



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

**U.S. Fish and Wildlife Service Grants
Awarded to the Guam Department of
Agriculture, Division of Aquatic and Wildlife
Resources, From October 1, 2018, Through
September 30, 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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INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

JUN 26 2023

Memorandum

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

From: Amy Billings *Amy R Billings*
Director, Central Region Audit Division

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources, From October 1, 2018, Through September 30, 2020, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2022–CR–008

This report presents the results of our audit of costs claimed by the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources (Division), 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 15 recommendations and will work with the Division to implement corrective actions. The full responses from the Division and the FWS are included in Appendix 4. In this report, we summarize the Division's and the FWS' 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 September 25, 2023. 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 March 2021, 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 Guam Department of Agriculture, Division of Aquatic and Wildlife Resources (Division), 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 reviewed.

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 Division generally ensured that grant funds and State hunting and fishing license revenue were used for allowable fish and wildlife activities. We noted, however, issues regarding unsupported drawdowns and insufficient equipment management. We also determined that the Division did not generally comply with applicable laws and regulations, FWS guidelines, and grant agreements, as we noted issues with grant management, late submission of Federal Financial Reports, indirect cost reporting, and subaward regulations and reporting.⁴

We found the following:

- **Questioned Costs.** We questioned \$21,819 (Federal share) as unsupported due to issues with drawdowns and insufficient equipment management (see Figure 1). In addition, we identified a potential diversion of \$11,586 due to insufficient equipment management.
- **Control Deficiencies.** We found opportunities to improve controls in grant management to ensure the Division meets approved grant objectives, Federal Financial Reports comply with reporting requirements, indirect cost reporting meets grant award conditions, and subaward risk assessments and public reporting comply with regulations.

Figure 1: Summary of Unsupported Costs (Federal Share)

Issue	Unsupported Costs (\$)
Unsupported Drawdowns	20,210
Insufficient Equipment Management	1,609
Total	\$21,819

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

⁴ We previously reported on improper drawdowns, inadequate equipment management, and untimely submission of Federal Financial Reports in our 2012 and 2018 audit reports. Although the prior recommendations for the findings were considered resolved and implemented, we found the same issues during our current audit.

Questioned Costs—\$21,819 (Federal Share) and Potential Diversion of License Revenue—\$11,586

Unsupported Drawdowns—Questioned Costs of \$20,210 (Federal Share)

According to 31 C.F.R. § 205.33(a), fund transfers must be limited “to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State.” The timing and amount of fund transfers must be as close as is administratively feasible to a State’s actual cash outlay. In addition, 2 C.F.R. § 200.403 provides basic guidelines for cost allowability. Specifically, to be allowable under Federal awards, costs must be necessary, reasonable, allocable, and adequately documented.

Furthermore, under 50 C.F.R. § 80.96, an agency must not draw down any Federal funds for a grant-funded project under the Acts in greater proportion than total Federal funds. According to 50 C.F.R. § 80.93, costs may be incurred under a grant from the effective date of the grant period to the end of the grant period.

The FWS may reimburse the Division 100 percent of grant expenditures under WSFR, provided the Division expends its funds on grant activity prior to seeking reimbursement. Federal regulations require grantees to support costs claimed with adequate documentation. The Division, however, did not have adequate controls or documentation to support costs claimed for drawdowns of grant funds. As a result, we questioned \$20,210 (Federal share) in unsupported drawdowns (see Figure 2).

Figure 2: Questioned Costs Related to Drawdowns

Grant No.	Grant Title	Drawdown Amount	Expenditure Amount	Questioned Costs (Federal Share) Unsupported (\$)
F19AF01020	Wildlife Restoration	22,875	18,435	4,440
F14AF01263	Wildlife Monitoring and Management FY 2015	560,491	559,026	1,466*
F16AF01010	Maintenance of Masso Reservoir	22,486	18,820	3,666
F16AF01012	Maintenance of the Merizo Pier FY 2017	57,332	54,898	2,434
F17AF00940	Yayaguak Monitoring and Habitat Enhancement	25,154	16,949	8,204*
Totals		\$688,338	\$668,128	\$20,210

* Amounts do not total due to rounding.

We reviewed 60 drawdown transactions and found the Division could not support 4 transactions with sufficient expenditure supporting documentation. The Division overdraw funds in the amount of \$4,440 on a drawdown transaction dated November 20, 2019, for Grant No. F19AF01020. Specifically, the Division could support only \$18,435 in expenditures; however, it performed a drawdown transaction of \$22,875. For the three other drawdown transactions, the Division could not provide supporting documentation for the amounts requested for the drawdowns. We noted, however, that at the time of our review, the Division had closed those three grants, submitted final Federal Financial Reports (SF-425s), and provided reimbursement of the excess funds to the FWS. Because the money had been reimbursed, we did not question the costs associated with these three specific drawdown transactions.

We also reviewed all SF-425s submitted on the 56 grants that were part of our audit universe and found the Division had overdrawn funds for 15 other grants. Several of those grants had claimed expenditures after the grants' period of performance, and the drawdowns were instead performed based on the availability of funds. We note, however, that the Division closed 11 of the 15 grants that had out-of-period costs and provided reimbursement of the overdrawn funds to the FWS totaling \$37,130. Because the money had been reimbursed, we did not question the costs associated with those specific drawdown amounts. For the remaining 4 of the 15 grants that were still open, the Division had \$15,770 in drawdown funds exceeding expenditures. Specifically, \$1,466 under Grant No. F14AF01263, \$3,666 under Grant No. F16AF01010, \$2,434 under Grant No. F16AF01012, and \$8,204 under Grant No. F17AF00940.

Based on discussions with staff, we learned the Division must rely on the Guam Department of Administration (Administration) for all requested drawdowns. The Administration, however, does not have a mechanism in place to verify if expenditures charged to a grant are allowable or within the grant's period of performance. The Administration cannot perform a drawdown for a grant if expenditures exceed the approved grant award amount. However, if a grant has funds available, the Administration can perform drawdowns on expenditures regardless of their allowability, or when the expenditures are incurred.

We were unable to verify whether the Division had actual and allowable expenditures for reimbursement at the time of the Federal drawdown. In addition, the Administration does not have internal controls to prevent drawdowns on expenditures that are past a grant's period of performance, restricting the use of the funds to further wildlife restoration objectives elsewhere and resulting in the Division reimbursing overdrawn funds back to the FWS. Although the Division provided reimbursement to the FWS for the out-of-period costs, and corrected the issues on some grants, we do not have assurance that the Division is properly requesting drawdowns. We, therefore, are questioning \$20,210 in unsupported drawdown costs for the grants that are still open.

Recommendations

We recommend that the FWS work with the Division to:

1. Resolve the Federal share of questioned costs related to the unsupported drawdowns totaling \$20,210.
2. Develop and implement controls to ensure drawdowns are performed on actual and allowable expenditures.
3. Develop and implement controls to ensure expenditures are not incurred and charged to a grant after the period of performance.

Insufficient Equipment Management—Questioned Costs of \$1,609 (Federal Share) and Potential Diversion of License Revenue of \$11,586

According to 2 C.F.R. § 200.313(b), a State “must use, manage, and dispose of equipment acquired under a Federal award by the [S]tate in accordance with [S]tate laws and procedures.” 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.

The Division equipment and capital outlay inventory policy states that the administrative officer (AO) is responsible for implementing the control measures and the procedures to account for equipment and capital outlays and for maintaining a master inventory list. The policy also states that a physical inventory of all fixed assets is required once every 2 years. In addition, the Division must request all asset disposals using (Department of Administration) DOA form ACC-PMB001, and the Fixed Assets Division must approve and verify the disposals.

We reviewed the inventory data the Division provided and selected a sample of 60 inventory items purchased with WSFR funds and State license revenues to verify the accuracy of the inventory data received. We found 18 items were obsolete, damaged, or disposed of without the inventory identifying them as such.

The Division did not conduct required physical inventories, nor did it have updated inventory records. Our past audits and the State single audits identified concerns with the Division’s inventory records and equipment management over the last decade. Specifically, inadequate equipment management and inventory records have been recurring findings in our two previous audit reports issued in 2012 and 2016. The two single audits we reviewed, State fiscal year (SFY) 2019 and SFY 2020, also had findings pertaining to the noncompliance with applicable equipment management requirements. Division staff also informed us that the 2021 Single Audit Report found an issue directly related to fixed asset inventory management. We are concerned about the amount of equipment that is not properly identified, tracked, and disposed of in accordance with policies and regulations.

As a result of identifying equipment that was obsolete, damaged, disposed of, or unverified, we questioned \$1,609 (Federal share) in unsupported equipment purchased with Federal grant funding or WSFR funds. In addition, we identified a potential diversion⁵ of \$11,586 of license revenue for 11 unsupported equipment items purchased with funds generated from the sale of hunting and fishing licenses (see Figure 3).

Figure 3: Questioned Costs and Potential Diversion of License Revenue Related to Equipment

DAWRNO*	Grant No.	Description	Questioned Costs (Federal Share) Unsupported (\$)	Potential Diversion (\$)
2020-013	F19AF01217	Computer with 23.8 Monitor	1,609	-
2014-0000	N/A	Computer - 9XR2N22	-	3,491
2012-0170	N/A	Scooter	-	235
2012-0121	N/A	Tablet WI-FI	-	993
2014-0000	N/A	Computer - 9XS3N22	-	3,491
2013-0070	N/A	10000 BTU Air Conditioner	-	370
2014-0000	N/A	Aluminum Sign	-	350
2013-0016	N/A	Mini Tablet	-	405
2014-0000	N/A	GPS Logger with collar wireless	-	1,495
2013-0052	N/A	128 GB 3.0 Flash Drive	-	252
2013-0053	N/A	128 GB 3.0 Flash Drive	-	252
2013-0051	N/A	128 GB 3.0 Flash Drive	-	252
Total			\$1,609	\$11,586

* DAWRNO is the number included on the Division’s master inventory list.

The remaining 6 of the 18 equipment items were tracked within the equipment management system; however, they were part of other items purchased (i.e., a computer mouse, power adaptors, monitors, and a modem). The equipment items did not have any value listed in the purchase price column of the equipment management system and were therefore not included in the questioned costs or potential diversion amount.

Division officials stated that the AO is responsible for overseeing inventory and that the items should have been updated in the inventory asset listing. In addition, Division staff requested a copy of the Department of Administration’s policy for equipment disposal regarding the removal of items from the inventory records after we questioned the inventory items. The Division also informed us that the items we questioned should have been marked in the equipment management system with a “disposed of” comment.

⁵ Diversion means any use of revenue from hunting and fishing licenses for a purpose other than administration of the State fish and wildlife agency.

When routine physical inventories are not conducted, the inventory list is not updated to reflect the current status of items in the inventory, resulting in Division staff being unaware of what is in the inventory at any given time. In addition, improper oversight of equipment increases the potential for loss or theft. This is exacerbated by the fact that the last discernable physical inventory was conducted in 2014, and the Division has had numerous findings in single audits as well as our prior audits for the past decade. We cannot determine if equipment items purchased with WSFR grant funds were used for the purpose of the grant or if the Division diverted license revenue for purposes other than WSFR administration. Without implementing effective internal controls, the Division cannot assure that it has safeguarded funds from loss or misappropriation.

Recommendations

We recommend that the FWS work with the Division to:

4. Resolve the Federal share of questioned costs related to equipment totaling \$1,609.
5. Resolve the potential diversion of \$11,586 related to unsupported equipment.
6. Complete a physical inventory immediately.
7. Identify any equipment items that are obsolete, damaged, or disposed of, and update items in the asset management database.
8. Develop and implement a mechanism to hold Division employees accountable for ensuring physical inventories are conducted once every 2 years and assets reflect the correct status.

Control Deficiencies

Insufficient Management of Grant Objectives

Under WSFR, grantees are required to maintain records including submitting complete and accurate performance reports and regularly inspecting and monitoring work in progress.⁶ In addition, grantees are required to ensure that project personnel meet time schedules, accomplish the proposed work, meet objectives, and submit the required reports.⁷ Recipients are also required to report deviations from project scope or objective and request prior approvals from Federal awarding agencies for program plan revisions.⁸

⁶ 50 C.F.R. § 80.90(b).

⁷ 50 C.F.R. § 80.90(c).

⁸ 2 C.F.R. § 200.308(b).

Furthermore, 2 C.F.R §200.400(a), (b), and (c) state:

The non-Federal entity is responsible for the efficient and effective administration of Federal awards through the application of sound management practices. The non-Federal entity assumes the responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award . . . and has the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of Federal award.

The Division did not accomplish grant objectives identified in its initial grant award. Specifically, we noted that Grant No. F18AF01014, “Maintenance of Cultural Education Signs Along Guam’s Shores,” contained three major grant objectives:

1. To adequately trim vegetation around the 10 cultural fishing signs once a month to ensure the signs are visible to the public over a 1-year period.
2. To conduct routine maintenance to the 10 cultural fishing signs once a month, and to inspect the footings, bolts, nuts, and frames and replace parts on an as-needed basis for the cultural educational signs over a 1-year period.
3. To write a scope of work and obtain quotes to fabricate, install, and/or relocate five additional frames with signs to five approved sites.

While the first two objectives were addressed in the final project performance report, we found the third objective was not completed by the conclusion of the grant performance period and was omitted from the final performance report without explanations for the deviation in objectives. We noted that the Division did not request any funds for the unmet objective. The Division did provide documentation to support the grant, stating that the staff assigned to the project resigned and a newly assigned staff member determined that all signs were in fair to good condition and did not need to be replaced. However, after reviewing the documentation, we determined that the omitted objective was still not met. Because the Division did not receive approval from the FWS to omit the objective, the Division did not meet the requirement of reporting deviations from project scope or objectives.

The FWS relies on the final project performance reports to determine if grant funds have been expended appropriately and whether the recipient is meeting grant objectives. Without addressing all approved grant objectives in final project performance reports, the FWS is not able to determine whether the grantee has complied with grant conditions or met grant objectives, thereby potentially affecting future funding.

Recommendation

We recommend that the FWS work with the Division to:

9. Develop and implement a mechanism to ensure the Division carries over the grant objectives from the original grant award to the final project performance reports and explains any deviations from the original objective.

Late Submission of Federal Financial Reports

Under WSFR, grantees are responsible for compliance with all applicable Federal, State, and local laws and regulations according to the terms of the grant. The grantee is required to maintain records including submitting complete and accurate SF-425s and performance reports by the due dates in the terms and conditions of the grant.⁹

The Division did not submit the required SF-425s in a timely manner. The due dates for SF-425s vary and are specified by the grant award; however, the Division may request an additional 90 days to submit the SF-425s. Despite receiving extensions on 50 out of 56 SF-425s, the Division still failed to submit them on time. We found that 34 of the 50 reports were late by 5 days or less, while the remaining 16 reports were submitted from between 66 and 93 days late, even after the FWS provided the Division with extensions. This issue was also a finding in our most recent audit report dated March 2018.

The Division informed us that a “lack of staff capacity and capable staff” were the primary reasons for the late SF-425s. In addition, in May 2020, the FWS transitioned its official recordkeeping system for all grants to a new software program. During the transition, the Division lost administrative staff and was in the process of hiring new staff. The new software program offers some online training videos; however, the Division noted that it would be beneficial to have formal training for new staff.

In our prior audit report, the Division stated that the reason for the late SF-425s was a new acting Administrator. In response to the finding, the Division stated that it developed and implemented the *Labor Hour Distribution, Vehicle Use Control, and Reporting Policy* to ensure that the SF-425s are submitted within the required 90-day timeframe and to reduce the need for extensions. Although the FWS received, reviewed, and accepted the documentation and considered the finding resolved and implemented, we found that the policy was not adequate to resolve the issue.

The Division asserted to us that it provided this policy to the administrative staff as intended, but the lack of staff made implementation challenging. The Division also stated it was unaware the reports were late because the FWS did not provide a list of late reports as it had in the past. The FWS Grants Fiscal Officer confirmed that since converting to the new software program, the FWS cannot monitor reporting due dates the way it did in the past because the system does not

⁹ 50 C.F.R. § 80.90(b).

capture the information in a report in the same way the older system had. Before implementing the new software program, the FWS had used the reports from the older system to determine which grant performance reports were due and which ones were past due.

The Division did not comply with the Federal financial reporting terms of the grant award, potentially affecting future funding. Additionally, the FWS uses SF-425s to determine if grant funds have been expended appropriately and whether the recipient is meeting grant objectives. Without timely submission of SF-425s, the FWS cannot determine whether the grantee has complied with these conditions.

Recommendations

We recommend that the FWS work with the Division to:

10. Ensure Division personnel receive adequate grants program management training to comply with Federal regulations.
11. Develop a mechanism to hold employees accountable for submitting Federal Financial Reports timely.

Unreported Indirect Costs on the Federal Financial Reports

According to 50 C.F.R. § 80.90(a), recipients are responsible for complying with all applicable Federal, State, and local laws and regulations to include 50 C.F.R. § 80.90(b)(2) maintenance of records, and 50 C.F.R. § 80.90(b)(3) submission of complete and accurate Federal Financial Reports in the terms and conditions of the award. In addition, 2 C.F.R. § 200.328 states that only the Governmentwide data elements approved by the Office of Management and Budget for collection of financial information must be used.

The Division did not accurately report indirect costs for 13 of its grants (see Figure 4). Specifically, the Division did not report the indirect costs of nine grants on the SF-425 as required, and it did not use the approved indirect cost rate on five other grants.

Figure 4: Federal Share of Questioned Costs Related to Indirect Costs

Grant No.	Grant Title	Reported on SF-425	Approved Rate (%)	Rate Used (%)
F18AF00995	Maintenance and Repairs of Fishing Platforms	No	-	-
F18AF01177	Monitoring of Micronesian Starling Distribution	SFY 2019 – Yes* SFY 2020 – No	7.36 -	7.36 -
F18AF01234	Offshore Fisheries Participation, Effort, and Harvest Surveys	No	-	-
F18AF01235	Inshore Fisheries Participation, Effort, and Harvest Surveys	No	-	-
F18AF01254	Game Management Program FY 2019	No	-	-
F18AF01255	Hunter Education Program Development	SFY 2019 – Yes* SFY 2020 – No	7.36 -	7.36 -
F18AF01261	Sport Fish Program Management	No	-	-
F18AF01262	Masso Reservoir Monitoring FY2019	No	-	-
F19AF00177	Sali (Micronesian Starling) Population Monitoring	No	-	-
F19AF01020	Wildlife Restoration Program Management	Yes	7.52	1.96
F19AF01181	Maintenance of Fishing Platforms	Yes	7.52	7.56
F19AF01183	FY 2020 Inshore Fisheries Participation, Effort, and Harvest Survey	Yes	7.52	6.60
F19AF01185	Vertebrate Threat Control in Support of Guam’s Native Species	Yes	7.52	3.52

* Indirect Costs were reported on the SF-425 for SFY 2019 but not for SFY 2020.

Based on discussions with staff, the Division does not generate the SF-425s. Instead, the Division relies on the Administration to calculate the expenditures of indirect costs for each grant and generate the SF-425s with the appropriate information. The Administration then sends the completed SF-425s to the Guam Department of Agriculture for review and approval. The Administration staff stated they do not have a policy regarding the completion of the SF-425s other than the knowledge that the SF-425s must be filled out correctly and must tie to the financial system. The Administration staff further explained that any oversight or incorrect

information reported on the SF-425 “is likely due to having to complete over 50 [SF-425s] a week before the deadline.”

The Division is not fulfilling its reporting requirements to comply with the conditions of the awards and regulations. In addition, the FWS cannot ensure claimed expenditures are authorized, calculated correctly, or otherwise allocable. If the Division fails to follow established approved rates, the FWS may deobligate the Federal amount budgeted for indirect costs.

Recommendation
We recommend that the FWS work with the Division to: 12. Develop and implement a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately reported on Federal Financial Reports.

Subaward Oversight – Risk Assessments and Public Reporting

In accordance with 2 C.F.R. § 170, Appendix A(I)(a)(1), unless exempted, a non-Federal entity must report each subaward action that obligates \$25,000¹⁰ or more in Federal funds for a subaward to an entity. Furthermore, 2 C.F.R. § 170, Appendix A(I)(2)(i), states a non-Federal entity must report each obligating action for these subawards to ftrs.gov per the Federal Funding Accountability and Transparency Act (FFATA). This information is then posted to USAspending.gov.

Also, Federal regulations at 2 C.F.R. § 220.331(b)¹¹ provide that each pass-through entity is required to evaluate the risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for each subrecipient.

The Division did not report subawards during the grant period per FFATA requirements. As the prime grant recipient, the Division is required to file a subaward report for any subaward greater than \$25,000 in the public database ftrs.gov, which is then posted to the USAspending.gov website. We also determined the Division did not conduct risk assessments for subrecipients as required by Federal regulations.

Division staff stated they were not aware of the requirement to report subawards or perform risk assessments and only learned about the requirements at the beginning of 2022. Additionally, the Division did not have policies and procedures in place for reporting subawards and conducting risk assessments for subawards. We did note, however, the Division had a memorandum of agreement with a subrecipient that outlined the FFATA reporting requirement.

¹⁰ Effective November 12, 2020, 2 C.F.R. § 170.220 increased the amount to \$30,000.

¹¹ Updated as of August 2020 to 2 C.F.R. § 200.332(b).

Reporting all subawards greater than \$25,000 as required, provides transparency for how the Division is spending Federal funds. In addition, without performing a risk assessment, the Division cannot develop appropriate subrecipient monitoring plans and increases the risk that it does not spend funds appropriately.

Recommendations
<p>We recommend that the FWS work with the Division to:</p> <ol style="list-style-type: none">13. Develop and implement procedures to ensure compliance with Federal regulations and Federal Funding Accountability and Transparency Act requirements related to subaward reporting.14. Develop and implement procedures to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.15. Develop and implement procedures to adjust monitoring plans based on the results of each subrecipient's risk assessment.

Recommendations Summary

We provided a draft of this report to the FWS and the Division for review. The FWS concurred with all 15 recommendations. We consider Recommendations 1 through 15 resolved. Below we summarize the FWS' and the Division's responses to our recommendations, as well as our comments on their responses. See Appendix 4 for the full text of the FWS' and the Division's responses; Appendix 5 lists the status of each recommendation.

We recommend that the FWS work with the Division to:

1. Resolve the Federal share of questioned costs related to the unsupported drawdowns totaling \$20,210.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to resolve the Federal share of questioned costs related to unsupported drawdowns.

Division Response: The Division concurred with the recommendation and stated it will work with the FWS to resolve the questioned costs.

OIG Comment: We consider Recommendation 1 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that the questioned costs have been resolved.

2. Develop and implement controls to ensure drawdowns are performed on actual and allowable expenditures.

FWS Response: The FWS concurred with the recommendation and stated it will require the Division to develop and implement controls to ensure drawdowns are performed on actual and allowable expenditures.

Division Response: The Division concurred with the recommendation and stated it will work with the FWS to "develop and implement controls on actual and allowable expenditures."

OIG Comment: We consider Recommendation 2 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that the Division has developed and implemented controls to ensure drawdowns are performed on actual and allowable expenditures.

3. Develop and implement controls to ensure expenditures are not incurred and charged to a grant after the period of performance.

FWS Response: The FWS concurred with the recommendation and stated it will ensure the Division does not incur and charge expenditures to a grant after the period of performance.

Division Response: The Division concurred with the recommendation and stated it will work with the FWS to “develop and implement controls on expenditures not incurred after the period of performance of a grant.”

OIG Comment: We consider Recommendation 3 resolved based on the FWS’ and the Division’s concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that the Division has developed and implemented controls to ensure expenditures are not incurred and charged to a grant after the period of performance.

4. Resolve the Federal share of questioned costs related to equipment totaling \$1,609.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to resolve the questioned costs.

Division Response: The Division concurred with the recommendation, stated that the computer was purchased for a WSFR project, and described the location of the item. The Division also provided a copy of the purchase order for the equipment item.

OIG Comment: We consider Recommendation 4 resolved based on the FWS response. Although the Division provided support for the authorization of the purchase, the Division did not provide support to show the equipment item was still in service or documentation of the proper disposal of the equipment item. During our initial request for support for the equipment item, the Division’s response was that the item was “obsolete/replaced.” We will close this recommendation when the FWS provides adequate support that the questioned costs were resolved.

5. Resolve the potential diversion of \$11,586 related to unsupported equipment.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to resolve the potential diversion of unsupported equipment.

Division Response: The Division concurred with the recommendation and provided documentation and explanations to support some of the equipment items in question.

OIG Comment: We consider Recommendation 5 resolved based on the FWS response. Although the Division provide support for some of the equipment items, we found that the support was not adequate to resolve the potential diversion associated with the equipment items in question. During our initial request for support of equipment items, the Division’s response was that the items in question were obsolete, replaced, damaged,

or disposed. We will close this recommendation when the FWS provides adequate support that the potential diversion was resolved.

6. Complete a physical inventory immediately.

FWS Response: The FWS concurred with the recommendation and stated it will require the Division to complete a physical inventory.

Division Response: The Division concurred with the recommendation and stated it will complete a physical inventory immediately.

OIG Comment: We consider Recommendation 6 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that the Division completed a physical inventory.

7. Identify any equipment items that are obsolete, damaged, or disposed of, and update items in the asset management database.

FWS Response: The FWS concurred with the recommendation and stated it will require the Division to identify any equipment items that are obsolete, damaged, or disposed of, and ensure the asset database is updated.

Division Response: The Division concurred with the recommendation and stated it will identify equipment items that are obsolete, damaged, or disposed of, and update the database.

OIG Comment: We consider Recommendation 7 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that the asset management database was updated when the Division conducted a physical inventory and identified equipment items as obsolete, damaged, or disposed.

8. Develop and implement a mechanism to hold Division employees accountable for ensuring physical inventories are conducted once every 2 years and assets reflect the correct status.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to develop and implement a mechanism to hold Division employees accountable for ensuring a physical inventory is completed once every 2 years.

Division Response: The Division concurred with the recommendation and stated it will develop and implement a mechanism to hold employees accountable for conducting physical inventories once every 2 years.

OIG Comment: We consider Recommendation 8 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we

receive documentation demonstrating that the Division developed and implemented a mechanism to hold Division employees accountable for ensuring physical inventories are conducted once every 2 years and assets reflect the correct status.

9. Develop and implement a mechanism to ensure the Division carries over the grant objectives from the original grant award to the final project performance reports and explains any deviations from the original objective.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to develop and implement a mechanism that ensures grant objectives are carried to the performance reports and any deviations from grant objectives are explained.

Division Response: The Division concurred with the recommendation and stated it will use the implementation of TRACS to ensure grant objectives are carried over to the final project reports.

OIG Comment: We consider Recommendation 9 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that the Division developed and implemented a mechanism to carry over the grant objective from the original grant award to the final project performance reports with explanations of any deviations.

10. Ensure Division personnel receive adequate grants program management training to comply with Federal regulations.

FWS Response: The FWS concurred with the recommendation and stated will work with the Division to ensure Division personnel receive adequate grants program management training.

Division Response: The Division concurred with the recommendation and stated it will ensure adequate grants program management training is provided to Division staff. In addition, the Division said it will provide the training to the Department of Administration to ensure its staff are updated on the Federal regulations.

OIG Comment: We consider Recommendation 10 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that Division personnel received adequate grants program management training.

11. Develop a mechanism to hold employees accountable for submitting Federal Financial Reports timely.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to develop a mechanism to hold employees accountable for submitting Federal Financial Reports timely.

Division Response: The Division did not concur with the recommendation and stated that it “will only concur with the recommendation if the preparation of the Federal Financial Reports are transferred to [the Division].” Currently, the Department of Administration completes and prepares the Federal Financial Reports. The Division stated it would be unfair to hold its staff accountable for work that is dependent on an outside agency.

OIG Comment: We consider Recommendation 11 resolved based on the FWS response. Although the Department of Administration prepares and completes the Federal Financial Reports, it is the Division’s responsibility to ensure those reports are submitted timely. We will close this recommendation when the FWS provides documentation showing the Division developed a mechanism to hold employees accountable for submitting Federal Financial Reports timely.

12. Develop and implement a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately reported on Federal Financial Reports.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to develop and implement a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately reported on the Federal Financial Reports.

Division Response: The Division concurred with the recommendation and stated it will work with the FWS to develop and implement a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately reported on Federal Financial Reports.

OIG Comment: We consider Recommendation 12 resolved based on the FWS’ and the Division’s concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that the Division developed and implemented a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately reported on the Federal Financial Reports.

13. Develop and implement procedures to ensure compliance with Federal regulations and Federal Funding Accountability and Transparency Act requirements related to subaward reporting.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to develop and implement procedures to ensure compliance with Federal regulations and FFATA requirements related to subaward reporting.

Division Response: The Division concurred with the recommendation and stated it will develop and implement procedures to ensure compliance with Federal regulations and FFATA requirements related to subaward reporting.

OIG Comment: We consider Recommendation 13 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that a procedure was developed and implemented to ensure compliance with Federal regulations and FFATA requirements related to subaward reporting.

14. Develop and implement procedures to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to develop and implement procedures to evaluate each subrecipient's risk.

Division Response: The Division concurred with the recommendation and stated it will develop and implement procedures to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and terms and conditions of the subaward.

OIG Comment: We consider Recommendation 14 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that a procedure was developed and implemented that requires the Division to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

15. Develop and implement procedures to adjust monitoring plans based on the results of each subrecipient's risk assessment.

FWS Response: The FWS concurred with the recommendation and stated it will work with the Division to develop and implement procedures to ensure monitoring plans are adjusted based on the results of each subrecipient's risk assessment.

Division Response: The Division concurred with the recommendation and stated it will develop and implement procedures to adjust monitoring plans based on results of each subrecipient's risk assessment.

OIG Comment: We consider Recommendation 15 resolved based on the FWS' and the Division's concurrence and planned actions. We will close this recommendation when we receive documentation demonstrating that a procedure was developed and implemented that requires the Division to adjust monitoring plans based on the results of each subrecipient's risk assessment.

Appendix 1: Scope and Methodology

Scope

We audited the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources' (Division'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 56 grants that were open during the State fiscal years (SFYs) that ended September 30, 2019, and September 30, 2020. We also reviewed license revenue during the same period. The audit included expenditures of \$3.3 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 onsite. We gathered data remotely and communicated with Division 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) site visits to subaward recipients. Therefore, the audit team relied on alternative evidence provided by Division 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 Division.
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income.
- Interviewing Division employees.
- Inspecting equipment and other property using photographic evidence.
- Determining whether the Division used hunting and fishing license revenue for the administration of fish and wildlife program activities.
- Determining whether Guam passed required legislation assenting to the provisions of the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.
- Evaluating Guam policies and procedures for assessing risk and monitoring subawards.

We found deficiencies in internal control resulting in our six findings of unsupported drawdowns, insufficient equipment management, grant compliance, late submission of Federal Financial Reports, unreported indirect costs, and subaward oversight.

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

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

Prior Audit Coverage

OIG Audit Reports

We reviewed our last two audits of costs claimed by the Division on WSFR grants.¹² We followed up on 10 recommendations from these reports and found that the U.S. Department of Interior’s Office of Policy, Management and Budget considered all 10 recommendations as resolved and implemented. For resolved and implemented recommendations, we verified the State has not taken the appropriate corrective actions to resolve some of the recommendations. As discussed in the “Results of Audit” section in this report, we have findings similar to three findings from our prior audits; however, we make different recommendations that will be tracked under our current audit report.

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 \$3.3 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 equipment management for other programs, and we considered this as a risk indicator when we prepared our audit procedures and tests.

¹² *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Government of Guam, Department of Agriculture, From October 1, 2009, Through September 30, 2011* (Report No. R-GR-FWS-0012-2012), issued November 2012.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the Government of Guam, Department of Agriculture, From October 1, 2014, through September 30, 2016 (Report No. 2017-EXT-006), issued March 2018.

Appendix 2: Sites Reviewed

Because of the COVID–19 pandemic, we were unable to conduct site visits in person. We performed interviews using video conferencing and verified equipment from photos at the following locations.

Headquarters	Mangilao, Guam
Boating Access Facilities	Agana Boat Ramp Talofofo Boat Ramp

Appendix 3: Monetary Impact

We reviewed 56 grants that were open during the State fiscal years that ended September 30, 2019, and September 30, 2020. The audit included expenditures of \$3.3 million and related transactions. We questioned \$21,819 (Federal share) as unsupported. We also identified a potential diversion of \$11,586 in license revenue from the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources (non-Federal funds).

Monetary Impact: Questioned Costs (Federal Share)

Grant No.	Grant Title	Cost Category	Unsupported (\$)
F19AF01020	Wildlife Restoration	Drawdown	4,440
F14AF01263	Wildlife Monitoring and Management FY 2015	Drawdown	1,466
F16AF01010	Maintenance of Masso Reservoir	Drawdown	3,666
F16AF01012	Maintenance of the Merizo Pier FY 2017	Drawdown	2,434
F17AF00940	Yayaguak Monitoring and Habitat Enhancement	Drawdown	8,204
F19AF01217	Visual Stock Assessment Surveys of Marine	Equipment	1,609
Total			\$21,819

Monetary Impact: Potential Diversion of License Revenue

Finding Area	Amount (\$)
Potential Diversion of License Revenue— Insufficient Equipment Management	11,586
Total	\$11,586

Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's response to our draft report follows on page 26. The Guam Department of Agriculture, Division of Aquatic and Wildlife Resources' response to our draft report follows on page 29.



United States Department of the Interior



FISH AND WILDLIFE SERVICE
911 N.E. 11th Avenue
Portland, Oregon 97232-4181

In Reply Refer To:
FWS/R1/WSFR

Memorandum

To: Amy Billings
Regional Manager, Central Region

From: David Teuscher
Regional Manager
Wildlife and Sport Fish Restoration
Portland, Oregon

Digitally signed by
DAVID TEUSCHER
Date: 2023.04.26
14:49:03 -07'00'

Subject: Comments on the Draft Audit Report on the U.S. Fish and Wildlife Service Federal Assistance Grants Issued to the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources, from October 1, 2018, through September 30, 2020 Report No. 2022-CR-008

Introduction

This letter contains the U.S. Fish and Wildlife Service (Service) determinations regarding the subject report. Direct any questions regarding the Service's comments to Kelly Sliger, Grants Fiscal Officer for the Columbia-Pacific Northwest and Pacific Islands Regions Wildlife and Sport Fish Restoration Program at [REDACTED]@fws.gov.

Questioned Costs - \$21,819 (Federal Share) and Potential Diversion of License Revenue - \$11,586

Unsupported Drawdowns – Questioned Costs of \$20,210 (Federal Share)

Recommendations

The Service concurs with the auditor's three recommendations. The Service will work with the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources (Department) to resolve the Federal share of questioned costs related to unsupported drawdowns totaling \$20,210. The Department will either payback the Federal share of \$20,210 or provide documentation supporting the drawdowns. The Service will also require the Department to develop and implement controls to ensure drawdowns are performed on actual and allowable expenditures and that expenditures are not incurred and charged to a grant after the period of performance. The Service will identify target

dates and the official(s) responsible for implementing these recommendations in the Corrective Action Plan (CAP).

Insufficient Equipment Management – Questioned Costs of 1,609 (Federal Share) and Potential Diversion of License Revenue of 11,586

Recommendations

The Service concurs with the auditor's five recommendations. The Service will work with the Department to resolve the Federal share of questioned costs related to equipment and related to the potential diversion of unsupported equipment. The Service will require the Department to complete a physical inventory, identify any equipment items that are obsolete, damaged, or disposed of, and ensure the asset database is updated. The Service will also work with the Department to develop and implement a mechanism to hold Division employees accountable for ensuring a physical inventory is completed once every 2 years. The Service will identify target dates and the official(s) responsible for implementing these recommendations in the Corrective Action Plan (CAP).

Control Deficiencies

Insufficient Management of Grant Objectives

Recommendation

The Service concurs with the auditor's recommendation. The Service will work with the Department to develop and implement a mechanism to ensure the Division carries over the grant objectives from the original grant award to the final project performance reports and explain any deviations from the original objective. The Service will identify target dates and the official(s) responsible for implementing these recommendations in the CAP.

Late Submission of Federal Financial Reports

Recommendation

The Service concurs with the auditor's two recommendation. The Service will work with the Department ensure the Division's personnel receive adequate grants program management training to comply with Federal regulations. The Service will also develop a mechanism to hold employees accountable for submitting Federal Financial Reports timely. The Service will identify target dates and the official(s) responsible for implementing these recommendations in the CAP.

Unreported Indirect Costs on the Federal Financial Reports

Recommendation

The Service concurs with the auditor's recommendation. The Service will work with the Department to develop and implement a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately report on Federal Financial Reports.

The Service will identify target dates and the official(s) responsible for implementing these recommendations in the CAP.

Subaward Oversight – Risk Assessments and Public Reporting

Recommendation

The Service concurs with the auditor’s three recommendations. The Service will work with the Department to develop and implement procedures that ensure compliance with Federal regulations and FFATA requirements related to subaward reporting. The Service will also work with the Department to develop and implement procedures to evaluate each subrecipients risk and adjust monitoring plans based on the results of each subrecipient’s risk. The Service will identify target dates and the official(s) responsible for implementing these recommendations in the CAP.

Subaward Reporting

Recommendation

The Service concurs with the auditor’s recommendation. The Service will work with the Department to develop and implement policies and procedures to ensure compliance with Federal regulations related to subaward reporting. The Service will identify target dates and the official(s) responsible for implementing these recommendations in the CAP.

Attachment(s)

cc:

Ord Bargerstock HQ-WSFR
Shuwen Cheung HQ- WSFR
Melanie Sorenson - OIG

Government of Guam
Department of Agriculture
Division of Aquatic and Wildlife Resources
Response to Draft Audit Report – US Fish and Wildlife Service
Grants Awarded to the From October 1, 2018 through September 30,
2020, Under the Wildlife and Sport Fish Restoration Program: Report
No.: 2022-CR-008

The Department of Agriculture (DOAG) Division of Aquatic and Wildlife Resources (DAWR) is providing responses to the Draft Audit Report No.: 2022-CR-008. The Office of Inspector General (OIG) had conducted an audit of DAWR to determine whether DAWR used grant funds and State hunting license revenue for allowable DAWR Fish and Wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. OIA determined that DAWR generally ensured that grant funds and State hunting license revenue were used for allowable DAWR fish and wildlife activities. OIA noted, however, 6 deficiencies regarding unsupported drawdowns, insufficient equipment management, grant management, late submission of Federal Financial Reports, indirect cost reporting, and subaward oversight.

DAWR provides the following responses to the audit deficiencies:

1. Unsupported Drawdowns – Questioned Costs of \$20,210 (Federal Share)

DAWR Response: DAWR concurs with the recommendation regarding the deficiencies of unsupported drawdowns. DAWR will work with USFWS to:

- I. Resolve the questioned costs of \$20,210 related to unsupported drawdowns;
- II. Develop and implement controls on actual and allowable expenditures and;
- III. Develop and implement controls on expenditures not incurred after the period of performance of a grant.

The draft audit report doesn't specifically state what are the questioned costs. The report just states that supporting documents could not be provided and the claimed expenditures occurred after the grant's period of performance. DAWR requests, if possible, the specifics of the questioned costs such as whether the costs were related to salary or purchases so DAWR can work with USFWS to resolve these costs.

2. Insufficient Equipment Management – Questioned Costs of \$1,609 (Federal Share) and Potential Diversion of License Revenue of \$11,586.

DAWR Response: DAWR is resolving the questioned cost and potential diversion of license revenue concerning equipment management. Please see the information below.

IV. Resolve the Federal share of questioned costs related to equipment totaling \$1,609;

V. Resolve the potential diversion of \$11,586 related to unsupported equipment;

- a) DAWRNO 2020-013 F19AF01217 [REDACTED] with 23.8 Monitor
This item was purchased for the Visual Stock Assessment project, a Sport Fish Restoration project, under Purchase Order [REDACTED]. The FY20 grant has the computer as approved budgeted item. The computer is currently in Biologist III, [REDACTED] office. The computer purchase is supported. No diversion of license revenue funds. Cost = \$1,609. (Attachment 1)
- b) DAWRNO 2014-0000 [REDACTED]. This was purchased under Aquatic Ed Program (F12AF01032) ([REDACTED]) and not purchased with license revenue. The previous Aquatic Ed Coordinator purchased another computer because this computer was not suitable for graphic work. This computer was transferred to Admin and is currently in one of the Administrative Assistants office, [REDACTED]. Computer was purchased with SFR funds. No diversion of license revenue funds. Cost = \$3,491. (Photo 1)
- c) DAWRNO 2014-0000 [REDACTED]. This was purchased under Sport Fish Investigations (F13AF01297) ([REDACTED]) and not purchased with license revenue. This computer is currently in Program Coordinator III, [REDACTED] office. Computer was purchased with SFR funds. No diversion of license revenue funds. Cost = \$3,491. (Photo 2)
- d) DAWRNO 2012-0121 [REDACTED] WI-FI. This was purchased under FW Coordination FW-3C-20 ([REDACTED]) and not purchased with license revenue. This [REDACTED] is non-functional, has a cracked screen, needs to be disposed, and is currently with the DAWR Chief, Jay Gutierrez. [REDACTED] was purchased with WSFR funds. No diversion of license revenue funds. Cost = \$993. (Photo 3)
- e) DAWRNO 2012-0170 [REDACTED]. This was purchased under Coral Reef Initiative Grant ([REDACTED]) and not purchased with license revenue or WSFR funds. These are called underwater diver propulsion devices (DPD), and the DPD is currently at the Guam Environmental Protection Agency (GEPA). No diversion of license revenue funds. Cost = \$235.

- f) DAWRNO 2013-0070 10,000 BTU Air Conditioner. This was purchased under the Brown Tree Snake (BTS) grant (162411109 account) () and not purchased with license revenue or WSFR funds. Accounts beginning with 1624 are BTS accounts. No diversion of license revenue funds. Cost = \$370.
- g) DAWRNO 2014-0000 Aluminum Sign. This was purchased under Sport Fish Investigations (F13AF01297) () and not purchased with license revenue. The sign is no longer present. No diversion of license revenue funds. Cost = \$350.
- h) DAWRNO 2013-0016 () This was purchased under RARE funds and not purchased with license revenue or WSFR funds (160008503 account) (). No diversion of license revenue funds. Cost = \$405.
- i) DAWRNO 2014-0000 GPS Logger with collar wireless. This was purchased under Wildlife Investigations (F13AF01299) (162214103 account) () for the Cocos Rail project and not purchased with license revenue. No diversion of license revenue funds. Cost = \$1,495.
- j) DAWRNO 2013-0051-53 128 GB 3.0 Flash Drives. These were purchased with NOAA WPacFIN funds and not purchased with license revenue or WSFR funds (162310120 Account) (). Accounts beginning with 1623 and ending in 120 are NOAA WPacFIN accounts. Cost $\$252 \times 3 = \756 .

DAWR is considering these potential deficiencies to be resolved.

Furthermore, DAWR does concur with the recommendations to work with USFWS to:

- VI. Complete a physical inventory immediately. DAWR staff were scheduled to conduct an inventory in October 2022, however, staff became busy with other assigned duties within the Department;
- VII. Identify any equipment items that are obsolete, damaged, or disposed of, and update items in the asset management database;
- VIII. Develop and implement a mechanism to hold DAWR employees accountable for ensuring physical inventories are conducted once every 2 years and assets reflect the correct status. DAWR will also consult with the Department of Administration (DOA) to get further information on the inventory policy and practices. There may be a need to hire another DAWR administrative staff dedicated to inventory management.

3. **Insufficient Management of Grant Objectives**

DOAG DAWR concurs with the recommendation to work with USFWS to:

- IX. Develop and implement a mechanism to ensure the DAWR carries over the grant objectives from the original grant award to the final project performance reports and explains any deviations from the original objective. The implementation of TRACS should ensure grant objectives are carried over to the final project reports.

4. **Late Submission of Federal Financial Reports**

DOAG DAWR concurs with the recommendation to work with USFWS to:

- X. Ensure DAWR personnel receive adequate grants program management training to comply with Federal regulations. DAWR will also extend the grants program management training to DOA staff, so they are updated on the Federal regulations;
- XI. Develop a mechanism to hold employees accountable for submitting Federal Financial Reports timely.

Note: DAWR will only concur with the recommendation if the preparation of the Federal Financial Reports are transferred to DAWR. Currently, DAWR has to wait until DOA completes and sends the financial reports to DAWR. Depending on DOA staff's work load, this could be the day the reports are due or 1 to 2 days before the reports are due. DAWR would then review and submit the reports on [REDACTED]. This would be an unfair measure for staff to demand this type of accountability for work that is dependent on an outside agency and not in their control. DOA staff have mentioned that they may transfer the preparation of financial reports to DAWR. However, this has not transpired, and no date has been scheduled to train DAWR staff. If this transfer was to occur, there may be a need to hire additional DAWR administrative staff due to the increased workload.

5. **Unreported Indirect Costs on the Federal Financial Reports**

DOAG DAWR concurs with the recommendation to work with USFWS to:

- XII. Develop and implement a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately reported on Federal Financial Reports. DAWR will also work with DOA since DOA reports on the indirect costs while preparing the Federal Financial Reports. The mechanism of controls should be developed generally so if the preparation of the Federal Financial Reports are transferred to DAWR, the controls can still be applied to DAWR without any changes.

6. Subaward Oversight – Risk Assessment and Public Reporting

DOAG DAWR concurs with the recommendation to work with USFWS to:

- XIII. Develop and implement procedures to ensure compliance with Federal regulations and FFATA requirements related to subaward reporting;
- XIV. Develop and implement procedures to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward;
- XV. Develop and implement procedures to adjust monitoring plans based on the results of each subrecipient's risk assessment.

DAWR requests for samples/templates of these procedures. This will help DAWR draft its own procedures for these recommendations. Furthermore, DAWR request training on evaluating/conducting risk assessments and monitoring of risk assessments.

If you have any questions, please contact me at [REDACTED] [@doag.guam.gov](mailto:[REDACTED]@doag.guam.gov).



Jay T. Gutierrez
Chief, DAWR

Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
<p>2022-CR-008-01 We recommend that the FWS work with the Division to resolve the Federal share of questioned costs related to the unsupported drawdowns totaling \$20,210.</p>		
<p>2022-CR-008-02 We recommend that the FWS work with the Division to develop and implement controls to ensure drawdowns are performed on actual and allowable expenditures.</p>	<p>Resolved: U.S. Fish and Wildlife Service (FWS) regional officials concurred with these recommendations and will work with staff from the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources to develop and implement a corrective action plan.</p>	<p>Complete a corrective action plan (CAP) that includes information on actions taken or planned to address the recommendation, 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.</p>
<p>2022-CR-008-03 We recommend that the FWS work with the Division to develop and implement controls to ensure expenditures are not incurred and charged to a grant after the period of performance.</p>		
<p>2022-CR-008-04 We recommend that the FWS work with the Division to resolve the Federal share of questioned costs related to equipment totaling \$1,609.</p>		
<p>2022-CR-008-05 We recommend that the FWS work with the Division to resolve the potential diversion of \$11,586 related to unsupported equipment.</p>		

Recommendation	Status	Action Required
<p>2022-CR-008-06 We recommend that the FWS work with the Division to complete a physical inventory immediately.</p>		
<p>2022-CR-008-07 We recommend that the FWS work with the Division to identify any equipment items that are obsolete, damaged, or disposed of, and update items in the asset management database.</p>		
<p>2022-CR-008-08 We recommend that the FWS work with the Division to develop and implement a mechanism to hold Division employees accountable for ensuring physical inventories are conducted once every 2 years and assets reflect the correct status.</p>	<p>Resolved: FWS regional officials concurred with these recommendations and will work with staff from the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources to develop and implement a corrective action plan.</p>	<p>Complete a CAP that includes information on actions taken or planned to address the recommendation, 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.</p>
<p>2022-CR-008-09 We recommend that the FWS work with the Division to develop and implement a mechanism to ensure the Division carries over the grant objectives from the original grant award to the final project performance reports and explains any deviations from the original objective.</p>		

Recommendation	Status	Action Required
<p>2022-CR-008-10 We recommend that the FWS work with the Division to ensure Division personnel receive adequate grants program management training to comply with Federal regulations.</p>		
<p>2022-CR-008-11 We recommend that the FWS work with the Division to develop a mechanism to hold employees accountable for submitting Federal Financial Reports timely.</p>	<p>Resolved:</p>	
<p>2022-CR-008-12 We recommend that the FWS work with the Division to develop and implement a mechanism of controls to ensure all indirect costs and approved indirect cost rates are accurately reported on Federal Financial Reports.</p>	<p>FWS regional officials concurred with these recommendations and will work with staff from the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources to develop and implement a corrective action plan.</p>	<p>Complete a CAP that includes information on actions taken or planned to address the recommendation, 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.</p>
<p>2022-CR-008-13 We recommend that the FWS work with the Division to develop and implement procedures to ensure compliance with Federal regulations and FFATA requirements related to subaward reporting.</p>		

Recommendation	Status	Action Required
<p>2022-CR-008-14 We recommend that the FWS work with the Division to develop and implement procedures to evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.</p>	<p>Resolved: FWS regional officials concurred with these recommendations and will work with staff from the Guam Department of Agriculture, Division of Aquatic and Wildlife Resources to develop and implement a corrective action plan.</p>	<p>Complete a CAP that includes information on actions taken or planned to address the recommendation, 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.</p>
<p>2022-CR-008-15 We recommend that the FWS work with the Division to develop and implement procedures to adjust monitoring plans based on the results of each subrecipient’s risk assessment.</p>		



REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

The Office of Inspector General (OIG) provides independent oversight and promotes integrity and accountability in the programs and operations of the U.S. Department of the Interior (DOI). One way we achieve this mission is by working with the people who contact us through our hotline.



If you wish to file a complaint about potential fraud, waste, abuse, or mismanagement in the DOI, please visit the OIG's online hotline at www.doioig.gov/hotline or call the OIG hotline's toll-free number: **1-800-424-5081**

Who Can Report?

Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement involving the DOI should contact the OIG hotline. This includes knowledge of potential misuse involving DOI grants and contracts.

How Does it Help?

Every day, DOI employees and non-employees alike contact the OIG, and the information they share can lead to reviews and investigations that result in accountability and positive change for the DOI, its employees, and the public.

Who Is Protected?

Anyone may request confidentiality. The Privacy Act, the Inspector General Act, and other applicable laws protect complainants. Section 7(b) of the Inspector General Act of 1978 states that the Inspector General shall not disclose the identity of a DOI employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the course of the investigation. By law, Federal employees may not take or threaten to take a personnel action because of whistleblowing or the exercise of a lawful appeal, complaint, or grievance right. Non-DOI employees who report allegations may also specifically request confidentiality.