

[EXTERNAL] OMB Control Number 1018 Friends financial reporting requirements

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Thu 1/7/2021 9:45 AM

To: Info_Coll, FWHQ <info_coll@fws.gov>

 1 attachments (21 KB)

USFWS Friends Accountability comments.docx;

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Ms. Baucum et al,

Please find my attached comments in support of the financial reporting initiative, and suggestions. I stress the importance of using common simple language. I am available to help in any aspect, as my academic specializations are in government accountability, and in fraud.

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[The Politics of Ponzi Schemes: History, Theory and Policy - 1st Editio \(routledge.com\)](https://www.routledge.com/The-Politics-of-Ponzi-Schemes-History-Theory-and-Policy-1st-Edition/Marie-Springer/book/9781138000000)

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January 7, 2021

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RE: OMB Control Number 1018-Friends

I am writing in response to the request for comments on information collection from Friends groups. I founded a Friends group and I am familiar with the practices. I have attended the academy for Friends groups and I am familiar with the USFWS expectations of Friends groups. As an academic specializing in teaching accountability in government, as well as a researcher in fraud, I am very familiar with ways that accountability can become opaque. I strongly support partnership agreements and financial reporting initiatives.

Keeping this data on Friends activities will also enable the USFWS to compile data on Friends activities. This information can be used for positive outcomes, such as recognition; it need not be only about accountability and transparency. One important aspect is that it will enable the USFWS to place a monetary value on the efforts of Friends groups. This may be a powerful message to Congress. Additionally, an aggregated annual report of activities can be made public to enable Friends groups to see what kinds of activities have been successful and to get ideas for activities that may work well for other Friends groups. Third, this annual report could put a spotlight on certain Friends groups for their activities, a great way encourage Friends groups.

I fully support the initiative and offer the following suggestions in response to the requested topics:

- (1) Whether or not the collection of information is necessary for the proper performance of the functions of the agency, including whether or not the information will have practical utility;

Yes, the collection of information from Friends groups is necessary. Financial practices in the non-profit sector has very little monitoring, transparency, and accountability, thereby allowing fraud with minimal oversight. Oversight is necessary; the USFWS does not need to have its name besmirched with sloppy accounting practices or fraud. It has become very easy to establish non-profits on-line; this venue can easily be used to carry out fraud, if the USFWS does

not have the authority to monitor Friends groups. Monitoring needs to be established before a fraud takes place, not after.

In my fraud research, I keep case studies on embezzlement, in general. Many cases are non-profit entities such as volunteer fire departments, Parent Teacher Associations/Organizations, Boy/Girl Scout Troops, religious organizations, sports teams, programs for children with special needs; all types of non-profits have experienced embezzlement. It would be naïve to think this cannot happen in a Friends group.

Current Internal Revenue Service reporting basically requires an e-postcard submission through the internet. The threshold for reporting is receipts under \$25,000. See: [1 \(irs.gov\)](https://www.irs.gov) State level reporting is generally through the internet in most states and generally only requires affirmation of the organization officers.

This minimal reporting necessitates annual reporting requirements to the USFWS by Friends groups, in order to prevent fraud, waste, abuse and corruption. Friends groups may feel offended to be required to report funding; just because one group is honest and responsible does not mean improprieties have not gone on in other Friends group. Without monitoring, fraud and embezzlement can take place and go unnoticed and undocumented. Without monitoring there is no documentation of occurrences or lack of fraudulent occurrences. There must be monitoring of Friends groups. Without documentation there is little proof of fraud or embezzlement, therefore no means of legal action.

It is important that Friends groups describe activities accurately, so that USFWS staff can determine if the activity is within USFWS standards. For example, did the Friends group employ an outside for-profit business to run a fund raiser on refuge property such as: "Paint and Sip" events; is the for-profit entity making a profit on refuge lands? Must this go through the bidding process?

One benefit of annual reporting is that this will provide the USFWS with an idea of what types of community events are occurring on refuges. It will provide ideas that could be reported on as suggested activities. Additionally, knowing how much funds are brought it can allow for planning programs and directing funds towards specific projects as determined by refuge staff and the CCPs.

Mandatory record keeping by Friends groups and monitoring by the USFWS is just good accounting and is overdue.

(2) The accuracy of our estimate of the burden for this collection of information, including the validity of the methodology and assumptions used;

- The partnership agreement is wise and prudent. The 5 year plan of renewal is a reasonable timeframe and not particularly burdensome.
- The time allotment listed in the federal register for requirement completion is reasonable and generous.

- Recordkeeping of financial activities is a necessity for all non-profits.
- The accounting practices and requirements can be simplified to an online fill-in document that could be updated monthly or annually.
- Unless a group has something to hide, they should not object to accountability and transparency.
- User friendly documentation can easily be established in an on-line submission format; lack of accounting knowledge need not be an issue.

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

I suggest that an annual report of each activity be listed with a description of what the event was, and listing of the amount of funds taken in, when there are donations.

Each Group may have one to four events per month; this is not an insurmountable number of events per Friends group to document. Even if there are more than four events per month it is not many.

For events such as clean-ups, invasive removal or other maintenance events where donations are not taken in, there is no need for reporting. This might be included as a non-monetary event, just for knowing how many events take place on a refuge.

An officer such as the secretary, treasurer or president should be responsible for annual reporting.

The form should be an online submission. It should be very simple and user friendly to fill out. If complex vocabulary is used, Friends members may not properly fill it out.

When Friends sign their MOU or Partnership agreement with the refuge, there should be a very clear statement that the Friends group is required to file an annual report and that they are agreeing to abide by USFWS reporting requirements and that all documentation is accurate. All officers should be required to sign.

(4) How might the agency minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of response.

The Securities and Exchange Commission requires public companies to submit reporting documents regularly. Investment advisors must submit annual information through the SEC website. I suggest that the USFWS see the SEC system for submitting financial documentation. The public can ascertain financial information for any public company or investment broker through the SEC site, such as EDGAR. This system allows the SEC to monitor these business entities; all information is submitted on-line. Some reporting is annual and others is required quarterly.

There are now 567 National Wildlife Refuges; not all have Friends groups (approx. 193). This number is small compared to the number of entities and individuals the SEC monitors.

I suggest that the information be accessible to USFWS employees and those within the Friends groups. Each Friends group should have an identifying number in the same way the entities registered with the SEC does. Possibly the tax I.D. number could be used, if the law allows.

This is also similar to the on-line submissions that non-profits submit with their state incorporation entities.

I suggest a contingency question for reporting where those groups that have stores must click yes, then they are forwarded to another set of submissions. Those groups without stores would click “no” and not have access to that aspect of reporting.

The vocabulary used in instructions for reporting must be simple and specific. As a college professor, I cannot stress enough how important it is to use common language for the maximum understanding by all.

(5) Enforcement

Important: Your request for information did not address an enforcement mechanism. No policy has any validity if there is not an enforcement mechanism. The enforcement mechanism must be sufficient that officers in the Friends group will take it seriously.

- What happens when a Friends Group does not submit annual documentation?
- What happens if the information isn't truthful or is inaccurate?
- Is the Friends group required to dissolve? (Worst case scenario)
- Is the Friends group allowed a grace period to resolve discrepancies? (Best case scenario)
- Is the Friends group delivered a warning?
- Is the Friends group dissolved after three warnings?
- Will it be the refuge manager who has the responsibility for oversight and enforcement?
- Will it be the volunteer coordinator?
- Will potential discrepancies be referred to the IRS?
- If a group knowingly submits a fraudulent report, what are you going to do? Is it a felony? Is the president and officers going to be held personally responsible?
- What about embezzlement? Will it be federally prosecuted?

It would be far better to have a report to Congress from aggregated Friends groups data on activities to demonstrate how much the public puts into refuges, than to have to explain acts lacking in integrity such as embezzlement. Reporting is an important and necessary next step in the dynamic between Friends groups and the USFWS.