

# **Office of Inspector General U.S. Department of the Interior**

## **AUDIT REPORT**

**U.S. Fish and Wildlife Service  
Federal Assistance Grants  
Administered by the State of  
Wyoming, Game and Fish  
Department, from July 1, 2000,  
through June 30, 2002**

**Report No. R-GR-FWS-0030-2003**

**April 2004**



# United States Department of the Interior

## OFFICE OF INSPECTOR GENERAL

External Audits

12030 Sunrise Valley Drive, Suite 230

Reston, VA 20191

April 22, 2004

### Memorandum

To: Director  
U.S. Fish and Wildlife Service

From: Joe Ansnick  
Director of External Audits

Subject: Final Audit Report on U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of Wyoming, Game and Fish Department from July 1, 2000, through June 30, 2002 (No. R-GR-FWS-0030-2003)

This report presents the results of our audit of costs incurred by the State of Wyoming Game and Fish Department (Department) under its hunting and fishing programs and costs claimed under Federal Assistance grants from the U.S. Fish and Wildlife Service (FWS) from July 1, 2000, through June 30, 2002 (see Appendix 1).

We found that the Department did not obtain FWS instructions or FWS Regional Director's approval before conveying real property interests that had been acquired with Federal Assistance funds; and did not ensure that all boating access facilities constructed with Federal Assistance funds were adequately maintained.

The Department and FWS Region 6 responded to a draft of this report on March 25, 2004. The Department concurred with one recommendation, non-concurred with one recommendation, and did not state concurrence or non-concurrence with the remaining four report recommendations. The Region 6 office did not state concurrence or non-concurrence with the six report recommendations. Based on the responses we modified the findings as necessary to clarify the report. We included the Department and FWS responses after our recommendations and summarized the status of recommendations in Appendix 4.

Please provide us with a written response to this report by July 26, 2004. Your response should provide the information requested in Appendix 4. If you have any questions regarding this report, please contact me at (703) 487-5345 or John Kerrins, Audit Team Leader, at (303) 929-3857.

cc: Regional Director, Region 6, U.S. Fish and Wildlife Service

# INTRODUCTION

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## Background and Scope

The Pittman-Robertson Wildlife Restoration Act, as amended (16 U.S.C. 669) and the Dingell-Johnson Sport Fish Restoration Act, as amended (16 U.S.C. 777), (the Acts) authorize FWS to provide Federal Assistance grants to states to enhance their sport fish and wildlife programs. The Acts provide for FWS to reimburse the states up to 75 percent of the eligible costs incurred under the grants. The Acts specify that state hunting and fishing license revenues cannot be used for any purpose other than the administration of the state's fish and game agencies.

We performed an audit of Federal Assistance grants to the Wyoming Game and Fish Department as requested by FWS. The objective of our audit was to evaluate: (1) the adequacy of the Department's accounting system and related internal controls; (2) the accuracy and eligibility of the direct and indirect costs claimed under the Federal Assistance grant agreements with FWS; (3) the adequacy and reliability of the Department's hunting and fishing license fees collection, certification, and disbursement process; and (4) the adequacy of the Department's asset management system and related internal controls with regard to purchasing, maintenance, control and disposal; and (5) the adequacy of the Department's compliance with the Acts' assent legislation requirements. The audit also included an analysis of other issues considered sensitive and/or significant by FWS Regional staff. The audit work at the Department covered claims totaling approximately \$35 million on Federal Assistance grants from FWS that were open during the State's fiscal years ended June 30, 2001, and 2002 (see Appendix 1).

Our audit was performed in accordance with government auditing standards issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that we considered necessary under the circumstances. We relied on the work of the State of Wyoming Single Audit Report auditors to the extent possible in order to avoid a duplication of audit effort. Our tests included an examination of evidence supporting selected expenditures charged by the Department to the grants; interviews with employees to ensure that all personnel costs charged to the grants were supportable; and a review of the Department's use of fishing and hunting license revenues to determine whether the revenues had been used for program purposes. We did not evaluate the economy, efficiency, and effectiveness of the Department's operations.

Our audit was performed at the Department's headquarters in Cheyenne, Wyoming. We also conducted work at selected regional offices, Wildlife Habitat Management Areas, public access sites, hatcheries, a bird farm, and an animal disease research center (see Appendix 3).

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## **Prior Audit Coverage**

On February 10, 1997, we issued audit report No. 97-E-440, "Audit of U.S. Fish and Wildlife Service Federal Assistance Grants to the State of Wyoming, Fiscal Years 1994 and 1995, Supplemental Report." We reviewed this report and followed up on all findings to determine whether they had been resolved prior to our review. One finding in this report, relating to maintenance of boating access facilities, was previously reported and had not been addressed satisfactorily. Accordingly, it is included in the Results of Audit section of this report as finding B.

# RESULTS OF AUDIT

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## Summary

We found that the Department's:

- Accounting system and related internal controls adequately and accurately accounted for grant and license fee receipts and disbursements.
- Costs were accurately reported and claimed.
- Asset management system accurately identified and tracked personal and real property with regard to acquisition, maintenance, control, and disposal.

In addition, the State of Wyoming had adequate legislation that assented to the provisions of the Acts and prohibited the use of license fees for anything other than the administration of the Department.

However, we concluded that the Department:

- Did not obtain FWS instructions or FWS Regional Director's approval before conveying real property interests that had been acquired with Federal Assistance funds.
- Did not ensure that all boating access facilities constructed with Federal Assistance funds were adequately maintained.

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## A. Real Property Disposals

During the period July 1, 1992, through June 30, 2002, the Department conveyed 34 real property interests to other entities (see Appendix 2). Many of these conveyances were easements or rights-of-way. Based on evidence<sup>1</sup> made available to us, 25 of the 34 real property interests were acquired with Federal Assistance funds. The Department obtained neither FWS instructions nor the approval of the FWS Regional Director before disposing of 23 of the 25 property interests. The two remaining disposals received FWS instructions as well as Regional Director approval prior to their conveyance.

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<sup>1</sup>We did not obtain and review accounting or grant records related to the acquisition of the real property that was conveyed. In order to determine whether property was acquired with Federal Assistance funds, we considered a Departmental database of real property transactions, as well as maps, lists, and land cards that identified the source of funds generally used to acquire land within a Department-managed unit as sufficient evidence for this finding.

The Department should obtain FWS's instructions or the Regional Director's approval prior to conveying real property interests that were acquired with Federal Assistance funds. When it is determined that real property acquired under a Federal Assistance grant is no longer needed for the originally authorized purpose, 43 CFR 12.71(c) requires the Department to request disposition instructions from FWS. In addition, the Service Manual requires approval from the Regional Director prior to granting easements through lands acquired with Federal Assistance funds (522 Service Manual 6.7E). The Service Manual allows the Regional Director to grant blanket approval for easements, of which rights-of-way are one type, if the State has an adequate system for reviewing and granting easements that protects the Federal Assistance Program interests in the land. Furthermore, 50 CFR 80.14 requires real property acquired with Federal Assistance funds to continue to serve the purpose for which it was acquired and prescribes remedies when: (1) an agency loses control, (2) a use interferes with accomplishing the purpose of the acquisition, or (3) the real property is no longer needed.

We identified several reasons why the Department did not notify FWS prior to disposing of land acquired with Federal Assistance funds:

- The Department's database did not always indicate the source of funding and, when Federal Assistance funds were indicated, the Federal Assistance grant number was not always identified. The Department began using Federal Assistance funds to acquire land more than 50 years ago. Moreover, because the database was so old, staff may not have been convinced that specific parcels of land were acquired with Federal Assistance funds even though the Department's real property inventory system indicated that they had been acquired with Federal Assistance funds.
- The Department's disposal process did not include determining whether Federal Assistance funds were used in the acquisition, requesting FWS instructions, or obtaining FWS approval.
- Some Departmental employees believed that since Wyoming is a comprehensive management state, the Department does not need to notify FWS prior to land disposal.

Some Departmental employees believed that transactions of little consequence, such as correcting mistakes, straightening boundaries, and granting easements along existing public roads, did not require the Department to request instructions or approval from FWS.

In addition, some staff within the Department and the FWS believed that land disposal procedures should be changed or clarified. FWS approved an amendment to the Department's grant in 1998 with the understanding that additional procedures would be developed for granting easements or rights-of-way on property acquired with Federal Assistance funds. However, no such additional procedures were developed.

## **Recommendations**

We recommend that the FWS work with the Department to:

1. Develop and maintain a list of real property for which it has management responsibility that identifies parcels as to how they were acquired; i.e., with license fees, Federal Assistance, or other funds.
2. Confirm that the 34 disposals of land interests listed in Appendix 2 involved real property acquired with Federal Assistance funds.
3. Apply the provisions of 50 CFR 80.14(b) and 43 CFR 12.71 (c) to each disposal of land interests in Appendix 2 that involved real property acquired with Federal Assistance funds.
4. Ensure that the Department's real property disposal process includes procedures to determine whether Federal Assistance funds were used in the acquisition, and if so, request FWS instructions prior to transfer or sale, and obtain FWS Regional Director's approval for the intended method of disposition.
5. Develop and clarify procedures for granting easements or rights-of-way on property acquired with Federal Assistance funds.

## **Department Response**

The Department indicated that it has taken action relating to Recommendations A.1, A.4, and A.5. However, the Department did not concur with all of the properties and information included in Appendix 2 (pertaining to Recommendation A.2) and did not respond to finding A.3. The Department took issue with the information in Appendix 2 because:

- Property disposals such as Grey's River occurred well before the audit period and therefore should not have been included in the audit scope without obtaining the permission of the Director, U.S. Fish and Wildlife Service.
- The prior audit covered the two-year period ending June 30, 1995, foreclosing any retroactive audit findings predating that audit period.

Despite these two contentions, in order to bring closure to these disposals, the Department would request retroactive authorization for disposal of the listed properties. In addition, for future disposals, it intends to request the appropriate authorization.

**FWS  
Response**

FWS requested that all the properties in Appendix 2 remain in the report because the entire list is relevant to the finding and should be resolved in the context of the audit. FWS added that it would negotiate final resolution of each real property disposal during preparation of the corrective action plan.

**OIG  
Comments**

All real property acquired with Federal Assistance funds, regardless of when it was acquired, must be properly accounted for and available for Federal Assistance purposes until it is disposed of in accordance with regulations. All properties originally cited remain in Appendix 2. Although we believe the Department's actions regarding Recommendations A.1, A.4, and A.5 may be acceptable solutions, we do not consider the responses sufficient to resolve any of the findings. Accordingly, FWS should address these findings in its corrective action plan.

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**B. Boating  
Access  
Facility  
Maintenance**

Since 1989, the Department constructed 52 boating access projects using Federal Assistance funds. Most of these projects (36 of 52) were located on lands managed by other entities, such as Wyoming State Parks and the U.S. Forest Service. Prior to constructing these projects, the Department entered into agreements with these entities that made them responsible for the maintenance of the boating access facilities.

During our site visits, we observed that most boating access facilities were adequately maintained. However, maintenance at one location has been repeatedly deficient. In our 1997 prior audit, we reported, "...the handicapped access at some facilities was inadequate or had deteriorated since site construction completion." In 2001, FWS officials found inadequate maintenance of boating access facilities on Fremont Lake. Specifically, tall thick weeds impeded access to both a dock and comfort station constructed to be wheelchair accessible. Responsible Department officials said that the 2001 maintenance deficiency at Fremont Lake had been discussed with the responsible land management agency, the U.S. Forest Service. However, we found inadequate maintenance of the same boating access facility at Fremont Lake during our site visit in August 2003.

According to 50 CFR 80.20, the Department must ensure that other entities maintain capital improvement projects throughout the useful life of the facilities. A reasonable process to achieve this would include performing periodic inspection of the facilities and



requesting that the other entity perform better maintenance when deficiencies are found. If the initial request fails to improve maintenance, the Department should take more aggressive action such as writing letters, disapproving future projects on entity managed areas, or performing the maintenance at Department expense.

The Department did not implement procedures to document inspections and to enforce compliance with its agreements when maintenance by other entities was found to be inadequate. As a result, uncut vegetation at Fremont Lakes continued to compromise wheelchair accessibility.

**Recommendation**

We recommend that the FWS work with the Department to develop procedures to document inspections and enforce compliance with agreements with respect to boating access facility maintenance.

**Department  
Response**

The Department concurred with the finding and recommendation and stated that it has already contacted the U. S. Forest Service Supervisor who has agreed to monitor the Forest Service's responsibilities. In addition, the Department plans to inspect all boating access facilities for repairs and maintenance at least once during the 5-year grant period and include documentation in its files. The Department also plans to strengthen compliance requirements in its contracts with other entities to define repair and maintenance requirements, establish time frames for compliance, and include other provisions to assist in enforcing such compliance.

**FWS  
Response**

FWS will consider the Department's comments in preparing the corrective action plan.

**OIG  
Comments**

We consider the Department's actions to be appropriate. FWS should address the finding in corrective action plan.

**STATE OF WYOMING  
FISH AND GAME DEPARTMENT  
FINANCIAL SUMMARY OF REVIEW COVERAGE**

Grant Number	Grant Amount	Claimed Costs	Questioned Costs		Note
			Total	Federal Share	
FW-17-P-18	\$10,072,920	\$13,993,385	\$0		1
FW-17-P-19	15,241,045	21,111,020	0		1
Totals	\$25,313,965	\$35,104,405	\$0		

**Note:**

1. All costs claimed by the Department were incurred; however, the Department excluded costs for the acquisition of personal property from its Federal Assistance claims.

**STATE OF WYOMING  
GAME AND FISH DEPARTMENT  
REAL PROPERTY INTEREST DISPOSALS  
JULY 1, 1992 THROUGH JUNE 30, 2002**

<b>Date</b>	<b>Unit</b>	<b>Conveyance</b>	<b>Purpose</b>	<b>Price or Fair Market Value</b>	<b>Federal Assistance Acquired</b>	<b>Notes</b>
05/21/2002	Ocean Lake	Bill of sale	Building disposal	\$18,176	YES	
04/08/2002	North Platte River Foote	Deed	Relinquish road right of way	0	YES	
02/25/2002	North Platte River Robertson Road	Easement	Overhead power line right-of-way	175	NO	
02/25/2002	North Platte River Robertson Road	Easement	Overhead telephone line right-of-way	175	NO	
02/25/2002	Rawhide	Easement	Road right-of-way across 0.4 acres	50	NO	
05/18/2000	Medicine Lodge	Easement	Telephone right-of-way to Department facilities	0	YES	
08/09/2000	Red Rim	Easement	Oil & gas pipeline right-of-way	10,000	YES	
02/22/2000	North Platte River Ft. Steele	Easement	Fiber optics right-of-way	300	YES	
12/28/1999	Wick	Easement released	Wind towers on 13.906 acres	26,540	YES	
08/27/1999	Cow Creek Mountain	Deed	Sold 683 acres with some reservations	221,000	NO	
08/26/1999	Ocean Lake	Bill of sale	Building disposal	22,300	YES	
08/24/1999	Wick	Deed	Sold 5.74 acres to WYDOT for sewage lagoon	1,725	YES	
08/03/1999	Wick	Easement	Fiber optics right-of-way	210	YES	
07/12/1999	Laramie Peak	Deed	Real property exchange	18,600	YES	1
05/20/1999	Red Rim	Easement	Fiber optics right-of-way	18,679	YES	
	Ocean Lake	Bill of sale	Auction of cabin	18,176	YES	
04/01/1999	North Platte River Speck	Easement	Road right-of-way to County	3,835	NO	
03/10/1999	Rawhide	Easement	Nonexclusive use of existing public access road	10	NO	
10/19/1998	Renner	Easement	Use of 2 acres for water catchment	500	YES	
07/20/1998	Pennock Mountain	Easement	Nonexclusive use of existing public access road	568	YES	2
07/07/1998	Spence Moriarity	Easement	Replaces right-of-way access to Alexanders	7,454	NO	

## APPENDIX 2

Date	Unit	Conveyance	Purpose	Price or Fair Market Value	Federal Assistance Acquired	Notes
05/22/1998	Rawhide	Deed	Real property exchange to straighten boundary	\$71	NO	3
04/03/1997	Johnson Reservoir	Deed	Department relieved of obligation to repair and maintain reservoir	(40,000)	YES	
03/11/1997	Spence Moriarity	Easement	Realignment of County road	0	NO	
03/07/1997	Big Laramie River Jelm	Easement	Fiber optics box and line right-of-way	435	YES	
03/07/1997	Soda Lake	Easement	Road right-of-way to County	7,922	YES	4
12/19/1996	Wick	Easement	Nonexclusive right-of-way on existing road	420	YES	
11/06/1996	Red Rim	Agreement	Oil & gas pipeline right-of-way	520	YES	
05/30/1996	Salt River	Deed	Correct mistake on hunting and fishing easement	0	YES	
09/25/1995	Wick	Deed	Wind towers on about 30 acres	1,350	YES	5
12/18/1992	Greys River	Deed	Sold 65.84 acres to Riverview Meadows Company	377,000	YES	
11/19/1992	Greys River	Deed	Sold 31.68 acres to Town	38,000	YES	
11/19/1992	Greys River	Permit	Use of 17 acres for wastewater treatment and park	0	YES	
08/18/1992	Billy Miles	Deed	Fee title exchanged for conservation easements	56,559	YES	6
08/05/1992	Greys River	Deed	Sold 46.25 acres to WYDOT	55,500	YES	

### **Notes:**

1. The Department exchanged real property interests with a fair market value of \$18,600 for real property interests of equal or greater value.
2. The Department exchanged vehicular right-of-way with a fair market value of \$568 for road maintenance valued at \$568.
3. The Department exchanged 0.354 acres to reestablish a portion of the boundary line between the parties.
4. The Department did not charge the county for the road right-of-way because the Department would no longer incur costs to maintain the road.
5. The Department exchanged real property interests with a fair market value of \$1,350 for other real property interests having a greater fair market value.
6. The Department exchanged real property interests with a fair market value of \$56,559 for other real property interests of equal or greater value.

**STATE OF WYOMING  
GAME AND FISH DEPARTMENT  
SCHEDULE OF SITES VISITED**

**Wildlife Habitat Management Areas**

Greys River  
Kirk Inberg/Kevin Roy  
Red Canyon  
Soda Lakes  
Spence/Moriarity  
Springer/Bump Sullivan  
Table Mountain  
Whisky Basin  
Wick/Beumee

**Public Access Areas**

Little Popo Agie  
Middle Popo Agie  
North Platte River - Various

**Regional Offices**

Casper  
Jackson  
Lander  
Pinedale

**Other Sites Visited**

Alcova Reservoir  
Auburn Fish Hatchery Big Bend Ponds, Riverton WY  
Boulder Rearing Station  
Boyen State Park  
Dan Speas Rearing Station  
Downar Bird Farm  
Fremont Lake  
Glendo State Park  
Lucky Ponds, Lander WY  
Pathfinder Reservoir  
Platte River Parkway  
Sinks Canyon State Park  
Sybille Wildlife Research and Education Center

## STATUS OF AUDIT FINDINGS AND RECOMMENDATIONS

Recommendation	Status	Action Required
A1, A2, A3, A4, A5 and B	Finding Unresolved and Recommendation Unimplemented	<p>Provide a response to each recommendation that states concurrence or non-concurrence. Provide a corrective action plan that includes a target date and the official responsible for implementation of each recommendation or alternative solution.</p> <p>Unresolved findings and unimplemented recommendations remaining at the end of 90 days (after July 16, 2004) will be referred to the Assistant Secretary for Policy, Management and Budget for resolution and/or tracking of implementation.</p>

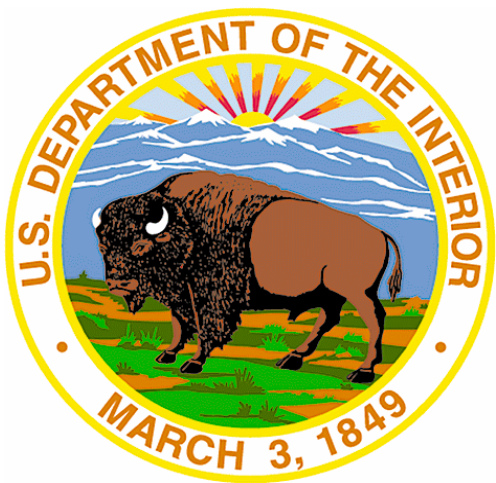
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