



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

**U.S. FISH AND WILDLIFE SERVICE SPORT
FISH RESTORATION PROGRAM GRANTS**

Awarded to the Commonwealth of Massachusetts,
Division of Marine Fisheries, From July 1, 2007,
Through June 30, 2009

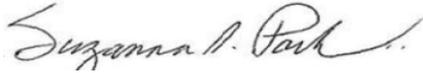


OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

August 12, 2010

Memorandum

To: Director
U.S. Fish and Wildlife Service

From: Suzanna I. Park 
Director of External Audits

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

This report presents the results of our audit of costs claimed by the Commonwealth of Massachusetts (the Commonwealth), Division of Marine Fisheries (the Division), under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the Commonwealth under the Sport Fish Restoration Program (the Program). The audit included claims totaling approximately \$3.9 million on 26 grants that were open during Commonwealth fiscal years (CFYs) ended June 30 of 2008 and 2009 (see Appendix 1). The audit also covered Division compliance with applicable laws, regulations, and FWS guidelines, including the reporting of program income.

We found that the Division complied, in general, with applicable grant accounting and regulatory requirements; however, the Division did not have a centralized database to maintain accountability for its equipment, as required by its own policies and procedures.

Please respond in writing to the finding and recommendation included in this report by November 10, 2010. Your response should include information on actions taken or planned, targeted completion dates, and titles of officials responsible for implementation. Please address your response to:

Director of External Audits
U.S. Department of the Interior
Office of Inspector General
12030 Sunrise Valley Drive, Suite 230
Reston, VA 20191

If you have any questions regarding this report, please contact the audit team leader, Lori Howard, or me at 703-487-5345.

cc: Regional Director, Region 5, U.S. Fish and Wildlife Service

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Introduction

Background

The Dingell-Johnson Sport Fish Restoration Act (the Act)¹ established the Sport Fish Restoration Program. Under the Program, FWS provides grants to States to restore, conserve, manage, and enhance their sport fish resources. The Act and Federal regulations contain provisions and principles on eligible costs and allow FWS to reimburse States up to 75 percent of the eligible costs incurred under the grants. The Act also requires that fishing license revenues be used only for the administration of the State's fish and game agency. Finally, Federal regulations and FWS guidance require States to account for any income they earn using grant funds.

Objectives

Our audit objectives were to determine if the Division:

- Claimed the costs incurred under the Program grants in accordance with the Act and related regulations, FWS guidelines, and the grant agreements.
- Reported and used program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$3.9 million on the 26 grants that were open during CFYs 2008 and 2009 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit at Division headquarters in Boston, MA, and visited two field offices and two field stations (see Appendix 2). We performed this audit to supplement, not replace, the audits required by the Single Audit Act Amendments of 1996 and by Office of Management and Budget Circular A-133.

Methodology

We performed our audit in accordance with the "Government Auditing Standards" issued by the Comptroller General of the United States. 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 tested records and conducted auditing procedures as necessary under the circumstances. We believe that the evidence obtained from our tests and procedures provides a reasonable basis for our finding and conclusion based on our audit objectives.

Our tests and procedures included:

¹ 16 U.S.C. § 777, as amended.

- Examining the evidence that supports selected expenditures charged to the grants by the Division.
- Reviewing transactions related to purchases, direct costs, and drawdowns of reimbursements.
- Interviewing Division employees to ensure that personnel costs charged to the grants were supportable.
- Conducting site visits to inspect equipment and other property.
- Determining whether the Commonwealth passed required legislation assenting to the provisions of the Act.

We also identified the internal controls over transactions recorded in the labor accounting system and tested its operation and reliability. Based on the results of initial assessments, we assigned a level of risk to this system and selected a judgmental sample of transactions for testing. We did not project the results of the tests to the total population of recorded transactions or evaluate the economy, efficiency, or effectiveness of the Division's operations.

Prior Audit Coverage

On September 8, 2005, we issued "Final Audit Report on the U.S. Fish and Wildlife Service Federal Assistance Grants Administered by the Commonwealth of Massachusetts, Executive Office of Environmental Affairs, Department of Fish and Game, Division of Marine Fisheries, from January 1, 2003, through December 30, 2004" (No. R-GR-FWS-0006-2005). We followed up on the two recommendations in the report and found them to be resolved and implemented.

We also reviewed the Commonwealth of Massachusetts' Comprehensive Annual Financial Report and Single Audit Report for CFY 2009. These reports did not identify the Division's Sport Fish Restoration Program as a major program and did not contain any findings that would directly impact the Program grants.

Results of Audit

Audit Summary

We found that the Division complied, in general, with applicable grant agreement provisions and requirements of the Act, regulations, and FWS guidance. In addition, we identified one condition that resulted in the finding listed below. We discuss the finding in more detail in the Finding and Recommendation section.

Inadequate Equipment Management. The Division did not have a centralized database to account for its equipment, as required by its own policies and procedures.

Finding and Recommendation

Inadequate Equipment Management

The Division has issued an Internal Control Manual, which includes policies and procedures necessary to help its employees manage and account for equipment. The Division, however, did not have a centralized database in place to account for equipment purchased with Program funds as required by its own policies and procedures.

According to the Code of Federal Regulations (CFR), in 43 CFR 12.72(b), States must follow their own laws and procedures to manage equipment acquired under the Program grants. Accordingly, the Division's Internal Control Manual states that the Federal Aid Coordinator must maintain an inventory database of the Division's equipment.

This issue occurred because Division employees did not follow the State's own policies and procedures. Without an adequate equipment database, the Division cannot accurately identify equipment, and therefore, cannot ensure that equipment purchased with Program grant funds is being used for its intended purpose.

Recommendation

We recommend that FWS ensure the Division develops and maintains a centralized equipment database to accurately identify and record equipment purchased with Program funds.

Division Response

The Division concurred with the finding and recommendation. The Division has coordinated with the grants fiscal officer of FWS Region 5 to develop a database to catalog and track equipment purchased with Program funds.

FWS Response

FWS regional officials concurred with the finding and recommendation.

OIG Comments

Based on the FWS response, additional information is needed in the corrective action plan, including:

- Targeted completion date.
- Titles of officials responsible for implementing the actions taken or planned.
- Verification that FWS headquarters officials reviewed and approved of actions taken or planned by the Division.

Appendix I

COMMONWEALTH OF MASSACHUSETTS
DIVISION OF MARINE FISHERIES
FINANCIAL SUMMARY OF REVIEW COVERAGE
JULY 1, 2007, THROUGH JUNE 30, 2009

Grant Number	Grant Amount	Claimed Costs
F-48-R-21	\$95,111	\$57,549
F-48-R-22	97,787	85,569
F-48-R-23	63,268	0
F-49-T 21	304,366	308,250
F-49-T 22	327,112	386,860
F-49-T 23	344,500	0
F-56-R-17	336,360	327,307
F-56-R-18	354,135	345,481
F-56-R-19	475,677	0
F-57-R-16	159,500	218,130
F-57-R-17	423,827	442,053
F-57-R-18	509,783	0
F-63-R-11	10,000	5,913
F-63-R-12	10,000	7,292
F-64-C-11	120,000	140,232
F-64-C-12	120,000	123,025
F-65-D-8	8,073	11,848
F-65-D-9	12,905	12,647
F-65-D-10	12,907	0
F-66-O-10	97,215	96,567
F-66-O-11	124,111	71,357
F-66-O-12	98,091	0
F-67-R-1	633,502	654,142
F-67-R-2	599,733	622,543
F-67-R-3	723,445	0
F-68-R-1	354,728	0
Totals	\$6,416,136	\$3,916,765

Appendix 2

**Commonwealth of Massachusetts
Division of Marine Fisheries
Sites Visited**

Headquarters

Boston

Field Offices

New Bedford (Navy Reserve Center Campus)
New Bedford (Quest Campus)

Field Stations

Gloucester Office – Annisquam River
Martha's Vineyard

Appendix 3

**Commonwealth of Massachusetts
Division of Marine Fisheries
Status of Audit Finding and Recommendation**

Recommendation	Status	Action Required
A	FWS management concurs with the recommendation, but additional information is needed.	Based on the FWS Response, additional information is needed in the corrective action plan as listed in the Finding and Recommendation section under OIG Comments. We will refer the recommendation not resolved and/or implemented at the end of 90 days (after November 10, 2010) to the Assistant Secretary for Policy, Management, and Budget for resolution and/or tracking of implementation.

Report Fraud, Waste, and Mismanagement



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