



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

**U.S. Fish and Wildlife Service Grants
Awarded to the Commonwealth of
Massachusetts, Division of Marine Fisheries,
From July 1, 2017, Through June 30, 2019,
Under the Wildlife and Sport Fish Restoration
Program**

In recognition of Secretarial Order No. 3380, we are providing estimated costs associated with certain work products. Applying a formula involving prior salary and benefit expenses, we estimate the cost of preparing this report to be \$102,000.



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DEC 15 2020

Memorandum

To: Aurelia Skipwith
Director, U.S. Fish and Wildlife Service

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

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the Commonwealth of Massachusetts, Division of Marine Fisheries, From July 1, 2017, Through June 30, 2019, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2020-CR-004

We audited the costs claimed by the Commonwealth of Massachusetts, Division of Marine Fisheries, 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 Division used grant funds and fishing license revenue for allowable fishing activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. The audit period included claims totaling \$3 million on nine grants that were open during the State fiscal years that ended June 30, 2018, and June 30, 2019.

We found that the Division ensured that grant funds and license revenue were used for allowable activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. We did not identify any reportable conditions. Background information and the objective, scope, and methodology for this audit can be found in Attachment 1. A list of the sites visited during this audit is provided in Attachment 2.

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.

We do not require a response. If you have any questions regarding this report, please contact me at 303-236-9243.

Attachments (2)

Attachment 1: Background, Objective, Scope, and Methodology

Background

The U.S. Fish and Wildlife Service (FWS) provides grants to States¹ through its Wildlife and Sport Fish Restoration Program (WSFR) for the conservation, restoration, and management of wildlife and sport fish resources. WSFR was established by the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.² The Acts and related Federal regulations allow the FWS to reimburse grantees a portion of eligible costs incurred under WSFR grants—up to 75 percent for States and up to 100 percent for the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. The reimbursement amount is called the Federal share. The Acts require that hunting and fishing license revenue be used only for the administration of State fish and wildlife agencies. In addition, Federal regulations require States to account for any income earned from grant-funded activities and to spend this income before requesting grant reimbursements.

Objective

In June 2016, we entered into an intra-agency agreement with the FWS to conduct audits of State agencies receiving grant funds under WSFR. These audits fulfill the FWS' statutory responsibility to audit State agencies' use of these grant funds.

The objective of this audit was to determine whether the Commonwealth of Massachusetts Division of Marine Fisheries used grant funds and fishing license revenue for allowable fishing activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements.

Scope

We audited the Division's use of grants awarded by the FWS under WSFR. The audit period included claims totaling \$3 million on nine grants that were open during the State fiscal years (SFYs) that ended June 30, 2018, and June 30, 2019.

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹ The Acts define the term "State" to include the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

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.

We assessed whether internal control was significant to the audit objective. We determined that the Division's control activities and the following related principles were significant to the audit objectives.

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

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

- Examining the evidence that supports selected expenditures charged to the grants by the Division
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income
- Interviewing Division employees
- Inspecting equipment and other property
- Determining whether the Division used fishing license revenue for the administration of fishing program activities
- Determining whether the Commonwealth passed required legislation assenting to the provisions of the Acts
- Evaluating the Division's policies and procedures for assessing risk and monitoring subawards
- Visiting sites throughout the Commonwealth (see Attachment 2 for a list of sites visited)

We conducted an exit conference on October 1, 2020, with the FWS and the Division. During the conference, responsible officials were given the opportunity to provide their views on our results.

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of transactions for testing. We used auditor judgement 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. We did not find deficiencies in internal control.

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 Massachusetts Division of Marine Fisheries, and that agency's management of WSFR resources and license revenue.

The Division provided computer-generated data from its official accounting system and from informal management information and reporting systems. We tested the data by sampling expenditures and verifying them against WSFR reports and source documents such as purchase orders, invoices, and payroll documentation. While we assessed the accuracy of the transactions tested, we did not assess the reliability of the accounting system as a whole.

Prior Audit Coverage

OIG Audit Reports

We reviewed our last two audits of costs claimed by the Division on WSFR grants.³ We followed up on seven recommendations from these reports and found that the U.S. Department of the Interior's Office of Policy, Management and Budget considered all seven recommendations resolved and implemented.

State Audit Reports

We reviewed the single audit reports for SFYs 2017 and 2018 to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards indicated \$12.2 million (combined) in Federal expenditures related to WSFR but did not include any findings directly related to WSFR, which was not deemed a major program for Statewide audit purposes.

We also reviewed a March 2020 performance audit of the Department of Fish and Game (DFG) conducted by the State auditor for the audit period July 1, 2016, through December 31, 2018. This performance audit reported that the DFG lacks segregation of duties within the Division of Marine Fisheries Boston revenue process. The finding had three recommendations. In response, the DFG published two policies to address the recommendations.

³*U.S. Fish and Wildlife Service Sport Fish Restoration Program Grants Awarded to the Commonwealth of Massachusetts, Division of Marine Fisheries, From July 1, 2007, Through June 30, 2009* (Report No. R-GR-FWS-0009-2010), dated August 2010.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Commonwealth of Massachusetts, Division of Marine Fisheries, From July 1, 2012, to June 30, 2014 (Report No. 2015-EXT-006), dated February 2016.

Attachment 2: Sites Visited

Headquarters	Boston
Field Offices	Gloucester New Bedford
Storage Facilities	East Sandwich New Bedford Sandwich

Report Fraud, Waste, and Mismanagement



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