



How NRCS Manages Funds: Audits and More

Indiana Fact Sheet

April 2009

USDA's Natural Resources Conservation Service has seen an increase in audits and reviews as the agency has taken on additional funds for conservation.

Why Audits or Reviews?

Proper stewardship of resources is the responsibility of managers and their staff. Audits are conducted to ensure taxpayer dollars are being used for the intended purposes, and that agencies are managing these dollars correctly.

Internal Controls

NRCS has established procedures to reasonably ensure that we protect government resources and provide timely reporting of these resources. Below are examples that assist us in this process:

- Quarterly Accruals – NRCS personnel gather information on open obligations of any work that has been completed that has not yet been invoiced so that agency financial statements are complete, accurate, and reliable.
- Quarterly Certifications – NRCS personnel conduct a quarterly review of selected open obligations to ensure that obligations are valid and that all supporting documentation is on file. Upon completion, the State Conservationist signs a quarterly certification statement that all financial transactions and representations are complete, accurate and reliable and fairly represent the state's financial condition.
- Audit Samples – NRCS hired an independent firm to conduct an internal audit. National headquarters continues to send out audit samples with very short deadlines. These are random samples, and we can receive multiple requests in a single day or no requests at all. These audit samples are top priority for any staff that receives a request. The purpose is to collect all the supporting documentation for selected sample obligations and/or payments that we certified as valid during our quarterly certifications.

Types of Audits

- Protracts Contract Audits (CSP, EQIP, WRP, WHIP)
- Emergency Funds Audits (ECP, EWP)
- American Reinvestment and Recovery Act— Stimulus Audits (Floodplain Easement Program, Watershed Operations)
- Agreement Audits (Contracts with partners and vendors)
- ITS Audits (Information Technology Services)

Who Conducts Audits?

- Private Contractors
- OIG (Office of Inspector General)
- OMB (Office of Management and Budget)
- GAO (Government Accountability Office)

When will the Audits be Over??

Audits are a way of life. An individual audit can last until an agency receives a "Clean Opinion" from the auditor. This can take several years. However, internal controls are continuous and built into our processes. Quarterly accruals and quarterly certifications, which are mandated, are examples of internal control processes built into our policy and are ongoing.

Definitions

Open Obligations – The amount of a contract, purchase order, agreement, etc, that is unpaid and is still "owed" by the government.

Accruals – An estimate of the value for work that has been performed or delivered by a vendor, contractor, or cooperator, but has not yet been billed.

Bottom Line

The Goal – To manage public funds responsibly and be accountable for the stewardship of government resources.

Helping People Help the Land