

PERFORMANCE AUDIT
OF

HUNTING PERMITS SELECTION

DEPARTMENT OF NATURAL RESOURCES

December 2002



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
75-153-02

Hunting Permits Selection

Department of Natural Resources

Released:
December 2002

In addition to issuing general, unrestricted hunting licenses each year, the Department of Natural Resources (DNR) also issues certain limited quota licenses. Interested hunters submit an application and a \$4 fee to DNR. DNR's contract vendor processes the applications and randomly selects successful applicants. Successful applicants must purchase their hunting licenses prior to the respective hunting season.

Audit Objective:

To assess the effectiveness of DNR's hunting permits selection process.

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Audit Conclusion:

We concluded that DNR's hunting permits selection process was generally effective. However, opportunities exist for hunters to circumvent established controls in several areas. At the time of our review, it was apparent that these weaknesses had not yet been significantly exploited.

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Noteworthy Accomplishments:

DNR was effective in providing information to hunters about the application and selection processes through various methods, such as its annual hunting guides and its Web site.

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Reportable Conditions:

DNR needs to improve the effectiveness of the hunting permits selection process by establishing comprehensive policies and procedures to address the negative effects of applicants' use of multiple types of identification. This resulted in some hunters being able to circumvent the eligibility requirements. (Finding 1)

DNR did not effectively monitor and address situations in which applicants were able to purchase multiple limited quota licenses (Finding 2).

To improve the effectiveness of the hunting permits selection process, DNR needs to evaluate procedures for processing applications when the applicant information is incomplete or invalid (Finding 3).

DNR did not have effective procedures to ensure compliance with requirements that leftover turkey licenses may be purchased by only unsuccessful applicants (Finding 4).

DNR should improve its management control to help ensure the effectiveness and integrity of the hunting permits selection process (Finding 5).

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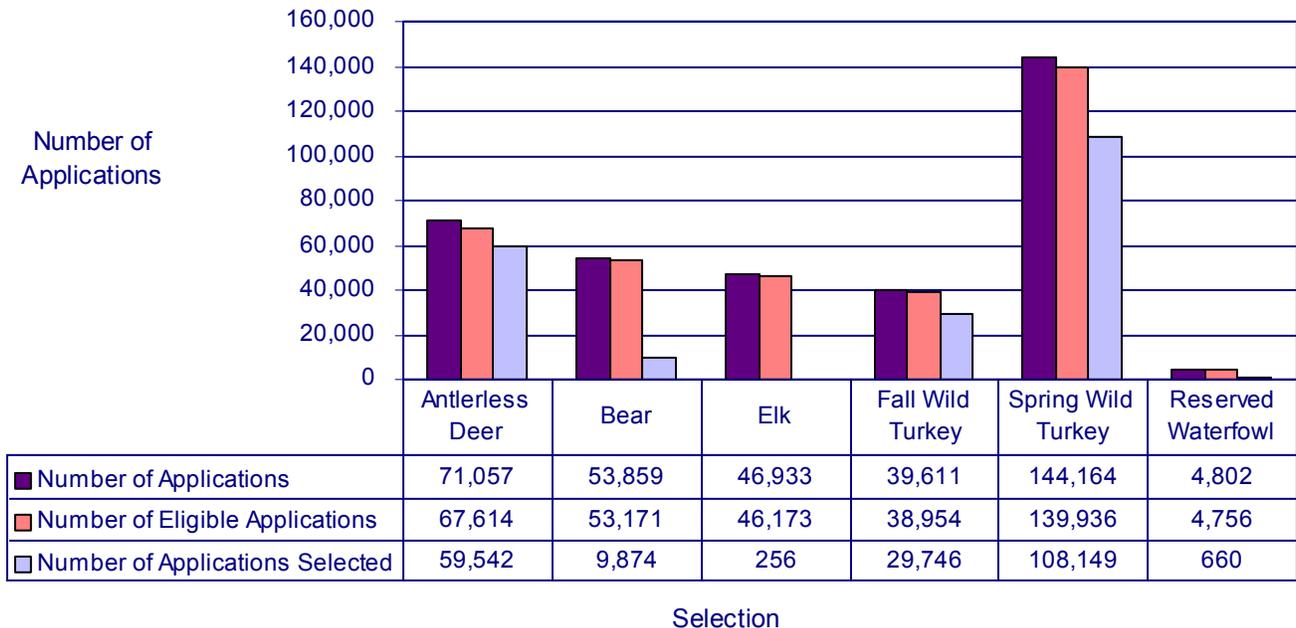
Agency Response:

Our audit report contains 5 findings and 6 corresponding recommendations. DNR's preliminary response indicated that it concurred with all of our recommendations.

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For license year 2001, DNR received applications and issued permits to purchase limited quota licenses to eligible applicants as follows:

Applications by Selection
License Year 2001



We surveyed hunters who had applied for limited quota licenses during license year 2001. The survey results indicated that most respondents were generally satisfied with the application and selection processes.

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/



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AUDITOR GENERAL

December 30, 2002

Mr. Keith J. Charters, Chairperson
Natural Resources Commission
and
Mr. K. L. Cool, Director
Department of Natural Resources
Stevens T. Mason Building
Lansing, Michigan

Dear Mr. Charters and Mr. Cool:

This is our report on the performance audit of Hunting Permits Selection, Department of Natural Resources.

This report contains our report summary; description of process; audit objective, scope, and methodology and agency responses; comment, findings, recommendations, and agency preliminary responses; description of survey and summary of survey responses, presented as supplemental information; and a glossary of acronyms and terms.

The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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TABLE OF CONTENTS

HUNTING PERMITS SELECTION DEPARTMENT OF NATURAL RESOURCES

INTRODUCTION

	<u>Page</u>
Report Summary	1
Report Letter	3
Description of Process	6
Audit Objective, Scope, and Methodology and Agency Responses	9

COMMENT, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

Hunting Permits Selection Process	11
1. Applicants' Use of Multiple Types of Identification	12
2. Multiple Limited Quota Licenses	16
3. Incomplete or Invalid Applicant Information	20
4. Leftover Licenses	23
5. Management Control Over the Selection Process	24

SUPPLEMENTAL INFORMATION

Description of Survey	27
Summary of Survey Responses	28

GLOSSARY

Glossary of Acronyms and Terms	34
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Description of Process

As its mission*, the Department of Natural Resources (DNR) is committed to the conservation, protection, management, use, and enjoyment of the State's natural resources for current and future generations.

DNR is authorized by Sections 324.43501 - 324.43561 of the *Michigan Compiled Laws* to issue hunting licenses and has assigned that responsibility to its E-Commerce Section, Office of Information Services. DNR's Wildlife Division is responsible for managing the individual wildlife species and establishing hunting regulations.

In addition to issuing general, unrestricted hunting licenses each year, DNR also issues limited quota licenses* for antlerless deer, bear, elk, spring and fall wild turkey, and reserved waterfowl*. Several months prior to the beginning of each of these respective hunting seasons, DNR establishes a one-month application period for interested hunters to apply for a limited quota license. Hunters must submit an application to DNR and pay a \$4 application fee by going to a license agent* or a DNR office or through E-License* on DNR's Web site at <www.michigan.gov/dnr>. The site was implemented by DNR in December 2000.

Approximately 1,200 license agents are responsible for accepting the applications and selling licenses using point-of-sale terminals*, of which there are approximately 1,700 Statewide. Data from all of the application and license transactions is uploaded* daily to DNR's Retail Sales System (RSS), which automatically processes the applications and the license sales. The RSS database contains current and historical application and license data. RSS was designed by DNR and was developed, implemented, and maintained by a computer software development firm*. RSS became operational in March 1995.

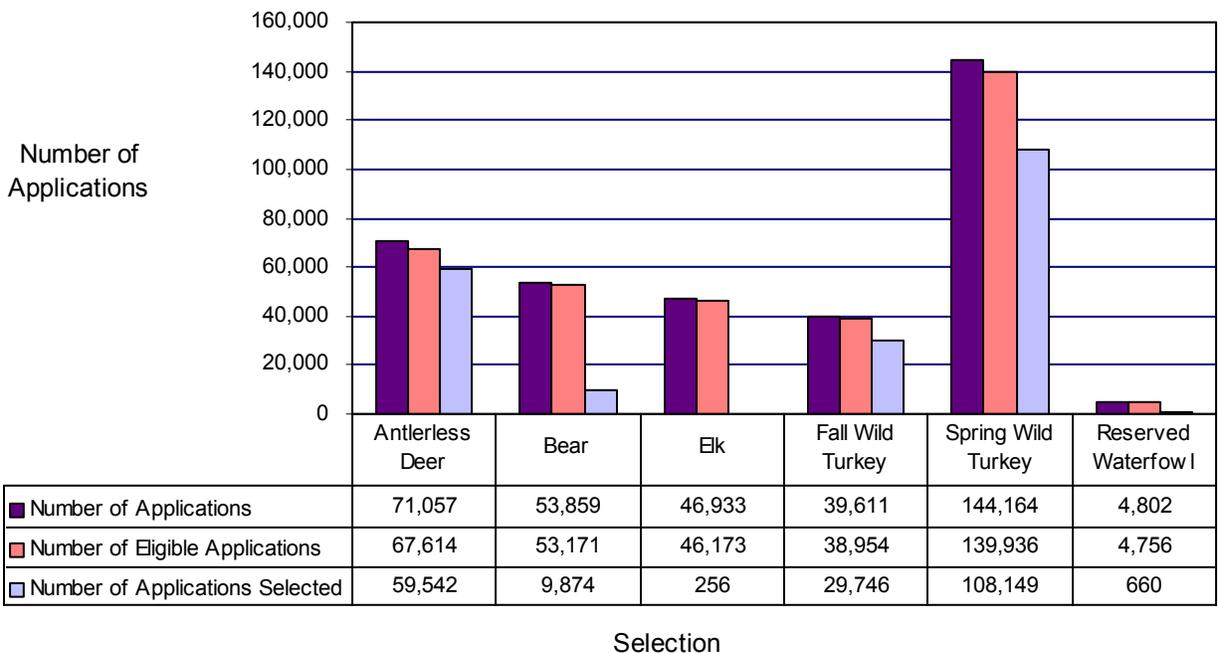
DNR contracts with the computer software development firm to process the applications and determine which applicants are eligible for a limited quota license. The firm then applies an automated random selection process to determine which of the eligible applicants will receive permits* to purchase a limited quota license. Hunters who submitted an application are notified of the selection results, either by receiving a

* See glossary at end of report for definition.

postcard sent to their home by DNR or by checking the selection results through E-License on DNR's Web site. Hunters are generally informed of the selection results a few weeks after the end of the application period. After a date designated by DNR, hunters who are chosen in any of the selection processes may go to a license agent or a DNR office to purchase their respective licenses. Beginning June 15, 2002, hunters could purchase their limited quota licenses through E-License. Hunters who are chosen in the selection process for a reserved waterfowl permit are allowed to attend assigned daily hunts at reserved waterfowl areas located throughout the State after obtaining the required licenses.

For license year* 2001, which covered the period March 1, 2001 through February 28, 2002, DNR received applications and issued permits to purchase limited quota licenses to eligible applicants as follows:

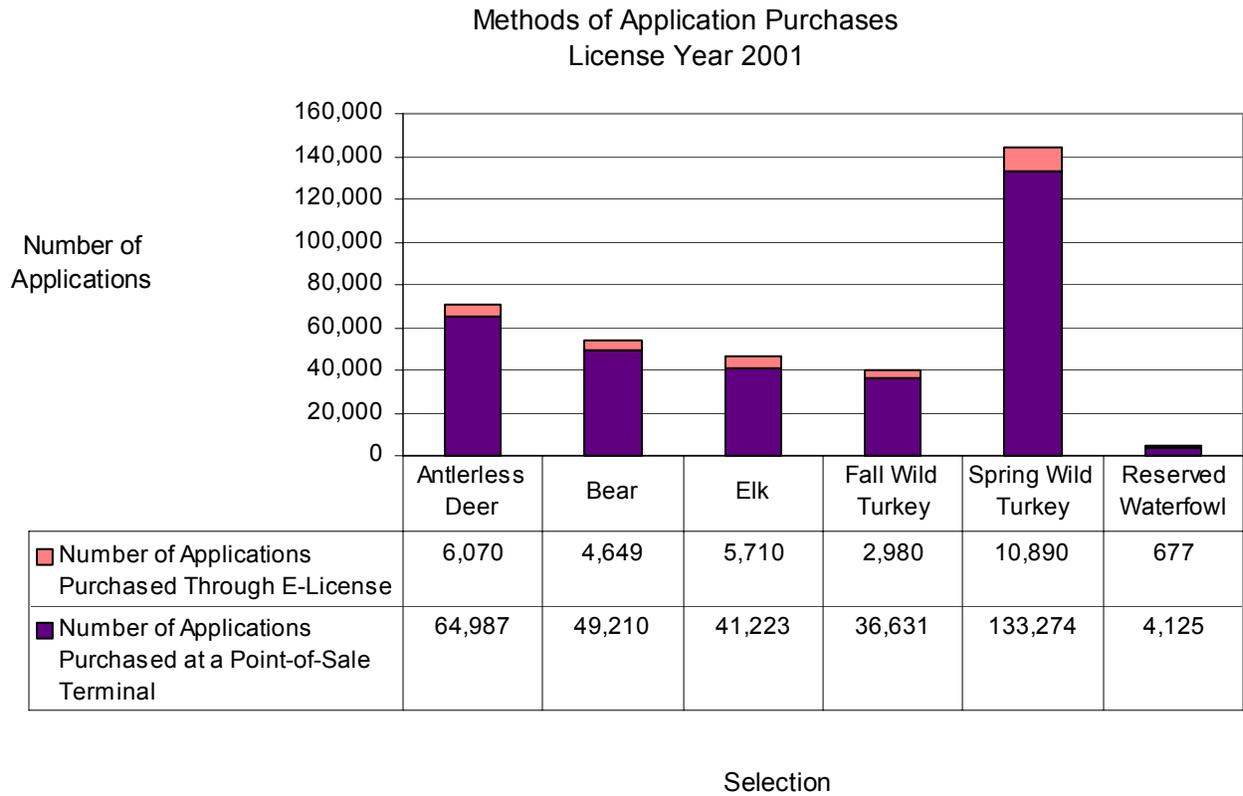
Applications by Selection
License Year 2001



Hunters paid over \$1.4 million in application fees and over \$1.8 million in license fees for the limited quota hunts during license year 2001.

* See glossary at end of report for definition.

DNR encourages the use of E-License as an efficient method for hunters to purchase their applications. However, as indicated by the following graph for license year 2001 applications, most applications for limited quota licenses are purchased at a point-of-sale terminal, either at a license agent or at a DNR office:



Audit Objective, Scope, and Methodology and Agency Responses

Audit Objective

The objective of our performance audit* of Hunting Permits Selection, Department of Natural Resources (DNR), was to assess the effectiveness* of DNR's hunting permits selection process.

Audit Scope

Our audit scope was to examine the program and other records of the Department of Natural Resources' hunting permits selection process. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures, conducted from November 2001 through July 2002, included examination of DNR's records and activities primarily for the period January 1, 2000 through July 31, 2002.

We completed a preliminary review of DNR's operations to formulate a basis for defining the audit objective and scope. Our review included interviewing DNR personnel and personnel from the computer software development firm; reviewing applicable statutes, policies and procedures and other reference materials; and obtaining an understanding of the hunting permits selection process.

To obtain hunter feedback relevant to the hunting permits selection process for each of the six types of limited quota licenses available, we conducted a telephone survey of 7 judgmentally selected hunting organizations within the State. We also conducted a written survey of 500 randomly selected individual hunters who had applied for a minimum of one limited quota license during license year 2001.

We obtained a download of all application and license data for each of the six selections for license year 2001 from DNR's Retail Sales System (RSS) for analysis and testing during the course of the audit.

* See glossary at end of report for definition.

We reviewed the application process, including the information that DNR made available to hunters for the limited quota licenses, to determine whether it was accurate and complete. Further, we evaluated the application methods available to hunters and the acceptable forms of identification that hunters must use in the application process.

We observed the conduct of the license year 2002 spring wild turkey selection process.

For each of the six limited quota license types, we examined the selections to determine whether all eligibility criteria was appropriately adhered to through system edits and computer programming. This included, but was not limited to, applicant requirements for age and residency. We also performed tests to ensure that those who were determined to be ineligible for the selections were done so for valid reasons, such as having multiple applications, having an active hunting revocation order, or exceeding the maximum number of hunters in a party.

We compared the selection results with quotas established by DNR's Wildlife Division for consistency and performed statistical analysis of applications and selections by county in order to make conclusions about the randomness of the hunting permits selection process. We examined the data of those who purchased licenses for the limited quota hunts to ensure that licenses were issued only to successful applicants and to evaluate compliance with applicable license laws.

Finally, we assessed DNR's management control* over the application and selection processes and reviewed its documentation of the selections for completeness and reasonableness.

Agency Responses

Our audit report contains 5 findings and 6 corresponding recommendations. DNR's preliminary response indicated that it concurred with all of our recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require DNR to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

* See glossary at end of report for definition.

COMMENT, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

HUNTING PERMITS SELECTION PROCESS

COMMENT

Audit Objective: To assess the effectiveness of the Department of Natural Resources' (DNR's) hunting permits selection process.

Conclusion: We concluded that DNR's hunting permits selection process was generally effective. However, opportunities exist for hunters to circumvent established controls in several areas. Our assessment disclosed reportable conditions* in the areas of applicants' use of multiple types of identification, multiple limited quota licenses, incomplete or invalid applicant information, leftover licenses, and management control over the selection process. At the time of our review, it was apparent that these weaknesses had not yet been significantly exploited.

Noteworthy Accomplishments: DNR was effective in providing information to hunters about the application and selection processes through various methods. For each of the six types of limited quota licenses available, DNR developed and distributed to interested hunters annual hunting guides that provided important information, such as how to apply for a license, application requirements and deadlines, application and license fees, seasons and hunting areas, license quotas, and other information, depending on the limited quota license type. Hunters were also able to obtain information about the application and selection processes and check the selection results through DNR's Web site. Our survey of hunters, presented in this report as supplemental information, indicated that of the 89.8% of respondents who reviewed a DNR hunting guide to obtain information about the application and selection processes, 97.7% stated that the hunting guide provided the information that they were seeking. Further, of the 41.1% of respondents who visited DNR's Web site, 94.1% stated that the Web site provided them with the necessary information.

* See glossary at end of report for definition.

FINDING

1. Applicants' Use of Multiple Types of Identification

DNR needs to improve the effectiveness of the hunting permits selection process by establishing comprehensive policies and procedures to address the negative effects of applicants' use of multiple types of identification. This resulted in some hunters being able to circumvent the eligibility requirements for limited quota selections and licensure and some bear hunters not properly accumulating their earned preference points*.

DNR allows hunters to use one of three types of identification when they purchase a license or apply for a limited quota license: a Michigan driver license, a Michigan identification card issued by the Department of State, or a sportcard* issued by DNR. In accordance with Section 324.43522 of the *Michigan Compiled Laws*, if a person applying for a license or permit does not possess a Michigan driver license or other identification, DNR shall issue them a sportcard for a fee of \$1. Sportcards were primarily intended for use by youth and nonresident hunters. Section 324.43544 of the *Michigan Compiled Laws* states that if a sportcard is lost or destroyed, DNR shall issue a duplicate sportcard for a fee of \$1. However, the Retail Sales System (RSS) does not limit a hunter to the purchase of one sportcard, thus allowing a hunter to purchase and retain multiple valid sportcards.

DNR does not use a unique identifier, such as the hunter's social security number, to link each of the hunter's different types of identification to the hunter. Because of security concerns related to the storing of social security numbers, effective July 2001, DNR discontinued requesting that social security numbers be provided when purchasing a sportcard. In cases in which a hunter uses multiple identifications during the application processes, RSS assumes that each identification is a different hunter. Multiple identifications can include two or more sportcards, a Michigan driver license and a sportcard, or a valid and an invalid Michigan driver license.

DNR had not established routine procedures to locate a hunter with multiple records in RSS and merge this information into a single record for the hunter. Informally, if these situations were noticed during DNR's day-to-day activities, DNR did perform the necessary procedures to merge the hunter records.

* See glossary at end of report for definition.

We reviewed the six license year 2001 limited quota application and selection processes. By matching hunter records by name, address, and date of birth to locate multiple records for the same hunter, we noted the following:

- a. Twenty-seven hunters applied multiple times in a selection process and did not have their applications removed from the selection. Eleven of the 27 applicants were successful in a selection.

Section 324.43558(1)(h) of the *Michigan Compiled Laws* states that a person is guilty of a misdemeanor if the person applies more than once for a limited quota hunting license. Further, DNR states in its hunting guides that hunters who purchase multiple applications will be considered ineligible for a license and will be removed from the selection.

- b. One applicant was included in a selection even though the applicant had an active hunting revocation at the time of the selection. DNR had linked the revocation order to the hunter's Michigan driver license record in RSS. The hunter had purchased an application using a Michigan identification card. The applicant was successful in the selection and purchased a license.

Section 324.43558(1)(i) of the *Michigan Compiled Laws* states that a person is guilty of a misdemeanor if the person applies for or obtains a license during a time that the person is ineligible, such as having an active hunting revocation.

- c. Two elk applicants were included in a selection, even though they had been successful and purchased bull elk licenses within the previous 10 years. In each instance, the hunter's earlier elk license was applied for and the license obtained using a sportcard. Their license year 2001 applications were purchased using a Michigan driver license, thereby creating a different hunter record. The hunters were unsuccessful in the selection process.

Section 3.4(1b) of the Wildlife Conservation Order, Amendment No. 5 of 1998, states that a person who was issued an elk license valid for taking a bull elk shall be ineligible to apply for, obtain, or purchase an elk license for 10 years.

These situations were the result of applicants using multiple identifications and RSS not being able to identify them as the same individual.

The use of multiple identification by the same hunter also created a situation that was disadvantageous for bear hunters. We reviewed the license year 2001 bear application and selection processes. By matching hunter records by name, address, and date of birth to locate multiple records for the same hunter, we noted 14 applicants who had accumulated bear preference points, but the points were allocated between the hunters' multiple records in RSS. When a hunter's points are allocated between multiple records in RSS, it can affect whether the hunter is successful in the selection process.

The effects of hunters using multiple types of identification (resulting in RSS creating multiple records for the same hunter) will become a bigger problem in the future if DNR does not effectively address the effects by establishing comprehensive policies and procedures. For example:

- (a) A significant portion of our testing period preceded July 2001 when sportcards were still linked to an individual by use of social security numbers. However, since July 2001, each time a hunter purchases a sportcard, a unique record is created by RSS that cannot be linked to any other record that may exist for that individual.
- (b) DNR does not limit a hunter to the purchase of one sportcard. The \$1 fee to obtain a sportcard and the ease of purchasing sportcards from license agents and through E-License facilitate purchasing multiple sportcards.

We reviewed the RSS database for all hunters who applied for at least one of the six limited quota licenses during license year 2001. We determined that,

of the 19,772 applicants who had purchased sportcards from 1995 (inception of RSS) through June 2002, 4,220 (21.3%) had purchased 3 or more sportcards:

Number of Sportcards Purchased	Number of Hunters
3	2,430
4	1,055
5	435
6	189
7	66
8	27
9	8
10	6
11	3
12	<u>1</u>
	<u>4,220</u>

- (c) Hunters can apply multiple times by entering invalid identification numbers when purchasing their applications through E-License. We noted hunters who applied multiple times by changing one or two digits of their driver license numbers. Hunters' use of E-License has increased since its inception in December 2000, as evidenced by the number of sportcards purchased:

	License Year 2001 (3/1/01 - 2/28/02)	First Four Months of License Year 2002 (3/1/02 - 7/2/02)
Total number of sportcards purchased	239,570	60,331
Number of sportcards purchased through E-License	5,121	2,436
Percentage of sportcards purchased through E-license	2.1%	4.0%

DNR also reported that E-License use is generally increasing for all types of transactions.

Sportcards, as a form of hunter identification, can also create other issues for DNR. While hunters must certify the accuracy of the information provided, they are able to purchase their sportcard without proof of residency and age or identity verification. This can affect the purchase price of any hunting or fishing license and the person's eligibility for limited quota licensure.

RECOMMENDATION

We recommend that DNR improve the effectiveness of the hunting permits selection process by establishing comprehensive policies and procedures to address the negative effects of applicants' use of multiple types of identification.

AGENCY PRELIMINARY RESPONSE

DNR concurs with this recommendation. DNR informed us that, since the completion of the audit, it has implemented an automatic merge/purge process that locates and merges into a single record license buyers with multiple records in RSS. DNR also will explore implementing a replace sportcard function again in the future in RSS. Sportspersons will be able to purchase a replacement sportcard when they lose their original sportcard rather than purchase a new sportcard. Further, DNR is also looking at implementing a more permanent plastic sportcard that costs significantly more than one dollar. This should deter customers from losing their sportcards and purchasing more than one.

FINDING

2. Multiple Limited Quota Licenses

DNR did not effectively monitor and address situations in which applicants were able to purchase multiple limited quota licenses. Also, DNR could strengthen its procedures for informing license agents of the importance of voiding applications or licenses processed in error.

Section 324.43558(1)(h) of the *Michigan Compiled Laws* states that a person is guilty of a misdemeanor if the person makes an application for or purchases more than one license for a hunting season, except as specifically authorized by law or if the applicant's license has been lost or destroyed.

Computer edits were used to verify that hunters who were permitted to purchase limited quota licenses were, in fact, successful in the selection. However, because

data from daily license sale transactions was uploaded to RSS only once a day, successful applicants were able to purchase multiple licenses during this one-day period. DNR used the daily upload process instead of a real-time system for license sale transactions to significantly decrease the processing time for each transaction, resulting in faster service to hunters at license agents.

We performed tests and determined that multiple licenses were sold to 126 successful applicants during one-day time periods before the license sale transaction data was uploaded into RSS during the six license year 2001 application and selection processes. Often, an applicant purchased multiple licenses from one license agent and point-of-sale terminal. This was the case with 95 applicants. However, in 31 cases, the applicant purchased multiple licenses at different license agents or point-of-sale terminals on the same day. DNR speculated that these instances could be because license agents did not properly void one of the multiple licenses during the license sale process, resulting in hunters holding multiple valid licenses. DNR stated that a license agent could encounter problems during a license sale transaction, such as the point-of-sale terminal failing to properly print a license, resulting in the need to void the license sale transaction. However, the multiple applications or license purchases could have also been intentional acts by the hunters.

If license agents did not properly void applications for limited quota licenses, applicants would be removed from the selection process because they had multiple applications. For license year 2001, we determined that 739 applicants had multiple applications processed by one or more license agents during one-day time periods. The applicants were removed from the selections as ineligible. These applicants comprised approximately 54% of all applicants who were removed from a selection for having multiple applications. Also, failure to properly void the applications may result in the agent remitting too much in application fees to DNR.

DNR's E-Commerce Section of the Office of Information Services informed us that it did not monitor the multiple licenses sold through RSS by creating reports of multiple licenses once license sale transaction data was uploaded. Rather, it assumed that DNR's Law Enforcement Division monitored RSS for multiple licenses issued to hunters and performed any necessary follow-up. However, we were informed by the Law Enforcement Division that it did not routinely generate system reports to locate hunters with multiple valid licenses. System-generated

reports and related follow-up could involve contact with or monitoring of either license agents or individual hunters.

Our testing of license year 2001 data also disclosed other situations in which multiple limited quota licenses were obtained by successful applicants:

- a. DNR had not established computer edits to prevent hunting party applicants from purchasing more than one or all of the party licenses.

Applicants could apply with other applicants as a hunting party in the spring and fall wild turkey and bear selection processes. If a member of a party was successful in a selection, then all members of the party were considered successful. Our review disclosed 8 instances in which a party was successful in a wild turkey selection and one hunter purchased his/her license and licenses allotted to other party members. These multiple licenses were in the name of the purchaser and not other successful party members. In 4 of the 8 instances, the party members had purchased more licenses than were allotted to the party.

- b. DNR did not establish computer edits or other procedures to control voided limited quota licenses in fall wild turkey hunting areas that automatically awarded the hunter a free second license.

For the license year 2001 fall wild turkey selection, successful applicants for certain hunting areas received a free second license at the time they purchased their original licenses after being selected. We determined that 12 successful applicants purchased their licenses and received free second licenses. Then, on a subsequent day, they had their original licenses voided and reissued and each received another free license. Because the license agents did not void the free licenses at the time the original licenses were voided, the hunters held three valid fall wild turkey licenses, although only two were allowed by law.

- c. DNR did not make available to all RSS users a "replacement license" field to indicate when a hunter's license was replaced.

If a hunter's license was lost or destroyed, the hunter could have the license replaced by visiting a license agent. For license year 2001, we noted 136

hunters who had their original licenses replaced. In our review of RSS, the field indicating that the original license had been replaced was not visible by users, giving RSS users, such as DNR's Law Enforcement Division, incorrect information that the hunter had two valid licenses and was in violation of hunting laws.

Without effective processes in the issuance and monitoring of limited quota licenses and the availability of accurate information for users, such as the Law Enforcement Division, DNR cannot be sure that it is effective in its enforcement of established hunting laws. Also, without adequate procedures to monitor license agents to ensure that they are voiding applications and licenses processed in error, applicants (hunters) could be removed inappropriately from selections as ineligible or could be shown as holding multiple licenses, in violation of hunting laws.

RECOMMENDATIONS

We recommend that DNR effectively monitor and address situations in which applicants are able to purchase multiple limited quota licenses.

We also recommend that DNR strengthen its procedures for informing license agents of the importance of voiding applications or licenses processed in error.

AGENCY PRELIMINARY RESPONSE

DNR concurs with the first recommendation. DNR will explore edit checks to prevent hunting party applicants from purchasing more than one license. DNR will also explore making the "replacement license" field available to all RSS users on the application.

Regarding the second recommendation, DNR informed us that it currently informs license agents of the importance of voiding applications or licenses issued in error during its license agent training sessions and sends information bulletins to the license agents. DNR will increase the number of information bulletins that it sends to the license agents concerning this subject.

FINDING

3. Incomplete or Invalid Applicant Information

To improve the effectiveness of the hunting permits selection process, DNR needs to evaluate procedures for processing applications when the applicant information is incomplete or invalid.

As previously noted, applicants can apply for a limited quota license using various types of identification. To increase the efficiency* and accuracy of the application process, DNR requires license agents to enter only an applicant's identification number and birth date into the point-of-sale terminal. License agents did not have to enter other required information, such as the applicant's name and address, unless the applicant was purchasing a new sportcard at the time of the application.

In the RSS User Guide and Manual provided to license agents, DNR instructed license agents to request that applicants verify their application receipt to ensure that the applicant information was entered correctly. In addition, DNR hunting guides state that applicants should verify their application information for accuracy because an incorrect identification number, incomplete information, or the falsification of information could cause them to become ineligible for the selection.

If an applicant used a Michigan driver license or a Michigan identification card, the applicant's name, address, and date of birth information was obtained through a nightly matching process with the Department of State database and RSS. This information was then retained as part of the applicant's record in RSS. If an applicant used an existing sportcard, the applicant's name, address, and date of birth information was obtained from the RSS database. If an applicant applied through E-License, the applicant was required to enter his or her name, address, date of birth, and identification number.

DNR-established computer edits did not prevent license agents or E-License users from making typographical errors in entering the applicant's identification number. As long as the identification number entered was formatted correctly and met limited established computer edits, it would be processed as a valid application sale transaction. Invalid identification numbers could be entered by the license agent or E-License user either intentionally or unintentionally. A typographical

* See glossary at end of report for definition.

error or invalid identification number would be subject to the nightly matching process with the Department of State identification records. However, RSS would indicate that a match did not occur and the name, address, and date of birth fields on RSS would contain no information. If an applicant made a typographical error in entering the applicant's identification number using E-License, the RSS database would, again, indicate that a match did not occur, but the name, address, and date of birth fields on RSS would contain the information that the applicant entered at the time of the E-License transaction.

Except for the elk selection, DNR accepted all applications with invalid identification numbers as eligible applications in the selection processes. In the elk selection, DNR removed these applications as ineligible. At the time of each selection, the drawing coordinator* performed only a limited review of the incomplete applicant records because of the difficulty in determining the applicant's valid identification number.

By accepting applications with invalid identification numbers, DNR could not be sure of applicant eligibility and ensure that its distribution of limited quota licenses met desired goals. We noted:

- a. The majority of licenses for which DNR did not have the applicant's complete name and address were never purchased by the successful applicants.

During our review of the six selections for license year 2001, we noted 2,299 applications that contained either no or incomplete name and address information. Of these, 1,309 were successful, but only 348 (26.6%) of the successful applicants purchased their respective licenses.

- b. Because DNR could not always identify the individuals associated with applications that had invalid identification numbers, it was unable to determine whether the hunters complied with application and licensing laws and were eligible for the selection. Also, DNR could not determine whether the hunters had applied multiple times for licenses or purchased multiple licenses or whether the hunters had active hunting revocations at the time of the selection. Further, for hunters applying for a bear license, the applicant's preference point was not awarded to the hunter's valid hunter record in RSS.

* See glossary at end of report for definition.

We noted 278 applicants with no name, address, or date of birth who earned a bear preference point for license year 2001.

- c. Except for the elk selection, DNR accepted and included in the selection process applications that did not contain an applicant's date of birth or that were from underage applicants. In the elk selection, DNR removed these applications as being ineligible. DNR procedures also allowed underage applicants to submit applications, earn bear preference points, and be selected.

Sections 324.43520(2) and 324.43520(3) of the *Michigan Compiled Laws* state that a license to hunt shall not be issued to a person who is less than 12 years of age and a license to hunt with a firearm shall not be issued to a person who is less than 14 years of age.

We reviewed the applications and license records for the license year 2001 selections and noted that 2,054 applications did not contain the applicants' dates of birth. Of these, 1,099 applicants were selected and 212 purchased licenses. In addition, we noted 15 applicants who were included in the selection that were not of legal age to hunt. Eight of these underage applicants were successful, and 3 purchased licenses. We also noted 2 underage applicants who earned bear preference points.

RECOMMENDATION

To improve the effectiveness of the hunting permits selection process, we recommend that DNR evaluate procedures for processing applications when the applicant information is incomplete or invalid.

AGENCY PRELIMINARY RESPONSE

DNR concurs with this recommendation and will evaluate its procedures for processing applications when the applicant information is incomplete or invalid.

FINDING

4. Leftover Licenses

DNR did not have effective procedures to ensure compliance with requirements that leftover wild turkey licenses may be purchased by only unsuccessful applicants.

Section 3.300a of the Wildlife Conservation Order authorized the DNR director to establish hunting periods and hunting unit (defined areas within the State) license quotas for wild turkey hunting, based on objectives for each unit. The director's orders for the license year 2001 spring and fall wild turkey seasons stated that each applicant who was successful in the selection process would be issued one license. Unsuccessful applicants would be eligible to purchase a leftover license. In addition, the license year 2001 hunting guides issued by DNR for the spring and fall wild turkey seasons informed hunters that leftover licenses would be issued on a first-come, first-served basis and would be available to only unsuccessful applicants.

DNR had established computer edits to verify whether a hunter was an applicant in the wild turkey selection process. However, DNR did not verify that a hunter had been unsuccessful in the selection process. As a result, DNR allowed successful hunters to purchase leftover licenses.

Our review of the sale of leftover licenses for the license year 2001 spring and fall wild turkey seasons disclosed:

	<u>Spring</u>	<u>Fall</u>	<u>Total</u>
Number of hunters who purchased leftover licenses	16,840	662	17,502
Number of these hunters who were successful in the selection	1,315 (7.8%)	101 (15.3%)	1,416 (8.1%)
Number of hunters who purchased both a leftover license and a license based on their success in the selection	27 (2.1%)	9 (8.9%)	36 (2.5%)

Allowing successful applicants to purchase leftover licenses reduces the number of leftover licenses that are available to unsuccessful applicants. Also, Section 324.43558(1)(h) of the *Michigan Compiled Laws* states that a person is guilty of a misdemeanor if the person purchases more than one license for a hunting season, except as specifically authorized by law.

RECOMMENDATION

We recommend that DNR develop effective procedures to ensure compliance with requirements that leftover wild turkey licenses be purchased by only unsuccessful applicants.

AGENCY PRELIMINARY RESPONSE

DNR concurs with this recommendation and will evaluate methods to ensure that leftover licenses are purchased by only unsuccessful applicants.

FINDING

5. Management Control Over the Selection Process

DNR should improve its management control to help ensure the effectiveness and integrity of the hunting permits selection process.

Our review disclosed:

- a. DNR did not require documented supervisory oversight in the selection processes.

In 2001, the drawing coordinator drafted written procedures that detailed the numerous steps that should be performed preceding, during, and after each selection. These steps are critical because they determine which applicants are considered eligible for each selection process. The drawing coordinator also enters into RSS relevant and necessary information, such as the hunting license quotas and hunting areas established by DNR. These draft procedures provided good documentation of each selection process, but the procedures had not been approved by DNR and they did not require DNR to provide documented supervisory oversight of the selection processes. Without effective supervisory oversight, DNR cannot be sure whether the

various steps of the selection processes were appropriately performed and information was entered correctly into RSS.

In our review of the license year 2001 bear selection process, the drawing coordinator had performed a computer match of applications with active hunting revocations 9 days prior to the actual selection, rather than the day of the selection. As a result, one applicant was included in the selection and received a preference point, even though the applicant had an active hunting revocation, which was entered into RSS 7 days prior to the selection.

Also, during our audit, we observed the license year 2002 spring wild turkey selection. A DNR supervisor was not present to observe the selection for accuracy.

- b. DNR did not terminate RSS system access capabilities of a DNR employee who had left DNR employment. In addition, DNR provided numerous DNR employees and individuals from the computer software development firm with RSS user capabilities that exceeded those necessary for their normal job functions.

At the time of our review, one DNR employee had RSS system access capabilities, including the ability to change selection results, even though the employee had left DNR employment seven months earlier. In addition, 16 other individuals had user capabilities that included the ability to change selection results. DNR informed us that these user capabilities were not necessary for 12 of the individuals to perform their normal job functions.

Removing system access capabilities of departed individuals and limiting system access would help reduce the risk of processing unauthorized transactions and prevent unauthorized access to and use of RSS.

RECOMMENDATION

We recommend that DNR improve its management control to help ensure the effectiveness and integrity of the hunting permits selection process.

AGENCY PRELIMINARY RESPONSE

DNR concurs with this recommendation.

SUPPLEMENTAL INFORMATION

Description of Survey

We developed a survey requesting input from hunters who had applied for a minimum of one limited quota license during license year 2001.

We mailed the survey to 500 randomly selected hunters. Nine were returned as undeliverable mail. We received 247 responses from the 491 delivered surveys, a response rate of 50.3%. A review of the responses indicated that most respondents were satisfied with the information about the application and selection processes that was available from the Department of Natural Resources (DNR), including the information explaining the preference point system for the bear selection process, which was introduced in license year 2000. Most respondents indicated that they had not encountered any problems when they applied for a limited quota license at a license agent, at a DNR office, or through E-License or when they purchased their respective hunting license if they were successful in the selection process. Most respondents indicated that they felt the application time period was sufficient and that they preferred to apply at a license agent. Approximately one-half of the respondents indicated that they would be likely to use E-License to apply for a limited quota license in the future. Most respondents indicated that they would prefer to be notified of the selection results by receiving a postcard notification mailed to their homes by DNR. Most respondents had no reason to believe that the selections for limited quota licenses were not randomly awarded among all eligible applicants competing for the same license.

Following is a summary of the survey results that includes the number and percentage of responses received for each item. The total number of responses for each item may not agree with the number of responses reported because some respondents provided more than one response to an item and other respondents did not answer all items. The numerical sequence of questions is broken because we did not include in our report the items that prompted the respondent for a narrative response. We provided a summary of the survey responses, including the narrative responses, to DNR management.

HUNTING PERMITS SELECTION
 Department of Natural Resources (DNR)
Summary of Survey Responses

Copies of survey delivered	491
Number of responses	247
Response rate	50.3%

Hunter Background Information

1. Which of the limited quota licenses did you apply for during 2001? (Please check all that apply.)

<u>161</u>	27.2%	Antlerless deer
<u>82</u>	13.8%	Bear
<u>100</u>	16.9%	Elk
<u>126</u>	21.2%	Spring wild turkey
<u>64</u>	10.8%	Fall wild turkey
<u>60</u>	10.1%	Reserved waterfowl

2. Were you successful in the selection to purchase a license for any of the limited quota licenses for which you applied during 2001?

<u>200</u>	81.0%	Yes
<u>47</u>	19.0%	No

3. If you responded "Yes," for which licenses were you successful? (Please check all that apply.)

<u>133</u>	37.2%	Antlerless deer
<u>29</u>	8.1%	Bear
<u>30</u>	8.4%	Elk
<u>92</u>	25.7%	Spring wild turkey
<u>44</u>	12.3%	Fall wild turkey
<u>30</u>	8.4%	Reserved waterfowl
<u>40</u>		Not applicable

Information Available From DNR

4. Did you visit the DNR Web site <www.michigan.gov/dnr> to obtain information about the application and selection processes?

<u>101</u>	41.1%	Yes
<u>145</u>	58.9%	No

5. If you responded "Yes," did the DNR Web site provide the information you were seeking regarding the application and selection processes?

<u>95</u>	94.1%	Yes
<u>6</u>	5.9%	No
<u>145</u>		Not applicable

7. Did you review a DNR hunting guide to obtain information about the application and selection processes?

<u>221</u>	89.8%	Yes
<u>25</u>	10.2%	No

8. If you responded "Yes," did the hunting guide provide the information you were seeking regarding the application and selection processes?

<u>217</u>	97.7%	Yes
<u>5</u>	2.3%	No
<u>24</u>		Not applicable

10. Did you telephone a DNR office and speak with a DNR representative to obtain information about the application and selection processes?

<u>16</u>	6.5%	Yes
<u>229</u>	93.5%	No

11. If you responded "Yes," did the DNR representative provide the information you were seeking regarding the application and selection processes?

<u>14</u>	87.5%	Yes
<u>2</u>	12.5%	No
<u>229</u>		Not applicable

13. If you applied for a bear license since the introduction of the preference point system in 2000, do you feel that you have sufficient information available to you from DNR to have a good understanding of how the preference point system works?

<u>83</u>	88.3%	Yes
<u>11</u>	11.7%	No
<u>112</u>		Not applicable (I have not applied for a bear license since 2000.)

15. Is there any additional information relating to the application and selection processes that you did not obtain that you feel would be useful?

<u>12</u>	5.5%	Yes
<u>207</u>	94.5%	No

Applications

17. What method of application have you used? (Please check all that apply.)

<u>241</u>	83.1%	License agent (a sporting goods store, Wal-Mart, Meijer, etc.)
<u>12</u>	4.1%	DNR office
<u>37</u>	12.8	E-License (DNR Web site at < www.michigan.gov/dnr >)

18. If you applied at a license agent, did you encounter any problems?

<u>35</u>	14.5%	Yes
<u>206</u>	85.5%	No
<u>5</u>		Not applicable

20. If you applied at a DNR office, did you encounter any problems?

<u>1</u>	4.3%	Yes
<u>22</u>	95.7%	No
<u>224</u>		Not applicable

22. If you applied at a license agent or a DNR office, did the clerk correctly enter your application information (Michigan driver license or identification card number or DNR sportcard number, birth date, hunt area/unit number, party identification number, etc.)?

<u>209</u>	91.3%	Yes
<u>15</u>	6.6%	No
<u>5</u>	2.2%	Not sure (I did not verify the accuracy of my application information, as printed on my application receipt.)
<u>15</u>		Not applicable (I did not apply at a license agent or a DNR office.)

23. If you responded "No," did the clerk appropriately void (cancel) the inaccurate application and re-enter a new application with the accurate information?

<u>12</u>	70.6%	Yes
<u>5</u>	29.4%	No
<u>221</u>		Not applicable

25. If you applied through E-License on the DNR Web site, did you encounter any problems?

<u>6</u>	14.3%	Yes
<u>36</u>	85.7%	No
<u>205</u>		Not applicable

27. DNR is encouraging the use of E-License. Given the general movement toward more Internet use, how likely are you to use E-License to apply for a limited quota license in the future?

<u>56</u>	23.2%	Very likely
<u>50</u>	20.7%	Somewhat likely
<u>23</u>	9.5%	Somewhat unlikely
<u>91</u>	37.8%	Very unlikely
<u>21</u>	8.7%	Undecided

28. Which method of application is most desirable to you?

<u>199</u>	78.0%	License agent (a sporting goods store, Wal-Mart, Meijer, etc.)
<u>8</u>	3.1%	DNR office
<u>48</u>	18.8%	E-License (DNR Web site at www.michigan.gov/dnr)

29. What is your opinion on the length of time you are given by DNR to apply for a limited quota license?

<u>6</u>	2.5%	The application time period is too long.
<u>227</u>	93.4%	The application time period is sufficient.
<u>10</u>	4.1%	The application time period is too short.

Selections

30. How did you receive notification of your selection results? (Please check all that apply.)

<u>234</u>	71.3%	DNR mailed a postcard notification to my home.
<u>86</u>	26.2%	I checked the results by visiting the DNR Web site < www.michigan.gov/dnr >.
<u>1</u>	0.3%	I telephoned a DNR office to obtain the results.
<u>7</u>	2.1%	I was not notified of the selection results.

31. If you were not notified of the selection results by DNR (postcard notification), for which type of limited quota license had you applied? (Please check all that apply.)

<u>18</u>	21.2%	Antlerless deer
<u>8</u>	9.4%	Bear
<u>23</u>	27.1%	Elk
<u>21</u>	24.7%	Spring wild turkey
<u>9</u>	10.6%	Fall wild turkey
<u>6</u>	7.1%	Reserved waterfowl
<u>103</u>		Not applicable

32. If you were not notified of the selection results by DNR (postcard notification), did you have a computer available to you to check the results by visiting the DNR Web site <www.michigan.gov/dnr>?

<u>70</u>	68.0%	Yes
<u>33</u>	32.0%	No
<u>72</u>		Not applicable

33. Which method to obtain the selection results is most desirable to you?

<u>207</u>	76.1%	Postcard notification mailed to my home by DNR
<u>31</u>	11.4%	E-mail notification sent to me by DNR
<u>34</u>	12.5%	My checking the results by visiting the DNR Web site < www.michigan.gov/dnr >
<u>0</u>		Other

34. If you were successful in a limited quota license selection process, were you able to purchase your respective hunting license without problems?

<u>208</u>	96.3%	Yes
<u>8</u>	3.7%	No
<u>27</u>		Not applicable

Summary

36. Do you have any reason to believe that the selections for limited quota licenses are not randomly awarded among all eligible applicants competing for the same license?

<u>31</u>	12.9%	Yes
<u>210</u>	87.1%	No

38. Are you aware of any "issues" with the application and selection processes for limited quota licenses that could be better addressed by DNR?

<u>39</u>	17.2%	Yes
<u>188</u>	82.8%	No

Glossary of Acronyms and Terms

computer software development firm	A firm that DNR contracted with to develop, implement, and maintain RSS and to process the applications and apply an automated random selection process to determine which of the eligible applicants would receive permits to purchase limited quota licenses.
DNR	Department of Natural Resources.
drawing coordinator	The employee of the computer software development firm assigned the responsibility of coordinating and conducting each hunting permit selection process.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
E-License	A DNR system that allows customers to purchase applications for limited quota licenses and other hunting licenses and permits 24 hours a day, 7 days a week within applicable sales dates through DNR's Web site at www.michigan.gov/dnr .
license agent	A retail merchant that, on behalf of DNR, sells applications for limited quota licenses and other hunting licenses and permits on consignment from DNR.
license year	March 1 through February 28 (or 29).
limited quota license	A hunting license for antlerless deer, bear, elk, spring or fall wild turkey, or reserved waterfowl that is issued as a result of an application process and a selection process, by which the number of licenses available for issuance is limited and based on quotas established by DNR.

management control	The plan of organization, methods, and procedures adopted by management to provide reasonable assurance that goals are met; resources are used in compliance with laws and regulations; valid and reliable data is obtained and reported; and resources are safeguarded against waste, loss, and misuse.
mission	The agency's main purpose or the reason that the agency was established.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
permit	An authorization to purchase a limited quota license, which is given to those hunters who are selected through a random automated selection process.
point-of-sale terminal	A computer terminal used by license agents to sell applications for limited quota licenses and other hunting licenses and permits.
preference point	Beginning with the license year 2000 application process, applicants receive a preference point each year that they are unsuccessful in obtaining a permit to purchase a limited quota bear license. Applicants have the choice of applying for a permit or electing to bank a preference point by applying and forgoing the permit selection process. Only one point is awarded to an applicant in a given year. Each year, licenses for a particular hunting period and unit will be issued to applicants with the most points. If there are not enough licenses available for all persons with the same number of points, a random drawing will be held to distribute those licenses. A hunter's preference standing will return to zero points upon selection, including successful applicants who do

not purchase their licenses. A person must apply at least once every three years to maintain their preference points; persons who fail to apply or are ineligible to apply for a license for three consecutive years will lose their points.

reportable condition

A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.

reserved waterfowl

DNR offers reserved waterfowl hunts of ducks and geese at managed waterfowl areas. These areas usually attract large numbers of ducks and geese during the hunting season. Reserved waterfowl permit holders have the opportunity to hunt with minimal competition from other hunters. By the day of the hunt, permit holders must have purchased a small game license. In addition, hunters of 16 years of age or older must also possess a federal migratory bird hunting stamp and a Michigan waterfowl hunting license to use their permits.

RSS

Retail Sales System.

sportcard

An identification card issued by DNR to persons without other acceptable identification (a Michigan driver license or Michigan identification card issued by the Department of State) to enable them to apply for a limited quota license. Sportcards were primarily intended for youths and out-of-State residents who do not qualify for the other acceptable types of identification.

upload

The automated process through which each license agent's point-of-sale terminal, which is connected to a telephone line, dials and makes a connection with DNR's host computer in Lansing so that the host computer can collect and process the application and license sale transaction data that was entered by the license agent during that day.