



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

U.S. Fish and Wildlife Service Grants Awarded to the State of Kansas, Department of Wildlife, Parks and Tourism, From July 1, 2016, Through June 30, 2018, Under the Wildlife and Sport Fish Restoration Program

In recognition of Secretarial Order No. 3380, we are providing estimated costs associated with certain work products. Applying a formula involving prior salary and benefit expenses, we estimate the cost of preparing this report to be \$141,000.



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

Memorandum

AUG 25 2020

To: Aurelia Skipwith
Director, U.S. Fish and Wildlife Service

From: Amy R. Billings *Amy R. Billings*
Regional Manager, Central Region

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the State of Kansas, Department of Wildlife, Parks and Tourism, From July 1, 2016, Through June 30, 2018, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2019-CR-047

This final report presents the results of our audit of costs claimed by the Kansas Department of Wildlife, Parks and Tourism (Department) under grants awarded by the U.S. Fish and Wildlife Service (FWS) through the Wildlife and Sport Fish Restoration Program. We conducted this audit to determine whether the 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. The audit period included claims totaling \$49.3 million on 69 grants that were open during the State fiscal years that ended June 30, 2017, and June 30, 2018.

We found that the State generally ensured that grant funds and 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 indirect costs, subawards, and equipment management. We questioned \$139,087 (\$103,191 Federal share) as ineligible. We recorded a potential diversion of \$30,728 in license revenue. We also found control deficiencies with the Department's subaward reporting policies, and we repeated a finding on real property.

We provided a draft of this report to the FWS. The FWS concurred with all six recommendations and the repeat 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. We list the status of the recommendations in Appendix 5.

Please provide us with a corrective action plan based on our recommendations by November 23, 2020. 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. Please send your response to aie_reports@doioig.gov.

If you have any questions regarding this report, please contact me at 303-236-9243.

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.

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Introduction

Objective

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. These audits fulfill the FWS' statutory responsibility to audit State agencies' use of these grant funds.

We conducted this audit to determine whether the Kansas Department of Wildlife, Parks and Tourism (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.

Background

The FWS provides grants to States¹ through its Wildlife and Sport Fish Restoration Program (WSFR) for the conservation, restoration, and management of wildlife and sport fish resources. 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 District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. The reimbursement amount is called the Federal share. The Acts require that hunting and fishing license revenue be used only for the administration of State fish and wildlife agencies. In addition, Federal regulations require States to account for any income earned from grant-funded activities and to spend this income before requesting grant reimbursements.

¹ The Wildlife and Sport Fish Restoration Program defines the term “State” to include the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

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.

Results of Audit

We determined that the State 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 indirect costs, subawards, and equipment management. We are also repeating a finding on real property from our 2015 report.

We found the following:

- **Questioned Costs.** We questioned \$139,087 (\$103,191 Federal share) as ineligible (see Figure 1). These questioned costs arose due to ineligible indirect costs and subawards.
- **Potential Diversion of License Revenue.** The Department potentially diverted license revenue totaling \$30,728 by allowing the use of vehicles for purposes that were not related to fish and wildlife activities.
- **Control Deficiencies.** We found an opportunity to improve controls in the reporting of subawards of \$25,000 or more.
- **Repeat Finding.** We previously reported on inaccurate and unreconciled real property and found that the recommendations were resolved but not implemented.

Figure 1: Summary of Ineligible Costs (Federal Share)

Issue	Ineligible Costs (\$)
Indirect costs	64,409
Subaward payments	38,782
Total	\$103,191

See Appendix 3 for a statement of monetary impact and a summary of potential diversion of license revenue.

We provided a draft of this report to the FWS for review. The FWS concurred with all six recommendations and the repeat recommendations and will work with the Department to implement corrective actions. See Appendix 4 for the full text of the Department’s and the FWS’ responses; Appendix 5 lists the status of each recommendation.

Questioned Costs—\$103,191 (Federal Share)

Ineligible Indirect Costs—Questioned Costs of \$64,409

We found that the Department overcharged the FWS for indirect costs claimed under four of its WSFR grants. To determine the indirect costs attributable to each grant, the Department multiplied bases consisting of select direct costs by federally approved indirect cost rates.

The Department did not report the correct direct cost bases on four of the seven grants we tested. We found that the Department did not remove passthrough funds from the direct cost bases on two of these grants: F17AF00226 and F17AF00359. The Department also did not apply the correct indirect cost rates to the other two WSFR grants when the grants extended across two fiscal years: F16AF00651 and F16AF00668.

The Code of Federal Regulations (2 C.F.R. § 200, Appendix VII(B)(1)) specifies that the base used for the computation of indirect costs is the accumulated direct costs. Normally, the base includes either total direct salaries and wages or total direct costs, exclusive of any extraordinary or distorting expenditures. The direct cost base used should result in fair and reasonable distribution of indirect costs among each Federal award.

In addition, 2 C.F.R. § 200, Appendix VII(D)(1)(a) and (d) state that a grantee wishing to claim indirect costs must submit an indirect cost rate proposal to its cognizant Federal agency upon request. The Federal agency then reviews the proposal and negotiates an indirect cost with the grantee, and the results of the negotiation are required to be formalized in a written agreement between the two parties (2 C.F.R. § 200, Appendix VII(E)(1) and (3)). Accordingly, the Department's indirect cost negotiation agreements for State fiscal years 2017 and 2018 note that passthrough funds may not be included in the base used to calculate indirect costs for Federal grants.

This issue occurred because the Department did not have policies and procedures outlining the process for determining indirect cost expenditures. Having policies and procedures in place would have provided guidance to staff to ensure they were calculating indirect costs within applicable criteria.

Without policies and procedures outlining the process for determining indirect cost expenditures, the Department claimed an excess of indirect costs under the four grants we tested. As a result, we question \$64,409 of Federal share in ineligible costs (see Figure 2).

Figure 2: Questioned Costs Related to Indirect Costs

Grant No.	Grant Title	Questioned Costs (\$)
		(Federal Share)
		Ineligible
F16AF00651	Hunting Access to Private Lands	653
F16AF00668	Wildlife Research and Surveys	103
F17AF00226	Assessment of Lesser Prairie Chicken Response to Translocation	22,461
F17AF00359	Survival Rates, Habitat Selection, and Movement of Sympatric Mule Deer and White-Tailed Deer in Kansas	41,192
Total		\$64,409

Recommendations

We recommend that the FWS work with the Department to:

1. Resolve the ineligible questioned costs related to indirect costs totaling \$64,409 (Federal share)
2. Ensure the Department establishes policies and procedures outlining the process for determining indirect cost expenditures

Ineligible Subaward Costs—Questioned Costs of \$38,782

The Department entered into a subaward agreement with the University of Tennessee, National Bobwhite Conservation Initiative (NBCI) for Grant No. F16AF01229. The NBCI provides similar services detailed under the grant to other “member” States and external partners. Some of these external partners, including nonprofit nongovernmental organizations, provide funding to the NBCI using non-Federal funds. During a site visit to the NBCI, we determined that the NBCI did not properly allocate expenditures among all benefiting members. The NBCI did not have a policy or a sound and reasonable methodology to determine and allocate assignable expenditures among all benefiting members in proportion to the received benefits.

Instead, NBCI officials described their funding as one “pot” of money from which to pay for expenses that benefited all members and external partners. This practice does not ensure expenditures are properly allocated to a specific Federal grant.

Federal regulations at 2 C.F.R. § 200.403 state that costs must be allocable to the Federal award for them to be allowable. Under 2 C.F.R. § 200.405, a cost is allocable to a particular award if the goods and services involved are chargeable or assignable to that Federal award in accordance

with the relative benefits received. Costs are also allocable if, when such costs benefit both the Federal award and other work of the non-Federal entity, they are distributed in proportions that may be approximated using reasonable methods. Part (d) of the regulation states that if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.

The NBCI did not have adequate accounting methodologies that allowed for proper allocation of expenditures among benefiting member accounts. Because the NBCI did not properly allocate the expenditures among all benefiting members in proportion to the received benefits, and because the NBCI did not distribute the costs using a reasonable methodology, the expenditures are considered unallocable to Federal awards. Therefore, these costs are ineligible to be charged to WSFR grants.

The Department paid \$38,782 claimed by the NBCI on Grant No. F16AF01229 for unallocable expenditures (see Figure 3).

Figure 3: Questioned Costs Related to Subaward

Grant No.	Grant Title	Questioned Costs (\$)
		(Federal Share)
		Ineligible
F16AF01229	National Bobwhite Conservation Initiative	38,782
Total		\$38,782

Recommendation

We recommend that the FWS work with the Department to:

3. Resolve the ineligible questioned costs related to the subaward totaling \$38,782 (Federal share)

Potential Diversion of License Revenue—\$30,728

The Department sells hunting and fishing licenses and collects license fees from hunters and anglers throughout the State. During our audit scope, State fiscal years 2017 and 2018, the Department potentially diverted hunting and fishing license revenue for non-fish and game activities.³ The Department discovered a potential diversion of license revenue and told us that it inadvertently allowed the Division of Tourism (Division) to use the vehicles that were purchased with WSFR funds during the last 6 years. The Division did not contribute funds to the purchase

³ According to 50 C.F.R. § 80.21, the Director may declare a State to be in diversion if it violates the requirements of 50 C.F.R. § 80.10 by diverting license revenue from the control of its fish and wildlife agency to purposes other than the agency's administration. Only the Director may declare a State to be in diversion, and only the Director may rescind the declaration.

price or pay for any maintenance on the vehicles. The use of the vehicles by the Division did not benefit the Department nor was it related to fish and wildlife activities.

Federal regulation 50 C.F.R. § 80.20(b) states that license revenue includes personal property acquired with license revenue. Furthermore, 50 C.F.R. § 80.10(c)(1) and (2) require that license revenue be controlled only by the State fish and wildlife agency and be used only for the administration of the State fish and wildlife agency. In addition, 50 C.F.R. § 80.11 explains that a State becomes ineligible under the WSFR program if it diverts hunting and fishing license revenue for purposes other than the administration of the State fish and wildlife agency.

The Department did not have controls in place to prevent unauthorized use of the vehicles for non-fish and wildlife activities. Informing staff of the requirement to use license revenue for the sole purpose of fish and wildlife activities may prevent future misuse of the license revenue funds.

As the license revenue did not solely benefit fish and wildlife activities, the Department potentially diverted \$30,728 to the administration of other unrelated activities. Potential diversion of license revenue jeopardizes the State's continued participation in the WSFR program and brings into question whether fish and wildlife resources appropriately benefitted from the funds. The Division repaid \$30,728, and the Department deposited the funds into the license revenue account.

Recommendations
<p>We recommend that the FWS work with the Department to:</p> <ol style="list-style-type: none">4. Resolve the potential diversion of license revenue totaling \$30,7285. Ensure the Department communicates to relevant employees that license revenue must be used solely for the administration of fish and wildlife activities

Control Deficiencies

Lack of Policies and Procedures

The Department did not report subawards of \$25,000 or more on the Federal Funding Accountability and Transparency Act Subaward Reporting System (fsrs.gov) for posting on USAspending.gov, a website dedicated to promoting transparency in Federal spending. We identified 12 applicable subawards that were not reported on the website.

In accordance with 2 C.F.R. § 170, Appendix A, Paragraphs 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.

The Department did not have policies and procedures to report subawards for posting on USAspending.gov. Establishing policies and procedures will ensure staff understand the requirement to report subawards of more than \$25,000.

By not reporting the awards greater than \$25,000, the Department created a lack of transparency on how it spent Federal money.

Recommendation

We recommend that the FWS work with the Department to:

6. Ensure the Department establishes and communicates policies and procedures to report subawards for posting on USAspending.gov

Finding Repeated From Previous Audit

In our 2015 audit report, we found Inaccurate and Unreconciled Real Property Records. The Department has completed its reconciliation of real property; the FWS, however, has not yet completed its reconciliation. Therefore, we found that this issue has not been implemented.

Repeat Recommendations (Tracked Under Report No. R-GR-FWS-0008-2014, Recommendation Nos. 4 – 7)

We recommend that the FWS:

- Work with the Department to ensure that real property records easily identify Program-funded land transactions
- Work with the Department to develop processes and procedures to ensure timely and accurate recording of Program-funded additions, deletions, and changes to land records
- Work with the Department to reconcile its respective land records
- Require the Department to certify that Program-funded real property is being used for its intended purposes

Recommendations Summary

We recommend that the FWS work with the Department to:

1. Resolve the ineligible questioned costs related to indirect costs totaling \$64,409 (Federal share)
2. Ensure the Department establishes policies and procedures outlining the process for determining indirect cost expenditures
3. Resolve the ineligible questioned costs related to the subaward totaling \$38,782 (Federal share)
4. Resolve the potential diversion of license revenue totaling \$30,728
5. Ensure the Department communicates to relevant employees that license revenue must be used solely for the administration of fish and wildlife activities
6. Ensure the Department establishes and communicates policies and procedures to report subawards for posting on [USAspending.gov](https://www.usaspending.gov)

Appendix 1: Scope and Methodology

Scope

We audited the Kansas Department of Wildlife, Parks and Tourism'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). The audit period included claims totaling \$49.3 million on 69 grants that were open during the State fiscal years (SFYs) that ended June 30, 2017, and June 30, 2018.

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 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 Department's control activities and the following related principles were significant to the audit objectives:

- Management should design control activities to achieve objectives and respond to risks.
- Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
- Management should implement control activities through policies.

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
- 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
- Visiting sites throughout the State (see Appendix 2 for a list of sites visited)

We found deficiencies in internal control resulting in our three findings related to indirect costs, subawards, and equipment management. We are also repeating a finding on real property from our 2015 report.

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

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

Kansas 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.⁴ We followed up on 10 recommendations from these reports and found that the U.S. Department of the Interior's Office of Policy, Management and Budget considered 6 recommendations resolved and implemented, and 4 recommendations as resolved but not implemented. As discussed in the "Results of Audit" section in this report, we are repeating four recommendations, which relate to inaccurate and unreconciled real property records.

⁴ *Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Kansas, Department of Wildlife, Parks, and Tourism From July 1, 2011, Through June 30, 2013* (Report No. R-GR-FWS-0008-2014), dated March 2015.

Final Audit Report – U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Kansas, Department of Wildlife and Parks, From July 1, 2004, Through June 30, 2006 (Report No. R-GR-FWS-0001-2007), dated May 2007.

State Audit Reports

We reviewed the single audit reports for SFYs 2017 and 2018 to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards indicated \$32.2 million (combined) in Federal expenditures related to WSFR. For SFY 2017, the Department was not tested as a major program in the State single audit. There were two findings related to WSFR, which was deemed a major program for Statewide audit purposes for SFY 2018. The single audit report for SFY 2018 noted a material weakness and significant deficiency in internal control over compliance. We considered these as risk indicators when we prepared our audit procedures and tests.

Appendix 2: Sites Visited

Headquarters	Topeka
Operations Office	Pratt
Regional/District Offices	Chanute Hays
Research and Survey Office	Emporia
Fish Hatchery	Farlington
Boating Access Facilities	Fall River Glen Elder Neosho
Wildlife Areas	Elk City Fall River Glen Elder Grand Osage Neosho Ottawa Pillsbury Crossing Webster Wilson Woodson
Shooting Range	El Dorado Lake
Subrecipient	Kansas State University

Appendix 3: Monetary Impact

The audit period included claims totaling \$49.3 million on 69 grants that were open during the State fiscal years that ended June 30, 2017, and June 30, 2018. We questioned \$139,087 (\$103,191 Federal share) as ineligible. We also identified a potential diversion of \$30,728 in license revenue from the Department of Wildlife, Parks and Tourism (Department) (non-Federal funds).

Monetary Impact: Questioned Costs

Grant No.	Grant Title	Cost Category	Questioned Costs (\$)
			(Federal Share)
			Ineligible
F16AF00651	Hunting Access to Private Lands	Indirect Costs	653
F16AF00668	Wildlife Research and Surveys	Indirect Costs	103
F17AF00226	Assessment of Lesser Prairie Chicken Response to Translocation	Indirect Costs	22,461
F17AF00359	Survival Rates, Habitat Selection, and Movement of Sympatric Mule Deer and White-Tailed Deer in Kansas	Indirect Costs	41,192
F16AF01229	National Bobwhite Conservation Initiative	Subaward	38,782
Total			\$103,191

Monetary Impact: Potential Diversion of License Revenue

Finding Area	Amount (\$)
Unallowable use of vehicles purchased with license revenue funds	30,728
Total	\$30,728

Appendix 4: Responses to Draft Report

The Kansas Department of Wildlife, Parks and Tourism's response to our draft report follows on page 16. The U.S. Fish and Wildlife Service's response to our draft report follows on page 18.

July 21, 2020

Steve Jose, Chief
U.S. Fish and Wildlife Service
WSFR
PO Box 25486, Denver Federal Aid Center
Denver, CO 80225

Dear Mr. Jose,

This is written to provide comments to the Draft Audit Report No. 2019-CR-047. We at KDWPT appreciate the time the auditors invested in working with us to identify issues and help to keep us in accordance with current practices. In general, we are in concurrence with two of the three new findings. In those instances of agreement, our comments are directed primarily at providing an update on the status of our resolution to date. We do take issue, however, with the presentation of the second finding, which deals with a potential diversion of license funds.

Finding A - Questioned Costs

Ineligible Indirect Costs: We concur that incorrect direct costs were charged for four reimbursements during the audit period. These were isolated occurrences and the current auditor is fully apprised of how to avoid having a recurrence of these entry errors. As stated in the recommendations, we will work with the USFWS to resolve the questioned costs and establish procedures to safeguard against errors in the future. Any necessary repayment will be made once we have reached a final resolution.

Ineligible Subaward Costs: We concur the National Bobwhite Conservation Initiative (NBCI) at the University of Tennessee did not have adequate accounting methodologies, which has resulted in disallowed costs. The contract the Department has with the NBCI states that all costs disallowed by audits must be repaid to the Department. We will work with the Fish and Wildlife Service to resolve the ineligible costs.

Finding B - Potential Diversion of License Revenue

On August 14, 2019 KDWPT Federal Aid discovered that when the Division of Tourism joined the KDWPT, it had not assumed a share of the maintenance costs for vehicles used by the Secretary's Office, nor had it paid for a portion of the adjusted purchase costs of the vehicles. This was recognized as a potential diversion and we chose to self-report to the USFWS on August 16, after conducting a more thorough investigation of the issue. We worked with the DOI auditors and the Region 6 WSFR Office to develop a plan to assess the costs owed and to resolve potential issues with future use. This was sent to the Region 6 Office on November 1, 2019. Tourism repaid the full \$30,728 to the license fee account on November 5, 2019.

We received concurrence on the final plan from Ord Bagerstock and Vo Nga in an email on January 16, 2020. If this is written as a finding, we want to see more clarity regarding the depiction of events found in the draft audit report. In the second paragraph of the cover letter is written, "We identified a potential diversion of \$30,728 in license revenue." In fact, we had identified the issue ourselves and reported it to the auditors of our own volition. In the first paragraph of the finding, it is noted that the Department reported the circumstances of the diversion but does not indicate that we initiated the discussion. As written, one could conclude that the discussion resulted from a discovery of the potential diversion by the audit. In the final report, we want to see a stronger statement that the Department played an active role in the discovery and disclosure of the problem.

We take exception to recommendation #4, which calls for us to resolve the potential diversion. As is noted above, a resolution was reached, and we refunded the license fee fund nearly seven months before the draft report was issued. Immediately before the section labeled "Recommendations", the report mentions the Department had repaid the money to the license revenue fund. This contradicts the text that immediately follows. We, therefore, believe recommendation #4 should be removed.

As noted, we want the report to further clarify and highlight that we discovered the potential diversion, reported it, and resolved it before the audit was completed. We question, however, the inclusion of this potential diversion as a finding since the discovery of the issue did not result from the audit and the reconciliation occurred outside of the time frame of the audit report. This issue was, therefore, incidental to the audit itself.

Finding C – Control Deficiencies

We concur that the Department needs to report subawards on USASpending.com. We look forward to working with the FWS to implement this policy.

Finding D – Land Reconciliation (From the previous audit)

We note this finding is awaiting final implementation, which will be accomplished with the reconciliation of our land records with those of the USFWS. Our records are in a database that is accessible to Region 6 lands staff. We will continue to work with the USFWS to resolve any questions that might arise in their review.

Thank you for giving us the opportunity to provide comment to the draft report. Please feel free to contact me if you have any questions.

Sincerely,



Brad Loveless, Secretary
Kansas Department of Wildlife, Parks and Tourism



United States Department of the Interior

FISH AND WILDLIFE SERVICE
134 Union Blvd
Lakewood, Colorado 80228



In Reply Refer to:
FWS/IR05/IR07/WSFR/DCN072808

Memorandum

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

From: Chief (Acting), Wildlife and Sport Fish Restoration Program,
U.S. Fish and Wildlife Service, Regions 5 and 7

Subject: Draft Audit Report on the U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of Kansas, Department of
Wildlife, Parks and Tourism (Department) from July 1, 2016 through June 30,
2018 (Report No. 2019- CR-047).

This responds to your memorandum requesting our comments on the subject Draft Audit Report.
We have the following comments:

Findings and Recommendations

A. Questioned Costs—\$139,087 (\$103,191 Federal Share)

1. Ineligible indirect costs—\$64,409
The Department overcharged the FWS for indirect costs claimed under four of its
WSFR grants.
2. Ineligible Subaward Costs—\$38,782
The Department entered into a subaward agreement with the University of Tennessee,
National Bobwhite Conservation Initiative (NBCI) for Grant No. F16AF01229. It was
determined that the NBCI did not properly allocate expenditures among all benefiting
members. The NBCI did not have a policy or a sound and reasonable methodology to
determine and allocate assignable expenditures among all benefiting members in
proportion to the received benefits.

We have discussed this finding and recommendations with the Department and concur
with the draft audit report. We will work with the Department to prepare a draft
corrective action plan.

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

B. Potential Diversion of License Revenue - \$30,728

We have discussed this finding and recommendations with the Department and concur with the draft audit report. We will work with the Department to prepare a draft corrective action plan.

C. Control Deficiencies – Lack of Policies and Procedures

We have discussed this finding and recommendation with the Department and concur with the draft audit report. We will work with the Department to prepare a draft corrective action plan.

D. Repeat Finding (Land Reconciliation)

We have discussed this finding and recommendation with the Department and concur with the draft audit report. We will work with the Department to prepare a draft corrective action plan.

We have attached a copy of the Department's response to the draft audit report contained in their July 21, 2020 letter to our office.

If you have any questions regarding our response to the draft audit report, please contact Maria Sanchez Maes at (303) 236-8185 or me at (303) 236-4411.

Attachment

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

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
1 – 3, 5, and 6	<p>Resolved but not implemented:</p> <p>U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with staff from the Kansas Department of Wildlife, Parks and Tourism to develop and implement a corrective action plan.</p>	<p>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.</p> <p>We will refer the recommendations not implemented at the end of 90 days (after November 23, 2020) to the Assistant Secretary for Policy, Management and Budget to track implementation.</p>
4	Resolved and implemented	No action is required.
<p>Repeat Recommendations 4 – 7 (Report No. R-GR-FWS-0008-2014)</p>	<p>Resolved but not implemented:</p> <p>U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with staff from the Kansas Department of Wildlife, Parks and Tourism to develop and implement a corrective action plan.</p>	<p>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.</p> <p>We will refer the recommendations not implemented at the end of 90 days (after November 23, 2020) to the Assistant Secretary for Policy, Management and Budget to track implementation.</p>

