



Report in Brief

August 12, 2019

Background

The fishing industry is an important component of the U.S. economy. The National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service (NMFS) works with federal, state, and other organizations to ensure the sustainable management of U.S. fisheries. NMFS collaborates with three Interstate Marine Fisheries Commissions (Atlantic, Gulf, and Pacific States), which collect data and manage fisheries resources in their regions. The Gulf States Marine Fisheries Commission's (the Commission's) principal objectives are to promote conservation, development, and full use of fishery resources in the Gulf of Mexico. Although the Commission's revenue sources include dues from member states and special contracts, it is dependent on funding from NOAA's financial assistance awards to accomplish its objectives. From calendar year 2010 through 2017, NOAA cooperative agreements and grants averaged 96 percent of the Commission's total revenue.

Why We Did This Review

The objectives of our audit were to determine whether the Commission (1) claimed costs that are allowable, allocable, and reasonable; (2) complied with award terms and conditions as well as administrative requirements, cost principles, and audit requirements of federal awards; (3) met matching requirements using allowable funds and costs that are properly calculated and valued; and (4) achieved programmatic objectives for each award.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Audit of NOAA Financial Assistance Awards to the Gulf States Marine Fisheries Commission

OIG-19-021-A

WHAT WE FOUND

We determined that the Commission achieved programmatic objectives by ensuring projects were completed and consistent with program objectives specific to each award, monitoring subrecipient performance, and ensuring timely submission of program performance reports. However, we found the Commission and two of its subrecipients claimed costs that were not allowable, allocable, and reasonable.

A third subrecipient, Gulf and South Atlantic Fisheries Foundation, did not provide access to financial records related to its subaward from the Commission. Without the source documentation, which provides evidence that transactions occurred, we could not perform work to determine whether \$5 million in costs claimed on award number NA10NMF4770481 are allowable, allocable, and reasonable. We address this issue separately in a supplemental memorandum.

Specifically, we found that the Commission

1. claimed, along with its subrecipients, questioned costs totalling \$1,166,790;
2. did not follow contract procurement and program income requirements; and
3. cannot verify that it met matching requirements.

WHAT WE RECOMMEND

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

1. Recover the amount disallowed from the \$1,166,790 questioned costs in accordance with the audit resolution process outlined in DAO 213-5.
2. Require the Commission to implement procedures to monitor subrecipients' compliance with terms and conditions of awards, including ensuring adequate documentation exists to support costs claimed and verifying that amounts claimed are based on actual expenses incurred.
3. Require the Commission to implement internal controls to ensure it allocates costs among federal programs in compliance with federal cost principles and uniform administrative requirements and uses other revenue sources to cover costs that are unallowable for federal awards.
4. Require that the Commission implement procedures to ensure it performs cost or price analysis on procurement contracts and obtains grants officer approval for sole-source contracts.
5. Determine whether unreported program income is due to the federal government and require that the Commission implement procedures to properly report, monitor, and spend program income in accordance with grant award terms and conditions.
6. Require the Commission to implement procedures to ensure match contributions comply with uniform administrative requirements, federal cost principles, and federal records retention requirements.