



**Department of the Interior  
Office of Inspector General**

# **AUDIT REPORT**

**U.S. Fish and Wildlife Service  
Federal Assistance Program Grants  
Awarded to the State of Maine,  
Department of Inland Fisheries and Wildlife,  
From July 1, 2003, Through June 30, 2005**

**Report No. R-GR-FWS-0016-2005**

**December 2007**



# United States Department of the Interior

**OFFICE OF INSPECTOR GENERAL**  
12030 Sunrise Valley Drive, Suite 230  
Reston, VA 20191

December 11, 2007

## AUDIT REPORT

### Memorandum

To: Director  
U.S Fish and Wildlife Service

From: Christina M. Bruner *Christina M. Bruner*  
Director of External Audits

Subject: Audit on the U.S. Fish and Wildlife Service Federal Assistance Program Grants  
Awarded to the State of Maine, Department of Inland Fisheries and Wildlife,  
From July 1, 2003, Through June 30, 2005 (No. R-GR-FWS-0016-2005)

This report presents the results of our audit of costs incurred by the State of Maine (State), Department of Inland Fisheries and Wildlife (Department), under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the State under the Federal Assistance Program for State Wildlife Restoration and Sport Fish Restoration (Federal Assistance Program). The audit included claims totaling approximately \$17.3 million on 41 grants that were open during State fiscal years (SFYs) ended June 30 of 2004 and 2005 (see Appendix 1). The audit also covered Department compliance with applicable laws, regulations, and FWS guidelines, including those related to the collection and use of hunting and fishing license revenues and the reporting of program income.

We found that the Department complied, in general, with applicable grant accounting and regulatory requirements. However, we developed findings pertaining to license revenue, the reporting of program income, procedures for documenting in-kind (noncash) contributions, documentation to support drawdowns, and the accuracy of both land records and the number of hunting and fishing license holders the Department reported to FWS.

We provided a draft report to FWS and the Department. The Department's response was prepared by officials from the State's Natural Resources Service Center (NRSC). We summarized the NRSC and FWS Region 5 responses after each recommendation, as well as our comments on the responses. We list the status of each recommendation in Appendix 3.

Please respond in writing to the findings and recommendations included in this report by March 10, 2008. Your response should include information on actions taken or planned, targeted completion dates, and titles of officials responsible for implementation.

If you have any questions regarding this report, please contact the audit team leader, Mr. Bob Leonard, or me at 703-487-5345.

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

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## Introduction

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### Background

The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act (Acts)<sup>1</sup> established the Federal Assistance Program for State Wildlife Restoration and Sport Fish Restoration. Under the Federal Assistance Program, FWS provides grants to States to restore, conserve, manage, and enhance their sport fish and wildlife resources. The Acts and federal regulations contain provisions and principles on eligible costs and allow FWS to reimburse States up to 75 percent of the eligible costs incurred under the grants. The Acts also require that hunting and fishing license revenues be used only for the administration of the State's fish and game agency. Finally, federal regulations and FWS guidance require States to account for any income they earn using grant funds.

### Objectives

Our audit objectives were to determine if the Department:

- claimed the costs incurred under Federal Assistance Program grants in accordance with the Acts and related regulations, FWS guidelines, and the grant agreements;
- used State hunting and fishing license revenues solely for fish and wildlife program activities; and
- reported and used program income in accordance with federal regulations.

### Scope

Audit work included claims totaling approximately \$17.3 million on the 41 grants that were open during SFYs ended June 30 of 2004 and 2005 (see Appendix 1). We reported only on the conditions that existed during this audit period. We performed our audit at Department headquarters in Augusta, ME. We also visited one regional office, two fish hatcheries, two wildlife management areas, three water access sites, and a wildlife park (see Appendix 2). We performed the audit to supplement, not replace, the audits required by the Single Audit Act Amendment of 1996 and by Office of Management and Budget Circular A-133.

### Methodology

We performed our audit in accordance with the "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and

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<sup>1</sup> 16 U.S.C. §§ 669 and 777, as amended, respectively.

conclusions based on our audit objectives. We tested records and conducted auditing procedures as necessary under the circumstances. We believe that the evidence obtained from our tests and procedures provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our tests and procedures included:

- examining the evidence that supports selected expenditures charged to the grants by the Department;
- reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income;
- interviewing Department employees to ensure that personnel costs charged to the grants were supportable;
- conducting site visits to inspect equipment and other property;
- determining whether the Department used hunting and fishing license revenues solely for sport fish and wildlife program purposes; and
- determining whether the State passed required legislation assenting to the provisions of the Acts.

To the extent possible, we relied on the work of the Office of the State Controller and the State Department of Audit, which helped us to avoid duplication of audit effort.

We also identified the internal controls over transactions recorded in the labor and license fee accounting systems and tested their operation and reliability. Based on the results of initial assessments, we assigned a level of risk to these systems and selected a judgmental sample of transactions recorded in these systems for testing. We did not project the results of the tests to the total population of recorded transactions or evaluate the economy, efficiency, or effectiveness of Department operations.

### **Prior Audit Coverage**

On January 14, 2003, we issued “Final Advisory Report on Costs Claimed by the State of Maine Department of Inland Fisheries and Wildlife Under Federal Aid Grants from the U.S. Fish and Wildlife Service from July 1, 1996 through June 30, 1998” (Report No. 2003-E-0009). We followed up on all recommendations in the report and found that the Department of Interior, Office of the Assistant Secretary for Policy, Management and Budget considered them to be resolved and implemented.

We reviewed Maine's Comprehensive Annual Financial Reports and Single Audit Reports for SFYs 2004 and 2005. None of these reports contained any findings that would directly impact the Department's Federal Assistance Program grants or programs under the grants. In addition, the Department's Federal Assistance Programs were not selected for compliance testing in either the SFYs 2004 or 2005 Single Audits.

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## Results of Audit

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### Audit Summary

We found that the Department complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. However, we identified several conditions that resulted in the findings listed below. We discuss the findings in more detail in the Findings and Recommendations section.

**Risk for Diversion of License Revenues.** The Department lacks sufficient controls to ensure it expends license revenue on eligible activities.

**Unreported Program Income.** The Department did not account for program income earned under its Regional Wildlife Management Project Grant in accordance with federal regulations or State and FWS policies.

**Inadequate Controls for Documenting In-Kind Contributions.** The Department could not readily demonstrate the accuracy of the numbers used to calculate the value of hours donated by volunteers under Federal Assistance Program grants.

**No Documentation to Support Drawdowns.** The Department was unable to provide documentation to demonstrate that it incurred the federal and State share of costs before requesting reimbursement for (drawing down) the federal share of costs.

**Inaccurate Real Property Records.** As a result of deficiencies in the Department's land records, the Department has no assurance that land purchased with federal funds is used for its originally intended purpose.

**Duplicate and Invalid License Holders Not Removed From Certification.** The Department used adjustment factors from an outdated survey to eliminate potential duplicate license holders from its certifications, and the certifications did not include adjustments to eliminate all lifetime licensees who no longer remain license holders.

### Findings and Recommendations

#### A. Risk for Diversion of License Revenues

The Department earns revenue from the sale of hunting and fishing licenses. The Acts and related regulations require the State to use such license revenue for the administration of the State fish and wildlife agency. However, legislation that the State passed to assent to the provisions of the Acts may not be adequate to prevent the diversion of license revenue to ineligible activities. Additionally, the Department does not have adequate controls in place to ensure it expends all of its license revenue on fish and wildlife program activities.

The Code of Federal Regulations (50 C.F.R. § 80.3) allows a State to participate in the benefits of the Acts only after it passes legislation which assents to the provisions of the Acts and prohibits the diversion of hunting and fishing license revenue to purposes other than administration of the fish and wildlife agency. Section 80.4 also requires States to expend license revenue only on fish and wildlife activities and specifies that license revenue includes interest earned on proceeds from license sales. The FWS Manual (522 FW 2.4, Grantee Administration) requires that States monitor legislation that may modify the basic assent legislation or that may divert license fees.

The State Legislature passed assent legislation.<sup>2</sup> However, in 1989, the State Legislature passed additional legislation that directs the Department to deposit funds from license sales as undedicated revenue to the Treasury's general fund. The statute<sup>3</sup> does not specifically prohibit the diversion of license revenues to non-fish and wildlife program activities. As a result, the 1989 statute may leave the State in noncompliance with the assent legislation requirements of the Acts.

Additionally, the Department does not adequately track expenditures of license revenues. As required by the 1989 legislation, the Department deposits license revenue into the Treasury's general fund. Each year, the Department's appropriation includes an amount equal to the license revenues collected the prior year plus the interest earned on those revenues. The appropriation also includes funding for non-fish and non-wildlife activities, such as licensing, registering, and enforcing laws related to all-terrain vehicles, boats, and snowmobiles.<sup>4</sup> The accounting system does not differentiate between expenses paid for with license revenue and those paid for with other funds.

***Examples of Adequate Controls***

Some States have a dedicated fund for license revenues to allow for tracking of license revenue and expenditures.

Other States' accounting systems track the expenditure of license revenue and can calculate eligible expenditures from the accounting system.

The Department's inability to track the source of revenue used to pay for expenses leaves it vulnerable to diverting license revenue to unallowable purposes. We reviewed documentation provided by the Department to determine whether it expended license revenue appropriately. Based on our review, we notified the Department and FWS that the Department may have inappropriately spent \$176,402 in license revenue. Department officials subsequently provided us with additional information, and we concluded that they did not divert license revenues in SFY2004.

However, the effort involved in demonstrating there was no diversion of license revenue indicates that the Department lacks adequate controls to ensure it expends the revenue as required. We therefore believe that action needs to be taken to ensure that the expenditures for eligible fish and wildlife program activities meet or exceed the amount of license revenues collected.

<sup>2</sup> The legislation was codified in the Maine Revised Statutes Annotated (MRSA), Title 12, Section 10106, Item 1.

<sup>3</sup> MRSA, Title 12, Section 10801, Item 4.

<sup>4</sup> Processing hunting and fishing licenses is an eligible use of hunting and fishing license revenues, while licensing all-terrain vehicles, boats, and snowmobiles is not an eligible use.



At our exit conference, Department officials told us that they would continue to work with NRSC, which is responsible for the Department's accounting function, to ensure that they track expenditures sufficiently. Officials also told us they believe that the deposit of license revenues into the general fund is appropriate if the revenues are used for the purposes allowed by the Acts. The FWS (Region 5) Federal Assistance Chief told us that he would request legal advice from the Solicitor's Office and work with the Department to determine if the 1989 statute meets the intent of the Acts' prohibition against the diversion of license revenues.

## **Recommendations**

We recommend that FWS:

1. require the Department to develop, at a minimum, a formal accounting procedure and perform it at the end of each fiscal year to demonstrate that the license revenues collected were spent only for eligible fish and wildlife program activities and to restore any funding that is determined was spent inappropriately; and
2. work with the Solicitor's Office and the Department to determine if the 1989 statute meets the intent of the Restoration Acts' prohibitions against the diversion of license revenues. If the statute does not meet the intent of the Acts, then FWS should request that the Department seek legislation to amend the statute.

## **NRSC Response**

To ensure the Department does not divert license revenues to unallowable purposes, NRSC officials stated that the Department and NRSC would implement and maintain new procedures. These procedures will include preparing, on a quarterly basis, spreadsheets that separate the restricted license revenue and expenditures from unrestricted revenue and expenditures. NRSC gave a targeted completion date of June 30, 2008.

## **FWS Response**

FWS regional officials concurred with the findings and recommendations and stated that they would work with the State to develop a corrective action plan that will resolve all of the findings.

## **OIG Comments**

FWS regional management concurs with the recommendations and NRSC officials indicated that they are taking action to address the first recommendation and have a targeted completion date for the action. However, we note that NRSC did not address the second recommendation. The corrective action plan should contain:

- actions taken or planned to address both recommendations A.1 and A.2,

- targeted completion dates,
- titles of officials responsible for the specific actions taken or planned to resolve and implement the recommendations, and
- verification that FWS officials reviewed and approved the actions taken or planned by the Department and NRSC.

## B. Unreported Program Income

Federal regulations allow grantees to earn income from grant-supported activities, but require grantees to account for the “program income” using an agreed upon method. The Department earned, but did not report, program income under Regional Wildlife Management Project Grant W-81-D-19. The grant funded, in part, the Department’s land management activities.

In reporting program income, the Department must comply with several federal, State, and FWS requirements, as described in Table 1.

**Table 1. Program Income Reporting Requirements**

GOVERNING REQUIREMENT	DESCRIPTION
<b>43 C.F.R. § 12.65 (Federal Regulation)</b>	Program income is gross income a grantee receives that is directly generated by a grant-supported activity or earned only from the grant agreement.
	Grantees ordinarily deduct program income from total grant costs to determine the net allowable costs. With FWS approval, the grantee may: 1) add program income to the project funds (additive method) or 2) use it to meet the matching requirement.
<b>Requirements From the State Legislature</b>	In 2002, the State Legislature allowed the Department to establish a special account, the resources management land account, to track revenues and expenses from the Department’s land management operations.
	In allowing the Department to create this account, the State stipulated that revenues received from land management activities—such as timber sales, land leases, and miscellaneous fees—be dedicated to the Department’s Wildlife Division for activities conducted on its wildlife management areas.

GOVERNING REQUIREMENT	DESCRIPTION
<b>FWS Agreement, Effective December 23, 2004</b> (applies to the Department's approximately 100,000 acres of wildlife management areas)	The agreement requires revenues earned from timber sales, land leases, and other land management activities to be treated as program income and to be deposited and tracked in the resources management land account.
	The agreement also requires the Department to report program income to the FWS on the financial status reports and to use the additive method for reporting program income.

The Department's accounting records show that it collected miscellaneous income of \$381,552 during SFY2005, including \$87,152 in program income. The Department also earned \$49,789 from timber sales in SFY2005. We identified the following problems with the Department's accounting for program income.

- The Department did not deposit into the resources management land account the \$49,789 in timber revenue earned. The Department should have done so, to comply with requirements from the State legislature. The Department also failed to categorize this revenue as program income, as required under the 2004 agreement with FWS.
- The Department did not report to FWS any of the \$136,941 of program income earned under grant W-81-D-19 (including the \$87,152 identified in the accounting system as program income and the \$49,789 from timber sales).
- The Department did not have documentation to demonstrate whether any of the remaining miscellaneous income of \$294,400 (\$381,552 less the \$87,152 recorded as program income) should have been deposited into the resources management land account and reported as program income.

Current Department staff did not know the source of the program income recorded in the resource land management account and were unaware that they should have reported program income to FWS on the financial status reports. We believe that staff turnover contributed to the problem. Department officials told us that the individual who maintained the accounting records for grant W-81-D-19 left the Department. The officials also told us that in November 2005, they sent cash receipts supporting the miscellaneous income received to the NRSC as part of a reorganization that centralized the accounting function. However, NRSC officials could not locate the receipts.

Subsequent to our audit fieldwork, Department officials agreed that the program income related to grant W-81-D-19 should have been reported on the financial status report. Officials provided us a copy of an amended report which shows the program income. Additionally, based on additional information NRSC officials provided after our fieldwork ended, we determined the \$294,400 was not program income. However, the Department should maintain adequate documentation to support its determination of whether revenue received is or is not program income.

## **Recommendations**

We recommend that FWS require the Department to:

1. issue a policy memorandum that reinforces the need to deposit all revenues generated by land management activities into the resources management land account as program income,
2. maintain appropriate documentation for each of the deposits, and
3. report all program income to FWS on the financial status reports.

## **NRSC Response**

NRSC officials did not specifically concur or not concur with the three recommendations. Officials did state that the Department and NRSC have reinforced the policy that all program income generated by land management activities be deposited to the account established specifically to track these revenues. Officials also stated that it is the policy of both the Department and NRSC that appropriate documentation should be retained to support each deposit amount into this account. Officials further stated that the program income related to grant number W-81-D-19 was resolved with the Department's filing of an amended financial status report. Officials indicated that they believe the recommendations were implemented.

## **FWS Response**

FWS regional officials concurred with the findings and recommendations and stated that they would work with the State to develop a corrective action plan that will resolve all of the findings.

## **OIG Comments**

FWS regional management concurs with the recommendations and NRSC indicated that they have taken actions to address the three recommendations. However, additional information is needed in the corrective action plan, including:

- the (targeted) completion dates,
- titles of officials responsible for the specific actions taken or planned to resolve and implement the recommendations, and
- verification that FWS officials reviewed and approved the actions taken by the Department and NRSC.

### **C. Inadequate Controls for Documenting In-Kind Contributions**

The Acts require States to expend at least 25 percent of grant costs using non-Federal funds. The Department used the value of volunteer instructor hours as the State share of costs on hunter/trapper education program grants. States may use such in-kind (noncash) contributions to meet the State “matching” requirement. However, it took the Department several months to provide adequate documentation to support the \$350,313 in in-kind contributions claimed. We therefore concluded that the Department had inadequate controls to ensure it accumulated adequate in-kind contributions to meet the State matching requirement.

To comply with federal regulations (2 C.F.R. § 225.55 C1(j)), the Department must adequately document both the federal and State share of grant expenses. When claiming volunteer services as in-kind (non-cash) contributions to meet the State share of costs, they must document the value of those contributions using the same method used to support regular personnel costs, to the extent feasible (see 43 C.F.R. § 12.64(b)(6)).

Department personnel calculated the value of in-kind contributions by multiplying an hourly rate by the hours volunteered. Department officials were initially unsure of which of two different hourly billing rates were used in the calculation of in-kind contributions.

The Department also initially provided us with three sources of information to attempt to support the claimed hours volunteered: volunteer instructor time sheets, summary reports prepared by each chief instructor of total hours worked by all volunteers for each class, and a database containing the number of volunteer hours. We found the following problems with these supporting documents:

- Department personnel could not locate all the volunteer instructor time sheets.
- Volunteer instructor time sheets listed different hours than those recorded on the summary reports.
- Information in the database was not reliable because the accumulated hours recorded in it were not reconciled to the hours shown on the volunteer instructor time sheets.

To comply with 43 C.F.R. § 12.64(b)(6), only the hours recorded by individual volunteers and certified by the chief instructor should be included as in-kind match.

After we notified the Department and FWS of our potential finding in this area, the Department provided us with the hourly rates used and with a sufficient number of time sheets to support the amounts claimed as the State matching share on the financial status reports. However, without adequate controls and processes to document up-front the in-kind contributions claimed, the Department is at risk of not incurring its required share of State costs under the grants.

Department and NRSC officials told us that the Department developed record-keeping procedures (dated March 21, 2007) and reinforced existing policy with its program staff on the importance of maintaining proper documentation.

### **Recommendation**

We recommend that FWS review the Department's March 21, 2007 procedures to ensure the procedures will adequately a) limit the amount claimed as the in-kind State matching share of costs on the hunter/trapper education program grants to those volunteer instructor hours that are certified on individual timesheets and b) ensure Department personnel use the appropriate hourly billing rates.

### **NRSC Response**

NRSC officials stated that the Department concurred with the recommendation. Officials also stated that the Department had developed procedures for in-kind contributions.

### **FWS Response**

FWS regional officials concurred with the finding and recommendation and stated that they would work with the State to develop a corrective action plan that will resolve all of the findings.

### **OIG Comments**

While FWS regional management concurs with the recommendation, additional information is needed in the corrective action plan, including:

- the completion dates,
- titles of officials responsible for the specific actions taken to resolve and implement the recommendation, and
- verification that FWS officials reviewed and approved the actions taken by the Department.

## **D. No Documentation to Support Drawdowns**

Grantees are required to expend both the federal and State matching share of grant costs before they request reimbursement for (draw down) the federal share of costs (50 C.F.R. § 80.16). In other words, FWS may only reimburse, rather than fund up front, grant expenses. Federal regulations require grantees to maintain records for 3 years (43 C.F.R. § 12.82). Department personnel were unable to provide documentation to demonstrate that they incurred the grant costs before they actually drew down the federal share of costs.

Officials told us the accountant who originally prepared the documentation for the drawdowns no longer works for the Department. They also told us the documents supporting the drawdowns for SFYs 2004 and 2005 were sent to NRSC, an agency outside the Department, because the accounting function was transferred to that agency. However, neither NRSC nor the Department could locate the drawdown information.

Although the Department could not demonstrate that they complied with requirements on the timing of reimbursements (after expenses were incurred), they did maintain documentation on the items on which they expended grant funds. We tested 95 items valued at \$923,664 and found the Department expended grant funds for allowable purposes. We are therefore not questioning the amounts claimed for reimbursement.

Subsequent to our audit fieldwork, Department and NRSC officials stated that they would work with FWS to verify that both the federal and State share of costs were incurred at the time funds were drawn. They also stated that they established and implemented procedures (dated May 2007) to ensure that all future draws are fully documented before funds are drawn. They further stated that NRSC would maintain such records for 3 years after the last action of each grant.

### **Recommendations**

We recommend that FWS:

1. work with the Department to determine if they had incurred both the federal and State share of costs at the time they drew down funds, and
2. review the Department's May 2007 procedures to determine if the procedures adequately ensure that sufficient documentation is available to demonstrate they incurred the federal and State share of costs before drawdowns are made.

### **NRSC Response**

NRSC officials stated that the Department concurred with the finding. Officials also stated that they have established and implemented procedures for drawdowns.

### **FWS Response**

FWS regional officials concurred with the findings and recommendations and stated that they would work with the State to develop a corrective action plan that will resolve all of the findings.

### **OIG Comments**

FWS regional management concurs with the recommendations, and NRSC officials indicated action has been taken to address recommendation D.2. However, they did not address recommendation D.1. The corrective action plan should contain:

- actions taken or proposed to address both recommendations D.1 and D.2,
- (targeted) completion dates,
- titles of officials responsible for the specific actions taken or planned to resolve and implement the recommendations, and
- verification that FWS officials reviewed and approved the actions taken by the Department and NRSC.

#### **E. Inaccurate Real Property Records**

Federal regulations and FWS guidance require States to maintain records on land purchased with Federal Assistance Program funds, and to ensure control of land purchased with grant funds and license revenue. The Department's real property (land) records did not always identify the source of funding used to acquire lands and did not match FWS land records. The Department's records identified \$6 million in lands purchased with "Federal" funds, while FWS records show the Department spent \$4 million in Federal Assistance Program funds on land. The Department's land records also failed to identify any lands purchased with license revenues.

Under 50 C.F.R. § 80.19, each State must maintain current and complete property records in accordance with the requirements contained in the FWS Manual (FW) and OMB Circular A-102. In addition, 50 C.F.R. § 80.18 and 522 FW 1.16 require each State to maintain control of assets acquired with Federal Assistance Program grant funds and to assure that they are used for the purpose for which they were acquired. Further, 50 C.F.R. § 80.4 extends the same requirements to assets acquired with license revenues.

The Department has not (1) developed policies and procedures that require land acquisitions to be identified by the source of funding or (2) reconciled their land records with FWS land records. As a result, the Department's land records are not adequate to ensure lands purchased with Federal Assistance Program funds are being used for their intended purposes, and whether any lands were purchased with license revenues.

Subsequent to our audit fieldwork, Department officials agreed that many of the older land records were incomplete. They also agreed to:

- develop policies and procedures requiring the identification of the funding sources used for all land acquisitions;
- review historical records to 1) identify the funding sources for current land acquisitions, 2) add missing information, and 3) confirm existing information;
- work with the FWS and the Maine Office of the State Controller (OSC) to establish a complete and accurate list of all land acquired with Federal Assistance Program grant funds and license revenues; and



- reconcile its land records with the FWS land records and the OSC land records.

## **Recommendations**

We recommend that FWS:

1. review and approve the policies and procedures that require the identification of the source of funding used for all land acquisitions, and

and require the Department to:

2. update its land records and identify all lands acquired with Federal Assistance Program grant funds and license revenues and
3. reconcile its land records with FWS land records.

## **NRSC Response**

NRSC officials concurred with the finding. Officials stated that the Department had: (1) developed policies and procedures that require the identification of the source of funding and (2) worked with FWS to establish a list of lands acquired with Federal Assistance Program grant funds. Officials also stated that the Department will reconcile its land records with FWS land records and to OSC land records. The targeted completion date is June 30, 2008.

## **FWS Response**

FWS regional officials concurred with the findings and recommendations and stated that they would work with the State to develop a corrective action plan that will resolve all of the findings.

## **OIG Comments**

FWS regional management concurs with the recommendations and NRSC indicated that the Department has taken actions to address the first two recommendations (and will take action to address the third recommendation). The corrective action plan should also contain:

- the (targeted) completion dates,
- titles of officials responsible for the specific actions taken or planned to resolve and implement the recommendations, and
- verification that FWS officials reviewed and approved the actions taken or planned by the Department.

## **F. Duplicate and Invalid License Holders Not Removed From Certification**

States must report the number of paid hunting and fishing license holders and certify the accuracy of their counts (50 C.F.R. §§ 80.10 (a) and (b)). They may count each individual only once (50 C.F.R. § 80.10 (c)(5)). The Department used adjustment factors from a 1996 statistical survey to eliminate potential duplicate license holders when it prepared its annual hunting and fishing license certifications for license years ended December 31 of 2004 and 2005. However, the survey is outdated and may no longer be valid. In addition, the certifications did not include adjustments to eliminate all lifetime licensees that no longer remain license holders, although the regulations require them to do so (50 C.F.R. § 80.10 (c)(3)).

The FWS Manual (522 FW 2.7(1), Grantee Administration) recommends that surveys to determine and adjust for duplicate license holders be conducted every 5 years or sooner, if there is a change in the license structure. Department officials told us that they continued using the 1996 adjustment factors to eliminate duplicate hunting and fishing license holders because they were not aware of the requirement to update the surveys at least once every 5 years. They also told us that they were not aware of the need to adjust for the number of lifetime licenses because they only began selling these licenses in 2000.

The number of paid license holders reported by the Department could therefore be overstated. Because the State receives its annual sport fish and wildlife apportionments of grant funds based, in part, on the number of license holders, we believe that accurate counts are necessary to assure that each State receives its fair share of funds.

Subsequent to our audit field work, Department officials informed us that they would (1) work with FWS to revise the adjustment factors and (2) perform a review of the June 30, 2006 certification to ensure that lifetime license holders are accurately counted.

### **Recommendations**

We recommend that FWS require the Department to:

1. revise the current adjustment factors used to eliminate duplicate license holders, and
2. ensure that future hunting and fishing license certifications include adjustments for the number of lifetime license holders to eliminate ones that are no longer active.

### **NRSC Response**

NRSC officials stated that the Department concurs with the recommendation. Officials stated that the Department completed an analysis of the 2006 license database for duplicate license holders and that the 2006 license certification reflects the new adjustment factors derived from this analysis. Officials further stated that the 2006 license certification included adjustments, based on a review of Maine actuarial tables, which eliminated lifetime license holders that may no longer be active.

### **FWS Response**

FWS regional officials concurred with the findings and recommendations and stated that they would work with the State to develop a corrective action plan that will resolve all of the findings.

### **OIG Comments**

While FWS regional management concurs with the recommendations and NRSC indicated that the Department has taken corrective actions to address the two recommendations, additional information is needed in the corrective action plan, including:

- the completion dates,
- titles of officials responsible for the specific actions taken to resolve and implement the recommendations, and
- verification that FWS officials reviewed and approved of the actions taken by the Department.

**MAINE DEPARTMENT OF INLAND FISHERIES AND WILDLIFE**  
**FINANCIAL SUMMARY OF REVIEW COVERAGE**  
**JULY 1, 2003, THROUGH JUNE 30, 2005**

<b>Grant Number</b>	<b>Grant Amount</b>	<b>Claimed Costs</b>
F-28-P-27	\$2,600,700	\$2,449,730
F-28-P-28	2,600,700	2,197,456
F-28-P-29	2,641,000	2,325,611
F-30-L-41	142,000	142,855
F-30-L-42	43,000	29,527
F-30-L-43	64,600	68,156
F-30-L-44	93,000	0
F-30-L-45	102,500	98,697
F-30-L-46	213,000	0
F-30-L-47	880,000	0
F-30-L-49	259,500	12,380
F-30-L-50	42,900	46,519
F-30-L-51	55,300	0
F-31-D-30	214,400	24,478
F-31-D-36	143,528	143,825
F-31-D-37	57,000	55,602
F-31-D-38	40,000	32,441
F-31-D-40	16,800	5,134
F-31-D-41	36,000	35,937
F-31-D-42	50,000	50,275
F-31-D-43	105,000	57,997
F-31-D-44	42,800	42,812
F-37-L-3	41,600	0
F-38-D-12	52,000	22,566
F-38-D-13	60,000	18,778
F-38-D-14	60,000	11,572
FWA-1-P-28	296,000	147,247
FWA-1-P-29	296,000	95,649
FWA-1-P-30	296,000	127,969
W-79-S-32	326,668	296,009
W-79-S-33	326,668	333,996
W-79-S-34	352,000	431,337
W-81-D-17	1,570,056	1,319,796
W-81-D-18	1,200,000	1,153,491
W-81-D-19	2,020,000	1,497,417
W-82-R-17	1,068,000	923,942

**MAINE DEPARTMENT OF INLAND FISHERIES AND WILDLIFE**  
**FINANCIAL SUMMARY OF REVIEW COVERAGE**  
**JULY 1, 2003, THROUGH JUNE 30, 2005**

<b>Grant Number</b>	<b>Grant Amount</b>	<b>Claimed Costs</b>
W-82-R-18	1,068,000	1,008,948
W-82-R-19	1,068,000	957,448
W-83-C-17	450,200	379,068
W-83-C-18	292,000	396,514
W-83-C-19	292,000	398,852
<b>TOTALS</b>	<b>\$21,578,920</b>	<b>\$17,340,031</b>

**MAINE DEPARTMENT OF INLAND FISHERIES AND WILDLIFE  
SITES VISITED**

**Headquarters**

Division of Fisheries, Augusta  
Division of Wildlife, Augusta

**Regional Office**

Fisheries Division, Gray

**Hatcheries**

Governor Hill Fish Hatchery, Augusta  
Palermo Rearing Station, Palermo

**Wildlife Management Areas**

Brownfield Bog, Brownfield  
Mendall Marsh, Frankfort

**Water Access Sites**

Caesar Pond, Bowdoin  
Cobbosseecontee Lake, Winthrop  
Merrymeeting Bay, Bowdoinham

**Other**

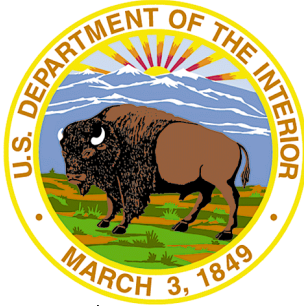
Maine Wildlife Park, Gray

## Appendix 3

### MAINE DEPARTMENT OF INLAND FISHERIES AND WILDLIFE STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS

Recommendations	Status	Action Required
A.1, A.2, B.1, B.2, B.3, C, D.1, D.2, E.1, E.2, E.3, F.1, and F.2	FWS management concurs with the recommendations, but additional information is needed as outlined in the “Action Required” column.	Additional information is needed in the corrective action plan, including the actions taken or planned to implement the recommendations, targeted completion date(s), the title of official(s) responsible for implementation, and verification that FWS officials reviewed and approved of the actions taken or planned by the Department and NRSC. We will refer recommendations not resolved and/or implemented at the end of 90 days (after March 10, 2008) to the Assistant Secretary for Policy, Management and Budget (PMB) for resolution and/or tracking of implementation.

# **Report Fraud, Waste, Abuse, and Mismanagement**



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