



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

U.S. Fish and Wildlife Service Grants Awarded to the State of North Dakota, Game and Fish Department, From July 1, 2018, Through June 30, 2020, 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

APR 18 2022

Memorandum

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

From: Madeleine Grayson-Peterson
MADELEINE GRAYSON-
PETERSON
Acting Regional Manager, Central Region

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the State of North Dakota, Game and Fish Department, From July 1, 2018, Through June 30, 2020, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2021-CR-017

Digitally signed by MADELEINE
GRAYSON-PETERSON
Date: 2022.04.18 12:04:57 -06'00'

This report presents the results of our audit of costs claimed by the North Dakota Game and Fish Department (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 eight recommendations and will work with the Department to implement corrective actions. The full responses from the Department and the FWS are included in Appendix 4. In this report, we summarize the Department's and FWS Region 6's responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 5.

Please provide us with a corrective action plan based on our recommendations by July 18, 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. If a recommendation has already been implemented, provide documentation confirming that the action is complete. Please send your response to 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 303-236-9243.

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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 North Dakota Game and Fish Department (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.

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

Background

The FWS provides grants to States¹ 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.² 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.³ 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.

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.

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

Results of Audit

We determined that the Department generally ensured that grant funds and State hunting and fishing license revenue were used for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. We noted, however, issues with grant-funded equipment purchases, subaward reporting, and WSFR-funded real property records.

We found the following:

- **Questioned Costs.** We questioned \$63,149 (\$47,371 Federal share) of equipment purchases as unallowable. These questioned costs arose due to the Department not receiving prior approval from the FWS for equipment purchased with WSFR grant funds.
- **Control Deficiencies.** We found opportunities to improve controls over subaward reporting and real property records.

See Appendix 3 for a statement of monetary impact.

Questioned Costs—Unallowable Equipment Purchases of \$63,149 (\$47,361 Federal Share)

We found that the Department purchased seven pieces of equipment without prior written approval from the FWS. As a result, we questioned \$63,149 (\$47,361 Federal Share)⁴ as unallowable grant charges (see Figure 1). We judgmentally selected 101 nonpayroll directly charged transactions totaling \$3,583,325 (9 percent of the total nonpayroll direct costs claimed) to test the reliability of the Department's financial management system and to determine whether the Department followed Federal and State requirements when procuring goods and services. Our testing identified the equipment was purchased without prior approval.

⁴ The reimbursement rate for the North Dakota Game and Fish Department under WSFR grants is 75 percent.

Figure 1: Federal Share of Questioned Costs Related to Unallowable Grant-Funded Equipment Purchases

Grant No.	Grant Title	Unallowable (\$)
F18AF00078	Polaris Ranger Electric UTV	8,849
F19AF00043	2019 EZ Loader Trailer	6,109
F20AF00052	2019 Yamaha Outboard Motor F40	5,344
F20AF00052	2019 Yamaha Outboard Motor F70	5,733
F20AF00052	2019 Yamaha Outboard Motor F115	6,900
F20AF00052	2020 Alumacraft Mapping Boat	7,219
F20AF00052	Mapping GPS	7,209
Total		\$47,361

Federal regulations at 2 C.F.R. § 200.439(b) state that capital expenditures with a unit cost of \$5,000 or more are unallowable as direct charges, except with the prior written approval from the Federal awarding agency.

Although we were informed that project managers were aware of the regulations surrounding equipment purchases, the Department stated it has no formal written policies and procedures that include an approval process to ensure purchasing procedures are followed.

Additionally, one item in our sample was coded incorrectly to a WSFR grant in the Department's accounting system. This occurred because the Department does not have an internal control mechanism to ensure that equipment is coded correctly.

Not having policies and procedures concerning the approval for and accounting of grant-funded equipment caused the FWS to reimburse the Department for unauthorized equipment purchases.

Recommendations

We recommend that the FWS work with the Department to:

1. Resolve the Federal share of questioned costs related to the unallowable grant-funded equipment purchases totaling \$47,361
2. Develop policies and procedures to ensure grant-funded equipment purchased with a unit cost of \$5,000 or more has prior written authorization from the FWS
3. Develop an internal control mechanism to ensure that grant-funded equipment is coded correctly in the accounting system

Control Deficiencies

Subaward Reporting

The Department did not report all subawards that had \$30,000 or more in Federal funding as required by 2 C.F.R. § 170. The Department provided us with a list of 135 subawards awarded during our audit period of State fiscal years (SFYs) 2019 and 2020. We determined that the Department should have reported 28 of the 135 subawards in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). When we reviewed the FSRS, we found that the Department did not report 6 of the 28 subawards on time and had not reported 3 subawards at all. As such, the Department did not report nine subawards as required (see Figure 2).

Figure 2: Subawards Not Reported as Required

Grant No.	Subrecipient	Subaward Title	Federal Funding (\$)	Reporting Status
F18AF00078	FWS	Garrison Dam NFH	117,992	Not reported
F19AF00079	FWS	Garrison Dam NFH	165,240	Not reported
F20AF00062	FWS	Garrison Dam NFH	204,943	Not reported
F18AF00514	Berlin Township	Access Road to Sweetgrass WMA	46,125	Reported late
F18AF00240	Cogswell Gun Club	Federal Range Grant	38,397	Reported late
F19AF00029	Devils Lake Area Chamber	2 Barracuda Fish Units Four Seasons Station	38,087	Reported late
F19AF00029	Hazen Parks and Recreation	Rip Rap Hazen Bay	37,565	Reported late
F19AF00029	Mountrail County	New FCS Van Hook	55,845	Reported late
F19AF00029	Mountrail County	Repairs to the Breakwater Van Hook	112,500	Reported late

Abbreviations: NFH = National Fish Hatchery
WMA = Wildlife Management Area
FCS = Fish Cleaning Station

Federal grantees are required by 2 C.F.R. § 170 to report each subaward action of \$30,000 or more in Federal funds in the FSRS by the end of the month following the month in which the obligation was made.

The Department explained that it did not report the three subawards because the subawards were part of a longstanding cooperative agreement, established in 1997, between the Department and the FWS Garrison Dam National Fish Hatchery. Furthermore, the Department explained that it

reported the six subawards late because the signed subaward agreements were not provided in a timely manner to the reporting official.

The Department explained that its contracts and agreements procedure does not provide staff with a timeline for returning signed subaward agreements to the reporting official, which would ensure subawards are reported timely.

Not reporting all subawards with \$30,000 or more in Federal funds reduces transparency to the public of how Federal money is spent.

Recommendations
We recommend that the FWS work with the Department to: 4. Ensure the three missing subawards for the Garrison Dam National Fish Hatchery are reported in the FSRS 5. Revise and implement procedures that ensure subawards with \$30,000 or more in Federal funds are reported on time

Missing WSFR-Funded Real Property Records

The Department did not provide the FWS with recorded deeds, recorded quitclaims, and title opinions for 18 WSFR-funded property transactions. In addition, the Department did not formally acknowledge the Federal interest in lands acquired by the Department with WSFR funds by recording either a Notice of Federal Interest or Certificate of Acknowledgement with each deed in the appropriate county for all WSFR-acquired real property.

In a November 5, 2015 memorandum, the FWS communicated to the Department its intention to revisit its request for the documents during a future update of the Department's WSFR land reconciliation. A new reconciliation between the Department and the FWS' real property records was due in November 2020, but the Department confirmed it had not initiated a new reconciliation.

Federal regulations at 2 C.F.R. § 200.316 define a property trust relationship between the Federal awarding agency and the non-Federal entity. Specifically, the awarding agency "may require the non-Federal entity to record liens or other appropriate notices of record to indicate that . . . real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property."

In addition, 2 C.F.R. § 200.330 states that the Federal awarding agency must require a non-Federal entity to submit reports at least annually on the status of real property in which the Federal Government retains an interest, unless the Federal interest in the real property extends 15 years or longer. When Federal interest is for a period of 15 years or more, the Federal

awarding agency may require the non-Federal entity to report at various multiyear frequencies, not to exceed a 5-year reporting period.

The Department stated that its Office of the Attorney General is still working to resolve the missing real property documentation issues. In addition, the Department stated that it had not started to file the Notices of Federal Interest because of the amount of time and effort that would be involved for the Department and its Attorney General Office's staff. The Department had expressed these concerns to the FWS and suggested implementing the recommendation for new transactions instead of for all 94 existing properties in which the Federal Government retains interest. Further, the Department told us that it did not perform the required real property reconciliation because it had not acquired or disposed of any WSFR-funded real property since its November 2015 reconciliation.

Because the Department did not provide its current real property list to FWS within the required 5-year timeframe, FWS could not perform a reconciliation to ensure that the Department's real property records are complete and accurate. As such, the Department and the FWS cannot ensure unintentional conveyance or disposal of lands acquired with WSFR funds. They also cannot ensure lands purchased with WSFR funds are used for their intended purposes.

Recommendations
We recommend that the FWS work with the Department to: 6. Provide FWS with a current real property list to reconcile to the FWS real property records 7. Ensure the Department provides the FWS with recorded deeds, recorded quitclaims, and title opinions for the 18 properties identified by the FWS 8. Ensure the Department acknowledges the Federal interest in lands acquired by the Department with WSFR funds by recording either a Notice of Federal Interest or Certificate of Acknowledgement with the deed for each property in the appropriate county for all WSFR-acquired real property

Recommendations Summary

We provided a draft of this report to the FWS for review. The FWS concurred with all eight recommendations and will work with the Department to implement corrective actions. We consider recommendations 1 and 6 – 8 resolved but not implemented and recommendations 2 – 5 resolved and implemented. See Appendix 4 for the full text of the Department's and the FWS' responses; Appendix 5 lists the status of each recommendation.

We recommend that the FWS work with the Department to:

1. Resolve the Federal share of questioned costs related to the unallowable grant-funded equipment purchases totaling \$47,361

Department Response: The Department did not state if it concurred or did not concur with the recommendation. The Department stated that it did not receive prior approval from the FWS for the equipment purchases because the equipment was not included in the workplans for the grants listed in Figure 1. However, the Department stated that all of the equipment is used solely for WSFR grant purposes and requested that the questioned costs be waived.

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider the recommendation resolved but not implemented.

2. Develop policies and procedures to ensure grant-funded equipment purchased with a unit cost of \$5,000 or more has prior written authorization from the FWS

Department Response: The Department did not state if it concurred or did not concur with the recommendation. The Department stated that the issue identified in the finding led to the Department developing a new policy and procedure to ensure the allowability of costs for federal awards. The new policy and procedure took effect on January 1, 2022.

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider the recommendation resolved and implemented. We reviewed the policy and procedure and determined that it is sufficient support to close the recommendation.

3. Develop an internal control mechanism to ensure that grant-funded equipment is coded correctly in the accounting system

Department Response: The Department did not state if it concurred or did not concur with the recommendation. The Department stated that “the one item that was coded incorrectly to a WSFR grant was supposed to be coded 100% to [the] State since it wasn’t included in the workplan.” The Department has developed an additional policy and procedure to prevent items from being improperly coded in the accounting system. The new policy and procedure went into effect on January 1, 2022.

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider the recommendation resolved and implemented. We reviewed the policy and procedure and determined that it is sufficient support to close the recommendation.

4. Ensure the three missing subawards for the Garrison Dam National Fish Hatchery are reported in the FSRS

Department Response: The Department did not state if it concurred or did not concur with the recommendation. The Department reported the three missing subawards related to the Garrison Dam National Fish Hatchery in the FSRS prior to the completion of the audit.

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider this recommendation resolved and implemented. We verified that the three missing subawards related to the Garrison Dam National Fish Hatchery were reported in the FSRS.

5. Revise and implement procedures to ensure subawards with \$30,000 or more in Federal funds are reported on time

Department Response: The Department concurred with our recommendation. The Department modified its procedure on contracts and agreements on January 1, 2022, to include language requiring copies of all executed agreements to be forwarded to the Department’s Federal Aid Manager or Administrative Staff Officer immediately upon execution. This will allow time for the Federal Aid Manager to submit subgrants in FSRS by the end of the month following the month of execution and send staff an annual reminder.

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider the recommendation resolved and implemented. We verified that the language was modified in the Department's procedure on contracts and agreements and determined that it is sufficient support to close the recommendation.

6. Provide FWS with a current real property list to reconcile to FWS real property records

Department Response: The Department did not state if it concurred or did not concur with the recommendation. The Department provided FWS with a computerized land report on August 26, 2021, and stated that it will continue to work with FWS to reconcile the computerized reports with FWS' property records. The Department also stated that it will submit new reconciliation reports at least once every 5 years. However, the Department also stated that it did not agree with the wording of the finding regarding not providing the FWS its real property list within the required 5-year timeframe. The Department stated that it "considered the 2015 reconciliation still current" and "from [its] viewpoint, FWS still appeared to be working on completing the initial land reconciliations for all of the states in [its] region."

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider the recommendation resolved but not implemented. Specifically, the Department stated that it will continue to work with the FWS to reconcile the computerized reports, but the reconciliation is not yet complete. However, we made no change to the report based on the Department's comments because 2 C.F.R. § 200.330 requires the Department to report the status of the real property at least every 5 years. It is the Department's responsibility to adhere to the requirements.

7. Ensure the Department provides the FWS with recorded deeds, recorded quitclaims, and title opinions for the 18 properties identified by the FWS

Department Response: The Department concurred with our recommendation. The Department stated that 5 items remain of the original 18. The Department stated that three of the five remaining items appear to be transactions that may have never happened. The other two items are still being worked on by the North Dakota Attorney General's Office. The Department stated that it will continue to work with the North Dakota Attorney General's Office to resolve the remaining items.

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider the recommendation resolved but not implemented due to the Department working to resolve the remaining 5 items from the original 18 identified.

8. Ensure the Department acknowledges the Federal interest in lands acquired by the Department with WSFR funds by recording either a Notice of Federal Interest or Certificate of Acknowledgement with the deed for each property in the appropriate county for all WSFR-acquired real property

Department Response: The Department concurred with our recommendation. The Department stated that most of the properties were purchased in the 1940s, 50s and 60s. The Department explained that it has a small staff and has not been able to start the process of acknowledging the Federal interest in lands acquired with WSFR funds. The Department stated that it will work on the Federal interest issue and provided a draft notice that acknowledges the Federal interest for each property.

FWS Response: The FWS concurred with our recommendation and will work with the Department to develop a corrective action plan.

OIG Comments: Based on the responses from the Department and the FWS, we consider the recommendation resolved but not implemented.

Appendix 1: Scope and Methodology

Scope

We audited the North Dakota Game and Fish Department's (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 43 grants that were open during the State fiscal years (SFYs) that ended June 30, 2019, and June 30, 2020. We also reviewed license revenue during the same period. The audit included expenditures of \$46 million and related transactions. In addition, we reviewed the historical records for the acquisition, condition, management, and disposal of real property and equipment purchased with either license revenue or WSFR grant funds.

Because of the COVID-19 pandemic, we could not complete our audit onsite. We gathered data remotely and communicated with Department personnel via email and telephone. As a result, we could not perform normal audit procedures for (1) equipment verification, (2) observing grant projects specific to construction and restoration work, and (3) subawards to subrecipients. Therefore, the audit team relied on alternative evidence provided by Department personnel that was determined to be sufficient and appropriate to support our conclusions.

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 monitoring and control activities and the following related principles were significant to the audit 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, drawdowns of reimbursements, in-kind contributions, and program income
- Interviewing Department employees
- Inspecting equipment and other property virtually

- Determining whether the Department used hunting and fishing license revenue for the administration of fish and wildlife program activities
- Determining whether the State passed required legislation assenting to the provisions of the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act
- Evaluating State policies and procedures for assessing risk and monitoring subawards
- Conducting virtual site visits of locations throughout the State (see Appendix 2 for a list of sites). Due to Covid-19 travel restrictions, we worked with the Department to have Department personnel take pictures of various sites that they visited as part of their everyday job duties.

We found deficiencies in internal control resulting in our findings of unallowable grant-funded equipment purchases, nonreporting and late reporting of subawards, and not reconciling WSFR-funded real property records with the FWS.

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 North Dakota's 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.⁵ We followed up on four recommendations from these reports and found that the U.S. Department of

⁵ Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of North Dakota, Game and Fish Department From July 1, 2008, Through June 30, 2010 (Report No. R-GR-FWS-0011-2011), dated December 2011, and U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of North Dakota, Game and Fish Department, From July 1, 2013, Through June 30, 2015 (Report No. 2016-EXT-046), dated September 2017.

the Interior's Office of Policy, Management and Budget considered all four recommendations as resolved and implemented. For resolved and implemented recommendations, we verified the State has taken the appropriate corrective actions to resolve these recommendations.

State Audit Report

We reviewed the biennial single audit report for SFYs 2019 and 2020 to identify control deficiencies or other reportable conditions that affect WSFR. In that report, the Schedule of Expenditures of Federal Awards indicated \$29,369,211 (combined) in Federal expenditures related to WSFR but did not include any findings directly related to WSFR, which was deemed a major program for Statewide audit purposes. The report did not contain any findings that would directly affect Program grants.

Appendix 2: Sites Visited Virtually

Boating Access Facilities	Kislingbury Lake Recreation Area
	Rice Lake Recreation Area
	Round Lake Recreation Area
Wildlife Management Areas	C.C. Underwood
	Coal Lake
	Hoghaug Wildlife Sanctuary
	Horseshoe Lake
	Knox Slough
	Lewis and Clark
	Painted Woods
	Prairie Chicken
	Riverdale
	Robert W. Henderson
	School Section Lake
	Wilton Mine
Subrecipients	Wild Prairie
	Wolf Creek
	After Lake Development Inc.
	North Dakota Parks and Recreation Dept.
	Renville County Gun Club
	Utah State University

Appendix 3: Monetary Impact

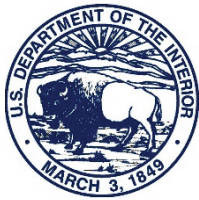
We reviewed 43 grants that were open during the State fiscal years (SFYs) that ended June 30, 2019 and June 30, 2020. The audit period included expenditures of \$46 million and related transactions. We questioned \$63,149 (\$47,361 Federal share) as unallowable.

Monetary Impact: Questioned Costs (Federal Share)

Grant No.	Grant Title	Cost Category	Unallowable (\$)
F18AF00078	Fisheries Production and Enhancement Project	Other Direct Costs	8,849
F19AF00043	Statewide Fisheries Investigations – Surveys and Inventories	Other Direct Costs	6,109
F20AF00052	Statewide Fisheries Investigations – Surveys and Inventories	Other Direct Costs	5,344
F20AF00052	Statewide Fisheries Investigations – Surveys and Inventories	Other Direct Costs	5,733
F20AF00052	Statewide Fisheries Investigations – Surveys and Inventories	Other Direct Costs	6,900
F20AF00052	Statewide Fisheries Investigations – Surveys and Inventories	Other Direct Costs	7,209
F20AF00052	Statewide Fisheries Investigations – Surveys and Inventories	Other Direct Costs	7,219
Total			\$47,361

Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 17. The North Dakota Game and Fish Department's response to our draft report follows on page 19.



United States Department of the Interior

FISH AND WILDLIFE SERVICE
134 Union Blvd
Lakewood, Colorado 80228



In Reply Refer to:
FWS/IR05/IR07/WSFR

Memorandum

To: Regional Manager for Audits, Office of Inspector General, Central Region
(Attention: Amy R. Billings)

From: Chief, Wildlife and Sport Fish Restoration Programs, STEPHEN
U.S. Fish and Wildlife Service, DOI Regions 5 and 7 JOSE

Subject: Draft Audit Report on the U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of North Dakota, Game and
Fish Department from July 1, 2018 through June 30, 2020
(Report No. 2021- CR-017).

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STEPHEN JOSE
Date: 2022.02.18 12:32:41
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This responds to your memorandum, dated January 07, 2022, requesting DOI Regions 5 and 7 Wildlife and Sport Fish Restoration Programs office (WSFR) comments on the subject Draft Audit Report (Draft). We have attached the North Dakota, Game and Fish Department (NDGFD) February 17, 2022 response to the Draft and have the following comments:

Control Deficiencies and Recommendations

Questioned Costs

1. Resolve the Federal share of questioned costs related to the unallowable grant-funded equipment purchases totaling \$47,361.
2. Develop policies and procedures to ensure grant-funded equipment purchased with a unit cost of \$5,000 or more has prior written authorization from the FWS.
3. Develop an internal control mechanism to ensure that grant-funded equipment is coded correctly in the accounting system.

Control Deficiencies

4. Ensure the three missing subawards for the Garrison Dam National Fish Hatchery are reported in the FSRS.

INTERIOR REGION 5
MISSOURI BASIN

KANSAS, MONTANA*, NEBRASKA, NORTH DAKOTA,
SOUTH DAKOTA

*PARTIAL

INTERIOR REGION 7
UPPER COLORADO RIVER BASIN

COLORADO, NEW MEXICO, UTAH, WYOMING

5. Revise and implement procedures that ensure subawards with \$30,000 or more in Federal funds are reported on time.

Missing WSFR-Funded Real Property Records

6. Provide FWS with a current real property list to reconcile to the FWS real property records.
7. Ensure the Department provides the FWS with recorded deeds, recorded quitclaims, and title opinions for the 18 properties identified by the FWS.
8. Ensure the Department acknowledges the Federal interest in lands acquired by the Department with WSFR funds by recording either a Notice of Federal Interest or Certificate of Acknowledgement with the deed for each property in the appropriate county for all WSFR-acquired real property.

We have discussed the control deficiencies with the Department and concur with the recommendations above in the draft audit report. We will consider the Department's response and work with the Department to prepare a draft corrective action plan.

Our office appreciates the opportunity to be of service in this matter. Please do not hesitate to contact Elizabeth Shelton at [REDACTED] or me at [REDACTED] for further assistance if needed.

Attachments

cc: Ord Bargerstock, Compliance Lead, Branch of Policy and Compliance,
Wildlife and Sport Fish Restoration Program, HQ

INTERIOR REGION 5 MISSOURI BASIN

KANSAS, MONTANA*, NEBRASKA, NORTH DAKOTA,
SOUTH DAKOTA

*PARTIAL

INTERIOR REGION 7 UPPER COLORADO RIVER BASIN

COLORADO, NEW MEXICO, UTAH, WYOMING



February 17, 2022

Steve Jose, Chief, Div. of Wildlife and Sport Fish Restoration
U.S. Fish and Wildlife Service
134 Union Blvd.
Lakewood, Colorado 80228-1807

Dear Steve,

Attached is our written response to the audit recommendations in the draft audit report for the period July 1, 2018 through June 30, 2020.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeb Williams", followed by a horizontal line.

Jeb Williams
Director

North Dakota Game and Fish Department
Comments on Draft Audit Report
Dated January 7, 2022

Audit Recommendations

A. Questioned Costs – Unallowable Equipment Purchases of \$63,149 (\$47,361 Federal):

Department Response

1. Although the equipment was not included in the work plan for prior approval by the Federal awarding agency, all of the equipment is being used 100% for the purpose of the DJ grants listed in Figure 1. In prior years, similar pieces of equipment (i.e. boats, motors, trailers, etc.) have been routinely purchased by the Department and approved by FWS for use under these same grants. The lack of prior approval is an error, but the equipment is being used 100% for the federal grant purposes of the project for which it was acquired and will continue to be used in that manner throughout its useful life.

Based on the above, **the Department requests the questioned costs be waived.**

2. The Federal Aid Manager annually emails all Department Project Managers to remind them of the requirements and procedures regarding the purchase of equipment with federal funds. This process has been effective and has never resulted in audit errors except in the Fisheries Division. The errors listed in Figure 1 have led to the Department developing an additional policy and procedure to ensure allowability of costs for federal awards. **See Attachment #2.** Based on the above, this recommendation is considered resolved and implemented.
3. The one item that was coded incorrectly to a WSFR grant was supposed to be coded 100% to state since it wasn't in the workplan. The Department has developed an additional policy and procedure, which will prevent improper coding in the accounting system. **See Attachment #2.** Based on the above, this recommendation is considered resolved and implemented.

B. Subaward Reporting:

Department Response

4. The Department submitted the 3 missing subawards for Garrison Dam National Fish Hatchery in the FSRS prior to the completion of the audit. **See Attachment #4.** Brad Johnson, in his email dated 8/12/21, stated this recommendation was resolved and implemented.
5. The Department concurs with the recommendation. The Department has modified its procedure on contracts & agreements to include language requiring copies of all executed agreements to be forwarded to Federal Aid Manager or Administrative Staff Officer

immediately upon execution to allow for Federal Aid Manager to submit subgrants into FSRS by the end of the month following the month of execution. Staff will be reminded about the procedure annually. **See Attachment #5.** Recommendation is considered implemented.

C. Missing WSFR-Funded Real Property Records

Department Responses

6. The Department provided WSFR with a computerized land report on 8/26/21. **See Attachment #6** email from Jacque Trout. This recommendation has been implemented. We will continue to work with FWS to reconcile the computerized reports with their property records. The emphasis on reconciling to the computerized land records started after the Department and FWS initially reconciled.

The Department does not agree with the wording of the last paragraph, “Because the Department did not provide its current real property list to FWS within the required 5-year timeframe, FWS could not perform a reconciliation to ensure that the Department's real property records are complete and accurate.”

- The Department did not submit a new reconciliation of property records by November 2020 (within 5 years) because we considered the 2015 reconciliation still current. In addition, we didn’t realize we were to be the one to initiate a new reconciliation. Our letter from USFWS dated 11/5/2015 states, “as we move forward, we **recommend** that **together we periodically** review both WSFR and Department real property records to maintain adequate tracking and oversight of WSFR-acquired lands in ND. Our **goal** is to undertake these **periodic land reconciliation updates at reasonable intervals** (e.g., every three years) **determined cooperatively** between the Service and the Department.”
 - From our viewpoint, FWS still appeared to be working on completing the initial land reconciliations for all of the states in our region.
 - We recognize there is a new emphasis on ensuring compliance with 2 CFR 200.330 and reconciling to computerized land records. Moving forward, the Department will submit new reconciliation reports at least once every 5 years.
7. The Department concurs with the recommendation; however, there are only 5 remaining items, not 18. Most of the items were sent to USFWS and resolved. **See Attachment #7**, an 8/19/21 email from Jacque Trout.

Of the 5 remaining items, 3 appear to be transactions that may have never happened (i.e., land trade). The 2 other items are still being worked on by the ND Attorney General’s Office. We will continue to work with the ND Attorney General’s Office to resolve these remaining items.

8. The Department concurs with the recommendation. The majority of these properties were purchased in the 1940's, 50's and 60's. We have a small staff and have not been able to start this process yet. We will work on this. **See Attachment #8** for a draft notice.

All future purchases of land with WSFR funds will include the federal interest language.

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
2 – 5	Resolved and implemented	No action is required.
1, 6 – 8	Resolved but not implemented: U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with staff from the North Dakota Game and Fish Department to develop and implement a corrective action plan.	Complete a corrective action plan that includes information on actions taken or planned to address the recommendations, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials reviewed and approved the actions the State has taken or planned.

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