



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 Florida, Fish and Wildlife Conservation  
Commission, From July 1, 2009, Through June 30, 2011



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

May 18, 2012

**AUDIT REPORT**

Memorandum

To: Director  
U.S. Fish and Wildlife Service

From: Suzanna I. Park *Suzanna I. Park*  
Director of External Audits

Subject: Audit – U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration  
Program Grants Awarded to the State of Florida, Fish and Wildlife Conservation  
Commission, From July 1, 2009, Through June 30, 2011  
Report No. R-GR-FWS-0006-2012

This report presents the results of our audit of costs claimed by the State of Florida (State), Fish and Wildlife Conservation 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 \$72.4 million on 116 grants that were open during State fiscal years that ended June 30, 2010, and June 30, 2011 (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 questioned costs totaling \$137,739 due to (1) an unauthorized method of reporting program income, (2) unsupported in-kind contributions, (3) an ineligible boating access expense, (4) an out-of-period direct cost, and (5) inequitable allocations of personnel services.

In addition, during our fieldwork, we found that the Commission (1) resolved a potential diversion of \$55,646 in license revenues by transferring funds from a non-license revenue fund to the Grants and Donations Trust Fund; and (2) reduced its State match by \$8,000 on the Federal Financial Report, listing the reason as fraudulent charges to the grant by a former employee. We consider these issues resolved because of the Commission's actions and approval from FWS.

We provided a draft report to FWS for a response. We summarized the Commission and FWS Region 4 responses to the recommendations, as well as our comments on the responses after the recommendations. We list the status of the recommendations in Appendix 3.

Please respond in writing to the findings and recommendations included in this report by August 16, 2012. 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, Chris Krasowski, or me at 703-487-5345.

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)<sup>1</sup> 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 State's fish and game agency. Finally, Federal regulations and FWS guidance require States to account for any income earned using grant funds.

## Objectives

We conducted this audit to determine if the State of Florida (State), Fish and Wildlife Conservation Commission (Commission)—

- claimed the costs incurred under the Program grants in accordance with the Acts and related regulations, FWS guidelines, and the 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 \$72.4 million on the 116 grants that were open during State fiscal years (SFYs) ended June 30, 2010, and June 30, 2011 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Commission Headquarters in Tallahassee, FL, and visited two regional offices, two boat ramps, three wildlife management areas, two fish hatcheries, one shooting range, one research institute, and a conservation and youth camp (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 our performance 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

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<sup>1</sup> 16 U.S.C. §§ 669 and 777, as amended, respectively.

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 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.

## **Prior Audit Coverage**

On June 5, 2008, we issued “ Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Florida Fish and Wildlife Conservation Commission From July 1, 2005, Through June 30, 2007” (R-GR-FWS-0002-2008). The report contained no findings, therefore, there were no recommendations.

We reviewed the Single Audit Reports and Comprehensive Annual Financial Reports for SFYs 2009 and 2010. Neither of these reports contained any findings that would directly affect the Program grants.

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# Results of Audit

## Audit Summary

We found that the Commission complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. We identified, however, several conditions that resulted in the findings listed below, including questioned costs totaling \$137,739.

**Questioned Costs.** We questioned costs totaling \$137,739 due to (1) an unauthorized method of reporting program income, (2) unsupported in-kind contributions, (3) an ineligible boating access expense, (4) an out-of-period direct cost, and (5) inequitable allocations of personnel services.

## Findings and Recommendations

### A. Questioned Costs — \$137,739

#### 1. Unauthorized Method of Reporting Program Income — \$90,095

Federal regulations allow grantees to earn income as a result of grant supported activities. The Code of Federal Regulations (CFR), 43 CFR § 12.65(g), requires that grantees deduct program income, commonly referred to as the deduction method, from total allowable grant costs to determine the net allowable costs. If FWS authorizes the use of the addition method of applying program income, however, grantees may add program income to the funds committed to the grant agreement, instead of reducing total costs.

The Commission's program personnel did not identify a method of applying program income in its grant agreements and did not request authorization from FWS to use the addition method. Nevertheless, the Commission's financial personnel used the addition method of reporting program income on the Federal Financial Report (SF-425) for grant W-5-18, thereby overstating total allowable grant costs.

This issue arose because the Commission did not provide training to staff regarding the methods of requesting and reporting program income. As a result, program income was not deducted from Grant W-5-18 in accordance with the deduction method; therefore, we question \$90,095 (Federal share) as ineligible costs.

## Recommendations

We recommend that FWS—

1. resolves the \$90,095 of questioned costs on grant W-5-18; and
2. ensures the Commission provides training to staff regarding the methods of requesting and reporting Program income.

### Commission Response

Commission officials concurred with the finding and recommendations.

### FWS Response

FWS Regional officials concurred with the finding and recommendations and will work with the Commission on a corrective action plan.

### OIG Comments

Based on the Commission and FWS responses, additional information is needed in the corrective action plan including—

- specific action(s) taken or planned to address the recommendations;
- targeted completion dates;
- titles of officials responsible for implementing the actions taken or planned; and
- verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Commission.

## 2. Unsupported In-Kind Contributions — \$20,570

Under the Program, States must use “State matching” (non-Federal) funds to cover at least 25 percent of costs incurred in performing projects under the grants. Noncash (“in-kind”) contributions may be used to meet States’ matching share of costs, and as with costs claimed for reimbursement, States must support the value of these contributions. 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 State’s matching share of costs on its Hunter Education grants (W-5-18 and W-5-19) included in-kind contributions consisting of the value of volunteer instructor hours. We found that the Commission did not have adequate documentation to support \$6,857 in volunteer instructor hours claimed.

Federal regulations (2 CFR § 225 Appendix B, subsection 12(b)(3)) states, “To the extent feasible, donated services will be supported by the same methods used by the governmental unit to support the allocability of regular personnel services.”



Federal regulations (43 CFR § 12.64(b)(6)) also outline requirements for matching or cost sharing records and state that, to the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

The Commission did not have written policies and procedures requiring Hunter Education Regional Coordinators to review and approve the accuracy of volunteer hours. Because the Commission could not support the \$6,857 (25 percent) of in-kind contributions from volunteer hours claimed on grants W-5-18 (\$4,106) and W-5-19 (\$2,751), we question the Federal share (75 percent) or \$12,317 on grant W-5-18 and \$8,253 on grant W-5-19 for a total of \$20,570 Federal share.

### **Recommendations**

We recommend that FWS—

1. resolves the unsupported costs of \$20,570; and
2. ensures the Commission implement policies and procedures requiring Hunter Education Regional Coordinators to review and approve the accuracy of volunteer hours.

### **Commission Response**

Commission officials concurred with the finding and recommendations.

### **FWS Response**

FWS Regional officials concurred with the finding and recommendations and will work with the Commission on a corrective action plan.

### **OIG Comments**

Based on the Commission and FWS responses, additional information is needed in the corrective action plan including—

- specific action(s) taken or planned to address the recommendations;
- targeted completion dates;
- titles of officials responsible for implementing the actions taken or planned; and
- verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Commission.

### **3. Ineligible Boating Access Expense -- \$20,190**

The Dingell-Johnson Sport Fish Restoration Act allows for funding of boating access facilities to support public access to waterways. The Commission repaired

a privately owned boat ramp located on private land, without public access, under grant F-109-8.

According to 6 U.S.C. § 777g(b)(1), funds must be used for the development, renovation, or improvement of facilities that create, or add to, **public access** to the waters of the United States for recreational boating purposes.

The Commission did not obtain an easement from the landowner because of pressure from the public to repair the boat ramp quickly and lack of land management policies and procedures requiring an easement for public access. We questioned \$26,920 (\$20,190 Federal Share) charged to grant F-109-8 for repair of a boat ramp that may not be accessible to the public.

### Recommendations

We recommend that FWS—

1. resolves the \$20,190 of questioned costs on grant F-109-8; and
2. requires the Commission to develop land management policies and procedures to ensure Federal funds are used for eligible purposes.

### Commission Response

Commission officials concurred with the finding and recommendations.

### FWS Response

FWS Regional officials concurred with the finding and recommendations and will work with the Commission on a corrective action plan.

### OIG Comments

Based on the Commission and FWS responses, additional information is needed in the corrective action plan including—

- specific action(s) taken or planned to address the recommendations;
- targeted completion dates;
- titles of officials responsible for implementing the actions taken or planned; and
- verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Commission.

### 4. Out-of-Period Direct Cost — \$3,750

The Commission enters into multiyear contracts with universities to conduct research. Invoices submitted by universities for payment indicate the dates in which the services were rendered. The Commission charged \$5,000 to grant

F-69-18 for work performed October 16, 2009, through April 15, 2010. Grant F-69-18 began on April 1, 2010; therefore, only 15 days of the invoice were applicable to the grant.

Federal regulations (43 CFR § 12.63(a)) states that where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period.

Because the Commission incorrectly charged grant F-69-18 for services outside of the grant period, we question \$3,750 (Federal share) of ineligible cost.

#### **Recommendation**

We recommend that FWS resolves the ineligible questioned cost of \$3,750.

#### **Commission Response**

Commission officials concurred with the finding and recommendation.

#### **FWS Response**

FWS Regional officials concurred with the finding and recommendation and will work with the Commission on a corrective action plan.

#### **OIG Comments**

Based on the Commission and FWS responses, additional information is needed in the corrective action plan including—

- specific action(s) taken or planned to address the recommendation;
- targeted completion dates;
- titles of officials responsible for implementing the actions taken or planned; and
- verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Commission.

### **5. Inequitable Allocation of Personnel Services — \$3,134**

Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. Fringe benefits are allowable if they are equitably allocated to all related activities.

The Commission uses the State's People First payroll system to compensate employees for personnel services. The payroll system can only charge costs to one activity (project code), even when an employee works on more than one project. Therefore, a software program interfaces between the payroll system and

the State's accounting system, Florida Accounting Information Resource (FLAIR), to allocate salaries and fringe benefits to all project codes identified on employee time sheets. The Commission uses project codes to charge grants for expenditures that benefit grant objectives.

Federal regulations (2 CFR § 225, Appendix B, subsection (8)(h)(4)) states, "Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation." According to 2 CFR § 225, Appendix A, subsection C(3)(a), "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

We found that the software program which interfaces between payroll and FLAIR was not adequately tested resulting in inequitable allocations of personnel services to Program grants. As a result, (1) projects were charged higher hourly pay rates than authorized by the Commission and (2) fringe benefits were not allocated to all benefiting projects based on hours recorded on employee time sheets. We sampled 10 employee timesheets for one pay period in both SFYs 2010 and 2011, and question \$4,178 (Federal share of \$3,134) of inequitable personnel services charged to the following five grants—

Grant	Salaries	Fringe	Total	Federal Share
F-75-12	\$95		\$95	\$71
F-102-11		\$670	670	503
F-108-11		711	711	533
F-124-4		1,464	1,464	1,098
W-35-39	702	536	1,238	929
<b>Total</b>	<b>\$797</b>	<b>\$3,381</b>	<b>\$4,178</b>	<b>\$3,134</b>

## Recommendations

We recommend that FWS—

1. resolves the \$3,134 of questioned costs; and
2. requires the Commission to implement changes and perform sufficient testing of the software interface program to ensure that personnel services are equitably allocated to benefiting projects.

## Commission Response

Commission officials concurred with the finding and recommendations.

**FWS Response**

FWS Regional officials concurred with the finding and recommendations and will work with the Commission on a corrective action plan.

**OIG Comments**

Based on the Commission and FWS responses, additional information is needed in the corrective action plan including—

- specific action(s) taken or planned to address the recommendations;
- targeted completion dates;
- titles of officials responsible for implementing the actions taken or planned; and
- verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Commission.

# Appendix I

State of Florida  
Fish and Wildlife Conservation Commission  
Financial Summary of Review Coverage  
July 1, 2009, Through June 30, 2011

Grant Number	Grant Amount	Claimed Costs	Questioned	
			Ineligible	Unsupported
F-001-59	\$456,072	\$345,970		
F-001-60	404,256	265,653		
F-042-23	931,436	997,943		
F-042-24	875,309	376,512		
F-042-25	1,525,643	282,089		
F-043-25	1,797,696	1,817,413		
F-043-26	1,797,696	1,796,209		
F-043-27	1,670,242	128,236		
F-049-24	332,465	311,330		
F-049-25	346,170	307,067		
F-051-24	189,461	170,313		
F-051-25	194,142	150,260		
F-059-22	1,793,832	1,793,832		
F-059-23	1,913,832	1,905,299		
F-059-24	1,677,412	237,713		
F-066-20	514,424	509,935		
F-066-21	540,533	437,996		
F-066-22	472,100	450,767		
F-069-17	472,615	474,474		
F-069-18	472,615	453,653	\$3,750	
F-069-19	448,285	134,735		
F-070-17	648,111	478,955		
F-070-18	438,661	386,361		
F-072-14	690,304	691,402		
F-072-15	685,384	646,554		
F-072-16	664,471	21,109		
F-075-12	518,797	478,753	71	
F-075-13	518,797	435,521		
F-102-11	338,851	251,045	503	
F-102-12	338,850	170,586		
F-108-1	11,976,611	11,866,323	533	
F-109-6	1,170,993	993,330		
F-109-7	850,331	775,055		
F-109-8	853,652	710,207	20,190	
F-110-1	1,509,120	1,514,256		
F-123-3	614,081	606,555		

Grant Number	Grant Amount	Claimed Costs	Questioned	
			Ineligible	Unsupported
F-123-4	\$614,081	\$614,749		
F-123-5	774,081	468,353		
F-124-4	2,641,893	2,373,595	\$1,098	
F-124-5	3,058,564	2,552,379		
F-125-R-4	1,386,601	1,453,584		
F-125-R-5	1,642,896	1,742,461		
F-127-R-3	271,709	264,930		
F-128-R-3	91,978	78,827		
F-128-R-4	209,087	192,549		
F-129-R-2	135,312	137,811		
F-130-R-1	120,000	120,000		
F-130-R-2	117,125	117,125		
F-130-R-3	119,284			
F-131-R-2	267,147	250,756		
F-131-R-3	513,539	550,625		
F-132-R-2	164,611	254,911		
F-132-R-3	322,403	287,746		
F-133-R-2	218,282	204,907		
F-133-R-3	134,439	20,500		
F-135-R-1	142,881	70,429		
F-135-R-2	142,881			
F-136-R-1	1,026,069	702,703		
F-136-R-2	1,058,583	74,011		
F-137-B-1	1,849,185	1,463,608		
F-138-R-1	77,167	64,817		
F-138-R-2	270,297	49,225		
F-139-B-1	105,621	72,129		
F-140-B	393,299			
F-142-B-1	754,266	463,387		
F-143-R-1	426,543	265,908		
F-143-R-2	426,543			
F-144-B-1	75,500	25,351		
F-145-B-1	88,440			
F-146-B-1	307,259	71,338		
F-147-B	1,118,534			
F-148-B-1	330,795			
F-149-B	299,965			
F-150-C-1	21,171			
F-151-B	74,600			
F-152-B	169,000			
F-153-B-1	182,391			
F-154-B	108,000			
F-155-B-1	41,000			
F-156-B	51,000			

Grant Number	Grant Amount	Claimed Costs	Questioned	
			Ineligible	Unsupported
F-157-B	\$24,000			
F-158-B	92,000			
F-159-B-I	78,500			
F-160-B	47,277			
F-161-B	19,430			
F-162-B-I	2,542,200			
F-163-B-I	26,400			
F-164-B	27,500			
F-165-B-I	27,500			
F-166-B	22,000			
F-167-B	22,000			
F-168-B-I	11,000			
F-169-B	32,500			
F-170-B-I	69,332			
F-171-B-I	75,000			
F-172-B-I	236,500			
F-173-B	150,905			
F-174-B-I	264,773			
F-177-B-I	182,000			
F-178-B-I	257,750			
F-179-B-I	1,063,800			
W-005-18	1,733,333	\$2,013,296	\$90,095	\$12,317
W-005-19	1,733,333	2,043,583		8,253
W-006-13	266,667	272,067		
W-006-14	266,667	272,854		
W-013-63	4,000	7,560		
W-013-64	4,000	2,045		
W-035-59	13,714,031	14,386,530	929	
W-035-60	15,183,012	4,666,667		
W-061-E-4	80,000	82,530		
W-061-E-5	53,333	53,864		
W-61-E-6	53,317			
W-062-E-1	75,000	76,730		
W-063-E	1,506,785			
W-064-E-1	133,333	133,333		
W-065-E	586,667	9,960		
<b>Total</b>	<b>\$103,653,117</b>	<b>\$72,403,144</b>	<b>\$117,169</b>	<b>\$20,570</b>



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## Appendix 2

**State of Florida  
Fish and Wildlife Conservation Commission  
Sites Visited**

**Headquarters**  
Tallahassee, FL

**Regional Offices**  
Northeast  
Northwest

**Boat Ramps**  
Clearwater Beach Ideal Marina

**Wildlife Management Areas**  
Aucilla  
Big Bend- Tide Swamp Unit  
Joe Budd

**State Fish Hatcheries**  
Richloam Bass Conservation Center  
Stock Enhancement Research Facility

**Shooting Range**  
Apalachicola

**Other**  
Fish and Wildlife Research Institute  
Ocala Conservation and Youth Camp

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## Appendix 3

**State of Florida  
Fish and Wildlife Conservation Commission  
Status of Audit Findings and Recommendations**

Recommendations	Status	Action Required
A.1.1, A.1.2, A.2.1, A.2.2, A.3.1, A.3.2, A.4, A.5.1, and A.5.2	FWS management concurred with the recommendations, but additional information is needed.	Based on the FWS response, additional information is needed in the corrective action plan, as listed in the Findings and Recommendations section under OIG Comments. We will refer the recommendations not resolved and/or implemented at the end of 90 days (after August 16, 2012) to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.

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Washington, DC 20240