



Report In Brief

U.S. Department of Commerce Office of Inspector General

June 10, 2011



Background

The Pacific States Marine Fisheries Commission is a quasi-governmental organization operating under an interstate compact authorized by federal statute.

It is composed of five member states (Alaska, California, Idaho, Oregon, and Washington) that work together to better utilize and protect the resources of fisheries under their jurisdictions.

Most of the Commission's funding comes from the administration of federal contracts and financial assistance agreements related to fisheries resource management. Federal funds are directed to the Commission because of the unique and pivotal position it occupies between its member states and the federal entities that manage Pacific fisheries, as well as the integral role the Commission plays in support of research on, and stewardship of, these fisheries. Since 2003 the Department of Commerce, as the Commission's cognizant federal agency, has provided most of the Commission's federal funding.

Why We Did This Review

We audited two multi-year cooperative agreements awarded by NOAA to the Commission to fund programs for monitoring and observational data. During the audit period, the Commission claimed total costs of \$22,632,429 for these agreements.

Our audit objectives were to determine whether the costs claimed were reasonable, allowable, and allocable to the sponsored project; award objectives were achieved; and the Commission's practices and controls complied with award requirements, assured efficient project administration, and resulted in an acceptable final product.

National Oceanic and Atmospheric Administration

Audit of NOAA Cooperative Agreements to the Pacific States Marine Fisheries Commission Portland, Oregon (OIG-11-026-A)

What We Found

We found that a significant portion of the Commission's claimed costs were not reasonable, allowable, and allocable to the awards. We also found that, while the Commission's performance under the two agreements met the award goals and objectives by gathering information for inclusion in databases maintained by NOAA to assist with the management of West Coast fisheries, the Commission did not comply with numerous federal requirements and cost principles. Additionally, the Commission's financial management and procurement systems did not perform adequately, project scope revisions had not been properly approved, and performance and financial reporting was incomplete and inaccurate.

For these reasons and others detailed in this report and in our May 19, 2011, report titled *Audit of Indirect Cost Plans and Rates, Pacific States Marine Fisheries Commission, Portland, Oregon* (report no. OIG-11-025-A), we questioned \$2,420,489 in federal funds claimed as costs by the Commission.

What We Recommended

Because the Department acts as the Commission's cognizant federal agency, we recommended that NOAA's Director, Acquisitions and Grants disallow and recover \$2,420,489 in questioned project costs. We also recommended the Director take a more aggressive role in monitoring the Commission's grants by

1. Requiring the Commission to provide evidence of improving its policies and internal controls to comply with minimum federal financial, administrative, and procurement management standards before awarding any new agreements or contracts to the Commission.
2. Requiring the Commission's board of commissioners to enhance oversight of Commission financial and administrative operations by ensuring that all levels of the organization receive adequate supervision consistent with the Commission's policies.
3. Requiring the Commission to provide performance reports that are complete and consistent with approved project scope and budgets, and that fully and accurately identify the resources applied.