



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 Washington, Department of Fish and Wildlife,
From July 1, 2015, Through June 30, 2017

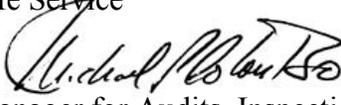


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INSPECTOR GENERAL
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Memorandum

DEC 11 2018

To: Margaret Everson
Principal Deputy Director, Exercising the Authority of the Director
U.S. Fish and Wildlife Service

From: Michael P. Colombo 
Western Regional Manager for Audits, Inspections, and Evaluations

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of Washington, Department of
Fish and Wildlife, From July 1, 2015, Through June 30, 2017
Report No. 2018-WR-026

This final report presents the results of our audit of costs claimed by the Washington State Department of Fish and Wildlife, under grants awarded by the U.S. Fish and Wildlife Service (FWS). The FWS provided the grants to the State under the Wildlife and Sport Fish Restoration Program. The audit included claims totaling approximately \$66.9 million on 47 grants that were open during the State fiscal years that ended June 30, 2016, and June 30, 2017 (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 generally complied with applicable grant accounting and regulatory requirements. We noted that the Department did not have a policy or process to formally conduct and document risk assessments and monitoring plans for subrecipients. We did not identify this as a finding, therefore we do not require a response to this audit report.

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 me at 916-978-5653.

cc: Regional Director, Region 1, 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 Act¹ established the Wildlife and Sport Fish Restoration 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 the 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 whether the Washington State Department of Fish and Wildlife:

- 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
- Reported and used program income in accordance with Federal regulations

Scope

Audit work included claims totaling approximately \$66.9 million on the 47 grants open during the State fiscal years (SFYs) that ended June 30, 2016, and June 30, 2017 (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 Olympia, WA, and visited one regional office, one fish hatchery, and two wildlife management areas (see Appendix 2).

We performed this audit to supplement—not replace—the audits required by the Single Audit Act.

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, indirect 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
- 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 June 24, 2013, we issued *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Washington, Department of Fish and Wildlife, From July 1, 2010, Through June 30, 2012* (Report No. R-GR-FWS-0007-2013).

We followed up on the two 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 both resolved and implemented.

We also reviewed the State's single audit reports for SFYs 2016 and 2017. Neither of these reports contained any findings that would directly affect the Program grants.

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 noted, however, that the Department did not have a policy or process to formally conduct and document risk assessments and monitoring plans for subrecipients.

During the audit, the Department identified two subawards open during the audit period, totaling \$1.13 million. These subawards, which transferred funds to subrecipients, were subject to Federal risk assessment and monitoring requirements.

Department officials reported that subrecipient risk is assessed informally based on prior performance and review of the State's single audit. The risk assessments for the two identified subawards were not documented and could not be provided. In addition, while departmental monitoring of subrecipients is performed through review of invoices and annual reports, and the agreements include basic language about this, the Department has no policy or formal monitoring plans in place.

The Department disagreed with our Notice of Potential Finding and Recommendation citing the need for formalized risk assessments and monitoring plans as part of its oversight for subrecipients. The Department feels that the language in 2 C.F.R. § 200.331(b) is broad and that it has fully met the intent of the regulations.

Although the language in 2 C.F.R. § 200.331(b) is not explicit in its requirement to do so, documentation supporting what the Department has done is an important part of the oversight process. Based on our audits of other States, we have found that additional Program guidance is needed concerning the requirements for conducting and documenting risk assessments and monitoring plans as a part of the oversight process for subawards. As such, we did not issue a formal recommendation in this audit report. We will address the issue directly to the FWS in a separate report.

Appendix I

**State of Washington
Department of Fish and Wildlife
Grants Open During the Audit Period
July 1, 2015, Through June 30, 2017**

Grant Number	Grant Amount	Claimed Costs
F10AF00023	\$938,379	\$1,126,639
F13AF00336	25,000	12,499
F14AF00924	1,827,493	1,826,727
F15AF00002	1,165,698	1,165,697
F15AF00003	2,030,002	2,030,002
F15AF00004	50,933	50,933
F15AF00006	85,851	81,438
F15AF00024	354,014	287,558
F15AF00079	1,692,339	1,692,339
F15AF00436	241,487	34,962
F15AF00753	944,961	944,961
F15AF00754	1,681,209	1,681,155
F15AF00766	525,407	525,407
F15AF00799	1,405,067	1,402,005
F15AF00806	773,749	612,764
F15AF00849	74,847	69,707
F15AF00877	2,267,906	1,804,979
F15AF00879	9,701,191	8,632,818
F15AF00880	464,170	442,264
F15AF00881	2,652,223	2,307,708
F15AF00882	1,167,876	1,167,876
F15AF00883	5,175,626	4,510,092
F15AF01028	12,507	12,507
F15AF01133	1,087,191	1,087,191
F15AF01287	50,933	50,917

Grant Number	Grant Amount	Claimed Costs
F15AF01288	\$2,048,606	\$2,048,040
F16AF00015	354,013	318,649
F16AF00029	85,851	82,127
F16AF00069	1,673,092	1,673,092
F16AF00726	1,681,209	1,681,209
F16AF00727	944,961	913,934
F16AF00850	1,497,801	1,344,491
F16AF00906	556,406	556,406
F16AF00910	4,056,962	2,660,042
F16AF00911	707,645	668,633
F16AF00912	561,128	438,967
F16AF00913	8,899,121	8,516,441
F16AF00914	7,285,764	4,336,957
F16AF01059	2,250,119	2,013,431
F16AF01206	74,847	73,987
F16AF01221	1,165,698	1,165,698
F16AF01222	2,160,971	2,160,971
F16AF01231	50,933	50,933
F17AF00001	905,444	737,402
F17AF00007	85,851	85,851
F17AF00061	354,013	258,776
F17AF00076	1,692,339	1,594,766
Total	\$75,488,833	\$66,941,948

Appendix 2

**State of Washington
Department of Fish and Wildlife
Sites Visited**

Headquarters

Olympia

Regional Office

Region 4 – North Puget Sound

Fish Hatchery

Kendall Hatchery

Wildlife Management Areas

Skagit Wildlife Area

Whatcom Wildlife Area

