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**Office of Inspector General**





## OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



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**FAV**

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**TO:** Lynn Moaney  
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Office of the Chief Financial Officer

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Chief  
Natural Resources Conservation Service

**FROM:** Yaris Riveria-Rojas  
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**SUBJECT:** Final Action Verification—*Hurricane Disaster Assistance-Emergency Watershed Protection Program*

The Office of Inspector General (OIG) completed a final action verification of all nine recommendations in our June 25, 2021, report on the *Hurricane Disaster Assistance-Emergency Watershed Protection Program* (Audit Report 10702-0001-23). Our objectives were to determine: (1) whether the documentation that the Natural Resources Conservation Service (NRCS) provided to the Office of the Chief Financial Officer (OCFO) was sufficient to close the recommendations made in Audit Report 10702-0001-23; and (2) determine how promptly NRCS implemented OIG's recommendations included in the final action verification.

OCFO reported that it closed all nine of the recommendations,<sup>1</sup> and we concur with this decision. In total, OIG identified \$41,245,287 of questioned costs, however, NRCS later confirmed the eligibility of those costs and did not recover any funds. Additionally, OIG identified and NRCS agreed at management decision<sup>2</sup> to \$198,502,181 of funds to be put to better use. We determined that NRCS provided sufficient documentation to OCFO to close all recommendations. However, 8 of the 9 recommendations' corrective actions were not implemented timely by NRCS. Corrective actions must be completed within 1 year of the management decision date or by the estimated completion date (ECD) agreed upon by agency management and OIG. OCFO implemented controls requiring agencies to request approval from OCFO for ECD revisions with justification for delays. However, OCFO was not able to provide OIG with documentation showing that four recommendations with revised ECDs were approved by OCFO.

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<sup>1</sup> OIG reviewed documentation from the Audit Follow-Up Tracking and Reporting Tool.

<sup>2</sup> *Management decision* is an agreement between agency management and OIG on the action(s) taken or to be taken to address a finding and recommendation cited in an audit report. The management decision must include the agreed-upon dollar amount affecting the recommendations and an estimated completion date unless all corrective action is completed by the time agreement is reached. USDA Departmental Regulation 1720-001, 6i, *Audit Follow-up and Management Decision* (Nov. 2, 2011).

## Background

Our report, *Hurricane Disaster Assistance-Emergency Watershed Protection Program*,<sup>3</sup> made nine recommendations to improve NRCS's controls over its hurricane disaster assistance program. We found that NRCS did not establish and maintain a database to accurately track Emergency Watershed Protection (EWP) Program projects at the national level nor did NRCS establish performance measures for EWP. Additionally, project sponsors did not provide the required eligibility documentation. Furthermore, we found State officials did not initiate the closeout process or de-obligate unused funds.

OIG and NRCS reached management decision on seven of the recommendations in a memorandum dated June 25, 2021, and the remaining two recommendations in a memorandum dated September 22, 2021. The memoranda detailed what NRCS needed to implement to achieve final action<sup>4</sup> on the recommendations.

Agencies must reach management decisions on all findings and recommendations set forth in an audit report within 6 months after the issuance of an audit report.<sup>5</sup> In accordance with USDA Departmental Regulation 1720-001,<sup>6</sup> OCFO has the responsibility to determine final action for recommendations where OIG has agreed to management decision. As such, OCFO evaluates agency-provided documentation to support planned corrective actions and to determine if final action has occurred. The corrective action associated with each management decision must be completed within 1 year of the management decision date or by the ECD as agreed to by agency management and OIG.<sup>7</sup> To standardize the ECD revision process, OCFO implemented controls requiring agencies to request approval for ECD revisions with justification for delays.<sup>8</sup>

## Scope and Methodology

The scope of this final action verification was limited to determining whether NRCS's plan of action for all the recommendations in the subject report was completed in accordance with the management decisions reached on June 25, 2021, and September 22, 2021. Additionally, this final action verification included determining whether NRCS reached management decision within 6 months of report issuance and final action within 1 year of the management decision date.

To accomplish our objectives, we reviewed documentation NRCS submitted to OCFO, including, management decisions reached in the memorandums, ECDs, and final action documentation

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<sup>3</sup> Audit Report 10702-0001-23, *Hurricane Disaster Assistance-Emergency Watershed Protection Program*, June 25, 2021.

<sup>4</sup> *Final action* is the completion of all actions that management has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report. USDA Departmental Regulation 1720-001, 6g (1), *Audit Follow-up and Management Decision* (Nov. 2, 2011), the Departmental Regulation in effect when management decisions were reached.

<sup>5</sup> Inspector General Act, 5 U.S.C. Appendix.

<sup>6</sup> USDA Departmental Regulation 1720-001, *Audit Follow-up and Management Decision* (Nov. 2, 2011).

<sup>7</sup> USDA Departmental Regulation 1720-001, *Audit Follow-up and Management Decision* (Nov. 2, 2011).

<sup>8</sup> USDA OCFO *Revisions to Revised Estimated Completion Dates for Recommendations* (June 2022).

from the Audit Follow-Up Tracking and Reporting Tool to determine timeliness. We did not perform internal control testing or site visits to verify whether the initially identified deficiencies had been corrected. In addition, we did not provide an opinion on the results of the implementation or effectiveness of each recommendation. This final action verification was conducted in accordance with our internal guidance *Final Action Verification Guidance and Procedures*.<sup>9</sup> As a result, this final action verification was not conducted in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States, or the *Quality Standards for Inspection and Evaluation*, issued by the Council of the Inspectors General for Integrity and Efficiency. However, before we performed this engagement, we determined that it would not impair our independence to perform audits, inspections, attestation engagements, or any other future or ongoing reviews of the subject.

### Results of Final Action Verification

We determined that NRCS provided sufficient documentation to OCFO to close the nine recommendations we made in our audit report.<sup>10</sup> We also determined that all nine recommendations were closed and that corrective actions met the intent of the recommendation (see Exhibit A for a summary of the actions NRCS took for each recommendation). We determined that NRCS reached management decision for all recommendations within 6 months after the issuance of the audit report.

Also, we determined that NRCS did not implement corrective actions for eight of the nine recommendations within the required 1-year final action period (see Exhibit B). Figure 1 summarizes the length of time to obtain final actions.

Final Action Time Period	Number of Recommendations
More than 1 year	6
More than 2 years	2
Total	8

**Figure 1: Length of Time to Obtain Final Actions. Figure by OIG.**

In addition, we determined that NRCS revised the ECD to reach final action for all nine recommendations. NRCS revised the ECD to reach final action because it had the ability to revise the ECD directly within the Audit Follow-Up Tracking and Reporting system. However, in an effort to standardize the process of ECD revisions, OCFO issued a memorandum,<sup>11</sup> which states that any request by an agency to change the ECD must be approved by the OCFO Internal Controls Division (ICD) Director. The agency request must contain a reason for delay selected in the After Audit Follow-up Tracking and Reporting system as well as a detailed justification. Although the ECDs were revised in the Audit Follow-Up Tracking and Reporting system, OCFO was not able to provide OIG with documentation for four recommendations with ECD revisions that were approved by OCFO (see Exhibit C). However, OCFO provided documentation from

<sup>9</sup> USDA OIG, *Final Action Verification Guidance and Procedures* (May 2019).

<sup>10</sup> Audit Report 10702-0001-23, *Hurricane Disaster Assistance-Emergency Watershed Protection Program*, June 25, 2021.

<sup>11</sup> USDA, OCFO Implementation of Standardized Estimated Completion Date Revision Request Form (Mar. 2023).

the system which showed the ECD changes for the four recommendations. OCFO officials stated that the ICD Director was the only position with permissions granted in the Audit Follow-up Tracking and Reporting system that allows for such a change, and this corroborates the approval of the changes submitted.

As final action for the nine recommendations was achieved, we do not have immediate recommendations, at this time, to impact the Emergency Watershed Protection Program. However, we strongly encourage NRCS and OCFO ensure compliance with the ECD policy as they move forward with recommendations for other engagements. Assessing compliance with OCFO's policy could also be included in our future audit work.

We informed NRCS and OCFO officials of the results of this final action verification. The agencies provided comments on the issues addressed in the final action verification. In September 2025, NRCS provided additional documentation of their requests to revise the ECDs. Additionally, an official stated that NRCS followed the policy issued, provided the ECD changes to OCFO and received approval. In September 2025, OCFO officials provided no additional comments beyond the comments cited above in our report.

## Exhibit A: Recommendations with Sufficient Documentation to Achieve Final Action

The table lists the recommendations from the audit report that were included in the final action verification along with the actions taken by the Natural Resources Conservation Service (NRCS).

No.	Recommendation	Action Taken
1	Establish and maintain a national database to track projects for the Emergency Watershed Protection (EWP) Program as per program requirements.	NRCS deployed a database known as the National Emergency Watershed Protection Program (EWPP) Administration Database Dashboard, which “provides Program Managers with the most current information on their submitted Damage Survey Report (DSR) status, cooperative agreement details, and fund availability according to Policy Manual requirements.”
2	Develop and implement a process to ensure that States are confirming and documenting applicant eligibility in accordance with EWP Program requirements.	NRCS rewrote the National EWP Policy Manual to update language regarding the confirmation that program requirements are satisfied prior to receiving Federal assistance and the review of the program requirements as part of the State’s EWP Recovery funding request package.
3	Review the 15 sampled DSRs that were approved for more than \$41.2 million and their subsequent cooperative agreements to confirm eligibility. Collect funds from applicants that are found to be ineligible.	NRCS reviewed the eligibility of every applicant related to the 15 sampled DSRs to ensure they met the regulatory definition and criteria of a project sponsor. NRCS determined that all the sponsors reviewed were found to be eligible sponsors. Therefore, no funds were collected.
4	Review all DSRs and their subsequent cooperative agreements related to Hurricanes Harvey, Irma, and Maria to confirm eligibility. Collect funds from those applicants that are found to be ineligible.	NRCS reviewed the eligibility of all DSRs related to Hurricanes Harvey, Irma, and Maria, to ensure all DSRs met the regulatory definition and criteria of a project sponsor. NRCS determined that all the sponsors reviewed were found to be eligible sponsors. Therefore, no funds were collected.
5	Update guidance to clarify the terminology that is creating confusion for States when submitting reports (for example, weather event “project” and individual DSR “project”). In addition, clarify when final reports will be completed.	NRCS updated the policy manual to include Sections 513.0 and 513.1, clarifying when status reports are due and what is required.

No.	Recommendation	Action Taken
6	Develop and implement controls to ensure States timely and accurately submit 60-day and final reports.	NRCS deployed the National EWPP Administration Database Dashboard, which has controls to capture status report reporting during the monthly reporting cycle, and held a webinar where State Program Managers were trained to use the database.
7	Review the project closeout process and develop oversight controls to ensure project closeouts are completed timely, in accordance with program requirements. As applicable, implement corrective actions to address deficiencies.	NRCS deployed the National EWPP Administration Database Dashboard, which can connect to the obligation document database that reports on agreements that are past the end date and eligible for closeout, and held a webinar where State Program Managers were trained to use the database. NRCS also assigned the Farm Production and Conservation Business Center, Policy, Accounting and Reporting Branch, General Ledger Integrity Section with the responsibility of coordinating quarterly review and certification of unliquidated obligations.
8	Review the de-obligation process for unliquidated obligations and develop controls to ensure de-obligations are completed timely, in accordance with agency requirements. As applicable, implement corrective actions to address deficiencies.	NRCS deployed the National EWPP Administration Database Dashboard, which contains controls that monitor and review unliquidated obligations of expired agreements. NRCS also updated departmental regulations and the EWP Program Manual.
9	Develop and implement EWP Program performance measures, as per program guidance.	NRCS added Section 513.2 to the EWP Program Manual, which establishes performance metrics that emphasize the completion of emergency measures and track closeout and reporting program requirements.

## Exhibit B: Recommendations with Untimely Final Actions

The table provides the management decision and final action dates for recommendations that did not reach final action within 1 year of management decision.

Recommendation Number	Management Decision Date	Final Action Date
1	6/25/2021	2/10/2023
2	9/22/2021	2/15/2023
3	6/25/2021	11/1/2023
4	6/25/2021	3/24/2023
6	6/25/2021	9/13/2023
7	6/25/2021	12/21/2022
8	6/25/2021	4/28/2023
9	6/25/2021	2/10/2023
<b>Total: 8</b>		

**Exhibit C: Recommendations with Revised Estimated Completion Dates**

The table provides the initial and revised estimated completion dates for the recommendations that did not receive the Office of the Chief Financial Officer approval documentation.

Recommendation Number	Initial Estimated Completion Date	Revised Estimated Completion Date
3	3/31/2022	9/30/2023
4	3/31/2022	9/30/2023
6	9/30/2021	9/30/2023
8	3/31/2022	9/30/2023
<b>Total: 4</b>		

cc: Agency Audit Liaisons

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