



U.S. Department of Agriculture
Office of Inspector General
Southwest Region
Audit Report

**Forest Service and
Natural Resources Conservation Service
Grants and Agreements with the
National Fish and Wildlife Foundation**



**Report No.
50099-3-Te
JULY 2001**



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: July 20, 2001

REPLY TO

ATTN OF: 50099-3-Te

SUBJECT: Forest Service and Natural Resources Conservation Service
Grants and Agreements with the National Fish and Wildlife Foundation

TO: Dale Bosworth
Chief
Forest Service

Pearlie Reed
Chief
Natural Resources Conservation Service

ATTN: Linda Washington
Audit Liaison
Forest Service

Dana D. York
Acting Director
Operations Management and Oversight Division
Natural Resources Conservation Service

This report presents the results of our audit of Forest Service (FS) and Natural Resources Conservation Service (NRCS) Grants and Agreements with the National Fish and Wildlife Foundation (NFWF). The NRCS' response to the draft report, dated July 12, 2001, is included in exhibit C, and the FS' response dated June 28, 2001, is included in exhibit D, with excerpts and the Office of Inspector General's (OIG) position incorporated into the relevant sections of the report.

We agree with your management decision on all recommendations except Recommendation No. 2. We can reach management decision on Recommendation No. 2 when NRCS provides the Bill for Collection and establishes a receivable in its accounting system. Please note that Departmental Regulation 1720-1 requires final actions to be taken within 1 year of the management decisions. Correspondence concerning final actions should be addressed to the Office of the Chief Financial Officer.

Dale Bosworth, et al.

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We appreciate the courtesies and cooperation extended to us by members of your staff during the audit.

/s/ Robert W. Young
for
RICHARD D. LONG
Assistant Inspector General
for Audit

EXECUTIVE SUMMARY

FOREST SERVICE AND NATURAL RESOURCES CONSERVATION SERVICE GRANTS AND AGREEMENTS WITH THE NATIONAL FISH AND WILDLIFE FOUNDATION

REPORT NO. 50099-3-Te

RESULTS IN BRIEF

The objectives of this audit were to determine the interest cost to the government for funds advanced prior to their need, if interest earned on advanced funds was properly handled, and if the Forest Service (FS) and Natural Resources Conservation Service (NRCS) grant funds were properly matched. We also reviewed the action taken on the Office of the General Counsel (OGC) opinion regarding National Fish and Wildlife Foundation (NFWF) operations.

We found that NRCS advanced \$2,970,003 of a \$3,000,000 cooperative agreement to NFWF before the funds were needed. The advance was made on May 3, 2000, and, as of September 30, 2000, the funds had not been used for expenditures to accomplish the purpose of the agreement. A NRCS manager said the legislative language which appropriated the funds was not clear. The advance was made because, when Congress provided the earmark, NRCS tried to distribute the funds as soon as possible and did not consider existing regulations for advances. During this time, the Government incurred an interest cost of \$65,934.07 and NFWF had earned interest of \$13,597.26 on the invested advance.

United States Department of Agriculture (USDA) regulations and the NRCS Handbook state that advances should be minimized and kept as close as possible to disbursements by the recipient.

The FS appropriation language allows the agency to make lump-sum advances to NFWF. However, our review also found that NFWF is not using these funds and continues to build up a large surplus of unused funds. We question the need for continued advances unless NFWF demonstrates a financial need to accomplish FS-approved projects. See General Comments.

Further, the FS and NRCS administrative controls over advances were not followed. For example, the agreements did not require the NFWF to submit forms for monitoring advances.

For the other stated objectives in this audit, we found no problems that would warrant further audit coverage or corrective recommendations at this time.

KEY RECOMMENDATIONS

We recommend that the NRCS ensure that employees adhere to USDA and NRCS regulations for advances and that they recover the remaining advance of \$2,970,003 from the NFWF. We also recommend that the FS and NRCS require the NFWF to submit SF-272, Federal Cash Transactions Report, and record interest earned on the appropriate form. The FS and NRCS should also ensure that the current balance of earned interest is used for original program purposes. The NRCS needs to include a reference to the most recent USDA grant regulation in their agreements with the NFWF.

AGENCY RESPONSE

The NRCS and FS provided written responses to the draft report (See exhibit C and D, respectively) concurring with all of our recommendations.

OIG POSITION

We agree with the management decision by NRCS and FS for recommendations 1, 3, 4, 5, and 6. We can reach management decision on Recommendation No. 2 when NRCS provides the Bill for Collection and establishes a receivable in its accounting system.

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INTRODUCTION

BACKGROUND

The NFWF is a private, nonprofit organization established by Congress through Public Law 98-244 in 1984. The NFWF provides support to local conservation projects and fosters cooperation through established partnerships with Government and private stakeholders. Congress created the NFWF to benefit the conservation of fish, wildlife, and plants, and the habitat on which they depend. Congress authorized the FS and the NRCS to grant funds to the NFWF through DOI and USDA annual appropriations acts.

The NFWF uses the funds from each agency to support projects through “challenge grants” that require the funds to be matched by the project partners. The types of partners include State and local governments, corporations, private foundations, individuals, and nonprofit organizations.

The FS has made lump-sum advances totaling \$6,780,000 to the NFWF for fiscal years (FY) 1998 through 2000. Since FY 2000 was the first year that Congress required the NRCS to make funds available to the NFWF, only one lump-sum advance of \$2,970,003 has been made by NRCS.

OBJECTIVES

The audit objectives were to determine: 1) the interest cost to the Government of funds advanced to the NFWF, 2) whether interest earned on fund advances was returned to the Government, 3) whether funds advanced to the NFWF were used for other purposes prior to being disbursed for grant agreement purposes, 4) if funds from other Federal agencies were used to match funds from the FS and/or NRCS, and 5) the action taken on the OGC opinion of March 21, 2000, regarding NFWF operations. The OGC opinion addressed questioned activities such as the FS fundraising for the NFWF and FS funds granted to the NFWF being granted back to FS field units.

SCOPE

The scope of the audit was FS and NRCS agreements with the NFWF for FY 1998 through FY 2000. The FS had three agreements and NRCS had one agreement with the NFWF during this time span. See exhibit B for details.

We reviewed all four agreements. Fieldwork was conducted between July 2000 and February 2001.

The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, the audit included such tests of program and accounting records as considered necessary to meet the audit objectives.

METHODOLOGY

To accomplish the audit objectives we analyzed the four agreements, accounting records, and related documents to determine the interest earned by the NFWF on FS and NRCS fund advances. We also used the applicable U.S. Treasury Department rates to calculate the interest cost to the Government of making fund advances to the NFWF. In addition, we reviewed individual project documents and accounting records to determine if FS and NRCS funds were used as matching for Federal funds from other sources. We interviewed FS, NRCS, and NFWF officials. We reviewed correspondence to determine the status of implementation of an OGC opinion. We also reviewed the procedures at the FS, NRCS, and the NFWF for compliance with applicable regulations.

FINDINGS AND RECOMMENDATIONS

CHAPTER 1	NRCS MADE ADVANCE CONTRARY TO REGULATIONS
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FINDING NO. 1

The NRCS advanced \$2,970,003 to the NFWF before the funds were needed. This occurred because the NRCS Deputy Chief responsible for the agreement stated that the legislative

language that appropriated the funds was not clear. The advance was made because, when Congress provided the earmark, NRCS tried to distribute the funds as soon as possible and did not consider existing regulations for advances. As a result of noncompliance with existing guidance, as of September 30, 2000, the Government had incurred interest costs of \$65,934.07, and the advance balance of \$2,970,003 had not been used for program expenditures.

Congress directed the NRCS to make \$3,000,000 available to the NFWF in FY 2000. The funds were to be used to develop partnerships between USDA and the NFWF to enhance participation in conservation programs. The law and Senate Committee Report 106-80, dated June 17, 1999, do not contain any references to advances.

USDA regulations¹ state that advances should be minimized and timed closely to disbursements. The NRCS Handbook for Administering Grants and Cooperative Agreements states that advances can be made for immediate disbursement up to a maximum of 30 days. The NRCS Handbook also states that the timing of advances should be kept as close as possible to disbursement by the recipient.

The NFWF received a \$2,970,003 advance from NRCS on May 3, 2000. We calculated the interest cost to the Government due to the advance by using U.S. Treasury Department rates. The first 30 days of interest were excluded from the calculations.² The NRCS advance to the NFWF resulted in \$65,934.07 of interest cost as of September 30, 2000. However, none of the funds had been used for program expenditures and NFWF does not have plans to expend the funds in the next 60 days. The

¹ 7 Code of Federal Regulations (CFR), Part 3015, Uniform Federal Assistance Regulations, and 7 CFR, Part 3019, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, dated January 1 for years 1998 through 2000.

² When money is drawn from the U.S. Treasury before it is needed, or in excess of current needs, the Government loses the use of the money. This principle has been stated by the Comptroller General as follows: When Federal receipts are insufficient to meet expenditures, the difference is obtained through borrowings; when receipts exceed expenditures, outstanding debt can be reduced. Thus, advancing funds to organizations outside the Government before they are needed either unnecessarily increases borrowings or decreases the opportunity to reduce the debt level and thereby increases interest costs to the Federal Government. Comptroller General decision B-146285, dated October 2, 1973.

NFWF invested the advance and earned interest of \$13,597.26. See exhibit B for details.

We interviewed the NRCS Deputy Chief responsible for the agreement. The Deputy Chief stated that the congressional staff did not provide guidelines for complying with the Senate Committee Report and that NRCS tried to comply with the congressional earmark as quickly as possible. This is not a valid reason for the early advance since existing guidance explained the advance process in detail and it was not necessary for the Congressional staff to provide guidance specific to the grant.

The NRCS should recover the unexpended advance balance and future advances should be made for immediate expenses only up to a maximum of 30 days.

RECOMMENDATION NO. 1

NRCS should monitor agreements to ensure that employees adhere to the guidelines in USDA Uniform Assistance Regulations (i.e., 7 CFR, Part 3015 and 7 CFR, Part 3019)

regarding the issuance of advances to prevent incurring further unnecessary interest cost to the Government.

NRCS Response

The NRCS concurs with this recommendation and plans to conduct a joint review (by NRCS Financial Management and Management Services divisions) of the NFWF agreement to ensure employees' adherence to the USDA Uniform Assistance regulations by September 30, 2002.

OIG Position

We agree with the management decision for recommendation No. 1.

RECOMMENDATION NO. 2

NRCS should recover the remaining advance of \$2,970,003 from the NFWF so the funds can be put to better use until needed by the NFWF.

NRCS Response

The NRCS concurs with this recommendation. The NRCS' Chief Financial Officer planned to issue a Bill for the Collection for \$2,970,000 by July 15, 2001. NRCS will retain the funds until NFWF demonstrates a need.

OIG Position

We agree with the proposed action for recommendation No. 2. We can reach management decision when NRCS provides the Bill for Collection and establishes a receivable in its accounting system.

FINDING NO. 2

The FS and NRCS are not following the administrative controls to properly account for earned interest on advances to NFWF. This occurred because the FS and NRCS have not required NFWF to submit and/or properly complete the required forms used to monitor advances.

Specifically:

- The FS and NRCS have not required NFWF to submit SF-272, Report of Federal Cash Transactions.
- NRCS did not include a specific reference to 7 CFR, Part 3019, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, in their agreement with NFWF.
- The 1998 and 1999 agreements between the FS and NFWF did not contain a clause stating that the interest earned on funds drawn down, but not immediately disbursed, shall be used for original program purposes.

As a result, the FS and NRCS do not have assurance of the amount of earned interest or that the earned interest is used for program purposes.

The USDA regulations³ state that if advances of more than \$25,000 are made, then an SF-272, Report of Federal Cash Transactions, is required unless waived by the agency.

The FS and NRCS incorporated these regulations into the NFWF agreements and the agreements do not waive the SF-272. The SF-272 is to be used as a management tool to monitor advances. The fields on the SF-272 include spaces to record interest income and advances made to subgrantees. The FS and NRCS have not required the NFWF to submit this form even though the NFWF is required to submit this form to other Federal agencies.

The NRCS did not include a specific reference to the most recent USDA regulation, 7 CFR, Part 3019, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, in the agreement with the NFWF. The FY 1998 FS agreement with the NFWF did not contain a reference to

³ 7 CFR, Part 3015, Uniform Federal Assistance Regulations, and 7 CFR, Part 3019, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, dated January 1 for years 1998 through 2000.

7 CFR, Part 3019; however, this reference was incorporated into the FY's 1999 and 2000 FS agreements.

The FS and NRCS are not effectively monitoring the interest earned by the NFWF. The NFWF has earned interest on FS and NRCS advances that has not been reported to the agencies. The earned interest as of September 30, 2000, was \$264,965.66 for the three FS agreements and \$13,597.26 for the NRCS agreement. We believe that earned and expended interest should be reported on the appropriate forms. See exhibit B for details. At the time of our audit, NFWF had not spent any of the earned interest.

The OGC has determined that the NFWF may retain earned interest on current and prior agreements. The NRCS and FS FY 2000 agreements contain a clause stating that the interest is to be used for original program purposes. Since the OGC has stated that retaining the interest is retroactive, we conclude that when the retained interest is spent, it should be spent for original program purposes.

The FS and NRCS need to apply USDA regulations regarding monitoring advances and recording program income to the NFWF agreements and ensure that the current balance of earned interest is used for program purposes. The NRCS needs to include a specific reference to 7 CFR, Part 3019, in their agreement with the NFWF for clarity.

RECOMMENDATION NO. 3

The FS and NRCS should amend the NFWF agreements to require the NFWF to submit SF-272, as stipulated by the CFR.

FS Response

The FS concurs with this recommendation. The FS Acquisition Management staff will ensure that the FS agreement with NFWF is amended in accordance with the recommendation by September 30, 2001.

NRCS Response

The NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure that the NRCS' agreement with the NFWF is amended in accordance with the recommendation by September 30, 2001.

OIG Position

We agree with the management decision from NRCS and the FS for recommendation No. 3.

RECOMMENDATION NO. 4

The FS and NRCS should ensure that the NFWF records earned and expended interest on the appropriate forms.

ES Response

The FS concurs with this recommendation. The FY 2001 agreement has a requirement for NFWF to file the SF-272, and FY 2000 agreement was recently modified to add the same requirement. The FS also agreed to modify the FY 1998 and 1999 agreements, by May 31, 2001, to require the filing of the SF-272

NRCS Response

The NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure that the NRCS' FY 2000 agreement with the NFWF is amended, by September 2001, to require the filing of form SF-272.

OIG Position

We agree with the management decision from NRCS and the FS for recommendation No. 4.

RECOMMENDATION NO. 5

The FS and NRCS should review final closeout documents to ensure that NFWF has used earned interest for original program purposes.

ES Response

The FS concurs with this recommendation. The FS will ensure that the review of final closeout documents in accordance with applicable guidance approximately 90 days after agreement expiration.

NRCS Response

The NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure the review of final closeout documents in accordance with applicable guidance.

OIG Position

We agree with the management decision from NRCS and the FS for recommendation No. 5.

RECOMMENDATION NO. 6

The NRCS should include a specific reference to USDA regulation 7 CFR, Part 3019, in their agreements with the NFWF for clarity.

NRCS Response

The NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure that the NRCS' FY 2000 agreement with the NFWF is amended in accordance with this recommendation by September 30, 2001.

OIG Position

We agree with the management decision for recommendation No. 6.

GENERAL COMMENTS

FS Advances to the NFWF

This report has recommended recovery of the NRCS advance because it was contrary to USDA and NRCS regulations, which state that advances should be minimized and timed closely to disbursements. We also found large outstanding advances by the FS, but did not recommend recovery because the FS legislation contained in DOI appropriations acts states that the FS may make lump-sum advances without regard to when expenses are incurred.

However, we are concerned that the FS maintains large outstanding advance balances and continues to advance more funds. For the three FS agreements we reviewed, the FS had advanced the NFWF \$6.020 million from June 23, 1998, to September 20, 2000. As of September 30, 2000, \$3.7 million of these advances were still outstanding. Over \$800,000 was still outstanding from the \$2 million FY 1998 agreement, over \$280,000 from a \$2.1 million FY 1999 agreement, and \$2.6 million from a \$2.6 million FY 2000 agreement. An additional advance of \$760,000 was made in November of 2000 on the FY 1999 agreement making the total amount outstanding \$6.78 million. See exhibit B for details. Although we did not make a recommendation, we believe outstanding advances should be considered before the FS makes additional funds available to the NFWF.

EXHIBIT A - SUMMARY OF MONETARY RESULTS

FINDING NUMBER	RECOMMENDATION NUMBER	DESCRIPTION	AMOUNT	CATEGORY
1	1	Interest Cost	\$65,934.07	QCNR
	2	Advance Balance	\$2,970,003.00	FTBPTBU
TOTAL			\$3,035,937.07	

FTBPTBU – Funds To Be Put To Better Use
QCNR – Questioned Costs No Recovery

EXHIBIT B - NFWF AGREEMENTS REVIEWED

Agency	Agreement	Start Date	End Date	Agreement Amount	Advance Date	Advance Amount	Total Amount Advanced	Interest Earned By NFWF	Fees Paid	Interest Cost To Government (See Note)	Advance Balance as of 9/30/2000
FS	98-CA-064	4/20/98	9/30/01	2,000,000	5/23/98	1,535,326					
					9/22/98	464,674	2,000,000	166,027.47	(5,101.24)	(170,399.60)	811,474.55
	99-CA-014	12/7/98	9/30/03	2,150,000	2/9/99	1,370,000					
					11/27/00	760,000	2,130,000	88,031.44	(3,428.47)	(70,958.60)	282,475.54
	00-CA-11130117-096	5/17/00	9/30/01	2,650,000	6/6/00	1,419,400					
					9/20/00	1,230,600	2,650,000	10,906.75	(277.40)	(22,126.96)	2,606,861.36
FS Subtotal				6,800,000		6,780,000	6,780,000	264,965.66	(8,807.11)	(263,485.16)	3,700,811.45
NRCS	68-3A75-0-31	4/4/00	4/3/01	3,000,000	5/3/00	2,970,003	2,970,003	13,597.26	(2,308.30)	(65,934.07)	2,970,003.00
Grand Total				9,800,000			9,750,003	278,562.92	(11,115.41)	(329,419.23)	6,670,814.45

Note: The first 30 days of the advances were excluded from the interest calculations.

EXHIBIT C – NRCS’ WRITTEN RESPONSE TO THE DRAFT REPORT



DATE: JUL 12 2001

United States
Department of
Agriculture

Natural Resources
and Environment

Natural
Resources
Conservation
Service

1400 Independence
Avenue SW
Washington, D.C.
20250-1600

SUBJECT: Report No. 50099-3-Te, National Fish and Wildlife Foundation Grants Audit

TO: Richard D. Long
Assistant Inspector General
Office of the Inspector General

We have completed our review of your June 6, 2001, Draft Audit Report entitled “Forest Service (FS) and Natural Resources Conservation Service (NRCS) Grants and Agreements with the National Fish and Wildlife Foundation”. We generally concur with all of the audit findings and recommendations, and have coordinated our response with the FS.

Below are NRCS’ comments.

RECOMMENDATION NO. 1 *NRCS should monitor agreements to ensure that employees adhere to the guidelines in USDA Uniform Assistance Regulations (i.e., 7 CFR, Part 3015 and 7 CFR, Part 3019) regarding the issuance of advances to prevent incurring further unnecessary interest cost to the Government.*

NRCS RESPONSE: The NRCS concurs with this recommendation. The Division Directors for both Financial Management and Management Services will be assigned the responsibility to conduct a joint review of the subject National Fish and Wildlife Foundation (NFWF) Agreement to ensure employees’ adherence to the USDA Uniform Assistance Regulations. This will be accomplished by September 30, 2002.

RECOMMENDATION NO. 2 *NRCS should recover the remaining advance of \$2,970,003 from the NFWF so the funds can be put to better use until needed by the NFWF.*

NRCS RESPONSE: The NRCS concurs with this recommendation. The NRCS’ Chief Financial Officer will issue a Bill for the Collection of these funds by July 15, 2001. Upon return of the funds, the NRCS will hold them until the NFWF demonstrates need for the funds by executing the appropriate documentation according to regulation.

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RECOMMENDATION NO. 3 *The FS and NRCS should amend the NFWF agreements to require the NFWF to submit SF-272, as stipulated by the CFR.*

NRCS RESPONSE: The NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure that the NRCS' agreement with the NFWF is amended in accordance with this recommendation. This will be accomplished by September 30, 2001.

RECOMMENDATION NO. 4 *The FS and NRCS should ensure that the NFWF records earned and expended interest on the appropriate forms.*

NRCS RESPONSE: The NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure that the NRCS' FY-2000 agreement with the NFWF is amended to require the filing of form SF-272. This will be accomplished by September 30, 2001.

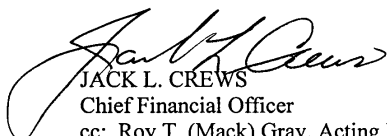
RECOMMENDATION NO. 5 *The FS and NRCS should review final closeout documents to ensure that NFWF has used earned interest for original program purposes.*

NRCS RESPONSE: NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure the review of final closeout documents in accordance with OMB Circular A-110 and 7 CFR's.

RECOMMENDATION NO. 6 *The NRCS should include a specific reference to USDA regulation 7 CFR, Part 3019, in their agreements with the NFWF for clarity.*

NRCS RESPONSE: NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure that the NRCS' FY-2000 agreement with the NFWF is amended in accordance with this recommendation. This will be accomplished by September 30, 2001.

We request management decision for recommendations 1 through 6.



JACK L. CREWS
Chief Financial Officer

cc: Roy T. (Mack) Gray, Acting Deputy Under Secretary, Natural Resources and Environment, Washington, D.C.
Pearlie S. Reed, Chief, NRCS, Washington, D.C.
Lawrence Clark, DC-Science & Technology, NRCS, Washington, D.C.
P. Dwight Holman, DC-Management, NRCS, Washington, D.C.
Gerlene Inman, Dir-NHQASD, NRCS, Washington, D.C.
Edward Biggers, Dir-MSD, NRCS, Washington, D.C.
Dana York, Actg. Dir-OMOD, NRCS, Washington, D.C.
Rosann Durrah, Program Manager, NRCS, Washington, D.C.
Pete Heard, Director, Wildlife Habitat Management Institute, NRCS, MS

The Natural Resources Conservation Service works in partnership with people to conserve and sustain natural resources.

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EXHIBIT D – FS' WRITTEN RESPONSE TO THE DRAFT REPORT

United States Department of Agriculture
Forest Service (FS)

Office of Inspector General (OIG)
Forest Service and Natural Resources Conservation Service
Grants and Agreements with the
National Fish and Wildlife Foundation
OIG Report 50099-3-Te
June 28, 2001

OIG RECOMMENDATION NO. 1: NRCS should monitor agreements to ensure that employees adhere to the guidelines in USDA Uniform Assistance Regulations (i.e., 7 CFR, Part 3015 and 7 CFR, Part 3019) regarding the issuance of advances to prevent incurring further unnecessary interest cost to the Government.

NRCS RESPONSE FOR RECOMMENDATION NO. 1: NRCS concurs with this recommendation. The Division Directors for both Financial Management and Management Services will be assigned the responsibility to conduct a joint review of the subject National Fish and Wildlife Foundation (NFWF) Agreement to ensure adherence to the USDA Uniform Assistance Regulations. This will be accomplished by September 30, 2002.

OIG RECOMMENDATION NO. 2: NRCS should recover the remaining advance of \$2,970,003 from the NFWF so the funds can be put to better use until needed by the NFWF.

NRCS RESPONSE FOR RECOMMENDATION NO. 2: NRCS concurs with this recommendation. The NRCS' Chief Financial Officer will issue a Bill for the Collection for these funds by July 15, 2001. Upon return of the funds, NRCS will hold them until NFWF demonstrates need for the funds by executing the appropriate documentation according to regulation.

OIG RECOMMENDATION NO. 3: The FS and NRCS should amend the NFWF agreements to require the NFWF to submit SF-272, as stipulated by the CFR.

FOREST SERVICE RESPONSE FOR RECOMMENDATION NO. 3: Forest Service concurs with this recommendation. The Acquisition Management Staff will ensure that the Forest Service's agreement with NFWF is amended in accordance with this recommendation. This will be accomplished by September 30, 2001.

OIG RECOMMENDATION NO. 4: Forest Service and NRCS should amend NFWF agreements to require NFWF to submit SF-272, as stipulated by the CFR.

FOREST SERVICE RESPONSE FOR RECOMMENDATION NO. 4: The Forest Service concurs with this recommendation. The FY 2001 agreement has a requirement for NFWF to file the SF-272, and the FY 2000 agreement was recently modified to add that same requirement. The Forest Service will also modify the FY 1998 and 1999 agreements to require the filing of the SF-272. This will be accomplished by May 31, 2001.

OIG RECOMMENDATION NO. 5: Forest Service and NRCS should review final closeout documents to ensure that NFWF has used earned interest for original program purposes.

FOREST SERVICE RESPONSE FOR RECOMMENDATION NO. 5: Forest Service concurs with this recommendation. The Forest Service will ensure the review of final closeout documents in accordance with OMB Circular A-110 and 7 CFR. This will be accomplished approximately 90 days after the expiration of the agreement.

OIG RECOMMENDATION NO. 6: The NRCS should include a specific reference to USDA regulation 7 CFR, Part 3019, in their agreements with the NFWF for clarity.

NRCS RESPONSE FOR RECOMMENDATION NO. 6: The NRCS concurs with this recommendation. The NRCS' Deputy Chief for Management will ensure that NRCS' agreement with NFWF is amended in accordance with the recommendation. This will be accomplished by September 30, 2001.

ABBREVIATIONS

CFR	Code of Federal Regulations
DOI	Department of Interior
FS	Forest Service
FY	Fiscal Year
NFWF	National Fish and Wildlife Foundation
NRCS	Natural Resources Conservation Service
OGC	Office of the General Counsel
USDA	United States Department of Agriculture