



United States Department of the Interior

Office of Inspector General
Western Region
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September 14, 2007

Memorandum

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

From: For Michael P. Colombo *Charles Dean Wiebe*
Regional Audit Manager

Subject: Verification Review of Four Recommendations Considered Implemented From
Our November 1999 Audit Report *Miscellaneous Receipts U.S. Fish and Wildlife
Service* (No. 00-I-50)
Report No. W-VS-FWS-0005-2007

The Office of Inspector General has completed a verification review of recommendations presented in the subject audit report. The objective of the review was to determine whether the remaining four open recommendations were implemented, as reported to the Office of Financial Management, Office of Policy, Management and Budget.

Background

Our November 1999 report *Miscellaneous Receipts, U.S. Fish and Wildlife Service* (Report 00-I-50) reported on an audit requested by the U.S. Fish and Wildlife Service's (FWS) Acting Director. We made six recommendations in the report—five to help ensure that receipts from economic activities on refuges were assessed, collected, and deposited properly, in accordance with applicable federal laws and FWS regulations and one to ensure that cost deductions for administering economic use activities on refuges were based on a supportable and reasonable method of estimating such costs. We referred all six recommendations to the Assistant Secretary for Policy, Management and Budget for resolution.

In June 2004, our follow-up report *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 E-FL-FWS-0009-2004) determined that two recommendations (A.2 and A.3) were fully implemented and four recommendations (A.1, A.4, A.5, and B.1) had not been implemented.

In memorandums dated February 6, 2006 and July 17, 2006, the Office of Financial Management reported to the Office of Inspector General that the four open recommendations (A.1, A.4, A.5, and B.1) were implemented and considered closed.

Scope and Methodology

The scope of this review was limited to determining whether FWS took sufficient actions to implement the recommendations. To accomplish our objective, we reviewed the supporting documentation that FWS officials provided us relating to each recommendation. We also requested additional support from Regional Refuge Chiefs and FWS budget staff to verify implementation progress.

We did not visit any sites or conduct any detailed audit fieldwork to determine whether the underlying deficiencies that were initially identified have actually been corrected. As a result, this review was not conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States.

Results of Review

Our current review found that FWS has implemented Recommendations A.1, A.4, A.5, and B.1. However, we found that the annual review and certification process to verify National Wildlife Refuge receipts requires additional oversight to ensure reviews and certifications are performed in a timely manner. To accomplish this, we suggest that FWS officials provide Regional Refuge Chiefs a date by which the annual review and certification of National Wildlife Refuge receipts must be completed. The status of the recommendations is summarized in the Appendix.

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 been implemented. FWS has finalized its Manual Chapter, Reserved/Excepted Rights Management: Miscellaneous Receipts, 612 FW 3. This Chapter provides guidance and oversight on the exercise of privately owned mineral rights within the National Wildlife Refuge system and basic information regarding statutes, regulations, options, and administrative procedures relating to the exercise of reserve/excepted mineral rights on refuge system lands.

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 been implemented. FWS has implemented an annual review process in which the Regional Refuge Chiefs review the receipts of each refuge under their direction and certify that the receipts have been administered consistent with FWS policy and law. However, oversight is needed to ensure that annual certifications are completed across all Regions and in a timely manner. We suggest that FWS officials provide Regional Refuge Chiefs a date by which the annual review and certification of National Wildlife Refuge receipts must be completed.

Recommendation A.5: “Establish procedures and processes to ensure that the regions and refuges comply with 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 been implemented. FWS has implemented an annual review process in which the Regional Refuge Chiefs review and certify that refuge receipts have been administered in compliance with 5 RM 17, 612 FW 3, and appropriate laws. This annual certification also requires that Regional Refuge Chiefs ensure that refuge receipts are collected and administered by individuals with warrant authority and that refuges have established a special-use permit numbering system as directed. However, oversight is needed to ensure that the annual certifications are completed across all Regions and in a timely manner. We suggest that FWS officials provide Regional Refuge Chiefs a date by which the annual review and certification of National Wildlife Refuge receipts must be completed.

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 been implemented. FWS has developed and implemented procedures and policies to estimate fair and reasonable expenses for administering refuge economic use activities and established project codes to allow tracking of the actual costs incurred. A standard worksheet will be used to estimate the fair and reasonable expenses anticipated for each economic use activity at each Refuge, and the economic use project code will track actual FWS costs for each activity. In addition, information systems will be used to track all FWS costs associated with administering these economic use activities. Improved cost estimates supported by accurate project coding will enable the FWS Washington Office to determine if the deduction from the Refuge Revenue Sharing funds was based on reasonable estimates.

Conclusion

We conferred with FWS officials during our review concerning the progress of recommendation implementation and at an exit conference on September 14, 2007. The FWS officials agreed with the results of our verification review.

If you have any questions about the report, please contact me at (916) 978-5653.

cc: Focus Leader for Management Control and Audit Follow-up, Office of Financial
Management, Office of the Assistant Secretary for Policy, Management and Budget
Audit Liaison Officer, Department of the Interior
Audit Liaison Officer, Assistant Secretary for Fish and Wildlife and Parks

STATUS OF PRIOR AUDIT REPORT RECOMMENDATIONS

Recommendation	Status	Suggested Action
A.1	Resolved and Implemented	No further action required.
A.2	Resolved and Implemented	No further action required.
A.3	Resolved and Implemented	No further action required.
A.4	Resolved and Implemented	We suggest that FWS officials provide Regional Refuge Chiefs a date by which the annual review and certification of National Wildlife Refuge receipts must be completed.
A.5	Resolved and Implemented	
B.1	Resolved and Implemented	No further action required.