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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR



Audit




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Memorandum

To: Brian Nesvik
Director, U.S. Fish and Wildlife Service

From: Colleen Kotzmoyer 
Director, Contract and Grant Audit Division

Subject: Final Audit Report – *Wildlife and Sport Fish Restoration Grants Awarded to the State of Nevada by the U.S. Fish and Wildlife Service*
Report No. 2025-CGD-004

We audited the expenditures and related license revenue made by the Nevada Department of Wildlife (Department), under grants awarded by the U.S. Fish and Wildlife Service (FWS) through the Wildlife and Sport Fish Restoration Program. We found that the Department ensured that grant funds and license revenue were used for allowable activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. We did not identify any reportable conditions. Background information and the objective, scope, and methodology for this audit can be found in Attachment 1. A list of the sites visited during this audit is provided in Attachment 2.

Because we are not offering recommendations, we do not require a response to this report. We will notify Congress about our findings, and we will summarize this work in our next *Semiannual Report to Congress*, as required by law. We will also post a public version of this report on our website.

If you have any questions, please contact me at aie_reports@doioig.gov.

Attachments (2)

Attachment 1: Background, Objectives, Scope, and Methodology

Background

The U.S. Fish and Wildlife Service (FWS) provides grants to States¹ through its Wildlife and Sport Fish Restoration Program (WSFR) for the conservation, restoration, and management of wildlife and sport fish resources, as well as educational and recreational activities. WSFR was established by the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.² The Acts and related Federal regulations allow FWS to reimburse grantees a portion of eligible costs incurred under WSFR grants—up to 75 percent for the 50 States and up to 100 percent for the Commonwealths, territories, and the District of Columbia. The reimbursement amount is called the Federal share. The Acts require that hunting and fishing license revenue be used only for the administration of participating fish and wildlife agencies. In addition, Federal regulations require participants to account for any income earned from grant-funded activities and to spend this income before requesting grant reimbursements.

Objectives

In March 2021, we entered into an intra-agency agreement with FWS to conduct audits of State agencies receiving grant funds under WSFR. These audits assist FWS in fulfilling its statutory responsibility to oversee State agencies' use of these grant funds.

The objectives of this audit were to determine whether the Nevada Department of Wildlife (Department) used grant funds and State hunting and fishing license revenue for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements.

Scope

We audited the Department's use of grants awarded by FWS under WSFR. The scope of our audit included grants open during the State fiscal years (SFYs) ending June 30, 2023, and June 30, 2024. During the audit period, there were 59 grants that claimed \$46.2 million in Federal expenditure reimbursements. We reviewed seven grants with \$21.9 million in Federal expenditure (approximately 47 percent of Federal expenditures made during the audit period). We also reviewed license revenue during the same period. In addition, we reviewed historical records for the acquisition, management, and disposal of real property and equipment purchased with either license revenue or WSFR grant funds.

Methodology

We conducted this performance 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.

We assessed whether internal control was significant to the audit objectives. We determined that the following related principles were significant to the audit objectives:

- Management should design control activities to achieve objectives and respond to risks.

¹ Federal regulations define the term "State" as the 50 States; the Commonwealths of Puerto Rico and the Northern Mariana Islands; the territories of Guam, the U.S. Virgin Islands, and American Samoa; and the District of Columbia (Dingell-Johnson Sport Fish Restoration Act only).

² Formally known, respectively, as the Federal Aid in Wildlife Restoration Act, 16 U.S.C. § 669, as amended, and the Federal Aid in Sport Fish Restoration Act, 16 U.S.C. § 777, as amended.

- Management should implement control activities through policies.
- Management should establish and operate monitoring activities to monitor the internal control system and evaluate results.

We tested the design, implementation, and operating effectiveness of internal controls over activities related to our audit objective. Our tests and procedures included:

- Examining the evidence that supports selected expenditures that the Department charged to the grants.
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income.
- Interviewing Department employees.
- Inspecting equipment and other property.
- Reviewing equipment inventory and disposal records.
- Determining whether the Department used hunting and fishing license revenue for the administration of allowable program activities.
- Determining whether the State passed required legislation assenting to the provisions of the Acts.
- Evaluating State policies and procedures for assessing risk and monitoring subawards.
- Reviewing the fringe benefits charged during the payroll process to understand the coding for payroll deductions and to determine whether the fringe benefit codes are allowable, allocable, and reasonable.
- Visiting sites throughout the State (see Attachment 2 for a list of sites visited).

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of seven out of 59 grants with activity during our audit period. This included grants for Wildlife Habitat, Land Acquisition, Fish Hatchery, Game and Fish Management, and Construction.

Our review of these grants included assessments on the following:

- Budgeted and actual costs incurred.
- Grant claims and corresponding drawdowns.
- Application of the negotiated indirect cost rate agreement.
- Recognition and application of program income.
- Payroll allocations.
- Management of real property and equipment.
- Validation and application of in-kind contributions.
- Progress of agreed-upon grant objectives.

We used auditor judgment and considered risk levels relative to other audit work performed to determine the degree of testing performed in each area. Our sample selections were not generated using statistical sampling, and therefore we did not project the results of our tests to the total population of transactions. We did not find deficiencies in internal control.

This audit supplements, but does not replace, the audits required by the Single Audit Act Amendments of 1996. Single audit reports address controls over Statewide financial reporting, with emphasis on major programs. Our report focuses on the administration of the Nevada fish and wildlife agency, and that agency's management of WSFR resources and license revenue.

The Department provided computer-generated data from its official accounting system and from informal management information and reporting systems. We tested the data by sampling expenditures and verifying them against WSFR reports and source documents such as purchase orders, invoices, and payroll documentation. While we assessed the accuracy of the transactions tested, we did not assess the reliability of the accounting system as a whole.

We conducted an exit conference on August 20, 2025, with FWS and the Department. During the conference, responsible officials were given the opportunity to provide their views on our results. Neither FWS nor the Department had any comments for inclusion in the report.

Prior Audit Coverage

OIG Audit Reports

We reviewed our last two audits of costs the Department claimed on WSFR grants.³ We followed up on three recommendations from the 2022 report and found that only two recommendations have been implemented. For implemented recommendations, we verified the State has taken the appropriate corrective actions. The third recommendation, related to leave allocation, is referenced in the Other Matters section. There were no recommendations in our 2015 report.

State Audit Reports

We reviewed the single audit reports for SFY 2022 to identify control deficiencies or other reportable conditions that affect WSFR. In the report, the Schedule of Expenditures of Federal Awards indicated \$19.6 million in Federal expenditures related to WSFR but did not include any findings directly related to WSFR, which was not deemed a major program for Statewide audit purposes. We followed up on the SFY 2023 and SFY 2024 single audits and were informed both single audits have been delayed by the implementation of the State's new financial and human resource system. Significant time and resources have been pulled from the Controller's Office and other State agencies to assist in the project.

Other Matters

The Department has not implemented one of the recommendations from our prior audit.⁴ During that audit, we identified a control deficiency regarding the Department's allocation of payroll leave costs charged to WSFR grants. The Department uses a labor distribution profile provided by the State of Nevada to allocate leave costs based on an employee's prior fiscal year activities rather than actual costs incurred. However, an employee's prior fiscal year activities do not necessarily reflect the employee's current fiscal year activities.

During our current audit, we followed up with the Department to determine any steps it has taken toward implementing the recommendation in our prior audit. Department officials stated that they have been waiting for the Association of Fish & Wildlife Agencies Joint Task Force to issue guidance on charging leave to Federal

³ U.S. Fish and Wildlife Service Grants Awarded to the State of Nevada, Department of Wildlife, From July 1, 2017, Through June 30, 2019, Under the Wildlife and Sport Fish Restoration Program (2020-WR-021), issued July 2022.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Nevada, Department of Wildlife, From July 1, 2012, Through June 30, 2014, (2015-EXT-040), issued September 2015.

⁴ U.S. Fish and Wildlife Service Grants Awarded to the State of Nevada, Department of Wildlife, From July 1, 2017, Through June 30, 2019, Under the Wildlife and Sport Fish Restoration Program (2020-WR-021), issued July 2022.

awards.⁵ While we understand the Department's desire for additional guidance, its current practice of estimating leave costs based on the employee's prior year activities does not comply with the Code of Federal Regulations and should be amended. Specifically, 2 C.F.R. 200.430 states that while a grant recipient may rely on estimates or other distribution percentages determined for preliminary or interim accounting purposes, such estimates cannot be used to support charges to Federal awards without reconciling after-the-fact charges. To our knowledge, no such reconciliation is occurring.

As such—while the Department awaits additional guidance from the Joint Task Force—FWS informed us it will work closely with the Department to implement a mitigating measure that will ensure leave costs charged to WSFR grants are based on actual costs incurred.

⁵ The Joint Task Force was a peer-to-peer collaborative body established in December 2021 by the Association of Fish and Wildlife Agencies and the U.S. Fish and Wildlife Service. It serves as a national forum to explore, coordinate, and enhance voluntary landscape-scale conservation efforts across jurisdictions.

Attachment 2: Sites Visited

Headquarters	Reno
Regional Office	Western Region Office
Fish Hatcheries	Mason Valley
Wildlife Management Areas	Carson City Churchill County Mason Valley



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