



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

JUL 19 2016

Memorandum

To: Kristen J. Sarri  
Principal Deputy Assistant Secretary for Policy, Management and Budget

From: Michael P. Colombo   
Western Regional Manager for Audits, Inspections, and Evaluations

Subject: Verification Review – Recommendations for the Report, “Bureau of Reclamation’s Sustainable Water Management Programs and Activities”  
(WR-EV-BOR-0026-2013)  
Report No. 2016-WR-051

The Office of Inspector General (OIG) has completed a verification review of Recommendations 3 and 6 presented in the subject report. Our objective was to determine whether the Bureau of Reclamation (USBR) implemented the recommendations as reported to the Office of Financial Management (PFM), Office of Policy, Management and Budget. PFM reported to OIG that it has closed the recommendations. We concur that Recommendations 3 and 6 have been resolved and implemented.

**Background**

Our September 30, 2014 report titled “Bureau of Reclamation’s Sustainable Water Management Programs and Activities” made six recommendations designed to improve USBR’s management of the WaterSMART Program.

The USBR Acting Commissioner concurred with the report’s recommendations in a memorandum dated September 24, 2014, and detailed USBR’s plans to implement them. The memorandum also reported that USBR had implemented Recommendation 5 as of July 2014.

On October 30, 2014, we referred Recommendations 1 through 4 and 6 to the Assistant Secretary for Policy, Management and Budget to track their implementation.

On January 22, 2015, PFM reported to OIG that it considered Recommendation 6 implemented and closed.

On April 18, 2016, PFM reported to OIG that it considered Recommendation 3 implemented and closed.

## Scope and Methodology

We limited the scope of this review to determining whether Recommendations 3 and 6 were implemented by USBR. Recommendations 1, 2, and 4 were resolved but not implemented and therefore not included in the scope of this review.

To accomplish our objective, we reviewed PFM's documentation supporting its closure of our recommendations and USBR's documentation related to the actions it took to implement the recommendations. We did not perform internal control testing, visit sites, or conduct fieldwork to determine whether the underlying deficiencies that were initially identified have been corrected. As a result, this review was not conducted in accordance with Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States, or Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

## Results of Review

Our current review found that USBR has resolved and implemented Recommendations 3 and 6.

**Recommendation 3:** Increase documentation regarding the analysis conducted for acre-feet of water conserved prior to awarding grants and ensure that the resulting determination is adequately documented in both the selection files and in the individual financial assistance agreements.

**Action Taken:** USBR issued a Reclamation Acquisition Circular on March 17, 2016. The circular requires recipients to outline how they are to report the corresponding water savings. At a minimum, the recipient must include the actual achieved metric in their final performance progress report. If feasible, the achieved metrics should also be included in the interim progress reports.

During the course of our initial evaluation, we learned that prior to awarding a grant, an Application Review Committee (ARC) composed of experts in relevant disciplines selected from across USBR reviews and scores grant proposals with criteria that places an emphasis on water savings. The top ranked projects from the ARC review are then forwarded to regional directors for their review. The regional directors then complete a red-flag review, giving particular attention to the estimated amount of water savings expected to result directly from the proposed project. USBR continues to use this process.

**Recommendation 6:** Expand the definition of grant activities conducted under the CFDA [Catalog of Federal Domestic Assistance] number for CALFED [CALFED Bay-Delta Program] to include all CALFED water use and efficiency grant activities.

**Action Taken:** USBR revised the CFDA to include awards made in support of the CALFED program under the statutory authority of Pub. L. No. 111 – 11 § 9504(a). This

update was provided to the U.S. Department of the Interior's Office of Acquisition and Property Management and published on the CFDA website ([www.cfda.gov](http://www.cfda.gov)).

## **Conclusion**

We informed USBR officials of the results of this review on June 29, 2016.

cc: Olivia Ferriter, Deputy Assistant Secretary for Policy, Management and Budget  
Douglas Glenn, Director, Office of Financial Management  
Allen Lawrence, Division Chief, Internal Control and Audit Follow-up, Office of Financial Management  
Alexandra Lampros, Audit Liaison Officer, Office of Financial Management  
Nancy Thomas, Audit Liaison Officer, Office of Financial Management  
Patrick McHugh, Audit Liaison Officer, Office of Financial Management  
Estevan López, Commissioner, Bureau of Reclamation  
Brenda Albery, Audit Liaison Officer, Bureau of Reclamation  
Heidi Morrow, Audit Liaison Officer, Bureau of Reclamation  
Ashley Hartman, Audit Liaison Officer, Bureau of Reclamation