AUDIT

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

U.S. Fish and Wildlife Service Grants Awarded to the State of Ohio, Department of Natural Resources, From July 1, 2019, Through June 30, 2020, Under the Wildlife and Sport Fish Restoration Program

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

Report No.: 2022–ER–034

June 2023

JUN 09 2023

Memorandum

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

From: Colleen Kotzmoyer
Director, Eastern Region Audit Division

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the State of Ohio, Department of Natural Resources, From July 1, 2019, Through June 30, 2021, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2022–ER–034

This report presents the results of our audit of costs claimed by the Ohio Department of Natural Resources 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 the FWS. The FWS concurred with all recommendations and will work with the Department to implement corrective actions. The full responses from the Department and the FWS are included in Appendix 4. In this report, we summarize the Department's and the FWS' responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 5.

Please provide us with a corrective action plan based on our recommendations by September 7, 2023. The plan should provide information on actions taken or planned to address each recommendation, as well as target dates and titles of the officials responsible for implementation. It should also clearly indicate the dollar value of questioned costs that you plan to either allow or disallow. Please also provide the status of any recommendation repeated from a previous audit. If a recommendation has already been implemented, provide documentation confirming that the action is complete. Please send your response to aie_reports@doioig.gov.

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 202–208–5745.

Contents

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 the 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 Ohio Department of Natural Resources (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.

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

Background

The FWS provides grants to States[1] through WSFR for the conservation, restoration, and management of wildlife and sport fish resources as well as educational and recreational activities.[2] WSFR was established by the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.[3] The Acts and related Federal regulations allow the 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.[4] The reimbursement amount is called the Federal share. 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.[5]

[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] 16 U.S.C. §§ 669b(a), 777b.

[3] 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.

[4] The District of Columbia does not receive funding under the Pittman-Robertson Wildlife Restoration Act.

[5] 2 C.F.R. § 200.307(e).

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 unfunded pension plan costs ("unfunded liabilities"[6]) charged to grants and unallowable subaward charges. We also identified a promising practice that the Department has adopted to drive engagement.

We found the following:

- **Questioned Costs.** We questioned $1,966,981 ($1,475,236 Federal share) as unallowable (see Figure 1). These questioned costs arose due to unfunded liability payments, which represent 9.69 percent of all WSFR grant payroll expenditures, as well as unallowable subaward charges.

Figure 1: Summary of Unallowable Costs (Federal Share)

Issue	Unallowable Costs ($)
Unfunded Liabilities	1,366,999
Subaward Charges	108,237
Total	**$1,475,236**

See Appendix 3 for a statement of monetary impact and a summary of potential diversion of license revenue.

Unfunded Liabilities Resulted in Questioned Costs of $1,822,665 ($1,366,999 Federal Share)

The Department used WSFR grant funds for payments toward the State's unfunded liabilities. In this context, unfunded liabilities are projected financial obligations accrued in previous years that the State does not have requisite funds to pay. If a pension fund or other type of fund has projected debts that exceed its current capital, projected income, and investment returns, it has unfunded liabilities. An unfunded liability is the difference between the projected amount due to current and future retirees and the amount of money the fund will have to make those payments in the future. While Ohio State employees contribute a mandatory percentage of their salaries

[6] In this report, the term "unfunded liabilities" refers to unfunded pension plan costs. Unfunded liabilities are also known as unfunded actuarial accrued liabilities and refer to liabilities that are not covered by assets. When a pension fund has projected debts that exceed its current capital, projected income, and investment returns, it has unfunded liabilities. In other words, an unfunded liability is the difference between the total projected amount due to retirees and the amount of money the fund actually has to make those payments.

and wages to the normal costs for pensions,[7] the State of Ohio (as their employer) contributes to both the normal costs for pensions and unfunded liabilities at a rate expressed as a percentage of payroll. Employer contributions for unfunded liabilities are calculated automatically during payroll processing. Ohio then claims Federal reimbursement for the unfunded liability contributions made based on WSFR-funded salaries and wages.

We question whether using grant funds to pay for these unfunded liabilities constituted an allowable cost. Generally, for a cost to be considered allowable, it must meet various conditions specified in Federal regulations and the award letter from the FWS to the State grant recipient. These conditions include factors related to reasonableness, timing, and nature of the costs.[8] With respect to pension plans, the costs must be incurred in accordance with established awardee policies and other requirements, such as reasonableness, to be allowable.[9] Unfunded liabilities, in particular, may be allowable costs if certain criteria are met.[10]

Reasonableness

As a general matter, a cost must be "reasonable" to be considered allowable for purposes of a Federal grant. "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost."[11] One of the factors in making this determination is whether a cost is "generally recognized as ordinary and necessary[12] for the operation of the non-Federal entity or the proper and efficient[13] performance of the Federal award."[14]

We found that the Department used 9.69 percent of grant payroll expenditures—the total amount of salaries and wages, including regular hours as well as sick, vacation, and holiday hours—for unfunded liabilities. By comparison, its employer "normal" costs for retirement are 4.34 percent of total grant payroll expenditures. The large percentage spent on unfunded liabilities and the wide disparity between the unfunded liability contributions and the normal contributions bring into question whether this amount of unfunded liability contributions is "generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient

[7] "Normal costs for pensions" refers to the actuarial present value of projected benefits that is allocated to a period. For example, here it is the costs current employees contributed to the pension fund for their future retirement and is separate from the unfunded liabilities contributions.

[8] 2 C.F.R. § 200.403.

[9] 2 C.F.R. § 200.431 (c), (d), (g), (h).

[10] 2 C.F.R. § 200.431(g)(6)(ii), (h)(4).

[11] 2 C.F.R. § 200.404.

[12] "Ordinary and necessary" costs refer to those that are commonly and typically used by the State. For example, administrative expenses, such as office supplies to support the State and services of professionals that support the State. See IRS News Release FS–2007–17, issued March 2007.

[13] "Proper and efficient" means that the State used the Federal grant funds with the least waste of resources or effort and that the uses were suitable or appropriate in the context of the award letter terms and governing laws and regulations. Definitions retrieved on September 24, 2022, from https://www.merriam-webster.com/dictionary/efficient and https://www.merriam webster.com/dictionary/proper.

[14] 2 C.F.R. § 200.404(a).

performance of the Federal award."[15] Therefore, we question whether the amounts of unfunded liabilities charged to the grants, in relation to the overall expenditures, are reasonable pursuant to relevant Federal guidance.

Timing

In our review of the Department's use of WFSR grant funds for payments toward unfunded liabilities, we also considered other aspects of cost allowability—namely the timing and nature of payments. Specifically, we noted that the unfunded liabilities were not incurred during the FWS grants' periods of performance set in the grant terms in the "Notice of Award" letters accepted by the Department. These grant terms state, "Only allowable costs resulting from obligations incurred during the performance period may be charged to this award." Ohio's pension liabilities began accruing many decades before the WSFR awards in our review. Because the liabilities accrued before the awards were made, these liabilities may constitute out-of-period costs as anticipated by the award letters.[16]

Nature of the Costs

Federal regulations permit recipients to claim both direct and indirect costs as allowable expenditures for awards. The Department claims the unfunded liabilities as a direct cost that is a fixed percentage of payroll costs for all State employees, including those paid with Federal grants. Although Federal regulations permit unfunded liabilities to be designated as either a direct or indirect cost depending on internal accounting policies,[17] we question whether unfunded liability costs are more indicative of an indirect cost rather than a direct cost. This issue matters because the State's classification of unfunded liabilities as a direct cost versus an indirect cost affects the amount that may be claimed for reimbursement on the Federal awards. More specifically, if the unfunded liabilities are classified as indirect costs, the Federal money spent toward unfunded liabilities may be reduced.

An indirect cost can be characterized as a "cost of doing business." In contrast, a direct cost serves the purpose of the award. "Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy."[18] Conversely, indirect costs are for a common or joint purpose within the

[15] 2 C.F.R. § 200.404(a).

[16] 2 C.F.R. § 200.403

[17] Pensions are generally treated as "fringe benefits," but relevant Federal regulations do not differentiate between unfunded pensions and "normal" pensions. Fringe benefits are defined as "allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans." *See* 2 C.F.R. § 200.431(a). Fringe benefits may be charged directly or indirectly "[i]n accordance with the non-Federal entity's accounting practices." *See* 2 C.F.R. § 200.431(c). Therefore, States can implement a policy that identifies unfunded pensions as either direct or indirect costs.

[18] 2 C.F.R. § 200.413(a).

State and benefit all programs or projects, and they are usually charged to the Federal awards using an “indirect cost rate.”[19]

For example, the pay and benefits of a resource scientist who works within the Department on a WSFR-funded grant are direct costs. In contrast, the cost of utilities at a building that many departments share is an indirect cost because it is necessary for the operation of the Ohio government but cannot be assigned to individual departments within the building. These utility costs would be included in determining the indirect cost rate, and the State can request reimbursement of only the Federal portion (no more than 75 percent) of the indirect costs.

If only a portion of the direct costs are attributable to the Federal grant, the costs must be allocated between the Federal and non-Federal entity in proportion to the benefits received. When a cost is allocated, it must satisfy the following conditions:[20]

- The goods or services were specifically for the Federal grant;
- The goods or services benefit both the Federal grant and other work of the grant recipient, and the costs can be shared equitably; and
- The goods or services are necessary for the grant recipient’s overall operation and is allowable to the Federal grant.

We analyzed the nature of the unfunded liability expense and determined that although both direct and indirect costs are allowable under these Federal awards, Ohio’s unfunded liabilities may be more properly identified as indirect costs. These unfunded liabilities do not directly benefit only the Federal award. Moreover, they are incurred State costs and amortized on the basis of historical obligations; that is, they are not incurred specifically for the purposes of WSFR awards. These State liabilities also have no beneficial impact on the WSFR program, accomplishment of grant goals, or any benefit to the Federal award.

This designation is significant because, if unfunded liabilities are treated as indirect costs, the amounts charged to WSFR grants—and thus to the Federal Government—could be reduced, potentially substantially. More specifically, if Ohio were to classify unfunded liabilities as indirect costs, Ohio’s Statewide cost allocation would capture those costs and assign them to the benefiting activities on a reasonable and consistent basis; in addition, the Department’s indirect cost rate would change. If unfunded liabilities were included in the States’ indirect cost rate, it could decrease the amount of unfunded liabilities attributed to the Federal awards because indirect rates are charged as a percentage of direct costs incurred under the award and are spread among numerous cost objectives.

[19] In general terms, an “indirect cost rate” is the percentage of an organization’s indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

[20] 2 C.F.R. § 200.405.

Cost Allowability

Of the 11 FWS grants we reviewed, the Department charged 4 FWS grants for payments toward the State's unfunded liabilities and related indirect costs totaling $1,822,665 ($1,366,999 Federal share) in WSFR funds (see Figure 2). This reduced the funding available to accomplish the WFSR grant objectives.

Figure 2: Federal Share of Questioned Costs Related to Unfunded Liabilities

Grant No.	Grant Title	Unallowable ($)
F19AF00429	FY20 CMS Grant for Wildlife Restoration	405,497
F19AF00435	FY20 CMS Grant for Sport Fish Restoration	310,498
F20AF12023	FY21 CMS Grant for Wildlife Restoration	275,109
F20AF12094	FY21 CMS Grant for Sport Fish Restoration	375,895
Total		**$1,366,999**

Abbreviations: CMS = Comprehensive Management System, FY = fiscal year

The WSFR Program's authorizing legislation limits State central services[21] to 3 percent of the annual apportionment to that State each year.[22] This protects funding for WSFR projects and limits funding for activities that do not directly relate to those projects. The Department's apportionments[23] totaled just over $59.9 million for the 11 grants open during the audit period; accordingly, the maximum amount for central service costs that the Department could claim would be approximately $1.8 million.[24] We believe the unfunded liabilities for the Department potentially constitute central service costs within the meaning of the statute and that the FWS should consider this point when determining reasonableness.

We are separately issuing a management advisory to the FWS recommending that it consult with appropriate U.S. Department of the Interior offices to determine the extent to which unfunded liabilities are allowable grant expenditures and that it develop and implement guidance pertaining to the appropriate use of grant funds—if any—to pay unfunded liabilities.

[21] "Central service costs" are the costs of services provided by a State on a centralized basis to its departments and agencies. 2 C.F.R. § 200.1.

[22] 50 C.F.R. § 80.53.

[23] For the context of this report, the maximum amount of central services costs was calculated using actual award dollars received by the State of Ohio ($59,926,946) for WSFR grants between January 1, 2019, and December 31, 2021, rather than the apportionment, due to timing differences between the State's fiscal year and the Government's fiscal year.

[24] Three percent of $59,926,946 (total apportionment) is $1,797,808.

Recommendation
We recommend that the FWS require the Department to: 1. Address the questioned costs related to unfunded liabilities totaling $1,366,999 (Federal share) in consultation with appropriate U.S. Department of the Interior offices to determine if the costs are allowable pursuant to Federal regulations and award terms and conditions.

Unallowable Subaward Charges Resulted in Questioned Costs of $144,316 ($108,237 Federal Share)

A pass-through entity is responsible for monitoring the activities of the subrecipient as necessary to ensure that the subaward costs are allowable and comply with Federal statutes, regulations, and the terms and conditions of the subaward. As part of this monitoring, pass-through entities must require and review financial and performance reports.[25]

Costs charged to subawards must be reasonable to be allowable.[26] In addition to a cost passing the reasonability threshold, for a cost to be allowable, it should be "consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity."[27] Costs of promotional items and memorabilia, including models, gifts, and souvenirs are not allowable.[28] Only costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.[29]

We found that the Department, as the pass-through entity, did not ensure that all costs that subrecipients submitted on claims for reimbursement under four Comprehensive Management System grants were allowable (see Appendix 3). The Department provided funding for more than 400 subawards during the audit period. We reviewed 100 subawards (which went to 40 subrecipients) and found that 17 included unallowable charges totaling $108,237. Our testing identified charges to subawards for food and beverages, t-shirts and sweatshirts, participation gifts, and lodging (see Figure 3). We also identified various charges related to canceled events, landowner incentives for land use, taxidermy and meat processing, and renting a bounce house and paintball equipment.

[25] 2 C.F.R. § 200.331.

[26] 2 C.F.R. § 200.403(a).

[27] 2 C.F.R. § 200.403(c).

[28] 2 C.F.R. § 200.421(e)(3).

[29] 2 C.F.R. § 200.453(a).

Figure 3: Questioned Costs Related to Unallowable Charges to Subawards

Category	Amount ($)
Food and beverages	39,332
T-Shirts and sweatshirts	26,739
Participation gifts	16,140
Lodging	10,650
Other	15,376
Total	**$108,237**

The $108,237 in unallowable costs that the Department charged to subawards were not used for the defined purposes of the grants—namely, for conservation, restoration, and management of wildlife and sport fish resources. Department officials agreed that approximately $40,000 of the $108,237 in charges were not allowable but contended that approximately $70,000 were allowable. The Department stated that it was necessary to have food available at events funded through subawards to keep the participants on site and that the food charges were consistent with Federal and State travel policies. These policies also applied to the lodging costs we questioned.

We determined that the Department's reviewing officials approved these charges because they had been approved in prior instances, even though these charges were unallowable. Instead, the reviewing officials should have evaluated whether charges for recurring events were allowable (e.g., using a checklist or another method). Charges for food and beverages may have been allowable if the events were held in remote areas, but in most instances, we found that the events were held within 5 to 10 miles of commercial establishments that provide these items.

If the Department uses WSFR funds on unallowable charges, less funding is available to accomplish the grant's agreed-upon objectives. This significantly reduces the efficiency and effectiveness of WSFR at no benefit to the program. We note that the Department took action to resolve these deficiencies after we provided the results of our testing. For example, the Department revised the online subaward application to include information on allowable costs, and an official stated that it will include information on allowable charges. The official also stated that training on allowable costs will be provided to potential subrecipients. There are also plans for a virtual, pre-recorded session that will be posted to the Department's website.

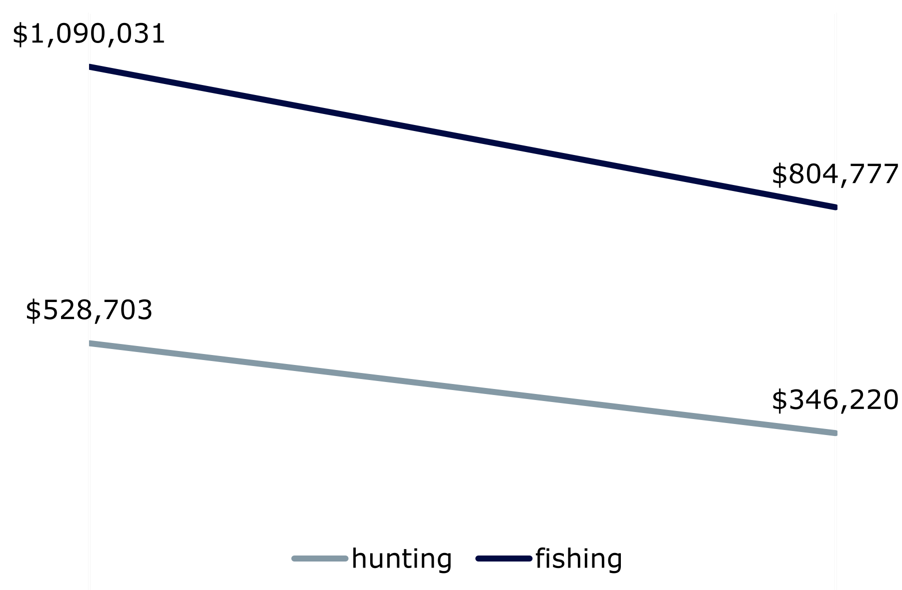
Recommendations
We recommend that the FWS require the Department to: 2. Address the questioned costs related to unallowable charges to the subawards totaling $108,237 (Federal share). 3. Train potential subrecipients about allowable and unallowable subaward charges. 4. Develop a review process for subaward applications to include a breakdown of what is allowable and unallowable.

Promising Practice

Innovative Hunter and Angler Recruitment, Retention, and Reactivation

In the course of reviewing the Department's use of WSFR funds, we noted that the Department's Division of Wildlife (Division) has used WSFR funds to initiate a novel community engagement program that it hopes will reverse the State's steady downward trend in hunting and fishing license sales (see Figure 4).

Figure 4: Hunting and Fishing License Sales From 2000 to 2022



Source: FWS Tracking and Reporting Actions for the Conversation of Species (TRACS) website.

To expand public support of conservation and participation in wildlife recreation, the Division operates the Wild Ohio Harvest Community, which hosts wildlife recreation activities for diverse audiences in an inclusive social environment. A key component of this outreach program is a "mobile kitchen," which consists of a trailer outfitted with cabinetry, appliances, utensils, and awnings. The Division's Outdoor Skills staff uses the mobile kitchen to visit farmer's markets, boat shows, conservation organizations, and other venues to engage Ohioans who have not considered wild fish or game as a sustainable, local source of protein or who may be curious about hunting or fishing (see Figure 5). The Outdoor Skills staff demonstrates how to prepare wild fish and game and offers recipe cards designed to draw audiences to the Department's website. This website presents further information to prospective hunters and anglers, including instructional videos, learning modules, Division events and classes, and wildlife recreation opportunities. The Department does not have data to show there has been increased sales but will monitor the implementation of this program and make adjustments as needed.

Figure 5: Wild Ohio Harvest Mobile Kitchen at a Cleveland Boat Show

Source: Ohio Department of Natural Resources Division of Wildlife.

Recommendations Summary

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

We recommend that the FWS require the Department to:

1. Address the questioned costs related to unfunded liabilities totaling $1,366,999 (Federal share) in consultation with appropriate U.S. Department of the Interior offices to determine if the costs are allowable pursuant to Federal regulations and award terms and conditions.

   FWS Response: The FWS concurred with the recommendation.

   Department Response: The Department stated that because the questioned costs "could have a state-wide impact across multiple agencies and federal programs, the [Department] does not agree or disagree with the recommendations of the OIG." The Department further stated, "In the interest of better understanding the requirements surrounding allowability of pension plan costs and the amortization methods employed by [the Ohio Public Employees Retirement System], [it] intend[s] to work with the FWS, and the Ohio Auditor of State, and the Ohio Office of Budget and Management to determine if the costs are allowable pursuant to Federal regulations and award terms and conditions."

   OIG Comment: Based on the FWS response, we consider Recommendation 1 resolved. We will consider this recommendation implemented when the FWS provides documentation demonstrating that it has addressed the questioned costs related to unfunded liabilities.

2. Address the questioned costs related to unallowable charges to the subawards totaling $108,237 (Federal share).

   FWS Response: The FWS concurred with the recommendation.

   Department Response: The Department partially concurred with the recommendation and agreed that unallowable costs totaling $39,084 were claimed and reimbursed. However, the Department contended that the remaining charges, which accounted for approximately $70,000, were allowable and consistent with Federal and State policies.

   OIG Comment: We consider Recommendation 2 resolved based on the FWS' response. The recommendation will be considered implemented when the Department provides documentation to support whether each cost is allowable.

3. Train potential subrecipients about allowable and unallowable subaward charges.

   FWS Response: The FWS concurred with the recommendation.

   Department Response: The Department concurred with the recommendation and has taken steps toward resolution such as reviewing and making several improvements to its grantee training, application usability, and monitoring processes.

   OIG Comment: We consider Recommendation 3 resolved based on the responses from the FWS and the Department. The recommendation will be considered implemented when the Department shows evidence of the changes made such as updated application process documents, a copy of the training recording that was posted to the website, monitoring process and procedure documentation, and proof that grantee training has taken place in all five district offices.

4. Develop a review process for subaward applications to include a breakdown of what is allowable and unallowable.

   FWS Response: The FWS concurred with the recommendation.

   Department Response: The Department concurred with the recommendation and has developed a resource document to clarify activity eligibility, which it provided along with its response.

   OIG Comment: We consider Recommendation 4 resolved based on the responses from the FWS and the Department. While the resource document is a step in the right direction, we believe some of the items listed may be unallowable and, as such, the Department must obtain approval for the content of this document from the FWS. The intent of this recommendation was for the Department to develop internal documents to aid Department officials in reviewing grantee applications to determine whether items requested in the application package are eligible for funding. The recommendation will be considered implemented when the Department shows that it has incorporated the final FWS guidance into the resource document and provides an updated copy, as well as a copy of guidance developed for internal departmental reviewers of grantee applications.

Appendix 1: Scope and Methodology

Scope

We audited the Ohio Department of Natural Resources' (Department'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 11 grants that were open during the State fiscal years (SFYs) that ended June 30, 2020, and June 30, 2021. We also reviewed license revenue during the same period. The audit included expenditures of $122,911,588 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.

Because of the COVID–19 pandemic, we could not complete our audit onsite. We gathered data remotely and communicated with Department officials via email and telephone. As a result, we could not perform normal audit procedures for (1) determining adherence to policies and procedures for license revenues, (2) equipment verification, (3) observing grant projects specific to construction and restoration work, and (4) subawards to subrecipients. Therefore, the audit team relied on alternative evidence provided by Department officials that was determined to be sufficient and appropriate to support our conclusions.

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 State's control activities and the following related principles were significant to the audit objectives.

- Management should design control activities to achieve objectives and respond to risks.
- Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
- Management should implement control activities through policies.

We tested the operation and reliability of internal control over activities related to 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 remotely through video conferencing and by telephone.
- Verifying equipment and other property.
- 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.
- Reviewing sites throughout the State (see Appendix 2 for a list of sites reviewed).

We found deficiencies in internal control resulting in our two findings of unallowable unfunded liability expenditures and unallowable payments to subrecipients.

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of transactions for testing. 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 Ohio 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

OIG Audit Reports

We reviewed our last two audits of costs claimed by the Department on WSFR grants.[30] We followed up on 11 recommendations from these reports and considered 10 recommendations as resolved and implemented and 1 recommendation as resolved but not yet implemented. For resolved and implemented recommendations, we verified the State has taken the appropriate corrective actions to resolve these recommendations.

State Audit Reports

We reviewed the single audit reports for SFYs 2020 and 2021 to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards indicated $53 million (combined) in Federal expenditures related to WSFR. The Department was selected as a major program in SFY 2020, and the report included findings that were directly related to WSFR. These findings included inaccurate recording of equipment and real property assets, inadequate monitoring of subaward expenditures, incomplete payroll reconciliation, and inadequate internal controls over the Ohio Wildlife Licensing System. We considered these findings as a risk indicator when we prepared our audit procedures and tests. The Department was not a major program in SFY 2021.

[30] *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Ohio, Department of Natural Resources From July 1, 2014, Through June 30, 2016* (Report No. 2017–EXT–020), issued June 2018.

U.S Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Ohio, Department of Natural Resources, From July 1, 2009, Through June 30, 2011 (Report No. R–GR–FWS–0014–2012), issued March 2013.

Appendix 2: Sites Reviewed

Headquarters	Columbus
Shooting Ranges	Dean State Forest Delaware Spring Valley
Boating Access	Fox Lake New Scioto River Tycoon Lake
Subrecipients	Fairfield County Bird Dog Club Lowellville Rod and Gun Club
Other	Wild Ohio Harvest Community Mobile Kitchen

Appendix 3: Monetary Impact

We reviewed 11 grants that were open during the State fiscal years that ended June 30, 2020, and June 30, 2021. The audit included expenditures of $122,911,588 and related transactions. We questioned $1,966,981 ($1,475,236 Federal share) as unallowable.

Monetary Impact: Questioned Costs

Grant No.	Grant Title	Cost Category	Unallowable ($)
F19AF00429	FY20 CMS Grant for Wildlife Restoration	Unfunded Liabilities	405,497
F19AF00429	FY20 CMS Grant for Wildlife Restoration	Subawards	37,024
F19AF00435	FY20 CMS Grant for Sport Fish Restoration	Unfunded Liabilities	310,498
F19AF00435	FY20 CMS Grant for Sport Fish Restoration	Subawards	10,112
F20AF12023	FY21 CMS Grant for Sport Fish Restoration	Unfunded Liabilities	275,109
F20AF12023	FY21 CMS Grant for Sport Fish Restoration	Subawards	32,310
F20AF12094	FY21 CMS Grant for Wildlife Restoration	Unfunded Liabilities	375,895
F20AF12094	FY21 CMS Grant for Wildlife Restoration	Subawards	28,791
Total			**$1,475,236**

Abbreviations: CMS = Comprehensive Management System, FY = fiscal year

Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 19. The Ohio Department of Natural Resources' response to our draft report follows on page 20.

United States Department of the Interior

FISH AND WILDLIFE SERVICE

Wildlife and Sport Fish Restoration Programs
5600 American Boulevard West, Suite 990
Bloomington, Minnesota 55437-1458

IN REPLY REFER TO:

FWS/R3/WSFR

March 30, 2023

Memorandum

To: Central Region Manager for Audits, Inspections, and Evaluations
Office of Inspector General

From: Assistant Regional Director, Wildlife and Sport Fish Restoration Programs

JAMES HODGSON

Digitally signed by JAMES HODGSON
Date: 2023.03.30 15:02:22 -05'00'

Subject: Response to the Office of Inspector General's memorandum dated February 16, 2023 containing the OIG's Draft Audit Report No. 2022-ER-34 on U.S. Fish and Wildlife and Sport Fish Restoration Grants administered by the State of Ohio, Department of Natural Resources, from July 1, 2019 through June 30, 2021

Attached is a copy of the Ohio Department of Natural Resources response to the draft Office of Inspector General (OIG) audit report (see Attachments).

The Service concurs with OIG report recommendations. The Ohio DNR's response to implement the recommendations will be considered in the corrective action plan.

Attachments:
Ohio DNR Director Letter
Ohio Draft Audit Response Comments

cc: USFWS, WO WSFR Audit Branch (Mr. Ord Bargerstock)

Ohio Department of Natural Resources

MIKE DeWINE, GOVERNOR MARY MERTZ, DIRECTOR

Kendra S. Wecker, Chief
Division of Wildlife
2045 Morse Rd, Building G
Columbus, Ohio 43229
Phone: (614) 265-6300

March 27, 2023

U.S. Department of the Interior
U.S. Fish and Wildlife Service
Wildlife and Sport Fish Restoration
5600 American Blvd. West, Suite 990
Blooming, MN 55437-1458

Mr. James Hodgson,

Thank you for the opportunity to provide comments on the draft audit report of the U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program grants awarded to the Department of Natural Resources, Division of Wildlife for the reporting period of July 1, 2020 through June 30, 2021. The staff at the Division of Wildlife have reviewed the draft audit report and prepared the attached comments.

These periodic audits are a proven method to strengthen these historically successful grant programs. I have full confidence we will cooperatively develop corrective actions to resolve the findings in an efficient and effective manner.

Sincerely,

Todd Haines for

Kendra Wecker
Chief, Division of Wildlife

DRAFT AUDIT REPORT COMMENTS:

The U.S. Fish and Wildlife Service (FWS) administered grants provided to the Ohio Department of Natural Resources, Division of Wildlife (DOW) under the Wildlife and Sport Fish Restoration Programs (WSFR). As a participant in these programs, the DOW is required to undergo periodic audits, for which the FWS has an agreement with the Office of Inspector General's office (OIG) to conduct. Beginning in May of 2022, the OIG began their audit scope, including 11 grants open from July 1, 2019, and ending June 30, 2021. During the audit which concluded January 5th of 2023, more than $122,911,588 in grant and license fee transactions were reviewed, including contracts, real and personal property inventory, financial records, in-kind documentation, and interviews with DOW personnel.

The OIG determined that DOW 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, regulations, FWS guidelines and grant agreements. They did, however, question costs associated with unfunded liability payments charged to grants and unallowable subaward charges (Table 1). Additionally, a promising practice intended to drive engagement was noted.

Table 1: Summary of Unallowable Costs (Federal Share)

Issue	Unallowable Costs ($)
Unfunded Liabilities	1,366,999
Subaward Charges	108,237
Total	**$1,475,236**

A. Questioned Costs - $1,475,236 Federal share, Unfunded Pension Liabilities Charged to Grants. Responsible Action Official – [redacted], Federal Aid Administrator

The OIG auditors questioned whether using grant funds to pay for unfunded liabilities (UL) associated with pension costs constituted an allowable cost. UL costs are defined as *actuarial accrued liabilities* which are not covered by assets or projected debts that exceed its current capital and projected income. UL is the difference between the projected amount due to current and future retirees and the amount of money the fund will have to make those payments in the future.

Generally, for a cost to be considered allowable, it must meet various conditions specified in Federal regulations. UL, as noted in the report, may be allowable costs if certain criteria are met, including (1) when pension costs are calculated using an actuarial cost-based method recognized by generally accepted accounting principles and they are funded for that year within 6 months after the end of that year, and (2) when a non-Federal entity converts to an acceptable actuarial cost method and funds the costs in accordance with that method, the initial unfunded liability attributable to prior years is allowable if amortized over a period of years in accordance with generally accepted accounting principles. 2 CFR 200.431(g)(6)(ii), (h)(4).

Under Ohio Revised Code (ORC) Section 145.22 (Attachment 1) - Actuarial valuation of pension assets, liabilities, and funding requirements, Ohio Public Employee Retirement System (OPERS) board is directed to annually prepare an actuarial valuation of the pension assets, liabilities, and funding requirements established under ORC Chapter 145. An actuary prepares the report in accordance with actuarial standards of practice. Section 145.22 E(10) speaks to the frequency of occurrence and how changes in amounts are implemented. The UL is amortized over a period of time, as described in ORC Section 145.48 B(2) (Attachment 2) and Section 145.221 (Attachment 3); however, DOW will need to further investigate the allowable term given the time of conversion to this acceptable actuarial cost method.

Since the questioned costs noted above could have a state-wide impact across multiple agencies and federal programs, the DOW does not agree or disagree with the recommendations of the OIG. In the interest of better understanding the requirements surrounding allowability of pension plan costs and the amortization methods employed by OPERS (GRS Consultants, actuarial consultant), we intend to work with the FWS, the Ohio Auditor of State, and the Ohio Office of Budget and Management to determine if the costs are allowable pursuant to Federal regulations and award terms and conditions.

B. Questioned Costs - $108,237 Federal share, Unallowable Subaward Charges
Responsible Action Official – [redacted], Federal Aid Administrator

A pass-through entity is responsible for monitoring the activities of the subrecipient as necessary to ensure that the subaward costs are allowable and comply with Federal statutes, regulations, and the terms and conditions of the subaward. As part of this monitoring, pass-through entities must require and review financial and performance reports (2 CFR 200.331).

The OIG questioned costs reimbursed under four Comprehensive Management System (CMS) grants by sub-recipients. During the audit period, DOW provided funding through more than 400 subawards. The OIG reviewed a sample of 100 sub-awards (40 sub-recipients) and questioned costs totaling $108,237 for the categories outlined in Table 2 below.

Table 2: Questioned Costs Related to Unallowable Charges to Subawards

Category	Amount ($)
Food/beverages	39,332
T-Shirts/sweatshirts	26,739
Participation gifts	16,140
Lodging	10,650
Other	15,376
Total	**$108,237**

DOW officials agreed that approximately $40,000 of the $108,237 in charges were not allowable but contend that approximately $70,000 were allowable. The DOW stated that it was necessary to have food available at events funded through subawards to keep the participants on site, and that the food charges were consistent with Federal and State travel policies provided in DOW's NPFR response.

Participants largely attend these events as families with plans to devote a whole day to an enjoyable activity. We believe it is necessary to provide reasonable amounts of food and drink at these events to keep attendees comfortable and on site for the duration and not expect that they leave for an hour or more to seek out alternative meal options. Having people leave would also interrupt any education efforts or potentially require break-down and reset of any equipment that was being used. Food costs are, "…reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost (2 CFR 200.404)." These food costs are consistent with U.S. General Services Administration per diem rates for non-city areas and are assessed in a way that is consistent with our state and federal travel policies and applied consistently to both grant and non-grant projects. Likewise, this approach was used to support lodging costs.

After further review of the Uniform Guidance cost principles, basic considerations section, which speaks to composition and allowability of costs and how to determine if a cost is reasonable, DOW agrees that there were ineligible costs claimed and reimbursed. Recent staff changes had prompted oversight changes in this grant program; however, the finding presented us with an opportunity to better align the program with federal regulations and program guidance. DOW used the OIG's list of questioned costs as a reference to initiate discussion with WSFR on eligibility and allowability. Together, a resource document was drafted to clarify activity eligibility and justify costs questioned as part of the finding (Attachment 4). This document supports the justification provided in our NPFR response where DOW concurred with $39,084 of the questioned costs. The remaining expenditures were considered allowable, as they fell below the thresholds identified in the state and federal policies.

Other recommendations from OIG prompted DOW staff to review our grantee training, application usability and monitoring processes, for which several improvements were made in the current grant cycle. The guidance document with the funding opportunity announcement was posted on our website. Trainings were then scheduled in each of our five district offices to communicate changes, provide examples, identify resources and introduce contacts to aid attendees in the application process. For those that could not attend, a training recording was posted on our website. Simple changes were made to the online application for this grant cycle to improve functionality, including the addition of a narrative section to justify expenditures. Each expense line will be assigned to the appropriate program and reviewed for eligibility. Grantees will receive feedback to communicate why their request was approved or denied.

Future enhancements to the online application and reporting modules are currently being scoped and are expected to be implemented prior to the reporting phase of the FY24 grants. These enhancements largely improve the communication framework for the granting process. A narrative section will be added to the reporting module and proposed actions in the application will be linked to accomplished actions in the performance report to improve monitoring. Ability to review budget items will be enhanced as the reviewer will be able to identify specific activities that are not eligible. Applications will have a workflow that allows them to be returned for revision and resubmission. Each user will have the ability upload receipts and volunteer time sheets as well as photos to improve oversight and communicate our shared successes.

DOW will continue to work with FWS to account for questioned costs, improve training opportunities for grantees, and establish tools and processes to improve oversight.

C. Promising Practice – Innovative Hunter and Angler Recruitment, Retention, and Reactivation

The DOW appreciates acknowledgment of the Wild Ohio Harvest Community and the incorporation of the mobile kitchen to engage participants. DOW's Outdoor Skills staff demonstrate how to prepare wild fish and game and offer recipe cards designed to draw audiences to the Division's website. The website presents further information to prospective hunter and anglers, including instructional videos, learning modules, events, classes and wildlife recreation opportunities.

Attachment 1. Ohio Revised Code Section 145.22 Actuarial valuation of pension assets, liabilities, and funding requirements.

(A) The public employees retirement board shall have prepared annually by or under the supervision of an actuary an actuarial valuation of the pension assets, liabilities, and funding requirements of the public employees retirement system as established pursuant to this chapter. The actuary shall complete the valuation in accordance with actuarial standards of practice promulgated by the actuarial standards board of the American academy of actuaries and prepare a report of the valuation. The report shall include all of the following:

(1) A summary of the benefit provisions evaluated;

(2) A summary of the census data and financial information used in the valuation;

(3) A description of the actuarial assumptions, actuarial cost method, and asset valuation method used in the valuation, including a statement of the assumed rate of payroll growth and assumed rate of growth or decline in the number of members contributing to the retirement system;

(4) A summary of findings that includes a statement of the actuarial accrued pension liabilities and unfunded actuarial accrued pension liabilities;

(5) A schedule showing the effect of any changes in the benefit provisions, actuarial assumptions, or cost methods since the last annual actuarial valuation;

(6) A statement of whether contributions to the retirement system are expected to be sufficient to satisfy the funding objectives established by the board. The board shall submit the report to the Ohio retirement study council, the director of budget and management, and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation immediately upon its availability and not later than the first day of September following the year for which the valuation was made.

(B) At such time as the public employees retirement board determines, and at least once in each five-year period, the board shall have prepared by or under the supervision of an actuary an actuarial investigation of the mortality, service, and other experience of the members, retirants, contributors, and beneficiaries of the system to update the actuarial assumptions used in the actuarial valuation required by division (A) of this section. The actuary shall prepare a report of the actuarial investigation. The report shall be prepared and any recommended changes in actuarial assumptions shall be made in accordance with the actuarial standards of practice promulgated by the actuarial standards board of the American academy of actuaries. The report shall include all of the following:

(1) A summary of relevant decrement and economic assumption experience observed over the period of the investigation;

(2) Recommended changes in actuarial assumptions to be used in subsequent actuarial valuations required by division (A) of this section;

Attachment 1. Ohio Revised Code Section 145.22 Actuarial valuation of pension assets, liabilities, and funding requirements.

(3) A measurement of the financial effect of the recommended changes in actuarial assumptions. The board shall submit the report to the Ohio retirement study council and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation not later than the first day of November following the last fiscal year of the period the report covers.

(C) The board may at any time request the actuary to make any studies or actuarial valuations to determine the adequacy of the contribution rate determined under section 145.48 of the Revised Code, and those rates may be adjusted by the board, as recommended by the actuary, effective as of the first of any year thereafter.

(D) The board shall have prepared by or under the supervision of an actuary an actuarial analysis of any introduced legislation expected to have a measurable financial impact on the retirement system. The actuarial analysis shall be completed in accordance with the actuarial standards of practice promulgated by the actuarial standards board of the American academy of actuaries. The actuary shall prepare a report of the actuarial analysis, which shall include all of the following:

(1) A summary of the statutory changes that are being evaluated;

(2) A description of or reference to the actuarial assumptions and actuarial cost method used in the report;

(3) A description of the participant group or groups included in the report;

(4) A statement of the financial impact of the legislation, including the resulting increase, if any, in the employer normal cost percentage; the increase, if any, in actuarial accrued liabilities; and the per cent of payroll that would be required to amortize the increase in actuarial accrued liabilities as a level per cent of covered payroll for all active members over a period not to exceed thirty years;

(5) A statement of whether the scheduled contributions to the system after the proposed change is enacted are expected to be sufficient to satisfy the funding objectives established by the board. Not later than sixty days from the date of introduction of the legislation, the board shall submit a copy of the actuarial analysis to the legislative service commission, the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation, and the Ohio retirement study council.

(E) The board shall have prepared annually a report giving a full accounting of the revenues and costs relating to the provision of benefits under sections 145.58 and 145.584 of the Revised Code. The report shall be made as of December 31, 1997, and the thirty-first day of December of each year thereafter. The report shall include the following:

(1) A description of the statutory authority for the benefits provided;

(2) A summary of the benefits;

(3) A summary of the eligibility requirements for the benefits;

(4) A statement of the number of participants eligible for the benefits;

(5) A description of the accounting, asset valuation, and funding method used to provide the benefits;

(6) A statement of the net assets available for the provision of the benefits as of the last day of the fiscal year;

(7) A statement of any changes in the net assets available for the provision of benefits, including participant and employer contributions, net investment income, administrative expenses, and benefits provided to participants, as of the last day of the fiscal year;

(8) For the last six consecutive fiscal years, a schedule of the net assets available for the benefits, the annual cost of benefits, administrative expenses incurred, and annual employer contributions allocated for the provision of benefits;

(9) A description of any significant changes that affect the comparability of the report required under this division;

(10) A statement of the amount paid under division (C) of section 145.58 of the Revised Code. The board shall submit the report to the Ohio retirement study council, the director of budget and management, and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation immediately upon its availability and not later than the thirtieth day of June following the year for which the report was made.

Attachment 2. Ohio Revised Code Section 145.48 Rate of employer contribution.

(A) Each employer shall pay to the public employees retirement system an amount that shall be a certain per cent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen per cent of the earnable salaries of all contributors.

(B)(1) On the basis of regular interest and of such mortality and other tables as are adopted by the public employees retirement board, the actuary for the board shall determine the liabilities and employer rates of contribution as follows:

(a) The percentage of earnable salary that, when added to the per cent of earnable salary contributed by each member, will cover the costs of benefits to be paid to members for each year of service rendered;

(b) The percentage of earnable salary that, if paid over a period of future years, will discharge fully the system's unfunded actuarial accrued pension liability;

(c) The percentage of earnable salary designated by the board to pay benefits authorized under section 145.58 of the Revised Code.

(2) If recognized assets exceed the liabilities for service previously rendered, on approval of the board, a percentage of earnable salary may be deducted from the employer rates of contribution that, if deducted annually over a period of future years, will eliminate the excess.

Attachment 3. Section 145.221 | Amortizing unfunded actuarial accrued pension liability.

The public employees retirement board shall establish a period of not more than thirty years to amortize the public employees retirement system's unfunded actuarial accrued pension liability. If in any year the period necessary to amortize the unfunded actuarial accrued pension liability exceeds thirty years, as determined by the annual actuarial valuation required by section 145.22 of the Revised Code, the board, not later than ninety days after receipt of the valuation, shall prepare and submit to the Ohio retirement study commission and the standing committees of the house of representatives and the senate with primary responsibility for retirement legislation a report that includes the following information:
(A) The number of years needed to amortize the unfunded actuarial accrued pension liability as determined by the annual actuarial valuation;

(B) A plan approved by the board that indicates how the board will reduce the amortization period of unfunded actuarial accrued pension liability to not more than thirty years.

Ohio Department of Natural Resources
DIVISION OF WILDLIFE

2023-24 CONSERVATION CLUB PARTNERSHIP GRANT PROGRAM

Eligible or Ineligible Costs Guidance and Examples

List of example items below is non-exhaustive, is meant as general guidance, and must be used for grant event(s). If you have any questions regarding specific eligibility, please contact Wildlife Federal Aid staff at WildlifeGrants@dnr.ohio.gov for clarification.

Eligible – must be used for event(s) specified in grant, and each item must be necessary for delivery of your program/event

- Participation incentives
  - **Must be $25 or less total value for all items given to one person**
  - T-shirts/outerwear may be eligible if they are necessary for the success of your event (i.e., participant or volunteer identification), but design **MUST** receive prior approval by Division of Wildlife Federal Aid staff
    - Must include USFWS Wildlife and Sport Fish Restoration logo
- If your event includes food/meals for participants, the following per-person price ceilings **MUST** be used regardless of location as listed by the US General Services Administration per diem rates:
  - Breakfast - $13
  - Lunch - $15
  - Dinner - $26
- If your event requires lodging of participants or volunteers, you **MUST** justify this need in your application proposal. In addition, for FY24 events, lodging cannot exceed $98/night/room per the US General Services Administration daily lodging threshold.
- Ammunition
- Firearms (must follow guidelines for tagging and inventory)
- Bows (must follow guidelines for tagging and inventory)
- Arrows
- Targets (clays, steel, paper, etc.) and stands
- Game calls (deer, turkey, etc.)
- Decoys (turkey, duck, etc.)
- Game animal stocking for event (pheasant, quail)
- Fishing poles
- Fishing tackle
- Bait
- Fish stocking for event
- Safety Equipment
- Educational supplies (educational fur or animal track set, handouts, pencils, etc.)
- Facility rental fee
- Canoe/kayak rental fees
- Event outreach materials (stamps, paper, envelopes, etc.)
- Port-a-let rental
- Insurance for event
- Speaker or presenter fees (per diem rates apply for meals and lodging)
- Event print advertisements (must include WSFR logo)

Attachment 4. Conservation Club Grant Activity Eligibility.

Ineligible – An item is ineligible if it does not help you achieve the objective of developing knowledge, skills, and/or attitude necessary for a responsible hunter or angler. Organizations may purchase ineligible items using non-grant funds, but those expenses should **NOT** be included in the project proposal or final report.

- Paintball guns or accessories
- Bounce houses
- Gifts/event swag
  - Items that are not necessary for the success of your event (i.e. keychains, mugs, etc.)
  - Please note that even if an item is an eligible expense, it does not mean that it would be eligible to give away as a gift or event swag. Please see Participation Incentives under eligible items and contact Wildlife Federal Aid staff with any questions.
- Taxidermy
- Facility construction/repairs
- Competition related costs (fees)
- Gasoline
- Hunting or fishing license fees
- Tag fees (deer, turkey, etc.)
- Equipment maintenance fees
- Vehicle rental
- Club membership fees
- Donations to other organizations
- Utilities (gas, electricity, etc.)

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
2022–ER–034–01 We recommend that the U.S. Fish and Wildlife Service (FWS) require the Department to address the questioned costs related to unfunded liabilities totaling $1,366,999 (Federal share) in consultation with appropriate U.S. Department of the Interior offices to determine if the costs are allowable pursuant to Federal regulations and award terms and conditions.	Resolved: FWS regional officials concurred with the recommendation and will work with staff from the Ohio Department of Natural Resources to develop and implement a corrective action plan.	Complete a corrective action plan (CAP) that includes information on actions taken or planned to address the recommendation, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials reviewed and approved the actions the State has taken or planned.
2022–ER–034–02 We recommend that the FWS require the Department to address the questioned costs related to unallowable charges to the subawards totaling $108,237 (Federal share).	Resolved: FWS regional officials concurred with the recommendation and will work with staff from the Ohio Department of Natural Resources to develop and implement a corrective action plan.	Complete a CAP that includes information on actions taken or planned to address the recommendation, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials reviewed and approved the actions the State has taken or planned.
2022–ER–034–03 We recommend that the FWS require the Department to train potential subrecipients about allowable and unallowable subaward charges.	Resolved: FWS regional officials concurred with the recommendation and will work with staff from the Ohio Department of Natural Resources to develop and implement a corrective action plan.	Complete a CAP that includes information on actions taken or planned to address the recommendation, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials reviewed and approved the actions the State has taken or planned.

Recommendation	Status	Action Required
2022–ER–034–04 We recommend that the FWS require the Department to develop and implement a checklist for the review process for subaward applications to include a breakdown of what is allowable and unallowable.	Resolved: FWS regional officials concurred with the recommendation and will work with staff from the Ohio Department of Natural Resources to develop and implement a corrective action plan.	Complete a CAP that includes information on actions taken or planned to address the recommendation, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials reviewed and approved the actions the State has taken or planned.

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

REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

The Office of Inspector General (OIG) provides independent oversight and promotes integrity and accountability in the programs and operations of the U.S. Department of the Interior (DOI). One way we achieve this mission is by working with the people who contact us through our hotline.

If you wish to file a complaint about potential fraud, waste, abuse, or mismanagement in the DOI, please visit the OIG's online hotline at **www.doioig.gov/hotline** or call the OIG hotline's toll-free number: **1-800-424-5081**

Who Can Report?

Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement involving the DOI should contact the OIG hotline. This includes knowledge of potential misuse involving DOI grants and contracts.

How Does it Help?

Every day, DOI employees and non-employees alike contact the OIG, and the information they share can lead to reviews and investigations that result in accountability and positive change for the DOI, its employees, and the public.

Who Is Protected?

Anyone may request confidentiality. The Privacy Act, the Inspector General Act, and other applicable laws protect complainants. Section 7(b) of the Inspector General Act of 1978 states that the Inspector General shall not disclose the identity of a DOI employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the course of the investigation. By law, Federal employees may not take or threaten to take a personnel action because of whistleblowing or the exercise of a lawful appeal, complaint, or grievance right. Non-DOI employees who report allegations may also specifically request confidentiality.