



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

MANAGEMENT OF THE COASTAL IMPACT ASSISTANCE PROGRAM IN THE STATE OF LOUISIANA



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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

SEP 30 2014

Memorandum

To: Daniel M. Ashe
Director, U.S. Fish and Wildlife Service

From: Mary L. Kendall *[Signature]*
Deputy Inspector General

Subject: Final Audit Report – Management of the Coastal Impact Assistance Program in the State of Louisiana
Report No. ER-IN-FWS-0010-2013

This memorandum transmits the results of our audit of the Coastal Impact Assistance Program (CIAP) grants awarded to the State of Louisiana. We audited this program to determine if CIAP grant recipients in Louisiana have complied with the CIAP authorizing language and grant regulations, in addition to U.S. Department of the Interior policies; if costs charged to the grants are allowable, allocable, and reasonable; and if FWS effectively administers CIAP by evaluating its overall strategy to award and monitor grants.

Our audit found significant deficiencies in FWS' and the State's management of CIAP grants, such as—

- ineffective grant monitoring by FWS;
- insufficient State procurement laws;
- unallowable costs and mishandled accounting and financial issues;
- improper acquisitions of real property;
- ineligible drawdowns; and
- inappropriate changes in grant scope.

As a result, we questioned \$9,878,964 in CIAP funds, representing ineligible grant charges, unreasonable costs, and expenses not supported by proper documentation. In addition, we identified \$4,343,765 in CIAP funds that could be put to better use.

Our 30 recommendations target deficiencies that have continued under FWS' management of CIAP. These deficiencies include ineffective monitoring of grantees as well as many ineligible or unallowable uses of funds by grant recipients. In its response to our draft report, FWS concurred or partially concurred with 23 of our recommendations and stated that it is working to implement or close these recommendations (see Appendix 6). Based on FWS' response, we modified our final report as appropriate. We consider 4 recommendations unresolved, 14 resolved but not implemented, and 12 closed (see Appendix 7).

We will send the 18 recommendations that are unresolved or resolved but not implemented to the Office of Policy, Management and Budget to track their resolution and implementation.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions regarding this report, please call me at 202-208-5745.

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Results in Brief

We reviewed Coastal Impact Assistance Program (CIAP) grants awarded to the State of Louisiana to determine if its use of grant funds complied with Federal regulations. We identified several areas of concern for the U.S. Fish and Wildlife Service (FWS) to address to safeguard Federal funds awarded under CIAP, including ineffective grant monitoring by FWS, insufficient State procurement laws, unallowable costs and mishandled accounting and financial issues, improper acquisitions of real property, ineligible drawdowns, and inappropriate changes in grant scope.

We questioned \$9,878,964 in CIAP costs, representing ineligible grant charges, unreasonable costs, and expenses not supported by proper documentation. In addition, we identified \$4,343,765 in CIAP funds that could be put to better use. These questioned costs include—

- unused preaward costs;
- improper contracts;
- unauthorized preaward costs;
- unsupported payroll charges;
- mischarges to a grant;
- overallocated indirect charges;
- inadequate land appraisals;
- unreasonable interest costs; and
- failure to report program income despite raising revenue from grant activities.

We believe that the Bureau of Ocean Energy Management, Regulation and Enforcement, which managed the program until September 30, 2011, and FWS officials could have detected and prevented most, if not all, of these problems if they had properly monitored the grant awards and proactively conducted site visits.

We offer 30 recommendations focused on improving FWS' management and oversight of CIAP grants awarded to the State of Louisiana. We believe that, if implemented, these recommendations will help prevent fraud, waste, and mismanagement of Federal funds awarded under CIAP.

Introduction

Objective

We conducted this audit to determine if—

1. the Coastal Impact Assistance Program (CIAP) grant recipients in Louisiana have complied with the CIAP authorizing language and grant regulations, in addition to U.S. Department of the Interior (DOI), Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), and U.S. Fish and Wildlife Service (FWS) policies;
2. costs charged to the grants are allowable, allocable, and reasonable; and
3. FWS effectively administers CIAP by evaluating its overall strategy to award and monitor grants.

We performed this audit after issuing our June 2013 report, “Management of the Coastal Impact Assistance Program, State of Mississippi” (Report No. ER-IN-MOA-0013-2011), which uncovered widespread deficiencies in CIAP grants management by BOEMRE, FWS, and the grant recipients (see Appendix 1). Appendix 2 includes a full description of our scope and methodology for the audit of grants awarded to Louisiana.

Background

The Energy Policy Act of 2005 (Act) created CIAP, codified at 43 U.S.C. § 1356a. CIAP provides grant funds derived from Federal offshore lease revenues to oil-producing States for conservation, protection, or restoration of coastal areas, wildlife, and natural resources. The Act authorized the Secretary to disburse \$250 million in each of the fiscal years (FYs) 2007, 2008, 2009, and 2010 to eligible CIAP grant recipients in the coastal zone counties, parishes, or boroughs of Alabama, Alaska, California, Louisiana, Mississippi, and Texas.

The Secretary delegated oversight of these funds to the Minerals Management Service, which bore both the initial responsibility of approving State plans and the continuing responsibility of reviewing, approving, and monitoring grants. In June 2010, the Minerals Management Service reorganized into BOEMRE. As of October 1, 2011, responsibility for managing the ongoing grants and awarding the balance of the funds was transferred to FWS.

The Act required grant recipients to use all funds for at least one of five authorized uses (AUs):

- projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands (AU1);
- mitigation of damage to fish, wildlife, or natural resources (AU2);
- planning assistance and the administrative costs of complying with CIAP requirements (AU3);

- implementation of a federally approved marine, coastal, or comprehensive conservation plan (AU4); and
- mitigation of the impact of Outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs (AU5).

The Act allocated CIAP funds to each State based on the ratio of Outer Continental Shelf revenues generated relative to all eligible States. Allocations for FYs 2007 and 2008 were based on revenues received for FY 2006, and allocations for FYs 2009 and 2010 were based on revenues received for FY 2008 (see Figure 1).

Fiscal Year	Alabama	Alaska	California	Louisiana	Mississippi	Texas
2007	\$25,551,607	\$2,425,000	\$7,444,442	\$127,547,899	\$30,939,851	\$48,591,202
2008	25,551,607	2,425,000	7,444,442	127,547,899	30,939,851	48,591,202
2009	19,728,257	37,471,876	4,923,125	120,911,589	23,819,815	35,645,337
2010	19,524,845	37,085,568	4,872,364	119,663,561	23,574,218	35,279,444
Total	\$90,356,316	\$79,407,444	\$24,684,373	\$495,670,948	\$109,273,735	\$168,107,185

Figure 1. CIAP allocations by State for FY 2007 through FY 2010.

The Act divided these amounts among the State governments and their counties, parishes, or boroughs. Each State government was apportioned 65 percent of the State's overall CIAP allocation. The remaining 35 percent was divided among the State's eligible counties, parishes, or boroughs based on several factors, including population, miles of coastline, and proximity to leased tracts.

To receive CIAP funds, the Governor of each eligible State had to submit for BOEMRE's approval a coastal impact assistance plan detailing how CIAP funds would be spent. Each Governor was required to solicit local input and provide for public participation in the development of the State plan. BOEMRE reviewed each State plan for consistency with the authorized uses and required content, including certification by the Governor that ample opportunity for public input occurred. Upon approval, eligible recipients could apply for CIAP funding.

The State of Louisiana had 20 eligible CIAP recipients: the Coastal Protection and Restoration Authority (CPRA), and the parishes of Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, and Vermilion. The Governor designated CPRA to manage the State government's portion of CIAP funds, while parish designees manage the funds allotted to each parish.

Findings

DOI awarded the State of Louisiana and its 19 eligible parishes 127 CIAP grants totaling \$494.2 million between April 2008 and March 2013. During our audit, we reviewed 47 grants totaling \$367,197,846 and found several issues with FWS' monitoring of grants that raised concerns about the potential for misuse of funds in Louisiana and FWS' inability to detect it (see Appendix 3).

FWS continues to rely on grantee risk assessments conducted by BOEMRE even though BOEMRE did not conduct a risk assessment for the largest CIAP recipient, CPRA. Grant managers use these risk assessments to determine the extent of monitoring needed for each grant recipient. In addition, FWS did not comply with departmental guidance that requires bureaus to proactively monitor financial assistance recipients through a risk-based approach. Furthermore, weak State procurement laws increase the need for vigilant FWS oversight. This environment, coupled with CIAP recipients in Louisiana that struggle to properly manage their grants, led us to question more than \$14 million in ineligible and unsupported costs and funds to be put to better use (see Appendix 4).

Ineffective Monitoring by FWS

We identified grant monitoring as a major area of concern in our review of grants awarded to Louisiana. For example, we found that BOEMRE assessed grantees' levels of risk before awarding grants. FWS determined that reassessing the risk with these grantees before awarding a grant was unnecessary and instead relied on BOEMRE's risk assessments. We noted, however, that at the time when BOEMRE conducted its risk assessments, the single largest recipient in the entire program—the State government of Louisiana—had delegated CIAP management to the Louisiana Department of Natural Resources (DNR). When FWS assumed responsibility for CIAP in October 2011, the Governor of Louisiana had transferred management of the program to CPRA, a different agency than BOEMRE had reviewed in its risk assessment. As a result, FWS claimed to rely on a risk assessment that was never actually conducted for an agency charged with disbursing more than \$320 million in grant funds.

In addition, we noted that FWS did not comply with departmental guidance that requires a risk-based approach to monitoring. Department of the Interior Guidance Release (DIG) 2011-03 outlines a DOI-wide policy for proactively monitoring financial assistance recipients to protect against fraud, waste, and mismanagement. Instead of following the DIG and completing the required risk assessments, FWS continued to rely on the outdated—or, in the case of CPRA, nonexistent—risk assessments completed by BOEMRE.

Consequently, instead of using the required assessments to assign recipients a risk-based level of monitoring, which ranges from annual site visits for high-risk grantees to annual desk reviews (consisting of phone calls and emails to grant

recipients) for low-risk grantees, FWS managed all grantees at the same level of risk. FWS required all recipients, notably even those that BOEMRE had deemed high risk, to submit only the minimum requirement of annual financial and performance reports, effectively ignoring the proactive approach outlined in the DIG.

In response to recommendations we offered in a Notice of Potential Findings and Recommendations regarding FWS' noncompliance with the DIG, FWS has drafted its own guidelines to satisfy the DIG's intent. We recognize that the Office of Acquisition and Property Management is reviewing these guidelines, but we are still concerned by FWS' hesitance to fully comply with departmental policy intended to standardize how all DOI bureaus monitor financial assistance.

Concerns With FWS State Liaisons

As part of its monitoring plan, FWS appointed a State liaison in each CIAP-eligible State. The liaison's role was to provide technical assistance to grantees and to monitor grants awarded. Despite this appointment, we are still concerned that FWS does not take a more proactive approach to monitoring. When we interviewed FWS' headquarters staff we learned that headquarters staff monitor milestones and financial reporting and review and approve grants and amendments, but that the State liaison performs most of the day-to-day monitoring and communication with grantees.

We found, however, that while the Louisiana liaison monitored and communicated with CPRA, many of the parishes we visited claimed to have little to no interaction with the liaison. We also found that the liaison had only conducted a handful of site visits and typically only visited a parish if requested by the grantee. In addition, the liaison could not provide us with any type of monitoring plan, despite the fact that 99.7 percent of the CIAP funds awarded to Louisiana have been obligated, which means that the liaison's main responsibility should have shifted from technical assistance to monitoring.

We are also concerned that the FWS Louisiana liaison works in the same office space as CPRA staff. While we recognize both the cost-saving benefits of sharing space and the ease of assisting a grantee in person, we question the liaison's ability to perform independent oversight. The liaison currently works from an open cubicle among CPRA employees, and because of this arrangement, often takes work calls in her car rather than in the workspace.

Missing and Inaccurate Data

When we started this audit, we noted discrepancies between data provided by grantees and data provided by FWS. When we informed FWS staff of these discrepancies, they said they would verify their spreadsheets to ensure accuracy, something they had not done since the program was moved to FWS. During their review, FWS staff found additional discrepancies, including a grant that BOEMRE had awarded that did not show up in FWS' data.

Incorrect data, along with the other monitoring failures noted above, raise concerns of FWS' ability to track the progress and status of CIAP grants. Closely monitoring expenditures on grants and comparing them to budgets and milestones identified in grant documents can be a useful tool for monitoring progress in the absence of site visits. More specifically, these data could identify a grantee that used its budget too quickly and is at risk of cost overruns, or a grantee that spent too little of its budget into its period of performance and is at risk of running out of time to complete its project by FWS' December 31, 2016 deadline for submitting grant amendments.

For example, we noticed that the grant budget for CIAP administration in Louisiana included a request for \$4 million for preaward costs—costs already incurred before the date of award—in August 2011. We reviewed the drawdown data in March 2013, expecting to see more than \$4 million drawn down, but we noticed that drawdowns for both pre- and postaward costs totaled less than \$1 million. We found this discrepancy alarming and asked CPRA why it requested such a large amount of preaward funding but did not draw down the funds in a reasonable amount of time.

CPRA directed us to DNR, which does the accounting for CPRA, to determine the reason for such a large discrepancy between the preaward amount requested and the amount actually drawn down. We discovered a non-CIAP account that showed nearly \$3.2 million in payments to the contractor who administers CIAP that had not been drawn down. We also found that several payments to the contractor had been transferred out of this this account into a CIAP account associated with the administration grant (F12AF00170), but only one charge of \$65,079 was for preaward costs. Since this account contains no other charges for preaward costs, we question the remaining \$3,934,921 (the original \$4 million requested for preaward costs minus \$65,079) as funds to be put to better use (see Figure 2).

Grant Number	Grant Title	Authorized Preaward Costs	Actual Preaward Costs	Funds to Be Put to Better Use
F12AF00170	State of Louisiana-Administration of CIAP project	\$4,000,000	\$65,079	\$3,934,921

Figure 2. Funds to be put to better use resulting from the unused balance of preaward costs on grant F12AF00170.

When we asked DNR staff if the \$3.2 million in expenditures shown in the non-CIAP account could be CIAP charges that DNR never transferred, they stated that they did not know the nature of those charges because they do not transfer funds unless instructed by CPRA. According to DNR staff, DNR receives invoices from CPRA stamped with a certain code; records the charges as coded; and, if the code

is for a CIAP expense, draws down the requested funds from FWS. We are concerned that such poor communication and absence of continual oversight between CPRA and DNR allowed a problem like this to arise, indicating the need for further oversight by all parties to ensure that accounting data used to prompt drawdowns is accurate and complete.

Recommendations

We recommend that FWS:

1. Establish a protocol to conduct and review risk assessments for all CIAP recipients in accordance with DIG 2011-03;
2. Develop and implement a monitoring plan that will effectively and efficiently utilize the existing CIAP State liaisons;
3. Provide State liaisons with the workspace necessary to promote independent oversight;
4. Develop and implement a schedule for reviewing grant records for accuracy;
5. Develop and implement a plan to compare projected spending levels to actual drawdowns to ensure that budgets reasonably match actual expenditures;
6. Monitor projects at risk of not completing work by the December 31, 2016 deadline and develop a plan to address incomplete projects; and
7. Resolve the \$3,934,921 in unused preaward costs that we consider funds to be put to better use.

Insufficient Procurement Laws

During our review, we also found that Louisiana procurement law increases the need for proactive monitoring by FWS. The Code of Federal Regulations (43 C.F.R. § 12.76) allows State governments that receive grants to follow their State's procurement regulations, but we believe that Louisiana's procurement regulations potentially increase the risk of fraud, waste, or mismanagement of Federal funds. Louisiana law states that "contracts for professional services [such as architecture or engineering] may be awarded without the necessity of bidding or competitive negotiation," regardless of dollar amount. If the State, however, was instead treated like the Federal Government or local governments, such as the parish governments, professional services would be subject to the same rule as all other contracts: "All procurement transactions will be conducted in a manner providing full and open competition." Without the requirement of full and open

competition, State agencies could theoretically steer multimillion-dollar engineering contracts to any firm, regardless of qualifications or conflicts of interest. While this does not guarantee that grant funds would be used improperly, it does present a risk that warrants increased scrutiny of milestones and spending to ensure that any firm selected for a project can perform the work in accordance with grant timelines and objectives.

In practice, we found that CPRA took further steps to ensure competition than the law required, with a few notable exceptions. CPRA issued requests for proposals and requests for statements of interest and qualifications for its professional services contracts. CPRA used a committee to rank and select contractors in response to these requests, but we found instances in which the highest-ranked contractor was not selected. We also learned that the CPRA executive director has the authority to make the final decision on which firm is chosen regardless of the ranking committee's recommendations, leaving the power to award major contracts to one Governor-appointed position.

In addition to the lax requirements for competition of professional services contracts, we found that the State agencies are not required to document the selection process. While CPRA does produce ranking scores, it does not maintain notes detailing its meetings, which, we found, occasionally resulted in the committee recommending a contractor that did not submit the highest-ranked proposal. In one case, we found that the committee recommended a contractor who had ranked fourth on the technical score sheets with no justification why it passed on the three contractors with higher scores. If this procurement process had been subject to the rules for non-State recipients prescribed by 43 C.F.R. § 12.76(b)(9), the committee would have had to follow more stringent requirements for documentation, which state that "grantees . . . will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to . . . rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

Another competition-limiting effect of Louisiana procurement law is an agency's ability to increase professional services contracts by arbitrary amounts. For example, we identified two engineering contracts that CPRA first awarded for \$350,000 and \$300,000 and then increased the awards to \$1,775,000 and \$3,300,000, respectively. While Louisiana law permits such increases, they would have been subject to FWS review under the stricter non-State procurement regulations, which allow increases of only up to \$100,000.

While CPRA advertised a solicitation for each of these contracts, we believe that the type of firm that would apply for a \$300,000 contract compared to a \$3 million contract could have a dramatically different capacity to perform the work. In addition, these types of changes increase the risk that a project will not

meet milestones or projected costs, which may warrant additional monitoring from FWS to ensure that the contractor meets grant objectives.

Parish Concerns

In addition to State procurement law concerns, we also identified problematic procurement actions in two parishes. First, in the City of Mandeville in St. Tammany Parish, we found that the parish awarded an engineering contract to a firm based on criteria set by the mayor. We found that the firm, which had worked with the city in the past, had paid for several hunting and fishing trips for the mayor. The mayor wrote the procurement criteria to include whether the bidder had performed previous work for the city. Doing so gave the firm a higher score than the other bidders, thus steering the contract to that firm. As a result, we questioned \$262,406 on the Mandeville Aquatic Ecosystem Restoration grant (F12AF70087).

Second, in St. Bernard Parish, we found that one contractor, whose offer was ranked third, was invited to participate in oral presentations while the two higher-ranked firms were not. We could not find any written documentation explaining why the parish selected this contractor and not the other two, which violates the 40 C.F.R. § 12.60(2) requirement that grantees maintain records pertaining to grant or subgrant awards and authorizations.

Recommendations

We recommend that FWS:

8. Increase oversight of State procurements to ensure maximum transparency, encourage full and open competition, and detect and deter potential fraudulent activities;
9. Discuss and document estimated contract values with recipients to ensure accuracy and prevent substantial increases; and
10. Resolve the \$262,406 in questioned costs associated with grant F12AF70087.

Unallowable Costs and Mishandled Accounting and Financial Issues

Federal grant regulations require specific and accurate accounting of all grant transactions to ensure that funds are being fairly spent and accurately recorded. To receive Federal reimbursement, such expenses must be allowable, allocable (within the scope of the grant), reasonable, and adequately supported by price quotations, invoices, receipts, and similar documentation. We found, however, that CPRA and several parishes (1) drew down \$337,521 in ineligible preaward costs, (2) charged \$64,982 in unsupported payroll expenses, (3) incorrectly

charged \$18,554 in contractor costs not associated with a CIAP project, and (4) improperly charged \$3,641 in indirect costs.

Unauthorized Preaward Costs

Federal regulations allow grant recipients to seek reimbursement for preaward costs incurred prior to the effective date of the award. These costs are allowable only if they would also be allowable after the date of the award and only with written approval from FWS. We identified \$337,521 in ineligible preaward costs on three CPRA grants (see Figure 3).

Grant Number	Grant Title	Authorized Preaward Costs	Actual Preaward Costs	Ineligible Preaward Costs
F I 2 A F 0 0 2 1 7	Blind River Freshwater Diversion	\$5,035,953	\$5,041,887	\$5,934
F I 2 A F 0 0 2 2 8	Mississippi Long Distance Sediment Pipeline	1,928,453	2,259,663	331,210
F I 2 A F 0 0 8 3 0	Living Shoreline Protection Demonstration Project	0	377	377
Total				\$337,521

Figure 3. Unauthorized and ineligible preaward costs charged to CIAP grants.

On the first grant, CPRA incurred costs supporting the Blind River Freshwater Diversion beginning in May 2008. The grant, which was awarded on January 10, 2012, authorized preaward costs totaling \$5,035,953—\$4,353,477 to be incurred by CPRA and \$682,476 to be incurred and reimbursed by St. James Parish. CPRA, however, incurred \$5,041,887 of preaward costs and included this amount in the first drawdown on April 16, 2012. We therefore question the ineligible preaward expenditures of \$5,934 that exceed the authorized amount of \$5,035,953.

On the second grant, CPRA incurred costs supporting the Mississippi Long Distance Sediment Pipeline beginning in July 2007. The grant, which was awarded on July 14, 2011, authorized preaward costs of \$1,928,453. CPRA, however, incurred preaward costs totaling \$2,259,663 and included this amount in its first drawdown on June 22, 2012. We therefore question the ineligible preaward expenditures of \$331,210 that exceed the authorized amount.

On the third grant, CPRA incurred costs supporting the Living Shoreline Protection Demonstration Project beginning in January 2012. No preaward costs were authorized for this grant, but CPRA incurred \$377 in contractor charges

before receiving the award on May 1, 2012. CPRA included these expenses in its first drawdown on August 3, 2012. We therefore question \$377 in unauthorized preaward costs.

Unsupported Payroll Expenses

Federal regulations outline specific requirements for charging salaries and wages to Federal grants. According to 2 C.F.R. § 225, Appendix B 8(h)(4) and (5), direct labor costs must be supported by personnel activity reports that reflect an after-the-fact distribution of actual activity for each employee, and each report must account for the employee's total compensated activities.

Three parishes—Tangipahoa, St. James, and Plaquemines—could not support \$64,982 in payroll expenses charged to CIAP grants (see Figure 4). Specifically, these parishes tracked payroll with personnel activity reports that did not meet Federal requirements and used budgeted hours instead of actual hours, as required, to charge payroll to CIAP projects.

Grant Number	Abbreviated Grant Title	Grantee	Unsupported Payroll Expenses
F12AF70030	Lake Pontchartrain Shoreline Protection	Tangipahoa Parish	\$51,041
M07AF12798	Wetland Wastewater Assimilation Process	St. James Parish	9,651
M10AF20124	Tidewater Road Flood Protection Planning and Construction	Plaquemines Parish	4,290
Total			\$64,982

Figure 4. Unsupported payroll expenses charged to CIAP grants.

Tangipahoa Parish

Tangipahoa Parish employees who charged time to the Lake Pontchartrain Shoreline Protection grant did not identify actual hours worked on the grant on their timesheets. Instead, parish employees charged payroll expenses based on a percentage of work completed by its contractors. Federal regulations, however, require a full account of actual activities completed rather than budget estimates or distribution percentages. As a result, we could not determine the number of hours that parish personnel worked in support of the CIAP grant. We therefore question \$51,041 in administrative expenses charged to this grant.

St. James Parish

St. James Parish employees who charged time to the Wetland Wastewater Assimilation Process grant did not provide sufficient documentation of work activities. According to parish personnel, parish employees filled out timesheets with the total hours worked each day and then wrote a number below their total

hours that represented the number of hours worked on CIAP. Because the timesheets did not indicate which line represented which activity and no grant numbers or other indicators specifically identified CIAP hours, we could not effectively determine the number of hours parish employees worked in support of the CIAP grant. We therefore question \$9,651 in payroll expenses charged to this grant.

Plaquemines Parish

A Plaquemines Parish employee who charged time to the Tidewater Road Flood Protection Planning and Construction grant did not identify the actual hours worked in support of the grant on his timesheet. As a result, the parish charged the employee's time based on budgeted hours, not actual hours. We therefore question \$4,290 in payroll expenses charged to this grant.

Unsupported Other Direct Charges

We found that CPRA incorrectly included \$18,554 in contractor costs from a company that, according to the CIAP coordinator, was not a contractor for the Orleans Land Bridge grant (F12AF70070). Upon further review, the CIAP coordinator stated that the invoice should have been charged to a non-CIAP assignment. Therefore, we question \$18,554 as an unsupported cost.

Unsupported Indirect Costs

We found that CPRA charged indirect costs to 28 CIAP grants to pay for central services, such as human resources, accounting, and procurement services, that benefit those grant programs. We reviewed indirect costs charged to all 28 and found that CPRA overallocated \$3,641 in indirect charges on 3 of the grants (see Figure 5). These overages occurred because CPRA based the calculation on the approved negotiated rate at the time of the grant application but did not adjust the calculation when the approved rate changed.

Grant Number	Grant Title	Unsupported Indirect Costs
F12AF00597	Mississippi River Delta Management Strategic Planning	\$1,630
F12AF70170	State of Louisiana-Administration of CIAP	\$1,246
F12AF70083	Grand Lake Shoreline Protection	\$765
Total		\$3,641

Figure 5. Unsupported indirect costs charged to CIAP grants.

Furthermore, we identified 17 additional grants with incorrect indirect charges (see Appendix 5). These charges did not exceed the maximum allowable amount, but we are concerned about CPRA's inability to accurately account for indirect costs.

Recommendations

We recommend that FWS:

11. Resolve the unallowable preaward costs of \$5,934 charged to grant F12AF00217; \$331,210 charged to F12AF00228; and \$377 charged to F12AF00830;
12. Recover the \$51,041 in unsupported administrative expenses charged to grant F12AF70030; the \$9,651 in unsupported payroll expenses charged to M07AF12798; and the \$4,290 unsupported payroll expenses charged to M10AF20124;
13. Ensure that grant recipients follow Federal regulations requiring employees to adequately document after-the-fact hours and include descriptions on their timesheets for all CIAP-related activities;
14. Recover the \$18,554 in unsupported other direct charges to grant F12AF70070; and
15. Recover the \$3,641 in unsupported indirect costs for grants F12AF00597, F12AF70083, and F12AF70170.

Improper Acquisitions of Real Property

CPRA and Livingston Parish received CIAP grants to acquire and conserve real property, but appraisals of real property must meet the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA). As of March 2013, these recipients had acquired three parcels of land under grants provided by BOEMRE or FWS. We found that grant recipients—

- used a noncompliant appraisal with an unreasonable price per acre;
- accepted appraisals with unallowable highest-and-best-use determinations;
- used grant funds to pay for unreasonable acquisition costs; and
- insufficiently monitored land acquisitions, leases, easements, and program income.

Use of a Noncompliant Appraisal and Unreasonable Price per Acre

We found that Livingston Parish used a \$3,034,732 CIAP grant to purchase a 2,368-acre tract of land in May 2011 at \$1,000 per acre. Prior to purchasing the land, the parish had an appraisal conducted in December 2010 that did not comply with UASFLA standards, misled parish and Government officials, and appeared to contain an unreasonable price per acre.

The reviewer initiated a review appraisal in January 2011. During the review, the review appraiser met with the original appraisers to discuss “the issues and agreed upon a course of action that would bring the appraisal reports into full compliance with the regulations.” During these discussions, the original appraisers informed the review appraiser that the December 2010 appraisal report was not the final version and it was “more of a draft that had been furnished to Livingston Parish for comment.” The original appraisers made changes to the December 2010 appraisal as suggested by the review appraiser to bring the appraisal into compliance with UASFLA standards and reissued the appraisal in February 2011.

We found, however, that the parish did not know about a final report, dated February 14, 2011, and that the parish submitted the December 2010 appraisal, which did not meet UASFLA standards, to BOEMRE as support for the land value. In addition, the cover letter attached to the December 2010 appraisal sought payment for the appraisal and stated that delivery of the appraisal report completed the employment contract. We could not find any indication that the original appraisers’ December 2010 appraisal was a draft report. We believe the appraisers misled the parish and the Federal Government when it presented this report as final.

In early February 2011, shortly after the December 2010 appraisal was completed, the landowner sold all of his property, including the 2,368-acre tract of land that the parish intended to purchase—a total of approximately 32,000 acres—to a real estate investment company for approximately \$200 an acre. We acknowledge that the original appraiser would not have included this sale in his appraisal since he valued the land prior to this sale. The review appraiser, however, did include this sale in his report, informing the parish of the most recent sale.

UASFLA considers “[p]rior sales of the same property, reasonably recent and not forced . . . extremely probative evidence of market value.” We believe that the parish should have questioned the value in the December 2010 appraisal for the 2,368-acre tract after obtaining the new information from the review appraiser, considering that UASFLA standards stress the importance of a prior sale in determining market value and that the parish paid \$1,000 per acre when it purchased the land in May 2011—an \$800-per-acre increase from the previous sale in February 2011.

We therefore question \$2,625,888—the total amount used to purchase the land—as ineligible costs because the parish used a noncompliant appraisal and did not comply with the grant terms. We identified \$408, 844 as funds to be put to better use, which is the remaining balance of the total grant amount of \$3,034,732. We also question \$1,893,600 as unreasonable costs because of the \$800-per-acre increase from the previous sale less than 4 months prior (see Figure 6 on p. 15).

Grant Number	Grantee	Land Tract	Grant Amount	Ineligible Questioned Costs	Unreasonable Questioned Costs	Funds to Be Put to Better Use
F12AF 70047	Livingston Parish	Blind River Properties, Inc.	\$3,034,732	\$2,625,888	\$1,893,600	\$408,844

Figure 6. Ineligible and questioned costs associated with Livingston Parish's purchase of real property.

Unallowable Highest-and-Best-Use Determinations

CPRA received a \$20,166,136 grant, the Coastal Forest Conservation Initiative (CFCI), to acquire and conserve critical land. Although UASFLA considers the highest-and-best-use (HBU) determination one of the most important elements of the entire appraisal process, the two appraisals obtained for CFCI, known as the Blind River and Bayou Sale tracts, contained questionable HBU analysis and application.

UASFLA states that "each potential use must be analyzed in terms of its physical possibility, legal permissibility, financial feasibility, and its degree of profitability," and that the use of land that results in the highest profitability is the property's highest and best use. Two appraisals, performed by the same appraiser, for the Blind River and Bayou Sale tracts considered multiple HBUs for each property: conservation, recreation, and mitigation credits. The standards, however, prohibit using a non-economic HBU, such as conservation, that "requires the property to be withheld from economic production in perpetuity." UASFLA clearly states that any appraisal using conservation as an HBU "will not be approved for Federal land acquisitions purposes."

We found that CPRA purchased the Blind River tract for \$6.5 million, using \$4.5 million in CIAP funds and \$2 million in Louisiana Wildlife and Fisheries Foundation funds. CPRA purchased the Bayou Sale tract for \$2 million using CIAP funds. Both appraisals included conservation as one of the three HBUs, so we question \$6.5 million as ineligible (see Figure 7).

Grant Number	Grantee	Land Tract	Grant Amount	Ineligible Questioned Costs
F12AF 70284	CPRA	Blind River Bayou Sale	\$20,166,136	\$4,500,000 2,000,000
Total				\$6,500,000

Figure 7. Ineligible questioned costs associated with the State's CFCI grant.

Unreasonable Acquisition Costs

Our review determined that St. Tammany Parish acquired the French Property on October 14, 2009, using \$1,718,150 in CIAP funds from the Trust for Public Land

(TPL). TPL purchased the land in February 2007 and immediately entered into a lease-purchase agreement with the parish. The agreement stipulated that the parish pay TPL \$100,000 on February 14, 2007, a base rent payment of \$390,000 on September 15, 2008, and accrued interest on the unpaid balance, which was due when the parish acquired the land from TPL. We found that the parish paid the initial \$100,000 deposit but neglected to pay the base rent. As a result of the missed payment, the parish overpaid interest in the amount of \$7,486. We therefore question the overpayment as an unreasonable cost (see Figure 8).

Grant Number	Grantee	Land Tract	Grant Amount	Unreasonable Questioned Costs
M08AF15129	St. Tammany Parish	French Property	\$1,718,150	\$7,486

Figure 8. Unreasonable costs associated with St. Tammany Parish's acquisition of the French Property.

Insufficient Monitoring of Land Acquisitions, Leases, Easements, and Program Income

We found that CIAP grant recipients insufficiently monitored land acquisitions, leases, and easements, leaving CIAP projects and the Federal Government vulnerable to misuse, as well as unreported program income. FWS provided a letter to all State fish and wildlife agencies in March 2007 that outlined the minimum requirements for maintaining a complete inventory of lands or easements acquired using FWS grant funds. This letter was not addressed to CPRA and did not specifically mention CIAP grants, but we believe that these requirements should also apply to all CIAP lands and easements after FWS assumed responsibility for managing CIAP in October 2011.

CPRA provided us with a listing of land purchases and easements and rights of way, including two CIAP purchases in November 2011 and December 2012, and we found that the data within the listing are insufficient and do not meet the requirements outlined in FWS' March 2007 letter. Furthermore, FWS does not maintain a database that lists lands acquired or easements obtained under CIAP projects. Without effective management of these lands, FWS cannot ensure that the advantages promised by the conservation acquisitions actually benefit the intended user and protect the public's investment.

Easements

We found that FWS awarded Plaquemines Parish a grant to restore approximately 300 acres of wetland area. To meet this objective, the parish planned to dredge materials from various sites and deposit the material throughout seven project sites to restore vital marsh. During our site visit, the program manager informed us that private individuals own the lands where the marsh restoration is taking place. We asked a parish representative multiple times for copies of any executed easements and did not receive a response.

FWS stated in its response to our draft report that it does not have the legal authority to require the parish to obtain conservation easements (see Appendix 6). We believe, however, that FWS could encourage the parish to consider doing so because without conservation easements to protect these projects from third-party interference, we cannot verify that the Federal Government's interest in this project is adequately protected.

Program Income

We determined that CIAP grant recipients in Livingston Parish did not report at least \$650 in program income on one grant as required by Federal regulations. We also found that CPRA has the potential to earn income. According to 43 C.F.R. § 12.65, program income is gross income received by a grantee and is "directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period." If a recipient earns program income, the recipient should deduct the income from the total grant amount unless the grant agreement specifies an alternative. Using the deduction method, more Federal funds become available for other projects to restore, preserve, and conserve Louisiana's coastal environment.

In March 2010, BOEMRE awarded Livingston Parish a grant to purchase land. The parish purchased the land in May 2011, but we found that the grant remains open with a balance of \$408,884. At the time of the sale, a private citizen and the previous landowner created a campsite licensing agreement. Under conditions of the agreement, the citizen pays \$325 annually for this campsite.

We determined that the fee for the site is now owed to the parish, and therefore the parish should have reported 2 years of fees, totaling \$650, as program income. Parish officials did not report revenue earned from this campsite, and the citizen directed payments to the previous landowner. Both the previous landowner and the parish acknowledged the oversight. The previous landowner provided back payments to the parish, and the lessee will now direct payments to the parish. The parish will continue to earn program income annually until the grant is closed on December 31, 2014. We identified the \$650 in rental income, in addition to future payments that the parish will receive, as funds to be put to better use.

In addition, we found that CPRA has the potential to earn program income through oil and gas activities on a tract of land it purchased under the State CFCI grant. BOEMRE awarded this grant in December 2010 with the purpose of "acquir[ing] land rights from willing landowners to address demonstrated threats of conversion and/or opportunities for restoration, conservation, or enhanced sustainability of coastal forest tracts." According to the CFCI grant project manager, the deed on the Blind River tract, purchased through the CFCI grant, stipulates that Louisiana's Department of Wildlife and Fisheries collects 5 percent of all oil and gas revenues generated on the property for property maintenance. At the time of our site visit, no income had been earned.

Recommendations

We recommend that FWS:

16. Resolve the \$2,625,888 in ineligible costs and the \$408,844 in funds to be put to better use in Livingston Parish;
17. Resolve the \$1,893,600 in unreasonable costs in Livingston Parish;
18. Submit a report to the Appraisal Institute identifying the potential ethics violations the appraiser committed by misrepresenting the appraisal to the parish and the Federal Government;
19. Recover the \$6,500,000 in ineligible costs associated with appraisals that did not use an allowable HBU;
20. Recover the \$7,486 in unreasonable costs from St. Tammany Parish;
21. Maintain a record of all land and easements purchased with CIAP funds, as well as develop an automated easement and acquisition inspection process to record the easement monitoring history and document all monitoring activities;
22. Review any easements in Plaquemines Parish to ensure the rights of usage are protected;
23. Recover \$650 in program income from leases on CIAP lands; and
24. Require CPRA to develop a monitoring plan to ensure program income is captured when earned and then reported to FWS.

Ineligible Drawdowns

During our audit, we found discrepancies between drawdown records provided by FWS and those provided by various parishes. We also found an instance in which FWS allowed St. Bernard Parish to draw down funds well after the end of the period of performance of the grant and another instance of Calcasieu Parish drawing down more funds than necessary for reimbursement and earning interest on the difference. These errors, made by both FWS and the parishes, raise concerns over the management of Federal funds under CIAP.

St. Bernard Parish

We found that the period of performance for the Update of the St. Bernard Parish Coastal Management Plan grant (F12AF70041) had expired in July 2011, nearly 2 years prior to our site visit in June 2013, yet BOEMRE, St. Bernard Parish, and FWS all failed to notice the date of expiration, and grant funds remained

available. In accordance with grant terms and Federal regulations, the parish should have liquidated unexpended grant funds no more than 90 days after the end of the period of performance. Despite this, St. Bernard Parish drew down nearly \$50,000 of the balance of the grant 9 months after the grant should have been terminated. FWS did not notice this improper drawdown, and the grant remained open for another 11 months until we discovered this issue during our audit.

In addition, when we asked if the parish or its contractor tasked with managing CIAP filled out and submitted the required annual reports, none of the parish staff knew what reports were required or even what a Standard Form 425, “Federal Financial Report,” was, so parish staff stated that they believed the contractor must be doing the reporting.

FWS’ failure to monitor this grant and the grantee’s insufficient knowledge of grant terms raises concerns over the ability of both parties to prevent fraud, waste, or mismanagement of Federal funds.

Calcasieu Parish

FWS provided us with records from March 2013 indicating that Calcasieu Parish had drawn down \$153,063 on the Horseshoe Lake Marsh Restoration grant. We compared FWS’ records to those provided by parish officials and discovered that parish records reported that the parish had drawn down \$164,740—\$11,677 more than FWS’ records reported. When asked about the difference between the FWS and parish records, parish officials reconciled the amount as \$174,254, representing an even greater discrepancy of \$21,191.

While attempting to reconcile those records, we discovered that the parish also overdrew on the Clear Marais Bank Protection grant. We found that on May 24, 2010, the parish drew down \$175,000 despite only needing \$153,809 to cover invoices for the grant. The additional \$21,191 remained in the parish bank account, and the parish used those funds improperly to pay invoices associated with the Horseshoe Lake Marsh Restoration grant, accounting for the difference noted above (see Figure 9).

Grant Number	Abbreviated Grant Title	Grantee	Ineligible Costs
F12AF00426	Clear Marais Bank Protection	Calcasieu Parish	\$21,191

Figure 9. Ineligible costs associated with the Clear Marais Bank Protection grant.

In addition, FWS’ records did not indicate that the parish had drawn down any money for the Clear Marais Bank Protection grant. When we notified FWS staff of this discrepancy, they determined that BOEMRE had not included the transaction information for the grant in the spreadsheet it provided to FWS during

the transfer of the program. We are concerned about both the parish's improper use of CIAP funds and FWS' failure to ensure the completeness of its records.

Orleans Parish

We identified yet another discrepancy in FWS records in Orleans Parish. The parish reported \$14,730,942 as the total amount of authorized Federal funds for the Orleans Land Bridge Shoreline Protection and Marsh Creation grant. FWS' records, however, only showed an obligated amount of \$14,610,942—a difference of \$120,000. FWS corrected its records when notified of the discrepancy.

St. John the Baptist Parish

We also reviewed accounting data and invoices provided by St. John the Baptist Parish for the West Lac Des Allemands Shoreline Protection grant and found that the parish drew down more than was required for reimbursement. Both the FWS and parish records indicated that the parish had drawn down \$507,369 at the time of our review, yet the parish could only produce invoices totaling \$470,074—a difference of \$37,295 that we consider unsupported questioned costs (see Figure 10). The parish held this \$37,295 in an interest-bearing account, which would violate Federal regulations if the interest earned exceeded \$100. Once notified of the issue, the parish moved the excess funding from the interest-bearing account to avoid exceeding that threshold, but we are again concerned that CIAP grantees may not fully understand grant regulations.

Grant Number	Abbreviated Grant Title	Grantee	Unsupported Costs
F12AF70317	West Lac Des Allemands Shoreline Protection	St. John the Baptist Parish	\$37,295

Figure 10. Unsupported costs associated with the West Lac Des Allemands Shoreline Protection grant.

Recommendations
<p>We recommend that FWS:</p> <ul style="list-style-type: none"> 25. Develop and implement a process to review drawdown records to ensure their accuracy; 26. Provide training to grantees to ensure the grantees understand Federal grant fund regulations; 27. Resolve the \$21,191 in ineligible costs associated with the Clear Marais Bank Protection grant (F12AF00426); and

Recommendations

28. Resolve the \$37,295 in unsupported costs associated with the West Lac Des Allemands Shoreline Protection grant (F12AF70317).

Inappropriate Changes in Grant Scope

During our site visits, we found that projects in two different parishes—St. John the Baptist and St. Martin—were at risk of failing to meet the objectives of two ongoing grants. As both projects neared critical junctures in procurement and construction, we immediately notified FWS of these issues to prevent the parishes from expending grant funds without accomplishing the intent of the grants. While FWS has proposed action to correct these issues, we believe that proper monitoring may have detected them earlier.

St. John the Baptist Parish

We visited St. John the Baptist Parish to review the West Lac Des Allemands Shoreline Protection grant (F12AF70317). FWS awarded this \$3.8 million grant, which accounts for 65 percent of the parish's CIAP allotment, to construct 11,000 linear feet of shoreline protection from a small community on Lac Des Allemands to a peninsula known as Pointe aux Herbes to protect a high-erosion area that the U.S. Geological Survey determined to be eroding by nearly 3 acres per year.

We reviewed the most recent performance report, dated January 17, 2013, that the parish submitted to FWS and found that the project engineer reported that only 7,000 linear feet were to be constructed. During our site visit, we asked the engineer about this difference and learned that the award amount would likely fund even fewer linear feet—around 6,000—and, therefore would only provide protection roughly halfway to Point aux Herbes, the fastest eroding point.

We believe that such a difference in linear feet constitutes a material deviation from grant objectives and question whether the drastically lower amount of shoreline protection will provide sufficient erosion control to meet the grant's intent. We also believe that completing only 6,000 linear feet of shoreline protection does not meet stated goals of the grant and will be detrimental to CIAP's effectiveness in the parish. After we alerted FWS to our concerns, officials stated that they would amend the grant to reflect their acceptance of the lower linear footage. In its response to our draft report, however, FWS stated that a formal amendment was not required. The parish reflected the decrease in a performance report in January 2014.

St. Martin Parish

We also reviewed the Bayou Amy Trail and Educational Pavilion grant (F12AF70136). FWS awarded this grant, totaling nearly \$390,000, to create a conservation outreach and educational center in St. Martin Parish. Grant objectives include the construction of a nature trail, a pavilion, and a restroom.

During our site visit, parish officials informed us that the project received funding from multiple sources, including local government, State government, and CIAP funds. The project engineer stated that the construction portion of the project would be a single contract funded by all three sources. He believed that the CIAP funding was allocated for a floating dock and parking area, as well as the restroom and pavilion. The engineer informed us that the educational portion of the pavilion would come from the Louisiana Department of Natural Resources (DNR) in the form of signs about the local ecosystem, but no one had signed an agreement to confirm that DNR would provide those materials.

Furthermore, we learned that the nature trail—a major feature of the CIAP award—would be of little or no cost, as it would likely require only one piece of construction equipment to create a primitive trail. The discrepancies between the grant objectives and the project engineer’s plans, in addition to the uncertainty over the source of funding for the completion of educational signs and the nature trail, cause us to question whether CIAP funds will be used on unapproved objectives. FWS amended the grant to clarify the scope of work, while the grant recipient amended its award to clarify the access components and infrastructure to be constructed with CIAP funds.

Recommendations

We recommend that FWS:

29. Ensure that grant F12AF70317 is amended to show the decrease in shoreline protection; and
30. Ensure that grant objectives align with project outcomes for grant F12AF70136.

Conclusion and Recommendations

Conclusion

Our findings document a range of insufficient monitoring activities by FWS and grant management deficiencies by both FWS and the grant recipients that raise questions about the expenditure of more than \$14 million on CIAP grant projects. The problems began with BOEMRE's poor administration and lax monitoring of early grant projects and have persisted under FWS' management.

FWS continues to ineffectively monitor CIAP grants and grant recipients by conducting—and, in some cases, not conducting—inadequate risk assessments by not visiting project sites and by relying on inaccurate or missing data. This is particularly troublesome in an environment where CIAP grant recipients in Louisiana struggle to properly manage their grants. As a result of weak State procurement laws, State recipients have fallen short of ensuring transparent and competitive procurements, and FWS should increase its oversight to protect CIAP funds from fraud, waste, or mismanagement. In addition, State recipients have charged unallowable, unallocable, and unreasonable expenses on certain grants; continue to acquire and rely on improper land appraisals; improperly draw down grant funds; and change grant scopes without FWS approval.

We believe our recommendations will assist FWS in resolving continued deficiencies, as well as inform grant managers of new risks that could affect CIAP management and oversight. Failure to act on these recommendations could further undermine CIAP and provide opportunities for fraud, waste, or mismanagement of millions of dollars in Federal funds meant to conserve, protect, and restore American coastal areas, wildlife, and natural resources.

Recommendations Summary

We recommend that FWS:

1. Establish a protocol to conduct and review risk assessments for all CIAP recipients in accordance with DIG 2011-03.

FWS Response

FWS concurred with this recommendation. On April 21, 2014, the Deputy Director signed a memorandum instructing FWS staff to begin using FWS' Financial Assistance Recipient Risk Assessment Guidance and related form (FWS Form 3-2462) effective October 1, 2014. CIAP implemented the requirement as soon as the memo was released.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented (see Appendix 7). We recommended that FWS follow DOI-wide guidance (DIG 2011-03). While the FWS guidance and form may be adequate to

meet the intent of DIG 2011-03, we cannot resolve this recommendation until FWS provides evidence that DOI has approved the guidance and form as an adequate replacement for DIG 2011-03. We will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

2. Develop and implement a monitoring plan that will effectively and efficiently utilize the existing CIAP State liaisons.

FWS Response

FWS concurred with this recommendation. FWS' monitoring processes have been strengthened, and CIAP's standard operating procedures have been updated. State liaison roles include reviewing reports and deliverables, proactively conducting site visits, and adjusting monitoring plans based on assessed risk for each grant.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed.

3. Provide State liaisons with the workspace necessary to promote independent oversight.

FWS Response

FWS partially concurred with this recommendation. FWS agrees that State liaisons must be able to conduct independent oversight of grants, but it does not believe that shared workspace hinders their ability to do so because State liaisons may telework or make calls outside the shared workspace if needed.

OIG Analysis of FWS Response

We consider this recommendation closed. While we agree that alternative space may not be feasible or economical in all cases, FWS should take steps to ensure the liaisons have reasonable accommodations to conduct any sensitive work in areas "outside of the shared workspace" such as conference rooms or empty offices.

4. Develop and implement a schedule for reviewing grant records for accuracy.

FWS Response

FWS concurred with this recommendation. FWS has revised and implemented new monitoring policies and procedures, and has developed a monthly review process that will be in place in the coming months. FWS also reconciles its grants to identify and correct discrepancies.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. FWS has taken steps to revise and implement new monitoring policies and procedures; however, the monthly review process that was developed as a corrective action for the findings in its A-123 audit has not been implemented. Once the monthly reviews begin, we will consider this recommendation closed. We will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

5. Develop and implement a plan to compare projected spending levels to actual drawdowns to ensure that budgets reasonably match actual expenditures.

FWS Response

FWS concurred with this recommendation. Financial and performance monitoring is in place to ensure work is reasonably commensurate with progress. Liaisons compare the spending rate with the progress of completed work to the extent possible. State liaisons now include a statement on the annual interim performance reports certifying that spending levels are in line with progress.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed.

6. Monitor projects at risk of not completing work by the December 31, 2016 deadline and develop a plan to address incomplete projects.

FWS Response

FWS concurred with this recommendation. State liaisons are in the process of identifying any projects that may be at risk of not completing work by the deadline. A plan of action for when and under what conditions grantees will be given an extension past December 31, 2016, will be developed.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

7. Resolve the \$3,934,921 in unused preaward costs that we consider funds to be put to better use.

FWS Response

FWS concurred with this recommendation. CPRA has since corrected the error and drawn down \$2,019,617 in preaward costs. Any funds not spent

on the project will be available for the State to put toward another project within the approved State plan.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed. While FWS does not require recipients to seek approval for changes in budget line items, we highly encourage the unused portion of preaward costs be allocated to a specific budget item to ensure these funds are not, once again, overlooked.

8. Increase oversight of State procurements to ensure maximum transparency, encourage full and open competition, and detect and deter potential fraudulent activities.

FWS Response

FWS concurred with this recommendation. FWS will consider grantee procurement policies and procedures in assessing risk and will conduct postaward monitoring based on the assessed risk. FWS will also encourage grantees to provide for transparency and competition in procurement, though there is no legal requirement that they do so beyond what is required per 43 C.F.R. § 12.76.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed.

9. Discuss and document estimated contract values with recipients to ensure accuracy and prevent substantial increases.

FWS Response

FWS concurred with this recommendation. FWS will develop webinar training to provide recipients with guidance on development of reasonable, cost estimates to ensure accuracy and prevent substantial increases.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

10. Resolve the \$262,406 in questioned costs associated with grant F12AF70087.

FWS Response

FWS did not concur with this recommendation. FWS acknowledged that the engineering contractor received the highest score in the “Previous/Current Work for the City of Mandeville” category, then determined that the firm received the highest score in the

“Training/Experience Regarding this Project” category, concluding the procurement process as a whole to have been sufficient.

OIG Analysis of FWS Response

We consider this recommendation unresolved. Due to the inappropriate relationship between the mayor of Mandeville and the engineer at the time of the procurement, the mayor had a conflict of interest when he set the rating criteria. The mayor specified that the “Previous/Current Work for the City of Mandeville” be included as a criterion, and that held as much weight as the “Training/Experience Regarding this Project” criterion. In fact, if “Previous/Current Work for the City of Mandeville” is excluded outright, a different firm would have ranked higher, thus proving that including previous work with the city as criteria led to the selection of a contractor with a conflict of interest. Shortly after this procurement, the mayor pled guilty to honest-services mail fraud for accepting numerous trips from the city’s engineer and a developer in Mandeville. We will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for resolution.

11. Resolve the unallowable preaward costs of \$5,934 charged to grant F12AF00217; \$331,210 charged to F12AF00228; and \$377 charged to F12AF00830.

FWS Response

FWS partially concurred with this recommendation. For grants F12AF00217 (Blind River Freshwater Diversion) and F12AF00228 (Mississippi Long Distance Sediment Pipeline), the differences in preaward costs were due to a time gap between the application preparation and the grant award. FWS will review supporting documentation to determine whether the additional preaward costs reimbursed were necessary, reasonable, and allowable; it will then either work to recover the funds or amend the grants to allow recovery of the costs. For F12AF00830 (Living Shoreline Protection Demonstration Project), CPRA concurred with the finding and moved the expenditure to the Administration grant since it is an eligible administrative activity. FWS considers the latter portion of the recommendation closed.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We request that FWS provide documentation showing the resolution of the costs associated with F12AF00217 and F12AF00228 once available. We will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

12. Recover the \$51,041 in unsupported administrative expenses charged to grant F12AF70030; the \$9,651 in unsupported payroll expenses charged to

M07AF12798; and the \$4,290 unsupported payroll expenses charged to M10AF20124.

FWS Response

FWS concurred with this recommendation and will work with the grantees to recover the funds.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

13. Ensure that grant recipients follow Federal regulations requiring employees to adequately document after-the-fact hours and include descriptions on their timesheets for all CIAP-related activities.

FWS Response

FWS concurred with this recommendation. FWS has taken several steps to ensure compliance with reporting of time and has contacted the three grantees regarding their payroll costs. FWS is currently working with grantees to implement procedures to ensure that payroll charges reflect actual hours and is developing webinars to further educate grantees on these regulations.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

14. Recover the \$18,554 in unsupported other direct charges to grant F12AF70070.

FWS Response

FWS concurred with this recommendation. CPRA processed an adjustment removing the expense prior to closing the award, and FWS has recovered the funds.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed.

15. Recover the \$3,641 in unsupported indirect costs for grants F12AF00597, F12AF70083, and F12AF70170.

FWS Response

FWS concurred with this recommendation. Upon notification of the calculation errors, DNR, which provides accounting services for CPRA,

made the necessary adjustments to correct the overcharged amounts. FWS has recovered the funds.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed.

16. Resolve the \$2,625,888 in ineligible costs and the \$408,844 in funds to be put to better use in Livingston Parish.

FWS Response

FWS did not concur with this recommendation. FWS stated that the appraisal was conducted by a licensed appraiser, while the OIG analysis was conducted by non-appraisers. FWS also disagrees with OIG's assessment that comparing the price of \$200 per acre on an adjacent sale to the price of \$1,000 an acre on the subject property is evidence of an inaccurate appraisal. FWS concludes that the appraiser followed the relevant standards and met the minimum requirements for Federal land acquisitions.

OIG Analysis of FWS Response

We consider this recommendation unresolved pending the outcome of a review by our Office of Investigations. Upon completion of the investigation, we will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

17. Resolve the \$1,893,600 in unreasonable costs in Livingston Parish.

FWS Response

FWS did not concur with this recommendation, as it does not consider the appraisal noncompliant for the reasons stated in response to Recommendation 16.

OIG Analysis of FWS Response

We consider this recommendation unresolved pending the outcome of a review by our Office of Investigations. Upon completion of the investigation, we will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

18. Submit a report to the Appraisal Institute identifying the potential ethics violations the appraiser committed by misrepresenting the appraisal to the parish and the Federal Government.

FWS Response

FWS did not concur with this recommendation, as the original and review appraisers produced reports that FWS believed were compliant with the relevant standards.

OIG Analysis of FWS Response

We consider this recommendation unresolved pending the outcome of a review by our Office of Investigations. Upon completion of the investigation, we will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

19. Recover the \$6,500,000 in ineligible costs associated with appraisals that did not use an allowable HBU.

FWS Response

FWS concurred with this recommendation and is working with the grantee to resolve the issue. FWS is conducting a supplemental review and taking other necessary actions, such as contracting for specialized certified review appraiser expertise.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

20. Recover the \$7,486 in unreasonable costs from St. Tammany Parish.

FWS Response

FWS concurred with this recommendation and is working with the grantee to resolve the issue. FWS is conducting a supplemental review and taking other necessary actions, such as contracting for specialized certified review appraiser expertise.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

21. Maintain a record of all land and easements purchased with CIAP funds, as well as develop an automated easement and acquisition inspection process to record the easement monitoring history and document all monitoring activities.

FWS Response

FWS concurred with this recommendation. Once FWS' Tracking and Reporting Actions for the Conservation of Species system is fully operational, it will be able to maintain detailed information on land and easements purchased with CIAP funds. FWS has also been developing a spreadsheet for recording acquisitions.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

22. Review any easements in Plaquemines Parish to ensure the rights of usage are protected.

FWS Response

FWS did not concur with this recommendation, stating it does not have the authority to require the parish to obtain conservation easements on the private marshland upon which the dredge material is placed. Furthermore, FWS believes that the processes and requirements for obtaining permits in the Coastal Zone of the parish adequately protects the Government's interest in the restored marshlands.

OIG Analysis of FWS Response

We consider this recommendation closed. We agree with the analysis contained in FWS' response; however, when appropriate, parishes should be encouraged to obtain these easements to protect the Federal Government's interests over the life of the project.

23. Recover \$650 in program income from leases on CIAP lands.

FWS Response

FWS concurred with this recommendation. The parish has recovered the funds and will use the deductive method for any additional program income earned while the grant is open.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed.

24. Require CPRA to develop a monitoring plan to ensure program income is captured when earned and then reported to FWS.

FWS Response

FWS concurred with this recommendation and will require that CPRA develop a monitoring plan for program income. CPRA updated its desk procedure to ensure proper handling of program income.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

25. Develop and implement a process to review drawdown records to ensure their accuracy.

FWS Response

FWS concurred with this recommendation. Financial and performance monitoring is in place to ensure that work is reasonably commensurate with progress. Liaisons compare spending rates with the progress of completed work to the extent possible, and FWS has revised CIAP standard operating procedures to include a monitoring plan and will be using it in Louisiana. In addition, FWS has fiscal specialists, who review all transactions on a weekly basis, perform a biweekly self-audit, and conduct a monthly review of all CIAP funds. FWS is developing a process for fiscal specialists to review all grants to establish current baseline conditions and then monitor drawdowns quarterly.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

26. Provide training to grantees to ensure the grantees understand Federal grant fund regulations.

FWS Response

FWS concurred with this recommendation. FWS is working with grantees to implement procedures to ensure that grantees understand grant regulations. It is also working with the National Conservation Training Center to develop and conduct webinars on a variety of topics, including monitoring subgrantees, time and effort reporting, and procurement.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

27. Resolve the \$21,191 in ineligible costs associated with the Clear Marais Bank Protection grant (F12AF00426).

FWS Response

FWS concurred with this recommendation and is actively working with the grantee to resolve the issue.

OIG Analysis of FWS Response

We consider this recommendation resolved but not implemented. We will refer it to the Assistant Secretary for Policy, Management and Budget for tracking of its implementation.

28. Resolve the \$37,295 in unsupported costs associated with the West Lac Des Allemands Shoreline Protection grant (F12AF70317).

FWS Response

FWS concurred with this recommendation and has since resolved the issue. Once notified, St. John the Baptist Parish moved the funding from the interest-bearing account to avoid exceeding the interest threshold. The parish has agreed to only draw down funds totaling the amount of invoices received and has developed a spreadsheet to review invoices and drawdowns.

OIG Analysis of FWS Response

We consider this recommendation implemented and closed.

29. Ensure that grant F12AF70317 is amended to show the decrease in shoreline protection.

FWS Response

FWS did not concur with this recommendation. The grant stated that the project planned for 11,000 linear feet of shoreline protection if funding allowed. In an annual interim performance report dated January 20, 2014, the parish reports that the amount was decreased to 6,000 linear feet. The deviation has therefore been addressed in the report, and a formal amendment is not required; however, the parish did send a letter, dated July 9, 2013, regarding the change in scope.

OIG Analysis of FWS Response

We consider this recommendation closed. Documentation provided in the response is sufficient to address the intent of the recommendation.

30. Ensure that grant objectives align with project outcomes for grant F12AF70136.

FWS Response

FWS did not concur with this recommendation. FWS amended the grant to clarify the scope of work, and the grant recipient amended its award on July 19, 2013, to clarify the access components and infrastructure to be constructed with CIAP funds. The project is currently on track.

OIG Analysis of FWS Response

We consider this recommendation closed. The actions taken and documentation provided by FWS sufficiently demonstrate that the project objectives are aligned with project outcomes, and thus meet the intent of the recommendation.

Appendix I: Prior Audit Coverage

We audited Coastal Impact Assistance Program (CIAP) grants awarded to the State of Mississippi to determine whether grant recipients complied with Federal regulations and U.S. Department of the Interior policies and to identify grant management challenges that the U.S. Fish and Wildlife Service (FWS) should address as it assumed responsibility for the program from the Bureau of Ocean Energy Management, Regulation and Enforcement (“Management of the Coastal Impact Assistance Program, State of Mississippi,” Report No. ER-IN-MOA-0013-2011). In our June 2013 report, we identified multiple deficiencies that led us to question almost \$30 million in expenditures of CIAP funds.

The State of Mississippi had four eligible recipients: the Department of Marine Resources (DMR), and Hancock, Harrison, and Jackson Counties. DMR managed the State government’s portion of CIAP funds, while the county boards of supervisors managed the funds allotted to each county. Together, the four recipients were awarded 100 CIAP grants totaling \$99.8 million from fiscal years 2009 through 2012.

Of the almost \$39 million in our sample from 57 grants, OIG identified approximately \$30 million in CIAP-ineligible or unsupported costs, as well as funds that could be put to better use. We identified seven major deficiencies in CIAP management. We found grants were approved that did not meet criteria in CIAP legislation; widespread conflicts of interest at DMR in the administration of CIAP and land purchases; improper land appraisals that diminished CIAP’s impact; circumvention of sole-source procurement regulations; improper charges to CIAP grants; improper use of equipment; and various accounting, payroll, and financial issues.

We provided 37 recommendations to help FWS resolve systemic deficiencies and personnel issues that have affected the policies, implementation, administration, management, and oversight of CIAP. Failure to act on these recommendations could further undermine CIAP and leave the Federal Government at risk from fraud, waste, or mismanagement of millions of dollars meant to conserve, protect, and restore American coastal areas, wildlife, and natural resources.

Appendix 2: Scope and Methodology

Scope

We focused our audit on grant recipients' compliance with the Coastal Impact Assistance Program (CIAP) authorizing legislation, Federal regulations, U.S. Department of the Interior policies, and grant terms and conditions. We also focused on grant management challenges that the U.S. Fish and Wildlife Service (FWS) still needs to address after taking the responsibility of managing CIAP from the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE). We conducted our audit fieldwork from June 2013 through January 2014 and reviewed costs claimed by grantees under CIAP grants from October 1, 2007, through March 5, 2013.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. 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 believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Methodology

To accomplish our objectives, we reviewed BOEMRE and FWS CIAP guidance, including standard operating procedures, prior reports issued by our office, and grant files and data provided by FWS.

We interviewed FWS officials responsible for managing CIAP grants, including FWS officials in Arlington, VA, and Baton Rouge, LA. We also interviewed grant recipients and conducted site visits in Louisiana. Using grants in our sample, we interviewed and visited grant recipients and subrecipients in Cameron, Jefferson, Livingston, St. Bernard, St. James, St. John the Baptist, St. Martin, St. Tammany, and Tangipahoa parishes, as well as the Coastal Protection and Restoration Authority and the Louisiana Department of Natural Resources.

We relied on computer-generated data for other direct costs and payroll costs to the extent that we used these data to select CIAP costs for testing. Based on our test results, we either accepted the data or performed additional testing. For other direct costs, we took samples of costs and verified them against source documents such as purchase orders, invoices, receiving reports, and payment documentation. For these payroll costs, we reviewed hours and rates against timesheets and other supporting data.

Furthermore, we sampled and reviewed individual grants at the State and parish level for compliance with grant regulations. We selected our sample using auditor judgment, taking into consideration the size of the grant award, the grant

objective, and location. We cannot project the results of our review across the Program as a whole.

Appendix 3: Grants Reviewed

Grant Number	Grant Recipient	Grant Title	Grant Amount
F12AF70091	Assumption Parish	Lake Verret Swamp and Lake Rim Restoration	\$4,749,146
F12AF70132	Calcasieu Parish	Horseshoe Lake Marsh Restoration	2,000,000
F12AF00426	Calcasieu Parish	Clear Marais Bank Protection	1,825,000
F12AF70009	Cameron Parish	Trosclair Road	1,639,592
F12AF70035	Cameron Parish	West Big Burn Bridge Restoration	1,022,710
F12AF70247	Cameron Parish	North Mermentau Restoration	3,217,774
F12AF70044	Iberia Parish	Vermillion Bay Shoreline Restoration Project	4,992,196
F12AF70080	Jefferson Parish	Lower Lafitte Stabilization at Bayou Rigolettes (AU1)	6,787,016
F12AF70081	Jefferson Parish	Lower Lafitte Stabilization at Bayou Rigolettes (AU5)	1,243,354
F12AF01254	Jefferson Parish	Mississippi River Long Sediment	904,164
F12AF70073	Lafourche Parish	NW Little Lake Marsh Creation	2,432,340
F12AF70047	Livingston Parish	Acquisition of Baldcypress-Tupelo Coastal Forest in the Pontchartrain Basin	3,034,732
F12AF70245	Livingston Parish	Hydrologic Restoration in Swamps West of Lake Maurepas	3,457,865
M10AF20124	Plaquemines Parish	Tidewater Road Flood Protection Planning and Construction	3,364,310
F12AF70019	Plaquemines Parish	Fringe Marsh Repair	6,456,606
F12AF70056	Orleans Parish	Orleans Land Bridge Shoreline Protection and Marsh Creation	14,610,942

Grant Number	Grant Recipient	Grant Title	Grant Amount
F12AF70041	St. Bernard Parish	Update of the St. Bernard Parish Coastal Management Plan	\$200,000
F12AF01463	St. Bernard Parish	Lake Lery Dredging	8,685,710
F12AF00968	St. Charles Parish	West LaBranche Shoreline Protection	3,600,000
M07AF15410	St. James Parish	West Bank Wetland Conservation and Protection	718,620
M07AF12798	St. James Parish	Wetland Wastewater Assimilation Process	49,994
F12AF00390	St. James Parish	Blind River Freshwater Diversion Feasibility Report, Preliminary Engineering, and Environmental Assessment	682,476
F12AF00848	St. James Parish	East Bank Wastewater Assimilation System and Sewage Collection System	1,600,000
F12AF01228	St. James Parish	West Bank Wetlands Assimilation Plant	1,757,027
F12AF70317	St. John the Baptist Parish	West Lac Des Allemands Shoreline Protection	3,820,552
F12AF70136	St. Martin Parish	Bayou Amy Trail and Education Pavilion	390,000
F12AF70075	St. Mary Parish	Deer Island Pass Realignment	2,753,765
M08AF15129	St. Tammany Parish	French Property Preservation	1,718,150
F12AF70087	St. Tammany Parish	Mandeville Aquatic Ecosystem Restoration	3,723,735
F12AF70182	St. Tammany Parish	Green Property Preservation	1,345,000
M07AF12596	State of Louisiana	Orleans Land Bridge Shoreline Protection	33,000,000
F12AF70069	State of Louisiana	Barataria Land Bridge	17,925,996
F12AF70070	State of Louisiana	Orleans Land Bridge Shoreline Protection	20,000,000

Grant Number	Grant Recipient	Grant Title	Grant Amount
F12AF01389	State of Louisiana	East Grande Terre	\$21,443,366
F12AF70284	State of Louisiana	Coastal Forest Conservation Initiative	20,166,136
F12AF70152	State of Louisiana	West Caminada Headland Beach/Dune Restoration and Marsh Creation	33,000,000
F12AF00228	State of Louisiana	Mississippi River Long Distance Sediment Pipeline	31,000,000
F12AF00439	State of Louisiana	Mississippi River Reintroduction into Bayou Lafourche	20,000,000
F12AF00597	State of Louisiana	Mississippi River Delta Management Strategic Planning	17,618,595
F12AF00830	State of Louisiana	Living Shoreline Protection and Demonstration Project	26,500,000
F12AF70083	State of Louisiana	Grand Lake Shoreline Protection	9,913,345
F12AF70170	State of Louisiana	State of Louisiana-Administration of CIAP	6,000,000
F12AF00217	State of Louisiana	Blind River Freshwater Diversion	5,229,441
F12AF70008	State of Louisiana	Morgan City Industrial Road	335,000
F12AF70030	Tangipahoa Parish	Lake Pontchartrain Shoreline Protection	6,582,116
F12AF70072	Terrebonne Parish	Falgout Canal Management	6,051,074
F12AF70077	Vermillion Parish	North Prong Schooner	1,650,000
Total			\$369,197,845

Appendix 4: Summary of Questioned Costs

Grant Number	Grant Amount	Costs Claimed	Rec #	Questioned Costs		Funds To Be Put to Better Use
				Ineligible or Unreasonable	Un-supported	
M07AF12798	\$49,994	\$49,994	12		\$9,651	
M08AF15129	1,718,150	1,718,150	21	\$7,486		
M10AF20124	3,364,310	3,364,310	12		4,290	
F12AF00217	5,229,441	4,365,131	11	5,934		
F12AF00228	31,000,000	5,883,864	11	331,210		
F12AF00426	1,825,000	175,000	28	21,191		
F12AF00597	17,618,595	1,786,678	15		1,630	
F12AF00830	26,500,000	9,704	11	377		
F12AF70030	6,582,116	2,613,658	12		51,041	
F12AF70047	3,034,732	2,625,888	17	2,625,888		408,844
			18	1,893,600*		
			24			650 ⁺
F12AF70070	20,000,000	9,206,178	14		18,554	
F12AF70083	9,913,345	9,913,345	15		765	
F12AF70087	3,723,735	3,723,735	10	262,406		
F12AF70170	6,000,000	904,932	7			3,934,921
			15		1,246	
F12AF70284	20,166,136	8,094,261	20	6,500,000		
F12AF70317	3,820,552	507,369	29		37,295	
Total				\$9,754,492	\$124,472	\$4,343,765
Total Questioned Costs: \$14,222,729						

* Costs claimed have been questioned for multiple reasons. We did not include these in the totals to avoid overstating questioned costs.

⁺ Program income increases funds to be put to better use. This income, however, is not included in the total because funds to be put to better use would have to also have to be reduced by the same amount.

Appendix 5: Undercharged Indirect Costs by the Coastal Protection and Restoration Authority

Grant Number	Grant Title	Grant Amount	Amount Undercharged
F12AF00288	Mississippi River Long Distance Sediment Pipeline	\$31,000,000	\$42,389
F12AF00458	Violet Diversion	1,390,298	27,914
F12AF00858	Performance Evaluation and Scientific Monitoring- Caminada Moreau Subsidence Study	432,793	1,166
F12AF00949	Performance Evaluation and Scientific Monitoring – Barrier Island Studies	561,046	1,909
F12AF01389	East Grande Terre	21,443,366	3,691
F12AF01469	Gulf Intracoastal Waterway	7,230,258	3,459
F12AF70058	Central Wetlands Assimilation Demonstration Project	3,500,000	236
F12AF70068	Lake Salvador Shoreline Protection	1,774,322	64
F12AF70069	Barataria Land Bridge	17,925,996	1,266
F12AF70070	Orleans Land Bridge Shoreline Protection	20,000,000	22,266
F12AF70071	Bayou Lamoque Floodgate Removal	2,070,559	4,001
F12AF70082	Rockefeller Refuge	6,054,083	338
F12AF70152	West Caminada Headland Beach/Dune Restoration and Marsh Creation	33,000,000	23,165
F12AF70188	Performance Evaluation and Scientific Monitoring – Rockefeller Refuge Performance Monitoring	404,915	2,204
F12AF70226	Marsh Creation Via Beneficial Use	3,681,305	427

Grant Number	Grant Title	Grant Amount	Amount Undercharged
F12AF70250	Freshwater Bayou Bank Stabilization	\$12,000,000	\$2,171
F12AF70284	Coastal Forest Conservation Initiative	20,166,136	5,350
Total			\$142,016

Appendix 6: U.S. Fish and Wildlife Service Response to Draft Report

The U.S. Fish and Wildlife Service's (FWS) response to our draft report follows on page 44. FWS provided several attachments with its response, but we did not include them here.



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Washington, D.C. 20240



SEP 05 2014

In Reply Refer To:
FWS/ABHC/058119

Ms. Kimberly Elmore
Assistant Inspector General for Audits, Inspections, and Evaluations
U.S. Department of the Interior
Office of the Inspector General
1849 C Street, NW, MS 4428
Washington, DC 20240

Dear Ms. Elmore:

Thank you for providing the U.S. Fish and Wildlife Service the opportunity to respond and comment on the draft audit report: *Management of the Coastal Impact Assistance Program in the State of Louisiana* (Report Number ER-IN-FWS-0010-2013).

You will find our response to the findings and our plan to address those findings attached to this document.

Sincerely,

Deputy

DIRECTOR

Enclosures

U.S. Fish and Wildlife Service Responses
To the Office of Inspector General Draft Audit Report
Management of the Coastal Impact Assistance Program in the State of Louisiana
Report No. ER-IN-FWS-0010-2013

This audit focused on financial assistance transactions that occurred between October 1, 2007 and March 5, 2013. During much of that time, the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) administered the Coastal Impact Assistance Program (CIAP). Since that timeframe, and in response to the Department of the Interior (DOI) Financial Assistance Management Review (FAMR) of August 2009, the U.S. Fish and Wildlife Service (FWS) has made significant progress in enhancing its internal controls over financial assistance (see Attachment 1, “Corrective Action Plan (CAP) U.S. Fish and Wildlife Service August 2009 FAMR,” and Attachment 2, “U.S. Fish and Wildlife Service, Financial Assistance Business Process, Issuing a New Financial Assistance Award Guidance”). Many of the findings and recommendations, therefore, pertain to this earlier timeframe and are not reflective of current, more rigorous practices in place

Recommendation 1: *Establish a protocol to conduct and review risk assessments for all CIAP recipients in accordance with DIG 2011-03.*

FWS Response: We concur. On April 21, 2014, the Deputy Director signed a memo instructing FWS staff to begin using the Financial Assistance Recipient Risk Assessment Guidance and related form, *FWS Form 3-2462*, effective October 1, 2014. FWS informed DOI of the guidance and deadline. DOI supports the guidance developed. Due to an outstanding OIG audit finding, CIAP implemented the requirement as soon as the memo was released. (See [Attachment 3](#).)

Target Date: **We consider this issue closed.**

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 2: *Develop and implement a monitoring plan that will effectively and efficiently utilize the existing CIAP State Liaisons.*

FWS Response: We concur with the recommendation. FWS monitoring processes have been strengthened and improved, as documented in the revised CIAP Standard Operating Procedures (SOP) ([Attachment 4](#)). Responsibilities of the FWS State Liaison within each CIAP-eligible state include reviewing grantee reports and associated deliverables, and proactively conducting post-award site visits. The Liaison’s monitoring schedule will incorporate site visits based on assessed risk for each grant.

FWS has further expanded upon the existing monitoring plan to better communicate the existing processes for gathering, storing, and tracking performance and fiscal status reports,

and will be more diligent about documenting all communication with recipients. The plan also includes monthly status check phone calls with recipients.

FWS will continue to work with liaisons to ensure that they are following the SOPs.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 3: *Provide State Liaisons with the workspace necessary to promote independent oversight.*

FWS Response: We partially concur with the finding and the recommendation. State liaisons must have the ability to conduct independent oversight of grants. The Service will not move FWS liaisons to office space physically separate from, and not provided by, CIAP grant recipients. Sharing workspace has several benefits including the ability to monitor grantees onsite, ease of communication between liaisons and grantees, and cost-saving considerations. We believe that it would not be practical or beneficial to physically separate the federal employees from the CIAP recipients and see no evidence of a conflict of interest due to the office location. Options for FWS liaisons include the ability to telework or make calls outside of the shared workspace.

We believe that this is no different than DOI's practice of providing offices to the KPMG auditors. Our Human Resources Officer has reviewed this recommendation and has found no reason to change the physical location of the federal employees.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 4: *Develop and implement a schedule for reviewing grant records for accuracy.*

FWS Response: We concur with the recommendation. While we have taken measures to improve monitoring and oversight, there is still more that can be done. Our progress to date has included revising and implementing new monitoring policies and procedures, and developing a monthly review process as a corrective action for the findings in our A-123 audit that will be in place in the coming months. We also conduct reconciliations on our grants to identify and correct discrepancies.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 5: *Develop and implement a plan to compare projected spending levels to actual drawdowns to ensure that budgets reasonably match actual expenditures.*

FWS Response: We concur with the recommendation. Financial/performance monitoring is in place to ensure that work is reasonably commensurate with progress. As part of their regular reviews, liaisons compare the spending rate with the progress of completed work to the extent possible. In cases of construction projects, this comparison is more difficult since drawdowns vary based on contractor costs and billing cycles.

We will work to better communicate the monitoring activities taking place. State Liaisons now include a certification statement on the annual interim performance report certifying that spending levels are in line with progress. In the event that discrepancies are encountered, the State Liaison will contact the recipient for further information. The report will not be approved until all questions have been resolved.

Our Standard Operating Procedures manual has been updated to reflect the processes in place.

Target Date: **We consider this issue closed.**

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 6: *Monitor projects at risk for not completing work by the December 31, 2016 deadline.*

FWS Response: We concur with the recommendation. State Liaisons and Fiscal Specialists are currently monitoring that drawdowns are reasonably commensurate with progress. State Liaisons are in the process of identifying any projects that may be at risk of not completing work by the December 31, 2016 deadline. A plan of action for when/under what conditions grantees will be given an extension to complete work after December 31, 2016 will be developed.

Target Date: May 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 7: *Resolve the \$3,934,921 in unused pre-award costs that we consider funds to be put to a better use.*

FWS Response: We concur with the recommendation. Regarding F12AF00170 (State of Louisiana Administration of CIAP), the full amount of the \$4 million pre-award budget had not been drawn down at the time of the audit. The Louisiana Coastal Protection and Restoration Authority (CPRA) has since corrected the error and drew down an additional \$2,019,616.59 in pre-award costs. [Attachment 5](#) includes the documentation for the

correction. Any funds not spent on the project will be available for the State to put toward another project within the approved State plan.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 8: *Increase oversight of State procurements to ensure maximum transparency, encourage full and open competition, and detect and deter potential fraudulent activities.*

FWS Response: We concur with the finding and recommendation. CPRA is subject to 43 C.F.R. 12 subparts C, D, and E. According to 43 C.F.R. § 12.76, “When procuring property and services under a grant, a state will follow the same policies and procedures it uses for procurements from its non-federal funds.” Parishes are required to use their own procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal laws and standards identified in 43 C.F.R. § 12.76(b). FWS will consider grantee procurement policies and procedures in assessing risk and will conduct post-award monitoring based on the assessed risk. FWS will encourage grantees to provide for transparency and competition in procurement, though there is no legal requirement that they do so beyond what is required in state and parish procurement procedures.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 9: *Discuss and document estimated contract values with recipients to ensure accuracy and prevent substantial increases.*

FWS Response: We concur with this recommendation. While CPRA does have a process for reviewing and evaluating proposals and monitoring progress, we will continue to address this issue. We will develop webinar training to provide recipients with guidance on development of reasonable accurate costs estimates to ensure accuracy and prevent substantial increases.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 10: *Resolve the \$262,406 in questioned costs associated with grant F12AF70087.*

FWS Response: We do not concur with this recommendation. The OIG report notes that in the City of Mandeville in St. Tammany Parish, the Parish steered a contract to a particular firm that had a relationship with the mayor. The City of Mandeville provided proof of procurement within the guidelines of the funding requirement ([Attachment 6](#)). The City of Mandeville issued a public notice in the St. Tammany news soliciting responses from bidders in early April 2009. The City received Requests for Qualifications on April 21, 2009 and reviewed them on April 27, 2009. The evaluation committee consisted of the Director of Public Works, City Attorney, DPW Engineering Assistant and Project Manager, and the City's Purchasing Agent. The committee evaluated firms on seven criteria. The criteria "Training/Experience Regarding this Project" and "Previous/Current Work for the City of Mandeville" were each worth 25 points. While Meyer Engineers did indeed receive the highest possible score in the previous experience category, the firm also received the highest relative score for the training/experience factor by four reviewers.

Target Date: We consider this issue closed

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 11: *Resolve the unallowable pre-award costs of \$5,934 charged to F12AF00217, the \$331,210 charged to F12AF00228, and \$377 charged to F12AF00830.*

FWS Response: We partially concur with this recommendation.

For grants F12AF00228 (Mississippi Long Distance Sediment Pipeline) and F12AF00217 (Blind River Freshwater Diversion), the differences in pre-award costs were due to a time gap between the application preparation and grant award effective date. We will review the grantee's supporting documentation to determine whether the additional pre-award costs reimbursed were necessary, reasonable and allowable for completion of the task. Once we have made that determination, we will either work with the grantee to recover the funds or amend the grants to allow recovery of the costs.

For grant F12AF00830 (Living Shoreline Protection Demonstration Project), CPRA concurs with the finding and moved the expenditure to the administration grant (F12AF00170) since it is an eligible administrative activity ([Attachment 7](#)). **We consider this portion of the recommendation closed.**

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 12: *Recover the \$51,041 in unsupported administrative expenses charged to grant F12AF70030, the \$9,651 in unsupported payroll expenses charged to M07AF12798, and the \$4,290 unsupported payroll expenses charged to M10AF20124.*

FWS Response: We concur with this recommendation and will work with the grantees to recover the funds.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 13: *Ensure that grant recipients follow Federal regulations requiring employees to adequately document after-the-fact hours and include descriptions on their timesheets for all CIAP-related activities.*

FWS Response: We concur with the recommendation. We have taken several steps to ensure compliance with reporting of time for CIAP-related activities and have contacted the three grantees listed in the OIG report regarding their payroll errors.

We are currently working with grantees to implement procedures to ensure that payroll charges reflect the actual hours worked on those grants and are developing webinars to further educate grantees on regulations related to charging salaries and wages to federal grants.

We will continue to proactively address this issue in the future.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 14: *Recover the \$18,554 in unsupported other direct charges to grant F12AF70070*

FWS Response: We concur with the finding and associated recommendation. The IG noted that CPRA incorrectly included \$18,554 in contract costs from a company that was not a contractor for the Orleans Land Bridge Grant (F12AF0070). A prior audit by the Louisiana Legislative Auditor in June 2013 identified the error and CPRA processed an adjustment removing that expense prior to closing the award. **Attachment 8** includes the approved journal entry and a copy of the State of Louisiana Integrated Statewide Information System (ISIS) Financial System Federal Aid and Expenditure Summary report form showing the adjustment. FWS has recovered the funds.

Target Date: We consider this issue is closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 15: *Recover the \$3,641 in unsupported indirect costs for grants F12AF00597, F12AF70083, and F12AF70170.*

FWS Response: We concur with this recommendation. Upon notification of the indirect cost (IDC) calculation errors, accountants for the Louisiana Department of Natural Resources (DNR) which provides accounting services to CPRA, made the necessary adjustments to correct the overcharged amounts on open grants. At this time, all three errors have been corrected as follows:

Regarding F12AF00597, CPRA processed an ISIS document to reduce the IDC by the overdrawn amount of \$1,630.40. The Automated Standard Application for Payments (ASAP) draw, dated 12/06/2013, in the amount of \$1,440,243.42 includes \$1,195,680.61 for grant F12AF00597 (expenditures to be drawn were reduced by \$1,630.40); therefore, the overdrawn funds have been recovered by FWS ([Attachment 9](#)).

Regarding F12AF70083, FWS requested that the State remit a check to the government for \$765.32. FWS has received the check. [Attachment 9](#) shows the revised IDC and the recovery from the State.

Regarding F12AF70170, the overdrawn amount of \$1,246.06 is correct, but the grant number should be F12AF00217 (Small Division of Convent/Blind River). CPRA processed an ISIS document to reduce the IDC by the overdrawn amount; however, there are currently no recently incurred expenditures on this project. Therefore, the State submitted a check for the overdrawn amount to FWS ([Attachment 9](#)).

FWS has recovered the funds.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 16: *Recover the \$3,059,176 in ineligible costs associated with appraisals that did not have review appraisals conducted and classify \$3,974 as funds to be put to better use.*

FWS Response: We do not concur with this recommendation. Regarding review appraisals for the French Property and Green Property, the OIG noted that it did not receive a response to its request from St. Tammany Parish prior to issuing its draft report. Both properties did have the required review appraisals. ([Attachment 10](#)).

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 17: *Resolve the \$2,625,888 in ineligible costs, and the \$408,844 in funds to be put to better use in Livingston Parish.*

FWS Response:

Ineligible costs. We do not concur with this recommendation. The Parish and BOEMRE relied on professionally licensed appraisers/review appraisers to provide an opinion of the subject's market value and a review of that professional opinion of market value. This is an area of professional expertise. The findings in the audit report, which are critical of this work, are not those of an appraiser. Therefore, the assertion that \$1,000 was not the market value of the subject property is unproven. The date of the report's valuation is December 1, 2010; the date of the report is March 4, 2011, in response to review comments made January 10, 2011. There is only one report. The audit appears to intermingle an appraisal report's effective date of valuation with the date of the report being signed. The timeline is as follows:

1. **Spring/Summer 2010** - The Parish entered into a contract with Barber & Mann, an appraiser that specializes in complex appraisal assignments including government and wetlands land acquisitions. The contract with the appraiser ([Attachment 11](#)) indicated that the appraiser would follow Uniform Standards of Professional Appraisal Practice (USPAP) standards. The Parish also signed a contract with a review appraiser (SJB Group). Both companies are currently listed on the System for Awards Management website as active in status.
2. **August 2010** - Barber & Mann met with representatives of the Parish, Davies Engineering, McLin & Associates, and Pittman Law Firm. The appraisers also conducted a site visit and photographed the subject property.
3. **December 1, 2010** - Barber & Mann appraisal effective date for the 2,367.822 acres of land.
4. **December 10, 2010** - Barber & Mann sent Livingston Parish an e-mail (with a PDF of an unsigned appraisal report and stated that the report was incomplete without signatures and appendices) for preview and coordination of other documents such as title, survey, Phase I ESA, etc. That same day, they mailed a complete package with a signed copy of the appraisal report and an invoice to Livingston Parish.

The audit mentions a \$200 per-acre sale for 32,500 acres which contained **occasional river frontage** acreage. It was recorded and of public record. The 2,368-acre subject contains **extensive Lake Maurepas lake frontage**. Occasional and extensive are hardly similar, and one sale does not make a market. The fact that the land was sold at a lower price does not mean that the original appraisal is not accurate. The review appraisal states the appraisal contained eleven sales with mean prices of \$1,124 per acre. Seven of the eleven comparable sales were at or greater than \$1,000 per acre. We do not believe the Parish misled the government officials. We believe the Parish was working with information it had available at the time.

In summary, the appraiser followed Uniform Standards of Professional Appraisal Practice (USPAP) standards. In addition, the review appraisal states that the appraisal report "is in an

acceptable format and meets the minimum documentation requirements for federal land acquisitions under Uniform Appraisal Standards (Yellow Book).”

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 18: *Resolve the \$1,893,600 in unreasonable costs in Livingston Parish.*

FWS Response: We do not concur with this recommendation. The IG recommended that FWS resolve the \$1,893,600 in unreasonable costs due to a noncompliant appraisal. See response to Recommendation 17 above.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 19: *Submit a report to the Appraisal Institute identifying the potential ethics violations the appraiser committed by misrepresenting the appraisal to the Parish and the Federal Government.*

FWS Response: We do not concur. Both the original and the review appraisers produced reports in compliance with the reporting requirements set forth under the Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice, with Standards of Professional Appraisal Practice of the Appraisal Institute and with Uniform Appraisal Standards for Federal Land Acquisitions.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 20: *Recover the \$6,500,000 in ineligible costs associated with appraisals that did not use an allowable HBU.*

FWS Response: We concur with this recommendation. We are working with the grantee to resolve the issue. We are conducting a supplemental review and taking other necessary actions, such as contracting for specialized certified review appraiser expertise.

Target Date: April 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 21: *Recover the \$7,486 in unreasonable costs from St. Tammany Parish.*

FWS Response: We concur with the recommendation and will work with the grantee to recover the funds.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 22: *Maintain a record of all land and easements purchased with CIAP funds, as well as develop an automated easement and acquisition inspection process to record the easement monitoring history and document all monitoring activities.*

FWS Response: We concur with this recommendation. Once our Tracking and Reporting Actions for the Conservation of Species (TRACS) system is fully operational, it will enable us to maintain detailed information on land and easements purchased with CIAP funds, as well as the status of monitoring and oversight activities. We have also been developing a spreadsheet for recording acquisitions. Effective management of CIAP lands is needed in order to ensure that conservation acquisitions result in the intended benefits.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 23: *Review any easements in Plaquemines Parish to ensure the rights of usage are protected.*

FWS Response: We do not concur with this recommendation. The draft OIG report indicated that since Plaquemines Parish did not obtain executed easements protecting projects from third-party interests, FWS may not have verified that the government's interest in the project is adequately protected.

43 C.F.R. 12 subpart C does not require states and local governments to have a property trust relationship for land improved with federal grant funds as it does in subpart F for institutions of higher learning, hospitals, and non-profit organizations. Consequently, we do not have regulatory authority to require the Parish to obtain conservation easements on the private marsh land upon which the dredge material is placed.

Evans-Graves was the Prime Consultant to Plaquemines Parish Government for the update to the Plaquemines Parish Coastal Zone Management Program; the firm authored the attached document ([Attachment 12](#)), which was approved by the Parish, Coastal Zone Management (CZM), and the Department of Natural Resources (DNR). [Attachment 12](#) contains the processes and requirements for obtaining permits in the Coastal Zone of the Parish. As shown

in Fig. 7.1 on Page 7-8 of the document, reviews and approvals by CZM and Louisiana Department of Natural Resources – Coastal Management Division (LDNR-CMD) are addressed for permit applications in the Coastal Zone. This process provides adequate protection to protect the government's interest in the restored marsh lands.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 24: *Recover \$650 in program income from leases on CIAP lands.*

FWS Response: We concur with this response. The Parish has recovered the funds and reported the income on a revised SF-425 report ([Attachment 13](#)). The grant is still open and FWS is anticipating a request for a no cost extension. There will be additional program income and the grantee will use the deductive method on the final report or when those funds have been expended. Future program income will also be properly reported and returned to the government.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 25: *Require CPRA to develop a monitoring plan to ensure program income is captured when earned and then reported to FWS.*

FWS Response: We concur with this recommendation. We will require that the CPRA develop a monitoring plan to ensure program income is captured when earned and then reported to FWS. CPRA updated its desk procedure to ensure proper handling of program income.

Target Date: May 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 26: *Develop and implement a process to review drawdown records to ensure their accuracy.*

FWS Response: We concur with the recommendation. Financial/performance monitoring is in place to ensure that work is reasonably commensurate with progress. As part of their regular reviews, liaisons compare the spending rate with the progress of completed work to the extent possible. FWS revised CIAP Standard Operating Procedures (SOP) including a monitoring plan ([Attachment 4](#)) and will be using it in Louisiana.

As part of the routine financial review, a Fiscal Specialist reviews all grant transactions on a weekly basis, performs a bi-weekly transaction self-audit, and a monthly review of the status of all CIAP funds, obligated and unobligated. This process has been ongoing since August 2012. The SOP has been revised to better communicate the processes. Additionally, he/she will conduct an audit of the recipients' funding draws each month by taking a random sample from the draws processed by each grantee during that period. We contact the grantee and request documentation to support the amount drawn. If upon our review the documentation submitted does not support the amount drawn, we will take further action to resolve the issue or recover the questioned costs.

We are also developing a process for the Fiscal Specialists that will require them to review all grants to establish current baseline conditions and then monitor draw downs on a quarterly basis. We will continue to identify ways to monitor expenditures and project progress.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 27: *Provide training to grantees to ensure the grantees understand federal grant fund regulations.*

FWS Response: We concur with this recommendation. We are currently working with grantees to implement procedures to ensure that grantees understand federal grant fund regulations. We are working with the National Conservation Training Center to develop and conduct webinars which cover a variety of topics including monitoring sub-grantees, time and effort reporting, and procurement.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 28: *Resolve the \$21,191 in ineligible costs associated with the Clear Marais Bank Protection grant (F12AF00426).*

FWS Response: We concur with the finding. The Calcasieu Parish improperly used \$21,191 in funds to pay invoices from the Horseshoe Lake March Restoration grant. We are actively working with grantee to resolve this issue.

Target Date: February 1, 2015

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 29: *Resolve the \$37,295 in unsupported costs associated with the West Lac Des Allemands Shoreline Protection grant (F12AF70317).*

FWS Response: We concur with this recommendation and have since resolved the issue associated with the West Lac Des Allemands Shoreline Protection grant. Once notified of the \$37,295 in unsupported costs, the St. John the Baptist Parish moved the funding from the interest-bearing account to avoid exceeding the interest threshold. The Parish has agreed to only draw down funds totaling the amount of invoices received and has since developed a spreadsheet to review invoices and drawdowns.

Target Date: **We consider this issue closed**

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 30: *Ensure that grant F12AF70317 is amended to show the decrease in shoreline protection.*

FWS Response: We do not concur with this recommendation. The report found differences in the stated objectives and outcomes for the West Lac Des Allemands Shoreline Protection grant (F12AF70317). The amended project planned for 11,000 linear feet of shoreline protection *if funding allowed*. The grantee communicated available funding and estimated completion in an annual interim performance report.

In the project narrative for grant F12AF70317, amendment 1 effective May 18, 2012, item 5. “Project Description” states the following, “The objective of the project is to construct approximately 11,000 linear feet of shoreline protection from “Pleasure Bend” westward to Pointe aux Herbes using the most economical and efficient method of shoreline protection for West Lac des Allemands. **The shoreline protection will be constructed during Phase II of the project to the extent the available funding allows.**”

In an Annual Interim Performance report dated January 20, 2014, St. John the Baptist Parish reports that the original project was for 11,000 linear feet; however the amount was decreased due to budget concerns and transportation costs. The project description within the performance report notes a distance of approximately 6,000 linear feet. The deviation has therefore been addressed in the Annual Interim Performance report.

Following WSFR procedures, we received a pre-approval request from the grantee dated July 9, 2013. We responded with a letter of approval dated July 31, 2013 ([Attachment 14](#)). A formal amendment to the grant would only be required for a change in budget or period of performance, neither of which applies in this case.

Target Date: **We consider this issue closed.**

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Recommendation 31: *Ensure that grant objectives align with project outcomes for grant F12AF70136.*

FWS Response: We do not concur with this recommendation. Assessments of project outcomes are currently a part of the closeout monitoring effort on all Louisiana projects. An amendment to the cooperative agreement between the Louisiana Department of Natural Resources and St. Martin Parish was signed on June 5, 2013.

The original objectives of the Bayou Amy Trail and Educational Pavilion grant (F12AF70136) were to create a conservation outreach and educational center to facilitate canoe and other public boating access into a unique bottomland hardwood/cypress tupelo swamp in which a canoe trail had already been established. The CIAP project would fulfill an identified public need by creating public access with a minimal environmental foot print and will provide a defined access to a natural environmental resource that is currently inaccessible to the public.

The project includes the following:

Pavilion and Restroom. A small pavilion with a restroom facility will be constructed for use as an environmental education center to visitors about the conservation of the ecology of the area.

Nature Trail. A nature trail will allow interpretive programs about conservation and protection of natural resources. The floating dock and gangway at the edge of the bayou are considered components of the nature trail and were present on design plans for the project dated June 2012.

The grant recipient amended their award on to July 19, 2013 to clarify the access components and infrastructure to be constructed with CIAP funds. See [Attachment 15](#) for the cover letter, award Amendment, and supporting memo. CIAP funds will support construction of a pavilion, freestanding restroom facility, ADA compliant parking for the pavilion and restroom, an aggregate parking area for the site, and a nature trail component to allow access and viewing of Bayou Amy (floating dock and gangway).

The project is currently on track.

Target Date: We consider this issue closed.

Responsible Official: Hannibal Bolton, Assistant Director – Wildlife and Sport Fish Restoration Programs, U.S. Fish & Wildlife Service

Appendix 7: Status of Recommendations

In response to our draft report, the U.S. Fish and Wildlife Service concurred or partially concurred with 23 of our 30 recommendations and was working to implement or close them. The response included target dates and an action official for each recommendation (see Appendix 6). We consider 4 recommendations unresolved, 14 resolved but not implemented, and 12 closed.

Recommendations	Status	Action Required
10	Unresolved	We will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for resolution.
16, 17, 18	Unresolved	Upon completion of our investigation, we will refer this recommendation to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.
1, 4, 6, 9, 11, 12, 13, 19, 20, 21, 24, 25, 26, 27	Resolved but not implemented	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.
2, 3, 5, 7, 8, 14, 15, 22, 23, 28, 29, 30	Closed	No further action is required.

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