



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 North Carolina, Wildlife Resources Commission
From July 1, 2011, Through June 30, 2013

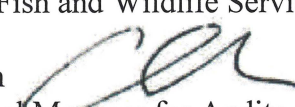


**OFFICE OF
INSPECTOR GENERAL**
U.S. DEPARTMENT OF THE INTERIOR

MAR 27 2014

Memorandum

To: Daniel M. Ashe
Director, U.S. Fish and Wildlife Service

From: Charles Haman 
Central Regional Manager for Audits, Inspections, and Evaluations

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of North Carolina, Wildlife
Resources Commission, From July 1, 2011, Through June 30, 2013
Report No. R-GR-FWS-0003-2014

This report presents the results of our audit of costs claimed by the State of North Carolina, Wildlife Resources Commission (Commission), 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. The audit included claims totaling \$48.0 million on 47 grants that were open during the State fiscal years that ended June 30, 2012, and June 30, 2013 (see Appendix 1). The audit also covered the Commission'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 Commission complied, in general, with applicable grant accounting and regulatory requirements. We did not identify any reportable conditions. Therefore, we do not require a response to this report.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation 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 audit team leader, Lori Howard, at 703-357-7707 or me at 303-236-9243.

cc: Regional Director, Region 4, 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 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 if the State of North Carolina, Wildlife Resources Commission (Commission)—

- 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 revenues 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 \$48.0 million on the 47 grants open during the State fiscal years (SFYs) that ended June 30, 2012, and June 30, 2013 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the Commission's headquarters and visited four depots, five game lands, and one regional airport (see Appendix 2). We performed this audit to supplement—not replace—the audits required by the Single Audit Act Amendments of 1996 and by Office of Management and Budget Circular A-133.

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 tested records and conducted auditing procedures as necessary under the circumstances. We believe that the evidence obtained from our tests and procedures 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 charged to the grants by the Commission;
- reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income;
- interviewing Commission employees to ensure that personnel costs charged to the grants were supportable;
- conducting site visits to inspect equipment and other property;
- determining whether the Commission used hunting and fishing license revenues solely for the administration of fish and wildlife program 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 Commission'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 December 1, 2008, we issued "Audit on the U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of North Carolina, Wildlife Resources Commission, From July 1, 2005, Through June 30, 2007" (R-GR-FWS-0007-2008). 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 and comprehensive annual financial reports for SFYs 2011 and 2012. None of these reports contained any findings that would directly affect the Program grants.

Results of Audit

We found that the Commission complied with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. Our report contains no reportable findings or recommendations, and we require no further action.

Appendix I

State of North Carolina
Wildlife Resources Commission
Financial Summary of Review Coverage
July 1, 2011, Through June 30, 2013

Grant Number	Federal Project Number	Grant Amount	Claimed Costs
F-22-36	F11AF00702	\$947,000	\$686,633
F-23-36	F11AF00703	927,000	870,950
F-24-36	F11AF00704	1,024,500	1,034,700
F-26-27	F11AF00651	2,498,777	2,203,785
F-26-28	F12AF01182	2,476,402	2,547,650
F-35-23	F10AF00329	824,933	822,801
F-35-24	F12AF00953	558,000	299,256
F-58-15	F10AF00372	430,000	428,872
F-63-16	F11AF00701	500,000	537,985
F-63-17	F12AF01149	500,000	521,321
F-65-15	F11AF00542	436,000	420,265
F-68-13	F11AF00678	136,133	133,087
F-76-11	F11AF00541	135,000	144,066
F-76-12	F12AF01180	135,000	138,540
F-85-EO-6	F11AF00573	388,000	368,840
F-86-CR-5	F10AF00373	145,000	147,369
F-90-C-5	F11AF00363	30,000	34,116
F-90-C-6	F12AF00706	40,000	29,933
F-93-R-3	F11AF00679	2,215,000	2,355,433
F-93-R-4	F12AF01148	2,400,000	2,125,639
F-97-B-1	N/A	498,223	683,878
F-98-R-1	F11AF00680	400,000	237,334
F-99-R-1	F11AF00681	657,677	248,203
F-100-R-1	F11AF00683	250,262	218,327
F-101-R-1	F11AF00693	237,469	202,756
F-102-D-1	F11AF00705	328,148	171,585
F-103-B-1	F11AF00729	481,408	875,023
F-104-R-1	F12AF00189	76,000	75,337
F-105-D-1	F12AF00252	2,000,000	55,194
F-106-R-1	F12AF01160	42,000	30,505
F-107-EO-1	F12AF00738	555,000	510,222
F-108-R-1	F12AF01184	2,886,700	2,669,901
F-109-B-1	F12AF01198	452,024	224,518
F-110-R-1	F13AF00129	80,000	16,000

Grant Number	Federal Project Number	Grant Amount	Claimed Costs
F-111-D-1	F13AF00219	\$575,000	\$6,000
F-112-D-1	F13AF00220	1,700,000	0
W-1-40	N/A	3,146,894	3,146,894
W-1-41	F11AF00354	2,849,308	2,952,617
W-1-42	F12AF00566	2,844,293	3,005,842
W-49-L-3	N/A	80,000	80,606
W-57-37	F11AF00451	8,175,000	7,575,066
W-57-38	F12AF00591	8,375,000	7,302,385
W-61-10	N/A	320,000	320,000
W-61-11	F11AF00352	320,000	320,000
W-61-12	F12AF00567	320,000	258,600
W-66-R-1	F11AF00409	3,000,000	102,986
W-67-D-1	F11AF00412	6,000,000	903,159
Total		\$63,397,151	\$48,044,179

Appendix 2

State of North Carolina Wildlife Resources Commission Sites Visited

Headquarters

Raleigh

Depots

Balsam/Waynesville (Waynesville)

Caswell (Yanceyville)

Troy (Mount Gilead)

Wilkesboro (Traphill)

Game Lands

Cold Mountain (Haywood County)

Mitchell River (Dobson)

R. Wayne Bailey-Caswell (Caswell County)

Sandy Mush (Buncombe/Madison Counties)

Second Creek (Rowan County)

Other

Foothills Regional Airport (Morganton)

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