



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 Kansas, Department of Wildlife, Parks, and
Tourism, From July 1, 2011, Through June 30, 2013



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

MAR 27 2015

Memorandum

To: Daniel M. Ashe
Director, U.S. Fish and Wildlife Service

From: Charles Haman 
Central 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 Kansas, Department of Wildlife, Parks, and Tourism From July 1, 2011, Through June 30, 2013
Report No. R-GR-FWS-0008-2014

This report presents the results of our audit of costs claimed by the State of Kansas, Department of Wildlife, Parks, and Tourism (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. The audit included claims totaling \$42.1 million on 51 grants that were open during the State fiscal years that ended June 30, 2012, and June 30, 2013 (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. However, we questioned costs totaling \$328,860 due to unsupported in-kind contributions. We also found that the Department had not (1) submitted its Federal Financial Reports in a timely manner, (2) maintained adequate control over real property purchased with Program funds, and (3) adequately managed its grant and license revenue funded equipment.

We provided a draft report to FWS for a response. In this report, we summarize the Department's and FWS Region 6's responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 3.

Please provide us with a corrective action plan based on our recommendations by June 25, 2015. The plan should provide information on actions taken or planned to address the recommendations, 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 Tim Horsma, Program Audit Coordinator, at 916-978-5668, or me at 303-236-9243.

cc: Regional Director, Region 6, U.S. Fish and Wildlife Service

Table of Contents

Table of Contents	1
Introduction.....	1
Background.....	1
Objectives	1
Scope	1
Methodology.....	1
Prior Audit Coverage	2
Results of Audit.....	3
Audit Summary	3
Findings and Recommendations.....	3
Appendix 1.....	10
Appendix 2.....	12
Appendix 3.....	13

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 sport fish and wildlife 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 earned using grant funds.

Objectives

We conducted this audit to determine if the State of Kansas, Department of Wildlife, Parks, and Tourism (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 \$42.1 million on the 51 grants open during the State fiscal years (SFYs) that ended June 30, 2012, and June 30, 2013 (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 Topeka, KS, and visited one operations office, two regional offices, four wildlife areas, three fish hatcheries, two shooting ranges, one education center, one fishing area, and one State park (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.

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

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

evidence obtained from our tests and procedures 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 2, 2007, we issued “U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of Kansas, Department of Wildlife and Parks, July 1, 2004, Through June 30, 2006” (Report No. R-GR-FWS-001-2007). We followed up on one recommendation made in the report and found that the U.S. Department of the Interior, Office of Inspector General, considered the recommendation resolved and implemented.

We reviewed single audit reports and comprehensive annual financial reports for SFYs 2011 and 2012. None 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 identified, however, the following conditions that resulted in our findings:

- A. Questioned Costs—Unsupported In-Kind Contributions.** The Department could not provide adequate support for Hunter and Aquatic Education in-kind claims totaling \$328,860.
- B. Late Federal Financial Reports (FFRs).** The Department did not submit required FFRs in a timely manner.
- C. Inaccurate and Unreconciled Real Property Records.** The Department did not maintain accurate and complete real property records and did not reconcile its Program-funded real property records with FWS' records.
- D. Inadequate Equipment Management.** The Department did not maintain adequate control over Program-funded equipment.

Findings and Recommendations

A. Questioned Costs—Unsupported In-Kind Contributions: \$328,860

Under the Program, States must use “State-matching” (non-Federal) funds to cover at least 25 percent of costs incurred in performing projects under the grants. Noncash (“in-kind”) contributions may be used to meet States’ matching share of costs, and as with costs claimed for reimbursement, States must support the value of these contributions.

The Department’s matching share of costs on its Hunter Education Program grants, W-37-E-18 (F11AF01205) and W-37-E-19 (F12AF00757), consisted of the value of volunteer instructor hours. The value of volunteer hours for the Department’s Aquatic Education Program grants, F-55-E-3 (F12AF00093) and F-55-E-4 (F13AF00109) represented a portion of the Department’s matching share.

We reviewed a sample of volunteer labor hours donated and found that the contributions claimed under these grants were not adequately supported. Specifically, the Department’s volunteer forms used to support claimed in-kind contributions—

- were not always signed by the lead organizer or instructor;

- were not always fully completed or signed by the volunteer;
- allowed the lead organizer/instructor to approve his or her own timesheet;
- did not show the hours worked per day, but instead showed the accumulated sum of hours worked on a class;
- claimed unreasonable amounts of time donated, including 28 hours attributed to a volunteer who taught a class lasting only 7.5 hours; and
- used a rate of \$11.79 instead of the grant agreed rate of \$11.21 for its Aquatic Education Program calculations.

According to the Code of Federal Regulations, 2 C.F.R. § 225, Appendix A, Subsection C, costs must be necessary, reasonable, and adequately documented to be allowable under Federal awards. Furthermore, 43 C.F.R. § 12.64(b)(6) states that in-kind contributions consisting of volunteer services will, to the extent possible, be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

As a result of not requiring volunteers to follow the same procedures used by Department employees to certify their time, the Department could not demonstrate that it had satisfied its claimed 25 percent match requirement of \$305,203 on the two hunter education grants. In addition, the in-kind contributions of \$23,657 claimed on the two aquatic education grants were also unsupported. The total amount of unsupported in-kind questioned costs is \$328,860.

Recommendations

We recommend that FWS:

1. Resolve \$328,860 in unsupported in-kind contributions claimed.
2. Require the Department to develop and implement policies and procedures to ensure that volunteer instructors certify their hours on a daily basis, volunteer forms are signed by lead instructors, and the rate used to value volunteer hours complies with the grant agreement.

Department Response

Department officials concurred with the finding and recommendations and have already begun to address the recommendations with the implementation of new processes and procedures for both hunter and aquatic education programs. In addition, volunteer form revisions have been made and changes instigated in both programs will enable better tracking of volunteer hours.

FWS Response

FWS regional officials concurred with the finding and recommendations and will work with the Department to address the questioned costs and needed policies and procedures in the corrective action plan.

OIG Comments

Based on the Department’s and FWS Region 6’s responses, we consider the recommendations resolved but not implemented (see Appendix 3).

B. Late Federal Financial Reports

The Department is required to submit FFRs to FWS to document Program grant expenditures within 90 days of the grant ending date. With FWS approval, this reporting period can be extended for an additional 90 days. Of the 51 grants that required FFRs to be submitted to FWS during the audit period, the Department submitted 28 past the due date, including 6 that were over 100 days late.

According to 43 C.F.R. § 12.81(b)(4), when financial reports are required on an annual basis, they will be due 90 days after the grant year. This regulation also states that final financial reports will be due 90 days after the expiration or termination of grant support.

We believe these conditions occurred because there was an extensive backlog in preparing FFRs prior to new personnel being hired. In addition to the backlog, the new personnel had to research many of the grants back to their beginning to calculate accurate figures for use in the FFRs.

Although the Department has made significant strides to overcome the backlog, until FFRs are submitted in a timely manner, FWS will not have the data necessary to make informed, financial decisions.

Recommendation
3. We recommend that FWS work with the Department to ensure timely submission of Federal Financial Reports and that appropriate extensions are filed.

Department Response

Department officials concurred with the finding and recommendation and noted that timely submission of Federal Financial Reports will be a primary goal. The Department will work with FWS to determine the parameters by which the finding can be considered resolved.

FWS Response

FWS regional officials concurred with the finding and recommendations and will work with the Department to address timely submission of Federal Financial Reports as part of the corrective action plan.

OIG Comments

Based on the Department's and FWS Region 6's responses, we consider the recommendation resolved but not implemented (see Appendix 3).

C. Inaccurate and Unreconciled Real Property Records

The Department must ensure that its database of real property acquired with Program funds reconciles with land records maintained by FWS. Both FWS and the Department agreed that a reconciliation had not been performed. The Department should also be able to adequately track grant-funded real property transactions to ensure that Program funds have not been used in violation of the restrictions and prohibitions of applicable statutes. However, neither the State accounting system nor the Department's system are readily able to identify the funding sources for real property.

In addition, the Department did not update its records to account for a November 2011 exchange of land between the Department and the Kansas Department of Transportation related to Grant W-25-L-3. It was not until the transaction was questioned during this audit in April 2014 that the transaction was recorded in the Department's land records.

Federal regulations (50 C.F.R. § 80.90(f)) require that the Department maintain control of all assets acquired under Program grants to ensure that they serve the purpose for which they were acquired throughout their useful life. In addition, 43 C.F.R. § 12.60(a)(2) states that expenditures of grant funds should be adequately traceable to ensure that the funds have not been used in violation of the restrictions and prohibitions of applicable statutes. The FWS Director also reiterated land management requirements to Program participants in a March 29, 2007 letter. The letter requested that each State maintain a real property management system to include a comprehensive inventory of lands to ensure that its inventory is accurate and complete.

The Department and FWS have been unable to commit sufficient resources to ensure that the land reconciliation was completed. In addition, the Department has not established policies or procedures to ensure that the funding source is adequately identified in the real property system.

To perform a reconciliation of real property records, the Department must have accurate and complete records. Until accurate and complete records are available, the Department cannot ensure that its lands acquired under the Program are being used for their intended purposes.

Recommendations

We recommend that FWS:

4. Work with the Department to ensure that real property records easily identify Program-funded land transactions.
5. Work with the Department to develop processes and procedures to ensure timely and accurate recording of Program-funded additions, deletions, and changes to land records.
6. Work with the Department to reconcile its respective land records.
7. Require the Department to certify that Program-funded real property is being used for its intended purposes.

Department Response

Department officials concurred with the finding and recommendations. The Department maintains several systems in which real property information resides, but agrees that one unified system that tracks all land, along with any encumbrances associated with the property, would increase organizational efficiency and reduce the potential for error. The development of a database of this nature could also be a centralized component in reconciling land records with FWS.

FWS Response

FWS regional officials concurred with the finding and recommendations and will work with the Department to address the recommendations in the corrective action plan.

OIG Comments

Based on the Department's and FWS Region 6's responses, we consider the recommendations resolved but not implemented (see Appendix 3).

D. Inadequate Equipment Management

Federal regulations (50 C.F.R. § 80.90(f)) and State policy require the Department to have controls in place to adequately account for and control Program-funded equipment to ensure that it serves the purpose for which it was acquired throughout its useful life. To test the Department's controls over equipment, we selected items to review and found (1) items that had no funding source identified, (2) items that had no property tags, (3) an item that had a property tag that was no longer legible, and (4) items that were considered "surplused" by the custodian, but still recorded as "In Service" in the equipment system.

We also found (1) items that were checked out from the custodian to another individual, but neither the custodian nor the specified individual had the items, and (2) that the Department was not able to provide sufficient documentation for one of the disposed items tested.

Federal regulations (43 C.F.R. § 12.72(b)) further require that a State will use, manage, and dispose of equipment acquired under a grant in accordance with State laws and procedures. In addition, State policy requires equipment to be assigned a property number if its cost is \$5,000 or greater. State policy and procedures regarding equipment also require the Department to create a written agency policy for safeguarding assets, which should include the disposal of property. The Department's Procedures for Disposition of Surplus Property requires employees to send an email with a brief description of what needs to be disposed of along with any property numbers (and asset numbers the item would have) through their chain of command and then to the Department's asset specialist. Finally, the State policy specifies that whenever possible the agency should assign a separate person to audit the completed capital assets list.

According to a Department official, when the Department switched over to a new equipment system in July 2010, all equipment items were given the same funding code ("1000"); therefore, the funding source for equipment recorded prior to that date cannot easily be identified. A Department official also stated that the Department conducts annual paper certification of equipment as an annual property inventory, but the Department has not conducted an independent, third-party audit (e.g., by a representative of the Department's property management office) to verify the accuracy of this paper certification.

By not adhering to Federal, State, and Department requirements, the Department has increased the risk that equipment purchased with Program funds could be lost, misplaced, or used for unauthorized purposes.

Recommendations

We recommend that FWS:

8. Work with the Department to ensure that it follows State policy and procedures that require property tags to be attached to equipment, current location and equipment status to be updated in a timely manner, acquisition funding to be identified, and equipment disposal be adequately documented.
9. Require the Department to follow State policy regarding independent verification of paper certifications by physically inspecting equipment on a regular basis.

Department Response

Department officials concurred with the finding and recommendations. The Department believes that the database for tracking property is detailed and well maintained by the staff that oversees the system, but agrees that stronger procedures must be implemented to ensure requirements are being fully implemented by all personnel in the field. The Department will work with FWS to develop procedures that will meet the needs of the program as part of the corrective action plan.

FWS Response

FWS regional officials concurred with the finding and recommendations and will work with the Department to address the recommendations in the corrective action plan.

OIG Comments

Based on the Department's and FWS Region 6's responses, we consider the recommendations resolved but not implemented (see Appendix 3).

Appendix I

State of Kansas
Department of Wildlife, Parks, and Tourism
Grants Open During the Audit Period
July 1, 2011, Through June 30, 2013

FWS FAIMS* Grant Number	FBMS** Grant Number	Grant Amount	Claimed Costs	Un- supported Costs
F-21-D-18	F11AF01231	\$1,809,528	\$1,554,129	
F-21-D-19	F12AF00572	1,678,401	1,678,401	
F-22-R-18	F11AF01198	988,215	827,322	
F-22-R-19	F12AF00759	1,009,015	784,908	
F-30-R-18	F11AF01186	67,900	33,705	
F-30-R-19	F12AF00824	64,159	64,159	
F-33-M-19	F11AF01225	1,037,153	781,192	
F-33-M-20	F12AF00761	1,034,679	820,012	
F-34-D-16	F11AF01193	237,665	167,499	
F-34-D-17	F12AF00839	136,000	136,000	
F-38-B-10	F10AF00726	1,473,408	1,266,496	
F-38-B-11	F13AF00583	861,000	-	
F-40-D-15	F11AF01239	596,452	456,136	
F-40-D-16	F12AF00540	519,820	418,029	
F-46-L-13	F11AF01049	228,300	205,289	
F-46-L-14	F12AF00151	242,230	162,243	
F-46-L-15	F13AF00247	284,124	220,124	
F-51-M-7	F11AF01072	1,196,160	852,244	
F-51-M-8	F12AF00180	1,196,160	1,129,472	
F-51-M-9	F13AF00113	1,196,160	1,102,953	
F-55-E-2	F11AF01073	280,000	229,541	
F-55-E-3	F12AF00093	280,000	241,713	\$9,683
F-55-E-4	F13AF00109	280,000	213,541	13,974
F-56-B-1	F10AF00560	186,000		
F-57-D-1	F11AF01246	1,206,000	133,755	
F-58-R-1	F12AF00024	458,797	347,873	
F-59-B-1	F13AF00553	75,000	32,733	
FW-10-C-18	F11AF01209	114,540	101,810	
FW-10-C-19	F12AF00756	114,540	97,674	
FW-12-C-18	F11AF01212	129,984	83,739	
FW-12-C-19	F12AF00755	161,984	111,500	
W-10-L-17	N/A			
W-25-L-3	F11AF01316	\$600		

FWS FAIMS* Grant Number	FBMS** Grant Number	Grant Amount	Claimed Costs	Un- supported Costs
W-37-E-18	F11AF01205	666,667	\$522,692	\$139,385
W-37-E-19	F12AF00757	666,667	621,818	165,818
W-38-L-17	F11AF01248	2,980,651	2,584,793	
W-38-L-18	F12AF00763	2,980,650	2,663,741	
W-39-R-18	F11AF01196	975,270	831,520	
W-39-R-19	F12AF00785	1,275,824	1,063,187	
W-43-M-18	F11AF01176	2,746,381	4,774,675	
W-43-M-19	F12AF00764	2,720,632	5,654,996	
W-64-D-1	F10AF00725	190,000	181,381	
W-67-R-1	F10AF00628	976,819	878,513	
W-68-C-1	N/A	133,333	133,333	
W-70-R-1	F11AF01309	211,928	152,874	
W-71-D-1	F11AF01273	6,093,955	5,913,996	
W-72-E-1	F11AF01311	1,950,682	1,472,628	
W-73-R-1	F12AF00784	645,290	371,367	
W-74-R-1	F12AF01046	21,900	1,124	
W-75-L-1	F13AF00310	229,343	8,700	
W-76-D-1	F13AF00324	170,000	14,367	
Total		\$44,779,966	\$42,099,897	\$328,860

* FAIMS stands for Federal Aid Information Management System.

** FBMS stands for Financial Business Management System.

Appendix 2

**State of Kansas
Department of Wildlife, Parks, and Tourism
Sites Visited**

Headquarters

Topeka

Offices

Pratt Operations (Pratt)
Region 3 Office (Dodge City)
Region 4 Office (Wichita)

Wildlife Areas

Cheney (Pretty Prairie)
Cheyenne Bottoms (Great Bend)
Maxwell Wildlife Refuge (Canton)
Milford (Junction City)

Fish Hatcheries

Meade (Meade)
Milford (Junction City)
Pratt (Pratt)

Shooting Ranges

Cheney Lake (Pretty Prairie)
Don Brown Memorial (Canton)

Other

Kansas Wetlands Education Center (Great Bend)
Rocky Ford Fishing Area (Manhattan)
Tuttle Creek State Park (Manhattan)

Appendix 3

**State of Kansas
Department of Wildlife, Parks, and Tourism
Status of Audit Findings and Recommendations**

Recommendations	Status	Action Required
<p style="text-align: center;">1, 2, 3, 4, 5, 6, 7, 8, and 9</p>	<p>We consider the recommendations resolved but not implemented.</p> <p>FWS regional officials concurred with the recommendations and will work with the Department on a corrective action plan.</p>	<p>Complete a corrective action plan that includes specific action(s) taken or planned to address the recommendations, targeted completion dates, title(s) of the official(s) responsible for implementing the action taken or planned, and verification that FWS headquarters officials reviewed and approved of the actions taken or planned by the Department.</p> <p>We will refer any unimplemented recommendations to the Assistant Secretary for Policy, Management and Budget (PMB) for resolution and tracking of implementation by June 25, 2015.</p>

Report Fraud, Waste, and Mismanagement



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