency. The problem is there is absolutely no incentive to save money or resources at the division levels for such shared activities. To implement such plans, the agency would have to accept a more global view across divisional lines and focus on overall activities rather than just at a division level. Again, the department should be managed as one agency, not several.

Solution

ORG 1 The Project Team recommends TPWD management focus attention on the capabilities of their internal accounting system in order to better spread costs among activities that cross over more than one division or purpose. With such cost allocation mechanics in place, then it should be commonplace for the agency to begin thinking along the lines of co-location of staff, equipment, and generally operating as one single agency in its many locations across the state. The results will be one of increased efficiency and less duplication of equipment and personnel and the more efficient use of taxpayer dollars.

Create cost allocation mechanics to allow cross-divisional resource sharing

Proposed Organizational Changes

Background

Texas Parks and Wildlife Department is a large and extremely complex state agency. The agency has an authorized staffing level for the 2002-03 biennium of 3,035 full time positions and a biennial appropriation level of \$473.8 million. Responsibilities of the agency include operations and management of more than 120 state parks, 50 wildlife management areas, eight fish hatcheries, and the associated law enforcement responsibilities for enforcement of the state hunting and fishing laws, as well as law enforcement duties within each state park. As a result of managing such a large and diverse assortment of people, facilities and land, there is a constantly evolving construction and maintenance program involving state appropriations, bond funds and private sector contributions and federal funds. Other activities include public education and outreach activities in resource management, wildlife, and other natural resource program areas and miscellaneous functions.

With such a diverse organization, management is more than a casual job for the Parks and Wildlife Commissioners, the Executive Director and the other executive staff of the department. As illustrated on the attached organization chart, the current organization structure for TPWD includes 10 operating divisions. Prior to the appointment of Bob Cook as Executive Director in February 2002 by the Commission, there was a Chief Operating Officer position, reporting to the Executive Director, which included operational control of four divisions. Another five divisions report directly to the Executive Director, and still another division reports to the Chief of Staff who in turn reports to the Executive Director. In practical terms, the current organization structure results in the Executive Director being directly responsible for the day-to-day oversight of each of the 10 operating divisions.

The Project Team has examined the organization structure of TPWD, as well as the many other responsibilities that the chief executive officer must handle on a daily basis. Responsibilities such as meeting with constituent groups, legislative leadership, the Texas Parks and Wildlife Foundation, and the Parks and Wildlife Commissioners,

must by their very nature, occupy a significant portion of the chief executive officer's available time. We recommend that significant changes in the organizational structure are needed in order to better focus management attention on the day-to-day activities of running the business operations and functional activities of the department.

Proposed Organizational Changes

There are a number of recommended changes outlined on the attached proposed organization chart. Most significant are three areas; the creation of a General Counsel who would be responsible for the legal division and agency legal staff; the creation of a new Deputy Director for Administration; and the creation of a new Deputy Director for Programs. The Project Team believes these changes will result in a more effective organization and more efficient and effective use of appropriations and resources under the control of TPWD. Following is a description of the changes:

General Counsel

The role of the General Counsel in a state agency is to take overall consideration of the agency's needs with regards to legal positions and policies. The General Counsel reports directly to the Executive Director, is accountable for the quality and content of agency legal products and understands the unique programs and issues associated with the agency in which the General Counsel serves. An agency Executive Director needs a General Counsel who can provide advice on the wide range of legal issues that affect the decisions that the Executive Director must make. In fact, it is unusual for an agency the size of TPWD *not* to have a General Counsel.

The risk of maintaining a decentralized legal function within the agency is the issuance of contradictory opinions and inconsistent contract clauses. Decentralization also makes it nearly impossible to weigh any legal product against the agency's interests, as opposed to a division's particular interests.

By consolidating legal staff within the General Counsel's office, TPWD can achieve an economy of scale and an important degree of independence for the legal staff. For

example, if an agency lawyer reports to a division director instead of the General Counsel, then the lawyer faces a dilemma if his or her professional opinion is in conflict with the division director's opinion. This is not very different from the way an internal auditor functions within an agency but retains a degree of professional independence.

By combining legal staff into a single division, the General Counsel can better allocate resources to agency priorities, with staffs sharing the load on larger projects as needed.

When agency legal staffs are consolidated under the General Counsel, they can still be assigned to work primarily with specific divisions. The General Counsel should structure the performance evaluations to include a "customer satisfaction" component that requires input from the relevant division directors. This allows staffs to provide specialized expertise while retaining their professional independence.

In addition to the legal staff, the General Counsel should also have responsibilities for the land acquisition, easements, mineral activities, and other department-wide real estate activities of TPWD. This section is known as Land Conservation and approximately seven staff are currently involved in these functions. There is one person whose major daily responsibilities include maintaining contact with persons who may be interested in either selling or donating property to TPWD, or who the department would be interested in acquiring real property from at a future time. These activities need the constant attention of staff attorneys and the function will operate more efficiently under the control of the General Counsel for the agency.

**Deputy Director
for
Administration**

The newly created position of Deputy Director for Administration will report directly to the Executive Director. Divisions under this area include the Human Resources Division, Communications Division, Information Resources, Chief Financial Officer, and the Infrastructure Division. Each of these divisions is responsible for activities that support all other areas of TPWD. Other significant notes include:

- The Communications Director would also report directly to the Executive Director on press related matters, such as law enforcement activities of the department, which involve press release or news reporter contact. Normal day-to-day activities include preparation and dissemination of conservation and other agency information to the public through a variety of external medial outlets as well as through TPWD functions. All of these responsibilities would be reported through the Deputy Director for Administration.
- The Chief Financial Officer would be responsible for the Finance Section, and for an expanded Budget Section. Also, a Federal Funds Coordinator position should be created to concentrate expertise on federal grant writing and the management of federal funds for the entire department. Both of these expanded areas are described in more detail in the Budget Issues Section of this report.
- Information Resources should be a separate operating division and report directly to the Deputy Director for Administration instead of to the Chief Financial Officer as is the case in the current organization.
- The Infrastructure Division would be the largest division under the Deputy Director for Administration. Because this division has such broad responsibilities and serves all other divisions of the agency, the Project Team believes that the close association with the budget and financial expertise of the agency will serve the interests of the agency well. The large and complex projects managed by the Infrastructure Division require much concentration on budget issues, financing mechanisms, and even on fund raising activities with support groups.

Deputy Director for Programs

The Deputy Director for Programs position would have responsibilities for the six divisions of the agency, which actually carry out the primary conservation, hunting and fishing, and resource protection missions of TPWD.

These divisions include the Wildlife Division, the Law Enforcement Division, Inland Fisheries, Coastal Fisheries, Resource Protection, and the Parks Division. Currently, the Director for Inland Fisheries and Director for Coastal Fisheries report through a Senior Director of Aquatic Resources. There is no good apparent reason why these two directors should be reporting through an additional layer of management. Our recommendation is to have all three Directors report directly to the Deputy Director for Programs. This newly titled position would not create an additional position at TPWD, but essentially reflects a new title and responsibilities for the current Chief Operating Officer position.

Deputy to Executive Director

The Deputy to Executive Director position would report directly to the Executive Director. Responsibilities would include the Internal Affairs Unit, and Intergovernmental Affairs. The Deputy to Executive Director is also primarily responsible for the Commissioners meeting agenda, and other materials and items for the Commissioners, as well as special assignments from either the Executive Director or Commission Chair or Commissioners. Coordination duties include working with the Texas Parks and Wildlife Foundation, other support groups, and with staff assigned to provide information directly to the Legislature.

Internal Audit

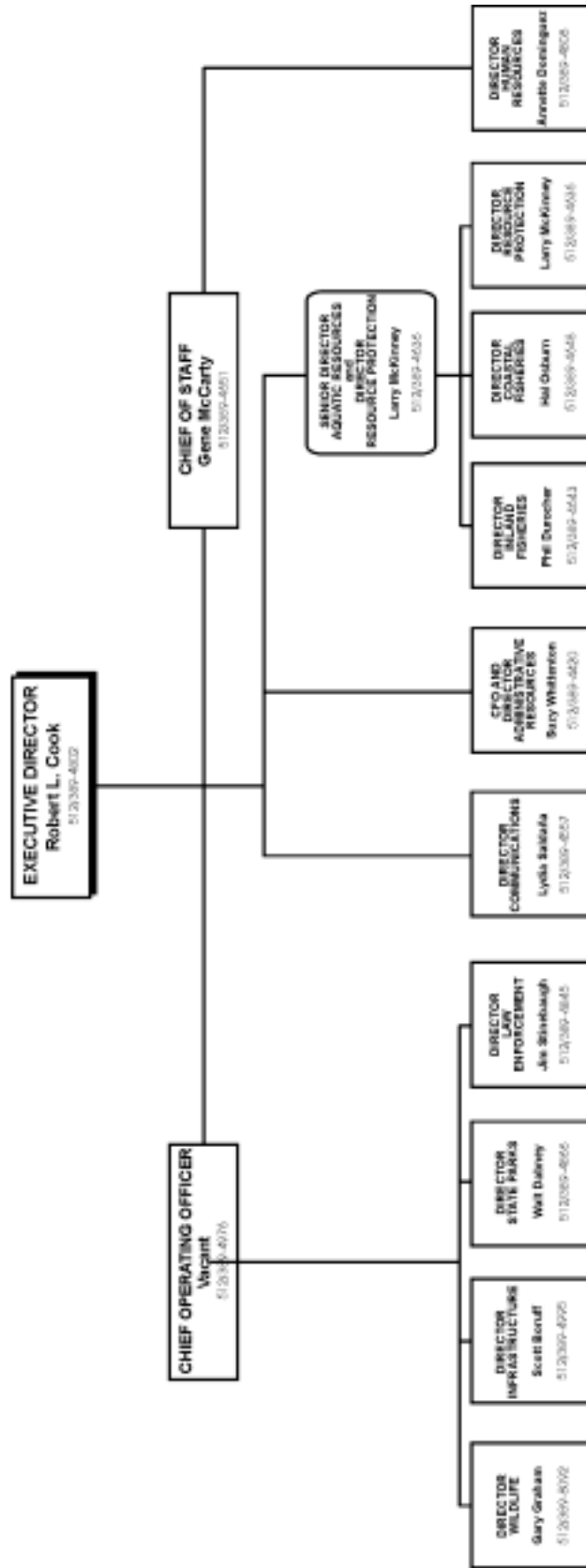
The Internal Auditor should report directly to the Texas Parks and Wildlife Commission in accordance with the Internal Audit Act. Regular updates and information coordination with the Executive Director and other agency executives should be expected, however none of these activities should interfere with the direct relationship between the Internal Auditor and the Commission.

Conclusion

Adoption of the recommended organizational changes will bring TPWD more in line with traditional state agency and most business organizations. Reducing the day-to-day pressures on the Executive Director will allow the Deputy Director's to devote their time to organizing and managing the administrative and program areas of the agency most effectively. The strength in the organization will pay

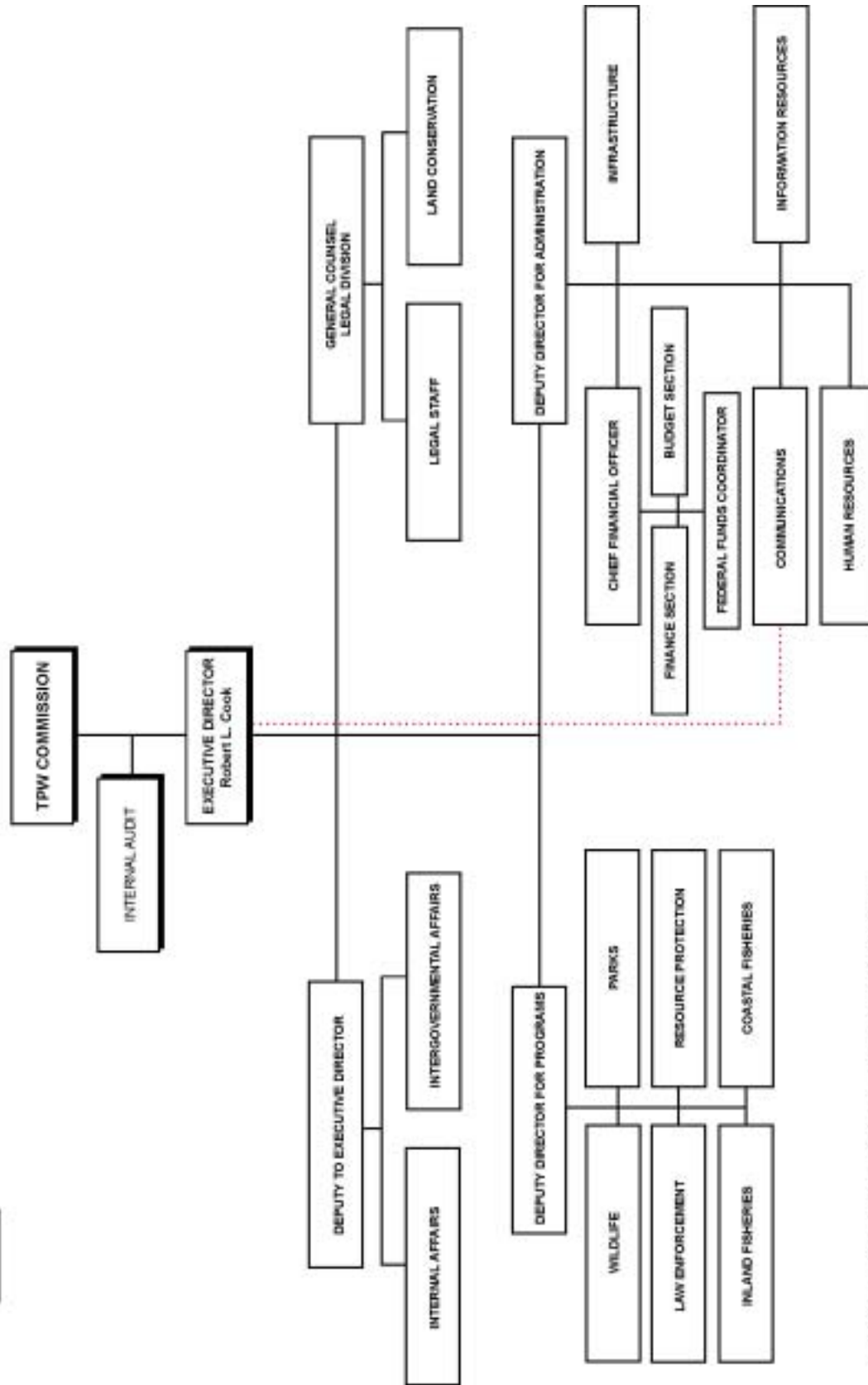
benefits by devoting attention to the areas which have been most neglected over the recent years. This has resulted in critical reports from the State Auditor and Sunset Commission, and most notably a lack of confidence in budget information prepared by TPWD when presented to legislative staff and members.

Texas Parks & Wildlife Organizational Chart



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Texas Parks & Wildlife Proposed Organizational Chart



Note: Communications Director reports to Executive Director on Press matters

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Other Considerations

In discussions with the new Executive Director, Bob Cook, he expressed a desire to make some very significant changes in the agency. The Project Team believes these are very worthwhile and deserve serious consideration by the Commission.

- | | | |
|--------------|---|--|
| ORG 2 | The Executive Director will propose moving several employees out of Austin locations back to the field. His goal is to move 20% to 25% of the FTEs in Austin out to the field. There are about 700 in Austin at present. He (and the Legislature) has long felt that too much money was spent on TPWD at Headquarters and other Austin locations, while those resources could be better used in the field. | Move more staffs out of headquarters in Austin into the field |
| ORG 3 | It is the desire of the Executive Director to make some changes in the relationship of TPWD and the Foundation to better serve the long-term goals of the agency. The Executive Director believes that too many items are being paid out of the Foundation for the benefit of executives of TPWD, like dinners, flowers, contributions, or other charges, etc. TPWD doesn't really have the authority to control the TPW Foundation, so a change in the policy or relationship will have to come from actions of the Executive Director. | Strengthen Foundation policies with regards to relationship with TPWD |
| ORG 4 | The Executive Director will propose increasing the number of Game Wardens in the field to about 525 to 530 from the 485 wardens currently in the field. He plans to ask the Legislature for General Revenue to help pay for some of these additional wardens. Game Wardens are paid out of Fund 9. Since Game Wardens are law enforcement officers, they often get involved in crime solving and arrest activities in the community that are <i>not</i> connected to game and fish activity. Federal government has said that TPWD may be violating the law because the state is using hunting and fishing license money to enforce non-hunting and fishing laws. Obtaining some money from General Revenue would offset this potential violation of federal law. TPWD's law Enforcement Game Wardens | Increase the number of Game Wardens in the field |

have not previously benefited from confiscated funds and equipment from drug arrests and seizures like other law enforcement entities. As this report is being finalized, the Executive Director and the Director of the Law Enforcement Division are taking actions to allow TPWD and the Game Wardens to benefit from this resource.

ORG 5 Internal Affairs spends too much time on personnel issues that are not fraud related. The Executive Director will expect such personnel management issues to be handled by the appropriate division supervisors and by the Human Resources Division. Too many cases currently go to Internal Affairs. Managers of departments or a facility need to work closely with Human Resources or General Counsel on questions regarding termination or discipline of employees. It is anticipated that some Internal Affairs staff could be transferred to field or to Internal Audit.

Shift the focus of Internal Affairs

Communications with the Legislature

Background

In January 2002, at the beginning of the TPWD review, the Project Team met with staff members of the Legislative Budget Board, Speaker's office, Lt. Governor's office, Governor's office, House Committee on Appropriations, and Senate Finance to discuss the staffs' concerns about TPWD. The Team quickly came to realize that TPWD had a credibility problem with the Legislature. The source of the problem was TPWD's inconsistent budget numbers provided to the Legislature from one meeting to the next. In addition, TPWD had consistently underestimated their revenue over several biennia. After seeing the pattern repeated over several sessions, the Legislature finally stopped granting credence to TPWD's concerns about revenue shortfalls. When the Project Team met with legislative staffs in January 2002, it was the first time that anyone representing TPWD had personally visited with them since September 2001, despite the fact that the agency was preparing to take action to increase a number of different fees that would affect legislator's constituents.

It was clear that the agency needed to improve its communications with the Legislature, especially with regards to budget and revenue issues.

Monthly Meetings with LBB

On February 28, 2002, the LBB began a series of monthly meetings with TPWD finance and budget staff to review specific concerns the LBB has about TPWD's operating budget. The monthly meetings will continue with the goal of having the LBB and TPWD in agreement on every aspect of TPWD's budget presentation. The goal is to prevent the LBB from having to say they do not understand or do not agree with any of the figures presented by the agency.

Solution

ORG 6 The February 28 meeting intensified concerns among the Project Team members regarding the agency's ability to communicate their budget effectively with the LBB. The Project Team discussed with the LBB their concerns about the agency's budget presentation materials and asked the LBB if they would be able to provide additional assistance to the agency if TPWD requested it. On March 5, 2002, per the Project Team's suggestion to the Executive Director, TPWD invited staff members of the Legislative Budget Board to meet with the appropriate budget and finance staffs of TPWD. A meeting was scheduled for the following day. The purpose of the March 6 meeting was for the LBB to provide professional assistance to TPWD on how to properly prepare a budget presentation for the LBB and the Legislature.

Use LBB's expertise to prepare for upcoming sessions

John Keel, director of the LBB, made John O'Brien, Marva Scallion, and Zelma Smith available to the agency to discuss how TPWD can do a better job of presenting their budget to the Legislature. The three LBB staff, along with Bob Cook, Suzy Whittenton, Harold Stone, Rebecca White, Julie Horsley, Scott Boruff, and the Project Team met for two hours at TPWD Headquarters to discuss ways to strengthen the agency's budget presentation.

John O'Brien opened the meeting by explaining that communications is the crux of it all, especially in assuring members of the Legislature as to where the agency's budget stands. Zelma Smith began the discussion by pointing out some issues that could have been handled differently last session. The discussion proceeded to cover specific areas for the next biennium that the agency needs to start preparing this month. The emphasis of the meeting was the importance of the agency tying back its numbers to the General Appropriations Act.

The LBB will continue meeting monthly with TPWD staffs on specific portions of the budget. The LBB has proposed the following topics for the meetings:

- Capital projects proposed and deferred
- Restrictions in current fund balances

- Evaluation of outreach programs required by S.B. 305 (Sunset bill)
- Update on bond projects, including revenue bonds and the remainder of the Connally bonds.
- Various General Appropriations Act riders related to Game Wardens,
- Forfeitures and other law enforcement-related revenue collections
- Local park grants funding
- Point of Sale license system
- Park and Wildlife Foundation
- Facility Management System
- Unexpended Balances from prior sessions

LBB staff will continue to work with TPWD to help them tie all budget statements and exhibits and schedules back to the General Appropriations Act.

**No Reference to
Hunting or
Fishing in
Mission
Statement**

Mission Statement

TPWD's mission is:

To manage and conserve the natural and cultural resources of Texas for the use and enjoyment of present and future generations.

The agency philosophy statement goes as follows:

We seek to balance outdoor recreation with conservation as we achieve greater self-sufficiency. On one hand, we must manage and protect our natural and cultural resources. At the same time, we must generate increased revenue by adding value through more and better public services. We affirm that a culturally diverse well-trained staff will best achieve this balance. And we must never forget, not in the haste of business, nor in the pride of science, that the outdoors should above all be a source of joy! Providing outdoor experiences, whereby young minds form values, will be our greatest contribution to the future.

TPWD is funded by a variety of revenue sources, including hunting and fishing licenses. In fact, 27 percent of total funding for the agency is from hunting and fishing license revenue. Despite this fact, neither the agency's mission statement nor its statement of philosophy contains the words "hunting" or "fishing."

Solution

ORG 7 It is suggested that a revised mission statement be adopted by the Commissioners to reflect the agency's dedication to protecting and improving hunting and fishing opportunities in the state.

**Adopt a revised
mission statement**

Concerns Of Regional Staff

Background

Regional staff – the staff working in the field across the state – are keenly concerned about administrative tasks that divert time from their main mission. Internally conducted surveys of field staffs over the last several years indicate that 28% to 33% of their time is spent on administrative tasks. Increasingly, it is becoming more difficult for field staff to maintain the appropriate balance between their primary mission and their administrative workload. The increase in staff time spent on administrative tasks is due in part to staff shortages, but it is also due to ongoing decentralization of agency operations. Greater responsibility has been moved out of the Austin headquarters and into the field; however, the movement of responsibility was not accompanied with a movement of administrative support staff to the field.

The following are specific problems as related by regional staff and some potential solutions discussed during the course of the Project Team’s meeting with regional staff.

Purchasing Manual

Access to updated purchasing policies

Purchasing policies change, as do *interpretations* of purchasing policy. Notifications of these changes do not make it to the field quickly enough. This leads to purchasing mistakes by field staffs. It is inefficient to call Headquarters because the staff person who can answer the immediate purchasing question is not always available when field staff needs them.

Regional staffs recommend that the agency keep purchasing simple enough so that staff can comply. They believe that, too often, the agency adopts new rules because it is assumed that staffs are trying to defraud the agency, rather than assuming staffs are trying to do the right thing.

Solution

ORG 8 The Project Team recommends that TPWD make the purchasing manual available on-line. The agency should post questions and their answers in chronological order on the TPWD intranet so that staff can readily access information on changes in policy and know at what point the change occurred. Staff could use a simple query tool to search the manual or questions and answers posted by purchasing staff. This practice has already been adopted by the Human Resources division for the personnel manual. In fact, Human Resources color codes by date the posting of changes or questions and division responses.

Post purchasing manual on-line

Even though many field staff do not have Internet access, the regional staff would be able to get the information to them more quickly if it was available on-line, because the regional and district offices all have Internet access.

Procurement Cards

Procurement cards critical to field staff

The SAO issued a report in February 2002 regarding the lack of controls with regards to TPWD's use of credit cards. However, according to regional staff persons, the credit card is a critical tool for staffs in the field. Under the previous system of Purchase Orders (PO's), some vendors would not accept a P.O. because of the delay in receiving payment from the state. Instead, a credit card can be presented for the purchase and payment is immediate. The field staffs don't have to wait for P.O. approval to get their job done.

Multiple cards

Staffs use multiple credit cards as an easy way to maintain expenditure records for various grant projects or programs funded from different dedicated amounts. Without the multiple cards, staff would have to take more time to process the credit card statements. However, the State Auditor raised concerns about the large number of credit cards in use by TPWD staffs.

Cannot use unincorporated vendors

Credit card purchases for services cannot be made at non-incorporated vendors. This is because TPWD must file a 1099 form with the IRS for business transactions that exceed a certain amount (\$600) in any one year with a single unincorporated vendor. To assure the accuracy of

the 1099 forms, TPWD would have to require a tremendous amount of bookkeeping from staff.

**Inhibits relationship
with local vendors**

At the local level, often there is a very limited choice of vendors to service the needs of field staff. Repair services to cars and trucks seem to be the primary concern due to most of TPWD staff being located in remote areas. If field staff cannot use a local vendor because that vendor is not incorporated, then the staff must travel to another town. In some cases, this requires an overnight stay due to the distances. So instead of using a local merchant, additional time and travel expense must be spent using an incorporated merchant.

In smaller communities, local business owners will ask why field staffs don't patronize their businesses. This in turn makes it more difficult for field staff to recruit volunteer support locally.

Solution

ORG 9 The Chief Financial Officer's staffs are working on a reasonable set of policies regarding credit cards that also meet the concerns of the SAO.

**Adopt reasonable
policies**

ORG 10 TPWD should code the procurement card statement items in IFS to the various revenue sources. This would reduce the number of credit cards in the field, per the SAO's recommendation.

**Use coding to
reduce number of
cards**

ORG 11 TPWD has reviewed the problem regarding non-incorporated vendors. A payment to a non-incorporated vendor of more than \$600 per year for *services* must be reported on a 1099 form. Since there is no reliable way to track, statewide, whether a credit card purchase was for a service or for merchandise, the Project Team recommends that the agency should use the P.O. (purchase order) system for services purchased from non-incorporated vendors. Field staff should receive refresher training in how to use the P.O. system.

**Prohibit use of
unincorporated
service vendors**

State Purchasing Catalog

State catalog is inaccurate

All TPWD purchases over \$2,000 require three bids, at least two of which must be made from vendors listed in the CMBL (Certified Master Bidder's List)—the state's list of approved vendors. Each vendor in the catalog fills out an application that allows his or her business to be listed. The application requires the vendor to list, by code, what goods and services they sell. However, the catalog also allows the vendor to check off the "all" box without specifying any greater detail. This results in the vendor being listed as a source for every type of service, supplies, and equipment category in the catalog. Field staffs that need to purchase items spend a great deal of time searching the catalog for the vendors in their area selling the products they need. In some cases, this can take hours and multiple calls to vendors because so many of the vendors have simply checked off the "all" box but offer only a very limited number of items for sale.

The Building and Procurement Commission is responsible for administering the CMBL. However, according to TPWD regional staffs that have tried to address this issue, they no longer remove vendors' names from product categories even if the vendor is not remotely involved in that particular line of business. Instead, the Building and Procurement Commission provides vendors with personal identification numbers that the vendor can use to modify their on-line listing. In order to see any improvement in the accuracy of the catalog, TPWD would have to ask each vendor they encounter who is not listed correctly to please change their category codes. This is not an appropriate use of TPWD staff time.

Solution

ORG 12 The obvious solution would be for the Building and Procurement Commission to remove the "all" box from the CMBL application, thus forcing better coding of vendor's services and merchandise offerings. TPWD could make this request, but it is not TPWD's responsibility to fix the CMBL.

Building & Procurement Commission must correct the problem

Other Discussion Items

The Project Team makes no recommendations regarding the following issues. However, they are observations brought to the Team's attention by the Regional Directors and deserve further discussion by the agency.

Coordination at the Local Level

Regional and district field staffs help each other out and communicate fairly regularly. Because operations are decentralized, field staffs have the ability to coordinate among themselves to develop solutions that are appropriate for their circumstances. There is limited sharing of tasks and staff time; however, due to the unique responsibilities of each of the divisions and the shortage of staff, sharing staff is very limited.

Loss of Resale Value

Recently TPWD changed its vehicle policy. In the past, law enforcement staff would sell their used vehicles, and then use the sales proceeds to purchase new vehicles. However, due to funding shortages in Fund 64 (parks), law enforcement gives their used vehicles to the Parks Division. This has allowed the Parks Division to have at least one functioning vehicle in each park. However, it has also reduced the funds available to law enforcement for vehicle purchases.

Along the same lines, in the past, local offices could sell their vehicles locally. This allowed them to recoup a higher resale price in most cases than they do now. Regulations now require that all used vehicles must go through a centralized state surplus property auction. The prices paid for TPWD's used vehicles are usually lower because they are competing with all the other vehicles sent through Austin for resale.

**Law Enforcement
Prefers to
Answer Directly
to the Executive
Director**

Law Enforcement is very concerned that with any new proposed reorganization, they will lose their ability to report directly to the Executive Director. They deal with situations that require an immediate decision from the agency head. Delays can prove dangerous or create months of additional work. They also deal with situations that carry the risk of liability for the agency; therefore the Executive Director must make the final decision on what course of action should be taken.

**Aging
Infrastructure**

Regional staff raised the issue of aging infrastructure. Proposition 8 bond monies will provide some relief, but there is still not a reliable source of ongoing funding to properly manage the problem.

The list of which projects finally receive funding is developed first at the local level. The regional director reviews it. Then, all nine regions bring their lists together to discuss and negotiate each of their needs. A final statewide list is then submitted to the agency, where funding for maintenance, repairs and construction is divided among the priority projects. Some projects have been on the list for ten years.

For day-to-day maintenance, the \$3 million provided by the Legislature is critical; however these projects have an \$8,000-per-project limit. The Wildlife Division explained that the \$3 million does not address their project needs because some are at the \$50,000 to \$2 million level. They are too large for the \$3 million fund, but too small to make the list of projects to be funded from bond proceeds. Proposition 8 funding will address the backlog of TPWD projects. However, field staffs are concerned about future repair and maintenance needs.

**Grants and FTE
Caps**

Because grant-funded staffs fall under the FTE cap, there is a large disincentive for the divisions to apply for outside grants. If the division succeeds in getting the grant, they cannot always hire the additional people to fulfill the grant requirements. This same problem applies to the cap on travel expenditures.

Coastal Fisheries pointed out that the agency could do a

better job in going after “soft” money—grant funds with some general spending authority—by coordinating and integrating efforts agency wide. This would allow for greater sharing of expertise on how to find the funds as well as greater opportunities for fund sharing.

The Project Team addresses this issue in the section of the report on organizational issues.

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APPENDICES

TEXAS PARKS AND WILDLIFE DEPARTMENT

BUSINESS PRACTICES EVALUATION

MARCH 29, 2002

Appendix A:

Prior Audit Issues Status Update

I. *An Audit Report on Management Controls at TPWD,***
State Auditor's Office, November 1995**

Note: Charts in Appendix A were prepared by Dennis O'Neal, Internal Auditor.

Recommendation	Status	Comments
Address the large backlog of repairs and capital improvements	Implemented	The department has used additional funding to address the backlog.
Develop a comprehensive marketing plan	Partially Implemented	There is no department-wide plan. The department has developed a plan for state parks, the super combo license and big -time Texas hunts.
Complete efforts to improve the licensing system	Implemented	The department has implemented an automated licensing system.
Develop a system to gather complete cost effectiveness information for the Texas Conservation Passport	Implemented	A study was done in 1999 to determine the cost effectiveness of the Texas Conservation Passport.
Ensure timely modernization of information systems	Partially Implemented	The department has moved most of its systems to more modern platforms. However, the boats and fines and arrests programs are still maintained on old systems.
Obtain a more efficient financial system	Partially Implemented	A new system was obtained but several interfaces have not been developed.
Complete development of executive information system	Not Implemented	
Complete development of a comprehensive customer information system	Implemented	The magazine, license, and park reservation databases are used for customer information.

Evaluate costs of using different hardware and software for common applications	Partially Implemented	The department is continuing to take steps to standardize its hardware and software. Standardization is much better than it was in 1995.
Improve controls to ensure accurate reporting of performance measures	Not Implemented	The recent SAO audit of performance measures showed that several measures could not be adequately verified.
Complete development of executive management performance measures	Partially Implemented	Executive management has developed some measures to gauge division performance.
Review executive management structure	Implemented	The positions of Chief Operating Officer and Chief of Staff were added to help with executive management duties.
Improve processes for determining satisfaction of state park visitors	Implemented	A survey was developed to measure customer satisfaction.
Ensure performance evaluations are completed annually	Implemented	Human Resources annually reviews the status of performance evaluations.
Increase management and computer training	Partially Implemented	<ul style="list-style-type: none"> • Management Training (implemented) – The department has developed management training for each level of management. • Computer Training (partially implemented) – There has been improvements but SAO found in their recent audit that additional IFS training is needed.
Ensure training is adequately controlled	Implemented	The department has developed procedures to ensure training is efficient and effective.
Develop comprehensive disaster recovery plans for server-based systems	Implemented	Disaster recovery plans have been developed for server-based systems.

Strengthen access controls	Implemented	Procedures have been developed to properly terminate an employee's access to automated systems when they leave the department.
Ensure major financial systems are periodically audited	Partially Implemented	Internal audit has audited some systems but audits need to be done more frequently. We have also received audits of major systems by outside auditors, such as SAO and the Comptroller.
Strengthen publication policies and procedures	Partially Implemented	There is an informal policy that publications go through a central review process, however it is not required and the policy is not written.

II. *An Audit Report on the Texas Parks and Wildlife Department's Management of the State Park System*

State Auditor's Office, September 1998

Recommendation	Status	Comments
Use a total cost framework to analyze the park system's financial condition	Partially Implemented	Difficulties have been encountered in capturing indirect costs (esp. capital and personnel services) in IFS for individual parks. The Parks Division continues to work on a system to capture costs. Financial statements for parks are analyzed annually.
Consider all costs when calculating individual park profitability	Partially Implemented	Financial statements for individual parks are reviewed annually and on an ad hoc basis. See also above comments.
Review current inventory of parks for alignment with mission	Implemented	The division has completed the process for determining transfers of parks to local political subdivisions. However, there are not always subdivisions willing to take the parks. The analysis as to the alignment of individual parks with TPW's mission is ongoing.
Make preventative maintenance and equipment replacement budget priorities	Partially Implemented	The infrastructure division is currently loading facility data into the Property Management Information System (PMIS) and taking facility inventories at all sites. The target date for completion is Spring 2002. A complete equipment inventory will take 6 – 12 months to complete.
Develop and use service level data in the budget process	Partially Implemented	The division has no formalized process developed to analyze service level data, but review of service level information occurs during each budget cycle.
Clarify Parks Division's goals	Implemented	Goals were developed and the division was reorganized, which included specific staffing charts and job descriptions that clarified division goals.
Eliminate duplication and inefficiency in central office processes	Implemented	The division transferred positions from headquarters to the field.

Provide operational policies to guide regional and park decision-making	Implemented	The division has developed policy and procedure manuals that include a revenue manual, a concession manual, a park manual, and an updated division manual.
Define system ownership to ensure optimum development and use of automated systems	Not Implemented	Ownership for the R3 (reservation, revenue, and reporting) system has still not been clearly defined. System administration duties for the system are still handled by the Parks Division, rather than the information resources branch.
Clearly define user requirements of revenue reporting data	Partially Implemented	The State Park's Reservation, Revenue and Reporting system (R3) and TPW's Integrated Financial System (IFS) are still not completely interfaced. The budget function of R3 is interfaced with IFS.
Develop reliable visitation data	Partially Implemented	The division has examined their current visitation measures and will revise (lower) the car multiplier factor to reflect a more accurate number. The division continues to examine alternative and more accurate measures for visitation data within the revenue function of the R3 system.
Analyze the impact of fee changes	Implemented	The division developed a process that includes an annual checklist and justification for fee changes. An analytical review of these changes involves studying park trends, use patterns, revenue and production. Management then makes recommendations to the Director based on these conclusions.
Analyze alternative bond issues and staff workloads	Partially Implemented	The department has worked with the TPFA to ensure bond issues are scheduled to allow for the best interest rates. The Project Management Information System (PMIS) is operational but the project administration component is still not completed.
Formalize project management processes and define information needed to monitor projects	Implemented	PMIS is operational and interfaced with IFS.
Complete development of infrastructure contracting policies and procedures	Implemented	Policies and procedures are addressed in PMIS, which is operational and interfaced with IFS.

Complete implementation of the new facility management system to better plan and prioritize maintenance and repairs	Partially Implemented	Infrastructure is currently awaiting completion of facility and equipment inventories of all sites.
Improve controls over projects managed by other divisions	Implemented	PMIS ensures all project team members understand their roles in the execution of the capital program. Guidelines were developed for the other divisions and the guidelines are an integral part of the PMIS.
Incorporate grant applications in project contracts (local park grants)	Implemented	The grants contain provisions that the application and all associated materials are to become part of the executed agreement.
Review budgets against historical costs (local park grants)	Implemented	The PMIS database has been developed. Cost overruns are brought to the manager's attention. A complete record of budget overruns and changes in scope are kept in the project file.
Enhance Monitoring of grant recipient's compliance with contract requirements (local park grants)	Implemented	Reminder notices are sent for delinquent status reports. Reimbursements are withheld from sponsors that are over 90 days delinquent. Standardized forms document progress inspections and deficiencies are monitored. Audit checklists note deficiencies and no reimbursements are made when requirements are not met.
Provide definitions for TRPA grant selection criteria (local park grants)	Implemented	Scoring criterion is in effect with grant applications submitted for July 31, 1999. Checklists monitor aspects of the grant process to ensure documentation. Four members of a project review committee calculate score sheets independently, and scores are compared for accuracy.

Appendix B

Capital/Operating Needs Summary of All Major Development Projects

Description	SUMMARY		SUMMARY BY BIENNIA				
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond
Project Costs	Capital Construction	\$ 155,132,619	\$ 26,737,823	\$ 38,234,996	\$ 19,059,800	\$ -	\$ 71,100,000
	Debt Service	\$ 4,520,000	-	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000
	Operations	\$ 4,705,990	-	\$ 185,000	\$ 1,054,330	\$ 1,733,330	\$ 1,733,330
	Salaries	\$ 5,932,671	-	\$ 194,945	\$ 1,194,282	\$ 2,271,722	\$ 2,271,722
	Equipment	\$ 1,543,058	-	\$ 300,358	\$ 1,182,200	\$ 60,500	\$ -
	Total Project Cost	\$ 171,834,338	\$ 26,737,823	\$ 40,045,299	\$ 23,620,612	\$ 5,195,552	\$ 76,235,052
Method of Finance	Bonds	\$ 40,676,201	\$ 13,821,201	\$ 16,255,000	\$ 10,600,000	\$ -	\$ -
	Appropriated Funds	\$ 9,320,505	\$ 2,320,505	\$ 7,000,000	\$ -	\$ -	\$ -
	Private	\$ 3,558,595	\$ 3,359,707	\$ 198,888	\$ -	\$ -	\$ -
	Local	\$ 3,626,719	\$ 3,626,719	\$ -	\$ -	\$ -	\$ -
	State	\$ 3,677,000	\$ 3,677,000	\$ -	\$ -	\$ -	\$ -
	Federal	\$ 6,462,113	\$ 2,359,400	\$ 4,102,713	\$ -	\$ -	\$ -
	Total Method of Finance	\$ 67,321,133	\$ 29,164,532	\$ 27,556,601	\$ 10,600,000	\$ -	\$ -
Estimated Budget Shortfall		\$ (104,513,205)	\$ 2,426,709	\$ (12,488,698)	\$ (13,020,612)	\$ (5,195,552)	\$ (76,235,052)

Battleship TEXAS

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond*	
Project Costs	Capital Construction	\$21,589,000		\$ 3,863,000	\$ 10,726,000		\$ 7,000,000	
	Debt Service	\$ -						
	Operations	\$ 248,000				\$ 124,000	\$ 124,000	
	Salaries	\$ 496,608				\$ 248,304	\$ 248,304	
	Equipment	\$ 16,500				\$ 16,500		
	Total Project Cost	\$22,350,108	\$ -	\$ 3,863,000	\$ 10,726,000	\$ 388,804	\$ 7,372,304	
Method of Finance	Bonds	\$12,500,000		\$ 7,500,000	\$ 5,000,000			
	Appropriated Funds	\$ -						
	Private	\$ -						
	Local	\$ -						
	State	\$ -						
	Federal	\$ -						
Total Method of Finance	\$12,500,000	\$ -	\$ 7,500,000	\$ 5,000,000	\$ -	\$ -		
Estimated Budget Shortfall		\$ (9,850,108)	\$ -	\$ 3,637,000	\$ (5,726,000)	\$ (388,804)	\$ (7,372,304)	

*Future obligations under the capital construction category ("beyond") include the construction of a new interpretive facility, site landscaping, parking, and utilities, estimated at \$7 million.

Bison Center

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond	
Project Costs	Capital Construction	\$ 2,800,000	\$ 320,000	\$ 2,480,000				
	Debt Service	\$ -						
	Operations	\$ 150,000				\$ 30,000	\$ 60,000	\$ 60,000
	Salaries	\$ 361,190				\$ 72,238	\$ 144,476	\$ 144,476
	Equipment	\$ 42,500				\$ 42,500		
	Total Project Cost	\$ 3,353,690	\$ 320,000	\$ 2,480,000	\$ 144,738	\$ 204,476	\$ 204,476	
Method of Finance	Bonds	\$ 500,000	\$ 500,000					
	Appropriated Funds	\$ -						
	Private	\$ 198,888		\$ 198,888				
	Local	\$ -						
	State*	\$ 150,000	\$ 150,000					
	Federal	\$ 699,801		\$ 699,801				
	Total Method of Finance	\$ 1,548,689	\$ 650,000	\$ 898,689	\$ -	\$ -	\$ -	\$ -
Estimated Budget Shortfall		\$ (1,805,001)	\$ 330,000	\$ (1,581,311)	\$ (144,738)	\$ (204,476)	\$ (204,476)	

*TxDOT funds for roads and parking

Government Canyon

Description	SUMMARY		SUMMARY BY BIENNIA						Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond		
Project Costs	Capital Construction	\$ 4,992,683	\$ 4,992,683						
	Debt Service	\$ -							
	Operations	\$ 120,000							
	Salaries	\$ 176,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000		
	Equipment	\$ 125,282	\$ 44,000	\$ 44,000	\$ 44,000	\$ 44,000	\$ 44,000		
	Total Project Cost	\$ 5,413,965	\$ 4,992,683	\$ 125,282	\$ 74,000	\$ 74,000	\$ 74,000		
Method of Finance	Bonds	\$ 1,000,000	\$ 1,000,000						
	Appropriated Funds	\$ -							
	Private	\$ 1,459,707	\$ 1,459,707						
	Local	\$ 440,000	\$ 440,000						
	State*	\$ 1,527,000	\$ 1,527,000						
	Federal	\$ 25,000	\$ 25,000						
	Total Method of Finance	\$ 4,451,707	\$ 4,451,707	\$ -	\$ -	\$ -	\$ -		
Estimated Budget Shortfall		\$ (962,258)	\$ (540,976)	\$ (199,282)	\$ (74,000)	\$ (74,000)	\$ (74,000)	\$ (74,000)	

* TxDOT funds for roads and parking

Levi-Jordan Plantation Site

Description	SUMMARY		SUMMARY BY BIENNIA					Notes				
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond*					
Project Costs	Capital Construction	\$ 9,100,000	\$	2,000,000	\$	4,093,800		\$	2,000,000			
	Debt Service	-										
	Operations	\$ 170,000					\$ 85,000	\$	85,000			
	Salaries	\$ 463,468					\$ 231,734	\$	231,734			
	Equipment	\$ 44,000					\$ 44,000	\$				
	Total Project Cost	\$ 9,777,468	\$	1,006,200	\$	2,000,000	\$	4,093,800	\$	360,734	\$	2,316,734
Method of Finance	Bonds	\$ 4,106,200	\$	506,200	\$	2,000,000	\$	1,600,000				
	Appropriated Funds	-										
	Private	\$ 500,000	\$	500,000								
	Local	-										
	State	-										
	Federal	-										
	Total Method of Finance	\$ 4,606,200	\$	1,006,200	\$	2,000,000	\$	1,600,000	\$	-	\$	-
Estimated Budget Shortfall		\$ (5,171,268)	\$	-	\$	-	\$	(2,493,800)	\$	(360,734)	\$	(2,316,734)

*Future obligations under the capital construction category ("beyond") include the construction of a new visitor center.

National Museum of the Pacific War (Admiral Nimitz)

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond	
Project Costs	Capital Construction	\$ 9,000,000	\$ 1,200,000	\$ 7,800,000	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000
	Debt Service*			\$	\$	\$	\$	\$
	Operations	\$ 984,990				328,330	\$ 328,330	\$ 328,330
	Salaries	\$ 752,970				250,990	\$ 250,990	\$ 250,990
	Equipment	\$ 274,500				274,500		
	Total Project Cost	\$15,532,460	\$ 1,200,000	\$ 8,930,000	\$ 1,983,820	\$ 1,709,320	\$ 1,709,320	
Method of Finance	Bonds	\$ 1,100,000	\$ 600,000	\$ 500,000				
	Appropriated Funds*	\$ 7,000,000		\$ 7,000,000				
	Private	\$ 900,000	\$ 900,000					
	Local	\$ -						
	State	\$ -						
	Federal	\$ -						
	Total Method of Finance	\$ 9,000,000	\$ 1,500,000	\$ 7,500,000	\$ -	\$ -	\$ -	
Estimated Budget Shortfall		\$ (6,532,460)	\$ 300,000	\$ (1,430,000)	\$ (1,983,820)	\$ (1,709,320)	\$ (1,709,320)	

* SB1173 allows TPW to issue up to \$9 million in Revenue Bonds. However, funding for debt service was not appropriated.

San Jacinto Battleground

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond*	
Project Costs	Capital Construction	\$ 47,705,000	\$ 2,450,000	\$ 6,015,000	\$ 4,240,000		\$ 35,000,000	
	Debt Service	\$ -						
	Operations	\$ 125,000			\$ 25,000	\$ 50,000	\$ 50,000	
	Salaries	\$ 838,480			\$ 167,696	\$ 335,392	\$ 335,392	
	Equipment	\$ 33,000			\$ 33,000			
	Total Project Cost	\$ 48,701,480	\$ 2,450,000	\$ 6,015,000	\$ 4,465,696	\$ 385,392	\$ 35,385,392	
Method of Finance	Bonds	\$ 12,255,000	\$ 2,000,000	\$ 6,255,000	\$ 4,000,000			
	Appropriated Funds	\$ -						
	Private	\$ -						
	Local	\$ -						
	State	\$ -						
	Total Method of Finance	\$ 12,255,000	\$ 2,000,000	\$ 6,255,000	\$ 4,000,000	\$ -	\$ -	
Estimated Budget Shortfall		\$ (36,446,480)	\$ (450,000)	\$ 240,000	\$ (465,696)	\$ (385,392)	\$ (35,385,392)	

*Future obligations under the capital construction category ("beyond") include the construction of a new Museum. The San Jacinto Museum of History Association is seeking private funding.

San Jacinto Visitor's Center

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond	
Project Costs	Capital Construction	\$ 4,953,640	\$ 15,000	\$ 4,938,640				
	Debt Service	\$ -						
	Operations	\$ 895,000			\$ 179,000	\$ 358,000	\$ 358,000	
	Salaries	\$ 1,037,340			\$ 207,468	\$ 414,936	\$ 414,936	
	Equipment	\$ 150,000			\$ 150,000			
	Total Project Cost	\$ 7,035,980	\$ 15,000	\$ 4,938,640	\$ 536,468	\$ 772,936	\$ 772,936	
Method of Finance	Bonds	\$ 500,000	\$ 500,000					
	Appropriated Funds	\$ -						
	Private	\$ -						
	Local	\$ -						
	State	\$ -						
	Federal	\$ 3,402,912		\$ 3,402,912				
	Total Method of Finance	\$ 3,902,912	\$ 500,000	\$ 3,402,912	\$ -	\$ -	\$ -	
Estimated Budget Shortfall		\$ (3,133,068)	\$ 485,000	\$ (1,535,728)	\$ (536,468)	\$ (772,936)	\$ (772,936)	

**Sheldon Lake
Phase I**

Description	SUMMARY		SUMMARY BY BIENNIA						Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond		
Project Costs	Capital Construction	\$ 3,210,805	\$ 3,210,805						
	Debt Service	\$ -							
	Operations	\$ -							
	Salaries	\$ -							
	Equipment	\$ -							
	Total Project Cost	\$ 3,210,805	\$ 3,210,805	\$ -	\$ -	\$ -	\$ -	-	
Method of Finance	Bonds	\$ 2,785,000	\$ 2,785,000						
	Appropriated Funds	\$ -							
	Private	\$ 250,000	\$ 250,000						
	Local	\$ -							
	State	\$ -							
	Federal	\$ -							
Total Method of Finance	\$ 3,035,000	\$ 3,035,000	\$ -	\$ -	\$ -	\$ -	-		
Estimated Budget Shortfall		\$ (175,805)	\$ (175,805)	\$ -	\$ -	\$ -	\$ -	-	

**Sheldon Lake
Phase II**

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond*	
Project Costs	Capital Construction	\$ 22,685,000	\$ 2,250,000	\$ 3,335,000			\$ 17,100,000	
	Debt Service	\$ -						
	Operations	\$ 497,000		\$ 71,000	\$ 142,000	\$ 142,000	\$ 142,000	
	Salaries	\$ 1,056,615		\$ 150,945	\$ 301,890	\$ 301,890	\$ 301,890	
	Equipment	\$ 35,500		\$ 35,500				
	Total Project Cost	\$ 24,274,115	\$ 2,250,000	\$ 3,592,445	\$ 443,890	\$ 443,890	\$ 17,543,890	
Method of Finance	Bonds	\$ -						
	Appropriated Funds	\$ -						
	Private	\$ 250,000	\$ 250,000					
	Local	\$ -						
	State**	\$ 2,000,000	\$ 2,000,000					
	Federal	\$ -						
Total Method of Finance	\$ 2,250,000	\$ 2,250,000	\$ -	\$ -	\$ -	\$ -		
Estimated Budget Shortfall		\$ (22,024,115)	\$ -	\$ (3,592,445)	\$ (443,890)	\$ (443,890)	\$ (17,543,890)	

*Future obligations under the capital construction category ("beyond") include six additional phases, estimated at 17.1 million.

**TxDOT funds for roads and parking

Texas Rivers Center

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond*	
Project Costs	Capital Construction	\$ 13,339,000	\$ 3,339,000				\$ 10,000,000	
	Debt Service	-						
	Operations	-						
	Salaries	-						
	Equipment	-						
	Total Project Cost	\$ 13,339,000	\$ 3,339,000	\$ -	\$ -	\$ -	\$ 10,000,000	
Method of Finance	Bonds	-						
	Appropriated Funds	\$ 2,250,506	\$ 2,250,506					
	Private	-						
	Local	\$ 299,000	\$ 299,000					
	State	-						
	Federal	-						
	Total Method of Finance	\$ 2,549,506	\$ 2,549,506	\$ -	\$ -	\$ -	\$ -	
Estimated Budget Shortfall		\$ (10,789,494)	\$ (789,494)	\$ -	\$ -	\$ -	\$ (10,000,000)	

*Future obligations under the capital construction category ("beyond") include the construction of a new visitor center, aquatic exhibits, utilities, parking, and landscaping, estimated at \$10 million.

**World Birding Center
Bentsen**

Description	SUMMARY		SUMMARY BY BIENNIA						Notes	
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond			
Project Costs	Capital Construction	\$ 7,302,150	\$	2,639,122	\$	4,663,028				
	Debt Service	\$ -								
	Operations	\$ 590,000								
	Salaries	\$ 375,000			\$	118,000	\$	236,000	\$ 236,000	
	Equipment	\$ 321,375			\$	75,000	\$	150,000	\$ 150,000	
	Total Project Cost	\$ 8,588,525	\$	2,639,122	\$	4,663,028	\$	514,375	\$ 386,000	
Method of Finance	Bonds	\$ 1,986,667	\$	1,986,667						
	Appropriated Funds	\$ 13,333	\$	13,333						
	Private	\$ -								
	Local	\$ 1,000,000	\$	1,000,000						
	State	\$ -								
	Federal	\$ 1,694,400	\$	1,694,400						
Total Method of Finance	\$ 4,694,400	\$	4,694,400	\$	-	\$	-	\$ -	-	
Estimated Budget Shortfall		\$ (3,894,125)	\$	2,055,278	\$	(4,663,028)	\$	(514,375)	\$ (386,000)	\$ (386,000)

**World Birding Center
Resaca**

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond	
Project Costs	Capital Construction	\$ 5,563,374	\$ 2,423,046	\$ 3,140,328				
	Debt Service	\$ -						
	Operations	\$ 590,000			\$ 118,000	\$ 236,000	\$ 236,000	
	Salaries	\$ 375,000			\$ 75,000	\$ 150,000	\$ 150,000	
	Equipment	\$ 360,825			\$ 360,825			
	Total Project Cost	\$ 6,889,199	\$ 2,423,046	\$ 3,140,328	\$ 553,825	\$ 386,000	\$ 386,000	
Method of Finance	Bonds	\$ 1,986,667	\$ 1,986,667					
	Appropriated Funds	\$ 13,333	\$ 13,333					
	Private	\$ -						
	Local	\$ 1,100,000	\$ 1,100,000					
	State	\$ -						
	Federal	\$ 400,000	\$ 400,000					
	Total Method of Finance	\$ 3,500,000	\$ 3,500,000	\$ -	\$ -	\$ -	\$ -	
Estimated Budget Shortfall		\$ (3,389,199)	\$ 1,076,954	\$ (3,140,328)	\$ (553,825)	\$ (386,000)	\$ (386,000)	

**World Birding Center
Weslaco**

Description	SUMMARY		SUMMARY BY BIENNIA					Notes
	Category	Total	FY02 & FY03	FY04 & FY05	FY06 & FY07	FY08 & FY09	Beyond	
Project Costs	Capital Construction	\$ 2,891,967	\$ 2,891,967					
	Debt Service	\$ -						
	Operations	\$ 336,000		\$ 84,000	\$ 84,000	\$ 84,000	\$ 84,000	
	Salaries	\$ -						
	Equipment	\$ 139,576		\$ 139,576				
	Total Project Cost	\$ 3,367,543	\$ 2,891,967	\$ 223,576	\$ 84,000	\$ 84,000	\$ 84,000	
Method of Finance	Bonds	\$ 1,956,667	\$ 1,956,667					
	Appropriated Funds	\$ 43,333	\$ 43,333					
	Private	\$ -						
	Local	\$ 787,719	\$ 787,719					
	State	\$ -						
	Federal*	\$ 240,000	\$ 240,000					
	Total Method of Finance	\$ 3,027,719	\$ 3,027,719	\$ -	\$ -	\$ -	\$ -	
Estimated Budget Shortfall		\$ (339,824)	\$ 135,752	\$ (223,576)	\$ (84,000)	\$ (84,000)	\$ (84,000)	

Appendix C

List of Vehicles Assigned to Austin Headquarters

Explanation of Attached List of Vehicle Assignments

The attached list of vehicles assigned to Austin Headquarters was generated from TPWD's IFS. Robert Womack, who generated the list, provided the following clarifications:

- Assets are either active or retired (deleted in SPA terms). Active vehicles have three life stages: 1) new vehicles that have not been assigned for use yet; 2) actively used vehicles; and 3) vehicles that have been turned in as surplus.
- New vehicles are assigned to the Fleet Manager. These vehicles are normally replacements for existing vehicles. When a vehicle is turned in to surplus, the Fleet Manager transfers the new vehicle another employee as the custodian of the vehicle.
- Surplus vehicles are assigned to the surplus custodian.
- When TPWD counts the number of vehicles for fleet size, the agency only counts actively used vehicles. "Actively used" includes those vehicles that are inoperable have not been moved for an extended period of time. These vehicles are not "new" and they haven't been turned in to "surplus", so they are "active". TPWD has mileage information to determine if vehicles are actually being driven; however, even if they are not being driven, they are counted.
- Next, determining what is at Austin Headquarters versus the rest of the state is only as good as the data. The agency has to determine which vehicles are assigned to Austin Headquarters via the use of organization codes (org units). TPWD flags the org units as either Austin HQ or the Field. Austin HQ includes Fountain Park Plaza and the Game Warden Academy.

- There is a location indicator in the Fixed Asset data that carries the org unit that owns the asset. The agency has programs that are run periodically to identify possible errors.
- Even if the location info is accurate, there could be other problems. A large number of vehicles are assigned to Force Account and Construction Management. Force Account crews are located in different places across the state, but they are not in Austin and most of their vehicles are not in Austin. The org unit has to be somewhere, and since the crews are so mobile, the org unit for the vehicles is Austin Headquarters.
- Some of the Law Enforcement vehicles are not in Austin. Either the people really aren't here or the vehicles are assigned to someone who is here but the vehicles really aren't here. It is related to the nature of undercover work conducted by Law Enforcement.

Division	Employee	Vehicle	Description
Aircraft - Chief Pilot (N44956 - 1984 Partenavia P68C)	LOPEZ, OSCAR R	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Aquatic Education	CAMPBELL, STEPHEN LEROY	Automobile	1992 FORD CROWN VICTORIA
Aquatic Education	CAMPBELL, STEPHEN LEROY	Truck 1/2T P/U-4WD	1996 DODGE EXT CAB
Aquatic Education	HERRON, NANCY SMITH	Station Wagon	1990 CHEVROLET CELEBRITY
Aquatic Education	HERRON, NANCY SMITH	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Aquatic Education	LENA, CHRIS J	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Boater Education	DYESS, JACK G	Truck 1/2T P/U-4WD	1995 CHEVROLET EXT CAB
Boater Education	STEFFEN, WARREN PHILLIP	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Coastal Fisheries - Austin	RAY, MICHAEL S	Station Wagon	1993 FORD TAURUS
Coastal Fisheries - Austin	RAY, MICHAEL S	Sport Utility Vehicle-2WD	1998 FORD EXPEDITION
Coastal Studies	KUHN, NATHAN L	Sport Utility Vehicle-4WD	1998 CHEVROLET S-10 BLAZER
Coastal Studies	KUHN, NATHAN L	Truck 1/2T P/U-4WD	1996 DODGE EXT CAB
Coastal Studies	NELSON, JANET MARIE	Sport Utility Vehicle-2WD	88 CHEV SUBURBAN
Coastal Studies	NELSON, JANET MARIE	Sport Utility Vehicle-2WD	1996 CHEVROLET SUBURBAN
Community Services	POLLARD, KENNETH	Vans	1994 DODGE 15 PASSENGER MAXIVAN
Community Services	POLLARD, KENNETH	Truck-1/2T P/U-2WD	89 CHEV
Community Services	POLLARD, KENNETH	Truck 3/4T P/U-4WD	1990 GMC SIERRA
Conservation	FRANCELL, JEFFREY ISAAC	Automobile	1997 CHEVROLET LUMINA
Conservation	LESLIE, KAREN A	Sport Utility Vehicle-2WD	1995 JEEP CHEROKEE
Construction Management Branch Office	AHRNS, LOUIS R	Truck-Flatbed	1990 FORD F358
Construction Management Branch Office	AHRNS, LOUIS R	Truck 1/2T P/U-4WD	1996 DODGE D150 EXT CAB
Construction Management Branch Office	CLAYTON, MICKEY L	Truck-Dump	1990 GMC
Construction Management Branch Office	CLAYTON, MICKEY L	Truck-1/2T P/U-2WD	88 CHEV
Construction Management Branch Office	CLAYTON, MICKEY L	Truck-1/2T P/U-2WD	1992 GMC
Construction Management Branch Office	CLAYTON, MICKEY L	Truck 3/4T P/U-2WD	88 DODGE
Construction Management Branch Office	HUDSON, DON C	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Construction Management Branch Office	LENOCH, MARK A	Truck 3/4T P/U-2WD	1998 GMC EXT CAB 3/4 TON DIESEL
Construction Management Branch Office	MCMURRAY, BRIAN THOMAS	Truck-1/2T P/U-2WD	1996 DODGE D150 EXT CAB
Construction Management Branch Office	ROBINSON, KENNETH DALE	Truck-1/2T P/U-2WD	1998 FORD F150 1/2 TON MANUAL TRANMISSION
Construction Management Branch Office	SMITH, SCOTT H	Automobile	1999 CHEVROLET MALIBU

Division	Employee	Vehicle	Description
Construction Management Branch Office	SMITH, SCOTT H	Automobile	1994 PONTIAC GRAND PRIX
Construction Management Branch Office	SMITH, SCOTT H	Station Wagon	89 CHEV 4DR #555
Construction Management Branch Office	SMITH, SCOTT H	Station Wagon	1996 FORD TAURUS
Construction Management Branch Office	SMITH, SCOTT H	Jeep	1999 JEEP CHEROKEE
Construction Management Branch Office	SMITH, SCOTT H	Sport Utility Vehicle-2WD	1994 JEEP CHEROKEE XJTL74
Construction Management Branch Office	SMITH, SCOTT H	Sport Utility Vehicle-4WD	1993 CHEVROLET BLAZER
Construction Management Branch Office	SMITH, SCOTT H	Sport Utility Vehicle-4WD	1993 CHEVROLET BLAZER S10
Construction Management Branch Office	SMITH, SCOTT H	Truck-1/2T P/U-2WD	1995 GMC EXT CAB
Construction Management Branch Office	SMITH, SCOTT H	Truck-1/2T P/U-2WD	1995 CHEVROLET
Construction Management Branch Office	SMITH, SCOTT H	Truck 1/2T P/U-4WD	1994 CHEVROLET EXT CAB
Construction Management Branch Office	SMITH, SCOTT H	Truck 3/4T P/U-2WD	1994 FORD EXT CAB LONG BED
Construction Management Branch Office	SYKORA, DAVID F	Automobile	1992 FORD CROWN VICTORIA
Creative Services Director	HARDEMAN, CEDRIC D	Truck 3/4T P/U-2WD	89 CHEV
Design Branch Office	AUSTIN, JOSEPH R	Truck-1/2T P/U-2WD	2001 DODGE 1500 EXT CAB 1/2 TON
Design Branch Office	BROWN, BILLY W	Truck-1/2T P/U-2WD	1998 DODGE 1/2 TON
Design Branch Office	CASEY, LARRY WADE	Truck-1/2T P/U-2WD	1998 DODGE 1/2 TON
Design Branch Office	DELLENEY, THOMAS DAN	Truck-1/2T P/U-2WD	1994 FORD EXT CAB SHORT BED
Design Branch Office	DELLENEY, THOMAS DAN	Truck-1/2T P/U-2WD	1998 DODGE 1500 1/2 TON PICKUP
Design Branch Office	ESCOBEDO, RALPH T	Sport Utility Vehicle-4WD	93 GMC SUBURBAN
Design Branch Office	HOLDARII, JAMES L	Truck 1/2T P/U-4WD	1993 CHEVROLET EXT CAB
Design Branch Office	KUHLMANN, HARRY E	Truck 1/2T P/U-4WD	1998 GMC EXT CAB 1/2 TON 4X4
Design Branch Office	LACY, JOHN M	Sport Utility Vehicle-4WD	93 GMC SUBURBAN
Design Branch Office	OLIVER, BILLY J	Truck-1/2T P/U-2WD	1998 DODGE 1500 1/2 TON PICKUP
Design Branch Office	SWEIVEN, DAVID C	Truck-1/2T P/U-2WD	1995 GMC EXT CAB
Design Branch Office	WARRICK, JOHN S	Truck 1/2T P/U-4WD	1996 DODGE EXT CAB
Design Branch Office	WESSON, DOYLE WRIGHT	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Director of Information Resources	ARCHER, DAVID G	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Director of Natural Resources	RISKIND, DAVID H	Sport Utility Vehicle-2WD	1993 GMC JIMMY
Director of Natural Resources	RISKIND, DAVID H	Truck-1/2T P/U-2WD	1996 DODGE 1500 EXT CAB
Director of Natural Resources	RISKIND, DAVID H	Truck 1/2T P/U-4WD	1994 CHEVROLET EXT CAB
Director of Natural Resources	SPARKS, JEFFREY C	Truck 1/2T P/U-4WD	1995 CHEVROLET EXT CAB
Director of Natural Resources	SPARKS, JEFFREY C	Truck 1/2T P/U-4WD	1994 GMC SIERRA
Director of Natural Resources	SPARKS, JEFFREY C	Truck 1T P/U-4WD	1998 CHEVROLET 1 TON 4X4

Division	Employee	Vehicle	Description
Director of Resource Conservation Education – Administration	SPAIN, ROBERT W HALL, STEPHEN GERARD	Sport Utility Vehicle-2WD Truck ½T P/U-4WD	1996 JEEP CHEROKEE 1994 CHEVROLET EXT CAB
Education Outreach	CALLAHAN, ASHLEY LYNN	Truck ½T P/U-4WD	1996 DODGE EXT CAB
Education Outreach	CLONINGER, KARL WARREN	Small Bus	1989 FORD (USED)
Education Outreach	CLONINGER, KARL WARREN	Sport Utility Vehicle-4WD	84 JEEP 4X4
Education Outreach	CLONINGER, KARL WARREN	Truck ½T P/U-4WD	1993 CHEVROLET EXT CAB
Education Outreach	CLONINGER, KARL WARREN	Truck ½T P/U-4WD	1995 CHEVROLET EXT CAB
Education Outreach	CLONINGER, KARL WARREN	Truck ½T P/U-4WD	1995 CHEVROLET EXT CAB
Education Outreach	CLONINGER, KARL WARREN	Truck ½T P/U-4WD	1995 CHEVROLET EXT CAB
Education Outreach	CLONINGER, KARL WARREN	Truck ½T P/U-4WD	1994 CHEVROLET EXT CAB
Education Outreach	CLONINGER, KARL WARREN	Truck ½T P/U-4WD	1995 CHEVROLET EXT CAB
Education Outreach	CLONINGER, KARL WARREN	Truck 1T P/U-2WD	89 GMC DULLY
Education Outreach	CLONINGER, KARL WARREN	Truck 1T P/U-4WD	1994 FORD F350 CREW CAB
Education Outreach	JONES, JOHNNY L	Truck ½T P/U-4WD	1996 DODGE EXT CAB
Education Outreach	LINDHOLM, SIRI DIANE	Truck ½T P/U-4WD	1995 CHEVROLET EXT CAB
Education Outreach	MURPHY, ROBERT W	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Education Outreach	PITTMAN, MARIA ALICIA	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Executive Director	COOK, ROBERT L	Sport Utility Vehicle-2WD	2002 CHEVROLET TAHOE 4 DOOR
Executive Director's Staff	MCCARTY, CECIL E	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Executive Director's Staff	WILLIFORD, JOHN G	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Force Account Administration – Paid from Capital Budget	BELL, DAVID R	Truck ¾T P/U-2WD	2001 DODGE 2500 EXT CAB ¾ TON
Force Account Administration – Paid from Capital Budget	BELL, DAVID R	Truck-1/2T P/U-2WD	88 CHEV
Force Account Administration – Paid from Capital Budget	BELL, DAVID R	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Force Account Administration – Paid from Capital Budget	BELL, DAVID R	Truck ¾T P/U-2WD	1996 DODGE EXT CAB
Force Account Administration – Paid from Capital Budget	CLAYTON, MICKEY L	Truck ¾T P/U-2WD	2001 DODGE 2500 EXT CAB ¾ TON
Force Account Administration – Paid from Capital Budget	CLAYTON, MICKEY L	Truck-1/2T P/U-2WD	1993 GMC SIERRA
Force Account Administration – Paid from Capital Budget	CLAYTON, MICKEY L	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Force Account Administration – Paid from Capital Budget	CLAYTON, MICKEY L	Truck ¾T P/U-2WD	1998 GMC EXT CAB ¾ TON DIESEL
Force Account Administration – Paid from Capital Budget	HILL JR, MARVIN L	Truck-1/2T P/U-2WD	1998 DODGE ½ TON
Force Account Administration – Paid from Capital Budget	LENOCH, MARK A	Truck ¾T P/U-2WD	2001 DODGE 2500 EXT CAB ¾ TON

Division	Employee	Vehicle	Description
Force Account Administration – Paid from Capital Budget	LENOCH, MARK A	Truck-1/2T P/U-2WD	1998 GMC EXT CAB ½ TON
Force Account Administration – Paid from Capital Budget	MASHBURN, CHARLES LEE	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Force Account Administration – Paid from Capital Budget	MASHBURN, CHARLES LEE	Truck ½T P/U-4WD	1994 CHEVROLET EXT CAB
Force Account Administration – Paid from Capital Budget	MASHBURN, CHARLES LEE	Truck ¾T P/U-2WD	1995 GMC
Force Account Administration – Paid from Capital Budget	MOON, CHARLES RAY	Truck-1/2T P/U-2WD	1998 DODGE ½ TON
Force Account Administration – Paid from Capital Budget	MOON, CHARLES RAY	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 EXT CAB ½ TON
Force Account Administration – Paid from Capital Budget	RIVERA, PAUL RODRIGUEZ	Truck-1/2T P/U-2WD	1998 GMC EXT CAB ½ TON
Force Account Administration – Paid from Capital Budget	RIVERA, PAUL RODRIGUEZ	Truck ¾T P/U-2WD	1990 CHEVROLET EXT CAB
Force Account Administration – Paid from Capital Budget	RUBIO, JESUS P	Truck-Flatbed	1990 GMC 6000 W/PLATFORM DUMP BODY
Force Account Administration – Paid from Capital Budget	RUBIO, JESUS P	Truck-1/2T P/U-2WD	1992 GMC SIERRA
Force Account Administration – Paid from Capital Budget	RUBIO, JESUS P	Truck-1/2T P/U-2WD	1998 GMC SIERRA EXT CAB ½ TON
Force Account Administration – Paid from Capital Budget	RUBIO, JESUS P	Truck ¾T P/U-2WD	1998 GMC EXT CAB ¾ TON DIESEL
Force Account Administration – Paid from Capital Budget	SNOW, TOMMY D	Truck-1/2T P/U-2WD	2001 DODGE EXT CAB ½ TON
GIS Lab	LUDEKE, AARON K	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
GIS Lab	SCOFIELD, CRAIG M	Vans	1995 GMC RALLY
GIS Lab	SCOFIELD, CRAIG M	Truck-1/2T P/U-2WD	1999 DODGE ½ TON
Grants-in-Aid	DILL, ELLEN ELAINE	Sport Utility Vehicle-2WD	1996 JEEP CHEROKEE
Grants-in-Aid	GOLDBLOOM, ANDREW	Truck-Other	2001 FORD F450 DUMP BODY
Grants-in-Aid	HOGSETT, TIM C	Station Wagon	1997 FORD TAURUS
Grants-in-Aid	RIQUELME, RAMON A	Automobile	1994 PONTIAC GRAN PRIZ
Headquarters Maintenance	DEICHMANN, CHRISTOPHER C	Truck ½T P/U-4WD	1996 DODGE EXT CAB
Headquarters Maintenance	DEICHMANN, CHRISTOPHER C	Truck ¾T P/U-2WD	1994 GMC SIERRA
Headquarters Maintenance	EREKSON, CRAIG ALLAN	Automobile	1997 CHEVROLET LUMINA
Headquarters Maintenance	EREKSON, CRAIG ALLAN	Truck ½T P/U-4WD	1998 GMC EXT CAB ½ TON 4X4
Headquarters Maintenance	GANTT, MICHAEL E	Truck ½T P/U-4WD	1995 CHEVROLET EXT CAB
Headquarters Maintenance	KING, LEO M	Truck ½T P/U-4WD	1994 CHEVROLET EXT CAB
Headquarters Maintenance	MASUR, MICHAEL WES	Automobile	1996 FORD CROWN VICTORIA
Headquarters Maintenance	VAUGHAN, PELLAM FRANK	Automobile	1992 CHEVROLET LUMINA
Headquarters Maintenance	WILLIAMS, SELTON P	Truck ½T P/U-4WD	1995 CHEVROLET EXT CAB
Hunt and WMA Administration	GISELL, DENNIS R	Truck-1/2T P/U-2WD	1999 DODGE EXT CAB ½ TON

Division	Employee	Vehicle	Description
Hunter Education	CAUGHRON, JIMMIE LEE	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Hunter Education	ERWIN, D TERRY	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Hunter Education	IRVIN, LUTHER KENT	Truck-1/2T P/U-2WD	1996 DODGE EXT CAB
Hunter Education	RAO, HEIDI LYN	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Information Resources Customer Service	BRANHAM, SHERRY L	Vans	1996 FORD AEROSTAR 7 PASSENGER
Information Resources Customer Service	BRANHAM, SHERRY L	Sport Utility Vehicle-4WD	93 CHEV SUBURBAN
Information Resources Operations	SCHWARZLOSE, RODNEY E	Sport Utility Vehicle-4WD	93 GMC SUBURBAN
Information Resources Operations	SCHWARZLOSE, RODNEY E	Truck-1/2T P/U-2WD	89 CHEV
Infrastructure Administration	BORUFF, MICHAEL SCOTT	Automobile	1997 CHEVROLET LUMINA
Inland Fisheries - Austin	DUROCHER, PHILIP P	Automobile	1991 CHEVROLET CAPRICE
Inland Fisheries - Austin	DUROCHER, PHILIP P	Sport Utility Vehicle-2WD	1999 CHEVROLET SUBURBAN
Inland Fisheries - Austin	PROVINE, WILLIAM C	Vans	1998 CHEVROLET VENTURE VAN
Inland Fisheries - Austin	PROVINE, WILLIAM C	Sport Utility Vehicle-2WD	1990 DODGE RAMCHARGER
Inland Fisheries - Austin	WARREN, HARRY J	Vans	1999 CHEVROLET ASTRO VAN
Inland Kills and Spills Program - Austin	RALPH, JOHN JACKSON	Vans	1996 FORD AEROSTAR MINIVAN
Inspectors - Paid from Capital Budget	GASTON JR, WALTER W	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Inspectors - Paid from Capital Budget	ORTIZ, REYNALDO	Automobile	1991 CHEVROLET CAPRICE
Inspectors - Paid from Capital Budget	WESSON, ANTHONY LEO	Truck-1/2T P/U-2WD	2001 DODGE 1500 EXT CAB 1/2 TON
Internal Affairs	HUNTER, FORREST CRAIG	Sport Utility Vehicle-4WD	1999 DODGE DURANGO
Interpretation and Exhibits	AVANT, JOANNE	Station Wagon	1991 PONTIAC 6000
Interpretation and Exhibits	CANO, PETE Z	Sport Utility Vehicle-2WD	1993 JEEP CHEROKEE 660B
Interpretation and Exhibits	CANO, PETE Z	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Interpretation and Exhibits	HUTCHESON, BARRY W	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Interpretation and Exhibits	REINHARDT, WALTER J	Truck-Van Type	1992 GMC EXTENDED CARGO
Interpretation and Exhibits	REINHARDT, WALTER J	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Interpretation and Exhibits	REINHARDT, WALTER J	Truck 1T P/U-2WD	1999 CHEVROLET CREW CAB 1 TON
Law Enforcement - Director's Office	KENNEDY, BOYD	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement - Director's Office	KOCIAN JR, EDWIN A	Automobile	1997 CHEVROLET LUMINA
Law Enforcement - Director's Office	ROBERTSON, JAMES E	Truck 1/2T P/U-4WD	1999 DODGE EXT CAB 1/2 TON 4X4

Division	Employee	Vehicle	Description
Law Enforcement - Director's Office	STINEBAUGH, JAMES MELTON	Sport Utility Vehicle-2WD	2002 CHEVROLET TAHOE 4 DOOR
Law Enforcement - Director's Office	STINEBAUGH, JAMES MELTON	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Division Administrative Staff	CAMPOS, ALFONSO	Truck-1/2T P/U-2WD	1998 GMC SIERRA EXT CAB 1/2 TON
Law Enforcement Division Administrative Staff	CONNALLY, JAMES L	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Division Administrative Staff	JOHNSTON, DENNIS WAYNNE	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 EXT CAB 1/2 TON
Law Enforcement Division Administrative Staff	KING II, JACK M	Automobile	1997 CHEVROLET LUMINA
Law Enforcement Division Administrative Staff	MCCARTY, CECIL E	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Law Enforcement Division Administrative Staff	ODOM, RANDALL K	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Division Administrative Staff	SINCLAIR, L DAVID	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 EXT CAB 1/2 TON
Law Enforcement Division Administrative Staff	TURNER III, LAWSON DOC	Automobile	1997 CHEVROLET LUMINA
Law Enforcement Division Administrative Staff	TURNER III, LAWSON DOC	Truck-1/2T P/U-2WD	1992 DODGE D-150 EXT CAB
Law Enforcement Division Administrative Staff	TURNER III, LAWSON DOC	Truck-1/2T P/U-2WD	1999 DODGE 1/2 TON
Law Enforcement Division Administrative Staff	TURNER III, LAWSON DOC	Truck 3/4T P/U-2WD	1999 CHEVROLET 3/4 TON EXT CAB
Law Enforcement Division Administrative Staff	YOUNG, LARRY E	Automobile	1997 CHEVROLET LUMINA
Law Enforcement Division Administrative Staff	YOUNG, LARRY E	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 EXT CAB 1/2 TON
Law Enforcement Field Operations - Austin	BISHOP, STACY L	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Law Enforcement Field Operations - Austin	BOSTICK, JOE L	Truck 1/2T P/U-4WD	2002 CHEVROLET SILVERADO EXT CAB 1/2 TON 4X4
Law Enforcement Field Operations - Austin	BROCK, LARRY T	Truck 3/4T P/U-4WD	1996 DODGE EXT CAB
Law Enforcement Field Operations - Austin	CARTER, JESSE N	Truck 1/2T P/U-4WD	1999 DODGE EXT CAB 1/2 TON 4X4
Law Enforcement Field Operations - Austin	DAVIS, KEVIN R	Truck-1/2T P/U-2WD	1998 GMC SIERRA EXT CAB 1/2 TON
Law Enforcement Field Operations - Austin	DAVIS, KEVIN R	Truck 1/2T P/U-4WD	2002 CHEVROLET SILVERADO EXT CAB 1/2 TON 4X4
Law Enforcement Field Operations - Austin	GIBSON, ROBERT S	Sport Utility Vehicle-2WD	1998 CHEVROLET SUBURBAN
Law Enforcement Field Operations - Austin	GIBSON, ROBERT S	Truck-1/2T P/U-2WD	1998 GMC SIERRA EXT CAB 1/2 TON
Law Enforcement Field Operations - Austin	HAMMITT, WYNNE D	Truck-Van Type	1996 DODGE RAM
Law Enforcement Field Operations - Austin	JONES, GRAHAME L	Truck 3/4T P/U-2WD	1997 CHEVROLET 3/4 TON EXT CAB
Law Enforcement Field Operations - Austin	LAUGHLIN, FORREST A	Truck-1/2T P/U-2WD	2002 FORD F150 EXT CAB 1/2 TON

Division	Employee	Vehicle	Description
Law Enforcement Field Operations - Austin	LAWRENCE, ROY F	Truck-1/2T P/U-2WD	1999 DODGE EXT CAB 1/2 TON
Law Enforcement Field Operations - Austin	SEEWALD JR, EMIL E	Truck 3/4T P/U-4WD	1996 DODGE EXT CAB
Law Enforcement Field Operations - Austin	SIMMONS, CARY MARK	Sport Utility Vehicle-4WD	1992 CHEVROLET BLAZER
Law Enforcement Field Operations - Austin	SIMMONS, CARY MARK	Truck-1/2T P/U-2WD	1994 CHEVROLET EXT CAB
Law Enforcement Field Operations - Austin	SMITH, A BRADLEY	Truck 3/4T P/U-4WD	2000 FORD EXT CAB 3/4 TON 4X4
Law Enforcement Field Operations - Austin	TAMEZ, MARVIN LEE	Truck 1/2T P/U-4WD	2002 CHEVROLET SILVERADO EXT CAB 1/2 TON 4X4
Law Enforcement Field Operations - Austin	VILLARREAL, BEVERLY A	Automobile	1997 CHEVROLET LUMINA
Law Enforcement Field Operations - Austin	VINCENT, MILTON C	Truck 3/4T P/U-4WD	2002 FORD EXT CAB 3/4 TON DIESEL 4X4
Law Enforcement Training	BROOKS, CINDA A	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Training	CHALMERS, RODNEY N	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Training	CHALMERS, RODNEY N	Truck 1/2T P/U-4WD	1993 CHEVROLET EXT CAB
Law Enforcement Training	DUGAN, GARY WAYNE	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Training	DUGAN, GARY WAYNE	Truck-1/2T P/U-2WD	2001 DODGE RAM EXT CAB 1/2 TON
Law Enforcement Training	GOODRICH, ROBERT B	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1998 GMC EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1998 GMC EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1999 DODGE EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1998 GMC EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1997 DODGE RAM EXT CAB
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1998 GMC EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1999 DODGE EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1998 GMC EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1999 DODGE EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1996 DODGE EXT CAB
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1998 GMC EXT CAB 1/2 TON 4X4
Law Enforcement Training	GOODRICH, ROBERT B	Truck 1/2T P/U-4WD	1996 DODGE EXT CAB
Law Enforcement Training	HOBBY, WILLIAM R	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Law Enforcement Training	KRUEGER, SCOTT W	Truck-1/2T P/U-2WD	1998 GMC SIERRA EXT CAB 1/2 TON

Division	Employee	Vehicle	Description
Law Enforcement Training	SPROUSE, BILLY RAY	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Training	SPROUSE, BILLY RAY	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Law Enforcement Training	WELLS, ROYCE W	Automobile	1998 CHEVROLET LUMINA SEDAN
Mail Services	POKORNY, DAVID W	Truck-Van Type	1999 GMC CARGO 1 TON
Mail Services	POKORNY, DAVID W	Truck-Flatbed	1990 FORD F-350 W/STAKE BODY
Mail Services	POKORNY, DAVID W	Automobile	1996 CHEVROLET CAPRICE 4 DOOR
Mail Services	POKORNY, DAVID W	Truck-1/2T P/U-2WD	1996 DODGE D150
Marketing Director	SALAZAR, JOSEPH GERARD	Sport Utility Vehicle-2WD	1996 CHEVROLET SUBURBAN 4 DOOR
Media Productions Director	BIERMANN, BRUCE R	Automobile	1991 CHEVROLET CAPRICE
Media Productions Director	ROBERTS, RICHARD B	Sport Utility Vehicle-2WD	1998 CHEVROLET SUBURBAN LONE STAR II
Media Productions Director	ROBERTS, RICHARD B	Truck-1/2T P/U-2WD	1998 GMC ½ TON PICKUP
Media Productions Director	ROBERTS, RICHARD B	Truck ½T P/U-4WD	1993 CHEVROLET EXT CAB
Migratory Administration	BEVILL, W VERNON	Automobile	1997 CHEVROLET LUMINA
Migratory Administration	BEVILL, W VERNON	Truck-1/2T P/U-2WD	1994 GMC SIERRA
Migratory Administration	BURK, JOHN D	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 ½ TON
Migratory Administration	FRISBIE, MICHAEL C	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 ½ TON
Migratory Administration	LYON, CARRIE L	Vans	1993 FORD AEROSTAR MINI- VAN
Migratory Administration	PILCIK, TODD A	Truck-1/2T P/U-2WD	1997 FORD F150
Migratory Administration	ROBERSON, JAY A	Station Wagon	1998 FORD TAURUS STATION WAGON
Migratory Administration	WAGGERMAN, GARY L	Truck-1/2T P/U-2WD	1997 DODGE RAM EXT CAB
Migratory Administration	WAGGERMAN, GARY L	Truck-1/2T P/U-2WD	1990 CHEVROLET
News and Information Director	HARVEY, TOM B	Sport Utility Vehicle-2WD	1998 JEEP CHEROKEE
News and Information Director	LIGHTFOOT, STEVE D	Truck ½T P/U-4WD	1994 CHEVROLET EXT CAB
Nongame Fish and Wildlife	POOLE, JACKIE M	Sport Utility Vehicle-4WD	2002 CHEVROLET BLAZER 4 DOOR 4X4
Nongame Fish and Wildlife	PRICE, ANDREW H	Truck ½T P/U-4WD	1997 CHEVROLET S- 10 EXT CAB
Nongame Fish and Wildlife	ROBERTSON, PAUL B	Sport Utility Vehicle-2WD	2002 CHEVROLET BLAZER 4 DOOR
Nongame Fish and Wildlife	ROWELL, GARETH A	Sport Utility Vehicle-4WD	1998 JEEP CHEROKEE
Nongame Fish and Wildlife	SINGHURST, JASON R	Truck-1/2T P/U-2WD	1997 FORD F150
Outreach and Promotion	HAGGERTY, MICHELLE M	Sport Utility Vehicle-2WD	1996 JEEP CHEROKEE
Outreach and Promotion	LINAM, LEE ANN	Sport Utility Vehicle-2WD	1996 JEEP CHEROKEE
Outreach and Promotion	LINDSAY, MADGE M	Automobile	1998 CHEVROLET LUMINA SEDAN
Outreach and Promotion	MORTON, PATRICIA A	Automobile	1999 FORD TAURUS
Outreach and Promotion	MORTON, PATRICIA A	Sport Utility Vehicle-4WD	1996 JEEP CHEROKEE

Division	Employee	Vehicle	Description
Outreach and Promotion	MORTON, PATRICIA A	Sport Utility Vehicle-4WD	2002 CHEVROLET BLAZER 4 DOOR 4X4
Park Budget Management	FOWLER, WILLIAM L	Station Wagon	1996 FORD TAURUS
Park Law Enforcement	WATSON, KENNETH G	Truck-1/2T P/U-2WD	2000 CHEVROLET EXT CAB 1/2 TON
Parks Division Services	FOWLER, WILLIAM L	Sport Utility Vehicle-2WD	1993 CHEVROLET BLAZER S10
Parks Division Services	FOWLER, WILLIAM L	Sport Utility Vehicle-2WD	1993 CHEVROLET BLAZER S10
Parks Division Services	FOWLER, WILLIAM L	Truck-1/2T P/U-2WD	1993 GMC SIERRA CLUB COUPE
Parks Division Services	FOWLER, WILLIAM L	Truck-1/2T P/U-2WD	1993 GMC SIERRA CLUB COUPE
Private Lands Administration	BERGER, MICHAEL EDWARD	Sport Utility Vehicle-4WD	1999 CHEVROLET SUBURBAN 1/2 TON 4X4
Private Lands Administration	BOYDSTON, KATHY K	Sport Utility Vehicle-2WD	1994 CHEVROLET S10 BLAZER
Private Lands Administration	BOYDSTON, KATHY K	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 1/2 TON
Private Lands Administration	BOYDSTON, KATHY K	Truck-1/2T P/U-2WD	2001 DODGE RAM 1500 1/2 TON
Private Lands Administration	KOWALESKI, CHARLES T	Truck-1/2T P/U-2WD	1998 GMC EXT CAB 1/2 TON
Resource Protection - Director's Office	MCKINNEY, LARRY D	Sport Utility Vehicle-2WD	1996 CHEVROLET SUBURBAN
Retail Sales	PALMER, FRED A	Truck 1/2T P/U-4WD	1993 CHEVROLET EXT CAB
Shooting Ranges	OLIVER, WILLIAM H	Truck 1/2T P/U-4WD	1994 CHEVROLET EXT CAB
Shooting Ranges	WALLACE, JOE R	Truck 3/4T P/U-2WD	1999 FORD EXT CAB 3/4 TON DIESEL
State Parks - Director's Office	DABNEY, WALTER D	Sport Utility Vehicle-2WD	2000 FORD EXPEDITION
State Parks Professional Support	DOLMAN III, WILSON E	Automobile	1999 FORD CROWN VICTORIA
Supply Service Center	MCRAE, DUNCAN A	Truck 1/2T P/U-4WD	ADS SHOP TRUCK - 1995 CHEVROLET EXT CAB
Upland Wildlife Ecology Administration	COOKE, JERRY L	Vans	FORD AERO VAN
Upland Wildlife Ecology Administration	COOKE, JERRY L	Truck-1/2T P/U-2WD	1998 DODGE 1/2 TON
Upland Wildlife Ecology Administration	HUMPHREYS, IRA DOUGLAS	Truck-1/2T P/U-2WD	1993 CHEVROLET 861B
Upland Wildlife Ecology Administration	PEREZ, ROBERT M	Truck-1/2T P/U-2WD	2001 DODGE 1500 RAM 1/2 TON
Video News	LOKE, KAREN YVONNE	Truck-1/2T P/U-2WD	1995 GMC
Water Quality Team	CONTRERAS, CYNTHIA H	Truck 1/2T P/U-4WD	1995 CHEVROLET EXT CAB
Water Quality Team	MULLINS, MELISSA LYNN	Truck 1/2T P/U-4WD	2001 DODGE 1/2 TON 4X4
Water Quality Team	RADLOFF, PATRICIA L	Station Wagon	1992 CHEVROLET CAVALIER
Water Quality Team	WHISENANT, ADAM S	Truck-1/2T P/U-2WD	1992 GMC SIERRA

Division	Employee	Vehicle	Description
Water Resources Team	LOEFFLER, CINDY L	Sport Utility Vehicle-2WD	1996 JEEP CHEROKEE
Wetlands Conservation Team	HEGER, THOMAS G	Vans	1995 GMC SAFARI
Wildlife Habitat Assessment	FIELDS, JACQUELINE RENEE	Sport Utility Vehicle-2WD	2000 JEEP
Wildlife Research and Management Administration	BERGER, MICHAEL EDWARD	Sport Utility Vehicle-2WD	1997 JEEP CHEROKEE
Wildlife Research and Management Administration	BERGER, MICHAEL EDWARD	Sport Utility Vehicle-2WD	1999 CHEVROLET SUBURBAN
Wildlife Research and Management Administration	GRAHAM, GARY L	Sport Utility Vehicle-2WD	1999 CHEVROLET SUBURBAN
Youth Hunting	WARDEN, JERRY BOB	Truck-1/2T P/U-2WD	1994 FORD F150 EXT CAB



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Avila, John	Parks and Wildlife Commissioner
Bankhead, Renita	Parks and Wildlife Department
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Branham, Jacky	Parks and Wildlife Department
Brunson, Blaine	Senate Finance Committee
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Burgdorf, Jayna	Parks and Wildlife Department
Caro, Jack	Parks and Wildlife Department
Clark, Anne	Parks and Wildlife Department
Cook, Bob	Parks and Wildlife Department
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Hight, James	Comptroller's Office
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Idsall, Katherine	Parks and Wildlife Commissioner
Ikard, Kathie	KPMG Consulting
Ivie, Julie	State Auditor's Office
Johnston, Dennis	Parks and Wildlife Department
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Katyal, Vivek	State Auditor's Office
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LeBas, James	Comptroller's office
Lemon, Leslie	Speaker's office
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License Deputy Advisory Committee	Parks and Wildlife Department
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Maddox, Bob	Parks and Wildlife Department
McCarty, Gene	Parks and Wildlife Department
McIntyre-Speed, Glenna	Parks and Wildlife Department
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Osborn, Hal	Parks and Wildlife Department
Palmer, Corky	Parks and Wildlife Department
Parker, Bob	MCI WorldCom
Parks, Joey	Parks and Wildlife Department
Pettus, Sue	Parks and Wildlife Department
Phillips, Karen	Insurance Department
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Pokorny, David	Parks and Wildlife Department
Powell, Richard	Parks and Wildlife Department
Ramos, Donato	Parks and Wildlife Commissioner
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Regan, Mike	Comptroller's office
Reissig, Mike	Comptroller's office
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Saldana, Lydia	Parks and Wildlife Department
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Speed, Carl	Parks and Wildlife Department
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Watson, Mark E.	Parks and Wildlife Commissioner
Wedel, Stan	Insurance Department
Welch, Ken	Comptroller's office
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White, Rebecca	Parks and Wildlife Department
Whittenton, Suzy	Parks and Wildlife Department
Wolf, Bridget	Parks and Wildlife Department
Wommack, Robert	Parks and Wildlife Department
Wyatt, Brenda	Parks and Wildlife Department
Zinnecker, Anita	Legislative Budget Board

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Appendix F: Implementation Chart

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