



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

Evaluation of Department of the Interior Challenge Cost Share Programs

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Report No. WR-EV-MOA-0004-2008

Cover photo: Crater Lake National Park. A FY 2005 Challenge Cost Share project titled “Classroom at Crater Lake” brought 4th and 5th grade students to the Park to increase their knowledge of geology and botany.



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
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Memorandum

To: Thomas L. Strickland
Assistant Secretary for Fish and Wildlife and Parks

Wilma A. Lewis
Assistant Secretary for Land and Minerals Management

From: Mary L. Kendall *Mary L. Kendall*
Acting Inspector General

Subject: *Evaluation of Department of the Interior Challenge Cost Share Programs*
(Report No. WR-EV-MOA-0004-2008)

The use of partnerships has been emphasized by the Department as a means to accomplish its various missions of managing, conserving, and protecting America's natural, cultural, and historic resources. The Department's Bureau of Land Management (BLM), National Park Service (NPS), and U.S. Fish and Wildlife Service (FWS) initiated the Challenge Cost Share (CCS) Program with the intent to develop and engage in partnerships with nonfederal entities to leverage the bureaus' funding. The attached report presents the results of our evaluation of the CCS Program.

We found that bureaus are not requiring, enforcing, or monitoring partners' matching contributions. Specifically, the bureaus, in most cases, did not confirm the partners' contributions, but rather assumed that the match had been provided. As a result, bureaus do not know to what degree funds are being leveraged through partnerships. This has also resulted in all three bureaus failing to report or misreporting nonfederal matching contributions to Congress, and failing to demonstrate transparency of the availability and results of the Program to the public. Without a systematic way of implementing matching contribution requirements, the increased accomplishments by leveraging appropriated funds through the Program cannot be measured or maximized. As a result, approximately \$6 million in required and additional matching partner contributions could not be confirmed as received. Overall, we found that for every federal dollar spent, only 12 cents in matching contributions could be substantiated.

We attribute this condition to the continual metamorphosis of the Program, which has resulted in a lack of Program oversight and uniform policies and procedures. With Program funding increasing almost every year (\$300,000 in 1985 to \$18.2 million in 2008), the need for consistent policies and procedures grows ever more urgent. Further, the use of this Program as a model for the NPS Centennial Challenge Initiative means

that the Department should immediately take steps to address the Program's shortcomings. Accordingly, our eight recommendations represent a holistic approach to correcting underlying programmatic deficiencies, which have prevented the Department from maximizing the partnership and leveraging potential of the Program.

We ask that you apprise us within 30 days of the actions you take or plan to take in response to this report. If you have any questions, please call me at (202) 208-5745.

Attachment

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Acronyms

BLM	Bureau of Land Management
BPS	Budget Planning System
Caltrans	California Department of Transportation
CCS	Challenge Cost Share
CFDA.....	Catalog of Federal Domestic Assistance
FAADS.....	Federal Assistance Award Data System
FWS	U.S. Fish and Wildlife Service
NPS	National Park Service
NRA	National Recreation Area
NWR	National Wildlife Refuge
OMB	Office of Management and Budget

What is the Challenge Cost Share Program?

The Challenge Cost Share (CCS) Program is the Department's effort to leverage funding through partnerships to obtain benefits in excess of what federal funding alone could have achieved. The use of partnerships has been emphasized by the Department as a means to accomplish its various missions of managing, conserving, and protecting America's natural, cultural, and historic resources. The Department's Bureau of Land Management (BLM), National Park Service (NPS), and U.S. Fish and Wildlife Service (FWS) participate in the CCS Program.

Program Funding

The CCS Program began in 1985 when Congress appropriated money within BLM's wildlife program for partnership conservation projects. Since then, BLM has expanded the Program to include other resource programs with partnership opportunities.

Funding for the Program has increased substantially for all three bureaus since its inception¹, from \$300,000 in 1985 to \$18.2 million in 2008 (see Figure 1). Further, BLM's strategy is to expand the CCS Program over the next 10 years to more than \$100 million.

Project Selection

Under the CCS Program, the bureaus select projects for funding from project proposals submitted by the various field offices and park units. Generally, only projects that meet the matching cost-share criteria of dollar for dollar (1:1) are selected for funding. Some bureaus use the 1:1 match on a project-by-project basis, while others do it on an aggregate basis, such as

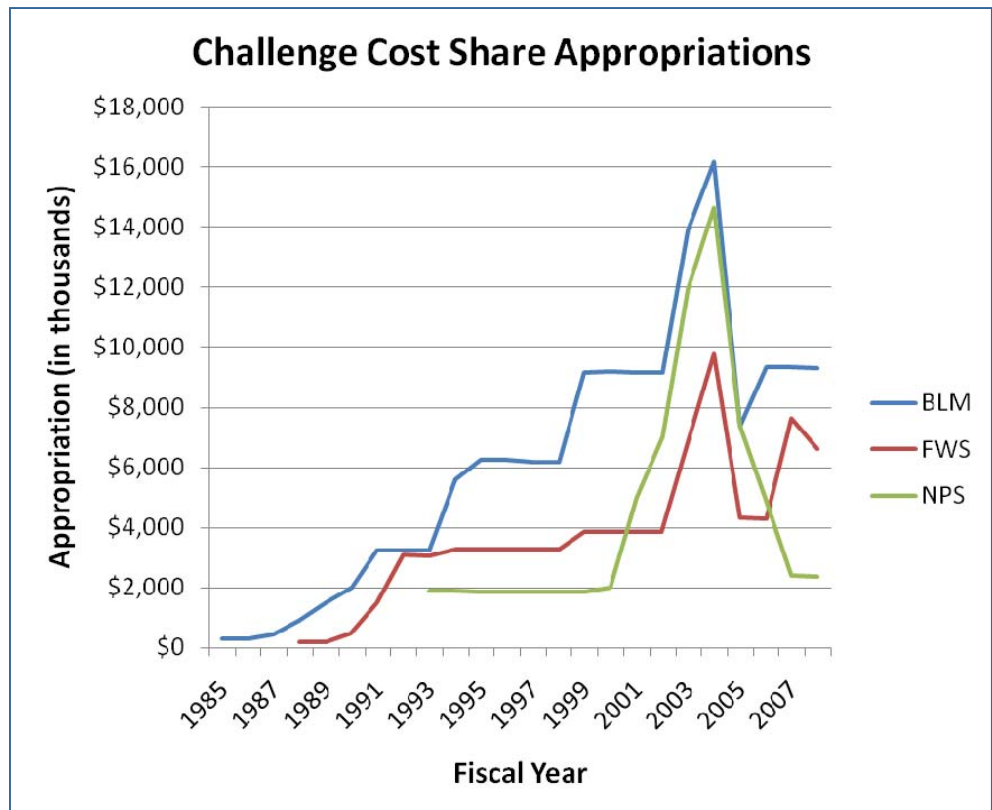


Figure 1. Increased funding for Challenge Cost Share highlights the intent to leverage federal dollars. The large increase between 2002 and 2005 was primarily due to funding for the Cooperative Conservation Initiative and the Lewis and Clark National Historic Trail Bicentennial.

by geographic location. Projects exceeding the required 1:1 match and also meeting other bureau-specific project selection criteria are viewed as maximizing the leveraging of appropriated federal dollars and have a higher chance of being selected. During the project

¹ Funding for the CCS Program was authorized for FWS and NPS in 1988 and 1993, respectively. There is no specific statutory guidance for Program implementation.

proposal planning process, it is critical for the bureaus to accurately estimate the total cost of the project and to have committed nonfederal partners in place. In doing so, the bureaus can prepare reliable project proposals and request the appropriate amount of CCS funds to complete the federal portion of the project.

Nonfederal Matching Contributions

The bureaus are responsible for ensuring that total nonfederal matching contributions meet or exceed the allocated funding for CCS projects each year. The nonfederal match may include cash, in-kind goods, services, labor, or project materials. OMB Circular A-110² provides that services be valued at the rate for similar work. This can occur in one of the following two ways:

- ◆ In-kind services provided by a partner are valued according to rates paid by the partner to its employees for performing similar work. If the partner does not have employees performing similar work, the applicable rate is the amount paid by other employers for similar work in the labor market in which the partner competes for services. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.
- ◆ In-kind services provided by an employer other than the partner are valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

The Circular also requires that the partner's supporting records for in-kind contributions from third parties be documented and, to the extent feasible, supported by the same methods

used by the partner for its own employees. The basis for determining the valuation for personal service, material, equipment, buildings, and land must also be documented.

What Did We Find?

Increased accomplishments through the leveraging of bureau funding anticipated with the CCS Program cannot be accurately measured or maximized. This is the result of the bureaus' failure to verify partner contributions, effectively plan CCS projects, and accurately communicate Program availability and results. Without a systematic way of implementing matching contribution requirements, the bureaus do not know to what degree federal funds are being leveraged through partnerships and cannot demonstrate leveraged accomplishments. Due to a lack of detailed partner contribution reporting, about \$6 million in required and proposed matching partner contributions could not be confirmed as received.

Partner Contributions Not Verified

Required 1:1 Match Not Met. Our review of 119 projects, totaling about \$2.84 million in CCS federal funding, revealed approximately \$2.5 million (88 percent of the \$2.84 million) either did not meet or lacked adequate support to show that the required 1:1 cost match was met (see Figure 2 and Appendix 3 for monetary impact). In other words, for every federal dollar spent, only 12 cents in matching contributions was adequately supported by the partner or the bureaus. Since the Program began it has lacked Program oversight and uniform policies and procedures, including a failure to consistently enter into written agreements with nonfederal partners. Even when agreements were in place, the bureaus did not enforce the cost-share

² Office of Management and Budget (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.

terms of the agreements and did not monitor the partners' matching contributions to ensure that the 1:1 cost-share requirement was met.

The lack of written agreements, cost-share enforcement, and monitoring has created some situations in which the required dollar for dollar match was never met. For example:

- ◆ Two BLM projects at Oregon's Salem Field Office had been submitted for CCS funding in 2005 but were not selected for funding by the Oregon State Office. However, the Salem CCS Coordinator, without notifying the Oregon State Office, provided funding for the two projects by reducing the funds of another approved CCS project by \$15,000. The two projects, funded at \$10,000 and \$5,000 each, were completed but still shown as unfunded projects in the State Office's CCS projects files. In addition, because there were no partner agreements in place for these two projects, there were no partners for BLM to hold accountable for the required 1:1 matching contribution and there was no evidence that the match requirement was met.

Unsupported Required 1:1 Match (in thousands)				
	No. of CCS Projects Reviewed	Federal CCS Allocation	Unsupported Required 1:1 Match	
			Amount	%
BLM	80	\$2,144	\$1,902	89%
FWS	17	\$327	\$287	88%
NPS	22	\$367	\$299	81%
Totals	119	\$2,838	\$2,488	88%

Figure 2.

a California Department of Transportation (Caltrans) donation account. We found, however, that the Caltrans donation account was not set up until approximately 2 years after the CCS project was already completed, and the required \$35,000 was never deducted from the account. Further, the project lead could not provide adequate evidence to show that the remaining matching contribution of \$54,200 (\$89,200 less \$35,000) was ever contributed.

- ◆ In a second project at Golden Gate NRA, \$15,000 in funding was requested and approved for a website upgrade project that was already fully paid for and almost completed by the partner. An agreement with the partner was not signed until the partner had already completed the project. Therefore, the \$15,000 in CCS funds was given to the partner for services and/or expenses outside the project period.

For every federal dollar spent, only 12 cents in matching contributions was adequately supported.

- ◆ Nonfederal partner matching contributions of \$89,200 for a CCS project at Golden Gate National Recreation Area (NRA) could not be verified. Nonfederal partners proposed an \$89,200 matching contribution and, according to the NPS project lead, \$35,000 of the contribution was to be deducted from

The Golden Gate NRA project lead stated that he failed to include a statement in the CCS funding application and written agreement indicating that prior project expenses incurred by the partner would be included as part of the required 1:1 matching contribution.

Match Beyond 1:1 Not

Verified. Of the 119 CCS projects we reviewed, 66 projects (55 percent) were proposed or promised to have a partner contribution exceeding the 1:1 match.³

These 66 projects were approved and selected for funding, in part, because the bureaus wanted to maximize their CCS funding

by taking advantage of the partners' willingness to contribute more than the required 1:1 match. However, we found that only 6 of the 66 projects (9 percent) actually met the partners' proposed or promised cash or in-kind contributions. We could not determine the partners' actual contributed match to the remaining 60 projects due to a lack of detailed partner contribution reporting and an absence of a reporting requirement. As a result, at least \$3.5 million in proposed additional matching contributions lacked proof that the contribution was ever made (see Figure 3). Adding the \$3.5 million to the \$2.5 million previously identified on page 2 as unsubstantiated required match, approximately \$6 million in required and additional matching partner contributions were not substantiated in the files.

In a majority of the projects having inadequate support documentation, the promised in-kind contribution was for labor hours that could not be supported because employee timesheets or volunteer logbooks were not maintained by the bureau or the nonfederal partner. For instance, all eight CCS projects reviewed at FWS' San Luis National Wildlife Refuge (NWR) Complex, having a total estimated project cost of \$266,100 with \$162,100⁴ to be funded by its nonfederal

Unsupported Proposed Additional Match (in thousands)

	No. of CCS Projects Reviewed	Federal CCS Allocation	Proposed Partner Additional Match	Unsupported Proposed Additional Match	
				Amount	%
BLM	80	\$2,144	\$3,053	\$2,981	98%
FWS	17	\$327	\$574	\$225	39%
NPS	22	\$367	\$360	\$334	93%
Totals	119	\$2,838	\$3,987	\$3,540	89%

Figure 3.

partners, had inadequate documentation supporting the partners' entire agreed-to contributed match. We estimated that \$138,400 in labor and volunteer costs (85 percent of \$162,100), \$20,700 in materials (13 percent), and \$3,000 in equipment use (2 percent) all lacked support.

A Refuge official told us that the "limited need for administrative documentation and paperwork" is actually one of the CCS Program's main strengths. The official added, however, that the Program has recently begun to require more paperwork. We were informed that although some refuges have been participating less in the Program because of the increasing burden, the amount of administrative documentation does not yet fully outweigh the benefits from acquired funds. This official believed that if the growth in paperwork continued, it might discourage small partners from participation the way it has discouraged some refuges. This official also told us that "volunteer hours are not formally collected (the emphasis is to complete the project by working with partners not seeking to create an excessive administrative burden) but are estimates of partner efforts by [Refuge] field staff."

³ The partners proposed or promised about \$3.98 million in excess of the CCS federal funding of \$2.84 million for a total proposed amount of \$6.82 million (see Figure 3). This represents a 2.4:1 nonfederal to federal cost share.

⁴ Of the \$162,100 to be funded by the nonfederal partners, \$58,100 is the "promised" contributed match in excess of the required 1:1 match (\$162,100 less \$104,000).

Without sufficient evidence of the partners' matching contributions, however, the bureaus have no assurance that they have actually leveraged their CCS funding. Rather, at times, it appears that the CCS projects were fully funded by the bureaus and completed with minimal assistance from the partners. This leads us to question whether the bureaus estimated the total project costs as accurately as possible given the fact that the federal government fully financed the projects.

“Matching contributions are not well documented.”

— BLM Internal Control Review (2006)

Contrary to the practices of other offices, we found NPS' National Trails System Office in Salt Lake City, Utah, and U.S. Forest Service's Nez Perce National Historic Trail Office in Orofino, Idaho, have noteworthy guidelines that require CCS partners to accurately track all project expenditures, including personnel and volunteer time as well as cash and other in-kind contributions, and submit this information with requests for reimbursements on a monthly or lump sum basis. Keeping accurate project expenditure records and submitting these records prior to reimbursement is good business practice.

Ineffective Project Planning

Lack of Commitment Letters. During the CCS project planning process, the bureaus are not ensuring that willing and committed partners are in place prior to the submission of project proposals. NPS CCS guidelines require that supporting letters from potential partners must accompany the proposal, to document their willingness to participate in the project if

funded. We commend NPS for having such a policy; however, NPS has not consistently ensured that this policy is followed. For instance, 10 out of the 22 NPS projects reviewed (21 completed projects and 1 in-progress)—about 45 percent—did not have commitment letters from the partners.

BLM and FWS do not have an official policy requiring the submission of commitment or supporting letters from their potential partners. Without such documentation, the bureaus' interest in leveraging their funding is not assured. For example, the partners in a BLM CCS project in Folsom, California did not provide most of the required \$25,000 match. The BLM project lead included one partner in the CCS project proposal without ever contacting the partner. The partner later declined to participate in the project due to lack of interest. We were able to verify that the remaining partners provided only 45 hours of volunteer labor, which we valued at about \$812. The bureau project lead told us that he did not record all the volunteer hours contributed by the remaining partners, but even if he had, the partners' match would still not have equaled the \$25,000 required match.

Overall, the format of partner commitments varies among bureaus and locations, with some being done informally, some verbally, and some in writing. The use of commitment letters would serve as proof that the bureaus made a good faith effort to leverage their CCS funding.

Lack of Written Agreements. We also found written agreements are not always being entered into with nonfederal partners to ensure the partners' understanding of their cost-share responsibilities. The responsibilities of all partners should be specifically identified to prevent any confusion or future misunderstandings. In particular, when a thing of value (funds, labor, services, materials,

supplies, etc.) is being conveyed or committed, a binding agreement between the bureau and the partner(s) must be established.

In nearly 18 percent of the projects reviewed (21 of the 119 CCS projects), the bureaus did not enter into written agreements with the nonfederal partners (see Figure 4). In these cases, the CCS funds were expended by the bureaus, and the involvement of the nonfederal partners was limited to providing matching contributions, most often in-kind services. Without a written agreement, the bureaus cannot ensure that partners are aware of their responsibilities and the requirements that go along with participation in the CCS project. It is even more difficult, if not impossible, to enforce the matching requirement of the CCS Program when there is no written agreement.

We also found that the bureaus used purchase orders as the means to transfer project funds to partners for about 22 percent of the projects reviewed (26 of the 119 CCS projects). Purchase orders were typically used when the bureau was not substantially involved in the performance of the project. Some of the purchase orders referenced the project proposal; others did not. Similarly, some of the purchase orders included a detailed statement of work, while others did not. If bureaus use a purchase order to transfer funds, they must include detailed information setting out the responsibilities of project partners, including matching requirements.

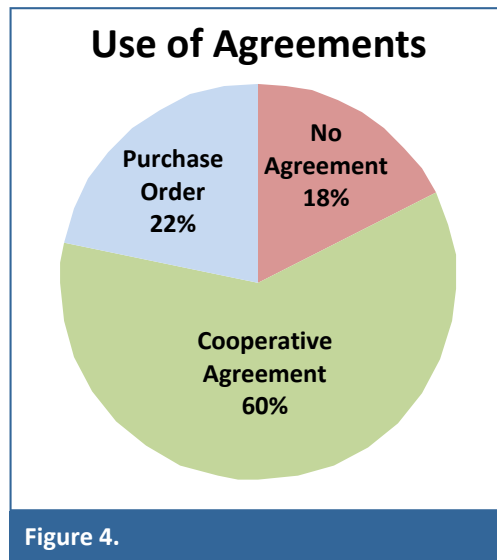
The bureaus used cooperative agreements for the remaining 60 percent of the projects reviewed (72 of the 119 CCS projects), although in many cases agreements were used for only a

portion of the project funding. The remaining project funds were expended by the bureaus directly. There was no indication that the partners were even aware of the entire budget for these projects, let alone their responsibility to match the entire budget. At BLM, this occurred because the BLM project leads often estimated the partners' contributions, and the partners never committed to the match requirement in writing.

We noted that some FWS regions have a policy requiring the use of a cooperative agreement for each CCS project. Although we applaud FWS for using written agreements for each CCS project, there may be cases where a cooperative agreement is not the appropriate legal instrument. For example,

there may be CCS projects that do not meet one or more of the stipulations for using a cooperative agreement, such as substantial involvement on the part of the bureau or the transferring of a thing of value to the nonfederal partner.

One of the cooperative agreements that we reviewed in FWS' Benton Lake NWR, Great Falls, Montana, illustrates several of the issues we found. In this case, FWS entered into a cooperative agreement with a nonprofit partner; however, the agreement also described the duties and responsibilities of other partners, including a state agency and private landowners. The nonprofit was the only partner to sign the agreement and the agreement included a provision that the nonprofit was not responsible for ensuring that the other partners provided their cost share. Without requiring each partner to sign the agreement, there is no way to ensure that the terms of the agreement



are actually executed. To further add to the confusion, it was not clear that the state agency received a thing of value because of this agreement. Rather, it appeared that their relationship with FWS was more akin to that of a Memorandum of Understanding.

Lack of Partner Certifications. We noted a lack of certifications from the nonfederal partners at project completion. In order to provide better assurance that the bureaus' CCS partners have contributed their match, the bureaus should require confirmation from the partners at project completion that matching requirements were met. BLM and FWS lack such a requirement. FWS' CCS Program guidelines provide for a Certification Addendum at the beginning of a project, which includes a written declaration of the partners' matching cost share value. The certification is usually part of the overall CCS agreement between FWS and its partners. This document was intended to provide basic assurance to FWS that the partners have contributed no less than 50 percent of the total cost of each project. Although commendable, we believe the partner certification process would provide greater meaning when it occurs at the end of a project when actual matching contributions can be determined and verified.

NPS' CCS Program guidelines and procedures require the partners to complete a one-page Project Completion Form at the end of the project to show that federal funds and contributions were accounted for and spent for planned results. The form also provides information on CCS project results and accomplishments. NPS policy provides that partners are not eligible for additional CCS projects until they have submitted this form. NPS' regional offices are expected to receive and maintain these forms and ensure that the forms are complete and accurate. The regional offices are also expected to forward copies of these forms to the National CCS Program

Coordinator. Both the bureau and partner certify on the form that the project was successfully completed in a manner consistent with the stipulations of the CCS Program application and agreement.

Although NPS has a certification policy in place, we found that they are not enforcing or monitoring the submission of final project completion forms. For example, out of the 21 completed NPS CCS projects we reviewed, only 6 of the projects (29 percent) had final project completion forms. Of these six forms, two were not signed or completed, and another one was submitted only after the park unit was contacted about our review—almost 2 years after the project was completed. We also found an example at NPS' Potomac Heritage National Scenic Trail Office in Harpers Ferry, West Virginia, where a partner received multiple CCS projects without ever submitting a project completion form.

Lack of Fund Reallocation Guidelines. We found that CCS Program guidelines for BLM and FWS do not provide instructions on what to do with unspent funds. This has resulted in confusion at the field office level on what to do with funds remaining after project completion or after a project is terminated or deemed not forthcoming.

For example, BLM Oregon field offices had about \$255,000 in unspent CCS funds from 15 projects funded between fiscal years 2004 to 2006. The \$255,000 was from CCS funds available until expended which remained after project completion or after the project period had ended. A BLM official told us that unused CCS funds are usually returned to the state office. However, we found that the field offices held on to funds remaining at the end of a project or let entire approved project funds remain dormant for as long as 5 years without notifying the state office about the unspent funds. According to the Oregon State Office CCS

Coordinator, the field offices should notify her of these unspent funds so that funds can be reallocated to other approved CCS projects.

Need for Management Control Reviews. Unlike FWS and NPS, BLM performed periodic management control reviews of its CCS Program. These reviews are essential to ensure that commitment letters, written agreements, partner matching contributions and certifications, and related Program policies and procedures are met. Without these reviews, Program weaknesses, such as those identified in this report, can go undetected.

Ineffective Program Communication

Misreporting and/or Lack of Reporting. When reporting to Congress, all three bureaus are unable to accurately report matching contribution statistics because actual contributions received are not tracked on a programmatic basis. FWS does not report contribution information at all. NPS generally reports only anticipated contributions, and BLM reports “actual” contribution amounts that cannot be substantiated. This lack of reporting to Congress through budget justifications fails to provide the information necessary to effectively monitor matching contributions, which could affect funding decisions.

For the last several years, BLM has reported CCS accomplishments, including the match ratio, in its Budget Justifications. BLM’s 2009 Budget Justifications reported that CCS partners provided on average \$2.80 for every federal CCS dollar for fiscal years 2003 to 2007. BLM, however, could not provide the source data that was used to come up with these calculations. BLM field officials told us they believed BLM’s Budget Planning System (BPS) was most likely used to calculate the match ratio. However, we found that the BPS system included partners



Egret at Cosumnes River Preserve. The Preserve’s manager position was funded through a CCS project.

who never participated in the funded projects for which they were listed as matching partners. Further, because it is a budget system, it does not maintain historical data. Therefore, matching contributions for prior years are often overwritten with the current year’s data. As a result, the accuracy of BLM’s reporting to Congress of CCS accomplishments and the federal to nonfederal matching contribution ratio is questionable.

Lack of Transparency. We found that the bureaus have not consistently posted CCS funding opportunities on Grants.gov, nor have they consistently reported CCS awards in the Federal Assistance Award Data System (FAADS).⁵ According to the Departmental Manual (505 DM 2), “in order to provide the public opportunity to view potential funding opportunities thereby maintaining transparency consistent with the customer service mandates prescribed in P.L. 106-107, synopses of all cooperative agreement and discretionary grant funding opportunities must be posted to Grants.gov.”

NPS officials told us that they do not post most CCS funding announcements on Grants.gov because they do not see the CCS program as a

⁵ Federal agencies are required to report financial assistance awards in FAADS, a government-wide database that is maintained by the U.S. Census Bureau.

financial assistance program, but rather as a “partnership leveraging program.” FWS took a similar stance, stating that their CCS program does not provide grants or financial assistance but, in fact, requires partners to donate support to FWS for refuge projects. No matter what the bureaus choose to call their CCS programs, the programs primarily use cooperative agreements, which are financial assistance instruments.

Only one NPS park unit posted a CCS funding announcement on Grants.gov, while none of the NPS regional offices posted funding announcements. An NPS official told us that there is currently disagreement within the regions regarding posting CCS funding announcements on Grants.gov. NPS would like to allow each NPS region to determine, in consultation with their Regional Solicitor’s office, whether or not to post funding announcements on Grants.gov.

Only five of the eight FWS regions posted their CCS funding announcements on Grants.gov. Like NPS, FWS has allowed the regions to make this determination. Some regions post aggregate CCS funding allocations on Grants.gov, others post individual project information, and still others make no posting whatsoever. The FWS CCS Coordinator for one region which elected not to post information told us that the classification of the CCS program in the Catalog of Federal Domestic Assistance (CFDA) is in error and posting funding announcements on Grants.gov could be considered a disservice to the public. Although this official believes it is a disservice for interested parties to inquire about funding already targeted to specific partners, the real disservice is the elimination of potential partnerships with other organizations. In contrast to NPS and FWS, BLM began requiring that CCS funding announcements be posted on Grants.gov starting in FY 2008.

The bureaus can do a better job fostering new partnerships by focusing on the development of emerging partnerships rather than relying on partners with whom they are familiar. This can be done by limiting the number of proposed projects having a project purpose of a recurring nature that will be approved for CCS funding. For example, at a BLM field office in Butte, Montana, we reviewed a recurring project for which the match consisted of mitigation funds provided by a power company as required by their relicensing agreement with the Federal Energy Regulatory Commission. We question how this is an appropriate CCS project or how this arrangement helps BLM promote partnerships or leverage its CCS funding when the work is an annually recurring regulatory requirement.

The bureaus also limit the transparency of their CCS programs by not reporting CCS agreements in FAADS. NPS did not report any CCS agreements in FAADS and none of the CCS projects reviewed at FWS were reported in FAADS. Despite not having a CFDA number for its CCS program at the time, BLM reported CCS agreements in FAADS under the CFDA number of the program that benefitted from the CCS project.

By not using Grants.gov, the bureaus have limited the transparency of the CCS Program and failed to provide the opportunity to participate to the greatest number of potential partners. The bureaus have further limited transparency through their inconsistency in reporting CCS agreements in FAADS.

NPS Centennial Challenge

Senior NPS officials informed us that NPS plans to use the CCS Program as a model for implementing the NPS Centennial Challenge Initiative. The use of the CCS Program as a cost share program model for the Centennial

Challenge Initiative makes it more critical for the Department to take immediate steps to address the Program's shortcomings. Similar to the CCS Program, the federal funds appropriated for the Centennial Challenge Initiative must be matched by NPS partners on a 1:1 basis. Because the Centennial Challenge Initiative brings with it the potential for hundreds of millions of dollars in additional appropriated funding for NPS, we caution the use of the CCS Program as a cost share model because we found that NPS internal controls, that would help ensure the nonfederal partners have provided their matching contributions, are either not in place or are not being followed. Our recommendations will help strengthen the CCS Program's internal controls as well as invigorate and improve the CCS Program as a model for the Centennial Challenge Initiative.

What Do We Recommend?

We recommend that NPS, FWS, and BLM collaborate to develop and implement consistent policies and procedures for the CCS Program that accomplish the following:

1. Require CCS funding announcements be posted to Grants.gov.
2. Require bureaus to obtain partner commitment letters before submitting project proposals and enter into appropriate written agreements (cooperative agreement or contract) with each partner prior to the start of a CCS project.
3. Require CCS awards be reported in the Federal Assistance Award Data System, as applicable.
4. Require partners to accurately track all project expenditures, including labor and volunteer hours and other in-kind contributions, and submit this information to the bureaus prior to reimbursement.
5. Require partners to submit a written statement at the conclusion of the project, certifying that all agreed-to tasks were performed and matching contributions provided.
6. Require return of all unspent CCS funds for reallocation to other approved projects, including all unused funds at the completion of a project, at project period end, and from projects that did not go forward.
7. Require accurate reporting of CCS Program accomplishments, including the federal to nonfederal matching ratio, to Congress.
8. Require periodic management control reviews be performed on the CCS Program to ensure that bureaus have complied with all existing Program policies and procedures.

Objective, Scope, and Methodology

Appendix 1

Objective

The objective of our evaluation was to determine if the Department's nonfederal partners provided the matching contributions required by the CCS Program.

Scope

The scope of our evaluation included CCS projects approved and funded from fiscal year 2003 to 2008.

Methodology

Information on CCS projects awarded by each bureau during 2003-2008 was not readily available, primarily due to a lack of information systems for tracking these projects. For example, although FWS policy mandates the development of a system to manage project information, no such system was in place at the time of our review. As a result, we were limited to lists provided by each FWS regional office, often with varying levels of detail. BLM uses its BPS system to track CCS projects; however, it is often difficult to determine whether a project was funded or how much funding was actually allocated to the project. Although there was limited detail, NPS posts its funded CCS projects on its website.

We conducted the evaluation in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency, and completed the following activities:

- ◆ Conducted fieldwork from August 2008 to January 2009 and judgmentally selected sites to visit based on the amount of CCS activity and the proximity to other bureau offices with CCS activity (see Appendix 2 for a list of sites visited).
- ◆ Reviewed prior audit reports and internal reviews related to the CCS Program.
- ◆ Reviewed the legislative history of the CCS program and applicable regulations, policies, and procedures at each bureau.
- ◆ Interviewed bureau officials responsible for administering the CCS program, as well as program and project leads at the regional/state/field office and park unit level.
- ◆ Evaluated 119 CCS projects representing about \$2.84 million in federal funding and \$6.82 million in proposed/promised matching contributions (see Figure 3).
- ◆ Relied on information provided by the bureaus and contacted nonfederal partners to the extent practicable when obtaining and verifying the partners' matching contributions.

In conducting this evaluation, we used the following rules of approach to determine the total number of projects reviewed, amount of unsupported matching contributions, and number of written agreements:

- ◆ Determined that 119 projects were reviewed by including all project proposals approved for funding even if the proposals were for the same project, although funded in different fiscal years.
- ◆ Determined that matching contributions were unsupported unless detailed support was provided, such as timesheets, logbooks, receipts, or detailed invoices.
- ◆ Counted 72 written agreements in the bureaus' favor even though many of the written agreements entered into covered just a portion of the total CCS project funding, and some of these agreements lacked a cost share proviso with the partner. Further, in some cases, not all the partners signed the written agreement.

Bureau of Land Management

- ◆ Arcata Field Office, Arcata, CA
- ◆ Butte Field Office, Butte, MT
- ◆ California State Office, Sacramento, CA
- ◆ Cosumnes River Preserve, Galt, CA
- ◆ Eugene District Office, Eugene, OR
- ◆ Folsom Field Office, Folsom, CA
- ◆ Headquarters Office, Washington, DC
- ◆ Lower Potomac Field Station, Lorton, VA
- ◆ Medford Field Office, Medford, OR
- ◆ Montana State Office, Billings, MT
- ◆ Oregon State Office, Portland, OR
- ◆ Roseburg Field Office, Roseburg, OR

National Park Service

- ◆ Casa Grande Ruins National Monument, Coolidge, AZ
- ◆ Chesapeake and Ohio Canal National Historic Park, Hagerstown, MD
- ◆ Crater Lake National Park, Crater Lake, OR
- ◆ Golden Gate National Recreation Area, San Francisco, CA
- ◆ Headquarters Office, Washington, DC
- ◆ Juan Bautista de Anza National Historic Trail Office, Oakland, CA
- ◆ Pacific West Regional Office, Oakland, CA
- ◆ Point Reyes National Seashore, Point Reyes, CA
- ◆ Potomac Heritage National Scenic Trail Office, Harpers Ferry, WV
- ◆ Redwood National Park, Crescent City, CA
- ◆ Rosie the Riveter National Historical Park, Richmond, CA
- ◆ Western Archaeological and Conservation Center, Tucson, AZ

U.S. Fish and Wildlife Service

- ◆ Benton Lake National Wildlife Refuge, Great Falls, MT
- ◆ Headquarters Office, Arlington, VA
- ◆ Humboldt Bay National Wildlife Refuge Office, Arcata, CA
- ◆ Oregon Coast Complex, Newport News, OR
- ◆ Region 1 Office, Portland, OR
- ◆ Region 8 Office, Sacramento, CA
- ◆ Salinas River National Wildlife Refuge Office, Fremont, CA
- ◆ San Luis National Wildlife Refuge Complex, Los Banos, CA
- ◆ Virginia Fisheries Coordinator Office, Charles City, VA
- ◆ William L. Finley National Wildlife Refuge, Corvallis, OR

Classification of Monetary Amounts

Appendix 3

ISSUE	FUNDS TO BE PUT TO BETTER USE*
CCS federal funding spent without the required or adequately supported 1:1 matching partner contributions	\$2,488,000
TOTAL	\$2,488,000

* Funds to be put to better use are those funds that could have been leveraged through partnerships to obtain benefits in excess of what federal funding alone could have achieved if the recommendations are implemented.

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By Mail:

U.S. Department of the Interior
Office of Inspector General
Mail Stop 4428 MIB
1849 C Street, NW
Washington, D.C. 20240

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24-Hour Toll Free 800-424-5081
Washington Metro Area 703-487-5435

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