



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

**U.S. Fish and Wildlife Service Grants
Awarded to the State of Tennessee, Wildlife
Resources Agency, From July 1, 2020,
Through June 30, 2022, Under the Wildlife
and Sport Fish Restoration Program**

This is a revised version of the report prepared for public release.



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U.S. DEPARTMENT OF THE INTERIOR

DEC 20 2023

Memorandum

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

From: Jessica Brower *Jessica Brower*
Director, Contract and Grants Division

Subject: Final Audit Report – *U.S. Fish and Wildlife Service Grants Awarded to the State of Tennessee, Wildlife Resources Agency, From July 1, 2020, Through June 30, 2022, Under the Wildlife and Sport Fish Restoration Program*
Report No. 2023-ER-002

This report presents the results of our audit of costs claimed by the Tennessee Wildlife Resources Agency (Agency) 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 the FWS. The FWS concurred with all 14 recommendations and will work with the Agency to implement corrective actions. The responses from the FWS and the Agency are included in Appendix 3. In this report, we summarize the FWS' and the Agency's responses to our recommendations, as well as our comments on their responses. We list the status of the recommendations in Appendix 4.

Please provide us with a corrective action plan based on our recommendations by March 19, 2024. The plan should provide information on actions taken or planned to address each recommendation, as well as target dates and titles of the officials responsible for implementation. If a recommendation has already been implemented, provide documentation confirming that the action is complete. For any target implementation dates that are more than 1 year from the issuance of this report, the Agency should establish mitigating measures until the corresponding recommendations are fully implemented and provide those measures in the response.¹ Please send your response to aie_reports@doioig.gov.

We will notify Congress about our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. 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.

¹ The Good Accounting Obligation in Government Act, Pub. L. No. 115-414, 132 Stat. 5430 (2019), requires that all recommendations that are not implemented and have been open more than 1 year be reported in the annual budget justification submitted to Congress.

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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 the 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 Tennessee Wildlife Resources Agency (Agency) used grant funds and State hunting and fishing license revenue for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements.

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

Background

The FWS provides grants to States¹ 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.² The Acts and related Federal regulations allow the 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.³ The reimbursement amount is called the Federal share. 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.

¹ 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).

² 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.

³ The District of Columbia does not receive funding under the Pittman-Robertson Wildlife Restoration Act.

Results of Audit

We determined that the Agency generally ensured that grant funds and State hunting and fishing license revenue were used for allowable fish and wildlife activities and complied with applicable laws and regulations, FWS guidelines, and grant agreements. We noted, however, control deficiencies with subaward risk assessments and monitoring, subaward public reporting, unsupported in-kind contributions, inadequately tracked and incorrectly reported program income, unallowable use of a shooting range, and inaccurate multiyear license counts.

Control Deficiencies

Subawards – No Risk Assessments or Monitoring

Federal regulations require that all passthrough entities evaluate the subrecipient’s risk of noncompliance with Federal statutes, including consideration of factors such as the subrecipient’s prior experience with similar subawards and the results of previous audits including whether the subrecipient receives a single audit, has new personnel, or has substantially changed systems.⁴

Federal regulations also require the passthrough entity to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes; follows Federal statutes and the terms and conditions of the subaward; and achieves the performance goals of the subaward. According to Federal regulations, the passthrough entity’s subrecipient monitoring must include (1) reviewing financial and performance reports that the passthrough entity requires; (2) following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies the passthrough entity detected through reviews and audits pertaining to the Federal award; (3) and issuing a management decision for passthrough entity audit findings relevant to the Federal award.⁵

During our audit, the Agency was informed of a “material weakness and noncompliance” finding in the State’s single audit report for SFY 2022.⁶ State auditors determined that the agency did not “perform subrecipient monitoring” or “obtain and review subrecipients’ Single Audit reports and issue management decisions on the findings” as required by Federal regulations. State auditors recommended that the Agency develop and implement policies and procedures to guide Agency staff tasked to perform subrecipient monitoring activities. The Agency concurred with the single audit report recommendation.

Our testing confirmed the single audit finding. Specifically, we selected 13 subawards that were in progress from July 1, 2020, through June 30, 2022, with an approximate value of \$9.19 million; of the 13 subawards, the Agency did not conduct risk assessments or develop

⁴ 2 C.F.R. § 200.332(b).

⁵ 2 C.F.R. § 200.332(d)(1)-(3).

⁶ State of Tennessee Single Audit for the Year Ended June 30, 2022, dated March 29, 2023. This finding directly related to WSFR, which was listed as a major program for Statewide audit purposes.

monitoring plans for any of the subrecipients. Because the Agency did not conduct subrecipient risk assessments or monitoring, Federal funds were introduced to unnecessary risk for misuse, mismanagement, or both.

The Agency did not perform risk assessments or develop monitoring plans for its subrecipients because it did not have procedures in place at the time that the subawards we tested were approved. On July 6, 2023, the Agency finalized its subrecipient monitoring procedures, which it developed as a result of the single audit report recommendation. We reviewed the procedures and found them to be adequate. However, we did not test these procedures because they were not implemented until after the scope of our audit. In addition, the Agency has not yet trained staff on these new procedures; it estimated that training sessions would occur in September 2023.

Recommendation
<p>We recommend that the FWS require the Agency to:</p> <ol style="list-style-type: none">1. Train staff on procedures to conduct risk assessments and develop monitoring plans for subrecipients to ensure compliance with Federal regulations.

Subawards – Inadequate Public Reporting

The Federal Funding Accountability and Transparency Act (FFATA)⁷ was signed on September 26, 2006, with the stated intent to empower every American with the ability to hold the Government accountable for each spending decision. In accordance with Federal regulations, Federal grantees must report each subaward action that obligates \$30,000 or more in Federal funds through the FFATA Subaward Reporting System at www.fsrs.gov.⁸ This information is then made available to the public on the website www.USAspending.gov.

We found that the Agency did not publicly report all subawards greater than \$30,000 on USAspending.gov. Specifically, we verified that the Agency did not publicly report 12 subawards out of the 13 subawards we sampled. These 12 subawards totaled more than \$7.7 million and are outlined below in Figure 1. We confirmed with the Agency that it has not reported publicly on its subawards since Federal fiscal year 2019.⁹ Because the Agency has not reported since Federal fiscal year 2019, it is likely that the 56 subawards that we did not select to sample—valued at approximately \$10.4 million—were potentially not publicly reported as well.

⁷ Pub. L. No. 109-282.

⁸ 2 C.F.R. § 170.220 increased the amount to \$30,000, effective August 13, 2020.

⁹ We determined that one of the 13 subawards in our sample was publicly reported in Federal fiscal year 2019.

Figure 1: Unreported Subawards

Subaward No.	Grant No.	Amount (\$)
61582	F19AP00151	323,437
69635*	F20AF00301 F21AF02151	750,000
63107*	F18AF00534 F20AF00301	480,000
71319	F21AF01215	567,000
68253*	F22AF00812 F19AF01104	99,361
64721*	F19AF01176 F21AF02151	304,200
73946	F22AF00573	114,000
65092	F19AF01174	432,375
68823	F20AF00301	810,082
63024	F18AF00534	490,000
67218	F19AF00465	400,000
61266	F18AF00562	3,000,000
Total		\$7,770,455

* Some subawards included amendments, which listed another grant number. We included the additional grant number when conducting our analysis.

The Agency did not publicly report all subawards more than \$30,000 because it did not have a process in place to require personnel to do so. In addition, current Agency personnel told us they were unaware of the Federal reporting requirements.

Not reporting subawards as required creates a lack of transparency for how Federal funds are spent. In this case, we confirmed that \$7,770,455 went unreported.

Recommendations

We recommend that the FWS require the Agency to:

2. Develop a process to ensure compliance with the Federal Funding Accountability and Transparency Act requirements and Federal regulations for the public reporting of subawards.
3. Develop policies and procedures to ensure that Agency staff are trained annually on the applicable Federal Funding Accountability and Transparency Act requirements and Federal regulations to report subawards publicly on USAspending.gov.
4. Retroactively update the USAspending.gov website with all the subawards that were previously not reported since FY 2019.

Unsupported In-Kind Contributions

WSFR requires States to use matching or non-Federal funds to cover at least 25 percent of grant project costs. States may use noncash or in-kind contributions to meet the matching share of costs if the contributions are verifiable from the grantee's records.¹⁰ Federal regulations state that to the extent feasible, services donated will be supported by the same methods used to support regular personnel costs.¹¹ Federal regulations also require that costs be adequately documented to be allowable under Federal awards.¹²

We found that although the Agency did have a policy in place for recording in-kind contributions, it did not provide guidance related to sufficient support for in-kind contributions that were used to fulfill State matching requirements. Specifically, volunteers did not fill out timesheets and third-party donations were not documented.

The Agency provided a subaward under Grant No. F19AF00527 to a subrecipient as partial funding for the subrecipient's hunting and fishing academy. The academy provided events that lasted 1 to 3 days depending on the nature of the event. Each event could consist of three types of volunteer opportunities: lead volunteers, cooks, and general volunteers. The different types of volunteers were assigned a different amount of volunteer hours for each type of event due to the difference in work preparing for the event. The subrecipient has a policy that details how many hours each volunteer will work on each type of event by the type of volunteer position.

The amount of the volunteer hour value reported for matching costs on Grant No. F19AF00527 was \$295,156 for the grant period July 1, 2019, through June 30, 2022, but the volunteers did not fill out timesheets to document hours volunteered and subrecipient staff did not certify hours

¹⁰ 2 C.F.R. § 200.306(b).

¹¹ 2 C.F.R. § 200.434(d).

¹² 2 C.F.R. § 200.403(g).

volunteered. Instead, subrecipient staff visually verified that the volunteer was onsite and recorded hours and names in the volunteer dashboard system. This did not provide reasonable assurance that the Agency had sufficient support for the in-kind claimed on the grant, which was used as part of the State’s matching requirements.

The subrecipient official for Grant No. F19AF00527 told us that they developed their system to make volunteering as easy as possible so did not include timekeeping as a requirement in its policy that documents how many hours each volunteer position should work for each event. In addition, the official stated that they were unaware of the requirement to have volunteers fill out timesheets.

In addition, third-party donations are claimed as in-kind contributions to meet the matching share of costs on the Consolidated Management State (CMS) grants for each State fiscal year (SFY). For the SFY 2020 CMS grant (Grant No. F19AF00465), there were instances in which the documentation for these transactions was insufficient. The total of value of the unsupported third party in-kind match was \$75,294.19 (see Figure 2).

Figure 2: Unsupported Third-Party Donations Claimed as In-Kind Matching

Identification No.	Third Party In-Kind Donations (\$)
48028	6,666.58
49985	3,483.42
63801	5,144.19
N/A	60,000.00
TOTAL	\$75,294.19

Due to the deficiencies we found, we expanded our testing to look at 100 percent of the in-kind reported during our audit scope. Agency officials stated that they could not locate all supporting documentation for the third-party donations claimed for in-kind matching because there had been turnover in personnel in the last few years that caused documentation to be stored in multiple locations; therefore, some of the documentation was misplaced. While the total unsupported in-kind is valued at approximately \$370,450, we determined that the Agency had approximately \$3 million of additional verifiable overmatch. Therefore, we are not questioning the unsupported amount.

Without adequate support, the Agency does not have reasonable assurance that the subrecipient in-kind volunteer hours claimed and the value on third party in-kind are accurate. Although the Agency had adequate overmatch to use in place of the amount that was unsupported, there is no assurance that this will always be the case. Therefore, the Agency could face questioned costs if it does not fully address these issues and if its overmatch falls short in the future.

Recommendations

We recommend that the FWS require the agency to:

5. Require subrecipients to record volunteer hours through a process that includes volunteers verifying their own hours worked per day and a separate official certifying the time worked.
6. Create and implement policies and procedures to include a process for centrally maintaining supporting documentation for in-kind contributions claimed.

Insufficient Tracking and Inaccurate Reporting of Program Income

Federal regulations state that the financial management system of each non-Federal entity must provide accurate financial results of each Federal award or program.¹³ Regulations also state that the “financial management system of each non-Federal entity must provide . . . [r]ecords that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest, and be supported by source documentation.”¹⁴

The FWS awarded the Agency four grants that were approved to use program income under the cost share method. We found that the Agency did not (1) properly track or report program income in accordance with regulations or (2) accurately calculate program income for Grant No. F19AF00465.

For the four grants that were approved to use program income, the Agency did not identify in the accounting system the program income earned under each grant specifically. Personnel instead tracked program income by user codes, which identify the type of program income (i.e., timber sales or sharecrop lease fees¹⁵) not the current grant. This occurred because, while the Agency did have a procedure in place to identify program income, the program income could not be tied to a specific Federal award or project number in the accounting system. Specifically, agency officials told us that the accounting system was not robust enough to allow the inclusion of the grant or project number to be included for the program income generated. Instead, accounting personnel had to know what kind of program income was generated during the year and then capture it via user codes, which identify only the type of program income and not the specific grant.

¹³ 2 C.F.R. § 200.302(b)(1).

¹⁴ 2 C.F.R. § 200.302(b)(3).

¹⁵ Sharecrop leases include (1) service leases that involve agricultural work in which a percentage of crops are left in the field, and haying operations in which wildlife forage is provided, or (2) cash leases that involve farmer management of acreage for a fee, but farmers provide services with a dollar value in return.

In addition, the program income generated from shooting range fees was not associated with specific grants. While the licensing system reports show the total amount of program income earned from the shooting ranges, data were electronically imported to the accounting system in lump sums and could not be traced to a particular grant. Therefore, the report from the licensing system showed the total amount of program income generated by range fees but there was no way to associate the income to specific grants in the accounting system.

Also, we found that program income for Grant No. F19AF00465 was inaccurate. Agency personnel inadvertently doubled the reported sharecrop lease portion of the program income total, thus overclaiming program income by \$634,997. Agency officials also explained that this occurred because there were errors in the program income data for this grant, and they inadvertently reported the wrong numbers. Agency officials further stated that the State had overmatched the State share requirement on this grant with additional State and in-kind contributions. We acknowledge that the grant had additional match, but the program income reported was still inaccurate. We did not identify inaccuracies with the data for the other three grants we tested.

Accuracy of the data reported for Federal assistance grants is essential to Federal requirements and the Federal Agency making the award. Without accurate reporting, the FWS is unable to rely on the State to manage the awards.

Recommendations

We recommend that the FWS require the Agency to:

7. Implement a method of tracking program income in the accounting system that will identify it to a particular grant or associated project, as required.
8. Revise the current processes and procedures for tracking program income to incorporate the implementation of the accounting system update.

Unallowable Use of Shooting Range

Federal regulations state that State fish and wildlife agencies are responsible for control of assets under the grant to ensure that they serve the purpose for which they were acquired throughout their useful life.¹⁶ In addition, regulations state that law enforcement activities are ineligible except when necessary to carry out project purposes approved by the FWS regional director.¹⁷

The Agency built, maintained, and operated a shooting range with hunter education grant funds. We found that Agency law enforcement did not demonstrate control over this asset as they allowed non-Agency law enforcement to use the range without charge and with more access than the public. In addition, Agency law enforcement conducted activities that were not necessary for

¹⁶ 50 C.F.R. 80.90(f).

¹⁷ 50 C.F.R. 80.54.

the grant's purpose. Therefore, both the non-Agency and Agency law enforcement use of the range violated the purpose of the grant that funds the facility.

Agency law enforcement managed the range and allowed non-Agency law enforcement access to the facility through a passcode that allowed entry through a locked gate. Non-Agency law enforcement groups entered the facility and self-monitored while on the range, paying no fees for use. There was no approval from the FWS regional director to allow non-Agency law enforcement groups free access to the range. Currently, the range is open to the public 3 days a week and the remaining 4 days, when the range is closed, it is mainly used by non-Agency law enforcement. Non-Agency law enforcement use of the range without charge demonstrates a loss of control over assets and is a direct violation of the purpose of the hunter education grant that funds the facility (maintenance and operation funds used for the range should be solely for the shooting range and public access).

In addition, there was an Agency law enforcement boating investigation area behind a second locked gate where impounded boats and various other law enforcement materials were stored. There was also a freezer onsite that Agency law enforcement used for confiscated game when hunters were found in violation of hunting rules and regulations. These are unallowable activities under the hunter education grant.

Inappropriate use of the range occurred because the Agency did not have any internal regulations for the range pertaining to who could use it, the allowance of non-Agency law enforcement activity and related payment schedule, and proration of funding for the Agency law enforcement activities in place on the range site (i.e., boat investigation storage and freezer for confiscated game). According to Agency management, in Fall 2022, Agency headquarters officials instructed Agency law enforcement division chiefs and gun range staff to begin charging non-Agency law enforcement for use of the range, but this was not implemented.

The unallowable use of the range leads to more maintenance dollars required to support the facility so that the public can use it as designed. For example, Agency law enforcement officials told us that non-Agency law enforcement leave trash after they use the range and provided a photo of "junk vehicles" that the Tennessee Highway Patrol used for shooting that had been left on the range "for weeks" (see Figure 3). The range officials were instructed by Agency management to procure janitorial services to help with the cleanup. In May 2023, the Agency awarded a contract with an estimated value of \$20,250 for janitorial services, which will occur between May 2023 and May 2025. The costs for these services will likely be funded by the hunter education grant funds that support the facility, therefore impacting the overall funding for the public activities that are the focus of the facility.

Figure 3: Shooting Range With Non-Agency Law Enforcement Junk Vehicles



Source: Tennessee Wildlife Resources Agency. OIG photo illustration.

Further, the Agency law enforcement activities that are located at the range are not supported by any law enforcement funding to cover the costs, leading to hunter education funds being spent on ineligible activities.

Recommendations

We recommend that the FWS require the Agency to:

9. Discontinue the free use of the shooting range by non-Agency law enforcement.
10. Implement fees for non-Agency law enforcement.
11. Require funding reimbursement for Agency law enforcement to collocate investigative areas within the shooting range facility.
12. Develop range regulations to include who can use it and the disallowance of the free use of the range for law enforcement activity.

Inaccurate Multiyear License Count

According to Federal regulations (updated in September 2019 and to be implemented by States no later than September 27, 2021) “for the State fish and wildlife agency to certify a license holder, the agency must establish that it receives the following minimum gross revenue: \$2 for each year the license is valid, for either the privilege to hunt or the privilege to fish; and \$4 for each year the license is valid for a combination license that gives privileges to both hunt and fish.”¹⁸ Regulations also state that “the agency must use and document a reasonable technique for deciding how many multiyear-license holders remain alive in the certification period.”¹⁹ Some examples of reasonable techniques include mortality tables.

The Agency had five different multiyear hunting and fishing license types for SFYs 2021 and 2022: wheelchair confined, blind/supplemental security income (SSI), disabled veteran, lifetime sportsman, and senior citizen. We found that the Agency did not remove the wheelchair confined licenses that did not meet the minimum gross revenue requirements from its SFY 2021 and 2022 license counts, overstating its count by 1,360. For the SFY 2021 license year, we found that the Agency overstated both its hunting and fishing license count by 649 licenses. For the SFY 2022 license year, we found that the Agency overstated both its hunting and fishing license count by 711 licenses. (See Figure 4.) We also could not verify whether blind/SSI licenses met minimum gross revenue requirements. However, we were able to verify that the disabled veteran, lifetime sportsman, and senior citizen multiyear licenses met the minimum gross revenue requirements.

We traced new license sales for wheelchair confined licenses to identify the number of wheelchair confined licenses that met the minimum gross revenue requirements. We then subtracted the number of eligible licenses from the number that the Agency reported. The licenses were sold for \$10 and gave privileges to both hunt and fish. The Agency can include these licenses in its annual count until the minimum gross revenue requirement, in this case \$10, was exhausted. We found the requirement was exhausted for 1,360 licenses.

Figure 4: Eligible Wheelchair Confined Licenses Versus Reported Licenses for SFYs 2021 and 2022

SFY	Eligible Licenses	Reported Licenses	Overstated Licenses
2021	206	855	649
2022	130	841	711
Total			1,360

We also identified issues with the Agency’s 2,828 blind/SSI multiyear licenses for SFYs 2021 and 2022. Specifically, we were not able to run a similar tracing analysis for these multiyear licenses because the Agency did not have enough new license sales information to test whether

¹⁸ 50 C.F.R. § 80.34(a).

¹⁹ 50 C.F.R. § 80.35(h).

these licenses met the minimum gross revenue requirement. As a result, we cannot say with reasonable assurance whether all the blind/SSI licenses met the minimum gross revenue requirement for SFYs 2021 and 2022.

The Agency overstated its license count because it did not have a sufficient process to ensure that all multiyear licenses met the minimum gross revenue requirement. Specifically, the Agency included a mortality table to document the life expectancy for its multiyear license holders but did not ensure whether these licenses satisfied the minimum gross revenue requirement. We also noted that the Agency’s license certification policies and procedures did not have an internal control to ensure licenses met the minimum gross revenue requirement. In addition, the Agency’s policies and procedures were not reflective of the Agency’s current process.

By overstating its license counts, the Agency may receive more WSFR funding than it is entitled and if the process is not corrected, could continue to do so, therefore affecting the funds apportioned to other States. These issues affected a small number of the total licenses sold (more than 3 million for SFYs 2021 and 2022); however, the lack of a control to prevent this continuing to occur could lead to larger errors in the future.

Recommendations
<p>We recommend that the FWS require the Agency to:</p> <ol style="list-style-type: none">13. Implement a process to remove multiyear licenses from the Agency’s annual certification when the multiyear licenses do not meet the minimum gross revenue requirement.14. Update its annual license certification procedures to ensure that multiyear licenses meet the minimum gross revenue requirement and are reflective of the Agency’s current process.

Recommendations Summary

We provided a draft of this report to the FWS for review. The FWS concurred with all 14 recommendations. We consider Recommendations 9 through 12 resolved; Recommendations 1 through 6, 13, and 14 implemented; and Recommendations 7 through 8 unresolved. Below we summarize the FWS' and the Agency's responses to our recommendations, as well as our comments on their responses. See Appendix 3 for the full text of the FWS' and the Agency's responses; Appendix 4 lists the status of each recommendation.

We recommend that the FWS require the Agency to:

1. Train staff on procedures to conduct risk assessments and develop monitoring plans for subrecipients to ensure compliance with Federal regulations.

FWS Response: The FWS concurred with the recommendation and stated that the Agency developed subrecipient risk assessment and monitoring procedures, included them in its grant procedures manual, and trained field and administrative staff in the procedures. The FWS further stated that the Agency's documentation provides evidence of implementation.

Agency Response: The Agency concurred with our recommendation and stated that the Agency Federal Aid and Real Estate Division staff developed and implemented risk assessment procedures and subrecipient monitoring plans for staff to follow and that it added the procedures to its *Federal Aid Procedures Manual*. The Agency also provided support showing that it completed staff training for these plans and procedures on September 26, 2023.

OIG Comment: Based on the support the Agency provided and the FWS and Agency responses, we consider Recommendation 1 implemented.

2. Develop a process to ensure compliance with the Federal Funding Accountability and Transparency Act requirements and Federal regulations for the public reporting of subawards.

FWS Response: The FWS concurred with the recommendation and stated that the Agency has inserted language into its grant processing procedures to ensure FFATA entry of all covered subawards. Additionally, the FWS noted that our audit brought about heightened managerial awareness of the issues.

Agency Response: The Agency concurred with the recommendation and stated that it has added the process and procedure for compliance with FFATA to its *Federal Aid Procedures Manual*.

OIG Comment: Based on the support the Agency provided and the FWS and Agency responses, we consider Recommendation 2 implemented.

3. Develop policies and procedures to ensure that Agency staff are trained annually on the applicable Federal Funding Accountability and Transparency Act requirements and Federal regulations to report subawards publicly on USAspending.gov.

FWS Response: The FWS concurred with this recommendation and stated that Agency grant coordinating staff recently attended WSFR grant training and “have developed policy for annual grants training for grant staff that includes emphasis on FFATA requirements for covered subawards.”

Agency Response: The Agency concurred with the recommendation and stated that Agency Federal aid staff are now required to enter data into USAspending.gov as part of the regular grant processing procedures and that FFATA procedures are now in the Agency’s *Federal Aid Procedures Manual*. The updated manual also indicates that the Assistant Division Chief will train grant staff on Federal award procedures annually.

OIG Comment: Based on the support the Agency provided and the FWS and Agency responses, we consider Recommendation 3 implemented.

4. Retroactively update the USAspending.gov website with all the subawards that were previously not reported since FY 2019.

FWS Response: The FWS concurred with the recommendation and stated that the Agency responded immediately to the finding and has entered all relevant covered subawards.

Agency Response: The Agency concurred with the recommendation and stated that it is “up to date on posting all required subawards on USAspending.gov” and that “this was done as soon as the issue was identified by the auditors.” It also provided support showing that it entered relevant subgrants.

OIG Comment: Based on the support the Agency provided and the FWS and Agency responses, we consider Recommendation 4 implemented.

5. Require subrecipients to record volunteer hours through a process that includes volunteers verifying their own hours worked per day and a separate official certifying the time worked.

FWS Response: The FWS concurred with this recommendation and stated that the Agency informed current subrecipients of the requirement and included new subrecipient processes into its manual with appropriate forms and controls to ensure enforcement.

Agency Response: The Agency concurred with the recommendation and stated that it instructed current subrecipients on this matter when we brought the findings to its attention. The Agency further stated that it is currently conforming to the process. The Agency explained that it developed volunteer service hour forms that capture all the

required information and that the forms will be attached when new subawards are sent to a subrecipient. The Agency also indicated that its Legal Division “added language onto subaward cover sheets clarifying how volunteer time must be recorded.” Finally, the Agency stated that it updated its volunteer time records procedures in its *Federal Aid Procedures Manual*.

OIG Comment: Based on the support the Agency provided and the FWS and Agency responses, we consider Recommendation 5 implemented.

6. Create and implement policies and procedures to include a process for centrally maintaining supporting documentation for in-kind contributions claimed.

FWS Response: The FWS concurred with the recommendation and stated that “[the Agency] has refined subrecipient invoice support and source document retention requirements and has memorialized them in their [*Federal Aid Procedures Manual*].”

Agency Response: The Agency concurred with the recommendation and stated that it has updated its grant management policies and procedures and provided copies to project managers. The Agency further stated that “subrecipients are required to report in-kind match on invoices” and “maintain original source support for in-kind contributions” for at least 3 years “from the submission date of any final financial report or final invoice” (timing is subject to stricter sub policy). The Agency also reported that project managers review and approve subrecipient invoices, which are then retained in Agency grant files.

OIG Comment: Based on the support the Agency provided and the FWS and Agency responses, we consider Recommendation 6 implemented.

7. Implement a method of tracking program income in the accounting system that will identify it to a particular grant or associated project, as required.

FWS Response: The FWS concurred with the recommendation and stated that it “concur[s] [with the Agency], human error notwithstanding, that [the Agency] is correctly identifying and reporting [program income] to subaccount by grant as required by the WSFR regional office.”

The FWS also stated:

Given reported and demonstrated limitations in the current [Agency] accounting system, we believe that [the Agency] is taking appropriate manual steps to ensure accuracy and timeliness in reporting program income. With the heightened awareness that auditors have brought to bear on this issue, we also believe [the Agency] is committed to seeking an accounting system solution or patch that will minimize the risk of human error in accounting for program income in the future.

The FWS concluded that it would work with [the Agency] to closely monitor reported program income in any grant award and will support [the Agency] in maintaining appropriate pressure on administrative parties to provide permanent electronic relief.

Agency Response: The Agency concurred with this recommendation and stated that it “uses alternative methods to achieve the required outcome.” It further reported:

Per our WSFR grant agreements, non-[F]ederal matching funds and program income must be tracked and reported at the *subaccount* level by grant. [Agency program income] includes sharecrop income on WMAs (subaccount 5222 WR), income from timber and firewood sales resulting from wildlife habitat management (5222 WR), and Hunter Ed shooting range permits (5221 BHE), all supported by our Comprehensive Management System grant and, importantly, all approved as non-[F]ederal cost share (match) to the Comp grant. [The Agency] Accounting Division accumulates [program income] by *type*, crosswalks *type* to *WSFR subaccount*, then reports the subaccount data to Agency Federal Aid staff monthly. This method ensures that the value of [program income] accrued by subaccount is accurate, timely, and readily available for grant financial reporting. [emphasis in original]

The Agency concluded by stating the method has been refined in the Agency *Federal Aid Procedures Manual* under “Financial reporting for the comprehensive grant.”

OIG Comment: Based on the FWS and Agency responses, we consider Recommendation 7 unresolved. While the FWS stated, “[the Agency] is committed to seeking an accounting system solution or patch that will minimize the risk of human error in accounting for program income in the future,” the Agency did not mention this in its response. Instead, the Agency referred to a “refined” method that is included in its *Federal Aid Procedures Manual*, which is similar to the process it used during our fieldwork and does not limit the risk of human error. Because the Agency is limited with the actions it can take regarding its accounting system, to reduce the risk of human error, the Agency should conduct a second-level review of the program income prior to it being reported monthly to appropriate Agency staff until a better system or improvement to the system can be made available. This second-level review should clearly identify the particular grant or associated project for which the program income is being attributed. We will consider this recommendation 7 resolved once the FWS has ensured the Agency developed a signed, second-level review of program income that clearly identifies the particular grant or associated project for which the program income is being attributed. We will then consider this recommendation 7 implemented once the FWS provides evidence that the Agency has updated its program income reporting policy to include the second-level review for reporting program income.

8. Revise the current processes and procedures for tracking program income to incorporate the implementation of the accounting system update.

FWS Response: The FWS concurred with the “spirit of the recommendation” and stated that it “contends that [the Agency] is achieving the required *outcome* despite their lack of electronic accounting system control [emphasis in original].” The FWS also stated:

Considering [the Agency’s] described and demonstrated limitations of [its] system, [the FWS] is focusing on product rather than process. We trust that [the Agency] is bringing all appropriate pressure to bear on system managers to achieve electronic relief within the system, but we are satisfied that the desired outcome can be and is being achieved through other, albeit less efficient means. [The FWS] concludes that we can and should only require the outcome, not the method or process. Accordingly, [the FWS] will continue to help [the Agency] in refining ways to track and report program income so that human error is minimized and will support [the Agency] in any appropriate way in their efforts to improve their electronic accounting system.

Agency Response: The Agency concurred with this recommendation and stated:

As discussed in our response to Recommendation 7 above, [the Agency] achieves [program income] accounting and reporting to *WSFR subaccount level by grant* as required by our WSFR regional office [emphasis in original]. [The Agency] has made clear to our administration that [the accounting system] is inadequate in this regard and is preventing our satisfying WSFR auditors in the way auditors want it done, but an ultimate electronic solution, such as an “accounting system update,” has so far proven unavailable to [the Agency.] [The Agency] cannot change the accounting system but will continue to apply extra diligence to program income accounting and reporting.

OIG Comment: Based on the FWS and Agency responses, we consider Recommendation 8 unresolved. We acknowledge that the Agency is limited with the actions available to it regarding the accounting system and is committed to applying “extra diligence to program income accounting and reporting.” However, we believe that to “apply extra diligence” the Agency should conduct a second-level review of the program income prior to it being reported monthly to the Agency’s Federal aid staff and include this review in its *Federal Aid Procedures Manual*. This second-level review is mentioned above in our response to Recommendation 7. We will consider this recommendation 8 resolved once the FWS has ensured the Agency developed a signed, second-level review of program income that clearly identifies the particular grant or associated project for which the program income is being attributed. We will then consider this recommendation 8 implemented once the FWS provides evidence that the Agency has updated its program income reporting policy to include the second-level review for reporting program income.

9. Discontinue the free use of the shooting range by non-Agency law enforcement.

FWS Response: The FWS concurred with the recommendation and stated:

[The FWS] considers [the Agency's] suspension of grant support at [Agency] ranges appropriate in the near term, with recommended discontinuation of free use to be implemented as soon as possible. [The Agency] is moving with all appropriate institutional speed to develop a funding and proration solution that fairly and sustainably attributes operation and maintenance costs to range users in relation to documented share of use.

Agency Response: The Agency concurred with this recommendation and stated:

[The Agency] has discontinued WSFR [operation and maintenance] funding from all [Agency] shooting ranges as of October 1, 2023, eliminating any possibility of grant funding for ineligible activities. Partial, prorated WSFR funding of maintenance and operation will resume once a fee schedule has been developed for all [non-Agency] law enforcement and an appropriate proration plan based on use has been developed. We should have the fee schedule in place by November 10, 2023, and will notify [the FWS] when a proration strategy has been developed.

OIG Comment: Based on the FWS and Agency responses and the supporting documentation from the Agency, we consider Recommendation 9 resolved. The Agency provided us a copy of its *Hunter Education Center and Firing Range Governmental User Agreement*, which includes details on the fees that non-Agency law enforcement need to pay to use the Agency's firing ranges. This fee schedule agreement goes into effect on January 1, 2024. We will consider this recommendation fully implemented once the FWS provides evidence that the fee schedule agreement and the developed proration strategy are in effect.

10. Implement fees for non-Agency law enforcement.

FWS Response: The FWS concurred with the recommendation and stated that the Agency is developing and implementing a fee schedule for non-Agency law enforcement at the Agency ranges that should be implemented in late 2023.

Agency Response: The Agency concurred with the recommendation and stated that by November 10, 2023, it will establish in its policy a non-Agency law enforcement fee schedule to offset maintenance costs at the three Agency ranges and that it will implement the fee schedule "soon after."

OIG Comment: Based on the FWS and Agency responses and the supporting documentation from the Agency, we consider Recommendation 10 resolved. The Agency provided us a copy of its *Hunter Education Center and Firing Range Governmental User Agreement*, which includes details on fees for non-Agency law enforcement to use Agency firing ranges. This fee schedule agreement goes into effect on January 1, 2024. We will consider this recommendation implemented once the FWS provides evidence that the fee schedule agreement is in effect.

11. Require funding reimbursement for Agency law enforcement to colocate investigative areas within the shooting range facility.

FWS Response: The FWS concurred with the recommendation and stated that the Agency’s actions to remove law enforcement artifacts, suspend grant funding for operation and maintenance, and move range management to the Outreach and Education Division eliminate the chances for grant funding of ineligible law enforcement activities. The FWS added that developing and implementing law enforcement “funding and proration of costs will complete the process” and provide “the public services while safeguarding grant funds.”

Agency Response: The Agency concurred with the recommendation and stated that its “Law Enforcement and Boating Division has moved boats, vehicles, and storage equipment” from the Agency ranges. The Agency also reported that it moved range management from its Law Enforcement and Boating Division to the Outreach and Education Division on July 31, 2023; on October 1, 2023, it removed WSFR funding from maintenance and operation of Agency ranges until its law enforcement fee structure is in place and an operation and maintenance proration plan is implemented.

OIG Comment: Based on the FWS and Agency response and the supporting documentation from the Agency, we consider Recommendation 11 resolved. The Agency provided us a copy of its *Hunter Education Center and Firing Range Governmental User Agreement*, which includes details on the fees that non-Agency law enforcement need to pay to use the Agency’s firing ranges. This fee schedule agreement goes into effect on January 1, 2024. We will consider this recommendation fully implemented once the FWS provides evidence that the fee schedule agreement and the developed proration strategy are in effect.

12. Develop range regulations to include who can use it and the disallowance of the free use of the range for law enforcement activity.

FWS Response: The FWS concurred with the recommendation and stated that support for potentially ineligible law enforcement activities has been eliminated and that the Agency is addressing this issue with a “multi-faceted approach,” including suspending grant funding for operation and maintenance, reducing or eliminating law enforcement presence at Agency ranges, refining range rules, and developing shared operation and maintenance funding through law enforcement use fees and proration. The FWS stated

funding for ineligible law enforcement range use “has been discontinued as of October 1, 2023, and full implementation of the new strategies is expected by late 2023.”

Agency Response: The Agency concurred with the recommendation and stated that it is developing a new fee structure that addresses range use by ineligible users and that new range regulations and the fee structure will be implemented by late 2023, with future funding for operation and maintenance prorated according to use. The Agency also stated that, in the meantime, it removed WSFR funding for maintenance and operation of its ranges.

OIG Comment: Based on the FWS and Agency response and the supporting documentation from the Agency, we consider Recommendation 12 resolved. The Agency provided us a copy of its Agency’s *Hunter Education Center and Firing Range Governmental User Agreement*, which includes details on the fees that non-Agency law enforcement need to pay to use the Agency’s firing ranges. This fee schedule agreement goes into effect on January 1, 2024. We will consider this recommendation fully implemented once the FWS provides evidence that the fee schedule agreement and the developed proration strategy are in effect.

13. Implement a process to remove multiyear licenses from the Agency’s annual certification when the multiyear licenses do not meet the minimum gross revenue requirement.

FWS Response: The FWS concurred with the recommendation.

Agency Response: The Agency concurred with the recommendation and stated that staff worked with us to fix the issue with license counts. The Agency reported that it updated its process to remove multiyear licenses from annual certification to align with the 2019 rule that “changed the required value of a multiyear license from \$2 per privilege to \$4” and implemented it in its *Grant Management Procedures*. The Agency also updated its license certification procedures in its *Federal Aid Procedures Manual*. The Agency further stated that it now counts these licenses for only the year they are sold and has completed its annual license certification using the new procedures to accurately count multiyear licenses.

OIG Comment: Based on the procedures the Agency provided and the FWS and Agency responses, we consider Recommendation 13 implemented.

Regarding the value change in the 2019 rule, the updated rule specifically states “for the State fish and wildlife agency to certify a license holder, the agency must establish that it receives the following minimum gross revenue: \$2 for each year the license is valid, for either the privilege to hunt or the privilege to fish; and \$4 for each year the license is valid for a combination license that gives privileges to both hunt and fish.”²⁰ In the Agency’s response, it refers to a change from “\$2 per privilege to \$4,” instead of \$4 for both privileges. This change is correctly referred to in the Agency’s updated *Federal Aid*

²⁰ 50 C.F.R. § 80.34(a).

Procedures Manual, which is referred to in the Agency's response to Recommendation 14 below.

14. Update its annual license certification procedures to ensure that multiyear licenses meet the minimum gross revenue requirement and are reflective of the Agency's current process.

FWS Response: The FWS concurred with the recommendation.

Agency Response: The Agency concurred with the recommendation and stated that the process to remove multiyear licenses from its annual certification once the licenses no longer meet the required value was previously in place but not adjusted for the 2019 rule change. The Agency further stated that by counting Blind/SSI and Wheelchair-confined license holders in only the year those licenses are sold, it eliminated the possibility of overcounting. In addition, the Agency said it recently completed its latest annual license certification using the new procedures to accurately count multiyear licenses and updated its license certification procedures in the *Federal Aid Procedures Manual*.

OIG Comment: Based on the procedures the Agency provided and the FWS and Agency responses, we consider Recommendation 14 implemented.

Appendix 1: Scope and Methodology

Scope

We audited the Tennessee Wildlife Resources Agency (Agency) use of grants awarded by the U.S. Fish and Wildlife Service (FWS) under the Wildlife and Sport Fish Restoration Program (WSFR). We reviewed 27 grants that were open during the State fiscal years (SFYs) that ended June 30, 2021, and June 30, 2022. We also reviewed license revenue during the same period. The audit included expenditures of approximately \$174.1 million and related transactions. In addition, we reviewed historical records for the acquisition, condition, management, and disposal of real property and 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 State's control activities and the following related principles were significant to the audit objectives.

- Management should design control activities to achieve objectives and respond to risks.
- Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
- Management should implement control activities through policies.

We tested the operation and reliability of internal control over activities related to our audit objective. Our tests and procedures included:

- Examining the evidence that supports selected expenditures charged to the grants by the Agency.
- Reviewing transactions related to purchases, direct costs, drawdowns of reimbursements, in-kind contributions, and program income.
- Interviewing Agency employees.
- Inspecting equipment and other property.

- Determining whether the Agency used hunting and fishing license revenue for the administration of fish and wildlife program activities.
- Determining whether the State passed required legislation assenting to the provisions of the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.
- Evaluating State policies and procedures for assessing risk and monitoring subawards.
- Interviewing subrecipients, including higher education and nonprofit entities, to assess their compliance with Federal regulations.
- Visiting sites throughout the State (see Appendix 2 for a list of sites visited).

We found deficiencies in internal control resulting in our six findings of lack of subaward risk assessments and monitoring, inadequate public reporting of subawards, unsupported in-kind contributions, inadequately tracked and incorrectly reported program income, unallowable use of a shooting range, and inaccurate multiyear license counts.

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of transactions for testing. 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 Statewide financial reporting, with emphasis on major programs. Our report focuses on the administration of the Tennessee fish and wildlife agency, and that agency's management of WSFR resources and license revenue.

The Agency provided computer-generated data from its official accounting system and from informal management information and reporting systems. We tested the data by sampling expenditures and verifying them against WSFR reports and source documents such as purchase orders, invoices, and payroll documentation. While we assessed the accuracy of the transactions tested, we did not assess the reliability of the accounting system as a whole.

Prior Audit Coverage

OIG Audit Reports

We reviewed our last two audits of costs claimed by the Agency on WSFR grants.²¹ We followed up on 12 recommendations from these reports and considered all 12 recommendations as implemented. For implemented recommendations, we verified the State has taken the appropriate corrective actions to resolve these recommendations.

State Audit Reports

We reviewed the single audit reports for SFYs 2021 and 2022 to identify control deficiencies or other reportable conditions that affect WSFR. In those reports, the Schedule of Expenditures of Federal Awards indicated approximately \$60.1 million (combined) in Federal expenditures related to WSFR. The single audit report for SFY 2022 included findings directly related to WSFR, which was listed as a major program for Statewide audit purposes.²² The report noted a “material weakness and noncompliance” finding in subrecipient monitoring. As a result, we increased testing of additional subawards in this program area. Specifically, we tested the subaward sample to determine whether they followed applicable Federal regulations. We also conducted site visits of several subrecipients and determined that the State was monitoring the subrecipients, but it was not documented in accordance with Federal regulations.

²¹ U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Tennessee, Wildlife Resources Agency, From July 1, 2015, Through June 30, 2017 (Report No. 2018-ER-002), issued December 2018.

U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Tennessee Wildlife Resources Agency From July 1, 2010, Through June 30, 2012 (Report No. R-GR-FWS-0002-2013), issued May 2013.

²² State of Tennessee Single Audit for the Year Ended June 30, 2022, dated March 29, 2023.

Appendix 2: Sites Visited

Headquarters	Nashville
Regional Offices	Region 3 - Crossville Region 4 - Morristown
Fish Hatcheries	Eagle Bend Normandy Tellico
Boating Access Facilities	Barton Springs Savannah Bay Toqua William B. Ladd Park
Wildlife Management Areas	Bridgestone Firestone Centennial Wilderness Buffalo Springs Forks of the River Lick Creek Bottoms North Cumberland Oak Ridge Percy Priest Lake Tellico
Shooting Range	Crossville Shooting Sports Park Greene County North Cumberland Stones River Hunter Education Center

Appendix 3: Responses to Draft Report

The U.S. Fish and Wildlife Service's and Tennessee Wildlife Resources Agency's responses to our draft report follows on page 27.



United States Department of the Interior

FISH AND WILDLIFE SERVICE

1875 Century Blvd
Atlanta, Georgia 30345



October 24, 2023

In Reply Refer To:
FWS/R4/WSFR/2023-ER-002 (TWRA)

Jessica Brower, Director
Contract and Grant Audit Division
U.S. Department of the Interior
Office of Inspector General
Lakewood, Colorado
Via email

Re: Draft Audit Report – *U.S. Fish and Wildlife Service grants awarded to the State of Tennessee, Wildlife Resources Agency from July 1, 2020 through June 30, 2022 under the Wildlife and Sport Fish Restoration Program*
Report No. 2023-ER-002, issued September 7, 2023

Dear Ms. Brower:

The enclosed response to the draft audit report referenced above was developed by the Tennessee Wildlife Resources Agency in cooperation with the U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program, Southeast Region.

If you have any questions or need additional information, please contact Jim Duffy at [REDACTED] or [REDACTED]@fws.gov. Please include the Service reference number provided above in all written communications.

Sincerely,

2023.10.24
 11:20:02 -04'00'

Paul Wilkes, Regional Manager
Wildlife and Sport Fish Restoration Program

Enclosure

Cc: Ord Bargerstock, Shuwen Cheung
Division of Financial Assistance Support and Oversight

Response to Draft Audit Report

**U.S. FISH AND WILDLIFE SERVICE
Wildlife Restoration and Sport Fish Restoration Programs
Grants Awarded to the State of Tennessee, Wildlife Resources Agency
from July 1, 2020 through June 30, 2022
Draft Report No. 2023-ER-002, Issued September 7, 2023**

We (OIG) recommend that the FWS require the Agency (TWRA) to:

[Opening statement to each recommendation]

1. Train staff on procedures to conduct risk assessments and develop monitoring plans for subrecipients to ensure compliance with Federal regulations.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. TWRA's Federal Aid and Real Estate Division (TWRA Fed Aid) staff developed and implemented risk assessment procedures and subrecipient monitoring plans for staff to follow. These have been provided to the auditors and U.S. Fish and Wildlife Service (USFWS). The procedures for conducting the risk assessment and monitoring plan have been added to TWRA's Federal Aid Procedures Manual (Page 17, attached). Additionally, TWRA staff training for these plans and procedures was completed on September 26, 2023. Figure 1 is a copy of the TWRA Subrecipient Monitoring Plan. Figure 2 is a copy of the TWRA Risk Assessment Form. Figure 3 is a screenshot of the participants in the training is attached. Figure 4 is a copy of the agenda for the training.

Service Response

The Service concurs with the auditor's recommendation. TWRA has developed subrecipient risk assessment and monitoring procedures, has included them in their grant procedures manual, and has trained field and administrative staff in the procedures. Figures 1 – 4 provide evidence of implementation. TWRA recognizes their past weakness in subaward administration and is committed to building and maintaining currency in subaward processes and procedures and in maintaining staff training. The Service considers this recommendation resolved and implemented.

2. Develop a process to ensure compliance with the Federal Funding Accountability and Transparency Act requirements and Federal regulations for the public reporting of subawards.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. The process and procedure for compliance with FFATA has been added to TWRA's Federal Aid Procedures Manual (Pages 14, 18, 21, and 28).

Service Response

The Service concurs with the auditor's recommendation. TWRA has inserted language into their grant processing procedures in several places to ensure FFATA entry of all covered subawards. With the heightened managerial awareness brought about by the audit (and WSFR training for relevant staff) and with insertion of specific actions into grant processing, the Service agrees with TWRA that this recommendation is resolved and has been implemented.

3. Develop policies and procedures to ensure that Agency staff are trained annually on the applicable Federal Funding Accountability and Transparency Act requirements and Federal regulations to report subawards publicly on USAspending.gov.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. TWRA Federal Aid staff have attended basic and advanced grants management since this issue occurred and are now trained on this requirement. Entering data into USAspending.gov is now part of the regular grant processing procedures and FFATA procedures are now in TWRA's Grant Management Procedures. The Assistant Division Chief will conduct annual training of grant staff on Federal award procedures (policy at Manual page 28).

Service Response

The Service concurs with this recommendation, and considers it resolved and implemented. TWRA grant coordinating staff have recently attended WSFR grants training (AGM, October 2022) and have developed policy for annual grants training for grant staff that includes emphasis on FFATA requirements for covered subawards.

4. Retroactively update the USAspending.gov website with all the subawards that were previously not reported since FY 2019.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. TWRA is up to date on posting all required subawards on USAspending.gov. This was done as soon as the issue was identified by the auditors. Figure 5 is a screenshot of FFATA site with all active subgrants entered.

Service Response

The Service concurs with the recommendation and considers it resolved and implemented. TWRA responded immediately to the finding and has entered all covered subawards addressed in the finding. See Figure 5, this document, as indicated by TWRA.

5. Require subrecipients to record volunteer hours through a process that includes volunteers verifying their own hours worked per day and a separate official certifying the time worked.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. Current subrecipients were instructed about this as soon as it was brought to our attention by auditors and are currently conforming to the process. TWRA developed volunteer Service Hour forms that capture all the required information needed to use these as match. These forms will be attached to subawards when a new subaward is sent to a subrecipient. TWRA's Legal Division has added language onto subaward cover sheets clarifying how volunteer time must be recorded. TWRA has also updated its Volunteer Time Records procedures in the TWRA Federal Aid Procedures Manual (page 23).

Service Response

The Service concurs with this recommendation and considers it resolved and implemented. TWRA responded quickly to inform current subrecipients of the requirement and has infused new subrecipient processes into their manual with appropriate forms and controls to make sure it is enforced in the future.

6. Create and implement policies and procedures to include a process for centrally maintaining supporting documentation for in-kind contributions claimed.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. Policies and procedures have been updated in TWRA's Grant Management Procedures and project managers have been provided copies. TWRA subrecipients are required to report in-kind match on invoices to TWRA and to maintain original source support for in-kind contributions for (at least, subject to stricter sub policy) three years from the submission date of any final financial report or final invoice. Subrecipient invoices are reviewed and approved by TWRA project managers and approved subrecipient invoices are retained in TWRA grant files.

Service Response

The Service concurs with the recommendation and considers it resolved and implemented. TWRA has refined subrecipient invoice support and source document retention requirements and has memorialized them in their grant manual (pages 17 - 27).

7. Implement a method of tracking program income in the accounting system that will identify it to a particular grant or associated project, as required.

Agency Response

TWRA concurs with this recommendation and uses alternative methods to achieve the required outcome. Per our WSFR grant agreements, non-federal matching funds and program income (PI) must be tracked and reported at the *subaccount* level by grant. TWRA program income (PI) includes sharecrop income on WMAs (subaccount 5222 WR), income from timber and firewood sales resulting from wildlife habitat management (5222 WR), and Hunter Ed shooting range permits (5221 BHE), all supported by our Comprehensive Management System grant and, importantly, all approved as non-federal cost share (match) to the Comp grant. TWRA Accounting Division accumulates PI by *type*, crosswalks *type* to *WSFR subaccount*, then reports the subaccount data to TWRA Federal Aid staff monthly. This method ensures that the value of PI accrued by subaccount is accurate, timely, and readily available for grant financial reporting. This method has been refined in the TWRA Federal Aid Procedures Manual under "Financial reporting for the comprehensive grant" (page 29).

Service Response

The Service concurs with the recommendation and concurs, human error notwithstanding, that TWRA is correctly identifying and reporting PI to subaccount by grant as required by the WSFR regional office. Given reported and demonstrated limitations in the current TWRA accounting system [REDACTED], we believe that TWRA is taking appropriate manual steps to ensure accuracy and timeliness in reporting program income. With the heightened awareness that auditors have brought to bear on this issue, we also believe TWRA is committed to seeking an accounting system solution or patch that will minimize the risk of human error in accounting for program income in the future. The Service will work with TWRA to closely monitor reported program income in any grant award and will support TWRA in maintaining appropriate pressure on administrative parties to provide permanent electronic relief.

8. Revise the current processes and procedures for tracking program income to incorporate the implementation of the accounting system update.

Agency Response

TWRA concurs with this recommendation and considers it partially resolved and implemented to the extent controlled by TWRA. As discussed in our response to Recommendation 7 above, TWRA achieves PI accounting and reporting to *WSFR subaccount level by grant* as required by our WSFR regional office. TWRA has made clear to our administration that [REDACTED] is inadequate in this regard and is preventing our satisfying WSFR auditors in the way auditors want it done, but an ultimate electronic solution, such as an “accounting system update,” has so far proven unavailable to TWRA. TWRA cannot change the accounting system but will continue to apply extra diligence to program income accounting and reporting.

Service Response

The Service concurs with the spirit of the recommendation and contends that TWRA is achieving the required *outcome* despite their lack of electronic accounting system control. Considering TWRA’s described and demonstrated limitations of their [REDACTED] system, the Service is focusing on product rather than process. We trust that TWRA is bringing all appropriate pressure to bear on [REDACTED] system managers to achieve electronic relief within the system, but we are satisfied that the desired outcome can be and is being achieved through other, albeit less efficient means. The Service concludes we can and should only require the outcome, not the method or process. Accordingly, the Service will continue to help TWRA in refining ways to track and report program income so that human error is minimized and will support TWRA in any appropriate way in their efforts to improve their electronic accounting system.

9. Discontinue the free use of the shooting range by non-Agency law enforcement.

Agency Response

TWRA concurs with this finding and considers it partially resolved and implemented. TWRA has discontinued WSFR O&M funding from all TWRA shooting ranges as of October 1, 2023, eliminating any possibility of grant funding for ineligible activities. Partial, prorated WSFR funding of maintenance and operation will resume once a fee schedule has been developed for all non-TWRA law enforcement and an appropriate proration plan based on use has been developed. We should have the fee schedule in place by November 10, 2023 and will notify the Service when a proration strategy has been developed.

Service Response

The Service concurs with the recommendation and considers TWRA’s suspension of grant support at TWRA ranges appropriate in the near term, with recommended discontinuation of free use to be implemented as soon as possible. TWRA is moving with all appropriate institutional speed to develop a funding and proration solution that fairly and sustainably attributes operation and maintenance costs to range users in relation to documented share of use.

10. Implement fees for non-Agency law enforcement.

Agency Response

TWRA concurs and considers this matter partially resolved and in implementation. TWRA will have a non-TWRA LE fee schedule to offset maintenance costs at the 3 TWRA ranges established in Agency policy by November 10, 2023, with full implementation soon after.

Service Response

The Service concurs with the recommendation. TWRA is developing and implementing a fee schedule for non-agency LE at TWRA ranges and should have it implemented by late 2023.

11. Require funding reimbursement for Agency law enforcement to collocate investigative areas within the shooting range facility.

Agency Response

TWRA concurs with the recommendation and considers this matter resolved with implementation in development. TWRA Law Enforcement and Boating Division has moved boats, vehicles, and storage equipment from TWRA ranges. TWRA Range Management was taken out of our LE and Boating Divisions administration and moved to the Outreach and Education Division on July 31, 2023. As of October 1, 2023, we have taken WSFR funding out of maintenance and operation of TWRA ranges until we have our LE fee structure in place and have implemented a O&M proration plan later this year.

Service Response

The Service concurs with the recommendation and considers TWRA's actions to date illustrative of their intent to make the recommended changes and achieve compliance. The combination of removing LE artifacts, suspending grant funding for O&M for now, and moving range management to O&E effectively terminate any chance of grant funding of ineligible LE activities. Development and implementation of LE funding and proration of costs will complete the process and achieve the goal of providing the public services while safeguarding grant funds.

12. Develop range regulations to include who can use it and the disallowance of the free use of the range for law enforcement activity.

Agency Response

TWRA concurs and considers this matter resolved. Implementation is in development. A new fee structure is being developed that address range use by non-eligible users (LE personnel both inside and outside of TWRA). New range regulations and fee structure will be implemented by late 2023, and future funding for O&M will be prorated according to use. In the meantime, WSFR funding was removed for maintenance and operation of the TWRA ranges.

Service Response

The Service concurs with the recommendation and contends that WSFR HE support for potentially ineligible LE activities (activities not strictly related to range management) has been eliminated. As discussed above, TWRA is addressing this issue with a multi-faceted approach, including suspending WSFR O&M funding near term, reducing or eliminating LE physical and managerial footprint at TWRA ranges, refining range rules to better facilitate harmony among users, and developing shared O&M funding through LE use fees and proration. HE O&M funding for ineligible LE range use has been discontinued as of October 1, 2023, and full implementation of the new strategies is expected by late 2023.

13. Implement a process to remove multiyear licenses from the Agency's annual certification when the multiyear licenses do not meet the minimum gross revenue requirement.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. Fed Aid staff worked with auditors to fix the problem with the erroneous license count. The process to remove

multiyear licenses from the Agency's annual certification, once they no longer meet the required value, was previously in place but was not adjusted when the 2019 rule change took effect. The 2019 rule changed the required value of a multiyear license from \$2 per privilege to \$4. That change has been implemented into TWRA's Grant Management Procedures. TWRA now only counts these licenses for the year they are sold. TWRA has completed its annual license certification using the new procedures to accurately count multi-year licenses. TWRA has also updated its License Certification procedures in the TWRA Federal Aid Procedures Manual on page 11. Attached is the most recent license certification table TWRA uses to compile its license count data. The attached table uses highlighted rows to show the FY21 figures vs the FY 22 figures. The changes made resulted in a decrease of 5209 licenses reported on the license types that were over counted by 1300 in the FY21 cert. We are losing potential licenses that we could claim to prevent the possibility of over counting these in our annual certification. [REDACTED] has previously shown these changes to the Federal Auditor, [REDACTED]. Specifically shown were the changes to the Blind/SSi, Wheelchair and Disabled Vet tables where the overage occurred. Figures 6, 7, 8, and 9 illustrate the License certification procedures, having been implemented in the latest certification.

Service Response

The Service concurs with the auditors' recommendation and with TWRA's assertion of full resolution and implementation.

14. Update its annual license certification procedures to ensure that multiyear licenses meet the minimum gross revenue requirement and are reflective of the Agency's current process.

Agency Response

TWRA concurs and considers this matter fully resolved and implemented. The process to remove multiyear licenses from the Agency's annual certification once they no longer meet the required value was previously in place but not adjusted for the 2019 rule change. TWRA has eliminated the possibility of overcounting Blind / SSI and Wheelchair-confined license holders by only counting them in the year those licenses are sold. TWRA has just completed its latest annual license certification using the new procedures to accurately count multi-year licenses. TWRA has updated its License Certification procedures in the TWRA Federal Aid Procedures Manual on page 11. Figure 6 illustrates the changes after implementation in the latest TWRA license certification spreadsheet.

Service Response

The Service concurs with the auditors' recommendation and with TWRA's assertion of full resolution and implementation.

Appendix 4: Status of Recommendations

Recommendation	Status	Action Required
2023-ER-002-01 We recommend that the U.S. Fish and Wildlife Service (FWS) require the Tennessee Wildlife Resources Agency (Agency) to train staff on procedures to conduct risk assessments and develop monitoring plans for subrecipients to ensure compliance with Federal regulations.		
2023-ER-002-02 We recommend that the FWS require the Agency to develop a process to ensure compliance with the Federal Funding Accountability and Transparency Act requirements and Federal regulations for the public reporting of subawards.		
2023-ER-002-03 We recommend that the FWS require the Agency to develop policies and procedures to ensure that Agency staff are trained annually on the applicable Federal Funding Accountability and Transparency Act requirements and Federal regulations to report subawards publicly on USAspending.gov.	Implemented	No action is required.
2023-ER-002-04 We recommend that the FWS require the Agency to retroactively update the USAspending.gov website with all the subawards that were previously not reported since FY 2019.		
2023-ER-002-05 We recommend that the FWS require the Agency to require subrecipients to record volunteer hours through a process that includes volunteers verifying their own hours worked per day and a separate official certifying the time worked.		
2023-ER-002-06 We recommend that the FWS require the Agency to create and implement policies and procedures to include a process for centrally maintaining supporting documentation for in-kind contributions claimed.		

Recommendation	Status	Action Required
<p>2023-ER-002-07 We recommend that the FWS require the Agency to implement a method of tracking program income in the accounting system that will identify it to a particular grant or associated project, as required.</p>	<p>Unresolved</p>	<p>We will meet with the FWS to discuss the recommendations and the requirements to include in the corrective action plan (CAP) for resolution.</p>
<p>2023-ER-002-08 We recommend that the FWS require the Agency to revise the current processes and procedures for tracking program income to incorporate the implementation of the accounting system update.</p>		
<p>2023-ER-002-09 We recommend that the FWS require the Agency to discontinue the free use of the shooting range by non-Agency law enforcement.</p>	<p>Resolved</p>	<p>Complete a CAP that includes information on actions taken or planned to address the recommendations, target dates and titles of the officials responsible for implementation, and verification that FWS headquarters officials reviewed and approved the actions the Agency has taken or planned.</p>
<p>2023-ER-002-10 We recommend that the FWS require the Agency to implement fees for non-Agency law enforcement.</p>		
<p>2023-ER-002-11 We recommend that the FWS require the Agency to require funding reimbursement for Agency law enforcement to colocate investigative areas within the shooting range facility.</p>		
<p>2023-ER-002-12 We recommend that the FWS require the Agency to develop range regulations to include who can use it and the disallowance of the free use of the range for law enforcement activity.</p>		

Recommendation	Status	Action Required
<p>2023-ER-002-13 We recommend that the FWS require the Agency to implement a process to remove multiyear licenses from the Agency’s annual certification when the multiyear licenses do not meet the minimum gross revenue requirement.</p>	Implemented	No action is required.
<p>2023-ER-002-14 We recommend that the FWS require the Agency to update its annual license certification procedures to ensure that multiyear licenses meet the minimum gross revenue requirement and are reflective of the Agency’s current process.</p>		



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