U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program
Grants Awarded to the State of Vermont Fish and Wildlife Department
From July 1, 2015, Through June 30, 2017
Memorandum

To: Margaret Everson  
Principal Deputy Director Exercising the Authority of the Director  
U.S. Fish and Wildlife Service

From: Nicki Miller  
Regional Manager, Eastern Region

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Vermont Fish and Wildlife Department From July 1, 2015, Through June 30, 2017  
Report No. 2018-ER-063

This final report presents the results of our audit of costs claimed by the State of Vermont Fish and Wildlife Department (VFWD) under grants awarded by the U.S. Fish and Wildlife Service (FWS). The FWS provided the grants to the VFWD under the Wildlife and Sport Fish Restoration Program. The audit included claims totaling approximately $25.4 million on 42 grants that were open during the State fiscal years that ended June 30, 2016, and June 30, 2017 (see Appendix 1). The audit also covered the VFWD’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 VFWD complied, in general, with applicable grant accounting and regulatory requirements, but it did not have policies or procedures in place for the allocation of compensatory time earned. We made one recommendation to address this issue.

We provided a draft report to the FWS for its response to our recommendation. In this final report, we summarize the FWS Region 5’s response to the recommendation, and we list the status of the recommendation in Appendix 3.

Please provide us a corrective action plan based on our recommendation by February 11, 2020. Your written response should provide detailed information on the actions you have taken, or plan to take, to address the recommendation, as well as target dates and titles of officials responsible for implementing these actions. Please send your response to aie_reports@doioig.gov.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit reports issued, actions taken to implement our recommendations, and recommendations that have not been implemented.
If you have any questions regarding this report, please contact Regional Supervisor Patrick O’Boyle or me at 202-208-5745, or you can email aie_reports@doioig.gov.

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 Act¹ established the Wildlife and Sport Fish Restoration Program. Under the program, the U.S. Fish and Wildlife Service (FWS) provides grants to States to restore, conserve, manage, and enhance their wildlife and sport fish 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 States’ fish and game agencies. 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 whether the Vermont Fish and Wildlife Department (VFWD):

* Claimed the costs incurred under program grants in accordance with the Acts and related regulations, FWS guidelines, and 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 $25.4 million on the 42 grants open during the State fiscal years (SFYs) that ended 2016 and 2017 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the VFWD headquarters and visited four regional offices, two wildlife habitat management areas, three fish culture stations, eight boat access sites, a visitor center, and a shooting range (see Appendix 2). We performed this audit to supplement—not replace—the audits required by the Single Audit Act.

Methodology
We conducted this audit in accordance with Generally Accepted Government Auditing Standards. 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 believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ 16 U.S.C. §§ 669 and 777, as amended, respectively.
Our tests and procedures included:

- Examining the evidence that supports selected expenditures the VFWD charged to the grants
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income
- Interviewing VFWD employees to ensure that personnel costs charged to the grants were supportable
- Conducting site visits to inspect equipment and other property
- Determining whether the VFWD 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 the 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 VFWD’s operations.

We relied on computer-generated data for other direct costs and personnel costs to the extent that we used these data to select program costs for testing. Based on our test results, we either accepted the data or performed additional testing. For other direct costs, we took samples of costs and verified them against source documents such as purchase orders, invoices, receiving reports, and payment documentation. For personnel costs, we selected VFWD employees who charged time to program grants and verified their hours against timesheets and other supporting data.

**Prior Audit Coverage**


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 for SFYs 2016 and 2017. None of these reports contained any finding that would directly affect the program grants.
Results of Audit

Audit Summary
We found that the VFWD complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance, but we identified the following conditions that resulted in our finding.

Finding and Recommendation

No Policies Governing Compensatory Time Payroll Allocation

According to the Code of Federal Regulations (C.F.R.), a State must have procedures in place that enable funds to be tracked in enough detail to ensure that the use of the funds has not violated any statutes (43 C.F.R. §12.60(a)(2)). The C.F.R. also requires that when employees work on multiple activities or cost objectives, a distribution of their wages be supported by personnel activity reports or equivalent documentation (2 C.F.R. 225 Appendix B, section 8.h(4)). Support is required when employees work on more than one Federal award, a Federal award and a non-Federal award, an indirect cost activity and a direct cost activity, two or more indirect activities that are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

Some VFWD employees split their working hours between Federal grant projects and non-Federal grant projects and can accrue compensatory time when they work more than 80 hours in a biweekly pay period. The employees determine the number of regular working hours and compensatory hours to charge to each project, and these hours are recorded by project in the VFWD’s payroll system. We found, however, that the employees’ compensatory time is not supported by personnel activity reports or equivalent documentation, as the C.F.R. requires.

We learned that the VFWD does not have policies or procedures governing the allocation and documentation of compensatory time earned when the working hours are split among multiple grant projects that include Federal grant funds. Because of this, the VFWD may have incurred compensatory payroll costs that did not represent the actual number of hours employees worked on program grants.

Recommendation

We recommend that the FWS:

1. Work with the VFWD to implement policies and procedures to ensure payroll expenses are properly supported by personnel activity reports reflecting actual time worked on program grants for any compensatory time earned
We provided a draft report to the FWS for review. The FWS concurred with the recommendation and will work with the VFWD on a corrective action plan. We therefore consider the recommendation resolved but not yet implemented.

**VFWD Response**

The VFWD provided no response.

**FWS Response**

The FWS concurred with our finding and recommendation. The FWS stated that it will work closely with VFWD staff to develop and implement a corrective action plan that will resolve the finding and recommendation. According to the FWS, it is working with the VFWD to implement policies and procedures to ensure payroll expenses are properly supported by personnel activity reports reflecting actual time worked on program grants for any compensatory time earned.

**OIG Comment**

Based on the response and subsequent discussion with the FWS, we consider the recommendation resolved but not implemented (see Appendix 3).
# Appendix 1

State of Vermont  
Fish and Wildlife Department  
Grants Open During the Audit Period  
July 1, 2015, Through June 30, 2017

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* FBMS = Financial and Business Management System.
Appendix 2

State of Vermont
Fish and Wildlife Department
Sites Visited

Headquarters
Montpelier

Regional Office
Essex Junction
St Johnsbury
Springfield
Rutland

Fish Culture Center
Bald Hill
Ed Weed
Bennington

Wildlife Management Areas
Dead Creek
Bald Hill

Boating Access
Vantines A
Keeler Bay
John Guilmette
Willoughby Lake
Crystal Lake – Bill Chaloux
Seymour Lake
Shelbourne Pond
Van Everest

Other
Dead Creek Visitor Center
North Country Sportsman Club Shooting Facility
## Appendix 3

State of Vermont  
Fish and Wildlife Department  
Status of Audit Recommendation

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Status</th>
<th>Action Required</th>
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</table>
| 1              | We consider the recommendation resolved but not implemented. U.S. Fish and Wildlife Service (FWS) regional officials concurred with the finding and recommendation and will work with staff from the State of Vermont Fish and Wildlife Department (VFWD) to develop and implement a corrective action plan. | Complete a corrective action plan that includes information on actions taken or planned to address the recommendation, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials have reviewed and approved the actions the VFWD has taken or planned.  
If the recommendation is not implemented at the end of 90 days, after February 11, 2020, we will refer it to the Assistant Secretary for Policy, Management and Budget for tracking. |
Report Fraud, Waste, and Mismanagement

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          Office of Inspector General
          Mail Stop 4428 MIB
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          Washington, DC 20240