



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 Oklahoma,
Department of Wildlife Conservation
From July 1, 2012, Through June 30, 2014

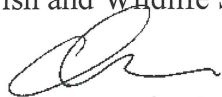


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INSPECTOR GENERAL**
U.S. DEPARTMENT OF THE INTERIOR

SEP 29 2015

Memorandum

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

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

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of Oklahoma, Department of
Wildlife Conservation From July 1, 2012, Through June 30, 2014
Report No. 2015-EXT-007

This report presents the results of our audit of costs claimed by the State of Oklahoma, Department of Wildlife Conservation (Department), under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the State under the Wildlife and Sport Fish Restoration Program. The audit included claims totaling approximately \$74.3 million on 65 grants that were open during the State fiscal years that ended June 30, 2013, and June 30, 2014 (see Appendix 1). The audit also covered the Department's compliance with applicable laws, regulations, and FWS guidelines, including those related to the collection and use of hunting and fishing license revenues and the reporting of program income.

We found that the Department complied, in general, with applicable grant accounting and regulatory requirements. We noted, however, conditions that resulted in questioned costs totaling \$59,824. Prior to issuing a draft report, we learned from FWS officials that the Department had returned the amount of questioned costs, plus applicable indirect costs, to each grant that was erroneously charged. Based on the Department's actions, we consider this issue resolved and require no further response.

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 program audit coordinator, Tim Horsma at 916-978-5668, or me at 303-236-9243.

cc: Regional Director, Region 2, U.S. Fish and Wildlife Service

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Introduction

Background

The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act¹ established the Wildlife and Sport Fish Restoration Program (Program). Under the Program, the U.S. Fish and Wildlife Service (FWS) provides grants to States to restore, conserve, manage, and enhance their sport fish and wildlife resources. The Acts and Federal regulations contain provisions and principles on eligible costs and allow FWS to reimburse States up to 75 percent of the eligible costs incurred under the grants. The Acts also require that hunting and fishing license revenues be used only for the administration of the State's fish and game agency. 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 Oklahoma, Department of Wildlife Conservation—

- claimed the costs incurred under the Program grants in accordance with the Acts and related regulations, FWS guidelines, and grant agreements;
- used State hunting and fishing license revenues solely for fish and wildlife program activities; and
- reported and used program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$74.3 million on the 65 grants open from July 1, 2012, through June 30, 2014 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Department headquarters in Oklahoma City, OK, and visited two regional offices, two State fish hatcheries, seven wildlife management areas, three boating access sites, and one education center (see Appendix 2). We performed this audit to supplement—not replace—the audits required by the Single Audit Act Amendments of 1996 and by Office of Management and Budget (OMB) Circular A-133.

Methodology

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the

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

evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our tests and procedures included—

- examining the evidence that supports selected expenditures charged to the grants by the Department;
- reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income;
- interviewing Department employees to ensure that personnel costs charged to the grants were supportable;
- conducting site visits to inspect equipment and other property;
- determining whether the Department used hunting and fishing license revenues solely for the administration of fish and wildlife program activities; and
- determining whether the State passed required legislation assenting to the provisions of the Acts.

We also identified the internal controls over transactions recorded in the labor- and license-fee accounting systems and tested their operation and reliability. Based on the results of initial assessments, we assigned a level of risk to these systems and selected a judgmental sample of transactions for testing. We did not project the results of the tests to the total population of recorded transactions or evaluate the economy, efficiency, or effectiveness of the Department's operations.

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

Prior Audit Coverage

On July 29, 2010, we issued "Audit of U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Oklahoma, Department of Wildlife Conservation, From July 1, 2007, Through June 30, 2009" (No. R-GR-FWS-0006-2010). We considered one of our two recommendations resolved, implemented, and closed. We referred the second recommendation to the Office of Financial Management (PFM) to track implementation. We followed up on both recommendations 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.

On October 23, 2006, we issued “Audit on the U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the State of Oklahoma, Department of Wildlife Conservation, from July 1, 2003 through June 30, 2005” (No. R-GR-FWS-0019-2005). We followed up on all six recommendations in the report and found that the U.S. Department of the Interior, Office of the Assistant Secretary for Policy, Management and Budget considered the recommendations resolved and implemented.

We reviewed single audit reports and comprehensive annual financial reports for the State fiscal years ending June 30, 2013, and June 30, 2014. The Department’s Wildlife and Sport Fish Restoration Programs were identified in the single audit reports as cluster programs. We also reviewed an audit report prepared by a Certified Public Accountant who audited the Department’s financial statements for State fiscal years ending June 30, 2013, and June 30, 2014. None of these reports contained any findings that would directly impact the Program grants.

Results of Audit

Audit Summary

We found that the Department complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. We identified, however, the following conditions that resulted in questioned costs totaling \$59,824 (Federal share \$44,868).

Findings and Recommendations

Questioned Costs—Other Direct Costs: \$59,824 (Federal share \$44,868)

To be eligible for reimbursement under the Program, grant expenses must be reasonable, allowable, allocable, and adequately supported. During our review, we identified out-of-period costs and other unallowable costs charged to two grants.

We found that the Department improperly charged \$26,875 (Federal share \$20,156) to the State Fish Hatchery Grant (F13AF00188) for costs that were incurred outside of the grant period.

We also found that the Department incorrectly charged \$32,949 (Federal share \$24,712) to the Disease/Biological Contaminant Investigations of Northern Bobwhite Quail in Western Oklahoma Grant (F11AF00071) for aerial services that were unrelated to the grant.

Federal regulations (43 C.F.R. § 12.63 (a)) state that where a funding period is specified, a grantee may only charge the award costs resulting from obligations of the funding period, unless carryover of unobligated balances is permitted. In addition, regulations (50 C.F.R. § 80.15) state that allowable costs are costs that are necessary and reasonable for the accomplishment of the approved project's purposes.

Department staff stated the improper charges were likely due to human error, either in preparing the claim for processing, not fully understanding the impacts, or recent personnel changes in wildlife research.

Prior to issuing a draft report, the Department met the intent of what we would have required in a recommendation by returning the amount of the questioned costs, plus applicable indirect costs, to each grant that was erroneously charged. Based on these actions, we consider the issue resolved and require no further response.

Appendix I

State of Oklahoma
Department of Wildlife Conservation
Grants Open During the Audit Period
July 1, 2012, Through June 30, 2014

FWS FBMS* Grant Number	Grant Amount	Claimed Costs	Questioned Costs
Fish			
F06AF00004	\$9,725,527	\$9,331,182	\$0
F10AF00124	283,189	283,188	0
F11AF00016	201,349	201,351	0
F11AF00314	210,000	231,434	0
F11AF00315	6,813,000	5,737,372	0
F11AF00316	428,400	471,026	0
F11AF00317	873,600	905,452	0
F11AF00318	970,230	556,102	0
F11AF00319	932,800	991,584	0
F11AF00320	692,800	738,508	0
F11AF00321	552,400	467,906	0
F11AF00322	429,400	417,997	0
F11AF00323	897,200	1,011,939	0
F11AF00324	470,400	530,310	0
F11AF00325	1,648,400	1,577,293	0
F11AF00326	600,000	445,123	0
F11AF00327	696,000	69,317	0
F11AF00328	528,000	457,631	0
F12AF00948	87,145	87,144	0
F12AF01250	1,676,627	276,397	0

FWS FBMS* Grant Number	Grant Amount	Claimed Costs	Questioned Costs
F13AF00103	\$144,500	\$86,485	\$0
F13AF00146	427,428	311,474	0
F13AF00147	435,207	339,783	0
F13AF00148	879,056	622,773	0
F13AF00149	158,576	40,276	0
F13AF00150	546,850	410,328	0
F13AF00151	464,758	339,560	0
F13AF00152	1,275,615	911,777	0
F13AF00153	792,569	571,396	0
F13AF00188	6,286,343	4,543,304	20,156
F13AF00189	1,226,044	751,768	0
F13AF00190	100,000	75,000	0
F13AF00191	665,643	482,904	0
F13AF00192	261,600	44,355	0
F13AF00217	737,950	509,379	0
F13AF00281	194,540	150,469	0
F14AF00156	136,470	20,667	0
F14AF00252	360,829	134,163	0
Fish and Wildlife			
F07AF00011	325,000	150,967	0
Wildlife			
F10AF00137	687,442	394,945	0
F10AF00180	73,334	47,648	0
F11AF00069	4,384,793	2,196,495	0
F11AF00071	300,000	266,547	24,712
F12AF00487	10,000	10,000	0

FWS FBMS* Grant Number	Grant Amount	Claimed Costs	Questioned Costs
F12AF00588	\$2,930,000	\$1,601,295	\$0
F12AF00593	274,500	172,814	0
F12AF00610	234,600	164,545	0
F12AF00614	601,000	381,149	0
F12AF00615	918,650	620,789	0
F12AF00616	4,371,000	2,802,448	0
F12AF00617	4,348,500	3,040,329	0
F12AF00618	4,853,000	3,190,789	0
F12AF00622	3,250,236	1,387,904	0
F12AF00623	556,288	582,713	0
F12AF00689	4,349,500	2,768,763	0
F12AF00916	91,000	50,889	0
F12AF00944	1,555,000	990,523	0
F12AF00945	741,084	472,736	0
F13AF01245	3,001,800	18,165	0
F13AF01247	1,981,865	1,869,423	0
F14AF00208	3,609,800	3,606,937	0
F14AF00251	943,998	49,287	0
F14AF00478	4,106,725	0	0
F10AF00211	4,600,000	3,442,195	0
F12AF00445	6,509,000	8,883,028	0
Total	\$103,418,559	\$74,297,440	\$44,868

*FBMS: Financial and Business Management System

Appendix 2

State of Oklahoma Department of Wildlife Conservation Sites Visited

Headquarters

Oklahoma City

Regional Offices

South Central Fisheries Region, Durant
Southwest Region, Medicine Park

Fish Hatcheries

Byron
Durant

Wildlife Management Areas

Canton
Drummond Flats
Grady County
Lexington
Mountain Park
Okmulgee
Washita

Boating Access Sites

Chickasha Lake
Crowder Lake
Liberty Lake

Education Area

Arcadia Conservation

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