

Semiannual Report to Congress

October 1, 1987 - March 31, 1988



Office of
Inspector General



United States
Department of
Agriculture

Office of
Inspector
General

Washington,
D.C.
20250

APR 29 1988

Honorable Richard E. Lyng
Secretary of Agriculture
Washington, D. C. 20250

Dear Mr. Secretary:

I respectfully submit the nineteenth Office of Inspector General's Semiannual Report to Congress summarizing the activities of the 6-month period ending March 31, 1988.

The Office of Inspector General continued to emphasize coverage of potential or developing problems in areas vulnerable to fraud, waste, and mismanagement. Some of our more significant efforts during this reporting period involved nutrition programs, new programs and initiatives required by legislation for loans to rural areas, farm support programs, management of the National Forest System, and the Department's continuing efforts to improve its financial and management systems.

I appreciate the continued strong support you give to the Office of Inspector General in fulfilling our mission. With your support, I believe we have made continued progress in promoting economy, efficiency, and effectiveness in the Department and detecting and preventing fraud and other program abuses.

Sincerely,

ROBERT W. BEULEY
Inspector General

Enclosure

Table of Contents

	Page
Executive Summary	1
Food and Consumer Services	3
Food and Nutrition Service	3
Small Community and Rural Development	6
Farmers Home Administration	6
Federal Crop Insurance Corporation	10
Rural Electrification Administration	11
International Affairs and Commodity Programs	13
Agricultural Stabilization and Conservation Service	13
Foreign Agricultural Service	17
Natural Resources and Environment	20
Forest Service	20
Soil Conservation Service	21
Marketing and Inspection Services	23
Food Safety and Inspection Service	23
Agricultural Marketing Service	23
Animal and Plant Health Inspection Service	24
Administrative Systems and Processes	25
Financial Management	25
Automated Data Processing	26
Office of Operations	27
Audits of Contracts	27
Resolution and Statistical Data	28
Single Audit Activities and Audit Quality	30
Debts Owed to the Department of Agriculture	33
APPENDIX: Listing of Audit Reports Issued	
October 1, 1987, Through March 31, 1988	34

Executive Summary

This is the 19th Semiannual Report issued by the Office of Inspector General (OIG), U.S. Department of Agriculture (USDA) pursuant to the provisions of the Inspector General Act of 1978 (P. L. 95-452). This report covers the period October 1, 1987, through March 31, 1988.

During the past 6 months, areas of emphasis included nutrition programs, new programs and initiatives required by legislation for loans to rural areas, farm support programs, management of the National Forest System, and the Department's continuing efforts to improve its financial and management systems.

Summary of Investigative Activities

Investigative Reports and Cases

Reports Issued.....	662
Cases Opened.....	626
Cases Closed.....	660
Cases Referred for Prosecution.....	732

Impact of Investigations

Indictments.....	358
Convictions ^a	322
Total Dollar Impact (Millions):.....	\$ <u>69.7</u>
Recoveries/Collections.....	\$ 15.0
Restitutions.....	\$ 2.7
Fines.....	\$ 1.2
Administrative Penalties ^b	\$ 45.9
Cost Avoidance.....	\$ 4.9
Administrative Sanctions	
Employees.....	30
Businesses/Persons.....	107

^aIncludes convictions and pretrial diversions.

^bOf the \$45.9 million, \$43.5 million pertains to a civil action currently pending in U.S. District Court in Puerto Rico.

Summary of Audit Activities

Audit Reports Issued

Total Reports Issued	324
Internal and Special Purpose Reports	138
Audits Performed Under the Single Audit Act and Other Organization-wide Audits	62
Audits Under Contracts	124

Audit Reports Resolved/Closed

Reports Resolved and/or Closed	269
Internal Audit Recommendations Resolved	1,210
 Total Dollar Impact (Millions):	 \$152.4
Management Commitments to Seek Recoveries	\$ 23.4 ^{a b}
Management Commitments to More Efficiently Use Funds	\$ 9.7 ^a
Improper Agency Actions (Not Intended for Collection)	\$119.3 ^c

^aThese were the amounts agreed to by the auditees at the time of resolution.

^bThe recoveries realized could change as the auditees implement the agreed-upon corrective action plan and seek recovery of amounts recorded as debts due the Department.

^cImproper agency actions are monetary amounts identified by the audit as having been expended erroneously or improperly due to agency action or for which recovery is not possible. This also would include amounts incurred or earned in good faith by others, because they relied on incorrect or improper guidance, interpretations, or directions by agency personnel. If statistical projections are used in determining the values, the midpoint estimate is used.

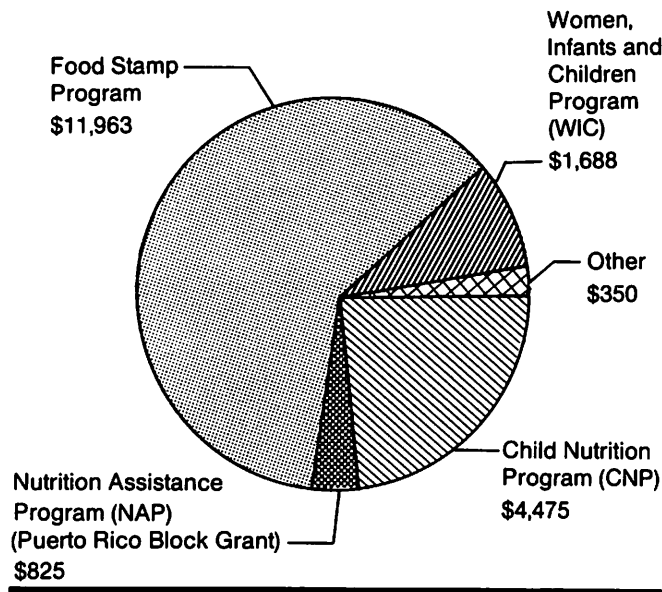
Food and Consumer Services

Food and Nutrition Service (FNS)

The FNS administers 13 programs including: Child Nutrition; Special Supplemental Food for Women, Infants and Children (WIC); Food Stamps; Special Milk; and Food Donations. Estimated spending for Fiscal Year (FY) 1988 is \$19.3 billion of appropriated funds.

Food and Consumer Services Budget

In Millions of Dollars



Food Stamp Program (FSP)

Crackdown on FSP Fraud

In our last Semiannual Report to Congress, we discussed an intensified nationwide investigative effort, code named "Project Wipeout", designed to combat fraud in the FSP. This effort was a coordinated investigative operation involving the Criminal Division of the Department of Justice, U.S. Attorneys' Offices, and other Federal and State law enforcement agencies throughout the United States.

This project, which began in April 1987, has resulted in 368 indictments and 203 convictions for violations of the Food Stamp Act and related criminal statutes as of March 31, 1988. Investigative subjects of "Project Wipeout" have included authorized retail store owners, caseworkers, recipients, and

individuals not authorized to participate in the FSP. Besides uncovering food stamp fraud, "Project Wipeout" was designed to deter others from defrauding the FSP by assuring media coverage of successful prosecutions and administrative sanctions. The following cases are examples of investigations developed over the last 6 months as part of "Project Wipeout."

In New Mexico 46 people were charged with food stamp trafficking and 1 other was indicted on other charges as the result of a storefront "sting" operation conducted jointly by OIG and the Albuquerque Police Department. During the investigation the subjects allegedly exchanged stolen property, drugs, and cash valued at over \$436,000 for food stamps worth over \$100,000. The allegedly stolen property included 8 cars, 28 guns, explosives, and electronic equipment.

Six people in New York were arrested on charges including food stamp fraud, WIC voucher fraud, and conspiracy. Three allegedly purchased almost \$30,000 in food stamps and 50 WIC vouchers from undercover agents. The other three were charged with purchasing \$18,000 in food stamps for cash.

In the Eastern District of Louisiana 12 persons were charged with concealing income or assets to receive food stamps and welfare assistance. The individuals allegedly received over \$33,000 in food stamps and \$67,000 in welfare assistance to which they were not entitled. To date three persons have been convicted and a fourth has been placed on pretrial diversion with over \$59,000 in restitution ordered.

All of the cases cited above received local media coverage sufficient, in our opinion, to have an impact on the future incidence of food stamp fraud in those areas. We believe "Project Wipeout" has been a success to date, and we are continuing this intensified nationwide effort to combat food stamp fraud in all areas of vulnerability.

Arrests Continue in Ongoing Investigation of Major Fraud Scheme

We previously reported that a former FNS employee was arrested and charged with accepting bribes after he created fictitious retail store food stamp authorizations and sold them to store owners. He subsequently pled guilty. Sentencing has been postponed.

We also reported that nine persons connected with retail stores who were involved in illegal activity with the FNS employee pled guilty to charges of conspiracy or food stamp trafficking.

As we reported in our last Semiannual Report, this condition existed, in part, due to internal control weaknesses, that were disclosed in our audits at three FNS field offices. As a result of these audits, FNS has initiated corrective actions to strengthen internal controls at all field offices.

Because of our ongoing investigative work, 19 additional persons, all owners or managers of retail stores, were charged in December 1987 with paying bribes to the FNS employee to obtain retailer FSP authorization licenses and with unauthorized possession of food stamps. Ten of the individuals had previously been disqualified from the FSP. To date, 11 persons have pled guilty, 1 was found guilty after a jury trial, and 1 has fled the country. Other prosecutions are pending.

Puerto Rico Billed \$43.5 Million for FSP Losses

As a result of an investigation by OIG in 1982, employees of the Government Development Bank were found guilty of embezzling food coupons from the bank. The bank redeemed food coupons from commercial banks under contract with the Federal Reserve Bank and was to destroy them. Rather than destroying the food coupons, the four bank employees engaged in a scheme to steal the used food coupons and recirculate them through the redemption process.

Since criminal proceedings have been completed, FNS has started administrative action to recover the losses. In January 1988, FNS billed the Government Development Bank for \$43.5 million in losses due to negligence. In March 1988, the Department of Justice initiated a civil action against the bank in the United States District Court of Puerto Rico seeking damages of \$43.5 million for breach of contract. The bank disputes its responsibility for the stolen food coupons and will contest the claims.

Certification Error Reduction Efforts Need Improvement

Our audit work continues to note the need for improvements in State-administered FSP operations. For example, at one State agency we found that corrective action plans for reducing errors were not sufficient or not fully implemented. The State could improve internal controls over certification errors by targeting corrective actions on previously identified

error-prone household profiles. In the largest county in the State, households with five or more members had overissuances totaling about \$1.48 million, one-third of the total dollar overissuance, yet these households comprised only 4.3 percent of the FSP caseload.

In addition, the State did not have administrative controls in place to suspend food stamp benefits when local agencies did not receive monthly reports or did not enter them into the computer in a timely manner. We estimated that monthly benefits of \$350,000 were issued to households which did not submit monthly reports or whose reported data were not recorded in the computer.

County personnel did not always follow up to obtain and record social security numbers when code numbers were temporarily substituted in the computer system. Thus, income validations could not be performed on 2,250 (3.1 percent) of the 72,000 participants. This reduced the effectiveness of wage matching to ensure proper wage reporting and curtail overissuances. Corrective action has been initiated.

FSP Computer System Development Was Improperly Funded

FNS improperly approved one State's FSP computer system for FY 1987 funding of \$1.3 million without required revisions to the State's Advanced Planning Document. The planned system involved transferring and expanding the capabilities of a computer system used in another State which had only one-tenth the volume of food stamp cases. The FNS regional office approved funding for FYs 1985 through 1987 without determining the effects of a tenfold increase in case load and addition of system enhancements. In estimating system benefits, the State projected a 23.8-percent reduction in overissuances of food stamp benefits; however, we found no support for this estimate.

The FNS regional office had not adequately reviewed the cost/benefit analysis for the project. A subsequent State agency analysis showed that total project life cycle costs would be increased by \$15.1 million over the original cost estimate of \$4.8 million because of the need for increased central processing unit capacity. We questioned \$5.2 million in estimated annual benefits which were not adequately supported.

In addition, FNS approved enhanced funding for the system although it did not meet regulatory criteria for enhanced funding. In order to qualify for enhanced

funding, the computer system must be able to generate the data necessary for preparation of monthly food stamp reconciliation reports and must calculate, or verify, food stamp benefits. The planned system did not perform these functions.

USDA Was Overcharged for Some Administrative Costs

We conducted a review at one State where administrative costs, as a percentage of program benefits issued, were the highest in the Nation for FY 1986. Our audit disclosed questioned costs of at least \$748,000 because the State incorrectly charged the payroll cost of eligibility workers at the 75-percent rate rather than the appropriate 50-percent rate. The 75-percent rate of reimbursement is reserved specifically for funding computer development projects and the pursuit of FSP fraud.

We are planning additional audits in other States with high administrative costs.

Other Assistance Programs

Dairy Company Owner Guilty in WIC Case

The owner of a California dairy company was sentenced to 3 years in jail and a \$10,000 fine after pleading guilty to defrauding the WIC Program of over \$100,000. Over the last 2½ years 31 persons, including dairy employees, delivery route drivers, and employees of another firm, have pled guilty to theft and conspiracy charges. The participants in the scheme paid recipients cash for vouchers, inflated the value of vouchers they had received, accepted vouchers for ineligible items, and altered vouchers made payable to other stores so they could redeem them. To date, the courts have ordered over \$900,000 in fines and restitutions.

Embezzlement Detected in the Child Care Feeding Program

We previously reported the arrest of the director of a Brooklyn, New York, day care center. The woman and her two adult children were subsequently

indicted on 151 felony counts of embezzlement and conspiracy. All three have now pled guilty and are awaiting sentencing.

Over a 7-year period the three subjects embezzled \$127,000 in FNS funds that were intended to feed disadvantaged children. The director issued weekly checks to a nonexistent day care center employee, and her son cashed the checks. When the checks were returned from the bank the director altered the name on the checks to make it appear to be a corporation name. False invoices for a nonexistent food service company were then filed with the checks. The scheme was not uncovered until a day care center employee noticed a different color of ink on the checks.

USDA Commodities Diverted

A Minnesota businessman, whose catering company prepared lunches under contract for three school districts, was charged with defrauding the School Lunch Program. The charge alleges that the businessman diverted \$8,000 worth of USDA-donated commodities intended for the schools to his restaurants and commercial catering operation. Trial is pending.

Eleven Plead Guilty to Commodity Theft Charges

OIG initiated an investigation of theft of USDA-donated commodities in Schenectady, New York, after an OIG agent found a newspaper advertisement offering American cheese for sale at extremely low prices. Our investigation subsequently disclosed that individuals were stealing USDA-donated cheese from a distribution point and selling it to various retail businesses. Eleven persons pled guilty to commodity theft charges.

Small Community and Rural Development

Farmers Home Administration (FmHA)

FmHA is the Department's credit agency for rural development and agriculture. As of December 31, 1987, FmHA had about 1.2 million active borrowers and a loan portfolio of about \$64.3 billion, including \$4.6 billion in guaranteed loans.

We placed emphasis during this period on FmHA's implementation of new or evolving legislative initiatives and requirements.

Complex Note Sales Handled Adequately

The Omnibus Budget Reconciliation Act of 1986 required agencies of several Departments, including FmHA, to sell a portion of their loan portfolios. FmHA was required to sell a sufficient amount of loans from its Rural Housing and Community Programs portfolios in FY 1987 to generate \$1.7 billion and \$1 billion, respectively. The sales were to be nonrecourse but provide the borrowers with the same rights and loan servicing protections afforded by FmHA. The objectives of the sale were multifold, to include: (1) reducing net outlays of the Government; (2) improving Federal credit management; and (3) freeing up staff time through a reduction in the portfolio, thus strengthening servicing over remaining loans.

Our review centered around FmHA's actions to ascertain the most effective and efficient structure for the sale. We concluded that overall the note sales were handled adequately. However, our review did disclose the need for FmHA to prepare a cost/benefit analysis in support of its decisions regarding the sales. The Community Programs sales, which preceded the Rural Housing sale, consisted of bonds which were secured by the Community Programs loans originated by FmHA. FmHA, in consultation with its Financial advisor and the underwriters of the sale, decided that of the two acceptable alternatives for the structure of the sale, the optimum alternative was overcollateralization wherein additional loans are sold to provide an expanded pool of cash flow to help ensure the highest bond rate.

The Community Programs Loan Trust received a AAA rating (the highest afforded) with an overcollateralization rate of 7 percent. In other words, 93 percent of the total amount sold (called the "Class A" bonds), or about \$1.8 billion, was given the AAA

rating in part because an additional amount (called the "Class B" bonds), approximately \$135 million, was sold as a subordinate to the larger sum. The "Class B" Trust obtained a lesser rating of A minus. The Community Programs sale was enacted on September 2, 1987, and consummated on September 23, 1987.

We requested the cost/benefit analysis which supported the structuring decision and were told none had been formally prepared. A document was developed, however, pursuant to our request which showed that the other acceptable alternative, external insurance, would have been more costly than the overcollateralization. Although our review of this document generated several concerns and questions, it was inconclusive with regard to the validity of FmHA's final determination. We did conclude, however, that based upon the reasonableness of the data presented and our discussions with several representatives of various industries (including rating firms), there was insufficient evidence to recommend that the Community Programs loan sale be halted so additional information could be compiled and analyzed.

We recommended for all subsequent loan sales that cost/benefit analyses, using actual data wherever possible, be prepared in a timely manner to fully support the alternatives elected. FmHA officials stated in response to our report that they agreed with our findings and recommendations. They further stated that they had already taken action resulting in the timely documentation and justification of all decisions having significant monetary impact for FmHA's subsequent loan sale. We noted in the subsequent Rural Housing loan sale that documentation had improved.

FmHA Will Encourage Rural Housing Borrowers To Seek Other Credit

As discussed in our last Semiannual Report to Congress, our review of the Rural Housing portfolio sale, which was to generate \$1.7 billion, had resulted in the recommendation that FmHA aggressively encourage borrowers to seek other sources of credit prior to the sale of the notes. Borrowers with financial means and private sources of credit can repay their obligations to FmHA directly. Because the repayment is direct and immediate, no discounting is involved and proceeds to FmHA are maximized.

In response to our recommendation, FmHA excluded from sale all Rural Housing loans carrying interest rates of over 11 percent. At the time of our review, about 45,000 Rural Housing loans with interest rates above 11 percent, having an unpaid principal balance of about \$1 billion, were outstanding. Since these interest rates substantially exceeded market rates, a financial incentive existed for the borrowers to seek credit from private sources.

To address the refinancing problem, FmHA: (1) has initiated a pilot project in five States in which it contracts with private sector financial institutions to contact borrowers and encourage the refinancing of FmHA loans; (2) plans to issue a letter to all borrowers with high interest rates encouraging them to seek other credit; and (3) plans to eliminate the 6-year deferral period before loans are reviewed and borrowers requested to refinance.

Housing Program Investigations Produce Results

- A joint investigation by OIG and the Federal Bureau of Investigation led to the indictment of a former FmHA State Director on charges of bribery, conspiracy, witness tampering, and racketeering. The former State Director admitted to receiving a total of \$55,000 from a foreign construction company in return for approving funding for a 300-unit housing project. This construction company had the contract to build the housing project. The construction company manager, an unindicted co-conspirator, said he paid \$30,000 in cash directly to the State Director in gratitude for his approval of the project. The remaining \$25,000 was given to the State Director by a consultant to the construction company, who has also been indicted on bribery and conspiracy charges. This was the first large-scale development project awarded to the construction company in the Northern Mariana Islands, and FmHA approval was the most critical element before construction on the homes could begin.

A former FmHA loan packager was also charged with witness tampering and conspiracy to commit witness tampering in connection with her efforts to assist the former State Director in concealing the bribe. Trial is pending.

The former State Director has pled guilty to conspiracy to commit interstate travel in aid of racketeering (bribery); interstate travel in aid of racketeering and aiding and abetting; conspiracy to commit witness tampering; false statements and false declarations before the grand jury; and witness tampering. Sentencing is pending.

The consultant pled guilty to one count of conspiracy to commit interstate travel in aid of racketeering (bribery). He waived the pre-sentencing investigation and was sentenced to a 5-year suspended sentence, placed on 5 years' probation and ordered to pay a \$5,000 fine.

- An owner/general contractor of an FmHA rural rental housing project in Alaska has been indicted on charges of making false statements to FmHA, and of diverting over \$45,000 in loan funds to his own use. Labor and materials used in his personally owned projects were charged to the FmHA project. Inflated and false invoices were filed with FmHA in order to conceal the true cost of construction. The contractor entered a guilty plea to the false statement charge and has been sentenced to \$24,000 restitution, 3 years' supervised probation, and 240 hours of community service.
- The subject of an OIG rural housing fraud investigation was indicted and has pled guilty to a charge of threatening to assault and murder an OIG special agent with intent to interfere with the investigation and retaliate against the agent. The subject was sentenced to 3 years' imprisonment (suspended), placed on 5 years' probation, and fined \$3,050.

Implementation of the 1985 Farm Bill

Improvements Needed To Prevent Adverse Effects on Farmland Values From Inventory Property Sales

During this reporting period we continued our monitoring of the various provisions of the Food Security Act of 1985, known as the Farm Bill. One key provision of the Farm Bill dealt with FmHA's disposition of farm properties in inventory. Sales were prohibited by the law if a detrimental effect on neighboring land values would result. Our review in this area addressed whether FmHA State Offices had completed analyses required by the National office of the effect sales would have on land values and, if deemed detrimental, whether sale activities were appropriately restricted.

In the first 10 months of FY 1987, FmHA sold about 1,250 farms. On July 31, 1987, FmHA had 5,301 farms valued at approximately \$800 million remaining in inventory.

We found that FmHA procedures and controls were not implemented to the degree necessary to preclude sales of inventory properties which could have an adverse effect on farmland values. Based

on information reported to the National office, 86 percent (4,559) of all farm properties in FmHA inventory were in the 22 States having 100 or more properties in inventory as of March 31, 1987. Of the 22 State offices, 11 had not performed the required analyses by March 31, 1987, although they had over 2,100 farms in inventory. Ten of these eleven State offices, however, had already sold properties in 1987. We reviewed the adequacy of the analyses for 7 of the other 11 State offices reporting they had completed the required analyses and identified 3 that did not have supporting documentation. These three State offices also had sold properties before March 31, 1987. Accordingly, for 14 States having 3,233, or 61 percent, of the FmHA farms in inventory, there was no determination that sales activity would not have a detrimental effect on farmland values. In response to our audit, the FmHA Administrator suspended sales of inventory properties in those States which had not adequately performed the study.

Problems Resulting from Use of the Capitalization Concept in Selling Inventory Property

We also reviewed FmHA procedures designed to implement legislative requirements in the Farm Bill concerning sales to family-size farm operations. When FmHA acquires farm properties through voluntary conveyance or foreclosure, it classifies them as suitable or surplus inventory properties. FmHA procedures stipulate that suitable properties are those which constitute viable farming operations and can be sold to farming families eligible for FmHA credit. Properties considered not suitable are classified as surplus. FmHA requires that suitable properties must be offered for sale to qualified buyers in the following order: former owner, former operator, and other eligible FmHA borrowers. Surplus properties are offered to any interested buyer through a sealed bid process. Suitable properties are to be sold at the capitalization value. Capitalization value is the price that reflects the average annual income that may be reasonably expected to be generated from farming the land.

We found that use of the capitalization concept exerted a downward pressure on land values, resulted in potential program abuses, caused unnecessary losses to FmHA, and was otherwise inconsistent with program objectives. For example, our review of a county in one State disclosed that 14 of 20 farms in inventory had a lower capitalization value than the recommended market price. In another county we noted a farm's recommended market value was \$85,000; however, the capitalization value was \$73,364, and the farm was sold for \$73,364 to the previous owner.

We also found that six other farms in the second county were sold back to the former owners at the capitalization value, which was less than the recommended market value. Five of the former owners resold the properties on the same day as the FmHA sale closed. The other farm was sold to another party the day following closure of the sale by FmHA. FmHA acquired three of the six farms by voluntary conveyance and three by foreclosure; however, all six former owners paid cash to repurchase the properties. In the example of the \$85,000 farm, therefore, FmHA received \$11,636 less than the property's worth and the program benefit, the purchase of an FmHA farm, was gained by an individual not eligible for program assistance.

Sales at capitalization values, when below the recommended market value, placed a downward pressure on land values and appeared to conflict with the "detrimental effect" aspects of the Farm Bill. We recommended that FmHA implement control measures to preclude transactions of this type.

FmHA agreed to implement a control wherein a higher level of supervisory review would be required in all cases where market value exceeds capitalization value by 5 percent or more. We intend to follow up on the adequacy of the implementation of this process as part of a broader review of the sale of inventory property.

Interest Rate Reduction Program Controls Need To Be Strengthened

The Farm Bill also provided authority for FmHA to enter into agreements with lenders to reduce the interest rates charged borrowers on FmHA-guaranteed Farm Operating, Farm Ownership, and Soil and Water Loans and lines of credit for operating purposes. The Interest Rate Reduction Program, extended through 1993 by the Agricultural Credit Act of 1987, provides lenders with a means by which they can continue to provide credit to operators of not larger than family farms who are temporarily unable to project a positive cash flow but could if their interest rates were reduced. Under the program, lenders reduce the interest rates to qualified borrowers in exchange for annual interest rate buydown agreements with FmHA.

We found that internal administrative controls over the Interest Rate Reduction Program needed to be strengthened to obtain or ensure adherence to program requirements by lenders and FmHA field employees. Lenders and FmHA employees determined applicant cash flow positions incorrectly in 48 of the 94 borrower cases that we reviewed. Positive

cash flow positions were possible without interest rate reduction in 42 cases and were not possible with reductions in 6 cases. As a result, we questioned \$624,000 of the \$1.2 million in potential buydown interest rate reduction payments for the cases reviewed.

Program documents were not properly or timely completed in all cases. Although interest rate reduction buydown agreements should have terms corresponding to the term of the underlying notes, we found 30 agreements with terms exceeding the note maturity date. Eight other agreements had terms of less than 1 year or did not reflect the term. Errors were also noted in the completion of applications, promissory notes, loan closing reports, lender claims, and other required documents.

We also disclosed that FmHA was unlikely to use a substantial portion of authorized program funds. As of August 27, 1987, FmHA records showed that only about 6 percent of the authorized funds had been obligated although about 58 percent of the time available for obligating funds and executing interest rate reduction agreements had elapsed.

FmHA's response to our findings and recommendations was positive, and FmHA has begun to implement corrective actions.

Improvements in Emergency Loan Program Needed

We continue to find a variety of problems in emergency loss loans made to farmers who suffered production losses due to drought, heat, and other causes. During the period February through June 1987, we performed audits in 11 county offices in 3 Southern States involving 34 approved loans in the amount of about \$2.7 million.

Our audits found problems similar to those reported in past audits, including processing errors and/or noncompliance with FmHA instructions in each of the county offices visited:

- Errors in 23 of the files resulted in incorrect computations of the loss loan amounts. The following errors were most prevalent: normal year yields were calculated incorrectly; FmHA was furnished with incorrect or incomplete data; actual production amounts were not adjusted

due to reduction in quality; and compensatory disaster payments were not deducted from actual losses. These errors resulted in 17 loans being overstated by about \$77,000 and in 6 loans being understated by about \$19,000.

- In 19 instances, applicants were not required to mortgage or assign their interests in all assets to FmHA as required by operating instructions.
- In 17 instances where FmHA was the primary lender or had taken a lien on the 1987 crops, borrowers were not required to acquire available crop insurance.

We also found that 17 borrowers received \$1.2 million in emergency funds (9 of the 17 simultaneously received \$506,000 in operating loan funds) on the basis of unrealistic, inaccurate, or incomplete Farm and Home Plans. The plans showed inflated or unsupported yields, unrealistic expenses, omitted debts or expenses, or used commodity prices different from those furnished by the State office. These 17 borrowers did not have adequate cash flow to pay expenses and service their debts.

More participation was needed at the State and National office levels to monitor county office operations. State Directors in two of three States visited had not deployed emergency loan assessment teams on a continuing basis to designated areas to monitor emergency loan processing activities. In one of the three States, a loan assessment team was deployed, but too late to minimize the loan processing errors we found.

Based on the number of errors noted in our review, we concluded that county office personnel need additional training and supervision. We also concluded that more effective reviews by District Directors and the Farmer Program staff are needed to minimize errors in loan processing and to ensure adherence to prescribed procedures. In addition, the similarities between problems noted in this review and those in our prior reports show a need for more National office involvement in obtaining corrective action.

FmHA agreed, and an adequate corrective action plan was devised to implement our recommendations.

Lender Irregularities Noted in Some Business and Industrial Loans

An audit disclosed that the financial institution servicing a \$1 million, 90-percent-guaranteed Business and Industrial loan to a boat building company did not accurately present the borrower's financial condition to FmHA during the loan approval process. Projected financial information was submitted to FmHA to support loan eligibility requirements; however, the borrower's financial statements showed that the borrower did not meet the equity and debt-to-net-worth requirements for the loan. In addition, FmHA approved the loan even though the primary use of loan funds was to refinance \$700,000 of the borrower's existing loans with the lender. FmHA was also aware that the borrower had a previous history of operating losses, and loan collateral was not properly appraised. In our opinion, the borrower was an unprofitable business with no demonstrated potential for improvement and was not eligible for the loan at the time. Within 8 months of FmHA's approval of the loan guarantee, the borrower was delinquent on the loan payments. The borrower went into receivership after 1 year of operation. The lender reported a loss of \$1 million to FmHA for which the guarantee had not been paid at the time of the audit. While we recognize that FmHA's decisions regarding the loan were inappropriate, we concluded that the lender acted improperly in its manner of presenting the loan to FmHA. We recommended that the USDA Office of the General Counsel (OGC) review the reported instances of noncompliance with the Business and Industrial loan regulations and determine the extent of enforceability of the loan note guarantee.

During our audits of two other Business and Industrial loans valued at over \$1.1 million, we determined that lenders did not properly apply to FmHA-guaranteed loans over \$276,000 of loan proceeds collected by banks from bankruptcy proceedings or from the sale of loan collateral. In one case, two auctions were held to liquidate the inventory of the bankrupt firm which had borrowed \$400,000. However, the lender misapplied over \$217,000 of the funds collected to other nonguaranteed loans held by the lender. In the other case which involved a \$990,000-guaranteed loan, the borrower also went bankrupt. Our review of servicing by the bank disclosed that the lender applied over \$44,000 of proceeds from the bankruptcy agreement to unsecured loans held by the bank, rather than to the FmHA-guaranteed loan as required by the loan agreement. Further, the lender failed to collect over \$15,000 for personal property sold during the bankruptcy liquidation of the assets of the borrower.

Investigation Discloses Million-Dollar Business and Industrial Loan Fraud

As a result of an OIG audit and investigation the owner of a toxicological testing laboratory in Redfield, Arkansas, was found guilty and sentenced to 9 months in prison for making false statements to obtain interim financing on two loans totaling \$10 million which were guaranteed by FmHA. The loans were to be used for the construction of the laboratory. The loans were defaulted in 1984 following completion of the facility and FmHA then purchased the guaranteed portion of the notes. The borrower used bogus invoices and another company he headed as a "shell" to divert \$1.1 million of the proceeds from the loans to his own use and other unauthorized purposes.

Farm Program Indictments and Convictions

- An OIG investigation led to a 20-count indictment of a former FmHA Assistant County Supervisor, an FmHA borrower, and a livestock auction owner on charges of conspiracy to defraud the United States, theft of public monies, aiding and abetting, and making false statements to FmHA. The FmHA borrower applied for and received two loans totaling \$90,000 for the purchase of cattle. The indictment charges that fictitious bills of sale were provided by the livestock auction owner showing that \$90,000 worth of cattle were being sold and delivered to the FmHA borrower when in fact no cattle were purchased. Trial is pending.
- As a result of an OIG investigation, a Federal grand jury returned a six-count indictment against an FmHA borrower charging him with the unauthorized disposition of FmHA-mortgaged property. Two acquaintances of the borrower were also indicted on the same charges. According to the charges more than \$10,000 in FmHA-mortgaged grain and over \$58,000 of FmHA-mortgaged cattle were sold by the three individuals without FmHA authorization. The borrower was convicted of converting FmHA-mortgaged property and was sentenced to serve 60 days in prison and 5 years' probation and was ordered to make restitution of \$14,244.

Federal Crop Insurance Corporation (FCIC)

FCIC is a wholly owned Government corporation created to promote the economic stability of agriculture through a sound system of all-risk, all-crop insurance. The Federal Crop Insurance Act of 1980 also encouraged FCIC to provide insurance through

an all-private delivery system and mandated FCIC to offer a program of reinsurance to insurers in the private sector.

Savings of \$12.7 Million Could Be Realized

Indemnity payments are reduced on unharvested acreages of peanuts and tobacco because crop costs, upon which indemnities are based, are less when harvest costs are not incurred. However, similar reductions do not apply to other crops. We reviewed wheat and soybean crop insurance adjustment activities in one State to assess what impact adjustments for unharvested acreage could have on these two crops. Based on 1986 indemnity claims, nationwide we estimated that FCIC could save about \$12.7 million annually on wheat and soybean indemnities by adjusting for unharvested acreage. Similar reductions may apply to other crops where harvest costs are a significant portion of the total crop costs.

FCIC agreed with our recommendations and will conduct a study to evaluate the use of staged guarantees on its various crop policies.

Indictments Allege \$1.2 Million in Fraudulent Crop Indemnity Payments

A California grape producer and his company were indicted on charges of mail fraud, conversion of Government property, and interstate transportation of a check obtained by fraud relating to the FCIC crop insurance program. The indictment alleges that the defendants participated in a scheme to defraud FCIC in 1982 and 1983 by receiving approximately \$1.2 million in crop indemnity payments (for the 2 years) for crop losses that did not occur. Trial is pending.

Eight Persons Sentenced in FCIC Fraud Conspiracy

In our previous Semiannual Report, we reported the arrest of six individuals in Georgia for conspiracy to defraud the Government with respect to FCIC crop insurance. Those six, and seven other individuals, were indicted by a Federal grand jury for conspiracy to defraud the Government, making false demands against the Government, and aiding and abetting. Eight of the defendants subsequently pled or were found guilty in a trial. (Of the remaining five defendants, three were acquitted and charges were dismissed against the other two.) Sentencing of the eight convicted persons resulted in a total of seven jail sentences, \$55,550 in fines, and \$68,435 in ordered restitutions. The OIG investigation is continuing.

Rural Electrification Administration (REA)

REA makes or guarantees loans to rural electric and telephone utilities. The Rural Electrification Act authorizes the REA Administrator to make loans to persons or companies that provide electric and telephone service in rural areas. As of December 31, 1987, REA had about 1,960 active telephone and electric borrowers with outstanding revolving fund loans of \$14.3 billion, telephone bank loans of \$1.4 billion, and loan guarantees of \$22.6 billion.

REA Loan Funds Obtained for Construction Costs Paid by Customers

Our review of one electric cooperative, performed in response to allegations of misuse of REA loan funds, disclosed that it obtained loan funds from REA for the cost of constructing lines to individual oil wells even though customers had paid for such construction in advance. From January 1983 through June 1987, the cooperative received over \$2 million in loan funds for construction although customers had paid about \$1 million in refundable deposits for the construction projects. The customer payments were not reported by the cooperative as refundable service deposits when requesting REA loan funds. REA instructions require that loan funds subject to advance by REA be reduced for refundable service deposits or contributions in aid of construction. Since customers had prepaid the cost of construction, each drawdown of REA loan funds was almost immediately used to obtain certificates of deposit. The cooperative had over \$4.7 million invested at the time of our audit. The prepayments made by customers were refunded, over time, through reduced billings for electrical usage. Nonetheless, the cost of construction had been double-funded. Accordingly, we recommended that the excess REA funds be recovered, plus interest, and that controls be established to preclude recurrence.

In reply to the report, REA disagreed that the funds should be recouped. They referred to another REA instruction, applicable to large power loads, which provides that in some cases cooperatives can require prepayments approximating projected revenue over 5 years to "justify the investment"; in addition prepayment can be sought from some consumers, such as those who had not established adequate credit. REA said that it was not intended that this type of refundable deposit, as opposed to contributions in aid of construction, be deducted from loan funds for the related construction. However, the REA instruction cited in our report makes no such distinction. Further, REA appears to have assumed that the cooperative's customers are

large power users; our followup inquiry disclosed that none of the required "large load" forms were on file at REA as required by the instruction. In addition, prepayment of revenue is required to reduce the risk of the large investments. In this case, there is no risk to the cooperative because the entire investment was borne by the customer. REA's view,

however, of this cooperative's practices was that they were consistent with REA policies, sound business practices for utilities, and the requirements of the State Public Utility Commission. We are continuing to work with the agency to achieve resolution.

International Affairs and Commodity Programs

Agricultural Stabilization and Conservation Service (ASCS)

ASCS administers commodity and related land use programs designed for voluntary production adjustment; resource protection; and price, market, and income stabilization. ASCS administers the activities and programs funded by the Commodity Credit Corporation (CCC), a corporation which is wholly owned by the Federal Government.

FY 1988 net outlays for ASCS are estimated at \$298.2 million for traditional conservation programs and the dairy indemnity program, and \$733 million for the Conservation Reserve Program. All other ASCS operations are funded by CCC with estimated outlays of \$17.7 billion.

Production Adjustment Programs

Payment Limitation Problems Continue Pending Implementation of New Law

Congress passed the "Omnibus Budget Reconciliation Act of 1987," which should help minimize abuses of the payment limitation provisions for 1989 and future program years. Meanwhile, we have undertaken reviews of compliance with current payment limitation rules, based on requests from ASCS and other sources.

In one State, we questioned over \$3 million in payments from 1981 through 1987 to 11 farming groups, each of which exceeded the \$50,000 limitation. Generally, the overpayments occurred because:

- The new entities made no substantive change from the entities farming previously.
- Payments to new entities were not commensurate with contributions to the new farming operations.
- Equipment was leased from related parties at rates that were not customary for the area.
- Partnerships were not operated in accordance with their farm operating plans.

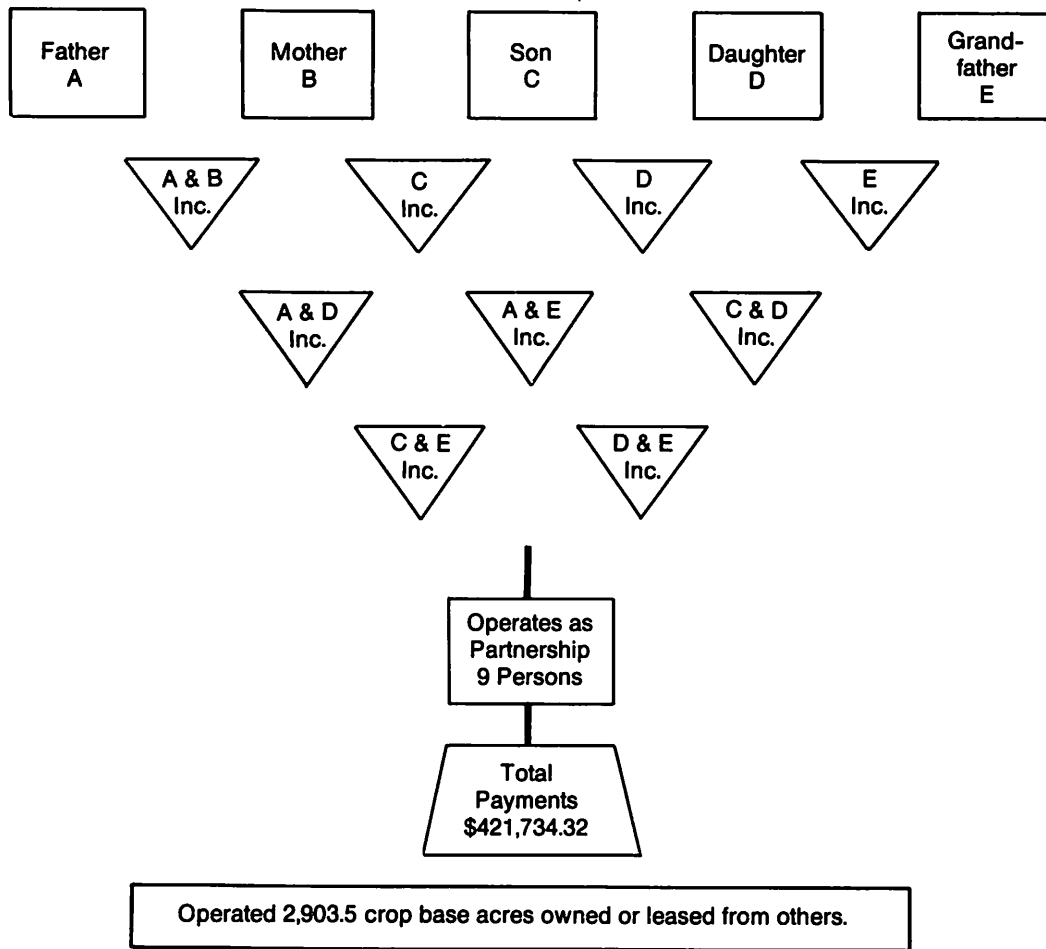
An agricultural management firm assisted the groups in reorganizing their operations. An example of this reorganization process appears on the following page.

Prior to 1986, total payments for the above operation were limited to \$50,000 based on the father's individual farming operations. For 1986, the family formed nine corporations that, in turn, operated as a partnership (each partner is an additional separate "person") that received payments of over \$421,000.

In another State, ASCS requested that we review a payment limitation case involving about \$6.7 million in program payments. This family group reorganized its operations in a manner similar to that depicted on the following page and requested approval of 10 new corporations and 3 individuals, farming for the first time, as eligible "persons" for payment limitation purposes. ASCS disapproved the request and asked us to confirm whether the principals involved adopted a scheme or device to evade the payment limitation regulations, thereby making the entities ineligible for all program benefits under the 1986 and 1987 Conservation Reserve, Upland Cotton, Feed Grain and Rice Programs. We concluded that ASCS was justified in making its scheme or device determinations.

OIG and ASCS conducted a joint followup review of payment limitation cases in another State to determine the adequacy of corrective action taken on recommendations in our prior audit reports and to assess current operations. We had questioned about \$11 million in payments to 122 "persons" in our prior audits. While ASCS agreed with the audit, it had granted relief for about 80 percent of the cases. ASCS waived recovery of payments because of misaction or misinformation by ASCS officials. In acknowledging the improper "person" determinations, ASCS resolved to correct the situation for 1986, 1987, and future years; however, many of the cases we questioned were approved for additional "persons" in 1986 and 1987. To assess the situation, we made a joint followup review with ASCS of six of the previously audited operations and three new operations for 1987.

Both OIG and ASCS agreed that improper or questionable "person" determinations had been made in three of the nine cases reviewed. OIG questioned another four cases which ASCS did not agree were in error. Although ASCS did not agree with OIG on some of the cases reviewed, it did agree to have an out-of-State team review 1988 "person" determinations to help assure that proper procedures were followed for that year.

ASCS Maximum Payment Limitation

In another State, OIG found that a former County Executive Director was improperly approved to participate in the Production Adjustment Program. The former employee's contribution to the farming operations was that he served as a consultant to the farm owners/operators. He took no risk in producing the crops, provided no financing, and made no contribution to the farming operations other than to consult with and assist producers with the rules and regulations governing USDA programs. His contribution to the farming operations did not meet the requirements for a "person" determination. As a result, the former employee received \$160,000 in ineligible payments, 75 percent of which would not have otherwise been disbursed because the other "persons" had already exceeded their payment limitations.

Payment Limitation Guilty Plea

A Nebraska farmer pled guilty to conspiracy to defraud the Government relating to a scheme to circumvent the \$50,000 payment limitation regulations. Our investigation disclosed that the farmer hid his interests in various farms by listing his employees and five corporations which he created as owners of his farms, thereby receiving over \$129,000 in ASCS program payments which he was not entitled to receive. Sentencing is pending.

Leases Not Handled Properly

Some companies, such as insurance, railroad, and land companies, own farms in multiple counties and States which they lease to operators on a cash or

share-crop basis. We reviewed selected farms for 6 companies in 11 counties in 4 States to assess whether payment and payment limitation procedures had been applied correctly.

At one company we reviewed 231 lessee files and found that 229 of the lessees were required to pay part of their program payments to the company based on a crop-sharing percentage. ASCS was not aware of this arrangement, which is contrary to program regulations. The arrangement also permitted the company to circumvent payment limitation provisions. Only \$22,000 was credited to the company for 1983 through 1986 crop years, whereas we confirmed \$366,000 was passed through from the lessees to the company, with an estimated \$1.6 million more due the company under the share arrangement which the company had with the lessees. Under the \$50,000 payment limitation the company would be entitled to a maximum of \$200,000 (\$50,000 for each of the 4 years). ASCS agreed with our conclusion and has instructed the county offices to collect the excess payments.

In 7 of the 11 counties, county committees had interpreted the leasing arrangements made by 5 of the companies to be cash leases. We found the arrangements were share leases and that county committees had misinterpreted regulations or had not adequately reviewed the lease provisions. Overpayments to producers totaled \$195,000. While the payments would then be due the companies, payment limitation provisions would apply. ASCS will provide additional instructions to its offices so that leasing arrangements can be addressed more effectively.

In five cases involving two companies and their lessees, the companies and operators provided incorrect information to the county committees. In all five cases, the producers and companies signed the contracts to participate showing zero percent of the crop to the company and 100 percent to the operator. OIG's review of the actual leases, which were not provided to the county committees, showed the leases to be share leases. The overpayments totaled \$298,000 which ASCS agreed to collect.

Commodity Loans

Weak Controls Result in Excessive and Questionable Rice Loans

The Food Security Act of 1985 provided for price support to eligible producers through CCC loans that could be redeemed by repaying only a portion of the loan principal, usually about 50 percent. To obtain

price support, eligible producers could place their rice in approved farm storage or warehouse storage and obtain loans based on the quantity and quality of rice, as determined by the storage operator. The act also provided for a "Special Rice Loan" for producers who delivered rice directly from the field to millers, dryers, or other buyers, who would determine quantity and quality. The special rice loans were for producers who did not want or need a regular loan but wished to take advantage of the price support.

We identified excessive loan amounts totaling over \$250,000, as well as \$525,000 in questionable rice loans. A general lack of program controls permitted rice producers to obtain special rice loans with any type of written documentation from persons handling rice without explanations as to how the quantity and quality were determined. Verifications were not required or made to ensure the validity of the written documentation submitted by producers to obtain special rice loans, and no documentation or verification was required for producers obtaining farm-stored loans. County office personnel contributed to a breakdown in prescribed internal controls by not consistently implementing ASCS instructions that required producers to certify that the rice presented for loan had not been previously pledged for loan and that they held title to the rice. Furthermore, there was no evidence that county personnel had evaluated the reasonableness of the quantity of rice placed into the loan program.

ASCS initiated corrective actions to improve program controls and collect overpayments. A new certification document will require both the producer and buyer to certify that the grades, milling yields, and quantities reported are accurate and were used for final settlement. Producers must certify the location of the farms where the rice was produced and that the rice had not been pledged as collateral for any other loans. County offices will also review checks from buyers to verify the payments received by producers are commensurate with reported quantities and qualities shown on the final settlement sheets.

Investigations Reveal Commodity "Conversions"

OIG continues to investigate allegations of abuses in the commodity loan program. "Conversions," or the illegal sale of grain mortgaged to the CCC, remains a common abuse in the program.

- A producer in Nebraska was sentenced to 1 year in prison and ordered to pay \$88,000 in restitution after he pled guilty to conversion of grain

mortgaged to CCC. The producer sold, without authorization, approximately 25,000 bushels of corn and 2,200 bushels of soybeans which had been pledged as collateral.

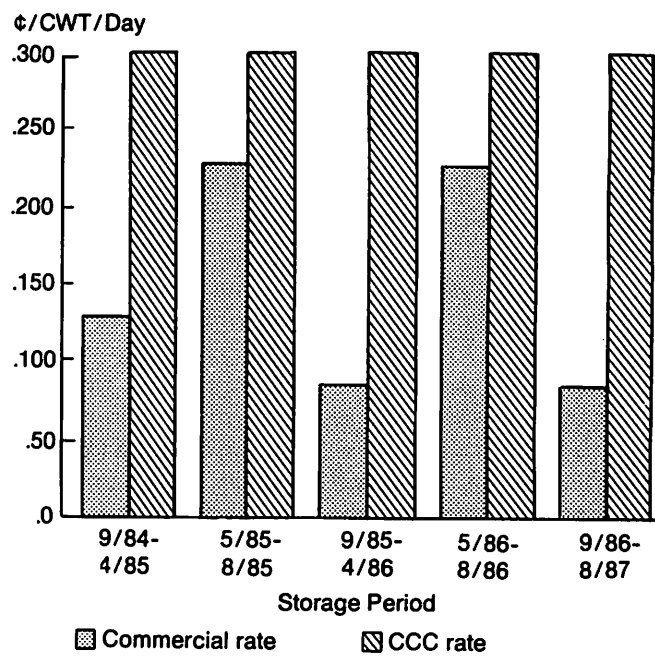
- An Idaho producer, who also owned and operated a grain warehouse in Utah, pled guilty to an indictment which charged him with illegally disposing of grain which was mortgaged to CCC. The producer sold, without authorization, over 129,000 bushels of barley which he was storing at his Utah warehouse. This barley was used by the producer as collateral for approximately \$270,000 in ASCS loans in Idaho. Sentencing is pending.
- A farmer in Montana was convicted by a jury for making a false statement to ASCS that he had planted barley in 1986 so that he could receive over \$17,000 in 1986 commodity loans and production adjustment program payments. He was also convicted of selling the wheat and barley which was used as collateral for his \$25,000 loan from FmHA. He was sentenced to 1 year in prison and 5 years' probation and ordered to pay restitution of \$17,034 to ASCS and \$3,826 to a grain company.

Excessive Storage Rates Paid to Rice Warehouses

Under provisions of the Uniform Grain Storage Agreement and the Uniform Rice Storage Agreement, CCC pays warehouse operators for storing grain and rice for CCC. CCC uses the offer rate system to determine storage and handling rates. Under this system, warehouses offer rates at which they will store and handle grain owned by or mortgaged to CCC, and guarantee that the rate offered does not exceed the rate charged other customers for the same services. However, producers may be charged a lower rate for grain and rice used as collateral for a CCC loan.

We reviewed operations in six rice warehouses in California and four warehouses in Arkansas and Louisiana which store primarily rice. Five of the six rice warehouses in California had posted commercial rates that were lower than their CCC-contracted rates. The following chart illustrates the difference between commercial rates and CCC rates for one of the California warehouses in our sample:

First Year Commercial Rate vs CCC Rate



The warehouses attributed the higher CCC rates to additional costs associated with long-term storage, including a potential loss of drying revenue. However, OIG found that these warehouses commingled CCC rice with commercial rice, and the commercial customers who stored their rice for the long term were charged lower storage rates than CCC. We also found that the same warehouses charged CCC the high rates on current crop year rice that was not stored for the long term. We estimate that CCC overpaid these warehouses at least \$5 million compared to the lowest commercial rates.

Three of the four warehouses reviewed in Arkansas and Louisiana were providing their commercial customers free storage, which effectively lowered their rates below their CCC-contracted rates. The warehouses attributed the free storage to various factors such as competition, bookkeeping procedures, and higher rates on other services. We estimated that CCC overpaid these warehouses at least \$1 million.

In December 1987, CCC billed one of the warehouses in California over \$3.5 million for overcharges. That warehouse is contesting CCC's claim on the grounds that the application of "seasonal" rates charged to other rice producers had not been properly considered and that CCC had accepted the "seasonal" rates in the past.

Indictment for Theft of CCC-Owned Cotton

The son of a warehouse owner/operator was indicted for theft from the warehouse of more than 750 bales of cotton which he sold for almost \$75,000. This was substantially less than the cotton's market value of over \$400,000. The stolen cotton included approximately 280 bales of CCC-owned or pledged cotton. The son pled guilty to interstate transportation of stolen property and was sentenced to 18 months in prison and 3 years' probation. The warehouse operator has since repaid over \$417,000 to CCC and the other injured parties for the cotton that was stolen.

Guilty Plea in Burley Tobacco Marketing Case

We reported in our previous Semiannual Report that a tobacco producer, a member of the Board of Directors of the Burley Tobacco Stabilization Corporation, was indicted with a tobacco warehouse owner and a warehouse employee for conspiring to falsely identify and market 13,823 pounds of burley tobacco. The producer subsequently pled guilty; the other two were convicted by a jury. The three defendants were fined a total of \$11,000 and ordered to pay \$20,200 in restitution.

Better Controls Needed Over Expired Certificates

CCC implemented special program provisions which permitted holders of unredeemed generic commodity certificates to redeem them after their expiration dates. The CCC adopted this policy to permit only original holders of the certificates the opportunity to exchange them for cash. As of September 1987, a total of 9,178 expired certificates had been redeemed under the special provision.

We examined 1,485 of these to determine if their redemption had been handled according to instructions and if internal controls over unredeemed certificates were adequate. Forty-five certificates, valued at over \$17,000, had been redeemed even though they did not meet the special program criteria. In these cases, county offices had not followed instructions. For another 48 certificates, valued at over \$11,000, endorsements (transfers) were made prior to or after expiration dates or endorsements had been altered or covered. In these cases, however, procedures did not specifically prohibit the redemption of the certificates for cash.

We tested computer software to assess automated routines that would identify expired certificates. The software being used permitted expiration dates in excess of the 8-month limit, the redemption of expired certificates for price support loans, and the

replacement of canceled certificates with certificates having a later expiration date.

ASCS agreed to make changes in its software to address the problems OIG reported.

Foreign Agricultural Service (FAS)

FAS is responsible for expanding, maintaining, and accessing foreign markets for U.S. agricultural products, gathering foreign market information, and representing U.S. agricultural interests abroad. The General Sales Manager, who is also an FAS Associate Administrator, manages Public Law 480, Titles I and III (Food for Peace Program); Section 416, covering food assistance to developing countries; Export Enhancement; and Export Credit Programs.

Improvements Needed in Targeted Export Assistance Program

The Food Security Act of 1985 authorizes the Secretary to make cash or commodities available to counter or offset the adverse effects of subsidies, import quotas, or other unfair trade practices of foreign countries through the Targeted Export Assistance Program. From FY 1986 through FY 1988, \$110 million was made available each year for this program. An amendment to the act made \$325 million available for FYs 1989 and 1990.

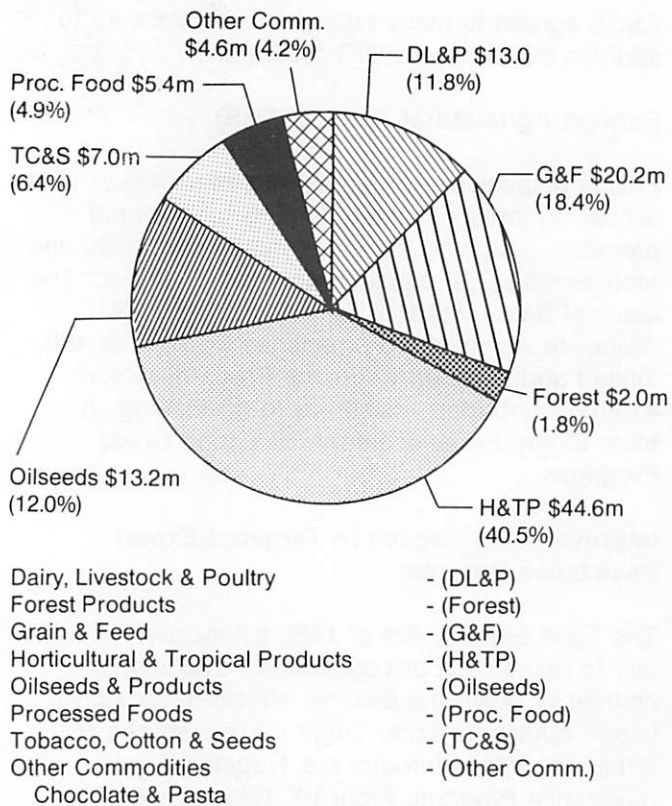
Participants submit proposals for FAS's approval for various export promotional activities designed to counter or offset the adverse trade effects. Participants do not receive cash to fund the promotional activities, but are given generic commodity certificates which entitle the bearer to CCC surplus commodities, or the certificates may be traded or sold on the open market. The chart on the following page shows how the \$110 million for FY 1986 was distributed among the various commodity groups.

We reviewed the program's implementation and management at FAS and eight program participants. Items requiring corrective action included:

- Eligibility of three of the participants, with total funding of \$24 million, was questionable. One participant did not have the authority to participate, another participant's project did not satisfy the immediate intent of the program, and another was unable to contribute its share of financial support.
- Three participants had unreliable or incomplete accounting systems.

Funds Authorized by Commodity

FY 1986



management, including initial receipt of proposed agreements, to AID through memorandums of understanding. Specific proposals for the donation of commodities require the approval of the Food Aid Subcommittee. The subcommittee is composed of representatives from the U.S. Departments of Agriculture, State, Treasury, and Commerce, AID, Office of Management and Budget (OMB), the National Security Council, and the Special Assistant to the President for Agricultural Trade and Food Assistance. The subcommittee assures that policy and program considerations of these various subcommittee members are considered and met.



- Third-party contributions of \$22 million for six participants were not supported by documented agreements between participants and third parties. These contributions could not be verified nor could it be determined if matching requirements were met.
- One participant claimed and was reimbursed \$2.4 million for its licensee's advertising expenses which were not an eligible expense. FAS recovered the ineligible payment including over \$219,000 in commodity certificate premiums and interest.

We continue to work with the Department to resolve these issues.

Section 416 Program Administration Needs Improvement

Section 416(b) of the Agricultural Act of 1949 authorizes the donation of agricultural commodities through foreign governments, intergovernmental organizations, and public or nonprofit private humanitarian organizations. The Under Secretary, acting for CCC, has delegated most day-to-day

Program management had not adjusted to the competing demands (export incentives and direct sales) placed on CCC's inventory of dairy products by the Food Security Act of 1985. The Federal Register gave notice of the amounts available for FY 1987 under Section 416, but less was made available. An additional administrative layer had also been added to the approval process through the memorandum of understanding with AID which increased approval time from 2 to 6 months. As a result of this combination of factors, cooperating sponsors made plans on the expectation of certain allocations, and then received less. For example, one cooperating sponsor was orally advised in October 1986 it would receive 17,000 metric tons of nonfat dry milk. By the time the agreement was signed in April 1987 only 427 metric tons was approved.

Because the local currency reporting requirements in the Food Security Act of 1985 were not timely implemented, FAS and AID were unaware of the amount of local currency generated by cooperating sponsors through sales of donated commodities. Sales are permissible, but there are certain restrictions on how the monies may be used. In one country sales totaled about \$3 million annually for the past 2 years. FAS had not fulfilled its require-

ments to report to Congress on how the currencies were used and the fact that it had not met the 150,000-metric-ton minimum established in the Food Security Act.

We are working with FAS to implement our recommendations, specifically to prioritize its commodity allocations based on need and to revise its approval process.

Natural Resources and Environment

Forest Service (FS)

The FS manages over 191 million acres of National Forest System lands and related resources, conducts a State and Private Forestry program in cooperation with the States, and provides national leadership in forest and range research. In FY 1987, FS expenditures totaled \$1.97 billion and revenues from lands managed by the FS were \$1.45 billion. We have continued to direct the major part of our audit and investigative efforts to the National Forest System, which is the largest segment of FS operations.

Forest Service Aircraft Operations

We recently completed an audit of FS use and accountability of aircraft. At the time of the audit, the FS owned 37 aircraft and the Washington office contracted, on a national basis, for another 43 aircraft. FS Regional Offices and National Forests routinely contract for the use of many more aircraft. The FS estimated that 85 to 90 percent of the aircraft services used are procured from commercial sources. The audit focused primarily on the FS-owned aircraft, but also covered certain aspects of commercially procured aircraft operations and the overall management of the aviation function.

Each of the FS-owned aircraft is designated for a specific mission which the FS uses as justification for ownership. The mission of most of these planes is fire suppression (leadplane, smokejumper, and infrared fire detection). Special missions, such as aerial photography, are also flown by some FS-owned aircraft.

The Need for Ownership of Aircraft Had Not Been Adequately Justified

We found no documentation that the FS had complied with OMB requirements in deciding to buy aircraft rather than contract for them. Generally, the FS position is that the mission of these aircraft is a governmental function (rather than a commercial activity) and that the OMB cost comparison requirements do not apply. While certain of these aircraft may be used by FS employees in performing an inherently governmental function, we concluded that the need to own rather than contract for these planes was questionable.

The audit also disclosed a lack of documentation that the FS had performed the annual reviews,

required by OMB and Departmental regulations, of the continuing need for and cost-effectiveness of its owned aircraft. We noted that a large portion of the flying time of the FS-owned aircraft is for other than mission purposes. For example, the 20 aircraft located at the FS units covered by our audit spent 48.6 percent of flight time on administrative activities over the 4-year period reviewed. Only 19.8 percent was identified as mission time. Another 31.6 percent was identified as "other," which included such items as pilot proficiency and training flights.

We recommended that the ownership versus contracting issue be submitted to the Assistant Secretary for Administration for determination, that cost-effectiveness reviews be performed for all owned aircraft, and that FS dispose of any aircraft which cannot be justified. The FS response included a determination by the Assistant Secretary for Administration that the 19 FS leadplanes are not a commercial activity as defined by OMB and that FS ownership was justified. The FS has agreed to perform appropriate reviews for the remaining FS-owned aircraft.

Aircraft Accounting, Reporting, and Management Needed Improvement

The present FS methods of accumulating data and costs for all aircraft owned, contracted, and chartered are not reliable and complete and thus do not accurately reflect aircraft operational costs. As a result, the FS cannot determine the total cost for aircraft services, where and what services were contracted for, or accumulate FS-wide aircraft data for management information purposes. Also, management reviews by the FS Washington office were conducted infrequently and were of limited scope and depth. Consequently, the Washington office was less than fully informed about the extent, cost, and effectiveness of aviation operations at the field level.

Concerning FS-owned aircraft only, we found that FS national policies concerning the charge and allocation of aviation-related costs to available funds were not always adhered to in each region. Cost accounting procedures used for aircraft services were generally inconsistent from region to region and did not properly allocate aircraft costs. As a result, valid cost-effectiveness analyses and comparisons were precluded. Also, because some FS units

were not charging users the full rate for aircraft services, FS appropriations were subsidizing other Federal and State agencies in some instances.

We recommended that the FS adhere to Government cost accounting standards and OMB requirements in capturing and allocating aircraft costs, and that the FS use its corrected costs to justify its owned aircraft. Based upon FS concurrence, all the audit recommendations concerning cost of aircraft were resolved when the report was issued.

Forest Service Grant Charged for Work Not Performed

An audit confirmed allegations that a State agency charged the FS Southern Pine Beetle Suppression Project grant for work that was not performed. State employees were instructed not to fill in the portion of their timesheets which segregated their work hours into functional program areas for the period April through June 1987. The timesheets were later completed and hours were arbitrarily assigned to the project without regard to the actual work performed. As a result, over \$128,000 was charged to the project for work that was not actually performed. The FS agreed with the findings and billed the State agency for the overcharges.

Timber Theft Investigations Result in Several Indictments

A Washington State timber purchaser and four of his employees were charged with conspiracy and theft of Government property, in relation to a timber company's purchase of FS timber. An FS employee was also indicted for conspiracy and conflict of interest for his part in the alleged scheme to defraud the FS. The indictment charges that the timber purchaser and his employees used various schemes, including misbranding logs, reusing load receipts, and bypassing scale (measurement) stations, to remove Government timber without paying the FS. It was also alleged that the purchaser was able to remove and scale Government timber without paying for it because the FS employee did not demand the advance cash payments which were a condition of the contract between the purchaser and the FS.

In a related matter, another timber purchaser has pled guilty to felony obstruction of justice and misdemeanor theft of Government property charges. The theft charges had resulted from an FS timber theft investigation. The timber purchaser had stated that his "memory would improve" concerning information he possessed about the case mentioned in the previous paragraph only if Federal prosecutors

would "intervene" on his behalf regarding the FS theft charge. Sentencing of the timber purchaser is pending.

Timber Sale Bid Rigging Investigation Produces Additional Penalties

A Washington State timber company was fined \$200,000 and debarred from bidding on timber sales for 2 years as a result of OIG's bid rigging investigation. Also, a company official was sentenced to 1 year and a day in prison for perjury. As reported in previous Semiannual Reports, this company and two other Washington State timber companies were convicted of bid rigging in connection with an FS timber sale of more than 8 million board feet of timber worth about \$515,000. The sentences for the other two companies were previously reported.

Soil Conservation Service (SCS)

SCS administers several major programs designed to help individuals, groups, organizations, and State and local governments to protect and better utilize land and water resources. The SCS mission covers three major areas: soil and water conservation, natural resource surveys, and community resources protection and development. SCS has a nationwide network of conservation specialists who provide technical and some financial assistance in cooperation with the nearly 3,000 conservation districts and other local sponsors. For FY 1988, funds appropriated and received from other sources for SCS operations totaled more than \$676 million.

Improvement Needed in Administration of Small Watershed Program Land Treatment Contracts

We performed an audit of the administration of long-term land treatment contracts with landowners in SCS's Small Watershed Program. These contracts provide for land treatment designed to reduce soil erosion that could damage watershed protection facilities downstream. The SCS provides technical and cost-sharing assistance to carry out this treatment.

Our review, which included the SCS National office and six States, disclosed that improvement was needed in fund controls for long-term contracts in some States. One State office had not deobligated \$245,000 of uncommitted funds and had not returned them to the National office for redistribution. In another State, \$14,000 more funds were committed than were available for obligation.

Cost-sharing payments to long-term contract participants had not always been reported to the Internal Revenue Service (IRS) as required. We found payments totaling \$2.6 million on 11 projects in 3 States that were not reported to the IRS. Also, we found varying policies among the States for allowable cost-sharing practices under this program. As a result, there were inconsistencies in authorizing

cost-shared management practices, cost-sharing limits on specific practices, and cost-sharing eligibility of specific practices or components. To correct this, the National office needs to provide more specific guidance and oversight.

SCS officials generally agreed with the audit recommendations and corrective action is in process.

Marketing and Inspection Services

Food Safety and Inspection Service (FSIS)

We continue to give the highest priority to the investigation of alleged violations of the Federal Meat Inspection Act. During the past 6 months we have had several significant investigative results including:

- As the result of a joint investigation conducted with the Department of Defense (DOD) OIG, a Virginia meat processing firm and both former and current presidents were ordered to pay fines, restitution, and investigative costs totaling \$637,000. The two officials also received reduced prison sentences of 4 months each after pleading guilty to violating the Federal Meat Inspection Act. The firm was overpumping pork bellies with a pickling solution containing water, salt, curing agents, sweeteners, and flavoring. The overpumping unlawfully increased the weight of the processed bacon. The firm, which had several contracts with DOD to provide bacon to the military, has been debarred from bidding on DOD contracts for a period of 3 years.
- In an earlier Semiannual Report we cited an investigation in which the president and vice president of a Newark, New Jersey, meat processing plant and five FSIS food inspectors had been charged in a bribery scheme which allowed the plant to improperly process meat products by adding excessive fat, water, and an undeclared soy derivative. More recently, a plant employee and a supervisory food inspector were also indicted. Before the case went to trial, the plant officials, the plant employee, and one of the food inspectors pled guilty to one count of bribery and agreed to cooperate with the Government. Charges against the supervisory food inspector were eventually dismissed. The remaining defendants (all food inspectors) each pled guilty to bribery. The defendants received varying sentences which included suspended prison terms of 1 to 3 years, with 2 to 4 months of actual jail time; 2 years' probation; 250 hours of community service; and fines ranging from \$2,500 to \$15,000.
- As the result of a 14-month "sting" operation, OIG agents arrested 11 individuals, including 3 USDA food inspectors, at 5 meat processing plants in Pennsylvania. The individuals were arrested after a Federal grand jury returned

indictments charging them with various violations of the Federal Meat Inspection Act. The indictments allege that the various individuals were involved in schemes to slaughter unwholesome cattle, to represent the meat as being USDA-inspected, and to sell the meat for human consumption. Legal action is pending against the 11 individuals who, if convicted, could face prison terms up to 3 years and be fined a maximum of \$250,000 each.

Agricultural Marketing Service (AMS)

Marketing Order Committees Made Questionable Decisions

The Agricultural Marketing Act of 1937 authorizes the Secretary of Agriculture to establish Federal marketing orders for fresh and dried fruit, fresh vegetables, and other specialty crops. Marketing orders are programs designed with input from growers and handlers in a particular industry to improve returns to growers by establishing orderly marketing conditions. Once approved by the producers and the Secretary of Agriculture, marketing orders are issued as Federal regulations and have the force and effect of law.

Marketing orders provide for the establishment of committees, consisting of nine members representing producers and handlers, that administer the provisions of the subject marketing order. These committees oversee the collection and expenditure of marketing assessments for the benefit of the industry. Committee members are appointed by the Secretary each year. Presently there are 43 marketing orders.

At the request of AMS we conducted an audit of the South Florida Lime and Avocado Administrative Committees in response to a complaint and found that:

- The committees transferred over \$770,000 in handler assessment rebates directly to a trust fund for nonmarketing-order business purposes for FYs 1983 through 1986.
- The marketing order permits large producers to exercise multiple votes, based on the number of individual lime and avocado groves they own. The multiple voting privilege, coupled with low

grower (voter) participation, has allowed large handlers/growers to control committee membership.

- AMS guidelines provide that growers and handlers cannot normally participate in both handler and grower member nominations; however, most large lime and avocado producers participate in both grower and handler member elections. In one district, the voting period has been set for 6 hours during the middle of a weekday. Since most small growers are employed full time off the farm, these restrictive voting hours may have precluded their voting in the elections.
- For FYs 1983 through 1986, the committees made questionable rebates of approximately \$285,000 to handlers. The rebates are questionable because the orders do not clearly permit rebates made from reserve funds, interest earned on reserves and annual assessments, and collections of delinquent accounts. However, the orders authorized the refund of excess marketing assessments collected in a given fiscal year which amounted to an additional \$560,000. In this case, however, the committees had not reported the handler rebates to the IRS.

AMS is taking appropriate corrective actions for the lime and avocado committees. AMS is also reviewing

current marketing order policies and is conducting administrative reviews of all active marketing order committees.

Guilty Plea for Adulterated Egg Products

As we reported in our previous Semiannual Report, a California businessman was indicted for producing and selling over 8,000 pounds of adulterated liquid eggs for human consumption. The businessman has since pled guilty to the charges and was fined \$15,000. Following his guilty plea, he was debarred from doing business with the Government.

Animal and Plant Health Inspection Service (APHIS)

Tick Eradication Program Not Meeting Goals

The goals of the Tick Eradication Program in Puerto Rico are not going to be achieved. Since only 19.6 percent of the total cattle population has been declared free of tick infestation since mid-1983, the program will not accomplish its goal to eradicate tick infestation by 1989.

We also found that APHIS needed to strengthen its monitoring of program operations since Puerto Rico claimed about \$533,000 in questionable administrative costs under the program.

Administrative Systems and Processes

Financial Management

Accounts Receivable Were Not Monitored

At the close of FY 1986, the accounts receivable reported to the U.S. Treasury by the Office of International Cooperation and Development (OICD) were overstated by about \$40 million. This occurred because OICD did not have controls to ensure that all receivables were recorded accurately and that adjustments to the accounting records were made in a timely manner.

OICD has entered into a memorandum of understanding with the National Finance Center which clarifies the roles of the two agencies related to billings and uncollected receivables. In addition, OICD is revising its financial control systems and reconciliation processes.

Imprest Fund Controls Are Weak

OICD maintains a \$55,000 imprest fund in Washington, D.C. OIG made an unannounced cash verification and fund reconciliation. Although the fund was in balance, the following internal control weaknesses were found which increase the risk of fraudulent or unauthorized use of the fund.

- Cashiers did not keep on file the signature of officials authorized to approve reimbursement claims.
- Vouchers were processed although they lacked required information.
- Unannounced fund verifications were not routinely performed.
- No controls were in place to prevent a claimant from receiving multiple cash advances from the same cashier.
- Written guidelines were not prepared for several key operations of the fund.

We also found questionable claims for reimbursement totaling \$1,500 which we referred to the U.S. Secret Service for investigation. Three OICD employees, who had access to the imprest fund, have resigned their positions. The Secret Service is reviewing the above transactions and has expanded its investigation.

Improvements Needed in the Miscellaneous Payment System Controls

Our review at the National Finance Center and 10 agency locations showed the need to establish better control over the data submitted for input to the Miscellaneous Payment System. Thirty-five percent of the payment documents processed failed at least one system edit check. A statistical sample revealed that about 67 percent of the approximately 15,000 payments failing the edits were rejected because of agency errors in preparing the documents. Data entry errors accounted for the remainder. The National Finance Center agreed with our recommendations and has planned to conduct research into this area.

We recommended that the National Finance Center assess the cost-effectiveness of contacting the agencies when errors occur and of establishing a tracking system for deleted documents. These measures would provide improved controls over the documents. In FY 1986, USDA paid over \$133,000 in interest penalties under the Prompt Payment Act because of delays and mishandling of miscellaneous payment documents.

In a related review we found that FmHA needed to strengthen controls over payments generated through the Miscellaneous Payment System. FmHA field personnel often request that the checks generated through the Miscellaneous Payment System be sent to the county office instead of the vendor. This weakens controls over system payments by providing anyone wanting to misuse the system with ready access to a check. The weakness is aggravated by the fact that agency certifying officers were not always properly safeguarding system certification codes.

The Department Needs To Expand the Scope of Its Cash Management Reviews

As part of our assessment of the agencies' cash management practices, we evaluated the reviews they performed as directed by the Department of the Treasury under the Deficit Reduction Act of 1984. We concluded that USDA needed to consider whether cash flows could be effectively consolidated across agency lines. Except for administrative and miscellaneous program payments processed through the National Finance Center, USDA agencies essentially operate their own collection and disbursement

systems. FmHA has converted its field office cash collection deposit system to the Concentration Banking System for all county offices having access to banks agreeable to providing concentration banking services. ASCS has converted only those county offices where the volume of transactions shows a positive benefit-to-cost ratio. Agencies may be able to realize significant cost savings, as well as improve services to the public, if cash flows between agencies were evaluated and consolidated where feasible. For example, FmHA and ASCS county offices could share a Concentration Banking System that either alone could not justify. The Department has agreed to conduct further research into this area.

Automated Data Processing (ADP)

SCS Needs To Reanalyze the Cost/Benefits of Its ADP Plan

During the 10-year implementation period of its automation plan, SCS projected total costs of \$203 million and total benefits of \$363 million, a cost/benefit ratio of 1 to 1.6. Our review of the analysis revealed a significant overstatement of benefits and understatement of costs. These errors in projections, coupled with the agency's lack of monitoring, may lead to significant cost overruns. We found that:

- Benefits were overstated about \$111.8 million due to inequitable allocation of salaries and delays in software development.
- Equipment costs may be understated by as much as \$11.5 million because additional computer components were being purchased.
- Software costs were understated by \$9.7 million.

As of September 1987, SCS has purchased about 50 percent of the equipment. We recommended that SCS develop a revised cost/benefit analysis to support its ongoing decisions regarding its automation plan, and monitor costs incurred to ensure conformity with its implementation strategy. SCS has agreed.

Security Measures Were Needed To Prevent Unauthorized Accesses to Sensitive Forest Service Data

The FS has implemented various phases of its ADP security program, including an agencywide risk assessment and an ADP security training program for all employees. We found that additional measures were needed to identify and classify sensi-

tive systems and to ensure proper access by management. The FS thus far identified only one system accessible through its Forest Level Information Processing System that contained sensitive information. We identified other systems, accessible through the Forest Level equipment, which appear to meet sensitive system requirements. The FS needs to incorporate minimum standards and policies into its directives system to ensure that all field units are aware of official policy. Existing procedures allowed local units to accept risks which conflict with either the FS's minimum standards and/or Departmental regulations. The FS needs to do additional work before its national plan for information systems security can be considered as an agencywide security plan. We are working with the agency to implement improvements in these areas.

Contingency Plan for the Kansas City Computer Center Did Not Provide for an Adequate Computer Backup Site

The Office of Information Resources Management (OIRM) and ASCS Kansas City Computer Center officials had not established adequate controls to ensure the development of a viable contingency plan in the event the center became inoperative. The computer backup site recommended by the contractor for the center had insufficient computer processing power to meet critical emergency needs. Although the contingency plan contract called for a test of the plan, center officials accepted the plan without such a test. In addition, center officials did not make critical decisions affecting contingency plan strategy; thus, the contingency plan developed may conflict with management prerogatives. Center officials generally agreed with our findings and recommendations and have initiated corrective action. The contingency plan will be modified, improved, and tested to ensure that it is fully workable and meets both center and user needs.

Action Needed To Further Secure and Control the Microcomputer-to-Mainframe Link

The microcomputer-to-mainframe link is a telecommunications link that allows a microcomputer to communicate with a mainframe computer. During an audit of the ASCS Kansas City Computer Center, we found that Departmental ADP resources were vulnerable to unauthorized access by data line monitor users or others who might tap a communication line. ADP resources were also vulnerable to unauthorized usage because of the need for security and control procedures over the microcomputer-to-mainframe link. The Center, and some user agencies, had not designated a person to be responsible for microcom-

puter operations and specific emphasis was not placed on securing and controlling the link. We are working with the agency to implement improvements in these two areas.

Office of Operations

Management of USDA Headquarters Complex

The USDA headquarters complex consists of five buildings which are situated on 14.1 acres and contain 3 million square feet of space. More than 10,000 employees work in the complex. Effective October 1, 1984, the General Services Administration delegated responsibility for the operation and maintenance of all five buildings to USDA. Within USDA, building operation and maintenance has been assigned to the Facilities Management Division of the Office of Operations.

We found unreconciled differences between obligations recorded by the Facilities Management Division and the National Finance Center. We identified 88 unliquidated obligations valued at \$16.5 million for FYs 1985 and 1986 that did not have supporting documentation. The functional cost statement submitted to the General Services Administration was not based on official accounting records maintained at the National Finance Center and was not certified by USDA's chief financial officer. There was no documented plan for completing the backlog of repairs estimated at \$31 million, and there were problems relating to the removal of asbestos.

The Office of Operations has agreed to most of our recommendations and has taken, or plans to take, corrective action.

Audits of Contracts

OIG audits of contracts are performed to assist USDA procurement offices in the negotiation, administration, and settlement of USDA contracts and subcontracts. OIG performed or arranged for audits of 20 pricing proposals, cost reimbursement contracts, or contractor claims. These audits resulted in questioned costs or potential savings of more than \$8.5 million. Also, during this period, 14 contract audits were resolved or closed, resulting in savings of about \$2.8 million.

Preaward Audit Saves Over \$68,000

Our audit of a contractor's price proposal disclosed numerous discrepancies in the contractor's cost accounting method which directly affected the amount of the price proposal. Projected labor rates were not developed using the method described in the plan, and some overhead costs were included as direct costs. Based on information developed by the audit, SCS was able to negotiate with the contractor to reduce the contract price from over \$788,000 to \$720,000, a savings of over \$68,000.

Contractor's Claim Based on Inadequate Documentation

At the request of the FS, we reviewed an equitable adjustment claim in the amount of \$1.1 million which covered four road construction contracts. The contractor could not provide supporting documentation for the labor or overhead rates claimed nor for equipment costs. As a result, we questioned \$1 million of the \$1.1 million claimed by the contractor.

Resolution and Statistical Data

Audit Reports Resolved

OIG resolved and/or closed 269 reports during the period covered by this report. The monetary values associated with the findings of these audits were as follows:

	(Millions)	(Millions)
Questioned Costs Recommended for Collection	\$ 41.9	
Questioned Loans Recommended for Collection	\$ 2.4	
Total Costs and Loans Questioned at Issuance	<u>\$ 44.3</u>	
Less: Post Audit Justification Accepted by OIG	(\$ 20.9 ^a)	
Management Commitment to Seek Recoveries		<u>\$ 23.4 ^{b/c}</u>
Other Monetary Impacts Agreed to: Management Commitments to More Efficiently Use Funds	\$ 9.7 ^b	
Improper Agency Action	\$ 119.3 ^d	
Total Other		<u>\$ 129.0</u>
Total Dollar Impact		<u>\$ 152.4</u>

^a In the category "post audit justification accepted by OIG" are reported only those amounts in which the auditee, subsequent to the issuance of the audit report, has provided additional documentation, justification, and/or support material to reconcile the monetary exception taken by OIG. Normally, this information is not available during the audit, and once received, is analyzed and evaluated by OIG and appropriate adjustments to the reported amounts are made. The dollar amount displayed is the net of the post audit justification accepted by OIG and the increase in collections above questioned costs and questioned loans recommended for collection.

^b These were the amounts agreed to by the auditee at the time of resolution.

^c The recoveries actually realized could change as the auditees implement the agreed-to corrective action plans and seek recovery of amounts recorded as debts due the Department.

^d Improper agency actions are monetary amounts identified by the audit as having been expended erroneously or improperly due to the agency action or for which recovery is not possible. This also would include amounts incurred or earned in good faith by others, because they relied on incorrect or improper guidance, interpretations, or directions by agency personnel or instructions. If statistical projections are used in determining the values, the midpoint estimate is used.

Audit Resolution and Followup

The following audits remain unresolved beyond the 6-month limit imposed by Congress.

Unresolved Audits Pending Agency Action

Agency	Date Issued	Title of Report	Dollar Value Unresolved
REA	3/31/87	1. Oversight of Program Operations Through the Use of Certified Public Accountants (50659-3-Ch) ^a	\$ 1,500,000

Unresolved Audits Pending OGC Action or Opinion

ASCS	3/25/87	2. Eligibility of 1985 Rice for Commodity Loans (36335-2-Te) ^a	\$ 465,508
FmHA	7/22/86	3. Guaranteed Loan to Owl Construction Co., Inc. (04099-122-Te) ^a	\$ 2,476,361
	5/04/87	4. Guaranteed Loan to Sherman Construction Co., Inc. (04099-124-Te)	\$ 1,114,388
	7/07/86	5. Guaranteed Loan to Oil Well Labor Crews and Service, Inc. (04099-121-Te) ^a	\$ 1,803,039
	8/24/87	6. Business and Industrial Loan to Glover, Inc. (04099-131-Te)	\$ 6,382,545

Unresolved Audits Pending Action Outside the Department

FmHA	3/19/86	7. Guaranteed Loan to Louisiana Marine Protein, Inc. (04099-104-Te) ^a	\$ 5,180,109
------	---------	----------------------------------------------------------------------------------	--------------

^a Reported in last Semiannual Report.

1. Oversight of Program Operations Through the Use of Certified Public Accountants, issued March 31, 1987

REA requires an annual financial audit to be conducted by public accounting firms in conformity with generally accepted auditing standards of its approximately 2,000 borrowers. We recommended that REA modify its annual requirement to fulfill the requirements of generally accepted governmental auditing standards as required by the Inspector General Act of 1978 and OMB Circular A-73. We are compiling additional information to facilitate resolution.

2. Eligibility of 1985 Rice for Commodity Loans, issued March 25, 1987

Twenty-six producers delivered their grain to a private company and canceled rice sales agreements to obtain loans from CCC. ASCS initially agreed the loans were ineligible, but later redetermined them to be eligible based on information provided at an appeals hearing and the advice of OGC. We have requested OGC to provide us the basis for its advice to ASCS since an earlier OGC opinion had stated the rice was ineligible for price support loans.

3. Guaranteed Loan to Owl Construction Co., Inc., issued July 22, 1986

The audit recommended referring the violations of the lender's agreement to OGC to determine how much of the guarantee may be enforced. FmHA would then recover losses not covered by the guarantee. OGC advised FmHA that the lender needs to liquidate the remaining loan collateral prior to OGC initiating legal action against the lender. The lender advised that liquidation will be completed in May 1988.

4. Guaranteed Loan to Sherman Construction Co., Inc., issued May 4, 1987

The audit found that the terms of the loan guarantee and the lender's agreement were violated by the lender. FmHA referred the case to OGC who advised FmHA to ensure the lender liquidated all of the loan collateral. Upon completion of the liquidation in April 1988, OGC will initiate formal legal proceedings against the lender.

5. Guaranteed Loan to Oil Well Labor Crews and Services, Inc., issued July 7, 1986

As recommended, FmHA referred the case to OGC to determine the extent of enforcing the loan guarantee since the lender violated its agreement. Once the OGC review is completed, FmHA may seek recovery of losses not enforceable under the guarantee. A partial claim has been filed; however, OGC's review is continuing.

6. Business and Industrial Loan to Glover, Inc., issued August 24, 1987

The audit recommended referring the violations of the lender's agreement to OGC to determine the extent of enforceability of the loan note guarantee. OGC is continuing to review these issues prior to initiating recovery action against the lender.

7. Guaranteed Loan to Louisiana Marine Protein, Inc., issued March 19, 1986

The audit recommended that violations of the lender's agreement be referred to OGC to determine the extent of enforcing the loan guarantee. We also recommended recovery of losses to the extent the guarantee was not enforceable and the improperly expended loan funds be disallowed from the loss claim.

FmHA submitted the case to OGC to seek recovery of \$2.6 million in loan funds plus accrued interest estimated at \$1 million minimum. OGC referred the case to the United States Attorney and resolution is pending action by that office.

Debts Arising From OIG Activities

USDA agencies established 134 new claims during the reporting period arising from OIG audits and investigations.

This amounted to more than \$60 million, with over \$929,000 collected against these and other prior claims, and over \$9.5 million waived, compromised, or reduced because of post audit justification.

Single Audit Activities and Audit Quality

OIG monitors the work performed by non-Federal auditors for program agencies of the Department and takes appropriate steps to ensure their work meets the standards established by the Comptroller General. Where OIG has been assigned cognizance

for single audits of State and local governments, we work closely with the independent auditors to assure that the single audit work performed by non-Federal auditors meets the requirements of OMB Circular A-128, Audits of State and Local Governments, and the standards promulgated by the Comptroller General. In addition, OIG participates in the quality control reviews of statewide audits led by other cognizant audit agencies.

As the assigned lead cognizant agency, with the support of representatives of six Federal Inspectors General, we performed a review of the workpapers supporting the examination of major programs audited by the Auditor General of Pennsylvania. Several major programs of USDA were included in the audit. The report contained a number of findings. For example, it disclosed that the State did not have a centralized system to account for \$176 million of donated commodities and therefore records of receipts, disposal, and inventory needed to be tested. The report also disclosed that documentation supporting certain cost allocations had not been maintained and postage costs of over \$3 million were improperly coded and charged to the Food Stamp Program.

In addition to performing indepth reviews of the auditors' work, OIG conducts a desk review of the report to determine that reporting requirements are met. Where necessary, clarifications and revisions of reports are obtained. Since the last Semiannual Report, OIG has reviewed 62 Single Audit Act and other organizationwide audit reports. Of these, nine were not issued until major changes to the audit report were made, additional work performed, and/or other deficiencies noted by our quality review were addressed. In all cases, our concerns were addressed. We did not find any audits to be unacceptable nor did we refer any Certified Public Accounting (CPA) firms to State Boards of Accountancy for major inadequacies or substandard performance in this reporting period.

Example of deficiencies found in our quality control desk reviews are: a major program was not reviewed; the auditor did not test all applicable controls identified in the compliance supplement for a major program; reports did not conform with accepted language for compliance and internal control statements; reports did not contain comments on the status of prior audit findings or corrective actions; and a schedule of Federal assistance was incomplete.

Also, we received and distributed 350 reports furnished to us by other Federal cognizant agencies. In addition, the Department annually receives numerous reports from non-Federal auditors pursuant to program requirements. These non-

Federal audit reports are submitted directly to agency program managers. In our two prior Semiannual Reports, we commented on FmHA and REA use of non-Federal auditors to monitor the operations of borrowers receiving financial assistance. We are also monitoring the review of 16 referrals made to the American Institute of Certified Public Accountants (AICPA) and State licensing authorities. State boards took action on 6 of the 16 cases. One CPA's permit to practice was suspended for 3 years and four were given continuing educational requirements to complete. In addition, the AICPA concluded its review of three cases. Final disposition of these cases awaits completion of the concurrence/appeals process.

Indictments and Convictions

Between October 1, 1987, and March 31, 1988, OIG completed 662 investigations. We referred 732 cases to Federal, State and local prosecutors for their prosecutive decisions.

During the reporting period, our investigations led to 358 indictments and 322 convictions. Fines, recoveries/collections, and restitutions resulting from our investigations totaled about \$18.9 million. Administrative penalties of \$45.9 million were established and costs of \$4.9 million were avoided.

The following is a breakdown by agency of indictments and convictions for the reporting period.

Agency	October 1, 1987 - March 31, 1988	
	Indictments	Convictions ^a
Agricultural Marketing Service	4	5
Animal and Plant Health Inspection Service	6	4
Agricultural Stabilization and Conservation Service	13	13
Farmers Home Administration	43	46
Federal Crop Insurance Corporation	15	0
Food and Nutrition Service	242	235
Food Safety and Inspection Service	21	13
Forest Service	11	5
Rural Electrification Administration	2	1
Multiple Agencies	1	0
Totals	358	322

^aIncludes pretrial diversions

Note: Since the period of time to obtain court action on indictments varies, the convictions are not necessarily related to the indictments.

Hotline Complaints

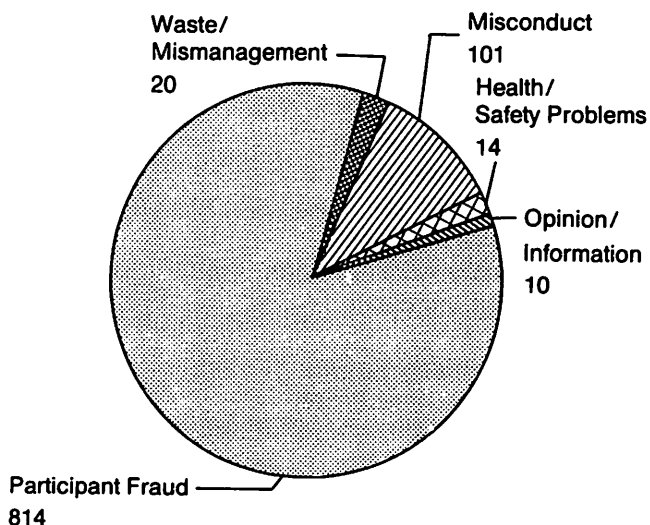
The USDA/OIG Hotline serves as a national receiving point for the reporting of suspected incidents of fraud, waste, and abuse in USDA programs and operations for both Departmental employees and the general public. The Inspector General Act of 1978 provides that employees may report such incidents with the assurance of anonymity and protection from reprisal.

During this reporting period, the OIG Hotline received and analyzed 959 complaints. A total of 64 of these complaints were referred to either OIG Audit or Investigations for their scheduling determination, while 737 were referred to the administering USDA agency for resolution and response to OIG. Of the remainder, 149 complaints were provided to the responsible USDA agency for information (no response to OIG requested) while 9 contained insufficient information to enable a referral.

The 24-hour toll-free telephone number continues to be the major source for receipt of complaints. The majority of complaints are allegations of participant fraud in USDA's programs. The following chart shows a breakdown of the various types of allegations for this reporting period.

Hotline Complaints

October 1, 1987 through March 31, 1988
Total Cases = 959



Freedom of Information and Privacy Act Activities

OIG processed 189 requests under the Freedom of Information Act (FOIA), compared to 276 for the previous 6 months. The following schedule presents FOIA data for this and the previous reporting periods.

	Last Period	This Period
Number of Requests	276	189
Number of Favorable Responses	196	130
Number of Unfavorable Responses	80	59

Unfavorable Responses Due to:

No Records Available	25	22
Requests Denied in Full	25	10
Requests Denied in Part	30	27
Total	80	59

Other Data not Directly Affected by the Requests:

Appeals Granted	1	0
Appeals Denied in Full	2	4
Appeals Denied in Part	0	0

Number of OIG Reports Released in Response to Requests	292	226
--------------------------------------------------------	-----	-----

Note: A request can require more than one report in response.

Debts Owed to the Department of Agriculture

In accordance with a request in the Senate Committee on Appropriations' report on the Supplemental Appropriations and Rescission Bill of 1980, the following chart shows unaudited figures provided by the agencies to the Department's Office of Finance and Management on the amounts of money owed and overdue during this 6-month period. All amounts are expressed in thousands of dollars.

Agency	As of September 30, 1987 (Actual)			As of March 31, 1988 (Estimated)		
	Owed	Overdue	Written Off	Owed	Overdue	Written Off
Farmers Home Administration (1)	\$66,561,706	\$ 8,869,767	\$ (972,283)	\$64,424,549	\$9,921,867	\$(796,442)
Rural Electrification Administration (2)	37,532,400	1,439,449	(694)	34,212,906	1,011,230	-0-
Agricultural Stabilization and Conservation Service/Commodity Credit Corporation	31,370,734	819,224	(600,507)	34,621,374	916,591	(137,372)
Forest Service	213,745	179,514	(4,200)	225,015	196,931	(780)
Federal Crop Insurance Corporation	275,779	20,766	(9,327)	133,680	19,271	(568)
Food and Nutrition Service	469,744	469,527	-0-	464,535	464,201	-0-
Soil Conservation Service	8,526	2,524	(19)	11,273	3,185	-0-
Federal Grain Inspection Service	3,771	265	(2)	3,825	469	(12)
Office of International Cooperation and Development	55	49	(1)	51	49	-0-
Agricultural Marketing Service	16,262	1,310	(172)	20,387	1,701	(71)
Food Safety and Inspection Service	6,734	945	(44)	5,367	1,311	(81)
Agricultural Research Service	991	781	-0-	846	759	-0-
Cooperative State Research Service	2	1	-0-	2	2	-0-
Extension Service	115	115	-0-	98	98	-0-
National Agricultural Library	7	7	-0-	7	7	-0-
Animal and Plant Health Inspection Service	1,214	447	(22)	1,483	710	(32)
Working Capital Fund						
Departmental Administration	249	170	-0-	286	77	-0-
Office of Governmental and Public Affairs-Departmental Administration	3	3	-0-	3	3	-0-
Office of Secretary-Departmental Administration	12	12	-0-	16	12	-0-
Foreign Agricultural Service	16	15	-0-	13	12	-0-
National Agricultural Statistics Service	72	71	-0-	163	161	-0-
Economic Research Service	21	20	-0-	22	20	-0-
Office of Inspector General	8	7	-0-	14	11	-0-
Office of the General Counsel	4	1	-0-	4	4	-0-
Office of Transportation	1	1	-0-	1	1	-0-
Packers and Stockyards Administration	1	1	-0-	-0-	-0-	-0-
World Agricultural Outlook Board	1	1	-0-	-0-	-0-	-0-
Totals	\$136,462,173	\$11,804,993	\$(1,587,271)	\$134,125,920	\$12,538,683	\$(935,358)

- Notes: (1) The FmHA receivables have been reduced by approximately \$4.8 billion through portfolio sales: \$1.9 billion in Community loans and \$2.9 billion in Rural Housing loans.
(2) The REA receivables have been reduced by approximately \$960 million due to prepayments in accordance with Section 306 of the REA Act.

Appendix
Listing of Audit Reports Issued
October 1, 1987, through March 31, 1988

During the 6-month period from October 1, 1987, through March 31, 1988, the Office of Inspector General issued 324 audit reports, including 124 performed under contract by certified public accountants and 62 performed under the Single Audit Act and other organization wide audits.

	AGENCY	AUDITS RELEASED
AMS	Agricultural Marketing Service	2
ARS	Agricultural Research Service	6
ASCS	Agricultural Stabilization and Conservation Service	39
FmHA	Farmers Home Administration	41
FCIC	Federal Crop Insurance Corporation	2
ES	Extension Service	3
FAS	Foreign Agricultural Service	2
FS	Forest Service	12
REA	Rural Electrification Administration	2
SCS	Soil Conservation Service	6
OFM	Office of Finance and Management	2
CSRS	Cooperative State Research Service	1
FNS	Food and Nutrition Service	129
APHIS	Animal and Plant Health Inspection Service	3
FSIS	Food Safety and Inspection Service	1
OICD	Office of International Cooperation and Development	2
MULT	Multi-Agency/Division Code	68
OIRM	Office of Information Resources Management	2
NFC	National Finance Center	1
	Total Completed:	
	Single Agency Audit	256
	Multiagency/Division	68
	Total Released Nationwide	324
	Total Completed Under Contract*	124
	Total Single Audit Issued**	62

*Indicates audits completed under Certified Public Accountant contracts.

**Indicates audits performed under the Single Audit Act and other organizationwide audits.

**UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988**

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
<i>AGENCY - AMS AGRICULTURAL MARKETING SERVICE</i>			
01-031-0043	SER	01-05-88	AMS-SURVEY—SOUTH FLORIDA LIME/AVOCADO ADMN COMMITTEES
01-099-0022	NER	10-01-87	AMS DAIRY PROMOTION FUNDS DC
TOTAL AMS AGRICULTURAL MARKETING SERVICE			— 02
<i>AGENCY - ARS AGRICULTURAL RESEARCH SERVICE</i>			
02-545-0003	NAR	12-28-87	ARS AUDIT OF HUMAN NUTRITION RESEARCH CTR ON AGING TUFTS UNIV
02-545-0004	NAR	12-28-87	ARS OVERSIGHT OF HNRCA TUFTS UNIV., BOSTON, MA
*02-545-0004	SER	10-02-87	DCAA PREAWARD AUDIT OF JOMC CHARLOTTE, NC RFP NO 203K0687
02-545-0004	WR	01-20-88	A-76 REVIEW OF ARS FACILITY, ALBANY GA
*02-545-0005	SER	10-01-87	DCAA PREAWARD AUDIT OF JOMC CHARLOTTE, NC RFP NO 303K0687
*02-545-0005	WR	03-02-88	ARS PROPOSAL REVIEW—HOLMES & NARVER, INC.
TOTAL ARS AGRICULTURAL RESEARCH SERVICE			— 06
<i>AGENCY - ASCS AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE</i>			
03-091-0006	FMS	12-31-87	SURVEY OF KCCO OPERATION RELATED TO THE 1985 FARM BLLL
03-091-0009	FMS	01-04-88	SURVEY OF CCC GRAIN TRANSPORTATION CONTRACTS
03-091-0012	FMS	11-23-87	ASCS AUDIT OF GRAIN ETHANOL PROGRAM PAYMENTS
03-091-0013	FMS	12-31-87	SALES OF COMMODITY CREDIT CORPORATION SOYBEAN INVENTORY
03-091-0101	MWR	01-25-88	CONCENTRATED BANKING AUDIT OF ILLINOIS ASCS
03-091-0102	MWR	01-07-88	CONCENTRATED BANKING AUDIT OF MINNESOTA ASCS
03-091-0103	SWR	03-31-88	SW PEANUT GROWERS ASSOCIATION CY 1986
03-099-0004	FMS	01-26-88	REFUNDS REQUIRED UNDER THE CONSERVATION RESERVE PROGRAM
03-099-0005	FMS	02-25-88	UNMATCHED COMMODITY REDEMPTIONS
03-099-0007	FMS	01-07-88	CONCENTRATION BANKING SYSTEM IN KANSAS
03-099-0008	FMS	03-30-88	REDEMPTION OF EXPIRED GENERIC COMMODITY CERTIFICATES
03-099-0053	WR	03-31-88	ASCS—AUDIT OF PAYMENT LIMITATION SHARE LEASES
03-099-0055	WR	03-30-88	AUDIT OF RICE STORAGE RATES IN CALIFORNIA
03-099-0068	MWR	12-08-87	WILLIAMSON ASCS COUNTY OFFICE MARION, ILLINOIS
*03-099-0097	GPR	10-01-87	ASCS, A-76 COST STUDY REVIEW, AERIAL PHOTO FO, SALT LAKE, UT
03-099-0103	GPR	02-12-88	ASCS, FOLLOWUP ON SELECTED 1985 PURCHASE AGREEMENTS IN MO
03-099-0106	GPR	01-19-88	ASCS PROGRAM OPERATIONS IN GENTRY CO MISSOURI
03-099-0111	GPR	01-20-88	ASCS AUDIT OF TRUCKING CONTRACTS AWARDED BY KCCO—IA
03-099-0113	GPR	01-20-88	ASCS, SHIPMENTS OF COMMODITY CREDIT CORPORATION GRAIN, ND
03-099-0117	SER	11-18-87	ASCS DAIRY TERM. PROG., CALLOWAY CO., MURRAY, KENTUCKY
03-099-0118	SER	02-23-88	ASCS DOMESTIC TOBACCO TESTING PROGRAM
03-099-0118	GPR	01-19-88	FOLLOW UP ON ONE PRODUCERS POSSIBLE UNAUTHORIZED REMOVAL
03-099-0119	SER	01-25-88	ASCS DISASTER AID TO GROWERS OF PINE SEEDLINGS—GEORGIA
03-099-0122	GPR	03-31-88	ASCS PROGRAM PARTICIPATION BY A CONSULTANT AGENCY IN COLO
03-099-0126	SWR	01-21-88	ASCS ELIG OF ENTITIES FOR PROG BENEFITS—W TX & NM COUNTIES
03-099-0128	SWR	11-20-87	ASCS-SPECIAL REQUEST 1986-PIK AND ROLL SUBSTITUTION IN TEXAS
03-530-0018	FMS	01-22-88	ASCS DEVELOPMENT OF GIS AND PCIS SYSTEM-INSTALLATION PHASE
03-530-0027	FMS	12-14-87	ACCOUNTABILITY FOR AND CUSTODY OVER COMMODITY CERTIFICATES
03-545-0004	SER	02-11-88	AUDIT OF GFA PEANUT ASSOC., 1986 CROP YEAR, CAMILLA, GA
03-636-0003	GPR	10-30-87	ASCS PROGRAM COMPLIANCE SYSTEMS-PHASE II PA, DES MOINES IA
03-636-0004	GPR	11-13-87	ASCS AUDIT OF PROGRAM COMPLIANCE SYSTEM MANHATTAN, KANSAS
03-636-0005	GPR	11-13-87	ASCS COMPLIANCE SYSTEMS PHASE II PA PROGRAM, MISSOURI
03-636-0006	GPR	10-30-87	ASCS PROGRAM COMPLIANCE SYSTEMS-PHASE II PA, FARGO, ND
03-640-0003	MWR	03-11-88	EVALUATION OF SECURITY AND REPAYMENT OF COMMODITY LOANS-MINN

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
<i>AGENCY - ASCS AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE—Continued</i>			
03-640-0004	MWR	03-30-88	EVALUATION OF SECURITY AND REPAYMENT OF COMMODITY LOANS-ILL
03-641-0001	SWR	03-16-88	ASCS 1986-CROP COTTON AND RICE LOAN PROGRAM
03-642-0003	GPR	12-28-87	ASCS SURVEY OF FIELD OPERATIONS-NEBRASKA
03-642-0006	GPR	03-07-88	ASCS SURVEY OF FIELD OPERATIONS-KANSAS
03-642-0007	GPR	11-03-87	ASCS SURVEY OF FIELD OPERATIONS KANSAS BUTLER CO
TOTAL ASCS AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE			— 39
<i>AGENCY - FMHA FARMERS HOME ADMINISTRATION</i>			
04-002-0034	MWR	01-05-88	FMHA STATE OFFICE STEVENS PT WISCONSIN
04-011-0416	WR	01-20-88	FMHA REVIEW OF COUNTY OFFICE OPERATIONS—YUBA COUNTY, CA
04-011-0417	WR	01-21-88	FMHA REVIEW OF COUNTY OFFICE OPERATIONS—GLENN COUNTY, CA
04-011-0419	MWR	10-06-87	FMHA CO BALSAM LAKE WIS.
04-011-0420	MWR	01-04-88	FMHA COUNTY OFFICE ASHLAND WISCONSIN
04-011-0421	MWR	01-05-88	FMHA COUNTY OFFICE CHIPPEWA FALLS WISCONSIN
04-011-0422	MWR	10-07-87	FMHA COUNTY OFFICE FOND DU LAC WISCONSIN
04-011-0423	MWR	10-01-87	FMHA COUNTY OFFICE JANESVILLE WISCONSIN
04-011-0424	MWR	10-07-87	LACROSSE FMHA COUNTY OFFICE LACROSSE WISCONSIN
04-011-0425	MWR	10-16-87	PRAIRIE DU CHIEN FMHA COUNTY OFFICE PRAIRIE DU CHIEN WISC.
04-091-0009	FMS	10-19-87	FMHA-IMPLEMENTATION OF FOOD SECURITY ACT OF 1985
04-091-0010	FMS	10-01-87	FMHA-SALE OF LOAN ASSETS
04-091-0011	FMS	11-04-87	REVIEW OF FMHA'S LOAN SALES—CP
04-091-0012	FMS	12-17-87	FMHA-RH LOAN ASSET SALE
04-097-0004	WR	10-01-87	FMHA REVIEW OF EM LOANS TO EADE RANCH, KING CITY, CA
04-099-0012	FMS	02-04-88	FMHA-MISCELLANEOUS PAYMENTS SYSTEM, NEW ORLEANS, LA
04-099-0064	WR	10-30-87	FMHA-WILLCOX COUNTY OFFICE-WILLCOX, AZ
04-099-0066	NER	12-28-87	WATER PROJECT BRANDYWINE-WEST VIRGINIA
04-099-0077	MWR	11-03-87	FMHA COUNTY OFFICE SHELBYVILLE IND.
04-099-0078	MWR	11-25-87	FMHA DISTRICT OFFICE OPERATIONS BLOOMFIELD INDIANA
*04-099-0080	MWR	12-01-87	AUDIT OF B&I GUARANTEED LOAN OF DEVRIES IMPLEMENT CO.
04-099-0089	GPR	10-28-87	FMHA SURVEY SALE OF INVENTORY PROPERTIES
04-099-0091	GPR	01-19-88	FMHA RURAL RENTAL HOUSING PROJECT, SPIRIT LAKE, IA
04-099-0133	SWR	02-23-88	FMHA B&I LOAN TIDECRAFT INC WEBSTER PAR MINDEN LA
04-099-0141	SWR	03-10-88	FMHA COM FAC LN TO GURDON MUNICIPAL HOSPITAL GURDON ARKANSAS
04-099-0260	SER	10-30-87	FMHA REVIEW OF EM LOANS—GEORGIA
04-099-0262	SER	10-16-87	FMHA REVIEW OF EMERGENCY LOSS LOANS—FLORIDA
04-099-0263	SER	01-27-88	FMHA CONECUH COUNTY OFFICE OPERATIONS—EVERGREEN, AL
04-099-0264	SER	10-22-87	FMHA REVIEW OF EM LOANS—MISSISSIPPI
04-099-0266	SER	03-04-88	FMHA—EM LOANS—ATLANTA, GA
04-530-0027	FMS	02-12-88	MONITORING—FMHA'S APDS RETROFIT APPROACH
04-530-0029	FMS	01-25-88	SECURITY & CONTROL FOR THE MICRO-TO-MAINFRAME LINK BY FMHA
*04-545-0001	GPR	02-23-88	FMHA CONTRACT CLOSEOUT (NO. 53-3157-3-3 6) ST. LOUIS, MO
04-545-0023	NER	03-31-88	INCURRED COST AUDIT-ROI ROCHESTER, NY
04-663-0001	NER	02-10-88	CASH AND DEBT MANAGEMENT—VIRGINIA
04-663-0002	NER	02-18-88	CASH AND DEBT MANAGEMENT—NEW YORK STATE
04-663-0003	NER	03-11-88	FMHA CASH AND DEBT MANAGEMENT PUERTO RICO

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988

AUDIT NUMBER	REGION	RELEASE DATE	TITLE	
<i>AGENCY - FMHA FARMERS HOME ADMINISTRATION—Continued</i>				
04-666-0001	SER	10-22-87	FMHA INTEREST RATE REDUCTION PROGRAM	
04-666-0001	MWR	03-25-88	FMHA INTEREST RATE REDUCTION ILLINOIS	
04-666-0001	GPR	01-19-88	FMHA INTEREST RATE REDUCTION PROGRAM, DES MOINES, IOWA	
04-666-0002	SER	03-31-88	FMHA INTEREST RATE REDUCTION PROGRAM—MISSOURI	
TOTAL FMHA FARMERS HOME ADMINISTRATION				— 41
<i>AGENCY - FCIC FEDERAL CROP INSURANCE CORPORATION</i>				
05-099-0007	WR	03-31-88	FCIC-REVIEW OF SELECTED TOMATO LOSS CLAIMS	
05-099-0011	SER	03-31-88	FCIC REINSURANCE PROGRAM	
TOTAL FCIC FEDERAL CROP INSURANCE CORPORATION				— 02
<i>AGENCY - ES EXTENSION SERVICE</i>				
06-004-0009	SER	10-15-87	ES ALCORN STATE UNIVERSITY—LORMAN, MISSISSIPPI	
06-004-0011	SER	01-22-88	ES —UNIV. OF ARKANSAS, PINE BLUFF, ARKANSAS	
06-555-0001	NER	12-30-87	REVIEW OF ES' FISCAL ADP SYSTEM DESIGN	
TOTAL ES EXTENSION SERVICE				— 03
<i>AGENCY - FAS FOREIGN AGRICULTURAL SERVICE</i>				
07-099-0014	NER	03-25-88	FAS TARGETED EXPORT ASSISTANCE PROGRAM	
07-099-0015	NER	03-31-88	AUDIT OF SECTION 416 PROGRAM	
TOTAL FAS FOREIGN AGRICULTURAL SERVICE				— 02
<i>AGENCY - FS FOREST SERVICE</i>				
08-021-0224	WR	11-12-87	FS REVIEW OF OLYMPIC NF OPERATIONS OLYMPIA WASHINGTON	
08-099-0003	FMS	12-18-87	FOREST LEVEL INFORMATION PROCESSING SYSTEMS SECURITY	
08-099-0007	SWR	12-03-87	FS-REVIEW OF CHARGES TO SOUTHERN PINE BEETLE PROGRAM IN LA	
08-099-0028	SER	10-23-87	FS—GEORGIA FORESTRY COMMISSION, SURVEY	
08-099-0081	WR	02-03-88	FS-COST EFFICIENCY OF AUTOMATED DATA PROCESSING SYSTEMS	
08-099-0083	WR	02-25-88	FS EVALUATION OF TIMBER MANAGEMENT ACTIVITIES IN ALASKA	
*08-545-0004	GPR	10-06-87	FS AUDIT OF ECON INC CLAIM FOR PROPOSAL AND PROTEST COSTS	
*08-545-0030	WR	01-29-88	FS—AUDIT OF COST CLAIMS—HHO CO INC, KENNEWICK, WASH	
*08-545-0031	WR	03-30-88	FS—TERMINATION CLAIM OF SEUBERT EXCAVATORS INC. IDAHO	
08-545-0032	WR	02-26-88	FOREST SERVICE CONTRACT WIL-JO, INC.	
*08-545-0033	WR	03-01-88	FS—COST CLAIM AUDIT—M L COLE, GEN CONTRACTOR, INC	
08-633-0001	SER	02-02-88	FS USE AND ACCOUNTABILITY FOR LEASED/OWNED AIRCRAFT	
TOTAL FS FOREST SERVICE				— 12
<i>AGENCY - REA RURAL ELECTRIFICATION ADMINISTRATION</i>				
09-099-0005	MWR	02-12-88	REA TELEPHONE IRREGULARITIES AT HARLAN TELEPHONE COMPANY	
09-099-0005	SWR	03-25-88	REA SURVEY, ELECTRIC PRO BORROWER	
TOTAL REA RURAL ELECTRIFICATION ADMINISTRATION				— 02

**UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988**

AUDIT NUMBER	REGION	RELEASE DATE	TITLE		
<i>AGENCY - SCS</i>		<i>SOIL CONSERVATION SERVICE</i>			
10-099-0001	FMS	01-22-88	SCS INTEREST PAYMENTS ON PROCUREMENTS NEW ORLEANS, LA.		
10-099-0008	NER	01-21-88	SCS LONG TERM CONTRACT ADMINISTRATION PL 566		
*10-545-0001	SER	01-22-88	PREAWARD AUDIT OF PRICING PROPOSAL SCS-9-TN-87		
10-545-0021	WR	10-01-87	PREAWARD PRICE AUDIT OF METEOR COMMUNICATIONS, INC., KENT, WA		
10-545-0022	MWR	11-09-87	SCS CONTRACT AUDIT GREAT LAKES CONSTRUCTION		
10-610-0006	SER	03-28-88	SCS ADP INVENTORY AND COST/BENEFIT ANALYSIS FOR FOCAS		
TOTAL SCS SOIL CONSERVATION SERVICE				— 06	
<i>AGENCY - OFM</i>		<i>OFFICE OF FINANCE AND MANAGEMENT</i>			
11-010-0002	NER	01-06-88	USDA WORKING CAPITAL FUND NER-6-42		
11-099-0001	FMS	01-13-88	AUDIT OF MISCELLANEOUS PAYMENT SYSTEM, NEW ORLEANS, LA		
TOTAL OFM OFFICE OF FINANCE AND MANAGEMENT				— 02	
<i>AGENCY - CSRS</i>		<i>COOPERATIVE STATE RESEARCH SERVICE</i>			
13-004-0009	SER	01-28-88	CSRS TENNESSEE STATE, NASHVILLE, TN		
TOTAL CSRS COOPERATIVE STATE RESEARCH SERVICE				— 01	
<i>AGENCY - FNS</i>		<i>FOOD AND NUTRITION SERVICE</i>			
27-002-0006	NAR	10-01-87	FNS CDP STATE DISTRIBUTING AGENCIES SURVEY NEW YORK STATE		
27-002-0007	NAR	02-25-88	FOOD DISTRIBUTION PROGRAM COMMODITY INVENTORY ACCOUNTABILITY		
27-002-0022	WR	11-13-87	DOI AUDIT—AMERICAN SAMOA TERR ADMINISTRATION ON AGING		
27-018-0004	SER	12-07-87	FNS—FSP—FLORIDA ADMINISTRATIVE COSTS		
27-019-0032	NER	12-15-87	VIRGINIA FOOD STAMP PROGRAM RESOURCE MATCH		
27-023-0192	MWR	02-10-88	NSLP—DETROIT, MI		
*27-029-0152	NER	12-15-87	CCFP HONEY TREE EARLY LEARNING CENTER SALEM VA.		
*27-029-0154	NER	12-28-87	CCFP THE STOP ORGANIZATION NORFOLK, VA.		
*27-029-0156	NER	03-30-88	CCFP THE PLANNING COUNCIL NORFOLK VA.		
*27-029-0158	NER	12-28-87	CCFP FRIENDS ASSOCIATION FOR CHILDREN RICHMOND VA.		
*27-029-0353	WR	03-15-88	FNS-CCFP BENTON FRANKLIN C.A.C.-PASCO, WASHINGTON		
*27-029-0354	WR	02-29-88	FNS-CCFP BENTON FRANKLIN HEAD START—RICHLAND, WASHINGTON		
*27-029-0356	WR	02-01-88	FNS-CCFP DELL'S CHILDRENS CENTER—CENTRALIA, WASHINGTON		
*27-029-0357	GPR	10-30-87	FNS, CCFP, WILDWOOD RESOURCES ENGLEWOOD, CO		
*27-029-0358	GPR	01-29-88	FNS, CCFP, CHILD CARE SPONSORS ENGLEWOOD, CO		
*27-029-0358	WR	03-15-88	FNS-CCFP FAMILY COUNSELING SERVICES—SPOKANE, WASHINGTON		
*27-029-0359	GPR	02-22-88	FNS, CCFP, MILE HIGH CHILD CARE ASSOCIATION DENVER, CO		
*27-029-0360	GPR	11-25-87	FNS, CCFP, CHILDRENS CENTER OF EVERGREEN EVERGREEN, CO		
*27-029-0360	WR	01-26-88	FNS-CCFP SOUND SUPPORT SERVICES—BOTHHELL, WASHINGTON		
*27-029-0361	GPR	01-25-88	FNS, CCFP, CSU COOPERATIVE EXTENSION SERVICE LITTLETON, CO		
*27-029-0361	WR	02-17-88	FNS—CCFP THE CHILDRENS HOUSE—BREWSTER, WASHINGTON		
*27-029-0362	GPR	11-30-87	FNS, CCFP, LOWRY CHILD CARE CENTER LOWRY AFB, CO		
*27-029-0362	WR	02-17-88	FNS-CCFP WASHINGTON STATE MIGRANT COUNCIL-SUNNYSIDE, WA		
*27-029-0363	GPR	10-30-87	FNS, CCFP, BOULDER CHILD CARE SUPPORT CENTER BOULDER, CO		
*27-029-0364	GPR	01-05-88	FNS, CCFP, HIGHLAND EARLY LEARNING CENTER DENVER, CO		
*27-029-0365	GPR	02-01-88	FNS, CCFP, DENVER HEADSTART DENVER, CO		
*27-029-0366	GPR	11-25-87	FNS, CCFP, CO SPR CHILD NURSERY CENTERS, INC. CO SPR, CO		

UNITED STATES DEPARTMENT OF AGRICULTURE
 OFFICE OF INSPECTOR GENERAL—AUDIT
 AUDIT REPORTS RELEASED
 BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
27-029-0367	GPR	01-13-88	FNS, CCFP, PARENT CHILD LEARNING CENTER LASALLE, CO
27-029-0368	GPR	01-06-88	FNS, CCFP, CHILD DEVELOPMENT SERVICES FT. CARSON, CO
27-029-0369	GPR	02-02-88	FNS, CCFP, A&M CREATIVE DAY CARE CENTER AURORA, CO
27-029-0370	GPR	01-08-88	FNS, CCFP, URBAN LEAGUE OF PIKES PEAK COLORADO SPRINGS, CO
27-029-0372	GPR	11-25-87	FNS, CCFP, EASTSIDE CHILD CARE CENTER PUEBLO, CO
27-029-0373	GPR	12-08-87	FNS, CCFP, LITTLE RANCH DAY CARE CENTER DENVER, CO
27-029-0374	GPR	01-06-88	FNS, CCFP, TIGGERS DAY CARE CENTER LONGMONT, CO
27-029-0375	GPR	02-02-88	FNS, CCFP, WATCH CARE DAY CARE CENTER DENVER, CO
27-029-0376	GPR	11-25-87	FNS, CCFP, KID COUNTRY DAY CARE LOVELAND, CO
27-029-0377	GPR	10-28-87	FNS, CCFP, STRAWBERRY LAND DAY CARE HASTINGS, NE
27-029-0378	GPR	10-30-87	FNS, CCFP, MRS. JANS DAY CARE CENTER, INC. GRAND ISLAND, NE
27-029-0379	GPR	10-30-87	FNS, CCFP, ROBINS NEST DAY CARE OMAHA, NE
27-029-0380	GPR	11-17-87	FNS, CCFP, MARY MOPPETS DAY CARE SCHOOL GRAND ISLAND, NE
27-029-0381	GPR	10-30-87	FNS, CCFP, MIDWEST CHILD CARE HOME ASSOCIATION OMAHA, NE
27-029-0382	GPR	10-30-87	FNS, CCFP, PANHANDLE DAY CARE CENTER, INC. SCOTTSBLUFF, NE
27-029-0383	GPR	10-26-87	FNS, CCFP, CHRIST CHILD SOCIETY OF OMAHA OMAHA, NE
27-029-0384	GPR	10-30-87	FNS, CCFP, TINY TOTS DAY CARE CENTER OMAHA, NE
27-029-0385	GPR	10-30-87	FNS, CCFP, GINGERBREAD PLAY SCHOOL, INC. HASTINGS, NE
27-029-0386	GPR	10-30-87	FNS, CCFP, OMAHA TRIBE OF NEBRASKA MACY, NE
27-029-0388	GPR	03-30-88	FNS, CCFP, STELLA MARIS CHILD CTR.,(51317), ST. LOUIS, MO
27-029-0389	GPR	03-17-88	FNS, CCFP, GUARDIAN ANGEL SETTLEMENT ASSN, ST. LOUIS, MO
27-029-0390	GPR	03-14-88	FNS, CCFP, SOUTHIDE DAY NURSERY INC., (53508), ST. LOUIS, MO
27-029-0391	GPR	03-15-88	FNS, CCFP, NURSERY FOUNDATION OF ST. LOUIS, (53579), MO
27-029-0394	GPR	02-01-88	FNS, CCFP, UNITED C OF C NEIGH HOUSE, ST. LOUIS, MO
27-029-0396	GPR	03-16-88	FNS, CCFP, CHILD DAY CARE ASSN, OF ST. LOUIS, (59751), MO
27-029-0398	GPR	03-31-88	FNS, CCFP, TINY TOT SCHOOL OF ST. LOUIS, (65227), MO
27-029-0399	GPR	03-14-88	FNS, CCFP, DELTA AREA ECON OPP CORP, (65375), PORTAGEVIL, MO
27-029-0401	GPR	03-15-88	FNS, CCFP, COCHRAN GARDENS TENANT MGT CORP, ST. LOUIS
27-029-0402	GPR	03-30-88	FNS, CCFP, LES BEAUX ENFANTS LTD.,(65233), ST. LOUIS, MO
27-029-0405	GPR	01-26-88	FNS, CCFP, COMM NURSERY SCHOOL INC,(51278), COLUMBIA, MO
27-029-0406	GPR	01-26-88	FNS, CCFP, NORA STEWART MEM AL NUR SCH (51284) COLUMBIA, MO
27-029-0407	GPR	02-17-88	FNS, CCFP, DELLA C. LAMB NEIGH HOUSE INC, (51466), KCMO
27-029-0408	GPR	01-13-88	FNS, CCFP, ECON SECURITY CORP HEAD START, JOPLIN, MO
27-029-0410	GPR	03-08-88	FNS, CCFP, OZARK AREA COMM ACTION CORP, (56655), SPRINGF MO
27-029-0413	GPR	02-09-88	FNS, CCFP, BISHOP HELMSING EARLY CHILD CTR, (65189), KCMO
27-029-0415	GPR	02-17-88	FNS, CCFP, SAL ARMY WESTPORT TEMPLE DCC, (57118), KCMO
27-029-0416	GPR	03-22-88	FNS, CCFP, NOLAND SCHOOL CHILD DEV CTR, INDEPENDENCE
27-029-0417	GPR	03-08-88	FNS, CCFP, LAFERN WILLIAMS ASSOC,INC. (59731) OMAHA, NE
27-029-0418	GPR	02-02-88	FNS, CCFP, ECONOMIC OPPORTUN CORP, (64502), ST JOSEPH, MO
27-029-0961	NAR	10-01-87	FNS-CCFP BOYS HARBOR, INC
27-029-0973	NAR	03-01-88	FNS-CCFP HAMILTON-MADISON HOUSE DCC
27-029-0974	NAR	03-01-88	FNS-CCFP STATEN ISLAND MENTAL HEALTH SOCIETY DAY NURSERY
27-029-0978	NAR	03-01-88	FNS-CCFP THROGGS NECK CCC
27-029-0980	NAR	03-02-88	FNS-CCFP LA PENINSULA COMMUNITY ORGANIZATION
27-029-0982	NAR	03-31-88	FNS-CCFP WESTCHESTER COMMUNITY PROGRAMS INC
27-029-0984	NAR	03-31-88	FNS-CCFP BKLYN DEVELOP CTR EARLY CHILDHOOD SERVICES INC
27-029-0986	NAR	03-31-88	FNS-CCFP FAITH HOPE AND CHARITY COMM
27-029-0987	NAR	03-31-88	FNS-CCFP JOHN EDWARD BRUCE DCC
27-029-0988	NAR	03-31-88	FNS-CCFP FRIENDS OF CROWN HEIGHTS
27-029-0989	NAR	03-31-88	FNS-CCFP HISPANO UNIDOS DCC
27-029-0991	NAR	03-01-88	FNS-CCFP BUSHWICK IMPROVEMENT SOCIETY
27-029-0992	NAR	03-31-88	FNS-CCFP THE MIRACLE MAKERS INC
27-029-0993	NAR	03-25-88	FNS-CCFP BEDFORD STUYVESANT EARLY CHILDHOOD DEV CENTER
27-029-0994	NAR	03-25-88	FNS-CCFP NATIONAL ASSOC OF FAMILY DEV CTRS TORAH HS
27-029-0995	NAR	03-31-88	FNS-CCFP ASSOCIATED YM-YWHAS OF GR NY FOOD SVC PROGRAM
27-029-0997	NAR	03-25-88	FNS-CCFP LONG ISLAND DAY CARE SERVICES

FOOD AND NUTRITION SERVICE—Continued

TOTAL FNS FOOD AND NUTRITION SERVICE

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
27-029-0998	NAR	03-01-88	FNS-CCFP NIAGARA COUNTY HS INC
27-029-0999	NAR	03-01-88	FNS-CCFP EDGERTON DCC INC
27-029-1000	NAR	03-01-88	FNS-CCFP ACTION FOR A BETTER COMMUNITY
27-029-1001	NAR	03-01-88	FNS-CCFP EASTSIDE COMMUNITY CTR OF ROCHESTER
27-029-1003	NAR	03-01-88	FNS-CCFP CHINATOWN DCC
27-029-1005	NAR	03-25-88	FNS-CCFP PUERTO RICAN ASSOC FOR COMMUNITY AFFAIRS
27-029-1007	NAR	03-17-88	FNS-CCFP INTERNATIONAL CENTER FOR INTEGRATIVE STUDIES
27-029-1008	NAR	03-02-88	FNS-CCFP NEW YORK FOUNDLING HOSPITAL
27-029-1014	NAR	03-01-88	FNS-CCFP ASSOCIACIONES DOMINICANAS INC
27-029-1015	NAR	03-17-88	FNS-CCFP RENA DCC
27-029-1016	NAR	03-01-88	FNS-CCFP CHURCH ON THE HILL
27-029-1017	NAR	03-01-88	FNS-CCFP HIGHBRIDGE ADVISORY COUNCIL
27-029-1021	NAR	03-01-88	FNS-CCFP HAITIAN AMERICAN DCC
27-029-1023	NAR	03-01-88	FNS-CCFP UNITED TALMUDICAL ACADEMY OF BORO PARK
27-029-1024	NAR	03-01-88	FNS-CCFP BNOS ZION OF BOBOV
27-029-1025	NAR	03-17-88	FNS-CCFP RECREATION ROOMS & SETT HS(BREVKELEN)
27-029-1027	NAR	03-17-88	FNS-CCFP NYS FEDERATION OF GROWERS AND PROCESSORS ASSOC INC
27-029-1028	NAR	03-01-88	FNS-CCFP CHILDREN'S HOPE IN LEARNING & DEVELOPMENT INC
27-029-1037	NAR	03-01-88	FNS-CCFP TABERNACLE CHURCH OF GOD INC
27-029-1038	NAR	03-01-88	FNS-CCFP BROOKLYN KINDERGARTEN SOCIETY
27-029-1039	NAR	03-01-88	FNS-CCFP AGUADILLA DCC
27-029-1041	NAR	03-01-88	FNS-CCFP ALIANZA DE DAMAS UNIDAS DE BROOKLYN INC
27-029-1042	NAR	03-01-88	FNS-CCFP NUESTROS NINOS DCC
27-029-1044	NAR	03-18-88	FNS-CCFP PUTNAM DCC
27-029-1045	NAR	03-01-88	FNS-CCFP YESHIVA KEHILOTH YAKOV
27-029-1046	NAR	03-01-88	FNS-CCFP MOSDOTH DCC
27-029-1047	NAR	03-01-88	FNS-CCFP COMMUNITY PARENT HS
27-029-1048	NAR	03-01-88	FNS-CCFP SHIRLEY CHISOLM DCC
27-029-1049	NAR	03-01-88	FNS-CCFP PACIFIC COMMUNITY CDC
27-029-1054	NAR	03-01-88	FNS-CCFP DELHI CAMPUS CCC
27-031-0017	GPR	12-09-87	FNS, WIC, MISSOURI DEPT OF HEALTH, JEFFERSON CITY, MO
27-031-0020	NER	03-01-88	FNS, WIC, DEPT, OF HUMAN SERVICES WASHINGTON, D.C.
27-031-0040	SWR	10-05-87	FNS ADM COSTS OK WIC PROGRAM
27-080-0004	NAR	03-31-88	PR BLOCK GRANT SP TICK ERADICATION—SAN JUAN, PR
27-091-0002	SER	03-30-88	FNS—MANAGEMENT OF FIELD OFFICE OPERATIONS—SURVEY
27-099-0016	NAR	02-23-88	COMPUTER SECURITY NORTHWEST REGION
27-099-0039	SWR	11-13-87	FNS CCFP FDCH OPNS SHREVEPORT FOUND FOR COM PROG SHPORT LA
27-099-0040	SWR	10-16-87	FNS CCFP NEED, HOUSTON, TX
27-099-0042	SWR	12-03-87	FNS CCFP 5 SANDOVAL INDIAN PUEBLOS NM
27-099-0052	NER	10-30-87	FNS PHILADELPHIA FIELD OFFICE OPERATIONS
27-099-0054	NER	02-29-88	COMPUTER SECURITY MIDATLANTIC REGION
27-541-0030	SER	03-25-88	FNS—MISSISSIPPI FSP COMPUTER SYSTEM SURVEY
27-555-0002	SER	02-05-88	FNS GEORGIA FSP ERROR REDUCTION AND CLAIMS MANAGEMENT
27-661-0001	NAR	03-30-88	VENDOR MONITORING AND CONTROL OF FOOD INSTRUMENTS
27-661-0003	MWR	01-06-88	EVALUATION CONTROL OF FOOD VOUCHERS & VENDOR MONITORING
27-665-0002	WR	03-24-88	FNS ADMIN COSTS IN THE FOOD STAMP PROGRAM—ARIZONA

FOOD AND NUTRITION SERVICE—Continued

UNITED STATES DEPARTMENT OF AGRICULTURE
 OFFICE OF INSPECTOR GENERAL—AUDIT
 AUDIT REPORTS RELEASED
 BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
33-545-0003	MWR	12-08-87	AUDIT OF APHIS CONTRACT WITH TRENCHING INC.
33-545-0008	GPR	02-08-88	APHIS PRICING PROPOSAL, COOPERS ANIMAL HEALTH KANSAS CITY, MO
33-545-0009	NAR	02-29-88	AGRITECH SYSTEMS, INC., PORTLAND, ME—PREAWARD AUDIT
TOTAL APHIS ANIMAL AND PLANT HEALTH INSPECTION SERVICE			
AGENCY - APHIS ANIMAL AND PLANT HEALTH INSPECTION SERVICE			
38-092-0002	NAR	10-29-87	A-87 INDIRECT COST OF NJ DEPT. OF AGRICULTURE
TOTAL FSIS FOOD SAFETY AND INSPECTION SERVICE			
AGENCY - FSIS FOOD SAFETY AND INSPECTION SERVICE			
44-020-0001	NER	03-31-88	OICD FOREIGN DEVELOPMENT ASSISTANCE
44-099-0001	NER	03-31-88	OICD IMPREST FUND REVIEW
TOTAL OICD OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT			
AGENCY - MULT MULTILAGENCY/DIVISION CODE			
50-010-0001	FMS	01-28-88	USDA CASH MANAGEMENT REVIEWS WASHINGTON, D.C.
50-099-0018	NER	11-12-87	MULTI—CERTIFICATION PROGRAMS FOR IMPORTED TOBACCO
50-099-0046	NER	12-31-87	USDA GRADUATE SCHOOL OPERATIONS FOLLOWUP
50-099-0047	NER	02-08-88	PATENTS & LICENSING OF INVENTIONS FROM USDA FUNDED RESEARCH
50-560-0031	NER	12-08-87	A-102 AUDIT OF ALABAMA FORESTRY COMM—FY'S 1984 & 1985
50-560-0049	NER	12-10-87	A 102P PA. STATEWIDE AUDIT 7-1-83 TO 6-30-85
50-560-0052	NER	10-01-87	A102 AUDIT DEPT OF MENTAL HEALTH & MENTAL RETARDATION
50-560-0067	WR	03-29-88	A-102 AUDIT HAWAII DEPT OF AGRICULTURE—FYES 6/30/84 & 85
50-562-0004	SWR	10-19-87	SHELBY CO SR CITIZENS TEX CHAP-1 CENTER TX 6 MO END 6-30-87
50-562-0005	SWR	11-04-87	SINGLE AUDIT OF RURAL ENTERPRISES INC DURANT OK
50-562-0006	WR	02-11-88	A-110 AUDIT COMWLTTZ FAMILY HEALTH CENTER—WASH FYE 12/31/86
50-562-0006	WR	02-12-88	A-110 AUDIT SELF—HELP ENTERPRISES—FYE 6/30/87
50-566-0002	NER	02-01-88	A-128 AUDIT CONNECTICUT DEPARTMENT OF AGRICULTURE
50-566-0003	NER	03-18-88	PR DEPT OF AGRICULTURE, A-128
50-566-0003	SWR	02-24-88	SINGLE AUDIT OF ARKANSAS FORESTRY COMMISSION FYE 6/30/86
50-566-0005	NER	03-18-88	A-120, AUDIT OF GEORGIA DEPT. OF AGRICULTURE—FYE 6-30-86
50-566-0005	WR	03-28-88	A-128 AUDIT ALASKA STATE DEPT ENVIRONMENTAL CONSERVATION
50-566-0006	NER	03-18-88	A-128, AUDIT OF GEORGIA FORESTRY COMMISSION—FYE 6-30-86
50-566-0006	GPR	11-12-87	A-128, IOWA DEPT OF AGRICULTURE (FY 6/86), DES MOINES, IA
50-566-0007	GPR	10-20-87	A-128, NORTH DAKOTA DEPT OF AGR. (FY-85&86) ND
50-566-0008	GPR	11-09-87	A-128, SOUTH DAKOTA DEPT. OF AGRICULTURE(FY 6/85&86)PIERRE
50-567-0003	GPR	10-01-87	A-128, KANSAS GRAIN INSPECTION DEPART (85&86) TOPEKA, KS
50-567-0004	NER	10-09-87	A-128 AUDIT TOWN OF PLATTSBURGH NY
50-567-0004	GPR	10-05-87	A-128, NE PUBLIC SERVICE COMMISSION (85 & 86), LINCOLN, NE
50-567-0004	WR	01-21-88	A-128 AUDIT KITTITAS COUNTY, WASHINGTON FYE 12/31/86
50-567-0005	NER	10-27-87	A-128 AUDIT TOWN OF SMYTH VA
50-567-0005	GPR	10-08-87	A-128 KANSAS ANIMAL HEALTH DEPT (FY85&86), TOPEKA, KS
50-567-0006	WR	12-02-87	A-128 AUDIT TOWN OF TONASKET WASHINGTON FYE 12/31/86
50-567-0006	NER	10-15-87	A-128 TOWN OF HARWINTON CT
50-567-0006	GPR	02-01-88	A-128 WET WALNUT CREEK WATERSHED (1986)
50-567-0006	WR	01-22-88	A-128 AUDIT FERRY COUNTY PUD WASHINGTON FYE 12/31/86

UNITED STATES DEPARTMENT OF AGRICULTURE
 OFFICE OF INSPECTOR GENERAL—AUDIT
 AUDIT REPORTS RELEASED
 BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
50-567-0007	WR	02-04-88	A-128 AUDIT TOWN OF ELECTRIC CITY WASHINGTON FYE 12/31/86
50-567-0008	WR	02-01-88	A-128 AUDIT CITY OF RENTON WASHINGTON FYE 12/31/86
50-567-0009	WR	01-29-88	A-128 AUDIT ARIZONA COM OF AGRI & HORTICULTURE—FYE 6/30/86
50-567-0010	NER	02-04-88	PUERTO RICO ELECTRIC POWER AUTHORITY A-128
50-567-0010	WR	01-26-88	A-128 AUDIT CITY OF FORKS, WASHINGTON FYES 12/31/85 & 86
50-567-0011	NER	12-04-87	TOWN OF ROXBURG NY-A-128
50-567-0011	SWR	10-29-87	SINGLE AUDIT OF JEFFERSON DAVIS MOSQUITO ABATEMENT DIST NO 1
50-567-0012	NER	12-16-87	NORTH LEBANON TOWNSHIP, PA A-128
50-567-0012	SER	10-01-87	A-128, AUDIT OF CITY OF SLOCOMB, ALABAMA—FYE 9-30-86
50-567-0012	SWR	11-06-87	A-110 POLAND WATER ASSOCIATION INC TWO YEARS ENDED 12-31-86
50-567-0013	NER	12-31-87	FUNKSTOWN, MD, A-128 AUDIT
50-567-0013	SWR	01-15-88	SINGLE AUDIT OF THE NEW MEXICO LIVESTOCK BOARD
50-567-0014	NER	01-19-88	COUNTY OF BUCKINGHAM, VA, A-128
50-567-0014	SER	12-04-87	A-128 AUDIT OF TOWN OF SARATOGA, NC, FYE 6/30/87
50-567-0015	NER	12-31-87	TOWN OF RIDGELY, MD-A128 AUDIT
50-567-0016	NER	01-20-88	TOWN OF MIDDLETOWN, NEW YORK, A-128
50-567-0016	SER	02-23-88	A-128 AUDIT JEFFERSON COUNTY, GA, FY 1987
50-567-0017	NER	01-25-88	COUNTY OF WISE, VA,, A-128
50-567-0017	SER	02-23-88	A-128 AUDIT OF THE CITY OF LOUISVILLE, GA FY 1986
50-567-0018	NER	03-18-88	TOWN OF COLCHESTER, NY, A-128 AUDIT
50-567-0018	SER	03-11-88	A-128 AUDIT OF CITY OF NEWBERRY, FL—FY 1987
50-567-0019	NER	03-29-88	PR ELECTRIC POWER AUTHORITY, A-128
50-567-0019	MWR	10-30-87	SINGLE AUDIT OF THE CITY OF CANNON FALLS, MN
50-567-0050	MWR	11-02-87	SINGLE AUDIT OF THE CITY OF SCOUTH LYON MICHIGAN
50-567-0051	MWR	10-28-87	SINGLE AUDIT OF THE EAU CLAIRE PUBLIC SCHOOLS MICHIGAN
50-567-0052	MWR	03-16-88	SINGLE AUDIT OF THE MONTCALM AREA INT SCHOOL DIST, MI
50-567-0053	MWR	03-02-88	SINGLE AUDIT OF THE BROWN CITY COMMUNITY SCHOOLS, MI
50-567-0054	MWR	03-07-88	SINGLE AUDIT OF THE EATON RAPIDS PUBLIC SCHOOLS, MI
50-567-0055	MWR	03-16-88	SINGLE AUDIT OF BENTON HARBOR AREA SCHOOLS, MI
50-567-0056	MWR	03-15-88	SINGLE AUDIT OF ARCADIA, WISCONSIN
50-567-0057	MWR	03-08-88	SINGLE AUDIT OF BIG RAPIDS, MICH
50-567-0058	MWR	03-07-88	SINGLE AUDIT OF JACKSON PUBLIC SCHOOLS, MICH
50-567-0059	MWR	03-07-88	SINGLE AUDIT OF LEEHANAU COUNTY, MICH
50-567-0060	MWR	03-16-88	SINGLE AUDIT OF THE TRAVERSE BAY INT SCHOOL DIST MICHIGAN
50-567-0061	MWR	03-04-88	SINGLE AUDIT OF THE CITY OF SALEM WISCONSIN
50-661-0002	WR	12-22-87	CONTRACTING OFFICERS' ADMINISTRATION OF CONTRACTS
50-663-0002	FMS	11-19-87	MANAGEMENT SECURITY AND CONTROL FOR THE MICRO-MAINFRAME LINK
58-567-0007	FMS	02-04-88	A-128 AUDIT TOWN OF ELECTRIC CITY WASHINGTON FYE 12/31/86
58-567-0008	WR	02-01-88	A-128 AUDIT CITY OF RENTON WASHINGTON FYE 12/31/86
58-567-0009	WR	01-29-88	A-128 AUDIT ARIZONA COM OF AGRI & HORTICULTURE—FYE 6/30/86
58-567-0010	NER	02-04-88	PUERTO RICO ELECTRIC POWER AUTHORITY A-128
58-567-0010	WR	01-26-88	A-128 AUDIT CITY OF FORKS, WASHINGTON FYES 12/31/85 & 86
58-567-0011	NER	12-04-87	TOWN OF ROXBURG NY-A-128
58-567-0011	SWR	10-29-87	SINGLE AUDIT OF JEFFERSON DAVIS MOSQUITO ABATEMENT DIST NO 1
58-567-0012	NER	12-16-87	NORTH LEBANON TOWNSHIP, PA A-128
58-567-0012	SER	10-01-87	A-128, AUDIT OF CITY OF SLOCOMB, ALABAMA—FYE 9-30-86
58-567-0012	SWR	11-06-87	A-110 POLAND WATER ASSOCIATION INC TWO YEARS ENDED 12-31-86
58-567-0013	NER	12-31-87	FUNKSTOWN, MD, A-128 AUDIT
58-567-0013	SWR	01-15-88	SINGLE AUDIT OF THE NEW MEXICO LIVESTOCK BOARD
58-567-0014	NER	01-19-88	COUNTY OF BUCKINGHAM, VA, A-128
58-567-0014	SER	12-04-87	A-128 AUDIT OF TOWN OF SARATOGA, NC, FYE 6/30/87
58-567-0015	NER	12-31-87	TOWN OF RIDGELY, MD-A128 AUDIT
58-567-0016	NER	01-20-88	TOWN OF MIDDLETOWN, NEW YORK, A-128
58-567-0016	SER	02-23-88	A-128 AUDIT JEFFERSON COUNTY, GA, FY 1987
58-567-0017	NER	01-25-88	COUNTY OF WISE, VA,, A-128
58-567-0017	SER	02-23-88	A-128 AUDIT OF THE CITY OF LOUISVILLE, GA FY 1986
58-567-0018	NER	03-18-88	TOWN OF COLCHESTER, NY, A-128 AUDIT
58-567-0018	SER	03-11-88	A-128 AUDIT OF CITY OF NEWBERRY, FL—FY 1987
58-567-0019	NER	03-29-88	PR ELECTRIC POWER AUTHORITY, A-128
58-567-0019	MWR	10-30-87	SINGLE AUDIT OF THE CITY OF CANNON FALLS, MN
58-567-0050	MWR	11-02-87	SINGLE AUDIT OF THE CITY OF SCOUTH LYON MICHIGAN
58-567-0051	MWR	10-28-87	SINGLE AUDIT OF THE EAU CLAIRE PUBLIC SCHOOLS MICHIGAN
58-567-0052	MWR	03-16-88	SINGLE AUDIT OF THE MONTCALM AREA INT SCHOOL DIST, MI
58-567-0053	MWR	03-02-88	SINGLE AUDIT OF THE BROWN CITY COMMUNITY SCHOOLS, MI
58-567-0054	MWR	03-07-88	SINGLE AUDIT OF THE EATON RAPIDS PUBLIC SCHOOLS, MI
58-567-0055	MWR	03-16-88	SINGLE AUDIT OF BENTON HARBOR AREA SCHOOLS, MI
58-567-0056	MWR	03-15-88	SINGLE AUDIT OF ARCADIA, WISCONSIN
58-567-0057	MWR	03-08-88	SINGLE AUDIT OF BIG RAPIDS, MICH
58-567-0058	MWR	03-07-88	SINGLE AUDIT OF JACKSON PUBLIC SCHOOLS, MICH
58-567-0059	MWR	03-07-88	SINGLE AUDIT OF LEEHANAU COUNTY, MICH
58-567-0060	MWR	03-16-88	SINGLE AUDIT OF THE TRAVERSE BAY INT SCHOOL DIST MICHIGAN
58-567-0061	MWR	03-04-88	SINGLE AUDIT OF THE CITY OF SALEM WISCONSIN
50-661-0002	WR	12-22-87	CONTRACTING OFFICERS' ADMINISTRATION OF CONTRACTS
50-663-0002	FMS	11-19-87	MANAGEMENT SECURITY AND CONTROL FOR THE MICRO-MAINFRAME LINK

AGENCY - MULT MULTI-AGENCY/DIVISION CODE—Continued

AGENCY - OIRM OFFICE OF INFORMATION RESOURCES MANAGEMENT

TOTAL MULT MULTIAGENCY/DIVISION CODE

— 68

TOTAL OIRM OFFICE OF INFORMATION RESOURCES MANAGEMENT

— 02

58-550-0003 FMS 02-05-88 REVIEW OF CONTRACT PROPOSAL FOR KCCC CONTINGENCY BACKUP

58-099-0009 FMS 02-24-88 FORT COLLINS COMPUTER CENTER AUDIT OF USER BILLING SYSTEM

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1987 AND MARCH 31, 1988

AUDIT NUMBER	REGION	RELEASE DATE	TITLE	
<i>AGENCY - NFC NATIONAL FINANCE CENTER</i>				
59-099-0002	FMS	03-07-88	PAYROLL/PERSONNEL SYSTEM-TSPS DATA NEW ORLEANS, LA	
TOTAL NFC NATIONAL FINANCE CENTER				— 01
TOTAL RELEASED NATIONWIDE				— 324
TOTAL UNDER CONTRACT				— 124
TOTAL SINGLE AUDITS				— 62

CONTACT



You Can Help

Report: Fraud, Waste or Mismanagement

- Information is Confidential
- Caller Can Remain Anonymous

Where: U.S. Department of Agriculture
Office of Inspector General
Room 247 E, Administration Building
Washington, D.C. 20250

- Outside Washington, D.C., 800-424-9121 (Toll Free)
- Within Washington, D.C. Metropolitan Area, 472-1388