



# Report in Brief

December 20, 2018

## Background

Pacific Coast salmon are the biological foundation of river ecosystems, an important source of income, and a high-protein food, making them central to the daily life of those in coastal communities in the western United States.

As of May 2016, 28 salmon species are on the brink of extinction and protected under the Endangered Species Act. In fiscal year (FY) 2000, Congress established the Pacific Coastal Salmon Recovery Fund (PCSRF) to reverse the decline of West Coast salmon populations.

PCSRF is a competitive grants program through which the National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service supports activities to protect salmon populations in California, Oregon, Washington, Idaho, Nevada, and Alaska. NOAA awards PCSRF grants annually. The Washington State Recreation and Conservation Office (RCO) is a recipient.

## Why We Did This Review

The objectives of our audit of grant numbers NA10NMF4380435 and NA11NMF4380267 were to determine whether RCO (1) claimed allowable, allocable, and reasonable costs; (2) complied with grant terms and conditions, administrative requirements, cost principles and audit requirements; and (3) met performance requirements of the grants.

## NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

### Audit of NOAA Pacific Coastal Salmon Recovery Fund Grants to the Washington State Recreation and Conservation Office

OIG-19-006-A

#### WHAT WE FOUND

We found that RCO claimed costs of \$2,491,000 that were not allowable, not allocable, or unsupported. RCO complied with most grant terms and conditions, administrative requirements, cost principles, and audit requirements that we reviewed. However, it did not follow requirements to protect federal interests when grant funds were used to acquire or improve real property, nor did it follow federal record retention requirements. We determined RCO met program performance requirements by working with award recipients to ensure the projects align with PCSRF program objectives and priorities, RCO receives progress reports from subrecipients and conducts site visits as deemed necessary. RCO also utilizes a central database system, known as PRISM, to accumulate details on projects including project agreements, pictures, financial data and other documentation that assists RCO in monitoring the status of projects. In addition, RCO's projects involving grant administration, conservation planning, and policy analysis complied with the objectives of the PCSRF program.

#### WHAT WE RECOMMEND

We recommend that the Director of NOAA Grants Management Division do the following:

1. Make a determination on the amount recommended by OIG for recovery, \$1,936,999, which is the difference between total federal funds disbursed and the federal share of costs accepted per audit.
2. Instruct RCO to discontinue transferring expenses between PCSRF awards for the purpose of depleting older award funds.
3. Instruct RCO to follow proper budget procedures to ensure it only claims cost categories approved by the grants officer.
4. Instruct RCO and its subrecipients to request prior approval from the NOAA's grants officer to subgrant or sub-contract with a federal agency.
5. Ensure that RCO includes and adheres to federal document retention requirements in its subrecipient agreements.
6. Require RCO to implement internal controls to ensure costs charged to a particular award are incurred during the period of performance.
7. Instruct RCO to follow their controls when reviewing invoices and approving costs.
8. Ensure that RCO implements sufficient controls to identify eligible match expenses for its PCSRF grants.
9. Ensure that RCO calculates indirect costs in a manner that complies with applicable indirect cost policies and regulations.
10. Reiterate to RCO its responsibility to ensure subrecipients provide documentation showing compliance with real property requirements of the grant.
11. Instruct RCO to submit to NOAA documentation showing subrecipients' perfected statements of the federal interest in real property acquired and improved with 2010 and 2011 PCSRF grants.