



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

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Memorandum

To: Heads of Bureaus
Chief Financial Officers
Departmental Offices

From: Nina Rose Hatfield *NRHatfield*
Deputy Assistant Secretary – Budget & Finance

Subject: Fiscal Year 2004 Audit and Reporting Requirements

The fiscal year (FY) 2004 audit requirements for the Department of Interior are amended to incorporate a Limited Audit Scope for Bureaus implementing FBMS and a move to “Consolidated Only” audit after FBMS implementation. Bureaus will continue to have Full Scope audits, as currently performed, at the Bureau Level until the year prior to FBMS implementation when a Limited Scope will be the requirement. The Limited Scope audit is the minimal requirement in the year prior to and of implementation after which Bureaus are only required to support the consolidated audit. The audit requirements are effective immediately.

These changes are made in recognition of the FBMS implementation and accelerated financial audit and reporting schedule for 2004 and beyond. Based on an analysis of audit and reporting alternatives it has been determined that changes are necessary to optimize the utility of financial management resources. The audit and reporting changes focus on a migration from the current requirements of Bureau Level audits in combination with an overall Consolidated audit to a Consolidated Only audit. The audit migration schedule coincides with the FMBS implementation life cycle.

The attached matrix outlines the schedule for audit and reporting changes based on the official FBMS implementation schedule. More detailed explanations of the requirements for Consolidated Only and Limited Scope are as follows:

- Consolidated only (Consol) – The auditors will perform procedures at the Bureaus as necessary to render an opinion on the Department's report. The Bureaus will need to prepare a reporting package that includes all information required to support the Department's report.
- Limited Scope (LS) – The auditors will perform procedures to render an opinion on the Bureau's balance sheet and related disclosures and will perform the

required procedures on the bureau's RSI (except for MD&A) and RSSI. In addition, the auditors will perform procedures to render an opinion on the Department's report for all other financial statements and disclosures. Each Bureau will continue to prepare a Bureau level report, exclusive of an MD&A, however, the report does not need to be published. The bureau will need to work with the Department to support the bureau's portion of the Department's MD&A and performance information.

It should be noted that there will be no Scope Reduction unless a Bureau has No Material Weaknesses and no more than four reportable conditions. Annual exceptions from this requirement will be made at the discretion of the Deputy Assistant Secretary for Management and Budget.

Please contact Daniel L. Fletcher on 202-208-5225 if you have any additional questions.

Attachment

Cc: Finance Officers Partnership
Financial Statement Guidance Team

Attachment to DOI Audit and Reporting Requirements – Based on June 8th FBMS Implementation Plan

	2004	2005	2006	2007	2008
OSM	FS	LS	LS	Consol	Consol
MMS	FS	LS	LS	Consol	Consol
BLM	FS	LS	LS	Consol	Consol
OS	FS	FS	LS	LS	Consol
NPS	FS	FS	LS	LS	Consol
FWS	FS	FS	LS	LS	Consol
BOR	FS	FS	FS	LS	LS
USGS	FS	FS	FS	LS	LS
BIA	FS	FS	FS	LS	LS