



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

**U.S. Fish and Wildlife Service Grants Awarded
to the State of Texas, Parks and Wildlife
Department, From September 1, 2018,
Through August 31, 2020, Under the Wildlife
and Sport Fish Restoration Program**

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



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U.S. DEPARTMENT OF THE INTERIOR

SEP 29 2022

Memorandum

To: Martha Williams
Director, U.S. Fish and Wildlife Service

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

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the State of Texas, Parks and Wildlife Department, From September 1, 2018, Through August 31, 2020, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2021–CR–008

This report presents the results of our audit of costs claimed by the Texas Parks and Wildlife Department (Department) under grants awarded by the U.S. Fish and Wildlife Service (FWS) through the Wildlife and Sport Fish Restoration Program.

We provided a draft of this report to the FWS. The FWS concurred with 20 recommendations and will work with the Department to implement corrective actions. The full responses from the Department and the FWS are included in Appendix 4. In this report, we summarize the Department's and FWS Region 2's responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 5.

Please provide us with a corrective action plan based on our recommendations by December 29, 2022. 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. It should also clearly indicate the dollar value of questioned costs that you plan to either allow or disallow. If a recommendation has already been implemented, provide documentation confirming that the action is complete. Please send your response to aie_reports@doioig.gov.

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, 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 assist the FWS in fulfilling its statutory responsibility to oversee State agencies' use of these grant funds.

The objectives of this audit were to determine whether the Texas Parks and Wildlife Department (Department) used grant funds and State hunting and fishing license revenue for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements.

See Appendix 1 for details about our scope and methodology. See Appendix 2 for sites we visited.

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 States and up to 100 percent for the Commonwealths, territories, and the District of Columbia.³ 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 (Dingell-Johnson Sport Fish Restoration Act only).

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.

³ The District of Columbia does not receive funding under the Pittman-Robertson Wildlife Restoration Act.

Results of Audit

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

We found the following:

- **Questioned Costs.** We questioned \$45,659 (Federal share) as unsupported and identified a potential diversion of \$14,412 due to unsupported other direct costs. In addition, we questioned costs of \$164,098 (\$123,074 Federal share) that arose from unallowable payments to the National Bobwhite Conservation Initiative; \$346,956 (\$283,637 Federal share) as unsupported subrecipient expenditures; and \$310,036 (\$232,527 Federal share) in unsupported in-kind contributions (see Figure 1).
- **Potential Diversion of License Revenue.** The Department potentially diverted license revenue totaling \$55,948 by not depositing disposed equipment proceeds into the license revenue accounts.
- **Control Deficiencies.** We found opportunities to improve controls in license certification, subrecipient risk assessments and monitoring, subrecipient oversight, and real property.

Figure 1: Summary of Unallowable and Unsupported Costs (Federal Share)

Issue	Unallowable Costs (\$)	Unsupported Costs (\$)	Total (\$)
Other Direct Costs	–	45,659	45,659
NBCI	123,074	–	123,074
Subrecipient	–	283,637	283,637
In-kind	–	232,527	232,527
Totals	\$123,074	\$561,823	\$684,897

See Appendix 3 for a statement of monetary impact and a summary of potential diversion of license revenue.

Questioned Costs—\$866,749 (\$684,897 Federal Share) and Potential Diversion of \$70,360

Unsupported Other Direct Costs—Questioned Costs of \$45,659 (Federal Share) and Potential Diversion of \$14,412

The Department did not provide sufficient support for other direct cost expenditures of grant and license funds under WSFR. As a result, we questioned \$45,659 (Federal share) in unsupported grant expenditures. We also identified a potential diversion⁴ of \$14,412 of license revenue funds.

We identified 42,646 other direct costs transactions with an invoice amount greater than or equal to \$1,000. We selected a sample of 160 of those transactions for review. We selected 80 invoices totaling \$5,564,925, including burden costs⁵ paid with grant funds totaling \$54,591, and 80 invoices totaling \$1,609,249, including burden costs paid with license revenues totaling \$14,768. We reviewed each transaction for evidence of managerial and payment approval, segregation of duties, accurate computations net of discounts, and allowances. In addition, we verified whether the charges were related to the purpose of the grant and eligible. However, the support the Department provided for those transactions still lacked invoices; receipts; payment documentation; and proof of internal controls, such as evidence of managerial approval, adequate evidence of payment approval, adequacy of cost identification, and segregation of duties. Of the 160 transactions we reviewed, the Department provided full support for 13 and only partial or no support for 147.

Figure 2: Documentation Provided For Other Direct Cost Transactions

Issue	Grant Expenditures	License Revenue Expenditures
Fully Supported	9	4
No Support Provided	9	20
Partial Support	62	56

According to Federal regulations at 2 C.F.R. § 200.303(a), a non-Federal entity must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. For costs to be allowable, they must be necessary and reasonable for the performance of the award and adequately supported (2 C.F.R. § 200.403(a)(g)).

In addition, 50 C.F.R. § 80.10 (c)(2) requires that revenue from hunting and fishing licenses be used only for administration of the State fish and wildlife agency, which includes only the functions required to manage the agency and the fish- and wildlife-related resources for which the agency has authority under State law.

⁴ Diversion means any use of revenue from hunting and fishing licenses for a purpose other than administration of the State fish and wildlife agency.

⁵ The burden cost depicts the amount of the invoice that is claimed against the WSFR grants.

The Department's *Federal Grants Guidance Manual* describes the internal controls and grant management standards used to ensure that all Federal funds are lawfully expended. However, the Department did not follow this guidance by failing to provide adequate documentation to support costs charged to the Federal award. Without this documentation, we cannot make an allowability determination. According to the policy, grant expenditures with multiple funding sources should be reviewed for proper allocation, but the Department did not provide allocation reports.

Without sufficient supporting documentation for these transactions, we could not determine whether the Department used Federal funds for the purpose of the grant. We also could not determine whether the Department diverted license revenue for purposes other than WSFR administration. Without implementing effective internal controls, the Department cannot assure that it has safeguarded funds from loss or misappropriation.

Recommendations

We recommend that the FWS work with the Department to:

1. Resolve the Federal share of unsupported costs related to other direct costs totaling \$45,659.
2. Resolve the potential diversion of \$14,412 related to unsupported license expenditures.
3. Develop a mechanism to hold employees accountable for following Federal and State policies and procedures that require personnel to obtain proper documentation to support all expenditures.

Unallowable Payments to the National Bobwhite Conservation Initiative—Questioned Costs of \$164,098 (\$123,074 Federal Share)

The Department entered into a subaward agreement with the University of Tennessee, National Bobwhite Conservation Initiative (NBCI), a range-wide habitat plan for recovering bobwhite quail species to target densities set by State wildlife agencies, under Grant No. F14AF01005. In State fiscal years (SFY) 2019 and 2020, the Department paid \$164,098 to the University of Tennessee for the NBCI subaward expenditures for this grant. The NBCI provides similar services detailed under the grant to other participating States.

The NBCI also receives funding from external partners—including nonprofit, nongovernmental organizations—and other Federal agencies, some of which provide funding to the NBCI using non-Federal funds. In a previous audit, we determined that the NBCI did not properly split or allocate expenditures among all participating States and external partners.⁶ The NBCI did not have a policy or a sound and reasonable methodology to determine and allocate assignable

⁶ U.S. Fish and Wildlife Service Grants Awarded to the Commonwealth of Pennsylvania's Game Commission, From July 1, 2016, Through June 30, 2018, Under the Wildlife and Sport Fish Restoration Program (Report No. 2019-WR-005), issued December 15, 2020.

expenditures among all participating States and external partners in proportion to the received benefits. Instead, NBCI officials described their funding as one “pot” of money from which to pay for expenses that benefited all participating States and external partners. This practice does not ensure expenditures are properly allocated to Federal grants.

In 2017, the NBCI implemented a new accounting methodology and procedures referred to as a “recharge center” to better allocate assignable grant expenditures. We separately evaluated whether grant costs claimed using the recharge center method can reasonably allocate costs in proportion to the benefit provided. We issued a management advisory to the FWS to address the issue of costs claimed using this method.⁷ In the management advisory, we determined that the recharge method does not comply with Federal regulations. Specifically, the agreements between the NBCI and States contributing Federal funding are fixed-amount subawards; costs charged to States are not related to the benefits received; recharge center rates cannot be measured or verified in the NBCI’s accounting system; and the recharge center rates differ for Federal and non-Federal activities.

Federal regulations at 2 C.F.R. § 200.403 state that costs must be allocable to the Federal award to be allowable. Under 2 C.F.R. § 200.405, a cost is allocable to a particular award if the goods and services involved are chargeable or assignable to that Federal award in accordance with the relative benefits received. Costs are also allocable if, when such costs benefit both the Federal award and other work of the non-Federal entity, they are distributed in proportions that may be approximated using reasonable methods. Part (d) of that section states that if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects according to the proportional benefit.

During the audit period, the NBCI did not have adequate accounting methodologies that allowed for proper allocation of expenditures among participating States and external partners. Because the NBCI did not properly allocate the expenditures among all participating States and external partners using a method that complies with Federal regulations, these costs are not eligible to be charged to WSFR grants. We questioned \$164,098 (\$123,074 Federal share) that the Department paid to the University of Tennessee under Grant No. F14AF01005 as unallowable expenditures.

Recommendation
We recommend that the FWS work with the Department to: 4. Resolve the Federal share of questioned costs related to the NBCI subaward agreement totaling \$123,074.

⁷ *Issues Identified With Wildlife Restoration Subawards to the University of Tennessee, National Bobwhite Conservation Initiative* (Report No. 2020–WR–019), issued July 6, 2020.

Unsupported Subrecipient Expenditures—Questioned Costs of \$346,956 (\$283,637 Federal share)

We identified questioned costs totaling \$346,956 (\$283,637 Federal share) related to unsupported labor, fringe, and Facilities and Administration (F&A) costs. Louisiana State University (LSU), a subrecipient, incurred and billed direct labor charges to the Department, but LSU could not provide timesheets signed by employees and approved by their managers because it does not require timesheets for salaried employees. The Department reimbursed LSU for these unsupported payroll costs on Purchase Order (PO) No. 505486 under Federal Grant F17AF01124. We questioned \$238,153 in claimed labor charges to this subaward for 12 employees during the audit period, \$53,715 in associated fringe, and \$55,087 in associated F&A costs.

Federal regulations at 2 C.F.R. § 200.430(i)(1)(i) state that “salaries and wages must be based on records that accurately reflect the work performed. These records must: (1) be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.” In addition, the subaward terms require billing invoices to have backup documentation to substantiate costs, such as payroll records showing name, hours worked, rate, and total costs claimed. Further, 2 C.F.R. § 200.331(d)(1)⁸ states, “Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and performance reports required by the pass-through entity.”

The Department did not exercise adequate oversight of its subrecipients to ensure compliance with Federal regulations and terms and conditions of the subaward. These issues occurred because the Department did not follow its policies on verification of subrecipient compliance, financial and performance report review, and pass-through entity responsibilities.

Without adequate oversight of the Department’s subrecipients, we have no assurance that the Department’s subrecipients used Federal funds for appropriate purposes or obtained the best price for quality goods and services.

Recommendations

We recommend that the FWS work with the Department to:

5. Resolve the Federal share of questioned costs related to unsupported subrecipient expenditures totaling \$283,637.
6. Develop a mechanism to hold employees accountable for following the Department’s existing policies on verification of subrecipient compliance, financial and performance report review, and pass-through entity responsibilities.

⁸ As of November 12, 2020, 2 C.F.R. § 200.331 has been amended to 2 C.F.R. § 200.332.

Unsupported In-Kind Contributions—Questioned Costs of \$310,036 (\$232,527 Federal Share)

Department officials did not ensure that volunteer hours claimed as in-kind contributions for State matching requirements were adequately documented. As a result, we could not verify that approximately 3,312 hours, valued at \$77,509, were donated. These costs were claimed as State match on Grant Nos. F17AF01239, F19AF01105, F17AF01071, and F19AF01206. The State match of \$77,509 generated \$232,527 of Federal reimbursement. We therefore questioned \$232,527 as unsupported costs.

WSFR requires States to use matching, or non-Federal, funds to cover at least 25 percent of costs incurred in performing projects under the grants. States may use noncash, or in-kind, contributions to meet the matching share of costs, but as with costs claimed for reimbursement, the value of these contributions must be supported.

While the Department provided some support, it could not provide the support necessary to ensure volunteer time was accurate, complete, and followed internal controls. Specifically, we found issues with volunteer hours on four grants.

Master Naturalist Grants

We reviewed all the volunteers' electronic timesheets during SFYs 2019 and 2020 claiming 43,272 hours provided by the Department for the master naturalist grants. We questioned 1,986.05 hours, at a volunteer rate of \$23 per hour, for a total value of \$45,679 (see Figure 3).

Figure 3: Volunteer Hours Charged to Master Naturalists Grants

Issue	Hours Charged to F17AF01239	Hours Charged to F19AF01105	Total Hours Charged
Creator/Approver the Same (Correction made by the Department's Staff) – No Volunteer Certification	517.85	523.25	1,041.10
Creator/Approver the Same (Entered by the Department's Staff for Volunteer) – No Volunteer Certification	436.25	145.50	581.75
Volunteer Not Entering Time – No Volunteer Certification	8.50	29.75	38.25
Duplicate Timesheet Entries	16.00	35.00	51.00
Timesheet Entry Prior to Date of Service	56.50	83.95	140.45
Volunteer Hours Not Itemized	120.00	–	120.00
Unsupported Hours	–	13.50	13.50
Total Hours	1,155.10	830.95	1,986.05

Aquatic Education Grants

We reviewed a sample of 10,732 volunteer hours out of 35,884 claimed on electronic and hardcopy timesheets during SFYs 2019 and 2020 and provided by the Department for the aquatic education grants. We questioned 1,326.25 hours, at a volunteer rate of \$24 per hour, for a total value of \$31,830 (see Figure 4).

Figure 4: Volunteer Hours Charged to Aquatic Education Grants

Issue	Hours Charged to F17AF01071	Hours Charged to F19AF01206	Total Hours Charged
Hours Did Not Match Support	58.50	(46.00)	12.50
Duplicate Timesheet Entries	10.00	4.00	14.00
Math Error	171.00	-	171.00
Start/End Date Fields Did Not Match Support	788.00	291.50	1,079.50
Volunteer Hours Not Itemized	30.75	-	30.75
Timesheets Not Signed	10.00	-	10.00
Department Staff Hours Included in Match	8.00	-	8.00
Hours Exceed 14 Hours	-	0.50	0.50
Total Hours	1,076.25	250.00	1,326.25

According to 2 C.F.R. § 200.303(a), the non-Federal entity must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. In addition, according to 2 C.F.R. § 200.306(b)(1), any matching funds, including in-kind contributions, for all Federal awards must be accepted as part of the non-Federal entity's cost sharing, or matching when such contributions are verifiable from the non-Federal entity's records. Further, 2 C.F.R. § 200.403(g) requires these contributions to be adequately documented.

The in-kind questioned costs occurred because of weaknesses within the Department's internal controls processes over volunteer timekeeping and because the Department did not follow its established volunteer timekeeping policies and procedures. In addition, the existing policies do not effectively address timekeeping internal control risks. Specifically:

- The policies and procedures specific to the Master Naturalist program include instructions on making corrections to timesheets; however, it does not state an approval process showing segregation of timesheet correction and approval duties. Further, the policies and procedures do not include a requirement to obtain the volunteer's recertification of charges to the timesheet. However, the Department's *Federal Grants Guidance Manual* does state that the volunteer must enter their own hours. Therefore, the Master Naturalist policy does not include the same timekeeping requirements as the *Federal Grants Guidance Manual*.
- The volunteer management system does not have controls in place to prevent duplicate entries and timesheet charges entered prior to the date of service.
- The Department timesheet approvers are not detecting errors, such as math errors, timesheet entries made prior to the date of service, and hours in the volunteer management system not matching the support, during their review of volunteer timesheets.
- The Department staff and volunteers are not following the established policies and procedures for volunteer time entry by ensuring the timesheet dates match the support, itemizing time charges by day, signing timesheets, removing Department staff from claimed in-kind match, and exceeding the limit of 14 hours per day.

Because the Department claimed unsupported or not adequately supported in-kind amounts as matching funds on grants, it received reimbursement from the FWS that it was not entitled to receive.

Recommendations

We recommend that the FWS work with the Department to:

7. Resolve the Federal share of questioned costs related to unsupported in-kind volunteer match totaling \$232,527.
8. Evaluate its current grant program in-kind policies and procedures to ensure that program-specific procedures agree with the overall *Federal Grants Guidance Manual* and to ensure segregation of timesheet entry and approver duties.
9. Evaluate the volunteer management system controls and implement any new controls to prevent duplicate entries and timesheet charges entered prior to the date of service.
10. Develop a mechanism to hold employees accountable for following established policies and procedures.

Potential Diversion of License Revenue—Undeposited Disposed Equipment Proceeds of \$55,948

We identified a potential diversion totaling \$55,948 resulting from the Department not depositing proceeds from the sale of disposed equipment to the license revenue account. The Department disposed of 351 equipment items (valued at more than \$1,000) purchased with grant funds and license revenue during our audit period. We tested 8 items that were grant funded and 17 items that were funded with license revenue to determine if the Department followed the correct steps for disposal, including whether disposal methods were approved, the correct forms were completed, and the proceeds from the disposed items were deposited in the appropriate account. We found the Department did not dispose of five equipment items according to Federal and WSFR requirements because the proceeds from the disposals were deposited into accounts other than the license revenue account, as shown in Figure 5.

Figure 5: Proceeds From Disposed Items

Property No.	Description	Disposal Method	Fund Code	Account Funds Deposited In	Proceeds (\$)
195059	Glock 22 Caliber Gen IV	Sale	952	Appropriated Receipts Non-Restricted	431.31
212081	2017 Chevrolet 1500 Crew Cab 4X4	Auction	950	Game, Fish, & Water Safety	29,720.18
188122	Ford 2010 F150 Regular Cab 4X2	Car Accident*	952	Appropriated Receipts Non-Restricted	8,188.50
181533	Rifle Semi Auto 16 Inch Barrell	Buyback Program	643	State Park Fund – SGST Transfer – Gen Fund	340.00
206798	2015 Chevrolet 1500 Crew Cab 4X4	Auction	952	Appropriated Receipts Non-Restricted	17,268.05
Total					\$55,948.04

*Insurance check

Hunting and fishing license revenue includes income from the sale, lease, or rental of personal property acquired or constructed with license revenue (50 C.F.R. § 80.20(c)). Federal regulations at 2 C.F.R. § 200.313(b)(e) require States to use, manage, and dispose of equipment acquired under a Federal award according to State laws and procedures. Furthermore, according to 50 C.F.R § 80.11, a State becomes ineligible under WSFR if it diverts hunting and fishing license revenues for purposes other than the administration of the State fish and wildlife agency.

Federal regulations at 50 C.F.R. § 80.10(c)(2) also explain that only the functions required to manage and administer the State's fish and wildlife resources may be supported with license revenues.

A Department official told us the deposit transactions were done in error. In addition, we found the Department does not have a policy regarding how to handle proceeds received from the disposal of equipment purchased with license revenue or grant funds. The Department official said that the Department will change its processes to ensure proceeds from the disposal of equipment purchased with license revenue or grant funds are deposited into the appropriate account.

Potential diversion of license revenues jeopardizes the State's continued participation in WSFR and brings into question whether fish and wildlife resources appropriately benefited from the funds.

Recommendations

We recommend that the FWS work with the Department to:

11. Resolve the potentially diverted funds of \$55,948.
12. Develop and implement policies and procedures that ensures that funds received from equipment disposals are deposited into the appropriate accounts.
13. Review the disposition records and the accounting database to verify and correct any other disposals that were deposited into wrong accounts.

Control Deficiencies

Unsupported License Certifications and Inaccurate License Certification Data

The Department could not provide documentation to support the number of license certifications reported for license years (LYs) 2018 and 2019. Specifically, the detailed license holder reports for LYs 2018 and 2019 did not match the summary reports used to calculate the certified license counts. In addition, the Department did not remove all duplicate licenses from its count, overstating its paid license holders by 207 in LY 2018 and by 224 in LY 2019.

According to 50 C.F.R. § 80.30, each State must certify, annually, the number of paid hunting and fishing license holders to the FWS because the FWS uses these data in statutory formulas to apportion funds in WSFR among the States. State fish and wildlife agencies are required to provide documentation to support the accuracy of the certified number of paid hunting and fishing license holders per 50 C.F.R. § 80.31(b)(2). In addition, 50 C.F.R. § 80.31(b)(3) and 50 C.F.R. § 80.33(d) requires the elimination of multiple counting of the same individual license holders.

A Department official told us the Department was not able to re-create the report supporting the certified numbers “due to the nature of the system.” The Department provided summary hunting and fishing license holder reports that supported the license certification hunting and fishing license numbers. It also provided detailed hunting and fishing license holder reports, but the hunting and fishing license holder numbers in the detailed reports did not match the summary reports.

The Department had not removed all the duplicate licenses from the count because the duplicate removal system is coded to consider transactions as duplicates only when there are matches in social security number. Therefore, if a single license holder purchases duplicate licenses but enters differing social security numbers or leaves the social security number field blank, the system will not recognize them as duplicate licenses even if all the purchaser’s other information is the same.

The FWS uses the license certifications to determine the amount of WSFR funds to be apportioned to each State. By not ensuring that the certified hunting and fishing license numbers were supported by accurate documentation and not eliminating duplicates from its license count, the Department reported an inaccurate number in the license certifications that may have resulted in it receiving a larger apportionment of WSFR funds than it was entitled to receive.

Recommendations
We recommend that the FWS work with the Department to: 14. Resolve the inaccurate license certifications and any effects on apportionment. 15. Ensure the Department can provide the supporting hunting and fishing license reports for the license certifications upon request. 16. Update its license certification policies and procedures to include the process of creating the supporting hunting and fishing license reports. 17. Evaluate its current duplicate removal process to ensure that all duplicates are removed from the license count and revise the process as needed.

Insufficient Subrecipient Risk Assessments and Monitoring Plans

The Department did not adequately conduct risk assessments and use those assessments to develop and implement a monitoring plan for each subrecipient. We reviewed the risk assessments and the implementation of monitoring plans for 10 subrecipients out of a total of 54 subrecipients. Specifically, we found:

- 2 risk assessments were completed after award end.

- 7 risk assessments were incomplete.
- 1 instance where required desk and file reviews were not completed.
- 10 instances where there were no project management plans.
- 10 instances where the monitoring of the subrecipient financial reports were not documented.
- 2 missing subrecipient performance reports.

Federal regulations at 2 C.F.R. § 200.331(b)⁹ state, “All pass-through entities must evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.” In addition, 2 C.F.R. § 200.331(d)(1) states:

All pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring must include: (1) Reviewing financial and performance reports required by the pass-through entity.

In addition, the Department has policies on subrecipient risk assessments and monitoring. The policies outline the responsibilities of the Department as a pass-through entity, including when risk assessments and monitoring are required and the activities that must be performed based on the risk assessment.

These issues occurred because the Department did not follow its policies for risk assessments, subrecipient monitoring and compliance, and pass-through entity responsibilities.

Risk assessments help States prioritize monitoring activities on areas with the highest risk (such as accounting system, payroll, and equipment inventory). Competent monitoring can help ensure project success and accurate reporting by detecting and correcting deficiencies. By not performing adequate risk assessments and monitoring activities, the Department risks subaward projects not being completed as required, subaward performance goals not being achieved, and misuse of Federal grant dollars.

⁹ As of November 12, 2020, 2 C.F.R. § 200.331 has been amended to 2 C.F.R. § 200.332.

Recommendation
We recommend that the FWS work with the Department to: 18. Develop a mechanism to hold employees accountable for following the Department's existing policies on risk assessments, subrecipient monitoring and compliance, and pass-through entity responsibilities.

Inadequate Oversight of Subrecipients

The Department did not exercise adequate oversight of its subrecipients to ensure compliance with Federal regulations and terms and conditions of the subaward. For example, Shady Oaks Gun Range (SOGR) could not provide an adequate subaward cost project report from its financial management system. It did provide an internal spreadsheet on which it tracked expenses, but there were multiple deficiencies, including math errors, discrepancies between the billed invoice amounts and the amounts in the spreadsheet, and lack of State payment information.

The SOGR is also required to submit invoices quarterly to the Department per the terms of the subaward. All invoices billed by the SOGR under this subaward were provided, but four of the five invoices provided were billed in periods from 10 months to almost 16 months. In addition, the SOGR did not submit performance reports according to the terms and conditions of the subaward. The SOGR was required to submit performance reports on September 30, of 2017, 2018, and 2019 per the subaward but provided only one performance report, dated October 30, 2018. The SOGR also performed subaward activity that had not yet been approved within the subaward. The performance report provided showed that the SOGR completed the building foundation and shell walls for the 50-yard target range building as of May 15, 2018. The SOGR, however, had not received approval for this activity until Amendment 3 of the subaward, dated December 4, 2018.

Federal regulations at 2 C.F.R § 200.302 state that:

. . . the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, 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 adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

In addition, the subaward terms require yearly performance reports and quarterly invoices.

Furthermore, 2 C.F.R. § 200.331(d)(1)¹⁰ requires the pass-through entity to monitor the subrecipient. This monitoring includes reviewing financial and performance reports.

These issues occurred because the Department did not follow its policies on verification of subrecipient compliance, financial and performance report review, and pass-through entity responsibilities.

Without adequate oversight of the Department's subrecipients, we have no assurance that the Department's subrecipients used Federal funds for authorized purposes or obtained the best price for quality goods and services.

Recommendation
We recommend that the FWS work with the Department to: 19. Develop a mechanism to hold employees accountable for following the Department's existing policies on oversight of subrecipients' compliance with Federal laws and regulations and grant terms and conditions.

Inadequate Support of Real Property Records

The Department did not provide adequate support for its real property records purchased with WSFR funds or license revenue. The Department provided the Notice of Lands Reconciliation letter approved by the Department and the FWS; the letter stated that a reconciliation had been completed. We requested a report from the real property management system showing all real property purchased with WSFR funds or license revenue that would support the inventory included in the Notice of Lands Reconciliation letter, but the Department did not provide the report.

According to 50 C.F.R. § 80.90(f), a State fish and wildlife grantee is responsible for control of all assets acquired under the grant to ensure that the assets serve the purpose for which acquired throughout their useful life. Also, 2 C.F.R. § 200.329¹¹ states, "The Federal awarding agency or pass-through entity must require a non-Federal entity to submit reports at least annually on the status of real property in which the Federal Government retains an interest, unless the Federal interest in the real property extends 15 years or longer." In those instances where the Federal interest attached is for a period of 15 years or more, the Federal awarding agency or pass-through entity, at its option, may require the non-Federal entity to report at various multiyear frequencies (such as every 2 or 3 years, not to exceed a 5-year reporting period; or a Federal awarding agency or pass-through entity may require annual reporting for the first 3 years of a Federal award and thereafter require reporting every 5 years). In addition, 2 C.F.R. § 200.333(c)¹² states,

¹⁰ As of November 12, 2020, 2 C.F.R. § 200.331 has been amended to 2 C.F.R. § 200.332.

¹¹ As of November 12, 2020, 2 C.F.R. § 200.329 has been amended to 2 C.F.R. § 200.330.

¹² As of November 12, 2020, 2 C.F.R. § 200.333 has been amended to 2 C.F.R. § 200.334.

“Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.” Lastly, 2 C.F.R. § 200.336(a)¹³ states that Inspectors General must have the right of access to any documents, papers, or other records of the non-Federal entity that are pertinent to the Federal award, to make audits, examinations, excerpts, and transcripts.

In addition, the Department’s asset management policy indicates that assets purchased with Federal funds must be flagged within the system of record and record custodians will maintain records of federally funded assets to ensure compliance with grant requirements, Department policies, and Federal property management standards.

While the Department is required to maintain asset records to ensure compliance with requirements and regulations, it did not provide us with support for its real property inventory. The report the Department provided to us did not have all the required information, and we could not reconcile it to the FWS real property records. When we followed up with the Department about the discrepancies, it told us it is working on tying the land records in the reconciliation to the real property records identified in the system. The Department never provided us an accurate report, despite the four requests we made for this documentation.

Because the Department could not provide adequate support for the real property records, we could not verify that the real property records were complete and accurate. If the Department does not maintain an accurate list of real property records, it cannot ensure that real property is being used for the intended purposes.

Recommendation
We recommend that the FWS work with the Department to: 20. Maintain an accurate and comprehensive inventory of all lands purchased with WSFR funds or license revenue.

¹³ As of November 12, 2020, 2 C.F.R. § 200.336 has been amended to 2 C.F.R. § 200.337.

Recommendations Summary

We provided a draft of this report to the FWS for review. The FWS concurred with 20 recommendations. We consider recommendations 1–4, 6–16, and 18–20 resolved but not implemented, and recommendations 5 and 17 resolved and implemented. Below we summarize the Department’s and the FWS’ responses to our recommendations, as well as our comments on their responses. See Appendix 4 for the full text of the Department’s and the FWS’ responses; Appendix 5 lists the status of each recommendation.

We revised the amount of unsupported costs in Recommendations 1 and 2 based on information we received in response to our draft report. Details of the revisions are included in the respective “OIG Comment” sections below.

We recommend that the U.S. Fish and Wildlife Service work with the Department to:

1. Resolve the Federal share of unsupported costs related to other direct costs totaling \$45,659.

Department Response

The Department did not concur with the recommendation in our draft report. In its response to our draft report, the Department explained we should have been testing support for the “burden cost” instead of the invoice amount. The Department stated that “OIG auditors structured the audit procedures and tested against the wrong column from the population spreadsheet and used incorrect assumptions to pull their samples for testing.” The Department also stated that of the total grant expenditure invoice amounts selected for testing by the auditors for FYs 19 and 20, only \$54,591.07 were claimed against the WSFR grants. The Department provided additional support and a walkthrough to demonstrate the allocation of the costs.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Because the FWS concurred with our recommendation, we consider it resolved but not implemented. Throughout the audit fieldwork, we faced delays in receiving supporting documentation for the other direct costs sample, and we did not receive a general explanation regarding the information the Department had provided. Specifically, our initial request for other direct costs support was in May 2021. The sample included items purchased with both grant funds (recommendation 1) and license revenue funds (recommendation 2). We notified the Department in July 2021 that we would be issuing a Notice of Potential Finding and Recommendation (NPFR) because we had only received full support for 6 of the 160 transactions selected for testing. Later in July 2021, the Department provided additional support, but this support was not adequate. In October 2021, we issued an NPFR for the other direct costs and the amount questioned in the NPFR was the total invoice amount

(\$7,224,999). After our exit conference, Department staff asked if we would be questioning the invoice amounts or the “burden costs” amounts. We explained that because we did not receive support showing the allocation from the invoice amount to the “burden costs”¹⁴ amount during our audit, we would be questioning the invoice amount in our draft report.

After reviewing the Department’s walk through of the “burden costs” allocation provided in response to our draft report, we adjusted our original questioned costs to only include the unsupported burden costs amount for our sample. The burden costs amount related to the total invoice amount sampled was \$54,591.07. During fieldwork, the Department provided support for \$8,932 of the total burden costs, resulting in the unsupported burden costs of \$45,659 during the time of the audit. We revised our original recommendation for the Department to resolve \$7,224,999 in unsupported costs to the \$45,659 in unsupported burden costs. We reviewed the additional support provided with the Department’s response to the draft report and determined \$11,110 remains unresolved.

2. Resolve the potential diversion of \$14,412 related to unsupported license expenditures.

Department Response

The Department did not concur with the recommendation in our draft report. In its response to our draft report, the Department explained we should have tested against the “burden costs” column, not the total invoice amount. In addition, the Department said it did not concur with the recommendations 1 and 2, stating the same invoices were tested multiple times for a total of \$5,585,243. The Department also provided additional supporting documentation.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Because the FWS concurred with our original recommendation, we consider the recommendation resolved but not implemented. As stated in our comment to recommendation 1, throughout the audit fieldwork, we faced delays in receiving the support for the other direct costs sample and the explanation regarding the invoice amount versus the burden costs amount. Our initial request for other direct costs support was in May 2021. The sample included items purchased with both grant funds (recommendation 1) and license revenue funds (recommendation 2). We notified the Department in July 2021 that we would be issuing an NPFR because we had only received full support for 6 of the 160 transactions selected for testing. Later in July 2021, the Department provided additional support, but this support was not adequate. In October 2021, we issued an NPFR for the other direct costs and identified a potential diversion of license revenue funds based on the total invoice amount.

After our exit conference, Department staff asked if we would be questioning the invoice amounts or the burden costs amounts. We explained that because we did not receive support

¹⁴ The burden cost depicts the amount of the invoice that is claimed against the WSFR grants.

showing the allocation from the invoice amount to the burden costs amount during our audit, we would be questioning the invoice amount in our draft report. In response to our draft report, the Department provided an example of the allocation for one invoice, which we verified. This is the same invoice referenced in our comment to recommendation 1. We also verified that we did include \$5,585,243 for invoices tested multiple times; however, the burden costs for each of the invoices selected were not duplicated. Based on total invoice amounts, we identified \$14,767.86 as the burden costs related to the potential diversion of license revenue. During fieldwork, the Department supported \$356.04 of the burden costs, resulting in potential diversion of license revenues of \$14,412. We revised our original recommendation for the Department to resolve \$5,440,390 in unsupported costs to the \$14,412 in unsupported burden costs. We reviewed the additional support provided with the Department's response to our draft report and determined that \$1,335 remains unresolved.

3. Develop a mechanism to hold employees accountable for following Federal and State policies and procedures that require personnel to obtain proper documentation to support all expenditures.

Department Response

The Department concurred with the recommendation, stating that "controls can be strengthened to ensure that Federal and State policies and procedures are followed and that proper documentation is retained to support all expenditures." The Department also stated that "officials intend to develop and implement policies and procedures in response to this recommendation."

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

4. Resolve the Federal share of questioned costs related to the NBCI subaward agreement totaling \$123,074.

Department Response

The Department concurred with the finding but not the recommendation. The Department cited the issues raised in OIG Management Advisory 2020–WR–019¹⁵ and agrees with the September 4, 2020 response from the FWS Director:

We agree that NBCI did not allocate costs among participating States and external partners according to relative benefit received by each partner. However, NBCI used the combined resources of the State agencies to coordinate

¹⁵ Issues Identified With Wildlife Restoration Subawards to the University of Tennessee, National Bobwhite Conservation Initiative (Report No. 2020–WR–019), issued July 6, 2020.

a regional approach to the restoration of native grassland habitat, benefitting the overall population of wild bobwhites, and all participating States, to a greater degree than might otherwise have been achieved through the lone efforts of individual States. Those combined resources and the inclusion of non-WSFR funding sources resulted in the Wildlife Restoration Program receiving benefit well beyond the value of the grant funds.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the FWS' response to this draft report, we consider the recommendation resolved but not implemented.

5. Resolve the Federal share of questioned costs related to unsupported subrecipient expenditures totaling \$283,637.

Department Response

The Department did not concur with the recommendation. The Department stated that in its response to the NPFR, the Department provided timesheets for hourly employees and effort certification reports for salaried employees to resolve the questioned costs related to unsupported subrecipient expenditures.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the FWS' response and the additional information provided by the Department, we consider the recommendation resolved and implemented. The Department did not provide information supporting these costs in response to our NPFR on this issue, or an explanation regarding why it did not provide the information. In response to the draft report, however, the Department provided payroll accounting adjustments, time entry reports, cost allocation reports, and effort certification reports, which resolved the questioned costs related to unsupported subrecipient expenditures. However, the questioned costs in our report remain unchanged because the Department did not provide this information during the time of our review.

6. Develop a mechanism to hold employees accountable for following the Department's existing policies on verification of subrecipient compliance, financial and performance report review, and pass-through entity responsibilities.

Department Response

The Department concurred with the recommendation, stating that "controls can be strengthened to ensure that employees follow the Department's existing policies" and that they are "in the process of implementing this recommendation."

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

7. Resolve the Federal share of questioned costs related to unsupported in-kind volunteer match totaling \$232,527.

Department Response

The Department concurred with the finding and recommendation. The Department stated that "all four Federal awards were overmatched¹⁶ with in-kind contributions." The Department said it resolved the questioned costs by reducing the in-kind volunteer match on each award. After reducing the in-kind volunteer match, the Department said each award is still overmatched.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented. The recommendation will be considered resolved and implemented when we receive documentation demonstrating that the FWS has reviewed the Department's revision of the Federal financial reports and approved the changes.

8. Evaluate its current grant program in-kind policies and procedures to ensure that program-specific procedures agree with the overall *Federal Grants Guidance Manual* and to ensure segregation of timesheet entry and approver duties.

Department Response

The Department concurred with the recommendation and stated it is in the process of implementing the recommendation.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

¹⁶ "Match" is the non-Federal portion of project costs or value of any non-Federal in-kind contributions of a grant-funded project. "Overmatched" funds are the costs in excess of the total approved grant cost but were necessary and reasonable to accomplish the grant objectives.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

9. Evaluate the volunteer management system controls and implement any new controls to prevent duplicate entries and timesheet charges entered prior to the date of service.

Department Response

The Department concurred with the recommendation and stated it is in the process of implementing the recommendation.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

10. Develop a mechanism to hold employees accountable for following established policies and procedures.

Department Response

The Department concurred with the recommendation and stated it is in the process of implementing the recommendation.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

11. Resolve the potentially diverted funds of \$55,948.

Department Response

The Department said it "mostly concurs" with the finding and recommendation. The Department stated not all of the amounts questioned for the disposed equipment were accurate. After we issued our draft report, the Department provided additional support for the disposed equipment, which included a summary of corrected journal entries made after our review to correct the disposition proceed amounts, a disposition summary for each item in question, and acquisition funding support showing a split of 65 percent license revenue and 35 percent non-license revenue. In addition, the Department provided procedures for coding insurance settlements. As a result of the finding, the Department researched other disposals and found that in fiscal year 2019, the Department miscoded 13 service weapons, valued at

\$4,896, and that in fiscal year 2020, the Department miscoded 11 service weapons, valued at \$6,075.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented. We reviewed the acquisition funding for the disposed items and noted that most of the items were acquired with 65 percent license revenue and 35 percent other funds. We also reviewed the additional support the Department provided in its response to our draft report and determined that the additional support resolves \$16,930 of the potential diversion, leaving a potential diversion of \$39,018. We found the summary or corrected journal entries to be insufficient to resolve the remaining potential diversion. The support the Department provided includes a document summarizing the journal entries needed to revise the amounts but does not include support showing the Department made those entries in the system to correct the amounts.

12. Develop and implement policies and procedures that ensures that funds received from equipment disposals are deposited into the appropriate accounts.

Department Response

The Department concurred with the recommendation and provided its new procedure for coding insurance settlements.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented. We reviewed the procedure for coding insurance settlements, which was sufficient to address situations in which insurance proceeds are received. However, the Department also sold assets and did not deposit the proceeds in the correct account. The recommendation will be considered resolved and implemented when we receive documentation demonstrating that the Department has developed and implemented policies that ensure that funds received from all equipment disposals are deposited into the appropriate accounts.

13. Review the disposition records and the accounting database to verify and correct any other disposals that were deposited into wrong accounts.

Department Response

The Department concurred with the recommendation. The Department provided additional support identifying disposals that it deposited into the wrong accounts and provided a summary of corrected journal entries.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented. The support the Department provided includes a document summarizing the journal entries needed to correct the deposits but does not include support showing the Department made those journal entries in the system. The recommendation will be considered resolved and implemented when we receive documentation demonstrating that the journal entries have been made in the system.

14. Resolve the inaccurate license certifications and any effects on apportionment.

Department Response

The Department concurred with the finding and recommendation and submitted revised certification numbers to the FWS on October 12, 2021, for license years 2018 and 2019.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented. According to the email the Department provided, it has not received a response from the FWS confirming the FWS accepted the revisions. The recommendation will be considered resolved and implemented when we receive documentation demonstrating that the FWS has reviewed and approved the revisions to the license certification numbers.

15. Ensure the Department can provide the supporting hunting and fishing license reports for the license certifications upon request.

Department Response

The Department did not expressly concur with the recommendation but stated that it "created a process to store the license tables for each reporting year." The Department also stated that this process was implemented for license year 2020, which had a certification submitted on September 30, 2021.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's actions and the FWS' response, we consider the recommendation resolved but not implemented. We reviewed the procedure to eliminate duplicate counts and agree the revised procedures should address the concerns about the elimination of duplicate hunter/fisherman counts. However, we did not receive a copy of the 2021 certification and are unable to determine if this procedure was implemented.

16. Update its license certification policies and procedures to include the process of creating the supporting hunting and fishing license reports.

Department Response

The Department did not expressly concur with the recommendation but stated that "the process of creating the supporting hunting and fishing reports is now included in the license certification policies and procedures titled 'Procedure to Eliminate Duplicate License Counts.' The Department also stated that it implemented and used the updated policies and procedures for license year 2020.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's actions and the FWS' response, we consider the recommendation resolved but not implemented. We reviewed the procedure to eliminate duplicate counts of hunters and fishermen for Federal reporting. However, the procedure does not address the process of creating the license reports. During fieldwork, the Department was unable to provide summary reports to support the numbers reported on the license certifications. The Department needs to include the process of creating the supporting hunting and fishing license reports in its policies and procedures.

17. Evaluate its current duplicate removal process to ensure that all duplicates are removed from the license count and revise the process as needed.

Department Response

The Department did not expressly concur with the recommendation but stated that it "updated the current process to include searching for duplicates that match based on first name, last name, date of birth, and address." The Department also stated that it implemented and used the updated process for license year 2020.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's actions and the FWS' response, we consider the recommendation resolved and implemented. We reviewed the procedure to eliminate duplicate counts and agree the revised procedures should address the concerns about the elimination of duplicate hunter/fisherman counts.

18. Develop a mechanism to hold employees accountable for following the Department's existing policies on risk assessments, subrecipient monitoring and compliance, and pass-through entity responsibilities.

Department Response

The Department concurred with the finding and recommendation and stated it will work to implement the recommendation.

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

19. Develop a mechanism to hold employees accountable for following the Department's existing policies on oversight of subrecipients' compliance with Federal laws and regulations and grant terms and conditions.

Department Response

The Department concurred with the finding and recommendation and stated it will work to implement the recommendation.

FWS Response

The FWS concurred with the finding and recommendation and said it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

20. Maintain an accurate and comprehensive inventory of all lands purchased with WSFR funds or license revenue.

Department Response

The Department concurred with the finding and recommendation and stated it "will work to reconcile its real property inventory with the FWS' real property records."

FWS Response

The FWS concurred with the finding and recommendation and stated it will work with the Department to develop a corrective action plan.

OIG Comment

Based on the Department's and the FWS' responses, we consider the recommendation resolved but not implemented.

Appendix 1: Scope and Methodology

Scope

We audited the Texas Parks and Wildlife Department's (Department's) use of grants awarded by the U.S. Fish and Wildlife Service (FWS) under the Wildlife and Sport Fish Restoration Program (WSFR). We reviewed 124 grants that were open during the State fiscal years (SFYs) that ended August 31, 2019, and August 31, 2020. We also reviewed license revenue during the same period. The audit included expenditures of \$88.4 million and related transactions. In addition, we reviewed historical records for the acquisition, condition, management, and disposal of real property and equipment purchased with either license revenue or WSFR grant funds.

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, telephone, and video conferencing. As a result, we could not perform normal audit procedures for (1) equipment verification, (2) observing grant projects specific to construction and restoration work, and (3) subawards to subrecipients. Therefore, the audit team relied on alternative evidence provided by Department personnel that was determined to be sufficient and appropriate to support our conclusions.

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 State'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 Department.

- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income.
- Interviewing Department employees by telephone or videoconferencing.
- Inspecting equipment and other property using photographic evidence.
- Determining whether the Department used hunting and fishing license revenue for the administration of fish and wildlife program activities.
- Determining whether the State passed required legislation assenting to the provisions of the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.
- Evaluating State policies and procedures for assessing risk and monitoring subawards.

We found deficiencies in internal control resulting in our nine findings of unsupported other direct costs, unallowable payments to subrecipient, unsupported subrecipient expenditures, unsupported in-kind contributions, undeposited disposed equipment license revenue proceeds, unsupported license certifications, insufficient subrecipient risk assessments and monitoring, inadequate oversight of subrecipients, and inadequate support of real property records.

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 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 Texas fish and wildlife agency and that agency's management of WSFR resources and license revenue.

The Department 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 Department on WSFR grants.¹⁷ We followed up on 31 recommendations from these reports and found that the U.S. Department of the Interior's Office of Policy, Management and Budget considered all 31 recommendations resolved and implemented.

State Audit Reports

We reviewed the single audit reports for SFYs 2019 and 2020 to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards indicated \$89.6 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. Both reports noted a significant deficiency in internal control for other programs, and we considered this as a risk indicator when we prepared our audit procedures and tests.

We also reviewed two audit reports from the Department's internal audit staff. One report did not have any findings. The second report had one finding related to monitoring of deliverables.

¹⁷ U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Texas, Texas Parks and Wildlife Department, From September 1, 2012, Through August 31, 2014 (2015-EXT-008), issued August 2017, and U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Texas, Parks and Wildlife Department, From September 1, 2006, Through August 31, 2008 (R-GR-FWS-0005-2009), issued November 2009.

Appendix 2: Sites Visited Virtually

Boating Access Facilities	Alvarado Park Lake State Hwy 66 Striker Reservoir
Wildlife Management Area	Chaparral
Other	Lake Houston Wilderness Park Sea Center Texas Nature Center (Tyler)

Appendix 3: Monetary Impact

We questioned a total of \$866,749 (\$684,897 Federal share). Specifically, we questioned \$164,098 (\$123,074 Federal share) as unallowable and \$702,651 (\$561,823 Federal share) as unsupported. We also identified a potential diversion of \$70,360 in license revenue from the Texas Parks and Wildlife Department (Department) (non-Federal funds).

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

Grant No.	Grant Title	Cost Category	Questioned Costs (\$) (Federal Share)	
			Unallowable	Unsupported
F17AF01124	Wildlife Research	Subrecipient	–	283,637
F14AF01005	NBCI	Subrecipient	123,074	–
F17AF01239	Master Naturalist	In-Kind Contribution	–	79,701
F19AF01105	Master Naturalist	In-Kind Contribution	–	57,336
F17AF01071	Aquatic Education	In-Kind Contribution	–	77,490
F19AF01206	Aquatic Education	In-Kind Contribution	–	18,000
Multiple	Multiple	Other Direct Costs	–	45,659
Totals			\$123,074	\$561,823

Monetary Impact: Potential Diversion of License Revenue

Finding Area	Amount (\$)
Unsupported Other Direct Costs	14,412
Disposed Equipment Proceeds	55,948
Total	\$70,360

Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 34. The Texas Parks and Wildlife Department's response to our draft report follows on page 35.



United States Department of the Interior

FISH AND WILDLIFE SERVICE

P.O. Box 1306
Albuquerque, New Mexico 87103

May 23, 2022



In Reply Refer To:
FWS/R2/RD-WSFR

Memorandum

To: Amy Billings
Regional Manager, Central Region

From: Cliff Schleusner 
Regional Manager, Wildlife and Sport Fish Restoration Program

Subject: Draft Audit Report Comments - U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Texas, Texas Parks and Wildlife Department, from September 1, 2018, through August 31, 2020
Report No. 2021-CR-008

Attached are the Texas Parks and Wildlife Department's (Department) comments to the Office of Inspector General's Draft Audit Report No. 2021-CR-008. Additional supporting documentation can be found in the Teams site OIG-WSFR TX Review/Files/1.Response to Draft. In the Department's comments they have specified the folder where backup and supporting documentation can be found. The Service concurs with the auditor's draft findings and recommendations and has reviewed the Department's response.

We will work closely with the Department's staff in developing and implementing a corrective action plan that will resolve the findings and recommendations.

If additional information is required, please contact Cheryl Rodriguez, Grants Fiscal Officer, at .

Attachments



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Carter P. Smith
Executive Director

May 18, 2022

Mr. Cliff Schleusner
WSFR Regional Manager, Southwest Region
U.S. Fish and Wildlife Service
P.O. Box 1306, Rm 8514
Albuquerque, NM 87103-1306

RE: FWS/R2/RD-WSFR

Dear Mr. Schleusner:

This response is in acknowledgement of the letter dated March 17, 2022, requesting written comments on the Results of Audit section and the auditor's recommendations contained in Draft Audit Report No. 2021-CR-008.

Thank you for granting a 30-day extension to provide comments. Please see attached comments on results of the audit and recommendations contained in Draft Audit Report No. 2021-CR-008. As you will undoubtedly note, there were several Draft Audit findings for which we have substantial disagreement. I trust we can continue to work through these areas and reach a mutually agreeable conclusion.

If you should have any questions about our responses, please do not hesitate to contact Mr. Brock Talley by email at [REDACTED] or by phone at (512) 389-8679. Thank you and we look forward to hearing back from you.

Sincerely,

Carter Smith
Executive Director

CS:bt

Enclosure

cc: Mr. Clayton Wolf
Mr. Reggie Pegues
Ms. Brandy Meeks
Mr. Justin Halvorsen
[REDACTED]
Mr. Brock Talley
Ms. Dana Lagarde
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Ms. Tammy Brooks

Texas Parks and Wildlife Department Comments
on the Office of Inspector General (OIG) Draft Audit Report

*U.S. Fish and Wildlife Service Grants Awarded to the State of Texas, Parks and Wildlife Department,
From September 1, 2018, Through August 31, 2020,
Under the Wildlife and Sport Fish Restoration Program Report No. 2021–CR–008*

OIG Findings and Recommendations:

Questioned Costs—\$8,046,089 (\$7,864,237 Federal Share) and Potential Diversion of \$5,496,338

Unsupported Other Direct Costs—Questioned Costs of \$7,224,999 (Federal Share) and Potential Diversion of \$5,440,390

1. Resolve the Federal share of unsupported costs related to other-direct-costs totaling \$7,224,999

Department Response

The Department does not concur that \$7,224,949 (federal share) of other-direct costs are unsupported. The Department of Interior (DOI), OIG auditors structured the audit procedures and tested against the wrong column from the population spreadsheet and used incorrect assumptions to pull their samples for testing.

The auditors requested support for the total “invoice” amount for each selection instead of testing support for the “burden cost” for each selection. The “burden cost” column was provided in the population data from which the samples were pulled. The “burden cost” column depicts the amount of the invoice that was claimed against the Wildlife and Sport Fish Restoration (WSFR) grant funds. On May 21, 2021, the Department pointed out that some of the samples of expenses selected for audit were missing relevant and critical information based on the scope of the audit, such as burden cost. As a result, the OIG auditors corrected the samples to include the relevant information. On November 22, 2021, the Department received a follow up request to review an Other Direct Cost (ODC) Sample spreadsheet and upon review notified the OIG auditors that their workpapers are still inaccurate and incomplete. The Department responded that the “spreadsheet Claimed Amount column is referencing the invoice amount instead of the amount charged to the grant (burden cost). This is causing the questioned amounts to be significantly higher than what was charged to the grants.” On December 1, 2021, the Department further followed up in the same email chain indicating “It doesn’t seem like the draft report should include the Invoice Amount since the samples represent less than \$70,000 that was actually charged to the grants (Burden Cost column).” [Provided to the OIG auditors via the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/ODC Finding, in a folder named “Support for Mng Responses to OIG Recommendations nos 1-3,” is a file entitled “Burden Cost Narrative – Voyager Card Example.” This file provides a walkthrough of sample item #10 (voucher number 1904537) from the “FY20 GrantExp_Sample” testing spreadsheet tab, showing that only \$94.18 (burden cost) of the \$433,783.90 (invoice amount) was claimed against the WSFR grant for this selection.] Only amounts claimed against the WSFR grants (burden costs) should have been considered for testing.

Of the total grant expenditure invoice amounts selected for testing by the auditors for FY19 and 20 (\$7,298,318.07), only \$54,591.07 (total burden costs) were claimed against the WSFR grants. This is the maximum amount that should be considered for testing. Of this amount, we provided support for \$51,329.07 of the burden costs. Of the 80 selections tested, we provided full support for 53, partial support for 24, and no support for 3. The Department concludes that \$3,262 of the burden cost amounts lacked adequate support and remain as questioned costs. [Provided to the OIG auditors via the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/ODC Finding, in a folder named "Support for Mng Responses to OIG Recommendations nos 1-3," is a file entitled "TPWD Auditor Testing," which depicts the results of the retesting performed by TPWD's internal auditors, testing the burden costs amount for each selection made by the OIG auditors.]

2. Resolve the potential diversion of \$5,440,390 related to unsupported license expenditures

Department Response

The Department does not concur that \$5,440,390 (state share) of hunting and fishing license revenues were used/diverted for purposes other than the administration of the State fish and wildlife agency. For the same reason as mentioned in audit recommendation # 1 (one) above, only a small fraction of the \$5,461,099 invoice amounts for hunting and fishing licensing expenditures were claimed as the state match to the federal portion of the WSFR grants. The Department believes that the DOI, OIG auditors structured the audit procedures and tested against the wrong column from the population spreadsheet and used incorrect assumption to pull their samples for testing. The auditors tested support for the total "invoice" amount instead of testing support for the "burden cost."

Of all the license expenditure invoices selected for testing by the auditors for FY19 and 20, only \$14,754.63 (total burden costs) were claimed as match against the WSFR grants. This is the maximum amount eligible to be considered for testing. Of this amount, we provided support for \$13,955.17 of the burden costs. Of the 80 selections tested, we provided full support for 16, partial support for 63, and no support for 1. The Department concludes that \$33.91 of the burden cost amounts lacked adequate support and remain as questioned costs. [Provided to the OIG auditors via the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/ODC Finding, in a folder named "Support for Mng Responses to OIG Recommendations nos 1-3," is a file entitled "TPWD Auditor Testing," which depicts the results of the retesting performed by TPWD's internal auditors, testing the burden costs amount for each selection made by the OIG auditors.]

Additionally, for audit recommendation # 1 (one) and # 2 (two) above, we also do not concur with the findings as the same invoices were tested multiple times, and counted as exceptions multiple times, in the \$7,224, 949 and \$5,440,390 questioned costs amounts listed above. As shown below, \$5,585,243.14 of the \$12,759,417.42 total invoices tested, or 43.77% of the invoices tested, were counted multiple times as questioned costs:

Count	Voucher Number	Total	Duplicated	Overage Amount
1	1904537	\$ 433,783.90	3x	\$ 867,567.80
2	1911260	\$ 399,955.69	2x	\$ 399,955.69
3	1935868	\$ 336,127.00	2x	\$ 336,127.00
4	2007579	\$ 457,572.41	3x	\$ 915,144.82
5	2015009	\$ 350,447.39	2x	\$ 350,447.39
6	2031510	\$ 375,190.32	4x	\$ 1,125,570.96
7	2038429	\$ 319,415.65	5x	\$ 1,277,662.60
8	2061323	\$ 272,586.98	2x	\$ 272,586.98
9	1892701	\$ 1,123.70	2x	\$ 1,123.70
10	1940093	\$ 37,630.07	2x	\$ 37,630.07
11	2062020	\$ 1,426.13	2x	\$ 1,426.13
			Total	\$ 5,585,243.14

3. Develop a mechanism to hold employees accountable for following Federal and State policies and procedures that require personnel to obtain proper documentation to support all expenditures

Department Response

The Department agrees that controls can be strengthened to ensure that all Federal and State policies and procedures are followed and that proper documentation is retained to support all expenditures claimed to Federal and the State portion of grants (i.e., burden costs). Department officials intend to develop and implement policies and procedures in response to this recommendation.

Unallowable Payments to the National Bobwhite Conservation Initiative— Questioned Costs of \$164,098 (\$123,074 Federal Share)

4. Resolve the Federal share of questioned costs related to the NBCI subaward agreement totaling \$123,074

Department Response

The Department concurs with the finding, but not the recommendation to resolve the questioned costs of \$164,098.12. The Department is aware of the issues raised in OIG Management Advisory 2020-WR-019 and agrees with the following excerpt from U.S. Fish and Wildlife Service Director, Aurelia Skipwith's response dated September 4, 2020.

We agree that NBCI did not allocate costs among participating States and external partners according to relative benefit received by each partner. However, NBCI used the combined resources of the State agencies to coordinate a regional approach to the restoration of native grassland habitat, benefitting the overall population of wild bobwhites, and all participating States, to a greater degree than might otherwise have been achieved through the lone efforts of individual States. Those combined resources and the inclusion of non-WSFR funding sources resulted in the Wildlife Restoration Program receiving benefit well beyond the value of the grant funds.

NBCI conducts research and coordinates efforts to restore habitat for wild populations of bobwhite quail for the benefit of the American public. These activities and accomplishments are consistent with the eligible activities listed in 50 CFR 80.50(a), satisfy the purposes of the Pittman-Robertson Wildlife Restoration Act and are in line with the Department of the Interior's vision to spend funding productively on the ground to better meet our natural resource management responsibilities. Because the combined grant costs were necessary and reasonable relative to the overall benefit to the WSFR program, the Service will not require the repayment of prior awarded funds.

Unsupported Subrecipient Expenditures—Questioned Costs of \$346,956 (\$283,637 Federal share)

5. Resolve the Federal share of questioned costs related to unsupported subrecipient expenditures totaling \$283,637

Department Response

The Department does not concur that the full \$346,956 (\$283,637 federal share) of Louisiana State University (LSU) salaries, fringe, and associated F&A costs are unsupported for the following reason: In accordance with OMB Circular A-21, Cost principles for educational institutions, “after the fact” allocation of salaries by level of effort is acceptable as long as the level of effort is certified by the employee or other designee.

The Department’s subaward agreements contain a standard clause requiring backup documentation to substantiate costs and list examples including “payroll records showing employee names, hours worked, hourly rate and total costs claimed, etc.” For clarification, the list is not meant to be an exhaustive list of acceptable documentation.

The Notice of Potential Findings and Recommendations (NPFR) for this finding listed unsupported labor, fringe, and facilities and administration costs for 11 LSU employees, of which 7 are hourly employees and 4 are salary employees. In response, the Department provided the OIG auditors with LSU timesheets for hourly employees and LSU certification statements for salaried employees with the level of effort charged to the grant, which fulfills the documentation requirements per OMB Circular A-21. The draft audit report added an additional LSU salaried employee who charged labor, fringe and facilities and administration costs as match. The Department is including the LSU certification statements for the additional salaried employee match of \$63,318.65. Department auditors reviewed all documentation which has now been submitted to OIG and calculated no costs lacking sufficient support. Details from Department auditor review are found in the testing worksheet named “LSU testing sheet (TPWD retesting on 1st tab).” A copy of OMB Circular A-21 with applicable sections highlighted, LSU testing sheet, LSU’s accounting policy, timesheets and the timesheet certification statements for payroll costs are saved to the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/Subrecipient Finding.

6. Develop a mechanism to hold employees accountable for following the Department’s existing policies on verification of subrecipient compliance, financial and performance report review, and pass-through entity responsibilities

Department Response

The Department concurs that controls can be strengthened to ensure that employees follow the Department's existing policies on verification of subrecipient compliance, financial and performance report review, and pass-through entity responsibilities. The Department is in the process of implementing this recommendation.

Unsupported In-Kind Contributions —Questioned Costs of \$310,036 (\$232,527 Federal share)

7. Resolve the Federal share of questioned costs related to unsupported in-kind volunteer match totaling \$232,527

Department Response

The Department concurs with the findings. All four federal awards were overmatched with in-kind contributions. The Department resolved the questioned costs by reducing the in-kind volunteer match on each award for a total of \$77,509 as noted on federal financial reports. After reducing the in-kind volunteer match each award is still overmatched, so no federal share of costs needs to be repaid. Financial reports and email notifications are all saved to the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/Equipment Finding.

- F17AF01239 financial report submitted October 6, 2021
 - F17AF01071 financial report submitted October 11, 2021
 - F19AF01105 financial report submitted October 11, 2021
 - F19AF01206 financial report submitted December 13, 2021
8. Evaluate its current grant program in-kind policies and procedures to ensure that program-specific procedures agree with the overall Federal Grants Guidance Manual and to ensure segregation of timesheet entry and approver duties

Department Response

The Department concurs and is in the process of implementing this recommendation.

9. Evaluate the volunteer management system controls and implement any new controls to prevent duplicate entries and timesheet charges entered prior to the date of service

Department Response

The Department concurs and is in the process of implementing this recommendation.

10. Develop a mechanism to hold employees accountable for following established policies and procedures

Department Response

The Department concurs and is in the process of implementing this recommendation.

Potential Diversion of License Revenue—Undeposited Disposed Equipment Proceeds of \$55,948

11. Resolve the potentially diverted funds of \$55,948

Department Response

The Department mostly concurs with the findings, however the dollar values are not 100% accurate for most of the noted items. To clarify, the vast majority of Department assets are disposed of in a process involving the Texas Facilities Commission (TFC) per state statute (see Government Code Chapter 2175 Subchapter A) which did not have any findings. Two specific processes that did result in findings were: 1) retiring peace officers purchasing their service weapon and, 2) proceeds from an insurance company due to loss of equipment (generally vehicles).

With respect to the retiring peace officer purchasing their service weapon (property #195059); this error was a function of a coding error in the “catalog” of the IT application associated with this disposal process (RMS). The catalog item was updated from 0952 (non-license revenue) to 0932 (license revenue) in December 2021 to address future instances. Research by the Department indicates that 13 service weapons in FY19 were miscoded for a total of \$4,896.06. The Department found 11 service weapons in FY20 were miscoded for a total of \$6,074.88 not including property #195059 for \$431.37. The Department completed correcting journal entries in March 2022. For reference, see: JF221186 (FY19); JF221188 (FY20) and JF221189 (FY20 #195059). Miscodes outside of the audit period were also addressed. See J3008909 (FY22) for \$750.

Finally, 100% of the proceeds were corrected to license revenue, although the original purchase would have been split (for example #195059 was split 65/35 between license revenue/non-license revenue). This was done because catalog items within the RMS system cannot be dynamic for each property number. The corrected journal entries reflect what would have occurred had the catalog item been set up pointing to license revenue (0932) at that moment in time within the RMS accounting system. Had the coding been done on an asset-by-asset basis, the amount to license revenue would have been approximately \$882.63.

With respect to the insurance proceeds, these situations are relatively rare and occur a handful of times a year. As a result, coding is done on a manual case-by-case basis (no catalog item and outside of RMS) and no formal procedures existed. Procedures have since been developed to ascertain the funding associated with the original purchase of the asset and to code the insurance proceed proportionally. Research by the agency indicates that no additional assets (outside of property #206798 and #188122) in FY19 for \$19,419.43 were miscoded. The agency discovered one additional asset was miscoded in FY20 for \$8,021.27 not including property #212081 for \$19,318.12. The agency completed correcting journal entries in March 2022 to address this. For reference, see: JF221187 (FY19 #206798/#188122); JF221189 (#212081) and JF221188 (FY20-others). Note, the proceeds for property #212081 and #206798 noted in NPFR #8 were not correct as the amount shown represented the full amount of the insurance proceed, not the proportional amount associated with license revenue based on the original purchase split. Unlike above with the service weapon, corrections were done exactly proportional to original purchase had the new procedures been followed at that point in time. Miscodes outside of the audit period were also corrected. For reference, see JF221190 (FY21) and J3008849 (FY22).

With respect to the disposal of asset #181533, this item was originally purchased using license revenue dollars but was traded-in for the purchase of a new weapon which was purchased using fund-64 dollars (0643). The events that led to this occurrence were quite unusual that involved the asset owner moving from one division to another within the agency. The original division was funded with a combination of license revenue dollars whereas the subsequent division was not. Since the \$340 represented a trade-in value (a non-cash transaction) and reduction in the cost of a new weapon, there is no appropriate journal entry to correct (i.e. – no revenue or expenses was erroneously coded). However, referring once again to error noted above with the retiring peace officers, the true “value” of the error was about \$882 to license revenue funding with the actual corrected journal entries amounting to slightly over \$12,000. As this far exceeded what was truly needed the agency feels it appropriate to not take additional action on this \$340 trade-in error.

Documentation of corrections and insurance proceed procedures are saved to the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/Equipment Finding.

12. Develop and implement policies and procedures that ensures that funds received from equipment disposals are deposited into the appropriate accounts

Department Response

The Department concurs with the recommendation and implemented a new policy as noted in the response to recommendation eleven. The policy is saved to the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/Equipment Finding.

13. Review the disposition records and the accounting database to verify and correct any other disposals that were deposited into wrong accounts

Department Response

The Department concurs with the recommendation and made corrections as noted in the response to audit recommendation #11 (eleven). Documentation of correcting entries is saved to the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/Equipment Finding.

Control Deficiencies

Unsupported License Certifications and Inaccurate License Certification Data

14. Resolve the inaccurate license certifications and any effects on apportionment

Department Response

The Department concurs with the finding and submitted revised certification numbers to the U.S. Fish and Wildlife Service on October 12, 2021 for license years 2018 and 2019. The revisions reduced the number of licenses reported as follows and had no impact to apportionments.

- 56 licenses (-0.0019%) for license year 2018/apportionment year 2020
- 82 licenses (-0.0028%) for license year 2019/apportionment year 2021

15. Ensure the Department can provide the supporting hunting and fishing license reports for the license certifications upon request

Department Response

The Department created a process to store the license tables for each reporting year, so the data represents the license sales at the time of certification request by the USFWS. This process was implemented for the license year 2020 certification submitted 9/30/2021.

16. Update its license certification policies and procedures to include the process of creating the supporting hunting and fishing license reports

Department Response

The process of creating the supporting hunting and fishing reports is now included in the license certification policies and procedures titled procedure to eliminate duplicate license counts is saved to the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/License Certifications. The updated policies and procedures were implemented and used for the license year 2020 certification submitted 9/30/2021.

17. Evaluate its current duplicate removal process to ensure that all duplicates are removed from the license count and revise the process as needed

Department Response

The Department updated the current process to include searching for duplicates that match based on first name, last name, date of birth and address. In addition to the current search process, the new process excludes the use of the social security number as a matching criterion. The procedure to eliminate duplicate license counts is saved to the DOI Teams site under OIG - WSFR TX Review/General/1. Response to Draft/License Certifications. The updated process was implemented and used for the license year 2020 certification submitted 9/30/2021.

Insufficient Subrecipient Risk Assessments and Monitoring Plans

18. Develop a mechanism to hold employees accountable for following the Department's existing policies on risk assessments, subrecipient monitoring and compliance, and pass-through entity responsibilities

Department Response

The Department concurs with the finding and will work to implement the recommendation.

Inadequate Oversight of Subrecipients

19. Develop a mechanism to hold employees accountable for following the Department's existing policies on oversight of subrecipients' compliance with Federal laws and regulations and grant terms and conditions

Department Response

The Department concurs with the finding and will work to implement the recommendation.

Inadequate Support of Real Property Records

20. Maintain an accurate and comprehensive inventory of all lands purchased with WSFR funds or license revenue

Department Response

The Department concurs with the findings and will work to reconcile its real property inventory with the USFWS real property records.

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
5 and 17	Resolved and implemented	No action is required.
1-4, 6-16, 18-20	Resolved but not implemented: U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with staff from the Texas Parks and Wildlife Department to develop and implement a corrective action plan.	Complete a corrective action plan (CAP) 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.



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