



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 Wisconsin,
Department of Natural Resources
From July 1, 2011, Through June 30, 2013




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

September 15, 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 Wisconsin, Department of
Natural Resources, From July 1, 2011, Through June 30, 2013
Report No. R-GR-FWS-0006-2014

This report presents the results of our audit of costs claimed by the State of Wisconsin, Department of Natural Resources (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 \$107.7 million on 18 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. The Department, however, was unable to support its in-kind match contributions, resulting in questioned costs of \$457,794 and did not maintain adequate control over grant-funded real property.

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

Please provide us with a corrective action plan based on our recommendations by December 15, 2014. The plan should provide information on actions taken or planned to address the recommendations, as well as target dates and title(s) of the official(s) responsible for implementation.

Please address your response to me at:

U.S. Department of the Interior
Office of Inspector General
12345 West Alameda Parkway, Suite 300
Lakewood, CO 80228

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, Karleen Rathmann, at 303-236-9138 or me at 303-236-9243.

cc: Regional Director, Region 3, 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) 16 U.S.C. §§ 669 and 777, as amended, respectively, 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 earned using grant funds.

Objectives

We conducted this audit to determine if the State of Wisconsin, Department of Natural Resources (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

Our audit work included claims totaling approximately \$107.7 million on the 18 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 Department's office in Madison, WI, and visited three hatcheries, three satellite centers, two shooting and rifle ranges, an education and visitor center, a service center, a science operations center, a State lake, a State forest, a State park, and a ranger station (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 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

On November 22, 2010, we issued “Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Wisconsin, Department of Natural Resources, From July 1, 2007, Through June 30, 2009” (Report No. R-GR-FWS-0011-2010). We followed up on all three recommendations in the report and found that the U.S. Department of the Interior, Office of the Assistant Secretary for Policy, Management and Budget (PMB), considered two resolved and implemented and one resolved but not implemented. As discussed in the “Findings and Recommendations” section of this report, we are repeating the unimplemented recommendation, which deals with the Department's reconciliation of its real property records with FWS' records.

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

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 \$457,794:

- A. Questioned Costs—Unsupported In-Kind Match Contributions: \$457,794.** The Department did not provide adequate documentation supporting its in-kind match contributions.
- B. Inadequate Control of Real Property.** The Department had not reconciled its Program-funded real property records with FWS' records.

Findings and Recommendations

A. Questioned Costs—Unsupported In-Kind Match Contributions: \$457,794

The Program requires States to use State matching, or non-Federal, funds to cover at least 25 percent of costs incurred in performing projects under the grants. States may use noncash, or in-kind, contributions to meet the matching share of costs, but as with costs claimed for reimbursement, States must support the value of these contributions.

The Department's claimed matching share of costs on grant W-160-P-21HE included in-kind contributions of \$3,104,502. The Department included the value of volunteer hours on the claimed matching share and used volunteer hours from hunter safety education classroom and range activities as in-kind match for this grant. The required matching share of costs on this grant totaled \$457,794.

The Department uses Safety Course Roster and Remittance Form 8500-065 to document and identify the hunter education safety courses, dates, lead and assistant instructors' signatures, and each instructor's total course hours. We found that the Department did not require the lead and assistant instructors to report their hours daily.

The Code of Federal Regulations (43 C.F.R. § 12.64 (b)(6)) outlines requirements for matching or cost sharing records and states that organizations, to the extent feasible, should use the same methods to support allocability of volunteer services as it does for regular personnel costs.

The Department's regular employees report their hours worked on a daily basis. The Department's Volunteer Instructor Policy and Procedure Manual, however,

does not require the volunteer hunter-education safety instructors to document their course hours on a daily basis. This is a systemic problem, and as a result of not following the procedures similar to those that Department employees use to certify time, there is a potential for excess reimbursement. We noted that the Department reported significant over-match or excess volunteer hours.

Recommendations

We recommend that FWS work with the Department to:

1. Resolve the \$457,794 of unsupported questioned costs on Program grant W-160-P-21HE; and
2. Update its Volunteer Instructor Policy and Procedure Manual to require the Department personnel and volunteers to certify their hours daily on Safety Course Roster and Remittance Form 8500-065.

Department Response

Department officials stated that they are working with FWS to resolve the \$457,794 in questioned costs. They also stated that the Department will update its Volunteer Instructor Policy and Procedure Manual to require volunteers to follow the same rules as Department employees and certify their hours daily. In addition, a revised Safety Course Roster and Remittance Form 8500-065 has been submitted to FWS for approval. Upon approval, training on the revised form will be piloted in August 2014 with a full rollout in calendar year 2015.

FWS Response

FWS regional officials concurred with these recommendations.

OIG Comments

Based on the Department and FWS responses, we consider these recommendations resolved but not implemented (see Appendix 3).

B. Inadequate Control of Real Property

During our audit, we found that the Department's Program-funded real property records did not reconcile with records maintained by FWS. To ensure that real property acquired under Program grants continues to serve the purpose for which it was obtained, the Department must ensure that its database of real property is accurate and complete and reconciles with FWS' land records.

Federal regulations (50 C.F.R. § 80.90 (f)) require that the Department maintain control of all assets acquired under Program grants to ensure that they serve the purpose for which they were acquired throughout their useful life. In addition, the FWS Director reiterated land management requirements to Program participants

in a March 29, 2007 letter. The letter requested each State maintain a real property management system that includes a comprehensive inventory of lands to ensure that its inventory is accurate and complete.

Although our prior audit report, “Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Wisconsin, Department of Natural Resources, From July 1, 2007, Through June 30, 2009” (Report No. R-GR-FWS-0011-2010), identified the issue of inadequate control of real property, FWS and Department officials both agreed that the reconciliation had not yet been completed. FWS officials stated that they need additional resources to resolve this issue.

Without reconciliation, neither the Department nor FWS can ensure that lands acquired under the Program are used for their intended purposes. Therefore, we repeat the applicable recommendation from Report No. R-GR-FWS-0011-2010, and we will track implementation of the repeat recommendation under the resolution process for that report.

Recommendations

Repeat Recommendation:

We recommend that FWS ensure that the Department reconciles its real property records with FWS’ records.

New Recommendation:

We recommend that FWS require the Department to certify that grant-funded real property is being used for its intended purposes.

Department Response

Department officials stated that they are working with FWS to ensure the Department’s real property records reconcile to those of FWS.

FWS Response

FWS regional officials concurred with these recommendations.

OIG Comments

Based on the Department and FWS responses, we consider these recommendations resolved but not implemented (see Appendix 3).

Appendix I

State of Wisconsin
Department of Natural Resources
Financial Summary of Review Coverage
July 1, 2011, Through June 30, 2013

FWS FAIMS* Grant Number	FBMS** Grant Number	Grant Amount	Claimed Costs	Questioned Costs
F-84-L-76	F11AF00208	\$419,091	\$424,080	
F-84-L-77	F12AF00780	676,900	562,382	
F-95-P-33	F08AF00016	6,400,000	16,724,353	
F-95-P-38	F09AF00055	1,052,920	1,914,099	
F-95-P-40	F11AF00048	1,156,933	1,146,796	
F-95-P-41	F11AF00204	15,320,820	19,434,096	
F-95-P-42	F11AF00597	1,099,175	174,224	
F-95-P-43	F11AF00598	534,084	1,156,635	
F-95-P-44	F11AF00596	288,660	135,311	
F-95-P-45	F12AF00509	14,472,955	18,189,795	
F-95-P-46	F13AF00211	208,647	0	
F-95-P-47	F13AF00212	871,211	0	
W-142-L-92	N/A	554,772	554,772	
W-142-L-93	F12AF00239	228,205	228,205	
W-142-L-94	F12AF00710	186,339	120,817	
W-160-P-21	F11AF01050	17,744,468	23,158,747	\$457,794
W-160-P-22	F12AP00421	16,340,032	23,797,414	
W-160-P-23	F13AF00515	170,667	0	
Total		\$77,725,879	\$107,721,726	\$457,794

*FAIMS stands for Federal Aid Information Management System.

**FMBS stands for Financial Business Management System.

Appendix 2

**State of Wisconsin
Department of Natural Resources
Sites Visited**

Central Office

Madison

Hatcheries

Les Voigt

Kettle Moraine

Wild Rose

Satellite Centers

Haywood

Janesville

Woodruff

Shooting and Rifle Ranges

Caywood

Wautoma

Service Center

Rhineland

Other Department Offices

Horicon Marsh Education and Visitor Center, Horicon

Science Operations Center, Madison

Silver Lake, Portage

Brule River State Forest, Brule

Kohler-Andrae State Park, Sheboygan

Ranger Station, Mercer

Appendix 3

**State of Wisconsin
Department of Natural Resources
Status of Audit Findings and Recommendations**

Recommendations	Status	Action Required
A.1, A.2, B	<p>We consider the recommendations resolved but not implemented.</p> <p>FWS regional officials concurred with the findings and recommendations and will work with the Department on a corrective action plan.</p>	<p>Complete a corrective action plan that includes specific action(s) taken or planned to address the recommendations, targeted completion dates, title(s) of the official(s) responsible for implementing the action taken or planned, and verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Department. We will refer any unimplemented recommendations to the Assistant Secretary for Policy, Management and Budget for implementation tracking by December 15, 2014.</p>
B (Repeat recommendation)	<p>We consider this recommendation (Recommendation B from our prior report, No. R-GR-FWS-0011-2010) resolved but not implemented.</p> <p>The Assistant Secretary for Policy, Management and Budget considers this recommendation resolved but not implemented.</p>	<p>Provide documentation to the Assistant Secretary for Policy, Management and Budget regarding the implementation of this recommendation.</p>

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