



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Office of Inspector General**  
Washington, D.C. 20230

January 15, 2009

Mr. Randy Fisher  
Director  
Pacific States Marine Fisheries Commission  
205 SE Spokane Street – Suite 100  
Portland, OR 97202

Dear Mr. Fisher:

The Department of Commerce Office of Inspector General is preparing to audit two NOAA cooperative agreements and a contract awarded to the Commission--Pacific Fisheries Information Network (number NA17FN2536), West Coast Groundfish Observer Program (number NA17FN2284), and contract number AB133F-04-CQ-0011 for scientific support services. Our audit will cover cooperative agreement and contract activity occurring from February 2002 through the present and will include a review of indirect cost proposals and rate calculations.

Our objectives are to determine whether

- costs claimed under the awards and contract are reasonable, allowable, and allocable;
- award and contract objectives were achieved;
- accounting, procurement, project management practices, and other pertinent controls in effect at the time complied with requirements, assured efficient administration, and resulted in acceptable products and services; and
- costs included in the indirect cost proposal are allocable to the federal awards, allowable in accordance with the requirements of OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," and are equitably distributed among the projects.

As agreed, we will meet with you on January 21, during which time we will discuss more fully our audit objectives and process. Following our meeting, please ensure that key staff and the documents on the attached list are available to us. To facilitate our audit we must also review the work papers for the five previous single audits conducted by AKT, LLC, so please arrange with this firm to make these documents available to us on January 22, 2009.

If you have any questions regarding this audit, please contact David Sheppard, our Seattle regional inspector general for audits, at (206) 220-7970, or me at (202) 482-2754.

Sincerely,



Judith J. Gordon  
Assistant Inspector General  
for Audit and Evaluation

Attachment

cc: Kathleen C. Jewett, program officer, Fisheries Northwest Science Center  
Program Office  
Stephen Freese, program officer, Fisheries Northwest Region Program Office  
Sharon Kent, contract officer, Western Region Acquisition Division  
Paula McAteer, contract officer Technical Representative, NMFS Northwest  
Fisheries Science Center  
Rimas Liogys, director, NOAA Grants Management Division  
Mack Cato, director, NOAA Audit and Internal Control

List of Documents

The following list contains documents we will need access to for our audit. **We may need additional materials as the audit progresses. Please note that in all cases we must have the original documents.**

1. The signed awards, including all attachments, terms, modifications, and other pertinent data.
2. All correspondence (including e-mail or other electronic communications) between NOAA and PSMFC or its contractors relating to the awards, including letters, reports, and memoranda of approvals of specific costs or actions.
3. All reports and documents submitted to NOAA in accordance with award terms.
4. The commission's organization charts, policy and procedures manuals, and chart of accounts relevant to the financial accounting systems used to track activities related to the awards.
5. The commission-approved budgets for the period July 1, 2001, through June 30, 2007 (i.e., fiscal years 2002 through 2007).
6. All approved versions of the Compact Document.
7. All contractual agreements between the commission and its project contractors or consultants, subgrantees, or other third parties to the awards, as well as all amendments, modifications, and change orders.
8. Indirect cost proposals and records related to the development of the proposal and calculation of the indirect cost rate relevant to the award period(s) for the selected cooperative agreements and contract.
9. All performance-related documents including internal and external progress assessments and evaluations, notices to proceed, and certificates of final inspection and acceptance.
10. Copies of prior audit reports and related management letters, including recommendations from public accountants or government agencies that have performed audits or reviews of the commission.

11. Copies of prior internal or management reports.
12. A list of nonexpendable property purchased with award funds or furnished by the government, if any, including current location and condition.
13. General ledger, vendor payments, and payroll system data, preferably in electronic format (such as Microsoft Excel, Microsoft Access or in a text file format) for the period under audit.
14. Original payroll and personnel records and vendor payment records.
15. The external auditor's working papers supporting its opinion on the financial statements and internal controls and compliance with federal programs (i.e., the OMB Circular A-133 audit opinion) for the fiscal years ending June 30, 2002, 2003, 2004, 2005, 2006, and 2007.