



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

**U.S. FISH AND WILDLIFE SERVICE WILDLIFE AND
SPORT FISH RESTORATION PROGRAM GRANTS**

Awarded to the State of Alabama, Department of Conservation
and Natural Resources, Wildlife and Freshwater Fisheries Division,
From October 1, 2007, Through September 30, 2009




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

August 27, 2010

AUDIT REPORT

Memorandum

To: Director
U.S. Fish and Wildlife Service

From: Suzanna I. Park 
Director of External Audits

Subject: Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Alabama, Department of Conservation and Natural Resources, Wildlife and Freshwater Fisheries Division, From October 1, 2007, Through September 30, 2009 (No. R-GR-FWS-0005-2010)

This report presents the results of our audit of costs claimed by the State of Alabama (the State), Department of Conservation and Natural Resources (the Department), Wildlife and Freshwater Fisheries Division (the 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 \$30.4 million on 54 grants that were open during State fiscal years (SFYs) ended September 30 of 2008 and 2009 (see Appendix 1). The audit also covered the Division's 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, the Division issued two final performance reports to FWS that did not provide specific, quantified, and accurate information on grant accomplishments.

In addition, we found that the Division claimed the value of volunteer labor as in-kind contributions under Grants W-1-36 and W-1-37 for hunter education. A portion of these contributions was unsupported, totaling \$1,631 (Federal share), because the Division (1) did not maintain timesheets for the volunteer labor that met Federal requirements, (2) included volunteer hours donated outside the grant period, and (3) made mathematical errors when calculating the value of the contributions. Prior to the end of our fieldwork, however, the Division repaid FWS for the unsupported costs. Furthermore, the Division informed FWS that it did not plan to claim in-kind contributions on its hunter education grants in the foreseeable future. We therefore determined that no recommendations regarding this issue were necessary.

We provided a draft report to FWS for a response. We summarized the Department and FWS Region 4 responses, as well as our comments on the responses after the recommendation. We list the status of the recommendation in Appendix 3.

Please respond in writing to the finding and recommendation included in this report by November 25, 2010. Your response should include information on actions taken or planned, targeted completion dates, and titles of officials responsible for implementation. Please address your response to:

Director of External Audits
U.S. Department of the Interior
Office of Inspector General
12030 Sunrise Valley Drive, Suite 230
Reston, VA 20191

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

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

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Introduction

Background

The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act (the 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 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 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.
- Reported and used program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$30.4 million on the 54 grants that were open during SFYs 2008 and 2009 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Department and Division headquarters in Montgomery, AL, and visited two district offices, seven wildlife management areas, seven State public fishing lakes, two fish hatcheries, six boat ramps and fishing access sites, a community hunting area, an archery park, and a shooting range (see Appendix 2). We performed this audit to supplement, not replace, the audits required by the Single Audit Act Amendments 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

¹ 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 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.
- 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 the Division's operations.

Prior Audit Coverage

On September 7, 2005, we issued "Final Audit Report on the U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of Alabama, Department of Conservation and Natural Resources, Wildlife and Freshwater Fisheries Division and Marine Resources Division, from October 1, 2002, through September 30, 2004" (No. R-GR-FWS-0002-2005). We followed up on all three recommendations in the report and found that the U.S. Department of the Interior, Office of the Assistant Secretary for Policy, Management and Budget considered them to be resolved and implemented.

We also reviewed Alabama's Comprehensive Annual Financial Report and Single Audit Report for SFY 2008. Neither of these reports contained any findings that would directly impact the Program grants. In addition, we reviewed the Alabama Department of Examiners of Public Accounts' audit of the Department, issued on November 27, 2009. This audit covered the Department's compliance with various State laws from October 1, 2006, to September 30, 2008. None of the findings from this report directly related to the Wildlife and Freshwater Fisheries Division.

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. We identified a condition, however, that resulted in the finding listed below. We discuss the finding in more detail in the Finding and Recommendation section.

Questionable Grant Compliance and Performance Reporting. The Division issued two final performance reports that did not provide specific, quantified, and accurate information on grant accomplishments.

Finding and Recommendation

A. Questionable Grant Compliance and Performance Reporting

States are required to submit performance reports to FWS after completion of each grant provided through the Program. These reports provide key information to help FWS ensure that States have spent funds appropriately and achieved project goals. We noted that the Division's performance reports for Grant F-46-23, for the development, operation, and maintenance of boating access sites, and Grant F-50-19, for statewide hatchery renovations, did not meet Federal requirements.

Under Grant F-46-23, the Division received Federal funds to (1) repair and maintain boating access areas and (2) plan, evaluate, and construct new boat ramps. The final performance report, however, did not provide specific, quantified information on the repair and maintenance of boating access sites; instead it simply stated that "several boat ramp renovations were accomplished and courtesy docks were constructed." Furthermore, the report noted that construction work was completed at two sites, but we determined that no construction activities were actually performed under this grant.

Under Grant F-50-19, the Division received Federal funds to (1) renovate and replace the residences at the Marion State Fish Hatchery and (2) conduct general repair and maintenance of hatchery facilities statewide. The final performance report, however, did not compare the Division's actual accomplishments to the grant objectives or discuss reasons for slippage from the original objectives. Specifically, the Division performed no work on the residences at the Marion State Fish Hatchery, but this fact was not mentioned in the report.

We discussed these matters with the Division during our fieldwork, and the Division revised the final performance reports for Grants F-46-23 and F-50-19 to address them.

According to 43 CFR §§ 12.80(b)(2)(i) and (ii), performance reports for each grant should contain a comparison of actual accomplishments to the objectives established for the grant period and the reasons for slippage if the objectives were not met.

This condition occurred because the Division did not have an adequate process in place to ensure that all of its performance reports met the requirements of the CFR and contained accurate information. Until the Division implements such a process, FWS may not be able to rely on future reports to determine whether the Division effectively and appropriately spent Program funds.

Recommendation

We recommend that FWS ensure the Division implements a process so that its final performance reports meet the requirements of 43 CFR § 12.80(b)(2) and contain accurate information.

Division Response

The Division agreed to identify a procedure to address this recommendation in its corrective action plan.

FWS Response

FWS regional officials concurred with the finding and recommendation.

OIG Comments

Based on the FWS response, additional information is needed in the corrective action plan, including:

- The specific action(s) taken or planned to address the recommendation.
- Targeted completion date.
- Titles of officials responsible for implementing the actions taken or planned.
- Verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Division.

Appendix I

State of Alabama
Department of Conservation and Natural Resources
Wildlife and Freshwater Fisheries Division
Financial Summary of Review Coverage
October 1, 2007, Through September 30, 2009

Grant Number	Grant Amount	Claimed Costs
F-18-44	\$12,000	\$12,000
F-18-45	12,000	12,000
F-18-46	12,000	0
F-35-35	975,000	1,102,057
F-35-36	1,120,000	1,199,697
F-37-35	625,000	721,130
F-37-36	715,000	685,931
F-38-35	690,000	791,024
F-38-36	850,000	778,698
F-39-35	440,000	507,512
F-39-36	500,000	494,532
F-40-36	295,868	326,326
F-40-37	188,227	160,581
F-41-35	850,000	1,026,634
F-41-36	983,000	1,068,637
F-43-19	19,500	19,168
F-46-23	966,052	970,765
F-46-24	925,118	558,257
F-50-19	200,000	194,424
F-50-20	2,000	310
F-50-21	1,500	176
F-54-19	340,000	393,165
F-54-20	390,000	421,991

State of Alabama
Department of Conservation and Natural Resources
Wildlife and Freshwater Fisheries Division
Financial Summary of Review Coverage
October 1, 2007, Through September 30, 2009

Grant Number	Grant Amount	Claimed Costs
F-102-R-3	\$35,000	\$10,846
F-102-R-4	35,000	528
FW-5-2	160,000	126,046
W-1-36	610,500	611,936
W-1-37	650,500	665,310
W-8-66	500,000	527,614
W-8-67	560,000	479,783
W-14-6	800,000	0
W-34-55	3,800,000	3,932,282
W-34-56	4,010,000	4,049,412
W-35-55	264,000	254,937
W-35-56	287,000	309,699
W-39-51	15,000	15,000
W-39-52	15,000	15,000
W-39-53	15,000	0
W-47-15	100,000	92,041
W-47-16	156,000	150,000
W-48-24	42,000	38,602
W-48-25	52,000	44,156
W-49-23	204,000	214,425
W-49-24	216,000	216,881
W-53-16	636,000	583,241

State of Alabama
Department of Conservation and Natural Resources
Wildlife and Freshwater Fisheries Division
Financial Summary of Review Coverage
October 1, 2007, Through September 30, 2009

Grant Number	Grant Amount	Claimed Costs
W-53-17	\$634,000	\$518,775
W-54-L-2	40,000	0
W-60-7	180,000	193,917
W-60-8	172,000	177,286
W-61-L-4	4,830,000	4,799,004
W-61-5	375,600	339,607
W-61-6	286,000	275,816
W-61-7	78,600	68,800
W-64-2	235,818	237,378
Total	\$31,107,283	\$30,393,337

Appendix 2

State of Alabama
Department of Conservation and Natural Resources
Wildlife and Freshwater Fisheries Division
Sites Visited

Headquarters

Department of Conservation and Natural Resources, Montgomery
Wildlife and Freshwater Fisheries Division, Montgomery

District Offices

District III, Northport
District IV, Enterprise

Wildlife Management Areas

Barbour County
Black Warrior
Blue Spring
Geneva State Forest
Hollins
Lauderdale
Scotch

State Public Fishing Lakes

Bibb County
Chambers County
Dale County
Escambia County
Geneva County
Lee County
Monroe County

Fish Hatcheries

Carbon Hill
Marion

Boat Ramps and Fishing Access

Lion's Club
Myrtlewood
Samson
Sprott Bridge (Highway 14) Cahaba River
Thomas Mill
Tusahoma Landing

State of Alabama
Department of Conservation and Natural Resources
Wildlife and Freshwater Fisheries Division
Sites Visited

Other

Autauga County Community Hunting Area
Cullman Community Archery Park
Marengo Public Shooting Range

Appendix 3

State of Alabama
Department of Conservation and Natural Resources
Wildlife and Freshwater Fisheries Division
Status of Audit Finding and Recommendation

Recommendation	Status	Action Required
A	FWS management concurs with the recommendation, but additional information is needed as outlined in the "Action Required" column.	Based on the FWS response, additional information is needed in the corrective action plan, as listed in the Finding and Recommendation section under OIG Comments. We will refer the recommendation, if not resolved and/or implemented at the end of 90 days (after November 25, 2010), to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.

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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

By Phone:

24-Hour Toll Free
Washington Metro Area

800-424-5081
703-487-5435

By Fax:

703-487-5402

By Internet:

www.doioig.gov