



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



**U.S. FISH AND WILDLIFE SERVICE WILDLIFE AND SPORT FISH
RESTORATION PROGRAM**

Grants Awarded to the State of Mississippi; Department of Wildlife, Fisheries, and Parks; From July 1, 2014, Through June 30, 2016



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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

JUL 18 2017

To: Gregory Sheehan
Acting Director, U.S. Fish and Wildlife Service

From: Charles Haman 
Director, Grant Audits

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Mississippi; Department of Wildlife, Fisheries, and Parks; From July 1, 2014, Through June 30, 2016 Report No. 2017-EXT-004

This final report presents the results of our audit of costs claimed by the State of Mississippi, Department of Wildlife, Fisheries, and Parks (Department) under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the State under the Wildlife and Sport Fish Restoration Program (Program). The audit included claims totaling \$59.4 million on 57 grants that were open during the State fiscal years that ended June 30, 2015, and June 30, 2016 (see Appendix 1). The audit also covered the Department's compliance with applicable laws, regulations, and FWS guidelines, including those related to the collection and use of hunting and fishing license revenues and the reporting of program income.

We found that the Department complied, in general, with applicable grant accounting and regulatory requirements. The Department, however, had not conducted adequate risk assessments for subrecipients, established monitoring plans, or publicly reported subawards of \$25,000 or more.

We provided a draft report to FWS for a response. In this report, we summarize the Department's and FWS Region 4's response to our recommendation, as well as our comments on their response. We list the status of the recommendation in Appendix 3.

Please provide us with a corrective action plan based on our recommendation by October 16, 2017. The plan should provide information on actions taken or planned to address the recommendation, as well as target dates and title(s) of the official(s) responsible for implementation. Formal responses can be submitted electronically. Please address your response to me and submit a signed PDF copy to WSFR_Audits@doioig.gov. If you are unable to submit your response electronically, please send your response to me at:

U.S. Department of the Interior
Office of Inspector General
12345 West Alameda Parkway, Suite 300
Lakewood, CO 80228

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit reports issued, actions taken to implement our recommendations, and recommendations that have not been implemented.

If you have any questions regarding this report, please contact Program Audit Coordinator Tim Horsma at 916-978-5650, or me at 303-236-9243.

cc: Regional Director, Region 4 U.S. Fish and Wildlife Service

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Introduction

Background

The Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act (Acts)¹ established the Wildlife and Sport Fish Restoration Program (Program). Under the Program, the U.S. Fish and Wildlife Service (FWS) provides grants to States to restore, conserve, manage, and enhance their wildlife and sport fish resources. The Acts and Federal regulations contain provisions and principles on eligible costs and allow FWS to reimburse States up to 75 percent of the eligible costs incurred under the grants. The Acts also require that hunting and fishing license revenues be used only for the administration of the States' fish and game agencies. Finally, Federal regulations and FWS guidance require States to account for any income they earn using grant funds.

Objectives

We conducted this audit to determine if the State of Mississippi, Department of Wildlife, Fisheries, and Parks (Department)—

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

Scope

Audit work included claims totaling approximately \$59.4 million on the 57 grants open during the State fiscal years (SFYs) that ended June 30, 2015, and June 30, 2016 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at the Department's headquarters in Jackson, MS, and visited one field office, four wildlife management areas, two boat access sites, one State lake, and Mississippi State University (see Appendix 2).

We performed this audit to supplement—not replace—the audits required by the Single Audit Act Amendments of 1996 and by Office of Management and Budget Circular A-133.

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

Methodology

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

Our tests and procedures included—

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

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

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

Prior Audit Coverage

On May 22, 2012, we issued “U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Mississippi, Department of Wildlife, Fisheries, and Parks, From July 1, 2009 Through June 30, 2011” (R-GR-FWS-0005-2012).

We followed up on all recommendations in the report and found that the U.S. Department of the Interior, Office of the Assistant Secretary for Policy, Management and Budget considered the recommendations resolved and implemented.

We reviewed the single audit report for SFY 2015. The report did not contain any findings that would directly affect the Program grants. We did not review the single audit report for SFY 2016 because it had not been issued.

Results of Audit

Audit Summary

We found that the Department complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. We identified, however, the following condition that resulted in our finding. Specifically, the Department did not follow Federal requirements for subaward administration.

Finding and Recommendation

Subaward Administration

The Department had not ensured that pass-through funds were clearly identified as subawards, or fulfilled its subaward oversight responsibilities. Specifically, the Department had not conducted adequate risk assessments of subrecipients, established monitoring plans, or publicly reported subawards of \$25,000 or more for posting on USAspending.gov, a website dedicated to promoting transparency in Federal spending.

The Department identified 11 Program grants that had third-party agreements and disbursed pass-through funds. We tested three agreements in which third parties arranged to perform the scope of work to accomplish certain objectives stated in the Federal grant awards. These agreements were memorandums of understanding and cooperative agreements for research studies and construction projects.

Examples of pass-through funding include agreements with various departments at Mississippi State University (University) and Pearl River Valley Water Supply District (District). The Department has a long-standing relationship with the University whereby the University performed research for the Department but the Department never reported these as subawards. The District received pass-through funds for Program construction projects. Department officials agreed that prior to entering into the agreements, they had not identified the agreements as subawards, performed risk assessments, or implemented monitoring plans of the subrecipients because they were not certain whether the third-party agreements met subaward criteria.

As a result, a level of risk was not determined on the subrecipients before pass-through funds were disbursed, and the agreements were not clearly identified as subawards that meet Federal reporting requirements.

The Code of Federal Regulations (2 C.F.R. § 200.92) states that a subaward is an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary

of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Federal regulation 2 C.F.R. § 200.331(a) also requires that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward. In addition, 2 C.F.R § 200.331(b)(d) and (e) specifies requirements for pass-through entities and subaward administration, including risk assessment, monitoring, and reporting.

Regulations 2 C.F.R. § 170, Appendix A(I)(a)(1) and (I)(a)(2)(i), state that Federal grantees must report each subaward action that obligates \$25,000 or more in Federal funds at www.frs.gov. This information is then posted to www.USAspending.gov.

Recommendation

We recommend that FWS work with the Department to ensure that the Department establishes and communicates policies and procedures to implement 2 C.F.R. § 200.331 requirements for pass-through entities and subaward administration.

Department Response

Department officials concurred with the finding and recommendation.

FWS Response

FWS Regional officials concurred with the finding and recommendation and will work with the Department on a corrective action plan.

OIG Comments

Based on the Department's and FWS' response, additional information is needed in the correction action plan including—

- specific action(s) taken or planned to address the recommendation;
- targeted completion dates;
- title of officials responsible for implementing the actions taken or planned; and
- verification that FWS headquarters officials reviewed and approved of actions taken or planned by the department.

Appendix I

**State of Mississippi,
Department of Wildlife, Fisheries, and Parks
Grants Open during the Audit Period
July 1, 2014, Through June 30, 2016**

Grant Number	Grant Amount	Claimed Costs
F11AF00957	\$1,187,911	\$1,255,718
F12AF00590	106,667	152,538
F12AF00627	170,002	181,287
F12AF00737	1,474,000	1,816,851
F12AF01172	956,680	915,030
F12AF01205	5,122,508	5,137,119
F12AF01235	400,000	400,000
F12AF01242	246,000	259,742
F12AF01437	1,190,832	1,307,241
F13AF00656	612,500	681,749
F13AF00657	450,000	455,108
F13AF00659	944,876	946,118
F13AF00726	102,927	135,722
F13AF00830	2,212,500	2,327,559
F13AF00831	85,250	94,463
F13AF00833	1,722,000	2,134,688
F13AF00990	446,721	408,455
F13AF01006	142,778	142,778
F13AF01220	346,500	356,413
F13AF01254	5,167,000	5,146,427
F13AF01323	1,139,720	1,163,597
F14AF00045	9,077,187	9,077,187
F14AF00159	400,000	400,000
F14AF00209	714,006	563,840

Grant Number	Grant Amount	Claimed Costs
F14AF00993	\$29,285	\$6,750
F14AF01154	512,475	314,516
F14AF01249	1,003,276	747,405
F14AF01356	477,001	457,960
F14AF01357	1,121,220	819,625
F14AF01358	289,000	264,296
F14AF01359	4,644,200	3,246,110
F14AF01363	361,500	380,517
F14AF01364	360,000	294,848
F14AF01367	1,189,000	1,134,780
F14AF01370	61,400	23,175
F15AF00009	573,000	369,932
F15AF00085	2,456,748	208,029
F15AF00088	1,475,000	1,793,843
F15AF00091	49,615	12,115
F15AF00144	453,000	254,383
F15AF00190	250,000	16,200
F15AF00604	487,000	783,302
F15AF00698	892,800	869,178
F15AF00699	310,000	485,310
F15AF00700	1,140,580	1,152,414
F15AF00744	1,952,198	2,054,726
F15AF00780	360,000	417,850
F15AF00791	\$63,000	75,116
F15AF00809	65,231	65,231
F15AF01273	588,000	386,103
F15AF01274	1,055,868	624,382
F15AF01317	508,300	577,676
F15AF01336	4,453,900	3,097,516
F16AF00067	2,982,760	2,988,805
F16AF00166	1,532,000	0
F16AF00460	2,831,111	0
F16AF00765	87,060	0
Total	\$69,034,093	\$59,381,723

Appendix 2

**State of Mississippi
Department of Wildlife, Fisheries, and Parks
Sites Visited**

Headquarters

Jackson, MS

Field Office

W. H. Turcotte

Wildlife Management Areas

Bienville

Caney Creek

Pearl River

Tallahala

Boating Access

Fannin Landing

Goshen Springs

State Lakes

Calling Panther

Other

Mississippi State University

Appendix 3

**State of Mississippi
Department of Wildlife, Fisheries, and Parks
Status of Audit Findings and Recommendations**

Recommendation	Status	Action Required
1	We consider the recommendation resolved but not implemented.	<p>Complete a corrective action plan that includes information on actions taken or planned to address the recommendation, target dates and titles(s) of the official(s) responsible for implementation, and verification that FWS headquarters officials reviewed and approved of the actions taken or planned by the Department.</p> <p>We will refer the recommendation not resolved or implemented at the end of 90 days (after October 16, 2017) to the Assistant Secretary for Policy, Management and Budget for resolution and tracking of implementation.</p>

