



United States Department of Agriculture
Office of Inspector General





Recovery Act – NRCS' Emergency Watershed Protection Program Floodplain Easements and Watershed Operations Effectiveness Review

Audit Report 10703-0001-31

What Were OIG's Objectives

Our overall objective was to determine if NRCS' Watershed Operations and Floodplain Easements programs were effective in meeting the goals of the Recovery Act, including whether agency-established goals were effective in measuring performance.

What OIG Reviewed

To examine program effectiveness, we reviewed performance measures and controls for the Watershed Operations and Floodplain Easements programs.

What OIG Recommends

We recommend that the agency establish additional outcome-oriented performance measures to track its success in meeting the objectives of the funding it receives. We also recommend that the agency require appraisals of structures to be acquired and establish controls to ensure easement payments do not exceed accepted offers. The agency agreed with our recommendations, and we accepted management decision on all recommendations.

For the last stage of reviews of the Recovery Act's funding for NRCS' Watershed Operations and Floodplain Easements programs, OIG examined program effectiveness, including whether the agency met performance goals.

What OIG Found

The Office of Inspector General (OIG) determined that the Natural Resources Conservation Service (NRCS) needs to establish outcome-oriented performance measures that it can use to gauge the effectiveness of its Watershed Operations and Floodplain Easements programs. While the agency established output-oriented measures to track progress, we determined that these measures do not provide adequate information on how effective the programs were at accomplishing the goals of the Recovery Act, which include creating jobs, assisting those most impacted by the recession, and investing in environmental protection. NRCS has not fully demonstrated to the public the extent to which it is accomplishing the objectives of the Recovery Act and is hampered in fully gauging the outcomes of these programs.

In addition, NRCS did not allow the use of appraisals to determine the value of properties with structures it acquired through the Floodplain Easements program, which led to the purchase of some properties at prices in excess of the established value. NRCS increased the amount of accepted easement offers, overcompensating the landowners for seven easements with structures in one State we reviewed. Increasing the payment for these easements by a total of \$231,100 prevented NRCS from using the funds to help maximize the number of acres enrolled and restored with Recovery Act funds.



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



DATE: March 14, 2013

AUDIT
NUMBER: 10703-0001-31

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: Recovery Act – NRCS' Emergency Watershed Protection Program Floodplain
Easements and Watershed Operations Effectiveness Review

This report presents the results of the subject audit. Your written response, dated February 8, 2013, to the official draft report is included, in its entirety, at the end of this report. Excerpts from your response and the Office of Inspector General's position are incorporated into the relevant sections of the report. Based on your written response, we are accepting your management decisions for all audit recommendations in the report, and no further response to this office is necessary.

Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer. In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent 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

Background

The President signed the American Recovery and Reinvestment Act of 2009 (Recovery Act) on February 17, 2009. As part of this legislation, the Natural Resources Conservation Service (NRCS) received \$145 million for the Floodplain Easements component of its Emergency Watershed Protection Program and \$145 million for the Watershed Protection and Flood Prevention Operations Program (Watershed Operations). To ensure that funds are spent appropriately, the Recovery Act calls for unprecedented levels of transparency and accountability, and includes requirements that agencies report on their use of the funds. As of September 30, 2010, NRCS funded 116 Watershed Operations projects and 274 Floodplain Easement projects totaling approximately \$124 million and \$128 million, respectively. NRCS posted information about the effectiveness of these projects to Recovery.gov, a website created to provide transparency of Recovery Act funds to the general public.

Agencies are subject to reporting requirements outlined in the Recovery Act, as well as other guidance issued by the Office of Management and Budget (OMB).¹ OMB has emphasized reporting on the effectiveness of Recovery Act fund use. Recovery.gov includes information about performance measures. Along with accountability and transparency, job creation, assisting those most impacted by the recession, and investing in environmental protection are major objectives of the Recovery Act. Selecting projects that can be fully completed with Recovery Act funds and that could commence quickly were additional objectives specific to the Watershed Operations and Floodplain Easements programs. In the Final Implementation Plan NRCS submitted to OMB, NRCS officials discussed general performance measures for both the Watershed Operations and Floodplain Easements programs. NRCS subsequently established more detailed performance measures meant to quantify the effectiveness of these programs in meeting the purposes of the Recovery Act.

The Recovery Act also provided the USDA Office of Inspector General (OIG) with funds for oversight and audit of programs, grants, and activities funded by this Act and administered by the Department.

Watershed Operations Program

The Watershed Protection and Flood Prevention Act authorized NRCS to cooperate with States and local agencies to perform work for soil conservation and for other purposes including flood prevention; conservation, development, utilization and disposal of water; and conservation and proper utilization of land (works of improvement).²

¹ American Recovery and Reinvestment Act of 2009, Title XV, February 17, 2009, and OMB Memorandum M-09-April 3, 2009.

² Public Law (P.L.) 83-566 (August 4, 1954), as amended.

Watershed Operations is a voluntary program which provides assistance to sponsoring local organizations of authorized watersheds.³ NRCS provides technical and financial assistance to States, local governments, and Tribes (project sponsors) to implement authorized watershed project plans for purposes including: watershed protection; flood mitigation; water quality improvements; soil erosion reduction; rural, municipal, and industrial water supply; irrigation water management; sediment control; fish and wildlife enhancement; and wetlands and wetland function creation and restoration.

The program is locally-led. Installing works of improvement for authorized watershed project plans normally takes place over multiple years. Once watershed project plans are approved, NRCS assists local sponsors in installing these works of improvement by, for instance, building flood control structures and providing technical assistance. Sponsoring local organizations and participating individuals own and operate all works of improvement, including floodwater retarding dams and reservoirs.

Floodplain Easements Program

In the interests of conservation and safety, NRCS operates the Emergency Watershed Protection Program.⁴ Through the program's floodplain easement component, NRCS purchases rights to property in floodplains from landowners to gain authority to take measures to restore, protect, maintain, and enhance the functions of the floodplain; conserve natural values, including fish and wildlife habitat, water quality, floodwater retention, groundwater recharge, and open space; reduce long-term Federal disaster assistance; and safeguard lives and property from floods, drought, and the products of erosion.⁵ Landowners who sell conservation easements to NRCS voluntarily agree to transfer certain authorities over the land to the Government in exchange for compensation.

In exchange for a permanent conservation easement that gives the agency the full authority to restore and enhance the floodplain's functions and values, a landowner receives the lowest of the three following values as an easement payment:

- Fair market value, based on an area-wide market analysis or survey;
- The amount corresponding to a geographical area rate cap, as determined by the Secretary in regulations; or
- The offer made by the landowner.

³ Authorized through P.L. 83-566 and the Flood Control Act of 1944 (P.L. 78-534). P.L. 78-534 authorized the Secretary of Agriculture to install watershed improvement measures in 11 designated watersheds.

⁴ Watershed Protection and Flood Prevention Act of 1954, P.L. 83-566.

⁵ The Federal Agriculture Improvement and Reform Act of 1996 amended the Emergency Watershed Protection Program to allow NRCS to provide for the purchase of floodplain easements as an emergency measure. P.L. 104-127, section 382.

Following landowner acceptance and subsequent completion of a restoration plan for the easement, NRCS was to obligate restoration funds. Restorations for Recovery Act projects were to be fully completed prior to December 30, 2010.

Objectives

Our overall objective was to evaluate the effectiveness of both the Watershed Operations and Emergency Watershed Protection Program - Floodplain Easements Programs in meeting/attaining the goals of the Recovery Act. As part of this review, we evaluated NRCS' determinations of Recovery Act program effectiveness through analysis of agency performance (outcome) measures.

Section 1: NRCS' Measures of Program Effectiveness

Finding 1: NRCS' Watershed Operations and Floodplain Easements Programs Did Not Have Effective Recovery Act Performance Measures

NRCS national officials did not establish outcome-oriented performance measures for its Watershed Operations and Floodplain Easements programs that were consistent with the full intent and requirements of the Recovery Act. Instead, with the exception of a measure for job creation, NRCS officials established only “output” performance measures such as indicating the number of structures that would be completed with Recovery Act money. This occurred because NRCS officials considered the established output performance measures as sufficient to determine whether the goals of the Recovery Act were met. As a result, NRCS cannot adequately evaluate how its programs are contributing to the goals of the Recovery Act and is hampered in gauging the effectiveness of these programs.

For Recovery Act funding, agencies were to establish “expected quantifiable outcomes consistent with the intent and requirements of the legislation.”⁶ The Recovery Act mentions numerous intents and requirements associated with the legislation; chief among them are the creation of jobs, assisting those most impacted by the recession, investing in environmental protection, and commencing projects quickly following the enactment of the Recovery Act. In addition, the Government Performance and Results Act (GPRA) Modernization Act specifically requires agencies to establish performance goals to define the level of performance to be achieved during the year.⁷ OMB also emphasizes that such information should be used to enhance transparency and provide opportunities to improve program performance.

When NRCS' programs received Recovery Act funding, NRCS national officials chose to capture data that they had tracked in the past for both programs. In addition, NRCS established job creation performance measures for both programs. Officials stated that they determined the current measures used met the requirements included in the Recovery Act and that their internal systems were adequate to track the progress of projects. These performance measures were similar for both programs in that they were output based and tracked, for instance, the number of acres of easements purchased, the number of floodwater retarding structures completed, and the number of land treatment contracts developed.⁸ We determined, however, that these measures were not adequate to allow the public to determine how projects were progressing and whether the projects were accomplishing the goals of the Recovery Act. These goals included investing in environmental protection, assisting those most impacted by the recession, and implementing projects quickly. The Federal Government focuses less on evaluating program performance based on *how much* agencies do and focuses more on evaluating performance based on *how*

⁶ OMB Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act* of 2009, April 3, 2009.

⁷ GPRA Modernization Act of 2010, P.L. 111-352, section 1115(b)(1), January 4, 2011.

⁸ NRCS also reported program outputs such as dollars obligated and expended on floodplain protection, acres closed, and acres restored on a monthly basis to the Recovery.gov website.

effectively their actions accomplish clearly defined goals, i.e., away from *output* measures and toward *outcome* measures.⁹

In the Final Implementation Plan, dated May 15, 2009, submitted to OMB, NRCS discussed only general performance measures for both programs; it subsequently established more specific performance measures on the Recovery.gov website. However, the established measures do not provide information on the accomplishments of the programs, such as environmental benefits realized, populations protected, or assistance provided quickly to those who were impacted by the recession. We discussed with NRCS officials performance measures that may have more effectively measured the outcomes of both programs. Although we discussed specific examples, we expect that with their program knowledge and technical expertise, NRCS officials would be able to develop more meaningful outcome-oriented measures. More specific details about each of the two programs' performance measures follow.

Watershed Operations

On the Recovery.gov website, NRCS established four performance measures. These are:

- number of single purpose floodwater retarding structures installed;¹⁰
- number of other flood prevention or mitigation measures installed;
- number of land treatment contracts developed for water quality improvement or water conservation improvement; and
- number of jobs created.

Apart from the number of jobs created, the performance measures NRCS established are “output” measures and are not designed to measure whether the funds had the effect Congress had intended when it passed the legislation. Outputs are the goods and services produced by a program and they help track a program’s progress toward reaching its outcomes. Outcomes are the intended result or consequence that will occur from carrying out a program.¹¹

We discussed, with NRCS national officials, performance measures that would have more effectively measured the outcomes of the program. Such measures could be more focused on assisting those most impacted by the recession, environmental improvements, and flood protection. For instance, instead of NRCS measuring the number of flood retarding structures installed or repaired (output), NRCS could measure the increase in number of citizens that the structures protected in flood inundation zones (outcome). NRCS national officials agreed these types of performance measures would have been more in line with OMB’s guidance.

⁹ Program Assessment Rating Tool (PART), *Performance Measurement Challenges and Strategies*, June 18, 2003, provides OMB’s focus on evaluating performance based on outcome measures verses output measures.

¹⁰ A single-purpose structure provides for temporary storage of floodwater and for its controlled release. This structure does not provide for other purposes like recreation or fish and wildlife habitation.

¹¹ PART, *Performance Measurement Challenges and Strategies*, June 18, 2003, provides OMB’s definition of outputs and outcomes.

Floodplain Easements

On the Recovery.gov website, NRCS established three performance measures. These are:

- number of acres of easements closed;
- number of acres of easements fully restored; and
- number of jobs created.

As with the Watershed Operations performance measures, NRCS established output-based performance measures for Floodplain Easements. Using these measures, the taxpayers or Congress would not be able to determine if the program accomplished the Recovery Act's goals, including assisting those most impacted by the recession or whether these activities commenced quickly. The measures provide some information about the number of acres the program impacted, but provide little information about the effectiveness of that impact.

We discussed, with NRCS officials, performance measures that would have more effectively measured the outcomes of the program. For instance, instead of NRCS measuring the number of acres of easements purchased (output), NRCS could measure the increase in number of acres of farmed land protected from flood damage after restoration of the floodplain to its natural condition (outcome). NRCS national officials generally agreed the data for these types of performance measures would be attainable and in line with OMB's performance measure guidance.

Even though Recovery Act funding has ceased, we recommend that NRCS officials establish outcome-oriented performance measures for both Watershed Operations and Floodplain Easements programs in order to define the level of performance to be achieved during the year with regular appropriations. The measures should be tied to the goals of the programs and to the goals of any funding it receives. The measures could also include ranges of acceptable and unacceptable performance.

We understand the challenge of establishing and implementing additional performance measures, especially those tied to some measure of environmental benefits. However, by not establishing meaningful outcome-oriented performance measures for these programs, NRCS cannot fully demonstrate the extent to which Watershed Operations and Floodplain Easements programs met the objectives of the funding received.

Recommendation 1

Establish and implement additional outcome-oriented performance measures to track the agency's success in meeting the objectives of the future funding it receives, including developing a process to collect the data needed to be able to quantify and assess any additional performance measures.

Agency Response

In its February 8, 2013, response, NRCS stated it will establish and implement performance measures to track the agency's success in meeting the objectives of the National Watershed Program and Emergency Watershed Protection Program - Floodplain Easement Program according to the guidance included in any accompanying legislation which provides funding for future projects. This will include developing a process to collect the data needed to quantify and assess these performance measures. NRCS stated that the estimated completion date for the corrective action is December 31, 2013.

OIG Position

We accept management decision for this recommendation.

Section 2: NRCS' Controls Over Easement Costs

Finding 2: Lack of Appraisals and Revaluation for Floodplain Easements Resulted in Wasteful Spending

We observed that NRCS did not pay the fair market value for seven easements with buildings it purchased in one State we reviewed.¹² Instead, NRCS significantly increased its financial offers to seven landowners who had already signed agreements for a lower price. This occurred, in general, because NRCS decided it would not use appraisals to determine actual property values and subsequently increased accepted offers. Specifically, NRCS national officials stated they issued new easement valuation instructions in an attempt to establish fair compensation values across States for easements with residential structures and to be consistent with the methodology used by the Federal Emergency Management Agency. The NRCS national office then required the State office to revise its offers accordingly. Due to this revision, NRCS raised the agreed-upon price of all seven existing agreements, increasing the total payment for these easements by \$231,100, which could have been used for other projects. (See exhibit A.)

Establishing compensation offers for easements with buildings posed a challenge to NRCS, particularly because the Recovery Act emphasized the expedient use of funds. To avoid potential delays in Recovery Act expenditures, NRCS decided to bypass the appraisal process it typically used to establish the value of floodplain easements and to instead make offers based on the county tax assessment value for buildings. NRCS was left with limited options for calculating compensation values for easements with buildings. At the time that NRCS made the offers, the Emergency Watershed Protection Program manual provided a list of three compensation rate options, the lowest of which NRCS was to offer to landowners, but the options for calculating easement offers were generally unsuited to valuing buildings. The options were suited to valuing easements with no buildings or with structures, such as sheds and fences, which generally have minimal value in relation to the land.

To address the issue of how to prepare offers for easements with buildings, NRCS instructed State offices to use the county tax assessment values of the buildings to determine offers. NRCS commenced using county-assessed property tax values to calculate easement offers for properties with buildings. By the end of September 2009, seven landowners in one of the States we reviewed had signed agreements to exchange easements for financial offers derived from the county-assessed property value of their properties. In our opinion, the landowners were thus overcompensated for the seven properties, as demonstrated by the landowners' acceptance of these initial offers and the subsequent increase in payments they received.

In December 2009, NRCS national officials issued revised instructions about preparing offers for easements with structures to State office officials. The instructions specified that offers will be determined using the county assessor's structure replacement value. This value is often higher than the county-assessed property tax value the State office had previously used to calculate the

¹² Our review in this State included all 10 easements acquired. Landowners for seven easements accepted initial NRCS offers, while three declined. Subsequently, all 10 landowners accepted revised increased NRCS offers.

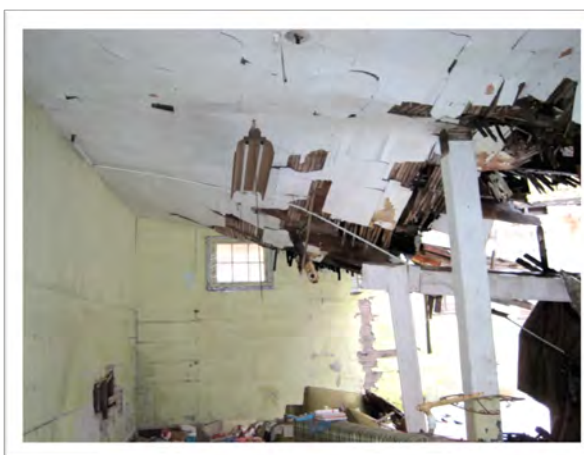
values used in the seven existing agreements. For all seven landowners who had already agreed that the tax assessment-based value offered was fair, the county assessor's structure replacement value was substantially higher—by as much as 208 percent. NRCS directed the State office to reissue offers to these seven owners and, effectively, increase the easement payments by \$231,100. State office personnel increased the offers as directed by national officials. During interviews with OIG, State office personnel indicated that they were uncomfortable with this new higher valuation. State officials were more familiar with the property conditions, local property values, and the local property market than personnel at the national office. Since the program manual specifies that NRCS should offer landowners the lowest cost option in exchange for easements, it would appear inappropriate for NRCS to direct the State office to reissue offers to these landowners.

The deteriorated conditions we observed when we visited some of these easement sites illustrate why the owners might accept offers lower than the replacement-cost based value determined by NRCS calculations to be equitable. For instance, we learned that one of the seven structures NRCS acquired was a building which had been vacant for 30 years. The landowner had purchased the property in 2005 for \$500 and had no intention of replacing the structure. In fact, this landowner, who lived in a house adjacent to the property, saw the collapsing structure as an eyesore and intended to tear it down using his own funds (see Figures 1 and 2). The landowner benefitted from NRCS' financial assistance in this effort because not only did NRCS offer to pay for the removal of the building, it agreed to pay this landowner \$14,431 for the right to access and restore the land by removing this structure. When NRCS revised its easement offer for this property, increasing it to \$44,301, this landowner received a windfall.

Figure 1: Exterior of Building on Easement Purchased through the Floodplain Easements program



Figure 2: Interior of Building on Easement Purchased through the Floodplain Easements program



When we asked NRCS why it decided to revise the valuation options, officials stated that they determined NRCS needed a consistent process for assessing the value of structures on easements and also mentioned that they were concerned about establishing fair and equitable compensation rates across States. Further, NRCS noted, there is wide variation in how local authorities assess property values. NRCS officials also stated that they hoped more landowners in the area would

agree to sell easements if NRCS made higher offers. Several other landowners in the area had submitted applications but had then declined NRCS' tax assessment-based offers. Only three of these landowners eventually accepted NRCS' revised offers. As a result, NRCS did not maximize the number of acres enrolled in the Floodplain Easements Program that could have been restored with Recovery Act funds. As noted in a previous OIG report, NRCS did not always ensure that acquiring floodplain easements on small tracts of land would be a prudent use of Recovery Act funds.¹³ We identified that the average cost to NRCS for easements with structures was about \$130,000 per acre, when NRCS generally acquired floodplain easements for a cost of less than \$4,000 per acre.

During our multi-phase review of this issue, the NRCS Chief approved a revised policy that addresses the valuations for easements with structures. This policy, implemented in August 2010, requires NRCS to conduct an individual appraisal of each non-agricultural easement offer. Therefore, NRCS has already taken action to address our recommendation.

Recommendation 2

Require appraisals on properties whose primary use is residential and establish controls to ensure easement compensation values are based on appropriate information and the program is administered equitably.

Agency Response

In its February 8, 2013, response, NRCS stated that as identified in the OIG findings, NRCS implemented revised policy in August 2010 requiring NRCS to conduct individual appraisals on non-agricultural easement offers.

OIG Position

We accept management decision for this recommendation.

¹³ 10703-1-KC, *American Recovery and Reinvestment Act – Emergency Watershed Protection Program Floodplain Easements Phase I*, September 8, 2010.

Scope and Methodology

We conducted our audit of the Watershed Operations and Floodplain Easements programs at NRCS' national office in Washington, D.C., and utilized information obtained from prior phases of our reviews on the Watershed Operations and Floodplain Easements programs to develop issues noted during our current review.

The Recovery Act included \$290 million in funds for the Watershed Operations and Floodplain Easements programs. In total, NRCS obligated about \$252 million of the \$290 million appropriation, with the remainder going to administrative expenses. Our audit covered Recovery Act funding from February 17, 2009, through September 30, 2010. For Watershed Operations, NRCS obligated about \$124 million to 116 projects. For Floodplain Easements, NRCS obligated about \$128 million to 274 projects. As part of our multi-phase review of these programs, we reviewed 21 Watershed Operations projects in 7 States totaling approximately \$57.7 million and 78 Floodplain Easements projects¹⁴ in 9 States totaling approximately \$27.4 million.¹⁵

To accomplish our objectives, we performed the following procedures:

- Obtained and reviewed documents, such as OMB guidance, to gain an understanding of the Recovery Act provisions and requirements related to NRCS' Watershed Operations and Floodplain Easements programs;
- Reviewed NRCS published guidance, instructions, handbooks, and regulations related to the programs;
- Identified and assessed the performance goals and measures NRCS established in its Recovery Act Final Implementation Plan; and
- Discussed the issues we found during our review with NRCS national officials to obtain their positions and responses.

We obtained NRCS project data for Watershed Operations and Floodplain Easements in our prior audits, and tested the internal controls and eligibility determinations by performing field confirmations.¹⁶ We did not perform any additional testing of the data during this third and final phase of our audit; therefore, we make no representation of the adequacy of the systems or the information generated from them.

¹⁴ Included in the 78 Floodplain Easements projects we reviewed were 10 projects with structures in one State. These projects were also judgmentally selected in a prior phase of the audit.

¹⁵ One project we reviewed for Watershed Operations also received funding from the Floodplain Easements program. This project received approximately \$8.6 million from the Floodplain Easements Program.

¹⁶ 10703-0003-KC, *American Recovery and Reinvestment Act, Emergency Watershed Protection Program Floodplain Easements, Easement Applications on Non-Agricultural Land*, March 14, 2012; 10703-0004-KC, *American Recovery and Reinvestment Act Watershed Protection and Flood Prevention Operations Program – Field Confirmations*, July 24, 2012; and 10703-0005-KC, *American Recovery and Reinvestment Act, Emergency Watershed Protection Program Floodplain Easements – Field Confirmations*, March 2013.

We performed fieldwork for this phase of our series of audits from February 2012 through August 2012.¹⁷ 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 objective.

¹⁷ We performed additional audit fieldwork related to the Watershed Operations program and the Floodplain Easements program in previous phases. Watershed Operations fieldwork was completed between April 2009 and June 2010 for Phase I (10703-0002-KC), and between August 2010 and June 2011 for Phase II (10703-0004-KC). Floodplain Easements fieldwork was completed between April 2009 and November 2009 for Phase I (10703-0001-KC), between February 2010 and April 2011 for Phase IIa (10703-0003-KC), and between August 2010 and June 2012 for Phase IIb (10703-0005-KC).

Abbreviations

GPRA	Government Performance and Results Act
NRCS	Natural Resources Conservation Service
OIG	Office of Inspector General
OMB	Office of Management and Budget
PART	Program Assessment Rating Tool
P.L.	Public Law
Recovery Act	American Recovery and Reinvestment Act of 2009
USDA.....	United States Department of Agriculture
Watershed Operations	Watershed Protection and Flood Prevention Operations

Exhibit A: Summary of Monetary Results

Finding Number	Recommendation	Description	Amount	Category
2	2	NRCS overpaid landowners for structures on easement properties	\$231,100	Funds to be Put to Better Use

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



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

February 8, 2013

SUBJECT: SPA - Natural Resources Conservation Service (NRCS) Agency Response for Audit Report 10703-0001-31 Natural Resources Conservation Service - Emergency Watershed Protection Program Floodplain Easements and Watershed Operations Effectiveness Review

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

File Code: 340

This memorandum is in response to the Office of the Inspector General (OIG) Official Draft Report 10703-0001-31 Natural Resources Conservation Service - Emergency Watershed Protection Program Floodplain Easements and Watershed Operations Effectiveness Review. The responses address the actions taken and planned for each audit recommendation, and their estimated completion dates.

NRCS appreciates the dialogue with OIG that has occurred throughout the audit process and the opportunity to comment on the official draft.

If you have any questions, please contact Leon Brooks, Director, Compliance Division, at (301) 504-2190, or by email at leon.brooks@wdc.udsa.gov.

/s/

Jason A. Weller
Acting Chief

Attachment

Agency Response for Audit Report 10703-0001-31 Natural Resources Conservation Service - Emergency Watershed Protection Program Floodplain Easements and Watershed Operations Effectiveness Review

Finding 1: NRCS' Watershed Operations and Floodplain Easements Programs Did Not Have Effective Recovery Act Performance Measures

Recommendation 1

Establish and implement additional outcome-oriented performance measures to track the agency's success in meeting the objectives of the future funding it receives, including developing a process to collect the data needed to be able to quantify and assess any additional performance measures.

Agency Response: The Natural Resources conservation Service (NRCS) will establish and implement performance measures to track the agency's success in meeting National Watershed Program and Emergency Watershed Protection Program - Floodplain Easement Program objectives according to the guidance included in any accompanying legislation which provides funding for future projects. This will include developing a process to collect the data needed to quantify and assess these performance measures.

Estimated Completion Date: 12/31/2013

OIG Position: To be determined by the Office of the Inspector General (OIG).

Finding 2: Lack of Appraisals and Revaluation for Floodplain Easements Resulted in Wasteful Spending

Recommendation 2

Require appraisals on properties whose primary value is residential and establish controls to ensure easement compensation values are based on appropriate information and the program is administered equitably.

Agency Response: As identified in the OIG findings, NRCS implemented revised policy in August 2010 requiring NRCS to conduct individual appraisals on non-agricultural easement offers.

Estimated Completion Date: Completed

OIG Position: To be determined by OIG.

Informational copies of this report have been distributed to:

Acting Chief, Natural Resources Conservation Service
Attn: Agency Liaison

Government Accountability Office

Office of Management and Budget

Director, Planning and Accountability Division, Office of the Chief Financial Officer

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