



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

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

Grants Awarded to the State of Texas, Texas Parks and Wildlife Department,
From September 1, 2012, Through August 31, 2014

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




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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

AUG 24 2017

Memorandum

To: Gregory Sheehan
Acting Director, U.S. Fish and Wildlife Service

From: Charles Haman 
Director, Grant Audits

Subject: Final Audit Report – U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Texas, Texas Parks and Wildlife Department, From September 1, 2012, Through August 31, 2014
Report No. 2015-EXT-008

This final report presents the results of our audit of costs claimed by the State of Texas, Texas Parks and Wildlife Department (Department), under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the State under the Wildlife and Sport Fish Restoration Program (Program). The audit included claims totaling \$209 million on 89 grants that were open during the State fiscal years that ended August 31, 2013, and August 31, 2014 (see Appendix 1). The audit also covered the Department's compliance with applicable laws, regulations, and FWS guidelines, including those related to the collection and use of hunting and fishing license revenue and the reporting of income generated by grant-supported activities.

We found that the Department complied, in general, with applicable grant accounting and regulatory requirements. We questioned costs and discovered funds to be put to better use totaling \$1,152,201, however, due to improper oversight and procurement practices. We also determined that the State potentially diverted license revenue by transferring \$8.9 million from an account dedicated to the management of fish and wildlife to a deferred maintenance account not protected by the State's Fish and Wildlife Code. Furthermore, several annual performance reports that the Department submitted to FWS were missing key information, and the Department did not report its subawards for posting on a website designed to promote transparency in Federal spending.

We provided a draft report to FWS for a response. In this report, we summarize the Department's and FWS' responses to our recommendations, as well as our comments on their responses. We also modified our presentation of some findings, based on our review of additional documentation. We list the status of the recommendations in Appendix 3.

Please provide us with a corrective action plan based on our recommendations by November 22, 2017. The response should provide information on actions taken or planned to address the recommendations, as well as target dates and title(s) of the official(s) responsible for implementation. Formal responses can be submitted electronically. Please address your response

to me and submit a signed PDF copy to WSFR_Audits@doioig.gov. If you are unable to submit your response electronically, please send your response to me at:

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

If you have any questions regarding this report, please contact the Program Audit Coordinator, Tim Horsma at 916-978-5650, or me at 303-236-9243.

cc: Regional Director, Region 2, U.S. Fish and Wildlife Service

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Introduction

Background

The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act (Acts)¹ established the Wildlife and Sport Fish Restoration Program (Program). Under the Program, the U.S. Fish and Wildlife Service (FWS) provides grants to States to restore, conserve, manage, and enhance their sport fish and wildlife resources. The Acts and Federal regulations contain provisions and principles on eligible costs and allow FWS to reimburse States up to 75 percent of the eligible costs incurred under the grants. The Acts also require that hunting and fishing license revenue be used only for the administration of the States' fish and game agencies. Finally, Federal regulations and FWS guidance require States to account for any income they earn using grant funds.

Objectives

We conducted this audit to determine if the State of Texas, Texas Parks and Wildlife Department (Department)—

- claimed the costs incurred under the Program grants in accordance with the Acts and related regulations, FWS guidelines, and grant agreements;
- used State hunting and fishing license revenue solely for fish and wildlife program activities; and
- reported and used program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$207 million on the 89 grants open during the State fiscal years (SFYs) that ended August 31, 2013, and August 31, 2014 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the Department's Headquarters office in Austin, TX, and visited several fisheries offices, wildlife offices, hatcheries, and other facilities throughout the State (see Appendix 2). We performed this audit to supplement—not replace—the audits required by the Single Audit Act Amendments of 1996.

Methodology

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

¹ 16 U.S.C. §§ 669 and 777, as amended, respectively.

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 income from grant-supported activities;
- interviewing Department employees to ensure that personnel costs charged to the grants were supportable;
- conducting site visits to inspect equipment and other property;
- determining whether the Department used hunting and fishing license revenue solely for the administration of State fish and wildlife activities; and
- determining whether the State passed required legislation assenting to the provisions of the Acts.

We also identified the internal controls over transactions recorded in the labor and license-fee accounting systems and tested their operation and reliability. Based on the results of initial assessments, we assigned a level of risk to these systems and selected a judgmental sample of transactions for testing. We did not project the results of the tests to the total population of recorded transactions or evaluate the economy, efficiency, or effectiveness of the Department's operations.

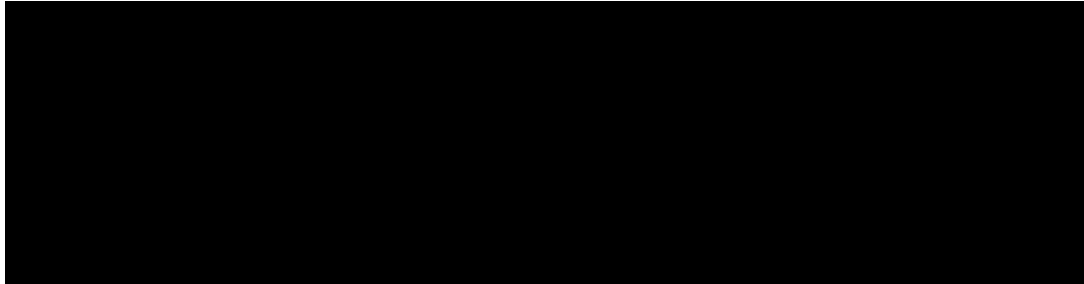
We relied on computer-generated data for other direct costs and personnel costs to the extent that we used these data to select Program costs for testing. Based on our test results, we either accepted the data or performed additional testing. For other direct costs, we took samples of costs and verified them against source documents such as purchase orders, invoices, receiving reports, and payment documentation. For personnel costs, we selected Department employees who charged time to Program grants and verified their hours against timesheets and other supporting data.

Prior Audit Coverage

On November 13, 2009, we issued “Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Texas, Parks and Wildlife Department, From September 1, 2006, Through August 31, 2008” (Report No. R-GR-FWS-0005-2009). We followed up on the six recommendations in that report and found that the U.S. Department of the Interior, Office of the Assistant Secretary for Policy, Management, and Budget, considered the recommendations resolved and implemented.

In January 2015, the Department's internal auditor issued “An Audit of Financial and Budgeting Controls in the Business Information System.” The report described several internal control weaknesses related to the Department's financial management system that directly affected the availability, integrity, and

security of data related to Program grants. For instance, the internal auditor found that the Department had not—



The audit report recommended that the Department perform risk assessments to evaluate general and application controls over its financial management system. Department management agreed that “a formal risk assessment should be conducted by an independent third party to better gauge the extent of risk in these areas and target corrective actions appropriately.”

In May 2015, the Department’s internal auditor issued “Compliance Audit of Selected Federal Grants.” The report indicated the following:

- Five subawards did not contain all required provisions, including record retention, suspension and debarment, and change order clauses.
- Department officials made unapproved grant reimbursement corrections and reclassifications after submitting final Federal financial statements to awarding agencies because the Department did not close its grant accounts each year.
- The Department did not assess subrecipient risks to determine the appropriate level of monitoring required, resulting in the use of inconsistent oversight techniques.
- The Department incurred costs up to \$4 million over budget on three FWS grants before FWS amended the grants to approve the obligation of additional funds.

The audit report made several recommendations addressing these issues, and management concurred with all major findings and recommendations.

The State’s Single Audit for SFY 2013 disclosed a reconciliation issue. The Department used information from its internal accounting system and from the Uniform Statewide Accounting System (USAS) to prepare its Schedule of Expenditures of Federal Awards, a required schedule that lists grant expenditures for the period covered by the State’s financial statements. While the Department reconciled the information in its internal accounting system with USAS, it did not make all necessary entries in USAS before SFY 2013 was closed. According to the Single Audit for SFY 2014, the State took corrective action for this finding.

We also reviewed the State's comprehensive annual financial reports for SFYs 2013 and 2014. None of these reports contained any findings that would directly affect the Program grants.

Results of Audit

Audit Summary

We found that the Department complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. We identified, however, several conditions that resulted in audit findings. Questioned cost amounts associated with each finding overlap in some cases. Accordingly, we have adjusted the total amount of questioned costs and funds to be put to better use. Furthermore, we issued a draft audit report for management review, and the Department provided additional information in its response. We modified some of the questioned cost amounts throughout this report after considering that information.

A. Questioned Costs and Funds to be Put to Better Use—\$1,152,201

We questioned costs and discovered funds to be put to better use due to (1) the Department's inadequate oversight of subrecipients, (2) out-of-period costs, (3) ineligible and unsupported in-kind contributions, (4) purchases completed without competitive bids, (5) missing purchase documentation, (6) improper items charged to Program grants, and (7) the procurement process not being followed.

B. Potential Diversion of License Revenue—\$8,942,000

The State potentially diverted license revenue by transferring \$8.9 million from an account dedicated to the management of fish and wildlife to a deferred maintenance account not protected by the State's Fish and Wildlife Code.

C. Inadequate Reporting

Performance reports submitted by the Department to FWS were missing key information, such as a description of specific accomplishments, a comparison of accomplishments to grant objectives, and quantifiable data. In addition, the Department did not report its subawards for posting on a website designed to promote transparency in Federal spending.

Findings and Recommendations

A. Questioned Costs and Funds to be Put to Better Use—\$1,152,201²

1. Inadequate Oversight of Subrecipients—\$752,786

² The total of the amounts from each subsection of this report exceeds \$1,152,201 because we questioned some costs for multiple reasons. We eliminated duplicate counting of questioned costs to determine the \$1,152,201 figure.

The Department exercised inadequate oversight of its subrecipients, entities to which it awarded Program funds to carry out projects under the grants. Specifically—

- the Department reimbursed a subrecipient for incomplete and substandard construction work;
- four subrecipients could not support payroll costs with employee- or supervisor-certified timesheets that detailed all hours worked; and
- the Department obligated Program funds for a subaward more than a year before the subrecipient was ready to begin work.

Incomplete and Substandard Construction Work

The Department reimbursed the City of Aransas Pass \$600,394 (Federal share) for incomplete and substandard construction work at the Conn Brown Harbor boating access site. The Department awarded these funds via a subaward made under grant F12AF00336, for boating access facilities at the harbor.

According to the April 30, 2012 subaward agreement, the project purpose was to:

renovate and expand an existing boat ramp by constructing two new boat ramp lanes, a new restroom, [a] fish cleaning station, [and] security lighting and signing [sic]; renovate courtesy docks [and] bulkheads; resurface/expand the parking area serving the boat ramps; and complete mitigation for sea grass impacted by the construction. . . .

During a visit to the location, however, we noted the following concerns:

- Aransas Pass closed one of the two renovated boat ramps because the grade of its incline was uneven, resulting in damage to public boats. Aransas Pass subsequently installed a sign at the site that read, “Launch at Own Risk Uneven Surfaces.”
- Interlocking blocks used to construct the boat ramps did not appear to be installed correctly; at least one-quarter of the blocks had separated and did not lock with adjacent blocks.
- About half of the lights had fallen off the light poles, and according to the city manager, many of the remaining lights did not work.
- The asphalt parking lot contained numerous potholes, and due to the wear of the asphalt, parking space lines were nearly indistinguishable in some cases.

- The new fish cleaning station drained refuse into the harbor in violation of an Aransas Pass ordinance.
- The new public restroom, located at the base of a hill, showed signs of flooding.
- A drinking fountain was placed at the top of an access ramp for persons with disabilities. The ramp did not have a landing, making the fountain unusable for someone in a wheelchair. This raises concerns about compliance with the Americans with Disabilities Act.
- Required sea grass mitigation was not completed.

The Department's oversight of this project was not effective in part because officials did not take timely action after identifying problems. For instance, a Department official inspected the boating access site on February 18, 2014, and "found the boat ramp to be operational but with some problems." Several of the issues noted in the inspection report are similar to the ones we identified over 1 year later during our site visit. The Department, however, did not formally notify Aransas Pass of the need to bring the project into compliance with the subaward's terms until May 13, 2015, 2 months after our site visit and more than a year after the Department's inspection.

Subsequent to our visit, the Department sent a letter to the city manager detailing actions needed to fulfill the subaward requirements. The city manager responded that Aransas Pass had (1) filed a claim against the general contractor, engineer, and their respective bonds; (2) repaired "some lights"; (3) provided "temporary solutions" for problems related to the fish cleaning station, drainage, and potholes; and (4) partnered with an organization to complete the sea grass mitigation. Litigation between the city and the general contractor and engineer is pending.

Unsupported Payroll Costs

The Department could not provide adequate documentation supporting four subrecipients' payroll charges of \$27,943 (\$20,957 Federal share) under grants F10AF00220 for aquatic education and F09AF00073 for wildlife technical guidance and assistance to Texas urban dwellers.

Three subrecipients, AET Environmental, the Nature Heritage Society, and Red River Fly Fishers, prepared timesheets for their work on aquatic education projects. The timesheets, however, were not consistently signed by the subrecipients' employees and their supervisors and/or did not account for both Federal and non-Federal time worked. Furthermore, the Department could not provide timesheets for all of the payroll charges. The fourth subrecipient, Friends of the Fort Worth Nature Center and Refuge, worked on

wildlife technical guidance and assistance, but the Department did not provide any timesheets to support these labor charges.

According to the Code of Federal Regulations (C.F.R.): “Charges to awards for salaries and wages . . . will be based on documented payrolls approved by a responsible official of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports [i.e., timesheets]. . . .” These reports must be signed by the employees or responsible supervisory officials having first-hand knowledge of the employees’ work. Furthermore, each report must account for the total activity for which employees are compensated by their organization (2 C.F.R. § 230, Appendix A(8)(m)(1) and (2)).

This issue arose because Department officials did not ensure that subrecipients maintained adequate timesheets, nor did the Department have policies and procedures directing its staff to do so. As a result, we question unsupported payroll costs totaling \$17,959 (\$13,469 Federal share) claimed under grant F10AF00220 and \$9,984 (\$7,488 Federal share) related to grant F09AF00073.

Program Funds Obligated Prematurely

The Department provided a subaward under grant F14AF00586 for boating access facilities to the City of Iowa Park at least 18 months before Iowa Park planned to begin construction work. As of September 2016—more than 2 years after receiving the subaward—the City of Iowa Park still had not claimed any costs for this project. The subaward involved improving an existing boat ramp and constructing a parking area and access road. By issuing the subaward prematurely, the Department encumbered \$175,245 (\$131,435 Federal share) that it could have used more efficiently to provide boating access in other parts of the State.

We noted that the Department did not require subrecipients to begin work on their projects within a reasonable time as a precondition to receiving subawards. The C.F.R., however, states, “Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.” Furthermore: “Each governmental unit . . . will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of Federal awards” (2 C.F.R. § 225, Appendix A(A)(2)(a)(1) and (3)).

Because of these three issues, we question \$600,394 as ineligible due to incomplete and substandard work and \$20,957 as unsupported due to

missing and inadequate timesheets. Furthermore, we consider \$131,435—the Federal share of the amount obligated under the subaward with Iowa Park—as funds to be put to better use (see Figure 1).

Grant Number	Title	Questioned Costs		Funds to Be Put to Better Use
		Ineligible	Unsupported	
F09AF00073	Wildlife Technical Guidance and Assistance to Urbanites of Texas	\$0	\$7,488	\$0
F10AF00220	Texas Aquatic Education Project	0	13,469	0
F12AF00336	City of Aransas Pass, Conn Brown Harbor Boat Ramp Renovation	600,394	0	0
F14AF00586	City of Iowa Park, North Fork Buffalo Creek Reservoir Improvements	0	0	131,435
Total		\$600,394	\$20,957	\$131,435

Figure 1. Questioned costs and funds to be put to better use, related to subawards.

Recommendations

We recommend that FWS:

1. Resolve the \$600,394 in ineligible costs; the \$20,957 in unsupported costs; and the \$131,435 in funds to be put to better use, related to the Department's oversight of subrecipients.
2. Ensure that the Department implements policies and procedures to take timely action after identifying problems with subaward projects.
3. Ensure that the Department implements policies and procedures that require subrecipients to maintain adequate timesheets when charging labor to Program grants.
4. Ensure that the Department provides subawards to entities only after they demonstrate their willingness and ability to begin work within a reasonable period of time.

Department Response

The Department did not concur with the \$600,394 in ineligible questioned costs. While Department officials agreed that the original boat ramp work at Aransas Pass was "incomplete and substandard," they stated that Aransas Pass has made improvements since our site visit. Furthermore, they noted that Aransas Pass has filed a lawsuit against the boat ramp contractor in an effort to recover sufficient funds to make additional repairs. According to the response, the Department "will continue to work with the City of Aransas Pass to ensure all components of the project are satisfactorily completed and maintained." As a result, Department officials did not believe that the entire project cost should be questioned as ineligible.

The Department concurred with the \$20,957 in unsupported questioned costs and the \$131,435 in funds to be put to better use. It also concurred with Recommendations 2, 3, and 4. Department officials intend to develop and implement policies and procedures in response to the recommendations by December 31, 2017.

FWS Response

FWS concurred with the findings and recommendations and has reviewed and accepted the Department's response. FWS will work closely with Department staff to develop and implement a corrective action plan that will resolve the findings and recommendations.

OIG Comments

The Department did not provide sufficient evidence to justify revising the questioned costs related to the Aransas Pass boat ramp project. In their response, Department officials included a letter from an attorney that discussed specific improvements to the boating ramp facility. The Department, however, did not submit evidence, such as invoices or photographs, to support these claims.

Based on the Department's and FWS' responses, we consider these recommendations resolved but not implemented (see Appendix 3).

2. Out-of-Period Costs—\$155,400

The Department charged approximately \$155,400 to Program grants even though it incurred the goods and services prior to the grants' start dates. Specifically, we found the following instances of unauthorized pre-award costs:

- The Department did not always correctly charge costs to Program grants when it obligated funds before the end of a grant period but made payment after the grant expired. For example, grant F10AF00181 for private lands and habitat ended on August 31, 2013. The Department received grant F13AF01166 for similar purposes beginning September 1, 2013. Under procedures in place at the time of our audit, items obligated under the first grant but not paid by August 31, 2013 were automatically borne by the second grant. This issue arose whenever a Program grant expired, but was succeeded immediately by another grant for similar purposes. During our fieldwork, Department officials were unable to provide the amount of out-of-period costs that resulted from this type of situation, but in response to our draft report, they stated that the relevant costs totaled \$119,003.
- The Department reimbursed a subrecipient, the City of Aransas Pass, \$32,938 (Federal share) for costs incurred prior to the awarding of grant F12AF00336 for renovating a boating access site. FWS had not approved pre-award costs under the grant.
- Two out-of-period transactions were for payments in lieu of taxes. The State makes these payments to local governments in place of property taxes for the nontaxable property it owns in local jurisdictions. Under grant F12AF00654, for the management of Wildlife Management Areas (WMAs), the Department charged \$13,837 (Federal share) for payments in lieu of taxes at the Big Lake Bottom, Gus Engeling, and Kerr WMAs. The payments covered calendar year 2012, but grant F12AF00654 did not begin until April 1, 2012. Therefore, the payment in lieu of taxes liability

for January through March 2012, totaling \$3,459 (Federal share), was incurred outside the grant period.

According to 2 C.F.R. 225, Appendix B(31), pre-award costs are allowable only with the written approval of the Federal awarding agency. In each of the instances we noted, FWS did not authorize any pre-award costs in the grant agreement. In addition, 43 C.F.R. § 12.63(a) states that a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted.

The Department charged out-of-period costs because—

- it did not have policies and procedures to ensure that the terms of its subawards aligned with the requirements of the original grant; and
- key officials with responsibility for grant oversight were not aware that the Department may not encumber goods and services during one grant period and pay for them under a successive grant, even if the grants have similar objectives.

Restrictions on pre-award expenses are a means to control project costs. Disregarding such controls can place projects at risk for cost overruns. Due to these issues, we are questioning \$155,400 (Federal share) in ineligible costs (see Figure 2).

Grant Number	Title	Ineligible Questioned Costs
F12AF00336	City of Aransas Pass, Conn Brown Harbor Boat Ramp Renovation	\$32,938
F12AF00654	Wildlife Management Areas	3,459
F13AF00195	Inland Fisheries Monitoring and Management	48,281
F13AF00196	Freshwater Game Fish Environmental Assistance and Technical Guidance	8,117
F13AF01044	Wildlife Administration and Coordination	62,605
Total		\$155,400

Figure 2. Questioned costs related to out-of-period costs.

Recommendations

We recommend that FWS:

5. Resolve the \$155,400 in ineligible questioned costs that were claimed but obligated outside of the grant periods.
6. Require the Department to provide documentation indicating the amount of additional out-of-period costs resulting from obligating funds before the end of grant periods and paying under successive grants, and resolve these costs.
7. Require the Department to implement policies and procedures to ensure that the terms of its subawards align with the requirements of the original Program grants, and that costs incurred under grants are not charged to successive grants without authorization.

Department Response

The Department concurred that some grant funds were obligated outside the grant periods. Department officials provided information indicating the amount of out-of-period costs that resulted from obligating funds before the end of grant periods but paying under successive grants. The response stated that the Department will work with FWS to address the identified issues and implement necessary policies and procedures by December 31, 2017.

FWS Response

FWS concurred with the finding and recommendations and has reviewed and accepted the Department's response. FWS will work closely with Department staff to develop and implement a corrective action plan that will resolve the finding and recommendations.

OIG Comments

Although the Department provided additional information in response to Recommendation 5, we could not verify the accuracy or completeness of the Department's data. Based on the Department's and FWS' responses, we consider these recommendations resolved but not implemented (see Appendix 3).

3. Ineligible and Unsupported In-Kind Contributions—\$95,666

The Department did not ensure that volunteer hours used as in-kind contributions were documented in the same manner as regular personnel costs, as required by Federal regulations. The Department used the value of hours worked by volunteers as part of its matching share on two

Program grants that we reviewed: F10AF00220 for aquatic education and F09AF00073 for wildlife technical guidance and assistance in urban areas (including the master naturalist program). After volunteers recorded their hours on timesheets, Department officials applied an hourly rate to determine the value of the in-kind contributions.

We reviewed summary information that the Department gathered from timesheets for the master naturalist and hunter education programs. For the aquatic education program, we reviewed a sample of volunteers' actual timesheets. Our analysis disclosed systemic problems with the supporting documentation.

Aquatic Education

Of the 20,444 hours claimed by volunteers in SFY 2014³ under the Department's aquatic education program, we sampled 3,283 (16 percent) and found that 3,041 of the hours tested (93 percent) were either not eligible work hours under the grant or were not supported. We questioned these hours because—

- in six instances, volunteers claimed an excessive 15 to 30 hours worked in a single day;
- the Department could not always provide timesheets to support reported hours;
- some of the hours worked over multiple days were reported as a lump sum rather than on a daily basis;
- Department officials did not consistently sign volunteers' timesheets to indicate approval; and
- volunteers did not always complete the timesheets themselves; on some timesheets one person appeared to fill in all the hours worked.

The Federal share of unsupported questioned costs related to the aquatic education program totaled \$35,973 (see Figure 3).

³ The aquatic education program did not claim any SFY 2013 volunteer hours under the grant.

Description	Unsupported Questioned Costs
Grant Outlays	\$2,629,465
Less Questioned Contributions	47,964
Allowable Grant Outlays	2,581,501
Federal Share Percentage	75%
Allowable Federal Share	1,936,126
Original Federal Share Claimed	1,972,099
Less Allowable Federal Share (From Above)	1,936,126
Questioned Costs (Federal Share)	\$35,973

Figure 3. Federal share of questioned costs related to unsupported in-kind contributions for the aquatic education program (grant F10AF00220).

Master Naturalists

The master naturalist program consists of volunteers who provide education, outreach, and service for managing natural resources and natural areas throughout the State. Individuals participate in the master naturalist program through their local chapters.

We tested all of the 12,766 hours claimed by volunteers in SFY 2013⁴ under grant F09AF00073 for the master naturalist program. We found that 54 percent were not adequately supported. Specifically—

- in 171 instances, volunteers claimed an excessive 14.4 to 224.5 hours in a single day;
- the Department claimed 5,261 hours for administrative activities that supported all activities of local chapters, even though the chapters also performed work that was not eligible for Program grant funding; and
- the Department claimed 36 hours for volunteers' participation in Christmas parties and party planning.

The Federal share of questioned costs related to the master naturalist program totaled \$59,693, representing \$16,470 in ineligible costs and \$43,223 in unsupported costs (see Figure 4).

⁴ The master naturalist program did not claim any SFY 2014 volunteer hours under the grant.

Ineligible Questioned Costs		Unsupported Questioned Costs	
Description	Amount	Description	Amount
Grant Outlays	\$7,677,972	Allowable Grant Outlays*	\$7,600,569
Less Questioned Contributions	77,403	Less Questioned Contributions	57,630
Allowable Grant Outlays	7,600,569	Adjusted Allowable Grant Outlays	7,542,939
Federal Share Percentage	75%	Federal Share Percentage	75%
Allowable Federal Share	5,700,427	Adjusted Allowable Federal Share	5,657,204
Original Federal Share Claimed	5,716,897	Allowable Federal Share†	5,700,427
Less Allowable Federal Share (From Above)	5,700,427	Less Adjusted Allowable Federal Share (From Above)	5,657,204
Questioned Costs (Federal Share)	\$16,470	Questioned Costs (Federal Share)	\$43,223

*After removing the ineligible questioned contributions, allowable grant outlays totaled \$7,600,569. Since this figure contains no ineligible questioned costs, we used it as the new starting point to calculate the unsupported questioned costs.

† After removing the ineligible questioned contributions and applying the Federal share percentage, the allowable Federal share totaled \$5,700,427. We used this figure to complete our calculation of the unsupported questioned costs because it reflects the exclusion of ineligible questioned costs.

Figure 4. Federal share of questioned costs related to ineligible and unsupported in-kind contributions for the master naturalist program (grant F09AF00073).

The C.F.R. requires costs to be adequately documented to be allowable under Federal awards (2 C.F.R. § 225, Appendix A(C)(1)(j)). In addition, 43 C.F.R. § 12.64(b)(6) states that third-party, in-kind contributions used to satisfy a cost-sharing or matching requirement must be verifiable from the records of grantees. Furthermore, it notes that to the extent feasible, volunteer services will be supported by the same methods that the organization uses to support its regular personnel costs. In that regard, Department personnel recorded their daily hours in a timesheet system, signed the timesheets electronically, and obtained their supervisors' approval.

The problems with in-kind documentation occurred for several reasons:

- The Department's written procedures did not (1) restrict the number of hours that volunteers can reasonably donate in a single day, (2) require that hours be reported on a daily basis, (3) ensure that all hours volunteered for administrative purposes benefit the

grant activity, or (4) require volunteers to complete their timesheets themselves.

- The master naturalist program did not have separate time codes for Program-related and non-Program-related administrative work.
- The aquatic education program did not adequately reconcile timesheets with the hours recorded in its electronic database to ensure that all hours were supported and all timesheets were approved by program staff.
- Program staff relied too heavily on the Department's Grants and Contracting Division to review in-kind data for sufficiency. For example, the master naturalist program sent boxes of timesheets to grants and contracting staff at Department headquarters for review at the end of each reporting period. Staff responsible for the volunteer programs should be primarily responsible for reviewing the timesheets so that they can validate the hours claimed and immediately address any problems with in-kind documentation.
- Based on the magnitude of problems with in-kind documentation, we determined that employees at the program level are not well-versed in Federal requirements for in-kind contributions and require training.

During our audit, the Department was implementing a new electronic timekeeping system to record and track volunteer hours. Proper programming of the system—such as limiting the number of hours that volunteers can input on a single day to a reasonable number, and providing fields for volunteers to input hours on a daily basis—could eliminate many of the problems we noted.

Recommendations

We recommend that FWS:

8. Resolve the \$16,470 in ineligible costs and \$79,196 in unsupported costs related to in-kind contributions.
9. Ensure that the Department develops and implements policies and procedures to—
 - require that hours be reported on a daily basis;
 - restrict the number of hours that volunteers can reasonably report for a single day;
 - ensure that all hours volunteered for administration are for eligible grant purposes; and
 - require volunteers to complete timesheets themselves.
10. Require the Department to communicate and enforce its existing in-kind procedure to ensure that all volunteer timesheets used to support in-kind contributions are properly approved and kept on file.
11. Ensure that Department employees with responsibility for reviewing in-kind documentation receive training on applicable Federal requirements.

Department Response

The Department stated that it will develop policies and procedures to ensure its in-kind documentation (1) provides sufficient detail to validate volunteer hours worked, (2) is properly reviewed and approved by sub-recipients and grant managers, and (3) is retained for an appropriate period of time. Policies and procedures will address the frequency for reporting in-kind hours, the maximum number of allowable hours donated per day, the eligibility of hours used as in-kind match, and the requirement that individuals complete their own timesheets. Timesheet reviewers and approvers will be required to take training on the applicable Federal requirements. The Department intends to develop and implement these policies and procedures by December 31, 2017.

FWS Response

FWS concurred with the findings and recommendations and has reviewed and accepted the Department's response. FWS will work closely with Department staff to develop and implement a corrective action plan that will resolve the finding and recommendations.

OIG Comments

Based on the Department's and FWS' responses, we consider these recommendations resolved but not implemented (see Appendix 3).

4. No Evidence of Competitive Bids—\$81,894

The Department could not provide sufficient evidence that it obtained bids for four purchases, each costing more than \$5,000. The items amount to \$81,894 (Federal share). Specifically—

- The Department purchased a used bulldozer for Black Gap WMA for \$74,104 (\$55,578 Federal share) under grant F12AF00654, for the management of WMAs. Documentation in the purchasing file suggests that a project leader first identified a suitable bulldozer. The Department then issued an invitation for bid containing such narrow specifications—including a specific make, model, and serial number—that only one vendor could bid, making this transaction a de facto, sole source procurement.
- Department officials claimed that several items we reviewed were purchased under pre-existing contracts administered by the State Office of Risk Management, the State Department of Information Resources, or the State Comptroller's Office. The officials stated that they were not required to obtain bids since the State agencies administering the contracts already did so. In most cases, Department officials provided evidence of pre-existing State contracts, but for two items totaling \$32,368 (\$24,276 Federal share), they submitted evidence of contracts that were not valid at the time the transactions occurred.
- The Department purchased eight acoustic recorder devices for \$5,509 (\$2,040 Federal share) to survey and monitor Houston toad populations, but it insufficiently justified this purchase as a sole source procurement. Officials claimed that competition was not necessary because “the specifications are proprietary to one manufacturer” and the equipment “must be able to tolerate extreme conditions as well as be easy to use and maintain.” The justification, however, does not demonstrate that only one product made by a specific manufacturer could meet the Department's needs. The justification also states that the items “vastly exceed the capabilities we need,” causing us to question whether another, less sophisticated product would have been sufficient.

Regulation 43 C.F.R. § 12.76 states: “When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds.” Accordingly, the Department's Purchasing and Contracting Manual (Manual) notes the following:

- For purchases over \$5,000 and up to \$25,000, the Department is required to obtain three bids from the State’s centralized master bidder’s list (CMBL). Purchases over \$25,000 require the Department to solicit formal bids from all CMBL vendors listed in the designated geographic region for the type of item being purchased (Chapter 6, “Solicitations”).
- Product specifications must be of sufficient detail to describe what is needed while also allowing open competition to the maximum extent reasonably possible (Chapter 1, “Introduction”).
- Using a brand name specification “discourages competition and should be avoided unless the item is the only one that will satisfy the requirement” (Chapter 6, “Solicitations”).

These issues arose because payment files did not contain proof that valid statewide contracts existed at the time of purchase, and Department officials did not consistently follow the Manual. We therefore question \$81,894 (Federal share) in ineligible costs (see Figure 5).

Grant Number	Title	Ineligible Questioned Costs
F09AF00073	Wildlife Technical Guidance and Assistance to Urbanites of Texas	\$2,040
F10AF00212	Inland Fisheries Division Hatcheries	19,037
F12AF00654	Wildlife Management Areas	55,578
F13AF00196	Freshwater Game Fish Environmental Assistance and Technical Guidance	5,239
Total		\$81,894

Figure 5. Federal share of questioned costs related to purchases with no evidence of competitive bidding.

Recommendations

We recommend that FWS:

12. Resolve the \$81,894 in ineligible costs claimed as a result of purchases completed without competitive bidding.
13. Require the Department to document the existence of valid statewide contracts when used in procurement.
14. Ensure that the Department enforces and communicates to relevant staff its policies on bidding requirements and promoting open competition.

Department Response

The Department stated that it will develop policies and procedures to ensure that staff document the existence of valid statewide contracts when used in procurement. Procedures will include periodic reminders and updates to appropriate staff regarding bidding requirements and promoting open competition. The Department intends to develop and implement these policies and procedures by December 31, 2017.

FWS Response

FWS concurred with the finding and recommendations and has reviewed and accepted the Department's response. FWS will work closely with Department staff to develop and implement a corrective action plan that will resolve the finding and recommendations.

OIG Comments

Based on the Department's and FWS' responses, we consider these recommendations resolved but not implemented (see Appendix 3).

5. Missing Purchase Documentation—\$72,726

The Department did not maintain all evidence required to document its expenditures of Program funds fully. Specifically, Department officials could not provide—

- a purchase order that includes \$64,801 (Federal share) for a construction project at Chaparral WMA;
- a purchase order and documentation demonstrating that the Department paid for a \$5,204 (Federal share) electricity bill;
- two charge card statements signed by the purchasers' supervisors to indicate the receipt of goods and services worth 2,721 (Federal share).

Federal regulations and Department policy both address these issues. Under 2 C.F.R. § 225, Appendix A(C)(1)(j), to be allowable under Federal awards, costs must be adequately documented. In addition, Chapter 3 of the Manual, “Purchasing/Contracting Authority,” states:

There must be adequate documentation of the complete purchase history. Documentation must include the reason for the purchase and why a particular vendor was selected. At a minimum, copies of the solicitation document, bids received, addendum, bid tabulation, purchase order, receipts, invoices, and supporting correspondence must be retained as part of the purchase file.

In addition, under 50 C.F.R. § 80.95(a)(1) and (2), States receive Program funds through either a request for reimbursement or a request for advanced funds if it can demonstrate that it will minimize the time between the receipt and disbursement of Federal funds. In either case, payment documentation—including payment dates—is necessary to determine compliance with this requirement.

Documentation was not adequately maintained because Department staff did not consistently follow policies and procedures. Without all supporting documentation, we have no assurance that the Department made authorized purchases, received the appropriate items, and requested Federal reimbursement only after paying for goods and services. As a result, we question \$72,726 (Federal share) in unsupported questioned costs (see Figure 6).

Grant Number	Title	Unsupported Questioned Costs
F10AF00212	Inland Fisheries Division Hatcheries	\$5,204
F12AF00459	Texas Aquatic Education Vegetation Control Program	1,371
F12AF00654	Wildlife Management Areas	64,801
F13AF00196	Freshwater Game Fish Environmental Assistance and Technical Guidance	1,350
Total		\$72,726

Figure 6. Questioned costs related to purchases without appropriate supporting documentation.

Recommendations

We recommend that FWS:

15. Resolve the \$72,726 in unsupported questioned costs.
16. Ensure that the Department enforces and communicates to relevant staff its requirement to document the complete history of each purchase.

Department Response

The Department stated that it will develop policies and procedures to ensure staff are aware of and trained on the requirements to document the complete history of each purchase. The Department intends to develop and implement these policies and procedures by December 31, 2017.

FWS Response

FWS concurred with the finding and recommendations and has reviewed and accepted the Department's response. FWS will work closely with Department staff to develop and implement a corrective action plan that will resolve the finding and recommendations.

OIG Comments

Based on the Department's and FWS' responses, we consider these recommendations resolved but not implemented (see Appendix 3).

6. Improper Items Charged to Program Grants—\$20,732

The Department charged 31 transactions to Program grants, totaling \$20,732 (Federal share), that were either not eligible expenses or should have been allocated to various other funding sources. For example:

- Under grant F10AF00207, for wildlife operations, the Department made three transactions, totaling \$6,750 (Federal share), for “sponsorships” to various organizations. The sponsorships were similar to donations, allowing the Department to advertise in conference programs and send employees to conference banquets. According to 2 C.F.R. § 225, Appendix B(12)(a), however, contributions or donations, including cash, property, and services, regardless of the recipient, are ineligible.
- The Department charged \$5,204 (Federal share) to F10AF00212 for Inland Fisheries Division hatcheries for an electric bill at A.E. Wood Fish Hatchery in SFY 2013. During that SFY, however, Department officials noted that employees at the hatchery charged approximately 62 percent of their time to grant F10AF00212. As a

result, the Department should have allocated \$1,978 to other funding sources.

- Under grant F10AF00181, for private lands and habitat, the Department charged \$3,698 (Federal share) for trailer wrap that advertised the Department's Wildlife Division. The only allowable advertising costs under Federal awards, however, are for (1) the recruitment of personnel, (2) the procurement of goods and services for the performance of a Federal award, (3) the disposal of scrap or surplus materials acquired in the performance of a Federal award, or (4) other specific purposes necessary to meet the requirements of the Federal award (2 C.F.R. § 225, Appendix B(1)(c)). Because the wrap simply promoted the Wildlife Division, it was not an allowable expense under the grant.
- The Department charged \$3,373 (Federal share) to grant F10AF00214 for wildlife resource planning for an employee's relocation costs. Based on information provided by the Department, we determined that the employee only charged an estimated 13 percent of his time to the grant. Other funding sources should have borne an appropriate share of the costs, but did not. According to 2 C.F.R. § 225, Appendix A(C)(3)(a), costs are allocable to a particular cost objective if the goods or services are chargeable or assignable to the cost objective in accordance with the relative benefits received. As a result, \$2,935 (Federal share) of the relocation costs are ineligible.
- Several cable television transactions totaling \$1,672 (Federal share) were charged to grant F12AF00654 for wildlife management areas. In determining the reasonableness of a cost, however, 2 C.F.R. § 225, Appendix A(C)(2)(a) states that consideration should be given to whether the cost is of a type generally recognized as ordinary and necessary for the performance of the Federal award. We determined that cable television costs were not necessary to fulfill the grant's objectives.
- Under grant F12AF00534, for Federal aid public outreach, the Department produces a television show about wildlife and various conservation activities. The Department charged \$1,170 (Federal share) to the grant to enter the show's producers and editors in the Lone Star Emmy Awards. Department officials agreed that this expense "does not fulfill the objectives of the grant."

We found that the Department did not have a process to flag expenditures benefitting multiple funding sources to determine whether the expenses required allocation to multiple funds. Furthermore, the Department did not consistently follow Federal guidance on the eligibility of grant costs. Consequently, the State's wildlife and fish resources did not benefit from these inappropriate expenses, resulting in ineligible questioned costs of \$20,732 (see Figure 7).

Grant Number	Title	Ineligible Questioned Costs
F10AF00181	Private Lands and Habitat	\$3,698
F10AF00207	Wildlife Operations	6,750
F10AF00212	Inland Fisheries Division Hatcheries	3,007
F10AF00214	Wildlife Resource Planning	2,935
F12AF00207	Saltwater Game Fish Environmental Assistance and Technical Guidance	1,500
F12AF00534	Federal Aid Public Outreach	1,170
F12AF00654	Wildlife Management Areas	1,672
Total		\$20,732

Figure 7. Questioned costs related to improper items charged to Program grants.

Recommendations
<p>We recommend that FWS:</p> <ol style="list-style-type: none"> 17. Resolve the \$20,732 in questioned costs relating to improper items charged to Program grants. 18. Ensure the Department implements policies and procedures to— <ul style="list-style-type: none"> · identify expenditures benefitting multiple funding sources to determine whether they require allocation to multiple funding sources; and · charge Program grants only for eligible goods and services.

Department Response

The Department concurred with both recommendations and stated that it will work with FWS to address the identified issues. The Department agreed to develop policies and procedures to (1) ensure that expenditures charged to grants are eligible and allowable, and (2) identify expenditures benefitting multiple funding sources and allocate costs accordingly. According to the response, the procedures will include a requirement for staff to undergo training on reviewing the eligibility of expenditures. The Department noted that it intends to develop and implement the policies and procedures by December 31, 2017.

FWS Response

FWS concurred with the finding and recommendations and has reviewed and accepted the Department's response. FWS will work closely with

Department staff to develop and implement a corrective action plan that will resolve the finding and recommendations.

OIG Comments

Based on the Department's and FWS' responses, we consider these recommendations resolved but not implemented (see Appendix 3).

7. Procurement Process Not Followed—\$7,913

The Department did not follow its procurement process for two transactions totaling \$7,913. In one instance, an invoice from a vendor was dated prior to the Department's corresponding purchase order, and in another case, the Department paid the vendor before completing the receiving process.

Chapter 8, "Award/Post Award Activities," of the Manual explains that providing a vendor with a purchase order number obligates State funds. The Manual further states: "[Department] staff must ensure that they have the authority to obligate State funds before authorizing a purchase." Since the obligation of funds occurs prior to a purchase, purchase orders should be dated prior to or on the same date as the corresponding invoices. Chapter 8 also notes that the Department can pay for goods and services only after they are received and accepted.

Following the Department's procurement process is essential to deter errors and fraud. Purchase orders provide a clear statement to the vendor of the items purchased, the agreed costs, and the payment terms, thereby minimizing the likelihood of disputes and improper fulfillment of orders. Purchase orders also help prevent unauthorized purchases that could lead to the misappropriation of goods for personal gain. In addition, the receiving process ensures that the entire order has been received prior to making payment and creates a separation of duties that helps prevent procurement fraud.

Because the Department did not follow the required procurement process, we question \$7,913 (Federal share) in ineligible costs charged to two Program grants (see Figure 8).

Grant Number	Title	Ineligible Questioned Costs
F10AF00212	Inland Fisheries Division Hatcheries	\$3,746
F13AF01044	Wildlife Administration and Coordination	4,167
Total		\$7,913

Figure 8. Questioned costs related to not following the required procurement process.

Recommendations
<p>We recommend that FWS:</p> <ol style="list-style-type: none"> 19. Resolve the \$7,913 in questioned costs related to purchases that did not follow the Department’s procurement process. 20. Ensure that the Department enforces and communicates to relevant staff the process to follow when procuring goods and services.

Department Response

The Department stated that it will work with FWS to address the issues identified in the finding. Furthermore, the Department agreed to develop policies and procedures to ensure that all staff members are aware of and trained on the processes for purchasing goods and services. The Department noted that it intends to develop and implement the policies and procedures by December 31, 2017.

FWS Response

FWS concurred with the finding and recommendations and has reviewed and accepted the Department’s response. FWS will work closely with Department staff to develop and implement a corrective action plan that will resolve the finding and recommendations.

OIG Comments

Based on the Department’s and FWS’ responses, we consider these recommendations resolved but not implemented (see Appendix 3).

B. Potential Diversion of License Revenue—\$8,942,000

In May and June 2015, the State’s Governor signed two bills into law that resulted in a potential diversion of license revenue for non-fish and wildlife purposes. The General Appropriations Act for SFYs 2016 and 2017 transferred \$8,942,000 in license revenue from the Department’s Game, Fish, and Water Safety Account to a deferred maintenance account. This transfer

was contingent upon passage of Senate Bill 2004, which the legislature subsequently passed. That bill created the deferred maintenance account with the intent to bring State facilities into a better state of repair.

The fact that the legislature transferred the \$8.9 million indicates that the license revenue is not “controlled only by” the Department, as required by 50 C.F.R. § 80.10. Furthermore, Section 11.033(b) of the State’s Fish and Wildlife Code requires the Department to use license revenue in the Game, Fish, and Water Safety Account “only for those functions required to manage the fish and wildlife resources” of the State. The transfer of funds from that account could remove this protection and result in their use for inappropriate purposes.

Department officials believe that the General Appropriations Act and Senate Bill 2004 “in no way cause a ‘diversion’ or an issue of loss of control of license revenue.” According to a September 11, 2015 letter from the Department’s executive director to FWS: “The legislature’s express purpose in creating the ‘deferred maintenance fund’ was to enable overdue maintenance expenditures to be better monitored, not to change the planned expenditures in any way or to pre-empt ‘assent’ requirements” of the Game, Fish, and Water Safety Account. The executive director also stated that the General Appropriations Act allocates \$8.9 million (the same amount originally transferred) from the deferred maintenance account back to the Department to fund a variety of maintenance projects requested by the Department.

The Department’s assertions, however, do not provide assurance that funds in the deferred maintenance account will be used “only for the administration of” the Department’s fish and wildlife activities. For instance, the State Parks Division, a part of the Department that promotes cultural, historical, and other recreational activities, could also potentially benefit from funds in the deferred maintenance account.

The effect of the transfer of funds could be significant. As stated by the Acting Regional Director of FWS Region 2 in an August 5, 2015 letter to the Department’s executive director: “The proposed transfer of these funds could be considered a diversion of license revenues. . . . If a diversion is found, [the Department] would no longer be in compliance with Federal requirements and would be deemed ineligible to continue to participate in these programs, potentially resulting in a loss of over 50 million dollars in Federal funds annually.” A loss of control over the use of license revenue also brings into question whether fish and wildlife resources appropriately benefitted from the funds.

Recommendations

We recommend that FWS:

21. Require the Department to report regularly to FWS on the State's use of the \$8,942,000 in transferred license revenue as long as the funds remain outside of the Game, Fish, and Water Safety Account.
22. Require the Department to work with the State legislature to ensure that the General Appropriations Act and Senate Bill 2004 do not conflict with the C.F.R. or the State's Fish and Wildlife Code.

Department Response

The Department concurred with both recommendations. The response stated that the Department has begun reporting on the status of the \$8,942,000 to an FWS regional official on a quarterly basis. In addition, the Department provided a copy of Texas House Bill (HB) 3537, which requires the transferred license revenue to be used only to manage the State's fish and wildlife resources. The bill was signed into law on June 1, 2017.

FWS Response

FWS concurred with the finding and recommendations and has reviewed and accepted the Department's response. FWS provided copies of six quarterly reports from the Department detailing the use of the transferred license revenue.

OIG Comments

Based on the Department's and FWS' responses, we consider both recommendations resolved and implemented (see Appendix 3).

C. Inadequate Reporting

1. Incomplete Performance Reporting

States are required to submit performance reports to FWS annually and after completion of each grant awarded through the Program. These reports provide data to help FWS ensure that States spend funds appropriately and achieve project goals. We reviewed 28 interim and final performance reports submitted by the Department and determined that 22 (79 percent) were missing key information, such as a description of specific accomplishments, a comparison of accomplishments to grant objectives, and quantifiable data. Furthermore, in the reports, the Department was required to provide the status of 59 grant objectives but did not fully address 25 of them (42 percent).

- Eighteen of the 28 grants we reviewed, worth \$8.0 million, were for constructing or renovating boating access facilities throughout the State. The performance reports for these grants contained only a few general statements about the progress of the projects, provided scant details, and were at times confusing. For instance, the March 2011 performance report for construction of a boat ramp under grant F10AF00093 states: “The project is substantially completed.” Over the following year, however, an additional \$275,567, or 47 percent of the total estimated project cost, was reportedly used for construction. Therefore, we question how the project could have been “substantially completed” in March 2011.
- The Department received grant F13AF00520 for \$480,000 (\$75,000 Federal share) to replace an existing building at Alazan Bayou WMA with a new structure to host education programs. According to grant documents, the Department originally anticipated completing the building by March 2015, but the performance report stated that construction would not even begin until the summer of 2015. The performance report did not explain why the project was so far behind schedule.

According to 43 C.F.R. § 12.80(b)(2), performance reports for non-construction grants should contain a comparison of actual accomplishments to the objectives established for the grant period, the reasons for slippage if the objectives were not met, and additional pertinent information. For construction performance reports, 43 C.F.R. § 12.80(c) states that on-site technical inspections and certified percentage-of-completion data are relied on heavily by Federal agencies to monitor progress. In addition, 43 C.F.R. § 12.80(d) states that if significant events affecting the grant objectives occur between the scheduled performance reporting dates, the grantee must inform the Federal agency as soon as the grantee becomes aware of the problems, delays, or adverse conditions. This disclosure must include a statement of the action taken or contemplated and any assistance needed to resolve the situation.

This issue occurred because the Department did not have an adequate process to ensure that (1) its performance reports met the requirements of the C.F.R. and contained accurate information, and (2) it fully and timely reported adverse conditions affecting grant objectives to FWS. Until the Department implements a process to ensure that performance reporting complies with Federal requirements, FWS will be unable to determine whether the Department has effectively and appropriately spent Program funds.

2. Unreported Subawards

The Department only reported one subaward of \$25,000 and over for posting on USAspending.gov, a website created to promote transparency in Federal spending. We identified 39 applicable subawards totaling at least \$10.2 million that did not appear on the website. This issue occurred because the Department did not have policies and procedures to report its subawards.

According to 2 C.F.R. § 170, Appendix A(I)(a)(1) and (I)(a)(2)(i), Federal grantees must report each subaward action that obligates \$25,000 or more in Federal funds at www.fsrs.gov. This information is then posted to USAspending.gov.

Recommendations

We recommend that FWS:

23. Require the Department to implement policies and procedures to ensure performance reports contain accurate information and meet the requirements of 43 C.F.R. § 12.80(b), (c) and (d), and the grant terms and conditions.
24. Ensure that the Department posts subaward information for USAspending.gov.

Department Response

The Department concurred that enhanced policies and procedures are needed for performance and subaward reporting. It intends to develop and implement the necessary policies and procedures by December 31, 2017. In addition, the Department claimed that it began reporting subawards for posting on USAspending.gov once this issue was identified.

FWS Response

FWS concurred with the findings and recommendations and has reviewed and accepted the Department's response. FWS will work closely with Department staff to develop and implement a corrective action plan that will resolve the finding and recommendations.

OIG Comments

The Department did not provide evidence to support its assertion that it has begun reporting subawards for posting on USAspending.gov. Based on the Department's and FWS' responses, we consider these recommendations resolved but not implemented (see Appendix 3).

Appendix 1

**State of Texas, Texas Parks and Wildlife Department
Grants Open During the Audit Period
September 1, 2012, Through August 31, 2014**

Grant Number	Grant Amount	Claimed Costs	Questioned Costs		Funds to be Put to Better Use
			Ineligible	Unsupported	
Fish					
F06AF00012	\$7,529,789	\$9,499,166	\$0	\$0	\$0
F07AF00007	3,088,035	3,044,715	0	0	0
F07AF00008	9,125,015	9,779,885	0	0	0
F07AF00016	132,417	105,665	0	0	0
F08AF00024	666,667	666,667	0	0	0
F09AF00069	5,067,334	25,393,563	0	0	0
F10AF00093	592,136	634,235	0	0	0
F10AF00094	110,000	110,000	0	0	0
F10AF00098	132,000	132,000	0	0	0
F10AF00099	486,500	457,890	0	0	0
F10AF00120	626,732	623,597	0	0	0
F10AF00129	5,140,881	4,619,304	0	0	0
F10AF00176	442,512	442,512	0	0	0
F10AF00177	666,669	666,669	0	0	0
F10AF00178	100,000	98,028	0	0	0
F10AF00209	1,145,644	1,641,780	0	0	0
F10AF00212	17,213,132	12,252,299	25,790	3,226	0
F10AF00213	11,077,081	11,068,868	0	0	0
F10AF00217	330,400	330,400	0	0	0
F10AF00218	2,223,430	2,027,065	0	0	0
F10AF00220	3,425,242	2,629,465	0	49,442	0
F10AF00221	8,526,627	8,219,721	0	0	0
F11AF00017	345,030	345,030	0	0	0
F11AF00018	168,000	167,359	0	0	0
F11AF00019	4,262,823	3,643,088	0	0	0
F11AF00118	98,606	98,606	0	0	0
F11AF00119	342,000	342,000	0	0	0
F11AF00274	110,000	110,000	0	0	0
F11AF00275	666,667	0	0	0	0
F12AF00115	99,328	106,591	0	0	0
F12AF00207	3,165,587	2,993,268	1,500	0	0
F12AF00320	\$7,309,565	\$6,817,776	\$0	\$0	\$0

Grant Number	Grant Amount	Claimed Costs	Questioned Costs		Funds to be Put to Better Use
			Ineligible	Unsupported	
Fish (Continued)					
F12AF00336	\$933,884	\$800,525	\$600,394	\$0	\$0
F12AF00382	97,500	62,500	0	0	0
F12AF00400	189,560	14,451	0	0	0
F12AF00459	1,541,334	924,177	0	1,371	0
F12AF00486	29,000	26,211	0	0	0
F12AF01295	332,640	332,641	0	0	0
F12AF01340	181,480	0	0	0	0
F13AF00195	6,446,573	5,644,808	48,281	0	0
F13AF00196	3,385,893	2,778,260	13,356	1,350	0
F13AF00251	266,588	3,500	0	0	0
F13AF00521	579,016	544,552	0	0	0
F13AF00522	480,435	0	0	0	0
F13AF00523	300,000	285,000	0	0	0
F13AF00524	148,100	0	0	0	0
F13AF00525	110,000	0	0	0	0
F14AF00203	330,000	0	0	0	0
F14AF00204	588,900	408,793	0	0	0
F14AF00205	498,630	0	0	0	0
F14AF00297	189,554	0	0	0	0
F14AF00462	266,667	105,760	0	0	0
F14AF00475	232,000	0	0	0	0
F14AF00585	120,200	0	0	0	0
F14AF00586	175,245	0	0	0	131,435
F14AF01069	476,000	0	0	0	0
F-217-B-1	72,800	72,800	0	0	0
Fish and Wildlife					
F12AF00534	\$526,394	\$498,207	\$1,170	\$0	\$0
Wildlife					
F08AF00035	\$5,283,166	\$5,487,907	\$0	\$0	\$0
F08AF00040	5,704,574	8,422,059	0	0	0
F09AF00073	7,624,128	7,677,972	18,510	50,711	0
F10AF00181	11,372,706	12,311,668	3,698	0	0
F10AF00207	7,968,864	8,264,473	6,750	0	0
F10AF00214	12,347,892	10,557,747	2,935	0	0
F11AF00021	2,524,699	1,811,105	0	0	0
F11AF00023	2,138,763	1,037,264	0	0	0
F11AF00024	5,957,209	4,869,916	0	0	0
F12AF00626	\$750,293	\$233,980	\$0	\$0	\$0

Grant Number	Grant Amount	Claimed Costs	Questioned Costs		Funds to be Put to Better Use
			Ineligible	Unsupported	
Wildlife (continued)					
F12AF00654	\$17,169,415	\$14,928,500	\$60,709	\$64,801	\$0
F12AF00915	186,667	0	0	0	0
F12AF00993	3,210,066	1,380,157	0	0	0
F13AF00520	480,000	52,239	0	0	0
F13AF00852	203,500	0	0	0	0
F13AF00853	259,950	246,794	0	0	0
F13AF01007	2,166,667	1,138,624	0	0	0
F13AF01027	365,586	0	0	0	0
F13AF01044	4,694,854	3,079,203	66,772	0	0
F13AF01082	2,705,469	1,196,857	0	0	0
F13AF01157	472,913	6,435	0	0	0
F13AF01158	871,515	451,907	0	0	0
F13AF01161	612,755	157,388	0	0	0
F13AF01164	2,800,000	0	0	0	0
F13AF01166	6,035,574	3,556,899	0	0	0
F13AF01168	128,000	96,793	0	0	0
F14AF00075	565,313	0	0	0	0
F14AF00154	230,926	0	0	0	0
F14AF00300	4,000,000	0	0	0	0
F14AF00789	112,000	0	0	0	0
F14AF01005	300,321	0	0	0	0
Total	\$222,158,027	\$208,535,284	\$849,865	\$170,901	\$131,435

Appendix 2

**State of Texas
Texas Parks and Wildlife Department
Sites Visited**

Headquarters

Austin

Coastal Fisheries Offices

Port Arthur

Port O'Connor

Inland Fisheries Offices

Amarillo

Wichita Falls

Fish Hatcheries

Dundee Fish Hatchery

John D. Parker East Texas State Fish Hatchery

Sea Center Texas

Edwin L. Cox, Jr. Texas Freshwater Fisheries Center

Wildlife Offices

Alpine

El Paso

Fort Davis

Kerrville

Midland

Pampa

Sanderson

Sundown

Wildlife Management Areas

Alazan Bayou

Black Gap

Candy Cain Abshier

Elephant Mountain

Gene Howe

Gene Howe – W.A. "Pat" Murphy Unit

Gus Engeling

Justin Hurst

Matador

Playa Lakes, Armstrong and Dimmit Units

Yoakum Dunes

Subrecipients

Brazoria County
City of Aransas Pass
City of Chandler
City of Corpus Christi
City of Iowa Park
City of Kemah
Friends of the Fort Worth Nature Center and Refuge
Jackson County
Jake's Clays
Red River Fly Fishers
Rose City Flying Clays
Sul Ross State University
Town of Little Elm

Other

Dickinson Marine Laboratory

Appendix 3

**State of Texas
Texas Parks and Wildlife Department
Status of Audit Recommendations**

Recommendations	Status	Action Required
1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 23, and 24	<p>We consider the recommendations resolved but not implemented.</p> <p>U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with the Texas Parks and Wildlife Department (Department) to resolve all findings and recommendations.</p>	<p>Complete a corrective action plan that includes information on actions taken or planned to address the recommendations, target dates and title(s) of the official(s) responsible for implementation, and verification that FWS headquarters officials reviewed and approved of the actions taken or planned by the Department.</p> <p>We will refer the recommendations not resolved or implemented at the end of 90 days (after November 22, 2017) to the Assistant Secretary for Policy, Management and Budget for resolution and tracking of implementation.</p>
21 and 22	We consider the recommendations resolved and implemented.	No further action is necessary.

