



**Office of Inspector General
U.S. Department of the Interior**

ADVISORY REPORT

**COSTS CLAIMED BY THE
STATE OF TEXAS, PARKS
AND WILDLIFE DEPARTMENT,
UNDER FEDERAL AID GRANTS
FROM THE U.S. FISH AND
WILDLIFE SERVICE
FROM SEPTEMBER 1, 1995
THROUGH AUGUST 31, 1997**

MARCH 2003

Report No. 2003-E-0019



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

March 3, 2003

ADVISORY REPORT

Memorandum

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

From: Roger La Rouche
Assistant Inspector General for Audits

Subject: Final Advisory Report on Costs Claimed by the State of Texas Parks and Wildlife Department, Under Federal Aid Grants from the U.S. Fish and Wildlife Service from September 1, 1995 through August 31, 1997 (No. 2003-E-0019)

Introduction

This report presents the results of our performance of procedures to review another audit agency's work related to costs claimed by the State of Texas Parks and Wildlife Department (Department) under Federal Aid grants from the U.S. Fish and Wildlife Service (FWS) for the period September 1, 1995 through August 31, 1997.

Background and Scope

The Federal Aid in Wildlife Restoration Act, as amended (16 U.S.C. 669) and the Federal Aid in Sport Fish Restoration Act, as amended (16 U.S.C. 777), (the Acts), authorize the FWS to provide Federal assistance grants to the states to enhance their sport fish and wildlife programs. The Acts provide for the FWS to reimburse the states up to 75 percent of all eligible costs incurred under the grants. Additionally, the Acts specify that state hunting and fishing license revenues cannot be used for any purpose other than the administration of the state's fish and game agencies. In addition, FWS also provides grants to the states under the Clean Vessel Act and the Endangered Species Act.

In March 1999, another audit agency prepared a draft report on its review of FWS Federal Aid program grants to the State of Texas for fiscal years 1996 and 1997. The scope of its audit work, as stated in the announcement letter to the Department, was to evaluate (1) the adequacy of the Department's accounting system and related internal controls to determine if the system can be relied upon to accurately accumulate and report the actual costs charged to the

grants; (2) the accuracy and eligibility of the direct and indirect costs claimed by the Department under the Federal Aid grants; (3) the adequacy and reliability of the Department's hunting and fishing license fees collection and disbursement processes; and (4) the adequacy of the Department's purchasing system and related internal controls. The audit was also to include an analysis of other issues considered to be sensitive and/or significant to the FWS. The audit work covered claims totaling \$97.8 million on FWS grants that were open during the Department's fiscal years ending August 31, 1996 and 1997 (see Appendix 1). However, the audit agency's agreement with FWS expired before the issuance of its draft report to the State of Texas.

From 1996 through September 2001, the audit agency conducted audits of Federal Aid grants under a reimbursable agreement with the FWS, which expired on September 30, 2001. The FWS did not renew or extend the agreement and at the time of expiration, final audit reports on several audits had not been issued and the audits were in various stages of the audit and reporting processes. The audit agency indicated in a September 28, 2001 memorandum that its supervisors had not reviewed the working papers for the Texas audit to ensure that (1) sufficient, competent and relevant evidence was obtained, (2) evidential matter contained in the working papers adequately supported the audit findings in the report, and (3) sound auditing techniques and judgment were used throughout the audit.

On September 20, 2001, FWS and the Office of Inspector General (OIG) entered into an Intra-Departmental Agreement under which FWS requested the OIG to (1) review the work performed by the audit agency including its working papers, summaries, and draft reports and (2) issue reports on the findings that were supported by the working papers. Accordingly, our review was limited to performing the procedures set forth in the Agreement. We did not perform any additional audit work of the Department's records, and the limited work performed under these procedures does not constitute an audit by the OIG in accordance with Generally Accepted Government Auditing Standards.

Major issues impacting Texas' administration of the Federal Aid program are presented in the body of the report and other management issues are presented in Appendix 2.

Results of Review

The results of our review of the working papers disclosed the following:

- The eligibility for reimbursement of costs totaling \$279,356 (Federal share \$209,517) was questioned representing questionable in-kind labor contributions (\$191,720), an ineligible payment to a nonprofit organization (\$76,789), and other ineligible costs (\$10,847).
- The Department did not report revenues of \$30,000 received from the sale of an easement on property that had been acquired with Federal Aid grant funds.

- The Department did not report program income totaling \$573,912 generated from grant-funded activities.
- The Department inappropriately received advance payments on one of its grants and earned an estimated \$10,186 in interest on these funds.

A. Questioned Costs

1. In-Kind Contributions-Volunteer Services. The Department claimed costs totaling \$448,657 under its fiscal year 1996 grant for “Aquatic Wild Usage in the Classroom” (AWUIC) (Grant F-82-E-5), which included costs incurred of \$240,447 and in-kind volunteer services of \$208,210 for non-Department personnel. The working papers indicated that \$16,490 of the volunteer services amount was allowable, and questioned the remaining \$191,720 which related to “schoolteacher volunteers.” In addition, the Department did not properly identify the \$191,720 as an in-kind contribution on its Financial Status Report and inappropriately received Federal Aid reimbursement for a portion of the in-kind contribution.

(a) Ineligible In-Kind Contributions. The Department enlists private and public schoolteachers to use the AWUIC program to incorporate wildlife-related concepts into their normal K-12 classroom curricula. The Department provides a 6-hour workshop for the schoolteachers to become familiar with its approaches and activities, and the schoolteachers can select from about 80 AWUIC program activities and supplements for use in their classroom. However, the Department has no enforceable agreement with the schoolteachers and does not receive information on which schoolteachers actually incorporated AWUIC program activities into their curricula or the amount of time they spent in the classroom on these activities.

The amount claimed for in-kind hours was based on a formula developed in 1990 by an independent public opinion firm. The formula, as applied in fiscal year 1996, included the following factors: cumulative number of AWUIC program certified schoolteachers (34,183); percentage of active AWUIC program certified schoolteachers (87 %); percentage of active schoolteachers using AWUIC techniques (27 %); number of hours spent instructing during the year (6 hours); and estimated instructor dropout rate (50 %). The resulting computed in-kind value was \$240,090 (24,009 hours at \$10 per hour – the rate stipulated in the grant agreement). (The Department apparently claimed only \$191,720 of this amount.) The use of the \$191,720 as an in-kind contribution is questionable for the following reasons:

- The schoolteachers did not provide volunteer services because AWUIC related instruction was performed as part of their normal teaching efforts.
- Since the teachers were not required to report on their AWUIC instruction activities, the Department has no information on the accomplishments or effectiveness of these instructional activities.

- The formula used in the computation was at least 6 years old when it was used for this grant, and we have no basis for determining whether the computed number of volunteer hours was reasonable.

The working papers questioned the entire \$191,720 (Federal share \$143,790) related to the volunteer services of the schoolteachers.

(b) Federal Aid Reimbursement for Excess In-Kind Contributions. Should FWS allow the Department to use the volunteer services for matching purposes, FWS would still be due a refund in the amount of \$96,046 because the Department received Federal Aid reimbursement for a portion of these in-kind services, contrary to OMB Circular A-87. Attachment B, Section 11.i of the Circular states, “The value of [donated or volunteer] services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of the common rule.”

The Department reported net outlays of \$448,658 on its Financial Status Report, which included actual costs of \$240,447 and in-kind contributions of \$208,210. The Department did not separately identify the in-kind contribution amount on the Report, as required, and requested reimbursement of \$336,493, or 75 percent of the reported net outlays. As a result, the Department received Federal Aid reimbursement for in-kind services in the amount of \$96,046 (reimbursements of \$336,493 minus costs incurred of \$240,447 = reimbursements of \$96,046 for in-kind contributions).

2. Ineligible Contribution. The Department paid \$76,789 to Ducks Unlimited for the Prairie Canada North American Wetlands Conservation Act project and charged this amount to Grant W-128-R-4. The expenditure was not an approved grant cost and therefore was not eligible for reimbursement. Therefore, the working papers questioned the \$76,789 payment (Federal share \$57,592).

3. Other Ineligible Costs. The Department charged \$7,647 for a rotary mower and \$3,200 for bear traps to Grant W-107-R-21. The grant is for wildlife resource planning and therefore the costs were not eligible for reimbursement. The working papers showed that the mower was used for maintenance of wildlife management areas covered under Grant W-124-M and the bear traps were used to remove nuisance animals, which according to the FWS Federal Aid Manual Chapter 8.2.B.(2), is not an eligible activity under Federal Aid grants. Therefore, the working papers questioned the ineligible charges of \$10,847 (Federal share \$8,135).

Recommendations

We recommend that the FWS:

1. Resolve the \$279,356 of questioned costs with the Department.

2. Ensure that the Department establishes and implements controls to ensure that costs charged to Federal Aid grants are eligible and adequately supported.

Department and U.S. Fish and Wildlife Service Responses

1. In-Kind Contributions-Volunteer Services. Departmental officials stated that the use of schoolteacher volunteer in-kind costs for Aquatic Education Grant training has been discontinued. The officials added that, “In order that there be no question about the costs charged to Grant F-82-E-5 the Department will make accounting adjustments to current segments of the grant for the entire amount of the in-kind costs charged to F-82-E-5. The accounting adjustments will be made according to established procedures for handling questioned costs.”

2. Ineligible Contribution. The Department stated that the payment to Ducks Unlimited was coded to the wrong project code and that accounting adjustments have already been made by the Department.

3. Other Ineligible Costs. The Department stated that the items were coded to the wrong project code and that adjustments to correct the problem had already been made by the Department.

The FWS did not provide written comments on the recommendations.

Office of Inspector General Comments

The Department’s response agreed with the recommendations and stated that appropriate adjustments had been or will be made. FWS needs to obtain documentation that demonstrates that the adjustments have been made.

Since FWS did not provide a written response, we consider the recommendations unresolved. FWS should address the recommendations as part of the Corrective Action Plan.

B. Revenues from Sale of an Easement

The Department did not report revenues of \$30,000 received from the Wood County Electric Cooperative Inc. for an easement across the Old Sabine Bottom Wildlife Management Area (Anderson Tract, acquired with Federal Aid funds) for an electric line easement. The Code of Federal Regulations [43 CFR 12.71(c)(2)] requires that when a grantee sells real property that had been acquired with grant funds, it should compensate the awarding agency in the same percentage of participation as the original purchase. However, the Department did not report these revenues or provide compensation to the FWS.

Recommendations

We recommend that the FWS:

1. Resolve the \$30,000 of unreported easement sale revenues with the Department.
2. Ensure that the Department establishes and implements controls to ensure that revenues from the sale of real property are appropriately identified, recorded, and reported.

Department and U.S. Fish and Wildlife Service Responses

The Department stated that FWS imposed reporting requirements during the period of the questioned transaction that led the Department to not report any program income on the Financial Status Report for Grant W-124-M. The Department further stated that it was required by FWS to report only costs up to the amount stated in the grant agreement but that it “had costs well in excess of that amount from which program income would have been deducted to determine net billable costs.” The Department further stated that, “The Department is willing to submit an amended Financial Status Report for Grant W124M showing the correct amount of total costs, the correct amount of program income including the questioned \$30,000, and the correct amount of net billable costs.” The Department added that none of these corrections will result in any amount being owed to FWS.

The FWS did not provide written comments on the recommendations.

Office of Inspector General Comments

The Department’s response included a copy of the final Financial Status Report that included a notation that the Department had incurred additional costs (over \$700,000) that were not included in the Report. However, the response did not include documentation supporting the additional costs. FWS needs to determine whether it will allow the Department to submit an amended Financial Status Report and if so, verify any additional reported costs.

Since FWS did not provide a written response, we consider the recommendations unresolved. FWS should address the recommendations as part of the Corrective Action Plan.

C. Program Income

The working papers indicated that the Department received program income totaling \$573,912 that was not reported on the Financial Status Reports. The Code of Federal Regulations [43 CFR 12.65(b)] defines program income as “gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period,” and Part 12.65(g)(1) states “Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs.” In addition, Part 12.65(g)(2) states “When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee.” This method is referred to as the additive method. The working papers indicated, however, that the Department’s

system and related controls were not adequate to ensure that program income was properly reported under the applicable grants, as follows:

1. Sea Center. The Department received income totaling \$121,958 from gift shop sales (\$116,958) and conference room rental sales (\$5,000) at the Sea Center. Although the Department identified grant related revenues of \$42,881 in its Grant Performance Report, it did not report the receipt and use of this income on its Financial Status Report. The grant agreement specified the additive method of accounting for program income and indicated that the Sea Center's operation and maintenance costs were supported under Grant F-91-D-1.

2. Fisheries Center. The Department received income totaling \$406,006 from gate receipts (\$207,466), gift shop income (\$125,143), vending machine income (\$13,366), and Kidfish program revenue (\$60,031) at the Fisheries Center. The Department did not report the receipt and use of this income on the Financial Status Report. The grant agreement specified the additive method of accounting for program income and indicated that the Fisheries Center operation and maintenance costs were supported under Grant F-90-D-1.

3. Trout Sales. The Department used Federal Aid funds and assets under Grants F-101-D-2 and F-101-D-3 to raise and purchase rainbow trout and maintain and distribute the trout to state controlled waters and non-state controlled local and cooperative waters. The Department received revenue of \$24,131 and \$18,425, in fiscal years 1996 and 1997 respectively, from trout sales to non-state entities but did not report the revenue as program income.

4. Timber Sales. The Department received \$3,392 from the Wood County Electric Cooperative Inc. for timber harvest from an easement on lands (Anderson tract) acquired with Federal Aid funds in the Old Sabine Wildlife Management Area. The Department did not report these revenues as program income on its wildlife management area grant (W-124-M).

Recommendations

We recommend that the FWS:

1. Resolve the \$573,912 of unreported program income with the Department.
2. Ensure that the Department establishes and implements controls to ensure that program income is appropriately identified, recorded, and reported.

Department and U.S. Fish and Wildlife Service Responses

1. Sea Center. The Department stated that the figures in the report are not correct and that the actual amounts received from gift shop sales and conference room rental were \$109,999 and \$7,669, respectively. The Department provided documentation that shows that deducting the cost of merchandise sold and business expenses from the gross receipts leaves net program income of \$15,514 from these activities and that this amount was reported on the Financial

Status Report, using the additive method. The Department also provided documentation indicating this amount was spent at the Center.

2. Fisheries Center. The Department stated that the gate receipts (\$207,466), gift shop income (\$125,143), and the vending machine income (\$13,366), which totaled \$345,975, were properly reported on the Financial Status Report using the additive method. The Department added that the income was used to support the Fisheries Center operation.

Regarding the remaining \$60,031, the Department stated that these funds were actually donations to the Parks and Wildlife Foundation collected during a Kidfish event held at the Center and that the Department did not receive any rental income or other fees from the Foundation for holding the event at the Center. The Department further stated, “donations to an entity outside of the Department are not program income just because the event was held at the Fisheries Center.”

3. Trout Sales. The Department stated that it has already made accounting adjustments for the amounts stated in the report and for all other revenue from trout sales in subsequent years and that the income has since been reported on amended Financial Status reports. The Department added that the trout activity has been removed from the grant and is now a state-funded project.

4. Timber Sales. The Department stated that the timber sales revenue is related to the sale of easement revenue in Finding B and that resolution will be handled the same way.

The FWS did not provide written comments on the recommendations.

Office of Inspector General Comments

Our comments regarding the Department’s response are as follows:

1. Sea Center. We were unable to reconcile the unreported income amounts shown in the audit agency’s working papers to the amounts shown in the Department’s response. However, the Department provided documentation indicating that it had reported the net income from these activities, using the additive method. The Department’s response also indicated that it had used this net income to support Sea Center activities. FWS needs to verify that this income has been accounted for properly.

2. Fisheries Center. The Department provided documentation indicating that it had reported the net income from gate receipts, vending machines, and the gift shop on the Financial Status Report and used this income to support Fisheries Center operations. FWS needs to verify that this income has been accounted for properly and that the income related to the Kidfish event was actually contributions to the Parks and Wildlife Foundation.

3. Trout Sales. The Department provided documentation indicating that these revenues were included in the amount reported on the September 2002 Financial Status Report for Grant

F-101-D-4. FWS needs to verify that the adjustment has been made and includes the income identified in the report.

4. Timber Sales. FWS needs to address this issue as part of the resolution of Finding B.

Since FWS did not provide a written response, we consider the recommendations unresolved. FWS should address these recommendations as part of the Corrective Action Plan.

D. Interest on Advance Payments

The working papers concluded that the Department earned an estimated \$10,186 in interest income on advance payments on Grant F-91-D-1. The Department is required to request payments for Federal Aid in accordance with the reimbursement method described in the Code of Federal Regulations [43 CFR Part 12.61(d)]. However, the Department did not always comply with the requirement and drew down funds before it was obligated to pay the vendor. This occurred because at times, the Department billed certain miscellaneous charges before the costs had been vouchered through the grant accounting system's accounts payable module. In one instance, the Department received Federal Aid reimbursement for construction services 70 days before paying the vendor invoice. Such payments would be considered advances since the Department did not use the reimbursements to pay the related obligations timely. Interest earned on grant advances is subject to 43 CFR Part 12.61(i), which requires grantees to promptly, but at least quarterly, remit interest earned on grant advances to FWS.

Recommendations

We recommend that the FWS:

1. Resolve the \$10,186 of interest income with the Department.
2. Ensure that the Department establishes and implements controls to ensure that Federal Aid reimbursements are made in accordance with applicable criteria.

Department and U.S. Fish and Wildlife Service Responses

The Department stated that it did not agree that there was any interest income due. The Department stated that they contracted with another organization to construct the Sea Center Texas and that when presented with invoices, Departmental employees would certify that it was proper to pay the invoices in accordance with State of Texas laws and purchasing regulations. The Department added that, "At that point, according to generally accepted accounting principles, a cost is incurred. When a vendor is actually paid is not relevant to incurring a cost." The Department further stated that the procedures they followed were approved by FWS. The Department also stated that they do not consider the reimbursements under Grant F-91-D to be "advances" and that interest was not due.

The FWS did not provide written comments on the recommendations.

Office of Inspector General Comments

In support of its position, the Department cited an FWS letter that stated, “If the payment of grant expenses is imminent, you may request Federal Aid payment prior to the disbursement of State funds.” The drawdowns referred to in the report included some for which payment was not imminent, including one of over \$333,000, which was not used to pay the vendor until 70 days later.

Since the FWS did not provide a written response, we consider the recommendations unresolved. FWS should address the recommendations as part of the Corrective Action Plan.

In accordance with the Departmental Manual (360 DM 5.3), please provide us with your written comments regarding unresolved and unimplemented recommendations by June 6, 2003.

This advisory report is intended solely for the use of grant officials of the U.S. Fish and Wildlife Service, and is not intended for, and should not be used by, anyone who is not cognizant of the procedures that were applied and who agreed to the sufficiency of those procedures.

If you have any questions regarding this report, please contact Mr. Gary Dail, Federal Assistance Audit Coordinator, at (703) 487-8011.

cc: Regional Director, Region 2
U.S. Fish and Wildlife Service

**TEXAS DEPARTMENT OF GAME AND FISH
SCHEDULE OF GRANT COSTS AND QUESTIONED COSTS
FOR FISCAL YEARS 1996 AND 1997¹**

Grant Number	Grant Budget	Costs Billed	Questioned Federal Share
CWA-11-1	\$1,957,000		
CWA-12-1	250,000		
CWA-13-1	583,730	\$3,500	
CWA-6-1	101,000	101,000	
CWA-7-1	202,000		
CWA-8-1	156,500	156,500	
CWA-9-1	402,000		
ESEC-2-2	47,600	47,445	
ESEC-3-1	287,667	287,667	
ESEC-6-10	839,042		
ESEC-6-8	242,933	242,933	
ESEC-6-9	393,720	370,068	
ESEC-7	467,889	467,889	
FW-15-S-1	26,667	22,197	
FW-15-S-2	166,000	29,025	
FW-15-W-1	26,667	22,197	
FW-15-W-2	116,000	29,025	
C-4	315,000	315,000	
HIP-1	405,000	4,321	
IPA1-3	50,000	48,895	
IPA1-4	50,000	44,035	
SWTSU-2	4,500	4,500	
F-100-D-1	686,667		
F-101-D-1	95,464	95,464	
F-101-D-2	184,256	184,256	
F-101-D-3	628,224	318,919	
F-102-D-1	574,608	574,608	
F-103-D-1	383,262	238,056	
F-105-D-1	533,334	253,334	
F-106-D-1	1,064,001		
F-107-D-1	391,382		
F-22-D-26	203,732	167,969	
F-22-D-27	133,336	133,336	
F-22-D-28	133,336	73,456	
F-30-R-20	2,200,000	2,200,000	

¹ The amounts shown for grant numbers, grant budgets, and costs billed were obtained from a summary schedule in the audit agency's working papers. We did not verify the accuracy of these numbers.

**TEXAS DEPARTMENT OF GAME AND FISH
SCHEDULE OF GRANT COSTS AND QUESTIONED COSTS
FOR FISCAL YEARS 1996 AND 1997**

Grant Number	Grant Budget	Costs Billed	Questioned Federal Share
F-30-R-21	637,572	637,572	
F-30-R-22	1,397,500	1,397,500	
F-31-R-21	114,880	114,880	
F-30-R-22	120,000	120,000	
F-30-R-23	120,000	117,952	
F-34-M-12	900,000	900,000	
F-34-M-13	522,040	522,040	
F-34-M-14	1,397,500	915,289	
F-36-R-10	301,875	301,875	
F-36-R-11	215,748	215,748	
F-36-R-12	187,664	161,484	
F-37-TA-6	695,708	695,708	
F-37-TA-7	518,280	518,280	
F-37-TA-8	1,124,000	1,124,000	
F-59-D-6	182,000	182,000	
F-59-D-7	172,000	162,789	
F-59-D-8	182,000	106,629	
F-82-E-4	336,000	336,000	
F-82-E-5	466,668	448,657	\$143,790
F-82-E-6	370,000	287,454	
F-82-E-7	360,000		
F-85-D-1	740,556	740,556	
F-87-M-2	691,010	504,770	
F-89-D-1	571,333	571,333	
F-90-D-1	17,333,333	15,424,338	
F-90-D-2	2,139,527	261,989	
F-90-DB-1	10,000	10,000	
F-90-DB-2	10,001		
F-91-D-1	16,621,056	16,621,055	
F-91-D-2	623,872		
F-91-DB-1	447,612	408,878	
F-92-D-2	227,500	227,500	
F-92-D-3	432,184	432,184	
F-92-D-4	838,000	245,827	
F-93-D-2	79,260	79,260	

**TEXAS DEPARTMENT OF GAME AND FISH
SCHEDULE OF GRANT COSTS AND QUESTIONED COSTS
FOR FISCAL YEARS 1996 AND 1997**

Grant Number	Grant Budget	Costs Billed	Questioned Federal Share
F-93-D-3	126,260	126,260	
F-93-D-4	279,800	88,158	
F-94-D-2	22,000	22,000	
F-94-D-3	22,000	91	
F-95-D-2	175,184	175,184	
F-95-D-3	262,608	262,608	
F-95-D-4	524,584	270,954	
F-96-D-2	27,000	27,000	
F-96-D-3	62,360	62,360	
F-96-D-4	212,156	81,632	
F-97-R-2	20,000	20,000	
F-97-R-3	20,000	20,000	
F-97-R-4	20,000	20,000	
F-98-D-2	33,000	33,000	
F-98-D-3	91,136	91,136	
F-98-D-4	348,816	149,840	
F-99-D-1	243,275	198,116	
W-017-R-23	3,500,000	3,500,000	
W-017-R-24	100,000		
W-104-S-23	600,000	600,000	
W-104-S-24	600,000	600,000	
W-104-S-25	400,000	400,000	
W-104-S-26	100,000		
W-107-R-21	3,320,000	3,320,000	8,135
W-107-R-22	3,000,000	3,000,000	
W-122-S-6	532,000	383,346	
W-123-D-5	1,568,000	1,150,884	
W-124-M-5	3,920,000	3,760,560	
W-124-M-6	2,000,000	2,000,000	
W-124-M-7	2,720,000	2,720,000	
W-124-M-8	2,000,000	2,000,000	
W-125-R-6	260,000	260,000	
W-125-R-7	460,000	460,000	
W-125-R-8	404,000	404,000	
W-125-R-9	100,000	100,000	

**TEXAS DEPARTMENT OF GAME AND FISH
SCHEDULE OF GRANT COSTS AND QUESTIONED COSTS
FOR FISCAL YEARS 1996 AND 1997**

Grant Number	Grant Budget	Costs Billed	Questioned Federal Share
W-126-R-3	568,000	568,000	
W-126-R-4	600,000	518,983	
W-126-R-5	1,000,000	521,781	
W-126-R-6	1,000,000	183,585	
W-127-R-3	2,054,000	1,665,756	
W-127-R-4	1,400,000	509,455	
W-127-R-5	1,240,000	874,626	
W-127-R-6	1,000,000	286,722	
W-128-R-3	740,000	740,000	
W-128-R-4	800,000	776,862	57,592
W-128-R-5	600,000	598,682	
W-128-R-6	100,000		
W-129-M-5	1,700,000	1,330,009	
W-129-M-6	1,500,000	912,457	
W-129-M-7	1,800,000	1,370,229	
W-129-M-8	100,000		
W-130-L-1	7,157,581	6,631,270	
W-130-L-2	882,667	455,641	
W-131-S-1	1,200,000	1,040,617	
W-131-S-2	1,400,000	1,116,794	
W-131-S-3	100,000		
W-98-D-26	200,000	200,000	
Total	\$120,605,623	\$97,837,740	\$209,517

MANAGEMENT ISSUES

The working papers identified the following management issue regarding asset management that the Texas Parks and Wildlife Department and the Fish and Wildlife Service need to address. The working papers also included comments on the status of the Department's cost accounting system.

A. Asset Management System

The working papers stated that the Department's asset management system was adequate to ensure compliance with Federal regulations over the use and disposition of assets acquired with Federal Aid funds or license revenues. However, the working papers identified the following issues:

- The Department did not have a mechanism that allows site personnel to readily identify government-furnished or purchased equipment.
- Assets were identified in the inventory system with personnel, and incorrectly appeared to have been transferred to another site if the identified person relocated to another site.
- Assets were missing inventory tags and were not promptly tagged when acquired.
- Transfer slips were not always prepared for assets transferred between sites.

B. Cost Accounting System

The working papers concluded that the Department's cost accounting system in effect during the audit period (fiscal years 1996 and 1997) was generally adequate (with some exceptions) for recording and accumulating project costs. The working papers also noted, however, that the system was replaced in fiscal year 1998 but was not reviewed by the auditors because the system was not completely functioning and was largely undocumented at the time of the audit.

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