



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 Vermont Fish and Wildlife Department
From July 1, 2015, Through June 30, 2017



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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

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Memorandum

To: Margaret Everson
Principal Deputy Director Exercising the Authority of the Director
U.S. Fish and Wildlife Service

From: Nicki Miller *Nicki Miller*
Regional Manager, Eastern Region

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of Vermont Fish and Wildlife
Department From July 1, 2015, Through June 30, 2017
Report No. 2018-ER-063

This final report presents the results of our audit of costs claimed by the State of Vermont Fish and Wildlife Department (VFWD) under grants awarded by the U.S. Fish and Wildlife Service (FWS). The FWS provided the grants to the VFWD under the Wildlife and Sport Fish Restoration Program. The audit included claims totaling approximately \$25.4 million on 42 grants that were open during the State fiscal years that ended June 30, 2016, and June 30, 2017 (see Appendix 1). The audit also covered the VFWD's compliance with applicable laws, regulations, and FWS guidelines, including those related to the collection and use of hunting and fishing license revenues and the reporting of program income.

We found that the VFWD complied, in general, with applicable grant accounting and regulatory requirements, but it did not have policies or procedures in place for the allocation of compensatory time earned. We made one recommendation to address this issue.

We provided a draft report to the FWS for its response to our recommendation. In this final report, we summarize the FWS Region 5's response to the recommendation, and we list the status of the recommendation in Appendix 3.

Please provide us a corrective action plan based on our recommendation by February 11, 2020. Your written response should provide detailed information on the actions you have taken, or plan to take, to address the recommendation, as well as target dates and titles of officials responsible for implementing these actions. Please send your response to aie_reports@doioig.gov.

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 Regional Supervisor Patrick O'Boyle or me at 202-208-5745, or you can email aie_reports@doioig.gov.

cc: Regional Director, Region 5, 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 Act¹ established the Wildlife and Sport Fish Restoration Program. Under the program, the U.S. Fish and Wildlife Service (FWS) provides grants to States to restore, conserve, manage, and enhance their wildlife and sport fish 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 revenues 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 whether the Vermont Fish and Wildlife Department (VFWD):

- Claimed the costs incurred under program grants in accordance with the Acts and related regulations, FWS guidelines, and grant agreements
- Used State hunting and fishing license revenues solely for fish and wildlife program activities
- Reported and used program income in accordance with Federal regulations

Scope

Audit work included claims totaling approximately \$25.4 million on the 42 grants open during the State fiscal years (SFYs) that ended 2016 and 2017 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the VFWD headquarters and visited four regional offices, two wildlife habitat management areas, three fish culture stations, eight boat access sites, a visitor center, and a shooting range (see Appendix 2). We performed this audit to supplement—not replace—the audits required by the Single Audit Act.

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. We believe that the evidence obtained provides 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 the VFWD charged to the grants
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income
- Interviewing VFWD employees to ensure that personnel costs charged to the grants were supportable
- Conducting site visits to inspect equipment and other property
- Determining whether the VFWD used hunting and fishing license revenues solely for the administration of fish and wildlife program activities
- 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 the 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 VFWD'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 VFWD employees who charged time to program grants and verified their hours against timesheets and other supporting data.

Prior Audit Coverage

On August 1, 2014, we issued *Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Vermont, Agency of Natural Resources, Department of Fish and Wildlife, From July 1, 2010, Through June 30, 2012* (Report No. R-GR-FWS-0014-2013).

We followed up on all recommendations in the 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.

We reviewed single audit reports for SFYs 2016 and 2017. None of these reports contained any finding that would directly affect the program grants.

Results of Audit

Audit Summary

We found that the VFWD complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance, but we identified the following conditions that resulted in our finding.

Finding and Recommendation

No Policies Governing Compensatory Time Payroll Allocation

According to the Code of Federal Regulations (C.F.R.), a State must have procedures in place that enable funds to be tracked in enough detail to ensure that the use of the funds has not violated any statutes (43 C.F.R. §12.60(a)(2)). The C.F.R. also requires that when employees work on multiple activities or cost objectives, a distribution of their wages be supported by personnel activity reports or equivalent documentation (2 C.F.R. 225 Appendix B, section 8.h(4)). Support is required when employees work on more than one Federal award, a Federal award and a non-Federal award, an indirect cost activity and a direct cost activity, two or more indirect activities that are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

Some VFWD employees split their working hours between Federal grant projects and non-Federal grant projects and can accrue compensatory time when they work more than 80 hours in a biweekly pay period. The employees determine the number of regular working hours and compensatory hours to charge to each project, and these hours are recorded by project in the VFWD’s payroll system. We found, however, that the employees’ compensatory time is not supported by personnel activity reports or equivalent documentation, as the C.F.R. requires.

We learned that the VFWD does not have policies or procedures governing the allocation and documentation of compensatory time earned when the working hours are split among multiple grant projects that include Federal grant funds. Because of this, the VFWD may have incurred compensatory payroll costs that did not represent the actual number of hours employees worked on program grants.

Recommendation
<p>We recommend that the FWS:</p> <ol style="list-style-type: none">I. Work with the VFWD to implement policies and procedures to ensure payroll expenses are properly supported by personnel activity reports reflecting actual time worked on program grants for any compensatory time earned

We provided a draft report to the FWS for review. The FWS concurred with the recommendation and will work with the VFWD on a corrective action plan. We therefore consider the recommendation resolved but not yet implemented.

VFWD Response

The VFWD provided no response.

FWS Response

The FWS concurred with our finding and recommendation. The FWS stated that it will work closely with VFWD staff to develop and implement a corrective action plan that will resolve the finding and recommendation. According to the FWS, it is working with the VFWD to implement policies and procedures to ensure payroll expenses are properly supported by personnel activity reports reflecting actual time worked on program grants for any compensatory time earned.

OIG Comment

Based on the response and subsequent discussion with the FWS, we consider the recommendation resolved but not implemented (see Appendix 3).

Appendix I

State of Vermont
Fish and Wildlife Department
Grants Open During the Audit Period
July 1, 2015, Through June 30, 2017

FBMS* Grant Number	Grant Amount	Claimed Costs
FI0AF00497	\$ 596,061	\$ 571,098
FI1AF00849	3,644,370	3,244,671
FI2AF01051	120,000	40,000
FI3AF00773	102,000	96,813
FI4AF01021	1,120,283	866,667
FI5AF00118	310,571	152,636
FI5AF00138	7,700	8,800
FI5AF00139	5,000	5,000
FI5AF00234	35,000	35,240
FI5AF00771	130,800	183,345
FI5AF00772	93,340	97,142
FI5AF00786	130,800	0
FI5AF00792	4,128,311	1,987,952
FI5AF00793	780,000	681,081
FI5AF00794	3,334,063	2,240,450
FI5AF00795	180,000	289,413
FI5AF00796	700,000	590,471
FI5AF00810	1,206,000	1,178,106
FI5AF00811	161,527	169,033
FI5AF00812	1,150,000	1,260,998
FI5AF00813	133,530	150,866
FI5AF00814	710,835	702,734
FI5AF00815	200,000	40,000
FI5AF00816	1,170,500	1,155,026
FI5AF01306	172,400	167,622
FI6AF00002	5,000	5,000
FI6AF00062	95,000	58,704
FI6AF00160	310,571	\$169,087
FI6AF00213	44,000	8,800

FBMS* Grant Number	Grant Amount	Claimed Costs
FI6AF00778	\$ 149,333	170,111
FI6AF00779	621,023	616,276
FI6AF00780	3,337,562	2,333,112
FI6AF00781	1,362,500	1,125,229
FI6AF00782	91,333	92,408
FI6AF00789	217,300	322,451
FI6AF00790	1,170,500	530,711
FI6AF00791	1,150,000	1,316,364
FI6AF00792	206,666	199,002
FI6AF00793	1,235,292	1,179,882
FI6AF00829	1,341,456	1,227,045
FI7AF00005	5,000	4,167
FI7AF00095	337,276	81,240
Total	\$ 32,002,904	\$ 25,354,750

* FBMS = Financial and Business Management System.

Appendix 2

State of Vermont Fish and Wildlife Department Sites Visited

Headquarters

Montpelier

Regional Office

Essex Junction

St Johnsbury

Springfield

Rutland

Fish Culture Center

Bald Hill

Ed Weed

Bennington

Wildlife Management Areas

Dead Creek

Bald Hill

Boating Access

Vantines A

Keeler Bay

John Guilmette

Willoughby Lake

Crystal Lake – Bill Chaloux

Seymour Lake

Shelbourne Pond

Van Everest

Other

Dead Creek Visitor Center

North Country Sportsman Club Shooting Facility

Appendix 3

**State of Vermont
Fish and Wildlife Department
Status of Audit Recommendation**

Recommendation	Status	Action Required
1	<p>We consider the recommendation resolved but not implemented.</p> <p>U.S. Fish and Wildlife Service (FWS) regional officials concurred with the finding and recommendation and will work with staff from the State of Vermont Fish and Wildlife Department (VFWD) 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 recommendation, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials have reviewed and approved the actions the VFWD has taken or planned.</p> <p>If the recommendation is not implemented at the end of 90 days, after February 11, 2020, we will refer it to the Assistant Secretary for Policy, Management and Budget for tracking.</p>

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