



Office of Inspector General U.S. Department of the Interior

ADVISORY REPORT

**COSTS CLAIMED BY THE
COMMONWEALTH OF
PENNSYLVANIA GAME
COMMISSION, UNDER FEDERAL
AID GRANTS FROM THE U.S. FISH
AND WILDLIFE SERVICE
FROM JULY 1, 1996
THROUGH JUNE 30, 1998**

DECEMBER 2002

Report No. 2003-E-0006



United States Department of the Interior


OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

December 20, 2002

ADVISORY REPORT

Memorandum

To: Director
U.S. Fish and Wildlife Service

From: Roger La Rouche 
Assistant Inspector General for Audits

Subject: Final Advisory Report on Costs Claimed by the Commonwealth of Pennsylvania Game Commission, under Federal Aid Grants from the U.S. Fish and Wildlife Service from July 1, 1996 through June 30, 1998 (No. 2003-E-0006)

Introduction

This report presents the results of our performance of procedures to review another audit agency's work related to costs claimed by the Commonwealth of Pennsylvania Game Commission (Commission) under Federal Aid grants from the U.S. Fish and Wildlife Service (FWS) for the period July 1, 1996 through June 30, 1998 (Commonwealth fiscal years 1997 and 1998).

Background and Scope

The Federal Aid in Wildlife Restoration Act, as amended (16 U.S.C. 669) and the Federal Aid in Sport Fish Restoration Act, as amended (16 U.S.C. 777), (the Acts), authorize FWS to provide Federal assistance grants to the states to enhance their sport fish and wildlife programs. The Acts provide for FWS to reimburse the states up to 75 percent of all eligible costs incurred under the grants. The Acts specify that state hunting and fishing license revenues cannot be used for any purpose other than the administration of the state's fish and game agencies. In addition, FWS also provides grants to the states under the Clean Vessel Act and the Endangered Species Act.

In February 1999, another audit agency initiated an audit of Federal Aid program grants awarded by FWS to the Commission for fiscal years 1997 and 1998. The scope of the audit work, as stated in its announcement letter to the Commission, was to evaluate

(1) the adequacy of the Commission's accounting system and related internal controls; (2) the accuracy and eligibility of the direct and indirect costs claimed by the Commission under the Federal Aid grant agreements with FWS; (3) the adequacy and reliability of the Commission's hunting license fees collection and disbursement process; and (4) the adequacy of the Commission's purchasing system and related internal controls. The audit was also to include an analysis of other issues considered to be sensitive and/or significant to FWS. The audit work at the Commission covered claims totaling approximately \$26.3 million on FWS grants that were open during the Commission's fiscal years ended June 30, 1997 and 1998 (see Appendix). The audit agency's agreement with FWS expired before issuance of a draft report to the Commission.

From 1996 through September 2001, the audit agency conducted audits of Federal Aid grants under a reimbursable agreement with FWS. The FWS did not renew or extend its agreement with the audit agency and at the time of expiration, final audit reports on several uncompleted audits had not been issued and the audits were in various stages of the audit and reporting processes. The audit agency indicated in a September 25, 2001 memorandum that its supervisor and management had not reviewed the working papers for the Pennsylvania audit to ensure that (1) sufficient, competent and relevant evidence was obtained, (2) evidential matter contained in the working papers adequately supported the audit findings in the report, and (3) sound auditing techniques and judgment were used throughout the audit.

On September 20, 2001, FWS and the Department of the Interior (DOI) Office of Inspector General (OIG) entered into an Intra-Departmental Agreement under which FWS requested the OIG to (1) review the audit work performed by the audit agency including its working papers, summaries and draft reports for these audits and (2) issue reports on the findings that were supported by the working papers. Accordingly, our review was limited to performing the procedures set forth in the Agreement and our conclusions presented in the report are limited to the findings substantiated by the working papers. We did not perform any additional audit work of the grantee's records, and the limited work performed under these procedures does not constitute an audit by the OIG in accordance with Generally Accepted Government Auditing Standards.

Results of Review

The audit agency's working papers concluded that the Commission's accounting system and related internal controls in effect during the Commonwealth's fiscal years 1997 and 1998 were adequate for accumulating and reporting costs under Federal Aid grants. In addition, the Commission's other systems and related internal controls for labor, purchasing, grant compliance, letter of credit drawdowns, and asset management were considered adequate for Federal Aid participation. The working papers also identified two management issues that the Commission and the FWS should address as follows:

A. License Certification

The Code of Federal Regulations (50 CFR 80.10) requires a state to certify the accuracy of the reported number of persons holding paid hunting licenses each year. The number of license holders is one factor used by FWS to determine Federal Aid apportionments for Wildlife Restoration grants. Part 80.10(c)(1) states that trapping licenses are not eligible for inclusion in the license count. The working papers indicated that the Commission did not maintain records on how many licenses were issued for taking fur bearing animals by (1) hunting (allowable) and (2) trapping (unallowable). As a result, the state reported the combined total number of “furtaker” licenses for 1997 (477) and 1998 (501). We suggest that the Commission establish procedures to ensure that furtaking trapping license holders are not included in the report.

B. Financial Reporting

The Commission did not comply with the provision of 43 CFR 12.81(b) (4) that requires the grantee to submit its annual Financial Status Report within 90 days after the expiration or termination of grant support. The working papers indicated that the Commission submitted its Financial Status Reports for fiscal years 1997 and 1998 approximately 235 and 149 days late, respectively. Although the regulation allows for an extension of the due date if a justified request is made by the grantee to the Federal agency, the working papers did not include any evidence that the Commission made such a request or that an extension was granted. In the future, the Commission should request an extension if it is unable to submit the Financial Status Report within 90 days.

Since the report does not contain any formal recommendations, a response to this report is not necessary. If you have any questions regarding this report, please contact Mr. Gary Dail, Federal Assistance Audit Coordinator, at (703) 487-8011.

This advisory report is intended solely for the use of grant officials of the U.S. Fish and Wildlife Service, and is not intended for, and should not be used by, anyone who is not cognizant of the procedures that were applied and who agreed to the sufficiency of those procedures.

cc: Regional Director, Region 5
U.S. Fish and Wildlife Service

APPENDIX

**COMMONWEALTH OF PENNSYLVANIA
GAME COMMISSION
FINANCIAL SCHEDULE OF REVIEW COVERAGE
STATE FISCAL YEARS ENDING JUNE 30, 1997 AND 1998**

GRANT NUMBER	GRANT AMOUNT	AMOUNT CLAIMED	QUESTIONED COST	BALANCE	FEDERAL SHARE
W-39-D-48	\$13,000,000	\$12,345,586	0	\$12,345,586	\$9,259,190
W-39-D-49	11,500,000	13,839,430	0	13,839,430	8,625,000
E-W-2-6	20,000	43,030	0	43,030	15,000
E-W-2-7	18,667	57,138	0	57,138	14,000
Total	\$24,538,667	\$26,285,184	0	\$26,285,184	\$17,913,190

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