

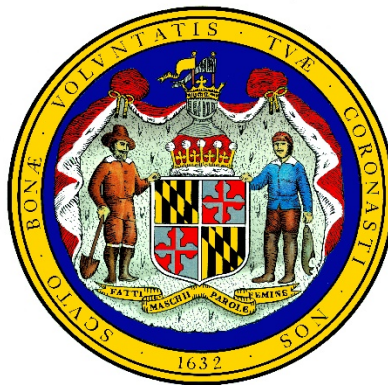
# Audit Report

---

## Potomac River Fisheries Commission

Report for the Year Ended June 30, 2024

---



**OFFICE OF LEGISLATIVE AUDITS**  
**DEPARTMENT OF LEGISLATIVE SERVICES**  
**MARYLAND GENERAL ASSEMBLY**

### **Joint Audit and Evaluation Committee**

Senator Shelly L. Hettleman (Senate Chair)	Delegate Jared Solomon (House Chair)
Senator Joanne C. Benson	Delegate Steven J. Arentz
Senator Benjamin T. Brooks, Sr.	Delegate Andrea Fletcher Harrison
Senator Paul D. Corderman	Delegate Steven C. Johnson
Senator Katie Fry Hester	Delegate Mary A. Lehman
Senator Cheryl C. Kagan	Delegate David H. Moon
Senator Clarence K. Lam, M.D.	Delegate Julie Palakovich Carr
Senator Cory V. McCray	Delegate Emily K. Shetty
Senator Justin D. Ready	Delegate Stephanie M. Smith
Senator Bryan W. Simonaire	Delegate M. Courtney Watson

### **To Obtain Further Information**

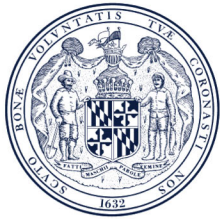
Office of Legislative Audits  
The Warehouse at Camden Yards  
351 West Camden Street, Suite 400  
Baltimore, Maryland 21201  
Phone: 410-946-5900  
Maryland Relay: 711  
TTY: 410-946-5401 · 301-970-5401  
E-mail: [webmaster@ola.state.md.us](mailto:webmaster@ola.state.md.us)  
Website: [www.ola.state.md.us](http://www.ola.state.md.us)

### **To Report Fraud**

The Office of Legislative Audits operates a Fraud Hotline to report fraud, waste, or abuse involving State of Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously by a toll-free call to 1-877-FRAUD-11, by mail to the Fraud Hotline, c/o Office of Legislative Audits, or through the Office's website.

### **Nondiscrimination Statement**

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the United States Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at 410-946-5400 or 410-970-5400.



Victoria L. Gruber  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Brian S. Tanen, CPA, CFE  
Legislative Auditor

April 10, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Members of Joint Audit and Evaluation Committee  
Annapolis, Maryland

Ladies and Gentlemen:

Enclosed is a copy of the report on the annual examination of the Potomac River Fisheries Commission for the year ended June 30, 2024 as prepared by the Auditor of Public Accounts of the Commonwealth of Virginia.

The Commission receives annual grants from the State of Maryland (via the Department of Natural Resources) and the Commonwealth of Virginia. Annual examinations of the records of the Commission are conducted jointly by representatives of the Office of the Auditor of Public Accounts of the Commonwealth of Virginia and the Office of Legislative Audits. Pursuant to an understanding between the two Offices, the report is prepared and issued by the Auditor of Public Accounts.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor



# POTOMAC RIVER FISHERIES COMMISSION

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2024

Auditor of Public Accounts  
Staci A. Henshaw, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



## AUDIT SUMMARY

Our audit of the Potomac River Fisheries Commission for the fiscal year ended June 30, 2024, found:

- proper recording and reporting of all transactions, in all material respects, in the Commission's financial system;
- no matters involving internal control and its operation necessary to bring to management's attention;
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to a prior audit finding identified as complete in the [Findings Summary](#) included in the Appendix.

## - TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
COMMISSION HIGHLIGHTS	1-2
INDEPENDENT AUDITOR'S REPORT	3-5
APPENDIX – FINDINGS SUMMARY	6

## COMMISSION HIGHLIGHTS

The Commission is a bi-state commission established to conserve and improve the fishery resources of the tidewater portion of the Potomac River. The Commission's leadership consists of eight Commissioners, four representing Maryland and four representing Virginia.

As shown in Table 1 below, when compared to the previous fiscal year, Commission revenues increased by 14 percent; expenses increased by eight percent; and net income increased overall by 55 percent. The Commission's revenue increase was due primarily to a one-time grant of \$125,000 from Maryland and an increase in oyster license sales. The increase in expenses resulted from an increase in oyster planting and federal grant activity.

**Commission Financial Activity**

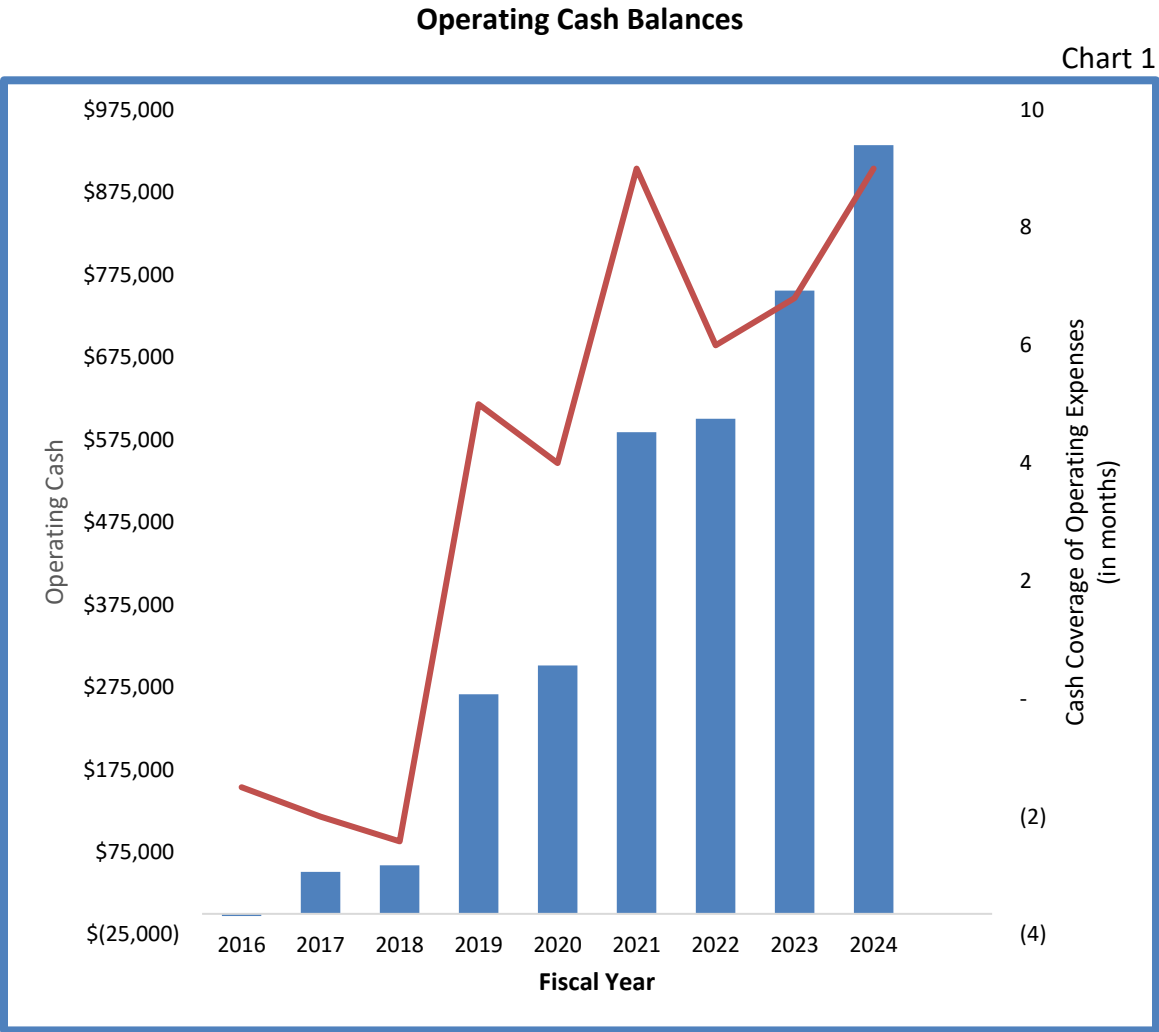
Table 1

	FY2024	FY2023
Virginia appropriations	\$ 148,750	\$ 148,750
Maryland appropriations	175,000	175,000
Federal and other grants	589,489	496,354
Sport fishing licenses	68,814	77,201
Commercial fishing licenses	80,765	88,012
Commercial crab licenses	71,552	70,760
Commercial oyster and clam licenses	97,443	73,818
Commercial license surcharge	113,400	105,600
Oyster bushel tax	75,025	46,036
Interest and miscellaneous	119,798	71,340
<b>Total revenue</b>	<b>1,540,036</b>	<b>1,352,871</b>
Personnel services	473,454	454,025
Development and repletion	100,000	50,990
Federal and other grants	513,737	489,657
Contractual services	83,855	83,296
Materials and supplies	75,012	69,126
Insurance	6,792	7,023
Capital assets	3,399	3,065
Operating expenses	<b>1,256,249</b>	<b>1,157,182</b>
Reserve Fund Deposits for:		
Retiree health care	35,000	35,000
<b>Total expenses</b>	<b>1,291,249</b>	<b>1,192,182</b>
<b>Net income</b>	<b>\$ 248,787</b>	<b>\$ 160,689</b>

Source: Commission's financial system – cash basis

The Commission closed fiscal year 2024 with an operating profit of \$248,787. The operating cash balance continues to increase and, as of June 30, was \$931,973, a 23 percent increase over fiscal year 2023 as shown in Chart 1 on the following page. As of June 30, 2024, the Commission's operating cash

coverage remains at a positive rate of nine months’ coverage of operating expenses (assuming expenses continue at the current rate).



Source: Commission’s financial system

In addition to its operating cash, the Commission has several reserve accounts. The Commission has \$231,271 in the Virginia and Maryland local government investment pool accounts earmarked to fund future oyster work under the Oyster Management Reserve and Rotational Oyster Harvest programs. The Commission also has \$630,481 in a separate Virginia investment pool account for retiree health care reserves. The retiree healthcare account is managed by a trust and legally cannot be used to fund operations. The Commission contributes to the retiree healthcare account annually based on recommendations from an actuarial periodic funding study.





# Commonwealth of Virginia

## Auditor of Public Accounts

Staci A. Henshaw, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

February 19, 2025

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Mr. Ronald Owens, Executive Secretary  
Potomac River Fisheries Commission

Commissioners  
Potomac River Fisheries Commission

We have audited the financial records and operations of the **Potomac River Fisheries Commission** for the year ended June 30, 2024. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **Audit Objectives**

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commissions' financial system; review the adequacy of the Commission's internal controls; test compliance with applicable laws, regulations, contracts, and grant agreements; and review corrective actions of audit findings from prior year reports. See the [Findings Summary](#) included in the Appendix for a listing of prior findings and the status of follow-up on management's corrective action.

### **Audit Scope and Methodology**

The Commission's management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

- Federal grant revenues and expenses
- Contractual services expenses
- Payroll expenses
- Appropriations
- Cash receipts
- Capital assets
- Information system security

We performed audit tests to determine whether the Commission's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Commission's operations. We performed analytical procedures, including budgetary and trend analyses, and tested details of transactions to achieve our audit objectives. We also confirmed bank balances with outside parties.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

## **Conclusions**

We found that the Commission properly stated, in all material respects, the amounts recorded and reported in the Commission's financial system. The financial information presented in this report came directly from the Commission's financial system.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Commission has taken adequate corrective action with respect to a prior audit finding identified as complete in the [Findings Summary](#) included in the Appendix.

### **Exit Conference and Report Distribution**

We provided management of the Commission with a draft of this report for review on March 24, 2025.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

JCS/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Continue to Develop and Implement Information Security Policies and Procedures	Complete	2019

\* A status of **Complete** indicates management has taken adequate corrective action.