



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 Connecticut, Department of Energy and
Environmental Protection, Bureau of Natural Resources,
From July 1, 2009, Through June 30, 2011



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

October 25, 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 Connecticut, Department of Energy and
Environmental Protection, Bureau of Natural Resources, From July 1, 2009,
Through June 30, 2011
Report No. R-GR-FWS-0009-2012

This report presents the results of our audit of costs claimed by the State of Connecticut (State), Department of Energy and Environmental Protection, Bureau of Natural Resources (Bureau), 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 \$14.5 million on 39 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 Bureau'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 Bureau complied, in general, with applicable grant accounting and regulatory requirements. We, however, identified that the Bureau submitted Federal Financial Reports late and underreported program income.

We provided a draft report to FWS for a response. We summarized Bureau and FWS Region 5 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 finding and recommendations included in this report by January 23, 2013. 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 coordinator, Chris Krasowski, or me at 703-487-5345.

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)¹ 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 they earn using grant funds.

Connecticut Public Act No. 11-80, effective July 1, 2011, established the Department of Energy and Environmental Protection as the successor agency to the Department of Environmental Protection and the Department of Public Utility Control. For reporting purposes, we will use the Department of Energy and Environmental Protection.

Objectives

We conducted this audit to determine if the State of Connecticut (State), Department of Energy and Environmental Protection (Department), Bureau of Natural Resources (Bureau)—

- 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 \$14.5 million on the 39 grants open during State fiscal years (SFYs) that 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 the Bureau headquarters in Hartford, CT, and visited one district headquarters, two division headquarters, three wildlife management areas, six boat launch facilities, and two hatcheries (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.

¹ 16 U.S.C. §§ 669 and 777, as amended, respectively.

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 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 Bureau;
- reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income;
- interviewing Bureau employees to ensure that personnel costs charged to the grants were supportable;
- conducting site visits to inspect equipment and other property;
- determining whether the Bureau 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 Bureau’s operations.

Prior Audit Coverage

On October 16, 2007, we issued “Audit on the U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Connecticut, Department of Environmental Protection, Bureau of Natural Resources, From July 1, 2004, Through June 30, 2006 (R-GR-FWS-0005-2007).” 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 the recommendations resolved and implemented.

We reviewed Single Audit reports and comprehensive annual financial reports for SFYs 2010 and 2011. None of these reports contained any findings that would directly affect the Program grants.

Results of Audit

Audit Summary

We found that the Bureau complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. We identified two conditions, however, that resulted in the findings listed below.

Late Submission of Reports. The Bureau filed Federal Financial Reports (FFRs) an average of 82 days late after the extended deadline on nine grants.

Underreported Program Income. The Bureau underreported program income on two grants.

Findings and Recommendations

A. Late Submission of Reports

Grantees are required to submit an FFR to FWS 90 days after the end of the grant period. Late reporting can impact the financial accountability of both closed and on-going grants. We found that even though FWS approved 90-day reporting extensions, the Bureau filed FFRs an average of 82 days late after the extended deadline on nine grants (see below).

Grant No.	Revised Due Date	Date Actually Submitted	No. Days Late
F-61-T-24	9/29/2011	3/8/2012	161
W-49-R-34	3/29/2010	4/28/2010	30
W-49-R-35	3/29/2011	6/21/2011	84
W-54-T-30	3/29/2011	6/21/2011	84
W-57-S-29	3/29/2011	8/25/2011	149
W-61-D-14	3/29/2010	4/28/2010	30
W-61-D-15	3/29/2011	6/21/2011	84
W-63-O-08	3/29/2010	4/30/2010	32
W-63-O-09	3/29/2011	8/25/2011	84
Total Days Late			738
No. of Grants Late			9
Average Days Late			82

The Code of Federal Regulations, 43 CFR § 12.952(a)(1)(iv), requires final financial reports to be submitted no later than 90 calendar days after the end of the reporting period. FWS may approve extensions of reporting due dates when requested by the grantee, but FWS's "Interim Guidance for Financial and Performance Reporting," published on May 15, 2009, states that only one extension may be approved for up to a maximum of 90 days.

Bureau personnel explained that they could not submit the FFRs without accurate project cost codes on employee time sheets. Since employees had inaccurately entered these codes, the Bureau needed additional time to correct them. The Bureau did not have a process in place to ensure that employees entered the codes correctly.

Recommendation

We recommend that FWS require the Bureau to implement a process that ensures field personnel use accurate project codes in order to submit FFRs on time.

Bureau Response

Bureau officials concurred with the finding and recommendation.

FWS Response

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

OIG Comments

Based on the Bureau 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 Bureau.

B. Underreported Program Income

Under the Program, States may earn revenues, or program income, from grant-supported activities but must report and use such funds in accordance with Federal regulations. Although the Bureau reported \$2,099 as the Federal share of program income under Grant F-54-R-29 and \$26,157 under Grant F-54-R-30, a Bureau employee stated that the Federal share of program income for Grant F-54-R-29 should be \$26,157 and for Grant F-54-R-30 should be \$26,932.

The Code of Federal Regulations (43 CFR § 12.60, Standards for Financial Management Systems) states:

- a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—
 - 1) permit preparation of reports required by this part and the statutes authorizing the grant, and
 - 2) permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

A Department employee stated that timing differences between the receipt and reporting of program income may have contributed to the underreporting.

The Bureau underreported program income of \$24,058 on Grant F-54-R-29 and \$775 on Grant F-54-R-30. Due to the underreporting of program income, funds may have been used for non-grant purposes.

Description	F-54-R-29	F-54-R-30
Federal Share Reported	\$2,099	\$26,157
Actual Federal Share	26,157	26,932
Underreported	\$24,058	\$775

Recommendation

We recommend that FWS require the Bureau to revise the FFRs to reflect the appropriate Federal share of program income for grants F-54-R-29 and F-54-R-30.

Bureau Response

Bureau officials concurred with the finding and recommendation.

FWS Response

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

OIG Comments

Based on the Bureau 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 Bureau.

Appendix I

**State of Connecticut
Department of Energy and Environmental Protection
Bureau of Natural Resources
Financial Summary of Review Coverage
From July 1, 2009, Through June 30, 2011**

Grant Number	Grant Amount	Claimed Costs
F-50-D-30	\$459,766	\$629,844
F-50-D-31	536,974	427,569
F-50-D-32	491,193	
F-54-R-29	732,031	797,362
F-54-R-30	872,635	853,916
F-54-R-31	1,030,463	
F-57-R-28	1,350,024	1,489,791
F-57-R-29	1,488,659	1,585,995
F-57-R-30	1,920,538	
F-60-D-21	800,000	687,893
F-61-T-23	363,263	449,941
F-61-T-24	266,668	280,930
F-61-T-25	417,835	
F-64-E-21	631,590	532,791
F-64-E-22	549,625	535,016
F-64-E-23	543,913	
F-70-D-13	266,766	262,235
F-70-D-14	322,131	257,385
F-100-R-26	5,000	5,000
F-100-R-27	5,000	4,999
F-100-R-28	5,000	4,439
FW-1-C-14	393,702	329,203
FW-1-C-15	219,876	211,373
FW-1-C-16	225,437	
W-49-R-34	876,737	936,510
W-49-R-35	700,000	816,893
W-49-R-36	920,843	170,553
W-54-T-29	244,110	234,040
W-54-T-30	278,098	266,652
W-54-T-31	258,358	77,652

Grant Number	Grant Amount	Claimed Costs
W-57-S-28	\$651,774	\$584,334
W-57-S-29	531,776	554,432
W-57-S-30	660,441	
W-61-D-14	374,707	353,180
W-61-D-15	427,261	399,390
W-61-D-16	507,882	61,647
W-63-O-08	325,705	354,395
W-63-O-09	409,861	377,237
W-63-O-10	412,481	
Total	\$21,478,123	\$14,532,597

Appendix 2

**State of Connecticut
Department of Energy and Environmental Protection
Bureau of Natural Resources**

Sites Visited

Headquarters

Hartford

District Headquarters

Eastern District Headquarters

Division Headquarters

Boating Division

Marine Fisheries Division

Wildlife Management Areas

Franklin Swamp

Roraback

Sessions Woods

Boat Launch Areas

Baldwin Bridge Boat Launch (Connecticut River) Old Saybrook

Bayberry Lane Boat Launch Groton

Four Mile River Boat Launch Old Lyme

Great Island Boat Launch Old Lyme

Rogers Lake Boat Launch Old Lyme

Thames River Boat Launch New London

Hatcheries

Burlington Trout

Quinebaug Hatchery Ponds

Appendix 3

**State of Connecticut
Department of Energy and Environmental Protection
Bureau of Natural Resources
Status of Audit Findings and Recommendations**

Recommendations	Status	Action Required
A and B	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 January 23, 2012) to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.

Report Fraud, Waste, and Mismanagement



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