

Bldg. 2122  
 Ft. George G. Meade  
 Ft. Meade Co: Anne Arundel MD 20755–  
 Landholding Agency: Army.  
 Property Number: 21200140086.  
 Status: Unutilized.  
 Comment: 9092 sq. ft., presence of asbestos/  
 lead paint, most recent use—admin., off-  
 site use only.

Bldg. 3000  
 Ft. George G. Meade  
 Ft. Meade Co: Anne Arundel MD 20755–  
 Landholding Agency: Army.  
 Property Number: 21200140087.  
 Status: Unutilized.  
 Comment: 10,663 sq. ft., presence of  
 asbestos/lead paint, most recent use—  
 storehouse, off-site use only.

Bldg. 4283  
 Ft. George G. Meade  
 Ft. Meade Co: Anne Arundel MD 20755–  
 Landholding Agency: Army.  
 Property Number: 21200140088.  
 Status: Unutilized.  
 Comment: 2609 sq. ft., presence of asbestos/  
 lead paint, most recent use—admin., off-  
 site use only.

Ohio  
 Quarters 120  
 Defense Supply Center  
 Columbus Co: Franklin OH 43216–5000,  
 Landholding Agency: Army.  
 Property Number: 21200140089.  
 Status: Unutilized.  
 Comment: 5670 sq. ft., needs repair, presence  
 of lead paint, most recent use—residence,  
 off-site use only.

Texas  
 Federal Courthouse  
 512 Starr Street  
 Corpus Christi Co: Nueces TX 78401–  
 Landholding Agency: GSA.  
 Property Number: 54200140011.  
 Status: Excess.  
 Comment: 6000 sq. ft., needs maintenance,  
 eligible for Nat'l Register of Historic Places.  
 GSA Number: 7–G–TX–1049.

#### *Land (by State)*

Arizona  
 WC–1–2c & WC–1–2f  
 Range 1 East  
 Peoria Co: Maricopa AZ 85382–  
 Landholding Agency: Interior.  
 Property Number: 61200140007.  
 Status: Excess.  
 Comment: 10 acres, portion of parcels,  
 remote location, no utilities.

#### **Suitable/Unavailable Properties**

##### *Buildings (by State)*

Georgia  
 Bldg. 2410  
 Fort Gordon  
 Ft. Gordon Co: Richmond GA 30905–  
 Landholding Agency: Army.  
 Property Number: 21200140076.  
 Status: Unutilized.  
 Comment: 8480 sq. ft., needs rehab, potential  
 asbestos/lead paint, most recent use—  
 storage, off-site use only.

#### **Unsuitable Properties**

##### *Buildings (by State)*

California  
 Solstice Canyon House  
 Santa Monica Mountains  
 Malibu Co: Los Angeles CA 90265–  
 Landholding Agency: Interior.  
 Property Number: 61200140003.  
 Status: Unutilized.  
 Reason: Extensive deterioration.  
 Screen House  
 Rt 140/RT 120  
 Yosemite Co: Mariposa CA 95389–  
 Landholding Agency: Interior.  
 Property Number: 61200140004.  
 Status: Unutilized.  
 Reason: Extensive deterioration.  
 Florida  
 U.S. Customs House  
 1700 Spangler Boulevard  
 Hollywood Co: Broward FL 33316–  
 Landholding Agency: GSA.  
 Property Number: 54200140012.  
 Status: Surplus.  
 Reason: Within 2000 ft. of flammable or  
 explosive material Secured Area.  
 GSA Number: 4–G–FL–1173.

Storage Bldg.  
 75th Street  
 Bradenton Co: Manatee FL 34209–  
 Landholding Agency: Interior.  
 Property Number: 61200140005.  
 Status: Unutilized.  
 Reason: Extensive deterioration.

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**BILLING CODE 4210–29–M**

## **DEPARTMENT OF THE INTERIOR**

### **Fish and Wildlife Service**

**RIN 1018–AH69**

#### **U.S. Fish and Wildlife Service Manual Chapters on Audits**

**AGENCY:** Fish and Wildlife Service, Interior.

**ACTION:** Notice and request for comments.

**SUMMARY:** The U.S. Fish and Wildlife Service (Service) plans to establish policy on State audits accomplished by its Division of Federal Aid by issuing U.S. Fish and Wildlife Service Manual Chapters on the subject. The Service is requesting comments and suggestions on the chapters as described below.  
**DATES:** Comments must be received by February 12, 2002.

**ADDRESSES:** Comments should be addressed to Kris E. LaMontagne, Chief, Division of Federal Aid, Attn: Audit Chapters, U.S. Fish and Wildlife Service, 4401 North Fairfax Drive, Suite 140, Arlington, Virginia 22203. Send e-Mail comments to [Fw9\\_Federal\\_Aid@fws.gov](mailto:Fw9_Federal_Aid@fws.gov), with “Audit Chapter Comment” in the subject line.

**FOR FURTHER INFORMATION CONTACT:**  
 Doug Alcorn, Region 7 Chief, Division of Federal Aid, U.S. Fish and Wildlife Service, Telephone: (907) 786–3545.

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

Through the Federal Aid in Sport Fish and Wildlife Restoration Program, the Service disburses funds to States in the form of grants to restore and manage the Nation’s fish and wildlife resources. The States use the funds to conduct research, surveys and management; purchase and restore habitat; operate fish hatcheries; build boat access sites; and provide education, outreach and communications.

The Program is authorized by the Federal Aid in Sport Fish Restoration Act, 16 U.S.C. 777 *et seq.*, enacted in 1950 and the Federal Aid in Wildlife Restoration Act, 16 U.S.C. 669 *et seq.*, enacted in 1937. The Program’s regulations can be found in Title 50 Code of Federal Regulations, part 80, “Administrative Requirements, Federal Aid in Fish and Federal Aid in Wildlife Restoration Acts;” Title 43 Code of Federal Regulations, part 12, “Administrative and Cost Principles for Assistance Programs;” and other applicable regulations. Various Office of Management and Budget (OMB) circulars, and guidance in the form of Service policy also apply to these chapters.

Funds for the Program are derived from excise and import taxes on fishing equipment, firearms, archery equipment and certain motorboat fuels paid into the Sport Fish Restoration Account or the Federal Aid to Wildlife Restoration Fund. The manufacturer or U.S. Customs (on imports) collects these taxes and pays it to the U.S. Department of the Treasury, who transfers the money to the Service for distribution to the States.

Periodically the Service conducts audits of our State partners, testing for compliance with applicable Acts, regulations, accounting principles, and Service policy. The purpose of these proposed chapters is to clarify the processes and guidelines for conducting an audit, from beginning through close-out of the audit process and resolution of any findings or other issues.

Generally our State partners are: The 50 States, the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, Guam, the U.S. Virgin Islands, and American Samoa.

We are inviting comments on all chapters. Comments are welcome regarding completeness of the content of material in chapters; clear, easy to

understand language; any burden placed on any Division of the Service, the Department of the Interior, or a State partner; or any other aspect of these documents. Comments must be written, but e-mailed comments are acceptable. The administrative record for this rule is available for viewing, by appointment only, Monday through Friday, 9 a.m. to 3 p.m., in the Division of Federal Aid, 4401 North Fairfax Drive, Suite 140, Arlington, Virginia 22203.

The draft chapters are as follows:

**Chapter 1, Policy and Responsibilities for Grantee Audits, Part 417 Fish and Wildlife Service Manual (417 FW 1)**

*1.1 What Is the Purpose of This Chapter?*

This chapter establishes policy and responsibilities for grantee audits, defines terms associated with audits, and provides an overview of the audit process. Other chapters in this Part (417) establish policy and procedures for audit scoping and planning, conducting and reporting, resolution, and appeals.

*1.2 To What Program Does This Part Apply?*

This Part applies to audits of grantees who receive grants through the Federal Aid Program.

*1.3 What Authorities Govern the Conduct of Grantee Audits?*

- A. OMB Circular A-50, Audit Followup
- B. OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
- C. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
- D. 43 CFR 12, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- E. 50 CFR 80, Administrative Requirements, Federal Aid in Sport Fish and Federal Aid in Wildlife Restoration Acts
- F. Part 360 (Departmental Audits), Department Manual
- G. Part 361(Audit Followup), Department Manual
- H. Part 415 (Departmental Audits), Fish and Wildlife Service Manual
- I. Government Auditing Standards (Yellow Book)
- J. Wildlife and Sport Fish Restoration Programs Improvement Act of 2000

*1.4 What Is the Service's Policy Regarding Grantee Audits?*

We will:

- A. Audit each grantee, once in each five-year period, as specified in the

Wildlife and Sport Fish Restoration Programs Improvement Act of 2000. The Regional Director notifies the grantee(s), in writing, of the five-year audit schedule.

B. Provide adequate oversight and financial resources to ensure timely audit completion.

C. Cooperate and coordinate fully with grantees, auditors, the Office of the Inspector General (OIG), and Office of Financial Management (PFM).

*1.5 What Are the Objectives of the Federal Aid Program Grantee Audit?*

The Federal Aid Audit Program supplements single statewide audits performed according to the requirements of OMB Circular A-133 (see 417 FW 6). The objectives of Federal Aid grantee audits are to:

A. Promote economy, efficiency, and effectiveness in administration of programs and operations.

B. Aid in the prevention and detection of fraud and abuse in programs and operations.

C. Assure financial integrity, accountability, and financial controls of the Federal Aid Program in accordance with generally accepted accounting principles.

D. Assure compliance with applicable Federal laws, rules, and regulations.

*1.6 Who Is Responsible for Administering the Federal Aid Audit Program?*

A. Director

(1) Oversees the Federal Aid Audit Program.

(2) Makes the final decision on internal Service disagreements associated with resolving audit findings and preparing Corrective Action Plans (CAP).

(3) Makes the final decision on all grantee appeals to the Service.

B. Regional Directors

(1) Ensure that Federal Aid Program staff receive the training necessary to oversee audits.

(2) Provide information to the auditor on Region-specific issues proposed for audit.

(3) Provide guidance and interpret laws, rules, regulations, and policies for the auditor during an audit.

(4) Work with the grantee and auditor throughout the audit to resolve issues as they arise and to identify those issues with potential national implications.

(5) Negotiate with grantees to develop corrective actions to resolve audit findings. Approve, distribute, and monitor implementation of the CAP.

(6) Request closeout of the audit when the grantee has resolved all findings.

(7) Maintain records pertaining to grantee audits, including the CAP and all appeals.

C. Assistant Director—Migratory Birds and State Programs

(1) Ensures consistent interpretation and application of rules, regulations, and laws concerning the Federal Aid Audit Program.

(2) Establishes the national audit schedule pursuant to the Wildlife and Sport Fish Restoration Programs Improvement Act of 2000.

(3) Coordinates Washington Office review of the CAP prior to signature by the Regional Director.

(4) Provides an objective representation of issues when there is a disagreement between the Regional Director and the Assistant Director on the CAP.

(5) Evaluates the Federal Aid Audit Program for efficiency, timeliness, and effectiveness prior to initiating each national audit cycle. The Assistant Director produces a written report at least once every five years, for the Director identifying issues and making recommendations for improving the Audit Program.

D. Chief, Division of Federal Aid (Washington Office)

(1) Advises the Assistant Director—Migratory Birds and State Programs on scheduling of grantee audits. Coordinates audits and provides an independent auditor to conduct the audit.

(2) Ensures that audits are in accordance with Federal policies, regulations, and laws.

(3) Identifies national audit training needs and makes training available. Ensures that appropriate Washington Office Federal Aid Program staff receive the training necessary to oversee audits.

(4) Establishes the scope of the Audit Program in accordance with Government Auditing Standards (Yellow Book).

(5) Provides technical assistance on audit issues to the Regional Office staff and the Assistant Director—Migratory Birds and State Programs prior to and during the development of the CAP's.

(6) Coordinates with the Chief, Division of Policy and Directives Management and the OIG to determine appropriate means of responding to audit-related Freedom of Information Act (FOIA) requests and for distributing final audit reports and final CAP's.

E. Chief, Division of Policy and Directives Management

(1) Oversees activities of the Service Audit Liaison Officer, who, in turn,

serves as liaison to PFM and OIG regarding Federal Aid grantee audit followup.

(2) Advises Service officials on audit liaison matters.

(3) Tracks the implementation of audit recommendations and reports to the Directorate and PFM on grantee audit followup.

#### 1.7 Who Maintains Audit Resolution Files?

The Regional Director is responsible for maintaining audit resolution files in accordance with the Service's records schedule. The office or Region that administers the grant being audited will maintain the following documents in the audit resolution file:

A. All audit-related correspondence, incoming and outgoing.

B. OIG final audit report.

C. Approved CAP for both tracked and nontracked audit findings.

D. Documentation provided by the grantee and used by the Regional Director to verify that the grantee resolved each finding or implemented the auditor's recommendation.

E. Documentation that the audit has been officially closed out.

#### 1.8 What Are the Definitions for Terms Used in This Part?

##### A. Appeal

A deliberative process that the grantee initiates when he/she does not agree with the Regional Director's determinations, corrective actions, or the resolutions contained in the CAP.

##### B. Audit

Examination of Federal Aid Program grantees conducted by the Department of the Interior, OIG, other Federal agencies, and independent public accountants.

##### C. Auditor

The OIG's designee to conduct the audit.

##### D. Corrective Action

Specific action(s) to resolve an audit finding in a manner consistent with the Service determination.

##### E. Corrective Action Plan

Management's two-part plan for addressing all audit findings and implementing all recommendations contained in audit reports. The first part addresses all audit findings and recommendations identified in the OIG's transmittal memorandum with the final audit report. The second part, called the addendum, addresses all other audit findings in the final audit report not specifically identified in the

OIG's transmittal memorandum. The audit resolution plan in each part contains four components: Auditor's Findings and Recommendations, Service Determination, Corrective Action, and Resolution.

##### F. Draft Audit Report

Any report prepared by the auditor for review and comment by the Service or the grantee prior to issuance of the final audit report by the OIG.

##### G. Engagement Letter

The official notification of a pending audit from the auditor to the grantee.

##### H. Entrance Conference

The meeting involving the auditor, the Service, the grantee, and others, if needed, that officially begins the onsite portion of the audit.

##### I. Exit Conference

The meeting involving the auditor, the Service, the grantee, and others, if needed, to review the draft audit report and end the field audit.

##### J. Federal Aid Program

A Program that administers the responsibilities of the Secretary of the Interior under the Federal Aid in Sport Fish Restoration Act, Federal Aid in Wildlife Restoration Act, Clean Vessel Act, Coastal Wetlands Act, the Partnerships for Wildlife Act, and other Acts that establish grant programs. The Service's Division of Federal Aid fulfills these responsibilities.

##### K. Field Audit

Work that the auditor performs while on the grantee's premises or project sites.

##### L. Final Action

The completion of all actions, including documentation, necessary to implement a specific audit recommendation and resolve an audit finding.

##### M. Final Audit Report

The auditor's final report of findings for an audit of a grantee, issued by the OIG. It includes the auditor's recommendations, the grantee's response to the draft audit report, and the auditor's rejoinder.

##### N. Grantee

The entity to which the Service awards a grant and who is accountable for use of the Federal funds provided.

##### O. Office of Financial Management

The Department of the Interior organization under the Assistant Secretary—Policy, Management and

Budget that tracks audit recommendations to final action.

##### P. Office of the Inspector General

The Department of the Interior organization responsible for conducting, supervising, and coordinating audits, investigations, and other activities in the Department designed to promote economy and efficiency or prevent and detect fraud, waste, and abuse.

##### Q. Planning

Helps to ensure that we conduct audits in an economical and efficient manner.

##### R. Rejoinder

The auditor's answer to the grantee's response to an audit finding and recommendation.

##### S. Resolution

A process to address and resolve each finding and recommendation in the audit report.

##### T. Scoping

The process to identify programmatic and financial elements to be audited.

##### U. Service Audit Liaison Officer

The Washington Office representative that serves as the point of contact for certain followup activities pertaining to grantee audits.

##### V. Service Determination

The Service decision to sustain (accept) or not sustain (reject) the auditor's finding and recommendation.

##### W. Single Audit Report

An audit of a grantee completed in accordance with the requirements of the Single Audit Act of 1984 and OMB Circular A-133. These audits are separate from Federal Aid Program specific audits (grantee audits).

##### X. We/Us

As used throughout this Part, the terms we or us refer to the Fish and Wildlife Service.

#### 1.9 What Phases Are Included in a Federal Aid Program Grantee Audit?

A. Scoping and Planning, Part 417 Fish and Wildlife Service Manual, Chapter 2 (417 FW 2)

During the scoping phase, the auditor identifies programmatic and financial elements to be audited, establishes the period to be audited, identifies issues of potential concern, and ensures that the audit meets Government standards. The planning phase helps to ensure a nationally consistent, effective, and timely audit process. Audit planning

establishes the audit schedule, identifies who will conduct the audit, identifies point(s) of contact, sets milestones, and describes logistical requirements.

B. Conducting and Reporting, Part 417 Fish and Wildlife Service Manual, Chapter 3 (417 FW 3)

The audit conduct and reporting phase helps to ensure independent examination of grantees consistent with Government auditing standards.

C. Resolution, Part 417 Fish and Wildlife Service Manual, Chapter 4 (417 FW 4)

The audit resolution phase ensures that all findings and recommendations are tracked and resolved in a timely and efficient manner.

D. Appeals, Part 417 Fish and Wildlife Service Manual, Chapter 5 (417 FW 5)

The appeals process allows a grantee to appeal Service determinations, corrective actions, or resolutions.

E. Single Audit Act Audits, Part 417 Fish and Wildlife Service Manual, Chapter 6 (417 FW 6)

Policy for resolving findings from audits conducted under the Single Audit Act.

## **Chapter 2, Scoping and Planning, Part 417 Fish and Wildlife Service Manual (417 FW 2)**

### *2.1 What Is the Purpose of This Chapter?*

This chapter describes the audit scoping and planning processes. See 417 FW 1 for authorities, responsibilities, and definitions. Other chapters in this Part establish policy and procedures for audit conducting and reporting, resolution, and appeals.

### *2.2 What Is Audit Scoping?*

This process identifies the programmatic and financial elements to be audited.

### *2.3 Who Determines the Scope of an Audit?*

The Chief, Division of Federal Aid (Washington Office) establishes the overall scope of grantee audits nationwide. Through discussions with the grantee and the auditor, Regional Directors help define the scope of specific audits. However, the auditor, supplementing and building upon other audits of the grantee, is responsible for identifying the depth and coverage of the audit.

### *2.4 What Could an Audit Include?*

An audit may include one or more of the following components.

A. A financial compliance component to determine if:

(1) A grantee properly conducts financial operations,

(2) Financial reports conform with generally accepted accounting principles, and

(3) Operations comply with applicable laws and regulations.

B. A component to determine whether or not the grantee accomplished the work approved in the grant.

C. An economy and efficiency component to determine whether or not the grantee efficiently and economically managed resources; e.g., personnel, property, space, etc.

### *2.5 What Steps Are Involved In Audit Scoping?*

#### A. Pre-Audit Coordination

After consulting with the Chief, Division of Federal Aid (Washington Office), the Regional Director, and the grantee about the appropriate time frames for the audit, the auditor schedules a pre-audit coordination meeting with the Regional Director to:

(1) Define the period of the audit, identify specific concerns, and (2) to become familiar with grants that were active during the audit period.

#### B. Coordination With State Auditor

The auditor contacts the audit agency or group that performed the Statewide audit to obtain access to audit work papers. The auditor reviews prior audits of the grantee's program to: (1) Aid in identifying issues to be evaluated, (2) obtain a general understanding of the grantee's accounting and internal control systems; and (3) avoid duplication of effort.

#### C. Engagement Letter

The auditor is responsible for notifying a grantee of a pending audit. The auditor sends an engagement letter to the grantee, with a copy to the Regional Director, at least 30 calendar days prior to the audit entrance conference. This letter informs the grantee of the audit objectives, the audit period, the key program elements being audited, the information and documents the grantee must make available, and the logistical needs for conducting the field audit.

### *2.6 Can a Grantee Appeal the Scope of An Audit?*

No. An audit is an independent examination of the grantee's Federal Aid Program.

### *2.7 Will the Auditor Review Past Audit Findings?*

Yes. Using Government Auditing Standards, the auditor is required to review corrective actions from prior audits to determine if the grantee has implemented them or if additional actions are needed.

### *2.8 Can the Scope of the Audit Change?*

Yes. The scope of the audit may change when new information becomes available as the audit progresses. We expect the depth and coverage of work to change throughout the course of the audit. This is a routine aspect of the audit, not a change in scope. The most significant change in scope that we normally encounter is the need to change the period being audited.

### *2.9 Who Can Change the Audit Period?*

The auditor provides a written recommendation to change the audit period to the Chief, Division of Federal Aid (Washington Office). The Chief, in consultation with the Regional Director, determines whether or not to change the audit period. The Regional Director provides the grantee written notification of any change in the period and the reason for the change.

### *2.10 What Is Audit Planning and Why Do It?*

Audit planning helps to ensure that we have a nationally consistent, effective, and timely audit process. Audit planning establishes the audit schedule, identifies who will conduct the audit, identifies point(s) of contact for the grantee, sets audit milestones, and describes logistical requirements. The auditor coordinates with the grantee and Service representatives during audit planning.

### *2.11 Who Ensures That Audit Planning is Accomplished?*

The Assistant Director—Migratory Birds and State Programs ensures collaboration among Service staff, the auditor, and the grantee by monitoring audit progress through the Chief, Division of Federal Aid (Washington Office).

### *2.12 What Steps Does Audit Planning Involve?*

#### A. Grantee's Initial Reply to the Auditor

The grantee will acknowledge the auditor's engagement letter within 30 calendar days providing as much information as possible. See paragraph 2.13.

## B. Consultation With the Service

Prior to starting the field audit, the auditor meets with Service Regional Federal Aid staff to discuss specific program audit concerns. Regional Federal Aid staff solicit grantee input during this process.

### 2.13 *What Is the Content of the Grantee's Initial Reply to the Engagement Letter?*

The grantee acknowledges the auditor's engagement letter by providing a written response, including as much requested data as is practical at that time. The grantee notifies the auditor of any information that is not available and estimates the date when the information will be available or explains why he/she cannot provide the information. Auditor review of data prior to arriving onsite will help to ensure a more timely and efficient onsite audit with minimal disruption of the grantee's normal operations.

## Chapter 3, Conducting and Reporting on Grantee Audits, Part 417 Fish and Wildlife Service Manual (417 FW 3)

### 3.1 *What Is the Purpose of This Chapter?*

This chapter provides procedures for conducting and reporting on audits of Federal Aid Program grantees. See 417 FW 1 for authorities, responsibilities, and definitions. Other chapters in this Part establish policy and procedures for audit scoping and planning, resolution, and appeals.

### 3.2 *What Is the Objective of the Conduct and Reporting Phase?*

To ensure independent examination of grantees consistent with Government auditing standards. This examination results in a final audit report issued by the OIG.

### 3.3 *What Steps Does the Conducting and Reporting Phase Involve?*

#### A. Audit Entrance Conference

This meeting marks the official beginning of the field audit.

#### B. Field Audit

Field audits usually take three to four months to complete, including site visits. The auditor, the grantee, and the Regional Director communicate regularly to resolve potential audit findings and recommendations before the auditor prepares the draft audit report.

#### C. Draft Audit Report

Following the field audit, the auditor prepares a draft audit report for review by the Chief, Division of Federal Aid

(Washington Office) and the Regional Director. This review may result in revisions or requests for further audit work before the draft audit report is provided to the grantee.

#### D. Audit Exit Conference

After the auditor releases the draft audit report, he/she schedules an audit exit conference with the Regional Director and the grantee. This conference provides an opportunity for the grantee and Service representatives to ask for or provide further clarification as well as to address any other concerns. The conclusion of the conference marks the completion of the field audit.

#### E. Auditor Issues Draft Audit Report to OIG

The auditor includes both the grantee's response and the auditor's rejoinder in the draft audit report, and submits the report to the OIG for review and approval.

#### F. OIG's Final Audit Report

If the OIG accepts the auditor's draft audit report, the OIG assigns an OIG number to the audit report and issues the report to the Regional Director.

### 3.4 *What Is An Audit Entrance Conference?*

The auditor schedules this conference in consultation with the grantee and the Regional Director to mark the official beginning of the field audit. Participants include the auditor and representatives from the grantee and the Region. The auditor will explain the audit objectives and process, address logistical needs, establish a tentative schedule, and answer questions.

### 3.5 *Who Provides Technical Guidance to the Auditor on Interpretation and Application of Federal Aid Program Rules and Regulations?*

The Regional Director provides guidance and interprets laws, rules, regulations, and policies for the auditor during the conduct of the audit. The Assistant Director—Migratory Birds and State Programs ensures consistent interpretation and application of rules, regulations, and laws nationwide.

### 3.6 *Will the Auditor Issue Status Reports?*

Yes. During the field audit, the auditor provides monthly status reports to the Regional Director and the Chief, Division of Federal Aid (Washington Office). The status report contains a brief description of preliminary findings and how the audit is progressing.

### 3.7 *How Does the Service Process Monthly Status Reports?*

The Regional Director forwards a copy of the status report to the grantee and maintains a copy in the audit file. If the Regional Director or the Chief, Division of Federal Aid (Washington Office), has a concern about potential findings by the auditor, he/she contacts the Assistant Director, the auditor, or the grantee to deal with the issue(s) as soon as practicable. If the Regional Director or the Chief believe that an issue is of national concern, he/she notifies the Assistant Director—Migratory Birds and State Programs. The Assistant Director determines the appropriate action for national application and issue resolution and issues written guidance to the Regional Directors where the issue is relevant.

### 3.8 *Is the Service Required To Share Monthly Status Reports?*

No. The auditor's monthly status reports are proprietary, and we will share these reports with the grantee only.

### 3.9 *Will the Auditor Consult With the Service on Potential Findings While the Audit is in Progress?*

Yes. The auditor must report all potential findings to the Regional Director as soon as possible or at least monthly in the status reports. However, in the case of illegal activity or suspected fraud, the auditor must immediately report such findings to the OIG.—Division of Investigations without notice to the Service.

### 3.10 *Can Audit Findings Be Resolved While the Field Audit is Still in Progress?*

Yes. When practical and feasible, we work with grantees to resolve audit findings while the auditor is still onsite so that he/she can verify and document the resolution in audit work papers, and report the resolution in the final audit report. The auditor must document all reportable conditions, including those resolved during the audit, to meet Government Auditing Standards.

### 3.11 *Will the Service Have An Opportunity To Review Audit Findings Before the Draft Audit Report is Available to the Grantee?*

Yes. Following the field audit, the auditor prepares a draft audit report for review by the Assistant Director—Migratory Birds and State Programs and the Regional Director. We have 30 calendar days from receipt of the draft audit report to complete this review. This review may result in revisions or request for further audit work. After the

review is complete, the Regional Director will provide the draft audit report to the grantee at least 30 calendar days prior to the audit exit conference.

### *3.12 Who Schedules the Audit Exit Conference and When Does It Occur?*

The auditor schedules the audit exit conference with the Service and the grantee, to occur on a mutually agreeable date. This conference is a formal opportunity for the grantee and the Service to request or provide further clarification on the potential findings and to address any other concerns relating to the conduct of the audit and the draft audit report. Participants include the auditor and representatives of the Service and the grantee.

### *3.13 Can Audit Findings Change as a Result of the Exit Conference?*

Yes. The auditor takes information received during the exit conference under advisement. The auditor may modify the findings or recommendations before submitting the draft audit report to the OIG.

### *3.14 Will the Grantee Have An Opportunity To Review and Respond to Audit Findings and Recommendations Before the Auditor Submits the Draft Audit Report to the Office of Inspector General for Approval?*

Yes.

A. After the exit conference, the grantee has 30 calendar days to:

- (1) Concur with the audit findings and recommendations, or
- (2) Disagree with audit findings or recommendations, and provide additional information, if appropriate, to support the grantee's position on specific audit findings.

B. The auditor will summarize the grantee's response in the final report and include the complete text of the grantee's response as an attachment. The grantee may ask the Regional Director for additional review time. This written request must include supporting justification. The Regional Director responds to the grantee's request and instructs the auditor and the grantee accordingly, in writing.

### *3.15 Will the Auditor Respond to the Grantee's Written Comments on Draft Audit Findings and Recommendations?*

Yes. The auditor answers the grantee in the draft audit report in the auditor's rejoinder.

### *3.16 When Is the Auditor's Report Submitted to the OIG?*

After the grantee's response and the auditor's rejoinder are incorporated, the auditor submits the draft audit report to the OIG.

### *3.17 Who Issues the Final Audit Report and To Whom Is It Issued?*

After reviewing the auditor's draft audit report, the OIG issues the final audit report to the Regional Director via a transmittal memorandum. The auditor sends copies of the report to the Chief, Division of Federal Aid (Washington Office), the Service Audit Liaison Officer, and all other Regional Directors.

### *3.18 Who Provides the Final Audit Report to the Grantee?*

The Regional Director transmits a copy of the final audit report to the grantee within 10 working days of receipt of the report from the OIG.

### *3.19 Who Can Distribute the Final Audit Report to the Public?*

The OIG originates the final audit report and is responsible for distribution. The Regional Director may, with permission from the OIG, distribute this report to the public, but only after the grantee has received the report. The grantee may release the report at its discretion.

### *3.20 Will You Post the Final Audit Report on the Internet?*

The Chief, Division of Federal Aid (Washington Office) will coordinate with the Chief, Division of Policy and Directives Management, and the OIG to determine if posting a specifically requested document on the Internet is appropriate.

## **Chapter 4, Audit Resolution, Part 417 Fish and Wildlife Service Manual (417 FW 4)**

### *4.1 What Is the Purpose of this Chapter?*

This chapter establishes policy and procedures for tracking and resolving findings and implementing recommendations from audits of Federal Aid Program grantees. See 417 FW 1 for authorities, responsibilities, and definitions. Other chapters in this Part establish policy and procedures for audit scoping, planning, conducting and reporting, and appeals.

### *4.2 When Does Audit Resolution Begin?*

The formal audit resolution process begins on the date the OIG issues the final audit report. However, the Regional Director will work with the grantee while the audit is in progress to resolve issues that the auditor identifies. Exhibit 1 provides the maximum time frames for each phase of the audit resolution process.

### *4.3 What Is the Purpose of the OIG's Transmittal Memorandum?*

The OIG's transmittal memorandum transmits the final audit report to the

Service and is the document of record for identifying the audit findings that we must address specifically in the CAP and report to the OIG.

### *4.4 Who Prepares the CAP?*

The Regional Director and the grantee negotiate the terms of the CAP through written and oral discussions of the auditor's findings and recommendations, the grantee's response, the auditor's rejoinder, and the Service's determination. The Regional Chief, Division of Federal Aid, in coordination with the grantee and the Washington Office Division of Federal Aid, prepares the CAP for the Regional Director's signature.

### *4.5 How Much Time Does the Service Have To Prepare a CAP?*

The Service has 90 calendar days from the date the OIG issues the final audit report to resolve all audit findings with the grantee and to prepare the CAP.

### *4.6 Can the Service Request Additional Time To Prepare the CAP?*

Either we or a grantee may need additional time to gather information necessary to develop the CAP. Requests are made as follows:

A. If the grantee needs an extension, he/she must notify the Regional Director in writing at least 15 calendar days prior to the 90 calendar day deadline and provide a justification for the extension.

B. We can make one request to the OIG for 30 additional calendar days to prepare the CAP. If the Regional Director requests additional time, he/she will explain why the additional time is necessary and provide a copy of the request to the grantee.

### *4.7 What Are the Content and Format for a CAP?*

A. Include a cover page that clearly identifies the grantee audited, the years audited, and the report number. Obtain this information from the title of the OIG's final audit report.

B. The CAP contains two parts. The first part addresses all audit findings and recommendations that the OIG identifies in the transmittal memorandum. The second part, called the addendum, addresses any other findings in the final audit report. Each part contains:

- (1) Auditor's Findings and Recommendations. The OIG reports these for resolution. The OIG's transmittal memorandum identifies questioned costs or procedures and the auditor's recommendations that we must address in the CAP. It assigns titles and numbers to the auditor's

recommendations for tracking in the CAP.

(2) Service Determination. The Service sustains (accepts) or does not sustain (rejects) the auditor's finding and recommendation. Sustained recommendations from the final audit report must result in planned corrective actions. If the Regional Director does not sustain an audit finding, he or she explains the basis, including legal citations, for that determination. The CAP addresses both sustained and nonsustained findings.

(3) Corrective Action. This component identifies specific corrective action(s) to resolve the finding consistent with the Service Determination. It specifies necessary actions, target dates, and the person responsible for carrying out each action. It also specifies how the grantee should implement the corrective actions to resolve the issues.

(4) Resolution. This component describes documentation that we require of the grantee to verify implementation of the corrective action(s) and target dates.

#### 4.8 Who Must Review and Concur With the CAP?

The Assistant Director—Migratory Birds and State Programs will review the draft CAP and decide whether to concur or not concur within 30 calendar days from the date the Region forwards the CAP to the Washington Office.

#### 4.9 What Happens if the Assistant Director Does Not Concur With the Region's Draft CAP?

The Assistant Director will work with the Regional Director to resolve any disagreements with the CAP. If they cannot resolve their differences, the Director will make the final decision. The Assistant Director may request a 30 calendar day extension from the OIG if needed and if we have not requested a previous extension.

#### 4.10 Who Reviews and Concurs With the CAP at the Department Level?

The Assistant Secretary for Policy, Management and Budget is the audit followup official for the Department of the Interior and makes final determination on audit resolution. The Office of Financial Management (PFM) is the Departmental office delegated authority by the Assistant Secretary to deal with audit resolution. The PFM notifies the Director whether or not it concurs with the Service's determination.

#### 4.11 Are All Audit Recommendations Tracked by the Department?

No.

A. The OIG identifies the recommendations that we must resolve and describes them in the final audit report transmittal memorandum. If we have not resolved the identified recommendations within the 90 calendar days specified in the memorandum (or 120 calendar days if an extension has been granted), the OIG will refer them to PFM for tracking. The PFM reports back to the OIG when those recommendations are resolved.

B. Nontracked audit recommendations are all other recommendations in the final audit report. We do not report resolution of nontracked recommendations to the OIG. However, the Regional Director is responsible for resolving all audit recommendations—both tracked and nontracked.

#### 4.12 How Are Nontracked Audit Recommendations Resolved?

The Regional Director negotiates and documents resolution of nontracked recommendations in the CAP addendum. The addendum follows the same format as part 1 of the CAP. The Regional Director retains the addendum and tracks corrective actions outlined therein. Resolution and issue closure documentation must meet the same standards as those described for part 1. These records are retained in Regional Federal Aid audit files. A grantee may appeal the actions contained in the CAP addendum by initiating the process described in 417 FW 5.

#### 4.13 How Much Time Does the Grantee Have To Implement the CAP?

The corrective action for each finding has a specific deadline as negotiated during development of the CAP. A grantee may request additional time from the Regional Director. The request must be in writing and justify the time requested. The Regional Director responds in writing within 10 working days and copies the Chief, Division of Federal Aid (Washington Office). The Chief notifies the Audit Liaison Officer of the change.

#### 4.14 Who Monitors Implementation of the CAP?

The Regional Director monitors, tracks, and documents implementation of the CAP and keeps the Director, through the Chief, Division of Policy and Directives Management, informed of implementation progress.

#### 4.15 Who Forwards the CAP to the OIG?

Within 2 weeks of the Washington Office decision, the Regional Director signs and forwards the CAP,

A. Excluding the addendum, to the OIG, and

B. Including the addendum, to the grantee for implementation, and provides a copy to the Chief, Division of Federal Aid (Washington Office).

#### 4.16 Who Can Distribute the CAP to the Public?

The Regional Director originates the CAP and makes it available to the public upon request, but only after the grantee has received a copy. A grantee may release a copy of the CAP at his or her discretion.

#### 4.17 Will You Publish a Copy of the CAP on the Internet?

The Chief, Division of Federal Aid (Washington Office) will coordinate with the Chief, Division of Policy and Directives Management, and the OIG to determine if posting a specifically requested document on the Internet is appropriate.

#### 4.18 How Can a Final CAP Be Modified?

The final CAP may only be modified by the Director of the Service or the Secretary, Department of the Interior as the result of an appeal completed in accordance with Part 417 FW 5 or 50 CFR 80.7 except that deadlines for implementation of corrective actions may be changed upon written approval by the Regional Director in accordance with paragraph 4.13 and after consultation with the Chief, Division of Federal Aid (Washington Office).

#### 4.19 Can a Grantee Appeal a Service Determination or Corrective Action in the Final CAP?

Yes. A grantee may appeal a Service determination, corrective action, or resolution contained in the final CAP by the appeals process described in 417 FW 5.

#### 4.20 Are Status Reports Required During Implementation of the CAP?

If the PFM requires us to submit status reports on specific corrective actions, we will request status reports from the grantee.

#### 4.21 How Is an Audit Closed?

The Regional Director sends a memorandum to the Director documenting that final action is complete (all corrective actions have been implemented) and requesting the audit be closed. The memorandum is routed through the Chief, Division of Federal Aid (Washington Office) and the Chief, Division of Policy and Directives Management for review and concurrence. When all concerns are

satisfied, the Service Audit Liaison Officer forwards the memorandum to PFM. If PFM concurs that all action has been implemented, PFM notifies the Service Audit Liaison Officer that the audit is closed. The Service Audit Liaison Officer notifies the Chief, Division of Federal Aid (Washington

Office) who conveys the message of acceptance and audit closure to the appropriate Regional Director. The Regional Director notifies the grantee after the PFM concurs that the audit findings are resolved and closed.

**Time Frames**

*Audit Resolution Process for Federal Aid Grant Audits*

**Note:** The OIG allows 90 calendar days for bureaus to prepare a corrective action plan. The number of days indicated below is the established maximum time period for each resolution phase.

Calendar day	Responsible organization	Action/comments
1 .....	OIG	OIG issues final audit report. (Resolution time tracking process starts.)
2–45 .....	RO/State/ WO (FA)	RO prepares draft CAP in coordination with State and WO Division of Federal Aid. Submits the draft CAP to the AD–MBSP, attention: FA. (RO must complete action with 45 calendar days from OIG issuance of final report.)
46–75 .....	WO (FA/AD–MBSP)	FA reviews the draft CAP and submits to the AD–MBSP for concurrence and return to the RO. (WO must complete action within 30 calendar days of date that RO forwards report to WO.)
76–90 .....	AD–MBSP/D OIG	If disagreement exists between the RO and WO, the AD–MBSP forwards the draft CAP to the Director for decision and formally requests a 30-day extension from the OIG. (WO must complete action prior to 90-day resolution time frame.)
76–120 .....	RO	RO prepares final CAP for Regional Director signature. RO transmits original to OIG with copies to the WO and the State within 2 weeks of WO decision. (RO must complete action within 2 weeks of WO decision.)*
90–120 .....	OIG	OIG reviews the final CAP and notifies PFM that either: —Recommendations are placed in tracking with PFM, or —FWS has failed to resolve the audit.
120+ .....	PFM/FWS	PFM works with FWS to track audit until all resolution actions are complete.

\* Appeal Process: If the Region cannot resolve the audit, the State may appeal to the Director, Fish and Wildlife Service (see 417 FW 6).

**Legend:**

- AD–MBSP—Assistant Director—  
Migratory Birds and State Programs
- D—Director
- FA—Division of Federal Aid, WO
- FWS—Fish and Wildlife Service
- OIG—Office of the Inspector General
- PFM—Office of Financial Management  
(Department)
- RD—Regional Director
- RO—Regional Office
- State—State fish and game agency
- WO—Washington Office

**Chapter 5, Audit Appeals, Part 417 Fish and Wildlife Service Manual (417 FW 5)**

*5.1 What Is the Purpose of This Chapter?*

This chapter establishes policy and procedures for appealing audit findings or corrective actions for Federal Aid Program grantee audits. See 417 FW 1 for authorities, responsibilities, and definitions. Other chapters in this Part establish policy and procedures for audit scoping, planning, conducting and reporting, and resolution.

*5.2 Who May Appeal?*

A grantee impacted by a CAP may appeal Service determinations, corrective actions, or resolutions in the CAP.

*5.3 How Much Time Does the Grantee Have To Appeal?*

A grantee must file a written appeal to the Director within 21 calendar days from the date the Regional Director approved the CAP.

*5.4 What Does the Appeal Contain?*

- The appeal must:
  - A. Specify which Service determinations, corrective actions, or resolutions they are appealing.
  - B. Provide information as to why an appeal is being made and include justification and citations supporting their position. This justification supplements information that the grantee provided in the original response to the audit findings.
  - C. Include a brief summary of prior discussions or negotiations with the Service on the action being appealed.

*5.5 Who Makes the Final Decision on an Appeal to the Service?*

The Director makes the final decision on each appeal after consultation with technical experts. The Director will work with the grantee(s), appropriate Service Region(s), Washington Office staff, and others as needed to resolve the appeal within 30 calendar days after receipt of all pertinent documents.

*5.6 Can a Grantee Appeal the Service Director's Decision?*

Yes. A grantee may appeal the Service Director's decision within 30 days of the date of mailing of the adverse decision. It must be directed to the Department of the Interior, Director, Office of Hearings and Appeals. The Director, Office of Hearings and Appeals, an Ad Hoc Appeals Board appointed by that Director, or an Administrative Law Judge of that office, will review the record, hold a hearing on all or part of the record, or listen to oral arguments, and make disposition of the appeal. Such an appeal should be made pursuant to 43 CFR 4.700–4.704.

**Chapter 6, Single Audit Act Report Resolution, Part 417 Fish and Wildlife Service Manual (417 FW 6)**

*6.1 What Is the Purpose of This Chapter?*

This chapter establishes Service policy for resolving findings and implementing recommendations from audits of Federal Aid Program grantees under the Single Audit Act. See 417 FW 1 for authorities, responsibilities, and definitions.

### 6.2 To what Program Does This Chapter Apply?

This chapter applies to Single Audit Act audits of grantees that receive funds through the Federal Aid Program. These audits are separate from the Federal Aid Program specific audits.

### 6.3 Is the Service Responsible for Resolving All Audit Findings?

No. We are only responsible for resolving findings, recommendations, and questioned costs that directly relate to funds that we provide to the grantee.

### 6.4 Does the OIG Notify the Service When Audits Are Completed?

The OIG will provide excerpts from the Single Audit Report to the Director or Regional Director if there are issues that we must address. The OIG's transmittal memorandum will identify the specific findings and questioned costs that we must resolve. The OIG does not notify us if the Single Audit Report contains no findings directly related to funds that we provide to the grantee.

### 6.5 What happens When the Service Receives a Single Audit Report?

#### A. OIG Provides Report to Washington Office

The Service Audit Liaison Officer:  
(1) Notifies the Chief, Division of Federal Aid (Washington Office) and other Service offices, as needed, that we have received a Single Audit report that contains findings that we must resolve.

(2) Forwards the documents to the Chief, Division of Federal Aid (Washington Office) for review and transmittal to the appropriate Regional Director for action.

#### B. OIG Forwards Reports to the Regional Office

The Chief, Division of Federal Aid (Regional Office) will notify and provide a copy to the Chief, Division of Federal Aid (Washington Office) and the Service Audit Liaison Officer. The Service Audit Liaison Officer will coordinate with other affected offices, as necessary.

### 6.6 How Much Time Does the Service Have To Respond to the Single Audit Report?

The OIG establishes a deadline in the transmittal memorandum submitted with the Single Audit Report. The Regional Director may, with concurrence of the Assistant Director—Migratory Birds and State Programs, request that the OIG provide additional time for response. The request will include a justification for the extension.

### 6.7 How Are Findings Resolved?

The Regional Director is responsible for overseeing and monitoring the Service response to Single Audit Reports in accordance with procedures in 417 FW 4.

### 6.8 Who Maintains Single Audit Report Resolution Files?

The Regional Director will maintain all files related to resolution of Single Audit Act audit findings. These files will include, but not be limited to:

- A. Copies of all relevant correspondence.
- B. Single Audit Report and OIG transmittal memorandum.
- C. Service response to OIG's transmittal memorandum.
- D. CAP and revised corrective actions, when appropriate.
- E. Documentation that the grantee has resolved the audit findings and questioned costs in accordance with approved corrective actions.

### 6.9 Can the Grantee Appeal a Corrective Action?

Yes. Grantees may appeal using the procedures outlined in 417 FW 5.

Dated: November 2, 2001.

**Joseph E. Doddridge,**

*Assistant Secretary for Fish and Wildlife and Parks.*

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**BILLING CODE 4310-55-P**

## DEPARTMENT OF THE INTERIOR

### Bureau of Indian Affairs

#### Electric Utility Power Rate and Service Fee Adjustment, Mission Valley Power

**AGENCY:** Bureau of Indian Affairs, Interior.

**ACTION:** Notice of proposed rate adjustment.

**SUMMARY:** The Bureau of Indian Affairs (BIA) proposes to adjust the electric power rates for operation and maintenance assessed to customers of the Mission Valley Power Utility. We request your comments on the proposed rate adjustment.

**DATES:** Interested parties may submit comments on the proposed rate adjustment. Comments must be submitted on or before February 12, 2002.

**ADDRESSES:** All comments on the proposed rate adjustment must be in writing and addressed to: Terrance Virden, Director, Office of Trust Responsibilities, Attn.: Irrigation and Power, MS-3061-MIB, Code 210, 1849

C Street, NW, Washington, DC 20240, Telephone (202) 208-5480.

**FOR FURTHER INFORMATION CONTACT:** Stanley Speaks, Regional Director, Bureau of Indian Affairs, Northwest Region Office, 911 NE 11th Avenue, Portland, Oregon 97232-4169, Telephone (503) 231-6702.

#### **SUPPLEMENTARY INFORMATION:**

#### **What Is Mission Valley Power (MVP)?**

MVP is a tribal enterprise of the Confederated Salish and Kootenai Tribes (CSKT) operating and maintaining the federally-owned power utility on the Flathead Indian Reservation under the authority of a Public Law 93-638 contract (25 U.S.C. 450f).

#### **Where Can Information on the Regulatory and Legal Citations in This Notice Be Obtained?**

You can contact the Northwest Regional Director's office at the location stated above or you can use the Internet site for the Government Printing Office at <http://www.gpo.gov>.

#### **What Is the Purpose of This Notice?**

This notice is to notify you that we propose to adjust the power rates and service fees for one of our power utilities. We are publishing this notice in accordance with the BIA's regulations governing its power rates and service fees of power utilities, specifically, 25 CFR 175.10-175.12. These sections provide for the fixing and announcing of power rates and related information for BIA Indian Electric Power Utilities.

#### **What Authorizes Us To Issue This Notice?**

Our authority to issue this notice is vested in the Secretary of the Interior by 5 U.S.C. 301, and the Act of August 7, 1946 (60 Stat. 895; 25 U.S.C. 385). The Secretary has delegated this authority to the Assistant Secretary—Indian Affairs under Part 209, Chapter 8.1A, of the Department of the Interior's Departmental Manual, and by memorandum dated January 25, 1994, from the Chief of Staff, Department of the Interior, to Assistant Secretaries, and Heads of Bureaus and Offices.

#### **When Will the Rate Adjustment Be Effective?**

The rate adjustment will be in effect starting on, and retroactive to, November 1, 2001.

#### **How Do We Calculate Our Rates?**

We calculate rates in accordance with 25 CFR 175.10 by estimating the cost of normal operation and maintenance at our power utility for which you receive