



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 District of Columbia, Department of the Environment,  
From October 1, 2009, Through September 30, 2011




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

July 30, 2013

Memorandum

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

From: Hannibal M. Ware   
Eastern 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 District of Columbia, Department of  
the Environment, From October 1, 2009, Through September 30, 2011  
Report No. R-GR-FWS-0006-2013

This report presents the results of our audit of costs claimed by the District of Columbia (District), Department of the Environment (Department) under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the District under the Sport Fish Restoration Program. The audit included claims totaling \$2.9 million on eight grants that were open during the District's fiscal years that ended September 30, 2010, and September 30, 2011 (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 fishing license revenues and the reporting of program income.

We found that the Department complied, in general, with applicable grant accounting and regulatory requirements. We questioned costs totaling \$11,039, representing improper leave charges of \$10,155 and out-of-period costs of \$884, charged to Program grants. In addition, the Department did not eliminate duplicate fishing licenses from the annual certification, may have potentially diverted license revenues of \$6,000, and did not maintain adequate control over equipment.

We provided a draft report to FWS for a response. In this report, we summarize the Department's and FWS's responses, as well as our comments on the responses. Appendix 3 lists the status of the recommendations.

Please provide us with a corrective action plan based on our recommendations by October 28, 2013. The plan should include information on actions FWS and the Department have taken or are planning to take to address the recommendations, the target dates and title(s) of the official(s) responsible for implementation, and verification that FWS headquarters officials reviewed and approved of the actions taken or planned by the Department.

Please address your response to:

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for Audits, Inspections, and Evaluations  
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Office of Inspector General  
Eastern Region  
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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 Debra Darby, audit team leader, at 703-487-5345, or me at 703-487-8011.

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

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# Table of Contents

Introduction..... 1

    Background..... 1

    Objectives ..... 1

    Scope ..... 1

    Methodology..... 2

Results of Audit ..... 4

    Audit Summary ..... 4

    Findings and Recommendations..... 4

Appendix 1 ..... 11

Appendix 2..... 12

Appendix 3 ..... 13

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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<sup>2</sup> to restore, conserve, manage, and enhance their sport fish and wildlife resources. Federal regulations, however, exclude the District from participating in programs under the Pittman-Robertson Wildlife Restoration Act.<sup>3</sup> As a result, only the Dingell-Johnson Sport Fish Restoration Act applies. 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 earned using grant funds.

## Objectives

We conducted this audit to determine if the District of Columbia (District), Department of the Environment (Department)—

- claimed the costs incurred under the Program grants in accordance with the Acts and related regulations, FWS guidelines, and grant agreements;
- used District 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 \$2.9 million on the eight grants open during the District fiscal years (FYs) that ended September 30, 2010, and September 30, 2011 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the Department's office in Washington, DC, and visited the Aquatic Resources Education 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.

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

<sup>2</sup> The Acts define the term "State" to include the Commonwealths of Puerto Rico and the Northern Mariana Islands, the District of Columbia, and the territories of Guam, the U.S. Virgin Islands, and American Samoa.

<sup>3</sup> 50 C.F.R. § 80.2(b).

## **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.

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 fishing license revenues solely for the administration of fish and wildlife program activities; and
- determining whether the District passed required legislation assenting to the provisions of the Act.

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**

On February 24, 2010, we issued "Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the District of Columbia, Department of the Environment, From October 1, 2006 through September 30, 2008" (No. R-GR-FWS-0010-2009). 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

five recommendations resolved and implemented and five recommendations resolved but not implemented.

We reviewed single audit reports and comprehensive annual financial reports for FYs 2010 and 2011. None 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 Department complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. We identified, however, the following conditions that resulted in our findings, including questioned costs totaling \$11,039.

### A. Questioned Costs

1. **Questioned Payroll Costs.** The Department improperly charged annual leave expenses totaling \$10,155 (Federal share) for two employees to Program grants.
2. **Out-of-Period Costs.** The Department charged a Program grant \$884 (Federal share) for travel costs incurred outside the grant period.

**B. Potential Diversion of License Revenues.** The Department was unable to provide documentation to support \$6,000 in telephone charges using license revenue.

**C. Overstated License Certification.** The Department did not eliminate duplicate license holders from its annual license certification to FWS.

**D. Inadequate Equipment Management.** The Department did not maintain adequate control over equipment.

## Findings and Recommendations

### A. Questioned Costs—\$11,039

#### 1. Payroll Costs—\$10,155

The payroll system used by the Department has the capability to record time that employees spend on projects funded by Program grants. Federal regulations require an equitable distribution of costs based on the benefits provided for employees that work on multiple projects.

The Code of Federal Regulations (2 C.F.R. § 225, Appendix B, Section 8.h(4)) states that “where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports.” The regulations (2 C.F.R. § 225, Appendix B, Section 8.h(5)(e)) also note that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards. Two of the Department’s administrative assistants worked on the Administration and Coordination of Wildlife Program Activities State Wildlife Grant (SWG) and



Sport Fish Restoration Coordination and Administration under grants F-1-C-25 and F-1-C-26, both of which were funded by FWS grants.

All leave costs for the administrative assistants were charged to grants F-1-C-25 and F-1-C-26 even though they also worked on and charged time to SWG. Department officials instructed the assistants to charge all hours worked to one grant; the assistants charged the Sport Fish Restoration Coordination and Administration grant and then were later informed to charge all of their time to SWG.

The assistants' leave costs were programmed into the payroll system to charge grants F-1-C-25 and F-1-C-26. A Department financial manager, however, explained that when the timesheet coding was changed to charge the assistants' time to the SWG grants, the code to charge leave expenses to SWG was not changed. As a result, we question the leave costs of \$5,378 charged to F-1-C-25 and \$4,777 charged to F-1-C-26, totaling \$10,155 that should have been charged to SWG.

In addition, an associate director charged all of his time for FY 2011 to grant F-1-C-26, even though he supervises employees and programs of other grants. As a comparison, he charged 38 percent of his time to SWG in FY 2010.

#### **Recommendations**

We recommend that FWS:

1. Resolve the questioned costs totaling \$10,155; and
2. Ensure the Department's payroll expenses are properly supported by personnel activity reports and reflect actual time worked on program grants.

#### **Department Response**

Department officials concurred with the finding and recommendations.

#### **FWS Response**

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

#### **OIG Comments**

We consider the recommendations resolved but not implemented.

## **2. Out-of-Period Costs—\$884**

The Department charged out-of-period costs, or costs claimed that were incurred outside the grant period, of \$884 to grant F-2-R-24. A Department official prepared a journal entry charging the grant for Division of Fisheries and Wildlife (Division) travel costs incurred before December 31, 2008, even though the grant period was January 1, 2009, to December 31, 2009.

The Code of Federal Regulations (43 C.F.R. § 12.63(a)) states that where a funding period is specified, a grantee may only charge to the award costs resulting from obligations of the funding period.

The regulations (2 C.F.R. § 225, Appendix A, Sections C.1.a, b, and j) also state that to be eligible for reimbursement under the Wildlife and Sport Fish Restoration Program, grant expenses must be reasonable, allowable, allocable, and adequately supported.

We questioned out-of-period costs of \$884 charged to grant F-2-R-24 for ineligible costs that did not benefit the Program.

### **Recommendation**

We recommend that FWS work with the Department to resolve the questioned costs totaling \$884 to Program grant F-2-R-24.

### **Department Response**

Department officials concurred with the finding and recommendation.

### **FWS Response**

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

### **OIG Comments**

We consider the recommendation resolved but not implemented.

## **B. Potential Diversion of License Revenues**

Under the Sport Fish Restoration Program, the Department must use revenue from the sale of fishing licenses to administer its fish and wildlife program. We found an unsupported charge to the Fishing License Fund of \$6,000 in FY 2010 for a telephone expense. The Department could not provide the basis or methodology for the expense allocation or identify any benefit to fish or wildlife programs.

The Code of Federal Regulations (50 C.F.R. § 80.4) requires that revenues from license fees paid by hunters and anglers be used only for the administration of the

State fish and wildlife Department. A diversion of license fee revenues occurs when any portion of the license revenues is used for any purpose other than the administration of the fish and wildlife Department.

The Department did not obtain supporting documentation or review the journal entry to ensure the expense was for fish and wildlife purposes. As a result, we are classifying the \$6,000 charge as a potential diversion of license revenue.

#### **Recommendation**

We recommend that FWS work with the Department to resolve the potential diversion of license revenue of \$6,000.

#### **Department Response**

Department officials disagreed with the finding and recommendation.

#### **FWS Response**

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

#### **OIG Comments**

We consider the recommendation unresolved.

### **C. Overstated License Certification**

All States provide a certified count of hunting and fishing license sales to FWS each year. FWS uses the license certifications to determine the amount of Program funds to be apportioned to each State.

The Department completed and submitted annual license certifications for calendar years 2009 and 2010. The Department used both manual and electronic systems to record sales of fishing licenses and was unable to provide documentation to ensure that duplicate license holders were eliminated in the annual certifications.

The regulations (50 C.F.R. Subpart D § 80.31(b)(3)) state that fish and wildlife agencies are responsible for eliminating multiple counting of the same individuals in the information certifying the number of paid license holders.

Department officials were unaware of the requirement and of existing policies and procedures to eliminate duplicate license holders. In addition, they did not have a complete database that could be analyzed for duplicates.

While the District received the minimum annual apportionment of funds, the Department could not ensure that the licenses sold and reported in its annual

license certifications were accurate and based only on the sale of eligible fishing licenses.

For the calendar year 2011 reporting period, the Department implemented a database of fishing license holders, including names and addresses from copies of licenses sold by vendors. Department officials stated that they now have the ability to query the system to eliminate duplicate license holders.

#### **Recommendation**

We recommend that FWS work with the Department to eliminate duplicate license holders from the license certification.

#### **Department Response**

Department officials disagreed with the finding and recommendation.

#### **FWS Response**

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

#### **OIG Comments**

We consider the recommendation unresolved.

### **D. Inadequate Equipment Management**

Federal and District regulations require grantees to maintain adequate control over equipment. The District maintains the Fixed Asset System (FAS) for its equipment, but the information included in the FAS is incomplete and inaccurate. In response to our prior audit report, the Department implemented a separate database listing of its equipment maintained by the Division. The Division's database, however, is also inaccurate. We identified that—

- a boat trailer and a push net were not on the inventory listing;
- of the 25 equipment items on the inventory listing selected for review, 20 items were missing specific data that is required, such as cost, acquisition date, and the assigned property tag number; and
- 16 of the 25 items reviewed did not have property tags.

In addition, Division personnel incorrectly coded three equipment purchases to the wrong object codes. As a result, the District's fixed assets specialist did not include the items in the FAS. These items were a water-monitoring meter, a trailer, and marine electronics bought with the Division's purchase card.

Although the District hired a contractor to conduct a citywide inventory of capitalized equipment costing over \$5,000, the contractor did not inspect any of

the Division's assets. The Division has few items, other than boats and vehicles, that fall into the capitalization category. Equipment such as computers and other sensitive items are also required to be included in the inventory listing.

The Division's Federal aid coordinator conducted one physical inventory in December 2011 but did not update the Division's inventory listing to include the data required to be recorded for each asset, such as property tag numbers. In addition, items missing property tags were not identified so that tags could be obtained and affixed.

The Code of Federal Regulations (50 C.F.R. § 80.18 and 43 C.F.R. § 12.72) requires that equipment purchased with Program funds must be used only for Program activities and must be identified and controlled in order to properly manage the property.

The Office of the Chief Financial Officer Financial Policies and Procedures Manual, Chapter V General Accounting policies and procedures, subsections 1020.302 and 1020.303, define items required to be managed by the FAS.

Subsections 1020.306 and 1020.605, "Fixed Asset Stewardship Procedures," require the steward to ensure that specific information is entered to establish an asset in DC's FAS, including—

- the property tag number;
- a description;
- the location, including the address, building, and room number;
- the acquisition date;
- the purchase document number to trace to the invoice;
- the cost; and
- the steward's name.

Division personnel are not following the District's policies and procedures requiring specific details of equipment acquisitions to be entered into the inventory listing and ensuring that property tags are affixed to items. As a result, the Department may be at risk of losing control over equipment, and FWS has no assurance that equipment purchased with Program funds is being used for its intended purpose.

## **Recommendations**

We recommend that FWS work with the Department to ensure that the Division:

1. Properly tags all of its equipment;
2. Accurately identifies and records all capitalized and inventoried property items in the FAS; and
3. Accurately identifies and records all required property items in the Division's inventory listing in accordance with the District's policy until the FAS complies with the District's policies and procedures.

### **Department Response**

Department officials concurred with the finding and recommendations.

### **FWS Response**

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

### **OIG Comments**

We consider the recommendations resolved but not implemented.

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# Appendix I

**District of Columbia  
Department of the Environment  
Financial Summary of Review Coverage  
October 1, 2009, Through September 30, 2011**

<b>Grant Number</b>	<b>Grant Amount</b>	<b>Claimed Costs</b>	<b>Questioned Costs</b>
<b>F-1-C-25</b>	\$273,507	\$296,940	\$5,378
<b>F-1-C-26</b>	325,125	365,839	4,777
<b>F-2-R-24</b>	546,165	513,097	884
<b>F-2-R-25</b>	602,398	392,527	
<b>F-2-R-26</b>	628,925	518,006	
<b>F-4-E-23</b>	821,110	838,534	
<b>F-4-E-24</b>	546,165		
<b>F-6-D-18</b>	250,000	30,414	
<b>Total</b>	<b>\$3,993,395</b>	<b>\$2,955,357</b>	<b>\$11,039</b>

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# Appendix 2

**District of Columbia  
Department of the Environment  
Sites Visited**

**Headquarters**  
Washington, DC

**Aquatic Resources Education Center**  
Anacostia Park  
Washington, DC



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# Appendix 3

**District of Columbia  
Department of the Environment  
Status of Audit Findings and Recommendations**

Recommendations	Status	Action Required
A.1.1, A.1.2, A.2, B, C, D.1, D.2, and D.3	FWS management concurred with the findings and recommendations but additional information is needed. The Department disagreed with findings and recommendations B and C.	Based on the FWS Response, the corrective action plan should include information on actions taken or planned to address the recommendations, target dates and title(s) of the official(s) responsible for implementation, and verification that FWS headquarters officials reviewed and approved of the actions taken or planned by the Department. We will refer the recommendations not resolved or implemented at the end of 90 days (after October 28, 2013) to the Assistant Secretary for Policy, Management and Budget for resolution or tracking of implementation.

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



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