

Semiannual Report to Congress

October 1, 1988 — March 31, 1989



Office of
Inspector General

PLEASE RETURN TO: ROOM 13-E
MANAGEMENT OPERATIONS STAFF



United States
Department of
Agriculture

Office of
Inspector
General

Washington,
D.C.
20250

April 28, 1989

Honorable Clayton Yeutter
Secretary of Agriculture
Washington, D.C. 20250

Dear Mr. Secretary:

I respectfully submit the Office of Inspector General's Semiannual Report to Congress, summarizing our activities for the 6-month period ending March 31, 1989.

During this period, we placed emphasis on reviewing the Department's implementation of the Disaster Assistance Act of 1988 and the debt restructuring provisions of the Agricultural Credit Act of 1987. Our efforts also included audits of payments to producers with large farming operations, compliance with payment limitation rules, and commodity certificates used to repay price support loans and to make payments to eligible producers for upland cotton. We audited compliance with the requirements of both the export credit guarantee program and the imported-meat inspection process, and the effectiveness of residue testing procedures in domestic meat and poultry products. We also continued to devote a significant portion of our time investigating fraud in the Food Stamp Program.

In this report, we have identified about \$33.5 million in recoveries and collections, \$200 million in savings and \$1.8 billion in management commitments to use funds more efficiently. Our efforts also resulted in 247 indictments and 284 convictions during the six-month period.

I appreciate the strong support that is given to the Office of Inspector General. I look forward to working with you and the new management team in our continued efforts to promote economy and efficiency in the Department's programs.

Sincerely,

Leon Sneed

LEON SNEAD
Deputy Inspector General

Enclosure

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EXECUTIVE SUMMARY

This is the 21st 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 (Public Law 95-452). This report covers the period October 1, 1988 through March 31, 1989.

During the past 6 months, OIG placed emphasis on reviewing the Department's implementation of two major legislative packages enacted recently by Congress—the Disaster Assistance Act of 1988 and the Agricultural Credit Act of 1987. In both of these areas, OIG worked closely with management in the early stages of implementation to ensure that potential problems were addressed effectively. Audits are now under way to determine the accuracy of disaster payments and debt restructuring determinations.

We also audited (1) payments to producers with large farming operations, to determine if payments were made properly, (2) "person" determination methods, to ensure that determinations were made in compliance

with payment limitation rules, (3) commodity certificates, to determine if the certificates were used properly when producers repaid price support loans and when participants in the First Handler Program for upland cotton received payments, (4) export credit guarantee sales, to determine if the guarantees were made on sales of domestic commodities only, (5) the imported-meat inspection process, to determine if foreign countries' compliance with U.S. standards was monitored effectively, and (6) residue testing procedures for domestic meat and poultry products, to determine if these procedures were effective in identifying pesticide residues in meat and poultry.

We continue to devote a significant portion of our time investigating fraud in the Food Stamp Program. We have identified an increasing number of individuals and retail stores which are accepting food stamps in exchange for illegal drugs. In many such cases, we work jointly with other Federal, State, or local agencies charged with the enforcement of drug laws.

Summary of Audit Activities

Audit Reports Issued

Total Reports Issued	259
Internal Reports	122
Audits Performed Under the Single Audit Act and Other Organization-wide Audits	19
Audits Under Contract	118

Audit Reports Resolved/Closed

Reports Resolved and/or Closed	204
Internal Audit Recommendations Resolved	989
Total Dollar Impact (millions)	\$2,025.6
Management Commitments To Seek Recoveries	\$ 23.8 ^{a b}
Management Commitments To Use Funds More Efficiently	\$1,999.9 ^{a c}
Improper Agency Actions (Not Intended for Collection)	\$ 1.9 ^d

^a These were the amounts upon which the auditees agreed at the time of resolution.

^b The 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.

^c Of this amount, an estimated \$975 million results from our audit of ASCS - Evaluation of Security and Repayment of Commodity Loans. We projected this amount statistically from our audit results, which showed that grain either was going out of condition or was

missing. During this reporting period, we resolved this matter with ASCS, and corrective actions were being initiated to strengthen management controls

^d In this category are monetary amounts identified as having been expended erroneously or improperly due to agency action and for which recovery is not possible. This also includes 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 were used in determining the values, the midpoint estimate was used.

Summary of Investigative Activities

Investigative Reports and Cases

Reports Issued	684
Cases Opened	697
Cases Closed	666
Cases Referred for Prosecution	370

Impact of Investigations

Indictments	247
Convictions	284 ^a

Dollar Impact (millions)

Recoveries/Collections	\$2.0 ^b
Restitutions	\$4.5 ^c
Fines	\$1.2 ^d
Cost Avoidance	\$1.9 ^e
Administrative Penalties	\$1.9 ^f

Administrative Sanctions

Employees	32
Businesses/Persons	117

^a These include convictions and pretrial diversions.

^b In this category is all money received by USDA or other Government agencies as a result of OIG investigations.

^c Restitutions are court-ordered repayments of money lost through a crime or program abuse.

^d Fines are court-ordered penalties.

^e This category consists of loans or benefits not granted as the result of an OIG investigation.

^f These penalties consist of formal demands made by an administrative agency for money to be paid to the Government. The demand could be for repayment of money lost through a crime or program abuse, or for payment of an administratively determined fine or penalty. If any of this money is subsequently received by the agency, the actual amount received would be shown under "Recoveries/Collections."

PREVENTION ACTIVITIES

Disaster Assistance Act of 1988

Modifications Needed To Prevent Producers From Receiving Millions in Excessive Payments

3600-1-CH

OIG has been reviewing the efforts of the Agricultural Stabilization and Conservation Service (ASCS) to implement the Disaster Assistance Act of 1988. This act was passed to provide approximately \$3.9 billion in assistance to producers whose crops were affected by the 1988 drought and other natural conditions. We are currently auditing program compliance in eight States where producers will receive large program payments. To date, we have notified ASCS of several areas where it needs to modify procedures. For example:

- ASCS planned to make disaster payments to hybrid seed producers based on the much higher yields associated with normal crops, such as field corn. We questioned this arrangement and estimated that about \$50 million in excessive payments would have occurred. ASCS agreed and took action to ensure that payments to hybrid seed producers reflect the actual yields of those crops.
- ASCS was making disaster payments to orchard and vineyard producers based on total acreage planted to those crops. However, we noted that because of seedling planting cycles, a portion of the acreage is not expected to produce. ASCS agreed to implement a change that takes into account this nonproducing acreage.

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Farmer Loan Programs

Debt Restructuring Control Weaknesses Noted in Implementation

04673-1-SF

Congress passed the Agricultural Credit Act of 1987 to provide additional loan servicing assistance to delinquent Farmers Home Administration (FmHA) borrowers. The act authorizes new debt restructuring policies which will allow many borrowers to continue farming operations and, at the same time, minimize losses to the Government. FmHA has estimated that about 118,000 borrowers are eligible for relief under the act, at a cost of about \$8.7 billion in potential loan write-off or write-down losses.

Since the debt restructuring provisions of the act required substantial changes to existing regulations, we reviewed the proposed and interim regulations. We

identified potential problem areas and provided comments to FmHA for their consideration in preparing the final rule. Many of these recommendations were adopted, thereby improving economy and efficiency of program operations.

04673-3-SF

As FmHA implemented the loan servicing programs, we reviewed FmHA's progress in phases to provide the agency with timely recommendations for improvement of operations. In one phase, we reviewed the Debt and Loan Restructuring System (DALR\$) software developed by FmHA to assist county offices in determining the amount of the debt, if any, to be restructured. We found that FmHA had not performed thorough and independent testing to ensure the accuracy and reliability of the software. Thus, there was a greater likelihood that undetected errors could cause incorrect determinations, resulting in monetary losses and adverse publicity. Based on the results of our review, FmHA took immediate corrective action by contracting for additional testing.

In a subsequent phase, we reviewed the loan servicing programs to determine whether they were implemented in compliance with the laws and regulations and within the timeframes established. During this semiannual period, we made numerous recommendations to improve program implementation. FmHA either has taken or is in the process of taking corrective actions on our recommendations. Our recommendations addressed the following problems:

04673-5-SF(1)

- FmHA had not obtained current financial statements from all individuals of partnerships or corporations who signed the original promissory notes. This could allow some borrowers to escape their personal liabilities for the written-off debts.

04673-5-SF(2)

- FmHA procedures for reviewing appraisals of security property were not consistent between the preservation and primary loan service programs. Under preservation loan servicing, FmHA required second-party reviews of differences in excess of 5 percent between the market value and the capitalized value (i.e., value based on anticipated income generated by the property). Under primary loan servicing, the requirement to reconcile differences did not exist. We found unreconciled differences as high as 55 percent between market and capitalized values.

04673-5-SF(3)

- County offices had a high error rate in entering data into DALR\$, which caused incorrect debt restructur-

ing decisions. For example, in one case we found 18 errors on an approved debt write-down request; by correcting these errors, FmHA reduced the amount of the debt write-down by \$238,000.

04673-5-SF (4)

- County offices made inconsistent decisions regarding the need to rerun DALR\$ when the actual date of loan restructuring was different from the proposed date. The proposed date is used to determine the amount of accrued interest and to support the offer to the borrower. Changes in the dates may result in incorrect accrued interest and debt restructuring decisions.

04673-5-SF (5)

- FmHA had not provided guidance for adjusting certain automatic deductions made by DALR\$ in determining the net recovery value for borrowers with nonreal estate loans. For example, legal expenses and property management costs pertain only to loans secured by real estate. As a result, borrowers with nonreal estate loans may receive either an excessive debt write-down or an option to repurchase their loans below the actual net recovery value.

04673-5-SF (6)

- FmHA needed to strengthen existing procedures to ensure that borrowers' Farm and Home Plans were reviewed in a consistent manner and adequately supported. Some county offices did not obtain needed information to verify the data on the Farm and Home Plan while other county offices did not perform adequate reviews of the information reported. For example, one borrower, whose Farm and Home Plan, contained understated commodity prices and income, was approved for a debt write-down of \$178,000. Based on our audit, the borrower did not qualify for any debt write-down.

Dairy Termination Program (DTP)

Compliance With Regulations Is Generally Good

3632-9-CH

The DTP was established by the Food Security Act of 1985 to offer contracts to producers to achieve a 12-billion-pound reduction in the production of milk between April 1986 and September 1987. ASCS, through the Commodity Credit Corporation (CCC), entered into contracts with nearly 14,000 producers, involving anticipated payments of approximately \$1.8 billion nationwide. Our audit was performed in phases as the program was developed and implemented by ASCS.

3632-1-CH

3632-2-CH

During the first two audit phases, we found that additional controls were needed to ensure that producers with leased milk production facilities and those in financial jeopardy would maintain control of the facilities over the nonproduction period. ASCS strengthened controls to ensure compliance through increased onsite spot-checks and producer certification.

3632-3-CH

Our most recent audit phase targeted for review those producers who potentially could lose control of their facilities. We conducted onsite inspections to determine if the facilities were being used to house dairy cattle or produce milk. The contracts we reviewed involved anticipated payments totaling over \$168 million. Our audit did not disclose any significant contract violations warranting corrective action on a nationwide basis. We believe that the actions taken by ASCS earlier in the program to strengthen controls resulted in general compliance by producers with program regulations.

Emergency Feed Assistance Program (EFAP)

Insufficient Justification for \$13 Million Supplemental Handling Charge

03099-19-FM

A proposal was made to ASCS requesting supplemental handling charges totaling approximately \$13.1 million for grain elevators which are required to load out small quantities of CCC feed grains to producers under the EFAP. The EFAP allows eligible producers to purchase CCC-owned feed grains at 75 percent of the basic county loan rate in counties that have been stricken by drought. For eligible livestock producers, county offices compute the feed grain needs for a 90-day period. Livestock producers can request delivery of all or any portion of that quantity of feed grain to which they are entitled through CCC-approved warehouses.

We conducted a review which disclosed that the proposal was without justification and represented an unnecessary program expense. We found that the CCC negotiated fair and reasonable load-out rates with Uniform Grain Storage Agreement warehouses at the time the contracts were approved by CCC.

We recommended that ASCS not implement the proposal. ASCS agreed that warehouses were being compensated adequately for loading out grain under EFAP, and the proposal was not implemented.

INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

Agricultural Stabilization and Conservation Service (ASCS)

ASCS administers farm commodity, conservation, environmental protection, and emergency programs. These programs provide for commodity loans and price support payments to farmers; commodity purchases from farmers and processors; acreage reduction; cropland set-aside and other means of production adjustment; conservation cost-sharing; and emergency assistance. Financing for ASCS commodity programs comes through the Commodity Credit Corporation (CCC), a Government entity for which ASCS provides operating personnel.

Fiscal Year (FY) 1989 outlays for ASCS are estimated at \$1.8 billion for the traditional conservation programs and the Conservation Reserve Program. All other ASCS operations are funded by CCC, with estimated outlays of \$14 billion, including \$3.9 billion for crop disaster payments and \$900 million for other disaster assistance programs.

Payment Limitation

Incorrect "Person" Determinations Result in Excessive Deficiency Payments to Producers

03099-136-TE

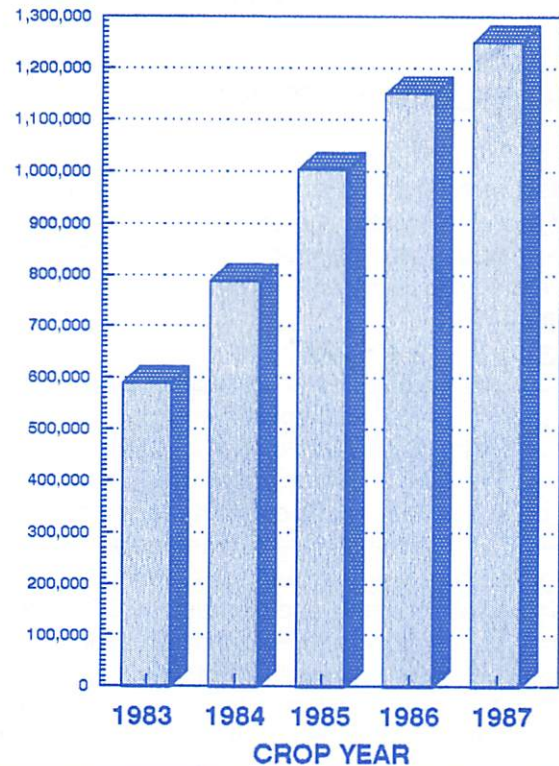
In past years, we reported that ASCS did not have adequate controls to ensure that county committees made proper "person" determinations. We found that ASCS had paid producers about \$60 million in excess of the payment limitation provisions.

In response to our audits, ASCS placed a greater emphasis on training and improved procedures for monitoring "person" determinations and for obtaining farm operating plans. However, farm policies in recent years have resulted in producers reaching the \$50,000 payment limit more quickly because of higher per-unit payments and generally higher crop yields. Many producers reorganized their operations as they neared or met the payment limitation to create additional "persons." This resulted in a significant increase in ASCS's workload. During the period 1983-1987, the number of producers paid under ASCS's crop programs increased from approximately 590,000 to 1.25 million, as shown in figure 1.

Because payment limitation procedures have undergone significant changes and ASCS's workload has expanded, OIG has continued to evaluate compliance with payment limitation rules.

Figure 1

NUMBER OF PRODUCERS RECEIVING DEFICIENCY PAYMENTS



- We have completed an audit of 16 entities with 46 "persons" for 1986 and questioned approximately \$2 million in ASCS program payments. These overpayments occurred because (1) the new entities did not have a substantive change in operations as required, or (2) the actual farming operation differed from the one reported to ASCS.

TE 334-16 HUNTSMAN

- An investigation in Arkansas has resulted in the indictment of two brothers for conspiracy and making false statements to circumvent the maximum payment limitation and person determination regulations. The indictment alleged that the brothers got coconspirators to provide their names to ASCS as "producers" of farming operations belonging to the two brothers; the brothers subsequently diverted the program payments of the "producers" to their own use. Over a 3-year period, the "producers" received approximately \$900,000 in program benefits. Trial is pending.

In response to our audits and legislation passed in 1987, ASCS has made a number of changes to strengthen payment limitation rules. If properly implemented, these changes will reduce the types of prob-

lems noted in our audits. We are in the process of evaluating ASCS's implementation of these changes. Our review will also emphasize the approval of farm operating plans and producer compliance with these plans.

Conservation Reserve Program (CRP)

Stronger Controls Should Prevent Excess Payments and Ineligible Enrollment

The CRP encourages farmers, through 10-year contracts, to stop planting crops on highly erodible cropland and plant instead a protective cover of grass or trees. Annual rental payments of up to \$50,000 are made to farmers who enter eligible land into the program.

03099-124-AT

A State office requested us to conduct an audit to evaluate concerns raised over the eligibility of land enrolled in the CRP. Our audit of 23 CRP contracts on 14 farms found 3 contracts under which ineligible land had been enrolled. These contracts resulted in approximately \$48,000 of ineligible payments and \$380,000 of ineligible future-year payments. Producers had been able to enroll ineligible land because ASCS procedures did not require sufficient verification of cropping history in cases where producers had not previously reported and certified crop production data. ASCS concurred with our recommendations to strengthen its regulations to ensure that only eligible cropland is enrolled in the CRP, and to recover overpayments plus liquidated damages, if warranted.

03099-18-FM

We also found that under the CRP, county offices either did not control the producers' payment limitations within a county or did not coordinate the issuance of payments between counties. We confirmed that ASCS overpaid 25 of 108 producers about \$68,000 because it did not perform postpayment reviews of those who may have received more than \$50,000 in CRP payments. Such a review could also determine the eligibility of producers who received CRP payments both as individuals and as members of partnerships or joint ventures.

We recommended that the ASCS Kansas City Management Office provide exception listings to the county offices at least annually. We also recommended that the Kansas City Management Office perform an analysis of payments made to partnerships and joint ventures and prepare exception listings of producers who are identified as potentially exceeding the \$50,000 limitation based on their multiple sources of payments. ASCS is in the process of implementing these control measures.

Farm Support Programs

Few Problems With Producers Who Receive Large Payments

50099-45-TE

In response to public concerns that producers with large farm operations were exceeding the \$50,000 payment limitation, we analyzed producer payments for FY 1986. We identified 33 farm entities that received payments greater than \$500,000. These entities received \$44 million in payments. However, we found that \$38.4 million (87 percent) of this amount was not subject to the \$50,000 limitation either because the payment programs were exempt that year, or because the entities involved were State governments, Indian tribes, or the Bureau of Indian Affairs. The remaining \$5.6 million, which was subject to the \$50,000 limit, was paid to 145 separate "persons."

We audited these entities and found that they were generally in compliance with program requirements. We did find one significant problem area within our sample—namely, the area of farm reorganizations. Seven of the thirty-three farm entities in our sample had reorganized their operations in 1986 to entitle themselves to additional "persons"; we found that three of these seven entities had added "persons" in violation of payment limitation rules. We questioned \$1.6 million in payments to these entities for 1986.

We also audited 18 Federal Crop Insurance Corporation claims filed by 5 of the 33 entities. We found that insurance companies had adjusted 11 of the 18 claims improperly. In total, the entities were overpaid about \$85,000.

Commodity Certificates

• Reconciliation Efforts Improved

Beginning April 30, 1986, ASCS began issuing commodity certificates as in-kind payments to eligible producers who chose to participate in CCC price and income support programs for wheat, feed grain, rice, and cotton, as well as to participants in other selected programs.

Since 1986, we performed a number of reviews of the procurement, issuance, redemption, security, and internal controls related to commodity certificates issued by the CCC. Although ASCS has improved safeguards over the certificates significantly, a backlog persists in the number of redeemed certificates which have not been reconciled to issuance records.

As of November 30, 1988, there were 144,000 unreconciled certificates. In response to our continuing concerns, CCC has implemented a plan outlining methods to ensure resolution of unreconciled items in a timely manner and reduction of the present backlog. ASCS's improved reconciliation process has reduced the backlog to about 117,200 unresolved items. As of February 28, 1989, no cases of fraud have been confirmed through resolution of these certificates.

- **Improper Settlement Prices Used To Redeem Price Support Loans**

03099-74, 76, 77 - CH

Producers are able to sell and purchase commodity certificates and use them to repay price support loans. The quantity of grain under loan that can be redeemed with commodity certificates is based on the posted county price per bushel and the value of the certificate. Therefore, the lower the posted county price, which fluctuates daily, the more loan collateral that can be redeemed with commodity certificates. To lock in a posted county price for loan repayment, the producer must present, and endorse to CCC, commodity certificates with sufficient dollar value to repay the loan value redeemed.

In audits of three States, we found that county offices used improper redemption dates and/or settlement prices to redeem price support loans with commodity certificates, resulting in losses totaling about \$529,000. County personnel allowed producers to lock in loan settlement prices without presenting the certificates for redemption. In some cases, county personnel backdated redemption dates to a date with a more favorable settlement price. In several cases, the county offices redeemed loans with commodity certificates before the producers had purchased the certificates.

During the audits, ASCS issued to all State and county offices a notice which emphasized the correct procedures for redeeming price support loans with commodity certificates. This notice also advised that employees involved in falsifying or changing redemption dates, to make it possible for producers to take advantage of a lower posted county price, will be subject to adverse personnel action.

First Handler Program Recipients Were Overpaid \$4.4 Million on Ineligible Cotton

03091-16 - FM

The Food Security Act of 1985 provides for price support payments in the form of commodity certificates to eligible participants in the First Handler Program (FHP) for upland cotton. The Act authorizes the CCC to make payments to eligible first handlers of upland cotton for crop years 1986 through 1990. First handlers

are persons regularly engaged in buying and selling eligible cotton and producers who sell directly to textile mills for export. They also may be cooperative marketing associations. For 1986, payments were made available to these handlers when the loan repayment rate was above the prevailing world market price.

Our audit of 1986 payments found that controls did not provide reasonable assurance that the claimants were paid in accordance with program requirements. Cotton cooperatives did not use the correct dates of acquisition for cotton redeemed from loans, payments were made for bales of cotton that were pledged subsequently as collateral for commodity loans, payments were made to claimants that had not purchased eligible cotton, and more than one payment was made on the same bale of cotton. We identified 13 FHP claimants who were overpaid about \$4.4 million and two claimants who were subject to liquidated damages of over \$442,000.

For the FHP, CCC paid approximately \$113 million in commodity certificates to 188 claimants for 1986. On March 20 and October 29, 1987, commodity loan repayment provisions were revised so that for 1987 and 1988 crop productions, the need for FHP payments was eliminated.

We recommended that ASCS review the 1986 payments to ensure that claimants were eligible for the amounts received and review the invoices to determine whether the required documentation was submitted. Accordingly, ASCS is conducting the recommended review of claimants' invoices to verify whether those claims were made properly.

Tobacco Dealers Could Avoid Penalties Through Unreconciled Purchases and Resales

03099-127 - AT

State offices are responsible for analyzing and reconciling the accounts of tobacco dealers and warehouses and ensuring that no excess tobacco is marketed without a penalty payment (\$1.15 per pound for the 1987 flue-cured crop and \$1.17 per pound for the 1987-88 burley crop). After State offices determine that penalties are due, dealers and warehouses are notified of the penalties. Cases are to be referred to OIG if the State office is unable to reconcile accounts or there is indication of false reporting. Cases that cannot be brought to a satisfactory close within 15 days are to be referred to the Office of the General Counsel.

We found that six of seven States had not made reconciliations when due or had not taken required actions when reconciliations were made. States had not assigned the necessary priority to these reconciliations and consequently did not promptly assess and/

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or collect penalties. During the audit, ASCS issued a notice requiring complete reconciliations and followup.

ASCS also could not always detect excess burley tobacco resales because reconciliations of purchases and resales were not required to be performed on a daily basis and State offices used varying methods of reconciliation. ASCS subsequently revised instructions to require reconciliations of burley tobacco purchases and resales on a daily basis.

Excessive Costs Identified With the Excess Haul and Transportation Assistance Programs

03099-9-FM

The CCC Commodity Loan Program allows producers to place grain under loan. At any time, prior to maturity date, producers may redeem their loans by repaying the loan amount plus accrued interest. If the loan is not repaid at maturity, the producer may forfeit the grain to CCC or put the grain into the Grain Reserve Loan Program, when this program is authorized. The program provides for producers to be reimbursed for handling costs associated with forfeitures. For example, reimbursements may be paid when grain under loan is transferred from farm-stored to warehouse-stored facilities, or when the county office directs movement of grain to a location other than the producer's normal delivery point.

We reviewed the Excess Haul and Transportation Assistance Programs to determine if controls were adequate to prevent payment of unauthorized or excessive costs. Our review found that sufficient management information was not available to control costs. We also found that: (1) rates established for these programs appeared to be excessive; (2) rates among State offices were established inconsistently; and (3) costs were being incurred for services not performed. We questioned payments totaling about \$200,000. Based on our audit, ASCS developed and implemented several new procedures which should correct the problems identified. We also recommended that ASCS examine the rates established by State offices, limit the reimbursement for excess haul costs to the lower of either the actual costs or the computed reimbursement rate, and provide the State offices with specific criteria to use in establishing the excess haul rates. ASCS is in the process of initiating these corrective actions.

Convictions Obtained in Unauthorized Disposal of Mortgaged Property

TE-332-85 WEHRENBURG

Guilty pleas have been entered in Oklahoma by a corporation and two prominent producers who were indicted for conspiracy, perjury, subornation of perjury,

and unauthorized disposal of mortgaged property. The indictment followed an investigation into an alleged bankruptcy fraud scheme which would have cheated FmHA, ASCS, and other creditors out of more than \$3 million. The corporation pled guilty to conspiracy and was sentenced to pay a \$50,000 fine. One of the producers pled guilty to bank fraud and was sentenced to 7 months in prison followed by 2 years' probation, and was ordered to pay a \$10,000 fine. The other producer pled guilty to subornation of perjury, conversion of CCC-mortgaged property, and aiding and abetting. His sentencing is pending.

Guilty Plea by ASCS Employee

KC 301-239 NELSON

An investigation has resulted in a North Dakota ASCS county program supervisor pleading guilty to embezzlement. The investigation disclosed that the employee fraudulently obtained from CCC eight price support loans totaling approximately \$102,000 over a 3-year period. The employee used the name of her husband, who was unaware of his wife's embezzlement, to obtain the eight loans and forged his endorsement on the loan checks. The employee was sentenced to 3 years' probation with confinement on alternate weekends for 1 year, fined \$2,000, ordered to perform 200 hours of community service, and pay restitution of almost \$94,000. The employee resigned from her ASCS position.

Foreign Agricultural Service (FAS)

Foreign Origin Commodities Included in Export Credit Guarantee Sales

The Export Credit Guarantee Programs (GSM 102/103 Programs) are to facilitate the production and export of U.S.-grown agricultural commodities. U.S. exporters sell commodities to selected countries, and FAS guarantees that the foreign buyer will pay the U.S. exporter within a specified period of time.

During this reporting period we provided congressional testimony concerning the findings of an ongoing audit and investigation of exporters receiving USDA guarantees on sales of U.S. commodities to foreign buyers. We reported that 31 of 66 tobacco companies consistently blended foreign tobacco with domestic tobacco and exported the mixture as "U.S. Origin" tobacco under GSM 102/103 credit guarantees. These 31 companies exported over 65 percent of the total tobacco shipped under GSM guarantees during the review period. Our auditors and agents are working with the U.S. Attorney's Office in Raleigh, North Carolina, to determine the full extent of this problem and will assist that office with the initiation of appropriate legal action.

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We are currently reviewing other products shipped under GSM 102/103 export guarantees. The Department's General Counsel has recently issued an opinion stating that USDA has the authority to suspend or debar exporters who include commodities of foreign origin in their GSM shipment.

Operation Bittersweet

Te 799-01 AFAGO

The owner of several import/export companies was sentenced to 10 years in prison, fined \$250,000, and ordered to pay \$2.5 million in restitution after he was found guilty by a Federal jury in Louisiana of conspir-

acy, submitting false claims, and smuggling. This conviction, together with a guilty plea by a wholesale merchandiser, was the latest legal action resulting from "Operation Bittersweet," a joint investigation conducted by OIG and the U.S. Customs Service. The investigation involved FAS-licensed sugar refiners and export brokers who diverted large quantities of nonquota sugar into the U.S. domestic market. The investigation has resulted in the indictment of 48 individuals and companies in connection with the illegal diversion of approximately 400 million pounds of foreign sugar into the United States. To date, 42 of these companies and individuals have been convicted or have pled guilty.



MARKETING AND INSPECTION SERVICES

Food Safety and Inspection Service (FSIS)

FSIS helps ensure that the Nation's commercial supply of meat and poultry is wholesome and correctly labeled through inspections at domestic plants and through a wide variety of monitoring and compliance functions. This includes reviews of foreign inspection systems and reinspections of meat imported into the United States. During this semiannual period we completed a followup audit of the imported-meat inspection process as well as an audit of the control of pesticide residues in domestic meat and poultry products.

Additional Improvements Could Be Made in the FSIS Imported-Meat Inspection Process

38602-4 Hy
The FSIS International Programs Division is responsible for ensuring the wholesomeness of meat and poultry products imported into the United States. To accomplish this task, FSIS reviews foreign inspection systems to ensure those systems are "equal to" the inspection system in the United States, and reinspects meat products at ports of (first arrival).

In a previous audit we reported on the results of our review of FSIS's certification of the "equal to" status in Australia and New Zealand. We found that both countries routinely used animal drugs that were not approved for use in the United States; monitoring of herds (in Australia) suspected of having residue contamination was not sufficient to ensure that animals from these herds were not exported to the United States; residue sampling plans did not ensure that samples taken were a valid representation of the animals to be tested; and safeguards over health certificates did not preclude the unauthorized use of certificates. Our recently completed audit disclosed that Australia and New Zealand have strengthened controls over their meat inspection systems.

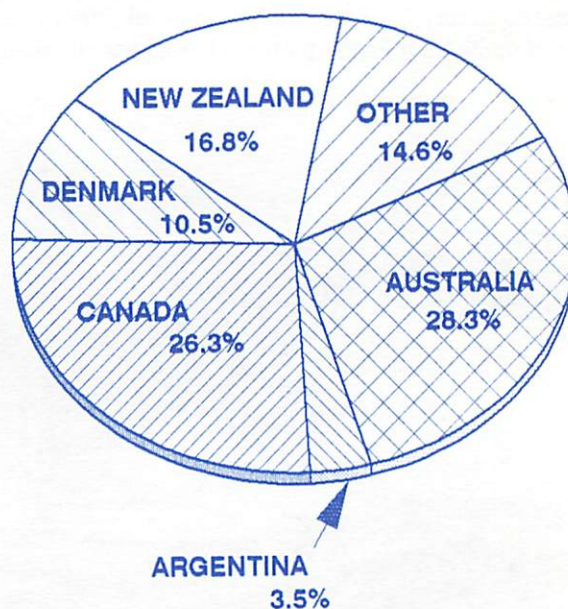
We also reported previously that FSIS allowed imported products to move from the point of first arrival without being inspected until the products reached their final destinations. FSIS has eliminated final destination inspections and has proposed to require port of first arrival inspection for all products. We believe these actions will significantly improve efforts to control meat products as they enter the United States.

Our recent audit of the imported meat-inspection process was again conducted in Australia and New Zealand and three additional foreign countries. These five countries had the largest percentage of exports to the United States, as shown in figure 2.

Figure 2

TOP EXPORTING COUNTRIES

1987 - 2.6 BILLION POUNDS



During our visits to the five countries, we noted the following deficiencies that we believe could affect FSIS's certification of "equal to" status for the countries' meat inspection systems.

- Argentina and Denmark did not include tests for cooked species, and Denmark did not include tests for substances, such as chloramphenicol, in their residue testing plans.
- Residue sampling plans in Argentina and Denmark did not ensure that samples were taken randomly.
- Quality assurance programs in Australia and Argentina were not sufficient to ensure the accuracy of laboratory results.
- New Zealand, Australia, Canada, and Denmark used animal drugs that were not approved for use in the United States, and Argentina did not have a complete list of the animal drugs it had approved. FSIS had not determined whether any of these drugs should be included in the foreign countries' residue testing plans.

- Australia and Denmark may have been testing for various substances using methodologies which were not "equal to" those in the United States.
- Argentina and Denmark did not have proper controls over U.S. export certificates.

We recommended that FSIS take action to ensure that countries comply with FSIS requirements to test for species, and that foreign country residue testing plans address drugs which are either disapproved or not yet approved for use in the United States. We also recommended that FSIS ensure that the laboratory test methodologies, quality assurance programs, and controls over export certificates for all eligible countries are "equal to" those used in the United States. We are working with the agency to resolve these recommendations.

Several Areas of Improvement Needed in Monitoring and Controlling Pesticide Residues in Meat and Poultry Products

38609-1-AT

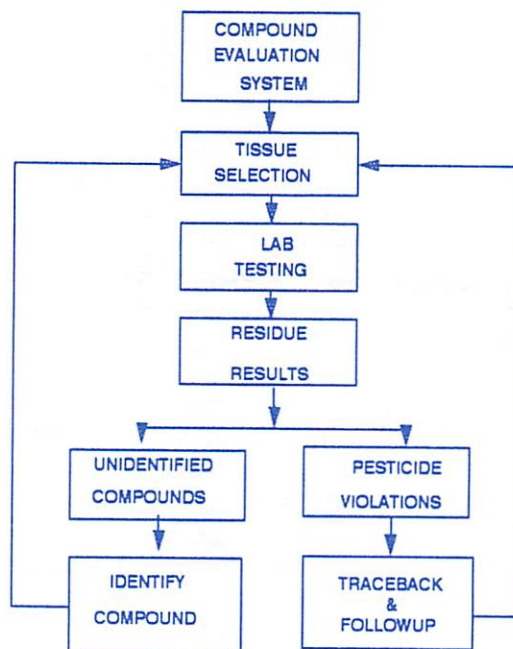
FSIS's National Residue Program involves evaluating chemical compounds, sampling and laboratory testing of animal tissues, and following up on violations or suspected violations. Under its Compound Evaluation System, FSIS determines which chemical compounds are likely to occur in meat and poultry and which have a potential impact on public health. Figure 3 illustrates the process used for monitoring and controlling pesticide residues.

We reviewed this system and found the following deficiencies:

- FSIS did not make evaluations of chemical compounds in a timely manner. FSIS personnel also did not adequately document the evaluations they did perform.
- FSIS had no support for 4 of the 12 action levels used to regulate pesticide residue in meat and poultry.
- In selecting animal tissues for laboratory analysis, some inspectors excluded animals from the sampling universe when the producer could not be identified. Some inspectors did not use a random method to schedule the times for selecting samples.
- FSIS did not always follow up on laboratory tests that revealed unidentified compounds.
- Controls were not sufficient to ensure that field laboratories completed their analyses of tissues-

Figure 3

FSIS - NATIONAL RESIDUE PROGRAM



amples within established timeframes or documented the results of their tests adequately.

- For 22 of the 28 cases we reviewed, the agency could not trace animal tissue found to have excessive levels of pesticide residue back to the producer that marketed the animal.

We also evaluated FSIS's agreements with plants under the Verified Production Control Program. This program is intended to encourage plants to develop procedures to prevent the occurrence of excessive residues in meat and poultry products. We found that because FSIS did not monitor plant compliance periodically, it could not assure that participating plants were complying with the agreements or that the program reduced the incidence of residue in meat and poultry products. Nevertheless, FSIS approved labels which claimed the superiority of products produced under this program. Eight of the eleven plants we visited were not in compliance with program provisions.

In response to the audit, FSIS indicated that actions were either under way or being proposed to address our recommendations to correct the noted deficiencies.

Investigations Find Uninspected Meat

KC 2434-41 MOORE ACE PACKING

- As a result of an investigation in Missouri, the owner of a meat packing company pled guilty to conspiracy and obstruction of justice. The owner was cited for conspiring with an employee to put false information on seven company sales invoices relating to the sale and delivery of uninspected cattle carcasses. The owner was also cited for obstruction of justice because the falsified invoices were presented to our agents in response to a grand jury subpoena. The owner was sentenced to 2 years' probation and fined \$120,000.

HY 2434-44 DUCK JR.

- An investigation in Virginia resulted in the indictment of two officials of a USDA-inspected meat processing plant by a county grand jury for violations of the State's Meat and Poultry Products Act. The indictment alleged that the individuals processed and sold in intrastate commerce assorted pork products without the knowledge or approval of the assigned USDA inspector. Under Virginia law, all meat packers and processors are required to have their products inspected by either Federal or State inspectors before the products are entered in intrastate commerce. Trial is pending.

Agricultural Marketing Service (AMS)

Meat Grading and Certification Activities Could Be Strengthened

01061-10-CH

AMS provides meat grading and certification services to about 600 meat packing, processing, and other food establishments nationwide. AMS grades approximately 12.2 billion pounds of red meat per year at these establishments. We performed an audit of selected aspects of the Meat Grading Program at the AMS



national office and Chicago regional office, and at 10 meat packing plants and 22 retail outlets.

- AMS made only 17 visits to about 3,700 retail outlets in the Chicago area over a 2-year period. These visits were intended to ensure that retail outlets were complying with grade labeling and advertising requirements. In addition, we noted that AMS was not making required followup reviews to retailers found violating the requirements.
- AMS records did not show if corrective actions were taken on instances of misgraded meat documented on supervisory review forms. Our analysis of about 1,900 instances of misgraded meat identified by supervisory meat graders at 25 plants in the Chicago area, disclosed that corrective action was taken only on about 24 percent of the instances. We further noted corrections of undergrades were documented at about twice the rate of overgrades, which could give the appearance of favoritism toward meat plants. AMS officials said that meat products found to have been misgraded were corrected, even if the corrections were not documented properly.

AMS agreed that it needed to perform an increased number of visits to retail stores each year. AMS also agreed that better documentation was needed to prove that corrective actions were taken on misgraded products found during supervisory reviews.

End Users of Imported Flue-Cured and Burley Tobacco Were Not Identified Adequately

01091-2-AT

The Food Security Act establishes a requirement to track the users of imported flue-cured and burley tobacco. Such information is to help determine what portion of imported tobacco is reexported and what portion is used for the domestic manufacture of tobacco products. The act requires the identification of all end users of such tobacco and requires an importer to file amended statements, when necessary. We performed an audit of AMS's implementation of the act and found several deficiencies:

- AMS funded end-user activities through appropriated funds not intended for end-user activities, such as Market News, and through user fees obtained from pesticide testing authorized under section 1161 of the Food Security Act.
- AMS did not make timely onsite visits to importers to ensure that the disposition of imported tobacco was reported correctly. AMS visited importers to explain the program when the act was enacted but made no further visits until after our audit was initiated.
- We found reporting problems at 9 of 10 importers visited and identified more than 27 million pounds of

tobacco that had not been reported or had been reported incorrectly. We could not determine the amount in error in another 23 million pounds because inventory records did not identify tobacco by the certification number under which it was imported, or because the tobacco was blended with other tobacco and the percentage used at a particular time was not known. We also found that end-user reports submitted by importers were incorrect, inconsistent, and not submitted within required timeframes.

AMS agreed that monitoring of the end-user program needed strengthening. We are working with the agency to resolve the audit findings concerning the amount of monitoring needed.

Guilty Pleas in Tobacco Marketing Scheme

AT-121-40 HALSTEAD

Two tobacco warehouses in North Carolina, an owner of one of the warehouses, and a tobacco buyer for the other warehouse were charged with participating in a scheme to forge USDA tobacco inspection certificates. The U.S. Attorney's Office in Raleigh, North Carolina, charged the individuals and the warehouses with preparing 55 inspection certificates to make it appear that the tobacco was graded by an authorized USDA tobacco grader and that the tobacco was sold during an auction sale, as required by USDA regulations. All defendants subsequently pled guilty or nolo contendere and were fined a total of \$11,450.

CCC Commodity Processor Found Guilty

KC 199-12 DAKOTA CHEESE

Legal action has been completed in South Dakota against a cheese manufacturer and two of its principals who were indicted for conspiracy to defraud the CCC by improperly adding calcium caseinate to mozzarella cheese which was being sold to the Government. At trial, the company and its president were found guilty; charges against the third defendant were dismissed prior to the trial. The company and its president were each fined \$200,000.

Subsequent to the sentencing, the company was fined an additional \$115,000 for failing to comply with a grand jury subpoena issued during this investigation.

Animal and Plant Health Inspection Service (APHIS)

Weaknesses Noted in Quarantine Controls Over Contaminated Herds

33003-1-Hy

Our review of quarantine controls over contaminated herds identified several weaknesses which reduced the effectiveness of controls to prevent the spread of disease.

Two of the four locations reviewed were not complying with established guidelines for processing animals into the United States. Animals were unloaded at one port without a Declaration of Importation and the required health certificates. At a second port, we found instances where certificates of inspection were signed in advance by the port veterinarian even though animal inspection procedures were being certified by persons who were not veterinarians. We also found that physical security and safety controls at three quarantine facilities were not adequate to protect animals from injury or separate them from other animals with infectious diseases. In addition, APHIS did not adequately ensure that States met the specific requirements for advancement to an improved status in the brucellosis program. Each State's classification is based upon several factors, including herd infection rates and the State's ability to trace infected animals back to the infected herd. Two States were advanced to a higher class even though their programs did not meet trace-back requirements or ensure the proper control over cattle moving from one classification area to another.

In response to the audit, APHIS issued a notice to all field officials emphasizing the need to obtain required import documents, and will develop instructions to ensure that all aspects of animal certifications and releases are performed by veterinarians. In addition, APHIS has scheduled reviews of quarantine facilities to identify security and safety deficiencies, and will evaluate whether the classification status of the two States needs to be revised.

Veterinarian Suspended for Submitting Fraudulent Test Results

NY 3399-34 FAIRBURN

In New York, a USDA-accredited veterinarian was suspended 1 year for falsifying brucellosis test charts on cattle he intended to export. Our investigation disclosed that the veterinarian, believing the cattle were disease-free, opted to use the blood of four cows to prepare laboratory samples for the number of cattle he intended to export. To facilitate the scheme, he forged the signature of another veterinarian on the brucellosis test charts. Because the veterinarian's farm and cattle in question were found subsequently to be free of disease, he was placed in a pretrial diversion program in lieu of prosecution.

Federal Grain Inspection Service

Two Indicted for Bribery

KC 3117-1 ADAMS AND PRO FARMER GRAIN

As the result of an investigation conducted jointly with the Federal Bureau of Investigation and the Iowa Grain

Warehouse Bureau, a Federal grand jury in Iowa indicted a grain dealer and a federally licensed grain inspector for bribery and conspiracy. The indictment alleged that over a 2-year period, the grain dealer paid

money to the inspector, who then prepared false grain inspection certificates to show a higher grade of grain. The inspector's employment was terminated during the investigation. Trial is pending.

SMALL COMMUNITY AND RURAL DEVELOPMENT

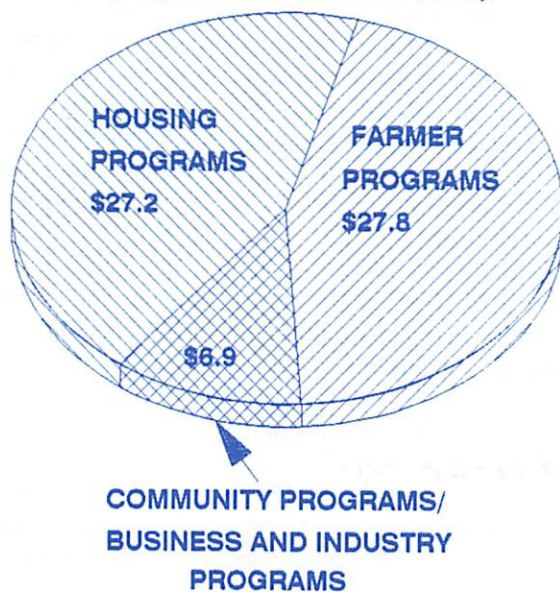
Farmers Home Administration (FmHA)

FmHA is the Department's credit agency for rural development and agriculture. As of December 31, 1988, FmHA had about 1.2 million active borrowers and a loan portfolio of about \$61.9 billion, including \$4.8 billion in guaranteed loans. We placed emphasis during this period on FmHA's cash and debt management practices over rural housing, community programs, and business and industry loans.

FmHA OUTSTANDING LOAN PORTFOLIO

AS OF DECEMBER 1988

(\$ BILLIONS - TOTAL = \$61.9)



Cash and Debt Management Practices Need Strengthening

04663 - 2 - CH

We conducted an audit of FmHA's cash and debt management activities in 9 States and 45 county offices to determine the adequacy of internal controls in both the program and administrative areas. Our audit covered administrative payments, county office collections and disbursement of loan funds, and debt management issues relating to release of borrower liability, loan applicant prescreening, and recovery of interest credit assistance. We noted several significant issues:

VA
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OR

- An effective policy is needed to minimize losses from Rural Housing (RH) borrowers who abandon or convey their security properties. Over \$75 million in losses were incurred on sales of acquired properties in the nine States included in our sample (\$223 million nationwide) in 1 year. We estimate that over 5,000 borrowers were released from liability of about \$53.6 million even though properties were not maintained, other loan covenants were not met, and/or borrowers had potential repayment ability. We found that FmHA did not consider the cost/benefit or deterrent effect of pursuing collection actions. In addition, wage matching with State Employment Security agencies was not used to identify unreported income. These discharges of borrower debt, which totaled over \$445 million during the 2-year period of our review, were not reported to credit bureaus as defaults or to the IRS, via Form 1099, as income.

- Prescreening of loan applicants for prior defaults was not effective. Loans totaling \$3.5 million were made to borrowers in the nine States even though these borrowers had defaulted on previous loans of \$3.9 million. Losses of over \$3 million were incurred nationwide on loans made to borrowers with prior defaults.
- Over 54 percent of the sampled interest credit recapture cases reviewed were in error. We estimated that in the nine States, over \$3 million was owed but not collected and \$1 million was collected in excess of what was owed.
- Although improvements have been made to reduce RH acquired property inventory levels, we found the county offices had not fully implemented or consistently applied procedures for acquiring, managing, and/or selling inventory property. Losses of \$1.4 million for 142 of 331 sampled borrowers could have been avoided had prudent loan making and/or property management procedures been followed.

In response to the report, FmHA generally agreed with the need for corrective actions. However, FmHA questioned the need to request legislative authority to obtain wage data and determined that defaulted RH borrowers should not be reported to credit bureaus or the IRS. We continue to believe these corrective actions are needed and are working with FmHA to resolve these recommendations.

Criminal Proceedings Brought Against FmHA County Supervisors

SF 401-185 HORN

- Three individuals, including a county supervisor in California whose job included loan approval, were indicted on 13 counts of bribery and conspiracy. The indictment charged the individuals with conspiracy to obstruct and impede the lawful operation of FmHA in its management and supervision of various loan and insurance programs. The indictment alleged that bribes exceeding \$100,000 were paid over a 3-year period to the county supervisor in return for the improper granting of FmHA-financed loans, and the preferential treatment of applications for rural housing subdivisions. Trial is pending. During our investigation, the county supervisor resigned from FmHA. Also, based on our investigation, FmHA debarred four individuals and two related companies from participation in FmHA programs for a period of 2 to 3 years.

AT 401-390 WELLS

- Legal action has been completed against a county supervisor in North Carolina who was indicted on five felony counts including embezzlement, conflict of interest, and extortion. The county supervisor has since pled guilty to three counts of embezzlement and conflict of interest, admitting to having traded the equity in two FmHA-owned houses and \$4,000 to a car dealer for a Porsche automobile valued at \$32,000. The county supervisor has since resigned, been sentenced to 4 years in Federal prison, and required to pay over \$52,000 in fines and restitution.

Control Deficiencies Noted Over Community Program Loan Instruments and Payments

04099-279 AT

We conducted a review to determine if FmHA's administrative controls were sufficient to ensure that: (1) Community Program loan instruments (bonds and notes) were physically on hand, reconcilable to accounting records, and safeguarded properly; and (2) borrowers were making their loan payments in accordance with the repayment schedule specified in the applicable bond or note.

None of the 12 district offices in the 4 States we visited during the audit had performed a physical inventory to ensure that the bonds and notes were on hand or accounted for. Furthermore, national office coordinated assessment reviews and State office operation reviews of the district offices did not include testing to see if bonds and notes were on hand. As a result, district office records were incomplete, and 18 bonds or notes worth approximately \$1.5 million were missing from district office files. District office personnel subsequently located 12 of the missing bonds or notes in

county office files, but 6 of them, valued at about \$432,000, were still missing at the time we completed our fieldwork. Since the audit, FmHA indicated that one of the missing documents, valued at about \$147,000, had been located.

In two of the States visited, repayment schedules specified in the debt instrument (bond or note) were not consistent with FmHA instructions. These repayment schedules were based on either annual or semiannual payments, rather than monthly payments as required. By not requiring borrowers to make monthly loan payments, FmHA has incurred additional interest costs on subsidized loans.

In addition, the payment status of Community Program borrowers making monthly payments was not always reported correctly on finance office records. In one State, we found 58 borrowers whose scheduled payment status was listed on finance office records incorrectly. Both district and finance office personnel said that the finance office computer accounting system was presently unable to reflect the correct payment status for Community Program borrowers making monthly installments. Consequently, FmHA district personnel could not rely on the payment status reported by finance office records to service these monthly payment accounts, and future FmHA financial reports could have material errors in reporting delinquent accounts.

FmHA personnel were in agreement with the results reported and indicated that corrective action had been or would be initiated.

Servicing Contract Canceled

0499-27-AT

We reviewed FmHA's pilot program contract in South Carolina for the collection and servicing of Sections 502 and 504 Single-Family Housing loans. The contractor established a central collection office and 20 servicing offices in the State to handle about 32,500 cases. The contract was for a period of 7 months, with two 1-year option renewal periods, and had an anticipated cost of approximately \$9.5 million.

We conducted an audit to determine whether FmHA had evaluated the cost effectiveness of the pilot project, whether the contractor complied with contract specifications, and whether controls were adequate over contractor collections and processing of borrower payments.

We found that FmHA awarded the contract without first performing a cost-benefit analysis to determine if the inhouse work should be contracted out. Later, FmHA exercised two annual contract renewal options al-

though an FmHA analysis disclosed that the annual contract cost exceeded inhouse cost by about 210 percent, resulting in \$9.5 million excessive costs to the Government. Further, FmHA was in the process of preparing an FY 1990 budget request to expand the contract to other States and estimated that costs for a nationwide effort would exceed \$118 million.

FmHA agreed with our recommendations and will not extend the contract beyond its scheduled termination date.

Guaranteed Loan Funds

• Lender Noncompliance With FmHA Agreement Leads to Losses

64099-271-AT

We found that a lender had not properly serviced Business and Industry loans totaling approximately \$4.2 million. The lender did not obtain FmHA's written approval to make new loans to the borrower, had not maintained adequate control over machinery and equipment security prior to liquidation, and had not ensured that loan funds were used for eligible purposes.

The lender did not seek FmHA approval of a liquidation plan or estimated liquidation expenses before incurring the expenses. The lender was reimbursed for legal expenses incurred before the loans were accelerated and while the borrower and his personal guarantor were protected from creditors under Chapter 11 bankruptcy laws. The lender was reimbursed about \$418,000 in expenses that were ineligible, including about \$165,000 in attorney fees for services provided primarily for the lender's own benefit.

Our review of the losses reported and supporting records disclosed that: (1) the lender distributed collateral proceeds to the Business and Industry loans incorrectly; (2) liquidation expenses and losses incurred on the disposition of security collateral were not deducted from the personal guarantee gross proceeds; (3) collateral proceeds were underreported and prorated to loans incorrectly; and (4) the lender used collateral proceeds for payment in full of its loans and leases while the Business and Industry loan balances were substantially unpaid. As a result, FmHA was underpaid by about \$220,000, including \$18,000 interest, on its portion of the Business and Industry loans.

We concluded that the lender should be held liable for FmHA's share (about \$927,000) of reported losses suffered on these loans. FmHA indicated

agreement and is working with the Office of the General Counsel to resolve these issues.

• Loan Funds Used for Unauthorized Purposes

04099-144-TE

The Emergency Livestock Credit Act of 1974 was enacted to make credit available in the form of line of credit loan advances guaranteed by FmHA. The line of credit was available to farmers and ranchers who were engaged primarily in agricultural production and who had substantial livestock operations, so they could continue their normal ranching operation during periods of depressed livestock prices.

FmHA guaranteed a \$350,000 line of credit to an individual livestock operation in 1977. The purpose of the loan was to provide funds for debt refinancing and annual operating and family living expenses. Our review disclosed that although the loans for the individual operation under the guaranteed line of credit had been repaid, the lender gave the borrower additional loan funds which were used for a corporate livestock operation. The corporate operation was not covered by the Contract of Guarantee between FmHA and the lender; nevertheless, the lender claimed losses in 1988 totaling about \$407,800. FmHA agreed with the audit findings and disallowed the lender's loss claim.

Builder Pleads Guilty to Falsification of Water Tests for Rural Housing Project

NY 401-71 MAYER FIELD

A New Jersey businessman and his construction company both pled guilty to making false statements to FmHA in connection with falsified or altered well water test results for rural single-family homes. Water tests conducted during this investigation determined that 58 of the 60 FmHA-financed homes built by this construction company failed health standards set by the State of New Jersey and the Environmental Protection Agency.

The businessman agreed to reimburse the costs associated with retesting the water supplies of all properties that the construction company sold under the FmHA low-income financing program. He also agreed to pay for the installation of filtration systems at those homes that have unacceptable levels of nitrates or other chemicals. Sentencing is pending.

Investigations of False Claims Submitted to FCIC

SF 530-1 SAULSBURY

- An almond producer in California pled guilty to making a false statement and a false claim to FCIC. The producer acknowledged that he underreported his almond production for the 1985 and 1986 crop years in order to receive almost \$300,000 in excess

crop insurance indemnity payments. In addition to defrauding FCIC, he also acknowledged that he defrauded his landlord of over \$174,000 by underreporting his production. The producer was sentenced to a year and a day in a community halfway house and was ordered to make restitution of \$474,000.

AT 530-21 RIGBY

- A Federal grand jury in Georgia indicted a farmer for conspiracy and submitting false claims to FCIC. The

indictment alleged that the farmer submitted the false claims over a 3-year period by failing to report all his production to the insurance company that handled his policies (which were ultimately guaranteed by FCIC). The indictment also alleged that the farmer sold his crops under fictitious names in order to conceal his production. Trial is pending.

NATURAL RESOURCES AND ENVIRONMENT

Fraudulent Construction Bonds Have Become an Increasing Problem

The Miller Act (40 USC 270), passed in 1935, allowed individuals to act as bondholders or bond issuers for contractors doing work on Federal Government contracts. These individuals guaranteed that (a) they would complete the contract at no additional cost to the Federal Government if the prime contractor failed to finish the contract satisfactorily, and (b) they would pay all unpaid amounts due from the prime contractor to laborers, subcontractors, suppliers, and the Federal Government if the prime contractor failed to do so.

Until the mid-1980s, individual sureties were used infrequently because most contractors obtained corporate sureties from bond issuers such as insurance companies. During the 1980s, bond issuers increasingly tightened their criteria for issuing corporate sureties to contractors on Federal contracts, resulting in an increase in the number of individual sureties proffered to contracting officers.

Both the Forest Service (FS) and the Soil Conservation Service (SCS) usually require bid, payment, and performance bonds on construction contracts, which may range from \$25,000 to several million dollars. In the past few years, OIG and other investigative agencies have become aware of possible intentional submission of false and fraudulent bonding documents in Federal construction contracts.

Evidence has surfaced of patterns of deliberate submission of fraudulent Affidavits of Individual Surety that list nonexistent, unowned, or grossly overvalued assets as security. The falsity of the bonding documents only

becomes apparent when a prime contractor defaults on the Federal contract and the bond is discovered to be worthless. This situation typically occurs after a lapse of many months or years, at which time it is often too late for the Government to avoid financial loss.

SF 0899-44 JOSEPH

In Arizona, an OIG investigation resulted in the indictment by a Federal grand jury of six persons and three companies on charges of conspiracy, submitting false surety bonds, mail and wire fraud, and/or making false statements to the Federal Government. Allegedly false bonding documents guaranteeing \$12 million worth of contracts were submitted to the FS in Arizona, the SCS in New Mexico, the U.S. Department of Transportation in Colorado, the Army Corps of Engineers in California, and the Department of Veterans Affairs in North Carolina and Virginia.

The indictment alleged that the owner of two bonding/insurance companies and three other persons falsified certificates of individual surety and submitted other false bonding documents. According to the indictment, the individuals falsified the papers by forging them or by pledging overvalued or nonexistent assets. Also, the owner of a construction company in southern California and his wife were charged with conspiring to falsify documents submitted to the FS and SCS. The 4-year investigation was conducted jointly with the Defense Criminal Investigative Service, the Army Criminal Investigation Division, and the Federal Bureau of Investigation.

To date, the construction company owner and two of the coconspirators have pled guilty, and their sentences are pending. Trial is pending for the other defendants.

FOOD AND CONSUMER SERVICES

Food and Nutrition Service (FNS)

Work Continues in Food Stamp Program (FSP) Investigations

We are continuing to devote significant effort to the investigation of food stamp fraud. Recently, an increasing number of our investigations, often conducted jointly with other Federal, State and local law enforcement agencies, have identified individuals and retail stores which are accepting food stamps in exchange for illegal drugs. For example: *KC 2747-132*

KC 2747-177

- Information developed during a food stamp trafficking investigation in Missouri led to the discovery of three drug laboratories in southern California. During a search of the laboratories by OIG, the Drug Enforcement Administration and local police, 40 gallons of PCP and chemicals sufficient to produce another 600 gallons were seized. Six persons have pled guilty to charges ranging from unauthorized possession of food stamps to distribution of PCP. One has been sentenced to 7 years and 3 months in prison, and a second was sentenced to 6 years and 3 months in prison. The remaining sentences are pending. *KC 2747-132*

KC 2747-177

- Also in Missouri, as a result of an investigation conducted jointly with a Federal-State Drug Task Force, eight persons were convicted of food stamp trafficking and drug charges and a ninth remains a fugitive. The eight who have been convicted exchanged \$6,000 in cash and cocaine for \$66,000 in food stamps.

*VARIOUS
OPERATION CRACKDOWN
OPERATION CLEVELAND*

- Two investigative operations in Texas resulted in the arrest of 68 persons on food stamp trafficking and drug charges. In the first operation, conducted jointly with local police and the Texas Alcoholic Beverage Commission, 38 individuals were charged with food stamp and/or drug trafficking violations. Eighteen persons, including two retail store owners authorized to accept food stamps, were charged with purchasing food stamps in exchange for cash or controlled substances. Twelve of those persons and 20 others were charged with distribution of narcotics, or with distribution of narcotics within 1,000 feet of a school. To date 31 persons have pled guilty or been found guilty at trial, and charges against 1 person have been dismissed. In the second operation, conducted jointly with local police, 11 people, including 1 retail store owner, were charged with food stamp traffick-

KC 2741-52

KC 2747-123

KC 2747-120

KC 2747-124

KC 2747-159

KC 2747-158

ing, and 19 others were charged with distribution of a controlled substance. Prosecution of all 30 persons is pending.

- In Kansas 10 persons, including 4 State Food Stamp Eligibility Specialists, pled guilty to food stamp trafficking charges. One individual, who also pled guilty to aiding and abetting the distribution of crack cocaine, was sentenced to 1 year and 4 months in jail. The remaining nine were sentenced to terms of probation ranging from 3 to 5 years, and ordered to pay fines and restitution totaling over \$10,000. Two other individuals were found guilty at trial and are awaiting sentencing.

Other significant food stamp investigations include the following:

NY 2747-272 LNU

- In New York 15 persons, including 7 New York City Food Stamp Eligibility Specialists, were indicted on charges of food stamp trafficking, conspiracy, and aiding and abetting. The 15 persons allegedly purchased over \$220,000 in food stamps for cash. Further legal action is pending.

TE 2749-391 BROWN

- A Louisiana resident pled guilty to using false birth certificates to obtain \$14,000 in food stamps and \$17,000 in other benefits. This person was sentenced to 1 year in prison.

SF 2747-203 GROCERY & CAFE RENE

- The owner of a California grocery and his wife, a clerk in the store, were indicted on conspiracy charges, food stamp trafficking, and fraudulent redemption of food stamps. The indictment alleged that the two purchased over \$4,000 in food stamps for cash during eight transactions and that, over a 20-month period, the owner fraudulently redeemed \$1.6 million in food stamps. Trial is pending.

Additional Convictions and Sentences in \$4.8 Million Food Stamp Theft

WA 2744-86 52 US BANKNOTE

In June 1988 OIG agents arrested a fugitive sought in the 1984 theft of \$4.8 million in food stamps from the United States Bank Note Company in Philadelphia, Pennsylvania. This individual subsequently pled guilty to conspiracy, theft, and illegal acquisition of food stamps. In January 1989 he was sentenced to 2 1/2 years in prison. In October 1988 a second individual, who acted as the middleman in the sale of approximately \$400,000 of the stolen food stamps, pled guilty to conspiracy and trafficking. He was sentenced to 5

27025-30-TE

27099-43-TE

27099-44-TE

years' probation and 200 hours of community service. In March 1989 a third individual, who purchased over \$1 million of the stolen food stamps, was convicted of food stamp trafficking and conspiracy. His sentencing is pending.

Some Administrative Overcharges in the Food Stamp Program

NY 27665-1-Hy

During this reporting period, we completed several audits in which we questioned costs for administrative expense reimbursement to State agencies of at least \$5.8 million. The problems we noted were as follows: (1) 100 percent of the payroll costs for employees who worked only parttime on food-stamp-related work was charged improperly to the Food Stamp Program; (2) 100 percent of payroll costs for employees who regularly performed nonfraud investigative functions was claimed at the higher enhanced funding rate for fraud pursuit; and (3) costs were not allocated correctly between fraud and nonfraud activities.

CT 27019-35-Hy

FL 27018-5-AT

Ineffective Controls Over Adjudicated Food Stamp Fraud Claims Collections

27019-32 AT

We reviewed controls over collection of court-ordered restitution in 3 States that had over 5,000 adjudicated food stamp claims totaling about \$4.9 million. The audit disclosed that the three State agencies had not effectively managed collection of delinquent adjudicated claims totaling about \$2.9 million.

We concluded that weaknesses existed in food stamp offices because the State agencies had not established clear lines of authority and responsibility for food stamp offices to coordinate and monitor the collection of adjudicated claims. We found that the food stamp offices did not monitor the status of claims collected by clerks of court and probation offices and did not report delinquent cases to probation officers for enforcement action. In 2 States, 448 individuals with claims totaling over \$430,000 were released from probation before the court-ordered restitution was paid. The failure of food stamp offices to monitor claim collections and to communicate with clerks of court and with probation officers caused the premature release of these individuals from probation. As a result, food stamp offices failed to reduce the food stamp allotments of 265 participating households to offset delinquent adjudicated claims. FNS has initiated corrective actions to ensure that State agencies define food stamp office responsibilities to monitor the collection of adjudicated claims and to use recoupment as a means of collecting claims.

Child Care Feeding Costs Inflated or Questioned

Our audits of meals claimed by three Louisiana child care sponsors found that claims of over \$157,000 were inflated or could not be supported by accounting records. For example, it appeared that one sponsor claimed costs to assure maximum reimbursement without regard to the legitimacy of the claimed expenditures. Over \$56,000 was claimed as an administrative cost even though the amount was simply used, in a series of interfund transfers, to meet payroll. The payroll expense had been claimed for reimbursement in the month incurred. In addition, we found that the sponsor: (a) claimed current reimbursements to pay for past ineligible claims identified by OIG and State audits, (b) claimed expenses for which there were no supporting records, (c) claimed prior years' expenses in the current year, (d) charged the same expenses on more than one claim, and (e) charged costs to more than one program. We recommended action, and FNS agreed, to recover approximately \$110,000, and terminate this sponsor's agreement if corrective actions are not taken.

We completed audits of 92 Child Care Food Program sponsors in New York State this semiannual period. As a result of these audits, we found questionable costs totaling about \$242,000 at 64 sponsors. The costs were questionable because the sponsors (a) reported enrollment inaccurately, (b) claimed meals in excess of license capacity, (c) claimed more meals than were documented based on attendance, (d) prepared inaccurate claims (i.e., math errors), and (e) did not meet milk requirements.

Requirements of Food Processing Agreements Not Met

27099-81-CH TRI-VALLEY

We conducted two audits of food processors at the request of FNS. Both audits involved the accountability and end-product distribution of USDA-donated commodities.

- One audit involved the processing and distribution of USDA-donated wheat under a special distribution agreement between FNS and a State agency. Under this agreement, USDA agreed to make available 27,500 bushels of wheat to be processed into products for distribution within the State in accordance with Temporary Emergency Food Assistance Program (TEFAP) regulations.

Our audit disclosed that sufficient records were not maintained to support administrative expenses allocated to the program; thus, we could not determine if income was generated in excess of costs (specifically prohibited by the agreement). Further, we

noted that the products were not always distributed through the TEFAP network as required, and that complete and accurate records had not been maintained to account for the distribution and inventory. In addition, the processor did not meet required yields.

We recommended that a cost allocation system be established to assign costs equitably to the program and that excess income be returned to the appropriate distributing agency. We also recommended that if this program continues, proper accountability and controls be maintained to ensure the donated commodities are distributed to eligible recipients. The processor should also be required to refund the value of any yield shortages.

27099-79-CH

- In another audit, we conducted a limited scope review in conjunction with an ongoing audit/investigation of another processor. We found that the processor did not use sufficient quantities of donated foods to meet contracted yield requirements. Regulations require that amounts equivalent to 100 percent of the donated foods must be contained physically in end products. This processor did not use nondonated food, as required, to account for losses during production. As a result, the processor did not meet contracted yield requirements for 6 of 12 commodity items produced, resulting in shortages totaling over 133,000 pounds of donated food valued at \$163,000.

SCIENCE AND EDUCATION

Cooperative State Research Service (CSRS)

CSRS administers grants and payments to States for agricultural research carried out by a nationwide system of State agricultural experiment stations and land-grant institutions. In FY 1989, about \$348.5 million was appropriated for CSRS. For the most part, these funds are distributed by statutory formula to the Nation's land-grant institutions on a non earmarked basis. They support approximately 14 percent of the research conducted at State agricultural experiment stations.

Questioned Costs in Research Facilities Program 13601-1-AT

We audited the Research Facilities Program at the 1890 land-grant institutions. We found that because CSRS had underestimated the vulnerability of the Research Facilities Program, the distribution of program funds to land-grant institutions lacked sufficient administrative controls to prevent or detect misapplications by recipient universities. Our audit of program expenditures at eight 1890 land-grant institutions questioned \$7.2 million of the \$8.9 million that had been expended to improve the schools' research capacities. Specifically, we questioned the institutions' use or proposed use of facilities constructed or renovated totally from program funds for nonresearch-

related activities, and the institutions' acceptance of improper contractor work and unauthorized contract fees. We also questioned one university's failure to act upon a conflict of interest that existed in two contracting situations. We have recommended that CSRS review the questioned expenditures in order to recover any misapplied funds and to establish appropriate internal controls that will detect and prevent any further misuse of Research Facilities Program funds.

University Directed To Repay Grant Funds for Ineligible Claims Over a 7-Year Period 13099-5-AT

A State issued, through OIG, an audit report which recommended that about \$285,000 of grant funds be returned to CSRS because the university in question improperly claimed indirect costs in FY 1985. Using the State's audit as a basis, we expanded our coverage and found that approximately \$675,000 in additional costs similarly had been misclaimed over the period FY 1980 through FY 1986.

University officials believed that administrative and indirect costs were an allowable use of the grant funds. The law, however, is specific in its exclusion of indirect costs. The CSRS will recover the amount, unless it can identify other eligible costs.

ADMINISTRATIVE SYSTEMS AND PROCESSES

Financial Management

FmHA Needs To Update and Improve Its Guaranteed Loan Accounting System

04091-6-FM

FmHA implemented an automated Guaranteed Loan Accounting System to ensure the propriety and timeliness of guaranteed loan data. OIG reviewed the operation of the system to determine if the system was meeting stated objectives.

We found that information concerning the status of individual guaranteed loans was not always accurate and up-to-date because of continuous backlogs of unprocessed transactions. Instructions given to guaranteed loan lenders were unclear, and proper followup activities were not performed to ensure timely receipt of loan status information. Also, FmHA's FY 1987 financial statements did not adhere fully to generally accepted accounting principles, resulting in contingent liabilities being understated by about \$217 million, and loan contingencies being overstated by approximately \$522 million. In addition, weak internal controls over the Guaranteed Loan Accounting System allowed agency personnel to modify data and approve payments without documenting the actions or leaving audit trails.

We recommended that FmHA update and improve the Guaranteed Loan Accounting System to keep pace with expanding guaranteed loan initiatives. FmHA concurred with our recommendations and initiated corrective actions.

Identification Numbers Result in Erroneous ASCS Payments

03099-17-FM

ASCS maintains Producer Payment History Files on qualified producers. Payments to producers are controlled by the individual's social security number or employer identification number. We found erroneous payments were made to producers with social security numbers identical to employer identification numbers.

We recommended that ASCS strengthen controls by providing their county offices with exception reports of payments made under duplicate identification numbers. We also recommended that ASCS require field office personnel to review deficiency and diversion payment records and collect any overpayments disclosed. ASCS concurred with our recommendations and has taken appropriate action to correct the weaknesses reported.

National Finance Center (NFC) Needs Additional Controls and Documentation for Three Newly Developed Systems

11530-5-FM

- The NFC recently implemented a redesigned travel system to provide user agencies with remote data entry and online access to data. Our audit of system design and development disclosed a need for improved edits and access controls. NFC generally agreed with our findings and made necessary corrections.

50099-14-FM

- Through coordination with the Forest Service, NFC is currently developing the Billings, Accounts Receivable, and Collections (BARC) System, which will be maintained for the Forest Service. During our monitoring of system development, we found that overall program documentation needed improvement. NFC and the Forest Service needed to revise the documentation so it would reflect actual system development. In addition, the documentation did not include all functions which the programs were performing, and did not show how the programs interfaced with other applications in the system.

We recommended that the Forest Service ensure the BARC system functions as intended and that applications are supported by adequate documentation. The Forest Service agreed with our recommendations and will coordinate corrective action with the NFC.

11099-15-FM

- We reviewed the proposed billing and charging system to be implemented at the NFC. The system is intended to compute charges more accurately for services provided by NFC.

We found that NFC had not revised its cost accounting system to provide information necessary to obtain full benefit from the new billing algorithm. In addition, NFC needed to provide agencies with more detailed management information through the new system.

We recommended that NFC redesign its cost accounting system to collect actual costs by segment and to utilize these costs to compute agency use charges. In addition, we recommended that NFC survey all users of the system to determine what additional management information is needed and how this information should be reported. NFC agreed with our recommendations and initiated corrective actions.

The NFC Needs Effective Followup Procedures To Improve Collections

11099-7-FM

Our audit of the Administrative Billings and Collections (ABCO) system disclosed that about 6,900 accounts delinquent by at least 3 months had not been monitored adequately. Divisions within NFC needed to improve communications among themselves to provide adequate followup on accounts receivable due from Government agencies and others. The audit also disclosed that claims relating to Federal Employee Health Benefits were not being pursued effectively against both current and former USDA employees. We recommended that NFC follow up on outstanding receivables in a more timely manner and review the ABCO data base to ensure that only supported receivables are maintained. The NFC assigned a group to review the ABCO system and address our concerns.

Automated Data Processing

Security Controls for the Relocation of the Washington Computer Center Need Strengthening

58099-14-FM

The Department implemented the Conversion System Image (CSI) to convert the data files maintained at the Washington Computer Center (WCC) to the National Computer Center (NCC). The Department intended CSI to be a temporary system to expedite the relocation of the WCC.

Our review of the processes to relocate the WCC disclosed that security controls over the CSI need strengthening. Although the CSI is only a temporary system, tighter controls over it will condition users to the controls expected under the Production System Image, which will replace the CSI.

We also found that security was not adequate to control access to the CSI and to the data maintained on the Direct Access Storage Devices. In addition, space management of the Direct Access Storage Devices was inefficient because of the existing data migration policy.

We recommended that the Department establish greater control over the CSI. In addition, we recommended that WCC change its migration policies concerning Direct Access Storage Devices to ensure that inactive data sets are migrated to more efficient storage media. The NCC managers agreed with our recommendations and are in the process of implementing corrective actions.

Smart Cards Did Not Prove To Be Cost Effective for Automating Tobacco Warehouses

03530-13-AT

ASCS tested the capability to transmit tobacco marketing data electronically from 13 auction warehouses and 10 ASCS field offices to its central computer system. ASCS provided selected warehouses with microcomputer hardware and software for telecommunication purposes. The primary objective was to test replacement of existing plastic tobacco marketing cards with "smart cards." ASCS also ran limited tests on automation capabilities without smart cards.

Our review disclosed that the design of the smart card system was not efficient or cost effective. Movement of the cards between tobacco scales and warehouse offices disrupted auction floor activities and inconvenienced producers. The design also created duplication of manual and data entry operations and eliminated the internal controls established by ASCS to verify the accuracy of data. Because automation without smart cards provided ASCS with essentially identical information, the additional \$6.5 million to purchase smart cards and related equipment could not be justified based on the test.

We recommended that ASCS discontinue further development of the proposed smart card system and retain the tobacco marketing card as an independent means of reconciliation and control. We also recommended that prior to any future pilot testing, ASCS test all hardware and software thoroughly using historical data.

ASCS agreed that the smart card design contained flaws and discontinued development of the system. The agency is considering other alternatives for automating tobacco warehouses.

ASCS Did Not Maintain Logon Identification for Its Grain Inventory Management System

03530-22-FM

Our review of the ASCS Grain Inventory Management System disclosed that ASCS did not maintain logon user and terminal identifications with each transaction. Without this reporting, ASCS could not trace transactions to the point of entry for audit purposes. In addition, we found that users continued to use assigned default passwords.

We recommended that ASCS modify the system software to ensure that the user and terminal identifications are shown on system reports for all transactions. We also recommended that ASCS identify users utilizing default passwords and request the passwords be changed. In addition, we recommended that ASCS

prohibit users from maintaining more than one access identification into the system.

ASCS officials agreed with our findings and recommendations and are in the process of taking corrective actions.

ASCS State and County Office Automation Project Reports Did Not Reflect an Accurate and Timely Picture of Commodities Available for Market

03530-30-FM

We reviewed the State and County Office Automation Project, Price Support Commodity Loan Software, to evaluate controls and data integrity. Our review found that ASCS needed to record loan forfeitures and loan adjustments more accurately and in a more timely manner. Because of these problems, financial statements and program reports that the agency, Department, and grain trade depend upon to make major program and financial decisions did not reflect an accurate and timely picture of commodities available to the market. We recommended that ASCS State offices verify that all loan and accounting data have been updated accurately and in a timely manner for the price support loan reports. ASCS agreed with our recommendations and is in the process of taking corrective actions.

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 11 pricing proposals, cost reimbursement contracts, or contractor claims. These audits resulted in questioned costs or potential savings of more than \$2 million. Also, during this period, 14 contract audits were resolved or closed, resulting in savings of about \$1.3 million.

- **Denial of Contractor's Claim**

10545-9-KC

The Board of Contract Appeals denied an excavation and construction company's claim of approximately \$762,000. The Board requested an audit, which we initiated through the Defense Contract Audit Agency. The Defense Contract Audit Agency questioned the total amount of the contractor's claim because the job cost records were not segregated in sufficient detail to determine the validity of the claimed amounts. The matter may be appealed to the Court of Claims.

- **Contractor Accepts Substantial Claim Reduction**

08099-2-CH

We reviewed a termination settlement claim for about \$461,000 to cover the cost of lost production

from a contract modification initiated by the Forest Service. The contractor could not provide supporting documentation for claimed direct labor costs and unrecovered overhead. As a result, we questioned approximately \$425,000, or 92 percent, of the settlement claim. The Forest Service and the contractor accepted, as settlement, the cost determined by the audit.

- **Preaward Audit Saves Over \$35,000**

08545-37-SF

Our audit of a contractor's price proposal disclosed overstated overhead rates and unsupported direct materials costs that resulted in over \$35,000 in questioned costs. Based on the information developed by the audit, the Forest Service will negotiate a revised contract price with the contractor.

Oversight of Non-Federal Auditors

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 both the auditee and the independent auditors, meeting frequently with them and providing technical assistance on a regular basis to assure that the single audit work performed by non-Federal auditors meets the requirements of OMB Circular A-128 and the standards promulgated by the Comptroller General.

As the assigned lead cognizant agency for Statewide Single Audits in Minnesota and Pennsylvania, with the support of representatives of other Federal Inspectors General, we have reviewed the work of the States' independent auditors. In addition OIG has participated in the quality control reviews led by other assigned cognizant Federal audit organizations in their quality control reviews.

OIG conducts desk reviews of A-128 reports prepared by non-Federal auditors to determine that the audit requirements are met. As deemed appropriate, OIG performs indepth reviews of the auditor's work. OIG may require that the auditor do additional work, clarify some areas, or make revisions of the report before accepting it. Since the last Semiannual Report, OIG has reviewed 19 Single Audit Act and other organizationwide audit reports. Of these, six contained deficiencies which we brought to the attention of the auditees and their auditors. In one case, in addition to requiring a revision of the report before accepting it, we advised the independent auditor that unless future audit efforts showed marked improvement, he risked referral for continued substandard performance.

Also, we received and distributed 236 reports furnished for use by other Federal cognizant agencies. In addition, the Department annually receives numerous audit reports from non-Federal auditors, pursuant to program requirements. These non-Federal audit reports are submitted directly to program managers. In July 1987, our reviews of the quality of work performed led to the referral of 16 Certified Public Accountant (CPA) firms to State boards of accountancy and the American Institute of Certified Public Accountants. To date, State boards have acted on 15 of the referrals. Sanctions have included requiring CPAs to take specific continuing education courses, censuring one CPA, and suspending another CPA's license for 3 years. The American Institute of Certified Public Accountants has resolved 7 of the 16 referrals, substantiating the violations involving 6 of them. We are continuing to monitor the resolution of the remaining referrals.

President's Council on Integrity and Efficiency

Growth of Guaranteed Loans Calls for Stronger Controls

The Audit Committee of the President's Council on Integrity and Efficiency designated us as the lead agency for a coordinated review of guaranteed loan programs administered by the Departments of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development, Transportation, Veterans Affairs, and the Small Business Administration. The guaranteed loan programs of these agencies accounted for about 95 percent of the Government's outstanding loan guarantees.

The review was performed in two segments. The first-segment report, issued September 15, 1988, assessed agency progress in the implementation of the Nine Point Credit Management Program. The second-segment report, issued March 20, 1989, addressed issues requiring management attention and areas vulnerable to fraud and abuse where preventive or corrective actions could reduce losses to the Federal Government.

Over the years federally guaranteed loans have grown to support homeowners, students, shipbuilders, farmers, small businesses, and other enterprises. From FY 1981 through FY 1987, outstanding loan guarantees increased from \$320 billion to \$507 billion and are forecast to increase to \$594 billion by the end of FY 1992. In FY 1987, guaranteed loan defaults totaled \$9.6 billion. As guarantee programs grow, the Government will have to honor more lender claims for defaulted loans. Thus, the effective management of guaranteed loan programs assumes greater importance.

Many causes for defaults and foreclosure losses are an inherent part of benefit programs and others are beyond management's ability to control. However, losses can be reduced substantially. The coordinated review showed the following:

- Agencies should strengthen their loan underwriting provisions to reduce losses without limiting credit availability to qualified applicants.
- Lenders must fulfill their responsibilities for loan processing, servicing, and supervision so that: (1) loans are not made to unqualified or uncreditworthy applicants; (2) property appraisals accurately represent the value of loan security; (3) loans are serviced promptly and effectively; and (4) foreclosure and liquidation of acquired loan security are prompt and efficient for defaulted loans that must be terminated.
- Agencies need to improve their controls and require that (1) lenders fulfill their responsibilities for loan processing, servicing, and supervision; and (2) lenders file accurate and prompt claims for interest subsidies and loan losses.

Yearend Spending Under Control

50550-13-Hy

As part of a PCIE coordinated effort, we reviewed the procurement practices at the Office of Operations and five other USDA agencies and concluded that procedures and controls were generally in place to monitor and prevent wasteful yearend spending. We found, however, that one agency did not report procurement actions under \$25,000 into the Procurement Reporting System as required by Departmental Regulations, and another agency was inconsistent in reporting commodity procurement actions under \$25,000. The Office of Operations' reporting system rejected, for various reasons, more than 2,000 procurement actions above \$25,000 which had an estimated value of \$277 million. The Office of Operations did not monitor agencies to ensure that procurements were reported into the system correctly and that the rejected actions were corrected and resubmitted. We recommended that the Office of Operations reemphasize to agencies the importance of reporting accurate and timely procurement data, as well as clarify the reporting of commodity procurements. We also recommended that the Office of Operations implement an interim procedure to track and ensure resubmission of rejected transactions.

ASCS
AMS
FMHA
REA
OICD

Weaknesses Identified in the Monitoring of Contracted Advisory and Assistance Services

50099-57-Hy

In response to congressional concerns over the procurement of consulting services, the President's Council on Integrity and Efficiency initiated a governmentwide review of Contracted Advisory and Assis-

tance Services. For this review, we evaluated the Department's management controls over the identification and reporting of consulting services, and the accuracy and completeness of related data provided to the Federal Procurement Data System. We found that the Department did not incorporate the January 1988 revised OMB Circular A-120, Guidelines for the Use of Contracted Advisory and Assistance Services, into the Departmental Regulations. The Department's procurement officials delayed implementation of the revised circular until January 1989 because they were awaiting simultaneous changes to the Federal Acquisition Regulations (made in November 1988). They were also waiting for OMB to clarify consulting services definitions which they believed were unclear in the circular and subject to broad interpretation.

We reviewed 38 procurements and found that 5 contract actions, totaling approximately \$1.2 million, were not approved at the required management levels. This occurred because, even though the contracts were for consulting services, procurement officials did not classify them as such.

The Office of Operations directed the Department's procurement offices to implement revised Circular A-120 on January 27, 1989, and agreed to correct the misclassified procurement actions.

Assistance to Other Departments

- During the past year, we assisted the Bureau of Alcohol, Tobacco and Firearms and the U.S. Attorney in a criminal investigative review of complex tobacco insurance claims in one southeastern State.

That review has revealed false and questionable tobacco insurance claims totaling over \$2 million. Most of this amount was for a large quantity of tobacco which the claimant stated was destroyed in a warehouse fire, even though the tobacco was not in the warehouse when it burned. Our audit was instrumental in identifying false statements made to ASCS, the USDA agency responsible for administering the tobacco price support program. On August 30, 1988, a Federal grand jury returned an indictment against two individuals involved in the warehouse that burned. Both individuals were convicted and are awaiting sentencing.

- We also assisted the U.S. Department of Justice in a civil investigation of FmHA's Rural Rental Housing Program (RRH) in Mississippi. The civil investigation evolved from an OIG investigation of the RRH program. A civil complaint was filed against nine individuals and two corporations, including a former FmHA State office official and RRH developers and contractors. The defendants had been involved in the appraisal, construction, and/or ownership of numerous RRH projects in Mississippi. A total of 95 RRH loans, totaling about \$65.2 million, were made to these borrowers. Thus far, FmHA has deobligated 20 RRH loans, totaling \$19.1 million, which were intended for individuals associated with both the criminal and civil investigations. Seven loans totaling about \$5.5 million are still pending for two of the borrowers. Pretrial settlements totaling \$750,000 have been reached with five individuals and one corporation. Litigation is pending against four other individuals and one corporation.

RESOLUTION AND STATISTICAL DATA

Audit Reports Resolved

OIG resolved and/or closed 204 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	\$39.5	
Questioned Loans Recommended for Collection	\$ 4.8	
Total Costs and Loans Questioned at Issuance	\$44.3	
Less: Postaudit Justification Accepted by OIG	(\$20.5) ^a	
Management Commitment To Seek Recoveries		\$ 23.8 ^{b,c}
Other Monetary Impacts Agreed to:		
Management Commitments To Use Funds More Efficiently	\$1,999.9 ^b	
Improper Agency Action	\$ 1.9 ^d	
Total Other		\$2,001.8
Total Dollar Impact		\$2,025.6

^a In the category "postaudit 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. Once the information is received, OIG must analyze and evaluate it and make appropriate adjustments to the reported amounts. The dollar amount displayed in this report is the sum of the postaudit justification accepted by OIG and the increase in collections above questioned costs and questioned loans recommended for collection.

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

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

^d In this category are monetary amounts identified as having been expended erroneously or improperly due to an agency action, and for which recovery is not possible. This would include amounts incurred or earned in good faith by others who relied on incorrect or improper guidance, interpretations, or directions by agency personnel or instructions. If statistical projections were used in determining the values, the midpoint estimate was used.

Audit Resolution and Followup

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

Agency	Date Issued	Title of Report	Dollar Value Unresolved
Unresolved Audits Pending Agency Action			
APHIS	6/30/88	1. United States/Mexico Screwworm Eradication Program (33615-2-Hy)	\$ 18,000,000
ASCS	3/30/88	2. Commodity Storage Rates Charged to CCC (03099-55-SF) ^a	\$ 3,564,364
	9/30/88	3. Excessive Deficiency Payments to Hybrid Seed Producers (03099-70-Ch)	\$114,071,429
	7/25/88	4. Overdeliveries for Price Support Loans and Purchase Agreements (03099-10-FM)	-0-
	9/30/88	5. Followup Review of the Conservation Reserve Program (03099-123-KC)	\$ 125,000
	7/14/88	6. Conservation Reserve Program Payment Limitation in Colorado (03099-114-KC)	\$ 2,438,713
FmHA	8/24/87	7. Business and Industry Loan to Glover, Inc. (04099-131-Te) ^a	\$ 6,343,325
Unresolved Audits Pending OGC Action or Opinion			
FmHA	5/4/87	8. Business and Industry Loan to Sherman Construction Co. (04099-124-Te) ^a	\$ 1,114,388
	8/30/88	9. Business and Industry Loan to Bay Wulf Books, Inc. (04099-134-Te)	\$ 1,581,212
Unresolved Audits Pending Action Outside the Department			
FmHA	9/2/88	10. Business and Industry Loan to Le Bossier Hotel, Louisiana (04099-135-Te)	\$ 8,736,576

^a Reported in last Semiannual Report.

1. ***United States/Mexico Screwworm Eradication Program (SEP), Issued June 30, 1988***

The audit found that Mexico was contributing less than its 20-percent share of program operating costs. We estimated this shortage to be approximately \$18 million for the period 1976-1986. We recommended that APHIS take appropriate action to collect these funds. We are awaiting an opinion from the Office of General Counsel (OGC) concerning the currency exchange rates to use when calculating a debt, determining whether APHIS is the responsible party to collect the funds, and determining whether the process to waive the required contributions in certain years was proper.

2. ***Commodity Storage Rates Charged to CCC, Issued March 30, 1988***

We recommended that ASCS recover the excessive storage payments made to a rice warehouse whose commercial storage rates were lower than the CCC-contracted rates. ASCS requested an OGC opinion which concluded that CCC had been overcharged for the second year of storage, but not for the first year. The opinion further stated that although recovery of the overcharges would be difficult due to previous CCC determinations, the overcharges should be repaid. However, based on the previous CCC determinations, ASCS decided not to pursue claims action against the warehouse. We are pursuing resolution of this issue with ASCS and have also requested OGC to reconsider its opinion regarding overcharges in the first year of storage.

3. ***Excessive Deficiency Payments to Hybrid Seed Producers, Issued September 30, 1988***

We recommended that ASCS use actual yields when computing deficiency payments for program acreages devoted to the production of seed. We also recommended that ASCS either seek legislation to exclude producers of nonprogram crops from receiving deficiency payments, or establish separate market prices for these nonprogram crops. We are continuing our efforts to resolve these issues.

4. ***Overdeliveries for Price Support Loans and Purchase Agreements, Issued July 25, 1988***

We recommended that ASCS revise program procedures to reduce or eliminate the 10-percent tolerance allowed on deliveries for price support loans and purchase agreements. We are continuing our efforts to resolve this issue.

5. ***Followup Review of the Conservation Reserve Program, Issued September 30, 1988***

We reported that ASCS had not coordinated with FmHA on the development and issuance of procedures to identify borrowers whose FmHA loan conditions would preclude their participation in ASCS programs. ASCS at first agreed with the audit but then reversed its position, stating that FmHA was responsible for taking corrective actions. We disagree that FmHA is solely responsible for acting in this case, and are continuing our efforts to resolve this issue.

6. ***Conservation Reserve Program Payment Limitation in Colorado, Issued July 14, 1988***

We recommended that ASCS recover program payments resulting from incorrect "person" determinations, noncompliance with payment limitation provisions, and contract errors. ASCS agreed with the recommendations but has not provided documentation to show that corrective actions have been initiated and that recoveries are under way.

7. ***Business and Industry Loan to Glover, Inc., Issued August 24, 1987***

The audit recommended that FmHA refer to OGC the violations of the lender's agreement and request that OGC determine the extent to which FmHA may enforce the loan guarantee. OGC recently advised FmHA to seek recovery of the unallowable attorney fees and interest losses incurred from the lender. We will resolve this audit when the agency agrees to initiate action to recover the amounts recommended.

8. ***Business and Industry Loan to Sherman Construction Company, Issued May 4, 1987***

The audit recommended that FmHA refer to OGC the violations of the lender's agreement and request that OGC determine the extent to which FmHA may enforce the loan note guarantee. OGC is continuing to review these issues.

9. ***Business and Industry Loan to Bay Wulf Books, Inc., Issued August 30, 1988***

The audit recommended that FmHA refer to OGC the violations of the lender's agreement and request that OGC determine the extent to which FmHA may enforce the loan note guarantee. OGC is continuing to review these issues.

10. ***Business and Industry Loan to Le Bossier Hotel, Louisiana, Issued September 2, 1988***

The audit recommended that FmHA refer to OGC the violations of the lender's agreement and request that OGC determine the extent to which FmHA may enforce the loan guarantee and recover losses covered by the guarantee. OGC completed its review and referred the case to the Department of Justice for concurrence before initiating litigation.

Indictments and Convictions

Between October 1, 1988 and March 31, 1989, OIG completed 684 investigations. We referred 370 cases to Federal, State, and local prosecutors for their prosecutive decisions.

During the reporting period, our investigations led to 247 indictments and 284 convictions. Fines, recoveries/collections, and restitutions resulting from our investigations totaled about \$7.7 million. Administrative penalties of \$1.9 million were established and costs of \$1.9 million were avoided.

The following is a breakdown by agency of indictments and convictions for the first half of FY 1989:

Agency	Indictments	Convictions ^a
Agricultural Marketing Service	4	9
Agricultural Stabilization and Conservation Service	10	11
Farmers Home Administration	28	33
Federal Crop Insurance Corporation	4	1
Foreign Agricultural Service	0	2
Forest Service	11	2
Food Safety and Inspection Service	4	1
Food and Nutrition Service	182	222
Federal Grain Inspection Service	2	0
Animal and Plant Health Inspection Service	1	2
Multiple Agencies	1	1
Totals	247	284

^a This category includes Pretrial Diversions

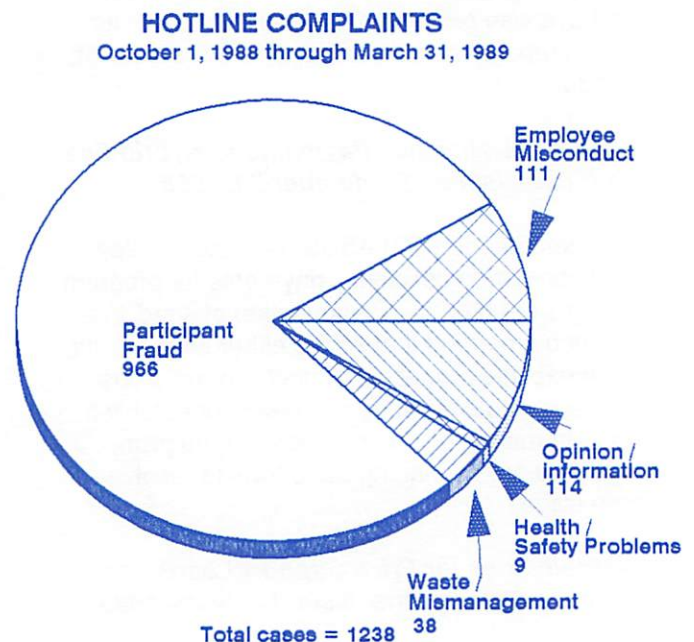
Note: Since the period of time varies to get court action on indictments, the convictions are not necessarily related to the indictments.

Hotline Complaints

The 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. During this reporting period, the OIG Hotline received and analyzed 1,238 complaints. A total of 73 of these complaints were investigated or audited by OIG, while 47 were referred to other Federal law enforcement agencies. A total of 880 were referred to the administering USDA agency for resolution and response to OIG. Of the remainder, 221 complaints were provided to the responsible USDA agency for information (no response to OIG was requested), while 17 contained insufficient information to take any action.

The 24-hour, toll-free telephone number continues to be the major source for receipt of Hotline complaints. The majority of complaints are allegations of participant fraud in USDA's programs. Figure 4 shows a breakdown of the various types of allegations for this reporting period.

Figure 4



Freedom of Information Act Activities

OIG processed 302 requests under the Freedom of Information Act (FOIA) compared to 212 for the previous 6 months. The following schedule presents FOIA data for this and the previous reporting period.

	Last Period	This Period
Number of Requests	212	302
Number of Favorable Responses	35	237
Number of Unfavorable Responses	77	65
Unfavorable Responses Due to:		
No Records Available	21	26
Requests Denied in Full	29	12
Requests Denied in Part	27	27
Totals	77	65
Other Data not Affected Directly by the Requests:		
Appeals Granted	1	1
Appeals Denied in Full	0	3
Appeals Denied in Part	0	0
Number of OIG Reports Released in Response to Requests	314	367

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

Debts Arising from OIG Activities

During the reporting period, USDA agencies established 25 new claims arising from OIG audits and investigations. This amounted to more than \$295,000, with approximately \$339,000 collected against these and other prior claims, and approximately \$593,000 waived, compromised, or reduced because of postaudit justification.

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, we submit the following chart which 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. OIG notes that FmHA only reports on past-due installment amounts. All amounts are expressed in thousands of dollars.

	As of September 30, 1988 (Actual)			As of March 31, 1989 (Estimated)		
	Owed	Overdue	Written Off 9/30/88	Owed	Overdue	Written Off 3/31/89
Farmers Home Administration	\$ 64,010,601	\$ 8,674,377	\$(1,818,270)	\$ 62,246,477	\$10,035,372	\$(670,267)
Rural Electrification Administration	36,313,097	478,188	0	36,520,581	552,375	0
Agricultural Stabilization and Conservation Service/Commodity Credit Corporation	26,924,134	870,134	(398,326)	29,529,120	1,005,814	(232,607)
Forest Service	276,478	235,662	(8,526)	282,862	259,698	(1,696)
Federal Crop Insurance Corporation	291,195	19,765	(1,147)	116,504	18,420	(231)
Food and Nutrition Service	524,492	521,915	0	669,621	601,285	(6)
Soil Conservation Service	10,579	2,608	(29)	8,489	2,055	(7)
Federal Grain Inspection Service	3,437	504	(33)	3,831	640	(2)
Office of International Cooperation and Development	51	37	0	427	395	0
Agricultural Marketing Service	16,713	1,858	(118)	22,548	1,903	(59)
Food Safety and Inspection Service	9,796	1,247	(116)	6,325	1,472	(44)
Agricultural Research Service	889	805	(1)	970	875	0
Cooperative State Research Service	2	2	0	1	1	0
Extension Service	113	113	0	99	99	0
National Agricultural Library	11	8	0	10	10	0
Animal and Plant Health Inspection Service	1,216	629	(97)	2,760	1,208	(20)
Working Capital Fund—Departmental Administration	165	108	(1)	2,402	2,341	0
Office of Governmental and Public Affairs—Departmental Administration	4	4	0	6	5	0
Office of Secretary—Departmental Administration	11	9	0	8	7	0
Foreign Agricultural Service	149	148	0	97	95	0
National Agricultural Statistics Service	128	126	0	151	126	0
Economic Research Service	20	16	0	24	17	0
Office of Inspector General	20	15	0	17	11	0
Office of the General Counsel	4	4	0	4	3	0
Office of Transportation	1	1	0	1	1	0
Packers and Stockyards Administration	2	1	0	5	5	0
World Agricultural Outlook Board	0	0	0	0	0	0
Agricultural Cooperative Service	6	6	0	0	0	0
Totals	\$128,383,314	\$10,808,290	\$(2,226,664)	\$129,413,340	\$12,484,233	\$(904,939)

Appendix
Listing of Audit Reports Issued
Between October 1, 1988 and March 31, 1989

During the 6-month period between October 1, 1988 and March 31, 1989, the Office of Inspector General issued 259 audit reports, including 118 performed under contract by certified public accountants.

	AGENCY	AUDITS RELEASED
AMS	Agricultural Marketing Service	4
ARS	Agricultural Research Service	1
ASCS	Agricultural Stabilization and Conservation Service	53
FmHA	Farmers Home Administration	20
FCIC	Federal Crop Insurance Corporation	2
ES	Extension Service	1
FAS	Foreign Agricultural Service	1
FS	Forest Service	15
SCS	Soil Conservation Service	2
OFM	Office of Finance and Management	3
CSRS	Cooperative State Research Service	2
FSIS	Food Safety and Inspection Service	2
NASS	National Agricultural Statistics Service	1
FNS	Food and Nutrition Service	124
APHIS	Animal and Plant Health Inspection Service	3
MULT	Multiagency/Division Code	24
OIRM	Office of Information Resources Management	1
	Total Completed:	
	Single Agency Audit	236
	Multiagency/Division	24
	Total Released Nationwide	259
	Total Completed Under Contract*	118
	Total Single Audit Issued**	19

*Indicates audits completed under certified public accountant contracts.

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

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1988 AND MARCH 31, 1989

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
AGENCY - AMS AGRICULTURAL MARKETING SERVICE			
01-045-0004	SER	89/03/09	AMS-COTTON RESEARCH & PROMOTION PROG.-COTTON BOARD
01-045-0005	SER	89/03/31	AMS-COTTON RESEARCH & PROMOTION PROGRAM, COTTON, INC.
01-061-0010	MWR	89/03/31	ILLINOIS MEAT GRADING AND CERTIFICATION BRANCH OPERATIONS
01-091-0002	SER	89/01/03	AMS END-USER DESIGNATION FOR IMPORTED TOBACCO
TOTAL: AMS AGRICULTURAL MARKETING SERVICE			— 4
AGENCY - ARS AGRICULTURAL RESEARCH SERVICE			
02-099-0002	GPR	89/02/01	ARS, A-76 IN-HOUSE COST ESTIMATES REVIEW, AMES, IA
TOTAL: ARS AGRICULTURAL RESEARCH SERVICE			— 1
AGENCY - ASCS AGRICULTURAL STABILIZATION & CONSERVATION SERVICE			
03-012-1104	GPR	89/01/20	ASCS BOX ELDER CO OPERATIONS TREMENTON, UT
*03-091-0014	FMS	88/10/04	EMPLOYMENT OF FEDERAL ANNUITANTS AS "EXPERTS" FOR CCC
03-091-0016	FMS	88/11/21	FIRST HANDLER COTTON PAYMENT
*03-091-0104	SWR	89/02/24	CCC 1986 PEANUT PRICE SUPPORT PROGRAM AT SOUTHWESTERN PEANUT GROW- ERS ASSOC, GORMAN, TX
03-099-0009	FMS	88/10/19	SURVEY OF TRANSPORTATION ASSISTANCE ON LOAN FORFEITURES
03-099-0017	FMS	89/03/31	REVIEW OF DEFICIENCY HISTORY FILES FOR USE OF COMMON ID NOS.
03-099-0018	FMS	89/03/31	CONTROLS FOR CONSERVATION RESERVE PROGRAM PAYMENT LIMITATION
03-099-0019	FMS	88/10/19	REVIEW OF ADDITIONAL GRAIN WAREHOUSE LOADOUT RATE REQUEST
03-099-0056	WR	88/12/09	ASCS-MANAGEMENT OF KERN COUNTY OFFICE
03-099-0071	MWR	88/11/02	CONGRESSIONAL INQUIRY BERRIEN COUNTY ASCS DISASTER PAYMENTS
03-099-0074	MWR	88/12/15	AUDIT OF VERNON COUNTY ASCS, WISCONSIN
03-099-0076	MWR	89/03/07	INTERNAL CONTROLS OVER COMMODITY CERTIFICATES REDEMPTION, ILLINOIS STATE ASCS
03-099-0077	MWR	89/03/07	INTERNAL CONTROLS OVER COMMODITY CERTIFICATES REDEMPTION, MICHIGAN STATE ASCS
03-099-0078	MWR	89/03/29	SHELBY CO. ASCS, ILL. AUDIT OF LOAN REDEMPTIONS WITH COMMODITY CER- TIFICATES
03-099-0109	GPR	88/11/29	ASCS-CCC COMMODITY LOAN RATE
03-099-0119	GPR	88/11/04	ASCS SURVEY OF AUDRAIN COUNTY, MEXICO, MO
03-099-0120	GPR	89/01/13	ASCS AUDIT OF FRONTIER COUNTY OFFICE OPERATIONS, CURTIS, NE
03-099-0124	SER	89/02/15	ASCS-CRP PROGRAM, MS
03-099-0125	GPR	88/12/22	ASCS PAYMENT LIMITATION IN STODDARD CO, MO
03-099-0126	SER	89/03/31	ASCS-GFA PEANUT ASSOCIATION, CAMILLA, GA
03-099-0127	SER	89/03/09	ASCS RECONCILIATION OF TOBACCO PURCHASES AND REALES
03-099-0127	GPR	89/03/10	ASCS PAYMENT LIMITATION IN KNOX CO, NE
03-099-0129	SWR	88/11/16	MAXIMUM PAYMENT LIMITATION REVIEW OF SELECTED CASES IN LOUISIANA
03-099-0131	SWR	89/02/21	REVIEW OF ASCS HONEY LOAN PRICE SUPPORT PROGRAM IN NEW MEXICO
03-099-0132	GPR	89/02/08	ASCS COMMODITY CERTIFICATE REDEMPTIONS IN SOUTH DAKOTA
03-099-0132	SWR	89/01/09	ASCS-WOOL-30 DAY OWNERSHIP OF SHEEP-GOATS-EDWARDS CO.
03-099-0133	GPR	89/03/20	ASCS-COMMODITY CERTIFICATE REDEMPTIONS IN IOWA
03-099-0136	SWR	89/03/30	ASCS-PAYMENT LIMITATION IN NATCHITOCHES PARISH, LA
03-099-0138	SWR	89/03/06	REVIEW OF ASCS HONEY LOAN PRICE SUPPORT LOAN PROGRAM IN TEXAS
03-530-0013	SER	89/02/02	ASCS-TOBACCO WAREHOUSE AUTOMATION, WASHINGTON, DC
03-530-0030	FMS	89/02/21	REVIEW OF SCOAP PRICE SUPPORT COMMODITY LOAN SOFTWARE PHASE II
03-530-0032	FMS	89/02/27	GRAIN INVENTORY MANAGEMENT SYSTEM AUDIT TRAIL AND SECURITY
03-545-0013	NER	89/02/17	ESSENTIAL RESOURCES INC, NEW YORK, NY-COST DETERMINATION
03-600-0002	SWR	89/01/05	ASCS 1987 COMMON PAYMENT LIMITATION PROVISIONS-LA
03-632-0003	GPR	89/01/17	PRODUCER COMPLIANCE WITH DTP CONTRACTUAL REQUIREMENTS-IA
03-632-0005	WR	89/02/15	DTP-PHASE III PRODUCER COMPLIANCE WITH CONTRACTUAL REQUIRE
03-632-0009	MWR	88/12/09	PRODUCER COMPLIANCE WITH ASCS DTP CONTRACTUAL REQUIREMENTS
03-645-0001	GPR	88/10/28	ASCS, AUDIT OF 1986 PMTS TO ENTITY IN GOLDEN VALLEY, MT

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AUDIT NUMBER	REGION	RELEASE DATE	TITLE
03-645-0001	WR	88/10/26	ASCS-LARGE PMTS-1986-FRESNO CO.-VASTO VALLE/ANDERSON & SONS
03-645-0002	GPR	88/10/20	ASCS AUDIT OF 1986 PMTS TO A PRODUCER IN HOLT CO., NE
03-645-0003	GPR	89/03/03	ASCS, AUDIT OF 1986 PMTS TO ENTITY IN SELECTED MT CNTYS, MT
03-645-0005	GPR	88/11/07	ASCS, AUDIT OF 1986 PMTS TO PRODUCERS IN ADAMS COUNTY, WA
03-645-0006	GPR	88/12/30	ASCS, AUDIT OF 1986 PMTS TO ENTITY IN SHERIDAN CO, NE
03-645-0007	GPR	89/01/31	ASCS, AUDIT OF 1986 PMTS TO ENTITY IN MEADE COUNTY, SD
03-645-0007	SWR	88/12/09	ASCS AUDIT OF LARGE PAYMENTS FOR 1986-FARMS OF TEXAS
03-645-0008	GPR	89/01/23	ASCS, AUDIT OF 1986 PMTS TO ENTITY IN HAAKON COUNTY, SD
03-645-0008	SWR	89/01/17	ASCS-AUDIT OF LARGE PAYMENTS FOR 1986-AR DEPT OF CORRECTIONS
03-645-0009	WR	88/12/30	ASCS-LARGE PMTS-1986-KINGS CO-GILKEY ENTERPRISES
03-645-0012	WR	88/11/15	ASCS-LARGE PMTS-1986-FRESNO CO-BRITZ, INC.
03-645-0012	SWR	88/10/26	ASCS-AUDIT OF LARGE PAYMENT FOR 1986-BOGLE PROPERTIES
03-645-0014	SWR	88/10/11	ASCS AUDIT OF LARGE PAYMENTS FOR 1986-AK CHIN FARMS
03-645-0015	SWR	88/10/11	ASCS AUDIT OF LARGE PAYMENTS FOR 1986 ST OF WA DEPT NAT RES
50-099-0045	SWR	89/03/31	ASCS AUDIT OF LARGE PAYMENT FOR 1986

TOTAL: ASCS AGRICULTURAL STABILIZATION & CONSERVATION SERVICE

— 53

AGENCY - FMHA FARMERS HOME ADMINISTRATION

04-001-0034	SWR	88/11/22	FMHA GUAR B&I LOAN PROGRAM IN LA
04-091-0006	FMS	88/11/21	FMHA-GUARANTEED LOAN SYSTEM
04-091-0014	FMS	89/01/10	FMHA-POST IMPLEMENTATION REVIEW OF FY87 RH SALES
04-097-0002	GPR	89/03/13	SURVEY OF FMHA FARM LEASE AND SALE, HYDE COUNTY, SD
04-097-0005	WR	88/12/29	FMHA CONTRACTING FOR REAL ESTATE APPRAISALS IN IDAHO
04-099-0069	WR	88/12/28	SURVEY OF THE FMHA HOUSING PRESERVATION GRANT PROGRAM
04-099-0071	WR	88/11/16	FMHA AUDIT OF THE HPG PROGRAM-CALIFORNIA STATE OFFICE
04-099-0085	MWR	88/11/04	SPECIAL REQUEST AUDIT OF AN FMHA RRH BORROWER IN INDIANA
04-099-0095	GPR	89/01/27	FMHA GRAZING ASSOCIATION LOAN RESTRICTIONS NATIONWIDE
04-099-0096	GPR	88/11/22	FMHA AUDIT OF GUARANTEED LENDER-ALAMOSA NATIONAL BANK, AL, CO
04-099-0097	GPR	89/01/31	FMHA, REPORT OF FINAL LOSS, VELVA, ND
04-099-0144	SWR	88/11/01	FMHA EMERGENCY LIVESTOCK LOAN CASE 49-73-452687423 MARLIN, TX
*04-099-0271	SER	88/10/14	FMHA-LIQUIDATION OF B&I LOAN IN WILLIAMSBURG CO., SC
04-099-0275	SER	88/12/22	FMHA-CONTROLS OVER LOAN COLLECTIONS, VIENNA, GA
04-099-0276	SER	89/01/05	FMHA B&I GUARANTEED LOAN LIQUIDATION-BLALOCK LUMBER CO.
04-099-0277	SER	89/02/22	FMHA-PHASE 2-RURAL HOUSING CONTRACT, SOUTH CAROLINA
04-099-0279	SER	89/02/02	FMHA-CONTROLS OVER COMM PROG LOAN INSTRUMENTS AND PAYMENTS
04-530-0031	FMS	89/01/31	MONITORING-FMHA/AFMS IMPLEMENTATION AND SOFTWARE DEVELOPMENT
04-663-0002	MWR	89/03/10	CASH AND DEBT MANAGEMENT ACTIVITIES
04-673-0003	WR	89/02/24	FMHA DEBT AND LOAN RESTRUCTURING SYSTEM SOFTWARE-SURVEY

TOTAL: FMHA FARMERS HOME ADMINISTRATION

— 20

AGENCY - FCIC FEDERAL CROP INSURANCE CORP

05-099-0029	SWR	89/03/13	FCIC-INDEMNITY CLAIMS-PRODUCERS WHO RECEIVED LARGE ASCS PAYMENTS
05-099-0031	SWR	89/03/27	FCIC RAIN & HAIL ADJUSTED CLAIMS BY PRODUCERS WHO RECEIVED LARGE ASCS PAYMENTS

TOTAL: FCIC FEDERAL CROP INSURANCE CORP

— 2

AGENCY - ES EXTENSION SERVICE

06-004-0014	SER	89/03/31	ES SOUTHERN UNIVERSITY, BATON ROUGE, LA
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TOTAL: ES EXTENSION SERVICE

— 1

AGENCY - FAS FOREIGN AGRICULTURAL SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE
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AUDIT NUMBER	REGION	RELEASE DATE	TITLE	
07-099-0019	NER	88/11/10	AUDIT OF WALNUT MARKETING BOARD TEA FUNDS	
TOTAL: FAS FOREIGN AGRICULTURAL SERVICE				— 1
AGENCY - FS FOREST SERVICE				
08-021-0226	WR	89/02/14	FS-MENDOCINO NATIONAL FOREST OPERATIONS	
08-021-0227	WR	88/12/21	FS-UMPQUA NATIONAL FOREST OPERATIONS	
08-097-0011	WR	89/01/23	FS-ROAD CONTRACT MODIFICATIONS—KLAMATH NF	
08-099-0002	MWR	88/12/14	AUDIT OF SETTLEMENT PROPOSAL OF SANDOZ CORP.	
08-099-0008	GPR	89/02/10	FS-BOXELDER CCC, STATES DEPARTMENT OF AGRICULTURE FOREST (DOL) (FY 6/87)	
08-099-0008	SWR	88/12/09	FS CONTROLS OVER FIREWOOD PERMITS	
08-099-0009	FMS	88/11/21	FS AUTOMATED TIME AND ATTENDANCE SYSTEM-INTERNAL CONTROLS	
08-099-0097	WR	88/12/22	FS-ADMINISTRATION OF TIMBER SCALING ACTIVITIES	
08-099-0099	WR	89/01/10	FS ALASKA LONG-TERM CONTRACT RATE ALLOWANCE	
08-099-0104	WR	89/03/02	AUDIT OF ANGELL JOB CORPS CENTER-OREGON	
08-545-0035	WR	88/11/03	FS-PREAWARD REVIEW-BASIN RESEARCH ASSOCIATES, INC.	
*08-545-0036	WR	88/11/22	PREAWARD REVIEW-SEA SIDE ASSOCIATES, LTD.	
08-545-0037	WR	89/02/02	PREAWARD REVIEW-SKOOKUM REFORESTATION, INC.	
*08-545-0038	WR	89/03/30	AUDIT OF SETTLEMENT PROPOSAL-HELI-JET CORPORATION, EUGENE, OREGON	
*08-545-0039	WR	89/03/24	TERMINATION CLAIM-SEUBERT EXCAVATORS, INC.	
TOTAL: FS FOREST SERVICE				— 15
AGENCY - SCS SOIL CONSERVATION SERVICE				
*10-545-0009	GPR	89/01/09	SCS, AUDIT OF CLAIM, C&C EXCAV. & CONST KANSAS CITY, MO	
*10-545-0010	GPR	88/10/13	SCS CONTRACTOR CLAIM, DONALD STEWART & ASSOC, SPOKANE, MO	
TOTAL: SCS SOIL CONSERVATION SERVICE				— 2
AGENCY - OFM OFFICE OF FINANCE AND MANAGEMENT				
11-099-0007	FMS	88/12/19	COLLECTION ACTION ON ADMINISTRATIVE BILLINGS NEW ORLEANS, LA	
11-099-0015	FMS	89/03/01	NATIONAL FINANCE CENTER USER CHARGING AND BILLING SYSTEM	
11-530-0005	FMS	89/01/26	REDESIGN OF TRAVEL SYSTEM-SYSTEM CONTROLS NEW ORLEANS, LA	
TOTAL: OFM OFFICE OF FINANCE AND MANAGEMENT				— 3
AGENCY - CSRS COOPERATIVE STATE RESEARCH SERVICE				
13-099-0005	SER	88/10/31	CSRS-ALABAMA A&M UNIVERSITY-FOLLOWUP ON 1985 A-110 AUDIT	
13-601-0001	SER	89/03/31	CSRS-RESEARCH FACILITIES PROGRAM, WASHINGTON, DC	
TOTAL: CSRS COOPERATIVE STATE RESEARCH SERVICE				— 2
AGENCY - FSIS FOOD SAFETY & INSPECTION SERVICE				
24-002-0004	NER	89/03/29	FOLLOWUP AUDIT OF IMPORTED MEAT PROCESS	
24-609-0001	SER	88/11/17	FSIS-MONITORING/CONTROL OF PESTICIDE RESIDUES	
TOTAL: FSIS FOOD SAFETY & INSPECTION SERVICE				— 2
AGENCY - NASS NATIONAL AGRICULTURAL STATISTICS SERVICE				
26-530-0001	FMS	88/11/21	SECURITY OVER NASS STATISTICAL FORECASTING DATA	
TOTAL: NASS NATIONAL AGRICULTURAL STATISTICS SERVICE				— 1

UNITED STATES DEPARTMENT OF AGRICULTURE
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AUDIT NUMBER	REGION	RELEASE DATE	TITLE
AGENCY - FNS FOOD AND NUTRITION SERVICE			
27-013-0081	NER	88/10/11	VIRGIN ISLAND FOOD STAMP PROGRAM
27-018-0003	WR	89/02/16	FNS-STATE ADMINISTRATIVE COST CLAIMS FOR WIC IN WASH. STATE
27-018-0005	SER	88/12/13	FNS FSP ENHANCED FUNDING-SUSPECTED FRAUD CLAIMS ACTIVITY-FL
27-019-0032	SER	88/10/14	FNS-COURT COLLECTION OF FOOD STAMP FRAUD CLAIMS
27-019-0035	NER	89/01/19	ELIGIBILITY OF FRAUD CONTROL ACTIVITY CLAIMS, CONNECTICUT
27-023-0249	SWR	89/02/22	FNS NSLP EAST BATON ROUGE PARISH SCHOOL BOARD BATON ROUGE, LA
*27-025-0001	GPR	88/12/22	FNS CCFP, CHILD SAVINGS INST., OMAHA, NE
*27-025-0002	GPR	88/11/21	FNS, CCFP, MALONE DCC, LINCOLN, NE
*27-025-0004	GPR	88/12/09	FNS, CCFP HOPE LUTH. DCC AURORA, CO
*27-025-0005	GPR	88/12/20	FNS, CCFP, LITTLE RANCH DCC DENVER, CO
*27-025-0006	GPR	88/12/09	FNS, CCFP, DENVER INDIAN CENTER, DENVER, CO
27-025-0030	SWR	89/03/08	FNS CCFP QUAD AREA CHILD CARE, HAMMOND, LA
27-025-0031	SWR	88/11/08	FNS CCFP KIRTLAND CHILD CARE CENTER, ALBQ., NM
27-025-0032	SWR	88/11/25	FNS CCFP FDCH DELTA COMMUNITY ACTION AGENCY TALLULAH, LA
27-025-0036	SWR	89/02/02	FNS, CCFP CAPITAL CITY PROVIDERS INC., BATON ROUGE, LA
*27-026-0042	GPR	88/12/22	FNS, NSLP, MISSOURI DEPARTMENT OF CORRECTIONS
*27-029-0059	MWR	89/02/03	FNSRO SUMMER FOOD SERVICE PROGRAM DETROIT HEALTH DEPARTMENT
*27-029-0060	MWR	88/12/19	FNSRO SUMMER FOOD SERVICE PRO CHICAGO HOUSING AUTHORITY
*27-029-0167	NER	89/03/14	FNS CCFP ACTION FOR PROGRESS
*27-029-0168	NER	89/03/28	FNS CCFP TABERNACLE CHURCH OF GOD, INC.
*27-029-0169	NER	89/03/10	FNS-CCFP CHILD DEVELOPMENT SUPPORT CORPORATION
*27-029-0170	NER	89/03/28	FNS-CCFP COMMUNITY PROGRAMS OF LONG ISLAND, INC. CC
*27-029-0171	NER	89/03/28	FNS-CCFP FIVE TOWN COMMUNITY CENTER
*27-029-0172	NER	89/03/28	FNS-CCFP CHERUB RECREATION, INC.
*27-029-0173	NER	89/03/10	FNS-CCFP CONCERNED PARENTS OF JAMAICA
*27-029-0174	NER	89/03/28	FNS-CCFP EAST ELMHURST DCC, INC
*27-029-0175	NER	89/03/28	FNS-CCFP WHISPERING WONDERS PRESCHOOL
*27-029-0176	NER	89/03/10	FNS-CCFP OMEGA PSI PHI FRATERNITY NUOMICRON CHAPTER DCC
*27-029-0177	NER	89/03/28	FNS-CCFP LEADERSHIP COUNCIL OF OPEN COMMUNITIES OF BROOKLYN
*27-029-0178	NER	89/03/28	FNS-CCFP AMISTAD CCC
*27-029-0179	NER	89/03/14	FNS-CCFP FIVE POINTS MISSION CHINESE UNC MEI WAH DCC
*27-029-0180	NER	89/03/14	FNS-CCFP CHINESE METHODIST CENTER CORPORATIONS
*27-029-0181	NER	89/03/14	FNS CCFP GOSHEN AREA DCC INC.
*27-029-0182	NER	89/03/17	FNS CCFP CO. COMMUNITY ACTION COMM.
*27-029-0183	NER	89/03/28	FNS CCFP LEWIS STREET DCC
*27-029-0184	NER	89/03/28	FNS CCFP BABOR BATHGATE
*27-029-0185	NER	89/03/14	FNS CCFP STATEN ISLAND CHILDREN'S COUNCIL
*27-029-0186	NER	89/03/28	FNS CCFP LEARNERS HAVEN DCC
*27-029-0187	NER	89/03/28	FNS CCFP AS THE TWIG IS BENT CHILDREN'S CENTER
*27-029-0188	NER	89/03/28	FNS CCFP TREMONT MONTEREY DCC
*27-029-0189	NER	89/03/28	FNS CCFP OUR LADY OF PEACE
*27-029-0191	NER	89/03/14	FNS CCFP CATTARAUGUS COMMUNITY ACTION, CATTARAUGUS CO. HS.
*27-029-0192	NER	89/03/28	FNS CCFP INWOOD NURSERY
*27-029-0193	NER	89/03/28	FNS CCFP BETHANY CHRISTIAN SERVICES
*27-029-0194	NER	89/03/28	FNS CCFP FEDERATION OF PR ORG OF BROWNSVILLE
*27-029-0195	NER	89/03/28	FNS-CCFP PLATTSBURGH AFB CDC
*27-029-0196	NER	89/03/28	FNS-CCFP NORTHERN DUTCHESS DCC
*27-029-0197	NER	89/03/10	FNS-CCFP COMMISSION FOR ECONOMIC OPPORTUNITY FOR RENSSLAER CO.
*27-029-0198	NER	89/03/10	FNS-CCFP KEMWOOD DAY CARE CHILD DEVELOPMENT
*27-029-0199	NER	89/03/28	FNS-CCFP ST JONHS DCC INC.
*27-029-0200	NER	89/03/28	FNS-CCFP GRIFFISS AFB CDC
*27-029-0201	NER	89/03/14	FNS-CCFP PUERTO RICAN COUNCIL DCC
*27-029-0202	NER	89/03/28	FNS-CCFP BROOME CO. CO. COUNCIL, INC
*27-029-0203	NER	89/03/17	FNS-CCFP OPPORTUNITIES FOR BROOME CO.
*27-029-0204	NER	89/03/17	FNS-CCFP-HENRY STREET SETTLEMENT DCC
*27-029-0205	NER	89/03/28	FNS-CCFP SEVENTH AVE MENNONITE CHURCH HS
*27-029-0206	NER	89/03/28	FNS-CCFP-GREATER FLUSHING COMMUNITY COUNCIL MACEOLONIA CDC

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL—AUDIT
AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1988 AND MARCH 31, 1989

AUDIT NUMBER	REGION	RELEASE DATE	TITLE
27-029-0207	NER	89/03/28	FNS-CCFP-UNIVERSAL CHURCH OF CHRIST
27-029-0208	NER	89/03/28	FNS-CCFP COMMUNITY REDEMPTION FOUNDATION GEORGIA-LIVO
27-029-0209	NER	89/03/28	FNS-CCFP-FIRST BAPTIST CHURCH COMMUNITY DCC
27-029-0210	NER	89/03/28	FNS-CCFP-BAYLIS ESTHER ASP
27-029-0211	NER	89/03/28	FNS-CCFP-COMMITTEE FOR EARLY CHILDHOOD DEVELOPMENT DCC, INC.
27-029-0212	NER	89/03/28	FNS-CCFP SOC FOR SEAMAN'S CHILDREN
27-029-0213	NER	89/03/28	FNS-CCFP-SENECA NATION OF INDIANS DC PROG
27-029-0214	NER	89/03/17	FNS-CCFP LEICESTER KIDS PLACE, INC.
27-029-0215	NER	89/03/10	FNS-CCFP-OLEANS CHILD DCC INC.
27-029-0216	NER	89/03/28	FNS-CCFP-SOUTH JAMAICA CENTER FOR CHILDREN AND PARENTS, INC.
27-029-0217	NER	89/03/28	FNS-CCFP METROPOLITAN ASSISTANCE VICTIM SERVICE TRAVELERS AID
27-029-0218	NER	89/03/28	FNS-CCFP WESTMINSTER EARLY CHILDHOOD PROGRAMS
27-029-0219	NER	89/03/28	FNS-CCFP ESCUELA HISPANIC MONTESSORI HS
27-029-0220	NER	89/03/28	FNS-CCFP SENECA NATION OF INDIANS HS
27-029-0221	NER	89/03/28	FNS-CCFP MASTERSON CDC
27-029-0222	NER	89/03/10	FNS-CCFP ONONDAGA DSS, CHILDRENS DIVISION DC
27-029-0223	NER	89/03/28	FNS-CCFP WYANDANCH DCC
27-029-0224	NER	89/03/10	FNS-CCFP SCHENECTADY COMMUNITY ACTION PROGRESS
27-029-0225	NER	89/03/10	FNS-CCCP CAYUGA CO. ACTION PROGRAM
27-029-0226	NER	89/03/28	FNS-CCFP THE SALVATION ARMY
27-029-0227	NER	89/03/28	FNS-CCFP SHARON BAPTIST H.S.
27-029-0228	NER	89/03/28	FNS-CCFP REFRESHING SPRING CCC
27-029-0229	NER	89/03/28	FNS-CCFP BNOS JERUSALEM, DCHASIDEI BELZ
27-029-0230	NER	89/03/28	FNS-CCFP SEABURY DCC
27-029-0231	NER	89/03/28	FNS-CCFP ANNA LEFKOWITZ DCC
27-029-0232	NER	89/03/28	FNS-CCFP EMBASSY DC
27-029-0233	NER	89/03/28	FNS-CCFP EMANUEL PROGRESSIVE CDC INC
27-029-0234	NER	89/03/28	FNS-CCFP VICTORY DC
27-029-0235	NER	89/03/28	FNS-CCFP ST MARKS UMC FSC HS
27-029-0236	NER	89/03/28	FNS-CCFP COMPREHENSIVE COMMUNITY DEVELOPMENT CORP
27-029-0237	NER	89/03/28	FNS-CCFP MC DONOUGH STREET HS
27-029-0238	NER	89/03/14	FNS-CCFP CENTER HARLEM ASSOC OF MONTESSORI PARENTS INC
27-029-0239	NER	89/03/28	FNS-CCFP RED BALOON DCC
27-029-0240	NER	89/03/28	FNS-CCFP BRONXDAL E TENANTS LEAGUE DC&FH
27-029-0241	NER	89/03/28	FNS-CCFP NEWBURG COMMUNITY ACTION COMMITTEE
27-029-0242	NER	89/03/10	ORLEANS COMMUNITY ACTION COMMITTEE HS
27-029-0243	NER	89/03/28	FNS-CCFP STEUBEN COUNTY EOP INC
27-029-0245	NER	89/03/28	FNS-CCFP EOP OF CHEMUNG INC
27-029-0246	NER	89/03/28	FNS-CCFP BRONX RIVER NEIGHBORHOOD CENTER
27-029-0247	NER	89/03/28	FNS-CCFP YONKERS DCC
27-029-0248	NER	89/03/28	FNS-CCFP BATHGATE DCC
27-029-0249	NER	89/03/28	FNS-CCFP BELMONT BOMMUNITY DCC
27-029-0250	NER	89/03/28	FNS-CCFP FLUSHING DCC
27-029-0251	NER	89/03/28	FNS-CCFP LEAKE & WATTS CHILDREN'S HOME
27-029-0252	NER	89/03/28	FNS-CCFP THE CCC FIRST BAPTIST CHURCH
27-029-0253	NER	89/03/10	FNS-CCFP OHEL SARAH DCC INC
27-029-0254	NER	89/03/28	FNS-CCFP VERNON HEIGHTS DCC
27-029-0255	NER	89/03/28	FNS-CCFP BRFRESHITH CULTURAL INSTITUTE
27-029-0256	NER	89/03/28	FNS-CCFP FENNELL DCC
27-029-0257	NER	89/03/28	FNS-CCFP INVICTUS BLAZERS INC
27-029-0258	NER	89/03/28	FNS-CCFP WILLO HAVEN DCC
27-029-0259	NER	89/03/28	FNS-CCFP ST SAVIOUR RC CHURCH
27-029-0423	GPR	89/03/09	FNS, CCFP, HELPING HAND DCC (53688) ST LOUIS MO
27-029-0433	GPR	89/03/21	FNS, CCFP, GREEN HILLS AREA HEAD START (56665) TRENTON, MO
27-029-0436	GPR	89/03/16	FNS, CCFP, COMMUNITY DAY CARE LEARN CNY (57096) MOBERLY, MO
27-029-0438	GPR	89/03/22	FNS, CCFP, HUMAN DEVELOPMENT CORP FDC (59734) ST LOUIS MO
27-029-0439	GPR	89/03/08	FNS, CCFP, DOUGLAS COMMUNITY CENTER (59741) HANNIBAL, MO
27-029-0440	GPR	89/03/22	FNS, CCFP, WEBSTER GROVES DAY CARE CTR (60560) ST LOUIS, MO
27-029-1055	NAR	88/12/12	FNS-CCFP BOYS HARBOR INC

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AUDIT NUMBER	REGION	RELEASE DATE	TITLE
27-099-0043	SWR	88/12/06	FNS CCFP WEBSTER PARISH, COMMUNITY ACT AG, MINDEN, LA
27-099-0044	SWR	88/12/07	FNS CCFP RIVER REGION RES DEV ASSOC DONALDSONVILLE LA
27-099-0047	SER	88/11/21	FNS-SURVEY FSP MAIL ISSUANCE, GUILFORD CO., NC
27-099-0079	MWR	89/03/15	BETTER BAKED FOODS SUBCONTRACT WITH PREFERRED MEAL SYSTEMS
27-099-0081	MWR	89/03/29	TRI VALLEY ECONOMIC OPPORTUNITY COUNCIL SPECIAL DISTRIBUTION PROGRAM
*27-545-0052	NER	89/02/16	INCURRED COST AUDIT-KETRON, INC., WAYNE, PA
27-665-0001	SER	89/03/16	FNS-FOOD STAMP ADMINISTRATIVE COSTS, NORTH CAROLINA
27-665-0001	NER	89/03/07	NY STATE FSP ADMINISTRATIVE COSTS

TOTAL: FNS FOOD AND NUTRITION SERVICE

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AGENCY - APHIS ANIMAL & PLANT HEALTH INSPECTION SERVICE

33-003-0001	NER	89/03/31	QUARATINE CONTROLS OVER CONTAMINATED HERDS
*33-545-0009	NER	88/11/29	CLOSEOUT AUDIT LABAT ANDERSON, INC
33-545-0011	NER	88/10/08	AGRITECH, INC. PORTLAND, ME, COST PROPOSAL-TESTING SYSTEMS

TOTAL: APHIS ANIMAL & PLANT HEALTH INSPECTION SERVICE

— 3

AGENCY - MULT MULTIAGENCY CODE

50-099-0014	FMS	88/12/30	BILLINGS ACCOUNTS RECEIVABLE AND COLLECTIONS (BARC)
50-099-0051	NER	89/03/30	OCEAN FREIGHT RATE, FAS
50-099-0052	NER	88/12/12	CONTROLS OVER BIOTECHNOLOGY RESEARCH
50-099-0057	NER	89/03/31	CONSULTING ADVISORY AND ASSISTANCE SERVICES-PHASE 2
50-550-0013	NER	89/03/31	PREVENTION OF WASTEFUL YEAREND SPENDING, WASH. DC
*50-566-0005	SWR	88/10/25	A-128 ARKANSAS FORESTRY COMMISSION FYE JUNE 30, 1987
*50-566-0006	SWR	88/11/23	A-128 SINGLE AUDIT OF NEW MEXICO STATE UNIVERSITY FYE JUNE 30, 1988
*50-566-0007	SWR	88/11/21	A-128 TEXAS A&M UNIVERSITY FYE AUGUST 31, 1986
*50-566-0008	MWR	89/02/08	SINGLE AUDIT OF MICHIGAN DEPARTMENT OF AGRICULTURE
*50-566-0008	WR	88/10/04	A-128 CITY OF SAN JOSE, CALIFORNIA FY ENDED 6/30/87
*50-566-0009	WR	89/03/15	A-128 AUDIT REPORT-ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
*50-566-0010	WR	89/03/16	A-128 AUDIT REPORT-DEPARTMENT OF AGRICULTURE STATE OF HAWAII FOR FYE 6/30/87
*50-566-0011	GPR	88/11/30	A-128 IOWA DEPT OF AGRICULTURE (FY 6/87) DES MOINES, IA
*50-566-0011	WR	89/03/17	A-128 AUDIT REPORT-DEPARTMENT OF LANDS, STATE OF IDAHO 7/1/84 - 6/30/87
*50-566-0012	SER	88/12/16	A-128 AUDIT OF GEORGIA FORESTRY COMMISSION, FISCAL YEAR ENDED JUNE 30, 1987
*50-566-0012	GPR	88/10/17	A-128 NORTH DAKOTA DEPT OF AGRICULTURE, (6/87) BISMARCK, ND,
*50-566-0013	GPR	89/01/09	A-128, WY DEPT OF AGRICULTURE (6/87) CHEYENNE, WY
*50-566-0014	GPR	89/01/31	A-128 DEPARTMENT OF PUBLIC LANDS 87&88 CHEYENNE, WY
*50-566-0026	NER	88/12/13	VA. DEPT. OF AGRIC. & CONS, SVCS.
*50-566-0027	NER	89/02/10	PUERTO RICO DEPARTMENT OF AGRICULTURE A-128 (FYE 6/30/87)
*50-567-0013	WR	88/10/20	A-128 AUDIT TRUCKEE-DONNER PUD, CALIFORNIA 1/1/85-12/31/86
*50-567-0014	WR	88/10/27	A-128 AUDIT LINCOLN COUNTY PUD NO 1 6/1/85-5/31/87
*50-567-0021	WR	88/10/25	A-128 AUDIT GUAM TELEPHONE AUTHORITY FYES 9/30/86 & 87
*50-567-0022	WR	88/10/26	A-128 AUDIT STEVENS COUNTY PUD NO.1 FYE 12/31/86

TOTAL: MULT MULTIAGENCY CODE

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AGENCY - OIRM OFFICE OF INFORMATION RESOURCES MANAGEMENT

58-099-0014	FMS	89/03/27	REVIEW OF THE WCC TRANSFER TO THE NCC-KC
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TOTAL: OIRM OFFICE OF INFORMATION RESOURCES MANAGEMENT

— 1

TOTAL: RELEASED - NATIONWIDE

— 259

TOTAL: UNDER - CONTRACT

— 118

CONTACT



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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