

1/10/82

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

U.S. FISH AND WILDLIFE SERVICE GRANTS
TO THE WEST VIRGINIA DEPARTMENT OF NATURAL RESOURCES
FOR THE PERIOD
JULY 1, 1980 - JUNE 30, 1982



OFFICE OF LEGISLATIVE AUDITOR
CAPITOL BUILDING
CHARLESTON, WEST VIRGINIA 25305

AUDIT OF
U.S. FISH AND WILDLIFE SERVICE GRANTS
TO THE WEST VIRGINIA DEPARTMENT OF NATURAL RESOURCES
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West Virginia



LEGISLATIVE AUDITOR
CHARLESTON

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

In compliance with your instructions and at the request of the Wildlife Resources Division, Department of Natural Resources, we have examined the U.S. Fish and Wildlife Service Grants made to the West Virginia Department of Natural Resources.

Our examination covered the period July 1, 1980 through June 30, 1982. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,

Thedford L. Shanklin

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/chw

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INTRODUCTION

The West Virginia Legislative Auditor's Office has audited the costs claimed by the West Virginia Department of Natural Resources (DNR) under Federal Aid Project Agreements with the U.S. Fish and Wildlife Service (FWS). The agreements were made pursuant to the Federal Aid in Wildlife Restoration Act, as amended (16 USC 669-669b-669c-669i) and the Federal Aid in Sport Fish Restoration Act, as amended (16 USC 777-777k) (the Acts). The audit was completed in July 1983 and covered costs claimed from July 1, 1980 through June 30, 1982.

PURPOSE AND SCOPE OF EXAMINATION

The audit was made to (1) determine the extent that project costs claimed by the DNR are eligible for federal aid participation, and (2) develop such other information as FWS may need to determine the amount of costs to be reimbursed.

The examination was made in accordance with the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General of the United States, (1981 revision), as they apply to financial and compliance examinations and, accordingly, included such tests of the accounting records and other data, and such other auditing procedures as we considered necessary in the circumstances. As part of the audit a visit was made to the Chief Cornstalk Public Hunting and Fishing Area.

A financial summary of the audit coverage follows:

Approved project budgets (50 projects)	<u>\$7,510,129.00</u>
Audited costs:	
Prior audit	\$3,018,580.00
Current audit	<u>4,338,924.00</u>
	7,357,504.00
Less recommended adjustments	<u>100,669.00</u>
Audited costs recommended for acceptance	<u>\$7,256,835.00</u> ^{a/}

^{a/} Includes \$223,923.00 of allowable type costs incurred in excess of project budgets.

Federal share of costs recommended for acceptance

\$5,246,714.00

AUDITORS' OPINION

In our opinion, the costs shown as recommended for acceptance on the accompanying Statement of Project Costs (Exhibit) are eligible for federal aid participation in conformity with the Acts, FWS Regulations, and the project agreements.

A discussion of our recommended cost adjustments appears on pages 6 through 9 of this report. The eligibility of such costs will be determined by the U.S. Fish and Wildlife Service.

July 21, 1983

WEST VIRGINIA DEPARTMENT OF NATURAL RESOURCES
 U.S. FISH AND WILDLIFE SERVICE GRANTS
 STATEMENT OF PROJECT COSTS
 JULY 1, 1980 - JUNE 30, 1982

EXHIBIT
 Page 1 of 3

Project	Project Budget	Costs Claimed					Grantor Disbursements	
		Total Prior Audit	Total Current Audit	Cumulative Total	Recommended Adjustments	Recommended For Acceptance		Recommended Federal Share
<u>Fisheries</u>								
F-10-R-22	\$ 100,000.00	\$ 105,005.00	\$ -0-	\$ 105,005.00	\$ -0-	\$ 105,005.00 ^{a/}	65,000.00 ^{F/}	65,000.00
F-10-R-23	125,000.00	-0-	122,334.00	122,334.00	(670.00)	121,664.00	91,248.00 ^{b/}	91,751.00 ^{g/}
F-10-R-24	139,250.00	-0-	133,848.00	133,848.00	-0-	133,848.00	100,386.00	100,386.00 ^{c/}
F-11-R-18	58,000.00	61,937.00	-0-	61,937.00	-0-	61,937.00 ^{a/}	37,375.00 ^{d/}	37,375.00
F-11-R-19	71,000.00	20,105.00	36,611.00	56,716.00	(92.00)	56,624.00	42,468.00 ^{b/}	42,537.00 ^{g/}
F-11-R-20	74,550.00	-0-	86,706.00	86,706.00	-0-	86,706.00 ^{a/}	55,913.00 ^{F/}	55,913.00
F-11-R-21	75,000.00	-0-	45,827.00	45,827.00	-0-	45,827.00	56,250.00	56,250.00 ^{c/}
F-20-D-6	50,000.00	46,017.00	-0-	46,017.00	-0-	46,017.00	29,911.00	31,276.00 ^{e/}
1 F-20-D-7	55,000.00	57,960.00	-0-	57,960.00	-0-	57,960.00 ^{a/}	35,750.00 ^{F/}	35,750.00
3 F-20-D-8	60,500.00	-0-	61,730.00	61,730.00	-0-	61,730.00 ^{a/}	45,375.00 ^{F/}	45,375.00
1 F-20-D-9	72,000.00	-0-	71,694.00	71,694.00	-0-	71,694.00	53,771.00	53,095.00 ^{f/}
F-21-R-4	32,000.00	36,036.00	-0-	36,036.00	-0-	36,036.00 ^{a/}	20,800.00 ^{F/}	20,800.00
F-21-R-5	9,500.00	-0-	11,633.00	11,633.00	-0-	11,633.00 ^{a/}	7,125.00 ^{F/}	7,125.00
F-22-R-4	22,000.00	23,832.00	-0-	23,832.00	-0-	23,832.00 ^{a/}	14,300.00 ^{F/}	14,300.00
F-22-R-5	23,500.00	-0-	30,951.00	30,951.00	-0-	30,951.00 ^{a/}	17,625.00 ^{F/}	17,625.00
F-23-R-4	28,000.00	31,556.00	-0-	31,556.00	-0-	31,556.00 ^{a/}	18,200.00 ^{F/}	18,200.00
F-23-R-5	36,000.00	-0-	40,195.00	40,195.00	-0-	40,195.00 ^{a/}	27,000.00 ^{F/}	27,000.00
F-24-R-1	27,500.00	-0-	38,222.00	38,222.00	-0-	38,222.00 ^{a/}	20,625.00	20,625.00 ^{c/}
	1,058,800.00	382,448.00	679,751.00	1,062,199.00	(762.00)	1,061,437.00	739,122.00	740,383.00

WEST VIRGINIA DEPARTMENT OF NATURAL RESOURCES
U.S. FISH AND WILDLIFE SERVICE GRANTS
STATEMENT OF PROJECT COSTS
JULY 1, 1980 - JUNE 30, 1982

Project	Project Budget	Costs Claimed					Grantor Disbursements	
		Total Prior Audit	Total Current Audit	Cumulative Total	Recommended Adjustments	Recommended For Acceptance		Recommended Federal Share
<u>Wildlife</u>								
W-39-R-22	\$ 46,500.00	\$ 45,552.00	\$ -0-	\$ 45,552.00	\$ -0-	\$ 45,552.00	\$ 34,164.00 ^F	\$ 34,164.00
W-39-R-23	52,000.00	-0-	52,834.00	52,834.00	-0-	52,834.00 ^{a/}	39,000.00 ^F	39,000.00
W-39-R-24	57,000.00	-0-	58,963.00	58,963.00	-0-	58,963.00 ^{a/}	42,750.00	42,750.00 ^{e/}
W-41-D-15	650,000.00	566,756.00	-0-	566,756.00	(48.00)	566,708.00	420,289.00 ^{b1/}	420,289.00 ^{b1/}
W-41-D-16	636,000.00	576,549.00	-0-	576,549.00	(21.00)	576,528.00	432,396.00 ^{b1/}	432,396.00 ^{b1/}
W-41-D-17	725,000.00	767,419.00	-0-	767,419.00	(88,141.00)	679,278.00	509,459.00 ^{b1/F}	543,750.00 ^{a/}
W-41-D-18	857,736.00	-0-	838,298.00	838,298.00	(3,677.00)	834,621.00	625,966.00 ^{b/}	628,724.00 ^{g/}
W-41-D-19	880,000.00	-0-	979,647.00	979,647.00	-0-	979,647.00 ^{a/}	660,000.00	660,000.00 ^{c/}
W-42-R-16	3,460.00	-0-	3,400.00	3,400.00	-0-	3,400.00	2,550.00	1,946.00 ^{f/}
W-42-R-17	4,040.00	-0-	4,040.00	4,040.00	-0-	4,040.00	3,030.00 ^F	3,030.00
W-43-S-9	161,574.00	151,592.00	-0-	151,592.00	-0-	151,592.00	113,694.00	121,180.00 ^{e/}
W-43-S-10	188,153.00	-0-	128,883.00	128,883.00	-0-	128,883.00	96,663.00 ^F	96,663.00
W-43-S-11	280,000.00	-0-	212,013.00	212,013.00	(860.00)	211,153.00	158,365.00 ^{b/}	159,010.00 ^{g/}
W-44-R-9	76,550.00	72,274.00	-0-	72,274.00	-0-	72,274.00	54,205.00 ^F	54,205.00
W-44-R-10	65,500.00	-0-	75,027.00	75,027.00	-0-	75,027.00 ^{a/}	49,125.00 ^F	49,125.00
W-44-R-11	65,000.00	-0-	63,229.00	63,229.00	(6,300.00)	56,929.00	42,697.00 ^{b/}	47,422.00 ^{c/ g/}
W-46-R-5	40,000.00	26,892.00	-0-	26,892.00	-0-	26,892.00	20,169.00 ^F	20,169.00
W-46-R-6	56,300.00	-0-	49,422.00	49,422.00	(197.00)	49,225.00	36,919.00 ^{b/}	37,066.00 ^{g/}
W-46-R-7	64,000.00	-0-	62,149.00	62,149.00	-0-	62,149.00	46,612.00	46,612.00 ^{c/}
	5,967,613.00	2,589,482.00	3,207,656.00	5,797,138.00	(100,006.00)	5,697,132.00	4,127,175.00	4,177,884.00

WEST VIRGINIA DEPARTMENT OF NATURAL RESOURCES
 U.S. FISH AND WILDLIFE SERVICE GRANTS
 STATEMENT OF PROJECT COSTS
 JULY 1, 1980 - JUNE 30, 1982

EXHIBIT
 Page 3 of 3

Project	Project Budget	Costs Claimed					Grantor Disbursements	
		Total Prior Audit	Total Current Audit	Cumulative Total	Recommended Adjustments	Recommended For Acceptance		Recommended Federal Share
<u>Fish and Wildlife</u>								
FW-2-C-20	\$ 170,000.00	\$ 191,611.00	\$ -0-	\$ 191,611.00	\$ -0-	\$ 191,611.00 ^{a/}	123,250.00 ^{F/}	123,250.00
FW-2-C-21	229,000.00	-0-	231,237.00	231,237.00	-0-	231,237.00 ^{a/}	171,750.00 ^{F/}	171,750.00
FW-2-C-22	190,000.00	-0-	190,329.00	190,329.00	-0-	190,329.00 ^{a/}	142,500.00	142,500.00 ^{c/}
FW-3-P-12	91,000.00	97,005.00	-0-	97,005.00	-0-	97,005.00 ^{a/}	65,975.00 ^{F/}	65,975.00
FW-3-P-13	9,625.00	-0-	9,621.00	9,621.00	(44.00)	9,577.00	7,183.00 ^{b/}	7,215.00 ^{g/}
FW-4-T-11	157,500.00	136,450.00	-0-	136,450.00	-0-	136,450.00	98,927.00	98,938.00 ^{e/}
FW-4-T-12	191,016.00	-0-	187,466.00	187,466.00	(562.00)	186,904.00	140,178.00 ^{b/}	140,600.00 ^{g/}
FW-4-T-13	186,000.00	-0-	179,288.00	179,288.00	-0-	179,288.00	134,466.00	134,466.00 ^{c/}
FW-5-R-4 (DJ)	7,500.00	4,032.00	-0-	4,032.00	-0-	4,032.00	2,621.00	3,193.00 ^{e/}
FW-5-R-5	16,000.00	-0-	15,895.00	15,895.00	(57.00)	15,838.00	11,878.00 ^{b/}	11,922.00 ^{g/}
FW-5-R-6	18,000.00	-0-	19,623.00	19,623.00	-0-	19,623.00 ^{a/}	13,155.00	12,817.00 ^{f/}
FW-6-T-1	100,875.00	-0-	105,866.00	105,866.00	-0-	105,866.00 ^{a/}	75,656.00 ^{F/}	75,656.00
FW-6-T-2	176,000.00	-0-	191,943.00	191,943.00	-0-	191,943.00 ^{a/}	132,000.00	132,000.00 ^{c/}
	<u>\$7,510,129.00</u>	<u>\$3,018,580.00</u>	<u>\$4,338,924.00</u>	<u>\$7,357,504.00</u>	<u>(\$ 100,669.00)</u>	<u>\$7,256,835.00^{h/}</u>	<u>\$5,246,714.00</u>	<u>\$5,298,166.00</u>

F - Final

- a/ - Includes allowable type costs incurred in excess of project budget.
- b/ - Net of recommended cost adjustment.
- b1/ - Net of recommended cost adjustment (audit period 7/1/77 - 6/30/80).
- c/ - Final disbursements made after June 30, 1982.
- d/ - \$325.00 deducted for trade-in of motor and boat.
- e/ - Includes overvouchering totaling \$43,726.00 audit period 7/1/77 - 6/30/80 (federal share only).
- f/ - Error made in vouchering, therefore did not receive full amount allowable.
- g/ - Includes overvouchering of \$9,345.00 current audit period (federal share only).
- h/ - Includes \$223,923.00 of allowable type costs incurred in excess of project budgets.

RECOMMENDED ADJUSTMENTS

Based on our audit, \$100,669.00 of claimed costs consisting of costs not related to projects (\$882.00), overclaims of indirect costs (\$4,841.00), costs incurred prior to the project period (\$436.00), questioned costs (\$6,300.00), and prior audit (7/1/77 - 6/30/80) cost adjustments (\$88,210.00); and, \$53,071.00 of reimbursed moneys consisting of (\$9,345.00) for current audit and (\$43,726.00) for prior audit (7/1/77 - 6/30/80) (federal share only), are recommended for adjustments. DNR officials agreed with our findings, but stated they would await FWS instructions concerning their disposition.

Costs Not Related to Projects - \$882.00

We recommend cost adjustments totaling \$882.00 be made to projects W-43-S-11 (\$860.00) and W-41-D-18 (\$22.00) for claimed costs which were not related to the projects.

Errors were made in the calculation of W-43-S-11's program cost causing a net overstatement of \$860.00 of which the federal share is \$645.00.

The computerized voucher back-up sheet for the monthly period ended August 1980 erroneously totaled the program cost of W-41-D-18 causing the amount requested for reimbursement to be overstated. This resulted in claims being made for \$22.00 of costs that were not applicable to the federal aid project.

Overclaims of Indirect Cost - \$4,841.00

We recommend cost adjustments totaling \$4,841.00 be made to projects F-10-R-23 (\$469.00), F-11-R-19 (\$92.00), W-41-D-18 (\$3,420.00), W-46-R-7 (\$197.00), FW-3-P-13 (\$44.00), FW-4-T-12 (\$562.00), and FW-5-R-5 (\$57.00) for overclaims of indirect cost.

For fiscal year 1981 the indirect cost rate was approved at 42.8%, however 43.6% was the rate being used. All the projects had overstated their indirect cost although only those projects whose total allowable program cost was lower than the project's budgeted costs needed adjustments since the maximum federal reimbursement is restricted to the budgeted cost.

Cost Incurred Prior to Project Period - \$436.00

We recommend cost adjustments totaling \$436.00 be made to projects F-10-R-23 (\$201.00) and W-41-D-18 (\$235.00) for costs incurred prior to the project period.

It was found that invoices dated prior to the beginning of the project period were being paid from these projects' budgets. Under federal rules and regulations these costs are not allowable.

Questioned Cost - \$6,300.00

We are questioning the cost of \$6,300.00 of which \$4,725.00 was the portion of federal funds reimbursed for animal disease research activities provided by the Southeastern Cooperative Wildlife Disease Study (Project W-44-R-11). Federal rules and regulations require that all contractual and other documents be in compliance with the Civil Rights Act of 1964. The requirement was not stated in the agreement and we cannot satisfy ourselves from documents that the University of Georgia, which is responsible for the performance, is in compliance with the "Act".

Reimbursed Moneys - \$9,345.00

We recommend adjustments totaling \$9,345.00 be made to projects F-10-R-23 (\$503.00), F-11-R-19 (\$69.00), W-41-D-18 (\$2,758.00), W-43-S-11 (\$645.00), W-44-R-11 (\$4,725.00), W-46-R-6 (\$147.00), FW-3-P-13 (\$32.00), FW-4-T-12 (\$422.00), and FW-5-R-5 (\$44.00) for reimbursements received on costs recommended for adjustment.

Prior Audit Cost Adjustment - \$69.00

In our prior audit report (7/1/77 - 6/30/80), we recommended cost adjustments totaling \$69.00 be made to projects W-41-D-15 (\$48.00) and W-41-D-16 (\$21.00) for claimed costs which were not related to the projects. No adjustments have yet been made.

Prior Audit Questioned Cost - \$88,141.00

In our prior audit report (7/1/77 - 6/30/80), we questioned costs amounting to \$88,141.00 on project W-41-D-17 due to our inability to determine compliance with the Davis-Bacon Act and the Civil Rights Act of 1964 and the failure to include in the contract the Contract Work Hours and Safety Standards Act "Safety and Health" clause. No adjustments have yet been made.

Reimbursed Moneys from Prior Audit - \$43,726.00

In our prior audit report (7/1/77 - 6/30/80), we recommended adjustments totaling \$9,435.00 be made to projects W-43-S-9 (\$7,487.00), F-20-D-6 (\$1,365.00), FW-5-R-4 (\$572.00), and FW-4-T-11 (\$11.00) for requesting reimbursement at a higher percentage rate than stated in the project agreements and \$34,291.00 to project W-41-D-17 resulting from requesting reimbursement on questioned costs of \$88,141.00. No adjustments have yet been made.

COMPLIANCE ISSUES

Real Property

During the audit period, the agency did not maintain inventory records for buildings constructed or acquired with federal aid funds.

Federal Aid Manual 10.2 Title to Land states, "The title to real property acquired under the Pittman-Robertson, Dingell-Johnson, and Endangered Species programs is vested in the State. Under the Anadromous Fish program, the title to real property is vested in the United States."

Since the provision states that the title to real property is vested in the State, an inventory record of all buildings constructed or acquired with federal aid funds on projects not yet completed must be maintained for periodical inspections to ensure they are being used for approved purposes.

We recommend the agency maintain an inventory record of real property together with the date of acquisition, location, cost, and purpose for

which the building was acquired or constructed and make periodical inspections of these properties to ensure they are being used for approved purposes.

Small Business Act

We could not determine if the agency is adhering to policies of the Small Business Act as stated in Federal Guideline OMB Attachment O, Circular A-102, 3.C.3. which reads as follows: "(3) Positive efforts shall be made by the grantees to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts to be performed utilizing Federal grant funds."

The agency is unable to determine if a vendor is of the small business or minority-owned business category since there is no separate vendor listing to distinguish these categories.

We recommend a separate vendor listing of small business and minority-owned business be maintained in order for the agency to comply with the above stated federal requirements under the Small Business Act.

License Holders Certifications

We reviewed the certifications of the number of paid hunting and fishing license holders in the State of West Virginia submitted to the FWS for the calendar years 1980 and 1981. Revenues from the sales of hunting and fishing licenses were audited by us. The number of paid license holders reported in the certifications were based on the audited data, less a factor for duplication. In our opinion, the certifications of paid hunting and fishing license holders submitted for calendar years 1980 and 1981 are reasonable and acceptable.

ACCOUNTING FOR PROJECT COSTS

The DNR's Division of Wildlife Resources utilizes an ADP system to account for federal aid project costs. The ADP print-outs present expenditures by project for wages, vehicle costs, equipment costs, travel expenses, other costs,

and indirect costs. This system adequately identifies FWS project costs.

STATE AUDIT OPERATIONS

The West Virginia Legislative Auditor is responsible for auditing the accounts of the DNR. The last completed State audit of the DNR was for a four-year period ended June 30, 1975. The current and previous audit of costs claimed under federal aid project agreements have been the undertakings of the West Virginia Legislative Auditor's Office and have been conducted by staff members of the organization.

PROJECT SITE VISIT

During the audit, we visited the Chief Cornstalk Public Hunting and Fishing Area which is maintained under project W-41-D. Based on our observations at the site and other audit procedures, we concluded that the work on this area had been completed satisfactorily in all material respects, and that the federal funds were applied effectively.

EXIT CONFERENCE

We held an exit conference on November 14, 1983 with representatives from the West Virginia Department of Natural Resources, United States Department of the Interior and the United States Fish and Wildlife Service and all findings were reviewed and discussed. The above officials concurred with our findings.

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 20th day of December, 1983.

Encil Bailey

Encil Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to Office of Audit and Investigation, U.S. Department of the Interior; Wildlife Resources Division, Department of Natural Resources; Governor; Attorney General; and, State Auditor.