

An In-Depth Budget Review of the Department of Natural Resources

Audit Report: https://olag.utah.gov/olag-doc/19_10rpt.pdf

Why the Audit was Performed:

Utah Code 36-12-15.1 requires the Office of the Legislative Auditor General to annually audit the appropriations of at least one entity. The audit subcommittee assigned our office to perform a budget review of the Department of Natural Resources.

Summary Findings:

- The Watershed Restoration Initiative (WRI), which had a combined budget in fiscal year 2018 of \$33 million, is not in statute, administrative rules, and lacks policies and procedures.
- The WRI program lacks meaningful performance metrics.
- The internal audit function at DNR lacks auditor independence.
- The Aquatics Invasive Species program does not charge nonresidents a fee to help fund the program.
- Our review of DNR divisions' asset management practices found that asset tracking procedures lack proper segregation of duties.

Recommendations:

Chapter 2

1. We recommend the Legislature consider codifying in statute the mission and oversight structure for the Watershed Restoration Initiative.
2. We recommend the Department of Natural Resources create and adopt policies and procedures that provide guidance for the Watershed Restoration Initiative.
3. We recommend the Department of Natural Resources report all partner funds, along with the state funds used to leverage all other funds.
4. We recommend the Department of Natural Resources provide regular reports to the Legislature on the administrative costs of operating the Watershed Restoration program.
5. We recommend the Department of Natural Resources set clear objectives that are measurable and targets that encourage program improvement.
6. We recommend the Department of Natural Resources measure the long-term impact of the Watershed Restoration program by using research already occurring within the department.

Chapter 3

7. We recommend the Department of Natural Resources strengthen internal auditor independence by separating the duties of the audit director and finance director.
8. We recommend the internal audit director for the Department of Natural Resources report to the executive director or an audit committee and annually update the audit plan that is reviewed and approved by management.
9. We recommend the Department of Natural Resources' internal audit function ensure accountability by including an annual follow-up process in its audit procedures.

Chapter 4

10. We recommend the Legislature consider having the Division of Wildlife Resources work towards becoming more self-funded.
11. We recommend the Wildlife Board review nonresident fees and report to the Legislature on which fees could be increased.

Chapter 5

12. We recommend the Department of Natural Resources strengthen controls to ensure individuals in charge of asset purchasing, custodianship, recordkeeping, and inventorying maintain proper segregation of duties.
13. We recommend the Department of Natural Resources divisions ensure assets (capital and noncapital) are appropriately tracked and recorded, records are kept up-to-date, and divisions report the results of annual inventories to the DNR finance director.