



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

**U.S. Fish and Wildlife Service Grants  
Awarded to the U.S. Virgin Islands  
Department of Planning and Natural  
Resources, From October 1, 2017, Through  
September 30, 2019, Under the Wildlife and  
Sport Fish Restoration Program**

**This is a revised version of the report prepared for public release.**



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

MAY 20 2022

Memorandum

To: Martha Williams  
Director, U.S. Fish and Wildlife Service

From: Stephen Gregoire  
Acting Regional Manager, Eastern Region

STEPHEN  
GREGOIRE

Digitally signed by STEPHEN  
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Date: 2022.05.20 15:20:17 -04'00'

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the U.S. Virgin Islands Department of Planning and Natural Resources, From October 1, 2017, Through September 30, 2019, Under the Wildlife and Sport Fish Restoration Program*  
Report No. 2021–ER–002

This report presents the results of our audit of costs claimed by the U.S. Virgin Islands Department of Planning and Natural Resources (Department) under grants awarded by the U.S. Fish and Wildlife Service (FWS) through the Wildlife and Sport Fish Restoration Program.

We provided a draft of this report to the FWS. The FWS concurred with all nine recommendations and one repeat recommendation and will work with the Department to implement corrective actions. The full responses from the Department and the FWS are included in Appendix 5. We list the status of the recommendations in Appendix 6.

Please provide us with a corrective action plan based on our recommendations by August 8, 2022. The plan should provide information on actions taken or planned to address each recommendation, as well as target dates and titles of the officials responsible for implementation. It should also clearly indicate the dollar value of questioned costs that you plan to either allow or disallow. Please also provide the status of any recommendation repeated from a previous audit. If a recommendation has already been implemented, provide documentation confirming that the action is complete. Please send your response to [aie\\_reports@doioig.gov](mailto:aie_reports@doioig.gov).

We will notify Congress about our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

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

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# Introduction

## Objectives

In June 2016, we entered into an intra-agency agreement with the U.S. Fish and Wildlife Service (FWS) to conduct audits of State agencies receiving grant funds under the Wildlife and Sport Fish Restoration Program (WSFR). These audits assist the 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 U.S. Virgin Islands Department of Planning and Natural Resources (Department) used grant funds for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements.

See Appendix 1 for details about our scope and methodology. See Appendix 2 for sites we reviewed.

## Background

The FWS provides grants to States<sup>1</sup> through 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.<sup>2</sup> The Acts and related Federal regulations allow the FWS to reimburse grantees a portion of eligible costs incurred under WSFR grants—up to 75 percent for States and up to 100 percent for the Commonwealths, territories, and the District of Columbia.<sup>3</sup> 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.

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<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> The District of Columbia does not receive funding under the Pittman-Robertson Wildlife Restoration Act.

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## Results of Audit

We determined that the Department did not ensure that grant funds were used for allowable fish and wildlife activities and did not comply with all applicable laws and regulations, FWS guidelines, and grant agreements.

We found the following:

- **Questioned Costs.** We questioned \$807,321 (all Federal share) as unsupported and \$6,480 (all Federal share) as unallowable, for a total of \$813,801 (see Figure 1). These questioned costs arose due to issues related to unsupported indirect costs and other direct costs, insufficient support for drawdowns, and failure to properly allocate employee leave payouts.
- **Repeat Finding.** We previously reported on inadequate equipment management and found that this issue had not been resolved.

**Figure 1: Summary of Questioned Costs Totaling \$813,801**

| Issue                          | Unallowable Costs (\$) | Unsupported Costs (\$) |
|--------------------------------|------------------------|------------------------|
| Unsupported indirect costs     | —                      | 435,624                |
| Unsupported other direct costs | —                      | 201,708                |
| Insufficient drawdown support  | —                      | 169,989                |
| Unallocated leave payouts      | 6,480                  | —                      |
| <b>Totals</b>                  | <b>\$6,480</b>         | <b>\$807,321</b>       |

See Appendix 3 for a statement of monetary impact.

### Questioned Costs—\$813,801 (Federal Share)

#### Unsupported Indirect Costs—Questioned Costs of \$435,624

The Department could not provide documentation showing which costs were included in the indirect cost rate that it charged to grants. We reviewed samples of direct costs and indirect costs charged to grants and determined that the Department charged direct costs to grants for goods and services that are usually included in the indirect cost rate. Without documentation showing what costs were included in the indirect cost rate, we could not verify whether the Department charged the grants for expenses as both direct and indirect costs. Therefore, we are questioning all indirect costs within our audit scope, which total \$435,624 (see Figure 2).

**Figure 2: Questioned Costs Related to Unsupported Indirect Costs**

| <b>Grant No.</b> | <b>Grant Title</b>                                        | <b>Unsupported Costs (\$)</b> |
|------------------|-----------------------------------------------------------|-------------------------------|
| F17AF01311       | Christmas Cove Mooring                                    | 3,911                         |
| F17AF01312       | Technical Guidance Sport Fish Restoration (SFR)           | 2,414                         |
| F17AF01313       | Coordination SFR                                          | 41,499                        |
| F17AF01314       | Offshore Cay Refuge                                       | 13,945                        |
| F17AF01315       | Dredging Red Hook Dock                                    | 4,263                         |
| F17AF01316       | Technical Guidance Wildlife (WL)                          | 3,761                         |
| F17AF01320       | Coordination WL                                           | 29,683                        |
| F18AF00053       | Recreational Fishery Project                              | 8,921                         |
| F18AF00055       | Artificial Reefs Program                                  | 2,667                         |
| F18AF00074       | Aquatic Education                                         | 13,173                        |
| F18AF00172       | Sport Fish Enhancement Using Fish Aggregating Devices     | 34,034                        |
| F18AF00175       | Red Mangrove (Rhizophora Mangle) Project at Altona Lagoon | 2,491                         |
| F18AF00176       | Fisheries Operations and Maintenance Project              | 27,812                        |
| F18AF00194       | Operations and Maintenance WL                             | 23,238                        |
| F18AF01141       | Aquatic Education: St. Croix                              | 741                           |
| F18AF01142       | Aquatic Education: St. Thomas                             | 3,002                         |
| F18AF01143       | Boating Access                                            | 4,415                         |
| F18AF01144       | Christmas Cove Moorings                                   | 3,616                         |
| F18AF01145       | Coordination SFR                                          | 47,275                        |
| F18AF01146       | Sport Fish Enhancement Using Fish Aggregating Devices     | 16,899                        |
| F18AF01147       | Recreational Fishery Program                              | 5,181                         |
| F18AF01148       | Red Mangrove Project                                      | 7,442                         |
| F18AF01149       | Operation and Maintenance SFR                             | 29,815                        |
| F18AF01150       | Technical Guidance SFR                                    | 2,171                         |
| F18AF01151       | Offshore Cay Refuge                                       | 7,884                         |
| F18AF01152       | Coordination WL                                           | 44,865                        |
| F18AF01153       | Hunter Education                                          | 18,119                        |
| F18AF01154       | Technical Guidance WL                                     | 4,539                         |
| F18AF01155       | Operation and Maintenance WL                              | 27,848                        |
| <b>Total</b>     |                                                           | <b>\$435,624</b>              |

Indirect costs are expenses such as overhead or administrative costs that are not traceable to a specific grant or cost center but are allocable to grants. Federal regulations at 2 C.F.R. § 200.403(d) state that a cost may not be charged to a Federal award as a direct cost if the cost has already been allocated to the Federal award as an indirect cost. Also, per 2 C.F.R. § 200.333, a State agency must retain financial records, supporting documents, statistical records, and all other records pertinent to a Federal award for a period of 3 years after submission of the final expenditure report. In addition, if a State agency is audited, it must retain records until the audit concludes, even if the audit extends beyond the 3-year retention period. Further, the Department's Division of Business and Administrative Services' standard operating procedures (SOPs) require the Department to retain indirect cost rate documentation for 3 years.

While the Department had proper policies in place, it did not adhere to them. The Department hired a contractor to calculate its indirect cost rates for State fiscal years 2018 and 2019. When asked for indirect cost rate support, the Department could not provide all documentation for the audit period completed by the contractor because it did not maintain support for the calculations.

By not maintaining support showing what costs are included in the indirect cost rate, the Department risks overcharging the Federal Government by charging the same costs to grants both directly and indirectly.

| <b>Recommendations</b>                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We recommend that the FWS:</p> <ol style="list-style-type: none"><li>1. Resolve the questioned costs related to unsupported indirect costs totaling \$435,624.</li><li>2. Work with the Department to develop and implement a mechanism to hold its staff accountable for following Federal regulations related to indirect costs and record retention, and its own SOPs.</li></ol> |



### **Unsupported Other Direct Costs—Questioned Costs of \$201,708**

We found deficiencies in the Department's records for purchases completed during fiscal years 2018 and 2019 that led us to question costs totaling \$201,708 (see Appendix 4 for deficiencies by grant). Specifically, we found transactions for which:

- The purchase order, invoice, and amount paid showed differing amounts.
- We could not verify managerial approval.
- We could not verify payment approval.
- The Department did not include adequate cost identification.

- Time limitations or cost type made them ineligible.
- We could not verify segregation of duties for purchase approval and invoice payment.
- We could not verify the charges were related to the grant.
- We could not verify completed transactions and off-island travel claims.
- We could not verify that the claimed costs were net of discounts and allowances.

Figure 3 lists the questioned costs by grant.

**Figure 3: Questioned Costs Related to Unsupported Other Direct Costs**

| <b>Grant No.</b> | <b>Grant Title</b>                                    | <b>Unsupported Costs (\$)</b> |
|------------------|-------------------------------------------------------|-------------------------------|
| F15AF01350       | Hunter Education                                      | 85,525                        |
| F17AF01312       | Technical Guidance Sport Fish Restoration (SFR)       | 1,850                         |
| F18AF00055       | Artificial Reef Program                               | 2,488                         |
| F18AF00074       | Aquatic Education                                     | 1,680                         |
| F18AF00194       | Operations and Maintenance WL                         | 17,715                        |
| F18AF01148       | Ren Mangrove Project                                  | 3,425                         |
| F18AF01150       | Technical Guidance SFR                                | 1,500                         |
| F18AF01143       | Boating Access                                        | 1,687                         |
| F18AF01144       | Christmas Cove Moorings                               | 9,200                         |
| F18AF01146       | Sport Fish Enhancement Using Fish Aggregating Devices | 30,557                        |
| F18AF01147       | Recreational Fishery Program                          | 5,780                         |
| F18AF01149       | Operations and Maintenance SFR                        | 8,335                         |
| F18AF01151       | Offshore Cay Refuge                                   | 18,079                        |
| F18AF01154       | Technical Guidance WL                                 | 1,000                         |
| F18AF01155       | Operations and Maintenance WL                         | 12,887                        |
| <b>Total</b>     |                                                       | <b>\$201,708</b>              |

Federal regulations at 2 C.F.R. § 200.403(c) state that costs must be consistent with policies and procedures that apply to both federally financed and other activities of the non-Federal entity. Furthermore, 2 C.F.R. §§ 200.403(g)–200.403(h) state that these costs must be adequately documented and incurred during the approved budget period. In addition, the Department’s Division of Business and Administrative Services’ SOPs require the Department to maintain the following documentation for completed transactions: (1) the signed and verified request for

purchase, (2) the requisition generated by its financial system, (3) the signed purchase order, (4) the vendor invoice with certifying receipt of goods and services along with the invoice generated by its financial system, and (5) the check disbursement proof from its financial system.

The Department was unable to provide us with complete records of its purchases because it did not consistently follow Federal guidance and its own departmental requirements for procuring goods and services and documenting those purchases. Further, the Department had staff turnover during the audit scope period, which may have affected the completeness of records.

Without adequate documentation for purchases, the FWS cannot determine whether costs charged to grants are reasonable, allowable, approved, and necessary to achieve the intended purpose of the grant.

| <b>Recommendations</b>                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We recommend that the FWS:</p> <ol style="list-style-type: none"><li>3. Resolve the questioned costs related to unsupported other direct costs totaling \$201,708.</li><li>4. Work with the Department to develop a mechanism to hold staff accountable for following its SOPs related to purchase requests and documentation retention.</li></ol> |



### **Insufficient Drawdown Support—Questioned Costs of \$169,989**

The Department's accounting system did not contain support for the expenditures for which it requested reimbursement from the FWS. We reviewed a sample of 16 WSFR grants to verify whether the Department's requests for reimbursement (drawdowns) were reasonable, consistent with need, and based on expenditures incurred. When we attempted to reconcile the drawdown documentation with the expenditure amounts posted in the accounting system, the amounts did not match. After we made multiple attempts to obtain further documentation to support the reimbursement amounts, the Department provided us a reconciliation it had performed. Even with this additional information, we could not verify the information in the Department's accounting system for drawdowns on 7 out of 16 grants we reviewed. When we asked the Department to demonstrate how it performed the reconciliation on these 7 grants, it could not reperform the reconciliation in the accounting system. We could not verify that the Department paid expenditures before requesting reimbursement; therefore, we questioned \$169,989 as unsupported reimbursements (see Figure 4).

**Figure 4: Questioned Costs Related to Unsupported Drawdowns**

| <b>Grant No.</b> | <b>Grant Title</b>                                    | <b>Unsupported Costs (\$)</b> |
|------------------|-------------------------------------------------------|-------------------------------|
| F16AF01302       | Boating Access                                        | 83,490                        |
| F18AF00172       | Sport Fish Enhancement Using Fish Aggregating Devices | 31,311                        |
| F18AF01145       | Coordination Sport Fish Restoration                   | 24,423                        |
| F18AF01149       | Operation and Maintenance Sport Fish                  | 3,074                         |
| F18AF01151       | Offshore Cay Refuge                                   | 184                           |
| F18AF01152       | Coordination Wildlife (WL)                            | 20,197                        |
| F18AF01155       | Operation and Maintenance WL                          | 7,310                         |
| <b>Total</b>     |                                                       | <b>\$169,989</b>              |

According to 50 C.F.R § 80.83(b), the FWS may reimburse the Department up to 100 percent of grant expenditures, provided the Department expends its funds on grant activity prior to seeking reimbursement. Federal regulations at 2 C.F.R. § 200.302(b)(3) require that records in the Department's financial management system identify the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation. In addition, the Department's SOPs state that drawdowns must be reviewed to ensure the costs charged to the Federal grant are allowable and the necessary documentation is in place before they are made.

Without proper supporting documentation for drawdowns that can be directly linked to the Department's accounting system, the FWS is at risk of reimbursing the Department for expenses that were not incurred or are unallowable.

|                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Recommendations</b>                                                                                                                                                                                                                                                                                                                                                            |
| <p>We recommend that the FWS:</p> <ol style="list-style-type: none"><li>5. Resolve the questioned costs related to drawdowns totaling \$169,989.</li><li>6. Work with the Department to develop a mechanism to hold staff accountable for following its SOPs for conducting drawdowns and maintaining adequate documentation for expenditures in the accounting system.</li></ol> |

## Unallocated Leave Payouts—Questioned Costs of \$6,480

Two Department employees separated from government service during our audit scope, and the Department did not correctly allocate their leave payouts. Upon separation, the Department charged the full amount of the employees' lump sum leave payouts to two WSFR grants instead of allocating the cost to all grants and activities the employees worked on during the audit period; therefore, we question the leave payouts, totaling \$6,480 (see Figure 5).

**Figure 5: Questioned Costs Related to Unallocated Leave Payouts**

| Grant No.    | Grant Title                | Unallowable Costs (\$) |
|--------------|----------------------------|------------------------|
| F17AF01316   | Technical Guidance Program | 6,432                  |
| F18AF01151   | Offshore Cay Refuge        | 48                     |
| <b>Total</b> |                            | <b>\$6,480</b>         |

Federal regulations at 2 C.F.R. § 200.431(b) state that the costs of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave and other similar benefits, are allowable if the costs are equitably allocated to all related activities, including Federal awards.

The Department told us that there was a change in administration during the time the leave payouts were made. We determined that the SOPs did not satisfy Federal regulations related to leave payouts. Department staff said the new administration will be making policy changes; however, the SOPs have yet to be updated to reflect the changes.

According to the timesheets, the employees worked and earned leave on other Federal program awards and Territory-funded activities in addition to WSFR grants during the audit period. Those additional activities contributed to the accrued leave payout costs, which should have been allocated accordingly. Not properly allocating leave payouts among all applicable grants can impact grant efficiency by diverting funds that could otherwise be used for grant objectives.

### Recommendations

We recommend that the FWS:

7. Resolve the questioned costs related to unallocated leave payouts totaling \$6,480.
8. Require the Department to update and implement its SOPs to ensure that leave payouts are properly allocated in accordance with Federal regulations.

## Control Deficiency

### Inadequate Equipment Management

The Department did not maintain a complete and accurate equipment inventory. During our current audit, we received an inventory list from the Department's field offices and compared it with the master list we received from the Department of Property and Procurement (DPP), the property manager for the U.S. Virgin Islands. Our comparison showed discrepancies between the two lists. Specifically, there were items on the Department's inventory list that had not been added to the DPP's inventory list.

Federal regulations require that each State follow its own policies and procedures for the use, management, and control of its equipment. Specifically, 50 C.F.R. § 80.90(f) states that State fish and wildlife agencies are responsible for assets acquired under program grants to ensure that they serve the intended purpose throughout their useful life. According to 2 C.F.R. § 200.313(d)(1), property records must include a description of the property, identification number, the source of funding (including the Federal Award Identification Number), acquisition date, cost of the property, and the location. The Department's SOPs duplicate the language from the Federal regulation at 2 C.F.R. § 200.313(d)(1) but also include language requiring that the Department's consolidated inventory be reconciled with the DPP's master inventory list.

When asked, the DPP stated it had not performed a physical inventory or reconciliation for the Department in the past 6 years due to staffing shortages and to shifting priorities due to two major hurricanes. Without reconciling its list, the Department cannot ensure its equipment inventory is accurate and equipment is being used for authorized purposes.

| Recommendation                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We recommend that the FWS:</p> <ol style="list-style-type: none"><li>9. Ensure the Department allocates resources and prioritizes the reconciliation of its inventory list with the DPP as required by Federal regulations and the Department's SOPs; this should include establishing a plan with milestones.</li></ol> |



## Finding Repeated From Previous Audit

We found that the Department's property records were missing property tags, acquisition dates, serial numbers, cost documentation, grant titles, and grant numbers. In a previous audit of costs claimed by the Department on WSFR grants for fiscal years 2009 and 2010 (Report No. R-GR-FWS-0006-2011), we found that the Department's property records for equipment acquired with WSFR grant funds did not include the required information for all items.<sup>4</sup> In our subsequent

<sup>4</sup> U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Government of the Virgin Islands, Department of Planning and Natural Resources, From October 1, 2008, Through September 30, 2010 (Report No. R-GR-FWS-0006-2011), issued November 2011.

audit for fiscal years 2013 and 2014 (Report No. 2016–EXT–005), we found this issue was again unresolved.<sup>5</sup>

Federal regulations at 2 C.F.R. § 200.313(d)(1) require State agencies to maintain property records that include a description; a serial number or other identification number; the source of funding (including the Federal Award Identification Number); who holds the title; the acquisition date; the cost; the percentage of Federal participation in the project costs; the location, use, and condition; and any ultimate disposition data including the date of disposal and sale price.

Although the Department does have a process in place to track equipment acquired with WSFR funds and has submitted documents to close the recommendation, the FWS has determined that the Department’s records cannot be reconciled without a site visit to verify all information and documentation. The FWS anticipates conducting a site visit to the close the recommendation in early 2022.

There is a risk that inadequate recordkeeping of equipment can lead to a misappropriation of assets and noncompliance with Federal regulations. As a result, the Department may not be able to prevent equipment purchased with WSFR funds from being lost, misplaced, or used for unauthorized purposes.

|                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Repeat Recommendation (Tracked Under Report No. R–GR–FWS–0006–2011, Recommendation D)</b>                                                                                                                  |
| We recommend that the FWS: <ul style="list-style-type: none"><li>• Require the Department to follow its own SOPs, which state that all required items be included in its asset management database.</li></ul> |



<sup>5</sup> U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Government of the Virgin Islands, Department of Planning and Natural Resources, From October 1, 2021, Through September 30, 2014 (Report No. 2016–EXT–005), issued February 2017.

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# Recommendations Summary

We provided a draft of this report to the FWS for review. The FWS concurred with all recommendations and will work with the Department to implement corrective actions. We consider Recommendations 1–9 and our repeat recommendation resolved but not implemented. See Appendix 5 for the full text of the FWS’ and the Department’s responses; Appendix 6 lists the status of each recommendation.

We recommend that the FWS:

1. Resolve the questioned costs related to unsupported indirect costs totaling \$435,624.

**Department Response:** The Department did not express whether it concurred with the recommendation, stating that “the cost tracking was not understood clearly by OIG auditors” and that it “was not informed that all open grants were included (from the years before and after the audit period).” The Department also stated that it “can provide the cost tracking information in another format if needed” and that “all indirect costs were supportive of grant objectives.”

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS’ response, we consider Recommendation 1 resolved but not implemented. We reviewed the Department’s SOPs for indirect cost guidance and clearly understood the Department’s procedure for cost tracking; however, the Department could not provide documentation showing how indirect cost were allotted. In our engagement letter, dated September 24, 2020, we stated that the audit period covered State fiscal years 2018–2019 (October 1, 2017, to September 30, 2019). This includes all grants that were open during this timeframe, whether they were opened or closed during the audit period. All grants included are listed in Figure 2 of this report. Furthermore, during the progress of the audit, we requested records to support that the administrative and other overhead costs that we found in both the list of direct and indirect costs were not double counted. We also issued a Notice of Potential Finding and Recommendation on June 7, 2021, again seeking further information and did not receive a reply.

2. Work with the Department to develop and implement a mechanism to hold its staff accountable for following Federal regulations related to indirect costs and record retention, and its own SOPs.

**Department Response:** The Department did not express whether it concurred with the recommendation, stating that it did “maintain internal records.” The Department further stated that its “[REDACTED]” being on extended leave during the audit may have resulted in communications issues amongst Department staff, accounting staff, and the auditors.”

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS' response, we consider Recommendation 2 resolved but not implemented. The Department was not able to provide supporting documentation for the calculation of indirect costs. The recommendation will be considered implemented when the Department provides documentation demonstrating that it has developed and implemented a mechanism to hold its staff accountable for following Federal regulations related to indirect costs and record retention, and its own SOPs.

3. Resolve the questioned costs related to unsupported other direct costs totaling \$201,708.

**Department Response:** The Department did not express whether it concurred with the recommendation, stating that all documentation "related to the direct costs was provided to the auditors initially." The Department also provided additional documentation as justification for direct cost along with its response to the draft report.

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS' response, we consider Recommendation 3 resolved but not implemented. We reviewed the documentation the Department provided in its response and found additional supporting evidence, which reduced questioned costs from \$289,486 to \$201,708. However, the additional information did not resolve all findings. Some of the documentation provided was the same documentation received during the audit and still lacked specific details like payment approval, management approval, or the transactions being related to the purpose of the grant.

4. Work with the Department to develop a mechanism to hold staff accountable for following its SOPs related to purchase requests and documentation retention.

**Department Response:** The Department did not express whether it concurred with the recommendation, stating that all "staff do follow SOPs related to purchase requests and documentation retention." The Department stated that "communication issues prevented it from providing complete supporting documentation."

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS' response, we consider Recommendation 4 resolved but not implemented. The recommendation will be considered implemented when the Department provides documentation demonstrating that it has developed and implemented a mechanism to hold its staff accountable for following its SOPs related to purchase requests and documentation retention.

5. Resolve the questioned costs related to drawdowns totaling \$169,989.

**Department Response:** The Department did not express whether it concurred with the recommendation, referencing a communication issue that led to a "disconnect with the accounting department." The Department also provided additional supporting documentation.

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS' response, we consider Recommendation 5 resolved but not implemented. We reviewed the additional documentation the Department submitted and determined it was not sufficient to support the drawdowns because it did not include the expenditure transactional data.

6. Work with the Department to develop a mechanism to hold staff accountable for following its SOPs for conducting drawdowns and maintaining adequate documentation for expenditures in the accounting system.

**Department Response:** The Department did not express whether it concurred with the recommendation, again referencing a communication issue due to its [REDACTED] being on leave during the audit. The Department stated that it adhered to its SOPs and "that all monies were reported related to drawdowns." The Department also provided additional supporting documentation.

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS' response, we consider Recommendation 6 resolved but not implemented. We reviewed the additional documentation the Department submitted and determined that it did not sufficiently support the drawdowns because we could not verify the expenditure transactional data. The recommendation will be considered implemented when the Department provides documentation demonstrating that it has developed and implemented a mechanism to hold its staff accountable for following its SOPs for conducting drawdowns and maintaining adequate documentation for expenditures in the accounting system.

7. Resolve the questioned costs related to unallocated leave payouts totaling \$6,480

**Department Response:** The Department did not express whether it concurred with this recommendation, stating that "all leave payouts will be allocated to the indirect cost budget." The Department further stated that it supplied the indirect cost budget, which indicated "where the leave payouts were paid to employees."

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS' response, we consider Recommendation 7 resolved but not implemented. The recommendation will be considered implemented when the Department provides documentation demonstrating that it has resolved the questioned costs related to unallocated leave payouts.

8. Require the Department to update and implement its SOPs to ensure that leave payouts are properly allocated in accordance with Federal regulations

**Department Response:** The Department did not express whether it concurred with the recommendation, stating that “all staff leave payouts will come from the indirect cost budget.”

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS’ response, we consider Recommendation 8 resolved but not implemented. The recommendation will be considered implemented when the Department provides documentation demonstrating that it has updated its SOPs to ensure that leave payouts are properly allocated.

9. Ensure the Department allocates resources and prioritizes the reconciliation of its inventory list with the DPP as required by Federal regulations and the Department’s SOPs; this should include establishing a plan with milestones

**Department Response:** The Department did not express whether it concurred with the recommendation, stating that “due to staffing capacity, the DPP has not been able to reconcile their property lists.” The Department also stated that “the DPP will be removed from [its] SOP as is allowable under 50 C.F.R. § 80.90(f) which requires the [Department] only to be responsible for its assets.”

**FWS Response:** The FWS concurred with our recommendation.

**OIG Reply:** Based on the FWS’ response, we consider Recommendation 9 resolved but not implemented. We reviewed inventory lists from the Department and the DPP and found that they were not consistent. The recommendation will be considered implemented when the Department provides documentation demonstrating that it has updated its SOPs to reflect that the DPP was removed as the responsible party for Department’s inventory.

## **Repeat Recommendation (Tracked Under Report No. R-GR-FWS-0006-2011, Recommendation D)**

We recommend that the FWS:

- Require the Department to follow its own SOPs, which state that all required items be included in its asset management database

**Department Response:** The Department did not express whether it concurred with the recommendation, stating that “none of the equipment purchased in the years after the last audit was missing information and the issue was resolved.” The Department further stated that “OIG auditors requested the full, current physical inventory list from the [Department]; some items were listed which were purchased more than 3 years prior to

the current audit period so the information reflected the previously acknowledged audit finding.”

**FWS Response:** The FWS concurred with our recommendation

**OIG Reply:** Based on the FWS’ response, we consider this recommendation resolved but not implemented. As previously stated, the FWS determined that the Department’s records cannot be reconciled without a site visit to verify all information and documentation. The FWS anticipates conducting a site visit to the close the recommendation in 2022.

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# Appendix 1: Scope and Methodology

## Scope

We audited the U.S. Virgin Islands Department of Planning and Natural Resources' (Department's) use of grants awarded by the U.S. Fish and Wildlife Service (FWS) under the Wildlife and Sport Fish Restoration Program (WSFR). We reviewed 39 grants that were open during the State fiscal years that ended September 30, 2018, and September 30, 2019. The audit included expenditures of \$4.2 million and related transactions.

Because of the COVID-19 pandemic, we could not complete our audit on site. We gathered data remotely and communicated with Department personnel via email and telephone. We could not perform the equipment verification and review of grant projects specific to construction and restoration work in person; therefore, we relied on pictorial evidence provided by Department personnel.

## 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We assessed whether internal control was significant to the audit objective. We determined that the State's control activities, risk assessment, information and communication and the following related principles were significant to the audit objectives.

- Management should design control activities to achieve objectives and respond to risks.
- Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
- Management should implement control activities through policies.
- Management should define objectives clearly to enable the identification of risks and define risk tolerances.
- Management should identify, analyze, and respond to risks related to achieving the defined objectives.
- Management should consider the potential for fraud when identifying, analyzing, and responding to risks.

- Management should identify, analyze, and respond to significant changes that could impact the internal control.
- Management should internally communicate the necessary quality information to achieve the entity's objectives.

We tested the operation and reliability of internal control over activities related to our audit objective. Our tests and procedures included:

- Examining the evidence that supports selected expenditures charged to the grants by the Department.
- Reviewing transactions related to purchases, direct costs, and drawdowns of reimbursements.
- Interviewing Department employees.
- Using photographic evidence to inspect equipment and other property.
- Determining whether the Territory passed required legislation assenting to the provisions of the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.
- Evaluating Territory policies and procedures for assessing risk and monitoring subawards.
- Virtually visiting sites throughout the Territory (see Appendix 2 for a list of sites visited).

We found deficiencies in internal control resulting in our five findings of unsupported indirect costs, unsupported other direct costs, insufficient support for drawdowns, unallocated leave payouts, and inadequate equipment management.

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of transactions for testing. 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.

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 U.S. Virgin Islands 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.

## **Prior Audit Coverage**

### **OIG Audit Reports**

We reviewed our last two audits of costs claimed by the Department on WSFR grants.<sup>6</sup> We followed up on 20 recommendations from these reports and found that the U.S. Department of the Interior’s Office of Policy, Management and Budget considered 19 recommendations to be resolved and implemented. As discussed in the “Results of Audit” section in this report, we are repeating one recommendation, which relates to inadequate equipment management.

### **Territory Audit Reports**

We reviewed the single audit reports for fiscal years 2017 and 2018 to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards (SEFA) indicated \$3.8 million (combined) in Federal expenditures related to WSFR, but did not include any findings directly related to WSFR, which was not deemed a major program for Territorywide audit purposes. Neither of these reports contained any findings that would directly affect WSFR grants.

We also reviewed a 2018 report from the Territory public auditor that found issues with controls with the SEFA, Federal grants and contributions, payroll, back accounts, and the IT environment.

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<sup>6</sup> *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Government of the Virgin Islands, Department of Planning and Natural Resources, From October 1 2008, Through September 30, 2010* (Report No. R-GR-FWS-0006-2011), dated November 2011.

*U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Government of the Virgin Islands, Department of Planning and Natural Resources, From October 1 2012, Through September 30, 2014* (Report No. 2016-EXT-005), dated February 2017.

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## Appendix 2: Sites Reviewed

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|                           |                                                                 |
|---------------------------|-----------------------------------------------------------------|
| Regional Offices          | Rainbow Plaza at Mars Hill – St. Croix<br>Red Hook – St. Thomas |
| Boating Access Facility   | Frederiksted Ramp – St. Croix                                   |
| Hunter Education Facility | Lagrange Archery Field – St. Croix                              |

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## Appendix 3: Monetary Impact

We reviewed 39 grants that were open during the State fiscal years that ended September 30, 2018, and September 30, 2019. The audit included expenditures of \$4.2 million and related transactions. We questioned costs in the amount of \$813,801 (all Federal share).

### Monetary Impact: Questioned Costs

| Grant No.  | Grant Title                                                       | Cost Category | Questioned Costs (\$) |
|------------|-------------------------------------------------------------------|---------------|-----------------------|
| F17AF01311 | Christmas Cove Mooring                                            | Indirect Cost | 3,911                 |
| F17AF01312 | Technical Guidance Sport Fish Restoration (SFR)                   | Indirect Cost | 2,414                 |
| F17AF01313 | Coordination SFR                                                  | Indirect Cost | 41,499                |
| F17AF01314 | Offshore Cay Refuge                                               | Indirect Cost | 13,945                |
| F17AF01315 | Dredging Red Hook Dock                                            | Indirect Cost | 4,263                 |
| F17AF01316 | Technical Guidance Wildlife (WL)                                  | Indirect Cost | 3,761                 |
| F17AF01320 | Coordination WL                                                   | Indirect Cost | 29,683                |
| F18AF00053 | Recreational Fishery Project                                      | Indirect Cost | 8,921                 |
| F18AF00055 | Artificial Reefs Program                                          | Indirect Cost | 2,667                 |
| F18AF00076 | Aquatic Education                                                 | Indirect Cost | 13,173                |
| F18AF00172 | Sport Fish Enhancement Using Fish Aggregating Devices             | Indirect Cost | 34,034                |
| F18AF00175 | Red Mangrove (Rhizophora Mangle) Project at Altona Lagoon         | Indirect Cost | 2,491                 |
| F18AF00176 | Fisheries Operations and Maintenance Project                      | Indirect Cost | 27,812                |
| F18AF00194 | Operations and Maintenance WL                                     | Indirect Cost | 23,238                |
| F18AF01141 | Aquatic Education: St. Croix                                      | Indirect Cost | 741                   |
| F18AF01142 | Aquatic Education: St. Thomas                                     | Indirect Cost | 3,002                 |
| F18AF01143 | Boating Access                                                    | Indirect Cost | 4,415                 |
| F18AF01144 | Christmas Cove Moorings                                           | Indirect Cost | 3,616                 |
| F18AF01145 | Coordination SFR                                                  | Indirect Cost | 47,275                |
| F18AF01146 | Sport Fish (SF) Enhancement Using Fish Aggregating Devices (FADS) | Indirect Cost | 16,899                |
| F18AF01147 | Recreational Fishery Program                                      | Indirect Cost | 5,181                 |
| F18AF01148 | Red Mangrove Project                                              | Indirect Cost | 7,442                 |
| F18AF01149 | Operation and Maintenance SFR                                     | Indirect Cost | 29,815                |
| F18AF01150 | Technical Guidance SFR                                            | Indirect Cost | 2,171                 |
| F18AF01151 | Offshore Cay Refuge                                               | Indirect Cost | 7,884                 |

| <b>Grant No.</b> | <b>Grant Title</b>             | <b>Cost Category</b> | <b>Questioned Costs (\$)</b> |
|------------------|--------------------------------|----------------------|------------------------------|
| F18AF01152       | Coordination WL                | Indirect Cost        | 44,865                       |
| F18AF01153       | Hunter Education               | Indirect Cost        | 18,119                       |
| F18AF01154       | Technical Guidance WL          | Indirect Cost        | 4,539                        |
| F18AF01155       | Operation and Maintenance WL   | Indirect Cost        | 27,848                       |
| F15AF01350       | Hunter Education               | Other Direct Cost    | 85,525                       |
| F17AF01312       | Technical Guidance SFR         | Other Direct Cost    | 1,850                        |
| F18AF00055       | Artificial Reef Program        | Other Direct Cost    | 2,488                        |
| F18AF00074       | Aquatic Education              | Other Direct Cost    | 1,680                        |
| F18AF00194       | Operations and Maintenance WL  | Other Direct Cost    | 17,715                       |
| F18AF01148       | Ren Mangrove Project           | Other Direct Cost    | 3,425                        |
| F18AF01150       | Technical Guidance SFR         | Other Direct Cost    | 1,500                        |
| F18AF01143       | Boating Access                 | Other Direct Cost    | 1,687                        |
| F18AF01144       | Christmas Cove Moorings        | Other Direct Cost    | 9,200                        |
| F18AF01146       | SF Enhancement FADS            | Other Direct Cost    | 30,557                       |
| F18AF01147       | Recreational Fishery Program   | Other Direct Cost    | 5,780                        |
| F18AF01149       | Operations and Maintenance SFR | Other Direct Cost    | 8,335                        |
| F18AF01151       | Offshore Cay Refuge            | Other Direct Cost    | 18,079                       |
| F18AF01154       | Technical Guidance WL          | Other Direct Cost    | 1,000                        |
| F18AF01155       | Operations and Maintenance WL  | Other Direct Cost    | 12,887                       |
| F16AF01302       | Boating Access                 | Drawdowns            | 83,490*                      |
| F18AF00172       | SF Enhancement Using FADS      | Drawdowns            | 31,311*                      |
| F18AF01145       | Coordination SFR               | Drawdowns            | 24,423*                      |
| F18AF01149       | Operation and Maintenance SF   | Drawdowns            | 3,074*                       |
| F18AF01151       | Offshore Cay Refuge            | Drawdowns            | 184*                         |
| F18AF01152       | Coordination WL                | Drawdowns            | 20,197*                      |
| F18AF01155       | Operation and Maintenance WL   | Drawdowns            | 7,310*                       |
| F17AF01316       | Technical Guidance Program     | Payroll              | 6,432                        |
| F18AF01151       | Offshore Cay Refuge            | Payroll              | 48                           |
| <b>Total</b>     |                                |                      | <b>\$813,801</b>             |

\* These may be duplicative of costs already questioned in other cost categories because the Department could not provide the details of the unsupported drawdown differences. Therefore, we could not identify the specific cost categories within the drawdowns, which included expenditures associated with indirect costs, other direct costs, and payroll expenses.

## Appendix 4: Other Direct Cost Deficiencies

| Grant No.  | Grant Title                  | Deficiency Type (X = Present) |   |   |   |   |   |   |   |   |
|------------|------------------------------|-------------------------------|---|---|---|---|---|---|---|---|
|            |                              | A                             | B | C | D | E | F | G | H | I |
| F15AF01350 | Hunter Education             | X                             |   | X | X |   |   |   | X | X |
| F16AF01302 | Boating Access               | X                             |   |   | X |   |   |   | X | X |
| F17AF01320 | Coordination WL              |                               | X |   |   |   |   |   | X | X |
| F17AF01312 | Technical Guidance SFR       |                               |   | X | X |   |   |   | X |   |
| F18AF00055 | Artificial Reef Program      |                               |   |   |   |   |   | X | X |   |
| F18AF00074 | Aquatic Education            |                               | X |   |   |   | X |   | X |   |
| F18AF00194 | Operation and Maintenance WL | X                             |   |   | X | X |   |   | X |   |
| F18AF01143 | Boating Access               | X                             |   |   |   |   |   |   | X | X |
| F18AF01144 | Christmas Cove Moorings      | X                             |   | X | X |   |   |   | X | X |
| F18AF01146 | SF Enhancement FADS          | X                             | X | X |   | X | X | X | X | X |
| F18AF01147 | Recreational Fishery Program | X                             |   | X |   |   |   |   | X | X |
| F18AF01148 | Ren Mangrove Project         | X                             |   | X |   |   |   |   | X | X |
| F18AF01149 | Operation and Maintenance SF | X                             | X | X | X | X | X | X | X | X |
| F18AF01150 | Technical Guidance SFR       | X                             |   | X |   |   |   |   | X | X |
| F18AF01151 | Offshore Cay Refuge          | X                             |   | X |   |   |   |   | X | X |
| F18AF01154 | Technical Guidance WL        | X                             |   | X |   |   |   |   | X | X |
| F18AF01155 | Operation and Maintenance WL | X                             | X | X | X | X | X | X | X | X |

### Deficiency key:

- A. The purchase order, invoice, and payment amounts were different.
- B. We could not verify managerial approval.
- C. We could not verify payment approval.
- D. The Department did not include adequate cost identification.
- E. Time limitations or cost type made them ineligible.
- F. We could not verify segregation of duties for purchase approval and invoice payment.
- G. We could not verify the charges were related to the grant.
- H. We could not verify completed transactions and off-island travel claims.
- I. We could not verify that the claimed costs were net of discounts and allowances.

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## **Appendix 5: Responses to Draft Report**

The U.S. Fish and Wildlife Service's response to our draft report follows on page 25. The U.S. Virgin Islands Department of Planning and Natural Resources' response to our draft report follows on page 26.



# United States Department of the Interior

## FISH AND WILDLIFE SERVICE

1875 Century Blvd  
Atlanta, Georgia 30345  
March 17, 2022



IN REPLY REFER TO:  
FWS/R2/R4/WSFR

Nicki Miller, Regional Manager, Eastern Region  
U.S. Department of the Interior  
Office of Inspector General  
381 Elden Street, Suite 3000  
Herndon, VA 20170

Re: Draft Audit Report – U.S. Fish and Wildlife Service Grants Awarded to the U.S. Virgin Islands Department of Planning and Natural Resources, From October 1, 2017, Through September 30, 2019, Under the Wildlife and Sport Fish Restoration Program Report No. 2021-ER-002, Issued December 21, 2021

Dear Ms. Miller:

The enclosed response to the draft audit report referenced above was developed by the U.S. Virgin Islands Department of Planning and Natural Resources, in cooperation with the U.S. Fish and Wildlife Service South Atlantic - Gulf and Mississippi Basin Unified Regions Wildlife and Sport Fish Restoration Program.

If you have any questions or need additional information, please contact Alex Coley at [REDACTED].

Sincerely,

Digitally signed by  
PAUL WILKES  
Date: 2022.03.17  
16:32:51 -04'00'

Paul A. Wilkes, Regional Manager  
Wildlife and Sport Fish Restoration

Enclosure

Cc: Ord Bargerstock, Shuwen Cheung  
Division of Financial Assistance Support and Oversight

## **Response to Draft Report**

### **U.S. FISH AND WILDLIFE SERVICE WILDLIFE AND SPORT FISH RESTORATION PROGRAM Grants Awarded to the U.S. Virgin Islands Department of Planning and Natural Resources, From October 1, 2017, Through September 30, 2019 Draft Report No. 2021-ER-002, Issued December 21, 2021**

#### **Auditor Recommendation 1**

The auditors recommend that the FWS Resolve the questioned costs related to unsupported indirect costs totaling \$435,624.

#### **Agency Response**

The State Fish & Wildlife Agency DPNR-DFW believes that the cost tracking was not understood clearly by OIG auditors. The State Fish & Wildlife Agency DPNR-DFW did request the itemized costs from OIG and they were not provided so we could not communicate that grants were open before and after the years requested; the State Fish & Wildlife Agency was not informed that all open grants were included (from the years before and after the audit period) –our sum for FY18 and FY19 IDC is \$217,653. The State Fish & Wildlife Agency DPNR-DFW can provide the cost tracking information in another format if needed. All indirect costs were supportive of grant objectives.

#### **Service Response**

The Service concurs with the auditor's recommendation.

#### **Auditor Recommendation 2**

The auditors recommend that the FWS work with the Department to develop and implement a mechanism to hold its staff accountable for following Federal regulations related to indirect costs and record retention, and its own SOPs.

#### **Agency Response**

The State Fish & Wildlife Agency DPNR-DFW does maintain internal records. The State Fish & Wildlife Agency DPNR-DFW provided the contract with the IDC contractor to the federal OIG and the local Office of Management and Budget, and it is provided in the email attachment. DPNR-DFW's [REDACTED] being on extended leave during the audit may have resulted in communication issues among Department staff, accounting staff, and the auditors. We believe we adhere to our SOPs and communication issues prevented us from supplying complete documentation packages.

#### **Service Response**

The Service concurs with the auditor's recommendation.

### **Auditor Recommendation 3**

The auditors recommend that the FWS resolve the questioned costs related to unsupported other direct costs totaling \$289,486.

### **Agency Response**

All documentation including purchase orders, invoices, managerial approval, payment approval (in the requisition) related to the direct costs was provided to the auditors initially and is provided again in the email attachments for questioned costs. All direct costs are directly supported with paperwork. Only the payment information was requested and was sent by email and Sharepoint to OIG.

All direct costs justification information is available; for questioned costs, the State Fish & Wildlife Agency DPNR-DFW have submitted the documentation in the email attachment. All direct costs were reviewed according to the SOP by the State Fish & Wildlife Agency DPNR-DFW Grants Manager, Assistant Director of the Business Office, and the Directors of the State Fish & Wildlife Agency DPNR-DFW and Business and Administrative Services to ensure purchases support grant objectives. There is a paper copy of the Request for Purchase 'Description' detailing the purchase retained in the Red Hook and Mars Hill State Fish & Wildlife Agency DPNR-DFW offices.

### **Service Response**

The Service concurs with the auditor's recommendation.

### **Auditor Recommendation 4**

The auditors recommend that the FWS work with the Department to develop a mechanism to hold staff accountable for following its SOPs related to purchase requests and documentation retention.

### **Agency Response**

All State Fish & Wildlife Agency DPNR-DFW staff do follow the SOPs related to purchase requests and documentation retention. In the future, the State Fish & Wildlife Agency DPNR-DFW will provide all five of the items detailed in the draft Audit Report at the inception of the request by auditors. DPNR-DFW's [REDACTED] was on extended leave during the audit, resulting in a communication disconnect with the accounting department. We believe we adhere to our SOPs and communication issues prevented us from supplying complete documentation packages.

### **Service Response**

The Service concurs with the auditor's recommendation.

### **Auditor Recommendation 5**

The auditors recommend that the FWS resolve the questioned costs related to drawdowns totaling \$169,989.

### **Agency Response**

DPNR-DFW's [REDACTED] was on extended leave during the audit, resulting in a communication disconnect with the accounting department. We believe we have the documentation to support all draws and communication issues prevented us from supplying a complete documentation package.

The FFR and Flex Period reports indicate that all monies were reported related to drawdowns. In some cases, the grants were extended beyond FY19 and approved by USFWS to allow for close-out procedures. The difference in amounts indicated in the questioned costs of the draft audit report were due to the request by OIG for a data dump time period from the Department of Finance differing from the time period of the grant expiration dates when extensions were requested by the State Fish & Wildlife Agency DPNR-DFW. Please refer to all FFR for the expiration dates.

### **Service Response**

The Service concurs with the auditor's recommendation.

### **Auditor Recommendation 6**

The auditors recommend that the FWS work with the Department to develop a mechanism to hold staff accountable for following its SOPs for conducting drawdowns and maintaining adequate documentation for expenditures in the accounting system.

### **Agency Response**

DPNR-DFW's [REDACTED] was on extended leave during the audit, resulting in a communication disconnect with the accounting department. We believe we adhere to our SOPs and communication issues prevented us from supplying complete documentation packages. The FFR and Flex Period reports indicate that all monies were reported related to drawdowns. The State Fish & Wildlife Agency DPNR-DFW followed all SOP.

### **Service Response**

The Service concurs with the auditor's recommendation.

### **Auditor Recommendation 7**

The auditors recommend that the FWS resolve the questioned costs related to unallocated leave payouts totaling \$6,480.

### **Agency Response**

Moving forward, all leave payouts will be allocated to the indirect cost budget. The IDC budget was supplied to the auditors indicating where the leave payouts were paid to employees.

### **Service Response**

The Service concurs with the auditor's recommendation.

### **Auditor Recommendation 8**

The auditors recommend that the FWS require the Department to update and implement its SOPs to ensure that leave payouts are properly allocated in accordance with Federal regulations.

### **Agency Response**

All staff leave payouts will come from the indirect cost budget.

### **Service Response**

The Service concurs with the auditor's recommendation.

### **Auditor Recommendation 9**

The auditors recommend that the FWS ensure the Department allocates resources and prioritizes the reconciliation of its inventory list with the DPP as required by Federal regulations and the Department's SOPs; this should include establishing a plan with milestones.

### **Agency Response**

The Department of Property and Procurement (DPP) is a property manager of the Government of the Virgin Islands that works in parallel to the property managers of the State Fish and Wildlife agency DPNR-DFW. Due to staffing capacity, the DPP has not been able to reconcile their property lists to those of DPNR-DFW. However, all items were located from the DPNR-DFW physical inventory list. The auditors did not request anything from the DPP inventory list during the video interviews that DPNR-DFW facilitated based on the OIG Inventory Samples. The lists provided by DPP to OIG were more than 6 years old as both OIG and DPNR-DFW stated in the Notice of Potential Findings and Recommendations No. 1.

The DPP will be removed from the DPNR SOP as is allowable under 50 C.F. R 80.90(f) which requires the State Fish and Wildlife agency (DPNR-DFW) only to be responsible for its assets.

### **Repeat Recommendation (Tracked Under Report No. R-GR-FWS-0006-2011, Recommendation D)**

None of the equipment purchased in the years after the last audit was missing information and the issue was resolved. The OIG auditors requested the full, current physical inventory list from the State Fish & Wildlife Agency DPNR-DFW; some items were listed which were purchased more than 3 years prior to the current audit period so the information reflected the previously acknowledged audit finding. This was already acknowledged by the State Fish & Wildlife Agency DPNR-DFW and was indicated as in the example below:

| TAG NO.    | DESCRIPTION                     | CONDITION | ROOM | GRANT FUNDING           | VALUE (\$)   | Location |
|------------|---------------------------------|-----------|------|-------------------------|--------------|----------|
| 150415     | 2016 Chevrolet Colorado         | Good      |      | SFR                     | \$ 36,439.00 | Red Hook |
| 150138     | 2017 Chevrolet Traverse         | Good      |      | SFR                     | \$ 33,660.00 | Red Hook |
| 0125103    | Laptop                          | Excellent |      | P80PB                   | \$ 4,004.00  | Red Hook |
| 0125102    | Laptop                          | Excellent |      |                         | \$ 4,004.00  | Red Hook |
| 011903     | Printer                         | Fair      |      |                         | \$ 3,899.00  | Red Hook |
| 150393     | 20' Shipping Container          | Good      |      |                         | \$ 3,700.00  | Red Hook |
| 0116834    | Printer                         | Poor      |      |                         | \$ 2,097.00  | Red Hook |
| 0117467    | Phone                           | Excellent |      |                         | \$ 999.00    | Red Hook |
| 142369     | Wireless Printer CMMMS34        | EXCELLENT |      | Purchased prior to 2013 |              | Red Hook |
| 142352     | HP WorkStation Z340 Workstation | EXCELLENT |      | Purchased prior to 2013 |              | Red Hook |
| 141512     | Toughbook laptop computer       | Fair      |      | Purchased prior         |              | Red Hook |
| 116991     | Battery Backup                  | Good      |      | Purchased prior to 2000 |              | Red Hook |
| 150415     | 2014 Chevrolet Silverado        | Good      |      | Purchased prior         |              | Red Hook |
| 150403     | 2009 Chevrolet Silverado        | Good      |      | Purchased prior         |              | Red Hook |
| 0118109    | TV                              | Good      |      | Purchased prior         |              | Red Hook |
| 35746      | JW camera housing               | Fair      |      | Purchased prior         |              | Red Hook |
| 106203     | Notebook computer               | Good      |      | Purchased prior         |              | Red Hook |
| unreadable | GPS Unit                        | Poor      |      | Purchased prior         |              | Red Hook |
| 45074      | Handheld radio                  | Poor      |      | Purchased prior         |              | Red Hook |
| unreadable | Camera                          | Poor      |      | Purchased prior         |              | Red Hook |

### Service Response

The Service concurs with the auditor's recommendation.

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## Appendix 6: Status of Recommendations

| Recommendation                                                           | Status                                                                                                                                                                                                                                                                                                                | Action Required                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1–9<br>Repeat<br>Recommendation 1<br>(Report No. R–GR–FWS–<br>0006–2011) | Resolved but not<br>implemented:<br><br>U.S. Fish and Wildlife Service<br>(FWS) regional officials<br>concurred with these<br>recommendations and will<br>work with staff from the<br>U.S. Virgin Islands<br>Department of Planning and<br>Natural Resources to develop<br>and implement a corrective<br>action plan. | Complete a corrective action<br>plan that includes information<br>on actions taken or planned to<br>address the recommendations,<br>target dates and titles of the<br>officials responsible for<br>implementation, and<br>verification that FWS<br>headquarters officials reviewed<br>and approved the actions the<br>State has taken or planned. |

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# REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

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Every day, DOI employees and non-employees alike contact the OIG, and the information they share can lead to reviews and investigations that result in accountability and positive change for the DOI, its employees, and the public.

## Am I protected?

Complainants may request confidentiality. The Privacy Act, the Inspector General Act, and other applicable laws protect complainants. Section 7(b) of the Inspector General Act of 1978 states that the Inspector General shall not disclose the identity of a DOI employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the course of the investigation. By law, Federal employees may not take or threaten to take a personnel action because of whistleblowing or the exercise of a lawful appeal, complaint, or grievance right. Non-DOI employees who report allegations may also specifically request confidentiality.