



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 Alaska, Department of Fish and Game,
From July 1, 2009, Through June 30, 2011



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

October 23, 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 Alaska, Department of Fish and Game,
From July 1, 2009, Through June 30, 2011
Report No. R-GR-FWS-0013-2012

This report presents the results of our audit of costs claimed by the State of Alaska (State), Department of Fish and Game (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 \$94,049,123 on 60 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 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 for a potential diversion of license revenue resulting from the deposit of \$336,078 in shooting range fees into the General Fund.

We provided a draft report to FWS for a response. We summarized Department and FWS Region 7 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 21, 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 team leader, Lori Howard, or me at 703-487-5345.

cc: Regional Director, Region 7, U.S. Fish and Wildlife Service

Table of Contents

Introduction..... 1

 Background..... 1

 Objectives 1

 Scope 1

 Methodology..... 1

 Prior Audit Coverage..... 2

Results of Audit 3

 Audit Summary 3

 Finding and Recommendations 3

Appendix 1..... 5

Appendix 2..... 7

Appendix 3..... 8

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.

Objectives

We conducted this audit to determine if the State of Alaska (State), Department of Fish and Game (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; and
- reported and used program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$94,049,123 on the 60 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 Department Headquarters in Juneau, AK, and visited one Regional office, three fish and game offices, one fish hatchery, six boat ramps, and one shooting complex (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 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; 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.

Prior Audit Coverage

On June 23, 2008, we issued "Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Alaska, Department of Fish and Game, from July 1, 2004 Through June 30, 2006 (No. R-GR-FWS-0007-2007)." Based on the FWS and Department's responses and the actions taken, we 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 Department complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. We identified, however, one condition that resulted in the finding listed below.

Potential Diversion of License Revenue. The Department deposited \$336,078 of shooting range fees that were generated with license revenue into the General Fund. General Fund revenues are not restricted to the administration of fish and wildlife activities.

Finding and Recommendations

A. Potential Diversion of License Revenue

Federal regulations require States participating in the Program to use income generated with license revenues for only fish and wildlife purposes. The Department uses license revenue to operate State shooting ranges. In 2010, fees charged at these shooting ranges were deposited into the Fish and Game Fund. The Fish and Game Fund is a restricted fund and can only be used for fish and wildlife purposes. In 2011, however, the shooting range fees of \$336,078 were deposited into the General Fund in compliance with a new State statute. General Funds can be used for other than fish and wildlife purposes.

According to the Code of Federal Regulations (50 CFR § 80.4), license revenues include license fees paid by hunters and anglers and any interest, dividends, or other income the Department earns from these fees. These revenues may only be used to manage fish and wildlife resources of the State for which the agency has authority under State law.

A new State statute enacted in 2011 authorized the State of Alaska to deposit shooting range fees in the General Fund instead of the Fish and Game Fund.

The Department may have spent shooting range revenues of \$336,078 from license-related activities for non-fish and non-wildlife purposes, which would result in a potential diversion in violation of 50 CFR § 80.4.

Recommendations

We recommend that FWS:

1. Resolve the potential diversion of \$336,078; and
2. Work with the Department to ensure the State enacts legislation that requires shooting range fees be deposited in the Fish and Game Fund.

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

Based on the Department 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 Department.

Appendix I

**State of Alaska
Department of Fish and Game
Financial Summary of Review Coverage
July 1, 2009, Through June 30, 2011**

Grant Number	Grant Amount	Claimed Costs
F-10-25	\$15,997,604	\$15,699,688
F-10-26	15,850,548	15,179,908
F-13-C-19	377,682	351,631
F-13-C-20	380,190	349,647
F-13-D-80	2,800,000	2,547,819
F-13-D-93	90,000	30,952
F-13-D-99	180,000	87,803
F-13-D-105	100,000	19,800
F-13-D-106	1,007,000	970,755
F-13-D-112	2,600,000	2,356,112
F-13-D-113	150,000	115,455
F-13-D-117	68,000	39,752
F-13-D-119	50,000	38,096
F-13-D-124	100,000	46,679
F-13-D-125	140,000	49,560
F-13-D-126	337,000	336,136
F-13-D-127	160,000	119,040
F-13-D-128	5,250,000	300,000
F-13-D-129	2,550,000	1,997,239
F-13-D-130	300,000	299,870
F-13-D-131	87,740	
F-13-D-132	800,000	759,991
F-13-D-133	80,000	73,527
F-13-D-134	1,285,000	
F-13-D-135	50,000	
F-13-D-136	275,000	16,929
F-13-D-137	20,000	19,325
F-13-D-138	240,000	240,000
F-13-D-139	275,000	
F-13-D-140	251,000	127,065
F-13-D-141	90,000	76,660
F-13-D-142	9,584	9,584

Grant Number	Grant Amount	Claimed Costs
F-13-D-143	\$100,000	
F-13-D-144	200,000	
F-13-D-145	100,100	
F-13-D-146	211,949	
F-13-D-147	256,000	
F-13-D-148	124,774	\$124,773
F-13-D-149	135,000	
F-13-L-31	275,000	219,000
F-13-M-44	535,572	503,332
F-13-M-45	354,426	329,257
F-13-M-46	438,558	410,248
F-13-M-47	374,946	354,044
F-31-21	1,415,570	1,380,088
F-31-22	1,326,618	1,281,268
F-32-19	3,931,204	3,931,204
F-32-20	3,414,414	3,143,171
F-39-D-1	58,650,000	
F-40-1	973,712	337,007
F-40-2	1,930,696	1,753,277
F-41-1	723,824	516,077
W-32-E-9	106,667	105,711
W-32-E-10	106,667	103,035
W-33-8	15,639,510	15,639,509
W-33-9	20,254,115	19,903,617
W-34-E-7	756,517	756,517
W-34-E-8	998,965	998,965
W-34-E-9	50,000	
W-51-C-1	152,000	
Total	\$165,488,152	\$94,049,123

Appendix 2

**State of Alaska
Department of Fish and Game
Sites Visited**

Headquarters

Juneau

Regional Office

Southeast (Douglas)

Fish and Game Offices

Craig

Ketchikan

Petersburg

Fish Hatchery

Crystal Lake (Petersburg)

Boat Ramps

Coffman Cove (Prince of Wales Island)

False Island (Craig)

Hollis (Prince of Wales Island)

Klawock

Knudson Cove (Ketchikan)

Twin Lakes (Juneau)

Hunter Education Shooting Complex

Juneau

Appendix 3

**State of Alaska
Department of Fish and Game
Status of Audit Finding and Recommendations**

Recommendations	Status	Action Required
A.1 and A.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 Finding and Recommendations section under OIG Comments. We will refer the recommendations not resolved and/or implemented at the end of 90 days (after January 21, 2013) 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.



By Internet:	www.doioig.gov	
By Phone:	24-Hour Toll Free:	800-424-5081
	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	