



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 North Dakota, Game and Fish Department
From July 1, 2008, Through June 30, 2010



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

December 1, 2011

AUDIT REPORT

Memorandum

To: Director
U.S. Fish and Wildlife Service

From: Suzanna I. Park 
Director of External Audits

Subject: Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of North Dakota, Game and Fish Department From July 1, 2008, Through June 30, 2010 (No. R-GR-FWS-0011-2011)

This report presents the results of our audit of costs claimed by the State of North Dakota (the State), Game and Fish Department (the 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 Program). The audit included claims totaling approximately \$26.6 million on 23 grants that were open during State fiscal years (SFYs) ended June 30, 2009, and June 30, 2010 (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 except the Department had not reconciled its grant-funded real property records with FWS.

We provided a draft report to FWS for a response. We summarized the Department and FWS Region 6 responses, as well as our comments on the responses after the recommendation. We list the status of the recommendation in Appendix 3.

Please respond in writing to the finding and recommendation included in this report by February 29, 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, Tim Horsma, or me at 703-487-5345.

cc: Regional Director, Region 6, 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. Under the Program, 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.

Objectives

Our audit objectives were to determine if the Department:

- 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.
- Reported and used program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$26.6 million on the 23 grants that were open during SFYs ended June 30, 2009, and June 30, 2010 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Department Headquarters in Bismarck, ND, and visited four Game and Fish Offices, seven wildlife management areas, and a boat ramp (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 Finding and conclusions based on our audit objectives. We tested records and conducted auditing procedures as necessary under the circumstances. We believe that the

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

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.
- 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 recorded in these systems 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.

Prior Audit Coverage

On January 4, 2007, we issued "U.S. Fish and Wildlife Service Federal Assistance Grants Issued to the State of North Dakota, Game and Fish Department, From July 1, 2003 Through June 30, 2005" Report No. R-GR-FWS-0006-2006. 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 them to be resolved and implemented.

We reviewed North Dakota's Comprehensive Annual Report and Single Audit Report for SFY 2010 and determined that the Department's Wildlife and Sport Fish Programs were not identified as major programs in the Single Audit. Neither of these reports contained any finding 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. In addition, we identified a condition that resulted in the finding listed below. We discuss the finding in more detail in the Finding and Recommendation section.

Unreconciled Real Property Records. The Department's and FWS' records of land purchased with Program funds show significant differences because they have not been reconciled.

Finding and Recommendation

A. Unreconciled Real Property Records

To help maintain control over the use of land acquired with Program funds, the Department must ensure that its database of real property is accurate and reconciles with land records maintained by FWS. Officials from both FWS and the Department agreed that a reconciliation had not been performed. We found that the two sets of records differed by 4,844 acres.

According to the Code of Federal Regulations, in 50 CFR § 80.18(c), States are required to maintain accountability and control of all assets to assure 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 that each State maintain a real property management system that includes a comprehensive inventory of lands and to ensure that its inventory is accurate and complete.

The Department was not aware that it was required to reconcile its real property records with FWS land records to determine their accuracy and completeness. According to a Department official, differences may be due, in part, to oversight in assigning land acquisition funding sources.

As a result, the Department's real property records are not adequate to ensure that lands acquired with Program funds are used solely for the intended purpose for which they were acquired.

Recommendation

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

Department Response

The Department concurred with the finding and recommendation. The Department met with FWS regional officials to discuss a plan for the reconciliation.

FWS Response

FWS Regional officials did not provide specific comment in response to the draft report, but concurred with the finding at the exit conference.

OIG Comments

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

- The specific action(s) taken or planned to address the recommendation.
- Targeted completion date.
- Titles of officials responsible for implementing the actions taken or planned.
- Verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Department.

Appendix I

**State of North Dakota
Game and Fish Department
Financial Summary of Review Coverage
July 1, 2008, Through June 30, 2010**

Grant Number	Grant Amount	Claimed Costs
F-2-R-55	\$4,118,038	\$4,130,630
F-2-R-56	2,328,000	2,341,292
F-30-DB-56	343,500	326,419
F-30-DB-57	2,882,266	2,946,463
F-30-DB-58	3,121,500	1,577,528
F-30-DB-59	2,880,600	211,101
F-38-D-23	475,000	500,399
F-38-D-24	621,000	567,660
F-38-D-25	549,000	554,660
F-41-E-22	430,000	432,108
F-41-E-23	200,000	27,311
F-44-O-1	155,300	42,297
FW-13-T-31	1,295,000	513,000
W-23-D-63	6,670,904	3,330,927
W-67-R-49	2,064,250	2,057,857
W-67-R-50	2,440,199	2,345,324
W-83-E-43	360,000	392,808
W-83-E-44	385,000	359,242
W-83-E-45	430,000	421,365
W-91-L-1	4,017,000	1,800,940
W-92-E-1	106,667	106,667
W-93-D-1	1,335,000	1,337,744
W-94-E-1	693,334	320,001
Total	\$37,901,558	\$26,643,743

Appendix 2

State of North Dakota Game and Fish Department Sites Visited

Headquarters

Bismarck

Game and Fish Offices

Bismarck Game and Fish Shop and Lab

Devils Lake Office

Dickinson Office

Jamestown Office

Wildlife Management Areas

Bull Creek

Cedar Lake

Cottonwood Creek

Erie Dam/Brewer Lake

Golden Lake

Killdeer Mountains

Prairie Chicken

Boat Ramp

Cedar Lake Boat Ramp

Appendix 3

**State of North Dakota
Game and Fish Department
Status of Audit Finding and Recommendation**

Recommendation	Status	Action Required
A	FWS management concurs with the recommendation, but additional information is needed as outlined in the “Action Required” column.	Based on the FWS response, additional information is needed in the corrective action plan, as listed in the Finding and Recommendation section under OIG Comments. We will refer the recommendation, if not resolved and/or implemented at the end of 90 days (after February 29, 2012), to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.

Report Fraud, Waste, and Mismanagement



Fraud, waste, and mismanagement in Government concern everyone: Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to Departmental or Insular Area programs and operations. You can report allegations to us in several ways.



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	Washington Metro Area:	202-208-5300
By Fax:	703-487-5402	
By Mail:	U.S. Department of the Interior Office of Inspector General Mail Stop 4428 MIB 1849 C Street, NW. Washington, DC 20240	