

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 Assistance 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 December 29, 2003.

ADDRESSES: Comments should be addressed to Kris E. LaMontagne, Chief, Division of Federal Assistance, Attn: Audit Chapters, U.S. Fish and Wildlife Service, Federal Assistance, MBSP 4020, 4401 N. Fairfax Drive, Arlington, VA 22203. Send e-mail comments to Fw9_Federal_Aid@fsw.gov, with "Audit Chapter Comment" in the subject line.

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

SUPPLEMENTARY INFORMATION:**Background**

Through the Federal Assistance 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. 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.

The Program is authorized by the Federal Assistance in Sport Fish Restoration Act, 16 U.S.C. 777 *et seq.*, and the Federal Assistance in Wildlife Restoration Act, 16 U.S.C. 669 *et seq.* The Program's regulations can be found in Title 50, Code of Federal Regulations, Part 80, "Administrative Requirements, Federal Assistance in Fish and Federal Assistance in Wildlife Restoration

Acts"; title 43, Code of Federal Regulations, part 12, "Administrative and Cost Principles for Assistance Program"; and other applicable regulations. Various Office of Management and Budget (OMB) circulars and guidance in the form of Service policy also apply to administration of the program.

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 Assistance to Wildlife Restoration Fund. The manufacturer or U.S. Customs (on imports) collects these taxes and pays them to the U.S. Department of the Treasury, which 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. In March 2000, the Service Director established the Federal Assistance Audit Policy Implementation Team (FAAPIT) by directing Service staff representing each Service Region and the Washington Headquarters Office to collaboratively develop policies for conducting audits of grantees of the Federal Assistance in Sport Fish and Wildlife Restoration Program. The FAAPIT immediately engaged the States through the International Association of Fish and Wildlife Agencies' (IAFWA) Trust Fund Committee. The Federal Assistance Coordinator for the State of Wyoming participated on the FAAPIT as a representative of the States throughout the policy development process. The policies were designed as six separate chapters to be contained in the Fish and Wildlife Service Manual (417 FW 1-6). Partners, including States and other Federal Assistance grantees, participated by submitting written suggestions for incorporation in early drafts of these audit chapters. The partners submitted these written suggestions through their Federal Assistance Coordinators and their respective Fish and Game Agency Directors. The purpose of the proposed chapters set forth below in this document is to clarify the processes and guidelines for conducting an audit, from beginning through closeout of the audit process and resolution of any findings or other issues.

We published proposed chapters on conducting State audits under the Federal Assistance program in the December 14, 2001, **Federal Register** (66 FR 64845). We solicited comments until February 12, 2002. During the public comment period, we received numerous

comments. Eighteen State agencies and the IAFWA responded to the **Federal Register** publication by providing written comments. The Service responded to each comment and incorporated changes in the draft chapters where feasible. In fall 2002 a Service Director-appointed/invited Task Force of State and Service staff made recommendations concerning the issues addressed by the revised 417 FW 1-6 document, and these comments were incorporated once again. The following Chapters (417 FW 1-6) reflect the input of the FAAPIT and partners over a 3-year period. Since the changes made were so extensive, we are now publishing revised proposed chapters for public comment.

We invite comments on all chapters. Comments are welcome regarding completeness of the content of material in chapters; clarity and understandability of language; presence of 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 these chapters are available for viewing, by appointment only, Monday through Friday, 9:00 a.m. to 3:00 p.m., in the Division of Federal Assistance, U.S. Fish and Wildlife Service, 4401 North Fairfax Drive, Arlington, VA 22203.

The draft chapters are as follows:

Audits—Part 417 Federal Assistance Audits*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 Part 417 establish policy and procedures for audit 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 Assistance Program.

1.3 What authorities govern the conduct of grantee audits?

A. Wildlife and Sport Fish Restoration Programs Improvement Act of 2000, Pub. L. 106-408, 16 U.S.C. 669 *et seq.*, 16 U.S.C. 777 *et seq.*

B. 43 CFR 12, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

C. 50 CFR 80, Administrative Requirements, Federal Assistance in