



NRCS Regional Conservation Partnership Program Controls

Audit Report 10601-0004-31

OIG assessed the RCPP proposal review process and the adequacy of NRCS' controls over RCPP partner reimbursement and adherence to RCPP provisions.

OBJECTIVE

Our objective was to assess NRCS' RCPP proposal review process and to determine the adequacy of NRCS' controls over RCPP partner adherence to RCPP provisions, including the reimbursement of RCPP partner expenses.

REVIEWED

We reviewed applicable laws, regulations, and agency procedures concerning the administration of RCPP for FYs 2014 through 2016 and supporting documentation for payments made to RCPP partners by the two sampled State offices, interviewed NRCS RCPP officials, and verified payment transaction data for the selected samples.

RECOMMENDS

NRCS should develop and implement guidance, policies, and procedures and a formal national oversight process to assess State and partner compliance; as well as review payments made without adequate documentation and recover any payments made for ineligible expenses.

WHAT OIG FOUND

The 2014 Farm Bill created the Regional Conservation Partnership Program (RCPP), a partner-driven, locally-led approach to conservation. Through RCPP, the Natural Resources Conservation Service (NRCS) co-invests with partners to benefit agricultural operations. RCPP partners develop project proposals to address specific natural resource objectives.

The Office of Inspector General (OIG) found that NRCS did not always effectively administer or oversee RCPP. We identified inconsistencies regarding the program's administration. Specifically, NRCS inconsistently implemented the RCPP proposal review process because the agency did not issue formal guidance for reviewing or scoring proposals. We also identified documentation retention issues because NRCS did not provide formal guidance stating what documentation from the proposal review process should be retained.

In addition, we found that NRCS' national office did not have a formal oversight process. For fiscal years (FY) 2014 through 2016, we determined that NRCS had selected a total of 199 projects for which it would establish partnership agreements. However, NRCS was not tracking partner contributions and does not know how much partners have actually contributed. We also found that partners were not always submitting annual reports as required. Further, NRCS does not have formal guidance that includes language describing the approval process for an Alternative Funding Arrangement partnership agreement. NRCS concurred with our finding and recommendations, and we have accepted management decision for two of the four recommendations.



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



DATE: June 28, 2018

AUDIT
NUMBER: 10601-0004-31

TO: Leonard Jordan
Acting Chief
Natural Resources Conservation Service

ATTN: Leon Brooks
Director
Compliance Division

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: NRCS Regional Conservation Partnership Program Controls

This report presents the results of the subject audit. Your written response, dated June 4, 2018, is included in its entirety at the end of the report. Excerpts from your response and the Office of Inspector General's position are incorporated in the relevant sections of the report. Based on your written response, we are able to accept management decision on Recommendations 1 and 2. However, we are unable to accept management decision on Recommendations 3 and 4. The information needed to reach management decision on the recommendations is set forth in the OIG Position section following each recommendation.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and timeframes for implementing the recommendations for which management decisions have not been reached. Please note that the regulation requires management decision to be reached on all recommendations within 6 months from report issuance, and final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal agency procedures in forwarding final action correspondence to Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.

Table of Contents

Background and Objectives	1
Section 1: Adequacy and Effectiveness of NRCS' RCPP Controls.....	3
Recommendation 1	7
Recommendation 2	8
Recommendation 3	8
Recommendation 4	9
Scope and Methodology.....	10
Abbreviations	12
Exhibit A: Summary of Monetary Results	13
Agency's Response	15

Background and Objectives

Background

The Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) works with farmers, ranchers, and private forest landowners nationwide to identify and address natural resource objectives in balance with operational goals to benefit soil, water, wildlife, and related natural resources locally, regionally, and nationally.

The 2014 Farm Bill¹ created the Regional Conservation Partnership Program (RCPP), a partner-driven, locally-led approach to conservation. Through RCPP, NRCS co-invests with partners to benefit farming, ranching, and forest operations. RCPP partners develop project proposals to address specific natural resource objectives in a particular area or region.²

NRCS delivers RCPP assistance through the authorities of the following four "covered programs": the Environmental Quality Incentives Program, the Conservation Stewardship Program, the Agricultural Conservation Easement Program, and the Healthy Forests Reserve Program. In certain geographic areas, RCPP assistance can also be delivered through the Watershed Protection and Flood Prevention program. NRCS provides financial and technical assistance to project participants in accordance with the authorities and rules of the covered programs. NRCS and its partners implement RCPP projects by working with agricultural producers and owners of agricultural and forest land. Individual producers and landowners may apply directly to NRCS for programmatic assistance for eligible projects, or they may work with partners to participate in the projects.

To implement RCPP, the 2014 Farm Bill authorized \$100 million in annual funding and reserves an additional 7 percent of the funds and acres made available under the covered programs. Funding is allocated across three competitive funding groups: National, Critical Conservation Areas (CCA), and State. Applicants must select one specific funding group under which to compete. For fiscal years (FY) 2014 through 2016, NRCS offered over \$570 million in funding for RCPP projects.

RCPP funding is awarded through a two-phase application process that includes a preproposal application and a full proposal application. At each phase, proposals are evaluated on four criteria: (1) design solutions that are enduring, locally recognized, and supported by producers, (2) projects that significantly leverage non-Federal financial and technical resources,³ (3) partnerships that draw all the program authorities into an integrated project, and (4) projects with a diverse array of stakeholders.

Upon selection and approval of a submitted project proposal, NRCS negotiates and develops a partnership agreement with the lead partner for the project. The partnership agreements address

¹ Agricultural Act of 2014, Pub. L. No. 113-79, § 2401, 128 Stat. 649, 744-51 (2014 Farm Bill).

² Resource concerns to be addressed by RCPP projects include water quality degradation, inadequate habitat for fish and wildlife, and air quality.

³ Particularly projects that include partners who may not have traditionally worked with NRCS.

items that include the budgeting and use of funds and outline the responsibilities of NRCS and the RCPP partners. Among other responsibilities, partners are to provide a significant portion of the overall project costs and provide periodic project reports to NRCS.

NRCS may also enter into a special type of partnership agreement called an alternative funding arrangement (AFA) with multistate water resource agencies or authorities.⁴ Under an AFA, the partner assumes all responsibility for delivering technical assistance and financial assistance for the implementation of the RCPP project.

Partners can request reimbursement for technical assistance activities necessary to implement contracts and agreements with producers. Partners request reimbursement for technical assistance provided to producers on form SF-270, Request for Advance or Reimbursement. This form is then sent to the NRCS administrative contact identified in the Notice of Grant/Agreement Award. Costs incurred under the award must be supported by source documentation. The NRCS program contact is responsible for reviewing the SF-270 request and supporting documentation, and certifying the request will meet the planned activities set forth in the agreement.

Objectives

Our objective was to assess the NRCS' RCPP proposal review process and to determine the adequacy of NRCS' controls over RCPP partner adherence to RCPP provisions, including the reimbursement of RCPP partner expenses.

⁴ As provided by Section 1271C(b)(2)(C) of the 1985 Act as amended, NRCS may not enter into more than 20 alternative funding arrangements for the period of FY 2014 through FY 2018.

Section 1: Adequacy and Effectiveness of NRCS' RCPP Controls

Finding 1: NRCS Needs to Effectively Administer and Provide Adequate Oversight of RCPP

NRCS did not always effectively administer or oversee RCPP. During our review, we identified inconsistencies regarding the administration of the program and an absence of a formal oversight process by the NRCS national office.⁵ This occurred because NRCS did not develop and implement adequate program guidance, policies, and procedures. As a result, NRCS allocated over \$570 million in agreements without adequate internal controls. Furthermore, NRCS did not always act within or enforce compliance with statutory or program requirements.

According to the Office of Management and Budget's Circular A-123, management is to establish and maintain internal controls to achieve specific internal control objectives related to operations, reporting, and compliance.⁶ U.S. Government Accountability Office standards state that an entity's oversight body should oversee the entity's internal control system and evaluate the results in order to identify and remediate identified deficiencies in a timely manner.⁷

For fiscal years (FY) 2014 through 2016, NRCS implemented and operated RCPP without a formal manual, directive, or other detailed guidance. Instead, the program was operated based on the language of the 2014 Farm Bill, the annual Announcements for Program Funding, and individual partnership agreements. However, these documents did not establish the controls necessary to effectively and consistently administer and oversee the program.

Assessment of Proposal Review Process

NRCS inconsistently implemented the proposal review process. These inconsistencies occurred because NRCS did not issue formal guidance for reviewing, scoring, or retaining documentation of the proposal evaluation process to ensure selection of projects that deliver solutions to natural resource challenges. As a result, NRCS cannot be assured that a consistent and fair proposal review process was applied to all applications during the proposal evaluation process.

According to NRCS officials, teams under the guidance of the RCPP program personnel in the national office evaluated National and CCA funding pools' RCPP proposals. We sampled 69 of 624 National and CCA preproposals and full proposals for FY2014/15⁸ and FY 2016. We concluded there were inconsistencies in NRCS' review process.

During our review of the 2014/15 full proposal review process, we found that the NRCS national office did not retain copies of the 2014/15 scoresheets used to evaluate the full

⁵ Inconsistencies were identified at both the National and State level.

⁶ OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular A-123 (July 15, 2016).

⁷ GAO-14-704G, *Standards for Internal Control in the Federal Government*, September 2014.

⁸ The enactment date, February 7, 2014, of the Farm Bill did not provide NRCS with adequate time to request, review, and approve RCPP proposals in fiscal 2014; therefore, NRCS opted to combine program funding for fiscal years 2014 and 2015.

proposals. Therefore, we were not able to review any of the 2014/15 full proposals from the CCA and National funding pools. Accordingly, we were unable to assess the adequacy and consistency of the evaluation process for these proposals.

We were able to assess the evaluation process for FY 2016 and found scoring inconsistencies. NRCS officials stated that the 2016 proposals were evaluated on a scale from 1 to 10, with 1 as the lowest score and 10 as the highest score. However, we identified that some scoresheets were completed using 10 as the lowest score. We found 10 of the 16 FY 2016 sampled preproposals applied a scale in which “1” was the highest score. Of these, seven were selected to move forward to a full proposal. In contrast, the remaining 6 sampled preproposals used “10” as the highest score, and of those, 3 moved forward to a full proposal. NRCS officials stated that for FY 2017 a matrix was created to make scoring straightforward and consistent.

For the State funding pools, the NRCS State office of the State in which the project would be located evaluated the proposals. We identified similar document retention issues at one of our two sampled State offices. At the New Mexico State office, we selected all 11 proposals from FY 2014/15 and FY 2016 for review. However, we were unable to evaluate 8 of the 11 proposals because New Mexico State office officials were unable to provide copies of all of the proposals and/or scoresheets for our review. In contrast, at the Oregon State office, we selected 13 of 19 proposals from FY 2014/15 and FY 2016 and were able to review adequate documentation for all 13 proposals.

Based on our review, the inconsistencies in NRCS’ proposal review process occurred because NRCS did not issue formal guidance for reviewing, scoring, or retaining documentation of the evaluation of the proposals. Therefore, NRCS needs to develop a matrix that clearly defines how the scoring of proposals should be accomplished and provide formal guidance on the proposal review process and the retention of associated documentation in order to ensure consistency across the review process.

NRCS Needs to Improve Controls and Oversight of RCPP

For FY 2014 through 2016, we determined that NRCS had selected 199 projects for which it would establish partnership agreements. We determined that required information was not always reported and tasks were not always completed properly. This occurred because NRCS had not established adequate processes, procedures, or other oversight mechanisms to prevent, identify, or address these issues. Without accurate and complete information, NRCS is not able to monitor and oversee RCPP agreements to evaluate and ensure the effectiveness of the RCPP program.

Reporting Requirements

The 2014 Farm Bill requires an eligible partner to provide a significant portion of the overall costs of the RCPP project. However, NRCS was not tracking partner contributions and does not know how much partners actually contributed. NRCS' RCPP fact sheet covering FYs 2014 through 2016 reported approximately \$900 million in matching funds from RCPP partners. However, according to NRCS officials, this amount is based on the contribution amounts included in the partners' final proposals and not on the amount actually spent or contributed to date by the partners. For FY 2014/15, NRCS was not actively requiring this information. For FYs 2016/17, NRCS RCPP program officials did request and obtain information on the amounts contributed by RCPP partners within their required annual reports. However, we determined that 79 of the 191 FY 2016 RCPP annual reports did not report any RCPP partner contributions. The other 112 RCPP agreements reported \$90 million in RCPP partner contributions. NRCS' goal was to double the total investment in conservation by leveraging other Federal and non-Federal resources including cash and in-kind contributions. If partners do not provide thorough and accurate contribution information, NRCS cannot accurately report on the effectiveness of RCPP partnerships to Congress.

Additionally, we found that partners were not always submitting annual reports as required by their partnership agreements. The information in the annual reports is used as a basis for NRCS reports to Congress. The NRCS RCPP national office provided a spreadsheet of all annual reports received for FYs 2014/15, and FY 2016. For FY 2014/15, we found that 4 of 115 RCPP partners did not submit their annual reports.⁹ Similarly, in FY 2016, we found that 8 of 199 annual reports were not submitted by RCPP partners.¹⁰ When we asked what was done to obtain the missing reports, NRCS RCPP national officials stated that State office officials should ensure that partners provide the required information and, if the partner refuses, consider canceling the partnership agreement. However, a New Mexico State office official stated the State office has not taken action to obtain the missing reports and it was unclear what it was supposed to do with the reports it did receive.

The 2014 Farm Bill also required that NRCS report to Congress on the status of RCPP projects no later than December 31, 2014, and every two years thereafter.¹¹ NRCS was to report on the number and types of eligible partners and producers participating in the partnership agreements, the number of producers receiving assistance, the total amount of funding committed to projects,¹² a description of how the funds were administered, any implemented oversight mechanisms, how appeals were being resolved, and the provisions for tracking adherence for payment eligibility. NRCS did not send the first report to Congress in

⁹ The 2014/15 annual report did not contain the amount of partner contributions.

¹⁰ The 2016 annual report did contain a column for RCPP partner's contributions.

¹¹ Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 649 (2014 Farm Bill).

¹² Including funds from Federal and non-Federal resources.

2014 because NRCS had not entered into any agreements with RCPP partners. Moreover, NRCS has not yet provided the 2016 report to Congress. According to NRCS national office officials, the report has been written and is currently under review. Without this information, stakeholders do not have timely and accurate information on the management of the program and its progress.

Program Administration

According to NRCS national office officials, there was only one AFA agreement during FYs 2014/15 through 2016.¹³ Additionally, the establishment of an AFA requires national office approval. However, we identified a second AFA partnership agreement in New Mexico established in FY 2016 without the NRCS national office's knowledge or approval. When informed of the agreement by the audit team, NRCS national office officials said that while they were aware of the project's approval, the agreement being established as an AFA was without proper approval. At the time of the approval, there was an absence of a fully adopted AFA approval policy. Without definitive agreement approval controls, NRCS risks not being fully aware of all established AFAs and, as a result, may inadvertently violate the statutory requirements of the Farm Bill.

We determined the Announcement for Program Funding and partnership agreements do not provide adequate guidance on what documentation is necessary to review prior to making payments to RCPP partners. The only guidance is located in the general terms of the partnership agreements, which state that costs incurred under the award must be supported by source documentation. We reviewed approximately \$1.32 million out of over \$1.46 million in technical assistance payments made to RCPP partners in New Mexico and Oregon. We identified over \$630,000 in payments based on supporting documentation that did not adequately support that the claimed expenses would qualify as technical assistance. For example, there were requests for reimbursement for technical assistance expenses for which the supporting documentation only included the employee's name and salary amount. The documents did not identify the type of technical assistance work performed or for what producer it was performed. In addition, we identified \$60,357¹⁴ in payments that were not eligible technical assistance expenses. The ineligible expenses included: work performed more than 60 days prior to the RCPP agreement being signed, invoices with charges for internal copies and added surcharges, and technical assistance paid for a budget line item that only included financial assistance for the producer.

Based on these overall weaknesses, we determined that NRCS should improve its controls and develop detailed guidance to help ensure consistent administration of RCPP. We also

¹³ The Farm Bill allows NRCS to enter into 20 AFA agreements.

¹⁴ This amount includes \$24,310 previously reported as questioned cost because supporting documents were redacted by the RCPP partner. See in Audit Report 10601-0004-31(2), *NRCS Regional Conservation Partnership Program Controls—Interim Report*, Nov. 2017. However, we determined the \$24,310 was also ineligible, because administrative costs are not eligible for RCPP technical assistance reimbursement.

determined that NRCS should strengthen its oversight of RCPP partner adherence to RCPP provisions, including the reimbursement of RCPP partner expenses.

NRCS national office officials stated that they did not make it a priority to develop and implement detailed guidance early in the program, as they deemed it critical to roll out and implement RCPP as soon as the 2014 Farm Bill was approved. NRCS national officials also stated there was limited staffing the first two years of RCPP, which delayed the capacity to develop and perform the extensive review required to complete and obtain approval of an RCPP manual. In April 2017, NRCS issued an RCPP handbook; however, additional clarification may be necessary to address specific items we identified during the audit. Additionally, agency officials stated they are in the process of developing an RCPP program portal to standardize some of the program's processes and to collect necessary data to monitor RCPP agreements. NRCS agreed on the need for clarification of the necessary level of documentation needed to support expenses.

NRCS should develop and implement detailed guidance for the administration of RCPP to ensure that prescribed tasks and responsibilities are consistently understood and performed. Furthermore, NRCS should establish a formal oversight process through which the NRCS national office can effectively monitor and assess the operation of the program in order to identify and address any issues of potential noncompliance or inconsistencies.

Recommendation 1

Develop and implement guidance, policies, and procedures to ensure consistent administration of RCPP.

Agency Response

In its June 4, 2018, response NRCS concurred with our recommendation. NRCS agreed to develop National Policy to address RCPP implementation to ensure consistent administration of the program. This included issuing guidance on minimum documentation review standards for payments to partners and project reporting requirements. NRCS reported that it had already implemented the corrective actions by February 22, 2018.

OIG Position

We accept management decision for this recommendation.

Recommendation 2

Develop and implement a formal national oversight process to assess State and partner compliance with the RCPP guidance, policies, and procedures established in response to Recommendation 1.

Agency Response

In its June 4, 2018, response NRCS concurred with our recommendation. NRCS agreed to develop and implement an RCPP oversight process utilizing the Compliance Division's Quality Assurance Compliance Review Process when conducting state reviews. NRCS estimates that the corrective actions will be completed by May 31, 2019.

OIG Position

We accept management decision for this recommendation.

Recommendation 3

Obtain and review additional supporting documentation for the questioned \$632,687 in RCPP payments made without adequate documentation and recover any payments that are determined to be ineligible for technical assistance expenses.

Agency Response

In its June 4, 2018, response NRCS concurred with our recommendation. NRCS agreed to work with the applicable State offices to obtain adequate documentation and review the identified payments. Payments that cannot be supported by appropriate documentation or are declared as ineligible technical assistance expenses will be addressed pursuant to applicable NRCS policy. NRCS estimates that the corrective actions will be completed by May 31, 2019.

OIG Position

We concur with NRCS' proposed corrective actions, but are unable to reach management decision at this time. In order to reach management decision, NRCS needs to provide us the amounts NRCS determined as ineligible for technical assistance expense reimbursement and provide evidence that amounts determined as ineligible have been entered as a receivable on the agency's accounting records or collected. We have provided NRCS information on those technical assistance payments that did not have adequate supporting documentation under a separate cover.

Recommendation 4

Request the return of previously issued RCPP technical assistance payments of \$60,357 to partners for ineligible expenses.

Agency Response

In its June 4, 2018, response NRCS concurred with our recommendation. NRCS national office agreed to review the documentation of the referenced payments and determine whether those previously-issued RCPP technical assistance payments are for ineligible expenses. Payments that are declared as ineligible technical assistance expenses will be recovered pursuant to applicable NRCS policy. NRCS estimates that the corrective actions will be completed by May 31, 2019.

OIG Position

We concur with NRCS' proposed corrective actions, but are unable to reach management decision at this time. In order to reach management decision, NRCS needs to provide us the amounts NRCS determined as ineligible for technical assistance expense reimbursement and provide evidence that amounts determined as ineligible have been entered as a receivable on the agency's accounting records or collected. We have provided NRCS information on those technical assistance payments under a separate cover.

Scope and Methodology

The audit team conducted fieldwork at the NRCS national office located in Washington, D.C.; the New Mexico NRCS State office in Albuquerque, New Mexico; the Oregon NRCS State office in Portland, Oregon; and three Oregon NRCS field offices.¹⁵

Our audit covers RCPP agreements for fiscal years 2014 through 2016. According to NRCS' website, the agency offered approximately \$570,690,000 to RCPP projects during our scope period. NRCS made technical assistance payments of approximately \$11 million. For our review, we selected the New Mexico State office as a sample because the NRCS national office had identified it as having the only AFA partnership agreement in place during our scope. We also selected the Oregon State office based on the amount of technical assistance payments it made. It was also the primary State office for at least one project in each of the three funding pools: CCA, National, and State. Overall, we reviewed \$1.32 million out of \$1.46 million in technical assistance payments made by New Mexico and Oregon State offices. Within each State office, we selected projects for which we reviewed the partnership agreement and associated technical assistance payments. These projects were selected for review primarily based on the amount of technical assistance payments issued to partners as of the date of our visit, and in order to select one project from each of RCPP's three funding pools.

For this period, we determined that NRCS received 428 preproposals and 196 full proposals covering the National and CCA funding pools. In addition, we determined New Mexico and Oregon received 20 preproposals and 10 full proposals for the State funding pool. To assess the proposal review process, we selected a non-statistical, random sample of 44 preproposals and 25 full proposals for the National and CCA funding pools for our review. In New Mexico, we selected all six preproposals for review and all five full proposals for review. In Oregon, we selected a non-statistical random sample of 8 of 14 preproposals and all 5 full proposals for our review.

To accomplish our objectives, we performed the following audit procedures:

- Reviewed applicable laws, regulations, and agency procedures concerning the administration of RCPP; specifically, the provisions pertaining to the submission, review, and approval of RCPP proposals and program provisions, including reimbursement of RCPP partner expenses;
- Reviewed supporting documentation to assess the consistency and adequacy of the proposal review process;
- Reviewed supporting documentation to ensure payments made to RCPP partners by the two sampled State offices were appropriate;

¹⁵ NRCS field offices located in McMinnville, OR; Hines, OR; and Heppner, OR.

- Interviewed NRCS RCPP officials in Washington, D.C. to gain an understanding of the RCPP proposal process and program provisions, including reimbursement of RCPP partner expenses;
- Interviewed NRCS State office officials in New Mexico and Oregon to gain an understanding of the RCPP proposal process and program provisions, including reimbursement of RCPP partner expenses;
- Interviewed RCPP partner officials in New Mexico and Oregon to obtain documents and gain an understanding of the partners' role in RCPP requests for reimbursement;
- Interviewed NRCS field office officials in three locations in Oregon to gain an understanding of the RCPP program provisions, including reimbursement of RCPP partner expenses; and
- Verified payment transaction data to supporting source documentation for the samples selected in New Mexico and Oregon.

We conducted fieldwork between October 2016 and November 2017.

We make no representation regarding the adequacy of any agency computer systems, or information generated by them because information systems were not used extensively throughout the program and evaluating the effectiveness of information systems controls was not part of the engagement objectives. We do not believe the lack of system testing had an impact on our audit as we did assess the accuracy of payment data provided by NRCS to supporting documentation.

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.

Abbreviations

AFA.....	Alternative Funding Arrangement
CCA	Critical Conservation Areas
FY	fiscal year
NRCS	Natural Resources Conservation Service
OIG	Office of Inspector General
RCPP.....	Regional Conservation Partnership Program
USDA.....	Department of Agriculture

Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results for our audit report by finding and recommendation number.

Finding	Recommendation	Description	Amount	Category
1	3	Payments made without adequate supporting documentation	\$632,687	Unsupported Costs, Recovery Recommended
1	4	Ineligible technical assistance payments	\$36,047 ¹⁶	Questioned Costs, Recovery Recommended
Total			\$668,734	

¹⁶ This amount does not include \$24,310 previously reported as questioned cost because supporting documents were redacted by the RCPP partner. See in Audit Report 10601-0004-31(2), *NRCS Regional Conservation Partnership Program Controls – Interim Report*, Nov. 2017. However, we determined the \$24,310 was also ineligible, because administrative costs are not eligible for RCPP technical assistance reimbursement.

**AGENCY'S
RESPONSE TO AUDIT REPORT**



United States Department of Agriculture

June 4, 2018

SUBJECT: Response to the Office of Inspector General (OIG) Official Report 10601-0004-31 NRCS Regional Conservation Partnership for Recommendations 1 through 4

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

Attached are NRCS' response to the OIG memorandum dated April, 27, 2018, transmitting OIG's Report for Audit #10601-0004-31, NRCS Regional Conservation Partnership Program (RCPP) Controls Report.

OIG assessed the RCPP proposal review process and the adequacy of NRCS' controls over RCPP partner reimbursement and adherence to RCPP provisions.

If you require additional information, please contact Mark Xu, Acting Deputy Chief for Strategic Planning and Accountability, at (301) 504-0056

/s/

Leonard Jordan
Acting Chief

Attachment

**Agency Response to the Office of Inspector General (OIG) Audit Report 10601-0004-31),
NRCS Regional Conservation Partnership Program (RCPP) Controls**

During the review of RCPP, the auditors noted that:

Finding 1: NRCS Needs to Effectively Administer and Provide Adequate Oversight of RCPP

Recommendation 1:

Develop and implement guidance, policies, and procedures to ensure consistent administration of RCPP.

Agency Response:

NRCS developed National Policy to address RCPP implementation to ensure consistent administration of the program. This included issuing guidance on minimum documentation review standards for payments to partners and project reporting requirements.

Estimated Completion Date: October 24, 2017 and February 22, 2018

OIG POSITION: [Note: OIG will provide after NRCS submits agency response.]

Recommendation 2:

Develop and implement a formal national oversight process to assess State and partner compliance with the RCPP guidance, policies, and procedures established in response to Recommendation 1.

Agency Response:

NRCS will develop and implement an RCPP oversight process utilizing the Compliance Division's Quality Assurance Compliance Review Process when conducting state reviews.

Estimated Completion Date: May 31, 2019

OIG POSITION: [Note: OIG will provide after NRCS submits agency response.]

Recommendation 3

Obtain and review additional supporting documentation for the questioned \$632,687 in RCPP payments made without adequate documentation and recover any payments that are determined to be ineligible for technical assistance expenses.

Agency Response:

NRCS will work with the applicable State offices to obtain adequate documentation and review the identified payments. Payments that cannot be supported by appropriate documentation or are declared as ineligible technical assistance expenses will be addressed pursuant to applicable NRCS policy.

Estimated Completion Date: May 31, 2019

OIG POSITION: [Note: OIG will provide after NRCS submits agency response.]

Recommendation 4

Request the return of previously issued RCPP technical assistance payments of \$60,357 to partners for ineligible expenses.

Agency Response:

The NRCS National office will review the documentation of the referenced payments and determine whether these previously-issued RCPP technical assistance payments are for ineligible expenses. Payments that are declared as ineligible technical assistance expenses will be recovered pursuant to applicable NRCS policy.

Estimated Completion Date: May 31, 2019

OIG POSITION: [Note: OIG will provide after NRCS submits agency response.]

Learn more about USDA OIG

Visit our website: www.usda.gov/oig/index.htm

Follow us on Twitter: @OIGUSDA

How to Report Suspected Wrongdoing in USDA Programs

Fraud, Waste, and Abuse

File complaint online: www.usda.gov/oig/hotline.htm

Monday–Friday, 9:00 a.m.– 3:00 p.m. ET

In Washington, DC 202-690-1622

Outside DC 800-424-9121

TDD (Call Collect) 202-690-1202

Bribes or Gratuities

202-720-7257 (24 hours)



In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET

Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.