

**Forest Service Handbook  
National Headquarters - Washington Office  
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**Forest Service Handbook 1409.11 – Fiscal Review and Analysis Handbook**

**Chapter 200 - National Forest Resource Management**

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## Table of Contents

210 - Multiple Use .....	3
220 - Range .....	3
230 - Recreation .....	5
240 - Timber .....	6
250 - Watershed .....	9
260 - Wildlife .....	10
270 - Land Uses .....	10
280 - Minerals .....	12

This chapter covers the review and analysis of fiscal and accounting phases of National Forest resource management activities covered by FSM 2000.

## **210 - Multiple Use**

Appraise the fiscal and accounting aspects of multiple use management. Determine the degree of compliance with prescribed regulations, policies, and procedures. Review areas include, but are not limited to, the following:

1. Whether correct appropriations or funds were expended in implementing the program.
2. Whether coordinating instructions provide adequate guidance for proper financing. For example, review (1) the combining of Knutson-Vandenberg and brush disposal money and crews so that all sale-area-betterment work can be completed at one time and the unit closed or (2) scheduling a timber sale and financing modification of haul road location and construction standards in preparation for future development of a recreation area.

Sources of information include:

1. Multiple use coordinating instructions.
2. Annual work and financial plans.

## **220 - Range**

Appraise the fiscal and accounting aspects of the range permit and lease systems and the range improvement program. Necessary review and examination areas include, but are not limited to, the following:

1. Review customer accounts (card records) to ensure that charges, cancellations, credits and other information affecting billing are properly recorded and adequately supported.
2. Appraise the effectiveness of controls which will ensure that:
  - a. Billings for grazing are issued to all permittees who graze stock on a charge basis.
  - b. Correct amounts are billed, through systematic fee calculation and adequate review prior to billing.
  - c. Billing is sufficiently in advance of the beginning of the grazing season to permit payment prior to entry of stock on the Forest, in accordance with current policy.

- d. Additional information necessitating further billing or refund action is both received and acted upon promptly.
  - e. Mortgage waivers are recorded on card records, in order to avoid duplication.
  - f. Management and conservation practices required in connection with grazing lands administered under title III of the Bankhead-Jones Farm Tenant Act are performed and comply with prescribed policies.
- 3. Appraise the application of policy for counting stock and documentation of counts.
  - 4. Test-check free grazing permits for compliance with policy for free use.
  - 5. Determine whether there is satisfactory documentation of the grazing capacity for:
    - a. Private land waived by permittees in exchange for use of government land.
    - b. Private land included in on-and-off permits.
  - 6. Determine that Forest Service financed range improvements on non-National Forest lands are under proper lease or agreement.
  - 7. Determine whether cooperative agreements are legally and fiscally acceptable, and whether satisfactory controls have been effected to determine that both the cooperator and the Forest Service fulfill their responsibilities under the terms of the agreement.

Sources of information include:

- 1. Customer accounts.
- 2. Billing statements.
- 3. Permit files.
- 4. Actual use reports.
- 5. Range count reports.
- 6. Cooperative agreements.
- 7. Project work plans.
- 8. Discussions with employees.

## 230 - Recreation

Appraise the fiscal and accounting aspects of recreation management. Ascertain the degree of compliance with applicable regulations, policies, and procedures. Review areas include, but are not limited to, the following:

1. Entrance and Special Uses Fees. Determine whether such fees were established in accordance with current instructions. Have fees been established for all types of recreation use available on the Forest for which current policy requires that a charge be made?

2. Cooperative Agreements. Determine whether cooperative agreements are legally and fiscally acceptable. Ascertain whether controls are adequate to ensure that all parties perform in full accordance with the requirements of the agreement.

3. Section 7, Granger-Thye Act. Where Government improvements are involved and maintenance or reconditioning is to be provided under section 7, Granger-Thye Act, determine that the plan for such work, the work accomplished, and the fee allowance is proper.

4. Commercial Public-Service Special Use.

a. Determine whether fiscal and accounting provisions of commercial public service special use permits meet current requirements. Were appropriate permits issued on the basis of competitive advertising (invitations for bid)?

b. Determine whether fee computations are (1) in accordance with regulations and permit provisions, (2) mathematically correct, and (3) meet other fiscal requirements, including frequency of review for rate or fee redeterminations.

c. Determine whether adequate controls have been established to ensure that:

(1) Surety and insurance requirements are met.

(2) Surveys of concessioner's controls and accounting practices are conducted when and as required, and needed corrective action is taken without delay.

(3) Billings are issued at the proper time.

(4) Advance payment and residual fee billings are in accordance with permit terms and current policy.

d. Appraise concessioner audit program, including:

(1) Timeliness.

(2) Adequacy (depth, coverage, attention to requirements of the Handbook on Auditing Commercial Public Service Special Uses (FSH)).

(3) Remedial measures (followups and accomplishments).

(4) Documentation of waived audits, if any.

Sources of information include:

1. Fee schedules.
2. Billing file.
3. Customer accounts, when applicable.
4. Case file.
5. Reports of surveys and audits of concessioner operations.
6. Cooperative agreements.
7. Discussions with employees.

## **240 - Timber**

Appraise the fiscal and accounting aspects of the timber management activity. Ascertain the degree of compliance with prescribed regulations, policies, and procedures by examinations to include the following determinations as applicable:

1. Whether all timber product and miscellaneous disposals are authorized and such authority has been properly delegated and documented.
2. Whether appraisals have been made as required in all instances. Check procedures to ensure mathematical accuracy of appraisal data.
3. Whether sale advertisements meet requirements for format and time, and have been made as required where values are \$2,000 or more for a single sale or in total for sales to one purchaser in a calendar year.
4. Whether timber sale contracts and permits are fiscally proper and effect compliance with policies pertaining to minimum rates, standard rates, and minimum totals for small sales. Are small sales annotated to show: "This sale is final and not subject to refund."

5. Whether reforestation plans, timber-stand improvement plans, and debris disposal plans have been made as a basis for collecting Knutson-Vandenberg and brush disposal moneys, and that K-V collections are limited to the lesser of planned or legal limits. Is work performed by Forest Service of the type and done at the time required by the contract? Are inventories of K-V work compared annually with amounts collected and excess amounts transferred to National Forest Fund?

6. Whether all necessary bonds have been properly submitted, executed, recorded, and currently checked as required?

7. Whether form 2400-20 is promptly completed and is available to each unit and subunit office for each contract executed on 2400-2, -3, or -5. Does information on 2400-20 accurately reflect contract data?

8. Whether volume determinations are properly made and computed, and required check scales and computation audits are performed and documented. Test-check to determine the degree of accuracy in basic volume computations and related adjustments. Check controls and results to ensure that all timber cut and products removed are recorded.

9. Whether log accountability procedures adequately protect the interests of the Government where logs are moved before being scaled. Check truck ticket record maintenance against prescribed instructions.

10. Whether forms 2400-21, -22, and -23 are promptly established and are accurate and current. Check to see that:

- a. Payments and appropriate bonds or credits are adequate.
- b. Payment and balances are within size limits stated in contract.
- c. Road amortization records are accurate and current.
- d. Price adjustments are properly applied and accurately computed.
- e. Small business loans records are accurate and current.
- f. Customer credits are accurately determined and properly applied.
- g. Estimates of values cut but not scaled and projected to be cut are reasonable when compared to amounts scaled and reported.

11. Whether rate redeterminations are made and applied in accordance with volume and time requirements stated in the contract. Are rates redetermined at the time of contract extensions?

12. Whether contract extensions, modifications, closures, reappraisals, permit extensions, etc., are accomplished according to instructions. Check for instances of cutting or removing timber after contract or permit is terminated.

13. Whether disposals for free use, administrative use, settlement sales, exchanges, sized material, and property sales are consistent with instructions. Are collections properly distributed to National Forests Fund and miscellaneous receipts in such actions as property sales?

14. Whether (1) cooperative work is properly based upon signed elections of the purchasers and the terms in the agreement are in accordance with the prospectus and contract, and (2) whether agreements are correct as to legal authority, description of work, basis of payment, benefits to both parties, and properly executed. Are deposits made in advance of work being performed? Are charges to cooperative accounts fully supported and documented?

15. Audit accounting records and controls to determine their accuracy and reliability. This review should include:

- a. Checking accuracy and timeliness of distribution of earnings.
- b. Reconciling customer balances with timber sale deposit account balance on unit financial statement.
- c. Reconciling earnings transferred with values of timber cut reported on quarterly cut and sold report.
- d. Reconciling payments recorded on customer records and abstracted to transfer worksheet with applicable collection records.
- e. Determining status of inactive balances in individual cooperative work accounts.
- f. Checking unpaid file to determine that followup is adequate on unpaid items and where payments are delayed, controls are adequate to avoid cutting in advance of payment.

Sources of information include:

1. Delegations or authority.



2. Management and sale records.
3. Case folders.
4. Scale records .
5. Customer accounting records.
6. Earnings transfer worksheets and journal vouchers.
7. Log load receipts and records.
8. Discussions with employees and purchasers.

## **250 - Watershed**

Determine if the fiscal and accounting aspects of watershed management and water-right activities are in accordance with prescribed policies and protect the financial interests of the Government. Review areas include, but are not limited to, the following:

1. Review cooperative work agreements in effect with States, counties, municipalities, and others relating to snow surveys and other water management activities. Does the cooperation fall within legal authorities cited and do the agreements meet fiscal requirements? Are deposits, when called for, made in advance of work performed?
2. Review expenditures from water resource development related activities allocations to ensure that only approved selected work is charged to these funds.
3. Determine if water rights which are necessary or beneficial for administration and public use of the Forest area involved have been obtained.

Sources of information include:

1. Cooperative work agreements.
2. Memorandums of understanding.
3. Annual field allotments.
4. Work plans.

## **260 - Wildlife**

Appraise the fiscal and accounting phases of wildlife management. Ascertain the degree of compliance with applicable instructions, policies, and procedures. Review areas include, but are not limited to, the following determinations:

1. Whether the legal and fiscal provisions in cooperative agreements are in accordance with current regulations, policies, and procedures.
2. Whether deposits are obtained in advance of the performance of work, when required.
3. Whether expenditures of appropriated funds are confined to activities for which States or other local agencies do not have the primary responsibility.

Sources of information include:

1. Cooperative work agreements.
2. Work plans.
3. Payroll and accounting records.

## **270 - Land Uses**

Appraise the fiscal and accounting aspects of land activities. Determine whether prescribed policies and procedures are followed to adequately protect the Government's interests. Examination areas include, but are not limited to, the following:

1. Determine by review of selected permits whether the Forest Service general issuance policies for special-use permits, leases, grants of easements, memorandums of understanding, withdrawals, and licenses have been followed. Where insurance or bonds are required, determine if they are proper and controls to ensure periodic reviews are adequate. Determine whether permits issued to either permanent or seasonal employees have been approved by the Regional Forester.
2. From a selected sample determine whether free special-use permits are issued in accordance with regulations and policies and that related documents refer to the appropriate regulation authorizing the free use.
3. Ascertain that permits have been issued by persons with proper delegations of authority.

4. Determine whether fees charged are reasonable and in accord with the guidelines established for the individual type of use involved and equal or exceed the required minimums.

5. Review selected samples of permits containing maintenance or reconditioning provisions under section 7, Granger-Thye Act, and determine whether the work done is properly documented and in accord with the plan agreed to by the Forest Service and the permittee. Determine whether the full fee has been properly collected by obtaining cash or by a combination of cash and maintenance work done either by the permittee or by the Forest Service under a cooperative agreement. If done by the Forest Service, examine the controls set up to insure that deposits are properly credited and that the work is done.

6. Evaluate procedures for the collection of fees for land uses. Determine whether procedures meet Forest Service requirements as to determinations of amounts billed, billing dates, due dates, collection procedures, fee waivers or reductions, and followup action. Evaluate controls established to prevent use prior to payment fees or after permits have terminated. Determine if collections are properly credited in the accounting records. Determine that requirements for periodic review of fee charges have been followed and adjustments made as necessary.

7. Determine if card records reflect correct permit data and are currently and accurately maintained.

8. Determine if uses authorized by memorandums of understanding are in accordance with regulations and policies and that permits involving the removal of timber or other Forest products are properly administered.

9. Watch for evidence of unauthorized use of Government land or improvements in the file records and during field trips to subunits.

10. By discussions and review of work procedures determine whether the business management group is doing the fiscal and accounting jobs related to land uses. If not, ascertain why and make suggestions for change in assignment of these duties.

Sources for information include:

1. Applications, reports, drawings, maps, forms, etc.
2. Permits and amendments in case files.
3. Correspondence.
4. Special-use inspection reports.

5. Form 6500-89.
6. Fee requirements for individual uses.
7. Land use inspection reports.
8. Trespass reports.
9. On-the-ground review of permit areas.
10. Discussion with employees and permittees.

## **280 - Minerals**

Adequate reviews should be made to determine whether authorizations for the disposal of minerals are in accordance with laws, regulations, and policies, and that business procedures and controls are adequate to ensure protection of the interests of the Government. The following are some of the review areas:

1. Determine by review of selected cases whether mineral disposal is specifically authorized by law, and that the Forest Service has the authority for the disposition made and can issue permits or leases. Determine whether or not mining laws apply to the lands in question and whether use will interfere with prior rights granted.

2. Ascertain if mining and prospecting permits have been issued where required by persons with authority to do so, and by analysis that fees have been properly determined and are commensurate with the value of the use. Is there compliance with prescribed permit minimums?

3. Determine by review of mineral disposals concerned with common varieties of sand, stone, gravel, pumice, pumicite, and cinders, and other mineral materials including clay that bids have been solicited when approved values exceed \$1,000 or competitive interests exist and advertising and award requirements have been met. Make an analysis of the adequacy of appraisal information developed for either competitive or noncompetitive rates. Where free disposal has been authorized, determine whether it was proper under Forest Service authority. Analyze controls established to prevent noncompetitive sales of materials exceeding \$1,000 to any one permittee within 12 consecutive months.

4. Determine whether permit terms as to sale by area or by amount have been enforced. Analyze the controls to protect the Government's interest in the removal of materials and determine whether methods of measurement or quantities removed are adequate, volumes are documented, and collections are being made in advance of removals and as required by disposal authorization documents. When rehabilitation and restoration of the area are required, determine who is to do the work, whether performance bonds are required, and if so,

whether they are proper and checked at least annually. If cooperative agreements have been made for the Forest Service to do the work, review to ensure that deposits are made in advance.

5. Determine whether permit cancellations, revocations, expirations, and extensions have been handled properly.

6. Analyze total fiscal and accounting job in regard to minerals management. Is it being done by business management staff? If not, ascertain why and recommend shift of responsibilities to them.

Sources of information include:

1. Delegations of authority.
2. Prospecting permits.
3. Mining claims, leases, and permits.
4. Applications, reports, drawings, maps, etc.
5. Permits and amendments.
6. Bid files.
7. Special-use inspection reports.
8. Land use inspection reports.
9. On-the-ground review of permit areas.
10. Discussions with employees and permittees.