

**FISH AND WILDLIFE SERVICE  
AUDITS**

**Audits**

**Part 417 Wildlife and Sport Fish Restoration Program Audits**

**Chapter 1 Service-Administered Audits of Grantees**

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## General Information

**1.1 What is the purpose of this chapter?** This chapter:

**A.** Gives employees an overview of U.S. Fish and Wildlife Service (Service)-administered audits of grantees in the Wildlife and Sport Fish Restoration Program (WSFR), and

**B.** For Service-administered audits of WSFR grantees, tells employees how to:

- (1) Plan audits,
- (2) Conduct audits,
- (3) Track and resolve audit findings and implement recommendations, and
- (4) Handle appeals of Service decisions, corrective actions, and resolutions.

**1.2 To which grant programs does this chapter apply?** This chapter applies to Service-administered audits of WSFR-administered programs.

**A. Mandatory programs.** The Service must audit grantees for the Sport Fish Restoration, Wildlife Restoration, Hunter Education and Safety, and other mandatory programs at least once every 5 years. These programs and their corresponding Catalog of Federal Domestic Assistance (CFDA) numbers are listed in the Authorities and Responsibilities chapter ([518 FW 1](#)).

**B. Discretionary programs.** The Service may choose to audit grantees in its discretionary grant programs and subprograms as often as necessary. Discretionary programs are also listed in [518 FW 1](#).

**1.3 What are the authorities for this chapter?** The authorities for this chapter are:

**A.** Pittman-Robertson Wildlife Restoration Act ([16 U.S.C. 669 et seq.](#)) and Dingell-Johnson Sport Fish Restoration Act ([16 U.S.C. 777 et seq.](#), except 777e–1 and g–1).

**B.** Administrative Requirements, Pittman-Robertson Wildlife Restoration and Dingell-Johnson Sport Fish Restoration Acts ([50 CFR 80](#)).

**C.** Departmental Hearings and Appeals Procedures—Special Rules Applicable to Other Appeals and Hearings ([43 CFR 4, subpart G](#)).

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D. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ([2 CFR 200](#))

E. [360 DM 1–3](#), Departmental Audits.

F. [361 DM 1](#), General Audit Follow-up Responsibilities.

G. [Government Auditing Standards \(Yellow Book\)](#), [GAO–07–731G](#), United States Government Accountability Office, December 2011.

**1.4 Who is responsible for the WSFR audits of grantees? See Table 1–1.**

<b>Table 1–1: Responsibilities for the WSFR Audit Program</b>	
The officials of...	Are responsible for....
<b>A. The Department of the Interior’s Office of Financial Management</b>	<ul style="list-style-type: none"> <li>(1) Overseeing the resolution of auditor’s recommendations, and</li> <li>(2) Closing audits the Department’s Office of Inspector General (OIG) refers to the Assistant Secretary of Policy, Management, and Budget.</li> </ul>
<b>B. The Department’s Office of Hearings and Appeals</b>	Resolving appeals to the Secretary of the Interior.
<b>C. The Director</b>	<ul style="list-style-type: none"> <li>(1) Approving or declining to approve Servicewide policy,</li> <li>(2) Making the final decision on Service recommendations for resolving audit findings and preparing Corrective Action Plans (CAPs),</li> <li>(3) Making the final decision on all grantee appeals to the Service, and</li> <li>(4) Responding to the Department’s Office of Hearings and Appeals.</li> </ul>
<b>D. Regional Directors through their WSFR offices</b>	<ul style="list-style-type: none"> <li>(1) Ensuring that Regional WSFR Program staff receive training to oversee audits;</li> <li>(2) Providing information to auditors on Region-specific issues proposed for audits;</li> <li>(3) Providing guidance and interpreting laws, regulations, and policies for auditors;</li> <li>(4) Working with grantees and auditors throughout audits to resolve issues and to identify which might have potential national implications;</li> <li>(5) Determining whether to accept or reject auditors’ recommendations based on applicable laws, regulations, and policies;</li> <li>(6) Negotiating with grantees to develop CAPs to resolve audit findings, approving and distributing CAPs, and tracking corrective actions to completion;</li> <li>(7) With the Assistant Director–WSFR, briefing the Director when there is a disagreement between the Regional Director and the Assistant Director–WSFR on a CAP;</li> </ul>

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<b>Table 1–1: Responsibilities for the WSFR Audit Program</b>	
<b>The officials of...</b>	<b>Are responsible for....</b>
	<p>(8) Requesting a closeout of the audit when the grantee resolves all findings and completes all corrective actions;</p> <p>(9) Retaining the final audit report, CAP, resolutions, and other documentation as Service and Departmental policy requires;</p> <p>(10) Notifying the grantees of audit schedules; and</p> <p>(11) Responding to grantees’ written complaints on the conduct or scope of audits.</p>
<b>E. The Assistant Director for WSFR (AD–WSFR)</b>	<p>(1) Ensuring that Service-administered audits of grantees take place as required;</p> <p>(2) Ensuring consistent interpretation and application of laws, regulations, and policies that affect audits;</p> <p>(3) Establishing the national audit schedule;</p> <p>(4) Reviewing and concurring with the draft CAPs before they go to the OIG;</p> <p>(5) With the Regional Director, briefing the Director when there is a disagreement with the Regional Director on a CAP;</p> <p>(6) Evaluating audits for efficiency, timeliness, and effectiveness; and</p> <p>(7) Consulting with States and Regional Directors to identify issues and consider recommendations for improving audits.</p>
<b>F. The Chief, Division of Administration and Information Management, Headquarters (Chief-AIM/HQ)</b>	<p>(1) Advising the AD–WSFR on audit scheduling;</p> <p>(2) Coordinating audits and serving as a point of contact for Service staff and the auditor;</p> <p>(3) Requiring that audits are conducted following Government Auditing Standards and Federal laws, regulations, and policies;</p> <p>(4) Identifying national audit training needs for HQ staff and auditors;</p> <p>(5) Establishing audit objectives;</p> <p>(6) Developing and maintaining the Service handbook, <i>Audit Guide for Wildlife and Sport Fish Restoration Program</i>, and ensuring auditors follow it for appropriate grant programs;</p> <p>(7) Reporting on common findings from ongoing audits and their resolutions, as needed, without breaching the confidentiality of the audit process; and</p>

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<b>Table 1–1: Responsibilities for the WSFR Audit Program</b>	
<b>The officials of...</b>	<b>Are responsible for....</b>
	<p><b>(8)</b> Providing technical help on audit issues to the Regional Director and the AD–WSFR.</p>
<p><b>G. The Chief, Division of Policy, Performance, and Management Programs (Chief-PPM), through the Service Audit Liaison Officer</b></p>	<p><b>(1)</b> Serving as the contact for OIG and other Departmental offices for Service-administered audits of grantees,</p> <p><b>(2)</b> Advising Service officials on audit liaison matters, and</p> <p><b>(3)</b> Tracking audit recommendations until corrective actions are completed and reporting to the Directorate and Department on followup.</p>

**1.5 What are Service-administered audits of grantees?** Service-administered audits are examinations of grantees receiving funds that the WSFR program administers. These audits supplement Single Audit Act audits that grantees perform according to 2 CFR 200, subpart F.

**A.** Auditors for Service-administered audits must be public accountants from private firms or local, State, or Federal Government organizations that perform audits. The Department’s OIG is an organization in the Federal Government that performs audits. The auditor must meet the general standards specified in *Generally Accepted Government Auditing Standards*.

**B.** Auditors perform audits under contract to the Service. The AD–WSFR recommends an auditor for selection by the Director, and one of the Service’s Division of Contracting and General Services Contracting Officers awards and administers the contract. The Chief-AIM/HQ is the Contracting Officer’s Representative. The auditors report to the Contracting Officer in consultation with the Contracting Officer’s Representative.

**C.** The objectives of the audits are to:

**(1)** Verify compliance with:

- (a)** Applicable Federal laws, regulations, and the *Generally Accepted Accounting Principles*;
- (b)** Policies applicable to the program that provided the funds;
- (c)** Terms of the grant; and
- (d)** Applicable State laws and regulations;

**(2)** Assess financial integrity, accountability, and controls over use of Federal funds following the *Generally Accepted Accounting Principles*; and

**(3)** Deter and detect fraud and abuse in programs and operations.

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## **Scope, Planning, and Coordination**

### **1.6 What can an audit include, and who determines the scope?**

**A.** An audit may include one or more of the following elements:

**(1)** A financial compliance element to find out if the grantee:

- (a)** Conducted financial operations according to applicable statutes and regulations,
- (b)** Completed financial reports according to the *Generally Accepted Accounting Principles*,
- (c)** Submitted financial reports by the due dates, and
- (d)** Spent grant money that was eligible, allowable, allocable, and approved (if approval is required) to achieve the purposes of the grant.

**(2)** An element to find out if the grantee completed the work or achieved the purposes of the grant.

**(3)** An element to find out if the grantee managed grant resources efficiently. Examples of grant resources are:

- (a)** Personnel,
- (b)** Property, and
- (c)** Space.

**B.** The auditor determines the scope of the audit by working with the grantee and the Service and by reviewing other audits of the grantee.

**C.** A grantee cannot appeal the scope. An audit is an independent examination of the grantee, and the auditor sets the scope. The grantee may contact the Regional Director if he/she has a concern about the programs or activities subject to the audit.

### **1.7 What are the audit requirements for mandatory grant program audits?**

**A.** We must audit each grantee that receives funds from our mandatory grant programs once every 5 years (audit cycle). The audit must include revenue and expenditures of:

- (1)** Protected State hunting and fishing license funds for the audit period, and
- (2)** The grant funds received during the audit period.

**B.** The auditor must work with the Regional Director and the grantee to determine the audit period, and the Regional Director must approve it. The audit period must cover either the two most recently completed State fiscal years or two other State fiscal years as long as they're recent. We choose which years to cover based on such considerations as:

**(1)** Completion of a Single Audit. A Single Audit is an audit that a non-Federal entity must obtain from an independent auditor if it expends:

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- (a) \$750,000 or more in a fiscal year, or
- (b) Another amount specified by the Office of Management and Budget (OMB) (see 417 FW 6);
- (2) Completion and submission of a final Federal Financial Report ([SF-425](#));
- (3) Changes to the accounting system (e.g., the introduction and use of new accounting software); and
- (4) Grantee budget cycle.

**C. Audit reports must address only the audit period unless there is an extraordinary finding.**

(1) Extraordinary findings are those that involve fraud, direct and material illegal acts, or noncompliance that could result in exclusion from further participation in the program.

(2) Except for a fraud investigation, the Director must approve expanding the audit period to investigate extraordinary findings. For a Region to request an expanded audit, staff must justify it to the Director by addressing the following elements:

- (a) Criteria,
- (b) Condition, and
- (c) Effects of the finding on the grantee or WSFR.

(3) The Director may expand the audit period to include all unaudited Federal funds and license-fee revenues.

**D. Real and personal property bought using grant funds is subject to audit regardless of the date of purchase.**

**1.8 Which audit files should the Service keep, and how long should it keep them?**

**A. The Regional Director must ensure WSFR staff maintain audit files. These files include:**

- (1) Audit resolution correspondence, incoming and outgoing,
- (2) Final audit reports,
- (3) Any approved CAP for the audit,
- (4) Documentation the grantee provides that the Regional Director uses to verify that the grantee resolved findings and implemented the auditor's recommendation(s), and
- (5) Documentation that the OIG or the Department closed the audit.

**B. The documents must remain in the audit files until the OIG or Department closes the audit and the auditor completes the next audit. See [283 FW 1-4](#) for more information about retaining Government records.**

**1.9 What is audit planning and why do it?** Audit planning is a phase of the audit.

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**A.** During the audit planning phase, the auditor, in consultation with the Service and the grantee, identifies:

- (1) The scope of the audit (the scope includes the financial and program elements, time period, and locations),
- (2) The audit schedule and milestones,
- (3) The personnel who will conduct the audit and points of contact,
- (4) Logistics,
- (5) Potential concerns, and
- (6) How to conduct the audit.

**B.** Audit planning helps us to have a nationally consistent, effective, and timely audit process.

**1.10 What are the key coordination steps in audit planning?**

**A. Initial Contact.** Auditors contact the Regional Director to establish the preferred time frame. After the Regional Director approves a time frame, the auditor contacts the grantee's point-of-contact at least 60–90 calendar days before the preferred start of the audit fieldwork to set a preliminary start date.

**B. Engagement Letter.** The auditor sends an official notification letter of a pending audit to the grantee (with a copy to the Regional Director) no later than 30–45 calendar days before the audit entrance conference or as negotiated with the grantee. This letter informs the grantee of the:

- (1) Deadline to acknowledge receipt of the engagement letter,
- (2) Audit objectives,
- (3) Audit period,
- (4) Key program elements the Service will audit,
- (5) Information and documents the grantee must make available, and
- (6) The logistics of conducting the fieldwork.

**C. Grantee's Reply to the Auditor's Engagement Letter.** The grantee acknowledges receipt of the engagement letter within 10-15 calendar days of receiving it. If the grantee does not acknowledge receipt, the Service must contact the grantee directly to ensure that it received the engagement letter. At the entrance conference, grantees must provide the requested information if it is available.

**D. Pre-audit Coordination.** The auditor contacts the Regional Director to obtain a list of the grants that were open during the audit period and to discuss any audit-related concerns or recommended focus areas. The Regional Director may solicit grantee input before this discussion with the auditor.

**E. Review previous audits.** The auditor reviews previous audits of the grantee's program and contacts previous auditors to:

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- (1) Discuss potential issues,
- (2) Obtain a general understanding of the grantee’s accounting and internal control systems, and
- (3) Avoid duplication of effort.

**F. Auditor’s Review of Past Audit Findings.** The auditor reviews corrective actions from previous audits using Government Auditing Standards to determine if the grantee implemented them or if additional actions are necessary.

**Audit Process**

1.11 What are the steps for conducting audits and reporting on them? See Table 1–2.

<b>Table 1–2: Steps for Conducting Audits</b>	
<b>Step</b>	<b>Procedures</b>
<b>Audit Entrance Conference</b>	<ol style="list-style-type: none"> <li>1. The auditor meets with the Service, the grantee, and others at the beginning of the audit fieldwork.</li> <li>2. During this meeting, the auditor explains audit objectives and process, discusses logistical needs, establishes a tentative schedule, and answers participants’ questions.</li> </ol>
<b>Fieldwork</b>	<ol style="list-style-type: none"> <li>1. The auditor performs fieldwork between the entrance and exit conference.</li> <li>2. It usually takes 3–4 months to complete fieldwork, including site visits. The auditor, the grantee, and the Service communicate regularly during fieldwork to resolve potential audit findings and recommendations before the auditor prepares the draft audit report.</li> </ol>
<b>Compilation of Findings and Recommendations</b>	<ol style="list-style-type: none"> <li>1. Before the exit conference, the auditor provides the grantee and the Service with a compilation of the findings and recommendations.</li> <li>2. The auditor uses the findings and recommendations for preparing the draft audit report.</li> </ol>
<b>Audit Exit Conference</b>	<ol style="list-style-type: none"> <li>1. The auditor meets with the Service, the grantee, and others after completing fieldwork to review the preliminary results of the audit. The auditor offers an exit conference for the grantee unless the grantee decides that it is unnecessary.</li> <li>2. A grantee may find an exit conference unnecessary if the audit has no findings.</li> </ol>
<b>Draft Audit Report</b>	<ol style="list-style-type: none"> <li>1. The auditor prepares the draft audit report after the audit exit conference and distributes it within the Service following the instructions of the Chief-AIM/HQ.</li> <li>2. The Regional Director or his/her designee gives a copy to the grantee, regardless of whether WSFR HQ or a Regional WSFR division administered the grant.</li> <li>3. The Service and the grantee may give the auditor a written response to</li> </ol>

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<b>Table 1–2: Steps for Conducting Audits</b>	
<b>Step</b>	<b>Procedures</b>
	the draft audit report (normally within 45 days).
<b>Final Audit Report</b>	The OIG issues the final audit report to the Director, regardless of who conducts the audit. The final report includes any grantee or Service response and the auditor’s reply.

**1.12 How does the Service keep up-to-date on the status of audits?**

- A.** Auditors provide periodic status reports to the Regional Director, the Chief-AIM/HQ, and the Chief-Branch of Audits, during fieldwork. The status reports describe preliminary findings and audit progress.
- B.** We share these reports with the grantee only when the grantee requests it. Our Grants Management Specialists tell grantees that they can request audit status reports.

**1.13 Do auditors consult with the Service on potential findings while audits are in progress?**

- A.** Yes, auditors report preliminary findings to grantees, the affected Regional Director, and the Chief-Branch of Audits as soon as possible.
- B.** Auditors immediately report illegal activity or suspected fraud to the OIG’s Division of Investigations, without notifying the Service or the grantee.

**Findings**

**1.14 How does the Service address major issues identified during the audit?** If the Regional Director or the Chief-AIM/HQ:

- A.** Has a concern about potential audit findings, he or she must contact the AD-WSFR, the auditor, the grantee, or all three to address the issue(s) as soon as possible.
- B.** Believes that an issue is of national concern, he or she must notify the AD-WSFR. The AD-WSFR decides how to resolve the matter and gives written guidance to the Regional Director.

**1.15 May the Service resolve audit findings while the field audit is still in progress?** Yes.

- A.** We work with grantees, when practical, to resolve audit findings while the auditor is still on site. This allows the auditor to verify and document the resolution in audit work papers and report it in the draft final audit report.
- B.** The auditor:
  - (1)** Documents all reportable conditions following Government Auditing Standards, including those resolved during the audit, and
  - (2)** Gives the Service or the grantee any additional details necessary to understand and resolve audit findings and recommendations if either requests them in writing.

**1.16 Does the Service or the grantee have an opportunity to review findings and recommendations before the audit exit conference?** Yes. The auditor issues “Notices of Potential Findings and

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Recommendations” to the Service and the grantee for comment as soon as possible during the audit fieldwork phase. The auditor may revise the findings and recommendations based on additional comments or documentation that he/she receives from the Service or the grantee. The findings and recommendations then become the basis for the draft audit report.

## **Audit Reports**

**1.17 When does the audit exit conference occur?** The auditor schedules the audit exit conference with the Regional Director, or his/her designee, and the grantee on a mutually agreeable date unless the grantee decides that an audit exit conference is unnecessary. This conference is an opportunity for the grantee and the Service to request or provide further clarification on any “Notices of Potential Findings and Recommendations” and to discuss any other concerns about the audit.

**1.18 Do audit findings ever change as a result of the audit exit conference?** Yes. The auditor may modify the findings or recommendations before preparing the draft audit report based on information he/she receives during the exit conference.

**1.19 Does the Service or the grantee have an opportunity to review and respond to audit findings in the draft audit report?** Yes. After the audit exit conference, the auditor provides a draft audit report to the Service with a request for comments within 45 days. We give the grantee a copy of the draft report. If the grantee sends comments to the Regional Director, the Regional Director must send them to the auditor. If neither the Service nor the grantee comments on the draft within the allotted time, the auditor prepares the final audit report and notes that he or she received no comments on the draft.

**A.** In their comments, the grantee and the Service may:

**(1)** Concur with the audit recommendations,

**(2)** Offer clarifying language for incorporation into the report, or

**(3)** Provide additional information to assist the auditor with an accurate and complete final audit report. Since this is a draft, our comments on the draft report must not say that the Service:

**(a)** Does not concur with a recommendation,

**(b)** Has decided that a proposed resolution is adequate or inadequate, or

**(c)** Has resolved and implemented a recommendation.

**B.** In the draft final report, only the grantee can formally say that they do not concur with a recommendation or findings.

**C.** The grantee may ask the Regional Director for additional review time.

**1.20 Who issues the final audit report, and to whom do they issue it?** The OIG issues the final audit report to the Director and sends a copy to:

**A.** The AD-WSFR,

**B.** Chief-AIM/HQ (who may distribute a copy to any other Regional Directors who request it),

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- C. Chief-Branch of Audits,
- D. Chief-Branch of Policy in WSFR,
- E. Affected Regional Director (who immediately gives a copy to the grantee), and
- F. The Service Audit Liaison Officer in PPM.

**1.21 Who may make final audit reports available to the public?**

- A. Only the OIG, as the “office of record” may make final audit reports available to people outside of the Service.
- B. If employees receive requests for audit reports from the public, they should give them OIG’s Web site address. If the audit report is not on the OIG Web site, employees should direct the person inquiring to the OIG Freedom of Information Act Officer.

**1.22 May a grantee register a formal complaint about the conduct of the audit?** Yes. A grantee may register a written complaint with the Regional Director at any point during the audit.

## **Resolution and the Corrective Action Plan**

**1.23 When does audit resolution begin?** Although the Regional Director should work with the grantee while the audit is in progress to resolve issues the auditor finds, the formal audit resolution process doesn’t begin until the OIG issues the final audit report.

**1.24 What is a Corrective Action Plan (CAP), and who prepares it?**

A. A CAP is a document that deals with recommendations that are in the audit report. Its title must include:

- (1) The grantee audited,
- (2) Years audited, and
- (3) OIG final audit report number.

B. The CAP must cover all findings and recommendations that are in the final audit report. At a minimum, it must contain:

**(1) Auditor’s Findings and Recommendations.** These are issues and recommended actions that the auditor included in the final audit report.

**(2) Service Determination.** This documents the Regional Director’s decision to accept or reject each recommendation with the concurrence of the AD-WSFR. When the Service:

**(a)** Accepts recommendations in the final audit report, the CAP must include a corrective action, or

**(b)** Rejects an auditor’s recommendation, the CAP includes an explanation of the basis for that determination, including legal citations.

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**(3) Corrective Action.** This describes what a grantee must do to resolve the issue in a finding. It establishes the necessary actions, the target date, and the people responsible for each action. Each recommendation that the Service accepts must have a corrective action.

**(4) Resolution.** This describes the actions that the grantee takes and includes the documentation that the grantee gives us to prove that the corrective action(s) is complete.

**C.** The Regional Director and the grantee discuss the auditor's recommendations and work together to prepare the CAP for the Regional Director's approval. The Chief-AIM/HQ and staff are available for technical support in preparing the CAP.

**1.25 How much time does the Service have to prepare a CAP?** We have 90 calendar days from the date that the OIG issues the final audit report to prepare a CAP.

**A.** The Regional Director has 45 calendar days to prepare the draft CAP and send it to the AD-WSFR. The AD-WSFR gives a copy to the Chief-Branch of Audits.

**B.** The AD-WSFR has 30 calendar days to review the CAP, concur or not concur, and return it to the Regional Director.

**C.** The Regional Director:

**(1)** Has 15 calendar days to put the CAP in its final form and send it to the OIG and the grantee. The date the Regional Director sends the CAP to the grantee is the beginning of the 21-day window for the appeal process described later in this chapter.

**(2)** Gives a copy of the final CAP to the AD-WSFR.

**D.** If the Regional Director and the AD-WSFR do not agree on the CAP, they work together to resolve their disagreement. If they cannot resolve the disagreement, they refer the matter to the Director for a decision, and the timeframes change.

**E.** The AD-WSFR or Regional Director may request an extension of the 90-day response time.

**1.26 What types of recommendations does the OIG refer to the Department?**

**A.** The OIG refers two types of recommendations to the Assistant Secretary for Policy, Management, and Budget (PFM) for tracking:

**(1)** When the Regional Director and the AD-WSFR have approved a corrective action, regardless of whether or not the grantee has completed the corrective action, and

**(2)** When the OIG does not agree that the CAP implements the recommendation and cannot resolve the issues with the Regional Director and AD-WSFR. If this happens, PFM resolves the issues by working with the AD-WSFR and the Regional Director and instructs the Service (see section 1.27).

**B.** PFM tracks recommendations until the grantee completes the corrective actions.

**C.** The Regional Director monitors audit recommendations that the OIG refers to PFM and periodically reports progress to the AD-WSFR.

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**1.27 What does the Assistant Secretary-PFM do with a recommendation that does not have a corrective action approved by the Regional Director and the AD-WSFR?**

**A.** If the Assistant Secretary receives a recommendation that does not have an approved corrective action, PFM notifies the Service Audit Liaison Officer in PPM. The Audit Liaison Officer, working with the AD-WSFR and the Regional Director, prepares a CAP for that recommendation.

**B.** PFM reviews CAPs that it receives in response to this notification and tracks completion of the corrective action.

**1.28 How much time does the grantee have to complete the CAP?**

**A.** The grantee and the Service negotiate the deadlines for corrective actions for findings during the preparation of the CAP. If the grantee needs an extension, it sends the Regional Director a written request with justification for additional time to complete the corrective action.

**B.** The Regional Director:

**(1)** May consult the AD-WSFR and staff as needed,

**(2)** Notifies the AD-WSFR about whether or not he/she plans to grant the request, and

**(3)** Responds in writing to the grantee within 10 working days of receiving the grantee's request about whether the extension is granted.

**C.** The AD-WSFR notifies the Service Audit Liaison Officer of the change, if any.

**1.29 What are the requirements for publishing CAPs?**

**A.** The Regional Director may distribute a CAP to the public only after it is in its final form and the grantee has received a copy. A grantee may release a copy of the CAP at its discretion.

**B.** The AD-WSFR, in consultation with the Regional Director, decides whether to post a CAP on the Internet. According to Departmental guidance, if we receive three or more requests from the public for a specific document, we must make the document available on the Internet unless there are privacy reasons not to do so.

**1.30 Does the Service or Department ever change the terms of a final CAP?** Yes. The Service or the Department may change the terms of a final CAP in the following situations:

**A.** If a change in circumstances affects the grantee's ability to complete a corrective action that the CAP prescribes, the grantee may request a change by sending a proposed CAP amendment to the Regional Director for each recommendation affected.

**(1)** If the Regional Director agrees with the CAP amendment, he or she sends it to the AD-WSFR through the Chief-Branch of Audits for concurrence.

**(2)** If the AD-WSFR concurs with the CAP amendment, he or she sends the CAP amendment to the Service Audit Liaison Officer in PPM.

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**(3)** If the Audit Liaison Officer identifies any flaws in the amendment, he/she will work with the AD-WSFR to resolve them. The Audit Liaison Officer sends the CAP amendment to PFM.

**B.** If the grantee needs a deadline extension for completing a corrective action, the Regional Director may give written approval without going through the formal amendment process.

**C.** The Director or the Secretary may modify the final CAP as the result of an appeal.

**1.31 Is a grantee subject to penalties if it does not resolve audit findings in the CAP?** Yes. A grantee is subject to penalties for noncompliance. You can find information about:

**A.** Potential penalties at [2 CFR 200.338](#),

**B.** Penalties associated with special grant conditions at [2 CFR 200.338](#) and [2 CFR 200.207](#), and

**C.** Suspension and debarment at [2 CFR 180](#) and [2 CFR 1400](#).

## **Closing an Audit and Appeals**

**1.32 Who removes recommendations from tracking or closes an audit, and how do they do it?**

**A.** When the OIG does not refer a recommendation to the Assistant Secretary-PFM, the OIG notifies the Service that the Department is not tracking any recommendations and the Department has closed the audit. The Regional Director then notifies the grantee that the Department closed the audit.

**B.** When the OIG refers recommendations to the Assistant Secretary-PFM, PFM tracks recommendations and removes them from tracking or closes an audit when the following occurs:

**(1)** The Regional Director sends a memorandum to the Chief-AIM/HQ that:

**(a)** Documents that the grantee completed the corrective action(s), and

**(b)** Asks PFM to remove the recommendation(s) from tracking or close the audit if the grantee completed all corrective actions.

**(2)** The Chief-AIM/HQ reviews the documentation, and if he or she concurs, sends the memorandum to the Audit Liaison Officer in PPM.

**(3)** The Audit Liaison Officer and the Chief-PPM review the memorandum, and if they concur, send the memorandum and documentation to PFM.

**(4)** PFM reviews the memorandum, and if the approving official concurs, notifies the Service that it is removing the recommendation from tracking. If the grantee completed all corrective actions, PFM's approving official notifies the Regional Director that the Department has closed the audit.

**(5)** The Regional Director notifies the grantee when the Department acknowledges the completion of the corrective action(s), and when it closes the audit.

**1.33 Who can appeal, and how much time do they have?**

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**A.** A grantee affected by a CAP may appeal Service decisions, corrective actions, or resolutions in the CAP.

**B.** A grantee must file a written appeal to the Director within 21 calendar days of the date the Regional Director approves the CAP.

**1.34 What must be in the appeal?** The following information has to be in the appeal:

**A.** A list of which Service decisions, corrective actions, or resolutions the grantee is appealing;

**B.** An explanation of why the grantee is appealing and justification and citations supporting the grantee's position. The justification supplements the original response to the audit findings; and

**C.** A brief summary of discussions the grantee has had with the Service on the action being appealed.

**1.35 How does the CAP appeals process work?**

**A.** Although the Regional Director consults with the grantee to prepare a CAP, the CAP may not be acceptable to the grantee. If the grantee is going to appeal, the CAP must:

**(1)** Note any specific Service determinations, corrective actions, or resolutions with which the grantee disagrees;

**(2)** Explain the specific reasons for the disagreement;

**(3)** Include the grantee's intention to appeal the specific determinations within 21 days of the Regional Director-approved CAP; and

**(4)** Include corrective actions or resolutions appealed.

**B.** The Regional Director approves and issues the CAP. The Regional Director and PFM then monitor progress.

**C.** The appeal affects only the Service determinations, corrective actions, or resolutions that are specifically mentioned in the appeal. The other findings and resolutions are final.

**1.36 How long does the Director have to resolve appeals?**

**A.** The Director works with the grantee(s), Regional Director(s), the Assistant Director–WSFR, and technical experts to resolve appeals within 30 calendar days of receiving all pertinent documents.

**B.** The Director must mail the letter documenting his/her decision "return receipt requested," or by a similar method that permits the WSFR audits branch to receive documentation of the date of mailing and the date the grantee receives the letter.

**1.37 May a grantee appeal the Director's decision?** Yes. The grantee may appeal the Director's decision, as described in [43 CFR 4, subpart G](#), within 30 days of the postmark date of the letter that notifies the grantee of the decision. The grantee must submit appeals of the Service Director's decision to the director of the Department's Office of Hearings and Appeals.

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**A.** The Service Director has 10 calendar days after notification by the Office of Hearings and Appeals to give that office the records, documents, transcripts of testimony, and other information from the proceedings that led to the appeal.

**B.** After receiving notification, the director of the Office of Hearings and Appeals or an ad hoc appeals board may do any of the following:

- (1)** Hold a hearing on the entire matter or specified portions of it,
- (2)** Decide whether or not to grant the appeal based on the available information, or
- (3)** Dispose of the case in another way.

**C.** The director of the Office of Hearings and Appeals may give either party or both an opportunity for oral arguments if either the Service or the grantee requests and justifies it. If oral arguments are heard, an ad hoc appeals board or an administrative law judge from the Office of Hearings and Appeals conducts a hearing.

/sgd/ James W. Kurth  
DEPUTY DIRECTOR

Date: April 6, 2015