



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 New Hampshire, Fish and Game Department,  
From July 1, 2011, through June 30, 2013




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

September 8, 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 New Hampshire, Fish and  
Game Department, From July 1, 2011, through June 30, 2013  
Report No. R-GR-FWS-0004-2014

This report presents the results of our audit of costs claimed by the State of New Hampshire, Fish and Game 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. The audit included claims totaling approximately \$19.8 million on 44 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 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, but that it had not implemented an accounting system for Federal Assistance Program grants that is capable of being reconciled to the State's accounting system. We previously reported this issue in 2005 and 2008, and as we did not identify any other reportable conditions, we do not require a response to this report. We list the status of the repeat recommendation in Appendix 3.

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 audit team leader, Emma Canada, at 770-801-7913 or me at 303-236-9243.

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 Act (Acts) 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 New Hampshire, Fish and Game 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 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 \$19.8 million on the 44 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 Department headquarters in Concord, NH, and visited two regional offices, three wildlife management areas, one conservation easement, and five boat access sites (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.

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 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 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**

We have issued two audit reports on the Program. On March 20, 2008, we issued "Audit on the U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of New Hampshire Fish and Game Department From July 1, 2004, Through June 30, 2006" (No. R-GR-FWS-0016-2007). We followed up on all seven recommendations in the report and found that the U.S. Department of the Interior's Office of the Assistant Secretary for Policy, Management, and Budget (PMB) considered four of the recommendations resolved and implemented and the remaining three recommendations (related to inadequate controls over real property and accounting system reconciliation) resolved but not yet implemented. As discussed in the "Findings and Recommendations" section of this report, we are repeating one of the unimplemented recommendations, which deals with the Department's inability to reconcile information in its Federal Aid Accounting System with information in the State's accounting system. We also reported this issue in an earlier audit report, dated March 31, 2005 ("Audit

Report on the U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of New Hampshire, Fish and Game Department, from July 1, 2001, through June 30, 2003,” Report No. R-GR-FWS-00009-2004, Finding B).

Our current audit scope included the areas covered in the 2008 audit. Where conditions exist that still need improvement, we reported them in the “Findings and Recommendations” section of this report and repeated the relevant recommendation from our prior report. FWS should send documentation on the implementation of repeat recommendations to PMB.

We also reviewed single audit reports and comprehensive annual financial reports for SFYs 2012 and 2011. Although the 2011 and 2012 single audits repeat our audit finding that the State’s accounting system is unable to provide the detail required for grant reporting purposes, these reports did not contain other findings that would directly affect the Program grants.

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# 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, the following condition that resulted in our finding:

- A. No Reconciliation of Department and State Accounting Systems.** The Department had not implemented a prior audit recommendation to reconcile information in its accounting system for Federal Assistance Program grants with information in the State's new accounting system.

## Findings and Recommendations

### A. No Reconciliation of Department and State Accounting Systems

In our 2004 and 2008 audits, we reported that the Department used accounting systems that do not interface with the official New Hampshire State systems and which the Department cannot reconcile its records to the official system. During SFYs 2012 and 2013, the Department used the QuickBooks system for tracking other direct costs, e.g., non-payroll costs. As with the software programs used during the prior audit periods, this program does not interface with the State's official accounting system, and the Department cannot reconcile its records to the State's system. The Department is in the process of adapting to the State's system by identifying its grant costs by grant nomenclature.

Federal regulations (43 C.F.R. § 12.60 (a)(2)) require each State's accounting procedures to allow for sufficient preparation of grant reports and for the tracing of funds to a level of expenditure adequate to demonstrate compliance with grant provisions. Additionally, 2 C.F.R. part 225 specifies that allowable costs under Federal awards must be necessary and reasonable, be allocable and authorized, and be adequately documented.

The State's accounting system is unable to provide the detail required for grant reporting purposes. To control and account for Federal Assistance Program funding, the Department has developed written policies and procedures to describe the accounting processes used for recording other direct costs in QuickBooks. This process, however, is dependent on a manual operation that one person controls. In addition, the State and Department may record the same individual expenses as different expenses in their respective systems.

Without the ability to reconcile the two systems, the Department cannot assure that it is not claiming duplicate costs. As a result, internal control over the recording and billing of Federal Assistance Program grant funds is weak, and the

FWS has no assurance that program funds reimbursed to the Department were for allowable expenses under the grants. Therefore, as reported in the Office of Legislative Budget Assistant's report ("State of New Hampshire Fish and Game Fund, Financial and Compliance Audit Report for the Fiscal Year Ended June 30, 2003"), the inability to reconcile the Department and State accounting systems is a material weakness in properly accounting for Federal Assistance Program grant costs.

We are therefore repeating the recommendation from our prior audit report. The implementation of this recommendation will be tracked under the tracking process for the prior audit, and FWS should submit any documentation pertaining to it to PMB.

#### **Repeat Recommendation**

We recommend that FWS monitor the implementation of the new Statewide financial accounting system, and ensure that the Department implements an accounting system for Federal Assistance Program grants that is capable of being reconciled to the State's new system, including the reconciliation of labor costs on Federal Assistance Program grants (Recommendation B in report R-GR-FWS-0009-2004).



# Appendix I

State of New Hampshire Fish and Game Department  
Financial Summary of Review Coverage  
July 1, 2011, Through June 30, 2013

<b>FWS FAIMS*</b> <b>Grant Number</b>	<b>FBMS**</b> <b>Grant Number</b>	<b>Grant Amount</b>	<b>Claimed Costs</b>
<b>F-50-R-28</b>	FI1AF00371	\$732,000	\$777,906
<b>F-50-R-29</b>	FI2AF00823	704,000	763,543
<b>F-53-E-25</b>	FI1AF00519	396,000	510,988
<b>F-53-E-26</b>	FI2AF00946	392,000	542,727
<b>F-60-D-19</b>	FI1AF00415	2,528,000	3,028,965
<b>F-60-D-20</b>	FI2AF00826	2,472,000	2,780,823
<b>F-61-R-16</b>	FI1AF00896	586,000	593,332
<b>F-61-R-17</b>	FI2AF00191	586,000	632,995
<b>F-61-R-18</b>	FI3AF00175	756,000	0
<b>F-65-L-1</b>	FI2AF01416	755,000	755,000
<b>F-66-R-1</b>	FI3AF00293	40,766	0
<b>F-67-L-1</b>	FI3AF00340	148,919	0
<b>F-100-R-28</b>	N/A	5,000	5,019
<b>F-100-R-29</b>	FI1AF00374	5,000	4,982
<b>F-100-R-30</b>	FI3AF00169	5,000	0
<b>FW-17-C-37</b>	FI1AF00423	90,000	164,323
<b>FW-17-C-38</b>	FI2AF00942	90,000	160,160
<b>FW-25-T-18</b>	FI1AF00385	420,000	422,583
<b>FW-25-T-19</b>	FI2AF01152	430,000	402,250
<b>FW-28-D-17</b>	FI1AF00476	744,000	479,175
<b>FW-28-D-18</b>	FI2AF01000	736,000	549,367
<b>FW-30-T-13</b>	FI1AF00378	136,000	92,379
<b>FW-30-T-14</b>	FI2AF00825	136,000	158,282
<b>FW-32-O-3</b>	FI1AF01120	136,000	80,790
<b>FW-32-O-4</b>	FI2AF01332	128,000	70,391
<b>FW-33-D-1</b>	FI1AF00435	260,000	261,519
<b>FW-34-E-1</b>	FI1AF00517	247,334	261,768
<b>W-11-D-71</b>	FI1AF00553	504,000	416,000
<b>W-11-D-72</b>	FI2AF01395	500,000	476,013
<b>W-66-S-40</b>	FI1AF00516	720,000	844,106

<b>FWS FAIMS*</b> <b>Grant Number</b>	<b>FBMS**</b> <b>Grant Number</b>	<b>Grant Amount</b>	<b>Claimed Costs</b>
<b>W-66-S-41</b>	F12AF01302	\$732,000	\$971,519
<b>W-89-R-12</b>	F11AF00567	824,000	882,155
<b>W-89-R-13</b>	F12AF01377	900,000	934,018
<b>W-90-R-1</b>	F09AF00086	294,910	271,990
<b>W-91-D-1</b>	F10AF00499	180,000	91,910
<b>W-94-T-2</b>	F11AF00121	122,000	49,968
<b>W-94-T-3</b>	F12AF01303	88,000	62,694
<b>W-95-C-1</b>	F11AF00850	33,333	33,333
<b>W-96-R-1</b>	F11AF00842	185,080	162,048
<b>W-97-R-1</b>	F11AF00844	422,660	373,669
<b>W-98-L-1</b>	N/A	460,000	460,000
<b>W-99-L-1</b>	F11AF01119	104,000	101,700
<b>W-100-R-1</b>	F12AF00190	130,436	0
<b>W-101-L-1</b>	F12AF01379	140,350	166,090
<b>Total</b>	N/A	\$20,005,788	\$19,796,480

\*FAIMS stands for Federal Aid Information Management System.

\*\*FMBS stands for Financial Business Management System.

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## Appendix 2

**State of New Hampshire  
Fish and Game Department  
Sites Visited**

**Headquarters**  
Concord

**Regional Office**  
Region 2 New Hampton  
Region 3 Durham

**Wildlife Management Area**  
Beaver Brook  
Ellis R. Hatch Jr.  
Union Meadows

**Conservation Easement**  
Knights Pond

**Boat Access**  
Downings Landing  
Merrymeeting Lake  
Pemigewasset Lake  
Pleasant Lake  
Rust Pond

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## Appendix 3

State of New Hampshire  
Fish and Game Department  
Status of Audit Findings and Recommendations

Repeat Recommendation	Status	Action Required
<b>Recommendation A (Recommendation B from our prior report (No. R-GR-FWS-0009-2004))</b>	The Office of the Assistant Secretary for Policy, Management and Budget (PMB) considers this recommendation resolved but not implemented.	Provide documentation to PMB regarding the implementation of this recommendation.

# **Report Fraud, Waste, and Mismanagement**



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