



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 Ohio, Department of Natural Resources
From July 1, 2014, Through June 30, 2016

This is a revised version of the report prepared for public release.



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

JUN 21 2018

Memorandum

To: Gregory Sheehan
Principal Deputy Director, U.S. Fish and Wildlife Service

From: Amy R. Billings *Amy R Billings*
Regional Manager, Central Region

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Ohio, Department of Natural Resources From July 1, 2014, Through June 30, 2016
Report No. 2017-EXT-020

This final report presents the results of our audit of costs claimed by the State of Ohio, Department of Natural Resources (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 (Program). The audit included claims totaling \$59.8 million on 17 grants that were open during the State fiscal years that ended June 30, 2015, and June 30, 2016 (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 revenue and the reporting of program income.

We found that the Department complied, in general, with applicable grant accounting and regulatory requirements. We also questioned costs totaling \$144,419 related to unsupported and out-of-period costs with subawards. In addition, we found that the Department 1) had not provided sufficient oversight of subawards, 2) was unable to support payroll charged to license revenue, 3) potential diversion of \$2.4 million of license revenue related to unsupported centralized services, and 4) potentially diverted real property acquired with license revenue.

Please provide us with a corrective action plan based on our recommendations by September 19, 2018. The plan should provide information on actions taken or planned to address the recommendations, as well as target dates and title(s) of the officials(s) responsible for implementation. Formal response 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:

U.S. Department of the Interior
Office of Inspector General
12345 West Alameda Parkway, Suite 300
Lakewood, CO 80228

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 303-236-8282 or you can email AIE_Reports@doioig.gov.

cc: Regional Director, Region 3 U.S. Fish and Wildlife Service

Table of Contents

Introduction.....	1
Background.....	1
Objectives	1
Scope	1
Methodology.....	2
Prior Audit Coverage.....	3
Results of Audit	4
Audit Summary	4
Findings and Recommendations.....	5
Appendix 1.....	16
Appendix 2.....	17
Appendix 3.....	19

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 the 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 revenue 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 State of Ohio, Department of Natural Resources (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
- Reported and used Program income in accordance with Federal regulations

Scope

Audit work included claims totaling approximately \$59.8 million on the 17 grants open during the State fiscal years (SFYs) that ended June 30, 2015, and June 30, 2016 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the Department headquarters in Columbus, Ohio, and visited five district offices, nine wildlife areas, four fish management/research units, three fish hatcheries, four shooting ranges, five boat access sites, three dog training areas, and one law enforcement office (see Appendix 2). We performed this audit to supplement—not replace—the audits required by the Single Audit Act.

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

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:

- 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 revenue 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 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 March 22, 2013, we issued “U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Ohio, Department of Natural Resources, from July 1, 2009 through June 30, 2011” (R-GR-FWS-0014-2012). 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 the single audit report for SFY 2015 and the report did not contain any findings that would directly affect the Program grants.

Results of Audit

Audit Summary

We identified the following conditions that resulted in our findings including questioned costs totaling \$144,419.

A. Questioned Costs—\$144,419

Insufficient Oversight of Subawards—Questioned Costs \$140,000 and Unsupported Costs \$4,419

We questioned \$140,000 as out-of-period costs because they were incurred before the award of the agreements. In addition, the Department awarded \$4,419 to a subrecipient who did not track subaward-related expenditures using fund accounting, so we could not determine which expenses were charged to the subaward.

B. Unsupported Payroll

The Department may have been reimbursed for payroll costs that did not represent the actual number of hours employees worked. In addition, the Department does not have access to pull reports showing everyone who charged time to a combo code,² thereby risking the ability to demonstrate that license revenue labor charges were expended solely for the administration of the State's fish and wildlife agency.

C. Potential Diversion of License Revenue (Unsupported Centralized Services and Loss of Control of Real Property)

The Department potentially diverted license revenue. It was unable to demonstrate that there is no overlap among cost pools or duplication of costs charged. In addition, the Department was unable to demonstrate that license revenue labor charges were expended solely for the administration of the State's fish and wildlife agency.

The State also potentially diverted real property acquired with license revenue by transferring management of the land to the Divisions of Forestry (DOF) and Parks and Recreation (Parks).

² A combo code is a code that represents a combination of employee department ID and the applicable fund for the coded time. It is used to track expenses by fund and org unit.

Findings and Recommendations

A. Questioned Costs—\$144,419

Inadequate Oversight of Subrecipients—Questioned Costs \$140,000 and Unsupported Costs \$4,419

We noted problems with the Department’s management of subawards funded by Program grants. In reviewing the subawards open during our audit period, we found Metropolitan Park District of Toledo—Howard Farms (Metroparks Toledo) has out-of-period costs, and New Bremen Rod & Gun Club did not have an adequate financial management system.

Subawards provided for work already completed. The Department reimbursed Metroparks Toledo for labor costs for 2013 and 2014 under grant award CMS Grant for Wildlife Restoration (F14AF00402). The agreement with Metroparks Toledo was awarded on April 14, 2015. Absent approval from FWS, and without an allowance for pre-award costs in the subaward agreement, such costs are ineligible under the Program. Metroparks Toledo invoiced the Department for \$140,000 on invoice #1041 (\$93,158 plus \$46,842). See Figures 1 and 2 for support provided for this invoice number.

Vendor	Description	Invoice #	Payment Amount
Ducks Unlimited	Labor & Travel 10/02/14 – 11/30/14	GLARO-INVOICE-2015-59	\$13,334.81
Ducks Unlimited	Labor & Travel 07/02/14 – 10/31/14	GLARO-INVOICE-2015-30	25,317.89
Ducks Unlimited	Labor & Travel 04/01/14 – 06/30/14	GLARO-INVOICE-2014-274	8,256.92
Ducks Unlimited	Labor & Travel 02/17/14 – 03/31/14	GLARO-INVOICE-2014-178	2,541.35
Ducks Unlimited	Labor & Travel 01/10/14 - 03/31/14	GLARO-INVOICE-2014-153	4,176.61
Ducks Unlimited	Labor & Travel 10/21/13 - 12/31/13	GLARO-INVOICE-2014-95	4,171.16
Ducks Unlimited	Labor & Travel 07/01/13 - 11/30/13	GLARO-INVOICE-2014-48	27,537.05
Ducks Unlimited	Labor, Travel, Postage 05-28-13 - 06/30/13	GLARO-INVOICE-2014-336	7,822.21
Total			\$93,158.00

Figure 1. Support for Ducks Unlimited Designs and Engineering Plans.

Vendor	Description	Invoice No.	Payment Amount
SMITHGROUP JJR, LLC	Professional Services 04/27/13-05/31/13	95635	\$1,910.00
SMITHGROUP JJR, LLC	Professional Services 06/01/13-06/28/13	96166	7,808.25
SMITHGROUP JJR, LLC	Professional Services 06/29/13-07/26/13	96644	3,582.71
SMITHGROUP JJR, LLC	Professional Services 07/27/13-08/30/13	97486	6,987.62
SMITHGROUP JJR, LLC	Professional Services 08/31/13-09/27/13	97849	9,363.23
SMITHGROUP JJR, LLC	Professional Services 09/28/13-10/25/13	98394	9,111.45
SMITHGROUP JJR, LLC	Professional Services 10/26/13-11/29/13	99086	5,183.44
SMITHGROUP JJR, LLC	Professional Services 11/30/13-12/27/13	99557	1,469.40
SMITHGROUP JJR, LLC	Professional Services 12/28/13-01/31/14	100288	2,910.00
SMITHGROUP JJR, LLC	Professional Services 02/01/14-02/28/14	100843	548.90
Total			\$48,875.00*

*The company provided support for \$48,875 but only invoiced for \$46,842.

Figure 2. Support for SMITHGROUP JJR Designs and Engineering Plans

Federal regulation 2 C.F.R. § 200.309 states that subawards should not be provided for work that the subrecipient has already completed, unless those costs were authorized by the Federal awarding agency or pass-through entity.³ The Department official responsible for management and oversight of subawards did not request the supporting documentation for the invoices received by the subrecipient and therefore did not know about the charges for out-of-period costs.

Inadequate subrecipient financial management systems. The New Bremen Rod & Gun Club did not track subaward-related expenditures using fund accounting, so we could not determine which expenses were charged to the club's subawards. Thus, we generally could not test for compliance with subaward requirements, such as the need to use funds only for specific purposes or obtain competitive quotations. The Department awarded \$4,419 to this subrecipient.

Federal regulations 2 C.F.R. § 200.302(a)⁴ states that a non-Federal entity's financial management system must be sufficient to permit tracing funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes, regulations, and the terms and conditions of the Federal award. Furthermore, the financial management system of each non-Federal entity must provide, among other things, records supported by source

³ Prior to December 26, 2014, a similar requirement was located at 43 C.F.R. § 12.63(a).

⁴ Prior to December 26, 2014, this requirement was located at 43 C.F.R. § 12.60(a)(2).

documentation that adequately identify the source and application of funds for federally-funded activities (2 C.F.R. § 200.302(b)(3)).⁵

The problem occurred because the subrecipient was generally unaware of their obligation to maintain financial management systems that can identify purchases attributable to Federal subawards. Without adequate financial management systems, we have no assurance that the Department's subrecipients used Federal funds for appropriate purposes, or that it obtained the best price possible for quality goods and services.

Because of these two issues, we question \$140,000 as ineligible out-of-period costs because they were paid before the award of the agreement; and we question \$4,419 as unsupported costs, which represents the full amount of the subaward to the New Bremen Rod & Gun Club, because it was unable to track its use of Federal funds to specific expenditures due to its financial management system.

Recommendations

We recommend that FWS:

1. Resolve the out-of-period questioned costs of \$140,000.
2. Resolve the unsupported costs of \$4,419.
3. Require the Department to develop policies and procedures to award Federal funds based on need rather than reimbursing subrecipients for completed projects.
4. Require the Department to ensure that non-Federal entity's financial management system is sufficient to permit tracing funds to establish that they have been used according to Federal statutes, regulations, and the terms and conditions of the Federal award.

Department Response

The Department concurred with the \$140,000 out-of-period costs as there were no pre-award costs approved. The Department Federal Assistance staff has worked with the project manager to help assure that out of period costs will not be reimbursed in the future. The Department also concurred with the unsupported costs of \$4,419. According to the response, the Department is developing sub-recipient financial tracking guidelines and training to be included with all new subgrants that will be awarded.

⁵ Prior to December 26, 2014, this requirement was located at 43 C.F.R. § 12.60(b)(2).

FWS Response

The FWS concurred with the recommendations. The FWS will consider the Department's response in the corrective action plan.

OIG Comments

Based on the Department and FWS responses, we consider these recommendations resolved but not implemented (see Appendix 3)

B. Unsupported Payroll

Department employees are required, by Department policy, to charge payroll costs to Program grants and license revenue by recording actual time spent in the Electronic Time and Activity Reporting System (E-TARS), the State's payroll system. We found instances in which Department employees charged unsupported payroll expenses to Ohio's wildlife fund (license revenue), specifically:

- A [REDACTED] charged time to a combo code, which are unique project codes used to charge labor between Divisions. Thus, he charged 66 percent of his time to the DOW and 34 percent of his time to the DOF. Although the payroll system can be used by the Department to record the amount of time an employee spends on a project, the employee did not track his time to support the hours charged to Ohio's wildlife (license revenue) fund.
- We found 12 other instances in which staff members charged time to a combo code, but were unable to support payroll costs charged to the Department during SFYs 2015 and 2016. These labor expenses were charged to Ohio's wildlife (license revenue) fund.

Federal regulation 2 C.F.R. § 200.302 requires that a State's financial management system be sufficient to permit 1) the preparation of reports required by general- and Program-specific terms and conditions and, 2) the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to regulations and award terms and conditions.

Finally, regulations 2 C.F.R. Part 225, Appendix B, Sections 8.h.(4, 5), state that when employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports that must 1) reflect an after-the-fact distribution of the actual activity of each employee, 2) account for the total activity for which each employee is compensated, and 3) be signed by the employee.

The [REDACTED] was not required to keep track of the time he spent on each project. His position was set up as a dual role, whereby he charged two-thirds of his time to DOW and one-third to DOF.

Department officials do not have access to pull reports that show staff from other departments who charge time to a combo code, so they were not aware of the issue.

The payroll system only allows an employee to charge time to project codes assigned to its department. The only way for an employee assigned to the DOF or Parks to charge time to DOW is to use a combo code. A combo code is a way to associate to a fund. Therefore, when employees conduct work for DOW the combo code allocates salaries and fringe benefits to the wildlife fund.

The Department may have reimbursed for payroll costs that did not represent the actual number of hours employees worked. In addition, since the Department does not have access to pull reports showing everyone that has charged time to a combo code, this creates a risk of not being able to demonstrate that license revenue for labor charges were expended solely for the administration of the State's fish and wildlife agency.

Recommendations

We recommend that FWS:

5. Require the Department to ensure the grant payroll expenses are properly supported by personnel activity reports reflecting actual time worked.
6. Ensure that the Department implements a) policies and procedures on how to obtain reports showing individuals that charged time to combo codes, and b) monitoring procedures so only eligible costs are charged.

Department Response

The Department concurred with the unsupported payroll finding. According to the response, the Department is working with Office of Information and Technology (OIT) to develop and receive bi-weekly reports showing personnel charging to the wildlife fund (7015).

FWS Response

The FWS concurred with the recommendations. The FWS will consider the Departments response in the corrective action plan.

OIG Comments

Based on the Department and FWS responses, we consider these recommendations resolved but not implemented (see Appendix 3)

C. Potential Diversion of License Revenue (Unsupported Centralized Services)—\$2,400,000

The Department potentially diverted license revenue by not being able to show all revenue was used “only for the administration of” the Department’s fish and wildlife activities.

Specifically, the Department has centralized services shared among all the Divisions within the Department. Central Services are billed to the Division of Wildlife (DOW) by way of intrastate transfer voucher documents generated by the Office of Business and Finance. Funds the DOW uses to pay for these services come from the General Revenue Fund and license revenue (7015 Fund).

In SFY 2015, DOW’s share of centralized services totaled \$3,012,394.54, and in SFY 2016 it totaled \$3,045,951.98. Of these amounts, DOW paid \$1.2 million each year from license revenue.

Federal regulation 2 C.F.R. § 200.302 requires that a State’s financial management systems be sufficient to permit 1) the preparation of reports required by general- and Program-specific terms and conditions, and 2) the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to regulations and award terms and conditions.

Per 50 C.F.R. § 80.11, a State becomes ineligible under the Program if it diverts hunting and fishing license revenue for purposes other than the administration of the State fish and wildlife agency. The Director of the FWS may declare a State to be in diversion if it diverts license revenue from the control of its fish and wildlife agency to purposes other than the agency’s administration (50 C.F.R. § 80.21).

Although the State explained the types of costs included in its Central Services allocation and the cost drivers used in its allocation methodology, it did not provide sufficient data to assure us that there is no duplication of costs between direct, allocated, and indirect cost pools; nor was the data provided sufficient to trace and verify the allocation of costs between grant-related, license revenue, and nongrant activities. Thus, the Department was unable to demonstrate that there is no overlap among cost pools or duplication of costs charged. In addition, the Department was unable to demonstrate that license revenue used for labor charges were expended solely for administering the State’s fish and wildlife agency. Therefore, we are questioning \$2.4 million (\$1.2 million each for SFYs 2015 and 2016) as unsupported costs.

Potential Diversion of License Revenue (Loss of Control of Real Property)

As part of the Program, States are required to ensure that real property acquired with license revenue and grant funds are used in perpetuity for the originally intended purposes. The Department, however, potentially diverted real property acquired with license revenue by transferring management of the land to the DOF and Parks. Specifically, the Department used license revenue and grant funds to purchase 7,976 acres for Program purposes (see Figure 3). We noted that the DOF and Parks manages these parcels, but there are no agreements in place stating how each parcel is being managed, or how any potential revenue is to be used and reported.

Area	Land Inventory	Date	Grantor/ Grantee	Acres
Scioto	I-2-25	10/21/1952		147.00
Adams	I-2-26	3/26/1954		164.00
Adams	I-2-27	3/26/1954		95.64
Scioto	I-2-28	5/18/1954		223.25
Adams	I-2-30	2/27/1956		39.00
Adams	I-2-38	12/30/1958		160.00
Scioto	I-2-40	5/16/1962		282.42
Scioto	I-2-45	8/23/1984		102.13
Hocking	I-11-79	12/23/1959		40.00
Hocking	I-11-80	3/30/1960		75.00
Hocking	I-11-105	8/1/2003		129.00
Fulton	I-13-45	12/7/1959		29.00
Fulton	I-13-48	9/15/1960		18.00
Fulton	I-13-49	8/4/1961		27.00
Ashland	I-14-53	12/30/1958		40.00
Ashland	I-14-54	12/31/1958		80.00
Ashland	I-14-55	4/6/1959		160.00
Pike	I-15-43	2/25/1953		100.50
Pike	I-15-44	4/19/1954		89.00
Pike	I-15-51	8/29/1958		82.00
Pike	I-15-53	10/21/1958		47.00
Pike	I-15-54	6/2/1959		160.00
Pike	I-15-55	9/17/1959		80.00
Pike	I-15-56	10/21/1959		201.50
Pike	I-15-57	10/21/1959		364.33
Pike	I-15-58	10/21/1959		411.25

Area	Land Inventory	Date	Grantor/ Grantee	Acres
Pike	I-15-60	1/26/1960		172.00
Pike	I-15-61	3/3/1960		111.45
Pike	I-15-62	5/5/1960		206.50
Pike	I-15-63	6/22/1960		490.00
Pike	I-15-64	6/22/1960		23.00
Pike	I-15-66	2/25/1964		125.00
Pike	I-15-67	4/21/1964		213.00
Ross	I-18-51	3/23/1961		21.50
Meigs	I-19-36	12/2/1958		60.00
Meigs	I-19-37	12/30/1958		59.00
Meigs	I-19-39	5/24/1960		116.00
Scioto	I-20-113	11/3/1944		208.70
Scioto	I-20-114	4/9/1945		80.00
Adams	I-20-115	6/20/1945		891.85
Scioto	I-20-116	6/20/1945		324.78
Scioto	I-20-174	10/26/1962		408.00
Adams	I-20-211	4/6/1983		42.13
Scioto	I-20-212	8/2/1983		100.00
Scioto	I-20-214	8/23/1984		57.22
Ross	I-22-12	5/28/1954		10.00
Vinton	I-22-23	10/21/1959		18.00
Ross	I-22-29	4/10/1992		1.00
Athens	I-25-13	10/1/1952		80.00
Vinton	I-25-14	2/11/1953		40.00
Vinton	I-25-15	5/12/1953		49.22
Vinton	I-25-22	1/22/1958		39.75
Vinton	I-25-26	10/6/1960		224.50
Vinton	I-25-27	10/11/1960		101.00
Athens	I-25-46	4/12/1983		100.00
Warren	3-6-4	9/14/1972		53.90
Warren	3-6-6	9/26/1972		8.62
Warren	3-6-3	9/29/1972		7.87
Warren	3-6-7	12/5/1972		14.25
Fairfield	2-7-8	12/3/1968		1.41
Columbiana	2-17-16	2/25/1969		1.46
Columbiana	2-17-17	11/19/1969		0.14
Erie	2-27-2	3/20/1958		32.87

Area	Land Inventory	Date	Grantor/ Grantee	Acres
Hocking	2-52-23	11/27/1953		1.74
Madison	2-33-7	12/18/1963		0.76
Athens	2-48-13	4/10/1953		132.01
			TOTAL	7,975.65

Figure 3. Acreages purchased with license revenue and/or grants funds that are managed by other divisions.

Per 50 C.F.R. § 80.11, a State becomes ineligible under the Program if it diverts hunting and fishing license revenue for purposes other than the administration of the State fish and wildlife agency. The regulation 50 C.F.R. § 80.2 also requires that only the functions to manage the State’s fish and wildlife resources may be supported with license revenue. Furthermore, 50 C.F.R. § 80.20(b) notes that real property or equipment acquired with license revenue is to be afforded the same protections as license revenue.

These issues occurred because the property purchased with license revenue was listed under DOF or Parks in the land inventory system and didn’t always have the correct funding information. Furthermore, the Department did not have adequate policies and procedures to ensure that real property purchased with license revenue are used only for authorized purposes. Such policies could require the DOW staff to perform site visits and inspection reports indicating the type of work performed or the number of visits conducted. Policies could also mandate that DOW and Parks or DOF enter into formal agreements regarding the management of the real property. These agreements could outline each Department’s responsibilities to ensure that lands are used and managed for their originally intended purposes.

Potential diversion of license revenue jeopardizes the State’s continued participation in the Program and brings into question whether fish and wildlife resources appropriately benefitted from the funds.

Recommendations

We recommend that FWS:

7. Work with the Department to identify the specific costs included in the Central Services allocation and resolve the potential diversion of \$2.4 million in license revenue.
8. Require the Department to establish policies and procedures to ensure that real property purchased with license revenue is used solely for administering the State's fish and wildlife program.

Department Response

The Department did not concur with the potential diversion of license revenue for Unsupported Centralized Services of \$2.4 million. The Department stated that they provided documentation of the Intra-State Transfer Vouchers, numerous reports and explanations on how the Central Services costs and Human Resources costs were allocated to the Department. The Department also stated that had they been provided the opportunity, they would have shown that there was no duplication of costs between direct, allocated, and indirect cost pools.

The Department also did not concur with the potential diversion of license revenue for Loss of Control of Real Property. In the response, Department officials provided additional information for properties that are on Parks and Forestry land inventory. The Department is researching existing statutory authority, MOU's, wildlife management plans to substantiate that there has been no loss of control. They are also working with the Division of Forestry to create an MOU that identifies land management and reporting responsibilities.

FWS Response

The FWS concurred with the recommendations. The FWS will consider the Department's response in the corrective action plan.

OIG Comments

Even though the Department provided supporting documentation with their response for Unsupported Centralized Services, they were still unable to show all revenue was used "only for the administration of" the Department's fish and wildlife activities. After reviewing the additional information, the Department provided for properties that are on Parks and Forestry land inventory, they were still unable to show they did not potentially divert real property acquired with license revenue by transferring management of the land.

Although the Department provided additional information, we did not receive sufficient evidence to justify revising the potential diversion. In the FWS response they agree with the recommendations and will consider the Department's response in the corrective action plan., We consider these recommendations resolved but not implemented (see Appendix 3).

Appendix I

State of Ohio,
Department of Natural Resources
Grants Open During the Audit Period
July 1, 2014, Through June 30, 2016

Grant Number	Grant Amount	Claimed Costs	Questioned Costs Ineligible	Questioned Costs Unsupported
FI1AF00166	\$1,400,000	\$1,944,095	\$0	\$0
FI1AF00634	10,688,594	733,872	0	0
FI4AF00332	476,255	477,097	0	0
FI4AF00402	14,867,255	15,453,518	0	0
FI4AF00434	10,536,765	9,247,319	0	0
FI4AF01114	88,801	88,781	0	0
FI4AF01153	42,583	0	0	0
FI4AF01335	6,500,578	666,945	0	0
FI5AF00336	16,991,152	18,397,100	140,000	4,419
FI5AF00379	9,824,379	11,277,006	0	0
FI5AF00434	1,306,089	1,279,375	0	0
FI5AF00519	8,173,290	0	0	0
FI5AF01078	196,640	195,859	0	0
FI5AF01110	4,700,000	0	0	0
FI6AF00022	34,925	34,925	0	0
FI6AF00281	52,839	0	0	0
FI6AF00497	4,000,000	0	0	0
Totals	\$89,880,145	\$59,795,892	\$140,000	\$4,419

Appendix 2

**State of Ohio
Department of Natural Resources
Sites Visited**

Department Headquarters
Division of Wildlife Columbus, OH

District Office
District 1—Columbus, OH
District 2—Findlay, OH
District 3—Akron, OH
District 4—Athens, OH
District 5—Xenia, OH

Wildlife Area
Killbuck Marsh
Highlandtown Lake
Berlin Lake
Mosquito Creek
Spring Valley
Beaver Creek
Grand River
Magee Marsh
Salt Fork

Fish Management/Research Unit
Highlandtown Lake
Berlin Lake
Fairport
Salt Fork

Fish Hatchery
London
St Marys
Senecaville

Shooting Ranges

Grand River
Spring Valley
Wyandot
Salt Fork

Boat Access/Ramp

Berlin Lake
Mackey Ford
Oxbow
Wingfoot
Zepernick Lake

Dog Training Area

Delaware
Grand River
Killdeer Plains

Law Enforcement

Lake Erie

Appendix 3

**State of Ohio
Department of Natural Resources
Status of Audit Recommendations**

Recommendations	Status	Action Required
<p style="text-align: center;">1 – 8</p>	<p>We consider the recommendations resolved but not implemented.</p> <p>U.S. Fish and Wildlife Service (FWS) regional officials concurred with the findings and recommendations and will work with the Ohio Department of Natural Resources (Department) staff to develop and implement a corrective action plan that will 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 Department.</p> <p>We will refer the recommendations not resolved or implemented at the end of 90 days (after September 19, 2018) to the Assistant Secretary for Policy, Management and Budget for resolution and tracking of implementation.</p>

