



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

AUDIT REPORT

**U.S. Fish and Wildlife Service
Federal Assistance Grants
Administered by the
Commonwealth of Pennsylvania,
Fish and Boat Commission,
from July 1, 2002, through
June 30, 2004**

**Report No. R-GR-FWS-0009-2005
September 2005**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

External Audits

12030 Sunrise Valley Drive, Suite 230
Reston, Virginia 20191

September 1, 2005

AUDIT REPORT

Memorandum

To: Director
U.S. Fish and Wildlife Service

From: Andrew Fedak *Andrew Fedak*
Director of External Audits

Subject: Final Audit Report on the U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the Commonwealth of Pennsylvania, Fish and Boat Commission, from July 1, 2002, through June 30, 2004 (No. R-GR-FWS-0009-2005)

This report presents the results of our audit of costs claimed by the Commonwealth of Pennsylvania, Fish and Boat Commission (Commission), under its Federal Assistance grants from the U.S. Fish and Wildlife Service (FWS). The audit included claims that totaled approximately \$28.3 million on FWS grants that were open during the Commission's fiscal years ended June 30, 2003 and 2004 (see Appendix 1). We also reviewed the Commission's compliance with certain regulatory and other requirements, including those related to the collection and use of fishing license revenues and the reporting of program income.

We found that the Commission's annual license certifications were not accurate because individuals who held more than one fishing license were counted more than once. We also found that the Commission did not follow Commonwealth guidelines for placing identification tags on computer equipment.

The FWS Region 5 response dated August 12, 2005, concurred with Recommendation A regarding license certifications and is gathering additional information from the Commission regarding Recommendation B on property tags. We summarized the FWS and Commission's responses after the recommendations and added our comments regarding the responses. The status of the recommendations is summarized in Appendix 3.

In accordance with the Departmental Manual (361 DM 1), please provide us with your written response to the recommendations included in this report by December 1, 2005. Your response should include the information requested in Appendix 3. If you have any questions regarding this report, please contact me at 703-487-5345 or Mr. Tom Nadsady, Audit Team Leader, at (916) 212-4164.

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

Introduction

The Dingell-Johnson Sport Fish Restoration Act (Act) ¹ authorizes the U.S. Fish and Wildlife Service (FWS) to provide Federal Assistance grants to states to enhance their sport fish programs. The Act provides for FWS to reimburse the states up to 75 percent of the eligible costs incurred under the grants. It also specifies that state fishing license revenues cannot be used for any purpose other than the administration of the state's fish and game department.

Scope, Objective, and Methodology

We performed our audit at the Pennsylvania Fish and Boat Commission (Commission) headquarters in Harrisburg, Pennsylvania. The audit work at the Commission included claims that totaled approximately \$28.3 million on FWS grants that were open during the Commonwealth's fiscal years (SFYs) ended June 30, 2003 and 2004 (see Appendix 1). We also visited a regional office, 3 fish hatcheries, 1 maintenance shop, and 17 boat access facilities (see Appendix 2). The objective of our audit was to evaluate:

- the adequacy of the Commission's accounting system and related internal controls;
- the accuracy and eligibility of the direct and indirect costs claimed under the Federal Assistance grant agreements with FWS;
- the adequacy and reliability of the Commission's fishing license fees collection, certification, and disbursement processes;
- the adequacy of the Commission's asset management system and related internal controls with regard to purchasing, control and disposal; and
- the adequacy of the Commission's compliance with the Act's assent legislation requirements.

We performed our audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that we considered necessary under the circumstances. Our tests included an examination of evidence supporting selected expenditures charged by the Commission to the grants, interviews with employees to ensure that personnel costs charged to the grants were supportable, and a review of the Commission's use of fishing license revenues to determine whether the revenues had been used for the administration of the Commission. We did not evaluate the economy, efficiency, or effectiveness of the Commission's operations.

¹ As amended, 16 U.S.C. § 777.

Prior Audit Coverage

On November 4, 2002, we issued audit report No. 2003-E-0002, “Advisory Report on Costs Claimed by the Commonwealth of Pennsylvania Fish and Boat Commission, under Federal Aid Grants from the U.S. Fish and Wildlife Service from January 1, 1996 through December 31, 1997.” We followed up on all significant recommendations and found that all recommendations were resolved and implemented.

In addition, the Commonwealth of Pennsylvania Office of the Budget, Comptroller Operations, issued a Single Audit report on the Commonwealth of Pennsylvania for SFY 2003. The Sport Fish Restoration Program was not considered a major program and none of the reported findings impacted the Commission’s Federal Assistance grant program.

Results of Audit

We found that:

- The Commission’s accounting system and related internal controls adequately and accurately accounted for grant and license fee receipts and disbursements.
- The direct and indirect costs were accurately reported and claimed.
- Except for the issue in finding A, the Department’s fishing license fees collection, certification, and disbursement processes were adequate and reliable.
- Except for the issue in finding B, the asset management system was adequate for identifying and tracking personal and real property with regard to acquisition, control, and disposal.
- The State had adequate legislation that assented to the provisions of the Act and prohibited the use of license fees for anything other than the administration of the Commission.

However, we found that:

- A. The Commission’s annual license certifications to FWS were not accurate because individuals who held more than one fishing license were counted more than once.
- B. The Commission did not apply identification tags on its computer equipment, as required by the Commonwealth regulations.

A. License Certifications

The numbers of fishing license holders reported by the Commission in its license certifications for license years 2001 and 2002 were likely overstated because individuals who purchased more than one fishing license during the year were counted more than once.

According to 50 CFR § 80.10 (c) (5), “The State fish and wildlife director, in certifying license information to the [U.S. Fish and Wildlife Service] Director, is responsible for eliminating duplication or multiple counting of single individuals in the figures which he certifies.” In addition, the FWS Manual section 522, paragraph 2.7(1) provides, “States may use a statistical survey to eliminate duplicate counting of licenses that they may issue to a person. They should conduct a new survey at least every 5 years, or sooner if there has been a change in the license structure.”

We found that the Commission did not have a process for identifying individuals who had purchased more than one fishing license during the year and ensuring that those individuals were counted only once in the license certifications. For example, an individual who purchased two 3-day “tourist” licenses and subsequently an annual nonresident license for the remainder of the year would likely be counted as three license holders.

A Commission official stated that he misinterpreted the regulations and considered each license sale unique, and that although the Commission did not count reissued licenses for those that were lost, they believed multiple sales to a single individual was not duplication. In addition, the Commission’s manual process for managing license sales cannot readily be used to identify duplicate license holders, and the Commission has not developed a statistical method to eliminate duplicate holders.

The calculation of the annual state apportionment of FWS Sport Fish Restoration Program funds is based, in part, on the number of license holders. Therefore, accurate counts are necessary to assure that each state receives its fair share of funds.

Recommendation

We recommend that FWS require the Commission to develop and implement procedures for the elimination of duplicate or multiple license holders.

Commission Response

The Commission stated that past audits and reviews have determined that the frequency of repeat buyers is extremely low and that it would not be cost effective or economically feasible to identify a handful of duplicate license buyers. The Commission anticipates implementing an automated license sales and distribution system by the 2008 license season.

FWS Response

FWS stated that it concurs with the recommendation.

OIG COMMENTS

The Commission's response did not include documentation supporting its comments on the frequency of repeat buyers and costs effectiveness of performing a statistical survey. Although FWS concurred with the recommendation, additional information is needed concerning the actions taken or planned to resolve the finding and implement the recommendation. This information should be included in the corrective action plan.

B. Property Tags

The Commission did not follow Commonwealth guidelines on assigning agency property tag numbers and placing them on computer equipment. Based on our interviews of Commission officials and our review of the computer inventory listing, we determined that the inventory listing generally did not contain identification numbers to identify a specific item on the list as Commission property.

The Governor's Office Manual M245.4, Policy for Personal Computer and Network Chapter III states, "All hardware must have an agency inventory identification tag." Department officials stated they were not aware of this requirement and that they used the equipment serial number as an alternative. However, serial numbers were only documented for 33 of the 353 items on the computer inventory and serial number do not meet the requirement to identify the owning agency. The use of property identification numbers and tags is an important internal control for managing personal property effectively.

Recommendation

We recommend that FWS ensure that the Commission has adequate inventory controls in place for managing its computer equipment which conform to the requirements in the Governor's Manual and/or the Commission's procedures, as appropriate, based on a determination of whether the Commission is subject to the Governor's Office Manual.

Commission Response

The Commission stated that it is an independent commission and is not subject to the policies and management directives issued by the Governor's office. The Commission also stated that it has its own hardware and inventory control system.

FWS Response

FWS stated that it is gathering additional information from the Commission regarding the recommendation.

OIG COMMENTS

Based on the Commission's comment that the Governor's Office Manual does not apply to the Commission, we have revised the recommendation. As such, the finding is considered unresolved and the recommendation unimplemented. Additional information is needed concerning the Commission's response. This information includes support for the statement that the Commission is not subject to the requirements in the Governor's Office Manual and a detailed description of the Commission's own inventory management system, including the controls in place to ensure the integrity of that system. This information should be included in the corrective action plan, which should also identify the actions taken or planned to resolve the finding and implement the recommendations.

**PENNSYLVANIA FISH AND BOAT COMMISSION
FINANCIAL SUMMARY OF REVIEW COVERAGE
JULY 1, 2002 THROUGH JUNE 30, 2004**

Grant Number	Grant Amount	Claimed Costs*
F-30-D-39	\$1,942,000	\$1,750,198
F-30-D-40	2,112,000	1,905,428
F-30-D-41	2,208,000	1,867,280
F-57-R-25	4,111,950	5,320,145
F-57-R-26	5,048,000	4,715,299
F-57-R-27	5,200,000	4,724,897
F-61-T-22	1,360,000	1,438,041
F-61-T-23	1,415,000	1,367,029
F-61-T-24	1,326,000	1,424,005
F-69-E-14	480,000	459,305
F-69-E-15	446,000	381,599
F-69-E-16	425,000	483,124
F-71-R-13	286,000	286,535
F-71-R-14	294,000	300,806
F-71-R-15	298,000	280,918
F-74-D-12	2,100,000	998,398
F-74-D-13	2,584,000	599,087
	\$31,635,950	\$28,302,094

* Includes the amounts recorded during the audit period, including indirect costs.

PENNSYLVANIA FISH AND BOAT COMMISSION SITES VISITED

Regional Offices

Pleasant Gap

Fish Hatcheries

Benner Springs

Huntsdale

Pleasant Gap

Maintenance Shop

Maintenance Area IV, Speedwell Forge

Boat Access Facilities

Auburn Dam Access

Bald Eagle Creek Access

Falmouth Access

Five Locks Access

Frenchville Station Canoe Access Area

Good Hope Access

Hyner Hand Launch Area

Long Pine Reservoir Access

Marietta Access

Muskrat Spring Access Area

North Bend Access

PA State Flaming Foliage Canoe Access

Speedwell Forge Lake

Susquehanna River Access (Columbia)

Thompsontown Access Area

Walker Access Area

Wrightsville Access

**PENNSYLVANIA FISH AND BOAT COMMISSION
STATUS OF AUDIT FINDINGS
AND RECOMMENDATIONS**

Recommendations	Status	Action Required
A	Management Concur; Additional Information Needed	Provide a corrective action plan that identifies the actions taken or planned to resolve the finding and implement the recommendation. The plan should also include the target date and the official responsible for implementation of the recommendation. If the recommendation is not implemented at the end of 90 days (after December 1, 2005), it will be referred to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.
B	Finding Unresolved and Recommendation Not Implemented	Provide a corrective action plan that identifies the actions taken or planned to resolve the finding and implement the recommendation, as well as the basis for any disagreement with the recommendation. The plan should also include the target date and the official responsible for implementation of the recommendation. If the recommendation is not implemented at the end of 90 days (after December 1, 2005), it will be referred to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.

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