



Public Employees for Environmental Responsibility

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April 3, 2017

Inspector General Phyllis Fong
USDA, Office of Inspector General
Room 117-W Jamie Whitten Bldg.
1400 Independence Avenue SW
Washington, DC 20250

Dear Inspector General Fong:

I am writing you today on behalf of Public Employees for Environmental Responsibility (PEER) to request your office's review of recent timber sales from Alaska's Tongass National Forest. As indicated in the attached U.S. Forest Service (USFS) documents, these sales have been conducted in a manner that does not safeguard the taxpayer interests or forest health, with surprisingly lax oversight and in violation of the agency's own policies.

Some of the major problems highlighted in these documents include:

1. Major Monetary Losses to the Taxpayer.

The attached June 20, 2016 "Washington Office Activity Review" examined two large Tongass timber sales and found that in one recent sale USFS maladministration led to "a reduction in sale value exceeding \$1,700,000."

The attached post-harvest Monitoring Report concerning another large-scale sale concluded that though its lax oversight the agency lost "close to 2 million", an amount "more than double the original stumpage."

Agency employees believe that even these figures are significant underestimates of the true losses to the taxpayer. However, USFS has resisted internal entreaties to conduct a detailed financial audit of these sales. Indeed, the Washington Office Activity Review itself called for "an independent review [to] inform solutions and prevent similar issues in future timber and stewardship contracts." That call has been unanswered.

PEER is asking your office to conduct a forensic audit to determine the true extent of losses to the taxpayer from the lapses cited in these internal reviews.

In addition, under the [Secure Rural Schools](#) and [National Forest Receipts](#) programs, a portion of

all Tongass timber sale proceeds go to local communities and schools. Depressed sale values therefore cost both the U.S. taxpayers and Alaskan schoolkids. PEER is also asking you to determine if there any mechanism for recovering funds rightfully owed to both the USFS and the Alaskan communities and schools.

2. Poor Purchaser Oversight.

The attached USFS reports also document how unnamed U.S. Forest Service officials allowed timber operators to benefit by cherry-picking more valuable trees and leaving intended salvage trees—which were far less valuable—standing. Thus, despite these being stewardship sales to improve forest health, these officials looked the other way while companies ignored the sale prescriptions by “favoring removal in the larger diameter, more valuable species groups, such as western red cedar and spruce” while significantly undercutting far less valuable hemlock, in the words of the Washington Office Review.

Further, this review found that the Forest facilitated “purchaser selection of trees without prior marking” and the forest’s only follow-on monitoring was completely “reliant on the purchaser’s own data.”

Even more incredibly, The Forest could not even produce a written contract or other “pertinent documentation” for a high-volume sale.

To that end, PEER is also requesting your office to conduct a performance review of these recent sales in order to 1) identify the responsible USFS who permitted or committed these actions to the detriment of the public resource; 2) recommend disciplinary or other actions that would be appropriate for these individuals; and 3) recommend actions or protocols that the Tongass National Forest should adopt to prevent recurrence of these missteps.

3. Safeguards Bypassed.

The Washington Office Review also found that required law enforcement timber theft prevention inspections appear to have been bypassed.

To that end, we are asking your office to 1) review the protocols that should be required to prevent timber theft or fraud; 2) recommend policies or actions that USFS should take to ensure compliance with safeguards; and 3) determine whether there is any actionable evidence of collusion by USFS in aiding commercial timber fraud.

4. Stewardship Goals Compromised.

Apart from the adverse financial effects, the manner in which these sales were administered appear to have compromised their purported environmental benefits, as well. These recent sales were stewardship sales in which the harvests are supposed to be designed to reach prescribed tree species cut criteria. However, the Washington Office Review concluded that these sales lacked any “defined process for independently confirming whether the criteria are being met. This obfuscates the acceptability of the end result.”

Another issue the Review identified was temporary timber roads improperly left open “for several years following commercial activity.”

To address these issues, we would request that your performance review also assess whether USFS met its forest health goals for these sales—or whether the agency lacked the means for verifying if those goals were met. Further, we would hope that you recommend approaches the agency should employ to ensure that future stewardship sales in fact serve their stewardship purposes.

In summary, PEER is urging your office to perform both a forensic financial audit of recent Tongass National Forest to determine the extent of the losses and to conduct a performance review to assess deviations from best practices and to identify USFS employees responsible for these lapses. Further, we would suggest that you develop recommended steps to ensure that these missteps are not repeated.

Thank you for your attention to this request. We are happy to provide your office with any additional information it may require.

Sincerely,

Jeff Ruch
Executive Director

Attachments