



United States Department of Agriculture  
Office of Inspector General





## Forest Service Performance Measures for Recovery Act Projects

Audit Report 08703-0001-41

### What Were OIG's Objectives

Our objective was to determine whether FS Recovery Act-funded activities met the goals and objectives of the Recovery Act. Specifically, we (1) determined whether FS implemented performance measures that met both the Office of Management and Budget (OMB) guidance and the Government Performance and Results Act; and (2) reviewed controls over these performance measures to determine whether related accomplishments were correctly reported.

### What OIG Reviewed

For fiscal years 2009 and 2010, we reviewed 7 of the 12 FS Recovery Act performance measures by addressing the timely and accurate reporting for 122 of the 3,971 contracts and agreements awarded with Recovery Act funds. These 122 contracts and agreements totaled \$39.2 million in funds.

### What OIG Recommends

Since Recovery Act funds ceased to be available for new obligations as of September 30, 2010, we made no recommendations.

**OIG reviewed Forest Service contracts and agreements to determine if it implemented performance measures in accordance with guidelines and timely reported them for transparency purposes.**

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### What OIG Found

The Office of Inspector General (OIG) found that the Forest Service (FS) implemented performance measures that generally met the goals of the American Recovery and Reinvestment Act (Recovery Act); however, we found FS field staff did not timely or accurately report the agency's Recovery Act accomplishments by the final cutoff date for six of the seven key performance measures selected for our review. This occurred because some field staff had competing priorities that superseded entering the accomplishment data into the tracking systems. Some field staff also made inadvertent data entry errors. As a result, FS misreported its accomplishments for 68 of 122 contracts and agreements we reviewed and, therefore, did not fully meet the Recovery Act's transparency objective.

FS generally agreed and reinforced with its staff the importance of timely data entry.







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



DATE: March 28, 2013

AUDIT  
NUBER: 08703-0001-41

TO: Thomas L. Tidwell  
Chief  
Forest Service

ATTN: Thelma Strong  
Chief Financial Officer

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: Forest Service Performance Measures for Recovery Act Projects

This report presents the results of the subject audit. Your written response, dated March 20, 2013, to the official draft report is included, in its entirety, at the end of this report. Since we made no recommendations in the report, no further action is required by your office.

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



## **Table of Contents**

<b>Background and Objectives .....</b>	<b>1</b>
<b>Finding 1: FS Misreported Some of its Key Recovery Act Accomplishments</b> <b>.....</b>	<b>3</b>
<b>Scope and Methodology .....</b>	<b>6</b>
<b>Abbreviations .....</b>	<b>8</b>
<b>Exhibit A: FS' 12 Key Recovery Act Performance Measures and Reported</b> <b>Accomplishments .....</b>	<b>9</b>
<b>Exhibit B: OIG Audit Reports on FS Recovery Act-Funded Projects .....</b>	<b>10</b>
<b>Exhibit C: Audit Sites .....</b>	<b>11</b>
<b>Agency's Response .....</b>	<b>13</b>



# Background and Objectives

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## Background

Congress enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act) to address the nation's economic downturn by preserving and creating jobs, promoting economic recovery, and assisting those most impacted by the recession.<sup>1</sup> Included with the appropriation of funds, Congress emphasized the need for accountability and transparency in the expenditure of those funds. The Recovery Act appropriated \$1.15 billion to Forest Service (FS) programs.

The mission of FS is to sustain the health, diversity, and productivity of the nation's forests and grasslands to meet the needs of present and future generations. Recovery Act funds allowed FS to implement projects directly related to accomplishing its mission, while at the same time furthering job creation, economic recovery, and other purposes of the Recovery Act. Recovery Act projects restored forest health, maintained and improved facilities and infrastructure, and created private sector jobs.

To evaluate whether agencies are meeting their missions, Congress enacted the Government Performance and Results Act (GPRA) in 1993, requiring agencies to establish goals for program performance and to measure results.<sup>2</sup> Since that time, FS established over 300 performance measures for its programs. With the enactment of the Recovery Act, the Office of Management and Budget (OMB) issued guidance requiring agencies to supplement existing performance measures with additional quantifiable measures that specifically address the use of Recovery Act funds.<sup>3</sup>

In response to this guidance, FS assessed its 300 existing performance measures and selected 8 that pertained directly to programs funded by the Recovery Act. It then supplemented these measures with 4 new measures that were tied to Recovery Act goals, i.e., environmental protection and energy efficiency. Accordingly, FS considered these 12 performance measures to be its key measures.

As work was accomplished, FS staff at the national forests entered the data into four tracking systems.<sup>4</sup> FS employees then summarized these performance data at the regional offices, using the Performance Accountability System (PAS), a query system.<sup>5</sup> The regional offices reviewed the quality of the reported accomplishment data, and the regional level line officers certified that the accomplishments were accurate and complete. Each regional office submitted the certified

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<sup>1</sup> Public Law 111-5 (February 17, 2009).

<sup>2</sup> Public Law 103-62 (August 3, 1993). Public Law 111-352, GPRA Modernization Act of 2010 (January 4, 2011), did not apply because it was enacted subsequent to September 30, 2010, which was the last day on which the Recovery Act funds could be obligated.

<sup>3</sup> OMB M-09-10, sec. 2.8.h (February 18, 2009).

<sup>4</sup> FS tracking systems include the WorkPlan, Forest Service Activity Tracking System, Forest Health Database, and National Fire Plan Operations and Reporting System.

<sup>5</sup> PAS collects data from the various FS tracking systems and generates performance and financial reports that are used by FS managers and outside stakeholders.



regional performance data to the FS Washington office prior to the agency reporting the accomplishments in its fiscal year (FY) 2012 President's Budget Justification.

## **Prior Audit Work**

This is the third and final phase of our audit work on FS Recovery Act-funded projects. In the prior phases, OIG conducted eight audits with reports being released at the conclusion of each audit (see exhibit B for a list of these reports). During the first phase, OIG audited FS' internal control procedures related to the use of Recovery Act funds.<sup>6</sup> During the second phase, OIG audited FS' delivery of seven Recovery Act-funded programs, reviewed recipient eligibility, and determined whether FS ensured that funds were used for their intended purpose.

In general, we found that FS met its obligations in administering Recovery Act funds; however, the agency lacked the necessary controls to ensure that the grant funds were both properly accounted for and used for their intended purpose.<sup>7</sup> Specifically, FS staff did not conduct pre-award financial assessments to ensure grant recipients had the financial controls to properly account for the funds they received, and did not sufficiently monitor grant recipients' fund use after grant awards were made to ensure expenditures were appropriate and supported.

## **Objectives**

Our objective was to determine whether FS Recovery Act-funded activities met the goals and objectives of the Recovery Act. Specifically, we (1) determined whether FS implemented performance measures that met both OMB guidance and GPRA; and (2) reviewed controls over these performance measures to determine whether related accomplishments were correctly reported.

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<sup>6</sup> Audit 08703-01-HY, *Oversight and Control of FS Recovery Act Activities* (September 2011).

<sup>7</sup> Audit 08703-0005-SF, *FS Hazardous Fuels Reduction and Ecosystem Restoration on Non-Federal Lands*, (March 2013).

## Finding 1: FS Misreported Some of its Key Recovery Act Accomplishments

FS field staff did not timely or accurately report the agency's Recovery Act accomplishments by the final cutoff date for six of seven key performance measures selected for our review. This occurred because some field staff had competing priorities that superseded entering the accomplishment data into the tracking systems. Some field staff also made inadvertent data entry errors. As a result, FS misreported its accomplishments for 68 of 122 contracts and agreements associated with seven performance measures and, therefore, did not fully meet the transparency objective of the Recovery Act.

OMB guidance states that "the public benefits of these [Recovery Act] funds are [to be] reported clearly, accurately, and in a timely manner."<sup>8</sup> FS guidance states that "FS project managers and others responsible for delivering accomplishments should ensure the timely and accurate recording of data in the official [tracking systems] for each measure."<sup>9</sup> FS guidance also states that "during the month of October [2010], units should review PAS [Performance Accountability System] reports and record additions and/or corrections in the [tracking systems] to accurately reflect the full year's accomplishment. On October 30, all final year-end accomplishments are to be entered."<sup>10</sup>

Based on GPRA and OMB guidance,<sup>11</sup> FS assessed its 300 existing performance measures and selected 8 that pertained directly to programs funded by the Recovery Act. It then supplemented these measures with four new measures that were tied to Recovery Act goals, i.e., environmental protection and energy efficiency (see exhibit A). FS considered these 12 measures to be its key performance measures and used them to evaluate the outcomes of its Recovery Act-funded programs.

To determine whether accomplishments were correctly reported, we judgmentally selected three of the nine FS regions where 44 percent of Recovery Act funds were awarded. At each region, we selected the two national forests and projects with the highest award amounts. The projects were linked to 7 of the 12 key performance measures and included 122 contracts and agreements, totaling \$39.2 million. We focused our review on these seven measures.

We determined that field staff at five national forests did not timely or accurately report their accomplishments for 68 of the 122 contracts and agreements at the national forests.<sup>12</sup> This misreporting of FS accomplishments affected six of the seven measures we reviewed. Table 1 shows a summary of our review at the national forests. FS field staff told us that they had competing priorities that superseded entering the accomplishment data into the tracking systems and, therefore, did not timely report some accomplishments in the tracking systems. This was

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<sup>8</sup> OMB M-09-10, sec. 3.1 (February 18, 2009).

<sup>9</sup> FS Final Program Direction, ch. 3, p. 3 (FY 2010).

<sup>10</sup> FS Final Program Direction, ch. 3, p. 6 (FY 2010). FS Washington office officials told us that FY 2010 was the final year to report Recovery Act accomplishments because all funds had been awarded by then.

<sup>11</sup> Public Law 103-62 (August 3, 1993). OMB M-09-10, sec. 2.8.h (February 18, 2009).

<sup>12</sup> This consisted of 118 contracts and 4 agreements. In total, FS awarded 3,368 contracts, 238 grants, and 423 agreements, totaling \$639 million, \$301 million, and \$133 million, respectively, for its Recovery Act projects.

particularly evident during the months when FS personnel at the national forests complete the majority of their outdoor work.

By missing the final cutoff date, these accomplishments will not be reported in future budget justifications, which support FS' funding requests based on past performance.<sup>13</sup> For example, the field staff at one national forest did not report nearly 6,000 acres of forest land treated to reduce the risk of catastrophic wildland fire and over 2,000 acres of forest vegetation established on Federal land. According to the project manager, the staff assigned to report the accomplishments missed the reporting cutoff date because they were busy managing fuel projects and responding to wildland fires.

**Table 1: FS Recovery Act Performance Measures Reviewed at the Selected National Forests**

Performance Measure	Contracts/ Agreements Affected*	Sampled Accomplishments**				
		FS Reported	Per OIG Audit	Over Reported	Under Reported	Total Errors
1 – Expected annual energy savings as a result of Recovery Act facility investments	1	\$98,500	\$38,500	\$60,000	0	\$60,000
2 – Acres treated to reduce the risk of catastrophic wildland fire	47	92,735 acres	106,083 acres	0	13,347 acres	13,347 acres
3 – Acres of forest vegetation established or improved	16	14,724 acres	16,826 acres	0	2,102 acres	2,102 acres
4 – Acres of water or soil resources protected, maintained, or improved to achieve desired watershed conditions	5	3,159 acres	3,740 acres	0	581 acres	581 acres
5 – Miles of road decommissioned	6	61 miles	95 miles	0	34 miles	34 miles
6 – Miles of system roads receiving maintenance	15	981 miles	978 miles	18 miles	21 miles	39 miles
7 – Expected annual operation and maintenance cost increase or decrease as a result of Recovery Act facility investments	0	\$19,990	\$19,990	0	0	0
* Some contracts or agreements can be associated with more than one performance measure.						
** Numbers may be rounded for calculation purposes.						

We also found that FS field staff made inadvertent data entry errors. For example, the field staff at one national forest reported \$60,000 in annual energy savings for a painting project. However, painting buildings should be classified as deferred maintenance, not annual energy savings. The project manager believes a staff person mistakenly entered the accomplishment as annual energy savings, rather than deferred maintenance.

<sup>13</sup> FS elected to report only accomplishments that were entered into the tracking systems during FYs 2009 and 2010. This information was reported in FS' FY 2012 President's Budget Justification.

We discussed the above issues with FS Washington office and regional officials on September 18, 2012. FS officials agreed that field staff could improve the timeliness and accuracy of their accomplishment reporting. However, since Recovery Act funds ceased to be available for new obligations as of September 30, 2010, we made no recommendations for these funds.

We also determined that no recommendations needed to be made for activities funded by regular appropriations. Although we did not review accomplishment reporting for these appropriations, FS had implemented controls, such as annual oversight and management reviews, to verify the performance data and to ensure that its accomplishment reporting was accurate. We were also aware FS issued recent guidance to its field staff that timely reporting of accomplishments was critical for accurately describing their performance to FS management and the public.<sup>14</sup>

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<sup>14</sup> FS Final Program Direction, ch. 3, p. 4 (FY 2012).

## Scope and Methodology

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For FYs 2009 and 2010, we judgmentally selected three of the nine FS regions where 44 percent of Recovery Act funds were awarded. At each region, we selected the two national forests and projects with the highest award amounts. The projects were linked to 7 of the 12 key performance measures and included 122 contracts and agreements, totaling \$39.2 million. Therefore, we focused our review on these 7 performance measures to verify the timely and accurate reporting for the 122 contracts and agreements.<sup>15</sup>

We performed fieldwork at the FS Washington office; three regional offices (Vallejo, California; Missoula, Montana; and Portland, Oregon); and six national forests (see exhibit C for a complete list of audit sites). We performed fieldwork from April 2012 through December 2012.

To accomplish our audit, we:

- **Reviewed criteria:** We reviewed applicable laws, regulations, policies, and procedures governing the FS Recovery Act program. This included the Recovery Act, GPRA, OMB guidance, and FS guidance.
- **Interviewed FS personnel:** We interviewed FS Washington office and regional officials as well as staff at the national forests to gain an understanding of key Recovery Act performance measures, accomplishment reporting procedures, and tracking systems used for reporting.
- **Reviewed FS' key Recovery Act performance measures:** We reviewed FS' key Recovery Act performance measures to determine whether the measures were tied to Recovery Act goals.
- **Reviewed prior OIG reports relating to FS Recovery Act projects:** We reviewed prior OIG reports relating to FS Recovery Act projects to determine if the reported issues affected our audit.
- **Reconciled reported accomplishments to supporting documentation:** We reconciled data from two tracking systems (WorkPlan and Forest Service Activity Tracking System) to supporting documentation to determine the accuracy of the reported accomplishments.
- **Analyzed FS' internal controls for Recovery Act and non-Recovery Act projects:** We analyzed FS' internal controls to determine whether it conducted secondary reviews of the accomplishment reporting.

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

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<sup>15</sup> In total, FS awarded 3,368 contracts, 238 grants, and 423 agreements totaling \$639 million, \$301 million, and \$133 million, respectively, for its Recovery Act projects.

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

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FS .....	Forest Service
FY .....	Fiscal Year
GPRA.....	Government Performance and Results Act
OIG .....	Office of Inspector General
OMB .....	Office of Management and Budget
PAS .....	Performance Accountability System



## Exhibit A: FS' 12 Key Recovery Act Performance Measures and Reported Accomplishments

Performance Measures	Programs	Target <sup>1</sup>	Total Accomplishments
1 – Expected annual energy savings as a result of Recovery Act facility investments <sup>2</sup>	Facilities Improvement, Maintenance and Renovation	\$1,500,000	\$176,730
2 – Acres treated to reduce the risk of catastrophic wildland fire	Hazardous Fuels on Federal Lands	392,850 acres	510,671 acres
3 – Acres of forest vegetation established or improved	Rehabilitation of Federal Lands	810 acres	98,503 acres
4 – Acres of water or soil resources protected, maintained, or improved	Watershed Restoration/Ecosystem Enhancements	1,800 acres	53,269 acres
5 – Miles of road decommissioned	Road Maintenance and Decommissioning	100 miles	460 miles
6 – Miles of system roads receiving maintenance	Road Maintenance and Decommissioning	1,400 miles	14,861 miles
7 – Expected annual operation and maintenance cost increase or decrease as a result of Recovery Act facility investments <sup>2</sup>	Facilities Improvement, Maintenance and Renovation	\$1,680,000	\$1,419,854
8 – Miles of system trail maintained or improved to standard	Trail Maintenance and Decommissioning	2,800 miles	8,655 miles
9 – Abandoned mine land sites mitigated	Abandoned Mine Remediation	30 sites	30 sites
10 – Priority acres treated annually for invasive species or native pests	Forest Health on Federal Lands	1,254,452 acres	162,367 acres
11 – Hazardous fuels reduction or mitigation projects conducted on non-federal lands through Recovery Act funding <sup>2</sup>	Hazardous Fuels Reduction and Mitigation – State and Private Forestry	80 projects	847 projects
12 – Green tons of biomass removed through Recovery Act grant funding to produce energy <sup>2</sup>	Wood to Energy Biomass	5,197,410 green tons	138,882 green tons
<sup>1</sup> The targets were developed before the regions submitted Recovery Act projects for approval.			
<sup>2</sup> Newly added Recovery Act performance measures.			

## **Exhibit B: OIG Audit Reports on FS Recovery Act-Funded Projects**

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<b>Audit No.</b>	<b>Title</b>	<b>Issued Date</b>
08703-01-HY	Oversight and Control of FS Recovery Act Activities	September 2011
08703-0003-SF	Recovery Act FS Roads, Bridges, and Related Watersheds	March 2012
08703-0006-SF	Recovery Act FS Abandoned Mine Remediation	May 2012
08703-0001-SF	Recovery Act FS Wildland Fire Management Wood-to-Energy Projects	June 2012
08703-0002-SF	Recovery Act FS Facility Improvement, Maintenance, and Rehabilitation	July 2012
08703-0004-SF	Recovery Act FS Trail Maintenance and Decommissioning	July 2012
08703-0001-AT	FS Use of Recovery Act Funds for Wildland Fire Management on Federal Lands	September 2012
08703-0005-SF	FS Hazardous Fuels Reduction and Ecosystem Restoration on Non-Federal Lands	March 2013

## Exhibit C: Audit Sites

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Organization	Location
<b>FS Northern Regional Office</b> Bitterroot National Forest Idaho Panhandle National Forest	Missoula, Montana Hamilton, Montana Coeur d'Alene, Idaho
<b>FS Pacific Southwest Regional Office</b> Tahoe National Forest San Bernardino National Forest	Vallejo, California Nevada City, California San Bernardino, California
<b>FS Pacific Northwest Regional Office</b> Rogue River-Siskiyou National Forest Malheur National Forest	Portland, Oregon Medford, Oregon John Day, Oregon



**USDA'S  
FOREST SERVICE  
RESPONSE TO AUDIT REPORT**





Forest  
Service

Washington  
Office

1400 Independence Avenue, SW  
Washington, DC 20250

**File Code:** 1430

**Date:** March 20, 2013

**Route To:**

**Subject:** Response to OIG Draft Report No. 08703-0001-41, "Forest Service Performance Measures for Recovery Act Projects," Dated February 8, 2013

**To:** Gil Harden, Assistant Inspector General for Audit, Office of Inspector General,  
USDA

Thank you for the opportunity to review and comment on the OIG draft audit report titled, "Forest Service Performance Measures for Recovery Act Projects," dated February 8, 2013. The Forest Service generally agrees with the report's findings. There were no recommendations in the report.

The Forest Service appreciates the thought and effort given to this audit by the OIG staff. To address the accomplishment reporting discrepancies included in this report, the agency issued direction to the field to reinforce the importance of timely data entry. The Forest Service is proud of the hard work and dedication exhibited by our staff to implement ARRA-funded projects while conducting an exceptional amount of work associated with our annual appropriation.

If you have any questions, please contact Thelma Strong, Chief Financial Officer, at 202-205-1321 or [tstrong@fs.fed.us](mailto:tstrong@fs.fed.us).

*/s/ Thomas L. Tidwell*  
THOMAS L. TIDWELL  
Chief

cc: Arthur Bryant  
Barbara Cooper  
Sandy T Coleman  
Erica Y Banegas  
Elizabeth Donnelly





Informational copies of this report have been distributed to:

Chief Financial Officer, Forest Service

Attn: Agency Liaison Officer

Government Accountability Office

Office of Management and Budget

Office of the Chief Financial Officer

Attn: Director, Planning and Accountability Division

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