



# United States Department of the Interior

FISH AND WILDLIFE SERVICE  
Washington, D.C. 20240



**JUN 28 2019**

In Reply Refer To  
FWS/WSFR/FASO:069879

To: State Fish and Wildlife Agencies  
Secretary, Department of Natural Resources  
of the Commonwealth of Puerto Rico  
Governor of Guam  
Governor of the U. S. Virgin Islands  
Governor of American Samoa  
Governor of the Commonwealth of the Northern Mariana Islands  
Mayor of the District of Columbia

Re: Wildlife and Sport Fish Restoration Recipient Audits

The Pittman-Robertson Wildlife Restoration Act (PR) and Dingell-Johnson Sport Fish Restoration Act (DJ) are vital funding sources for the States and Territories (States) and provide substantial wildlife conservation and recreational opportunities for the American public. The Fish and Wildlife Service (FWS), States, and contract auditors have a shared responsibility for the stewardship of PRDJ funds. Specifically:

- The FWS, through the Wildlife and Sport Fish Restoration Improvement Act has responsibility for administering, managing and overseeing these funds;
- As recipients of PRDJ funding, the States have responsibility for complying with the requirements of 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and
- As the FWS's contract auditor, the Department of the Interior, Office of the Inspector General (OIG) has the responsibility for conducting audits of the States once every five years.

The U.S. Government Accountability Office requires anyone accepting an assistance award from the Federal government to establish and maintain an adequate accounting system that is capable of recording and reporting on the receipt, obligation, and expenditure of grant funds. In cases of noncompliance, a Federal agency may use remedial actions such as: temporarily withholding award payments; or wholly or partly suspending or terminating the Federal award.<sup>1</sup>

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<sup>1</sup> 2 CFR § 200.338 Remedies for noncompliance.

Unfortunately, several recent State audits have resulted in significant amounts of questioned costs stemming from the inability of some States financial systems to reconcile to the source documentation. This issue most often arises when States transition to a new financial system. Regardless of the circumstances, by upholding individual responsibilities as outlined below, these situations can be avoided going forward.

The Wildlife and Sport Fish Restoration recipient audits are a cornerstone of FWS's oversight responsibility, and the FWS works closely with the OIG and States to:

- Establish and coordinate audit schedules;
- Work with the States to develop Corrective Action Plans;
- Track, resolve and close audit findings;
- Share best management practices; and
- Facilitate communication and issue resolution between the OIG and the States.

The OIG supports FWS's oversight responsibilities by:

- Conducting State audits in accordance with the Government Auditing Standards;
- Providing the FWS periodic status reports on each in-process audit;
- Providing the FWS and the State notice of potential findings when issues are identified during an audit; and
- Notifying the Regional WSFR Office in the event of State noncompliance with an information request.

The States ensure their stewardship of the PRDJ funds by:

- Using them only for eligible activities consistent with their financial assistance agreement;
- Maintaining an adequate accounting system capable of:
  - Generating the required reports;
  - Maintaining documentation to support all receipts, expenditures and obligations; and
  - Tracking funds to a level of expenditure adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.<sup>2</sup>
- Naming a point of contact (POC) within the agency that is empowered to facilitate the collection and delivery of requested information to the OIG; and
- Promptly following up and taking corrective action on all audit findings.<sup>3</sup>

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<sup>2</sup> 2 CFR § 200.302(a) Financial management.

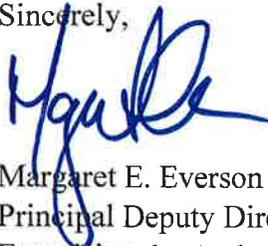
<sup>3</sup> 2 CFR § 200.508(c) Auditee responsibilities.

The FWS is committed to working collaboratively with the States and the OIG to continually improve the audit process and minimize findings of disallowed or questioned costs. For the Fiscal Year (FY) 2020 grant cycle, the FWS will issue updated Notice of Funding Opportunities (NOFOs) for the PR and DJ grants, which will specifically call out the 2 CFR § 200 compliance and recipient audit language currently incorporated by reference. This language will carry through to the Terms and Conditions for FY 2020 PR and DJ grant awards.

The added language poses no new requirements, but rather emphasizes: the need to have adequate accounting systems in place to produce the required documentation; the application of specific conditions in the event of audit findings; and the expectation for recipients to provide all proper records and documentation associated with a federal award. The FWS hopes that by including this language there will be a renewed focus on the stewardship of this very important and otherwise highly successful program.

If you have any questions or concerns regarding your audit responsibilities, please contact, Mr. Paul Rauch, Assistant Director, Wildlife and Sport Fish Restoration, at 202-208-5078, or Mr. Robert Curry, Deputy Assistant Director, Wildlife and Sport Fish Restoration, at 703-358-2381.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Everson', written over the printed name.

Margaret E. Everson  
Principal Deputy Director  
Exercising the Authority of the Director for the Fish  
and Wildlife Service