



U.S. Department of the Interior Office of Inspector General

Verification Report on the Status of Recommendations Contained in the Audit Report Entitled, “Miscellaneous Receipts, U.S. Fish and Wildlife Service” (Report 00-I-50)



United States Department of the Interior
Office of Inspector General

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June 30, 2004

Memorandum

To: Director, U.S. Fish and Wildlife Service

From: William J. Dolan, Jr. *William J. Dolan, Jr.*
Regional Audit Manager, Eastern Region

Subject: Verification Report on the Status of Recommendations Contained in the
Audit Report Entitled, "Miscellaneous Receipts, U. S. Fish and Wildlife
Service" (Report 00-I-50), Report No. E-FL-FWS-0009-2004

The Office of Inspector General (OIG) has completed a review of the status of six recommendations presented in the subject audit report. The purpose of the review was to determine what actions the Fish and Wildlife Service (FWS) has taken to implement the six recommendations in our November 1999 report.

BACKGROUND

Our November 1999 audit report, "Miscellaneous Receipts, U.S. Fish and Wildlife Service" (Report 00-I-50) made six recommendations. Five of the recommendations were made to help ensure that receipts from economic activities on refuges are assessed, collected, and deposited properly, in accordance with applicable Federal laws and FWS regulations. The sixth recommendation was made to ensure that cost deductions for administering economic use activities on refuges are based on a supportable and reasonable method of estimating such costs.

In our November 1999 report, we classified Recommendations A.4, A.5, and B.1 as resolved but not implemented and requested that FWS reconsider the remaining recommendations. However, based on the FWS Acting Director's January 4, 2000 response to the final report, which placed conditions on the implementation of corrective actions, we reclassified Recommendations A.4, A.5, and B.1 as unresolved. On February 15, 2000, we referred all six recommendations to the Assistant Secretary for Policy, Management and Budget for resolution.

In August 2000, representatives from the Office of the Solicitor, FWS, and OIG met to discuss the resolution and implementation of the report's six recommendations.

Based on this meeting and authorization contained in the recently enacted FY (fiscal year) 2000 Appropriation Act, the representatives reached a consensus and signed an agreement on August 18, 2000, detailing the actions necessary for FWS to implement the report's recommendations. The most significant revision related to Recommendation A.1, which originally recommended that FWS discontinue the practice of collecting oil and gas mitigation fees because they were not authorized. Based on discussions with these representatives and recently enacted appropriation language, OIG agreed that the legislation authorized the collection of these fees in Louisiana and Texas; the recommendation was revised to recognize this new interpretation. In the August 18, 2000 agreement, FWS targeted Recommendations A.1, A.4, and A.5 for implementation by August 30, 2001. FWS subsequently adjusted the target dates to January 15, 2003, and again to June 30, 2004, for Recommendations A.1, A.2, and A.3. The target dates for Recommendations A.4, A.5, and B.1 were adjusted to December 1, 2003.

RESULTS OF REVIEW

We determined that Recommendations A.1, A.4, A.5, and B.1 have not been implemented, and that recommendations A.2 and A.3 were fully implemented.

Recommendation A.1 (Revised) *FWS would draft a chapter for reserved/excepted mineral owners in the FWS Manual that would clarify the rights, responsibilities and options of those with reserved/excepted mineral rights located on National Wildlife Refuge Lands.*

Recommendation A.1 has not been implemented. FWS issued its draft manual chapter on August 14, 2003, almost 3 years to the date of the August 18th resolution. We reviewed the draft chapter and concluded that it satisfactorily addresses Recommendation A.1. The FWS is currently writing the final policy, which will be issued as Service Manual Chapter 612 FW 3. The target date for finalizing the chapter is June 30, 2004.

Recommendation A.2 *Discontinue the practice of establishing accounts with the National Fish and Wildlife Foundation and of depositing into the accounts funds received for economic use activities, including fees for the mitigation of damages, on national wildlife refuges. In addition, any funds remaining in Foundation accounts should be deposited into the U.S. Treasury funds, as required by law.*

Recommendation A.2 has been implemented. FWS closed all accounts with the National Fish and Wildlife Foundation and deposited the remaining funds into U.S. Treasury accounts. Further, the Foundation confirmed that no new accounts had been established by any refuges for these purposes. Also, the draft manual chapter prohibits the opening of accounts except in the U.S. Treasury Resource Management Accounts.

Recommendation A.3 *Discontinue the practice of establishing contributed funds accounts with proceeds received for the economic use of national wildlife refuge resources, including fees for the mitigation of potential damages to refuges. In addition,*

any funds remaining in contributed funds accounts should be deposited into the U.S. Treasury funds, as required by law.

Recommendation A.3 has been implemented. FWS discontinued the practice of depositing these fees into contributed funds accounts and deposited any oil and gas mitigation fees from contributed funds accounts into the U.S. Treasury Resource Management Accounts.

Recommendation A.4 *Establish and implement controls to ensure that miscellaneous receipts from economic activities on national wildlife refuges (including fees for the mitigation of potential damages to refuges) are assessed, collected, and deposited in accordance with applicable laws and Service regulations.*

Recommendation A.4 has not been implemented. According to the August 18, 2000 agreement, the implementation of the recommendation was changed to “establish a draft policy within 90 days of the date of this document. Final policy will be issued 9 months following that first draft.” Still, the Refuge Manual chapter has not been revised or updated because the FWS is waiting to finalize the Service Manual chapter before updating the Refuge Manual.

Recommendation A.5 *Establish procedures and processes to ensure that the regions and refuges comply with the requirements of the Refuge Manual (5 RM 17) regarding economic activities conducted on refuge lands, including the establishment of warrant authorities for permits issued by refuges, the use of prenumbered permits, and the proper disposition of refuge receipts.*

Recommendation A.5 has not been implemented. The FWS is waiting to finalize the Service Manual chapter before updating the Refuge Manual.

Recommendation B.1 *Develop and implement procedures and policies to ensure that cost deductions made from Refuge Revenue Sharing Act receipts are based either on the Service’s actual cost of administering economic use activities on national wildlife refuges or on a supportable and reasonable method of estimating such costs.*

Recommendation B.1 has not been implemented. FWS has not developed procedures to ensure that deductions are based on either the actual cost or a supportable and reasonable method of estimating such costs. FWS had not established a separate category in the new activity based costing system to address this matter. FWS officials indicated that they are in the process of adding a new category for tracking the costs of operating the Refuge Revenue Sharing Program to establish base line cost data in the activity based costing system.

CONCLUSION

FWS did not furnish a valid explanation as to why the recommendations had not been implemented sooner. FWS needs to establish near-term implementation dates for implementing Recommendations A.4, A.5, and B.1 and inform DOI's Focus Leader for Management Controls and Audit Followup of the new targets. At a May 7, 2004 exit conference, FWS officials agreed with the reported status of the recommendations.

If you have any questions about this report, please contact me at (703) 487-8011.

cc: Management Accountability and Audit Follow-up Official, Office of Financial Management, Assistant Secretary for Policy, Management and Budget

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