



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

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

Awarded to the State of South Carolina, Department of Natural Resources, From
July 1, 2013, Through June 30, 2015

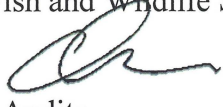


**OFFICE OF
INSPECTOR GENERAL**
U.S. DEPARTMENT OF THE INTERIOR

JUN 03 2016

Memorandum

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

From: Charles Haman 
Director, Grant Audits

Subject: Final Audit Report – U.S. Fish and Wildlife Service Wildlife and Sport Fish
Restoration Program Grants Awarded to the State of South Carolina, Department
of Natural Resources From July 1, 2013, Through June 30, 2015
Report No. 2016-EXT-004

This report presents the results of our audit of costs claimed by the State of South Carolina, Department of Natural Resources (Department), under grants awarded by the U.S. Fish and Wildlife Service (FWS). FWS provided the grants to the State under the Wildlife and Sport Fish Restoration Program. The audit included claims totaling \$39.7 million on 62 grants that were open during the State fiscal years that ended June 30, 2014, and June 30, 2015 (see Appendix 1). The audit also covered the Department's compliance with applicable laws, regulations, and FWS guidelines, including those related to the collection and use of hunting and fishing license revenues and the reporting of program income.

We found that the Department complied, in general, with applicable grant accounting and regulatory requirements. We did not identify any reportable conditions. We therefore do not require a response to this audit report.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit reports issued, actions taken to implement our recommendations, and recommendations that have not been implemented.

If you have any questions regarding this report, please contact Tim Horsma, Program Audit Coordinator, at 916-978-5668; or me at 303-236-9243.

cc: Regional Director, Region 4, U.S. Fish and Wildlife Service

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Introduction

Background

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

Objectives

We conducted this audit to determine if the State of South Carolina, Department of Natural Resources (Department)—

- claimed the costs incurred under the Program grants in accordance with the Acts and related regulations, FWS guidelines, and grant agreements;
- used State hunting and fishing license revenues solely for fish and wildlife program activities; and
- reported and used Program income in accordance with Federal regulations.

Scope

Audit work included claims totaling approximately \$39.7 million on the 62 grants open during the State fiscal years (SFYs) that ended June 30, 2014, and June 30, 2015 (see Appendix 1). We report only on those conditions that existed during this audit period. We performed our audit primarily at the Department's headquarters, and visited several Program-supported facilities throughout South Carolina (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.

Our audit plan initially included a test of the Department's license certification. Specifically, we would determine whether the Department had adequate processes in place to record, and certify to FWS, an accurate number of hunting and fishing license holders—information used by FWS to apportion Program funds each year. Although the Department provided the documentation we requested, we were unable to verify whether its methodology for including multi-year licenses in its certifications met the intent of Federal regulation (50 C.F.R. § 80.35). This is because we have no clear record of FWS approval, as required by the regulation.

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

FWS officials have agreed that requirements in this area need to be clarified, and have indicated that a regulatory update may be forthcoming. We reviewed, therefore, license certifications only to ensure that individual license holders were not counted more than once; but we did not review how the Department treated multi-year licenses in its certifications.

Methodology

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our tests and procedures included—

- examining the evidence that supports selected expenditures charged to the grants by the Department;
- reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income;
- interviewing Department employees to ensure that personnel costs charged to the grants were supportable;
- conducting site visits to inspect equipment and other property;
- determining whether the Department used hunting and fishing license revenues solely for the administration of fish and wildlife program activities; and
- determining whether the State passed required legislation assenting to the provisions of the Acts.

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

We relied on computer-generated data for other direct costs and personnel costs to the extent that we used these data to select Program costs for testing. Based on our test results, we either accepted the data or performed additional testing. For other direct costs, we took samples of costs and verified them against source documents such as purchase orders, invoices, receiving reports, and payment documentation. For personnel costs, we selected Department employees who charged time to Program grants and verified their hours against timesheets and other supporting data.

Prior Audit Coverage

On March 22, 2007, we issued “Audit Report on the U.S. Fish and Wildlife Service Federal Assistance Program Grants Awarded to the State of South Carolina, Department of Natural Resources, from July 1, 2003 Through September 30, 2005” (No. R-GR-FWS-0012-2005). On June 28, 2011, we issued “Audit on U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of South Carolina, Department of Natural Resources, From July 1, 2008, Through June 30, 2010 (No. R-GR-FWS-0005-2011). During this audit, we followed up on all recommendations in both reports and found that the U.S. Department of the Interior, Office of the Assistant Secretary for Policy, Management and Budget considered the recommendations resolved and implemented.

We reviewed the single audit report for SFY 2014, which did not contain any findings that would directly affect the Program grants.

Results of Audit

Audit Summary

We found that the Department complied, in general, with applicable grant agreement provisions and requirements of the Acts, regulations, and FWS guidance. This report contains no reportable findings or recommendations, and we require no further action.

Appendix I

**State of South Carolina
Department of Natural Resources
Grants Open during the Audit Period
July 1, 2013, Through June 30, 2015**

Grant Number	Grant Amount	Claimed Costs
Fish		
FI1AF00490	\$175,000	\$0
FI1AF00762	76,000	0
FI2AF00179	1,646,000	1,676,225
FI2AF00223	135,000	0
FI2AF00879	208,828	209,622
FI2AF00982	12,000	0
FI2AF01048	133,322	135,235
FI2AF01049	120,128	119,160
FI2AF01120	334,286	319,236
FI2AF01147	212,660	206,371
FI3AF00041	2,666,000	1,646,000
FI3AF00128	200,000	0
FI3AF00286	300,000	0
FI3AF00287	320,000	339,500
FI3AF00408	220,000	217,508
FI3AF00638	200,000	108,389
FI3AF00805	2,588,685	2,248,145
FI3AF00806	1,366,737	1,310,157
FI3AF00845	319,016	179,007
FI3AF00849	12,000	11,901
FI3AF00871	236,982	234,193
FI3AF00873	80,000	38,480
FI3AF00874	44,000	44,221
FI3AF00892	243,430	243,430
FI3AF00900	320,591	320,591
FI3AF00904	353,823	248,348
FI3AF00905	133,320	133,320
FI3AF01003	85,316	76,978
FI3AF01309	144,550	134,127
FI4AF00459	12,003	11,367
FI4AF00551	364,562	363,691
FI4AF00552	248,867	248,867
FI4AF00553	79,670	79,715
FI4AF00572	305,508	267,655
FI4AF00577	330,844	330,416
FI4AF00865	82,472	70,761
FI4AF00870	\$1,651,589	\$1,367,901
FI4AF00881	51,273	47,825

Grant Number	Grant Amount	Claimed Costs
F14AF00896	431,300	247,973
F14AF00931	200,000	108,404
F14AF00933	100,034	83,356
F14AF01033	3,177,089	2,412,525
F15AF00066	300,000	0
F15AF00380	176,042	0
F15AF00381	240,000	0
Fish & Wildlife		
F14AF01332	164,944	82,950
Wildlife		
F04AF00015	979,315	603,603
F10AF00322	133,000	80,000
F12AF00603	2,082,144	1,717,079
F12AF00604	234,253	238,936
F13AF00619	15,000	15,000
F13AF00620	7,535,921	6,982,819
F13AF00701	2,882,651	1,540,741
F13AF00710	225,601	225,601
F13AF01326	934,000	934,000
F14AF00333	2,666,667	2,666,667
F14AF00579	226,040	226,040
F14AF00580	3,113,603	1,918,808
F14AF00775	30,000	30,000
F14AF00776	7,081,143	6,614,617
F15AF00044	208,032	2,766
F15AF00419	40,000	0
Total	\$49,191,240	\$39,720,227

Appendix 2

State of South Carolina
Department of Natural Resources
Sites Visited

Headquarters
South Carolina Department of Natural Resources
1000 Assembly Street
Columbia, SC 29201

Regional Office
Florence

Division
Marine Research Division

Boat Facility
Hwy 22 & Hwy 17 Interchange

Boat Landings
Bucksport Public Boat Landing
Chappell Boat Landing
Green Pond Landing
W.O. Thomas, Jr. Boat Landing

Fish Hatcheries
Cohen Campbell
Spring Stevens

Shooting Ranges
Belfast Firing Range
James O. Thomason Firing Range
Palmettos Shooting Complex

Wildlife Management Areas
Belfast
Liberty Hill

Report Fraud, Waste, and Mismanagement



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By Fax:	703-487-5402	
By Mail:	U.S. Department of the Interior Office of Inspector General Mail Stop 4428 MIB 1849 C Street, NW. Washington, DC 20240	