



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 Commonwealth of Massachusetts, Department of Fish and Game, Division of Fisheries and Wildlife, From July 1, 2012, Through June 30, 2014



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

JAN 07 2016

Memorandum

To: Daniel M. Ashe
Director, U.S. Fish and Wildlife Service

From: Tim Horsma *Tim Horsma*
Acting Director, Grant Audits

Subject: Final Audit Report – U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Massachusetts, Department of Fish and Game, Division of Fisheries and Wildlife, From July 1, 2012, Through June 30, 2014
Report No. 2015-EXT-005

This report presents the results of our audit of costs claimed by the Commonwealth of Massachusetts (Commonwealth), Department of Fish and Game, Division of Fisheries and Wildlife (Division), under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the Commonwealth under the Wildlife and Sport Fish Restoration Program (Program). The audit included claims totaling \$20.3 million on 46 grants that were open during Commonwealth fiscal years (CFYs) that ended June 30 of 2013 and 2014 (see Appendix 1). The audit also covered the Division's compliance with applicable laws, regulations, and FWS guidelines, including those related to the collection and use of fishing license revenues and the reporting of program income.

We found that the Division complied, in general, with applicable grant accounting and regulatory requirements. The Division, however, allowed a motorcycle club to remain on a wildlife management area even though its presence was not an authorized use of the property, and the Division had not reconciled its real property records with FWS.

We provided a draft report to FWS for a response. In this report, we summarize the Division's and FWS's Region 5 responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 3.

Please provide us with a corrective action plan based on our recommendations by April 8, 2016. The response should provide information on actions taken or planned to address the recommendations, as well as target dates and title(s) of the official(s) responsible for implementation. Formal responses can be submitted electronically. Please address your response to me and submit a signed PDF copy to WSFR_Audits@doioig.gov. If you are unable to submit your response electronically, please send your response to me at:

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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 me at 916-978-5668.

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 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 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 if the Commonwealth of Massachusetts, Division of Fisheries and Wildlife (Division)—

- claimed the costs incurred under the 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; and
- reported and used program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$20.3 million on the 46 grants that were open during the Commonwealth fiscal years (CFYs) that ended June 30, 2013 and 2014 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Westborough, MA, Field Headquarters and visited 3 field offices, 5 wildlife management areas, 2 wildlife conservation easements, 2 fish hatcheries, and 2 access sites (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 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.

Our tests and procedures included—

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

- examining the evidence that supports selected expenditures charged to the grants by the Division;
- reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income;
- interviewing Division employees to ensure that personnel costs charged to the grants were supportable;
- conducting site visits to inspect equipment and other property;
- determining whether the Division used hunting and fishing license revenues solely for the administration of fish and wildlife program activities; and
- determining whether the Division 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 Division'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 Division employees who charged time to Program grants and verified their hours against timesheets and other supporting data.

Prior Audit Coverage

On February 18, 2010, we issued "U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Massachusetts, Department of Fish and Game, Division of Fisheries and Wildlife, From July 1, 2007 Through June 30, 2009" (R-GR-FWS-0002-2010). We followed up on the prior report and as it did not contain findings or recommendations, no further action was necessary.

We reviewed single audit reports and comprehensive annual financial reports for CFYs 2012 and 2013. None of these reports contained any findings that would directly affect Program grants.

Results of Audit

Audit Summary

We found that the Division complied, in general, with applicable grant agreement provisions and requirements of the Act, regulations, and FWS guidance. We identified, however, the following conditions that resulted in our findings:

A. Improper Use of Real Property (Mohawk Ramblers Motorcycle Club Site)

B. Unreconciled Real Property

Findings and Recommendations

A. Improper Use of Real Property (Mohawk Ramblers Motorcycle Club Site)

In 1999, an FWS land acquisition grant provided funding for the Division to purchase the Montague Plains Wildlife Management Area (WMA). At the same time, a lease was drawn up with the Mohawk Ramblers Motorcycle Club (Ramblers) to allow it to use a clubhouse located on what was to become WMA land. The lease began in 1999 and expired in 2009. The Division, in trying to work with the Ramblers by giving them time to relocate, allowed them to continue to make yearly payments in the amount specified in the 1999 lease with no additional written agreement in place. The Ramblers paid annually until 2014 when Division staff determined that ample time had been given for the Ramblers to relocate, and the real property involved needed to be returned to its authorized purpose. The Ramblers did not want to vacate the premises and took their fight to the city of Montague Select Board and gathered support for the Ramblers to stay at the clubhouse. In early 2015, the Division drew up a new lease for the Ramblers that would extend its stay at the clubhouse until December 2016, but required quarterly progress reports from the Ramblers to the Division showing that it had made progress toward final relocation.

Federal regulation (50 C.F.R. § 80.134) requires that State fish and wildlife agencies must use grant-funded, real property for the purpose authorized in the grant. Regulation (50 C.F.R. § 80.135) also requires that when an agency allows a use of real property that interferes with its authorized purpose, the agency must fully restore the real property to its authorized use or it must replace the real property using non-Federal funds.

According to Division officials, once the original lease expired between the Division and the Ramblers in 2009, the Division allowed the Ramblers to remain on the WMA until the Ramblers could relocate, even though its presence was not an authorized use of the property. Continued improper use conflicts with the

original intent of the land's purchase, and may be detrimental to species that populate the WMA.

Recommendation

- I. We recommend that FWS work with the Division to resolve the improper use of grant funded land on the Montague Plains WMA related to the Mohawk Ramblers Motorcycle Club.

Division Response

The Division concurred with the finding and recommendation and will work with FWS to resolve the issues addressed in the draft report.

FWS Response

FWS concurred with the finding and recommendation identified and has reviewed and accepted the Division's response. FWS will work closely with the Division's staff in developing and implementing a corrective action plan that will resolve the finding and recommendation.

OIG Comments

Based on the Division's and FWS' responses, we consider this recommendation resolved and but not implemented.

B. Unreconciled Real Property Records

To ensure that real property acquired under Program grants continue to serve the purpose for which they were acquired, the Division must ensure that its database of real properties acquired with Program grant funds is accurate and complete and that it reconciles with land records maintained by FWS. Both FWS and the Division agreed that reconciliation has never been completed.

Federal regulation (50 C.F.R. § 80.90(f)) requires that the Division maintain control of all assets acquired under Program grants to ensure that they serve the purpose for which 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 Division and FWS have been unable to commit sufficient resources to ensure that the reconciliation was completed and therefore cannot ensure that lands acquired under the Program are being used for their intended purposes.

Recommendations

We recommend that FWS:

2. Work with the Division to reconcile their respective records of lands purchased with Program funds and resolve any differences identified.
3. Require the Division to certify that grant-funded, real properties are used for their intended purposes.

Division Response

The Division concurred with the finding and intends to work with the FWS to resolve the issues addressed in the draft report.

FWS Response

FWS concurred with the finding and recommendations identified and has reviewed and accepted the Division's response. FWS will work closely with the Division's staff in developing and implementing a corrective action plan that will resolve the finding and recommendations.

OIG Comments

Based on the Division's and FWS' responses, we consider this recommendation resolved and but not implemented.

Appendix I

**Commonwealth of Massachusetts
Division of Fisheries and Wildlife
Grants Open During the Audit Period
July 1, 2012, Through June 30, 2014**

	FBMS* Grant Number	Grant Amount	Claimed Costs
1	F04AF00016	\$716,350	\$263,015
2	F08AF00062	\$250,000	0
3	F08AF00068	\$565,000	499,645
4	F09AF00098	\$418,500	549,303
5	F11AF00383	\$5,000	4,888
6	F11AF00802	\$321,600	0
7	F11AF00841	\$235,100	365,251
8	F12AF00096	\$115,000	99,350
9	F12AF00828	\$2,257,000	2,625,671
10	F12AF01234	\$318,915	0
11	F13AF00126	\$5,000	5,000
12	F13AF00145	\$426,000	0
13	F13AF00214	\$106,667	106,943
14	F13AF00272	\$111,735	100,455
15	F13AF00927	\$2,254,000	1,847,605
16	F13AF01030	\$283,000	391,873
17	F13AF01110	\$5,000	0
18	F13AF01141	\$299,000	0
19	F14AF00174	\$120,000	40,545
20	F11AF00388	101,000	87,137
21	F13AF01111	91,000	59,277
22	F06AF00031	73,500	56,600
23	F11AF00377	2,115,800	2,116,700
24	F11AF00556	66,667	66,667
25	F12AF00287	135,000	155,724
26	F12AF00470	2,504,000	2,500,000
27	F12AF00670	259,000	259,000
28	F12AF00733	215,000	215,000
29	F12AF01215	225,000	225,000
30	F12AF01216	200,000	200,000
31	F12AF01272	\$514,667	\$662,106

	FBMS* Grant Number	Grant Amount	Claimed Costs
32	F12AF01361	468,000	650,559
33	F12AF01396	624,000	894,530
34	F13AF00166	545,000	548,100
35	F13AF00335	400,000	400,000
36	F13AF00354	475,000	475,000
37	F13AF00355	475,000	475,000
38	F13AF00376	135,000	165,345
39	F13AF00679	375,000	375,000
40	F13AF00680	190,000	190,000
41	F13AF00720	460,000	460,000
42	F13AF00926	500,000	290,392
43	F13AF00928	1,342,000	667,061
44	F13AF00929	508,000	235,168
45	F13AF01324	108,000	105,050
46	F14AF00047	825,000	825,000
TOTALS		\$22,743,499	\$20,258,960

*FBMS stands for Financial and Business Management System

Appendix 2

Commonwealth of Massachusetts Division of Fisheries and Wildlife

Sites Visited

Field Headquarters

Westborough

Field Offices

Boston Office—MDFW Accounting (Boston)
Connecticut Valley District Office (Belchertown)
Western District Office (Dalton)

Wildlife Management Areas

Agawam Lake (Stockbridge/Great Barrington)
Herman Covey (Belchertown/Ware)
Montague (Montague)
Montague Plains (Montague)
Tekoa Mountain (Russell/Montgomery)

Wildlife Conservation Easements

Ludlow Reservoir (Ludlow)
Steadman Pond (Tyringham/Monterey)

Fish Hatcheries

Bitzer (Montague)
McLaughlin (Belchertown)

Access Sites

Housatonic River—Canoe Access (Great Barrington)
Swift River—Fisherman Access (Belchertown)

Appendix 3

Commonwealth of Massachusetts Division of Fisheries and Wildlife

Status of Audit Recommendations

Recommendations	Status	Action Required
I, 2 and 3	<p>We consider the recommendations resolved but not implemented.</p> <p>U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with the Division of Fisheries and Wildlife (Division) to resolve all findings and recommendations.</p>	<p>Complete a corrective action plan that includes information on actions taken or planned to address the recommendations, target dates and title(s) of the official(s) responsible for implementation, and verification that FWS headquarters officials reviewed and approved of the actions taken or planned by the Division.</p> <p>We will refer the recommendations not implemented at the end of 90 days (April 8, 2016) to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.</p>

Report Fraud, Waste, and Mismanagement



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