



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

AUDIT REPORT

**U.S. Fish and Wildlife Service
Wildlife and Sport Fish Restoration
Program Grants Awarded to the State of
Ohio, Department of Natural Resources,
Division of Wildlife, from July 1, 2005,
Through June 30, 2007**

Report No. R-GR-FWS-0003-2008

October 2008



United States Department of the Interior

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

October 16, 2008

AUDIT REPORT

Memorandum

To: Director
U.S. Fish and Wildlife Service

From: Christina M. Bruner *Christina M. Bruner*
Regional Manager, Eastern Region

Subject: Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Ohio, Department of Natural Resources, Division of Wildlife, from July 1, 2005, Through June 30, 2007 (No. R-GR-FWS-0003-2008)

This report presents the results of our audit of costs incurred by the State of Ohio (State), Department of Natural Resources (Department), Division of Wildlife (Division) under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the State under the Wildlife and Sport Fish Restoration Program (the Program). The audit included claims totaling approximately \$42.4 million on three grants that were open during State fiscal years (SFYs) ended June 30 of 2006 and 2007 (see Appendix 1). The audit also covered Division 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 Division complied, in general, with applicable grant accounting and regulatory requirements. However, we found the Division included licenses it should not have in its reported count of license holders to FWS, charged the grants for ineligible expenses, improperly managed and used land purchased with grant funds, inadequately accounted for in-kind (non-cash) contributions accumulated, and had inadequate controls over equipment and land.

We provided a draft report to FWS and the Department for a response. The Department indicated that Division officials prepared the response. We summarized the Division and FWS Region 3 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 January 14, 2009. 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. Peter A. Rich, or me at 703-487-5345.

cc: Regional Director, Region 3, U.S. Fish and Wildlife Service

Introduction

Background

The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act (Acts)¹ established the Wildlife and Sport Fish Restoration Program. Under the Program, FWS provides grants to States to restore, conserve, manage, and enhance their wildlife and sport fish 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 Division:

- claimed the costs incurred under the 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 \$42.4 million on the 3 grants that were open during SFYs 2006 and 2007 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Division Headquarters offices in Columbus, OH, and visited two district offices, four wildlife areas, one fish hatchery and one research center (see Appendix 2). We performed this 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 conclusions based on our audit objectives. We tested records and conducted auditing procedures

¹ 16 U.S.C. §§ 669 and 777, as amended, respectively.

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

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 Division operations.

Prior Audit Coverage

On December 23, 2002, we issued “Final Audit Report on Costs Claimed by the State of Ohio, Department of Natural Resources, under Federal Aid Grants from the U.S. Fish and Wildlife Service from July 1, 1999 through October 1, 2001” (No. 2003-E-0007). We followed up on all recommendations in the report and found that one recommendation has not been implemented. The unimplemented recommendation relates to the Division’s use of license revenue to make payments in lieu of taxes (Recommendation C.1). In our current audit, we found that the State has stopped using license revenue to make payments in lieu of taxes and has changed its regulations accordingly. Therefore, we are not reporting on this matter again.

We reviewed Ohio’s Comprehensive Annual Financial Report and Single Audit Report for SFY2006. Neither of these reports contained any findings that would directly impact the Department’s Wildlife and Sport Fish Restoration Program grants or programs under the grants.

In addition, the Department's Wildlife and Sport Fish Restoration Program was not selected for compliance testing in the SFY2006 Single Audit. The Single Audit Report and the Comprehensive Annual Financial Report for SFY2007 had not been issued by the end of our fieldwork.

Results of Audit

Audit Summary

We found that the Division 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.

Free Licenses Counted in the License Certification. The Division included senior citizens who were issued free licenses in its certified count of license holders. Regulations specify that only revenue-generating licenses may be counted.

Fringe Benefits for Seasonal Employees Inappropriately Charged to Grants. The Division charged Program grants for all fringe benefits for seasonal employees, even though it did not provide all fringe benefits to them.

Management of Killdeer Plains for Dog Field Trials Incompatible With Intended Grant Purposes. The Division managed a significant portion of Killdeer Plains Wildlife Area for dog field trials rather than for its intended purpose—bird and wildlife habitat.

Inadequate Procedures to Accurately Account for In-kind Volunteer Hours. The Division planned to use the value of volunteer hours contributed to meet its State matching share of costs on certain grants. They could not do so, however, because they did not maintain adequate support for or properly account for the volunteer hours worked.

Personal Property (Asset) Management Not Adequate to Safeguard Property. The Division's property records were not current, complete, or accurate, and it therefore could not adequately safeguard property from loss, damage, or theft.

Vending Machines Purchased With Federal Funds Have Not Been Used. Two vending machines purchased with Program funds were not being used. Federal regulations require all equipment purchased with federal funds to be used for their intended purpose.

Real Property Records Not Reconciled. The Division has not reconciled its land records with those of FWS.

Findings and Recommendations

A. Free Licenses Counted in the License Certification

Each State provides a certified count of hunting and fishing license holders to FWS each year. FWS determines the amount of grant funding to provide to each State each year

based, in part, on the number of hunting and fishing license holders reported, so the accuracy of the count is important. The Division, as required by the Ohio revised code, issues free hunting and fishing licenses to resident senior citizens born on or before December 31, 1937. It includes these license holders in its count. However, under Federal regulations, each State may include only licenses that earn net revenue to the State in its counts. Confusion exists because the Ohio State legislature reimburses the Division for the cost of the licenses and lost revenue. The State deposits these funds into the Division's wildlife fund. The Division therefore earns net revenue from the licenses, the State does not.

According to 50 C.F.R. § 80.10(c)(2), licenses which do not return net revenue to the State shall be excluded from the annual certification to the FWS. Net revenue is any amount returned to the State after deducting costs directly associated with the issuance of each license. However, under the Ohio Revised Code, the wildlife fund is reimbursed for the cost of hunting and fishing licenses, permits, and stamps that the State requires the Division to issue free of charge. The amount transferred is based on the sales data from the previous year, but shall not exceed \$1 million.

The Division sought guidance from the FWS regional office when the State legislature proposed issuing free licenses. The FWS regional office granted the Division approval to include the free licenses in the annual count provided that it was reimbursed for all costs and fees plus a small profit. The language in the C.F.R., however, requires the net revenue to be generated for the State, not just the Division.

In sum, the Division includes licenses in its annual certification that, although generate net revenue to the Division, do not generate net revenue to the State. As a result, the Division's annual apportionments of grant funds may be larger than they should be. For example, the Division's 2006 license certification included over 142,000 free hunting and fishing licenses.

Recommendation

We recommend that FWS determine whether it was appropriate for the Division to include the licenses in question in its annual certification and what corrective action the State should take if the licenses should not have been included in the certification.

Division Response

Division officials stated that they believed they acted appropriately since FWS had granted approval to include the free licenses in the license certification. However, the officials stated that they discontinued certifying free licenses in the most recent certification submitted August 27, 2008.

FWS Response

FWS regional officials stated that they concur with the recommendation and that the Division's comments would be considered in the corrective action plan.

OIG Comments

We commend the Division for excluding free licenses in its certifications moving forward. To fully implement the recommendation, FWS should also work with the Division to determine what, if any, corrective action should be taken for the licenses included in prior year certifications. Therefore, in addition to the information provided in the response to the draft report, the corrective action plan should include:

- actions taken, if any, to address license certifications that included free licenses;
- targeted completion dates for those actions;
- titles of officials responsible; and
- verification that FWS headquarters officials reviewed and approved of all actions taken or planned by the Division.

B. Fringe Benefits for Seasonal Employees Inappropriately Charged to Grants

The Division charges Program grants for labor costs associated with grant-related activities. When Division personnel calculated the fringe benefit portion of labor costs for each grant, they used a predetermined fringe benefit rate which included all fringe benefit costs. The Division applied the fringe benefit rate to the salaries for seasonal employees and charged the grants for these costs. However, seasonal employees do not receive all fringe benefits. Therefore, the Division claimed costs to which it was not entitled.

Under 50 C.F.R. §§ 80.15 and 80.16, grantees may charge to the grants only costs which are necessary and reasonable for accomplishment of approved project purposes and which are in accordance with the cost principles of OMB Circular A-87 (now 2 C.F.R. § 225). These regulations also specify that the federal share of allowable costs includes only costs *incurred* by the State in accomplishing approved projects. We did not compute the monetary effect because the Division could not provide us with the information necessary to compute the amount in question.

Recommendations

We recommend that FWS:

1. require the Division to calculate the amount that it charged for fringe benefits for the seasonal employees during the two year grant period and determine what corrective action the Division should take to address those costs and
2. ensure that the Division does not charge the grants for fringe benefits to which seasonal employees are not entitled.

Division Response

Division officials stated that they did not believe the application of the fringe benefit rate was inappropriate. However, the officials stated that the State's new payroll accounting system will be able to apply actual fringe benefit rates for individual employees every pay period. Division personnel will work with the Office of Information Technology to apply actual rates for each employee. Officials anticipate the action being completed by June 30, 2009 and have given responsibility for implementation to the Division's Revenue Administrator and IT Coordinator. During the interim period, the Division will not apply fringe benefit rates to payroll costs.

FWS Response

FWS regional officials stated that they concur with the recommendations and that the Division's comments would be considered in the corrective action plan.

OIG Comments

FWS concurred with the recommendations. The Division provided a corrective action only for fringe benefits moving forward. Therefore, in addition to the information contained in the response to the draft report, the corrective action plan should contain:

- the actions taken or planned to address the first recommendation;
- targeted completion dates for actions taken or planned;
- titles of officials responsible; and
- verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Division.

C. Management of Killdeer Plains for Dog Field Trials Incompatible with Intended Grant Purposes

Killdeer Plains Wildlife Area consists of 9,230 acres, acquired in part with Program funds for pheasant and fox squirrel habitat, as well as possible return of prairie chickens and waterfowl to the area. The Division manages about 4,000 acres of this area for dog field trials. During field trials, judges assess the performance of dogs. Management for field trials consists of activities such as mowing much of the site in a checkerboard

pattern. The field trial area also includes a dog kennel, corral, and horse stables. While the trials are held only on weekends in April, May, September, and October, the effects of the management last all year. The management of the land for field trials is not compatible with the intended land use of preserving native grasses and providing nesting habitat for ground birds and animals.

Federal regulations (50 C.F.R. § 80.14 (2)) clearly state that when “property is used for purposes which interfere with the accomplishment of approved purposes, the violating activities must cease and any adverse effects resulting must be remedied.” Additionally, the FWS approved the 2008 — 2009 grant under the condition that “the inappropriate use of Federally acquired land at Killdeer Plains ... be terminated after the spring 2008 field trials. Failure to address this inappropriate use will jeopardize funding and the Comprehensive Management System grant overall.”

FWS initially expressed concern about the excessive management for field trials in 1999, and has given the Division at least nine years to find alternative property for the field trials. The Division issued permits for field trials at Killdeer Plains through the spring 2008 field trial season. The Division has tried to relocate the field trials to other properties, but has been unsuccessful because the field trial permit holders have been adamant about staying on the property, claiming all other proposed properties are unacceptable.

Because the Division has allowed field trials to be held on Killdeer Plains Wildlife Area, the acreage is not being managed for the purpose for which the property was originally acquired. According to the FWS, failure to cease conducting field trials and begin managing the property for native prairie grasses could result in the Division losing federal funding.

Recommendations

We recommend that FWS require the Division to:

1. terminate managing the Killdeer Plains Wildlife Area for field trials and
2. cease issuing permits for field trials at Killdeer Plains Wildlife Area.

Division Response

Division officials stated that they worked with FWS and the Ohio Bird Dog Association to address the recommendations. The Division will not allow dog field trials at Killdeer Plains after October 25, 2009, and have given responsibility for implementing this action to the Division’s Assistant Chief. It will not request any Program reimbursement for activities conducted at Killdeer Plains until dog field trials are eliminated at that location. Division officials stated they realize failure to honor this commitment jeopardizes Division eligibility for Program grants. The Division’s response included a target completion date and the name and title of the responsible official.

FWS Response

FWS regional officials stated that they concur with the recommendations and that the Division's comments would be considered in the corrective action plan.

OIG Comments

FWS regional officials concurred with the recommendations, and Division officials articulated a plan to address the recommendations. The corrective action plan should include the information contained in the response to the draft report and verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Division.

D. Inadequate Procedures to Accurately Account For In-Kind Volunteer Hours

The Acts require States to pay for at least 25 percent of grant expenditures with non-federal funds, which are referred to as "State matching" funds. To meet this requirement on its hunter education, aquatic education, and "Step Outside" projects² under Grants W-134-P-9 and F-69-P-9, the Division intended to use the value of volunteer instructor hours. States may use such third party "in-kind" (non-cash) contributions for the State matching share of costs, but it must adequately document them. We identified problems with the Division's support for the hours worked and the accuracy of information contained in the databases used to report and summarize the hours. Based on preliminary information we provided to the Division on this finding, the Division decided not to use the volunteer hours to meet the State's matching share requirement. We note the problems identified, however, because they are significant and could affect future allowable federal reimbursements.

Federal regulations (2 C.F.R. § 225.55 C1(j)) require grantees that receive federal awards to adequately document costs. Under 43 C.F.R. § 12.64(6), when grantees use third party in-kind contributions to satisfy a cost sharing or matching requirement, the value of the contributions must be verifiable from the records of grantees, subgrantee, or cost-type contractors. The regulation also requires grantees, to the extent feasible, to document volunteer services by the same methods the organization uses to document how regular personnel costs should be allocated.

We reviewed the "Final Report" forms, which the Division's Outdoor Education Section (Section) used to input volunteer hours in the databases and which the Division relied on to provide support for the hours worked. We reviewed a sample of 19 percent of the hours. We found that a significant portion of the volunteer instructor hours reviewed were not adequately verified by each volunteer (Table 1).

² The Step Outside Program is a grant program administered by the Division and includes both hunter and aquatic education classes.

Class Type	2006		2007	
	Hours Tested	Hours Unsupported	Hours Tested	Hours Unsupported
Hunter Education	362	102	310	98
Aquatic Education	6,013	1,409	1,200	909
Step Outside - Hunter	4,731	2,968	4,568	2,057
Step Outside - Aquatic	7,375	5,240	5,371	1,594

Table 1. Hours Not Certified By Individual Instructors

Division officials were unaware that they should use the same method to allocate both regular personnel costs and the value of time donated by volunteer instructors. They therefore did not require each instructor to certify his or her hours worked, although they do require regular personnel to do so. Division officials believe that the hours recorded on the forms are accurate and properly certified because for the three projects (hunter education, aquatic education and Step Outside), the chief instructor signed and certified the total hours on the final report forms. Division officials said the chief instructors are aware of instructor hours through visual observation and discussions. Division officials added that if FWS requires all volunteer instructors to sign the Final Report form, the Division will comply. We also reviewed calculations on a sample of the Final Report forms and identified calculation errors.

The Section maintains information on the volunteer instructor hours in three separate databases, one database for each of the three programs. We found that the databases for all three programs contained inaccurate data. We identified instances in which Section personnel:

- entered an incorrect number of hours into the databases from the Final Report forms;
- entered multiple listings for the same class in the aquatic education and Step Outside databases;
- misclassified classes in the Step Outside database as aquatic or hunter education classes;
- entered total hours for an event—rather than just those pertaining to aquatic or hunter education—into the database.

Section personnel conduct a pre-entry audit before entering information into the three databases of volunteer hours. However, the audit was not sufficient to catch errors that existed in information entered onto the Final Report form. Additionally, Section personnel do not conduct periodic reviews of the data in the database to ensure its

accuracy. A Section Official also said the Section had some problems retrieving data from the databases.

We are not questioning any costs because the Division chose not to claim any in-kind contributions on its final SF-269s for the affected grants. If the Division intends to claim volunteer hours as the State matching share of costs in the future, however, it will need to address the problems identified.

Recommendations

We recommend that FWS require the Division to:

1. establish and implement procedures requiring each volunteer instructor to certify the hours they worked; and
2. institute a series of internal controls over the data in databases containing volunteer hours, including such steps as independent verification of data entry and periodic independent review of database information and queries.

Division Response

Division officials stated that, by January 1, 2009, they would:

- work with FWS to change the final report form to 1) include signatures from all instructors as well as each instructor's travel, preparation time, and instruction time and 2) delineate (for the Step Outside Program) hours spent on aquatic activities and hunter education activities;
- develop processes for each coordinator and section supervisor to verify hours on final report forms, match this information with database entries, periodically check the databases for duplications, and establish a periodic internal audit; and
- change the Step Outside database table to total these hours separately.

The Division's Outdoor Skills Supervisor is responsible for implementing the actions proposed by January 1, 2009.

FWS Response

FWS regional officials stated that they concur with the recommendations and that the Division's comments would be considered in the corrective action plan.

OIG Comments

FWS regional officials concurred with the recommendations, and the Division developed actions to address the recommendations. The corrective action plan should include the

information provided in the response to the draft report as well as verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Division.

E. Personal Property (Asset) Management Not Adequate to Safeguard Property

Federal regulations require grantees to maintain control of personal property and equipment purchased with grant funds. The Ohio Department of Administrative Services (DAS) determines Ohio asset management policies and procedures. The Department of Wildlife (Department) may further refine these policies and procedures. The Division, located within the Department, is charged with executing these policies and procedures for Program grants.

The Division's Fixed Asset Management System (FAMS) equipment inventory listing and its Fleet Management Inventory listing contained a combined total of 10,334 items valued at \$22.4 million. To test the Division's controls over its equipment and vehicles, we selected a judgmental sample from these listings and inspected them at eight locations.³ Our sample included 158 items valued at \$797,824. Additionally, at the eight locations visited, we randomly selected another 91 items to determine whether they were recorded in the inventory listings (reverse testing). We identified items that could not be located, were not tagged, were not at their assigned locations, or could not be traced to the inventory listings.

Deficiency	Judgmental Sample		Reverse Sample ⁴
	Number of Items	Value	Number of Items
Not located	13	\$20,136	
Not tagged	16	\$16,468	28
Not at assigned location	7	\$110,772	2
Could not Trace			48
Tag number traced to unrelated item			1
Item not identify as being purchased with Federal funds			1

Table 2. Equipment Testing Results

During our testing of other direct costs, we also identified three items that should have been included in the inventory listings, but were not.

According to 50 C.F.R. § 80.19, the State must maintain current and complete property and procurement records in accordance with requirements contained in the Federal Aid Manual and OMB CircularA-102(a). The table below illustrates the different thresholds and policies utilized by the State and Department:

³ District 2 Office, Findlay; District 3 Office, Akron; Salt Fork Wildlife Area (WA), Delaware WA, Spring Valley WA, Killdeer Plains WA, the London Fish Hatchery, and the Olentangy Research Center.

⁴ We did not determine the value of these items as the test was primarily to determine whether they were recorded on the inventory listings.

Policy Description	State Policy	Department Policy	Difference Between State and Department Requirements
Tangible personal property threshold	\$1,000	\$300	\$700
Intangible personal property threshold	\$100,000	No stated policy	N/A
Firearms threshold	Regardless of cost	Regardless of cost	No difference
Sensitive property threshold (includes: audio visual equipment, audio equipment, communications equipment, antiques, moveable works of art, data processing equipment excluding DP software and furniture, surveillance equipment, and power tools)	\$500	Regardless of cost	\$500
License vehicles threshold	Regardless of cost	Regardless of cost	No difference
Physical Inventory Certification	Biennial	Annually	1 year
Valuation of recorded asset	Historical cost, estimated historical cost, or Fair Market Value, if donated	No stated policy	N/A

Table 3. Policy Comparison

As outlined in Table 3, the Department's asset reporting threshold for tangible personal property of \$300 increases the number of items to be tracked in the asset management system. Approximately 33 percent of items on the active inventory list (3,285 items) were sensitive items valued at \$300 or less. This threshold consequently increases the number of manpower hours required to maintain the system. Using higher dollar thresholds could help the Department to prioritize which property to focus on and could help to address staffing challenges.

Additionally, asset management has not been a Division priority. When the individual responsible for inventory control retired several years ago, he was never replaced due to a hiring freeze. Responsibility for inventory passed to several different personnel. Turnover among staff assigned these responsibilities exacerbated the problem. However, with the phased conversion to a new accounting system, Division management is making efforts to update and correct the inventory database.

Inadequate control over equipment increases the risk of property loss, damage, or theft.

Recommendations

We recommend that FWS ensure the Division:

1. accurately updates the data in the FAMS and takes steps to ensure they maintain it in the future,
2. tags untagged items, and
3. works with the Department and the State to review the threshold for sensitive property and revise the threshold if appropriate.

Division Response

Division officials stated that the Division transitioned to a new inventory system on July 1, 2008. The Department is in the process of updating the inventory policy and procedures. Division officials indicated they should implement the recommendations by June 30, 2009, and have placed responsibility for implementation with the Accounts Payable Administrator.

FWS Response

FWS regional officials stated that they concur with the recommendations and that the Division's comments would be considered in the corrective action plan.

OIG Comments

FWS should review the new procedures to ensure they address the recommendations. In addition to the information provided in the response to the draft report, the corrective action plan should include:

- the specific actions taken or planned to address each recommendation;
- targeted completion dates for each action;
- title of officials responsible; and
- verification that FWS headquarters officials reviewed and approved actions taken or planned by the Division.

F. Vending Machines Purchased With Federal Funds Have Not Been Used

We identified two vending machines purchased for \$6,654 on September 30, 2003, for the Spring Valley Wildlife Area shooting range. Because of the remoteness of the shooting range, the State acquired the machines to provide shooting supplies (such as earplugs, targets, and shooting permits), snacks, and beverages on-site for the

convenience of shooting range users. The State charged Grant W-134-P for these costs (\$4,991 federal share). We found these machines were in storage and consequently not being used for their intended purpose.

In conducting activities funded under the Acts, 50 C.F.R. § 80.18(c) requires the State to maintain accountability and control of all assets. It must assure that the assets serve the purpose for which they were acquired throughout their useful life.

The Spring Valley Wildlife Area supervisor stated that to put the vending machines into service, the Division needs to build an 8-foot storage shed that has a ramp, a concrete base, and a roll cage that could be secured when the shed is not in use. The shooting range never received spending authority to build such a structure, and therefore the vending machines have not been used as intended.

While the Division expects to receive spending authority for the shed in SFY2009, the machines have not been used for grant-related purposes to date.

Recommendation

We recommend that FWS work with the State to ensure they use the vending machines for their intended purpose or determine an appropriate corrective action if they cannot do so.

Division Response

Division officials stated that personnel built the required structure to secure the vending machines. The officials indicated that by January 1, 2009, they would develop internal control procedures to operate the vending machines and would use the vending machines for their intended purpose once the procedures are in place. The Division District Five Manager has responsibility for implementation.

FWS Response

FWS regional officials stated that they concur with the recommendation and that the Division's comments would be considered in the corrective action plan.

OIG Comments

Placing the vending machines in use for the intended purposes and developing procedures for operation should address the recommendations. The corrective action plan should include the information provided in the response to the draft report as well as verification that FWS headquarters officials reviewed and approved actions taken or planned by the Division.

G. Real Property Records Not Reconciled

The State and FWS each maintain records on land purchased with Program grants. The Division provided us with a copy of the 2006 land inventory for the entire Department. According to the report, the Division has approximately 185,800 acres which cost approximately \$70.1 million to acquire. Conversely, FWS land records show approximately 118,800 acres costing over \$45.2 million. Additionally, the Division's land records use a generic funding source for any funds used prior to 1973, rather than identifying federal funds used.

Federal regulations (50 C.F.R. § 80.19) require each State to maintain current and complete property records in accordance with the requirements contained in the FWS Manual and 2 C.F.R. § 235. In addition, 50 C.F.R. § 80.18 and the FWS Manual (522 FW 1.16) require each State to maintain accountability and control of all assets acquired with grant funds provided under the Program, to assure that the assets are used for the purpose for which they were acquired throughout their useful life. Finally, 50 C.F.R. § 80.4 extends the same accountability requirements to those assets acquired with license revenues.

Maintaining accurate land records are an important step to ensure accountability for and effective control over lands purchased with Program grant funds and license revenue. A Division official said they have not reconciled all of their land records with FWS land records to determine their accuracy and completeness. The Division and FWS have reconciled records for lands purchased under land acquisition Grant W-136-L-1 and are in the process of reconciling those records for lands purchased under Grant W-136-L-2, which was open during our audit. However, no reconciliation has been done for those lands acquired from 1937 to approximately 2003.

Recommendations

We recommend that FWS require the Division to:

1. reconcile its land records with FWS land records and
2. ensure any land purchased with federal funds is appropriately identified as such in its land records.

Division Response

Division officials acknowledged that the total number of acres in the land inventory records would not match those of the FWS because not all Division lands were purchased with Program funds. The Division also agreed that it needs to update its land records to identify the funding source for all the parcels that it owns. The Division anticipates implementing the corrective actions by January 1, 2010 and placed responsibility for implementation with the Federal Aid Coordinator.

FWS Response

FWS regional officials stated that they concur with the recommendations and that the Division's comments would be considered in the corrective action plan.

OIG Comments

The corrective action plan should include the information provided in the response to the draft report as well as verification that FWS headquarters officials reviewed and approved actions taken or planned by the Division.

Appendix 1

**OHIO DEPARTMENT OF NATURAL RESOURCES, DIVISION OF WILDLIFE
FINANCIAL SUMMARY OF REVIEW COVERAGE
JULY 1, 2005, THROUGH JUNE 30, 2007**

Grant Number	Grant Amount	Claimed Costs
F-69-P-9⁵	\$26,255,515	\$21,053,616
W-136-L-2	7,040,509	6,807,530
W-134-P-9	14,883,933	14,573,571
TOTALS	<u>\$48,179,957</u>	<u>\$42,434,717</u>

⁵ As part of a Comprehensive Management State (CMS), the Ohio Department of Natural Resources, Division of Wildlife has one grant for Sport Fish Restoration and one grant for Wildlife Restoration covering both SFYs in our audit. The grants support multiple Wildlife and Sport Fish Restoration Program projects. The third grant is for land acquisition.

Appendix 2

OHIO DEPARTMENT OF NATURAL RESOURCES, DIVISION OF WILDLIFE SITES VISITED

Headquarters

Columbus

District Offices

District 2 Findlay

District 3 Akron

Wildlife Areas

Delaware

Killdeer Plains

Salt Fork

Spring Valley

Fish Hatchery

London

Other

Olentangy Research Center

**OHIO DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WILDLIFE
STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS**

Recommendations	Status	Action Required
A, B.1, B.2, C.1, C.2, D.1, D.2, E.1, E.2, E.3, F, G.1, and G.2	FWS management concurs with the recommendation, but additional information is needed, as outlined in the "Actions required" column.	The corrective action plan should include the information provided in the response to the draft report; any additional actions taken, if any, to address license certifications that included free licenses; targeted completion dates for those actions; titles of officials responsible for those actions; and verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Division. We will refer recommendations not resolved and/or implemented at the end of 90 days (after January 14, 2009) to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.

Report Fraud, Waste, Abuse, and Mismanagement



Fraud, waste, and abuse in government concerns everyone: Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and abuse related to Departmental or Insular Area programs and operations. You can report allegations to us in several ways.



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