

**Forest Service Manual
National Headquarters - Washington Office
Washington, DC**

**Forest Service Manual 1400 – Controls
Chapter 1420 - Government Accountability Office Audit**

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Approved by: Thelma J. Strong, Chief Financial Officer (CFO)

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Responsible Staff:

Explanation of changes: Following is an explanation of the changes throughout the directive by section.

1420.41b: Changes caption from “Deputy Chiefs and Washington Office Staff Directors” to “Audit Designee – Deputy Chiefs and Washington Office Staff Directors”.

1420.41d: Changes caption from “Audit Liaison” to “Agency Audit Liaison Officials”.

1420.41e: Establish code, caption and sets forth direction for “Auditee”.

1420.41f: Establish code, caption and sets forth direction for Audit Lead” and recodes to section 1420.41f.

1420.42 through 1420.42b: Removes codes, captions, and obsolete direction.

1420.43: Removes code and recodes caption and direction to FSM 1420.41f.

1421 through 1422: Remove codes, captions, and obsolete direction.

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The Government Accountability Office (GAO) assists Congress in its legislative and oversight responsibilities by performing audits of Government operations.

1420.1 - Authority

The following authorities define responsibilities of agencies regarding audits:

1. Departmental Regulation 1720-001, Revised November 2, 2011. This regulation sets forth the policy, definitions, responsibilities, and procedures for audit follow-up in the U.S. Department of Agriculture (USDA). The regulation mainly concerns actions required once an Office of Inspector General (OIG) audit report is issued and management decision has been reached between OIG and USDA management on the corrective action(s) taken or to be taken to fulfill the intent of the audit's recommendation(s).
2. Office of Management and Budget Circular A-50, Revised, September 29, 1982. This circular provides the policies and procedures for use by executive agencies when considering reports issued by the Inspectors General (IGs), other executive branch audit organizations, the Government Accountability Office (GAO), formerly known as the General Accounting Office, and non-Federal auditors where follow-up is necessary.
3. Office of Management and Budget Circular A-123, Revised, Management's Responsibility for Internal Control, December 21, 2004. This circular provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal controls. The attachment to this circular defines management's responsibilities related to internal control and the process for assessing internal control effectiveness along with a summary of the significant changes. The circular provides updated internal control standards and new specific requirements for conducting management's assessment of the effectiveness of internal control over financial reporting (Appendix A). This circular emphasizes the need for integrated and coordinated internal control assessments that synchronize all internal control-related activities.
4. Government Accountability Office, GAO-05-35G, Revised, Agency Protocols, October 21, 2004. This document contains the updated protocols that govern the U.S. Government Accountability Office's (GAO) work with executive branch agencies. The protocols provide clearly defined and transparent policies and practices on how GAO interacts with agencies in performing its work.

1420.2 - Objective

To provide an independent evaluation of Forest Service programs and activities.

1420.3 - Policy

The Government Accountability Office (GAO) audits exist to help improve the performance and accountability of the Forest Service. The Forest Service cooperates with the GAO to facilitate audits and takes prompt actions on problems and recommendations identified by GAO. The results of the GAO audits are used to correct internal control weaknesses identified in Forest Service activities.

1420.4 - Responsibility

All Forest Service managers shall evaluate the GAO audit findings and recommendations and take corrective actions within established timeframes.

1420.41 - Washington Office

1420.41a - Chief

It is the responsibility of the Chief to:

1. Concur on all Statement of Actions (SOA) prepared in response to final the GAO reports prior to sending them to the Under Secretary for Natural Resources and Environment, and to the Secretary, United States Department of Agriculture, for signature.
2. Sign letters of response to the draft GAO Audit reports on behalf of the Department for audits conducted on the Forest Service or where the Forest Service has been named the lead agency.

1420.41b - Chief Financial Officer

It is the responsibility of the Chief Financial Officer (CFO) to:

1. Oversee the GAO Office of Inspector General (OIG) overall audit liaison management function.
2. Ensure appropriate agency management is held accountable for audit follow-up responsibilities.
3. Ensure internal control deficiencies cited in GAO audit reports are considered when evaluating the effectiveness of internal controls and identifying material deficiencies as required by the Federal Managers' Financial Integrity Act (FMFIA).
4. Concur on all Statement of Actions (SOA) and letters prepared in response to draft GAO reports prior to sending them to the Chief and the Under Secretary, Natural Resources and Environment, for concurrence and/or signature.

5. Ensure a briefing paper is prepared for the Chief's office that summarizes the draft audit report (or any other applicable issues).
6. Meets with the audit liaison to briefly discuss the findings and recommendations and the Agency response to the report and recommendations.

1420.41c - Audit Designee - Deputy Chiefs and Washington Office Staff Directors

It is the responsibility of the Deputy Chiefs, Washington Office directors, Director for Law Enforcement and Investigations (LEI) and International Programs to designate an audit liaison (known as the Audit Designee) for their respective areas to facilitate the processing of audit responses, and closures of recommendations for the program areas within the deputy area.

It is the responsibilities of the Audit Designee to:

1. Inform their deputy or staff area of applicable audits, emerging issues, and forthcoming requirements.
2. Working closely with the previously designated audit-lead, the subject matter expert to draft the audit response letter.
3. Assuring the Chief's office is pre-briefed.
4. Obtaining the deputy or staff area's official response and concurrence within the requested time period.
5. Implementing recommendations as outlines in the SOA's within the mandated 6-month period following the issuance of the final report.
6. Reviewing and concurring on letters to request closure on recommendations, once corrective actions are complete.

1420.41d - Agency Audit Liaison Officials

It is the responsibility of the Agency audit liaison officials within the CFO to:

1. Serve as the liaison between the Government Accountability Office (GAO), the GAO audit liaison in the Office of Inspector General (OIG), and Forest Service staffs, to manage GAO audit activities, reports, and related correspondence.
2. Work with the appropriate program staff to identify the audit lead for each audit.
3. Schedule entrance conferences to discuss details of audit with key points-of-contact, within 14 calendar days or the timeframe noted. Schedule exit conferences to confirm that critical facts and information gathered are current, correct, and complete.

4. Coordinate and provide oral or written comments to GAO draft reports, as applicable. Audit liaison staff will work with appropriate staffs to obtain the Chief's signature and to finish processing the response letter, as well as incorporating Office of General Counsel (OGC) and Office of Budget and Program Analysis (OBPA) comments.
5. Provide guidelines and templates to Audit Designee for preparation of the SOA. Review the SOA for correctness and completeness before forwarding for concurrences and signature. GAO issues the "Final Report" to the Forest Service requesting the Department's response within 60 days; therefore the Forest Service needs to complete the SOA within 30 days.
6. Ensure that appropriate staffs implement the recommendations within the mandated 6-month time period following the issuance of the final report. Monitor follow-up action by the Washington Office and field staffs to ensure timely resolution and closure.
7. Follow-up with GAO to officially close audits and remove them from the GAO and OIG open audit list, if the audit was not closed with the issuance of the SOA.
8. Distribute all reports, correspondence, and other information concerning GAO audits to appropriate Washington Office and field staffs; additionally forward GAO Forest Service specific DRAFT and FINAL Report copies to Chief of Staff and the Under Secretary.
9. Provide a status of audits in the GAO Monthly/Quarterly Status Report for Audit Leads, Audit Designees, and their respective deputy chiefs/director, field audit liaisons, Legislative Affairs Office, and other managers as requested to keep all informed of active audits requiring their possible assistance, the status of the various audits, audits requiring additional corrective actions or where corrective actions have been completed, and so forth. This report is also maintained on the CFO web site.
10. Retain files for all Forest Service related GAO audits for 5 years from date of acceptance of final action on the audit.

1420.41e - Auditee

1. It is the responsibility of the regional foresters, station directors, Area Director, and the International Institute of Tropical Forestry (IITF) Director to:
 - a. Promptly render all possible assistance during audits by providing records and explaining controls, systems, and practices on matters under review.
 - b. Assign technical advisors to assist GAO staff, if requested by GAO.

- c. Provide written or oral comments regarding audit activities pertaining to the regions, stations, and Area and the IITF, as applicable.
 - d. Ensure that recommendations assigned to the regions, stations, and Area and the IITF are resolved in a timely manner.
- 2. It is the responsibility of the regions, stations, and Area, and International Institute of Tropical Forestry (IITF) Audit Liaisons to:
 - a. Serve as the primary point of contact for audit activities regarding their regions, stations, and Area.
 - b. Coordinate the scheduling of meetings to be held at the regions, stations, and Area.
 - c. Distribute reports, correspondence, and other information concerning GAO audits to appropriate regions, stations, and Area staffs.
 - d. Retain audit files and all related documentation for 5 years from date of acceptance of final action for regions, stations, and Area specific audits.
 - e. Inform the audit liaison officer of GAO requests for information where the regions, stations, and Area have not been previously notified. Request the GAO job number from the requester and obtain clearance before providing information.

1420.41f - Audit Lead

It is the responsibility of the audit lead, as identified by the Agency audit liaison, to:

- 1. Serve as the technical expert and primary point-of-contact for assigned GAO audits within their program area.
- 2. Participate in entrance conferences to discuss details of audit. Participate in exit conferences to confirm that critical facts and information contained in the Statement of Facts are current, correct, and complete.
- 3. Coordinate, consolidate or prepare oral or written comments to the GAO Draft report submitted by various staffs from the Washington Office, field, other USDA agencies, or other agency Departments to ensure a timely response.
- 4. Prepare the Statement of Action that details when and how recommendations will be implemented. Work closely with the Agency audit liaison in preparation of the Statement of Action.

5. Ensure that recommendations to the Chief and/or Secretary are resolved. Provide documentation that fully supports closure of the audit or audit recommendations in a timely manner.

6. Maintain an audit file.

1420.05 - Definitions

Audit Closure. Completion of corrective actions based on the audit findings and audit recommendations.

Audit Finding. Statement of problem(s) identified by the OIG during an audit and having a condition, effect, and cause that meet the objectives of the audit.

Audit Follow-up. The process to ensure prompt and responsive action is taken once management decision has been reached on recommendations contained in the final audit reports.

Audit Resolution. Validity of findings and the need for and nature of corrective action agreed upon by the Forest Service and GAO. Intent of recommendations has been met.

Entrance Conference. A conference held with concerned officials, arranged by a GAO representative at the initiation of an audit, to discuss the purpose and scope of the audit.

Exit Conference. A conference held with concerned officials, arranged by a GAO representative upon completion of an audit, to discuss the findings and recommendations.

GAO Recommendations. Recommendations intended to improve the economy, efficiency, and effectiveness of an agency's operations and to improve the accountability of the federal government for the benefit of the American people (GAO-05-35G).

Statement of Action. A written statement prepared by the appropriate program staff of action taken or to be taken by the Forest Service on GAO recommendations.

Statement of Facts. Critical facts and information gathered in a GAO audit.