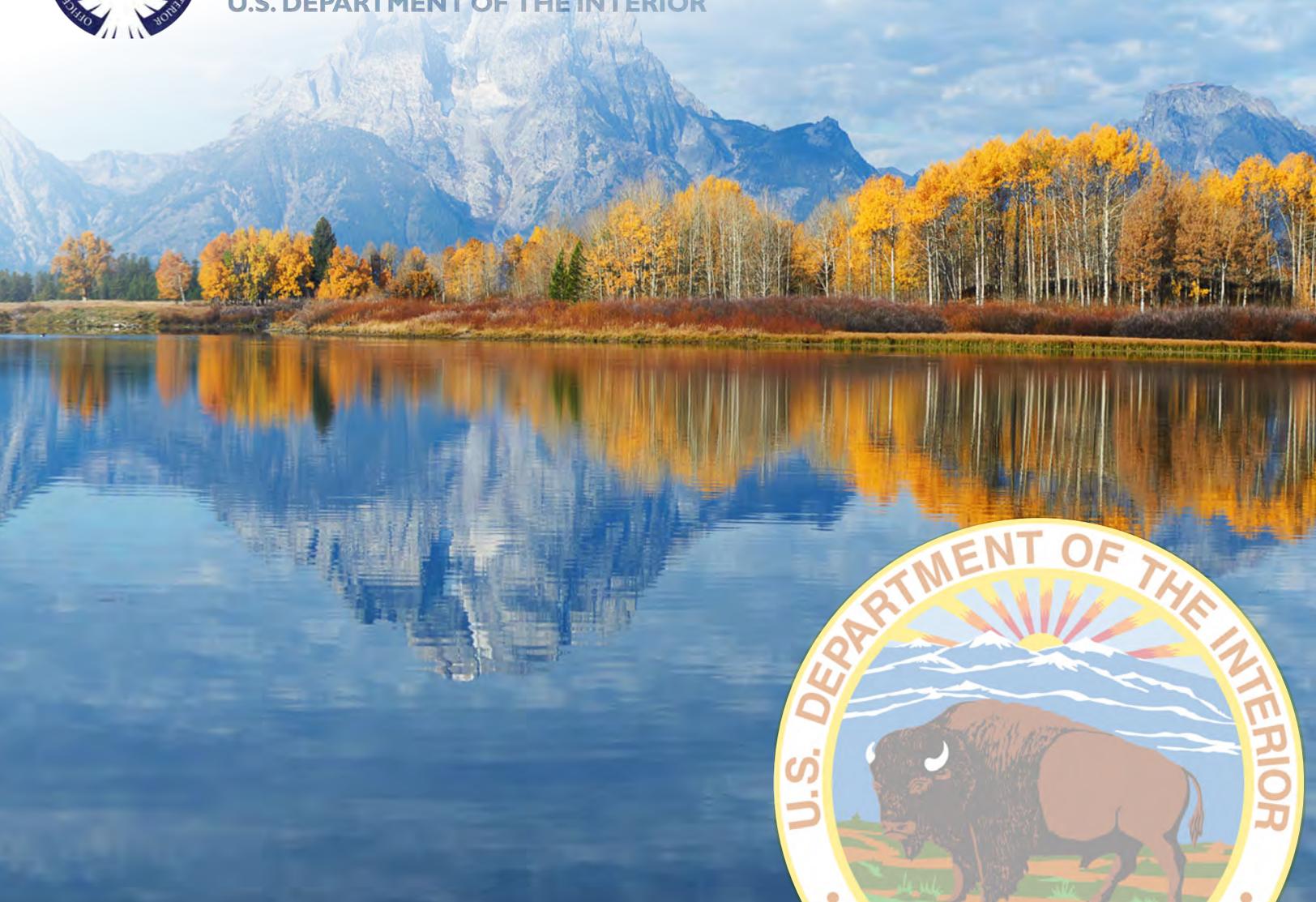




OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR



# Audit

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

FEB 25 2025

Memorandum

To: Paul Souza  
Acting Director, U.S. Fish and Wildlife Service

From: Colleen Kotzmoyer   
Director, Contract and Grant Audit Division

Subject: Final Audit Report – *Wildlife and Sport Fish Restoration Grants Awarded to the District of Columbia by the U.S. Fish and Wildlife Service*  
Report No. 2024-CGD-009

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

We provided a draft of this report to FWS. FWS concurred with three recommendations and non-concurred with one recommendation. Based on the responses and documentation, we consider the recommendations to be fully implemented. The full responses from FWS and the Department are included in Appendix 4. In this report, we summarize the FWS and Department responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 5.

We will notify Congress about our finding, and we will report semiannually, as required by law, on the action you have taken to implement the recommendations. We will also post a public version of this report on our website.

If you have any questions regarding this report, please contact me at [aie\\_reports@doioig.gov](mailto:aie_reports@doioig.gov).

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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 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 District of Columbia Department of Energy and Environment (Department) used grant funds and District fishing license revenue for allowable activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. The scope of our audit was District fiscal years (DFYs) ending September 30, 2022, and September 30, 2023.

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

## Background

FWS provides grants to States<sup>1</sup> 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.<sup>2</sup> In general, the Acts and related Federal regulations allow 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. The reimbursement amount is called the Federal share and the portion the States must match with their own funds is called the State share. To meet the State-share requirement, the Department used general license revenues<sup>3</sup> and other District revenues.<sup>4</sup> 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.

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<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> License revenues are from the sale of fishing licenses or permits.

<sup>4</sup> Other District revenues include the District's non-Federal funding sources.

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# Results of Audit

We determined that the Department generally ensured that grant funds and District fishing license revenue were used for allowable activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. However, we noted issues with the Department's financial management, specifically related to its inadequate payroll management process and inaccurate financial reporting.

We questioned \$1,678,862 in Federal Share in connection with unsupported payroll charges and indirect expenses (see Figure 1).

**Figure 1: Summary of Unsupported Costs**

<b>Issue</b>	<b>Total Costs</b>	<b>Federal Share</b>
Payroll Charges	\$2,070,604	\$1,570,202
Indirect Expenses	\$108,660	\$108,660
<b>Totals</b>	<b>\$2,179,264</b>	<b>\$1,678,862</b>

Source: OIG analysis of grant transaction reports provided by the Department and Federal Financial Reports obtained from GrantSolutions.

See Appendix 3 for a statement of monetary impact.

## Unsupported Payroll Charges—Questioned Costs of \$1,570,202 Federal Share

Federal regulations state that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed<sup>5</sup> and must be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.<sup>6</sup> Budget estimates (estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards.<sup>7</sup> Additionally, Federal regulations state that costs must be necessary and reasonable for the performance of the Federal award and be allocable to that Federal award.<sup>8</sup> In order for costs to be allocable, they must benefit both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods.<sup>9</sup>

We found that for DFYs 2022 and 2023, the Department did not bill labor to WSFR based on actual hours worked and instead billed labor costs based on budget estimates. According to the Department's Associate Director of the Fisheries and Wildlife Division (FWD), at the start of both DFYs, the Department developed estimates for employees who billed labor to WSFR. Multiple employees stated they billed labor each pay period in accordance with these estimates. We noted that the estimates were for the entire DFY, rather than per pay period.

We also found that the Department did not have adequate documentation to support its budgeted labor estimates. According to the FWD Associate Director, the Department developed its budget estimates for

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<sup>5</sup> 2 C.F.R. § 200.430(i)(1).

<sup>6</sup> 2 C.F.R. § 200.430(i)(1)(i).

<sup>7</sup> 2 C.F.R. § 200.430(i)(1)(viii).

<sup>8</sup> 2 C.F.R. § 200.403(a).

<sup>9</sup> 2 C.F.R. § 200.405(a)(2).

WSFR based on historical (prior DFY) grant data. This data included information such as the number of completed fisheries surveys and the number of hours employees worked to complete tasks for grants. Although the Department provided a general overview of how it developed its budget estimates, it could not provide the specific historical data used to calculate budget estimates for DFYs 2022 and 2023. Further, employees stated that they did not track actual time spent working on WSFR activities. Based on this information and the number of years employees have been billing labor based on estimates, we determined that the Department had not established a baseline of actual hours worked on WSFR that could reasonably support budget estimates for DFYs 2022 and 2023. Instead, the Department based the estimates for DFYs 2022 and 2023 on prior budget estimates. According to the FWD Associate Director, WSFR funding typically does not fully cover the actual cost of labor required to complete grant objectives. However, the Department could not provide documentation to substantiate this claim. Based on our findings, the Department had unsupported payroll charges for DFYs 2022 and 2023 (see Figure 2).

**Figure 2: Unsupported Costs Related to Payroll Charges**

<b>Grant No.</b>	<b>Grant Title</b>	<b>Total Costs</b>	<b>Federal Share</b>
F20AF00122	DC Floating Dock at Kingman Island	\$66,422	\$0
F21AF04008	DC F-2-R-32 FY22 Fisheries Survey	\$908,187	\$743,827
F21AF04014	Coordination of Sport Fish Restoration Grants in the District of Columbia FY22	\$544,234	\$409,309
F21AF04043	DC FY22 Aquatic Resources Education	\$237,468	\$173,423
F22AF03621	DC Aquatic Resources Education FY23	\$314,293	\$243,643
<b>Totals*</b>		<b>\$2,070,604</b>	<b>\$1,570,202</b>

\* There may be slight variances in the amounts due to rounding.

Source: Notices of award obtained from GrantSolutions and OIG analysis of grant transaction reports provided by the Department.

These issues occurred because the Department permitted the use of budget estimates to bill labor. According to the FWD Associate Director, at the beginning of each DFY, the Department’s Human Resources Division distributes a list of codes for employees to bill labor. We reviewed an email distributed at the beginning of DFY 2024 by the Department’s Human Resources Division to all employees; the email included a list of each employee and specified the percentage of time and number of hours employees should charge to each of their activities during DFY 2024. Multiple employees stated they have billed labor to WSFR based on budget estimates for approximately 10 years. The FWD Associate Director stated that it is more feasible to account for time spent using budget estimates because some employees work on other Federal awards that overlap with WSFR.

Additionally, the Department assumed that FWS authorized it to bill WSFR at budgeted labor rates based on information provided in its approved grant applications. However, upon our review, we could not identify any language in the approved applications that indicated the Department would bill labor based on budget estimates. Moreover, during a discussion with the regional FWS Grant Fiscal Officer, we learned that WSFR grant recipients are advised to charge actual hours in accordance with actual work performed. This FWS official noted that if WSFR grant recipients elect to use budget estimates, they must account for actuals at the end of the grants’ performance periods.

As a result of billing labor based on budget estimates, the Department did not have reasonable assurance that its labor and associated fringe benefit costs, which were approximately \$2.1 million<sup>10</sup> (\$1.6 million in Federal share) in DFYs 2022 and 2023, accurately reflected work performed for WSFR. Additionally, without adequate documentation to support its budgeted labor estimates, the Department limits FWS' ability to determine whether the estimates were reasonable or whether the programs are sufficiently funded for the future.

## Recommendations

We recommend that FWS require the Department to:

1. Resolve the \$1,570,202 Federal share in questioned costs related to unsupported labor charges billed to the Wildlife and Sport Fish Restoration Program.
2. Develop and implement a process to ensure that employees' labor costs billed to the Wildlife and Sport Fish Restoration Program reflect the actual work performed.

## Unsupported Indirect Costs and Other Expenditures—Questioned Costs of \$108,660 Federal Share

Federal regulations state that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.<sup>11</sup> Additionally, Federal regulations state that grantees are responsible for supervision to ensure that the work follows the terms of the grant, including submission of complete and accurate Federal financial reports (FFRs) and performance reports by the due dates in the terms and conditions of the grant, among other things.<sup>12</sup>

We found that the Department did not always report accurate information to FWS on its FFRs. For example, we found the Department overstated the amount of its indirect expense base<sup>13</sup> for Grant Nos. F21AF04008 and F21AF04014. Additionally, the Department did not report any indirect expenses on the FFR for Grant No. F22AF03621, even though it claimed indirect expenses in its financial records (see Figure 3). However, we noted that FWS authorized the Department to receive reimbursement for some indirect expenses in connection with this grant.

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<sup>10</sup> We questioned the payroll costs for all WSFR grants open during DFYs 2022 and 2023. Based on our assessment, we have reasonable assurance that the Department billed labor using budget estimates on all its WSFR grants, not just on the four grants we sampled for our review.

<sup>11</sup> 2 C.F.R. § 200.303(a).

<sup>12</sup> 50 C.F.R. § 80.90(b)(3).

<sup>13</sup> For both District Fiscal Years 2022 and 2023, the Department's indirect expense base was comprised of direct salaries and wages plus applicable fringe benefits.

**Figure 3: Indirect Expense Base**

Grant No.	Grant Title	FFR*	OIG Calculations	Variance
F21AF04008	DC F-2-R-32 FY22 Fisheries Survey	\$894,533	\$800,264	\$94,269
F21AF04014	Coordination of Sport Fish Restoration Grants in the District of Columbia FY22	\$627,095	\$471,132	\$155,963
F22AF03621	DC Aquatic Resources Education FY23	\$0	\$254,226	\$254,226
<b>Totals</b>		<b>\$1,521,628</b>	<b>\$1,525,622</b>	<b>\$504,458</b>

\* The Department reported these amounts on the respective FFRs, dated September 30, 2023.

Source: Notices of award obtained from GrantSolutions and OIG analysis of FFRs obtained from GrantSolutions.

Grant recipients use the indirect expense base to determine the amount of indirect expenses allowable to charge to the grant, which they can then claim for reimbursement. Specifically, the Department multiplied the indirect expense base by an approved indirect rate<sup>14</sup> to determine the total amount of allowable indirect expenses. Figure 4 highlights the amounts the Department reported and what we calculated as indirect expenses that the Department could charge to the grant.

**Figure 4: Allowable Indirect Expenses**

Grant No.	Grant Title	FFR*	OIG Calculations	Variance (Questioned Costs)
F21AF04008	DC F-2-R-32 FY22 Fisheries Survey	\$192,682	\$172,377	\$20,306
F21AF04014	Coordination of Sport Fish Restoration Grants in the District of Columbia FY22	\$135,076	\$101,482	\$33,594
F22AF03621	DC Aquatic Resources Education FY23	\$0	\$54,760	\$54,760
<b>Totals</b>		<b>\$327,758</b>	<b>\$328,619</b>	<b>\$108,660</b>

\* The Department reported these amounts on the respective FFRs, dated September 30, 2023.

Source: OIG analysis of grant transaction reports provided by the Department and FFRs obtained from GrantSolutions.

We also found that the Department overstated total program expenditures on the FFRs for the grants shown in Figure 5. However, we noted that, as of September 30, 2023, the Department’s total drawdowns on these grants did not exceed the amount of reimbursable program expenditures in its financial records.

<sup>14</sup> For DFYs 2022 and 2023, the Department’s indirect rate was 21.54 percent.

**Figure 5: Total Reported vs. Actual Expenditures**

<b>Grant No.</b>	<b>Grant Title</b>	<b>FFR*</b>	<b>Department's Financial Records</b>	<b>Variance<sup>15</sup></b>
F21AF04008	DC F-2-R-32 FY22 Fisheries Survey	\$1,123,824	\$1,029,555	\$94,269
F22AF03621	DC Aquatic Resources Education FY23	\$338,709	\$327,085	\$11,624
<b>Totals</b>		<b>\$1,462,533</b>	<b>\$1,356,640</b>	<b>\$105,893</b>

\* The Department reported these amounts on the respective FFRs, dated September 30, 2023.

Source: OIG analysis of grant transaction reports provided by the Department and FFRs obtained from GrantSolutions.

These issues occurred because in DFY 2023, the District of Columbia changed its financial management systems to a new system that did not address the Department's unique grant management needs. For example, employees discovered that system-generated reports did not always accurately capture all grant transactions. Additionally, some reports did not provide pertinent information, such as information about vendors. According to the Department's Budget Officer, other District agencies that use the financial management system do not require the same level of detail required by the Department for financial reporting because the other agencies do not manage as many grants.

The Department's inability to report accurate financial information could hinder FWS' ability to effectively monitor grants. It also increases the risk that the Department will not meet its matching requirements and could potentially draw down more funds than authorized. Therefore, we questioned the differences in reported indirect costs, totaling \$108,660.

<b>Recommendations</b>
<p>We recommend that FWS require the Department to:</p> <ol style="list-style-type: none"> <li>3. Resolve the \$108,660 Federal share in questioned costs related to inaccurate financial reporting for indirect expenses.</li> <li>4. Identify and address any gaps between the current financial management system's capabilities and the Department's reporting requirements to ensure financial data that support drawdowns for the Wildlife and Sport Fish Restoration Program are accurate.</li> </ol>

<sup>15</sup> We did not question these costs because we could not differentiate between payroll and nonpayroll costs. We are questioning all billed payroll costs in the previous section; therefore, our intent is to avoid potential duplication of questioned costs.

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# Recommendations Summary

We provided a draft of this report to FWS for review. FWS concurred with three recommendations and did not concur with one recommendation. In response to our draft report, FWS disagreed with the amount of unsupported indirect costs we questioned. Based on our review of this concern and supporting documentation received, we have updated the language in the final report.

We consider all four recommendations resolved and implemented. Below we summarize the FWS and Department responses to our recommendations, as well as our comments on their responses. See Appendix 4 for the full text of the FWS and Department responses; Appendix 5 lists the status of each recommendation.

We recommend that FWS require the Department to:

1. Resolve the \$1,570,202 Federal share in questioned costs related to unsupported labor charges billed to the Wildlife and Sport Fish Restoration Program.

**FWS Response:** FWS concurred with the recommendation. To resolve the finding, FWS requested that, effective October 1, 2024, the Department charge to Wildlife and Sport Fish Restoration Program grants and license revenue based on actual hours worked.

**Department Response:** The Department concurred with the recommendation and provided sufficient documentation demonstrating that, effective October 2024, the Department had developed and implemented a process, including updated timekeeping procedures, to ensure that employees' labor costs billed to the Wildlife and Sport Fish Restoration Program reflect the actual work performed.

**OIG Comment:** We consider Recommendation 1 implemented based on the FWS and Department responses. We obtained and reviewed supporting documentation and determined it is sufficient to close the recommendation. Although FWS will not seek reimbursement of any questioned costs, the actions taken to implement Recommendation 2 will reduce the risk associated with charging labor costs based on estimates.

2. Develop and implement a process to ensure that employees' labor costs billed to the Wildlife and Sport Fish Restoration Program reflect the actual work performed.

**FWS Response:** FWS concurred with the recommendation and requested that, effective October 1, 2024, the Department charge to Wildlife and Sport Fish Restoration Program grants and license revenue based on actual hours worked.

**Department Response:** The Department concurred with the recommendation and provided sufficient documentation demonstrating that, effective October 2024, the Department had developed and implemented a process, including updated timekeeping procedures, to ensure that employees' labor costs billed to the Wildlife and Sport Fish Restoration Program reflect the actual work performed.

**OIG Comment:** We consider Recommendation 2 implemented based on the FWS and Department responses. We obtained and reviewed supporting documentation and determined it is sufficient to close the recommendation.

3. Resolve the \$108,660 Federal share in questioned costs related to inaccurate financial reporting for indirect expenses.

**FWS Response:** FWS did not concur with the recommendation. FWS stated that, while it is a best practice for grant recipients to charge indirect costs based on the Federal match rate, there is no requirement to charge indirect costs in this manner. FWS recommended that the OIG report on the total

amount of indirect expenses that the Department could claim based on the indirect base and not the Federal match rate.

**Department Response:** The Department concurred with the recommendation and provided sufficient documentation demonstrating that the Department had revised the inaccurate FFRs and reimbursed FWS a total of approximately \$105,546 in Federal funds.

**OIG Comment:** We consider this recommendation implemented based on the FWS and Department responses. While FWS did not concur with the recommendation, the Department provided documentation to support that it reimbursed FWS and submitted revised FFRs. In response to FWS concerns we updated language and figures in the final report. Based on FWS acceptance of reimbursed amount and our review of the supporting documentation provided by the Department, we have determined it is sufficient to close the recommendation.

4. Identify and address any gaps between the current financial management system's capabilities and the Department's reporting requirements to ensure financial data that support drawdowns for the Wildlife and Sport Fish Restoration Program are accurate.

**FWS Response:** FWS concurred with the recommendation.

**Department Response:** The Department concurred with the recommendation and provided documentation demonstrating that the Department had identified and addressed gaps to ensure financial data used for grant reporting is accurate. For example, the Department stated that it had developed summary templates to consolidate data from different system reports. Furthermore, the Department stated that it created a process to reconcile data between two system reports that it uses to prepare the FFR. Additionally, the Department had provided training to employees in September 2024 to ensure proper preparation of federal financial reports.

**OIG Comment:** We consider Recommendation 4 implemented based on the FWS and Department responses. We obtained and reviewed the supporting documentation and determined it is sufficient support to close the recommendation.

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# Appendix 1: Scope and Methodology

## Scope

We audited the District of Columbia Department of Energy and Environment's (Department's) use of grants awarded by the U.S. Fish and Wildlife Service (FWS) under the Wildlife and Sport Fish Restoration Program (WSFR). The scope of our audit included grants open during District fiscal years (DFYs) ending September 30, 2022, and September 30, 2023. We reviewed four of seven grants open during our audit scope; these sampled grants included \$2.4 million in expenditures. We also reviewed license revenue during the same period. In addition, we reviewed historical records for the acquisition, condition, management, and disposal of equipment purchased with either license revenue or WSFR grant funds.

## 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 following related principles were significant to the audit objectives:

- Management should identify, analyze, and respond to risks related to achieving the defined objectives.
- Management should design control activities to achieve objectives and respond to risks.
- Management should implement control activities through policies.
- Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

We tested the design, implementation, and operating effectiveness of internal controls over activities related to our audit objective. Our tests and procedures included:

- Examining the evidence that supports selected expenditures that the Department charged to the grants.
- Reviewing transactions related to purchases, direct costs, and drawdowns of reimbursements.
- Interviewing Department employees.
- Inspecting equipment and other property.
- Reviewing equipment inventory and disposal records.
- Determining whether the Department used fishing license revenue for the administration of allowable program activities.
- Determining whether the District passed required legislation assenting to the provisions of the Dingell-Johnson Sport Fish Restoration Act.
- Evaluating District policies and procedures for assessing risk and monitoring subawards.

- Determining whether the Department charged the District's unfunded pension liabilities to WSFR grants. Department officials stated that the Department did not have unfunded pension liabilities related to its WSFR grants. Our review of the general ledger found that the Department charged less than 0.5 percent to an account associated with unfunded pension liabilities to its WSFR grants; we deemed this amount immaterial.
- Reviewing the fringe benefits charged during the payroll process to understand the coding for payroll deductions and to determine whether the fringe benefit codes are allowable, allocable, and reasonable.
- Visiting sites throughout the District (see Appendix 2 for a list of sites visited).

We found deficiencies in internal control that we discussed in the "Results of Audit" section of our report and made recommendations to address the issues.

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of four out of seven grants with activity during our audit period. This included grants for fisheries surveys, aquatic education, dock construction, and grant management and administration.

Our review of these grants included assessments on the following:

- Budgeted and actual costs incurred.
- Grant claims and corresponding drawdowns.
- Application of the negotiated indirect cost rate agreement.
- Payroll allocations.
- Management of equipment.
- Classification and administration of subawards.
- Progress of agreed-upon grant objectives.

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 Districtwide financial reporting, with emphasis on major programs. Our report focuses on the administration of the District's fish and wildlife agency, and that agency's management of WSFR resources and license revenue.

The Department provided computer-generated data from its official accounting system and from informal management information and reporting systems. We assessed the reliability of data by performing electronic testing, reviewing existing information about the data and the system that produced them, and interviewing Department employees knowledgeable about the data. We determined that the data were sufficiently reliable for the purpose of this report. While we assessed the completeness and accuracy of the data, we did not assess the reliability of the accounting system as a whole.

# Prior Audit Coverage and Investigations

## OIG Audit Reports

We reviewed our last two audits of costs the Department claimed on WSFR grants.<sup>16</sup> We followed up on eight recommendations from the 2019 report and eight recommendations from the 2013 report. We reviewed the Department's corrective actions and found that all recommendations have been implemented. For implemented recommendations, we verified the District had taken the appropriate corrective actions.

## District Audit Reports

We reviewed the single audit reports for DFYs 2021 and 2022<sup>17</sup> to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards indicated \$2.1 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 Districtwide audit purposes. Neither of these reports contained any findings that would directly affect the WSFR grants.

## Investigations

We coordinated with the Department and our Office of Investigations and found there were no prior or ongoing investigations pertaining to or involving the Department.

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<sup>16</sup> *U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the District of Columbia, Department of Energy and Environment, From October 1, 2015, Through September 30, 2017* (Report No. 2018-ER-017), issued March 2019.

*U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the District of Columbia, Department of the Environment, From October 1, 2009, Through September 30, 2011* (Report No. R-GR-FWS-0006-2013), issued July 2013.

<sup>17</sup> At the time of our review, the single audit report for DFY 2023 had not been issued.

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## Appendix 2: Sites Visited

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Headquarters	Washington, DC
Boating Access Facilities	Kingman Island
Education Facilities	Aquatic Resources Education Center

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## Appendix 3: Monetary Impact

We reviewed four grants that were open during the District fiscal years that ended September 30, 2022, and September 30, 2023. The audit included expenditures of \$2.4 million and related transactions. We questioned \$1.7 million in Federal share as unsupported.<sup>18</sup>

### Monetary Impact: Unsupported Costs (Federal Share)

Grant No.	Grant Title	Cost Category	Questioned Costs (Federal Share)
F21AF04008	DC F-2-R-32 FY22 Fisheries Survey	Payroll	\$743,827
		Indirect Expenses	\$20,306
F21AF04014	Coordination of Sport Fish Restoration in the District of Columbia FY22	Payroll	\$409,309
		Indirect Expenses	\$33,594
F21AF04043	DC FY22 Aquatic Resources Education	Payroll	\$173,423
F22AF03621	DC Aquatic Resources Education FY23	Payroll	\$243,643
		Indirect Expenses	\$54,760
<b>Total*</b>			<b>\$1,678,862</b>

\* There may be slight variances in the amounts due to rounding.

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<sup>18</sup> As noted previously in our findings section, we questioned the payroll costs for all Wildlife and Sport Fish Restoration Program grants open during DFYs 2022 and 2023.

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# Appendix 4: Responses to Draft Report

The U.S. Fish and Wildlife Service's and the District of Columbia Department of Energy and Environment's response to our draft report follows on page 15.

**FINAL**

**CORRECTIVE ACTION PLAN**

U.S. Department of the Interior (DOI)  
Office of Inspector General's (OIG) Audit Report

U.S. Fish & Wildlife Service  
Wildlife and Sport Fish Restoration Program Grants  
Awarded to the  
District of Columbia  
Department of Energy and Environment (Department)  
From October 1, 2021- September 30, 2023

Report No. 2024-CGD-009  
Dated November 5, 2024

Corrective Action Plan  
District of Columbia  
Department of Energy and Environment (Department)  
Audit Report on the U.S. Fish and Wildlife Service  
Wildlife and Sport Fish Restoration Program Grants  
Report No. 2024-CGD-009

**Auditors Findings and Recommendations:**

**Unsupported Payroll Charges**

The auditors found that the Department of Energy and Environment (Department) did not bill labor to their Sport Fish Restoration grants based on actual hours worked and instead billed labor costs based on budget estimates. The auditors also found that the Department did not have adequate documentation to support its budgeted labor estimates. The auditor recommends that the Fish and Wildlife Service (FWS) work with the Department to:

1. Resolve the \$1,570,201 Federal share in questioned costs related to unsupported labor charges billed to the Wildlife and Sport Fish Restoration Program.
2. Develop and implement a process to ensure that employees' labor costs billed to the Wildlife and Sport Fish Restoration Program reflect the actual work performed.

**Service (FWS) Determination:**

The FWS sustains the auditors' findings for 1 and 2. However, the FWS has asked the Department to correct the problem related to unsupported labor charges by charging actual expenditures based on timesheets beginning October 1, 2024. The FWS concurs with the recommendation for finding #2.

**Corrective Action:**

1. & 2. The Department has developed and implemented a process effective October 1, 2024, to ensure that employee's labor costs are billed to the Sport Fish Restoration Program that reflect the actual work performed (Attachment 1 – FWD Time Keeping Standard Operating Procedures, Attachment 2 - FY2025 Combo Codes and Timekeeping Procedures, Attachment 3- Email to all staff). The FWS considers this finding resolved and implemented.

**Unsupported Indirect Costs and Other Expenditures**

The auditors found the Department did not always report accurate information to FWS on its FFRs. For example, we found the Department overstated the amount of its indirect expense base<sup>13</sup> for Grant Nos. F21AF04008 and F21AF04014. Additionally, the Department did not report any indirect expenses on the FFR for Grant No. F22AF03621, even though it claimed indirect expenses in its financial records (see Figure 3). The auditors also found that the Department overstated total program expenditures on the FFRs for F21AF04008, F21AF04014, and F22AF03621. The auditor recommends that the FWS work with the Department to:

3. Resolve the \$84,786 Federal share in questioned costs related to inaccurate financial reporting for indirect expenses.

4. Identify and address any gaps between the current financial management system’s capabilities and the Department’s reporting requirements to ensure financial data that support drawdowns for the Wildlife and Sport Fish Restoration Program are accurate.

Service (FWS) Determination:

The FWS disagrees with how the information is presented in Figure 4: Federal Share of Indirect Expenses. While there is a place for the federal share of indirect expenses on the SF425’ there is no requirement in the regulations that indirect costs have to be charged based on the federal rate of participation. We recommend that the OIG in the final report state the total amount of indirect that the Department could claim based on what the indirect base is and not the federal share. We do not sustain the auditors’ recommendation 3 but sustain recommendation 4.

Corrective Action:

3. The Department has corrected their SF425’s (Attachment 4- Original and Revised SF425’s) and paid back the FWS a total of \$105,545.99 in Federal funds (Attachment 5- Redacted Checks) for the following grants:

Grant	Total Actual		Indirect Rate	Total Indirect Eligible to be Charged	Federal Share of Expenditures	State Share of Expenditures	Amount Drawn from ASAP	Amount Paid Back
	Expenditures	Indirect Base						
F21AF04008	\$ 1,007,591.51	\$ 800,264.00	21.54/18.88	\$ 159,280.36	\$ 754,401.95	\$ 253,189.56	\$ 842,531.28	\$ (88,129.33)
F21AF04014	\$ 573,480.13	\$ 460,886.13	21.54/18.88	\$ 91,251.88	\$ 429,855.54	\$ 143,624.59	\$ 429,855.54	\$ -
F22AF03621	\$ 315,540.43	\$ 254,226.37	18.88	\$ 47,997.94	\$ 236,655.32	\$ 78,885.11	\$ 254,071.98	\$ (17,416.66)

The FWS considers this finding resolved and implemented.

4. The Department has identified and addressed gaps between the current financial management system’s capabilities and the Department’s reporting requirements to ensure financial data that support drawdowns for the Wildlife and Sport Fish Restoration Program are accurate. They provided training to Department Staff on September 19, 2024, on their financial management system to ensure that all staff who use the system understand how to prepare FFR’s (Attachment 6 – Financial Management Training list of Attendees and Attachment 7 – Financial Management Training Presentation). The FWS considers this finding resolved and implemented.

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# Appendix 5: Status of Recommendations

Recommendation	Status	Action Required
<b>2024-CGD-009-01</b> We recommend that the U.S. Fish and Wildlife Service (FWS) require the District of Columbia Department of Energy and Environment (Department) to resolve the \$1,570,202 Federal share in questioned costs related to unsupported labor charges billed to the Wildlife and Sport Fish Restoration Program.		
<b>2024-CGD-009-02</b> We recommend that FWS require the Department to develop and implement a process to ensure that employees' labor costs billed to the Wildlife and Sport Fish Restoration Program reflect the actual work performed.		
<b>2024-CGD-009-03</b> We recommend that FWS require the Department to resolve the \$108,660 Federal share in questioned costs related to inaccurate financial reporting for indirect expenses.	<b>Implemented</b>	No action is required.
<b>2024-CGD-009-04</b> We recommend that FWS require the Department to identify and address any gaps between the current financial management system's capabilities and the Department's reporting requirements to ensure financial data that support drawdowns for the Wildlife and Sport Fish Restoration Program are accurate.		

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

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