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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

CIVIL DIVISION

JUL 29 1971



Dear Mr. Smith:

The General Accounting Office reviewed the manner in which the State of Colorado administered the provisions of the Dingell-Johnson Act (16 U.S.C. 777) and the Pittman-Robertson Act (16 U.S.C. 669) relating to the prohibition against diverting State funds collected from fish and wildlife license fees to other than fish and wildlife purposes. Our review disclosed that the State has not maintained adequate control and accountability over restricted State and Federal funds, but has commingled such funds with unrestricted State funds and has diverted some restricted money for unauthorized purposes. Following are the results of our review.

In accordance with the provisions of the acts, Federal assistance is provided to the States for fish and wildlife restoration and management projects. The acts stipulate that, to obtain Federal assistance, the States must have enacted laws for the conservation of fish and wildlife which include a prohibition against the diversion of license fees paid by fishermen and hunters for any purpose other than the administration of the State fish and game department.

Section 80.5 of the Code of Federal Regulations (50 CFR 80) provides that:

"(a) \* \* \* A diversion of license fees occurs when a State Fish and Game Department, through legislative action, or otherwise, loses control of the expenditure of any portion of its hunting license or sport fishing license revenues, or expends such revenues for any purpose other than the administration of the State Fish and Game Department. \* \* \*.

"(b) When a diversion of funds occurs, a State thereby becomes ineligible to receive Federal Aid funds \* \* \* until \* \* \* (2) hunting and sport fishing license fees used for purposes other than the programs of the State Fish and Game Department are replaced; \* \* \*."

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The administration of the Dingell-Johnson and Pittman-Robertson Acts in the State of Colorado is the responsibility of the Department of Natural Resources which includes the Division of Game, Fish and Parks. This Division maintains two funds to finance its operations--a Game Cash Fund for fish and game related expenses and a Parks Cash Fund for park expenses. Money received by the State of Colorado under the Dingell-Johnson and Pittman-Robertson Acts is deposited into the Game Cash Fund to be used for fish and wildlife projects. Other Game Cash Fund revenues consist primarily of receipts from hunting and fishing licenses, proceeds from the sale and rental of fish and game property and court fines. The use of the revenues from the latter two sources is not restricted by the two Federal statutes. The Division of Game, Fish and Parks does not maintain separate accountability or control over the restricted and unrestricted receipts.

Within the Division of Game, Fish and Parks there are a number of administrative employees who perform functions that benefit both game and fish programs and park programs. In addition, certain field services are performed which benefit both programs. Costs incurred specifically for fish and game or park purposes are charged directly to the appropriate fund. Indirect costs which benefit fish, game, and park programs are charged to the Game Cash Fund.

During fiscal year 1969, administrative expenses totaling \$158,094 were paid from the Game Cash Fund which should have been charged to the Parks Cash Fund. This amount was computed by the Department of Natural Resources using a formula developed by a private Certified Public Accounting firm. The budget request for the Division of Game, Fish and Parks for fiscal year 1970 included \$115,000 to reimburse the Game Cash Fund for the estimated parks administrative expenses paid by the Game Cash Fund. This request was approved by the State legislature and, on April 3, 1970, \$115,000 was deposited in the Game Cash Fund.

For fiscal year 1971 the Division of Game, Fish and Parks requested an additional \$218,000 to reimburse the Game Cash Fund for assistance provided to parks during the prior fiscal year. We were informed by a representative from the Joint Budget Committee of the Colorado General Assembly that the legislature appropriated \$132,250 for this purpose. This individual advised us that the Joint Budget Committee considered the amount of the request to be too high and that the State legislature would not consider appropriating additional funds until the Division of Game, Fish and Parks could prove rather than estimate the amount that was actually diverted.

Since the State has lost control over restricted revenues by commingling them with other unrestricted funds and is using fish and game funds for parks purposes, a diversion of the type described in 50 CFR 80 has taken place. We therefore believe that the State should be declared ineligible for Federal Aid funds until the diverted funds are replaced and separate accountability is established over restricted and nonrestricted receipts.

Recommendation

We recommend that you advise the State of Colorado that an unauthorized diversion of funds has taken place and that it is no longer eligible to receive Federal Aid under the Dingell-Johnson and Pittman-Robertson Acts unless it replaces the monies improperly diverted and establishes separate accountability over restricted and unrestricted revenues of the Game Cash Fund to prevent future unauthorized diversions.

We would appreciate being advised of your views on these matters and of any actions taken in connection with our recommendations.

Sincerely yours,

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