



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

**U.S. Fish and Wildlife Service Grants
Awarded to the Commonwealth of Puerto
Rico, Department of Natural and
Environmental Resources, From July 1,
2017, Through June 30, 2019, Under the
Wildlife and Sport Fish Restoration Program**

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



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

Memorandum

SEP 30 2021

To: Martha Williams
Senior Advisor to the Secretary, Exercising the Delegated Authority of the
Director, U.S. Fish and Wildlife Service

From: Amy Billings *Amy R Billings*
Regional Manager, Central Region

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the
Commonwealth of Puerto Rico, Department of Natural and Environmental
Resources, From July 1, 2017, Through June 30, 2019, Under the Wildlife and
Sport Fish Restoration Program*
Report No. 2020-CR-022

This report presents the results of our audit of costs claimed by the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources (Department) under grants awarded by the U.S. Fish and Wildlife Service (FWS) through the Wildlife and Sport Fish Restoration Program. We conducted this audit to determine whether the Department used grant funds and State hunting license revenue for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. The audit period included claims totaling \$12.1 million on 59 grants that were open during the State fiscal years that ended June 30, 2018, and June 30, 2019.

We found that the Department did not ensure that grant funds and hunting license revenue were used for allowable fish and wildlife activities and did not comply with applicable laws and regulations, the FWS guidelines, and grant agreements. We noted unsupported claimed costs and potential diversion of license revenue, and control deficiencies related to grant compliance. We questioned costs totaling \$12.1 million as unsupported. We identified a potential diversion of license revenue totaling \$185,400. We also found opportunities to improve controls in program funds obligated prematurely, unmet match requirements, unsupported in-kind match, late submission of Federal financial reports, inadequate performance reporting, and unreconciled real property records.

We provided a draft of this report to the FWS. The FWS concurred with the 17 recommendations and will work with the Department to implement corrective actions. The full responses from the Department and the FWS are included in Appendix 3. We list the status of the recommendations in Appendix 4.

Please provide us with a corrective action plan based on our recommendations by December 29, 2021. 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. Please send your response to aie_reports@doioig.gov.

We will refer the recommendations not implemented at the end of 90 days to the Office of Policy, Management and Budget to track their implementation and report to us on their status. In addition, 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 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 fulfill the FWS' responsibility to audit State agencies' use of these grant funds.

The objectives of this audit were to determine whether the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources (Department) used grant funds and State hunting license revenue for allowable 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 the 50 States and up to 100 percent for the Commonwealths, territories, and the District of Columbia. 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.

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

Results of Audit

We determined that the Department did not ensure that grant funds and State hunting license revenue were used for allowable fish and wildlife activities and did not comply with applicable laws and regulations, FWS guidelines and grant agreements.

Although we were sensitive to the challenges associated with COVID-19 and natural disasters, we continued with our audit and provided ample opportunities to respond. Despite this flexibility, the Department was not responsive to our requests for information, making it difficult to complete our audit. A majority of the data and information we needed should have been available electronically and should not have been an obstacle for the Department. Due to the Department's unresponsiveness, we could not perform some parts of the audit, such as the equipment verification. Further, the information that the Department eventually provided was either incomplete or unreliable.

As a result, we questioned \$12.1 million (\$11.7 Federal Share) as unsupported costs, identified approximately \$6.3 million in funds to be put to better use, and determined that the Department potentially diverted license revenue in the amount of \$185,400. We also identified several control deficiencies that contributed to these issues.

In summary, we found the following:

- **Questioned Costs.** We questioned \$12.1 million (\$11.7 million Federal share) in claimed costs as unsupported. The questioned costs arose because the Department was unable to provide support to demonstrate that the expenditures claimed and reimbursed on WSFR grants were allowable (see Appendix 2).
- **Funds To Be Put To Better Use.** We found 14 grants that were idle (had no activity) for at least 1 year and as many as 7 years. We identified the \$6.3 million remaining on these grants as funds to be put to better use.
- **Potential Diversion of License Revenue.** The Department potentially diverted license revenue totaling \$185,400. The Department was unable to provide documentation showing that the license revenue was used only for WSFR administration.
- **Control Deficiencies (Grant Compliance).** We found opportunities to improve controls in license certifications, matching requirements, in-kind support, submission of Federal financial reports, performance reporting, equipment management, and real property management. These issues contributed to our decision to question all grant expenditures claimed during the scope of our audit.

See Appendix 2 for a statement of monetary impact and a summary of the potential diversion of license revenue.

Questioned Costs—\$12.1 Million (\$11.7 Million Federal Share)

Unsupported Costs—Questioned Costs of \$12.1 Million (\$11.7 Million Federal Share)

We are questioning \$12.1 million (\$11.7 million Federal share) in claimed costs on all grants open during State fiscal years (SFYs) 2018 and 2019 (from July 1, 2017, through June 30, 2019) as unsupported.³ Of the \$12.1 million questioned, \$11.7 million is the Federal share and \$420,374 is the State share. We were unable to determine if these costs were allowable because the Department did not provide sufficient accounting system support for expenditures claimed and reimbursed on WSFR grants.

In our February 25, 2020 engagement letter, we requested (1) all audit reports and single audits, (2) written policies and procedures for the Commonwealth's management and accounting systems, (3) supporting documentation showing the reconciliation of expenditures to the Schedule of Expenditures of Federal Awards (SEFA) and grant claims, and (4) an electronic database of Department revenue and expenditure transaction detail booked for the audit period. We requested the financial data 12 times between February 25, 2020, and August 27, 2020.

After our numerous requests, the Department provided expenditure data for our audit period. We compared the expenditure data to the amounts reported in the SEFA. We noted several differences in our comparison, and therefore, we were unable to determine if the State provided all of the expenditure data for the scope of our audit. We asked the Department for clarification regarding the differences in amounts reported, but did not receive a response.

We sampled the grants open during our audit period to trace the grant claims. We were able to reconcile only 47 percent of the claimed costs of the grants sampled. Therefore, we question the reliability of the data. As a result, we did not test a sample of equipment inventory, other direct costs, payroll, or review support for expenditures. Additionally, the Department did not provide equipment inventory records until 7 months after our initial request. We are concerned about the reliability of the data because of the time it took to obtain the information and because the single auditors reported there had not been a physical count of the equipment since September 2013. We emailed the Department regarding our concerns and requested a copy of the last cyclic count and physical inventory report. The Department did not respond to our concerns or requests.

Under WSFR, grantees are required to support expenditures claimed on grants. In addition, the State's financial management system must be sufficient to permit the preparation of reports required by general and program specific terms and conditions, and the tracing of funds to a level of expenditures must be adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award (2 C.F.R. § 200.302 (a)). In addition, Federal regulation states that Inspectors General must be able to access any pertinent records of the non-Federal entity for audits, examinations, excerpts, and transcripts (2 C.F.R. § 200.336 (a)).

³ There were 59 grants open during the audit scope only 46 of those grants had claimed costs. These issues are discussed in the Control Deficiencies section beginning on page 7.

According to 50 C.F.R § 80.90, a State fish and wildlife agency as a grantee is responsible for compliance with all applicable Federal, State, and local laws and regulations according to the terms of the grant. The grantee must ensure proper and effective use of funds, maintenance of records, complete and accurate Federal financial reports and performance reports by the due dates, and regular inspection and monitoring of work progress.

We do not know why the Department did not provide the information we requested on multiple occasions or why it did not respond to our requests. We know that the Department faced challenges associated with COVID-19, as well as significant difficulties in the aftermath of Hurricanes Irma and Maria in 2017, and Hurricane Isaias and Tropical Storm Laura in 2020. We also noted a high staff turnover rate to include the Department’s Secretary. While we understand there were challenges, 11 months should have been ample time to provide the needed data.

Because the Department was unable to provide official accounting support for costs claimed on WSFR grants, it could not demonstrate that the incurred costs were allowable or that costs claimed were for authorized purposes. As a result, we were unable to determine if the Department complied with the requirements of the Acts or if license revenue was comingled with other revenue funds. This leaves the FWS without the assurance that WSFR funds it provided to the Department were for costs already incurred or that the reimbursement was for allowable expenses under the grants. The Department did not provide sufficient evidence to support the claimed costs; therefore, we are questioning the total \$12.1 million (\$11.7 million Federal share) reimbursement amount on the 59 grants open during SFYs 2018 and 2019.

Recommendations
<p>We recommend that the FWS work with the Department to:</p> <ol style="list-style-type: none">1. Resolve the questioned costs in the amount of \$12.1 million (\$11.7 million Federal share) related to reimbursement of the 59 grants open during SFYs 2018 and 20192. Establish and implement policies and procedures that require a database that can produce complete and auditable revenue and expenditure reports that can be reconciled to grant claims

Funds To Be Put To Better Use—\$6.3 Million

We found that the Department did not draw down funds for reimbursement in at least 1 year and for as long as 7 years for 14 grants open during our audit period (see Figure 1). For nine of those grants, the Department had not requested any reimbursement. On Grant Nos. F15AF00468, F18AF00632, F18AF01240, and F19AF00027, we received the final performance reports stating that all work had been completed; however, there were still funds available to draw down or deobligate.

Figure 1: The Department Did Not Draw Down Funds for 14 Grants

Grant No.	Date Grant Awarded	Total Grant Amount (\$)	Total Claimed Costs (\$)	Total Idle Funds (\$)	Date of Last Drawdown
F10AF00488	9/1/2010	1,027,299	42,000	985,299	12/19/2013
F15AF00468	4/1/2015	1,408,414	1,316,191	92,224	9/24/2019
F15AF01246	9/1/2015	398,000	107,165	290,835	10/26/2016
F16AF01295	1/1/2017	352,363	0	352,363	*
F17AF00057	8/1/2016	286,278	0	286,278	*
F17AF01291	1/1/2018	1,401,566	0	1,401,566	*
F18AF00192	1/1/2018	127,980	0	127,980	*
F18AF00632	6/1/2018	67,324	47,906	19,418	9/13/2019
F18AF01240	5/1/2018	16,725	4,997	11,728	10/25/2019
F18AF01278	10/1/2018	1,476,840	0	1,476,840	*
F18AF01279	11/1/2018	553,139	0	553,139	*
F18AF01281	9/1/2018	291,660	0	291,660	*
F19AF00027	11/1/2018	162,044	0	162,044	*
F19AF00187	1/1/2019	229,123	0	229,123	*
Total		\$7,798,755	\$1,518,259	\$6,280,497	

*No draw downs have been taken on these grants.

Federal regulations state, “The non-Federal entity is responsible for the efficient and effective administration of Federal awards through the application of sound management practices.” The regulations further state, “The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award . . . and has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.” (2 C.F.R. § 200, Subpart E, section 200.400 (a-c)). The Department, however, prematurely committed WSFR funds on projects it was unable to execute efficiently and effectively.

The 14 instances of idle grant funds occurred because the Department did not begin work on its projects within a reasonable period of time. The performance reports for the grants disclosed issues with awarding contracts and discrepancies in the contracting process, administrative hurdles to hire staff, and grants being postponed until the new Department auction board committee is formalized. Therefore, by requesting the awards prematurely, the Department

encumbered \$6,280,497 that it could have used more efficiently in other parts of the Commonwealth.

Recommendations

We recommend that the FWS work with the Department to:

3. Resolve the \$6,280,497 in funds to be put to better use related to the oversight of projects
4. Ensure the Department demonstrates its intent and ability to begin work within a reasonable period of time

Potential Diversion of License Revenue—\$185,400

The Department did not provide support for the license revenue and expenditures for SFYs 2018 and 2019, resulting in a potential diversion of \$185,400. Under WSFR, grantees are required to demonstrate that hunting and fishing license revenue is used solely for the administration of the State's fish and wildlife agency. We requested the information from the Department 12 times between February 25, 2020, and August 27, 2020; however, it still did not provide the requested information.

The Department collected \$185,400 in hunting license revenue for the license years (LYs) 2017 and 2018 (from October 1, 2016, through September 30, 2018), but could not demonstrate that it spent the license revenue solely on fish and wildlife program activities. Since the Department was unable to provide the license revenue data for SFYs 2018 and 2019, we were unable to determine the exact amount of the potential diversion, so we are using the \$185,400 in license revenue collected during LYs 2017 and 2018.

According to 50 C.F.R. § 80.21, if a State diverts license revenue from the control of its fish and wildlife agency for purposes other than the agency's administration, the State is then ineligible to receive benefits under the relevant Act (in this case, the Pittman-Robertson Wildlife Restoration Act). In addition, a diversion is defined as any use of revenue from hunting and fishing licenses for a purpose other than administration of the State fish and wildlife agency.

In addition, 2 C.F.R. § 200.302(a) requires the State's financial management system to be sufficient to allow the preparation of reports required by general and program-specific terms and conditions. In addition, it should trace funds to a level of expenditures adequate to establish that Federal funds have been properly used. Furthermore, 2 C.F.R. § 200.336(a) states that Inspectors General have the right to access to any pertinent records of the non-Federal entity for audits, examinations, excerpts, and transcripts.

The Department did not give us a reason why it did not provide the information. In addition, in response to our prior audit issued in November 2014, the Department developed policies and procedures for charging expenses against license revenue in the wildlife account to resolve a

finding. However, the Department did not provide the policies and procedures to us, so we could not determine if they addressed how to prepare a report of all license revenue received and expensed from the wildlife account.

The Department could not demonstrate that the revenue from license fees were spent solely for the administration of the fish and wildlife agency. The use of license revenue for non-fish and wildlife program purposes would place the Department at risk for a potential diversion. Potential diversions of license revenue jeopardize the Commonwealth's continued WSFR participation and bring into question whether the funds were used solely for the fish and wildlife agency, as required.

Recommendations

We recommend that the FWS work with the Department to:

5. Resolve the potential diversion of \$185,400 related to the unsupported license revenue
6. Provide an accounting of the sources and uses of license revenue for SFYs 2018 and 2019

Control Deficiencies

Unsupported License Certifications

After multiple attempts, we obtained the supporting documentation for the hunting license certifications; however, the information had significant deficiencies. The documentation the Department provided included all types of licenses to include commercial fishing licenses and multi-year licenses, which should not be included in the hunting license certifications. We found that the total amounts for each license year did not match the amounts reported in the license certifications.

We reviewed the criteria used to develop the database query and found that the Department's spreadsheets contained discrepancies within the fields, which led us to question the data's reliability. Those discrepancies included the following:

- Three-digit numbers were listed in the column for the last four digits of the associated social security numbers for some of the licenses.
- Driver's license numbers were not recorded for some of the licenses.
- The price charged was not recorded for some of the new and renewal licenses.

The Department did not include any information that would support the license certifications for the licenses issued to residents or non-residents. Department personnel provided guidance that established the prices for the licenses. However, we found that the prices in the spreadsheets did not match the amounts listed in the guidance for the license prices.

In addition, the Department did not have policies and procedures in place for the license certifications. We also found that the Department did not have trained personnel to oversee the hunting license program because the two Federal funds coordinators resigned and those positions remain vacant.

A State fish and wildlife agency must certify the number of paid license holders by responding to the Director’s annual request. The FWS uses this data to apportion WSFR funds among the States (50 C.F.R., Subpart D, § 80.30, 80.31(a)). The agency must provide documentation to support the accuracy of this information (50 C.F.R., Subpart D, § 80.31(b)(2)). Although the Commonwealth received a minimum annual apportionment, the Department did not ensure that the licenses sold and reported in its annual license certifications were accurate and based only on the sale of eligible hunter licenses.

Recommendations
We recommend that the FWS work with the Department to: 7. Develop and implement policies and procedures that comply with 50 C.F.R. Subpart D to facilitate the preparation of reports to support the license certifications 8. Ensure that Department staff receive training on managing the hunting license program

Unsupported In-Kind Contributions—\$1,800 Match Requirements Not Met

We found that the \$1,800⁴ of in-kind contributions claimed on the Archery Education program grant, Grant No. W-38 (F17AF00501), were not supported. Under WSFR, States must use “State matching” (non-Federal) funds to cover costs incurred in performing projects under the grants. States may use noncash (“in-kind”) contributions to meet the required matching share of costs, but these must be adequately supported. According to the grant award documents on the Archery Education program grant, the Department agreed to a 28-percent matching share of costs consisting of license revenue and the value of volunteer hours (in this case, for volunteer archery instructors) and mileage as in-kind match. The Department, however, could not support the rate of pay per hour for the volunteer archery instructor or the mileage rate used. The form used to support claimed in-kind match was not signed by the supervisor. In addition, the final Federal financial report (SF-425) for the Archery Education program grant showed only a 14-percent matching share of costs, as opposed to the agreed upon 28-percent matching share.

⁴ The \$1,800 is included in the State share of the \$12.1 million in questioned costs.

As a grantee, a State fish and wildlife agency must submit complete and accurate SF-425s to the FWS (50 C.F.R §80.90(b)(3)). Any matching funds and all contributions, including cash and third-party in-kind contributions must be necessary, reasonable, and adequately documented to be allowable under Federal awards. Volunteer services may be counted as cost sharing or matching, and rates for volunteer services must be consistent with those paid for similar work. For in-kind contributions, the fair market value of goods and services must be documented and supported by the same methods used internally by the non-Federal entity (2 C.F.R. § 200.306(b), (e), (j)).

The Department could not demonstrate that it had satisfied its 28-percent match requirement for Grant No. W-38 (F17AF00501) and may have obtained excessive reimbursement. A Department staff member explained this was the first time she used volunteer hours and mileage as in-kind match. For the Archery Education program grant, the staff member estimated the value of the volunteer hours using the rate the volunteer said they would charge if they were performing the work under a contract. For the mileage rate, the staff estimated the value using the price of gas from 3 years ago. The Department staff member could not provide us with policies and procedures and told us she never received training on in-kind match documentation requirements.

Until the Department ensures that the SF-425s comply with reporting requirements, the FWS may not be able to rely on the reports to determine whether Program funds were expended appropriately and whether grant objectives were met.

Recommendations

We recommend that the FWS work with the Department to:

9. Resolve the \$1,800 in unsupported in-kind contributions claimed
10. Resolve the unmet match requirements and any excessive reimbursement that may have been received
11. Develop policies and procedures to:
 - a. Determine allowable in-kind contributions
 - b. Include adequate supporting documentation for the preparation of the SF-425s
 - c. Require both lead and assistant instructors to certify their hours on a daily basis, and for this information to be independently verified for accuracy and reasonableness
 - d. Develop a procedure to verify the rate used to calculate the value of the volunteer hours used complies with the grant agreement
12. Ensure Department personnel receive training on in-kind match requirements

Late Submission of Federal Financial Reports

The Department did not submit the required SF-425s in a timely manner, even though it can request an additional 90 days to submit the SF-425s. Based on our review, we found that 15 out of 59 SF-425s were not submitted timely, and of those 15, 4 had received an extension and still were not filed on time.

WSFR grantees are responsible for compliance with all applicable Federal, State, and local laws and regulations according to the terms of the grant. The grantee is required to supervise the maintenance of records, including the submission of complete and accurate SF-425s and performance reports, by the due dates listed in the terms and conditions of the grant (50 C.F.R. § 80.90 (b)).

This issue occurred because key Department personnel were transferred, resigned, or retired since our last audit. The Department did not have an adequate process to ensure that its financial reports met the requirements of the C.F.R., and that they were submitted timely. In addition, the Department did not provide its policies or procedures for completing the SF-425s, as requested.

The Department did not comply with the Federal financial reporting terms of the grant award, potentially affecting future funding. Additionally, the FWS uses SF-425s to determine if grant funds have been expended appropriately and whether the recipient is meeting grant objectives.

Without timely submission of SF-425s, the FWS is unable to determine whether the grantee complied with these conditions.

Recommendation

We recommend that the FWS work with the Department to:

13. Develop and implement policies and procedures to allow for the timely preparation and submission of SF-425s
14. Ensure that Department personnel receive training on the preparation and submission of SF-425s to comply with Federal regulations

Inadequate Performance Reporting

We found that the Department did not provide all of the interim or final performance reports for any of the 15 grants we selected for review. States are required to submit performance reports to the FWS annually and after the completion of each grant awarded through the WSFR. These reports provide data to help the FWS ensure that States spend funds appropriately and achieve project goals.

We reviewed the interim and final performance reports submitted by the Department, and we determined the following:

- Ten of the 15 grants we sampled were missing some of the required interim and final performance reports.
- Five out of the 15 grants we sampled did not have any of the required interim or final performance reports for the audit period.
- Eight out of 15 grants we sampled documented that the objectives were met; however, we did not receive the performance reports needed to conclude that all the objectives of the grant were accomplished.

According to the 2 C.F.R § 200.328(b)(1), the non-Federal entity must submit performance reports at the interval required by the Federal awarding agency, and at least annually. The final performance reports are due 90 calendar days after the period of performance and should contain a comparison of actual accomplishments to the objectives of the Federal award, the reasons why established goals were not met, if appropriate, and additional pertinent information (2 C.F.R § 200.328(b)(2)).

According to 50 C.F.R § 80.90(b)(3), the grantee is responsible for supervising the submission of complete and accurate performance reports by the due dates in the terms and conditions of the grant. In addition, the grantee must provide the audit team reasonable access to the work sites

and records (50 C.F.R. § 80.90(e)). Furthermore, 2 C.F.R § 200.328(d) notes that the grantee must inform the Federal agency if significant events affect the grant objectives before the scheduled performance reporting dates.

This issue occurred because of the significant difficulties the Department faced in the aftermath of Hurricanes Irma and Maria. The Department did not have a WSFR coordinator and had significant staff turnover during that time. Consequently, the Department did not submit the performance reports timely and did not provide us with policies and procedures related to performance reporting.

The Department did not comply with the performance reporting terms of the grant award, potentially affecting future funding. Additionally, the FWS cannot ensure the Department achieved project goals or met grant objectives. Without timely submission of performance reports, the FWS is not able to determine whether the grantee had complied with the conditions and terms of the grant. Because the COVID-19 pandemic limited the Department’s ability to physically inspect a project’s progress or completion, the importance of timely submission of performance reports was magnified. Without these reports, the Department risks losing the ability to measure and ensure the accomplishment of the grant of objectives.

Recommendations
We recommend that the FWS work with the Department to: 15. Develop and implement policies and procedures to allow for timely preparation and submission of performance reports required by the terms and conditions of the grant 16. Ensure that Department staff receive training on the preparation and submission of performance reports

Unreconciled Real Property

The Department did not provide us with the real property inventory, or its most current reconciliation with the FWS’ inventory, after 6 requests. The Department informed us it had received only a single request for property reconciliation from the FWS approximately 8 years ago. In addition, the FWS provided us the real property reconciliation records as of February 26, 2014, but was unable to locate a more recent reconciliation.

According to 2 C.F.R. § 200.311(b), the Department is required to use real property acquired under WSFR grants for the originally authorized purpose. To do so, it must have a comprehensive list of real property that was purchased with grant funds. In addition, 2 C.F.R. § 200.329 states that for instances where the Federal interest covers a period of 15 years or more, the Federal awarding agency may require the State to report at various multi-year frequencies, not to exceed a 5-year reporting period.

The Department and the FWS have not committed resources to the reconciliation of the real property records. Therefore, the Department and the FWS cannot ensure that lands acquired under WSFR are being used for their intended purposes until a reconciliation is performed with FWS' land records.

After we notified the Department of this issue, it worked with the FWS to resolve it. On November 19, 2020, the FWS provided a copy of the reconciled real property records. Based on the Department's and the FWS' responses, we consider the recommendation to reconcile the real property records resolved and implemented.

Recommendation
<p>We recommend that the FWS work with the Department to:</p> <ol style="list-style-type: none">17. Require the Department to reconcile the FWS' land records with its respective records of lands purchased with program funds and resolve any acreage and cost differences identified, as mandated

Recommendations Summary

We provided a draft of this report to the FWS for review. The FWS concurred with all 17 recommendations and will work with the Department to implement corrective actions. We consider all 17 recommendations resolved but not implemented. See Appendix 3 for the full text of the FWS' and the Department's responses; Appendix 4 lists the status of each recommendation.

We recommend that the FWS work with the Department to:

1. Resolve the questioned costs in the amount of \$12.1 million (\$11.7 million Federal share) related to reimbursement on the 59 grants open during SFYs 2018 and 2019
2. Establish and implement policies and procedures that require a database that can produce complete and auditable revenue and expenditure reports that can be reconciled to grant claims
3. Resolve the \$6,280,497 in idle funds to be put to better use related to the oversight of projects
4. Ensure the Department demonstrates its intent and ability to begin work within a reasonable period of time
5. Resolve the potential diversion of \$185,400 related to the unsupported license revenue
6. Provide an accounting of the sources and uses of license revenue for SFYs 2018 and 2019
7. Develop and implement policies and procedures that comply with 50 C.F.R. Subpart D to facilitate the preparation of reports to support license certifications
8. Ensure that Department staff receive training on managing the hunting license program
9. Resolve the \$1,800 in unsupported in-kind contributions claimed
10. Resolve the unmet match requirements and any excessive reimbursement that may have been received
11. Develop policies and procedures to:
 - a. Determine allowable in-kind contributions
 - b. Include supporting documentation for the preparation of the SF-425s
 - c. Require both lead and assistant instructors to certify their hours on a daily basis, and for this information to be independently verified for accuracy and reasonableness

- d. Develop a procedure to verify the rate used to calculate the value of the volunteer hours used complies with the grant agreement
- 12. Ensure Department personnel receive training on in-kind match requirements
- 13. Develop and implement policies and procedures to allow for the timely preparation and submission of SF-425s
- 14. Ensure that Department personnel receive training on the preparation and submission of SF-425s to comply with Federal regulations
- 15. Develop and implement policies and procedures to allow for the timely preparation and submission of performance reports required by the terms and conditions of the grant
- 16. Ensure that Department staff receive training on the preparation and submission of performance reports
- 17. Reconcile the FWS' land records with its respective records of lands purchased with program funds and resolve any acreage and cost differences identified, as mandated

Appendix 1: Scope and Methodology

Scope

We audited the Commonwealth of Puerto Rico, Department of Natural and Environmental 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). The audit period included claims totaling \$12.1 million (\$11.7 Federal Share) on 59 grants that were open during the State fiscal years (SFYs) that ended June 30, 2018, and June 30, 2019.

Because of the COVID-19 pandemic, we could not complete our audit on site. We gathered data remotely and communicated with Department personnel via email and telephone. We could not perform the review of grant projects specific to construction and restoration work in person, and therefore, we relied on performance reports provided by Department personnel.

We could not perform the equipment verification due to the unresponsiveness of the auditee. In addition, since we did not receive the license revenue data, we were unable to determine whether the Department used hunting license revenue for the administration of fish and wildlife program activities, and we were unable to determine whether there was unreported program income or revenue.

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 Commonwealth's control environment, control activities, and information and communication, and the following related principles were significant to the audit objectives:

- The oversight body and management should demonstrate a commitment to integrity and ethical values.
- The oversight body should oversee the entity's internal control system.
- Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objective.
- Management should demonstrate a commitment to recruit, develop, and retain competent individuals.

- Management should evaluate performance and hold individuals accountable for their internal control responsibilities.
- 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.
- Management should use quality information to achieve the entity's objectives.
- Management should internally communicate the necessary quality information to achieve the entity's objectives.
- Management should externally communicate the necessary quality information to achieve the entity's objectives.

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

- Tracing grant claimed amounts to expenses booked in the accounting system.
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income
- Interviewing Department employees
- 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
- Evaluating Commonwealth policies and procedures for assessing risk and monitoring subawards

We found deficiencies in internal control resulting in our findings of:

- Unsupported costs—questioned costs of \$12.1 million (\$11.7 Federal Share)
- Funds to be put to better use—\$6.3 million
- Potential diversion of license revenue—\$185,400
- Unsupported license certifications
- Unsupported in-kind contributions – \$1,800 match requirements not met

- Late submission of Federal financial reports
- Inadequate performance reporting
- Unreconciled real property

Based on the results of our initial assessments, we assigned a level of risk as high 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 Puerto Rico fish and wildlife agency, and that agency's management of WSFR resources and license revenue.

Puerto Rico provided computer-generated data from its official accounting system and from informal management information and reporting systems. We were unable to test the data because Puerto Rico did not provide us with reliable data and support.

Prior Audit Coverage

OIG Audit Reports

We reviewed our last two audits of costs claimed by the Department on WSFR grants.⁵ We followed up on the 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 as resolved and implemented.

State Audit Reports

We reviewed the single audit report for SFYs 2018 to identify control deficiencies or other reportable conditions that affect WSFR. In the report, the Schedule of Expenditures of Federal Awards indicated \$3 million in Federal expenditures related to WSFR, and did include findings directly related to WSFR, which is deemed a major program for Statewide audit purposes. The report noted material weaknesses with internal control over financial reporting and internal control over major programs. (Please note: these findings were similar to prior year findings in 2017) We considered this as a risk indicator when we prepared our audit procedures and tests.

⁵ *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources from July 1, 2011, through June 30, 2013* (Report No. R-GR-FWS-0007-2014), dated November 2014.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources, From July 1, 2006, through June 30, 2008 (Report No. R-GR-FWS-0009-2009), dated December 2009.

We were unable to review the SFY 2019 single audit report because the audit firm (Irizarry, Rodriguez, & Co. PSC) was waiting for additional information from the Department to finalize the audit.

Appendix 2: Monetary Impact

The audit period included claims totaling \$12.1 million (\$11.7 million Federal Share) on 59 grants that were open during the State fiscal years that ended June 30, 2018, and June 30, 2019. We questioned \$12.1 million (\$11.7 Federal Share) as unsupported. We identified the \$6.3 million remaining on grants as funds to be put to better use. We also identified a potential diversion of \$185,400 in license revenue from the Commonwealth of Puerto Rico's Department of Natural and Environment Resources (non-Federal funds).

Monetary Impact: Questioned Costs and Funds To Be Put To Better Use

Grant No.	Cost Category	Questioned Costs (\$) (Federal Share)		Funds To Be Put To Better Use (\$)
		Ineligible	Unsupported	
F10AF00488	Other	-	42,000	985,299
F14AF01286	Other	-	211,511	-
F15AF00282	Other	-	423,740	-
F15AF00468	Other	-	1,316,191	92,224
F15AF00687	Other	-	753,277	-
F15AF01244	Other	-	505,625	-
F15AF01246	Other	-	107,165	290,835
F15AF01249	Other	-	918,863	-
F15AF01251	Other	-	634,303	-
F15AF01326	Other	-	388,902	-
F15AF01372	Other	-	717,965	-
F16AF00134	Other	-	176,639	-
F16AF00222	Other	-	263,738	-
F16AF00255	Other	-	636,471	-
F16AF00955	Other	-	207,687	-
F16AF01294	Other	-	213,846	-
F16AF01295	Other	-	-	352,363
F16AF01296	Other	-	-	-
F16AF01320	Other	-	60,907	-
F16AF01321	Other	-	326,554	-
F17AF00052	Other	-	115,432	-
F17AF00057	Other	-	-	286,278
F17AF00100	Other	-	140,326	-

Grant No.	Cost Category	Questioned Costs (\$) (Federal Share)		Funds To Be Put To Better Use (\$)
		Ineligible	Unsupported	
F17AF00111	Other	-	129,461	-
F17AF00113	Other	-	31,613	-
F17AF00116	Other	-	217,452	-
F17AF00501	Other	-	10,720*	-
F17AF00962	Other	-	39,297	-
F17AF01219	Other	-	395,227	-
F17AF01226	Other	-	413,162	-
F17AF01227	Other	-	175,224	-
F17AF01280	Other	-	43,973	-
F17AF01281	Other	-	114,699	-
F17AF01290	Other	-	164,194	-
F17AF01291	Other	-	-	1,401,566
F17AF01292	Other	-	105,320	-
F17AF01306	Other	-	236,210	-
F17AF01322	Other	-	203,814	-
F18AF00034	Other	-	--	-
F18AF00107	Other	-	110,595	-
F18AF00192	Other	-	-	127,980
F18AF00255	Other	-	109,070	-
F18AF00390	Other	-	340,882	-
F18AF00531	Other	-	-	-
F18AF00632	Other	-	45,676	19,418
F18AF01239	Other	-	51,255	-
F18AF01240	Other	-	4,997	11,728
F18AF01265	Other	-	137,251	-
F18AF01273	Other	-	141,787	-
F18AF01278	Other	-	-	1,476,840
F18AF01279	Other	-	-	553,139
F18AF01280	Other	-	96,174	-
F18AF01281	Other	-	-	291,660
F19AF00027	Other	-	-	162,044
F19AF00179	Other	-	124,129	-

Grant No.	Cost Category	Questioned Costs (\$) (Federal Share)		Funds To Be Put To Better Use (\$)
		Ineligible	Unsupported	
F19AF00181	Other	-	52,147	-
F19AF00187	Other	-	-	229,123
F19AF00257	Other	-	21,684	-
F19AF01038	Other	-	-	-
Total		\$-	\$ \$11,677,152	\$6,280,497

* The \$1,800 is included in the State share of the \$12.1 million in questioned costs.

Monetary Impact: Potential Diversion of License Revenue

Finding Area	Amount (\$)
Unsupported License Certifications and License Revenue	185,400
Total	\$185,400

Appendix 3: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 24. The Commonwealth of Puerto Rico, Department of Natural and Environment Resources' response to our draft report follows on page 25.

Response to Draft Report

U.S. FISH AND WILDLIFE SERVICE WILDLIFE AND SPORT FISH RESTORATION PROGRAM Grants Awarded to the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources, From July 1, 2017, Through June 30, 2019 Draft Report No. 2020-CR-022, Issued June 25, 2021

Auditor Recommendation 1

The auditors recommend that the FWS work with the Department to resolve the questioned costs in the amount of \$12.1 million related to reimbursement of the 59 grants open during SFYs 2018 and 2019

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 2

The auditors recommend that the FWS work with the Department to establish and implement policies and procedures that require a database that can produce complete and auditable revenue and expenditure reports that can be reconciled to grant claims.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 3

The auditors recommend that the FWS work with the Department to resolve the \$6,280,497 in funds to be put to better use related to the oversight of projects.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 4

The auditors recommend that the FWS work with the Department to Ensure the Department demonstrates its intent and ability to begin work within a reasonable period of time.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 5

The auditors recommend that the FWS work with the Department to resolve the potential diversion of \$185,400 related to the unsupported license revenue.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 6

The auditors recommend that the FWS work with the Department to provide an accounting of the sources and uses of license revenue for SFYs 2018 and 2019.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 7

The auditors recommend that the FWS work with the Department to develop and implement policies and procedures that comply with 50 C.F.R. Subpart D to facilitate the preparation of reports to support the license certifications.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 8

The auditors recommend that the FWS work with the Department to require the Division to ensure that Department staff receive training on managing the hunting license program.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 9

The auditors recommend that the FWS work with the Department to resolve the \$1,800 in unsupported in-kind contributions claimed.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 10

The auditors recommend that the FWS work with the Department to resolve the unmet match requirements and any excessive reimbursement that may have been received.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 11

The auditors recommend that the FWS work with the Department to develop policies and procedures to:

- a. Determine allowable in-kind contributions
- b. Include adequate supporting documentation for the preparation of the SF-425s
- c. Require both lead and assistant instructors to certify their hours on a daily basis, and for this information to be independently verified for accuracy and reasonableness
- d. Develop a procedure to verify the rate used to calculate the value of the volunteer hours used complies with the grant agreement

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 12

The auditors recommend that the FWS work with the Department to ensure Department personnel receive training on in-kind match requirements.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 13

The auditors recommend that the FWS work with the Department to develop and implement policies and procedures to allow for the timely preparation and submission of SF-425s.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 14

The auditors recommend that the FWS work with the Department to ensure that Department personnel receive training on the preparation and submission of SF-425s to comply with Federal regulations.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 15

The auditors recommend that the FWS work with the Department to develop and implement policies and procedures to allow for timely preparation and submission of performance reports required by the terms and conditions of the grant.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 16

The auditors recommend that the FWS work with the Department to ensure that Department staff receive training on the preparation and submission of performance reports.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.

Auditor Recommendation 17

The auditors recommend that the FWS work with the Department to require the Department to reconcile the FWS' land records with its respective records of lands purchased with program funds and resolve any acreage and cost differences identified, as mandated.

Agency Response

Please see the attached response from the Puerto Rico Department of Natural and Environmental Resources.

Service Response

The Service concurs with the auditor's recommendation.



GOVERNMENT OF PUERTO RICO

Department of Natural and Environmental Resources

AUG 23 2021

Mr. Leopoldo Miranda
Regional Director
U.S. Fish and Wildlife Service
South East Region
1875 Century Boulevard Suite 200
Atlanta, Georgia 30345

DRAFT OIG AUDIT REPORT NO. 2020-CR-022 ON WILDLIFE AND SPORT FISH RESTORATION PROGRAM

Dear Mister Miranda:

The Office of Inspector General has submitted a Draft Audit Report, identified as No. 2020-CR-022, on Wildlife and Sport Fish Restoration Program Grants awarded to the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources (DNER), from July 1, 2017, through June 30, 2019.

DNER has reviewed the auditor recommendations. As previously informed, including in our letter of February 1st, 2021 to Ms. Amy R. Billings, Regional Manager of the Central Region of the Office of Inspector General of the US Department of Interior (see enclosure), and in my letter of August 13th of 2021 to you (enclosed), our Agency will address all recommendations in a pending Corrective Action Plan. We will involve the appropriate units within DNER in the development of this plan.

Addressing this Audit Report is a priority for me as the DNER Secretary. Rest assure that all findings will be properly addressed and procedures that need to be improved will be strengthened.

If you have any questions, do not hesitate to contact us at (787) 999-2200 ext. [REDACTED] or by email: [REDACTED]@drna.pr.gov. We value our partnership and appreciate your continuous support.

Respectfully,

Rafael A. Machargo Maldonado
Secretary



Attachment # 1

PR DEPARTMENT OF NATURAL AND ENVIRONMENTAL RESOURCES
Response to Draft Report

U.S. FISH AND WILDLIFE SERVICE
WILDLIFE AND SPORT FISH RESTORATION PROGRAM
Grants Awarded to the Commonwealth of Puerto Rico, Department of Natural and
Environmental Resources, From July 1, 2017, Through June 30, 2019
Draft Report No. 2020-CR-022, Issued June 25, 2021

Auditor Recommendation 1

The auditors recommend that the FWS work with the Department to resolve the questioned costs in the amount of \$12.1 million related to reimbursement of the 59 grants open during SFYs 2018 and 2019.

Agency Response

The Department of Natural and Environmental Resources (DNER) agrees with the finding and will address the recommendation in a pending Corrective Action Plan. Moreover, the DNER will secure needed assistance from the FWS geared to address this finding and at the same time institute the required administrative procedures to allow the full validation of federal fund assigned to Puerto Rico. Notwithstanding the above, we will undertake needed audit procedures geared to support the utilization of federal funding assigned to Puerto Rico in accordance with FWS policy as part of the corrective action plan.

Auditor Recommendation 2

The auditors recommend that the FWS work with the Department to establish and implement policies and procedures that require a database that can produce complete and auditable revenue and expenditure reports that can be reconciled to grant claims.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. Needed assistance will be requested from the FWS to establish and implement needed policies and procedures including a database that can produce complete and auditable revenue and expenditure reports covering federal funds allocated to Puerto Rico.

Auditor Recommendation 3

The auditors recommend that the FWS work with the Department to resolve the \$6,280,497 in funds to be put to better use related to the oversight of projects.

Agency Response

The DNER will address the recommendation in a pending Corrective Action Plan. Even though DNER faced significant difficulties in the aftermath of Hurricanes Irma and María, for projects to be properly conducted, the DNER is fully committed to take the needed administrative and operational actions to facilitate the use of funds as quickly as possible. In this case, our first option in the Corrective Action Plan would be to use them for the original intents and initiatives.

Auditor Recommendation 4

The auditors recommend that the FWS work with the Department to ensure the Department demonstrates its intent and ability to begin work within a reasonable period of time.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER is committed with the execution and deliverables of the WSFR projects. No funds will be requested in any future project unless all permit and Planning initiatives had been completed and we are ready to initiate any required field work.

Auditor Recommendation 5

The auditors recommend that the FWS work with the Department to resolve the potential diversion of \$185,400 related to the unsupported license revenue.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. Moreover, this subject was already addressed on our August 13, 2021, letter to the FWS. (See Attachment # 2)

Auditor Recommendation 6

The auditors recommend that the FWS work with the Department to provide an accounting of the sources and uses of license revenue for SFYs 2018 and 2019.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER recognizes that the electronic licensing system and the process to gather and place information on licenses could be improved. These initiatives will also consider the proper allocation of incomes related with the processing and approval of the hunting licenses and those related with incomes from sale of hunting stamps by the DNER. DNER is committed to strengthening all aspects regarding licenses certification. In addition, information and assistance will be requested from the FWS to institute a software that will allow the DNER to manage these processes through a digital platform as it's been done in the USA.

Auditor Recommendation 7

The auditors recommend that the FWS work with the Department to develop and implement policies and procedures that comply with 50 C.F.R. Subpart D to facilitate the preparation of reports to support the license certifications.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER recognizes that the electronic licensing system and the process to gather and place information on licenses could be improved. DNER is committed to strengthening all aspects regarding licenses certification. In addition, information and assistance will be requested from the FWS to institute a software that will allow the DNER to manage these processes through a digital platform as it's been done in the USA.

Auditor Recommendation 8

The auditors recommend that the FWS work with the Department to require the Division to ensure that Department staff receive training on managing the hunting license program.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER recognizes that the electronic licensing system and the process to gather and place information on licenses needs to be improved. DNER is committed to strengthening all aspects regarding licenses certification, including training. As mentioned before with the institution of a permit licenses digital processing platform all DNER working with such software will be fully trained to maximize the benefits of said digital tool.

Auditor Recommendation 9

The auditors recommend that the FWS work with the Department to resolve the \$1,800 in unsupported in-kind contributions claimed.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. Efforts will be undertaken to have this subject fully addressed as soon as possible, though the assignment of this subject to one of our accounting personnel to get it resolve.

Auditor Recommendation 10

The auditors recommend that the FWS work with the Department to resolve the unmet match requirements and any excessive reimbursement that may have been received.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan.

Auditor Recommendation 11

The auditors recommend that the FWS work with the Department to develop policies and procedures to:

- a. Determine allowable in-kind contributions
- b. Include adequate supporting documentation for the preparation of the SF-425s
- c. Require both lead and assistant instructors to certify their hours on a daily basis, and for this information to be independently verified for accuracy and reasonableness
- d. Develop a procedure to verify the rate used to calculate the value of the volunteer hours used complies with the grant agreement

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER is committed to strengthen policies and procedures regarding matching and to provide training. One of the reasons that there is matching in several projects is that staff paid from state funds are the leaders or provides services and support in some way the FWS projects. Identifying the time these employees dedicate to their projects is a way to share with FWS in writing their time commitment to the projects.

Auditor Recommendation 12

The auditors recommend that the FWS work with the Department to ensure Department personnel receive training on in-kind match requirements.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER is committed to strengthen policies and procedures regarding matching and to provide training. Needed training on the in-kind match requirements will be coordinated with the FWS as soon as possible.

Auditor Recommendation 13

The auditors recommend that the FWS work with the Department to develop and implement policies and procedures to allow for the timely preparation and submission of SF-425s.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. Efforts are being implemented to have all SF-425 s submissions presented on a timely fashion before the FWS. In particular, all Projects Time Extension Request will be presented before the FWS at least ninety days before its due date or before June 30 of each year whichever is earlier.

Auditor Recommendation 14

The auditors recommend that the FWS work with the Department to ensure that Department personnel receive training on the preparation and submission of SF-425s to comply with Federal regulations.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. Moreover, assistance will be requested from the FWS personnel to ensure that Department personnel receive required training on the preparation and submission of SF-425s aimed to comply with Federal regulations.

Auditor Recommendation 15

The auditors recommend that the FWS work with the Department to develop and implement policies and procedures to allow for timely preparation and submission of performance reports required by the terms and conditions of the grant.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER would like to highlight factors that are being addressed in particular: (1) that during a significant period of time of the audit period, there was no Coordinator of WSFR funds, and that (2) significant turnover of staff with the WSFR Coordination Project happened. t. These unforeseen situations affected our ability to follow-up to project leaders for timely submission of performance reports, and later, to rapidly coordinate and respond to the audit requests. DNER expects to have a Coordinator on board soon, who will commit ourselves on the timely submission of all future project's reports.

Auditor Recommendation 16

The auditors recommend that the FWS work with the Department to ensure that Department staff receive training on the preparation and submission of performance reports.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan.

Auditor Recommendation 17

The auditors recommend that the FWS work with the Department to require the Department to reconcile the FWS' land records with its respective records of lands purchased with program funds and resolve any acreage and cost differences identified, as mandated.

Agency Response

The DNER agrees with the finding and will address the recommendation in a pending Corrective Action Plan. DNER is committed to take actions to guarantee the proper reconciliation with FWS of real property records. Some of these efforts are underway and once completed, we are sure that all FWS concerns will be fully addressed.



GOVERNMENT OF PUERTO RICO

Department of Natural and Environmental Resources

August 13, 2021

Mr. Leopoldo Miranda
Regional Director
Fish & Wildlife Service
Southeastern Region
1875 Century Boulevard Suite 200
Atlanta, Georgia 30345

**Re: Meeting related with OIG/FWS Draft Audit Report
(Period of 7/1/17 to 7/30/19)**

Sent Via E Mail: leopoldo_miranda@fws.gov

Dear Mister Miranda:

We want to thank you and Mr. Edwin Muñiz of the Boquerón Fish & Wildlife Service Office for the productive meeting held at the Department of Natural and Environmental Resources (DNER) on August 10, 2021. The meeting was scheduled to continue our conversation on the Work Plan required to address the Office of Inspector General (OIG) Draft Audit Report (DAR) dated June 2021, covering the period of July 1, 2017 to July 30, 2019.

As discussed, the DNER will be instituting and completing a Work Plan aimed to address all the areas of opportunities listed in the DAR. This comprehensive Work Plan will be delivered to your office for needed action before September 1st, 2021.

However, as a clear indication of our administration commitment to address as soon as possible each of the findings listed in the DAR, the DNER is presenting in this communication an initial partial Work Plan addressing three (3) of the most critical findings. These are as follow:

- **NPFR #5—License Revenue Potential Diversion of \$185,400:**
DNER is proposing the reimbursement of the entire questioned amount on a 12-month period. Payments will be delivered to the FWS on a quarterly basis, starting on the Work Plan Acceptance Date; reimbursements of \$50,000 each until the entire amount in question is covered.



In addition, the DNER will be requesting the assistance from FWS personnel to develop or supplement our Accounting Standard Operating Procedures (ASOP) to prevent situations such as those mentioned in the DAR to happen in the future. This request will be part of the Work Plan to be presented to FWS before September 1st, 2021.

- **NPFR #6 - Program Funds Obligated Prematurely:**

During our productive August 10, 2021 meeting, it was agreed that in the future DNER will inform FWS which awards for projects should be canceled, and keep those are progressing. FWS will designate coordinator to address this situation, while concurrently someone is identified internally to be trained by or transferred to the DNER by FWS. This action will eliminate the time delays in the construction of the projects identified in the DAR.

- **NPFR #8 - Unreliable Data – Questioned Costs \$12.1 million dollars:**

In addition to what it is stated above about **NPFR #5 and 6**, DNER will be developing a Work Plan aimed to secure and deliver to the FWS all documentation related with the projects developed using FWS funding included in this finding.

Again, the Partial Work Plan included herein will be supplemented with a comprehensive one to be delivered to your office before September 1st, 2021.

In the event additional information related with this important subject is needed, please do not hesitate to contact us at your earliest convenience.

Cordially Yours



Rafael A. Machargo

Secretary



United States Department of the Interior



FISH AND WILDLIFE SERVICE

1875 Century Blvd
Atlanta, Georgia 30345
September 7, 2021

IN REPLY REFER TO:
FWS/R2/R4/WSFR

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

Re: Draft Audit Report – U.S. Fish and Wildlife Service Grants Awarded to the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources, From July 1, 2017, Through June 30, 2019, Under the Wildlife and Sport Fish Restoration Program. Report No. 2020-CR-022, Issued June 25, 2021

Dear Ms. Billings:

The enclosed response to the draft audit report referenced above was developed by the Commonwealth of Puerto Rico, Department of Natural and Environmental Resources, in cooperation with the U.S. Fish and Wildlife Service South Atlantic - Gulf and Mississippi Basin Unified Regions Wildlife and Sport Fish Restoration Program.

If you have any questions or need additional information, please contact Alex Coley at (404) 679-7242.

Sincerely,

Paul A. Wilkes, Regional Manager
Wildlife and Sport Fish Restoration

Enclosure

Cc: Ord Bargerstock, Shuwen Cheung
Division of Financial Assistance Support and Oversight

Appendix 4: Status of Recommendations

Recommendation	Status	Action Required
1 - 17	<p>Resolved but not implemented:</p> <p>U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with staff from the Commonwealth of Puerto Rico Department of Natural and Environmental Resources to develop and implement a corrective action plan.</p>	<p>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 State has taken or planned.</p> <p>We will refer the recommendations not implemented at the end of 90 days (after December 29, 2021) to the Assistant Secretary for Policy, Management and Budget to track implementation.</p>

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