

Forest Service Use of Settlement Funds



Audit Report 08601-0011-41

March 2021

OFFICE OF INSPECTOR GENERAL

Forest Service Use of Settlement Funds

Audit Report 08601-0011-41

OIG reviewed FS use of settlement funds for damages to National Forest System lands.

OBJECTIVE

Our objectives were to determine if FS: (1) received and reallocated funds as intended; (2) used settlement funds for authorized purposes; (3) monitored settlement funds to ensure unused/unobligated funds were returned to the United States Treasury; (4) fire transfer authority impacted remediation projects; and (5) has the authority to invest settlement funds in interest-bearing accounts.

REVIEWED

We reviewed pertinent laws, regulations, memoranda, and contract documentation from active settlements during fiscal years 2015–2019. We conducted site visits to FS regions and interviewed FS officials.

RECOMMENDS

FS should work with the Department to pursue legal authority to retain interest earned on settlement funds. It should also return \$936,579 from the assigned Washington Office subaccount to the appropriate settlement account and reinforce existing guidance to ensure only FS units with approved detailed work plans are allotted settlement funds and budget authority.

WHAT OIG FOUND

The Forest Service (FS) is responsible for overseeing the remediation and restoration of lands damaged by mining activities and wildfires. When the negligent actions of individuals result in damages to FS property, FS officials enter a settlement agreement with the responsible parties to hold them accountable. FS then uses the settlement funds to conduct restoration and remediation actions on the affected lands, pursuant to 16 U.S.C. § 579c.

We found that FS has the authority to invest and retain interest on some funds that are maintained in interest-bearing accounts; however, the agency does not have the authority to retain interest earned on settlement funds like other Federal agencies. Without legislation amending FS' authority, the value of settlement funds diminishes over time, possibly resulting in budget shortfalls for restoration work. Considering that restoration projects can take years or even decades to complete, the loss of interest earnings can lead to long-term losses. For instance, had FS retained interest earned on the account balances from active settlements during fiscal years 2015–2019, FS could have received more than \$7.6 million to supplement ongoing restoration efforts.

Additionally, in 2016, FS allotted \$936,579 of funding and budget authority from an agency-level environmental settlement fund account to a Washington Office subaccount without a detailed work plan for use of the funds. The funds remained in the subaccount unspent and were not returned to the agency-level account to be made available to the units responsible for performing environmental actions at covered sites. If these funds are not allotted back to the agency-level account, they cannot be used for their intended purpose, and FS risks using the funds for purposes that could violate the terms of the settlement agreement. FS officials concurred with our findings, and OIG accepts management decision on all three recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: March 24, 2021

AUDIT

NUMBER: 08601-0011-41

TO: Vicki Christiansen
Chief
Forest Service

ATTN: Antoine Dixon
Chief Financial Officer

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: FS Use of Settlement Funds

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. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer (OCFO).

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. For agencies other than OCFO, please follow your internal agency procedures in forwarding final action correspondence to OCFO.

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

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Background and Objectives

Background

The United States Department of Agriculture’s (USDA) Forest Service (FS) manages and protects 154 National Forests and 20 grasslands in 43 States and Puerto Rico for multiple uses. The agency’s mission is to sustain the health, diversity, and productivity of the Nation’s forests and grasslands to meet the needs of present and future generations. A part of sustaining the health of FS properties includes remediating and restoring lands damaged by mining activities and human-caused wildfires.

FS administers mining operations on National Forest System lands under the authority of the Mining and Minerals Policy Act of 1970.¹ However, FS estimates that 13,597 of 38,991 (more than 34 percent) abandoned mines on FS property contain hazardous substances, pollutants, or contaminants left from prior mining operations, such as arsenic, cadmium, copper, lead, mercury, and zinc.² These minerals can adversely impact human health and the environment. Thus, FS is faced with separate tasks: to make minerals from National Forest System lands available to the National economy and to minimize the adverse impacts of mining activities on other resources.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), also referred to as the Superfund, was enacted to enable selected Federal agencies to respond to or “clean up” sites that have releases or spills of hazardous substances, pollutants, or environmental contaminants.³ Executive Order 12580 delegated Presidential authority for enforcement of CERCLA response actions.⁴ The United States Department of Justice represents those Federal agencies by initiating litigation against those who violate CERCLA’s civil and criminal laws with the intent of reaching an agreement or negotiating a settlement for the cost of remediating the affected lands and properties.⁵ FS, along with the United States Department of Interior (DOI) and the United States Environmental Protection Agency (EPA), conducts remediation and restoration work on CERCLA settlements. Likewise, when fires caused by the negligent actions of individuals result in damage to FS property, FS officials work to identify responsible parties and hold them accountable.

When FS enters into a settlement agreement, the agency receives funding to conduct restoration and remediation actions on the affected lands.⁶ Typically, CERCLA settlements contain language that describes how the proceeds of the settlement will be distributed and used. FS is responsible for monitoring the balances in settlement accounts and ensuring that settlement funds

¹ Mining and Minerals Policy Act of 1970, Pub. L. No. 91–631, 84 Stat. 1876 (codified at 30 U.S.C. § 21a).

² This FS estimate of abandoned mines is based on data compiled by the United States Bureau of Mines, Department of the Interior, in 1995, and is the most current data being reported by FS.

³ Comprehensive Environmental Response, Compensation, and Liability Act of 1980, Pub. L. No. 96-510, 94 Stat. 2767.

⁴ Executive Order 12580, issued January 23, 1987, as amended, delegates to a number of Federal departments and agencies the authority and responsibility to implement certain provisions of CERCLA.

⁵ One of the primary responsibilities of the United States Department of Justice is to represent the United States in Federal court cases. See generally 28 U.S.C. § 516; see also Executive Order 12580, § 6.

⁶ 16 U.S.C. § 579c.

are used as provided by the terms of the settlements. Accordingly, FS' Albuquerque Service Center handles accounting activities for settlement funds and transfers settlement funds, generally, into Restoration of Forest Lands and Improvements accounts of FS field offices in the regions where the settlement sites are located.⁷ FS' Strategic Planning, Budget and Accountability (SPBA) office gives budget authority (that is, executes the allotment action) to FS units for the restoration accounts.

Objectives

Our objectives were to determine if FS: (1) received and reallocated funds as intended; (2) used settlement funds for authorized purposes; (3) monitored settlement funds to ensure unused/unobligated funds were returned to the United States Department of the Treasury (Treasury); (4) fire transfer authority impacted remediation projects; and (5) has the authority to invest settlement funds in interest-bearing accounts.

Based on our review, we found no evidence to indicate that FS used settlement funds for unauthorized purposes; that FS did not monitor settlement funds to ensure unused/unobligated funds were returned to the Treasury; or that fire transfer authority negatively impacted remediation projects.

⁷ One exception to this procedure is a \$194 million CERCLA settlement received from a responsible party in 2016, which is scheduled to be expended through 2066. Due to the size of this settlement, these funds are held by the FS Washington Office in a specifically created subaccount.

Finding 1: FS Should Have the Ability to Retain Interest Earned on Settlement Funds

FS settlement funds are deposited into a Treasury account to be used for projects to restore damages to National Forest System lands. These funds accrue interest; however, instead of retaining the interest earned to create additional resources and ensure adequate funding for restoration work, the interest is deposited into the General Treasury account as miscellaneous receipts. Although FS does have the authority to invest certain funds in interest-bearing accounts, the agency does not have the authority to retain interest earned on settlement funds like DOI and EPA.⁸ Restoration projects can take from several years to decades to complete, and without legislation amending FS' authority to retain interest to offset inflation, the value of FS' settlement funds will decrease over time, possibly resulting in budget shortfalls for restoration work.^{9, 10} For instance, had FS retained interest earned on the account balances from active settlements during fiscal years 2015–2019, FS could have received more than \$7.6 million to supplement ongoing restoration efforts.^{11, 12}

The statute regarding the use of FS settlement funds states that money received as a result of a judgment, compromise, or settlement of any claim must be deposited into the General Treasury and made available to cover the cost of improvement, protection, or rehabilitation work on lands under the administration of FS.¹³ The statute further states that any amount in excess of what is needed to perform the improvement, protection, or rehabilitation work “shall be transferred to miscellaneous receipts.”¹⁴ The statute also does not explicitly allow for FS to use any interest that might be earned on these funds. If FS would want to keep and use any earned interest on these funds, it would have to obtain statutory authority to do so.

In accordance with USDA's CERCLA policies and procedures, USDA agencies must “establish environmental cleanup and natural resource restoration as a priority action, and ensure adequate

⁸ In 1997, FS received the authority to retain funds in an interest-bearing account for response and restoration actions in Yellowstone National Park. See Department of the Interior and Related Agencies Appropriations Act, 1998, Pub. L. No. 105-83, tit. V, § 502, 111 Stat. 1543, 1614–15 (1997). The balance of amounts remaining in the account after completion of response and restoration actions was available for use in the New World Mining District for any environmentally beneficial purpose otherwise authorized by law. *Id.* A similar interest-bearing account was established for the Land Between the Lakes National Recreation Area in 1998. See 16 U.S.C. § 460lll-31.

⁹ This potential budget shortfall is compounded by the United States practice on future cost settlements which requires agencies to discount future dollars to present value. Without the corresponding ability for the agency to earn interest on such settlements, the agency experiences a funding shortfall from the outset.

¹⁰ FS uses the terms restoration and remediation interchangeably when referring to work conducted on settlement sites under 16 U.S.C. § 579c.

¹¹ To determine the potential interest earned, we multiplied the ending FS settlement fund balances for each fiscal year during our scope by the annual interest rate percentage used for EPA's CERCLA Superfund for each corresponding year. We also factored in the time periods funds were transferred out of the account to use for fire suppression. Based on our calculations, the potential interest earned totaled \$7,688,298 for fiscal years 2015–2019.

¹² During our scope, FS conducted remediation efforts on 48 environmental and damaged resource fire settlements that received awards totaling more than \$657 million.

¹³ 16 U.S.C. § 579c.

¹⁴ The term “miscellaneous receipts” does not refer to any single account in the Treasury. Rather, it refers to a number of receipt accounts under the heading “General Fund.”

funding for such agency activities.”¹⁵ According to Departmental guidance, USDA agencies must use Government resources efficiently and effectively to meet program objectives. Also, agencies are to seek adequate resources through the budget process or realign resources to correct material deficiencies.¹⁶

We recognize that FS adhered to statutory guidance and transferred interest earned as excess money to the General Treasury account as miscellaneous receipts.¹⁷ However, the lack of authority to use such interest prevents FS from fully carrying out its obligation to maximize Government resources for its restoration projects. FS currently does not have the authority to retain interest earned on its settlement funds—even though both EPA and DOI, who have similar responsibilities for performing restoration work under CERCLA, have had this legislative authority for decades.¹⁸ Additionally, FS currently manages two accounts that were authorized under separate laws, which allow the retention of interest earned.

To address this situation, FS should work with the Department to seek legislative change to put the agency on an equal footing with its CERCLA counterparts at EPA and DOI. FS officials agreed that changes to the authority would be beneficial and would help reduce budget shortfalls for ongoing restoration work. Additionally, FS officials informed us that FS had discussed pursuing an amendment to legislation to allow FS to retain interest earned on settlement funding with the Department; however, the language has not been included in the Departmental legislative proposal. While FS officials did not provide an explanation as to why they had not taken action, they stated that initiating changes to legislative authority would require approval from multiple levels and other parties, such as the Department and the Office of Management and Budget. We acknowledge the challenges of amending legislation and receiving Congressional approval. However, FS should formally initiate the process, especially since this would grant FS the same authority as EPA and DOI, and FS already has this type of authority for two other types of accounts in its portfolio.

If FS had the legal authority to retain interest on settlement funds, it could apply these additional resources to complete necessary work and allow FS to use appropriated funds for other priority program needs. Due to the time value of money and the amount of time needed to complete restoration projects, the settlement funds initially received do not have the same value when they are used for future projects, possibly resulting in budget shortfalls. FS national and regional officials confirmed that settlement funds do not cover the entire cost of projects associated with settlement work. When this occurs, FS is required to use appropriated funds to complete work or to monitor sites associated with settlements. These appropriated funds, which usually amount to

¹⁵ USDA, *Environmental Pollution, Prevention, Control and Abatement Manual*, Departmental Manual 5600-001, ch. V, § 4g (Nov. 18, 2004).

¹⁶ USDA, *Management's Responsibility for Internal Control*, Departmental Regulation 1110-002, § 4a(c)(2) (June 17, 2013).

¹⁷ 16 U.S.C. § 579c.

¹⁸ EPA was granted the authority to retain settlement funds in an investment earning account pursuant to the Superfund authorization in 1980 and DOI received its investment authority when the Natural Resource Damage Assessment and Restoration account was established by Public Law in 1991. Dire Emergency Supplemental Appropriations and Transfers for Relief From the Effects of Natural Disasters, for Other Urgent Needs, and for Incremental Cost of “Operation Desert Shield/Desert Storm” Act of 1992, Pub. L. No. 102-299, tit. II, § 207, 105 Stat. 1701, 1715–16 (1991).

between \$15 million and \$20 million annually, are to be used for both restoration work associated with settlements and other restoration work not associated with settlements—such as forest fire damage resulting from natural causes, like lightning strikes.

When FS needs to use its annual appropriations to complete settlement restoration work, it limits the amount of restoration work it can accomplish elsewhere. The amount of interest lost can be significant. For example, had FS retained interest earned annually on the account balances of active settlement projects from fiscal years 2015–2019, FS could have received more than \$7.6 million to supplement funding for settlement restoration work.

Recommendation 1

Work with the Department to pursue legal authority to allow for the retention of interest earned on settlement funds.

Agency Response

FS generally concurs with this recommendation. The agency will request that the Department work with Congress to pursue legal authority to allow for the retention of interest earned on settlement funds. The estimated completion date is March 15, 2022.

OIG Position

We accept FS' management decision on this recommendation.

Finding 2: FS Should Properly Allot Settlement Funds and Budget Authority

In 2016, FS allotted \$936,579 of funding and budget authority from an agency-level settlement fund account to a Washington Office subaccount without a detailed work plan for the use of the funds.¹⁹ The funds remained in the subaccount unspent and were not returned to the agency-level fund account to be made available to the units responsible for performing environmental actions at covered sites. This occurred because FS did not exercise adequate oversight to ensure its settlement funds were allotted appropriately.²⁰ If these funds are not allotted back to the agency-level account, they cannot be used for their intended purpose, and FS risks using the funds for purposes that could violate the terms of a settlement agreement, exposing FS to potential legal challenges filed by settlement parties or others.

FS settlement proceeds are “made available until expended to cover the cost to the United States of any improvement, protection, or rehabilitation work on lands under the administration of the Forest Service rendered necessary by the action which led to the forfeiture, judgment, compromise, or settlement.”²¹ In addition, the terms of the settlement agreement state that the settlement proceeds are “to be expended, at Covered Sites or for Environmental Actions expected to be performed at Covered Sites.”²² Furthermore, FS had issued internal guidance stating: “All settlement funds will remain at the agency level and will only be allocated to field offices based on the Washington Office approval of detailed work plans.”²³

While the Washington Office has general oversight of FS programs, FS field offices are responsible for conducting environmental actions relating to the settlement agreement. In 2016, FS allotted \$936,579 in settlement funds to a Washington Office subaccount. FS officials had discussions to use the funds for developing a joint abandoned mines database or for aerial imagery preservation; however, without an approved detailed work plan, there was no way to ensure that these funds would be use in accordance with the terms of the settlement agreement.

To enable the FS to use settlement funds for restoration work, the SPBA office is responsible for apportionment of funds and providing regional spending levels. In this instance, these funds were allotted to the Washington Office subaccount without a detailed work plan or explanation on the use of funds. When we spoke to SPBA and Albuquerque Service Center officials, they were unclear on the restrictions placed on the use of settlement funds and the ambiguity contributed to the \$936,579 remaining in the Washington Office subaccount for over 4 years. Furthermore, with FS’ decentralized structure, coordination and communication are necessary to ensure funds are used appropriately.

¹⁹ This agency-level account is managed by the Washington Office. However, the \$936,579 was allotted to a Washington Office subaccount.

²⁰ The \$936,579 was still in FS’ Washington Office subaccount as of January 2021.

²¹ 16 U.S.C. § 579c.

²² Notice of Correction to Settlement Agreement, ex. 1, at 39, *In re Tronox Inc.*, No. 09-10156 (Bankr. S.D.N.Y. Apr. 9, 2014), ECF No. 637 (Settlement Agreement, Execution Version as Corrected). Covered sites include all sites identified in the environmental settlement agreement.

²³ USDA OCFO, *Financial Management for . . . Settlement Funds, Fiscal Years 2016–2066*, Decision Memorandum (Oct. 8, 2015).

These funds were not returned to the agency-level account because FS officials believed that the funds were still considered part of the overall settlement spending plan developed in 2015, thus giving the Washington Office authority to use the funds—even if the Washington Office did not conduct restoration work. However, according to FS’ internal guidance, the Washington Office could not have used the settlement funds without an approved work plan. FS officials acknowledged that the funds should not have remained in the Washington Office subaccount and should be returned to the agency-level account; and agreed reinforcement of current guidance is necessary to ensure that only FS units with approved detailed work plans are allotted settlement fund and budget authority.

Returning the settlement funds to the agency-level account would make these funds available to FS field offices with approved work plans to conduct restoration work. Additionally, using these funds for purposes that are not directly related to restoring lands from actions that led to the settlement—such as to develop the abandoned mines database or aerial imagery preservation—could violate the terms of the settlement agreement and could expose FS to potential legal challenges by settlement parties and others.

Recommendation 2

Return the allotted settlement funds from the assigned Washington Office subaccount to the appropriate settlement account.

Agency Response

FS generally concurs with this recommendation. The agency will confirm the allotted settlement funds have been returned to the main settlement account. The estimated completion date is October 1, 2021.

OIG Position

We accept FS’ management decision on this recommendation.

Recommendation 3

Reinforce existing guidance to ensure that only FS units with approved detailed work plans are allotted settlement funds and budget authority.

Agency Response

FS generally concurs with this recommendation. The agency will reinforce existing guidance to ensure that only FS units with approved detailed work plans are allotted settlement funds and budget authority. The estimated completion date is March 15, 2022.

OIG Position

We accept FS' management decision on this recommendation.

Scope and Methodology

We conducted a review of FS' use of settlement funds received for remediation projects as a result of settlement agreements that resulted in funds being paid to the Federal Government. The scope of our audit work covered fiscal years 2015–2019. We performed fieldwork at the agency's Washington Office, Albuquerque Service Center, three regional offices, four supervisor's offices, and one management unit (see Exhibit B). We conducted audit fieldwork from October 2019 through July 2020.

During the period covered by our audit, FS conducted remediation efforts on 48 environmental and damaged resource fire (fire) settlements that received awards totaling more than \$657 million. Some of these settlements were for projects located at multiple sites across the United States.²⁴

To select our sample, we non-statistically selected environmental settlements based on factors such as the amount of settlement funds received, settlement project activity, geographic location of settlement sites, and total settlement funds expended. We non-statistically selected a sample of fire settlements from different National Forests within FS Region 5 that received the largest awards.²⁵ We conducted fieldwork at the FS regional, supervisor, and one management unit office(s) that serviced the selected settlement projects.²⁶

We assessed the following internal control components and related underlying principles to satisfy the audit objectives:

- Information and Communication, which require management to use quality information to achieve the entity's objectives; and
- Control Activities, which require management to design control activities to achieve objectives and respond to risks.

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.

To accomplish our objectives, we performed the following steps and procedures:

At the FS Washington Office, we:

- Reviewed pertinent laws, regulations, policies, and procedures related to settlements;
- Interviewed key personnel to gain an understanding of their roles and responsibilities relating to settlements;

²⁴ There were nine instances where a single settlement covered remediation actions at more than one project site.

²⁵ We selected our sample of fire settlements from FS Region 5 because we were informed this was the only region that processed fire settlements.

²⁶ Travel to conduct fieldwork at three National Forests in California was suspended due to COVID-19. Therefore, we completed our reviews at these sites remotely.

- Identified and documented key management and internal controls to ensure that settlement funds were properly used and tracked;
- Discussed the potential beneficial effects of placing unused settlement funds in interest-bearing accounts; and
- Reviewed Washington Office oversight of settlement funds.

At the Albuquerque Service Center, we:

- Documented FS staff roles and responsibilities related to budgeting and accounting for settlement funds;
- Identified the process used to allocate, record, and review funding that was set aside for settlement projects;
- Identified restrictions and limitations on the use of settlement funds; and
- Reviewed the disposition of any settlement funds remaining after completion of remediation activities.

At the FS regional offices, we:

- Interviewed key budget and program personnel who oversaw remediation efforts to determine progress towards completing remediation activities pursuant to specific settlements;
- Discussed the process of budgeting for future years' remediation efforts at specific settlement sites;
- Reviewed settlement project contract documents;
- Ascertained the adequacy and effectiveness of FS oversight and monitoring of selected settlement projects; and
- Determined the level of funds expended and verified that no funds were used outside of the scope of the settlement agreements.

At the FS supervisor offices and one FS management office, we:

- Interviewed key project personnel to determine the disposition of remaining settlement funds at the conclusion of project work;
- Examined records and photographs of work conducted at selected settlement sites to ensure funds were used for authorized purposes;
- Gained an understanding of the effects that moving settlement funds to fire suppression accounts had on project completion; and
- Discussed FS actions taken to replace settlement funding that was temporarily moved to fire suppression accounts.

During our audit, we did not perform any test to determine the overall reliability of any individual agency information system because evaluating the effectiveness of information systems was not one of our engagement objectives. Therefore, we make no representation as to the adequacy of any agency information systems. We do not believe the lack of systems testing had an impact on our 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Abbreviations

CERCLA.....	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
DOI	United States Department of the Interior
EPA	United States Environmental Protection Agency
FS	Forest Service
OIG	Office of Inspector General
SPBA.....	Strategic Planning, Budget, and Accountability
U.S.C.....	United States Code
USDA.....	U.S. Department of Agriculture

Exhibit A: Summary of Monetary Results

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

Finding	Recommendation	Description	Amount	Category
1	1	Potential interest earned from fiscal years 2015–2019.	\$7,688,298	Funds To Be Put To Better Use
2	2	Funds allocated without approved detailed work plan.	\$936,579	Funds To Be Put To Better Use
Total			\$8,624,877	

Exhibit B: Audit Sites Reviewed

This exhibit shows the name and location of all sites reviewed.

Audit Site	Location
FS Offices	
Washington Office	Washington, D.C.
Albuquerque Service Center	Albuquerque, New Mexico
FS Northern Regional Office (Region 1)	Missoula, Montana
Custer-Gallatin National Forest	Bozeman, Montana
FS Pacific Southwest Regional Office (Region 5)	Vallejo, California
Lake Tahoe Basin Management Unit	South Lake Tahoe, California
Plumas National Forest	Quincy, California
Angeles National Forest	Arcadia, California
Pacific Northwest Regional Office (Region 6)	Portland, Oregon
Olympic National Forest	Olympia, Washington

**Forest Service's
Response to Audit Report**



File Code: 1430**Date:** March 17, 2021**Route To:****Subject:** Response to Reach Management Decision on OIG Report – Forest Service Use of Settlement Funds 08601-0011-41**To:** Gil H. Harden, Assistant Inspector General for Audit, Office of Inspector General

Thank you for the opportunity to review and comment on Office of Inspector General (OIG) Draft Report Number 08601-0011-41. The U.S. Department of Agriculture's Forest Service generally concurs with the findings and recommendations and appreciates the time and effort that went into the report. The response to the three audit recommendations is enclosed. Please contact Antoine L. Dixon, Chief Financial Officer, at (202) 205-0429 or antoine.dixon@usda.gov with any questions.

/s/ Victoria Christiansen
VICTORIA CHRISTIANSEN
Chief

Enclosure



USDA Forest Service (FS)

**Office of Inspector General (OIG) Audit Report No. 08601-0011-41
Forest Service Use of Settlement Funds
Official Draft Issued February 12, 2021**

Response to the Official Draft Report / Management Decision Request

Recommendation 1: Work with the Department to pursue legal authority to allow for the retention of interest earned on settlement funds.

Forest Service Response: The Forest Service generally concurs with this recommendation. The Agency will request the Department work with Congress to pursue legal authority to allow for the retention of interest earned on settlement funds.

Estimated Completion Date: The estimated completion date is March 15, 2022.

Recommendation 2: Return the allotted settlement funds from the assigned Washington Office subaccount to the appropriate settlement account.

Forest Service Response: The Forest Service generally concurs with this recommendation. The Agency will confirm the allotted settlement funds have been returned to the main settlement account.

Estimated Completion Date: The estimated completion date is October 1, 2021.

Recommendation 3: Reinforce existing guidance to ensure that only FS units with approved detailed work plans are allotted settlement funds and budget authority.

Forest Service Response: The Forest Service generally concurs with this recommendation. The Agency will reinforce existing guidance to ensure that only Forest Service units with approved detailed work plans are allotted settlement funds and budget authority.

Estimated Completion Date: The estimated completion date is March 15, 2022.



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