



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

Wildlife and Sport Fish Restoration Grants Awarded to the State of Alaska by the U.S. Fish and Wildlife Service

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



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INSPECTOR GENERAL
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Memorandum

To: Martha Williams
Director, U.S. Fish and Wildlife Service

From: Melanie Sorenson *Melanie A. Sorenson*
Deputy Assistant Inspector General for Audits

Subject: Final Audit Report – *Wildlife and Sport Fish Restoration Grants Awarded to the State of Alaska by the U.S. Fish and Wildlife Service*
Report No. 2023-CGD-011

This report presents the results of our audit of costs claimed by the Alaska Department of Fish and Game (Department) under grants awarded by the U.S. Fish and Wildlife Service (FWS) through the Wildlife and Sport Fish Restoration Program.

We provided a draft of this report to FWS. FWS concurred with all 11 recommendations and will work with the Department to implement corrective actions. In this report, we summarize FWS' response to our recommendations, as well as our comments on its response. See Appendix 4 for the full text of FWS' response; Appendix 5 lists the status of each recommendation.

We will track open recommendations for resolution and implementation. We will notify Congress about our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions, please contact me at aie_reports@doioig.gov.

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Introduction

Objectives

In March 2021, we entered into an intra-agency agreement with the U.S. Fish and Wildlife Service (FWS) to conduct audits of State agencies receiving grant funds under the Wildlife and Sport Fish Restoration Program (WSFR). These audits assist FWS in fulfilling its statutory responsibility to oversee State agencies' use of these grant funds.

The objectives of this audit were to determine whether the Alaska Department of Fish and Game (Department) used grant funds and State hunting and fishing license revenue for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. The scope of our audit was State fiscal years (SFYs) ending June 30, 2021, and June 30, 2022.

See Appendix 1 for details about our scope and methodology. See Appendix 2 for sites we visited.

Background

FWS provides grants to States¹ through WSFR for the conservation, restoration, and management of wildlife and sport fish resources as well as educational and recreational activities. WSFR was established by the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.² In general, the Acts and related Federal regulations allow FWS to reimburse grantees a portion of eligible costs incurred under WSFR grants—up to 75 percent for States and up to 100 percent for the Commonwealths, territories, and the District of Columbia. The Acts require that hunting and fishing license revenue be used only for the administration of participating fish and wildlife agencies. In addition, Federal regulations require participants to account for any income earned from grant-funded activities and to spend this income before requesting grant reimbursements.

¹ Federal regulations define the term “State” as the 50 States; the Commonwealths of Puerto Rico and the Northern Mariana Islands; the territories of Guam, the U.S. Virgin Islands, and American Samoa; and the District of Columbia (Dingell-Johnson Sport Fish Restoration Act only).

² Formally known, respectively, as the Federal Aid in Wildlife Restoration Act, 16 U.S.C. § 669, as amended, and the Federal Aid in Sport Fish Restoration Act, 16 U.S.C. § 777, as amended.

Results of Audit

We determined that the Department generally ensured that grant funds and State hunting and fishing license revenue were used for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. We noted, however, issues with equipment management, payroll allocation, grant performance reporting, and subaward management.

We found the following:

- **Inadequate Equipment Management.** The Department did not properly oversee the disposal of WSFR and license revenue-funded equipment, increasing the risk of fund diversions and program ineligibility.
- **Inappropriate Payroll Allocations.** The Department did not properly or proportionally allocate salaries and wages to Federal awards between grants, which caused us to question \$915,451 in payroll costs as unsupported.
- **Insufficient Performance Reporting.** The Department did not include sufficient details for work performed in its final performance reports to FWS, resulting in a loss of accountability for grant funds provided.
- **Inadequate Subaward Management.** The Department did not properly classify or report its subawards, resulting in a lack of oversight and transparency.

See Appendix 3 for a statement of monetary impact.

Inadequate Equipment Management

Federal regulations at 2 C.F.R. § 200.313(d)(1) require the Department to maintain property records for each asset purchased with Federal funds, along with disposition data including the date of disposal (i.e. sold, lost, stolen, excessed) and sale price of the property. Additionally, 2 C.F.R. § 200.313(d)(3) requires that a control system be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Federal regulations at 50 C.F.R. § 80.90(f) require the State to control all assets acquired under the grant to ensure they serve the purpose for which they were acquired throughout their useful life.

During the audit scope, the Department identified 33 equipment disposals, consisting of boats, industrial tools, and lab equipment. Of these, we found the Department did not properly oversee the disposal of at least 14 equipment items, with a purchase price of approximately \$103,783, as summarized in Figure 1. Specifically, we found that while three of these items were sold, the majority—78.6 percent—were either stolen (1 item) or lost (10 items).³ However, because the

³ Department officials indicated that, based on the age and type of asset, it is likely the items categorized as lost were intentionally disposed of at the end of their useful life. The dollar value of lost items was not material to the total balance of assets disposed.

Department did not have an adequate process to accurately document disposals, the Department was unable to provide us with information on when it had lost possession of the equipment.

**Figure 1: Equipment Without Disposal Information in the System
(SFYs 2021-2022)**

Status	WSFR		License Revenue	
	Count	Cost (\$)	Count	Cost (\$)
Lost	5	32,309	5	42,654
Stolen	1	5,200	0	0
Sold	3	23,620*	0	0
Totals	9	\$61,129	5	\$42,654

* The three equipment items sold for a total of \$1,591.

Department officials told us that, in SFY 2022, it initiated an effort to transfer data from its legacy equipment tracking database to the official State inventory system. The Statewide Property Office recognized the significant effort associated with verifying more than 8,000 assets, and therefore allowed the Department to transfer the information from the legacy system to the official State inventory system without validating it. Because the disposal date was not tracked in the legacy system, the Department populated this field in the official State inventory system with the date it verified that the item was no longer in its possession—not when the Department actually disposed of it.

Department officials stated that they implemented a system for documenting equipment disposals sometime after the scope of our audit. This system identifies the appropriate division, disposal date, and method of disposal. We note, however, that neither this system nor the legacy system allows the Department to identify the funding source for its assets. Instead, to determine what funding sources were used for the original transaction, Department staff must manually track down individual purchase documents for the asset, which is a burdensome process.

Because of the rules that govern the administration of WSFR and license revenue-funded equipment, it is important that the Department take the steps to determine and document funding sources. Without accurate records and management practices, the Department cannot ensure accountability and control of equipment purchased with Federal grants or license revenue or ensure they are used for their intended purpose.

Potential for Diversions of Funds

According to 50 C.F.R. § 80.20(c), hunting and fishing license revenue includes income from the sale, lease, or rental of personal property acquired or constructed with license revenue. Based on discussions with Department officials, we concluded that, as of June 2023, all proceeds from the sale of the Department’s disposed equipment were deposited into the State General Fund rather than the license revenue fund. Therefore, we conclude that the Department diverted proceeds from the sale of disposed equipment during SFYs 2021 and 2022. However, because the

Department did not effectively confirm funding sources or the method of disposal, we cannot quantify all diverted funds during this audit period.

According to 50 C.F.R. § 80.11, a State can become ineligible to receive WSFR funds if it diverts hunting and fishing license revenues for purposes other than the administration of the State fish and wildlife agency. Given the Department's inability to effectively confirm funding sources for equipment purchases and the complications their inventory cleanup effort posed, we are concerned that there is license revenue-funded equipment that may not be accounted for and could result in a potential diversion of funds. For this reason, the Department should suspend the sale of equipment until it is able to identify the funding source for the equipment. Without addressing this issue, the Department will continue to divert license revenue in future.

Recommendations

We recommend that FWS require the Department to:

1. Develop a mechanism for associating the funding source for equipment purchased with Federal grants and license revenue in the official inventory system.
2. Develop controls with the State Procurement Office to ensure the proceeds from the sale of license revenue-funded or grant-funded equipment are returned to the Department.
3. Suspend the sale of equipment until Recommendations 1 and 2 have been implemented.

Inappropriate Payroll Allocations

According to 2 C.F.R. § 200.430(i)(1)(i), records of charges to Federal awards for salaries and wages must be supported by a system of internal control that provides reasonable assurance the charges are accurate, allowable, and properly allocated.

We found that the Department did not properly allocate salaries and wages to Federal awards. During our review of payroll transactions, we identified the following questionable allocations:

- Although a principal investigator (PI)⁴ worked as a PI on both Grant No. F19AF00960 and Grant No. F16AF00758, the PI's payroll costs of \$383,932 were almost exclusively charged to Grant No. F19AF00960. We alerted the Department to this issue, noting that the payroll costs should have been split between the two grants. The Department agreed that it did not appropriately allocate the PI's payroll expenses.

⁴ A principal investigator leads a research project funded by the grant. A grant can have more than one principal investigator.

- The Department also did not appropriately allocate costs between a regional grant (Grant No. F19AF00941) and a Statewide grant⁵ (Grant No. F19AF00960) with overlapping projects, objectives, and performance periods:
 - Both grants had a project that included a study of Fortymile caribou herds, which the same PI conducted during the same performance period. Despite the overlap, the Department allocated the PI's payroll costs for this study, which totaled \$232,647, exclusively to Grant No. F19AF00941. We verified that this PI was only paid once for the work performed between these two grants.
 - Both grants had a project that included objectives for outreach development on wildlife topics, which the same PI conducted during overlapping performance periods. However, the Department allocated all the PI's payroll costs, totaling \$298,872, exclusively to Grant No. F19AF00941. We verified that this PI was only paid once for the work performed between these two grants.

These payroll costs for the three PIs total \$915,451, which we question as unsupported (see Figure 2).

Figure 2: Unsupported Payroll Costs

Grant No.	Grant Title	Cost Category	Questioned Costs (\$)
F19AF00941	Region 3 Wildlife Research	Payroll	531,519
F19AF00960	Statewide Wildlife Restoration	Payroll	383,932
Total			\$915,451

This occurred because the Department allowed the three PIs involved in these grants to predominately bill their time to single grants instead of ensuring that they charged salaries and wages to the grants they worked on and contributed to. When we spoke to Department officials, they stated that they permitted this practice because projects such as those covered under Grant Nos. F19AF00941 and F19AF00960 include broad coordination and administration objectives to cover PIs' work. However, Department officials also told us that FWS instructed them to split research projects apart, and that the Department has the authority and ability to require the PIs allocate their time to projects that best represents the activities performed.

Ultimately, the Department's and FWS' concurrent use of Statewide and regional grants—with overlapping, duplicative projects and objectives that cover a similar performance period—introduces administrative challenges for both Department and FWS program managers. As the Department continues to administer these types of grants, the Department should define which

⁵ Statewide grants are a collection of projects to be performed throughout the State, while regional grants focus on projects benefitting a single region.

aspects of a project should be billed against each grant. Once the Department establishes proper billings, the Department can provide greater assurance that funds are being spent appropriately.

Because of the inconsistent application of payroll charges, the Department overspent on salaries and wages against its large operational grants, resulting in end-of-year adjustments. Specifically, the Department moved \$83,843 from the Statewide wildlife grant (Grant No. F19AF00960) to the Fish and Game Fund and returned \$52,450 from an associated wildlife grant (Grant No. F21AF02408) to the awarding agency. These funds could have been used more efficiently to support grant initiatives if management had properly allocated payroll charges across the grants. Since this amount has already been returned to the awarding agency, we are not making a recommendation regarding the \$52,450.

Recommendations

We recommend that FWS require the Department to:

4. Resolve the questioned costs of \$915,451 related to principal investigators' payroll allocations.
5. Develop a mechanism to ensure salaries and wages are charged to the relevant Federal awards and are accurate, allowable, and properly allocated to funded activities.

Insufficient Performance Reporting

According to 2 C.F.R. § 200.329(a), the non-Federal entity must monitor Federal award activities to ensure the entity complies with applicable Federal requirements and achieves performance expectations. Further, 2 C.F.R. § 200.329(c)(2)(ii) states that the non-Federal entity shall complete periodic performance reporting and include reasons why established goals were not met. Lastly, 2 C.F.R. § 200.329(e)(1) states that the non-Federal entity must inform the Federal awarding agency as soon as problems, delays, or adverse conditions arise that will materially impair the ability to meet the Federal award's objective. This disclosure statement must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

The Department sends final performance reports to communicate the results of grant performance and the use of Federal funds. However, we found that the Department did not adequately justify performance shortfalls in the final performance reports for Grant Nos. F19AF00960 and F21AF02408. Specifically, we found that 9 of 181 grant objectives (5 percent) were not met, and performance reports did not adequately justify why the deficiencies occurred.⁶ We identified the following examples of ambiguous justifications from the performance reports:

⁶ We reviewed all 109 objectives from Grant No. F19AF00960 and all 72 objectives from Grant No. F21AF02408.

- FWS officials told us that Grant No. F19AF00960 included amendments to the original performance objectives for three projects. These amendments included requirements for public access and coordination with State and local entities on land access and protection programs. However, the final performance report did not address performance on these amended objectives.
- Grant No. F21AF02408 included 15 assessments on brown and black bear populations, statuses, and trends, with a project budget of \$172,240. The Department billed the grant \$57,126 for these assessments. However, the final performance report stated that the Department had not performed the work without elaborating on what the billed expenses related to, if they were still necessary, or reasons why the work could not be conducted.

Department officials told us that the Department maintained a record explaining why projects were not completed, which they provided when we inquired into the subject. Department officials documented unfavorable weather conditions and shifting of survey priorities as common justifications for performance shortfalls. The Department was also able to provide evidence of the incurred expenses, such as the cost to set up a base camp for a survey that it ultimately did not perform. However, this information was not in the performance reports provided to FWS. This omission occurred, in part, due to monitoring deficiencies. According to Department's *Grant Management Policies and Procedures*, the divisions performing work on the grant are required to provide the program coordinator assigned to the grant with updates on grant activities. Once grant work is completed, the program coordinator is responsible for reconciling the objectives in the grant agreement with the reported activities. The program coordinator then submits this information to FWS. To comply with Federal reporting requirements,⁷ the program coordinator should identify any deviations or unmet objectives and provide justifications.

The Department's transition to reporting grant progress in FWS' grant tracking and reporting system added to the difficulty of providing accurate performance updates. Originally, grant performance was reported directly between the Department and FWS. During the audit period, FWS started requiring the Department to use their grant tracking and reporting system to disclose grant progress. However, Department officials told us that it was challenging to restructure their original objectives to fit in the system's formatting without losing important information. Department officials have since met with their program managers to discuss how grants are structured and to improve their reporting on objectives.

Because the Department did not report grant performance shortfalls, FWS was not aware of incomplete performance objectives.⁸ Additionally, when the Department did not perform activities, it did not communicate whether it planned to allocate the funds intended for those activities to other grants. This resulted in a loss of accountability for grant funds and an increase in the risk of fraud and waste. Ultimately, we determined that the Department's justifications related to non-performance appear reasonable, and therefore we are not questioning costs.

⁷ As stated in 2 C.F.R. § 200.329 (c)(2)(ii) and 2 C.F.R. § 200.329(e)(1).

⁸ We also note that FWS did not question the Department's performance reporting omissions we identified.

Recommendations

We recommend that FWS require the Department to:

6. Develop guidance to ensure the Department notifies FWS as soon as it learns of problems, delays, or adverse conditions that will materially impair the ability to meet Federal award objectives.
7. Develop guidance to ensure the Department provides adequate explanations for why an approved project or objective is not performed, including a disclosure statement of actions taken or contemplated to resolve the performance shortfall.

Inadequate Subaward Management

According to 2 C.F.R. § 200.331, a non-Federal entity may receive Federal awards as a recipient, a subrecipient (a recipient of a subaward), and a contractor, depending on the substance of its agreements with Federal awarding agencies and passthrough entities. Therefore, the Department must make case-by-case determinations whether each agreement it makes for the disbursement of Federal funds casts the receiver in the role of subrecipient or contractor.

According to 2 C.F.R § 200.331(b), a contractor operates in a competitive environment and provides goods or services that are ancillary to the operations of the Federal program. Regulations at 2 C.F.R § 200.1 define a subrecipient as a non-Federal entity that receives a subaward from a passthrough entity to carry out part of a Federal program. According to 2 C.F.R § 200.331(a), a subrecipient is responsible for making program decisions and using Federal funds to carry out a program for a public purpose specified in authorized statute.

Accurately determining whether a Federal award is a subaward or contract is crucial because subawards have additional monitoring and reporting requirements, as stipulated under 2 C.F.R. § 200.332(d).⁹ Additionally, Federal grantees must report each subaward valued at \$30,000 or more in Federal funds through the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System at fsrs.gov. This information is then made available to the public on USAspending.gov.

In our review of WSFR vendor transactions, we determined that 12 agreements related to 7 grants were classified as contracts when they should have been classified as subawards based on the types of services performed. We observed that the recipients of Federal funds used these funds to carry out a program for a public purpose, which is more indicative of subrecipient relationships according to 2 C.F.R. § 200.331. By contrast, a contract provides goods or services similar to those of many different vendors and for the benefit of the passthrough entity. For

⁹ As part of its monitoring as a passthrough entity, the Department must (1) review financial and performance reports, (2) follow up and ensure subrecipients address deficiencies in performance, (3) issue management decisions for audit findings, and (4) resolve audit findings related to the subaward.

example, the objective of Grant No. F19AF00172 was to fund a research council to assess the decline in hunter participation. This placed the research council in the role of a subrecipient, rather than a contractor, as it performed all grant work, including performance reporting.

The Department was unable to provide documentation to substantiate its decision to classify these 12 agreements as contracts. Because the Department classified them as contracts instead of subawards, these 12 agreements were not included in the Department's public reporting. We also identified that the Department did not publicly report on the 16 agreements that it categorized as subawards in its official accounting system.

Department officials stated that these issues occurred because several organizational changes resulted in a significant loss in institutional knowledge, especially in subaward management. Department officials provided us with their written procedures, advising key personnel of their roles and responsibilities for managing and administering subawards. We reviewed this procedure and informed the Department that its basis for making contractor and subrecipient determinations is vague and does not include sufficient details to justify the classification. In addition, those responsible for reporting subawards in accordance with FFATA were not aware of the reporting requirement because roles had not yet been defined. Given the relative inexperience of the key personnel, it is important that the Department's guidance regarding grant requirements is clear and sufficiently detailed for staff to carry out their day-to-day duties.

Because the Department did not properly classify the agreements as subawards, it did not carry out the required subrecipient risk assessments, monitoring, and public reporting. This introduces Federal funds to unnecessary risk for misuse, mismanagement, or both. Without risk assessments, the Department cannot adequately develop risk-based monitoring plans for its subrecipients. Without monitoring plans in place, the Department cannot be sure that program objectives are being met and grant funds are being spent in accordance with Federal regulations. In addition, the Department's failure to report the subawards on [USASpending.gov](https://www.usaspending.gov)—both the 12 subawards it failed to classify and the 16 it erroneously omitted—created a lack of transparency regarding how Federal funds are spent, which undercuts the purpose of FFATA.

Recommendations

We recommend that FWS require the Department to:

8. Update existing guidance to require staff completing subrecipient determinations to include details to justify whether agreements should be classified as subawards or contracts.
9. Develop and implement controls to ensure it makes appropriate subrecipient determinations, including documenting a justification for determinations.
10. Implement a mechanism to inform staff of their obligation to properly report subawards to comply with Federal Funding Accountability and Transparency Act requirements and Federal regulations.
11. Retroactively update USAspending.gov with all subawards that were not reported since fiscal year 2021.

Other Matters

Intensive Management

During the audit, we became aware of an initiative, sponsored by the Alaska Board of Game, known as “intensive management.”¹⁰ Specifically, in March 2023, the Alaska Board of Game determined that the State of Alaska needed to control predator populations to address the decline in Mulchatna caribou in southwestern Alaska. As a result, the Department oversaw the culling of 94 brown bears, 5 black bears, and 5 wolves between May and June 2023.

Because this intensive management initiative occurred outside of our audit scope, we did not do a full analysis of expense data. However, because of the significant attention it received in local and national media, we performed additional audit procedures to understand whether grant funds had been approved and used for the initiative.

We contacted an official from the FWS Alaska Regional Headquarters, who stated that FWS was aware of the initiative and that the Department only used State funds to perform the predator control activities. We reviewed payroll and operation costs that the Department provided and verified that grant funds did not appear to be spent on predator control activities. We also obtained and reviewed a letter from the Assistant Director for FWS’ Office of Conservation Investment, who oversees WSFR, in response to a public inquiry on the allowability of predator control as part of Alaska’s intensive management practices. The Assistant Director’s response stated that the Wildlife Restoration Act does not prohibit predator control; therefore, it may be a permissible activity that can be covered with either Federal grants or license revenue. The

¹⁰ According to the Alaska Statute 16.05.020(2), intensive management is intended to help the State implement statutorily required mandates that protect subsistence and maintain a healthy population of ungulates, which includes caribou, moose, and elk.

Assistant Director also stated that, per the Wildlife Restoration Act, the U.S. Department of the Interior does not evaluate the conservation value of State wildlife management programs as long as the activities are eligible and conform to all grant award terms and conditions.

Unfunded Pension Liabilities

In July 2023, our office issued a management advisory to FWS regarding unfunded pension liabilities that States were allocating to WSFR grants.¹¹ The management advisory discussed issues with a State charging WSFR grants to help pay down the State's unfunded liabilities, which could potentially reduce the efficiency and effectiveness of the Federal grant in accomplishing its agreed-upon objectives.

Effective October 1, 2024, Federal regulations will require that Federal award recipients only charge unfunded pension costs directly to a Federal award if those unfunded pension costs are allocable to that award. In addition, the regulations will require that the recipient must provide the Federal Government an equitable share of the allowed costs,¹² which may be accomplished through the application of the indirect cost rate.

During our current audit of Alaska, we found that during SFYs 2021 and 2022, the Department charged roughly \$2.4 million to WSFR grants to pay for the State's unfunded pension liabilities, which represents approximately 8 percent of the Department's payroll. Because FWS is currently working to address our recommendations in the management advisory, we did not perform any testing to validate the number the State reported or make additional recommendations. However, we are highlighting these costs, considering how upcoming changes in Federal regulations may affect their allocability to WSFR grants.

¹¹ *Unfunded Liabilities for Wildlife and Sport Fish Restoration Program Grants* (Report No. 2020-ER-058-A), issued July 2023.

¹² 2 C.F.R. § 200.431(g)(6)(v) and (vi) of the October 2024 update. As of June 2024, this pre-publication is only OMB guidance and not official Federal regulations.

Recommendations Summary

We provided a draft of this report to FWS for review. FWS concurred with all recommendations. We consider Recommendations 1 through 3, 5 through 7, and 9 through 11 resolved, and Recommendations 4 and 8 implemented. Below we summarize the FWS and Department responses to our recommendations, as well as our comments on their responses. See Appendix 4 for the full text of the FWS and Department responses; Appendix 5 lists the status of each recommendation.

We recommend that FWS require the Department to:

1. Develop a mechanism for associating the funding source for equipment purchased with Federal grants and license revenue in the official inventory system.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will develop a procedure and training to associate funding source in its official inventory system. The Department also will provide documentation of procedures and training it holds. The target date for implementation is December 17, 2024.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once we obtain and review a copy of the revised procedures and confirm the appropriate staff have been trained on the new processes.

2. Develop controls with the State Procurement Office to ensure the proceeds from the sale of license revenue-funded or grant-funded equipment are returned to the Department.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will seek legislative authority to develop and implement controls to ensure the proceeds from future sales of grant and license revenue-funded equipment are returned appropriately. The Department will provide documentation once authority is approved. The target date for implementation is December 16, 2025.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once we confirm the new legislative authority is in place.

Because the Department's target implementation date for enacting necessary legislation is more than a year from the issuance of this audit report, Recommendation 3 serves as a risk-mitigating solution in the interim.

3. Suspend the sale of equipment until Recommendations 1 and 2 have been implemented.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will suspend the sale of grant and license revenue-funded equipment until Recommendations 1 and 2 have been implemented. The target date for implementation is December 16, 2025.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once Recommendations 1 and 2 have been implemented.

4. Resolve the questioned costs of \$915,451 related to principal investigators' payroll allocations.

FWS Response: FWS concurred with our recommendation. FWS received, reviewed, and accepted support from the Department regarding the questioned payroll allocations.

Department Response: The Department stated it has provided to FWS support and justification to resolve the questioned costs related to the principle investigators' payroll allocation. The Department added that it has reallocated the appropriate costs to the current open grants that we identified in the draft audit report and the adjustment accounts for work that occurred during FYs 2021 and 2022.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved and implemented.

5. Develop a mechanism to ensure salaries and wages are charged to the relevant Federal awards and are accurate, allowable, and properly allocated to funded activities.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will develop and implement controls to ensure that salaries and wages are properly allocated to the funded activities of the Federal awards, update Department policies and procedures, and inform all staff controls for salaries or wages for Federal awards. The target date for implementation is December 17, 2024.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once we obtain and review documentation supporting the Department's new internal controls.

6. Develop guidance to ensure the Department notifies FWS as soon as it learns of problems, delays, or adverse conditions that will materially impair the ability to meet Federal award objectives.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will develop guidance on how to address problems, delays, or adverse conditions that may impair the ability to meet the Federal award objectives and to ensure timely notifications to FWS. The target date for implementation is December 17, 2024.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once we obtain and review a copy of the guidance.

7. Develop guidance to ensure the Department provides adequate explanations for why an approved project or objective is not performed, including a disclosure statement of actions taken or contemplated to resolve the performance shortfall.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will provide guidance and training to staff on providing adequate explanations for projects or objectives not completed in the performance reports, including a disclosure statement of actions taken to resolve the performance shortfall. The target date for implementation is October 16, 2024.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once we obtain and review a copy of the guidance and confirm the appropriate staff have been trained.

8. Update existing guidance to require staff completing subrecipient determinations to include details to justify whether agreements should be classified as subawards or contracts.

FWS Response: FWS concurred with our recommendation. FWS received, reviewed, and accepted support from the Department for its revised approach.

Department Response: The Department stated that it updated guidance and will train staff to complete or classify subrecipient determinations to include justifications for

determinations. The Department has submitted documentation of guidance and forms implemented to FWS.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved and implemented.

9. Develop and implement controls to ensure it makes appropriate subrecipient determinations, including documenting a justification for determinations.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will develop and implement controls for appropriate subrecipient determinations, which includes documentation for justifications. The Department will submit documentation of staff training and procedures. The target date for implementation is April 15, 2025.

OIG Response: Based on FWS' and the Department's responses, we consider the recommendation resolved. We will consider this recommendation implemented once we obtain and review documentation supporting the Department's new controls.

10. Implement a mechanism to inform staff of their obligation to properly report subawards to comply with Federal Funding Accountability and Transparency Act requirements and Federal regulations.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will develop and implement procedures and provide training to inform staff of their obligation to report subawards in compliance with FFATA requirements and Federal regulations. The target date for implementation is December 17, 2024.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once we obtain and review a copy of the revised procedures and confirm the appropriate staff have been trained.

11. Retroactively update USASpending.gov with all subawards that were not reported since fiscal year 2021.

FWS Response: FWS concurred with the recommendation and will work with Department staff to develop and implement corrective actions.

Department Response: The Department stated it will retroactively update USASpending.gov with all identified subawards in the finding that were not reported

since SFY 2021 and submit documentation. The target date for implementation is December 17, 2024.

OIG Response: Based on FWS' and the Department's responses, we consider this recommendation resolved. We will consider this recommendation implemented once the Department indicates and we confirm that the Department has reported all previously omitted subawards on USASpending.gov.

Appendix 1: Scope and Methodology

Scope

We audited the Alaska Department of Fish and Game's (Department's) use of grant funds awarded by the U.S. Fish and Wildlife Service (FWS) under the Wildlife and Sport Fish Restoration Program (WSFR). We reviewed 19 grants that were open during the State fiscal years (SFYs) ending June 30, 2021, and June 30, 2022. We also reviewed license revenue during the same period. The audit included expenditures of approximately \$59.8 million and related transactions. In addition, we reviewed historical records for the acquisition, condition, management, and disposal of real property and equipment purchased with either license revenue or WSFR grant funds.

Methodology

We conducted this performance 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.

We assessed whether internal control was significant to the audit objectives. We determined that the following related principles were significant to the audit objectives:

- Management should design control activities to achieve objectives and respond to risk.
- Management should implement control activities through policies.
- Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

We tested the operation and reliability of internal control over activities related to our audit objective. Our tests and procedures included:

- Examining the evidence that supports selected expenditures the Department charged to the grants.
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income.
- Interviewing Department employees.
- Inspecting equipment and other property.

- Reviewing equipment inventory and disposal records.
- Determining whether the Department used hunting and fishing license revenue for the administration of fish and wildlife program activities.
- Determining whether the State passed required legislation assenting to the provisions of the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.
- Evaluating State policies and procedures for assessing risk and monitoring subawards.
- Visiting sites throughout the State (see Appendix 2 for a list of sites visited).

We identified several deficiencies in internal control that we discussed in the “Results of Audit” section of our report and made recommendations to address the issues.

Based on the results of our initial assessments, we assessed risk and selected for testing a judgmental sample of 19 out of 95 grants with activity during our audit period. This included grants for scientific studies and research, operation and maintenance of facilities, land acquisitions, hunter and aquatic education programs, and a boat ramp construction project.

Our review of these grant included assessments on the following:

- Budgeted and actual costs incurred.
- Grant claims and corresponding drawdowns.
- Application of the negotiation indirect cost rate agreement.
- Recognition and application of program income.
- Payroll allocations.
- Management of real property and equipment.
- Validation and application of in-kind contributions.
- Classification and administration of subawards.
- Progress of agreed-upon grant objectives.

We used auditor judgment and considered risk levels relative to other audit work performed to determine the degree of testing performed in each area. Our sample selections were not generated using statistical sampling, and therefore we did not project the results of our tests to the total population of transactions.

This audit supplements, but does not replace, the audits required by the Single Audit Act Amendments of 1996. Single audit reports address controls over Statewide financial reporting, with emphasis on major programs. Our report focuses on the administration of the Alaska fish and wildlife agency, and that agency's management of WSFR resources and license revenue.

The Department provided computer-generated data from its official accounting system and from informal management information and reporting systems. We tested the data by sampling expenditures and verifying them against WSFR reports and source documents such as purchase orders, invoices, and payroll documentation. While we assessed the accuracy of the transactions tested, we did not assess the reliability of the accounting system as a whole.

Prior Audit Coverage

We reviewed our last two audits of costs that the Department claimed on WSFR grants.¹³ There were no recommendations from the 2017 report, and two recommendations related to the 2012 report. We followed up on the two recommendations from the 2012 report and considered the recommendations implemented. For the implemented recommendation, we verified the State has taken the appropriate corrective actions.

We reviewed the single audit report for SFY 2021 to identify control deficiencies or other reportable conditions that affect WSFR. That report did not contain any findings that would directly affect the Program grants.

¹³ *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Alaska, Department of Fish and Game, From July 1, 2014, Through June 30, 2016* (Report No. 2017-EXT-022), issued September 2017.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Alaska, Department of Fish and Game, From July 1, 2009, Through June 30, 2011 (Report No. R-GR-FWS-0013-2012), issued October 2012.

Appendix 2: Sites Visited

Headquarters	Juneau, AK
Regional Offices	Palmer, AK Anchorage, AK
Fish Hatcheries	William Jack Hernandez
Boating Access Facilities	Finger Lake Portage Cove Harbor
Public Use Facilities	Little Susitna
Wildlife Management Areas	Palmer Hay Flats Potter Marsh
Education Facilities	Rabbit Creek Shooting Park Ship Creek Fisheries Center

Appendix 3: Monetary Impact

We reviewed 19 grants that were open during the State fiscal years that ended June 30, 2021, and June 30, 2022. The audit included expenditures of \$59,796,931 and related transactions. We questioned \$915,451 as unsupported.

Monetary Impact: Unsupported Costs

Grant No.	Grant Title	Cost Category	Questioned Costs (\$)
F19AF00941	Region 3 Wildlife Research	Payroll	\$531,519
F19AF00960	Statewide Wildlife Restoration	Payroll	\$383,932
Totals			\$915,451

Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 23.



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Washington, D.C. 20240



In Reply Refer To:
FWS/AWSFR/FASO/080939

Memorandum

To: Regional Director, Region 7

From: Assistant Director, Office of Conservation Investment

Subject: Draft Corrective Action Plan for Draft Audit Report No. 2023-CGD-011, for the State of Alaska, Department of Fish and Game, From July 1, 2020, Through June 30, 2022

PAUL
RAUCH

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Date: 2024.05.15
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The Headquarters Office, Division of Financial Assistance Support and Oversight has reviewed the draft Corrective Action Plan (CAP) for the above referenced report. Based on our review of the information provided by Region 7, we conclude that the proposed corrective actions adequately address and resolve each recommendation. In accordance with USFWS Service Manual Chapters, 417 FW 1, and our review, we concur with this CAP.

Please finalize the CAP and submit a PDF copy to AIE_Reports@doioig.gov, Attn: Jessica Brower, Director, Contract and Grants Division, and include a copy of this letter and your own transmittal letter in the CAP submission. Please copy Ord Bargerstock, Compliance Lead, Division of Financial Assistance Support and Oversight, on your CAP transmission.

If you have any questions concerning this matter or require further information, please contact Ord Bargerstock at [REDACTED].

Attachment



In Reply Refer To:
FWS/R7/CI

United States Department of the Interior

FISH AND WILDLIFE SERVICE
1011 E. Tudor Rd, MS 261
Anchorage, Alaska 99503-6199



Memorandum

May 15, 2024

To: Headquarters Office, Division of Financial Assistance Support and Oversight
Attn: Ord Bargerstock, Team Lead, Branch of Policy, and Compliance

From: Regional Manager, Office of Conservation Investment, Region 7 *Sheila A Cameron*

Subject: Corrective Action Plan for the U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Grants Awarded to the Alaska Department of Fish and Game, from July 1, 2020, through June 30, 2022, under the Wildlife and Sport Fish Restoration Program (Report No. 2023-CGD-011)

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Attached for your approval is the Draft Corrective Action that was prepared collaboratively by the U.S. Fish and Wildlife Service, Alaska Region and Alaska Department of Fish and Game.

If you have any questions about the Corrective Action Plan, please contact Joanna Knight-Williams, Grants Fiscal Officer, at [REDACTED]@fws.gov.

Attachment

cc: Jean Kvaniska, Chief, Branch of Policy and Compliance, FASO

FINAL

CORRECTIVE ACTION PLAN

U.S. Department of the Interior (DOI) Office
of Inspector General's (OIG) Draft Audit Report

U.S. Fish & Wildlife Service
Wildlife and Sport Fish Restoration Program Grants
Awarded to the
State of Alaska,
Department of Fish and Game
From July 1, 2021-June 30, 2022

Report No. 2023-CGD-011
Dated April 5, 2024

Corrective Action Plan
State of Alaska
Department of Fish and Game
Audit Report on the U.S. Fish and Wildlife Service
Wildlife and Sport Fish Restoration Program Grants
Report No. 2023-CGD-011

Auditors Findings and Recommendations:

A. Inadequate Equipment Management

The auditor found that the Department did not properly oversee the disposal of WSFR and license revenue-funded equipment, increasing the risk of fund diversions and program ineligibility. References cited 2 CFR 200.313 (d)(1), 200.313 (d)(3), and 50 CFR 80.90(f).

Recommendation:

1. Develop a mechanism for associating the funding source for equipment purchased with Federal grant and license revenue in the official inventory system.
2. Develop controls with the State Procurement Office to ensure the proceeds from the sale of license revenue-funded or grant-funded equipment are returned to the Department.
3. Suspend the sale of equipment until Recommendations 1 and 2 have been implemented.

Service Determination:

The Service sustains the findings and recommendations with 1-3.

Corrective Action:

1. The Department will develop a procedure and training to associate funding source in their official inventory system. The Department will provide documentation of procedures and trainings held.

State Submission Date for Implementation: August 30, 2024

Regional Submission Date: October 31, 2024

HQ Submission Date: November 29, 2024

Target Date: December 17, 2024

Title of Official Responsible for Implementation: Accountant

2. The Department will seek legislative authority to develop and implement controls to ensure the proceeds from future sales of federal and license revenue funded equipment are returned appropriately. The Department will provide documentation once authority is approved.

State Submission Date for Implementation: August 31, 2025

Regional Submission Date: October 31, 2025

HQ Submission Date: November 30, 2025

Target Date: December 16, 2025

Title of Official Responsible for Implementation: Accountant

3. The Department will suspend sale of all federal and license revenue funded equipment until corrective actions A.1 and A.2 are implemented and approved.

State Submission Date for Implementation: August 31, 2025

Regional Submission Date: October 31, 2025

HQ Submission Date: November 30, 2025

Target Date: December 16, 2025

Title of Official Responsible for Implementation: Accountant

Resolution:

1. The FWS considers this corrective action resolved and not implemented. Upon receipt, review, and acceptance of documentation of procedures and staff training, FWS will consider this finding resolved and implemented.
2. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of documentation to support the controls are in place, FWS will consider this finding resolved and implemented.
3. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of documentation to support that 1 and 2 are implemented, FWS will consider this finding resolved and implemented.

B. Inappropriate Payroll Allocations

The auditors questioned wages that the department did not properly or proportionally allocate these salaries and wages between Federal awards.

Recommendations:

4. Resolve the questioned costs of \$915,451 related to the principal investigators' payroll allocations.
5. Develop a mechanism to ensure salaries and wages are charged to the relevant Federal awards and are accurate, allowable, and properly allocated to the funded activities.

Service Determination:

The Service sustains the auditors' findings and recommendations with 4 and 5.

Corrective Action:

4. The Department has provided the attached supports and justification to resolve questioned costs of \$915,451 related to Principal Investigators' payroll allocations. The Department reallocated the appropriate costs to the current open grants that were identified in the draft audit report and the adjustment accounts for work that occurred during FY2021-22. The FWS considers this corrective action resolved and implemented.
5. The Department will develop and implement controls to ensure that salaries and wages are properly allocated to the funded activities of the Federal awards(s), update department policies and/or procedures, and inform all staff controls for salaries or wages for Federal award(s).

State Submission Date for Implementation: August 30, 2024

Regional Submission Date: October 31, 2024

HQ Submission Date: November 29, 2024

Target Date: December 17, 2024

Title of Official Responsible for Implementation: Administrative Operations Manager

Resolution:

4. The FWS considers this corrective action resolved and implemented. Department has provided justification and documentation attached.
5. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of documentation to support that there are internal controls in place. The FWS will consider this finding resolved and implemented.

C. Insufficient Performance Reporting

The auditor found that department did not Include sufficient details for work performed in its final performance reports to FWS, resulting in a loss of accountability for grant funds provided. References cited 2 CFR 200.329(a), 200.329 (c)(2)(ii), and 200.329(e)(1).

Recommendation:

6. Develop guidance to ensure the Department notifies FWS as soon as it learns of problems, delays, or adverse conditions that will materially impair the ability to meet federal award objectives.
7. Develop guidance to ensure the Department provides adequate explanations for why an approved project or objective is not performed, including a disclosure statement of actions taken or contemplated to resolve the performance shortfall.

Service Determination:

The Service sustains the findings and recommendations with 6 and 7.

Corrective Action:

6. The Department will develop guidance on how to address problems, delays, or adverse conditions that may impair the ability to meet the Federal award objectives and to ensure timely notifications to FWS.

State Submission Date for Implementation: August 30, 2024

Regional Submission Date: October 31, 2024

HQ Submission Date: November 29, 2024

Target Date: December 17, 2024

Title of Official Responsible for Implementation: Administrative Operations Manager

7. The Department will provide guidance and/or training to staff on providing adequate explanations for projects or objectives not completed in the performance reports, including a disclosure statement of actions taken to resolve the performance shortfall.

State Submission Date for Implementation: June 30, 2024

Regional Submission Date: August 31, 2024

HQ Submission Date: September 30, 2024

Target Date: October 16, 2024

Title of Official Responsible for Implementation: Administrative Operations Manager

Resolution:

6. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of the documentation of their process or procedure, the FWS will consider this finding resolved and implemented.
7. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of the documentation of their process or procedure and training, the FWS will consider this finding resolved and implemented.

D. Inadequate Subaward Management

The auditor found that department did not properly classify or report its subawards, resulting in a lack of oversight and transparency. References cited 2 CFR 200.331 and 200.332(d).

Recommendation:

8. Update existing guidance to require staff completing subrecipient determinations to include details to justify whether agreements should be classified as subawards or contracts.
9. Develop and implement controls to ensure it makes appropriate subrecipient determinations, including documenting a justification for determinations.
10. Implement a mechanism to inform staff of their obligation to properly report subawards to complete with Federal Funding Accountability and Transparency Act requirement and Federal regulations.
11. Retroactively update USAspending.gov with all subawards that were not reported since fiscal year 2021.

Service Determination:

The Service sustains the findings and recommendations with 8-11.

Corrective Action:

8. The Department updated guidance and will train staff to complete or classify subrecipient determinations to include justifications for determinations. They submitted documentation of guidance and forms implemented. The FWS considers this corrective action resolved and implemented.
9. The Department will develop and implement controls for appropriate subrecipient determinations which includes documentation for justifications. Department will submit documentation of staff training and procedures.

State Submission Date for Implementation: December 31, 2024

Regional Submission Date: February 28, 2025

HQ Submission Date: March 31, 2025

Target Date: April 15, 2025

Title of Official Responsible for Implementation: Accountant

10. The Department will develop and implement procedures and provide training to inform staff of their obligation to report subawards in compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements and Federal regulations.

State Submission Date for Implementation: August 30, 2024

Regional Submission Date: October 31, 2024

HQ Submission Date: November 29, 2024

Target Date: December 17, 2024

Title of Official Responsible for Implementation: Accountant

11. The Department will retroactively update USASpending.gov with all identified subawards in finding that were not reported since state fiscal year 2021 and submit documentation.

State Submission Date for Implementation: August 30, 2024

Regional Submission Date: October 31, 2024

HQ Submission Date: November 29, 2024

Target Date: December 17, 2024

Title of Official Responsible for Implementation: Accountant

Resolution:

8. The FWS considers this corrective action resolved and implemented. Documentation of implementation attached includes procedures and subrecipient determination form.
9. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of the documentation of the training provided and procedures, the FWS will consider this finding resolved and implemented.
10. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of the documentation of training and procedures provided, the FWS will consider this finding resolved and implemented.
11. The FWS considers this corrective action resolved but not implemented. Upon receipt, review, and acceptance of documentation of previously omitted subawards are entered into USASpending.gov, the FWS will consider this finding resolved and implemented.

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
2023-CGD-011-01 We recommend that the Department develop a mechanism for associating the funding source for equipment purchased with Federal grants and license revenue in the official inventory system.		
2023-CGD-011-02 We recommend that the Department develop controls with the State Procurement Office to ensure the proceeds from the sale of license revenue-funded or grant-funded equipment are returned to the Department.	Resolved.	We will track implementation.
2023-CGD-011-03 We recommend that the Department suspend the sale of equipment until Recommendations 1 and 2 have been implemented.		
2023-CGD-011-04 We recommend that the Department resolve the questioned costs of \$915,451 related to principal investigators' payroll allocations.	Implemented.	No action is required.
2023-CGD-011-05 We recommend that the Department develop a mechanism to ensure salaries and wages are charged to the relevant Federal awards and are accurate, allowable, and properly allocated to funded activities.		
2023-CGD-011-06 We recommend that the Department develop guidance to ensure the Department notifies FWS as soon as it learns of problems, delays, or adverse conditions that will materially impair the ability to meet Federal award objectives.	Resolved.	We will track implementation.
2023-CGD-011-07 We recommend that the Department develop guidance to ensure the Department provides adequate explanations for why an approved project or objective is not performed, including a disclosure statement of actions taken or contemplated to resolve the performance shortfall.		

Recommendation	Status	Action Required
<p>2023-CGD-011-08 We recommend that the Department update existing guidance to require staff completing subrecipient determinations to include details to justify whether agreements should be classified as subawards or contracts.</p>	<p>Implemented.</p>	<p>No action is required.</p>
<p>2023-CGD-011-09 We recommend that the Department develop and implement controls to ensure it makes appropriate subrecipient determinations, including documenting a justification for determinations.</p>		
<p>2023-CGD-011-10 We recommend that the Department implement a mechanism to inform staff of their obligation to properly report subawards to comply with Federal Funding Accountability and Transparency Act requirements and Federal regulations.</p>	<p>Resolved.</p>	<p>We will track implementation.</p>
<p>2023-CGD-011-11 We recommend that the Department retroactively update USAspending.gov with all subawards that were not reported since fiscal year 2021.</p>		



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