



United States Department of Agriculture  
Office of Inspector General





## Natural Resources Conservation Service's Oversight and Compliance Activities

Audit Report 10601-0001-22

### What Were OIG's Objectives

OIG initiated this audit to determine if NRCS' oversight and compliance activities are adequate to manage and achieve intended program results.

### What OIG Reviewed

From August 2011 through August 2012, we reviewed a broad range of compliance activities conducted throughout NRCS at NRCS Headquarters in Washington, D.C.; the Oversight and Evaluation office in Fort Worth, Texas; and the Texas and North Carolina State offices.

### What OIG Recommends

We recommended that NRCS perform an overall risk assessment of program operations and develop/implement an integrated compliance strategy, incorporating clear and measurable objectives; and develop review procedures to address specific program vulnerabilities. The agency agreed with our recommendations and we accepted management decision.

**OIG initiated this audit to determine if NRCS was performing the compliance reviews necessary to ensure that its conservation programs are reaching the intended participants and achieving the intended results.**

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### What OIG Found

The Office of Inspector General (OIG) found that the Natural Resources Conservation Service (NRCS) has not implemented a comprehensive, integrated compliance strategy designed to verify that its \$3.6 billion in conservation programs are functioning as intended. This has occurred because, according to NRCS' strategic plan, the agency focuses on putting conservation practices "on the ground." We maintain that the NRCS must also design adequate compliance activities to ensure that program benefits are reaching those who are truly eligible and serving their intended purposes.

Over the past decade, a number of OIG audits have demonstrated that NRCS has long-standing problems with verifying the eligibility of participants, their compliance with conservation agreements, and how easements are valued. This review shows that NRCS must strengthen its efforts to improve program compliance by, for instance, reorganizing so that one person or entity at NRCS has the responsibility and authority to ensure that compliance and oversight activities are effective. We also found that NRCS has never performed a risk assessment of its overall program operations, a fact that NRCS officials acknowledge. When NRCS did perform compliance reviews, those reviews did not focus on the specific program vulnerabilities identified by prior OIG reports. Without an improved compliance effort, NRCS cannot ensure the integrity of its \$3.6 billion in program expenditures, nor can it ensure that its resources are used efficiently and effectively to reduce the risk of fraud, waste, and abuse.





United States Department of Agriculture  
Office of Inspector General  
Washington, D.C. 20250



DATE: February 7, 2013

AUDIT  
NUMBER: 10601-0001-22

TO: Jason Weller  
Acting Chief  
Natural Resources Conservation Service

ATTN: Lesia Reed  
Deputy Chief  
Strategic Planning and Accountability

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: Natural Resources Conservation Service's Oversight and Compliance Activities

Attached is a copy of the final report on the subject audit. Your written response to the official draft report, dated January 25, 2013, is attached, with excerpts from your response and the Office of Inspector General's position incorporated in the relevant Finding and Recommendation sections of the report.

Based on the agency's response to our official draft report, we accept management decisions for all recommendations in the report, and no further response by your agency to this office is required. You should follow your internal agency procedures for providing final action correspondence for these recommendations. In accordance with Departmental Regulation 1720-1, final action on the management decisions should be completed within 1 year of the date of the management decisions to preclude being listed in the Department's annual Agency Financial Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions.



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## Background and Objectives

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### Background

The Natural Resources Conservation Service's (NRCS) conservation programs and initiatives help people reduce soil erosion, enhance water supplies, improve water quality, increase wildlife habitat, and reduce the damages caused by natural disasters. The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) gave NRCS more direct responsibility for implementing and administering conservation programs. In 2002, the Secretary of Agriculture gave NRCS additional responsibilities to implement newly mandated conservation programs that deliver significantly more financial assistance to producers. The conservation provisions in the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) further provided conservation opportunities for farmers and ranchers by simplifying existing programs and creating new programs to address high-priority environmental goals.

NRCS' funding is tied specifically to its program areas, meaning that all funding is expended as a direct benefit to the programs, including salaries. The fiscal year (FY) 2010 funding for NRCS' conservation programs totaled \$2.7 billion, and the budget for 2011 rose to \$3.0 billion. For FY 2012, the budget is \$3.6 billion. NRCS' Strategic Plan for 2011 through 2015 targets three priorities: (1) getting more conservation practices on the ground, (2) increasing organizational effectiveness and efficiency, and (3) creating a climate where private lands conservation will thrive. A key initiative to the strategic plan is to improve internal controls for key agency functions. NRCS' annual goals for FY 2012 are to ensure programmatic and financial internal controls exist to reduce agency risk and take corrective actions.

At the NRCS national office, the Chief provides overall leadership for the activities of the agency. Regional Conservationists head up the agency's three regions and are responsible for providing overall direction of NRCS programs and activities in the field consistent with national policies and procedures, as well as the Chief's guidance. Deputy Chiefs are responsible for preparing national policies and procedures within their mission areas. The Deputy Chief for Strategic Planning and Accountability (SPA) ensures accountability for performance and results through the integration of strategic planning, budget formulation, operations management, and oversight and evaluation. This includes establishing and communicating direction in the agency's strategic, performance, and business plans; estimating and requesting the resources required to accomplish goals and objectives; ensuring operations are efficient and effective; measuring and reporting on performance and customer satisfaction; and providing oversight and evaluation of operations.

In January 2010, the NRCS national office was realigned in order to enable NRCS to more efficiently perform required functions and support conservation efforts. The realignment was critical, in part to improve agency internal controls and increase accountability. This reorganization established a Compliance Division under the Deputy Chief for SPA, and also moved Oversight & Evaluation (O&E) from the Deputy Chief for SPA to the responsibility of Regional Conservationists. The main functions of the Compliance Division are to implement an integrated quality assurance review strategy, serve as the agency lead in facilitating the external audit process, and provide guidance for appeals and equitable relief activities. Responsibilities



within the Compliance Division include developing an overall compliance strategy that will result in conducting quality assurance reviews of financial management, conservation programs, technical assistance, administrative functions, and operational management, referred to collectively as compliance reviews. O&E conducts reviews to assess quality, accountability, effectiveness, and consistency in the delivery of conservation assistance, which are generally focused to a specific program or State.<sup>1</sup>

The Government Accountability Office (GAO) reported problems in April 2000 that NRCS' responsibilities for accountability and financial management were organizationally separated, rather than integrated, and therefore did not ensure that accountability for financial management and program performance was closely linked, consistent, and supportive of each other. Further, GAO reported concerns that O&E staff responsible for performing internal reviews were not independent, since they report to one of the Deputy Chiefs, whom they also review. GAO recommended that NRCS strengthen its approach to improving its accountability by taking actions to improve financial management, strategic and performance planning, and the oversight and evaluation of its programs and activities. NRCS generally agreed with the results, yet disagreed with the recommendation to move O&E.<sup>2</sup>

## Objectives

The objective of our audit was to determine if NRCS' oversight and compliance activities are adequate to manage and achieve intended program results. Specifically, we used *Office of Management and Budget (OMB) Circular A-123* to evaluate NRCS' internal controls to determine whether (1) the organizational structure provides the control environment necessary to support and sustain effective controls; (2) risk assessments are performed to identify and estimate the significance of internal and external risks, identify program vulnerabilities, and allow for efficient and effective allocation of resources to mitigate the risks; and (3) policies and procedures are in place to ensure adequate controls over compliance activities.

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<sup>1</sup> NRCS has informed us that the agency is in the process of another reorganization. However, NRCS has not provided OIG with the details of the reorganization.

<sup>2</sup> *NRCS: Additional Actions Needed to Strengthen Program and Financial Accountability* (GAO/RCED-00-83, April 2000).

## Section 1: NRCS' Compliance Activities

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### **Finding 1: NRCS Needs to Improve its Compliance Activities by Developing a Comprehensive, Integrated Compliance Strategy**

To date, NRCS has not implemented a comprehensive, integrated compliance strategy, even though a variety of units within NRCS—most notably the Compliance Division and the States—are performing some compliance activities, such as compliance reviews and State quality assurance reviews. This has occurred because, according to NRCS' strategic plan, the agency focuses on putting conservation practices “on the ground.” While OIG acknowledges that this emphasis is understandable, we maintain that NRCS must also design adequate compliance activities to ensure that program benefits are reaching those who are truly eligible. Without such a strategy, NRCS did not (1) design its organizational structure to maximize the effectiveness of its compliance reviews; (2) perform a meaningful risk assessment to identify specific program risks; or (3) design specific compliance reviews to focus on likely program risks and vulnerabilities, such as whether participants are eligible for the programs or whether program payments are accurate.<sup>3</sup> As a result, NRCS cannot be certain that producers receiving program payments are eligible, that they are complying with their conservation agreement provisions, and that the agency's resources are being utilized efficiently and effectively.

An integrated strategy is essential for NRCS because it will help the agency identify its greatest risks and vulnerabilities and prioritize the allocation of its resources accordingly. According to *OMB Circular A-123*, OMB requires that agency management have a clear, organized strategy for ensuring effective internal controls and determining how to assess the effectiveness of those controls.<sup>4</sup> Establishing objectives is a prerequisite to effective internal control because they provide measurable targets toward which the entity moves in conducting its activities. In a recent written testimony, GAO listed six desirable characteristics of an effective strategy, including identifying (1) the purpose, scope, and methodology; (2) problem definition and risk assessment; (3) goals, subordinate objectives, activities, and performance measures; (4) resources, investments, and risk management; (5) organizational roles, responsibilities, and coordination; and (6) integration and implementation (see exhibit A).<sup>5</sup>

Reviews by GAO and OIG have shown that NRCS has a long-standing need to develop and implement a compliance strategy that will ensure accountability throughout the agency's programs. In April 2000, GAO reported that, although NRCS' accountability policy stated that it is critical for the agency to ensure accountability in its use of public funds, NRCS had not included the financial management function—budget execution, funds control, and financial reporting---in the policy. GAO reported that NRCS' responsibilities for accountability and financial management were organizationally separated, rather than integrated. This separation

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<sup>3</sup> Each of these issues is presented in subsequent findings.

<sup>4</sup> *OMB Circular A-123, Management's Responsibility for Internal Control*, December 21, 2004.

<sup>5</sup> *National Capital Region: 2010 Strategic Plan is Generally Consistent with Characteristics of Effective Strategies* (GAO-12-276T, December 7, 2011).

did not ensure that accountability for financial management and program performance were closely linked, consistent, and supportive of each other.<sup>6</sup>

Since 2000, a number of OIG reports have indicated problems that a comprehensive, integrated compliance strategy should be designed to remedy. For example, in 2008, OIG found that NRCS, in its Wetland Reserve Program (WRP), incurred obligations in 38 States with expired funds.<sup>7</sup> If NRCS had not been able to use other funds to cover these obligations, it would have been in violation of the Anti-Deficiency Act. In other words, NRCS obligated almost \$74 million in funds that had expired. NRCS officials were unaware of this problem until we brought it to their attention. An integrated compliance strategy would have facilitated NRCS' discovery of such problems and would have allowed officials to take independent corrective action, prior to OIG's review.

Similarly, in June 2009, OIG reviewed NRCS' Conservation Security Program (CSP), a program that provides assistance to farmers who implement conservative practices, and found that 38 of 75 producers participating were not eligible for program payments.<sup>8</sup> Due to the inadequacy of NRCS' controls, the agency improperly paid \$1.4 million and is expected to pay nearly \$4.3 million over the life of the 38 contracts. Our review also found: problems with NRCS not performing field visits that would ensure the conservation agreement is followed; not using automated controls to prevent producers from receiving multiple contracts; and not conducting a thorough program review of CSP to verify that it is accomplishing its intended mission. If NRCS had had an integrated, comprehensive compliance strategy, it would have been exercising greater oversight of CSP, since it was a new program with substantial funding. A well-designed strategy would have prompted NRCS to perform third-party verification of the producers' eligibility; NRCS, however, allowed producers to self-certify and did not verify the information they provided.

Lastly, also in July 2009, OIG found that NRCS officials were unaware that States were funding low-risk dams for rehabilitation, even as high-risk dams went without funding. In fact, we found that NRCS could not even state definitively how many high-risk dams were in the country.<sup>9</sup> If NRCS had been performing the management reviews that should have been part of the compliance strategy, then officials would have been more aware of how program funds were being spent and could have looked more closely at how the States prioritized and funded high-risk dams.

Our current review found that these problems continue to persist. In May 2010, OIG began working with NRCS to encourage it to develop an integrated compliance strategy and procedures to implement such a strategy, so that the agency could prevent the types of problems previously identified by GAO and OIG. However, we found that NRCS continues to struggle to develop and implement such a strategy.

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<sup>6</sup> *NRCS: Additional Actions Needed to Strengthen Program and Financial Accountability*, (GAO/RCED-00-83, April 2000).

<sup>7</sup> *NRCS Wetlands Reserve Program: Wetlands Restoration and Compliance*, (Audit 10099-0004-SF, August 2008).

<sup>8</sup> *NRCS Conservation Security Program*, (Audit 10601-0004-KC, June 2009).

<sup>9</sup> *Rehabilitation of Flood Control Dams*, (Audit 10601-0001-At, July 2009).

When NRCS created its Compliance Division in 2010, it started developing an overall compliance strategy to help address the agency’s strategic goal of “increas[ing] organizational effectiveness and efficiency.”<sup>10</sup> NRCS describes its compliance strategy as “a process created to establish internal controls for executive leadership and State Conservationists to provide timely and accurate information on the quality of operations, financial reporting, and compliance” and states that the strategy will inevitably result in actions to reduce the risks associated with waste, fraud, abuse, and mismanagement.

However, in developing its overall compliance strategy, NRCS did not address all the key elements of a strategy, such as organizational roles, responsibilities, and coordination; the definition of the problems and threats the strategy is designed to address; and performance measures. For example, the draft compliance strategy did not describe specific responsibilities for the Deputy Chiefs and the Regional Conservationists, relating to the compliance activities, specifically the compliance reviews and the follow up on corrective actions for those reviews. Also, the draft compliance strategy does not address how other reviews, such as those performed by O&E, the Financial Management Division (FMD), and the States, contribute to providing an integrated compliance strategy.<sup>11</sup> In addition, as we discuss in Finding 2, the Compliance Division lacks the authority to require other units within NRCS to take corrective action.

Similarly, NRCS also does not define the problems and threats the strategy is designed to address, a critical step for designing an effective strategy. As we discuss in Finding 3, NRCS has not performed a comprehensive risk assessment to identify risks and vulnerabilities that can significantly affect the attainment of its goals and objectives. Therefore, it has not identified the problems and threats that the agency must address or actions it must take to reduce the risk of fraud, waste, abuse, and mismanagement in its specific programs.<sup>12</sup>

Additionally, NRCS does not identify priorities, milestones, or outcome-based performance measures for compliance. Other Federal agencies have established performance measures, such as the estimated total savings resulting from a specific type of review, the percentage of agreements with discrepancies that required additional information, or the percentage of selected data in information systems that is current. These performance measures provide a measurable goal, against which an agency can assess its performance. However, since NRCS has not established such performance measures, it cannot assess the effectiveness of its compliance strategy.

When we discussed these key elements with NRCS officials, they stated that they believed that NRCS’ policies, not the compliance strategy, would provide the details regarding how the

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<sup>10</sup> As of January 2013, this strategy had not been finalized and remains in draft. According to NRCS, it does not plan on finalizing the strategy until it has piloted its review template (during 2013) and made any necessary revisions. NRCS plans to release the final strategy by December 2013.

<sup>11</sup> O&E performs a variety of reviews, including program delivery reviews, which are designed to determine if easement and financial assistance programs are being conducted in accordance with NRCS policies, procedures, and regulations. The Financial Management Division (FMD) performs various reviews, including reviews to identify improper payments, as required by the Improper Payment Elimination and Reduction Act. The States perform State quality assurance reviews; however, the purpose and extent of these reviews are not defined by the NRCS national office, but, rather, left to the State Conservationists.

<sup>12</sup> See Finding 3.

compliance activities operated. Regarding measurable goals and performance measures, NRCS officials stated that NRCS' annual plan further expanded on and provided more detailed actions that NRCS would take to achieve its strategic goals and objectives. Specifically, the official stated that the plan's annual initiatives included NRCS' compliance goal and that NRCS would measure its performance through its milestones. In its annual plan, NRCS identified an annual initiative to "[e]nsure that the Agency has sufficient internal controls in place to reduce agency risk by implementing the overall Compliance Strategy." However, the annual plan does not provide sufficient detail to identify how the agency will ensure that the agency has sufficient internal controls in place. In addition, it identified its milestones as "[e]nsur[ing] adequate programmatic internal controls exist to adequately reduce Agency risk and take corrective actions" and "Oversight and Evaluation Activities." However, these milestones are not measurable.

A comprehensive and integrated compliance strategy that provides appropriate guidance on resource and risk management would help NRCS more effectively and efficiently allocate resources, according to its priorities, and focus those resources on areas where specific program risks and vulnerabilities may be mitigated. By identifying high-risk areas, through a formal risk assessment that provides a comprehensive understanding of the problems, risks, vulnerabilities, and threats facing its programs, NRCS could design more cost effective control activities and procedures focusing on those areas.

## **Recommendation 1**

Develop and implement a comprehensive, integrated compliance strategy incorporating clear and measurable goals, objectives, and performance measures for all compliance and oversight activities. This strategy should help ensure that NRCS has effective internal controls to identify program noncompliance, prevent fraud, waste, and abuse, and ensure that resources are effectively and efficiently allocated.

## **Agency Response**

In its January 25, 2013, response, NRCS stated:

To improve the integrity of internal controls within the agency, NRCS will develop and implement a well-defined integrated compliance strategy that is consistent with *OMB Circular A-123* and GAO's desirable characteristics outlined in Exhibit A of the *OIG Audit Report*, and aligned with the NRCS Strategic Plan 2011-2015. The strategy will be ongoing and updated periodically as needed. The development process will include planning sessions to identify and document current activities, performance metrics, and other key components.

In addition, the Compliance Division, along with Oversight and Evaluation, will facilitate processes to:

- Establish a standing oversight committee that meets periodically to assess agency progress in identifying agency risks, developing a compliance strategy to assess such risks, and evaluate progress in resolving audit findings through agency adoption of effective internal controls[...].

In followup discussions with NRCS, we confirmed that the Chief Financial Officer and the Deputy Chief of Programs will be included in the development, oversight, and update of the strategy.

NRCS expects to complete this by December 31, 2013.

### **OIG Position**

We accept management decision.

## **Finding 2: NRCS Needs to Revise its Organizational Structure to Promote the Effectiveness of its Compliance Activities**

No one person or entity at NRCS has the responsibility and authority to ensure that compliance and oversight activities are effective, and no independent unit is responsible for ensuring that any detected deficiencies are corrected. The necessary authority has not been assigned to any one person or office because NRCS organizational structure is decentralized. NRCS delegates broad authority to its field units—State, area, and district offices—without having an adequate system of oversight, monitoring, and review to ensure compliance with national policies. When NRCS established a Compliance Division, it did not ensure the independence of compliance activities, nor did it define key areas of authority and responsibility that would ensure appropriate review coverage and effective followup on findings and recommendations. Without an appropriate organizational structure, NRCS cannot effectively implement its compliance strategy and ensure that corrective actions are implemented.

As agencies develop and execute strategies for implementing or reengineering agency programs and operations, they should design management structures to help ensure accountability for results.<sup>13</sup> A good internal control environment requires that the agency's organizational structure clearly defines key areas of authority and responsibility and establishes appropriate lines of reporting.<sup>14</sup> For example, an internal audit department should have unrestricted access to a senior official who has sufficient authority to ensure appropriate review coverage and follow up on findings and recommendations.<sup>15</sup>

Reviews by GAO and OIG have shown that NRCS has a long-standing need to ensure that its organizational structure effects appropriate actions to correct the deficiencies found by audits, internal reviews, and other sorts of oversight. In April 2000, GAO reported concerns that the O&E staff responsible for performing internal reviews would not be independent, since they report to one of the Deputy Chiefs, whom they also review. The report concluded that the O&E staff could be more independent if they reported directly to the Chief or Associate Chief of NRCS. NRCS officials, however, disagreed, arguing they believed their existing structure provided independence. They did not implement GAO's recommendation.<sup>16</sup>

Over the last 7 years, OIG has also found that NRCS could benefit from an improved organizational structure that is capable of ensuring that appropriate corrective action is taken in response to identified deficiencies. For example, in June 2006, OIG reviewed the credit cards that NRCS uses to fuel and maintain its large fleet of vehicles and found that officials were unaware of weaknesses in the controls, which allowed the use of fleet credit cards without supporting documentation, the existence of extra fleet cards, and fleet credit card system alerts to go unresolved. NRCS officials were unaware of these weaknesses because they had not

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<sup>13</sup> *OMB Circular A-123, Management's Responsibility for Internal Control*, December 21, 2004.

<sup>14</sup> *Standards of Internal Control for the Federal Government*, November 1999.

<sup>15</sup> Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control—Integrated Framework*, May 1994.

<sup>16</sup> *NRCS: Additional Actions Needed to Strengthen Program and Financial Accountability*, (GAO/RCED-00-83, April 2000).

performed any internal review that would identify them. As a result of our review, NRCS agreed to review fleet cards as part of its scheduled management reviews.<sup>17</sup>

Even though OIG alerted NRCS to this problem in 2006, deficiencies related to fleet card controls have gone unresolved. OIG's financial statement reviews of NRCS have found the material deficiencies related to how the agency manages its fleet cards.<sup>18</sup> If NRCS had a single authority responsible for ensuring the resolution of such identified deficiencies, then problems of this nature could be resolved more timely.

As part of the current audit, we reviewed NRCS' organizational structure as a whole, including how the agency addresses deficiencies, and found that, to date, no one person or entity at NRCS is responsible for ensuring that compliance and oversight activities are effective. Additionally, we found that no independent unit ensures that any detected deficiencies are corrected.

In January 2010, the national office underwent realignment at the direction of the Chief of NRCS in part to improve agency internal controls and increase accountability. As part of the realignment, SPA became the deputy area for ensuring the connectivity and cooperation between all deputy areas and units, and the Compliance Division was formed under SPA. However, even though SPA's functional statements indicate that SPA is responsible for compliance, SPA lacks the authority to require corrective actions by other deputy areas and units. Also, as part of this realignment, O&E was moved from SPA to report to the Regional Conservationists. SPA had no authority over the State Conservationists, who report through Regional Conservationists to the Chief.

At present, "compliance activities" are spread through four different units: the Compliance Division within SPA, O&E, FMD, and the States—each with different lines of authority. SPA is the main unit responsible for compliance and oversight within NRCS. Within SPA, the Compliance Division is responsible for ensuring that the agency's internal control activities are in place and operational and, more specifically, for implementing a comprehensive compliance strategy that will result in conducting quality assurance reviews of financial management, conservation programs, technical assistance, administrative functions, and operational management, hereafter referred to as compliance reviews. Under the Regional Conservationists, O&E conducts activities to assess quality, accountability, effectiveness, and consistency in the delivery of conservation assistance. O&E is also responsible for following up on corrective actions resulting from reviews performed by the Compliance Division, in addition to corrective actions resulting from its own reviews. FMD is responsible for conducting its own reviews and ensuring appropriate corrective actions, in regards to the financial statements, *OMB Circular A-123* financial reporting, and improper payments. Finally, the States conduct quality assurance reviews of their own activities.

OIG found, however, that the operations of the Compliance Division, O&E, FMD, and the States are not coordinated or integrated into the compliance strategy, as noted in Finding 1. Although the 2010 realignment was intended to improve internal controls and increase accountability,

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<sup>17</sup> *NRCS Controls Over Vehicle Maintenance Costs*, (Audit 10601-0007-Te, June 2006).

<sup>18</sup> *NRCS' Financial Statements for FY 2010*, (Audit 10401-0004-FM, November 2010) and *NRCS' Financial Statements for FY 2011*, (Audit 10401-0001-11, November 2011).



NRCS' organizational structure still does not provide the necessary authority and independence to ensure that appropriate corrective actions are taken to address issues identified as part of the compliance and oversight process. The Compliance Division, responsible for performing compliance reviews, reports through the Deputy Chief of SPA to the Chief. O&E, the unit responsible for ensuring corrective actions are taken in response to the reviews performed by the Compliance Division, reports through the Regional Conservationists to the Chief. In other words, the unit (O&E) responsible for ensuring that corrective actions are taken to address compliance findings, is dependent on and reports to the unit (the Regional Conservationists) responsible for implementing corrective actions as a result of those reviews. This poses a problem of independence, much like that noted by GAO in a report issued in 2000.<sup>19</sup>

Since the Compliance Division and O&E are similar to an internal audit department, OIG maintains that they should have unrestricted access to an authority, like the Chief or Associate Chief, who has sufficient authority to ensure appropriate review coverage and to follow up on findings and recommendations, throughout the agency. NRCS needs to revise its organizational structure, so that the Compliance Division may require corrective action by other deputy areas and the Regional Conservationists, and ensure that those who confirm implementation of corrective actions are independent from those who are responsible for implementing program controls. Unless it does so, it cannot reasonably expect that corrective action will be implemented effectively.

When we spoke with NRCS officials, they expressed general agreement with many of our concerns. They stated that they believed that the Compliance Division and O&E are properly aligned under the Chief and Associate Chief; however, they acknowledged that it was through different lines of reporting. The Deputy Chief of SPA acknowledged the lack of authority to require the other deputy areas and Regional Conservationists to take corrective actions. The Acting Associate Chief stated that NRCS could better ensure accountability for its compliance reviews through more formally documenting the Compliance Division's responsibilities and processes. OIG concluded that NRCS needs an organizational structure that provides the Compliance Division with the authority to require corrective action by other deputy areas and the Regional Conservationists. That structure should also provide the agency with independent verification of corrective actions.

## **Recommendation 2**

Delegate to one entity the authority for compliance and oversight and for ensuring that corrective action is timely and appropriate.

## **Agency Response**

In its January 25, 2013, response, NRCS stated:

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<sup>19</sup> NRCS: *Additional Actions Needed to Strengthen Program and Financial Accountability* (GAO/RCED-00-83, April 2000).

NRCS will designate the Associate Chief to have oversight responsibility for directing and monitoring all compliance activities that span the agency and for ensuring that corrective actions are timely and appropriate. Oversight responsibilities will be included in the compliance strategy as described in our response to Recommendation 1. NRCS will also evaluate roles and responsibilities for other senior-level staff and designate responsibilities as part of the integrated compliance strategy.

NRCS expects to complete this by June 30, 2013.

### **OIG Position**

We accept management decision.

### **Recommendation 3**

Restructure the organization so that the entity established above is independent, can ensure appropriate review coverage, and require timely and appropriate corrective action.

### **Agency Response**

In its January 25, 2013, response, NRCS stated,

NRCS concurs in the need for independence on the part of the authority responsible for compliance and oversight and ensuring that corrective actions are timely and appropriate. The agency contends that by designating the Associate Chief to fulfill this responsibility it has met these objectives, therefore eliminating the need for restructuring the organization.

NRCS expects to complete this by June 30, 2013.

### **OIG Position**

We accept management decision.

### **Finding 3: NRCS Needs to Perform a Risk Assessment of its Program Operations**

NRCS has never performed a risk assessment of its overall program operations, a fact that NRCS officials acknowledge. In 2011, NRCS twice began the process of distributing risk assessment questionnaires to the States and deputy areas, but both times these questionnaires were not well-designed to assess risks at the program level or determine what controls are in place to mitigate risks and vulnerabilities. Instead, NRCS designed risk assessment questionnaires to review the broad elements of internal control at the agency-level, but did not design them to identify program-specific risks—precisely the information the agency needs to improve its compliance-related activities. Without identifying its program risks and vulnerabilities, NRCS cannot ensure that appropriate controls are in place to mitigate those risks and vulnerabilities, and cannot prioritize its compliance activities to ensure they address areas posing the greatest risk to its conservation programs, such as eligibility, payment accuracy, conservation compliance, and land valuation.

According to *OMB Circular A-123*, managers should define the control environment (e.g., programs or operations) and then perform a risk assessment to identify the most significant areas within that environment in which to place or enhance internal controls. However, a precondition to conducting a risk assessment is the establishment of objectives, so that managers can identify the risks to their achievement and take necessary actions to manage them. A clear set of operations objectives and strategies, linked to sub-objectives, is fundamental to success because such objectives provide a focal point toward which the entity will commit substantial resources.<sup>20</sup>

Since 2008, however, OIG reviews have shown that NRCS program are subject to serious vulnerabilities in areas such as participant eligibility, conservation compliance, and the accurate determination of land values.

- In August 2008, OIG reviewed WRP and found that NRCS was not monitoring producers to verify that they complied with the conservation easement agreements they had signed. NRCS did not annually monitor 134 of 153 of our sampled WRP easements (88 percent); we reviewed 92 of the 153 easements and found violations on 37 (40 percent).<sup>21</sup>
- In June 2009, OIG reviewed CSP and found that NRCS awarded more than half of its contracts to producers who were not, in fact, eligible for the contract. Of the 75 producers in our sample, 38 were ineligible and received \$1.2 million over the first 2 years of the contract, and would have been paid \$4.3 million over the life of the contracts.<sup>22</sup>
- In July 2009, OIG reviewed the Farm and Ranch Lands Protection Program (FRPP) and found that this program was vulnerable because cooperators were able to ask landowners to pay widely varying (and inequitable) costs. While cooperators may solicit donations from landowners for costs associated with procuring and maintaining easements (such as

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<sup>20</sup> Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control—Integrated Framework*, May 1994.

<sup>21</sup> *NRCS Wetlands Reserve Program: Wetlands Restoration and Compliance*, (Audit 10099-0004-SF, August 2008).

<sup>22</sup> *NRCS Conservation Security Program*, (Audit 10601-0004-KC, June 2009).

stewardship or appraisal costs), some landowners paid nothing, yet one paid over \$150,000.<sup>23</sup>

- In September 2011, OIG again reviewed FRPP and found that the program was vulnerable because a State office accepted land appraisals, even though they did not meet standards or were unsupported. Since these appraisals were then used to establish purchase prices for easements, we questioned more than \$1.5 million NRCS paid for these easements.<sup>24</sup>

These reviews point to the type of program vulnerabilities that a well-designed risk assessment should emphasize. Ultimately, an integrated and comprehensive compliance strategy would target these areas for additional scrutiny.

NRCS officials stated that they are aware that they should perform a risk assessment of the agency's program operations, but the agency's two attempts to design an effective risk assessment have not succeeded. In 2011, following discussions with OIG, officials at NRCS began the risk assessment process by developing risk assessment questionnaires. They used GAO's Internal Control Management and Evaluation Tool as a guide to develop questionnaires to assess the five standards of internal control, including control environment, risk assessment, control activities, information and communications, and monitoring.

Initially, the Compliance Division sent these risk assessment questionnaires to two States, but it found that results were inconclusive because the risk assessments did not identify what controls were in place. The division revised the questionnaires to gather more information to identify what controls were in place and provided them to the 10 States (or territories) where they planned to conduct compliance reviews for FY 2012 and to each of the deputy areas.

However, even after revisions, the questionnaires are not appropriately designed to ensure that NRCS identifies its risks and vulnerabilities and has controls in place to mitigate them. Specifically, the questionnaires do not require staff to identify specific risks and vulnerabilities faced by programs, such as eligibility and payment accuracy, or identify what controls are in place or needed to mitigate those risks and vulnerabilities. The questionnaires, instead, ask the State Conservationist (or Deputy) to respond to a statement such as:

"Appropriate policies, procedures, techniques, and mechanisms exist with respect to State's (or agency) activities" by assessing the:

- probability of the risk occurring ("almost certainly," "likely," or "unlikely");
- impact of the risk ("high," "moderate," or "low" for the States and "critical," "major," or "manageable" for deputy areas); and
- control effectiveness ("good," "fair," or "poor").

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<sup>23</sup> *NRCS Farm and Ranch Lands Protection Program: Review of Non-Governmental Organizations*, (Audit 10099-0006-SF, June 2009).

<sup>24</sup> *Controls Over the Farm and Ranch Lands Protection Program in Michigan*, (Audit 10099-0003-Ch, September 2011).

The State Conservationist (or Deputy) is then to identify in the comment box any policy that addresses the question.

To facilitate completion of the risk assessment, NRCS utilized GAO's guidance and defined for the agency's purposes the probability of a risk occurring, the impact of the risk, and the effectiveness of the control. For example, for its deputy areas, NRCS defines "critical" risk of impact as a "disaster with potential to lead to dissolution of part of the agency, negative statewide or even national news headlines, or reassignment of core programs to other agencies;" "major" means "a negative event which, with proper management, will be endured;" and "manageable" means "significant event which can be managed under normal circumstances."

However, because these questions and their answers were not specific to any given program within NRCS and did not require NRCS officials to identify specific risks or vulnerabilities that might prevent a program from achieving an intended objective, the responses from these questionnaires will be of limited usefulness for performing a risk assessment of its program operations. We concluded that the questionnaires were not appropriately designed to ensure that NRCS identified its risks and vulnerabilities and had controls in place to mitigate them.

When we spoke to an NRCS official about our concerns, she acknowledged that NRCS had not conducted a risk assessment of program operations. Instead, she stated that the agency began the risk assessment process by developing a questionnaire for the States and deputy areas that assesses the five elements of internal control at the agency level, not at the program level. The official agreed that it would be beneficial if the risk assessments focused on specific risks associated with the programs.

Until NRCS performs a risk assessment of its program operations, it cannot ensure that appropriate controls are in place to mitigate those risks and vulnerabilities and cannot prioritize its compliance activities to ensure they address those areas posing the greatest risk to its conservation programs. A well-designed risk assessment focused on actual program vulnerabilities should form the foundation for an integrated, comprehensive strategy for compliance.

#### **Recommendation 4**

Conduct an indepth risk assessment of program operations, in accordance with *OMB Circular A-123*, to identify specific areas where controls may need to be developed or improved.

#### **Agency Response**

In its January 25, 2013, response, NRCS stated,

NRCS agrees that the assessment of risks is critical to its implementation of successful internal controls and asserts that it has on-going risk assessments of its program operations through which NRCS develops and continually improves the internal controls of its programs. In furtherance of implementation of a final comprehensive compliance strategy, NRCS will integrate on-going risk

assessment of program operations that the agency is currently performing, into a coordinated assessment of internal and external risks consistent with *OMB Circular A-123*.

All agency areas involved in compliance activities will assist with the actions necessary to conduct an in-depth risk assessment in a coordinated fashion. Representatives from the Compliance Division, Oversight and Evaluation, Chief Financial Officer, and Deputy Chief for Programs will initiate a risk assessment of program operations in accordance with the policies and procedures that will be outlined in its integrated, comprehensive compliance strategy.

NRCS expects to complete this by December 31, 2013.

### **OIG Position**

We accept management decision.

## **Finding 4: NRCS Needs to Focus its Compliance Reviews on Likely Areas of Noncompliance**

NRCS' compliance reviews did not independently verify if recipients of program payments were eligible for the program, if program payments were accurate, if participants were complying with their conservation agreements, or if easements were valued correctly—the type of vulnerabilities that prior OIG reports have identified as problematic. This occurred because NRCS compliance reviews looked only at the documentation in the file, and did not substantiate that documentation with independent support. Unless they were based on a well-designed risk assessment, NRCS' compliance reviews could not focus on the most significant program vulnerabilities. Without more indepth reviews, NRCS cannot effectively ensure the integrity of its \$3.6 billion in program expenditures, nor can it ensure that its resources are efficiently and effectively used to identify fraud, waste, and abuse in its conservation programs.

OMB requires that, along with assessing risks, management identify and put into effect control activities to address the risks.<sup>25</sup> Control activities must be evaluated in the context of management directives to address risks associated with established objectives for each significant activity. Higher priority risks should be evaluated more often and in greater depth than lower priority risks.<sup>26</sup> We found that compliance reviews are not focused on areas of higher priority program risks, but rather are based on the agency-level material weaknesses identified during the financial statement audits.

OIG reviews have shown that NRCS has a long-standing need to improve the quality of its internal review process. For example, a June 2009 CSP audit found that NRCS reviews was not indepth enough to validate or verify initial eligibility determinations. As a result, NRCS paid over \$1.4 million in 2006 and 2007 for 38 questionable contracts.<sup>27</sup> By performing a more detailed analysis of these contracts, using independent verification, OIG was able to identify serious risks and vulnerabilities in how NRCS determined program eligibility and issued payments. Likewise, in the July 2009 FRPP audit, OIG found that NRCS had not implemented an effective management control system to monitor cooperators' compliance with program rules and to ensure that landowners were treated equitably. NRCS assumed participating cooperators followed the rules, instead of taking steps to ensure that they did.<sup>28</sup> Finally, in the September 2011 FRPP audit, OIG found that an NRCS State office did not adequately verify the accuracy of appraisals before purchasing easements.<sup>29</sup>

In response to the Improper Payments Elimination and Recovery Act and Improper Payments Information Act (IPIA)—two initiatives that sought to decrease the amount of improper payments—OIG assessed how well NRCS was reviewing program payments. We found, for

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<sup>25</sup> *OMB Circular A-123, Management's Responsibility for Internal Control*, December 21, 2004.

<sup>26</sup> Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control—Integrated Framework*, December 2011.

<sup>27</sup> *NRCS Conservation Security Program*, (Audit 10601-0004-KC, June 2009).

<sup>28</sup> *NRCS Farm and Ranch Lands Protection Program: Review of Non-Governmental Organizations*, (Audit 10099-0006-SF, July 2009).

<sup>29</sup> *Controls Over the Farm and Ranch Lands Protection Program in Michigan*, (Audit 10099-0006-Ch, September 2011).

example, that when NRCS tested for improper payments in NRCS' Farm Security and Rural Investment Act Programs, NRCS did not adequately validate eligibility.<sup>30</sup> NRCS created a single review form for all programs that did not reflect the unique requirements of each program. By excluding verification of eligibility from its improper payments review, NRCS did not fully address one of the highest risk areas for improper payments.

In another audit, OIG looked closely at 17 payments that NRCS had already reviewed as part of its sample for IPIA. NRCS had concluded that those payments were correct. We found, however, that 11 of the 17 payments did not have sufficient documentation to support the determination that the participant was eligible.<sup>31</sup> For 7 of the 11 cases, NRCS did not review eligibility at all. For the other four cases where NRCS did review eligibility, the agency did not review adequate documents to support its determination. By reviewing improper payments in greater depth, OIG was able to identify areas of vulnerability and question the accuracy of NRCS' FY 2011 improper payment estimate.

Based on this history of conducting reviews that were not in depth enough to verify eligibility or other likely areas of vulnerability, OIG concluded that NRCS needs to improve the quality of its internal reviews. However, this review found that, to date, NRCS' template for reviews is not in depth enough to focus on likely problems. In FY 2012, when NRCS' Compliance Division began conducting its compliance reviews, the division created a draft template containing questions to be used during each review to ensure consistent coverage in all States. We evaluated the questions and concluded that they focus more on file documentation or identifying what controls are in place than on verifying program eligibility or ensuring the accuracy of payments. The template poses questions such as, "Duplicate payments are prevented?" and "What actions and documentation has the field office done to determine the producer meets the eligibility requirements?" Answering these questions does not involve reviewing particular program participants for eligibility, particular program payments for accuracy, or provide specific steps to identify duplicative payments. Likewise, determining what actions the field office has done or what documentation it has reviewed does not provide information regarding whether the participant was actually eligible. Because these reviews do not focus on performing specific steps to address critical risks and vulnerabilities in the programs, we concluded that they will provide limited benefit to NRCS in ensuring whether its existing control activities are effective.

When we spoke to an NRCS official about how the agency's compliance reviews are designed, she agreed that the agency's current compliance reviews do not focus on eligibility or improper payments, and that the compliance reviews could be more focused on improving the agency's control activities.

With more focused reviews, NRCS can more effectively ensure the integrity of its \$3.6 billion in program expenditures. Once NRCS identifies its program risks and vulnerabilities and revises its control activities, including its compliance reviews, to ensure that those reviews are effectively designed, NRCS will need to periodically monitor those controls. This monitoring should ensure

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<sup>30</sup> *U.S. Department of Agriculture FY 2011 Improper Payments Elimination and Recovery Act of 2010 Compliance Review*, (Audit 50024-0001-11, March 2012).

<sup>31</sup> *FY 2011 NRCS Improper Payment Review*, (Audit 10024-0001-11, May 2012).



that control activities continue to be relevant and effective in addressing NRCS' program risks and vulnerabilities.

## **Recommendation 5**

Develop, after the agency identifies its high-priority risk areas, compliance reviews to focus on key areas, such as eligibility, payment accuracy, conservation compliance, and land valuation, and ensure that these reviews help identify program noncompliance and promote the effective and efficient use of program resources. The compliance reviews shall include steps to independently validate or verify the areas tested for compliance.

## **Agency Response**

In its January 25, 2013 response, NRCS stated,

After the risk assessment of program operations noted in Recommendation 4 is completed, NRCS will update its program review to focus on the recommended areas ensuring that compliance reviews adequately address higher priority risks and include substantive testing to independently validate areas tested for compliance.

NRCS expects to complete this by March 31, 2014.

## **OIG Position**

We accept management decision.

## Scope and Methodology

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We assessed NRCS' oversight and compliance activities from October 2009 through March 2012. We performed fieldwork at NRCS Headquarters in Washington, D.C.; the O&E office in Fort Worth, Texas; and the Texas and North Carolina State offices.<sup>32</sup> We performed the fieldwork from August 2011 through August 2012.

To accomplish our audit objective we:

- Reviewed applicable laws, regulations, policies, and procedures governing oversight and compliance activities.
- Examined prior audits conducted by OIG and GAO to identify deficiencies disclosed and corrective actions implemented.
- Reviewed NRCS' strategic and annual plans to identify the agency's goals, initiatives, and performance measures as they relate to oversight and compliance.
- Examined NRCS' documented internal control structure for administering oversight and compliance activities.
- Interviewed NRCS national officials to determine their roles and responsibilities for oversight and compliance including: Regional Conservationists, Deputy Chief for SPA, Chief Financial Officer, and Director of Compliance.
- Interviewed the Compliance Division staff to discuss their responsibilities and evaluated the draft compliance strategy and effectiveness of the risk assessment process.
- Interviewed program officials to identify the overall internal control mechanisms for the programs including: the Director for Financial Assistance Programs, Director for Easements Programs, and Acting Director for Conservation Technical Assistance Programs.
- Interviewed O&E officials to determine their roles and responsibilities, evaluate their processes for conducting reviews, and examine their reviews and studies conducted.
- Interviewed State officials to evaluate the compliance and oversight conducted by the State and field levels.
- Reviewed tools (i.e., manuals, forms, and checklists) used to administer and facilitate oversight and compliance activities at the national and State levels.
- Evaluated the compliance reviews conducted by the Compliance Division, reviews conducted by O&E, and State quality assurance reviews.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>32</sup> We judgmentally selected Texas because we were visiting the O&E office in Fort Worth, Texas, and we judgmentally selected North Carolina, due to the location of our audit staff in Raleigh, North Carolina. This selection also permitted us to review the activities of two different NRCS regions with different types of conservation programs.



## Abbreviations

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CSP .....	Conservation Security Program
FMD .....	Financial Management Division
FRPP .....	Farm and Ranch Lands Protection Program
FY .....	Fiscal Year
GAO .....	Government Accountability Office
IPIA .....	Improper Payment Information Act
NRCS .....	Natural Resources Conservation Service
OIG .....	Office of Inspector General
OMB .....	Office of Management and Budget
O&E .....	Oversight and Evaluation
SPA .....	Strategic Planning and Accountability
WRP .....	Wetlands Reserve Program

## Exhibit A: Desirable Strategy Characteristics

This exhibit outlines a set of six desirable characteristics for strategies.<sup>33</sup> The characteristics are presented in the chart below, along with a brief description and the benefit of each characteristic.

Characteristic	Description	Benefit
Purpose, scope, and methodology	Addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed.	A complete description of the purpose, scope, and methodology in a strategy could make the document more useful to entities it is intended to guide, as well as to oversight organizations, such as Congress.
Problem definition and risk assessment	Addresses the particular problems and threats the strategy is directed towards.	Use of common definitions promotes more effective intergovernmental operations and more accurate monitoring of expenditures, thereby eliminating problematic concerns. Comprehensive assessments of vulnerabilities, including risk assessments, can help identify key factors external to an organization that can significantly affect that organization's attainment of its goals and objectives and can help identify risk potential if such problem areas are not effectively addressed.
Goals, subordinate objectives, activities, and performance measures	Addresses what the strategy is trying to achieve, steps to achieve those results, as well as the priorities, milestones, and performance measures to gauge results.	Better identification of priorities, milestones, and performance measures can aid implementing entities in achieving results in specific time frames – and could enable more effective oversight and accountability.
Resources, investments, and risk management	Addresses what the strategy will cost, the sources and types of resources and investments needed, and where resources and investments should be targeted based on balancing risk reductions with costs.	Guidance on resource, investment, and risk management could help implementing entities allocate resources and investments according to priorities and constraints, track costs and performance, and shift such investments and resources as appropriate. Such guidance could also assist organizations in developing more effective programs to stimulate desired investments, enhance preparedness, and leverage finite resources.
Organizational roles, responsibilities, and coordination	Addresses who will be implementing the strategy, what their roles will be compared to others, and mechanisms for them to coordinate their efforts.	Inclusion of this characteristic in a strategy could be useful to organizations and other stakeholders in fostering coordination and clarifying specific roles, particularly where there is overlap, and thus enhancing both implementation and accountability.

<sup>33</sup> These six desirable strategy characteristics were taken from Appendix III of "National Capital Region: 2010 Strategic Plan is Generally Consistent with Characteristics of Effective Strategies," (GAO-12-276T, December 7, 2011).

<b>Characteristic</b>	<b>Description</b>	<b>Benefit</b>
Integration and implementation	Addresses how a strategy relates to other strategies' goals, objectives, and activities (horizontal integration), and to subordinate levels of government and their plans to implement the strategy (vertical integration).	Information on this characteristic in a strategy could build on the aforementioned organizational roles and responsibilities – and thus further clarify the relationships between various implementing entities, both vertically and horizontally. This, in turn, could foster effective implementation and accountability.



**USDA'S  
NATURAL RESOURCES CONSERVATION  
SERVICE'S  
RESPONSE TO AUDIT REPORT**





Natural Resources Conservation Service  
P.O. Box 2890  
Washington, D.C. 20013

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Date: January 25, 2013

SUBJECT: Natural Resources Conservation Service's (NRCS) Response to Audit Report  
10601-0001-22 Oversight and Compliance Activities

TO: Gil H. Harden  
Assistant Inspector General for Audit  
Office of the Inspector General

File Code: 340

THROUGH: Jason A. Weller  
Acting Chief

This memorandum responds to the United States Department of Agriculture Office of the Inspector General's (OIG) memorandum, dated November 26, 2012, which transmitted the audit findings and the recommended actions resulting from the audit of the Natural Resources Conservation Service's (NRCS), Oversight and Compliance Activities conducted August 2011 through August 2012. NRCS Leadership is committed to ensuring the actions we are implementing are sustainable and will strengthen our compliance program to ensure the integrity of NRCS program operations and effective use of resources to reduce the risk of fraud, waste, and abuse.

NRCS' Leadership recognizes the importance of a robust compliance program. Accordingly, the agency is moving resolutely to integrate and focus its compliance activities through a comprehensive, coordinated, agency-wide compliance strategy. Since the establishment of the Compliance Division in 2010, the agency has made significant progress.

NRCS looks forward to further integrating the agency's compliance functions, and the agency has a strong foundation from which to build such an integrated compliance strategy. A detailed list of compliance activities by area is included in Appendix A. The following highlights show the agency's increasing focus on the critical importance of compliance over the past several years.

- Quality Assurance Compliance Reviews led by the Strategic Planning and Accountability's Compliance Division are performed annually to evaluate the effectiveness of administrative functions and the adequacy of management controls, program delivery, and implementation of technical standards. NRCS conducted reviews in seven States and related field offices during fiscal year (FY) 2012 and will conduct reviews in eight States and their corresponding field offices during FY 2013.

- The Oversight and Evaluation (O&E) Division conducts onsite reviews of State and field offices to assess quality, accountability, effectiveness, and consistency in the delivery of conservation assistance. Over the past 2 years, O&E conducted 26 reviews and will conduct 6 reviews in FY 2013.
- The Chief Financial Officer – Quality Assurance (QA) Division completes an annual assessment of the agency’s internal controls and issues a statement of assurance to the President and Congress on the effectiveness of internal controls over programmatic and financial operations in accordance with the Federal Managers’ Financial Integrity Act of 1982. The QA Division also completes an annual review of A-123 internal controls. In FY 2012, QA completed and tested A-123 documentation for reimbursable agreements, grants management, and human resources management cycles. QA is following Department guidance for A-123 internal control documentation and testing for the same cycles and financial management. The QA Division will test 120 samples to separately include contracts issued through ProTracts and those issued outside of ProTracts.
- The Programs Deputy Area conducts numerous oversight and compliance review activities, including program specific reviews, independently and in consultation or collaboration with the Chief Financial Officer, O&E Division, Compliance Division, and others. These reviews include, but are not limited to NRCS’ Easements Programs, Technical Service Provider Program, Environmental Quality Incentives Program, and Conservation Stewardship Program. Additionally, the Programs Deputy Area conducts continuous analysis of its program data to ensure its accuracy and to identify areas at risk.

NRCS will continue to focus its resources on strengthening the agency’s overall compliance function, ensuring accountability for all compliance and oversight activities and the timely implementation of effective internal controls. In the attached, NRCS has specified how it will address each of the recommended actions in the November 26 audit report and the proposed action date for implementation.

These actions demonstrate the agency’s commitment to ensuring that controls are in place to support the agency’s strategic goals of: (1) getting more conservation on the ground; (2) increasing organizational effectiveness and efficiency; and (3) creating a climate where private lands conservation can thrive, while maintaining accountability throughout the agency’s programs. We look forward to working with OIG to implement the management actions identified in our response.

If you have any questions, please contact Leon Brooks, Director, Compliance Division, at (301) 504-2190.

/s/ Janet Perry for

Lesia A. Reed  
Deputy Chief  
Strategic Planning and Accountability

Attachments

cc:

Jane Hardisty, Acting Associate Chief for Operations, NRCS, Washington, D.C.  
Leonard Jordan, Acting Associate Chief for Conservation, NRCS, Washington, D.C.  
Astor Boozer, Regional Conservationist, West, NRCS, Washington, D.C.  
Thomas W. Christensen, Regional Conservationist, Central, NRCS, Washington, D.C.  
Richard Sims, Regional Conservationist, Northeast, NRCS, Washington, D.C.  
J. R. Flores, Acting Regional Conservationist, Southeast, NRCS, Washington, D.C.  
Anthony J. Kramer, Deputy Chief, Programs, NRCS, Washington, D.C.  
Stephen Kunze, Chief Financial Officer, NRCS, Washington, D.C.  
Paula Bohnwagner, Director, Quality Assurance Division, NRCS, Washington, D.C.  
Leon Brooks, Director, Compliance Division, NRCS, Washington, D.C.  
Chris Tippie, Director, Oversight and Evaluation Division, NRCS, Washington, D.C.  
Ernest M. Hayashi, Director, Farm, Trade, Research and Environment Division, Office of  
the Inspector General, USDA, Washington, D.C.

## **NRCS Response to Official Draft Report for Audit Report 10601-0001-22 Natural Resources Conservation Service's Oversight and Compliance Activities**

### **Background Information:**

The Natural Resources Conservation Service (NRCS) appreciates the dialogue with the Office of the Inspector General (OIG) that has occurred throughout the audit process and the opportunity to comment on the official draft. This response outlines compliance improvements NRCS intends to achieve in order to address the recommendations outlined by OIG. OIG asserts that NRCS did not (1) design its organizational structure to maximize the effectiveness of its compliance reviews; (2) perform a meaningful risk assessment to identify specific program risks; or (3) design specific compliance reviews to focus on likely program risks and vulnerabilities, such as whether participants are eligible for the programs or whether program payments are accurate. OIG concludes that NRCS cannot be certain that producers receiving program payments are eligible, that they are complying with their conservation agreement provisions, and that the agency's resources are being utilized efficiently and effectively. While OIG acknowledges that NRCS has developed a draft compliance strategy, it asserts that the strategy is insufficient.

NRCS managers strive to ensure a balance between the strength of controls and the relative risk associated with particular programs and operations. In the last several years, NRCS has effectively utilized compliance activities to institute improvements to its program policies and procedures furthering the ability to address issues of program non-compliance and to ensure program funds are provided to eligible participants to achieve program goals and objectives.

NRCS has incorporated these policy and procedural improvements into its automated systems, thus ensuring program integrity while allowing its field personnel to focus upon addressing the natural resource concerns of NRCS customers. For example, NRCS has made great advances in strengthening internal controls for its financial assistance programs achieved through ProTracts, and internal controls will be improved even further through the National Easement Staging Tool (NEST). Additionally, NRCS is actively developing the Conservation Delivery Streamlining Initiative (CDSI) as a more effective and efficient business model for delivering conservation assistance. All of these automated tools streamline program delivery, incorporate essential internal controls, and are integral components of the NRCS comprehensive integrated compliance strategy.

NRCS recognizes the importance of strong internal controls and the critical role compliance plays in ensuring the integrity of NRCS programs designed to getting more conservation practices on the ground. Accordingly, as identified in A-123, NRCS' compliance reviews include tools designed specifically to "to help program and financial managers achieve results and safeguard the integrity of their programs." NRCS believes that it strives to integrate appropriate internal control into each system it establishes to guide its operations, including integrating internal controls in the design of its recent reorganization efforts. In the last several years, NRCS has specifically focused upon incorporating internal controls in the entire cycle of planning, budgeting, management, accounting, and auditing to support the effectiveness and the integrity of every step of the NRCS program operations process. NRCS will continue its efforts to strengthen its compliance activities ensuring the agency has the appropriate review coverage and appropriate authorities to ensure timely corrective actions are taken to resolve findings.

The agency's response to the specific recommendations and requested corrections to the official draft are provided below.

**OIG Recommendation 1:**

Develop and implement a comprehensive, integrated compliance strategy incorporating clear and measurable goals, objectives, and performance measures for all compliance and oversight activities. This strategy should help ensure that NRCS has effective internal controls to identify program noncompliance, prevent fraud, waste, and abuse, and ensure that resources are effectively and efficiently allocated.

**NRCS Response:**

To improve the integrity of internal controls within the agency, NRCS will develop and implement a well-defined integrated compliance strategy that is consistent with *OMB Circular A-123* and GAO's desirable characteristics outlined in Exhibit A of the *OIG Audit Report*, and aligned with the NRCS Strategic Plan 2011 – 2015. The strategy will be ongoing and updated periodically as needed. The development process will include planning sessions to identify and document current activities, performance metrics, and other key components.

In addition, the Compliance Division, along with Oversight and Evaluation, will facilitate processes to:

- Establish a standing oversight committee that meets periodically to assess agency progress in identifying agency risks, developing a compliance strategy to assess such risks, and evaluates progress in resolving audit findings through agency adoption of effective internal controls;
- Report quarterly on the status of actions to the Associate Chief;
- Maintain and enhance the review tracking system to monitor the progress of corrective action plans;
- Monitor and report periodically on trends in compliance approaches, strategies, and activities;
- Collaborate on compliance structures, systems and management, and staff skills and training;
- Develop and maintain good practices as well as develop discussion papers on emerging trends and innovative approaches; and
- Develop and implement a survey for customer feedback.

Estimated completion date: December 31, 2013

**OIG Recommendation 2:**

Delegate to one entity the authority for compliance and oversight and for ensuring that corrective action is timely and appropriate.

**NRCS Response:**

NRCS will designate the Associate Chief to have oversight responsibility for directing and monitoring all compliance activities that span the agency and for ensuring that corrective actions are timely and appropriate. Oversight responsibilities will be included in the compliance strategy as described in our response to Recommendation 1. NRCS will also evaluate roles and responsibilities for other senior-level staff and designate responsibilities as a part of the integrated compliance strategy.

Estimated completion date: June 30, 2013

**OIG Recommendation 3:**

Restructure the organization so that the entity established above is independent, can ensure appropriate review coverage, and require timely and appropriate corrective action.

**NRCS Response:**

NRCS concurs in the need for independence on the part of the authority responsible for compliance and oversight and ensuring that corrective actions are timely and appropriate. The agency contends that by designating the Associate Chief to fulfill this responsibility it has met these objectives, therefore eliminating the need for restructuring the organization.

Estimated completion date: June 30, 2013

**OIG Recommendation 4:**

Conduct an in-depth risk assessment of program operations, in accordance with *OMB Circular A-123*, to identify specific areas where controls may need to be developed or improved.

**NRCS Response:**

NRCS agrees that the assessment of risks is critical to its implementation of successful internal controls and asserts that it has on-going risk assessments of its program operations through which NRCS develops and continually improves the internal controls of its programs. In furtherance of implementation of a final comprehensive compliance strategy, NRCS will integrate on-going risk assessment of program operations that the agency is currently performing, into a coordinated assessment of internal and external risks consistent with *OMB Circular A-123*.

All agency areas involved in compliance activities will assist with the actions necessary to conduct an in-depth risk assessment in a coordinated fashion. Representatives from the Compliance Division, Oversight and Evaluation, Chief Financial Officer, and Deputy Chief for Programs will initiate a risk assessment of program operations in accordance with the

policies and procedures that will be outlined in its integrated, comprehensive compliance strategy

Estimated completion date: December 31, 2013

**OIG Recommendation 5:**

Develop, after the agency identifies its high priority risk areas, compliance reviews to focus on key areas, such as eligibility, payment accuracy, conservation compliance, and land valuation, and ensure that these reviews help identify program noncompliance and promote the effective and efficient use of program resources. The compliance reviews will include steps for an independent validation or verification of the areas tested for compliance.

**NRCS Response:**

After the risk assessment of program operations noted in Recommendation 4 is completed, NRCS will update its program review to focus on the recommended areas ensuring that compliance reviews adequately address higher priority risks and include substantive testing to independently validate areas tested for compliance.

Estimated completion date: March 31, 2014

# **NRCS Response to Official Draft Report for Audit Report 10601-0001-22 Natural Resources Conservation Service's Oversight and Compliance Activities**

## **Appendix A:**

NRCS has been proactive in developing a Quality Assurance Compliance Strategy, which is based on the Government Accountability Office's (GAO) five standards and is a streamlined approach to help the agency minimize risk, and establish, improve and maintain internal controls. The agency established the Compliance Division in fiscal year (FY) 2010, and it has been aggressive in implementing the compliance function and collaborating with other areas within the agency with responsibility for oversight activities. Compliance activities performed over the past 2 years by the Compliance Division, Oversight and Evaluation Division, Quality Assurance Division, and the Programs Deputy area are listed below by area.

### **Compliance Division**

- Developed a Compliance Strategy during FY 2011 and implemented the strategy in FY 2012;
- Developed and deployed risk assessments for NHQ and 10 States;
- Facilitated developing a Data Collection Tool, which establishes the minimum standards for assessing the agency's internal controls;
- The Quality Assurance Review Team, consisting of persons from the five National Headquarters (NHQ) Deputy Areas, conducted seven pilot reviews to: 1) evaluate the effectiveness of administrative functions, 2) evaluate the adequacy of management controls, 3) assess program delivery, and 4) evaluate implementation of technical standards using the Data Collection Tool.

### **Oversight and Evaluation Division**

#### **Fiscal Year 2010**

- Review of Data Completeness of Interim Easement Data Entry Tool
  - Quick review to determine if data transferred from the Wetland Reserve Program (WRP) Access Database into the Interim Easement Data Entry Tool was complete and accurate. Also determined timeframe for data corruption found in the database.
- Assessment of WRP and Emergency Watershed Protection Program – Floodplain Easement (EWPP-FPE) Restoration – Quick Response
  - Determined the quality of planning and implementation of WRP and EWPP-FPE wetland restoration.
- Monitoring of agency's use of American Recovery and Reinvestment Act (ARRA) funding
  - Determined if ARRA was being implemented in accordance with agency rules and regulations and in compliance with the provisions of ARRA and laws governing EWPP-FPE, Watershed and Flood Prevention Operations, and Watershed Rehabilitation programs.
- Assessment of Conservation Stewardship Program Implementation
  - Applications and contracts were reviewed to determine if implementation was in accordance with regulation, policy and procedure.
- Assessment of NRCS Administration of Appeals/Mediation and Equitable Relief
  - Determined if equitable relief was administered according to policy and if opportunities existed to reduce the number of equitable relief requests.



- Encumbrances on NRCS Easements
  - Analyzed how States address title encumbrances on properties being enrolled under NRCS Easement Programs and the potential impacts of these encumbrances on the conservation values.
- 2010 Program Delivery – New York, South Carolina, Arkansas, Iowa, Louisiana, Missouri, South Dakota, Arizona, Montana, Oregon
  - Determined if selected easement and financial assistance program documentation was according to NRCS policies, procedures and regulations.

## **Fiscal Year 2011**

- 2011 Program Delivery – Alabama, Georgia, Tennessee, Kansas, Mississippi, Nebraska, Texas, California, New Mexico, Wyoming
  - Determined if selected easement and financial assistance program documentation was according to NRCS policies, procedures and regulations. Second year of 5-year rotation.
- Payment Schedules - Review of Process and Accuracy of Cost Data
  - Determined if payment schedules have been developed according to established policy and guidelines, and determined the consistency of pay rates across State lines.
- Use of Conservation Practice 799 - Monitoring & Evaluation
  - Determined whether monitoring and evaluation within the Mississippi River Basin Healthy Watersheds Initiative was in accordance with Conservation Practice Standard 799 and other technical guidance.
- Pacific Islands Area Engineering Assistance
  - Assessed the engineering technical assistance provided to customers in the Pacific Island Area to determine if program delivery obstacles existed.
- Prairie Pothole States – Wetland Compliance Policy Consistency Phase I
  - Determined if wetland compliance policy was being followed in selected Prairie Pothole States.
- Michigan Easements Program
  - Determined whether the implementation and management of easement programs were compliant with policy.
- Maine – Assistance to Irrigation
  - Conducted in response to concerns expressed related to technical and financial assistance provided for irrigation practices. Determined if selected financial assistance programs were conducted according to NRCS policies, procedures and regulations.
- Mississippi – Assistance to Historically Underserved Clients
  - NRCS leadership in Mississippi proactively requested this study to address issues concerning assistance to historically underserved clients and determined the level of service to those clients and their status of participation in NRCS financial assistance programs. The study resulted in targeted assistance of an Outreach Coordinator to areas where there was potential disparity of participation by historically underserved as compared to white participants.
- Vermont – Assistance in South Zone
  - Performed to verify initial findings by the Vermont State office that certain Conservation Practices have been planned, applied, and funded within the Rutland Field Office which are not in compliance with NRCS regulations, policy, and guidance. This study identified various causes for contract irregularities and

resulted in implementation of series of management controls to resolve these issues in the subject field office and prevent occurrence Statewide.

- Technical Quality Assessment Pilot – Alabama
  - Pilot review to determine if technical assistance provided by NRCS in support of agency programs meets customer needs and is in accordance with agency policies.
- Corrective Action Plans – All States from Program Delivery Findings
  - O&E facilitated development of corrective action plans for all 50 States based on similar findings resulting from FY 2010 Program Delivery review. Provided quarterly progress reports to Regional Conservationists.

## **Fiscal Year 2012**

- 2012 Program Delivery – Alaska, Utah, Washington, Connecticut, Massachusetts, Rhode Island, Florida, North Dakota, Oklahoma, Kentucky, and Minnesota
  - Determined if selected financial assistance program documentation was according to NRCS policies, procedures and regulations. Third year of 5-year rotation.
- Corrective Action Plans (CAPs) – All States from Program Delivery Findings
  - O&E monitored corrective action plans developed from FY 2010 Program Delivery review. Updated CAPs for findings resulting from FY 2011 Program Delivery review. Provided quarterly progress reports to Regional Conservationists.
- Technical Quality Assessment - Washington, Kentucky, and Oklahoma
  - Determined if technical assistance provided by NRCS in support of agency programs meets customer needs and is in accordance with agency policies.
- Payment Schedule Comparative Analysis Study
  - Compared practices from the 2012 Regional Payment Schedules with 2011 State Payment Schedules to determine if costs could result in significantly different payments to clients.
- Prairie Pothole States – Onsite Wetland Determinations (Title changed to North Central Wetland Conservation Initiative)
  - Determined if wetland compliance policy was being consistently applied in selected States.
- National Headquarters Contracts and Acquisitions
  - Conducted a review of specific contract actions initiated by the NHQ Customer Service Division to determine if regulations, policies and procedures were followed.
- Conservation Stewardship Program (CSP) – Colorado
  - Participated with Financial Assistance Programs Division (FAPD) (National Headquarters) in a functional review of the Springfield, Colorado field office.
- Assistance to Caribbean Area
  - Conducted a follow-up review to determine if NRCS in the Caribbean Area made improper payments and to assess the level of conservation planning provided in order to identify training and support needs.
- Environmental Quality Incentives Program (EQIP) Contracts greater than \$150,000
  - Reviewed EQIP and Wildlife Habitat Incentive Program (WHIP) applications requiring the Regional Conservationists and Chief's approval for compliance with agency policy, procedures, and regulations.

## **Fiscal Year 2013**

- Program Delivery – 10 States (to be determined)

- To determine if selected financial assistance program documentation was according to NRCS policies, procedures and regulations. Fourth year of 5-year rotation. Details of this review are still in the development stage.
- Easements Programs - Accuracy, Completeness, Monitoring, and Restoration
  - To determine if funds associated with WRP and Farm and Ranch Lands Protection Program (FRPP) easements are obligated and disbursed in accordance with NRCS policies, procedures, and regulations.
- Technical Quality Assessment - Evaluate Technical Adequacy of Practices
  - To determine if technical assistance provided by NRCS in support of agency programs meets customer needs and is in accordance with Agency policies. Year two of on-going review.
- Prairie Pothole States – Onsite and Offsite Wetland Determinations
  - Continuation of review to determine if wetland compliance policy is being consistently applied in selected states.
- Corrective Action Plans – All States from Program Delivery Findings
  - O&E will monitor corrective action plans previously developed. CAPs will be updated for findings resulting from any review. Provide quarterly progress reports to Regional Conservationists.
- EQIP Contracts greater than \$150,000
  - Review EQIP and WHIP applications requiring Regional Conservationists and Chief's approval.

### **Financial Management Office – Quality Assurance Division**

- In FY 2012, followed Departmental guidance and testing protocol provided to agencies for A-123 internal control documentation and testing, which included Grants (ProTracts and Non-ProTracts).
- In FY 2012, completed and tested A-123 reporting narratives, business process, and flowcharts for all Department required cycles (reimbursable agreements, grants management, and human resources management) with the exception of financial reporting. Financial reporting was under audit remediation, and NRCS received an exception from the Department for this item.
- Completed narratives, business process, and flowcharts for the following non-required business cycles: purchase cards, fleet cards, procurement management, revenue and receivables, internal use software, laboratory and agriculture furniture and equipment, leases, vehicles, easements, and information technology equipment.

### **Programs Deputy Area**

- Conducted numerous oversight and compliance review activities, in consultation or collaboration with Financial Management Division, O&E Team, Compliance Division, and others.
- In 2009, the Easement Programs Division (EPD) began holding monthly Net Conferences to relay important program implementation information to States in a timely fashion and provide feedback to common issues and questions. In 2012, these monthly gatherings were switched to Video Teleconference (VTC) providing more direct contact with States. Through these meetings, National programs staff became aware of various risks, including misunderstanding of policy requirements, etc.
- Implementation, maintenance, and management of easement data in the National Easement Staging Tool (NEST)
  - June 2010: WRP, Emergency Wetlands Reserve Program, and EWPP-FPE functionality deployed in NEST
  - July 2010: FRPP functionality deployed

- August 2010: Grasslands Reserve Program (GRP) and Healthy Forests Reserve Program (HFRP) functionality deployed. This was the first time that GRP or HFRP program information was ever tracked in a formal system.
- 2<sup>nd</sup> Quarter 2012: Implemented financial tracking screens in NEST to capture actions performed in the financial system of record (FFIS, FMMI) by financial management staff such as fund obligation. This information is entered directly in NEST by the same financial management staff completing the actions in the financial system.
- Accuracy and Completeness of easement data in NEST have been certified by States and spot checked by EPD through the use of the NEST rule checker, samples and uploaded documents, and other review of State data.
- EPD staff regularly attends and present information at the annual Land Trust Alliance Rally to provide the latest information to entities utilizing FRPP funds.
- In 2009, EPD held WRP specific net conference training and issued extensive program guidance to ensure adherence to the 2008 Farm Bill in program implementation.
- Revised and issued FRPP manual, providing clarification to FRPP processes during FY 2010. This new manual was accompanied by a Net based FRPP manual training.
- In December 2010, published revised WRP manual with updated guidance, exhibits, and templates.
- During FY 2011 (January-March), provided national training on the new WRP manual.
- June through November 2011, EPD staff provided regional on-site training sessions on WRP implementation.
- EPD has provided direct on-site reviews and assistance to requesting states (outside of Quality Assurance Review process) – States include Arkansas, Florida, and New Hampshire.
- In FY 2010, EPD re-organized internally to enhance easement compliance monitoring through the establishment of the Land Stewardship Team. This new team developed and implemented new and stricter annual compliance monitoring standards for all NRCS easements.
- EPD has been working to ensure that in FY 2013, NRCS will begin a remote monitoring process with the NRCS Remote Sensing Laboratories that utilize high resolution imagery specific to easements and an easement-tailed Geographic Information System product being developed by the National Geospatial Management Center. This new process will give NRCS the ability to quickly and efficiently identify potential easement violations remotely while also addressing emerging land management needs.
- During FY 2010-FY2012, specific guidance and training was provided to States for the implementation of the current cooperative agreement and an updated cooperative agreement template was provided to the States. EPD also worked closely with Grants and Agreements staff on the process and training for the FRPP Cooperative Agreements.
- In FY 2012, NRCS implemented a Certification Process for FRPP cooperating entities.
- In FY 2012, EPD implemented enhancements to the FRPP Deed Review Process, which included a new deed review checklist to be completed by State Program Managers that lists key policy requirements and due diligence documents.
- EPD conducted easement completeness reviews in the following States in FY 2011: Delaware, Pennsylvania, New York, and South Carolina.
- During FY 2011 and FY 2012, EPD staff traveled to site visits with Financial Auditors and completed EPD's own quality assurance efforts. States visited included: Maryland, West Virginia, North Carolina, Missouri, Nebraska, Minnesota, Louisiana, Iowa, Texas, Washington, and California. The quality assurance activities included completeness of easements, accuracy of data, and a review of overall easement implementation.

- FY 2012, working with financial management staff through an Audit Remediation contract, EPD conducted six quality assurance reviews. (Connecticut, Maine, Ohio, Tennessee, Wisconsin, and Wyoming).
- The Technical Service Provider (TSP) team conducted a Quality Assurance Administrative Review of TSP Program in Colorado, June 2012. The team reviewed TSP work, interviewed NRCS staff about TSP Program use in four field offices, interviewed TSPs and landowners about program use and accomplishments.
- The TSP Team reviewed TSP agreements and initiated process to remove TSPs from TechReg registry who have expired TSP certification Agreements. Process will extend into FY 2013 with completion anticipated by May 2013.
- The TSP Team evaluated concerns related to a TSP development of a Comprehensive Nutrient Management Plan (CNMP), and as a result, one TSP was decertified and the TSP entity was required to implement a CNMP policy review prior to any CNMPs being developed for future use.
- In addition to the reviews the TSP Team will conduct in conjunction with the National Quality Assurance Review scheduled through SPA in FY 2013, the TSP team will conduct quality assurance reviews in two to four States related to the use of TSPs and TSP program.
- In FY 2012, Deputy Chief for Programs staff conducted a South Carolina functional review of EQIP program implementation through review of State office files, field office files, and site visits.
- In FY 2012, Deputy Chief for Programs staff conducted functional review of the Springfield Colorado field office for program implementation of EQIP and Conservation Stewardship Program, resulting in referral of issues to the Office of the Inspector General for investigation.
- In FY 2012, EQIP, CSP, Agricultural Management Assistance program, WHIP, and all Initiatives run through ProTracts-- Conservation program contract administration activities are monitored on a monthly basis through several ProTracts reports. State and regional summaries are provided as a scorecard to the Regional Conservationists office.
- The FAPD conducts periodic national Video Teleconferences (VTC) to review any policy and guidance updates, changes to the business tool processes, and holds a question and answer session to implement the current year programs. All sessions are recorded and made available to all NRCS employees implementing financial assistance programs.
- In FY 2012, FAPD hosted three national VTCs to provide FY 2013 program information and guidance. Updates include any policy changes and a review of guidance to implement financial assistance programs.

#### Program Abbreviations:

AMA – Agricultural Management Assistance

CSP – Conservation Stewardship Program

EPD – Easement Programs Division

EQIP – Environmental Quality Incentives Program

EWPP –FPE – Emergency Watershed Protection Program – Flood Plain Easement

EWRP – Emergency Wetlands Reserve Program

FRPP – Farm and Ranch Lands Protection Program

GRP – Grassland Reserve Program

HFRP – Healthy Forest Reserve Program

TSP – Technical Service Provider  
WHIP – Wildlife Habitat Incentive Program  
WRP – Wetlands Reserve Program

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