




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

August 24, 2012

Memorandum

To: Eric Eisenstein
Division Chief, Internal Control and Audit Follow-up
Office of Financial Management

From: Michael P. Colombo 
Regional Manager

Subject: Verification Review of Recommendations of our June 2011 Evaluation Report,
“U.S. Fish and Wildlife Service Grants and Cooperative Agreements in Hawaii
and the Pacific Islands” (Report No. HI-EV-FWS-0001-2009)
Report No. WR-VS-FWS-0007-2012

The U.S. Department of the Interior (Department) Office of Inspector General (OIG) has completed a verification review of the nine recommendations presented in the subject evaluation report. The objective of the verification review was to determine whether the recommendations were implemented by U.S. Fish and Wildlife Service (FWS) as reported to the Office of Financial Management (PFM), Office of Policy, Management and Budget. Based on our verification, we consider all nine of the recommendations resolved and implemented.

Background

Our June 2011 evaluation report, “U.S. Fish and Wildlife Service Grants and Cooperative Agreements in Hawaii and the Pacific Islands,” contained nine recommendations relating to the use and management of cooperative agreements and grants administered by FWS through the Pacific Islands Fish and Wildlife Office (PIFWO).

In a memorandum dated February 25, 2011, the Director of FWS agreed with the findings and recommendations for improving grants management functions in their PIFWO and Pacific Regional Office. The Director also provided a corrective action plan with target implementation dates associated with each recommendation. Based on FWS response, we considered all recommendations resolved and implemented with the exception of Recommendation 2. On June 30, 2011, we referred Recommendation 2 to PFM for tracking and implementation.

Subsequently, PFM reported in a memorandum dated September 13, 2011 that Recommendation 2 had been implemented, and the audit report was closed.

Scope and Methodology

The scope of this review was limited to determining whether the FWS took action to implement the recommendations. To accomplish our objective, we reviewed the supporting documentation that FWS officials provided and discussed actions taken relating to each of the nine recommendations.

We did not perform any site visits or conduct fieldwork to determine whether the underlying deficiencies we initially identified have been corrected. As a result, we did not conduct this review in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States or the Quality Standards for Inspections of the Council of the Inspectors General on Integrity and Efficiency.

Results of Review

Our current review found that FWS implemented all nine recommendations.

Recommendation 1: Assess other Regions to determine whether the problems identified in the Pacific Region/PIFWO are common or isolated.

Action Taken: In the February 25, 2011 response to our draft evaluation, FWS officials stated they were in the process of reviewing controls over grants and cooperative agreements as part of the A-123 Appendix A, Management's Responsibility for Internal Control over Financial Reporting. During our review, we confirmed that the A-123 review was completed. We conclude this recommendation is resolved and implemented.

Recommendation 2: Revise assistance policies and practices to clearly delineate responsibilities and improve controls.

Action Taken: FWS issued regional guidance on initiation, processing, management, and signature authority on grants and cooperative agreements. In addition, FWS has included "Determination of an Appropriate Selection of Award Instrument" documentation in all award files. This process ensures the correct award type is selected. FWS also created a process for proposal screening and selection documentation in award files. This process documents a transparent rationale for recipient and project selection. FWS also informed us that all Federal Financial Assistance funding decisions are made at the Assistant Regional Director level. Based on this information, we conclude this recommendation is resolved and implemented.

Recommendation 3: Strengthen landowner agreement practices to better protect long-term outcomes.

Action Taken: The PIFWO Partners Program has put a checklist process that does not allow funds to be obligated without landowner agreements signed by the landowner. In addition, PIFWO met with the Regional Office Partners and Coastal Coordinators in

February for a grant program review that included a discussion on landowner agreements. Based on this information, we consider this recommendation resolved and implemented.

Recommendation 4: Improve records management to ensure centralized access to key information for each grant/cooperative agreement.

Action Taken: The PIFWO issued guidance dealing with improved records management to ensure centralized access to key information for each cooperative agreement. We consider this recommendation resolved and implemented.

Recommendation 5: Require a CFDA [Catalog of Federal Domestic Assistance] citation for all the announcements of Federal assistance to ensure full reporting of financial assistance awards.

Action Taken: The PIFWO provided us with a copy of the work step instructions from the Financial and Business Management System financial assistance training noting that a CFDA number is required. Based on this information, we consider this recommendation resolved and implemented.

Recommendation 6: Provide the necessary training and support to the Regional and Field Offices to ensure that staff has the capacity to properly administer Federal assistance.

Action Taken: The PIFWO provided us with documentation showing staff from the Regional and Field Offices participated in courses on grants and cooperative agreements. Based on this information, we consider this recommendation resolved and implemented.

Recommendation 7: Revise ethics policies and practices to ensure that grant administrators file disclosure statements at least annually, and provide clear guidance to employees when they must terminate outside relationships or recuse themselves from particular matters.

Action Taken: The FWS Regional Director for Region 1 issued a memorandum on March 4, 2011, regarding the initiation, processing, management, and signature authority of grants and cooperative agreements. This memorandum requires that personnel involved with the administration of financial assistance will file an annual "Conflict of Interest Statement" form certifying personal awareness of any matter which may reduce an individual's ability to participate in proposal evaluation, activities associated with financial assistance agreement development, payment processing, and/or project execution. Based on this information, we conclude this recommendation is resolved and implemented.

Recommendation 8: Establish specific performance targets to increase the use of competitive procedures in awarding Federal assistance.

Action Taken: In the February 25, 2011 response to our draft evaluation report, FWS officials stated the following in regards to Recommendation 8: "The Service agrees with the report's conclusion that competitive procedures help ensure that the Government will receive the best value for taxpayer dollars. We are equally committed to procedures that promote open and transparent Government, especially when funds support our mission to conserve, protect and enhance fish, wildlife, and plants and their habitats. However, we are not convinced that setting specific targets is a productive mechanism to ensure competitive procedures are followed. Setting ranking criteria and competitive procedure are the responsibility of each program and may vary widely to meet local goals. The Service believes that actions taken to resolve other recommendations in this report will strengthen controls and awareness of all procedures, including competitive procedures. Therefore, the Service will not take actions to establish specific performance targets to increase the use of competitive procedures. No additional action required." During our verification review, we followed up on the status of this recommendation. FWS maintains that actions taken to resolve other recommendations such as requiring a CFDA citation for all announcements of financial assistance will strengthen competition which we agree. Based on the Department's revision of 505 DM 2.13, which requires that the synopses of all cooperative agreements and discretionary grant funding be posted on www.grants.gov, we conclude that compliance with this departmental regulation will also encourage competition. Based on the above information, we conclude this recommendation is resolved and implemented.

Recommendation 9: Ensure that recipients acting in a fiduciary role have the capacity to administer Federal financial assistance.

Action Taken: In the February 25, 2011 response to our draft evaluation report, the reported corrective action for Recommendation 9 was: "The Pacific Region Contracting and General Services Office and programs plan to coordinate existing monitoring efforts to provide better and more efficient reviews of financial assistance administration in field offices. Cooperative reviews cover examinations of both fiscal and programmatic areas. The existing CGS review is a three year cycle of performance reviews that include examining agreement files for compliance with 43 CFR 12.... The program reviews concentrate on overall compliance with program rules and accomplishment reporting. Reviews will follow the DOI - Financial Reporting policy. This effort, combined with training and revised policies mentioned elsewhere in this corrective action plan, will strengthen grant monitoring at the field offices. Increased and effective monitoring will ensure the Service is able to evaluate recipients' capacity and ability to administer Federal financial assistance. Grantee monitoring site visits will include an evaluation of compliance with all administrative requirements outlined in 43 CFR 12 [2 CFR] such as codes of conduct, procurement procedures, and accounting system that provides effective controls and accountability." During our verification review, FWS provided us with a copy of the "2012 Coastal Program and Partners for Fish and Wildlife Program Reviews," administrative reviews, and an ecological services report. Based on this information, we consider this recommendation resolved and implemented.

Conclusion

We informed FWS officials of the results of this review on August 7, 2012. FWS officials agreed with the results of our review. If you have any questions about this report, please contact me at (916) 978-5653.

cc: Sharon Blake, Liaison Officer, Office of Financial Management
Nancy Thomas, Liaison Officer, Office of Financial Management
Kathy Garrity, Liaison Officer, U.S. Fish and Wildlife Service