

Sport Fish and Federal Assistance in Wildlife Restoration Acts.

D. 360 Departmental Manual (Departmental Audits).

E. 361 Departmental Manual (Audit Followup).

F. 415 Fish and Wildlife Service Manual (Departmental Audits).

G. Government Auditing Standards (Yellow Book).

H. OMB Circular A-50, Audit Followup.

I. OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments.

J. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

K. OMB Circular A-102, Grants and Cooperative Agreements with States and Local Governments.

*1.4 What is the Service's policy regarding grantee audits?* We will:

A. Audit each grantee once in each 5-year period as specified in the Wildlife and Sport Fish Restoration Programs Improvement Act of 2000. The audit period will cover revenues and expenditures associated with protected license fees and grant funds during the two most recently completed State fiscal years (SFYs). This 2-year period is a sample of the 5-year period specified in the Improvement Act to achieve audits that are efficient and cost effective. Factors affecting the selection of the two most recently completed SFYs may be, but are not limited to, completion of the Single Audit, completion and submission of final Financial Status Reports (SF-269s), changes to the accounting system, or the introduction and use of new accounting software. The auditor should confer with the Regional Federal Assistance Office and the grantee to determine the feasibility of auditing the two most recent SFYs. The Regional Federal Assistance Office will formally approve the two SFYs to be audited.

This 2-year period applies to the audit period itself and does not eliminate Service responsibilities for general oversight of the Federal Aid program outside of that timeframe. The auditor may use previous audits or other information from outside the audit period as reference to improve the effectiveness and efficiency of the audit.

All reports will be limited to addressing the 2-year audit period unless there is some extraordinary finding. To be considered extraordinary, a finding must meet the threshold of: (a) Fraud; (b) direct and material illegal acts; or (c) noncompliance that could result in exclusion from further participation. With the exception of a fraud investigation, expanding the audit

period to investigate extraordinary findings requires the express written approval of the Director. Justification for requesting an expanded audit period must address the elements of criteria, condition, and effect (measure of consequences) of the finding. The audit period may be expanded to include all unaudited Federal funds and license fee revenues.

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

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

*1.5 What are the objectives of the Federal Assistance Program grantee audit?* The Federal Assistance Audit Program supplements Single Audit Act audits performed according to the requirements of OMB Circular A-133 (see 417 FW 6). The objectives of Federal Assistance grantee audits are to:

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

B. Aid in deterring and detecting of fraud and abuse in programs and operations.

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

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

*1.6 Who is responsible for administering the Federal Assistance Audit Program?*

A. The Director will:

(1) Oversee the Federal Assistance Audit Program.

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

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

(4) Respond to the Department of the Interior, Office of Hearings and Appeals.

B. Regional Directors will:

(1) Ensure that Federal Assistance 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) Promptly notify the grantee in writing of significant changes in audit scope, such as a change in the period being audited. The notification will include the reason for the change.

(5) Work with the grantee and auditor throughout the audit to resolve issues as

they arise and to identify those issues with potential national implications.

(6) Determine to sustain or reject the auditor's findings and recommendations in accordance with applicable laws, regulations, and policies.

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

(8) Brief the Director when there is a disagreement between the Regional Director and the Assistant Director—Wildlife and Sport Fish Restoration on the CAP.

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

(10) Retain the final audit report, CAP, resolutions, and appeals through the completion of the succeeding audit of the grantee.

(11) Notify the grantees of the 5-year schedule of audits.

(12) Address written complaints from grantees regarding the conduct or scope of an audit.

C. The Assistant Director—Wildlife and Sport Fish Restoration will:

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

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

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

(4) Brief the Director when there is a disagreement with the Regional Director on the CAP.

(5) Evaluate the Federal Assistance Audit Program for efficiency, timeliness, and effectiveness prior to initiating each national audit cycle. The Assistant Director consults with States and Regional Directors to produce a written report for the Director at least once every 5 years. The report identifies issues and makes recommendations for improving the Audit Program.

D. The Chief, Division of Federal Assistance (Washington Office), will:

(1) Advise the Assistant Director—Wildlife and Sport Fish Restoration on scheduling of grantee audits.

(2) Coordinate audits and provide for an independent audit of grantees. Serve as a point of contact for Service staff and the auditor.

(3) Require that audits are conducted in accordance with generally accepted Government Auditing Standards and Federal policies, regulations, and laws.

(4) Identify national audit training needs and make training available. Ensure that appropriate Washington Office Federal Assistance Program staff