



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 Rhode Island, Department of Environmental
Management From July 1, 2011 Through June 30, 2013




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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

MAR 10 2015

Memorandum

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

From: Charles Haman 
Central Regional Manager for Audits, Inspections, and Evaluations

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of Rhode Island, Department of
Environmental Management From July 1, 2011 through June 30, 2013
Report No. R-GR-FWS-0009-2014

This report presents the results of our audit of costs claimed by the State of Rhode Island, Department of Environmental Management (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 approximately \$22.4 million on 33 grants that were open during the State fiscal years that ended June 30, 2012, and June 30, 2013, (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. The Department, however, had not maintained accurate and complete equipment records and had not included saltwater fishing license holders in its license certifications.

We provided a draft report to FWS for a response. In this report, we summarize the Department's and FWS Region 5's 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 June 9, 2015. 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 Tim Horsma, Program Audit Coordinator, at 916-978-5668; or me at 303-236-9243.

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 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 States' fish and game agencies. Finally, Federal regulations and FWS guidance require States to account for any income they earned using grant funds.

Objectives

We conducted this audit to determine if the State of Rhode Island, Department of Environmental Management (Department)—

- 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 \$22.4 million on the 33 grants open during the State fiscal years (SFYs) that ended June 30, 2012, and June 30, 2013 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the Department's office in Providence, RI, and visited 1 field headquarters office, 1 marine fishery, 1 State fish hatchery, 18 boat ramps and fishing access areas, and 16 wildlife management areas (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

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.

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 Department employees who charged time to Program grants and verified their hours against timesheets and other supporting data.

Prior Audit Coverage

On July 22, 2009, we issued "U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Rhode Island, Department of Environmental Management, Division of Fish and Wildlife, From July 1, 2005 through June 30, 2007" (R-GR-FWS-0013-2008). 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 and comprehensive annual financial reports for SFYs 2011 and 2012. 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, the following conditions that resulted in our findings:

- A. Inadequate Equipment Management. The Department has not maintained accurate and complete equipment records.
- B. License Certification – Underreporting of License Holders. The Department has not established and implemented a procedure to identify saltwater license holders for inclusion in its certifications.

Findings and Recommendations

A. Inadequate Equipment Management

Federal regulations require that each State follow its own policies and procedures for the use, management, and control of its equipment. To determine whether the Department had maintained adequate control, we requested an inventory of all equipment purchased with Program grant funds and State license revenues. Based on our review, the Department was unable to provide an equipment inventory that identified the source of acquisition funding. In addition, although information on equipment obtained was to be kept on an Excel spreadsheet that contains item, location, description, make, model, year, serial number, barcode number, date acquired, condition, cost, purchase order number, responsible party, grant used for purchase (grant segment number), cost center used for purchase, and account used for purchase, this information was not adequately maintained. Further, the Department had not performed the required inventory reconciliation.

Federal regulations (43 C.F.R. § 12.72 (b)) require States to manage equipment acquired under a grant in accordance with State laws and procedures. Federal regulations (50 C.F.R. § 80.90 (f)) also require that a State fish and wildlife agency be responsible for the control of all assets acquired under the grants to ensure that they serve the purpose for which acquired throughout their useful life. The State's Property Management Policy requires that inventory records be reconciled every 6 months, inventory records be reconciled with the Fixed Asset Control and Tracking system (FACTs) on a yearly basis, and a physical inventory of fixed assets be completed every 2 years.

Since Department officials did not follow the established policy, they were unable to adequately manage equipment.

Without accurate records, the Department cannot ensure accountability and control of equipment purchased with Program funds.

Recommendations

We recommend that FWS require the Department to:

A.1 Update its official fixed asset records.

A.2 Follow the State's property management policy.

Department Response

Department officials concurred with the findings and recommendations and will address the recommendations in the corrective action plan.

FWS Response

FWS regional officials concurred with the finding and recommendations and will work with the Department to develop a corrective action plan that will address updating asset records and ensure that the Department follows the State's property management policy.

OIG Comments

We consider the recommendation resolved but not implemented (see Appendix 3).

B. License Certification – Underreporting of License Holders

All States provide a certified count of hunting and fishing license sales to FWS each year. The license certifications are used by FWS to determine the amount of Program funds to be apportioned to each State. The Dingell-Johnson Sport Fish Restoration Act includes an apportionment formula that distributes program funds to States based on the land area of the State and the number of paid license holders. Based on our review, the Department underreported fishing license holders by omitting saltwater fishing licenses from the certifications.

Federal Regulations (50 C.F.R., Subpart D, § 80.31(b)) require State fish and wildlife agencies to annually certify the number of paid license holders, eliminating multiple counts of the same individuals. This certification requirement applies to Rhode Island and—in contrast with other States—the Department's funding is based on a minimum annual amount in accordance with the Dingell-Johnson Sport Fish Restoration Act.

This Act includes an apportionment formula that distributes Program funds to States based on the land area of the State (40 percent) and the number of paid fishing license holders (60 percent). In addition, States may receive no more than 5 percent and no less than 1 percent of the total funding available. Likewise, Rhode Island receives a prescribed apportionment of 1 percent.

The Department has not established and implemented a procedure to identify saltwater license holders. According to a Department official, they were not aware that salt water licenses should be included in the certifications.

Although the Department incorrectly reported a lesser number of fishing licenses in its certifications, the underreporting may not affect the State's apportionment of Program funds because the State typically receives 1 percent of Program funds available.

Recommendation

We recommend that FWS:

B. Work with the Department to establish and implement a policy and procedure to identify and include the saltwater fishing license holders in the license certifications.

Department Response

Department officials concurred with the finding and recommendation and will address the recommendation in the corrective action plan.

FWS Response

FWS regional officials concurred with the finding and recommendation and will work with the Department to address the needed policies and procedure in the corrective action plan.

OIG Comments

We consider the recommendation resolved but not implemented (see Appendix 3).

Appendix I

**State of Rhode Island
Department of Environment Management
Grants Open During the Audit Period
July 1, 2011, Through June 30, 2013**

FAIMS * Grant Number	FBMS ** Grant Number	Grant Amount	Claimed Costs
F-10-D-58	F09AF00113	\$4,082,505	\$2,008,732
F-20-R-49	F08AF00058	1,182,172	812,758
F-26-R-45	F10AF00367	1,567,211	728,464
F-42-E-22	F08AF00060	1,314,296	1,343,657
F-42-E-23	F13AF00229	1,696,171	263,899
F-48-R-21	F08AF00069	704,033	297,884
F-59-D-20	F11AF00938	1,023,000	883,104
F-59-D-21	F12AF00079	3,135,618	1,172,368
F-61-R-19	F11AF00893	1,054,665	1,050,704
F-61-R-20	F12AF00080	1,900,265	767,259
F-65-D-1	F11AF00508	975,000	0
F-66-R-1	F13AF00250	715,760	0
FW-8-C-63	F11AF00949	559,320	492,193
FW-8-C-64	F12AF00168	2,616,224	1,454,899
FW-14-D-18	F06AF00029	2,462,521	2,454,902
FW-14-D-22	F09AF00121	1,166,200	370,065
FW-14-D-24	F11AF00948	96,870	97,120
FW-14-D-25	F11AF01084	568,253	1,464
FW-14-D-26	F11AF01094	427,832	0
FW-14-D-27	F12AF01026	440,000	0
FW-14-D-28	F12AF01143	356,603	10,485
FW-14-D-29	F12AF01142	437,814	11,406
FW-14-D-30	F13AF00199	120,060	0
FW-14-D-31	F12AF01415	537,268	0
W-22-D-54	F09AF00107	5,725,419	1,919,168
W-23-R-53	F09AF00095	4,088,201	2,398,634
W-31-S-37	F10AF00509	614,324	576,731
W-31-S-38	F12AF01211	1,712,922	340,663
W-34-R-1	F08AF00081	632,512	517,061
W-34-R-2	F13AF00418	836,453	0
W-35-L-1	F11AF00936	291,562	344,019
W-37-L-1	F10AF00523	1,800,975	1,800,894
W-38-R-1	F10AF00527	536,700	264,584
Total		\$45,378,729	\$22,383,117

* FAIMS stands for Federal Aid Information Management System

** FBMS stands for Financial and Business Management System

Appendix 2

State of Rhode Island Department of Environmental Management Sites Visited

Headquarters

Great Swamp Field Headquarters
Providence Office

Marine Fishery

Fort Wetherill Office

State Fish Hatchery

Carolina Hatchery

Boat Ramps / Fishing Access

Eight Rod Pond
Ashville Pond
Beaver River
Carbuncle Pond
Carolina Trout Pond
Chappell
Deep Hule
Festival Pier
Godden
Gull Cove
Jay Cronan
Johnsons Pond
Kings Beach
Lake Tiogue
Manutuck
Sweeney
Wyoming Pond
Zekes Bridge

Wildlife Management Areas

Big River
Black Farm
Carolina
Cocumscussoc
Dutch Island
Eight Rod Farm
Galilee Bird Sanctuary
Nicholas Farm
Patience Island

Prudence Island
Sapowet Marsh
Simmons Mill Pond
South Shore
Succotash Marsh
Wickaboxet
Woody Hill

Appendix 3

**State of Rhode Island
Department of Environmental Management
Status of Audit Findings and Recommendations**

Recommendations	Status	Action Required
A.1, A.2, B	<p>We consider the recommendations resolved but not implemented.</p> <p>U.S. Fish and Wildlife Service (FWS) management concurred with these recommendations and will work with the Department on a corrective action plan.</p>	<p>Based on the FWS response, the corrective action plan should include 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 Department.</p> <p>We will refer the recommendations not resolved or implemented at the end of 90 days (June 9, 2015) to the Assistant Secretary for Policy, Management and Budget (PMB) for resolution and tracking of implementation.</p>

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