



# Report In Brief

U.S. Department of Commerce Office of Inspector General

January 9, 2006



## Why We Did This Review

In March 2000, we audited NOAA user fees and made three recommendations to improve internal controls over them, which NOAA agreed to implement. We conducted a follow-up audit in January 2006 to determine whether NOAA had complied and whether the actions it took had resolved the weaknesses we identified.

## Background

The Office of Management and Budget defines user fees as assessments levied on a class of individuals or businesses that directly benefit from, or subject to regulation by, a government program or activity. During fiscal year 2004, NOAA line offices reported the collection of \$23.1 million in user fees from the sale of 73 different special products and services. Examples include permits, reproductions of weather records and data, aerial photographs, oceanographic records, hydrographic and topographic surveys, certification of records, and database access. User fees represent the principle that identifiable individuals or businesses receiving benefits from governmental services beyond those that accrue to the general public should bear the cost of providing the service.

View the full report at <http://www.oig.doc.gov/oig/reports/2006/BSD-17612.pdf>.

## National Oceanic and Atmospheric Administration

### *Opportunities to Further Enhance Controls Over User Fees (BSD-17612)*

#### What We Found

NOAA has implemented its planned actions for addressing the recommendations in our March 2000 report on user fees. But in the case of two of them, which were intended to enhance the usefulness of Product/Service Computation forms as internal control mechanisms, we noted some issues that would benefit from additional actions:

~ **Random audits.** NOAA is now enforcing its policies and procedures calling for random audits of Product/Service Cost Computation forms, as we recommended. It audited forms for several programs that collect user fees in fiscal years 2001, 2003, and 2005, but did not include two programs that accounted for \$19.5 million, or 84 percent, of the \$23.1 million in fees collected in FY 2004: Seafood Inspections (\$15.9 million) and Sablefish Individual Fishing Quota (IFQ) (\$3.6 million). Officials told us that they use statistical sampling to select which forms to audit and that forms for these two programs have not yet been included in their selections using this methodology. The intent of our recommendation was to ensure that NOAA's user fees are consistent and comply with federal laws and regulations. Without audit coverage of these two large programs, NOAA's assurance of consistency and compliance would only extend to a relatively small percentage of its reported user fee collections--16 percent in FY 2004.

~ **Documented final reviews.** We had also recommended that NOAA enforce federal internal control standards by documenting line and budget office final reviews of the Product/Service Cost Computation forms. NOAA did revise user fee policies and procedures, directing all line offices to document final reviews with a brief summary that addresses scope, results, and issue resolution, and it added a summary field to the form for providing this information. But one line office--the National Marine Fisheries Service (NMFS)--did not complete documented summaries for the Seafood Inspections Program, among others, and the documented cost computations lacked management approval signatures and dates. NMFS officials told us that it does not use the standard Product/Service Cost Computation form for the Seafood Inspection Program, having received approval to use an alternate format. But a Finance Office official told us that the Seafood Inspection Program is still expected to follow the same documentation requirements as those for NOAA's other products and services.

#### What We Recommended

We made no formal recommendations in our report, but did suggest ways to further enhance internal controls:

1. NOAA should modify its random audit sampling methodology to include periodic coverage of both the Seafood Inspection and the Sablefish IFQ programs.
2. NMFS' management and budget office should not approve user fees without receiving a documented review summary.
3. NMFS' alternate cost computation format for the Seafood Inspection Program should be signed and dated by approving managers and officials.