

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



ADVISORY REPORT

**COSTS CLAIMED BY THE
STATE OF GEORGIA,
DEPARTMENT OF NATURAL
RESOURCES, WILDLIFE
RESOURCES DIVISION AND
COASTAL RESOURCES DIVISION
UNDER FEDERAL AID GRANTS
FROM THE U.S. FISH AND
WILDLIFE SERVICE FROM
JULY 1, 1997 TO JUNE 30, 1999**

DECEMBER 2002

Report No. 2002-E-0008



United States Department of the Interior

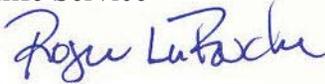
OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

December 31, 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 State of Georgia Department of Natural Resources, Wildlife Resources Division and Coastal Resources Division under Federal Aid Grants from the U.S. Fish and Wildlife Service from July 1, 1997 to June 30, 1999 (No. 2003-E-0008)

Introduction

This report presents the results of our performance of agree-upon procedures related to costs claimed by the State of Georgia Department of Natural Resources (Department) under Federal Aid grants from the U.S. Fish and Wildlife Service (FWS) for the period July 1, 1997 to June 30, 1999.

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 Aid grants to 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. FWS also provides grants to the states under the Clean Vessel Act and the Endangered Species Act.

In April 2000, another audit agency began an audit of the Federal Aid grants awarded to the Department for fiscal years 1998 and 1999. The scope of its audit work, as stated in the announcement letter to the Department, was to evaluate (1) the adequacy of the Department's accounting system and related internal controls; (2) the accuracy and eligibility of the direct and indirect costs claimed by the Department under Federal Aid grant agreements with FWS; (3) the adequacy and reliability of the Department's hunting and fishing license fees collection and disbursement process; and (4) the adequacy of the Department'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 Department covered claims totaling approximately \$29 million on FWS grants that were open during the Department's fiscal years ending June 30, 1998 and 1999 (see Appendix). The audit agency's agreement with FWS expired before issuance of a preliminary draft report to the State of Georgia, although the agency discussed the preliminary results of the audit with the Department on January 22, 2001.

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. 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 27, 2001 memorandum that its supervisors had not reviewed the working papers for the audit of the State 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 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 in accordance with Generally Accepted Government Auditing Standards.

Findings affecting the State's administration of the Federal Aid program are presented in the body of the report, and other management issues are presented in Appendix 2.

Results of Review

The results of our review of the working papers disclosed the following:

- Interest totaling \$1,927,760, earned by the State on hunting and fishing license revenues, was not returned to the Department; and we could not determine from documentation submitted by the Department whether State appropriations to the Department were used on a sufficient amount eligible fish and wildlife-related activities to compensate for the interest.
- Costs of \$596,616, consisting of \$451,101 incurred outside the grant period and \$145,515 for excess encumbrances were questioned.
- Program income of \$99,269 was not reported on financial status reports.
- Accounting for costs of multiple projects under a single grant agreement needed clarification.

- Internal controls related to the Department’s personal and real property systems were not operating adequately.

A. Interest on License Revenues

The Code of Federal Regulations (50 CFR 80.4) states that “Revenues from license fees paid by hunters and fishermen shall not be diverted to purposes other than administration of the State fish and game agency.” The regulation defines license revenues to include income from “interest, dividends, or other income earned on license revenues.”

The working papers identified interest totaling \$1,927,760 earned by the State on hunting and fishing license revenues in fiscal years 1998 and 1999 that was not returned to the Department. The interest amounts were computed as follows:

Fiscal Year	License Revenues	Interest Rates	Interest Earned
1998	\$17,627,759	5.47 %	\$964,238
1999	\$18,352,804	5.25%	\$963,522
Total			<u>\$1,927,760</u>

The interest rates used by the audit agency were the annual money market rates provided by the State Treasury. For example, the average rate for 1999 was computed as follows [(1999 rate of 5.03% + 1998 rate of 5.46%)/2 = 10.49 / 2 =5.25 %]. In accordance with the State’s legislation, the license revenues are deposited into the State Treasury. While the legislation prevents the diversion of the revenues, it does not mention the interest earned. Rather than earmarking specific interest back to the Department, the legislature appropriated funds each year (approximately \$32 million in 1999), which, in the Department’s opinion, more than covers the interest earned. We could not determine from the working papers, however, whether the appropriations contained sufficient unrestricted funds (that is, funds that were not earmarked for activities that would not be allowable uses of license revenue, such as boating registration) to cover the interest.

Recommendations

We recommend that FWS:

1. Resolve the estimated \$1,927,760 of interest on license revenues. To do so, FWS will need to determine whether the State’s annual appropriation included sufficient unrestricted funds to compensate for the interest earned.
2. Require the Department to obtain an amendment to State legislation that would require the interest earned on license revenues to be specifically identified in the State’s annual appropriation to the Department.

Department and U.S. Fish and Wildlife Service Responses

The Department indicated that it received State appropriations totaling \$59.6 million for the 2-year audit period and that these appropriations exceeded license revenues for those years by \$22.8 million. The Department also provided a copy of the current State law, which specifically prohibits the diversion of interest earned on license revenues. The FWS did not provide a written response to the recommendations.

Office of Inspector General Comments

The documentation submitted by the Department in response to Recommendation 1 was not sufficiently detailed for us to determine whether the \$22.8 million of appropriations in excess of license revenue collections included sufficient unrestricted funds to offset the \$1,927,760 in interest earned during the audit period. The FWS will need to make that determination. The Department's response to Recommendation 2 was adequate to consider the Recommendation resolved and implemented.

B. Questioned Costs

The working paper review of costs incurred under Federal Aid grants for fiscal years 1998 and 1999 disclosed the following questioned costs.

Grant No.	Description	Excess Encumbrances	Notes	Out-of-Period Costs	Notes	Total
W-36-37	Statewide Wildlife Development	\$2,809	1	\$14,147	2	\$16,956
FW-5-1	Automated Sportsman	101,259	1, 3			101,259
F-48-5	Berrian County PFA	13,715	1	234,862	2	248,577
F-56-5	Marben PFA	936	1	9,828	2	10,764
F-41-13	Boat Ramp	4,070	1	120,717	2	124,787
E-I-20	Statewide End. Species	1,263	1	11,000	2	12,263
E-3-12	Statewide End. Plants	12,250	1			12,250
F-64-1	Aquatic Vegetation	540	1	4,144	2	4,684
F-60-3	Cool Water Springs	354	1	969	2	1,323
E-1-22	Statewide End. Species	1,607	1			1,607
E-3-13	Statewide End Plants			5,390	2	5,390
F-41-14	Boat Ramp	4,291	1			4,291

F-64-2	Aquatic Vegetation	852	1	50,044	2	50,896
P-3-1	Swainson's Warblers	1,569	1, 4			1,569
	Total	<u>\$145,515</u>	1	<u>\$451,101</u>	2	<u>\$596,616</u>

Notes

1. Excess Encumbrances. The working papers identified questioned costs of \$145,515, which represent the difference between the encumbered amounts and the amounts incurred based on the invoices. The Department typically recorded a large acquisition in its accounting system as an encumbrance, which represented the Department's estimate of the cost of the transaction. The accounting system, however, treated the encumbrance as though it was an actual expense and included the encumbered amount in the total amount used for billing. When the amount of the actual invoice was less than the encumbered amount and the difference was not properly credited to the grant, recorded expenditures exceeded actual costs. Furthermore, the practice of billing based on encumbrances is contrary to the Code of Federal Regulations (31 CFR 205.7(c)(5), which require that claimed costs be paid prior to the date of reimbursing the expense.

2. Out-of-Period Costs. The working papers questioned costs of \$451,101 representing out-of-period costs that either were not incurred until after the end of the grant period or were not paid until after submission of the final Financial Status Report. The Department should have requested an extension of the grant agreement until the invoices were paid, but instead drew down Federal Aid funds prior to receiving the invoices. The Code of Federal Regulations (43 CFR 12.63) state, "Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted." The regulation also states, "A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period . . . to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee." The audit working papers disclosed that during the 2 years under review, the Department was late in filing final financial status reports in over 50 percent of the cases. In addition, Grant No. P-3-1 (Swainson's Warblers) was not closed out as of December 31, 2000, although the final Financial Status Report was due on April 15, 2000. The review also found that the Department seldom requested an extension of the filing deadline from FWS.

3. Extension of Grant Period. In January 2001, FWS extended the grant period from June 30, 2000 to June 30, 2005 and increased the Federal share. The working papers indicated that the Department incurred additional costs after the end of the original grant period, which, together with the change in the Federal share, will affect the questioned cost amount. FWS should request the Department to provide updated documentation of amounts charged against the grant to determine the amount, if any, of the remaining questioned costs.

4. Excess Drawdown. This amount, which we presented as an excess encumbrance for ease of presentation, represents costs drawn down in excess of the Federal share. The Department also identified the error and proposed a credit of \$695. The auditors calculated that the amount should have been \$1,569, as follows:

Amount of Actual Expenses	\$1,306
Federal Participation	<u>33%</u>
Amount Eligible for Drawdown	<u>\$ 431</u>

Amount Drawn Down	\$2,000
Amount Eligible for Drawdown	<u>431</u>
Questioned Costs	<u>\$1,569</u>

The Code of Federal Regulations (31 CFR 205.7(c)(5)) requires that costs claimed be paid prior to the date of reimbursement of the expense. In this case, funds were drawn before the expenses were paid.

Recommendation

We recommend that FWS resolve the questioned costs of \$596,616.

Department and U.S. Fish and Wildlife Service Responses

The Department’s response addressed excess encumbrances and out of period costs as follows:

- The Department resolved \$110,282 of excess encumbrances by (a) offsetting questioned costs against excess grant costs for grants W-36-37 (\$2,809), W-41-14 (\$4,291), and F-60-3 (\$354); (b) returning excess drawdowns for grant FW-5-1 to the FWS through Smartlink (\$101,259) or (c) crediting grant P-3-1 (\$1,569) to reduce the overdrawn amount. The remaining questioned excess encumbrance costs totaling \$35,233 are unresolved.
- The Department was able to resolve \$15,116 of out-of-period costs by offsetting questioned costs against excess claimed costs for grants W-36-37 (\$14,147) and F-60-3 (\$969). In addressing the remaining \$435,885 of questioned out-of-period costs, the Department stated, “Funds were encumbered during the grant period for legitimate expenditures, in accordance with state purchasing procedures, but payment made after the grant period ended.”

The Department further stated that new procedures have been put in place that include guidelines for drawing down Federal funds and that these procedures will prevent excess drawdown of Federal funds.

The FWS did not provide a written response to the recommendation.

Office of Inspector General Comments

The Department’s response is sufficient to resolve \$125,398 of the questioned costs of \$596,616. The remaining \$471,118 is unresolved. The FWS should address the unresolved costs as part of the corrective action plan.

C. Program Income

The Code of Federal Regulations (43 CFR 12.65(b)) defines program income as “gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.” Also, Part 12.65(g)(1) of the regulations requires that “ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs.” The working papers identified \$99,269 of program income that was not properly identified in the grant agreement or reported on the final Financial Status Report.

Program Income	Grant No.	Fiscal Year 1998	Fiscal Year 1999	Total	Notes
Crop Allotment	W-36-37, -38	\$21,953	\$16,775	\$38,728	1
Hay Rental	W-36-37, -38	4,560	17,300	21,860	1
Project Wild Registration	F-44-10, -11	20,278	18,403	38,681	2
Total		<u>\$46,791</u>	<u>\$52,478</u>	<u>\$99,269</u>	

1. Crop Allotment and Hay Rental. Each year, the Department received an FWS Wildlife Development grant for, among other things, the operation and maintenance and habitat management of wildlife management area lands, including those acquired with license revenues and grant funds. In fiscal years 1998 and 1999, the Department received income totaling \$38,728 from crop allotments not identified to any specific allotment and income totaling \$21,860 from hay rentals on the Grand Bay Wildlife Management Area. Since Federal Aid funds were used in operating, maintaining and managing wildlife management areas, the crop allotment and hay rental income should have been reported as program income for the grants.

2. Project Wild Registration Fees. The Department received \$20,278 in fiscal year 1998 and \$18,403 in fiscal year 1999 from participant workshop fees related to the Project Wild, Aquatic Education program. The Department, however, had not identified this anticipated program income in the grant agreements and did not report the income on the Financial Status Reports. The working papers also noted that State legislation requires that all revenue generated must be spent in the current year in which it is received or it is credited to the State’s general fund. To avoid potential loss of this revenue, the Department amends any revenues into the current year’s grant budget. The working papers stated that the auditors verified that this revenue was spent on Project Wild related activities. However, the revenue should be identified in the grant agreement and reported on the Financial Status Report.

Recommendation

We recommend that FWS resolve the \$99,269 of unreported program income.

Department and U.S. Fish and Wildlife Service Responses

The Department stated that the hay rental and crop allotment do not meet the definition of program income. The Department added that these funds were not generated from land

purchased with Wildlife Restoration funds, and this revenue was not produced as a result of expenditure of Wildlife Restoration monies. The Department further stated that the contractors are responsible for all costs associated with hay production and the crop allotments existed on the lands when acquired by the Department.

Regarding the registration fees paid for Project Wild training workshops, the Department stated that the report is accurate in its statement that these funds were amended into the budget and spent on related activities. The Department added that they have implemented a process to account for the program income resulting from registration fees and the total for each fiscal year will be included in the annual Project Wild grant agreement.

The FWS did not provide a written response to the recommendation.

Office of Inspector General Comments

The information in the Department's response did not sufficiently justify the Department's position regarding the revenues from crop allotment and hay rental. The program income regulations are applicable to revenues from activities on any lands that are managed with Federal Aid funds, regardless of whether those lands were acquired with grant funds, license fees, or state funds. Revenues from the crop allotment and hay rental would be considered program income if Federal Aid funds were used for managing, monitoring, or supporting those activities, such as monitoring the activities to ensure compliance with lease terms or environmental regulations. The FWS needs to determine whether Federal Aid funds were used for those purposes and if so, require the Department to report those revenues as program income.

The Department's response was sufficient to resolve the part of finding regarding the Project Wild Registration fees.

D. Project Level Accounting

Some Federal Aid grants awarded during fiscal years 1998 and 1999, such as those for endangered species, provided funds for several projects under a single grant agreement. While the Department budgeted costs at the project level, it accumulated and reported costs at the grant level.

The working papers indicate that it is the Department's understanding that FWS Region 4 had approved that accounting would be done at the total grant level and not at the individual project level. Accordingly, the Department generally accounted for costs at the grant level and submitted its financial status reports on a total grant basis. However, the working papers also indicated that the Regional 4 guidance conflicts with the requirements of 43 CFR 12.80 and 43 CFR 12.70, which require costs to be accumulated and reported at the project level.

The regulations (43 CFR 12.80) require grantees to monitor grant and subgrant-supported activities to ensure compliance with Federal requirements and achievement of performance goals. The regulations (43 CFR 12.70) state that unless waived by an awarding agency, certain types of post-award changes in budgets and projects require prior written approval of the awarding agency. Further, 43 CFR 12.70(c)(ii) requires that "unless waived by the awarding agency, cumulative transfers among . . . separately budgeted . . . projects . . . which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding

agency's share exceeds \$100,000" require prior written agency approval. The working papers did not take exception to any costs as a result of actual expenditures exceeding cost limits. However, unless costs are accounted for on a project level, neither the Department nor FWS will know if project-level expenditures are exceeding the limits prescribed in 43 CFR 12.70(c)(ii).

Recommendation

We recommend that FWS resolve the issue of project versus grant agreement accounting.

Department and U.S. Fish and Wildlife Service Responses

Neither the Department nor the FWS provided a written response to the recommendation.

Office of Inspector General Comments

The FWS needs to respond to the recommendation and provide an action plan on how the recommendation will be resolved.

E. Control Over Personal Property

The working papers disclosed that the Department needed to improve its asset management system and internal controls relating to the accountability and disposal of personal property acquired with Federal Aid funds. Reviews of the system by the audit agency and by the State Auditor's Office in 1998 and 1999 found that prescribed controls were not operating as planned. The audit agency's test of 306 items identified the following deficiencies related to the Central Inventory System Listing:

- The Listing included 17 items that had been sent to surplus.
- The Listing included 2 items that were reported as stolen.
- The Listing included 8 errors related to the tag numbers and location of assets. These include items found in locations other than the location indicated on the inventory records, items with 2 inventory tag numbers, and transposition of the numbers of the inventory tag.
- The Listing did not include 3 items that should have been included.
- The Department did not provide inventory tags for 2 items.

The audit agency's test also identified 10 property items for which required numbered decals were missing or had not been provided. The numbered decals were used so that equipment ownership could be easily identified.

Recommendation

We recommend that FWS ensure that the Department develop and implement sufficient controls to correct the deficiencies in its asset management system.

Department and U.S. Fish and Wildlife Service Responses

The Department stated that they are in the process of conducting complete inventories at all office sites throughout the state and making appropriate entries into the asset management system from these inventories. The Department further stated that the property management system is completely accurate and up to date. The FWS did not provide a written response to the recommendation.

Office of Inspector General Comments

The Department's response was adequate to resolve and implement the recommendation.

F. Control Over Real Property

The working papers concluded that overall the Department's land management system was adequate to ensure that lands purchased with Federal Aid funds or restricted license revenues were properly used or disposed of in accordance with the Code of Federal Regulations (43 CFR 12.71) "Real Property." However, the auditors found differences between the listing of lands purchased with Federal Aid funds maintained by FWS Region 4 and the listing maintained by the Department.

Location	Acres			Notes
	Dept.	FWS	Difference	
Beaver Dam Wildlife Management Area	5,810	4,749	1,061	1
Horse Creek Wildlife Management Area	2,728	1,690	1,038	1
Sapelo Island Wildlife Management Area	10,922	16,000	5,078	2
Paradise Public Fishing Area	1,060	1,025	35	1
Marben Public Fishing Area	600	0	600	3

1. Beaver Dam and Horse Creek Wildlife Management Areas and Paradise Public Fishing Area. According to the working papers, the Department's records show that the 1,690 acreage difference was purchased with Federal Aid funds. The working papers did not indicate whether the differences for Beaver Dam and Paradise involved Federal Aid funds.

2. Sapelo Island Wildlife Management Area. The Department's records show that 15,568 acres of land were purchased, including 10,922 acres with Federal Aid funds. FWS Region 4 records show, depending on the documentation used, that either 16,000 acres or 10,041 acres were purchased with Federal Aid funds. Therefore, the difference in acreage ranges between 881 acres and 5,078 acres.

3. Marben Public Fishing Area. The Department used a 100-yard buffer area, valued at \$775,800, around the lakes at the Charlie Elliott Wildlife Center as its matching share for Grant No. F-56-5. The working papers indicate the 100-yard buffer zone equated to about 600 acres. The Department's land listing included in the working paper, however, did not identify what lands were used for the match. The land acquisition records obtained from FWS Region 4 did not include any acreage for the Marben Fishing Area.

Recommendations

We recommend that FWS coordinate with the Department to:

1. Reconcile the acreage differences identified for the Beaver, Horse Creek, and Sapelo Island Wildlife Management Areas and the Paradise Public Fishing Area and adjust the land records accordingly.
2. Identify and agree on the number of acres used as a match for the Marben Public Fishing Area and ensure that the acreage is properly reflected in the property records of both organizations.

Department and U.S. Fish and Wildlife Service Responses

The Department stated that there were some discrepancies between the listings of lands purchased with Federal Aid funds maintained by the FWS Regional Office and the listing maintained by the Department. The Department researched its files maintained by its Real Estate unit and reviewed supporting documentation such as closing statements and deeds, to document acreage purchased with Federal Aid funds and provided the information to FWS in letters dated September 25, 2002 and November 8, 2002.

The FWS did not provide a written response to the recommendation.

Office of Inspector General Comments

To resolve the recommendations, FWS should review the information submitted by the Department and ensure that the land records are adjusted as appropriate.

In accordance with the Departmental Manual (360 DM 5.3), please provide us with your written comments regarding the unresolved recommendations by April 7, 2003.

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.

If you have any questions regarding this report, please contact Mr. Gary Dail, Federal Assistance Audit Coordinator, at (703) 487-8011.

cc: Regional Director, Region 4
U.S. Fish and Wildlife Service

Appendix 1

**Summary of Claimed and Questioned Costs by Grant
Fiscal Years Ended June 30, 1998 and 1999**

Grant No.	Description	Period		Grant Amount	Total Claimed	Total Quest. Costs	Federal Share ¹	Unreported Program Income
		From	To					
E-1-20	Red-Cockaded Woodpecker	7/1/96	6/30/98	\$151,458	\$119,961	\$12,263	\$9,515	
E-1-21	Statewide End. Species	7/1/97	6/30/99	133,326	133,326	0		
E-1-22	Statewide End. Species	7/1/98	6/30/00	146,356	146,358	1,607	1,245	
E-3-12	Statewide End. Plants	7/1/97	6/30/99	61,334	61,334	12,250	9,188	
E-3-13	Statewide End. Plants	7/1/98	6/30/00	75,067	75,067	5,390	4,043	
E-4-9	Loggerhead Sea Turtles	7/1/97	6/30/99	72,001	72,001	0		
E-4-10	Coastal End. Species	7/1/98	6/30/00	76,001	76,001	0		
F-16-34	SE Cooperative Fish Disease Project	7/1/97	6/30/98	36,000	36,000	0		
F-16-35	SE Cooperative Fish Disease Project	7/1/98	6/30/99	36,000	36,000	0		
F-24-25	Coordination	7/1/97	6/30/98	329,600	343,234	0		
F-24-26	Coordination	7/1/98	6/30/99	308,544	398,675	0		
F-25-25	Northern Fisheries Investigations	7/1/97	6/30/98	453,336	473,726	0		
F-25-26	Northern Fisheries Investigations	7/1/98	6/30/99	453,336	542,491	0		
F-26-25	Walton Experiment Station	7/1/97	6/30/98	596,264	678,427	0		
F-26-26	Walton Experiment Station	7/1/98	6/30/99	593,008	670,578	0		
F-28-25	SE Fisheries Investigation	7/1/97	6/30/98	555,004	551,894	0		
F-28-26	SE Fisheries Investigation	7/1/98	6/30/99	507,004	536,051	0		
F-29-25	South Central Investigations	7/1/97	6/30/98	742,200	843,729	0		
F-29-26	South Central Investigation	7/1/98	6/30/99	742,200	892,097	0		
F-30-25	Coastal Investigations	7/1/97	6/30/98	416,004	480,083	0		
F-30-26	Coastal Investigations	7/1/98	6/30/99	416,000	464,409	0		
F-33-21	West Central Investigations	7/1/97	6/30/98	487,200	531,033	0		
F-33-22	West Central Investigations	7/1/98	6/30/99	446,248	556,259	0		
F-36-19	NW Investigations	7/1/97	6/30/98	359,420	345,318	0		
F-36-20	NW Investigations	7/1/98	6/30/99	375,420	411,491	0		
F-41-13	Boat Ramp	7/1/97	6/30/98	560,380	447,916	124,787	93,590	
F-41-14	Boat Ramp	7/1/98	6/30/99	600,000	*694,789	4,291		
F-42-12	Genetics & Breeding	7/1/97	6/30/98	17,336	17,334	0		
F-42-13	Genetics & Breeding	7/1/98	6/30/99	17,336	17,333	0		
F-44-10	Aquatic Education	7/1/97	6/30/98	105,080	179,221	0		\$20,278
F-44-11	Aquatic Education	7/1/98	6/30/99	105,080	200,535	0		18,403
F-48-5	Berrian County Fishing	3/1/98	6/30/99	1,466,672	1,460,490	248,577	186,433	
F-56-5	Marben Public Fishing	7/1/97	6/30/98	312,300	312,300	10,764	8,073	
F-56-6	Marben Public Fishing	7/1/98	6/30/99	80,668	80,668	0		
F-60-3	Cool Water Springs as Thermal Refuge	7/1/97	6/30/98	5,772	*17,503	1,323		

Grant No.	Description	Period		Grant Amount	Total Claimed	Total Quest. Costs	Federal Share ¹	Unreported Program Income
		From	To					
F-63-1	Bo Ginn Aquatic Education	10/1/96	9/30/97	120,000	112,000	0		
F-63-2	Bo Ginn Aquatic Education	10/1/97	9/30/99	200,000	200,000	0		
F-64-1	Aquatic Vegetation on Bass	7/1/97	6/30/98	71,200	71,200	4,684	3,513	
F-64-2	Aquatic Vegetation on Bass	7/1/98	6/30/99	62,640	62,640	50,896	38,172	
F-65-1	Stream Survey	7/1/98	6/30/99	173,200	206,246	0		
FW-5-1	Automated Sportsman Data System	4/1/98	6/30/00	2,876,356	2,863,853	101,259	101,259 ²	
P-3-1	Swainson's Warblers	7/1/97	1/15/00	15,645	2,000	1,569	1,569 ^{2,3}	
P-4-1	Neotropical Migratory Bird	7/1/97	6/30/00	12,510	0	0		
W-6-53	Coordination	7/1/97	6/30/98	126,000	133,114	0		
W-6-54	Coordination	7/1/98	6/30/99	126,000	87,734	0		
W-28-38	Wildlife Disease Study	7/1/97	6/30/98	12,120	12,120	0		
W-28-39	Wildlife Disease Study	7/1/98	6/30/99	12,120	12,120	0		
W-36-37	Statewide Wildlife Development	7/1/97	6/30/98	4,348,990	*4,787,406	16,956		26,513
W-36-38	Statewide Wildlife Development	7/1/98	6/30/99	4,215,708	4,734,965	0		34,075
W-55-7	Wildlife Surveys	7/1/97	6/30/98	88,000	190,075	0		
W-55-8	Wildlife Surveys	7/1/98	6/30/99	88,000	121,051	0		
W-57-7	Technical Guidance	7/1/97	6/30/98	227,000	249,987	0		
W-57-8	Technical Guidance	7/1/98	6/30/99	227,000	183,933	0		
W-59-3	Hunter Safety Education	7/1/97	6/30/98	533,334	1,127,961	0		
W-59-4	Hunter Safety Education	7/1/98	6/30/99	433,334	1,056,430	0		
W-61-1	Wildlife Research	7/1/97	6/30/98	89,500	8,714	0		
W-61-2	Wildlife Research	7/1/98	6/30/99	73,500	65,190	0		
	Total			<u>\$25,971,112</u>	<u>\$29,192,371</u>	<u>\$596,616</u>	<u>\$473,527</u>	<u>\$99,269</u>

¹ The Federal share is based on the percentage indicated by amounts shown on the grant agreement, which was generally 75 percent, but did vary.

² The total questioned costs and the Federal share are the same because the questioned amount was determined based on the amount of funds drawn down and not on the costs incurred.

³ The final Financial Status Report due April 15, 2000, had not been submitted as of December 2000, when the audit agency completed its fieldwork.

* Sufficient excess costs were claimed to offset the amount of questioned costs.

Management Issue

The working papers identified a management issue related to an internal control weakness regarding the Department's billing system drawdowns. Specifically, the working papers disclosed that the Department did not have written policies and procedures for performing drawdowns. The review found that the Department had no formal written procedures that described billing responsibilities; accounting records used; and the controls needed to ensure overbillings did not occur and the cutoffs were proper. Written procedures are necessary to prevent or reduce errors, such as basing drawdown amounts on the amounts encumbered rather than on the amounts expended, as discussed in the body of the report under "Questioned Costs." The Department should develop formal written procedures to address all aspects of its billing drawdown process.

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