



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



Audit

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

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




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

SEP 04 2024

Memorandum

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

From: Colleen Kotzmoyer 
Director, Contract and Grant Audit Division

Subject: Final Audit Report – *Wildlife and Sport Fish Restoration Grants Awarded to the State of Montana by the U.S. Fish and Wildlife Service*
Report No. 2023-CGD-041

This report presents the results of our audit of costs claimed by Montana's Fish, Wildlife and Parks (FWP) under grants awarded by the U.S. Fish and Wildlife Service through the Wildlife and Sport Fish Restoration Program.

We provided a draft of this report to FWS. FWS concurred with all four recommendations and will work with FWP to implement corrective actions. The full responses from FWS and FWP are included in Appendix 4. In this report, we summarize the FWS and FWP responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 5.

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 regarding this report, 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 Montana's Fish, Wildlife and Parks (FWP) 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 reimbursement amount is called the Federal share, and the portion the States must match with their own funds is called the State share. To meet the State-share requirement, FWP used general license revenues, third-party matches, and in-kind contributions.³ 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.

³ License revenues are from the sale of hunting and fishing licenses or permits, third-party matches may consist of expenses that are waived by a subaward recipient, and in-kind contributions may be volunteer hours recorded in place of payroll expenses.

Results of Audit

We determined that FWP 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. However, we noted internal control deficiencies related to the management of in-kind contributions and equipment.

We found the following:

- **Unsupported In-Kind Contributions.** FWP did not provide sufficient documentation to support 4,599 volunteer hours used as in-kind matching for its Hunter Education Program grant, which resulted in us questioning the \$379,002 in Federal share that FWP received in connection with the unsupported in-kind State share.
- **Inadequate Equipment Management.** FWP did not have adequate controls in place to ensure that equipment acquired with WSFR grant and license revenue funds were being used primarily for intended activities.

See Appendix 3 for a statement of monetary impact.

Unsupported In-Kind Contributions

Federal regulations require all third-party in-kind contributions to be verifiable from the —non-Federal entity's records.⁴ Additionally, costs must be adequately documented to be allowable under Federal awards.⁵ Furthermore, to the extent feasible, services donated to the non-Federal entity will be supported by the same methods used to support the allocability of regular personnel services.⁶

During the audit scope, FWP did not provide sufficient documentation to substantiate 4,599 volunteer hours contributed as in-kind contributions for the Montana Hunter Education Program (Grant No. F19AF00477). We reviewed all 830 hardcopy timesheets that FWP provided to support 10,203 hours claimed and found that 459 volunteer timesheets supporting 4,599 volunteer hours lacked appropriate signatures. For example, some timesheets were:

- Not signed by both the instructor and supervisor.
- Self-certified by instructors rather than co-signed by their supervisor.
- Signed and dated by instructors prior to course completion.
- Signed by supervisors prior to instructors completing and signing.

Because FWP used these unsupported volunteer hours—valued at \$126,334—to meet its 25-percent State share requirement, FWS reimbursed FWP \$379,002 in Federal share for other costs incurred under the WSFR grant (see Figure 1).⁷

⁴ 2 C.F.R. § 200.306(b)(1).

⁵ 2 C.F.R. § 200.403(g).

⁶ 2 C.F.R. § 200.434(d).

⁷ FWP was not eligible for the 75-percent Federal share without meeting its 25-percent State share requirement; however, this does not imply that the \$379,002 in costs that FWS reimbursed were unallowable.

**Figure 1: Unsupported In-Kind Contributions for
Grant No. F19AF00477 (SFYs 2021-2022)**

Expense	Claimed	Unsupported	Rate	State Share	Federal Share
Labor Hours	10,203	4,599	\$27.47	\$126,334	\$379,002

These issues occurred because FWP did not have a policy that required specific managers to track, verify, and certify volunteer hours to ensure compliance with Federal regulations. We interviewed personnel responsible for managing the Montana Hunter Education Program who stated that they were unsure why some instructors or lead coordinators did not sign the timesheets but that it could have been at a time when workshops were conducted virtually and when instructors and lead instructors may not have been in the same location. In our last two audits⁸ of FWP, we made recommendations regarding unsupported in-kind contributions. In response, FWP developed a written policy; however, the policy did not designate a specific individual responsible for verifying volunteer hours, rather it stated that a lead instructor and a regional program manager, program administrator, or designee will verify the timesheet. Because a specific individual was not clearly designated, FWP could not hold specific management personnel accountable for verifying volunteers recorded their hours properly.

Due to the internal control deficiencies within FWP's volunteer timekeeping processes, FWP did not fulfill the required 25-percent State share (\$126,334) and was therefore not eligible for the 75-percent Federal share (\$379,002). As a result, we question the \$379,002 in Federal share that FWP received in connection with the unsupported in-kind State share.

Recommendations

We recommend that FWS require FWP to:

1. Resolve the \$379,002 in Federal share of questioned costs related to unsupported in-kind contributions.
2. Develop and implement policy that (1) assigns responsibility to regional managers to review timesheets and (2) includes proper submission procedures for instructors such as using an approved format to complete timesheets and obtaining a lead instructor's or regional manager's co-signature to verify the accuracy of hours recorded.

Inadequate Equipment Management

As part of a special term applied by FWS to FWP WSFR grants that purchased equipment, Federal regulations⁹ require:

Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether the project or program continues to be supported by the Federal award or not, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. . . . When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

⁸ See footnote 13 for more information about these audit reports.

⁹ 2 C.F.R. § 200.313(c)(1).

- (i) Activities under a Federal award from the Federal awarding agency which funded the original program or project.
- (ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.
- (iii) Any activities consistent with the administration of the State fish and wildlife agency.¹⁰

Additionally, this special term requires:

During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally funded programs or projects is also permissible. User fees should be considered if appropriate.¹¹

Furthermore, Federal regulations require State fish and wildlife agencies to control “all assets acquired under the grant to ensure that they serve the purpose for which acquired throughout their useful life.”¹² According to FWP’s “Asset Accounting Procedures,” FWP restricts the use of federally-funded assets to the contract or grant for which they are intended, unless otherwise stated in the contract or grant. Additionally, FWP requires staff to maintain accurate records as to the use, location, and maintenance of federally-funded assets.

We found that FWP did not have adequate controls in place to ensure equipment acquired with WSFR grant and license revenue funds was used primarily for intended activities. It also did not have processes in place to collect and manage fees for WSFR equipment used for non-WSFR activities.

Prior to SFY 2023, several FWP divisions had their own maintenance staff and equipment, including WSFR. In SFY 2023, FWP completed a reorganization that consolidated maintenance staff from multiple divisions into one. According to an FWP program official, the reorganization allowed staff to perform work and use equipment at any FWP site, with the expectation that such use would not interfere with the work on the program for which it was originally acquired. However, we found that there was no process in place to document this assessment, which creates a risk that WSFR-funded equipment will be used on non-WSFR activities.¹³ Further, if WSFR equipment was used for non-WSFR activities, FWP did not have a way to get reimbursed for the use.

These issues occurred because FWP did not reallocate equipment by location or use during the reorganization. Rather, equipment stayed where it was originally located and continued to be used as before. An FWP program official stated that FWP did not reallocate equipment and did not have processes in place to collect and manage usage fees because it expected that equipment would remain at the same sites and continue to be used for the activities it had been used for prior to the reorganization. According to an FWP program official, FWP expected that WSFR equipment would be used only for WSFR purposes, even though it had no process in place to ensure this expectation.

Furthermore, according to an FWP program official, in SFY 2023, FWP implemented a facilities management system. Among other things, the system is used to create and manage maintenance work orders. Work orders store information about requested work, including the location where work will be performed, and the type of

¹⁰ A unique term added by FWS that is not included in the requirements of 2 C.F.R. § 200.313(c)(1)

¹¹ 2 C.F.R. § 200.313(c)(2).

¹² 50 C.F.R. § 80.90(f).

¹³ We did not identify any specific examples of WSFR equipment being used for non-WSFR purposes during our limited testing.

equipment needed to do the work. However, we found no designated place in the system to indicate whether an equipment item or site is WSFR-funded. We also found no way for field employees to differentiate between WSFR and non-WSFR equipment without additional information, such as purchasing data from the accounting office.

According to an FWP program official, FWP monitors the system to ensure WSFR equipment is used only for WSFR-funded sites and activities. If FWP were to find that WSFR equipment was not used as permitted, it could identify the equipment items and recover the cost of using the equipment back to the original purchasing authority, replace the equipment, or purchase new equipment. However, we did not find evidence that there was a process in place to achieve this outcome.

Without adequate controls in place to manage equipment, FWP lacks assurance that it is using WSFR-funded equipment primarily for its intended purpose or receiving reimbursement when such equipment is used for non-WSFR activities. The risk of FWP employees using WSFR equipment for non-WSFR activities is of greater concern at FWP sites with both WSFR-funded and non-WSFR-funded activities. For example:

- According to an FWP program official, Fish Creek State Park is located within the Fish Creek Wildlife Management Area (WMA). The park provides several recreational activities, such as fishing, hiking, and hunting, but according to a program official, the park does not receive WSFR funding. However, maintenance of the Fish Creek WMA is partially funded by WSFR.
- We visited the Flathead Lake State Park, Big Arm Unit, during site visits for the audit. The park includes numerous WSFR-funded activities, including roads to access a boating and fishing site and an archery range. The park also includes non-WSFR activities, such as a campground and hiking trails.
- We also visited Lone Pine State Park during site visits. The park includes an archery range, which is funded by WSFR. The park also provides other activities, such as hiking, mountain biking, and skiing, which are not funded by WSFR.

Common maintenance activities for these sites might include road and trail maintenance, signage repair and replacement, fence installation and repair, and removal of trees and hazards. However, FWP would have to ensure WSFR equipment is restricted to use on WSFR-funded sites.

We also identified remote and isolated FWP sites, including Ninepipe WMA (which is funded in part by WSFR) as well as First Peoples Buffalo Jump State Park and Lewis and Clark Caverns State Park (which are not funded by WSFR, according to an FWP program official). For efficiency, maintenance staff working at or near one of these remote sites might be inclined to use on-hand equipment, which could be WSFR equipment, to perform routine maintenance rather than travel to a centralized location to obtain equipment that is appropriate for the specific site. In these cases, FWP could collect fees for use of WSFR equipment to help offset the potential increase in maintenance costs while also allowing staff to perform work more efficiently. However, recouping costs would only be possible with appropriate tracking.

Use of WSFR equipment for non-WSFR activities puts the equipment at risk of increased maintenance costs and decreased usefulness and benefit for the intended WSFR-related purpose. As of December 2023, FWP manages WSFR equipment valued at approximately \$434.6 million, which represents approximately 55 percent of FWP's asset portfolio.

Recommendations

We recommend that FWS require FWP to:

3. Identify WSFR assets that are at risk of being used for non-WSFR activities and determine a plan for managing the equipment to include developing policies and procedures to ensure the costs of equipment are properly allocated to WSFR grants based on the proportional benefits the grants receive.
4. Once Recommendation 3 is implemented, ensure that maintenance staff across all FWP regions receive training regarding acceptable use of WSFR equipment.

Recommendations Summary

We provided a draft of this report to FWS and FWP for review. FWS and FWP concurred with all four recommendations. We consider Recommendations 1 and 4 resolved, and Recommendations 2 and 3 implemented. Below we summarize FWS' and FWP's responses to our recommendations, as well as our comments on their responses. See Appendix 4 for the full text of the FWS' and FWP's responses; Appendix 5 lists the status of each recommendation.

We recommend that FWS require Montana Fish, Wildlife and Parks to:

1. Resolve the \$379,002 in Federal share of questioned costs related to unsupported in-kind contributions.

FWS Response: FWS concurred with the recommendation and, upon receipt, will review documentation submitted by FWP to address the questioned costs.

FWP Response: FWP concurred with the recommendation and stated that the grant in question was active until June 30, 2024, and FWP is awaiting final invoices and volunteer timesheets to submit the final Federal Financial Report (SF-425). FWP intends to "complete an analysis of volunteer hours and remove unallowable hours between fiscal year 2020 through fiscal year 2024. FWP will provide the documentation of the analysis to FWS. FWP will identify volunteer hours within the grant period of performance not originally submitted and reviewed through the audit. The identified volunteer hours will demonstrate the required level of match necessary to make up for the removed, unallowable hours previously reviewed. FWP will pay back the questioned costs of \$379,002 using overmatch and will submit a final SF-425 for grant F19AF00477 to show the overmatch and resolve the questioned costs." The target date for FWP to submit the documentation to FWS is November 22, 2024.

OIG Comment: Based on FWS' and the FWP's responses, we consider this recommendation resolved. We will consider this recommendation implemented when FWS provides documentation to support how FWP and FWS have resolved the questioned costs.

2. Develop and implement policy that (1) assigns responsibility to regional managers to review timesheets and (2) includes proper submission procedures for instructors such as using an approved format to complete timesheets and obtaining a lead instructor's or regional manager's co-signature to verify the accuracy of hours recorded.

FWS Response: FWS concurred with the recommendation and has accepted the corrective actions taken by FWP to implement the recommendation.

FWP Response: FWP concurred with the recommendation, stating it "developed and implemented written policy and conducted training to inform applicable personnel and volunteers of their responsibilities towards timesheets including review, submission procedures, and co-signatory verification to the accuracy of hours recorded in support of in-kind State Share." FWP also provided training on the new policy and provided guidance on completing volunteer timesheets to 411 volunteer instructors during the spring of 2024.

OIG Comment: Based on FWS' and the FWP's responses, we consider this recommendation implemented. We reviewed the FWP policy, co-signatory verification form, as well as evidence of the timesheet guidance training, and determined FWP provided sufficient support to close the recommendation.

3. Identify WSFR assets that are at risk of being used for non-WSFR activities and determine a plan for managing the equipment to include developing policies and procedures to ensure the costs of equipment are properly allocated to WSFR grants based on the proportional benefits the grants receive.

FWS Response: FWS concurred with the recommendation and has accepted the corrective actions taken by FWP to implement the recommendation.

FWP Response: FWP concurred with the recommendation and plans to conduct a statewide review of active equipment. In addition, FWP “created policy and procedures to easily identify the funding source of equipment and its appropriate use. The policy includes information about equipment purchases related to fundings sources, regulations, and restricted use.” The policy also implements a new color-coded decal system for identifying eligible use for equipment items, specifically addressing equipment at risk for being used for unallowable purposes.

OIG Comment: Based on FWS’ and the FWP’s responses, we consider this recommendation implemented. We reviewed the policy developed by FWP in response to the recommendation and determined it contains a valid process for identifying assets at risk for being used for non-WSFR activities.

4. Once Recommendation 3 is implemented, ensure that maintenance staff across all FWP regions receive training regarding acceptable use of WSFR equipment.

FWS Response: FWS concurred with the recommendation and has accepted the corrective actions taken by FWP to implement the recommendation.

FWP Response: FWP concurred with the recommendation and plans to hold an annual meeting with maintenance staff across all eight administrative regions to discuss equipment use restrictions. The purpose of the first meeting, which was scheduled for June 27, 2024, was to announce and discuss the new equipment policy, explain the requirements for equipment use, and to go over the new decal initiative.

OIG Comment: Based on FWS’ and FWP’s responses, we consider this recommendation resolved. We will consider this recommendation implemented when FWS provides documentation, such as a training agenda and a list of attendees, to support the training FWP provided to their maintenance staff.

Appendix 1: Scope and Methodology

Scope

We audited Montana's Fish, Wildlife and Parks' (FWP's) use of grants awarded by the U.S. Fish and Wildlife Service (FWS) under the Wildlife and Sport Fish Restoration Program (WSFR). We reviewed 16 grants that were open during the State fiscal years (SFYs) that ended June 30, 2021, and June 30, 2022. We also reviewed license revenue during the same period. The audit included expenditures of approximately \$56 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 identify, analyze, and respond to risks related to achieving the defined 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 looked at the design, implementation, and operating effectiveness of internal controls over activities related to our audit objective. Our tests and procedures included:

- Examining the evidence that supports selected expenditures that FWP charged to the grants.
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income.
- Interviewing FWP employees.
- Inspecting equipment and other property.
- Reviewing equipment inventory and disposal records.
- Determining whether FWP 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.
- Determining whether FWP charged the State's unfunded pension liabilities to WSFR grants. Department officials stated that it did not have unfunded pension liabilities, and our review of the general ledger confirmed that unfunded pension liabilities were not charged to WSFR grants.
- Reviewing the fringe benefits charged during the payroll process to understand the coding for payroll deductions and to determine whether the fringe benefit codes are allowable, allocable, and reasonable.
- Visiting sites throughout the State (see Appendix 2 for a list of sites visited).

We found deficiencies in internal control that we discuss in the "Results of Audit" section of our report and make recommendations to address.

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of 16 out of 59 grants with activity during our audit period. This included grants for scientific studies, surveys, and research, operation and maintenance of facilities, land acquisitions, hunter and aquatic education programs, noxious weed control, and a pheasant rookery construction project.

Our review of these grants included assessments on the following:

- Budgeted and actual costs incurred.
- Grant claims and corresponding drawdowns.
- Application of the negotiated 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 Montana fish and wildlife agency, and that agency's management of WSFR resources and license revenue.

FWP 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

OIG Audit Reports

We reviewed our last two audits of costs that FWP claimed on WSFR grants.¹⁴ We followed up on nine recommendations from the 2020 report and five recommendations from the 2014 report. We reviewed FWP's corrective actions taken and found all recommendations to be implemented. However, we did take into consideration the previous recommendations related to in-kind contributions and real property during our audit to verify that FWP had taken sufficient corrective actions.

State Audit Reports

We reviewed the single audit report for SFY 2021 to identify control deficiencies or other reportable conditions that affect WSFR. The report did not contain any findings that would directly affect the WSFR grants; however, the report noted a significant deficiency in grant accounting for other major Federal programs. We considered this as a risk indicator when we prepared our audit procedures and tests. The report also included a SFY 2020 finding related to improperly accounting for salary and benefit costs charged to WSFR programs; however, FWP has since completed corrective actions to address the finding.

¹⁴ U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Montana Fish, Wildlife, and Parks, From July 1, 2015, Through June 30, 2017 (Report No. 2018-CR-014), issued February 2020.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Montana Department of Fish, Wildlife and Parks, From July 1, 2010, Through June 30, 2012 (Report No. R-GR-FWS-0011-2013), issued February 2014.

Appendix 2: Sites Visited

Headquarters	Helena
FWP Region 2 Headquarters	Missoula
Fish Hatcheries	Flathead Lake Salmon Hatchery Jocko River Trout Hatchery Rose Creek Hatchery Washoe Park Trout Hatchery
Boating Access Sites	Flathead Lake State Park, Big Arm Unit Salmon Lake State Park
Archery Ranges	Flathead Lake State Park, Big Arm Unit Lone Pine State Park
Wildlife Management Areas	Ninepipe Warm Springs
Hunter Education Facilities	Montana Pheasant Release Program Montana WILD

Appendix 3: Monetary Impact

We reviewed 16 grants that were open during the State fiscal years that ended June 30, 2021, and June 30, 2022. The audit included expenditures of approximately \$56 million and related transactions. We questioned \$379,002 in Federal share as unallowable.

Monetary Impact: Unallowable Questioned Costs

Grant No.	Grant Title	Cost Category	Questioned Costs
F19AF00477	MT Hunter Education Program	In-Kind	\$379,002
Total			\$379,002

Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 15. Montana's Fish, Wildlife and Parks' response to our draft report follows on page 16.



United States Department of the Interior

FISH AND WILDLIFE SERVICE Mountain-Prairie Region



IN REPLY REFER TO:
FWS/R6/CI

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1 Denver Federal Center
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Denver, Colorado 80225

Memorandum

To: Madeleine Grayson-Peterson, Acting Regional Manager, Central Region, Office Of Inspector General, Department of the Interior

From: Regional Manager, Office of Conservation Investment, Region 6, U.S. Fish and Wildlife Service

CLINTON RILEY

Digitally signed by CLINTON
RILEY
Date: 2024.07.15 17:18:47
-06'00'

Subject: Proposed Final Corrective Action Plan for Audit Report No. 2023-CGD-041

Attached is the proposed Final Corrective Action Plan (CAP) for Audit Report No. 2023-CGD-041 issued May 30, 2024, for U.S. Fish and Wildlife Service grants awarded to the State of Montana Fish, Wildlife and Parks from State Fiscal Years ending June 30, 2021, and June 30, 2022, under the Wildlife and Sport Fish Restoration Programs. The Approval Memorandum from the Assistant Director, Office of Conservation Investment (CI), is also included in the attachment package. Our office requests approval of the CAP from the Office of Inspector General.

We appreciate the opportunity to be of service. If you have any questions regarding the CAP, please do not hesitate to contact me at [REDACTED] [@fws.gov](mailto:[REDACTED]@fws.gov) or [REDACTED] or Elizabeth Shelton at [REDACTED] [@fws.gov](mailto:[REDACTED]@fws.gov) or [REDACTED].

Attachments: 02240711_MT_Final_CAP_2023-CGD-041.pdf

cc: Ord Bargerstock, Compliance Lead, Branch of Policy and Compliance, CI Headquarters
Shuwen Cheung, Accountant, CI Headquarters
Sherry Martin, Accountant, CI Headquarters
Clint Riley, Regional Manager, CI Region 6
Elizabeth Shelton, Grants Fiscal Officer, CI Region 6
Amanda Horvath, Team Lead Fish and Wildlife Biologist, CI Region 6
Penny Russell, Fiscal Grants Management Specialist, CI Region 6



P.O. Box 200701
Helena, MT 59620-0701
(406) 444-4629
June 20, 2024

Clint Riley, Regional Manager
Office of Conservation Investment
1 Denver Federal Center Building 25
Denver, CO 80225

Subject: Corrective Action Plan Concurrence

Dear Mr. Riley,

The Montana Department of Fish, Wildlife & Parks (FWP) has received a copy of the Final Draft Corrective Action Plan (CAP) submitted by your office for our review and concurrence. The CAP was jointly developed by our two offices in response to an audit of FWP's Wildlife & Sport Fish Restoration (WSFR) grant programs for state fiscal years 2021 and 2022. This audit was conducted by auditors from the Office of the Inspector General, U.S. Department of the Interior.

FWP concurs with the draft CAP (attached) and is committed to resolving the remaining finding discussed therein in accordance with the stated deadline. If you should have questions or need any additional information on this issue, please contact Adam Brooks of my staff at [REDACTED].

Sincerely,



Dustin Temple, Director

c Lena Havron, Adam Brooks

State of Montana
Corrective Action Plan
June 20, 2024

Subject Report: Department of Interior – Office of the Inspector General Audit Report on the U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Montana, Fish, Wildlife and Parks from State fiscal years ending June 30, 2021 and June 30, 2022 (Report No. 2023-CGD-041).

FINDING AND RECOMMENDATION:

1. Resolve the \$379,002 in unallowable Federal share received as a result of the unsupported \$126,334 State share.

FWS Determination:

The U.S. Fish and Wildlife Service (FWS) concurs with this finding and the auditor's recommendation to resolve the Federal share of questioned costs through unsupported in-kind contributions.

Corrective Action: Recommendation No. 1

This five-year grant (Grant #F19AF00477) is still active and does not expire until June 30, 2024. The State of Montana, Fish, Wildlife, and Parks (FWP) will complete an analysis of volunteer hours and remove unallowable hours between fiscal year 2020 through fiscal year 2024. FWP will provide the documentation of the analysis to FWS. Consequently, FWP will identify volunteer hours within the grant period of performance not originally submitted and reviewed through this audit. The identified volunteer hours will demonstrate the required level of match necessary to make up for the removed, unallowable hours previously reviewed. Final financial and performance reports are due October 28, 2024. FWP will pay back the questioned costs of \$379,002 using overmatch and will submit a final SF-425 for grant F19AF00477 to show the overmatch to resolve the questioned costs. This finding is considered resolved as the grant work has ended, FWP is awaiting final invoices and volunteer timesheets in order to submit the final SF-425 to FWS.

Resolution: Recommendation No. 1

FWS considers this recommendation resolved but not yet implemented. Upon receipt, review, and acceptance of documentation that supports the overmatch, FWS will consider this finding resolved and the auditor's recommendation fully implemented. The target date for FWP to submit the documentation to FWS is November 22, 2024. FWS will submit the resolution documents to the Office of Conservation Investment (CI) Headquarters by January 22, 2025. CI's target date to submit documentation to the Division of Policy, Economics, Risk

Management and Analytics (PERMA) is February 21, 2025. FWS will submit to the Department of Interior – Office of Inspector General (DOI-OIG) by March 7, 2025. The title of official responsible for implementation is Federal Aid Coordinator.

FINDING AND RECOMMENDATION:

2. Develop and implement policy that (1) assigns responsibility to regional managers to review timesheets and (2) includes proper submission procedures for instructors such as using an approved format to complete timesheets and obtaining a lead instructor's or regional manager's co-signature to verify the accuracy of hours recorded.

FWS Determination:

The U.S. Fish and Wildlife Service (FWS) concurs with this finding and the auditor's recommendation to develop and implement policy for volunteer timesheet processes.

Corrective Action: Recommendation No. 2

The FWP developed and implemented written policy and conducted training to inform applicable personnel and volunteers of their responsibilities towards timesheets including review, submission procedures, and co-signatory verification to the accuracy of hours recorded in support of in-kind State share. As described in the Department of Interior – Office of the Inspector General (OIG) Audit Report the questioned Federal share stemmed from unsupported in-kind contributions. The State share's documentation of in-kind contribution is predicated upon an approved timesheet format and verified, or certified, co-signatures from lead instructors or regional managers.

In response to the finding, FWP developed a volunteer timesheet policy and an approved co-signatory timesheet form, see attachment #1. FWP trainers provided timesheet guidance training to 411 volunteer instructors during the spring of 2024, see attachment #2 for more details on the training. Specifically, training covered timesheet-entry and approval training to applicable lead instructors and supervisors. The updated training policy, and approved timesheet format, are components of the annual instructor-training class curriculum. The clarified policy and timesheet were prepared to prevent FWP from repeating this in-kind finding.

Resolution: Recommendation No. 2

The FWS accepts this resolution and considers the auditor's recommendation resolved and implemented.

FINDING AND RECOMMENDATION:

3. Identify WSFR assets that are at risk of being used for non-WSFR activities and determine a plan for managing the equipment including developing policies and procedures to ensure the costs of equipment are properly allocated to WSFR grants

based on the proportional benefits the grants receive.

FWS Determination:

The U.S. Fish and Wildlife Service (FWS) concurs with the finding and the auditor's recommendation to resolve inadequate equipment management.

Corrective Action: Recommendation No. 3

As recognized within the Department of Interior – Office of the Inspector General (OIG) Audit Report, FWP reorganized maintenance activities and staff under one consolidated division just before the State fiscal year 2023. Maintenance equipment itself was not included in that consolidation. To ensure that the consolidated maintenance division does not improperly use WSFR (PR or DJ) equipment for ineligible activities. FWP plans to conduct a statewide review of active equipment. A procedural document was developed that identifies properly allocated PR and DJ equipment use and use restrictions.

FWP created policy and procedures to easily identify the funding source of equipment and its appropriate use. The policy includes information about equipment purchases related to funding sources, regulations, and restricted use. The policy states that staff are responsible for implementing a new color-coded decal system for identifying eligible use for equipment items, specifically addressing equipment at risk for being used for unallowable purposes, see attachment #3.

Resolution: Recommendation No. 3

The FWS accepts this resolution and considers the auditor's recommendation resolved and implemented.

FINDING AND RECOMMENDATION:

4. Once Recommendation 3 is implemented, ensure that maintenance staff across all FWP regions receive training regarding acceptable use of WSFR equipment.

FWS Determination:

The U.S. Fish and Wildlife Service (FWS) concurs with the finding and the auditor's recommendation to resolve inadequate equipment management by implementing training to FWP personnel.

Corrective Action: Recommendation No. 4

In response to this finding, FWP took many steps to ensure the maintenance staff across all FWP regions received training regarding acceptable use of WSFR equipment. The first step was a

region-specific list of assets acquired with PR/DJ funding was sent out to maintenance staff in all 8 FWP administrative regions the week of April 10, 2024 for review and comment. As a result of that review, a small number of equipment items (5) were identified that, due to their location and proximity to other assorted FWP sites, were flagged as potentially being at risk for uses other than those allowed based on the funding source used to acquire them. Managers in the regions where those items were located were subsequently notified by the Statewide Maintenance Supervisor the week of April 22, 2024 of these requirements and of the approved uses for them going forward.

The second step was to make the identification of PR/DJ equipment easier for field staff. FWP implemented a new color-coded decal system on June 7, 2024. Staff are responsible for attaching durable, brightly colored decals, with bold lettering, affixed to equipment in highly visible locations. The system identifies the approved use area for the equipment item: red for Wildlife Management Areas, blue for Fishing Access Sites, yellow for equipment purchased by the Parks Department, and green means unrestricted use, see attachment #4. FWP personnel, who use the equipment, already charge the specific program where maintenance work is being completed.

On June 18, 2024, the FWP Director executed a new equipment use policy, which details the restrictions on use for equipment purchased with PR/DJ funds as well as with license revenue. This policy, see attachment #3, was distributed agency-wide to all staff on the same day.

Beginning June 27, 2024, the Statewide Maintenance Supervisor will hold an annual call or meet with maintenance staff across all 8 administrative regions to discuss equipment use restrictions. The purpose of this first meeting will be to announce and discuss the new equipment policy, explain the requirements for equipment use, and to go over the new decal identification initiative, see attachment #4. Managers will be directed to ensure that all new or temporary staff are instructed on the color-coding decal system.

FWP trained all applicable maintenance staff across all FWP regions regarding the acceptable use of WSFR-acquired equipment following State policies and procedures in compliance with Federal regulations. FWP will conduct equipment training at least annually for maintenance personnel in all regions. Training will cover the use, restricted use, and procedural guidance for identifying equipment.

Resolution: Recommendation No. 4

The FWS accepts this resolution and considers the auditor's recommendation resolved and implemented.

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
2023-CGD-014-01 We recommend that the U.S. Fish and Wildlife Service (FWS) require Montana's Fish, Wildlife and Parks (FWP) to resolve the \$379,002 in Federal share of questioned costs related to unsupported in-kind contributions.	Resolved	We will track implementation.
2023-CGD-014-02 We recommend that FWS require FWP to develop and implement policy that (1) assigns responsibility to regional managers to review timesheets and (2) includes proper submission procedures for instructors such as using an approved format to complete timesheets and obtaining a lead instructor's or regional manager's co-signature to verify the accuracy of hours recorded.	Implemented	No action is required.
2023-CGD-014-03 We recommend that FWS require FWP to identify WSFR assets that are at risk of being used for non-WSFR activities and determine a plan for managing the equipment to include developing policies and procedures to ensure the costs of equipment are properly allocated to WSFR grants based on the proportional benefits the grants receive.		

Recommendation	Status	Action Required
<p>2023-CGD-014-04 We recommend that FWS require FWP to once Recommendation 3 is implemented, ensure that maintenance staff across all FWP regions receive training regarding acceptable use of WSFR equipment</p>	Resolved	We will track implementation.



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