



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

**U.S. Fish and Wildlife Service Grants
Awarded to the Commonwealth of Virginia,
Department of Wildlife Resources, From
July 1, 2018, Through June 30, 2020,
Under the Wildlife and Sport Fish
Restoration Program**



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

MAY 02 2022

Memorandum

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

From: Madeleine Grayson-Peterson MADELEINE
Acting Regional Manager, Central Region GRAYSON-PETERSON

Digitally signed by MADELEINE
GRAYSON-PETERSON
Date: 2022.05.02 07:43:12 -06'00'

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the Commonwealth of Virginia, Department of Wildlife Resources, From July 1, 2018, Through June 30, 2020, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2021–CR–003

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

We provided a draft of this report to the FWS. The FWS concurred with all five 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 FWS Region 5's 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 August 1, 2022. 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. 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, please contact me at 303–236–9243.

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Introduction

Objectives

In June 2016, 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 audit State agencies' use of these grant funds.

The objectives of this audit were to determine whether the Virginia Department of Wildlife 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.

Background

The 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 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.³ 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.

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

Results of Audit

We determined that the Department generally ensured that grant funds and 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 subawards and equipment. Specifically, we found control deficiencies with the Department's subrecipient determinations and equipment management.

We found the following:

- **Questioned Costs.** We questioned \$400,000 (\$300,000 Federal share) as unallowable. These questioned costs arose because the Department paid unallowable costs for invoices rendered by the National Bobwhite Conservation Initiative (NBCI) during the period from July 1, 2014, to June 30, 2020.
- **Control Deficiencies.** We found opportunities to improve controls in subaward and contract determinations and equipment management.

See Appendix 2 for a statement of monetary impact.

Questioned Costs—Unallowable Payments of \$300,000 (Federal Share) to the NBCI

The Department entered into a subaward agreement⁴ with the University of Tennessee's NBCI, a rangewide habitat plan for recovering bobwhite quail species to target densities set by State wildlife agencies, under Grant Nos. F14AF00816 and F17AF00733. The Department paid \$300,000 (\$225,000 Federal share) under Grant No. F14AF00816 and \$100,000 (\$75,000 Federal share) under Grant No. F17AF00733 to the University of Tennessee for the NBCI expenditures.⁵ The NBCI provides similar services detailed under the grant to other participating States.

The NBCI also receives funding from external partners—including nonprofit, nongovernmental organizations—and other Federal agencies, some of which provide funding to the NBCI using non-Federal funds. In a previous audit, we determined that the NBCI did not properly split or allocate expenditures among all participating States and external partners.⁶ The NBCI did not have a policy or a sound and reasonable methodology to determine and allocate assignable

⁴ At the time of payment, the Department classified the agreement with the NBCI as a contract; therefore, the payments were recorded as contract payments. We found that this agreement should have been classified as a subaward (see our finding under "Control Deficiencies").

⁵ Grant No. F14AF00816 was not included in our original audit scope because the performance period for that grant ended before our audit scope. During the audit fieldwork, however, we observed that Grant No. F17AF00733 was under the original contract as Grant No. F14AF00816. The Department assigned a new grant (F17AF00733) when it exercised its renewal option under the original contract. Therefore, we expanded our audit scope for this issue to include costs under Grant No. F14AF00816.

⁶ *U.S. Fish and Wildlife Service Grants Awarded to the Commonwealth of Pennsylvania's Game Commission, From July 1, 2016, Through June 30, 2018, Under the Wildlife and Sport Fish Restoration Program* (Report No. 2019–WR–005), issued December 15, 2020.

expenditures among all participating States and external partners in proportion to the received benefits. Instead, NBCI officials described their funding as one “pot” of money from which to pay for expenses that benefited all participating States and external partners. This practice does not ensure expenditures are properly allocated to Federal grants.

In 2017, the NBCI implemented a new accounting methodology and procedures referred to as a “recharge center” to better allocate assignable grant expenditures. We separately evaluated whether grant costs claimed using the recharge center method can reasonably allocate costs in proportion to the benefit provided. We issued a management advisory to the FWS to address the issue of costs claimed using this method.⁷ In the management advisory, we determined that the recharge method does not comply with Federal regulations. Specifically, the agreements between the NBCI and States contributing Federal funding are fixed-amount subawards; costs charged to States are not related to the benefits received; recharge center rates cannot be measured or verified in the NBCI’s accounting system; and the recharge center rates differ for Federal and non-Federal activities.

Federal regulations at 2 C.F.R. § 200.403 state that costs must be allocable to the Federal award to be allowable. Under 2 C.F.R. § 200.405, a cost is allocable to a particular award if the goods and services involved are chargeable or assignable to that Federal award in accordance with the relative benefits received. Costs are also allocable if, when such costs benefit both the Federal award and other work of the non-Federal entity, they are distributed in proportions that may be approximated using reasonable methods. Part (d) of that section states that if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the project according to the proportional benefit.

During the audit period, the NBCI did not have adequate accounting methodologies that allowed for proper allocation of expenditures among participating States and external partners. Because the NBCI did not properly allocate the expenditures among participating States and external partners using a method that complies with Federal regulations, these costs are not eligible to be charged to WSFR grants. We questioned a total of \$400,000 (\$300,000 Federal share) that the Department paid to the University of Tennessee under Grant Nos. F14AF00816 and F17AF00733 as unallowable expenditures.

Recommendation
We recommend that the FWS work with the Department to: 1. Resolve the Federal share of questioned costs related to the NBCI subaward agreement totaling \$300,000.

⁷ *Issues Identified With Wildlife Restoration Subawards to the University of Tennessee, National Bobwhite Conservation Initiative* (Report No. 2020–WR–019), issued July 6, 2020.

Control Deficiencies

Missing or Incorrect Subrecipient or Contractor Determinations

We found that the Department did not conduct subrecipient or contractor determinations on 20 out of 37 third-party agreements. Department officials stated that before 2019, the Department did not make the subrecipient or contractor determinations on a regular basis for third-party agreements, and as a default, all of the third-party agreements were treated as contracts.

Additionally, we found that for the 17 agreements for which the Department conducted a determination, it incorrectly classified 14 agreements as contracts when they should have been administered as subawards. In these cases, the Department concluded that the agreements were contracts even though the nature of the relationships and the scope of the work outlined in 14 agreements were more indicative of a subrecipient relationship. When we reviewed these 14 agreements, we determined that the purpose listed in the agreements was to execute part of a Federal award. The activities outlined in the 14 agreements included the management and restoration of wildlife under the Pittman-Robertson Wildlife Restoration Act and not procurement services typical of a contract (see Appendix 3).

According to 2 C.F.R. § 200.330, a non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and passthrough entities. Regulations at 2 C.F.R. § 200.330(a)(5) further state that a non-Federal entity would be classified as a subrecipient if it is using the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the passthrough entity. Furthermore, 2 C.F.R. § 200.330(b)(3) states that a contractor is an entity that normally operates in a competitive environment. When classifying a non-Federal entity as a subrecipient or contractor, Federal guidance at 2 C.F.R. § 200.330(c) states that the substance of the relationship is more important than the form of the agreement.

The Department officials told us the Department does not have a formal, written policy outlining how to determine whether an agreement is a contract or a subaward. Instead, they told us that Department staff did not make determinations on a regular basis and that when they did, the staff used the Association of Government Accountants' *Subrecipient vs. Contractor Checklist* as the basis for their decisions.

Not making any proper determinations as to whether a third-party agreement should be a contract or a subaward and not classifying an agreement correctly prevents the Department from appropriately applying the corresponding rules and regulations. Since the Department did not properly classify its subawards, it did not comply with the regulatory requirements for subaward administration under 2 C.F.R. § 200.330.

Recommendations

We recommend that the FWS work with the Department to:

2. Develop and implement detailed guidance to ensure the Department makes accurate subrecipient or contractor determinations for all third-party agreements using Federal award funds, to include requiring justifications for determinations.
3. Conduct and document subrecipient or contractor determinations for any of the third-party agreements that did not have determinations.
4. Ensure agreements determined to be subawards (based on the review performed under Recommendation 3) comply with subaward requirements.

Inadequate Equipment Management

The Department did not adequately manage its equipment inventory for items purchased with WSFR funds or license revenue. We reviewed a sample of 50 items from the inventory. The Department disposed of three of those items—a firearm, gun vault, and projector—but identified the items as current on the inventory list. The Department disposed of two of the three items prior to its last required physical fixed-asset inventory.

According to 50 C.F.R. § 80.90(b) and (f), State fish and wildlife agencies are responsible for maintaining records and for ensuring that assets acquired under the grant serve their intended purpose throughout their useful life. Furthermore, 2 C.F.R. § 200.62(a)(2) and (c) require that transactions made with Federal awards are properly recorded and accounted for to maintain accountability of assets and that assets are protected against loss from unauthorized use or disposition.

The Department’s policy requires a physical inventory of its fixed assets (including controllable assets) at least every 2 years. The Department defines a controllable asset as tangible property that has an expected useful life greater than 1 year and a value of greater than or equal to \$500 and less than \$5,000. The Department’s definition of controllable assets also refers specifically to firearms. Therefore, all three equipment items we identified would fall under the inventory requirements for controllable assets.

Virginia’s *Commonwealth Accounting Policies and Procedures Manual*, Section No. 30500, “Asset Control and Management,” states that “the physical inventory must verify the asset’s existence and should provide a reference to lists and/or other documents evidencing the existence and cost of the asset examined. Procedures must include verification from the list to ensure the physical existence of listed assets and from the physical assets back to the list to ensure all assets physically in existence are recorded in the inventory records.” Furthermore, the policy provides that “any items found to be unrecorded or not physically existing should be listed as a

discrepancy, subsequently researched, and then either entered or removed by disposal from the system, as appropriate.”

Because all three items were controllable assets, we found that the Department did not follow its own requirements when it disposed of the items. In response to our notice of potential finding and recommendation, the Department informed us that the three assets we identified were not subject to a 2-year physical inventory under Commonwealth requirements that apply to only assets valued at \$5,000 or more. However, all three items fall under the Department’s requirements for controllable assets—which include an inventory at least every 2 years.

The Department told us that it will separately manage all controllable assets and that it instituted a new standardized form and standard operating procedures for users or supervisors assigned to such assets to manage periodic inventories and maintain records. The Department also stated that it discovered appropriate surplus forms to signify the proper disposal for the gun vault and the firearm and updated its records. For the projector, the Department did not properly record the disposal and update its asset records until after we notified the Department of the finding.

If equipment purchased with WSFR funds and license revenues is not properly tracked, recorded, or disposed, it is at risk of being lost or stolen and the FWS and the Department have no accountability or assurance that the equipment was used for its intended purposes.

Recommendation
We recommend that the FWS work with the Department to: 5. Develop a mechanism to hold staff accountable for following the Commonwealth and departmental policies and procedures for its asset management and disposal processes.

Recommendations Summary

We provided a draft of this report to the FWS for review. The FWS concurred with all five of our recommendations. We consider Recommendations 1–5 resolved but not implemented. 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 work with the Department to:

1. Resolve the Federal share of questioned costs related to the NBCI subaward agreement totaling \$300,000.

Department Response: The Department concurred with the finding and recommendation; however, the Department said that it believes this finding has been resolved as part of the FWS’ response to our July 2020 management advisory. The Department stated that the FWS indicated the costs were necessary and reasonable to the relative overall benefit of the WSFR program and that the FWS would not require the states to repay prior awarded funds.

FWS Response The FWS concurred with the finding and recommendation and has reviewed and accepted the State’s response. The FWS said that it would work with Department staff in developing and implementing a corrective action plan.

OIG Comment: Although we commend the FWS for taking steps to address our concerns, the FWS has not yet implemented corrective action, and we maintain our finding. However, based on the FWS’ response to this report, we consider this recommendation resolved but not implemented.

2. Develop and implement detailed guidance to ensure the Department makes accurate subrecipient or contractor determinations for all third-party agreements using Federal award funds, to include requiring justifications for determinations.

Department Response: The Department concurred with the finding and recommendation. The Department stated that it is developing new written guidance to ensure that proper subrecipient versus contractor determinations are made when Federal award funds are used. The Department said that it has implemented process changes and is relying upon the FWS’ *Third-Party Determination Management Guide* as well as best practices from fellow State fish and wildlife agencies to ensure this issue is not repeated in the future.

FWS Response: The FWS concurred with the finding and recommendation and has reviewed and accepted the State’s response. The FWS said that it would work with Department staff in developing and implementing a corrective action plan.

OIG Comment: Even though the Department stated that it already made process changes, it did not provide evidence of those changes in response to our draft report. Therefore, we consider the recommendation resolved but not implemented.

3. Conduct and document subrecipient or contractor determinations for any of the third-party agreements that did not have determinations.

Department Response: The Department concurred with the finding and recommendation. The Department stated that it implemented process changes to conduct and document the proper subrecipient versus contractor determinations for all active third-party agreements where these determinations were not already made. The Department also said that it introduced new training for staff and contract administrators to promote a better understanding of contracts and subawards.

FWS Response: The FWS concurred with the finding and recommendation and has reviewed and accepted the State's response. The FWS said that it would work with Department staff in developing and implementing a corrective action plan.

OIG Comment: Even though the Department stated that it already made process changes, it did not provide evidence of those changes in response to our draft report. Therefore, we consider the recommendation resolved but not implemented.

4. Ensure agreements determined to be subawards (based on the review performed under Recommendation 3) comply with subaward requirements.

Department Response: The Department concurred with the finding and recommendation. The Department stated that it implemented process changes to conduct and document the proper subrecipient versus contractor determinations for all active third-party agreements.

FWS Response: The FWS concurred with the finding and recommendation and has reviewed and accepted the State's response. The FWS said that it would work with Department staff in developing and implementing a corrective action plan.

OIG Comment: Even though the Department stated that it already made process changes, it did not provide evidence of those changes in response to our draft report. Therefore, we consider the recommendation resolved but not implemented.

5. Develop a mechanism to hold staff accountable for following the Commonwealth and departmental policies and procedures for its asset management and disposal processes.

Department Response: The Department concurred with the finding and recommendation. The Department stated that it implemented process changes to improve the awareness and accountability surrounding Commonwealth and Department policies and procedures for asset management and disposal.

FWS Response: The FWS concurred with the finding and recommendation and has reviewed and accepted the State's response. The FWS said that it would work with Department staff in developing and implementing a corrective action plan.

OIG Comment: Even though the Department stated that it already made process changes, it did not provide evidence of those changes in response to our draft report. Therefore, we consider the recommendation resolved but not implemented.

Appendix 1: Scope and Methodology

Scope

We audited the Virginia Department of Wildlife 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 the nine grants that were open during the State fiscal years (SFYs) that ended June 30, 2019, and June 30, 2020. We also reviewed license revenue during the same period. The audit included expenditures of \$74.3 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.

Because of the COVID-19 pandemic, we could not complete our audit onsite. We gathered data remotely and communicated with Department personnel via email, telephone, and video conferencing. As a result, we could not perform normal audit procedures for (1) equipment verification, (2) observing grant projects specific to construction and restoration work, and (3) subawards to subrecipients. Therefore, the audit team relied on alternative evidence provided by Department personnel 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We assessed whether internal control was significant to the audit objective. We determined that the Commonwealth'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 objective. 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 by telephone.
- Reviewing equipment and other property using photographic evidence.
- Determining whether the Department used hunting and fishing license revenue for the administration of fish and wildlife program activities.
- Determining whether the Commonwealth passed required legislation assenting to the provisions of the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.

We found deficiencies in internal control resulting in our three findings: unallowable payments to the National Bobwhite Conservation Initiative, missing or incorrect subrecipient or contractor determinations, and inadequate equipment management.

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 Virginia 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.⁸ We followed up on seven recommendations from these reports and found that the U.S. Department of the Interior's Office of Policy, Management and Budget considered all seven recommendations resolved and implemented. We verified that the Department has taken the appropriate corrective actions to resolve these recommendations.

State Audit Reports

We reviewed the single audit reports for SFYs 2018 and 2019 to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards indicated \$42.9 million (combined) in Federal expenditures related to WSFR, but did not include any findings directly related to WSFR, which was not deemed a major program for Statewide audit purposes.

⁸ *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Virginia, Department of Game and Inland Fisheries From July 1, 2012, Through June 30, 2014* (Report No. 2015-EXT-041), dated September 2016.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Virginia, Department of Game and Inland Fisheries, July 1, 2007, Through June 30, 2019 (Report No. R-GR-FWS-0004-2010), dated May 2010.

Appendix 2: Monetary Impact

We reviewed nine grants that were open during the State fiscal years that ended June 30, 2019, and June 30, 2020. The audit included expenditures of \$74.3 million and related transactions. We questioned \$400,000 (\$300,000 Federal share) as unallowable.

Monetary Impact: Questioned Costs

Grant No.	Grant Title	Cost Category	Questioned Costs (\$) (Federal Share) Unallowable
F14AF00816	Bobwhite Habitat	Subaward	225,000
F17AF00733	Bobwhite Habitat	Subaward	75,000
Total			\$300,000

Appendix 3: Incorrectly Classified Third-Party Agreements

Project Title	Contractor	Reference No.
White Nose Surveillance and Monitoring	Radford University	EP2797674
White Nose Syndrome Surveillance and Monitoring DNH	Department of Conservation and Recreation	EP2797669/EP3184153
Coastal Bat Acoustic and Nano Tag Study	Virginia Polytechnic Institute and State University	EP2489066
Monitoring and Maintenance of the Virginia Breeding Population of Peregrine Falcons	The College of William and Mary	EP2509027/EP3170026
Statewide Bat Acoustic Monitoring	Virginia Polytechnic Institute and State University	EP2699957
Colonial Waterbird Survey 2018	The College of William and Mary	EP2721460
Seabird Banding on South Island of Hampton Roads Bridge Tunnel P1	Virginia Polytechnic Institute and State University	EP2785684/EP2805089
Recruitment Variability and Environmental Life-History of Northern Snakehead in Virginia Tributaries of the Potomac River	Missouri State University	EP3113517
VPI Muskie Mortality from Summer Catch and Release Angling	Virginia Polytechnic Institute and State University	EP3225047
Activity of Migratory Bats in Coastal Virginia	Virginia Polytechnic Institute and State University	EP3100703
Mammal Surveillance and Monitoring	Radford University	EP3064166
Elk Abundance and Herd Demographics	Virginia Polytechnic Institute and State University	EP3181337
Seabird Banding on the South Island of Hampton Roads Bridge Tunnel	Virginia Polytechnic Institute and State University	EP3075665
Red-Cockaded Woodpecker Survey	The College of William and Mary	EP3145028

Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 16. The Virginia Department of Wildlife Resources' response to our draft report follows on page 17.



United States Department of the Interior

FISH AND WILDLIFE SERVICE
300 Westgate Center Drive
Hadley, MA 01035-9589



March 11, 2022

In Reply Refer To:
FWS/IR01/WSFR

Amy Billings
Regional Manager, Central Region
U.S. Department of the Interior
Office of Inspector General
12345 West Alameda Parkway, Suite 300
Lakewood, CO 80228

Dear Ms. Billings:

Enclosed is the Commonwealth of Virginia, Department of Wildlife Resources (Department), response to the Office of Inspector General's Draft Audit Report No. 2021-CR-003. The Service has confirmed with the State these are the only comments they have on this Draft Report.

The Service concurs with the auditor's findings and recommendations and has reviewed and accepted the State's response. We will work closely with the Department staff in developing and implementing a corrective action plan that will resolve all the findings and recommendations.

Sincerely,

Shelley DiBona Digitally signed by Shelley DiBona
Date: 2022.03.11 09:43:02 -05'00'

Shelley DiBona
Grants Fiscal Officer

Attachment



COMMONWEALTH of VIRGINIA

Andrew Wheeler
Secretary of Natural Resources

Department of Wildlife Resources

Ryan J. Brown
Executive Director

March 7, 2022

Shelley DiBona
Grants Fiscal Officer
Wildlife and Sport Fish Restoration Program
U.S. Fish and Wildlife Service
300 Westgate Center Drive
Hadley, MA 01035

Dear Ms. DiBona:

Thank you for providing for our review a copy of the United States Department of the Interior, Office of Inspector General's Draft Audit Report on the U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program Grants awarded to the Commonwealth of Virginia, Department of Wildlife Resources (DWR), from July 1, 2018, through June 30, 2020 (**Report No. 2021-CR-003**). We have carefully reviewed the Draft Audit Report and provide the following comments with respect to the five recommendations:

1. Resolve the Federal share of questioned costs related to the NBCI subaward agreement totaling \$300,000

DWR concurs with the auditor's findings related the National Bobwhite Conservation Initiative, and with Recommendation #1, but believes these findings have been resolved as part of the Service's response to a Management Advisory that was issued by OIG in July of 2020. It is our understanding that the Service indicated that the costs were necessary and reasonable to the relative overall benefit of the WSFR program and that the Service would not require the states to repay prior awarded funds.

2. Develop and implement detailed guidance to ensure the Department makes accurate subrecipient or contractor determinations for all third-party agreements using Federal award funds, to include requiring justifications for determinations.

DWR concurs the auditor's findings relating to third party agreements, and with Recommendation #2, and is developing new written guidance to ensure that proper subrecipient versus contractor determinations are made when Federal award funds are used. Process changes have already been implemented. In addition to the OIG Management Advisory, our efforts are relying upon the *Third-Party Determination Management Guide* provided by the Wildlife and Sportfish Restoration (WSFR) Program, as well as best practices from fellow state fish and wildlife agencies to ensure this issue is not repeated in the future.

3. Conduct and document subrecipient or contractor determinations for any of the third-party agreements that did not have determinations.

DWR concurs the auditor's findings relating to third party agreements, and with Recommendation #3, and has already implemented process changes to conduct and document the proper subrecipient versus contractor determinations for all active third-party agreements, where these determinations were not already made. DWR has also introduced new training for staff and contract administrators to help promote a better understanding with regards to contracts and subawards.

4. Ensure agreements determined to be subawards (based on the review performed under Recommendation 3) comply with subaward requirements.

DWR concurs the auditor's findings relating to third party agreements, and with Recommendation #4, and has already implemented process changes to conduct and document the proper subrecipient versus contractor determinations for all active third-party agreements.

5. Develop a mechanism to hold staff accountable for following the Commonwealth and departmental policies and procedures for its asset management and disposal processes.

DWR concurs the auditor's findings relating to asset management and disposal, and with Recommendation #5, and has already implemented process changes to improve the awareness and accountability surrounding Commonwealth and DWR policies and procedures for asset management and disposal.

In closing, thank you, again, for providing the Draft Audit Report, and for the level of support and cooperation that DWR has enjoyed during the audit process. We look forward to working with FWS to address ongoing Corrective Action Work Plans. We are committed to addressing each of these issues in a complete and timely manner.

Respectfully,



Ryan J. Brown
Executive Director

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
1-5	Resolved but not implemented: U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with staff from the Virginia Department of Wildlife Resources to develop and implement a corrective action plan.	Complete a corrective action plan that includes information on actions taken or planned to address the recommendations, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials reviewed and approved the actions the Department has taken or planned.
