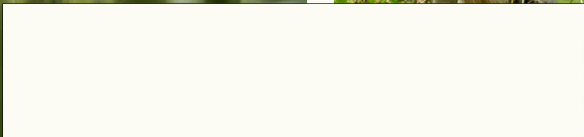
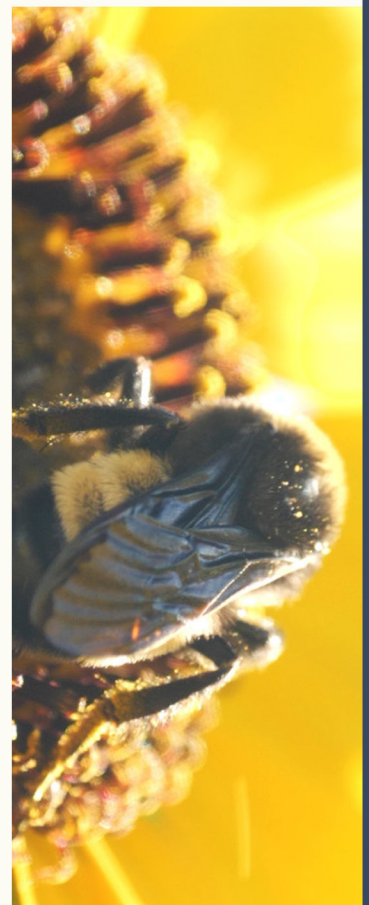
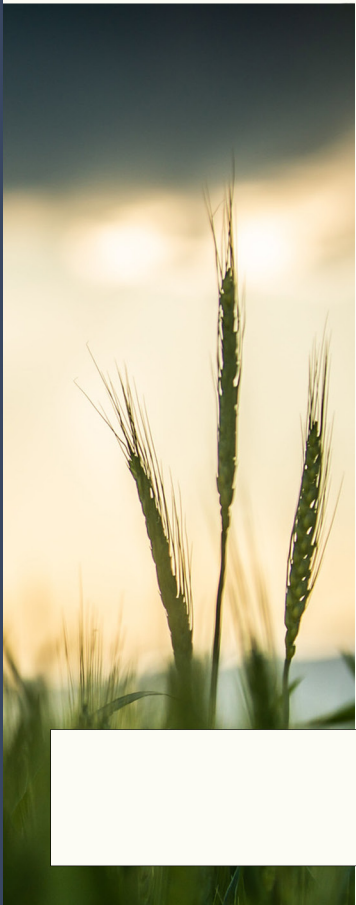




U.S. Department of Agriculture Office of Inspector General



Conservation Stewardship Program—Participant Control of Land

Audit Report 50601-0005-23

We determined whether NRCS ensured that CSP participants maintained control of land enrolled in CSP contracts.

OBJECTIVE

Our objective was to determine if NRCS ensured that CSP participants maintained control of land.

REVIEWED

We examined NRCS' annual contract review process to ensure participants maintained control of the land. The audit covered CSP contracts active as of September 30, 2021, and executed during fiscal years 2017 through 2021. We reviewed 83 annual contract reviews for 30 contracts that totaled \$1,970,130 in obligations.

RECOMMENDS

We recommend that NRCS issue guidance informing States and field offices of documentation requirements for annual contract reviews and verification of control of land and provide training to the State, area, and field offices on the documentation requirements for the control of land based on changes to the manual and payment review checklist.

WHAT OIG FOUND

The Natural Resources Conservation Service (NRCS) manages the Conservation Stewardship Program (CSP), which encourages agricultural and forest producers to improve and conserve natural resources by undertaking activities that will increase or extend conservation benefits. Individuals, legal entities, joint operations, and Indian tribes may be eligible for the program and, if accepted, can enroll their land in a 5-year contract. However, they must maintain control of the land enrolled in the program for the contract duration.

NRCS verifies control of land requirements when it reviews the contracts each year. We reviewed 30 of these contracts and found that 52 of 83 required annual reviews were not fully documented according to NRCS policy for the scope of our audit. However, NRCS updated its policy during our audit to ensure it has proper documentation in case of appeals or other circumstances where an official record of events is necessary. We also determined that NRCS did not identify one instance in which a participant did not maintain control of land for the entire contract period.

NRCS concurred with our finding and recommendations, and we accepted management decision for all three recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: January 5, 2024

AUDIT

NUMBER: 50601-0005-23

TO: Terry Cosby
Chief
Natural Resources Conservation Service

ATTN: Gary Weishaar
Branch Chief
External Audits and Investigations Division

FROM: Janet Sorensen
Assistant Inspector General for Audit

SUBJECT: Conservation Stewardship Program – Participant Control of Land

This report presents the results of the subject review. Your written response to the official draft is included in its entirety at the end of the report. We have incorporated excerpts from your response, and the Office of Inspector General's (OIG) position, into the relevant sections of the report. Based on your written response, we are accepting management decision for all three audit recommendations in the report, and no further response to this office is necessary.

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. Please follow your internal agency procedures in forwarding final action correspondence to the 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 (<https://usdaoig.oversight.gov>) in the near future.

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Background and Objectives

Background

The primary focus of the United States Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) is to ensure that private lands are conserved, restored, and made more resilient to environmental challenges like climate change. NRCS administers several different programs, such as the Conservation Stewardship Program (CSP). The purpose of CSP is to encourage agricultural and forest producers to improve and conserve natural resources by undertaking activities that will increase or extend conservation benefits.¹ CSP provides financial and technical assistance to eligible participants for the purpose of conserving, protecting, and improving the soil, water, and other related natural resources. For more information, visit <https://www.nrcs.usda.gov/programs-initiatives/csp-conservation-stewardship-program> (last visited April 13, 2023).

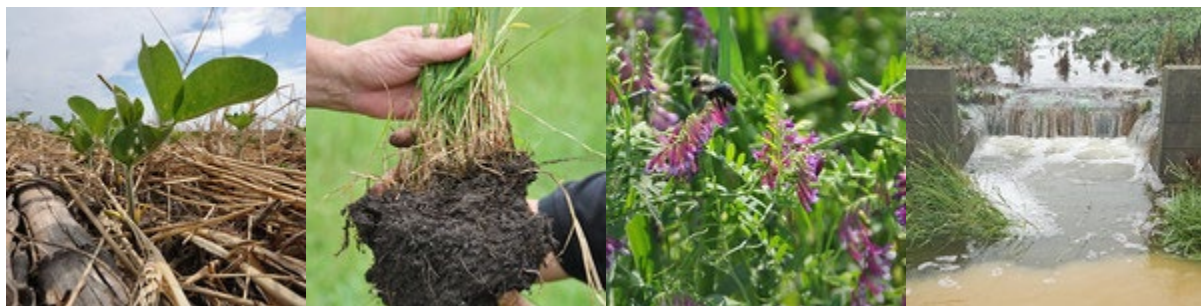


Figure 1: Photos depict soil health practices. From left to right: soybeans emerge through a thick mat of diverse cover crop plant residues (photo by Ron Nichols); planned grazing and interseeding diverse plant species with a no-till planter improving soil health and production capacity (photo by Ron Nichols); cover crop providing habitat for pollinators (photo by Ron Nichols); and clear water runoff leaving a field of no-till soybeans that were planted into a cereal rye cover crop following a corn rotation (photo by Chris Lee). Photos from USDA's Flickr site. They do not depict any particular audit, inspection, or investigation.

NRCS' CSP was established and authorized by the Food, Conservation, and Energy Act of 2008.^{2, 3} CSP was reauthorized for fiscal years 2019 through 2023 by the Agriculture Improvement Act of 2018.⁴

¹ Activities funded by CSP may provide many benefits, including increased crop productivity, wildlife habitat improvements, and increased resilience to weather extremes.

² Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, 122 Stat. 1651 (2008 Farm Bill).

³ CSP replaced a similar program, the Conservation Security Program, which was authorized in 2002. Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171, 116 Stat. 134 (2002 Farm Bill).

⁴ Agriculture Improvement Act of 2018, Pub. L. No. 115-334, 132 Stat. 4490 (2018 Farm Bill).

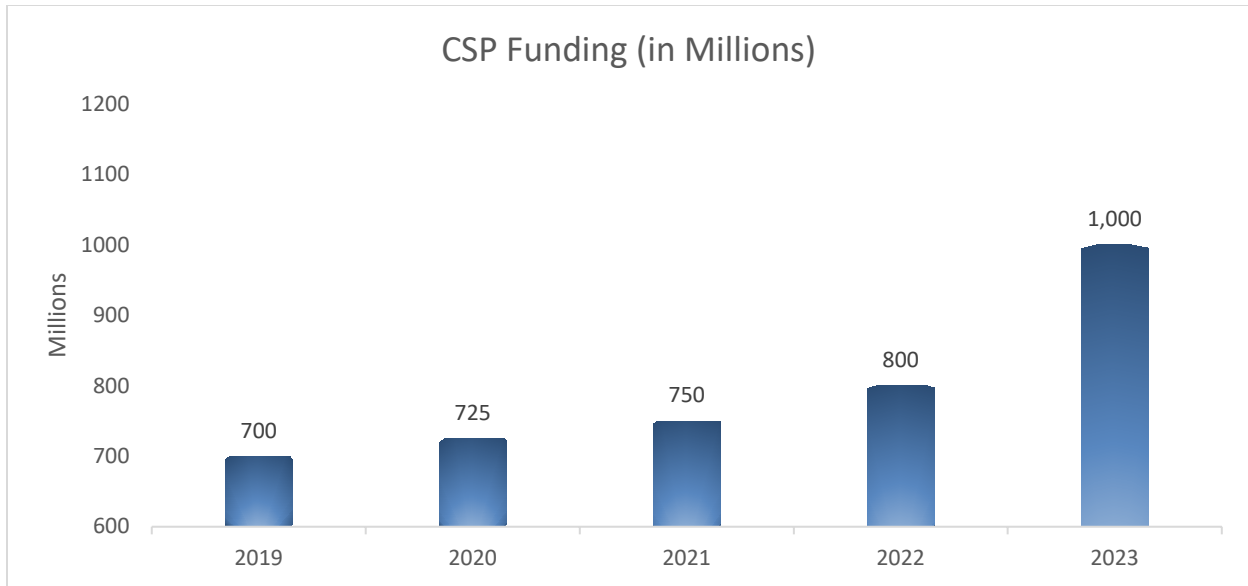


Figure 2: CSP Funding Provided by the 2018 Farm Bill, Fiscal Years 2019 - 2023.

NRCS continually accepts CSP applications.⁵ Accordingly, NRCS will announce one or more ranking periods each fiscal year, with one occurring in the first quarter of the fiscal year if practicable.⁶ During the ranking period, applications are evaluated, ranked, and selected for funding in 5-year contracts.

Individuals, legal entities, joint operations, and Indian tribes may be eligible for the program. Eligible lands include cropland, grassland, prairie land, pastureland, rangeland, nonindustrial private forest land, and agricultural land under the jurisdiction of an Indian tribe.⁷

In order to be eligible to apply for NRCS' CSP, an applicant must be the operator, owner, or tenant of an agricultural operation in the USDA Farm Service Agency (FSA) farm records management system.⁸ The applicant must maintain control of the land enrolled in the contract throughout the 5-year period of the CSP contract.^{9, 10} If control of the enrolled land is lost, NRCS can modify or terminate the contract, and require a participant to refund some or all of the financial assistance provided.¹¹

⁵ NRCS, *Title 440—Conservation Programs Manual*, Part 530.20(A) (Jan. 2020).

⁶ 7 C.F.R. § 1470.2(c)(1).

⁷ 7 C.F.R. § 1470.3.

⁸ Applicants must establish or update records with FSA before NRCS considers an applicant as eligible. See 7 C.F.R. § 1470.6(a)(1).

⁹ According to Federal Regulations (7 C.F.R. § 1470.3 – Definitions), “*effective control* means possession of the land by ownership, written lease, or other legal agreement and authority to act as decision maker for the day-to-day management of the operation both at the time the applicant enters into a stewardship contract and for the duration of the contract.”

¹⁰ 7 C.F.R. § 1470.21(b)(1).

¹¹ 7 C.F.R. § 1470.25.

To ensure that the participant has maintained control of the land, NRCS performs annual contract reviews to ensure that the land is still controlled by the participant.¹² This includes confirming that the participant still controls the enrolled land and continues to maintain the previously agreed-upon benchmark levels of treatment and performance for all contracted land.¹³ If provisions are met during an annual contract review, the reviewer is only required to document what was reviewed in order to verify control of land in the conservation assistance notes (form NRCS-CPA-6; hereafter, CPA-6), that the annual review was performed, and the status of the review as “provisions met” in the business tool.^{14, 15} If a contract is in noncompliance and provisions are not met, the contract may be revised or terminated.¹⁶ These reviews must have their findings recorded in the business tool, the CPA-6, and form NRCS-CPA-13 (CPA-13).¹⁷

For CSP contracts, payments to a person or legal entity may not exceed \$40,000 in any year and \$200,000 during the 5-year contract period. Each CSP contract will be limited to \$200,000 over the initial contract period.¹⁸

Through the term of the 5-year contracts, CSP makes annual payments to participants for installing and adopting additional conservation activities and for improving, maintaining, and managing existing conservation practices. Separate supplemental payments may be available on cropland and grazing land for participants who either adopt or improve a resource-conserving crop rotation or adopt advanced grazing management.¹⁹ After completing and certifying the conservation activities, the participant files for payment.²⁰



Figure 3: With diverse cropping rotations and cover crops, farmers who improve soil health below ground are also improving pollinator habitat above ground. Photo by Ron Nichols from USDA’s Flickr site. It does not depict any particular audit, inspection, or investigation.

¹² NRCS requires States to verify that the participant has control of the contracted land at the time of enrollment, during annual contract reviews, and prior to approving a modification or payment.

¹³ NRCS, *Title 440–Conservation Programs Manual*, Part 530.71(D) (Jan. 2020).

¹⁴ The business tool is the application management and contract administration software for conservation program contracts, such as CSP.

¹⁵ NRCS, *Title 440–Conservation Programs Manual*, Part 530.70(D)(1) and Part 530.71(D)(1)(i-iii) (Jan. 2020).

¹⁶ NRCS, *Title 440–Conservation Programs Manual*, Part 530.82 and Part 530.84 (Jan. 2020).

¹⁷ NRCS, *Title 440–Conservation Programs Manual*, Part 530.71(D) (Jan. 2020).

¹⁸ NRCS, *Title 440–Conservation Programs Manual*, Part 530.306(6) (Jan. 2020).

¹⁹ 7 C.F.R. § 1470.24(b).

²⁰ NRCS, *Title 440–Conservation Programs Manual*, Part 530.51(A) (Jan. 2020).

In September 2016, the Office of Inspector General (OIG) reported on NRCS' controls over producers' compliance with CSP contracts.²¹ Specifically, the audit found participants that did not have control of enrolled land at the time the contract was entered into, and it found other participants who lost control of enrolled land during the contract period. Additionally, NRCS did not use existing FSA data to the extent practicable to verify CSP participant-reported information. Based on our recommendation, NRCS and FSA finalized a new data-sharing agreement that included provisions for allowing access to both agencies' data systems to ensure consistency and coordination across USDA programs.

Objectives

We determined if NRCS ensured CSP participants maintained control of land.

²¹ Audit Report 10601-0001-32, *Controls Over the Conservation Stewardship Program*, Sept. 2016.

Finding 1: NRCS Needs to Better Document Its Annual Contract Reviews

NRCS includes verification of control of land requirements with the annual contract reviews it conducts, and NRCS field officials complete the required reviews in the business tool. However, NRCS field officials did not follow policy requirements to fully document 52 of 83 required annual contract reviews. This occurred because the field officials, in some cases, regarded documenting the information on the CPA-6 located in the contract file as a low priority.²² Documentation is necessary for potential appeals or other legal circumstances where an improper payment may have occurred and an official record of events is necessary. Additionally, without properly documenting the annual contract reviews, the agency does not have assurance that the participants maintained control of the land under contract, which may result in improper payments. During our audit, we found NRCS did not identify the loss of control or document what it reviewed when it verified the control of land for 1 of the 30 contracts in the scope of our review. In this case, no improper payment occurred because even after NRCS modified the contract to remove the lost acres, the participant still retained control of enough acres to remain above the payment limitation.²³

As part of completing the annual contract review, NRCS verifies that the participants have control of the land and then documents the determination in the business tool, the CPA-6, and, if needed, on the CPA-13.^{24, 25, 26} The reviewer then records the review on the CPA-6 and records “provisions met” in the business tool. If provisions are not met, the reviewer records that fact on the CPA-13.²⁷ In addition, for reviews conducted January 2020 and after, NRCS must document the information reviewed for determining control of land on the CPA-6 or the CPA-13.²⁸

NRCS completes annual contract reviews to ensure that the participants implemented their contracts consistent with provisions such as control of land for the 30 sampled contracts²⁹ we reviewed in the scope of our audit. However, we found that NRCS did not follow its established policy for fully documenting 52 of the 83 required reviews. (See Figure 4.)

²² The CPA-6 is a written record of assistance provided to a participant. It serves a wide variety of purposes, such as recording field visits and discussions, documenting resource concerns and problems associated with a particular tract of land, identifying the needs and objectives of the participant, and providing a historical view of prior conservation activities that may shape or lead future efforts with the participant.

²³ For CSP contracts, a payment limitation prevents a person or legal entity from receiving a payment exceeding \$40,000 in any year.

²⁴ Form CPA-13 includes the status of conservation practices or activities not completed, reasons for lack of progress, the need to revise the conservation plan and schedule of operations, and a description of any potential violations of the terms and conditions of the contract. NRCS, *Title 440–Conservation Programs Manual*, Part 530.71(D)(2) (Jan. 2020). Question 9 of the form asks if the land is still under the control of the participant.

²⁵ NRCS, *Title 440–Conservation Programs Manual*, Part 512.55(B)(2) and (C)(1)(x) (Apr. 2018).

²⁶ NRCS, *Title 440–Conservation Programs Manual*, Part 530.71(D)(1)(i) (Jan. 2020).

²⁷ NRCS, *Title 440–Conservation Programs Manual*, Part 512.55(B)(1) (Mar. 2012); Part 512.55(B)(2) (Apr. 2018); Part 530.71(D)(2) (Jan. 2020).

²⁸ NRCS, *Title 440–Conservation Programs Manual*, Part 530.70(D)(1) (Jan. 2020).

²⁹ The sampled contracts originated from fiscal years 2017 through 2021. The randomly sampled contracts were spread across the 5 years. Each contract would not have the same number of reviews. A 2017 contract may have had four reviews while a 2020 contract may have had only one.

- In 38 of the 83 reviews, NRCS did not document on forms CPA-6 or CPA-13 the information that was reviewed to determine if the participants maintained control of land.
- In addition, we identified 3 of the 83 required reviews that were not documented in the business tool or in the contract file. Thus, we cannot confirm if the reviews were performed.³⁰
- We also identified 30 reviews that were documented in the business tool but not in the contract file on forms CPA-6 or CPA-13, as required.³¹

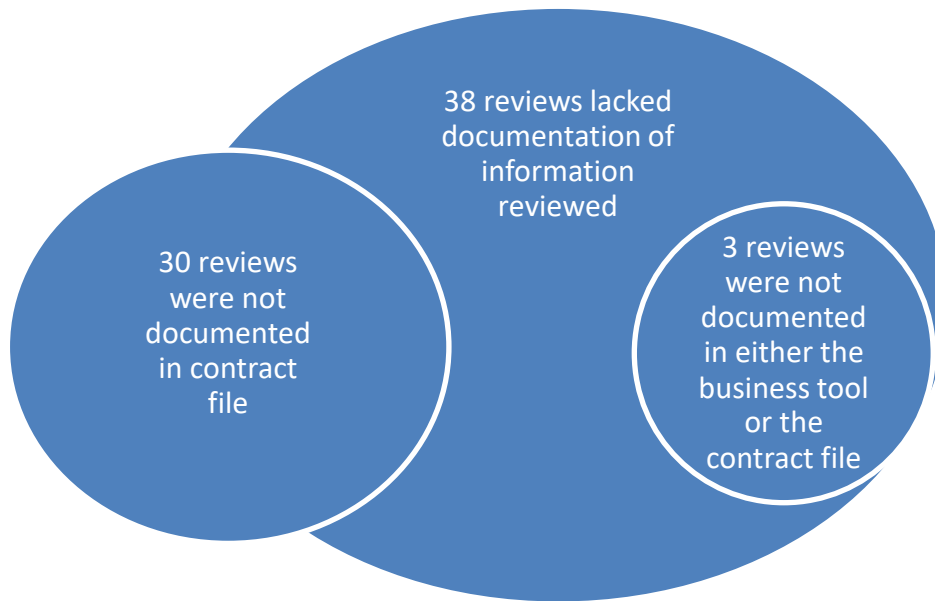


Figure 4: Annual Contract Reviews Not Properly Documented.³²

We concluded that the field officials were not consistently following NRCS policies because in some cases after the reviews were documented in the business tool, the field officials did not complete the review process by documenting the completion of the annual contract review, including the information reviewed to determine control of land in the contract file. State and field officials stated that completing the annual contract review in the business tool, then documenting in the contract file that the annual contract review was completed, was duplicative. In addition, some State and field officials explained that if a copy of the documentation reviewed to determine control of land, such as the Producer Farm Data Report (PFDR), was included in the contract file, documenting the information reviewed in the CPA-6 was repetitive. While we agree these actions may appear repetitive, placing a PFDR in the contract file does not follow policy and does not demonstrate that the control of land was reviewed. Our review was based on the NRCS policy effective during the scope of our audit, which required completion of a CPA-6 or CPA-13 to document that the control of land was reviewed.

³⁰ Even though the reviews were not documented by NRCS, OIG reviewed the available FSA records and confirmed the producers did not lose control of land during the period under review.

³¹ NRCS, *Title 440–Conservation Programs Manual*, Part 530.71(D)(1)(i) (Jan. 2020).

³² Of the 33 (30+3) reviews, 19 of the reviews are also counted in the 38 reviews where NRCS did not consistently document the information that was reviewed to determine if the participants maintained control of land.

During our audit, NRCS National officials reviewed their process and improved the policy and documentation requirements for completed reviews. NRCS updated the CPA-13 and payment checklist so field officials could record the date and documentation they reviewed. The agency is also drafting an optional modification checklist which will include a section for NRCS to record the review date and the documentation reviewed to verify the participants' control of the land.³³ With these changes, the National Office amended the policy to allow the review to be performed at various times which may occur at the time of the annual contract review or prior to approval of a major modification or payment.^{34, 35}

We also looked into the oversight process to ensure field officials complete their required reviews. According to an NRCS National official, no current reviews were completed at the National level that focused on control of land. Each State was responsible for its own monitoring process. Some States reported using a business tool report to monitor when reviews were completed. Although this report would show when reviews were completed, it would not identify annual reviews documented on the CPA-6, which is located in the contract files. The update to the payment checklist has a section for field officials to record the review data and the documentation reviewed to verify the participants' control of the land. The update should ensure that this information is documented before payment.

We reviewed these changes made by NRCS and conclude that the changes should ensure that the control of land verification and the documentation reviewed for this determination is recorded on either CPA-13 when provisions are not met or on the payment checklist before annual payment.

While we commend the agency on the corrective actions it has taken during the audit, we recommend that the agency issue guidance and train its staff to ensure State and field officials understand the updated forms and implement these changes correctly. We also recommend that the National Office conduct a review to ensure that these changes are implemented. A National official stated that it is important the field officials properly document the annual contract reviews to ensure payments are accurate. The CPA-6 provides documentation available for potential appeals or other legal circumstances where an official record of events is necessary.

Specifically, for one of the contracts we reviewed, we found that NRCS was unaware that the participant did not have control of all the acres enrolled in CSP after a reconstitution.³⁶ While NRCS documented that a reconstitution occurred, it did not notice lost acreage before it made the 2021 payment or during the 2022 annual contract review. In both these reviews, the agency did not document the information it reviewed to verify the participant maintained control of the land on the CPA-6 or the CPA-13. The District Conservationist stated that the lost acreage was missed due to an oversight. In this case, no improper payment occurred because even after

³³ The modification checklist is an optional checklist to ensure NRCS addresses critical contract items, such as control of land, prior to modification approval.

³⁴ Major modifications are changes made to a contract that change the participant's responsibilities under the contract. Examples of major modifications include, but are not limited to, removing acres no longer under the participant's control, transferring land under contract, and correcting an error or omission that changes the responsibilities of the participant.

³⁵ NRCS, *Title 440—Conservation Programs Manual*, Part 530.70(D) (Nov. 2022).

³⁶ A reconstitution is a change in the land constituting a farm as a result of combining or dividing tracts or farms.

NRCS modified the contract to remove the lost acres, the participant still retained control of enough acres to remain above the payment limitation. Nevertheless, a loss of control not timely identified could cause potentially significant improper payments.

Recommendation 1

Issue guidance informing States and field offices of documentation requirements for annual contract reviews using updated forms for verifying control of land.

Agency Response

NRCS agreed with this recommendation and will distribute written guidance to its employees to ensure awareness of the documentation requirements for control of land reviews. The guidance will highlight policy changes and forms updated to document control of land reviews. The estimated completion date is September 30, 2024.

OIG Position

We accept management decision for this recommendation.

Recommendation 2

Train State, area, and field offices on the changes to the manual and payment review checklist related to documenting control of land reviews.

Agency Response

NRCS agreed with this recommendation and will train state, area, and field offices on the changes to policy and checklists related to documenting control of land reviews. The estimated completion date is September 30, 2024.

OIG Position

We accept management decision for this recommendation.

Recommendation 3

Conduct a review to ensure that field offices are following the newly issued guidance and properly completing the updated forms to fully document the annual contract reviews.

Agency Response

NRCS agreed with this recommendation and will conduct a review to ensure states are complying with review and documentation requirements. The estimated completion date is September 30, 2024.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

Our audit determined if NRCS ensured participants maintained control of the land enrolled in CSP. As part of this, we reviewed NRCS' annual contract review process for ensuring the participants maintained control of the land. The audit covered CSP contracts active as of September 30, 2021, and executed during fiscal years 2017 through 2021. We initiated fieldwork in October 2021 and completed fieldwork in September 2023. We conducted the audit remotely using digital files obtained from NRCS' headquarters and field offices, and FSA's web-based applications.

To provide a program-wide perspective, we selected a statistical sample, using a "stop-or-go" approach, of 62 contracts from a universe of 41,571 active CSP contracts totaling \$3,090,844,963 in obligations. The 62 contracts were administered by 28 State offices and totaled \$4,005,649 in obligations. We reviewed the first 30 contracts which were administered by 21 State offices and 29 field offices and totaled \$1,970,130 in obligations. The audit team in consultation with the Office of Analytics and Innovation (OAI) employed a stop-or-go sampling strategy after reviewing the first 30 contracts. Due to a low error rate identifying losses for control of land with the first 30 contracts, the decision was made to discontinue testing additional contracts and report on the weakness of documenting contract reviews from the work performed during sample review. (See Exhibit A.)

To accomplish our objectives, we also:

- Reviewed laws, regulations, agency manuals, and agency- and State-issued instructions and bulletins;
- Interviewed NRCS National, State, area, and field officials to obtain general program information on the administration of CSP and discuss the issues we found during our audit to obtain their feedback;
- Obtained and reviewed the 30 contract files from NRCS in an electronic format. These documents included the application; contract; contract appendix; conservation plan or schedule of operations; FSA maps; transfer agreements, if applicable; CPA-13; and CPA-6. In addition, we obtained and reviewed FSA documents, such as the FSA-578, and the PFDR;³⁷
- Reviewed and compared documents in the contract files (such as the application; contract; conservation plan or schedule of operations; FSA maps; transfer agreements, if applicable) with FSA documents, such as the FSA-578, CCC-902 "Farm Operating Plan," and PFDR to determine if the participants controlled the enrolled land at the time of application and maintained control of the land for each year of the contract for all 30 contracts; and
- Reviewed the CPA-13 and CPA-6 to determine if NRCS documented the annual contract reviews properly in the case file for all 30 contracts.

³⁷ The FSA-578, *Report of Acreage*, is used to collect data to determine compliance with farm programs and determine participant eligibility.

NRCS provided the universe from its business tool. We relied on original documentation from the contract files as well as FSA web-based applications to obtain sufficient, appropriate evidence to support our findings and conclusions. We did not assess the overall reliability of the information system to carry out CSP activities as this was not part of our audit objective. We did, however, verify that the participant’s name, contract number, and obligation amount in the business tool corresponded with the information in the contract file.

We relied on the work of specialists from our OAI to develop the sampling methodology, select a statistical sample of CSP contracts, and evaluate the results. We obtained documentation to ensure the specialists were qualified professionally, competent in the work we relied upon, and met independence standards.

We assessed internal controls to satisfy the audit objectives. Our assessment included internal control components and principles of the Standards for Internal Control in the Federal Government. In particular, we assessed the following components and underlying principles:

Component	Principle
Control Environment	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
Control Activities	Management should design control activities to achieve objectives and respond to risks.
Control Activities	Management should implement control activities through policies.
Monitoring	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

Because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Abbreviations

C.F.R.	Code of Federal Regulations
CSP	Conservation Stewardship Program
FSA	Farm Service Agency
NRCS	Natural Resources Conservation Service
OAI	Office of Analytics and Innovation
OIG	Office of Inspector General
PFDR	Producer Farm Data Report
USDA	United States Department of Agriculture

Exhibit A: Sampling Methodology

Natural Resources Conservation Service's Conservation Stewardship Program Audit 50601-0005-23

Objective:

This sample was designed to support the OIG audit of NRCS' CSP designed to assist and encourage agricultural and forest producers' conservation efforts. The objective of this audit was to determine if NRCS ensured that CSP participants maintained control of land. A simple random sample was chosen to review several criteria related to participants maintaining control of the land.

Audit Universe:

The universe of contracts consisted of 41,571 active CSP contracts as of September 30, 2021, executed during fiscal years 2017 through 2021. These contracts totaled \$3,090,844,963 in obligations. NRCS personnel extracted the data from the business tool and emailed it to OIG auditors in Excel format.

Sample Design:

We selected a simple random sample from the universe of 41,571 CSP contracts, without replacement. A simple random sample allows for each sampling unit to have an equal probability of selection and provides the smallest sample size for a given precision and confidence level. A 20-percent error rate was used based on conservative estimates from previous audit results. A sample size of 62 was calculated based on 95-percent confidence level, ± 10 percent precision, and 20-percent error rate. The sample of 62 contracts was administered by 28 states and totaled \$4,005,650 in obligations.

Results:

A "stop-or-go" sampling strategy was employed after reviewing the first 30 contracts which were administered by 21 State offices in 29 field offices and totaled \$1,970,130 in obligations.

Due to a low error rate identifying losses for control of land with the first 30 contracts, the decision was made to discontinue testing additional contracts and not project sample results to the universe for this audit. As a result, OIG will report on the weakness of documenting contract reviews from the work performed during sample review.

**NRCS'
Response to Audit Report**

MEMORANDUM

TO: Janet Sorensen
Assistant Inspector General for Audits
Office of Inspector General

FROM: Terry Cosby
Chief, Natural Resources Conservation Service

**LOUIS
ASPEY**
Acting on behalf of Chief
Cosby

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LOUIS ASPEY
Date: 2023.12.11
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SUBJECT: Response to Recommendations 1, 2, and 3 in OIG Report No. 50601-0005-23

This memorandum provides the Natural Resources Conservation Service (NRCS) response to the Office of Inspector General (OIG) memorandum dated October 30, 2023, transmitting OIG Audit Report No. 50601-0005-23, “Conservation Stewardship Program – Participant Control of Land.”

SUMMARY OF OIG AUDIT REPORT:

OIG reviewed NRCS’s annual contract review process to ensure that participants maintained control of their land. The audit covered Conservation Stewardship Program (CSP) contracts active as of September 30, 2021, and executed during fiscal years 2017 through 2021. OIG reviewed 83 annual contract reviews for 30 contracts that totaled \$1,970,130 in obligations, as well as interviewed applicable personnel and reviewed other relevant documentation, including changes made during the audit by NRCS to improve policy and documentation requirements.

AGENCY RESPONSE:

Finding 1: NRCS Needs to Better Document Its Annual Contract Reviews

Recommendation 1:

Issue guidance informing states and field offices of documentation requirements for annual contract reviews using updated forms to verify control of land.

NRCS Response

NRCS agrees with this recommendation and will distribute written guidance to its employees to ensure awareness of the documentation requirements for control of land reviews. The guidance will highlight policy changes and forms that have been updated to document control of land reviews.

Estimated Completion Date: September 30, 2024

Recommendation 2:

Train state, area, and field offices on the changes to the manual and payment review checklists related to documenting control of land reviews.

NRCS Response

NRCS agrees with this recommendation and will train state, area, and field offices on the changes to policy and checklists related to documenting control of land reviews.

Estimated Completion Date: September 30, 2024

Recommendation 3:

Conduct a review to ensure that field offices are following the newly issued guidance and properly completing the updated forms to fully document the annual contract reviews.

NRCS Response

NRCS agrees with this recommendation and will conduct a review to ensure that states are complying with all review and documentation requirements.

Estimated Completion Date: September 30, 2024

AGENCY CONTACT:

If you require additional information, please contact Deputy Chief Angela Biggs, Management and Strategy, at 608-509-2868.

Attachment: Inflation Reduction Act CSP Informational Report

cc: Louis Aspey, Associate Chief, NRCS
Angela Biggs, Deputy Chief, Management and Strategy
Karen Woodrich, Deputy Chief, Programs
Jerry Raynor, Director, Financial Assistance Programs Division
Keisha Tatem, Acting Director, Policy and Programs Analysis Division
Leslie Deavers, Chief of Staff to the Associate Chief
Martha Joseph, Senior Policy Advisor to the Associate Chief

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