

Summary: Nonprofit Official Misused \$233,636 in Federal Funds

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Report Number: 22-0157

The U.S. Department of the Interior Office of Inspector General investigated an allegation that a former nonprofit official misused funds received under a U.S. Fish and Wildlife Service (FWS) program assisting in recovering endangered or threatened species. We substantiated that the official and their staff misused \$233,636 in Federal funds and overcharged \$49,666 in indirect costs for three grants the nonprofit received, violating Federal regulations and the terms and conditions of the grant.

Specifically, the official and their staff used grant funds from fiscal years (FYs) 2019 through 2021 to pay for salaries, taxes, rent, computer software, business and travel expenses, advertising services, and office supplies unrelated to the grant.

We did not find evidence that the official benefitted personally from Federal grant funds beyond receipt of salary and fringe benefits.

The nonprofit placed the official on administrative leave in October 2021, and the official subsequently resigned. The nonprofit restored most of the funds to the account and is still working with FWS to restore the remaining money.

In addition to our findings related to the withdrawals, we found that the nonprofit violated Federal regulations by overcharging FWS for \$49,666 in indirect costs for the three grants. Federal regulations state that recipients without an approved indirect cost rate are prohibited from charging indirect costs to a Federal award. FWS has required the nonprofit to return more than half of these funds and is reviewing how much, if any, of overcharged indirect costs for one of the grants it will retroactively approve.

FWS stated that it will be implementing software with a “red flag” mechanism to identify recipients who draw down a certain percentage of grant funding within the first 30, 60, or 90 days after the funding is made available. FWS has stated that it expects the system to be launched in FY 2023.

This is a summary of an investigative report we issued to the U.S. Fish and Wildlife Service Director.

