



U.S. Department of Agriculture

Office of Inspector General

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## **Farm Service Agency**

# **Review of Emergency Disaster Assistance for the 2008 Natural Disasters: Emergency Conservation Program**

Audit Report 03702-1-Te  
September 2010

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U.S. Department of Agriculture  
Office of Inspector General  
Washington, D.C. 20250



DATE: September 30, 2010

REPLY TO  
ATTN OF: 03702-1-Te

TO: Jonathan W. Coppess  
Administrator  
Farm Service Agency

ATTN: Philip Sharp  
Acting Director  
Operations Review and Analysis Staff

FROM: Gil H. Harden /s/  
Assistant Inspector General  
for Audit

SUBJECT: Review of Emergency Disaster Assistance for the 2008 Natural Disasters:  
Emergency Conservation Program

This report presents the results of our audit of the Emergency Disaster Assistance for the 2008 National Disasters: Emergency Conservation Program. Your September 24, 2010, response to the draft report is included in this report.

We accept your management decision for Recommendations 1, 2, and 3 for the subject audit report. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer, Director, Planning and Accountability Division.

We are unable to accept management decision for Recommendation 4. Documentation and actions needed to reach management decision for this recommendation are described in the OIG Position section of the Findings and Recommendations section of the report. In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective action taken or planned and the timeframes for implementation for those recommendations for which a management decision has not yet been reached. Please note that the regulation requires a management decision to be reached on all findings and recommendations within a maximum of 6 months from report issuance, and final action to be taken within 1 year of each management decision.

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

## **Table of Contents**

<b>Executive Summary</b> .....	<b>1</b>
<b>Background &amp; Objectives</b> .....	<b>4</b>
<b>Background</b> .....	<b>4</b>
<b>Objectives</b> .....	<b>5</b>
<b>Finding 1: FSA’s Eligibility Criteria for ECP Assistance Subject to Misinterpretation</b> .....	<b>6</b>
<b>Recommendation 1</b> .....	<b>7</b>
<b>Finding 2: Producer Reimbursed for Incomplete Conservation Practice</b> .....	<b>8</b>
<b>Recommendation 2</b> .....	<b>9</b>
<b>Recommendation 3</b> .....	<b>10</b>
<b>Recommendation 4</b> .....	<b>10</b>
<b>Scope and Methodology</b> .....	<b>11</b>
<b>Abbreviations</b> .....	<b>12</b>
<b>Exhibit A: Summary of Monetary Results</b> .....	<b>13</b>
<b>FSA’s Response</b> .....	<b>14</b>

# ***Review of Emergency Disaster Assistance for the 2008 Natural Disasters: Emergency Conservation Program***

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## ***Executive Summary***

The Farm Service Agency's (FSA) Emergency Conservation Program (ECP) helps producers to rehabilitate land damaged by natural disasters and to conserve water during severe droughts. In 2008, after several disasters such as hurricanes and wildfires that damaged farms and rangeland in 24 States, the Secretary of Agriculture made \$77 million in ECP funding available to help producers remove debris, repair structures, and restore fences. As part of the Office of Inspector General's (OIG) review of the 2008 disaster assistance, and in coordination with our Kansas City office,<sup>1</sup> we initiated this audit to assess how FSA administered ECP with respect to the disasters and to determine if the agency had taken corrective actions in response to earlier related audit findings and recommendations.<sup>2</sup> We reviewed 95 producers in 4 States (Arkansas, Louisiana, New Mexico, and Texas) who received approximately \$1.3 million of \$39.6 million in ECP funding allocated to those States for the 2008 disasters. Overall, we concluded that FSA generally administered ECP in accordance with established policies and procedures and that the agency's remedial responses to our prior recommendations were adequate.

During our review, however, we did identify an opportunity for FSA to clarify its ECP eligibility guidance, and we found that the agency reimbursed one farmer for unfinished fence repairs.

FSA's ECP handbook listed three eligibility criteria for producers who began conservation practices (e.g., repairing fences) before applying for disaster assistance. The handbook, however, did not indicate if ECP eligibility was based on meeting one, all, or some combination of the requirements below.<sup>3</sup>

- The disaster had to require immediate repairs to prevent losses.
- The producer had to submit the application within 15 days of the start of ECP signup.
- The producer could not have begun work more than 60 days before FSA approved ECP funding for the disaster.

FSA's Lea County and New Mexico State committees interpreted the guidance to mean that producers needed to satisfy only one of the conditions. Accordingly, when ECP disaster assistance funding was approved in November 2008 for wildfires that raged from January through March 2008, FSA's county officials reimbursed 14 producers a total of \$264,524 for fence restoration that began immediately after the fires in order to control livestock. Even though ECP funding was approved more than 60 days after the work started, FSA's State and county committees thought the producers' immediate need for repairs to prevent losses was sufficient to make them eligible.

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<sup>1</sup> "Emergency Disaster Assistance for 2008 Floods: Emergency Conservation Program" (Audit 50601-16-KC, ongoing).

<sup>2</sup> The audit report we followed up on was "Hurricane Relief Initiatives: Emergency Conservation Program" (Audit Report 03601-27-KC, dated February 2008).

<sup>3</sup> FSA *L-ECP Handbook*, "Emergency Conservation Program," revision 3, amendment 2, paragraph 175E, dated February 8, 2007

We discussed this issue with FSA national officials, who contradicted the State and county committees' interpretation; producers have to satisfy all—not just one of—the criteria in order to be eligible for reimbursement. Accordingly, the 14 producers were ineligible for reimbursement because their January-March 2008 fence repairs started more than 60 days before the November 2008 approval of ECP disaster assistance.

In December 2009, FSA's national office granted the State committee's request for meritorious relief for the 14 producers rather than collecting back their reimbursements since the eligibility guidance was unclear. And, in February 2010, FSA's national office amended the ECP handbook to specify that all three eligibility criteria must be met for producers to receive reimbursement for their conservation practices.<sup>4</sup> We agree with these actions, but for the amendment to continue to be effective, FSA will need to incorporate controls into its future Web-based ECP system (still under design) that are adequate to ensure that producers meet all eligibility criteria. (A similar finding and recommendation will be reported by OIG's Kansas City regional office in its report.)<sup>5</sup>

During our audit, we also determined that one producer in Orange County, Texas, filed two claims under ECP for fence restoration, but was ineligible for the \$22,578 in total reimbursements that he received because he did not complete the repairs that he certified he had performed. FSA's national office had instructed its Texas State and county committees' officials to inspect a random sample of 25 percent of the conservation practices submitted for ECP assistance, but this one was not part of the sample so it was not examined until our onsite visit. After we brought the issue to FSA's attention, the county committee determined that the producer may not have understood ECP's requirements but decided that he was acting in good faith, and was working to finish the repairs. In January 2010, the county office performed an inspection and verified that all work was completed.

In June 2010, the Texas State FSA Office advised us that it had received information regarding the producer's failure to comply fully with the provisions of ECP. However, the county office had not submitted the required documents to the Texas State committee requesting equitable relief.<sup>6</sup> FSA's State executive director advised he would direct the county office to submit the required request for relief. However, FSA's procedures require such request for relief be forwarded to the FSA national office for review and determination.

## **Recommendation Summary**

We recommend that FSA incorporate controls into the future Web-based ECP system that are adequate to ensure that producers meet all eligibility criteria, such as a database rule that flags conservation practices which start more than 60 days before ECP funding approval. Further, FSA should require its Texas State FSA Office to forward the request for relief and documentation to the national office for review and determination. Lastly, FSA should refer the case of the Orange County, Texas, producer for review to determine whether administrative and/or civil penalties are appropriate.

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<sup>4</sup> FSA *1-ECP Handbook*, "Emergency Conservation Program," revision 3, amendment 3, paragraph 175D, dated February 3, 2010.

<sup>5</sup> "Emergency Disaster Assistance for 2008 Floods: Emergency Conservation Program" (Audit 50601-16-KC, ongoing).

<sup>6</sup> FSA *7-CP Handbook*, "Finality Rule and Equitable Relief," revision 2, amendment 1, paragraphs 68 and 69, dated September 26, 2003.

## **Agency Response**

In its response, dated September 24, 2010, FSA concurred with the findings and recommendations and provided proposed corrective actions. FSA's written response is attached at the end of the report.

## **OIG Position**

We accept management decision for three of the four recommendations. We have explained in the OIG Position section of the Findings and Recommendations section of the report the actions FSA needs to take for acceptance of a management decision on the remaining recommendation.

## **Background & Objectives**

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### **Background**

The Farm Service Agency's (FSA) State and county committees administer the Emergency Conservation Program (ECP), which provides emergency funding and technical assistance for farmers and ranchers to rehabilitate land damaged by natural disasters and to carry out emergency water conservation measures in periods of severe drought. In November 2008, the Secretary of Agriculture made \$77 million in ECP funding available for removing debris, restoring fences, and repairing conservation structures that were damaged by a series of natural disasters that struck 24 States that year.

FSA's county committees determine if land is eligible for ECP assistance based on onsite inspections, which consider the type and extent of the damage. For land to be eligible, the natural disaster must create new conservation problems that, if untreated, would:

- impair or endanger the land;
- materially affect the land's productive capacity;
- represent unusual damage that, except for wind erosion, is not likely to recur frequently in the same area; and
- be so costly to repair that Federal assistance is or will be required to return the land to productive agricultural use.

ECP program participants receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices (e.g., fence repairs), as determined by the FSA county committees which can approve individual or cumulative requests of \$50,000 or less per person, per disaster. FSA's State committees must approve cost-share requests from \$50,001 to \$100,000, and anything more requires approval from the agency's national office.

Between November 2005 and December 2006, we reviewed disaster assistance, which resulted in our audit report "*Hurricane Relief Initiatives: Emergency Conservation Program.*"<sup>7</sup> Overall, OIG concluded that the flexibility provided to State program managers allowed them to assess their needs and better facilitate the producers' timely recovery from hurricane damage. OIG identified issues including (1) the improper approval of county office employees' and county committee members' ECP applications, (2) the waiver of preapproval onsite inspections, and (3) the reliance on postapproval spot checks which did not always provide reasonable assurance that claimed costs were commensurate with what was performed. The audit also identified nine producers who were either paid or approved for almost \$64,000 to which they were not entitled because the land had not been in agricultural production at the time of the hurricane or the debris had not been removed.

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<sup>7</sup> Audit Report 03601-27-KC, dated February 2008.

In response to the audit, FSA agreed to prepare a notice reminding all State and county offices of the requirement to ensure that requests from county office employees and county committee members were reviewed in accordance with FSA's handbook (*I-ECP*). FSA further stated that the agency was reviewing ECP's policies and procedures, such as determining whether disaster damage and rehabilitation work could be ascertained after the fact. FSA also examined using postapproval spot checks to verify claims in lieu of onsite inspections—based on a disaster's magnitude and the agency's available resources. Further, FSA considered a policy to allow waiving onsite inspection requirement for all practices.

## **Objectives**

The objectives of our review were to follow up on the sufficiency of corrective actions taken in response to our prior audit findings and recommendations related to disaster assistance, and to assess how FSA officials administered ECP with respect to natural disasters.

## ***Finding 1: FSA’s Eligibility Criteria for ECP Assistance Subject to Misinterpretation***

After suffering wildfires from January through March 2008 in Lea County, New Mexico, 14 producers quickly repaired their fences to keep their livestock in and later received ECP cost-share reimbursement for their work even though they were not eligible. The producers met one eligibility requirement—the need for immediate repairs to prevent losses—but did not meet the other two criteria for funding since their work preceded ECP funding approval in November 2008, by more than the 60 days allowed. The producers’ reimbursements were approved because FSA’s ECP handbook did not specify if one, all, or some combination of the requirements had to be met to establish eligibility. FSA’s State and county committees interpreted the guidance as qualifying producers who met only one prerequisite, but national officials clarified that producers had to satisfy all applicable criteria. As a result, FSA approved reimbursements totaling \$264,524 for ineligible work and risked making future improper reimbursements, while the ECP guidance remained subject to misinterpretation.

According to FSA’s ECP handbook, if FSA’s State committee agrees, a county committee can approve reimbursing producers who start their conservation practices (e.g., fence repairs) before applying for ECP disaster assistance if:

- The disaster created a situation that required the producer to take immediate steps to prevent further losses.
- Form AD-245 [ECP application form] is filed within 15 calendar days of the start of signup period if the work was begun before submitting Form AD-245.
- A practice was started no more than 60 calendar days before the ECP disaster designation was approved for the applicable county office.<sup>8</sup>

FSA’s ECP handbook, however, does not specify if producers must meet each of the criteria above, or if one is sufficient. Lacking clear guidance, FSA’s New Mexico State and Lea County committees approved reimbursing producers who started their conservation practices months before the ECP disaster designation was approved.

From January through March 2008, New Mexico was plagued by wildfires that destroyed over 675 miles of fences, which producers had to fix immediately to keep their livestock under control. ECP assistance was not approved for Lea County until November 2008. Since the producers needed to take immediate steps to prevent further losses, the county committee asked the State committee to grant a waiver to the 14 producers who applied for ECP assistance. In June 2009, the State committee agreed and granted the county office a waiver to pay cost-share reimbursements totaling \$264,524 for the fence repairs.

According to our interview with FSA’s county executive director for Lea County, both the county and State committees interpreted the agency’s ECP’s guidance to mean that they could grant a waiver to producers who met any of the three criteria. Thus, the 14 producers’ need to

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<sup>8</sup> FSA *1-ECP Handbook*, “Emergency Conservation Program,” revision 3, amendment 2, paragraph 175E, dated February 8, 2007

make immediate repairs (January-March 2008) qualified them for reimbursement even though they started work more than 60 days before the disaster was designated as eligible for ECP assistance in November 2008. In later discussions, FSA's national officials contradicted this interpretation and stated that all three conditions had to be satisfied, which meant the 14 producers' work was ineligible for ECP reimbursement.

In December 2009, since the eligibility guidance was unclear, FSA's national office granted the State committee's request for meritorious relief for the 14 producers instead of collecting back the reimbursements. And, in February 2010, FSA's national office amended the ECP handbook to specify that all three eligibility criteria must be met for producers to receive ECP assistance.<sup>9</sup> We agree with these actions, but for the amendment to continue to be effective, FSA will need to incorporate controls into its future Web-based ECP system (still under design) that are adequate to ensure that producers meet all eligibility criteria. For example, the system could include a database rule that flags conservation practices which start more than 60 days before ECP funding approval.

A similar finding and recommendation is being reported in OIG's Kansas City regional office's Audit 50601-16-KC (ongoing).

### **Recommendation 1**

Incorporate controls into the future Web-based ECP system that are adequate to ensure that producers meet all eligibility criteria, such as a database rule that flags conservation practices which start more than 60 days before ECP funding approval.

### **Agency Response**

FSA's written response, dated September 24, 2010, stated that the new Web-based ECP system is nearing test completion and incorporates additional controls, including eligibility questions. Once the first phase of the Web-based ECP is successfully deployed, FSA will work to incorporate a database rule that flags conservation practices that start more than 60 days before ECP implementation approval for a particular disaster. FSA plans to add this new validation within 6 months of the date of the final audit report.

### **OIG Position**

We accept management decision for Recommendation 1.

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<sup>9</sup> FSA *I-ECP Handbook*, "Emergency Conservation Program," revision 3, amendment 3, paragraph 175D, dated February 3, 2010.

## ***Finding 2: Producer Reimbursed for Incomplete Conservation Practice***

Under ECP, producers are reimbursed for work they have completed, but we found 1 of the 95 producers we visited was reimbursed for unfinished fence repairs on 2 farms. The improper reimbursements went undetected because FSA did not verify the work as part of the 25 percent of conservation practices it randomly selected for inspection. Instead, FSA relied on the producer's certification that the repairs were finished. As a result, FSA reimbursed the ineligible producer a total of \$22,578.

According to FSA's ECP handbook, only completed conservation practices are eligible for cost-share reimbursement.<sup>10</sup> Producers certify that they have met this and other applicable requirements when they sign their application for ECP assistance (form AD-245), which also certifies that they have performed the "extent of work" for which they claim reimbursement. In addition, producers must submit supporting documents (e.g., purchase invoices, labor contracts, etc.). During our site visits, however, we found that a producer submitted two ECP applications' certifying to fence repairs that he did not complete.

After Hurricane Ike damaged large areas of Texas in September 2008, ECP assistance was approved for affected producers in Orange County. In August 2009, a producer submitted two applications seeking reimbursement under ECP for fence repairs at different sites. Along with these applications for reimbursement the producer submitted invoices for fencing supplies and handwritten receipts for labor to build the fences.

- For one site, the producer certified on July 8, 2009, to restoring 7,792 feet of fence, and on August 10, 2009, FSA accordingly reimbursed him \$16,830 (the agency's ECP cost share). During our inspection on November 18, 2009, we found that only 2,654 feet of fence had been repaired.
- For the other site, he certified on July 8, 2009, to restoring 2,661 feet of fence. On August 10, 2009, FSA reimbursed him \$5,748. When we visited the site on November 18, 2009, we found that none of the fencing had been fixed.

During our interview, the producer stated that he thought he only had to complete 50 percent of the work in order to apply for ECP assistance. Each application, though, clearly notes that by signing the producer certifies to restoring the amount of fence he handwrites in the "extent performed" column. The producer had handwritten in 7,792 and 2,661 feet of fence under the "extent performed" column. Further, the producer's handwritten "Yes" above the amount in each application reaffirmed his certification signature below. In any case, the producer did not complete 50 percent of the work, but 34 percent for one application (2,654 of 7,792 feet) and 0 percent for the other.

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<sup>10</sup> FSA *J-ECP Handbook*, "Emergency Conservation Program," revision 3, amendment 2, paragraph 211C, dated February 8, 2007.

After we brought the issue to FSA's attention, the county committee determined that the individual was a new producer and may not have understood the requirements of the ECP program. The county committee further decided that the producer was acting in good faith and was working to complete the repairs. In January 2010, the county office performed an inspection and verified that all work was completed. In June 2010, the Texas State FSA office advised us that it had received information regarding the producer's failure to comply fully with the provisions of ECP. However, according to the State office, the county office had not submitted the required documentation to the Texas State Committee requesting equitable relief as prescribed by the ECP handbook.<sup>11</sup> The FSA's State executive director advised us that he would require the county office to submit the required request for relief and supporting documents.

According to FSA procedures, the State committee's authority to grant relief is limited to \$5,000; therefore, we believe that the State committee needs to forward the request for grant relief to FSA's national office.<sup>12</sup> Given that the producer falsely certified that he had finished 100 percent of his fence repairs, but we found only 25 percent (total) completed 4 months after his certification, we believe that FSA should refer the case to the Office of the General Counsel (OGC) for review to determine whether administrative and/or civil penalties are appropriate.

Based on the false certification by the producer, we made a referral to OIG Investigations, which later declined the case since the FSA State office mitigated the circumstances by allowing the producer to complete the repairs.

## **Recommendation 2**

Direct the Texas State FSA Office to instruct the Orange County FSA Office to submit the request of relief and any supporting documents on the cited case to the State committee for review. The Texas State FSA Office should forward the relief request for the producer to the FSA national office for review and determination.

## **Agency Response**

FSA's written response stated that the Orange County FSA Office has submitted the request for relief and supporting documentation to the Texas State Committee for review. The ECP program manager has directed the Texas State FSA Office to submit the relief request to the national office after conferring with the regional OGC attorney. This task will be completed within 45 days of the date of the final audit report.

## **OIG Position**

We accept management decision for Recommendation 2.

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<sup>11</sup> FSA 7-CP Handbook, "Finality Rule and Equitable Relief," revision 2, amendment 1, paragraph 68B, dated September 26, 2003.

<sup>12</sup> FSA 7-CP Handbook, "Finality Rule and Equitable Relief," revision 2, amendment 1, paragraph 69A, dated September 26, 2003.

### **Recommendation 3**

Refer the producer's false certification on the request for reimbursement to OGC for review to determine whether administrative and/or civil penalties are appropriate.

#### **Agency Response**

FSA's written response stated that the ECP program manager has directed the Texas State FSA Office to refer the producer's certification to the regional OGC attorney to determine whether administrative and/or civil penalties are appropriate before submitting the request for relief to the FSA national office.

#### **OIG Position**

We accept management decision for Recommendation 3.

#### **OIG Position**

### **Recommendation 4**

If OGC determines penalties are not warranted and if FSA's national office denies equitable relief to the producer, collect the \$22,578 ECP payment from the producer.

#### **Agency Response**

FSA's written response stated that if OGC determines penalties are not warranted and if the FSA national office denies relief to the producer, the FSA county office will generate a receivable for the \$22,578 within 90 days of the date of the final audit report.

#### **OIG Position**

We cannot accept the management decision for Recommendation 4. Although we agree with your planned corrective actions, in order to reach a management decision FSA will need to advise us of the determination on administrative and/or civil penalties made by OGC and the final determination made by the FSA national office on granting relief to the producer. If the FSA national office denies relief, OIG will need a copy of the account receivable establishing the \$22,578 for collection.

## ***Scope and Methodology***

We conducted our audit of the controls over ECP from June 2009 through June 2010, and included fieldwork at FSA's national office in Washington, D.C., and State offices in Arkansas, Louisiana, New Mexico, and Texas. We selected these States because they had the largest amount of ECP funds allocated in the South Central United States, totaling over \$39.6 million.

We reviewed ECP guidance issued by each selected State office, and judgmentally selected 10 counties from them based on the level of ECP reimbursements.<sup>13</sup> At each selected county office we judgmentally selected a sample of producers who received the largest amounts of cost-share assistance. Specifically, we examined 95 producers who received a total of \$1,327,011 in ECP disaster assistance, which was divided as follows:

- New Mexico: 10 producers received \$244,161;
- Louisiana: 20 producers received \$287,137;
- Arkansas: 31 producers received \$521,599; and
- Texas: 34 producers received \$274,114.

For each producer, we reviewed the application for assistance and all producer-submitted documents supporting the cost-share payments; we also conducted an onsite review of the producer's completed conservation practices. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted this performance review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>13</sup> The 10 counties we selected were: Van Buren, Sharp, and Lawrence Counties in Arkansas; Natchitoches and Vermillion Parishes in Louisiana; Lea County in New Mexico; and Polk, San Jacinto, Jefferson, and Orange Counties in Texas.

## ***Abbreviations***

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ECP .....	Emergency Conservation Program
FSA .....	Farm Service Agency
OGC .....	Office of the General Counsel
OIG .....	Office of Inspector General

## ***Exhibit A: Summary of Monetary Results***

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Exhibit A – page 1 of 1

The chart below summarizes the monetary results of the audit. OIG recommends improvements of \$264,524 and recovery of \$22,578.

<b>FINDING NUMBER</b>	<b>RECOMMENDATION NUMBER</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>	<b>CATEGORY</b>
1	1	Eligibility Criteria for ECP Assistance Subject to Misinterpretation	\$264,524	Funds To Be Put To Better Use – Management Improvements
2	4	Producer Reimbursed for Incomplete Conservation Practice	22,578	Questioned Costs Recovery Recommended
<b>TOTAL</b>			<b>\$287,102</b>	

**USDA'S**

**FARM SERVICE AGENCY**

**RESPONSE TO AUDIT REPORT**



United States  
Department of  
Agriculture

Farm and Foreign  
Agricultural  
Services

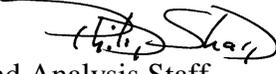
Farm Service  
Agency

Operations Review  
and Analysis Staff

1400 Independence  
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Washington, DC  
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**DATE:** September 24, 2010

**TO:** Director, Farm and Foreign Agricultural Programs  
Office of Inspector General

**FROM:** Philip Sharp, Acting   
Operations Review and Analysis Staff

**SUBJECT:** Response to Official Draft Report, Audit 03702-0001-TE, Review of  
Emergency Disaster Assistance for 2008 Disasters: Emergency  
Conservation Program

### **Recommendation 1**

Incorporate controls into the future Web-based ECP system that are adequate to ensure that producers meet all eligibility criteria, such as a database rule that flags conservation practices which start more than 60 days before ECP funding approval.

### **Agency Response**

The new web-based ECP system is nearing test completion and incorporates additional controls, including eligibility questions. Once the first phase of the web-based ECP system is successfully deployed, FSA will work to incorporate a database rule that flags conservation practices that start more than 60 days before ECP implementation approval for a particular disaster. FSA plans to add this new validation within 6 months of the date of the final audit report.

### **Recommendation 2**

Direct the Texas State FSA Office to instruct the Orange County FSA Office to submit the request of relief and any supporting documents on the cited case to the State committee for review. The Texas State FSA Office should forward the relief request for the producer to the FSA national office for review and determination.

### **Agency Response**

Orange County FSA has submitted the request for relief and supporting documentation to the State Committee for review. The ECP-Program Manager (PM) has directed the Texas State FSA Office to submit the relief request to the National Office after conferring with the Regional OGC attorney (see Agency Response to Recommendation 3). This task will be completed within 45 days of the date of the final audit report.

## **Director, Farm and Foreign Agricultural Programs**

Page 2

### **Recommendation 3**

Refer the producer's false certification on the request for reimbursement to OGC for review to determine whether administrative and/or civil penalties are appropriate.

### **Agency Response**

The ECP-PM has directed the Texas State FSA Office to refer the producer's certification to the Regional OGC attorney to determine whether administrative and/or civil penalties are appropriate before submitting the request for relief to the FSA national office.

### **Recommendation 4**

If OGC determines penalties are not warranted and if FSA's national office denies equitable relief to the producer, collect the \$22,578 ECP payment from the producer.

### **Agency Response**

If OGC determines penalties are not warranted and if the FSA national office denies relief to the producer, the FSA county office will generate a receivable for the \$22,578 within 90 days of the date of the final audit report.