



# NRCS Regional Conservation Partnership Program Controls

## Audit Report 10601-0004-31(2) (Interim Report)

OIG reviewed technical assistance payments NRCS paid to an RCPP partner.

### OBJECTIVE

This interim report focuses on NRCS' technical assistance payments made to an RCPP partner without adequate supporting documentation. This report is issued as part of an ongoing audit with the objective of assessing NRCS' RCPP proposal review process. We are also determining the adequacy of NRCS' controls over RCPP partner adherence to RCPP provisions, including the reimbursement of RCPP partner expenses.

### RECOMMENDS

We recommend that NRCS issue guidance to the Oregon State office to discontinue RCPP payments when a partner does not provide unredacted supporting documentation. We also recommend that the State office request and review producer information on all previously made payments based on redacted information.

### REVIEWED

We reviewed applicable laws, regulations, payments, and agency procedures concerning the administration of RCPP and interviewed officials at Federal, State, and field office locations.

### WHAT OIG FOUND

The Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) is responsible for working in close partnership with farmers, ranchers, and private forest landowners. The 2014 Farm Bill created the Regional Conservation Partnership Program (RCPP), which provides partner-driven opportunities with producers to increase the restoration and sustainable use of natural resources.

We found that NRCS reimbursed an RCPP partner for technical assistance without being able to identify which producers received the technical assistance. This occurred because NRCS accepted supporting documentation on which the RCPP partner redacted all Personally Identifiable Information and denied NRCS access to unredacted documents that were pertinent to the Federal award. As a result, NRCS has made payments of \$267,410 to this partner without being able to determine if the payment requests qualified for reimbursement. NRCS generally agreed with issues identified in the finding. However, in order to reach management decision on the recommendations, additional actions are required for each recommendation.





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



DATE: November 13, 2017

AUDIT  
NUMBER: 10601-0004-31(2)

TO: Leonard Jordan  
Acting Chief  
Natural Resources Conservation Service

ATTN: Leon Brooks  
Director  
Compliance Division

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: NRCS Regional Conservation Partnership Program Controls – Interim Report

This report presents the interim results of the subject audit. Your written response to the official draft interim report, dated October 16, 2017, 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, management decision has not been reached on Recommendations 1 and 2. The information needed to reach management decision on the recommendations is set forth in the OIG Position section following each recommendation.

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 (<http://www.usda.gov/oig>) in the near future.



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# Background and Objectives

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## Background

The Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) works with farmers, ranchers, and private forest landowners nationwide to identify and address natural resource objectives in balance with operational goals to benefit soil, water, wildlife, and related natural resources locally, regionally, and nationally.

The 2014 Farm Bill created the Regional Conservation Partnership Program (RCPP), which is a partner-driven, locally-led approach to conservation.<sup>1</sup> Through RCPP, NRCS co-invests with partners to benefit farming, ranching, and forest operations. RCPP partners develop project proposals to address specific natural resource objectives in a particular area or region.<sup>2</sup> Upon selection and approval of a submitted project proposal, NRCS negotiates and develops a partnership agreement with the lead partner for the project.<sup>3</sup> The partnership agreements address items that include outlining the responsibilities of RCPP partners to provide a significant portion of the overall costs of the projects and assist producers and landowners with applicable requirements.

NRCS delivers RCPP assistance through the authorities of the following four "covered programs": the Environmental Quality Incentives Program, the Conservation Stewardship Program, the Agricultural Conservation Easement Program, and the Healthy Forests Reserve Program. In certain geographic areas, RCPP assistance can also be delivered through the Watershed Protection and Flood Prevention program. NRCS provides financial and technical assistance to project participants in accordance with the authorities and rules of the covered programs. NRCS and its partners implement RCPP projects by working with agricultural producers and owners of agricultural and forest land. Individual producers and landowners may apply directly to NRCS for programmatic assistance for eligible projects, or they may work with partners to participate in the projects.

To implement RCPP, the 2014 Farm Bill authorizes \$100 million in annual funding and also reserves an additional 7 percent of the funds and acres made available under the covered programs. For fiscal years 2014 through 2016, NRCS offered over \$570 million in funding for RCPP projects. The RCPP funding is allocated across three competitive fund pools: Critical Conservation Areas, National, and State.

Partners request reimbursement for technical assistance provided to producers on form SF-270, Request for Advance or Reimbursement, that is sent to the NRCS administrative contact identified in the Notice of Grant/Agreement Award. Partners can request reimbursement for

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<sup>1</sup> Agricultural Act of 2014, Pub. L. No. 113-79, § 2401, 128 Stat. 649, 744-51 (2014 Farm Bill).

<sup>2</sup> Resource concerns to be addressed by RCPP projects include water quality degradation, inadequate habitat for fish and wildlife, and air quality.

<sup>3</sup> The lead partner serves as the primary contact with NRCS for all discussions regarding the RCPP project, final authority for negotiations and signing of the partnership agreement and lead for coordinating all partner(s) activities for the overall project.

technical assistance activities necessary to implement contracts and agreements with producers. Costs incurred under the award must be supported by source documentation. The NRCS program contact is responsible for reviewing the SF-270 request and supporting documentation and certifying the request will meet the planned activities set forth in the agreement.

## **Objectives**

This interim report focuses on NRCS' technical assistance payments made to an RCPP partner without adequate supporting documentation. This report is issued as part of an ongoing audit with the objective of assessing NRCS' RCPP proposal review process. We are also determining the adequacy of NRCS controls over RCPP partner adherence to RCPP provisions, including the reimbursement of RCPP partner expenses.

## **Finding 1: RCPP Partner Request for Reimbursement for Technical Assistance Does Not Identify Producers**

NRCS reimbursed an RCPP partner for technical assistance<sup>4</sup> without being able to identify which producers received the technical assistance. This occurred because NRCS accepted supporting documentation on which the RCPP partner redacted all Personally Identifiable Information (PII) and denied NRCS access to unredacted documents pertinent to the Federal award.<sup>5</sup> As a result, NRCS has made payments of \$267,410 to this partner without being able to determine if the payment requests qualified for reimbursement.

According to the agreement, recipients agree to comply with the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” The regulation requires that the Federal awarding agency and the Inspectors General, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity pertinent to the Federal award in order to make audits, examinations, excerpts, and transcripts.<sup>6</sup>

The responsible NRCS official approves a submitted SF- 270, Request for Advance or Reimbursement, by certifying that the invoice was not submitted previously and met the requirements of the agreement. According to the partnership agreement, all costs incurred under the award must be supported by source documentation, and costs that cannot be supported may be disallowed or result in award funds being returned to the Federal Government.

NRCS entered into a partnership agreement under the authority of RCPP with the Oregon Association of Conservation Districts. NRCS agreed to pay over \$2 million for partner-provided technical assistance in accordance with the agreement’s plan of work.<sup>7</sup> We determined that NRCS made RCPP payments totaling \$311,290 to the partner for technical assistance. We determined that \$267,410 of this amount was issued without adequate supporting documentation because the partner redacted all PII.

The RCPP partner stated that it redacted PII information from the supporting documents because of its concerns of potentially violating Oregon privacy law. OIG did not evaluate the Oregon privacy law, but it reviewed the terms and conditions of the RCPP agreement. If the partner cannot meet the terms and conditions of the RCPP agreement that require the partner to provide access to supporting documents, then unsupported costs may be disallowed or result in the return of funds.

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<sup>4</sup> Technical assistance is defined as the technical expertise, information, and tools necessary for the conservation of natural resources on land active in agricultural, forestry, or related uses.

<sup>5</sup> The RCPP partner also denied OIG access to unredacted supporting documentation.

<sup>6</sup> 2 C.F.R. § 200.336 (Access to records).

<sup>7</sup> The agreement contains a plan of work with designated deliverables that establish set timeframes and rates for each deliverable.

For example, the partner agreed to provide technical assistance by conducting 30 site-specific plans (SSPs) in fiscal year 2015 for \$165,000.<sup>8</sup> The partner submitted a form SF-270, Request for Advance or Reimbursement, with an invoice for the completion of four SSPs at \$5,500 each. The NRCS District Conservationist, who reviewed the supporting documentation, stated that the documents did not include any information that identified the producer or the land on which the SSP was performed. Instead, the invoice documented that the SSPs were performed for LC08, LC10, LC12, and MC026.<sup>9</sup> The District Conservationist also relied on a redacted letter from the U.S. Fish and Wildlife Service that stated the SSP met the requirements of the Candidate Conservation Agreement with Assurances standards. The approving official for this specific agreement was aware that payments were being issued without being able to identify the producers receiving technical assistance.

NRCS National Office officials expressed concerns about making payments based on redacted documents that do not identify the producer to whom the technical assistance was provided.

NRCS cannot ensure the approved payments meet RCPP requirements based on the redacted supporting documentation reviewed by the District Conservationist. NRCS should not issue payments for this agreement when the supporting documentation does not identify the land and producer who received the technical assistance. In addition, NRCS should request that the partner provide the unredacted supporting documentation for all previously made payments. If the partner does not provide the unredacted version of the documentation, NRCS should request a return of the funds for any payments for which the producer information on the supporting documentation was redacted.

## **Recommendation 1**

The Natural Resources Conservation Service (NRCS) should issue guidance to the Oregon State Office to discontinue making Regional Conservation Partnership Program (RCPP) payments when supporting documentation does not identify the land and producer for which the technical assistance was provided.

## **Agency Response**

In March 2017, immediately after the Office of Inspector General (OIG) visit, NRCS' State office in Oregon informed the RCPP partner that no future payments would be made if the payment documents of the land and producer information were redacted. The State Office subsequently notified NRCS' National Headquarters of its actions. All future partner payment documents are to be unredacted. No guidance from National headquarters was required.

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<sup>8</sup> Site-specific plans are intended to promote good land stewardship by implementing actions on land that benefit sage-grouse.

<sup>9</sup> Unique identifiers used by the RCPP partner to prevent disclosure of any PII.

## **OIG Position**

We were unable to reach management decision for this recommendation. While we agree with the actions taken by the NRCS Oregon State office, the National office needs to issue guidance to the Oregon State office. The guidance needs to require that RCPP payments will only be made when documentation includes the identity of the land and producer for which the technical assistance was provided. To clarify, OIG first alerted the NRCS State office in June 2017, instead of March 2017, as cited in NRCS' response.

## **Recommendation 2**

NRCS should request the RCPP partner to provide supporting documentation that includes the land and producer information for all previously made payments. NRCS should review any additional documentation provided and, if the partner does not provide the unredacted documentation, then NRCS should request a return of the previous payments.

## **Agency Response**

NRCS does not need to request a return of the previous payments due to the fact that the technical staff in Oregon reviewed the un-redacted documentation and certified the supporting documents for payment. For all payments (1-8), the local soil and water conservation district in each county continues to maintain the supporting documentation due to State law protecting landowner privacy; however, these documents remain available to the local District Conservationist and the Assistant State Conservationist for Field Operations. This was confirmed by the State and area office supervisory personnel.

As stated in NRCS' response to OIG Recommendation 1, NRCS informed the RCPP partner that, henceforth, they are to provide for retention in NRCS' official files original (non-redacted) copies of all documents supporting the certification of all future payments for technical assistance to landowners.

## **OIG Position**

We are unable to reach management decision for this recommendation. While we agree with NRCS' actions to provide for retention in NRCS' official files original (unredacted) copies of all documents supporting the certification for all future payments for technical assistance to landowners, NRCS needs to apply this action to all previous payments.

During our review, the District Conservationist stated that they relied on redacted documentation to approve payments. In addition, the RCPP partner representative confirmed that only redacted documentation was provided to NRCS officials for review. In order to reach management decision, NRCS needs to obtain and maintain copies of unredacted documentation for previous payments made based on redacted documents. If the RCPP partner does not provide the unredacted documentation for previous payments, NRCS needs to request a return of the funds.

## Scope and Methodology

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The audit team conducted fieldwork at the NRCS National Office located in Washington, D.C.; New Mexico NRCS State Office in Albuquerque, New Mexico; Oregon NRCS State Office in Portland, Oregon; and three Oregon NRCS field offices.<sup>10</sup> This is an interim report and our work is ongoing.

Our audit covers RCPP activity for fiscal years 2014 through 2016. According to NRCS' website, the agency has offered approximately \$570,690,000 to RCPP projects during this period. As of May 17, 2017, the NRCS Oregon State Office had issued \$652,221.95 for technical assistance provided by RCPP partners. For this interim report, we examined \$311,560 of technical assistance payments made to one RCPP partner. We selected this RCPP project as part of our non-statistical sample of three projects in the State of Oregon. The projects were selected based on the amount of technical assistance payments issued to partners as of the date of our visit and in order to select one project from each of RCPP's three funding pools.<sup>11</sup>

To accomplish our objectives, we performed the following audit procedures:

- Reviewed applicable laws, regulations, and agency procedures concerning the administration of RCPP, specifically, the provisions pertaining to the submission, review, and approval of RCPP proposals and program provisions, including reimbursement of RCPP partner expenses;
- Reviewed supporting documentation for payments made to RCPP partners;
- Interviewed NRCS RCPP officials in Washington, D.C., to gain an understanding of the RCPP proposal process and program provisions, including reimbursement of RCPP partner expenses;
- Interviewed NRCS State Office officials in New Mexico and Oregon to gain an understanding of the RCPP proposal process and program provisions, including reimbursement of RCPP partner expenses;
- Interviewed RCPP partner officials in New Mexico and Oregon to obtain documents and gain an understanding of the partners' role in RCPP requests for reimbursement;
- Interviewed NRCS Field Office officials in three locations in Oregon to gain an understanding of the RCPP program provisions, including reimbursement of RCPP partner expenses; and
- For the samples selected in New Mexico and Oregon, we verified payment transaction data to supporting source documentation.

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<sup>10</sup> The three field offices visited were the Heppner Service Center in Heppner, Oregon; Hines Service Center in Hines, Oregon; and McMinnville Service Center in McMinnville, Oregon.

<sup>11</sup> RCPP funding pools: Critical Conservation Areas, National, and State.

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We conducted fieldwork between October 2016 and August 2017.

We make no representation regarding the adequacy of any agency computer systems, or information generated by them because information systems were not used extensively throughout the program and evaluating the effectiveness of information systems controls were not part of the engagement objectives.

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

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NRCS .....	Natural Resources Conservation Service
OIG .....	Office of Inspector General
PII.....	Personally Identifiable Information
RCPP.....	Regional Conservation Partnership Program
SSP .....	Site Specific Plan
USDA.....	Department of Agriculture

## Exhibit A: Summary of Monetary Results

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

<b>Finding</b>	<b>Recommendation</b>	<b>Description</b>	<b>Amount</b>	<b>Category</b>
1	2	Payments made without adequate supporting documentation	\$267,410	Questioned Costs, Recovery Recommended
<b>Total</b>			\$267,410	



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





October 16, 2017

**SUBJECT:** LTP - Agency Response to the Office of Inspector General  
Interim Discussion Draft Report 10601-0004-31(2)  
Natural Resources Conservation Service (NRCS)  
Regional Conservation Partnership Program Controls

**TO:** Steven H. Rickrode File Code: 300  
Deputy Assistant Inspector General for Audit  
Office of the Inspector General

This memorandum is in response to the Office of Inspector General's (OIG) Interim Report 10601-0004-31(2), NRCS Regional Conservation Partnership Program (RCPP) Controls.

Please find attached NRCS' responses to OIG's recommendations in the referenced interim report. In particular, NRCS addressed two OIG recommendations through the corrective actions described in the enclosed responses.

If you require additional information, please contact Lesia Reed, Deputy Chief for Strategic Planning and Accountability, at 301-504-0056.

/s/

Leonard Jordan  
Acting Chief

Attachment

cc:  
Thomas W. Christensen, Associate Chief for Operations, NRCS, Washington, D.C.  
Lesia Reed, Deputy Chief for Strategic Planning and Accountability, NRCS, Washington, D.C.  
Jimmy Bramblett, Deputy Chief for Programs, NRCS, Washington, D.C.  
Kaveh Sadeghzadeh, Acting Chief of Staff, NRCS, Washington, D.C.

If you require additional information, please contact Lesia Reed, Deputy Chief for Strategic Planning and Accountability, at (301) 504-0056.

Attachment

**Agency Responses**  
**Interim Report 10601-0004-31(2)**  
**NRCS Regional Conservation Partnership Program Controls**

**Finding 1:** The Regional Conservation Partnership Program (RCPP) partner request for reimbursement for technical assistance does not identify producers.

**OIG Recommendation 1**

The Natural Resources Conservation Service (NRCS) should issue guidance to the Oregon State Office to discontinue making RCPP payments when supporting documentation does not identify the land and producer for which the technical assistance was provided.

**NRCS Response**

In March 2017, immediately after the Office of Inspector General (OIG) visit, NRCS' State office in Oregon informed the RCPP partner that no future payments would be made if the payment documents of the land and producer information were redacted. The State office subsequently notified NRCS' National Headquarters of its actions. All future partner payment documents are to be unredacted. No guidance from National Headquarters was required.

**OIG Recommendation 2**

NRCS should request the RCPP partner to provide supporting documentation that includes the land and producer information for all previously made payments. NRCS should review any additional documentation provided and if the partner does not provide the unredacted documentation, then NRCS should request a return of the previous payments.

**NRCS Response**

NRCS does not need to request a return of the previous payments due to the fact that the technical staff in Oregon reviewed the un-redacted documentation and certified the supporting documents for payment. For all payments (1-8), the local soil and water conservation district in each county continues to maintain the supporting documentation due to State law protecting landowner privacy; however, these documents remain available to the local District Conservationist and the Assistant State Conservationist for Field Operations. This was confirmed by the State and area office supervisory personnel.

As stated in NRCS' response to OIG Recommendation 1, NRCS informed the RCPP partner that, henceforth, they are to provide for retention in NRCS' official files original (non-redacted) copies of all documents supporting the certification of all future payments for technical assistance to landowners.

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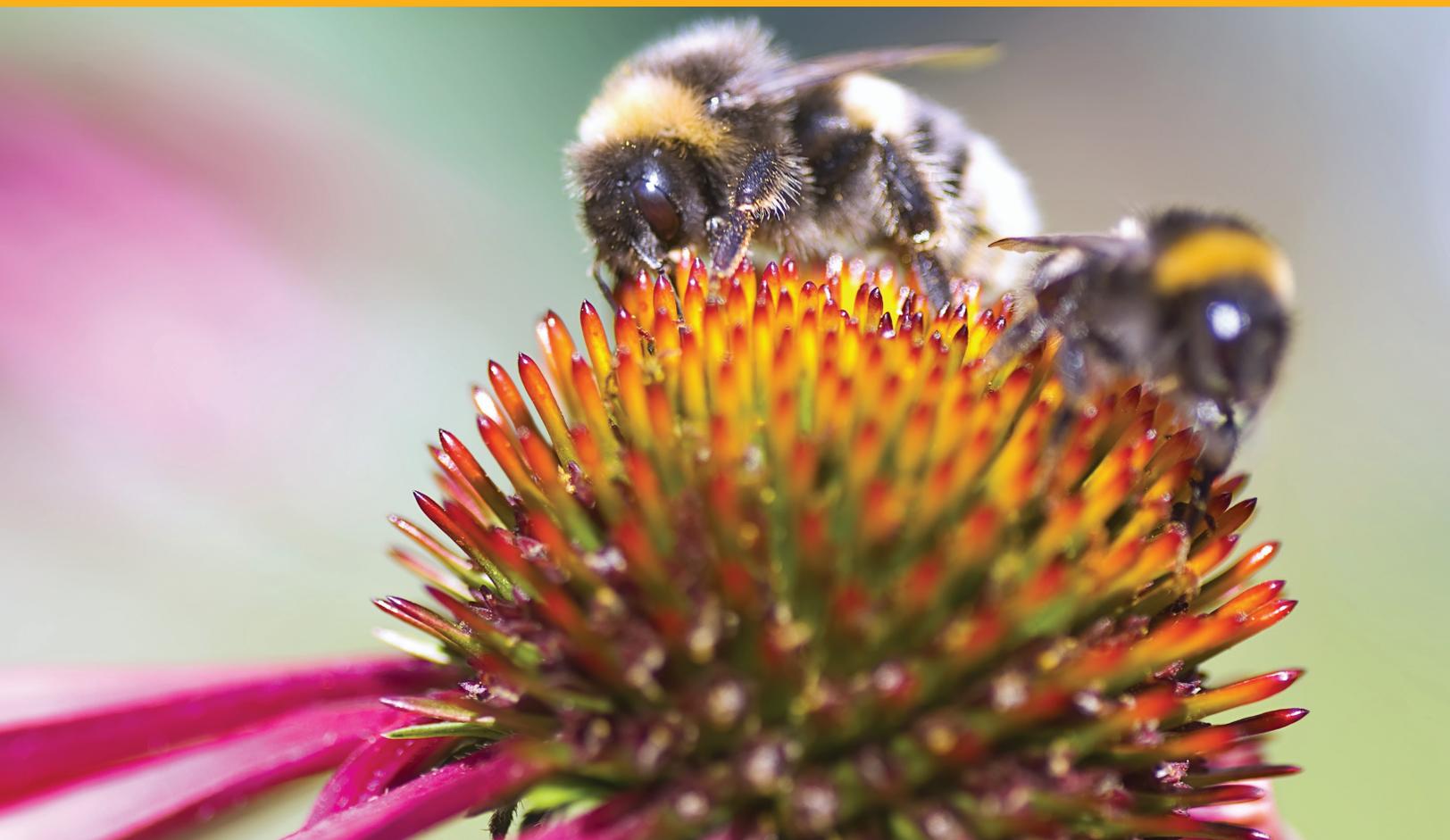
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