



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:

COMMONWEALTH OF VIRGINIA,
DEPARTMENT OF GAME AND INLAND FISHERIES,

JULY 1, 2007, THROUGH JUNE 30, 2009



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

May 24, 2010

AUDIT REPORT

Memorandum

To: Director
U.S. Fish and Wildlife Service

From: Suzanna I. Park 
Director of External Audits

Subject: Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Virginia, Department of Game and Inland Fisheries, From July 1, 2007, Through June 30, 2009 (No. R-GR-FWS-0004-2010)

This report presents the results of our audit of costs claimed by the Commonwealth of Virginia (the Commonwealth), Department of Game and Inland Fisheries (the Department), under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the Commonwealth under the Wildlife and Sport Fish Restoration Program (the Program). The audit included claims totaling approximately \$43 million on 19 grants that were open during Commonwealth fiscal years (CFYs) ended June 30 of 2008 and 2009 (see Appendix 1). The audit also covered Department'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 Department complied, in general, with applicable grant accounting and regulatory requirements; however, its land records have not been reconciled with FWS.

We provided a draft report to FWS for a response. We summarized FWS Region 5 response to the recommendation, as well as our comments on the response. We list the status of the recommendation in Appendix 3.

Please respond in writing to the finding and recommendation included in this report by August 23, 2010. Your response should include information on actions taken or planned, targeted completion dates, and titles of officials responsible for implementation. Please address your response to:

Director of External Audits
U.S. Department of the Interior
Office of Inspector General
12030 Sunrise Valley Drive, Suite 230
Reston, VA 20191

If you have any questions regarding this report, please contact the audit team leader, Mr. Chris Krasowski, or me at 703-487-5345.

cc: Regional Director, Region 5, U.S. Fish and Wildlife Service

Introduction

Background

The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act (the Acts)¹ established the Wildlife and Sport Fish Restoration Program. Under the Program, 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 State's fish and game agency. Finally, Federal regulations and FWS guidance require States to account for any income they earn using grant funds.

Objectives

Our audit objectives were to determine if the Department:

- Claimed the costs incurred under the Program grants in accordance with the Acts and related regulations, FWS guidelines, and the grant agreements.
- Used the Commonwealth's 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 \$43 million on the 19 grants that were open during CFYs 2008 and 2009 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Department headquarters in Richmond, VA, and visited one regional office, two field offices, two wildlife management areas, one fish hatchery, one boating access area, and one work center (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 performed our audit in accordance with the "Government Auditing Standards" issued by the Comptroller General of the United States. 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 Department.
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income.
- 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 revenues solely for administration of the Department.
- Determining whether the Commonwealth 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 recorded in these systems 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.

Prior Audit Coverage

On July 13, 2006, we issued "Final Audit Report on the U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the Commonwealth of Virginia, Department of Game and Inland Fisheries, from July 1, 2002, through June 30, 2004" (No. R-GR-FWS-0021-2005). We followed up on six recommendations in the report and found that the U.S. Department of the Interior, Office of Assistant Secretary for Policy, Management, and Budget considered them resolved and implemented.

We also reviewed the Commonwealth of Virginia's Single Audit Reports and Comprehensive Annual Financial Reports for CFYs ending on June 30, 2007 and 2008. These reports did not identify the Department's Wildlife and Sport Fish Restoration Programs as major programs and did not contain any findings that would directly impact the Program grants. Furthermore, on September 17, 2009, the Virginia Auditor of Public Accounts issued a performance audit, which noted that the Department properly stated the amounts recorded and reported in the Commonwealth Accounting and Reporting System.

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. However, we identified one condition that resulted in the finding listed below. We discuss the finding in more detail in the Finding and Recommendation section.

Unreconciled Real Property Records. We found discrepancies between the Department's and FWS' land records because the records had not been reconciled.

Finding and Recommendation

A. Unreconciled Real Property Records

The Department and FWS each maintain records on lands purchased with Program funds; however, these two sets of records show significant differences. The Department's land inventory identified 99,075 acres, while FWS records showed only 84,846 acres purchased with Program funds.

According to 50 CFR § 80.18 and 522 FW 1.15, each State is required to maintain accountability and control of all assets to assure that they are used for the purpose for which acquired throughout their useful life. The FWS Director reiterated land management requirements to Program participants in a March 29, 2007 letter. This letter requested each State to maintain a real property management system that includes a comprehensive inventory of lands and to ensure that its inventory is accurate and complete.

Department and FWS officials acknowledged that they had not reconciled the respective land inventories to determine their accuracy and completeness. As a result, the Department's land records are not adequate to ensure that lands acquired with Program funds are used only for their originally intended purposes.

Recommendation

We recommend that FWS reconcile its real property records with the Department.

Department Response

The Department did not respond to the draft report.

FWS Response

FWS Regional officials concurred with the finding and recommendation.

OIG Comments

Based on FWS response, additional information is needed in the corrective action plan, including:

- The specific action(s) taken or planned to address the recommendation.
- Targeted completion date.
- Titles of officials responsible for implementing the actions taken or planned.
- Verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Department.

Appendix 1

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF GAME AND INLAND FISHERIES
FINANCIAL SUMMARY OF REVIEW COVERAGE
JULY 1, 2007, THROUGH JUNE 30, 2009**

Grant Number	Grant Amount	Claimed Cost
F-105-D-41	\$1,079,464	\$1,079,464
F-105-D-42	437,200	50,723
F-107-D-16	5,535,000	1,570,160
F-109-D-16	7,296,000	3,370,085
F-111-R-16	11,223,000	4,741,977
F-123-R-6	224,000	216,197
F-123-R-7	210,000	138,371
F-128-R-3	18,988	18,988
F-129-R-3	75,123	75,123
F-131-D-1	12,552,739	12,380,952
W-31-C-60	399,000	345,684
W-31-C-61	2,500,000	310,544
W-48-D-49	3,079,836	2,337,690
W-48-D-50	11,813,184	2,543,753
W-87-E-6	1,110,620	1,167,983
W-87-E-7	5,160,000	712,291
W-88-L-1	6,085,000	6,085,000
WE-99-R-17	3,672,466	3,119,284
WE-99-R-18	25,207,873	2,701,525
Total	\$97,679,493	\$42,965,794

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF GAME AND INLAND FISHERIES
SITES VISITED**

Headquarters

Richmond

Regional Office

Region 4, Verona

Field Offices

Chesapeake

Farmville

Wildlife Management Areas

Cavalier

Featherfin

Fish Hatchery

Coursey Springs Fish Hatchery

Boating Access Area

Franklin Boat Access

Work Center

Buffalo Gap Work Center

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF GAME AND INLAND FISHERIES
STATUS OF AUDIT FINDING AND RECOMMENDATION**

Recommendation	Status	Action Required
A	FWS management concurs with the recommendation, but additional information is needed as outlined in the "Actions Required" column.	Additional information is needed in the corrective action plan, including the actions taken or planned to implement the recommendation, targeted completion date(s), the title of official(s) responsible for implementation, and verification that FWS officials reviewed and approved of actions taken or planned by the State. We will refer the recommendation not resolved and/or implemented at the end of 90 days (after August 23, 2010) to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.



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