United States
Department of
Agriculture

Office of
Inspector
General

March 1990

Office of Inspector General Semiannual Report to Congress

FY 1990—First Half

OIG

Report Highlights

United States Department of Agriculture

Office of Inspector General

Washington, D.C. 20250

The 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, 1990.

During this period, we concentrated our efforts in farm programs and the Department's administrative and management systems. In the farm programs area, we continued our reviews of the debt restructuring process. We also continued our audits of producers' compliance with payment limitation rules. Our work in administrative systems covered the security of the Department's computer systems, and cash management in the Federal Crop Insurance Corporation. Investigative activities focused on employee integrity, food safety, and fraud in the Department's loan and benefit programs.

In this report, our audit efforts have identified about $24 million in recoveries and collections, and $367 million in management commitments to put funds to better use. Our investigative efforts resulted in 224 indictments, 368 convictions, and about $23 million in fines, restitutions, and recoveries.

The effectiveness of our work is due in part to the support you have given. I appreciate this support and believe we have made continued progress in promoting economy and efficiency within the Department and in detecting and preventing fraud and abuse.

Sincerely,

Leon Snead
LEON SNEAD
Deputy Inspector General

Enclosure

Contents

IN FOCUS: FARMERS HOME ADMINISTRATION

The Office of Inspector General has received several recent inquiries from members of Congress regarding problems in Farmers Home Administration (FmHA) programs. Congress has also requested that the General Accounting Office review FmHA's operations and report on any problems found. The Office of Management and Budget has also targeted FmHA's programs for increased attention by the Administration. Of particular concern is the financial strength of FmHA's loan portfolio and the vulnerability of the agency's programs to abuse.

The information that follows is a summary of what is already known about FmHA programs, and has been reported in prior Semiannual Reports to Congress. It is hoped that the information will facilitate a better understanding of the issues facing the agency, and be useful to Congress in its continuing efforts to oversee FmHA's operations.

- **Background**

FmHA is the largest direct lending institution in the Federal Government. FmHA makes farm, housing, and rural development loans to individuals and entities who cannot obtain credit from commercial institutions. As of September 30, 1989, over 1.1 million borrowers owed FmHA $55 billion. In addition, private lenders have made loans totaling $4.7 billion, guaranteed by FmHA, to 32,000 borrowers.

A combination of factors have affected FmHA's ability to effectively manage its portfolio. First, its borrowers are individuals or entities who have been deemed by private lenders to have an unacceptably high risk of default, thus making FmHA a lender of last resort. This has resulted in a portfolio that requires extensive servicing, and that is highly vulnerable to high dollar writeoffs. Second, judicial barriers, such as the Coleman-Block decision, have interfered with the agency's effectiveness in foreclosing on delinquent borrowers. Finally, some legislative provisions have created a loan-making environment where borrowers can overextend themselves, making collection of the loans doubtful.

In some areas, FmHA management has coped with these factors effectively through sound policies and procedures. In other areas, OIG audits have shown that improvements are needed.

- **FmHA Staffing**

FmHA administers its programs through its national office and a network of 46 State, 264 district, and 1,904 county offices. To accomplish the agency's mission, FmHA staff must be expert in such specialized areas as farm management, financial analysis and property appraisal. They must implement extensive program requirements, written to ensure that loans are made equitably, to eligible borrowers. FmHA county employees are charged with significant responsibilities. County supervisors have loan approval authority ranging up to $175,000 for insured loans and $350,000 for guaranteed loans. An average county office manages 600 loans, valued at $28.9 million.

Many county offices are staffed with only a few employees. This makes it difficult, if not impossible, to implement fundamental internal controls such as separation of duties. Our audits have also disclosed that some staff do not have the appropriate combined educational backgrounds for their jobs, and that field staff sometimes do not receive clear or consistent program direction. While FmHA has conducted training for its employees, our audits have shown that FmHA staff do not always adhere to or enforce established policies and procedures. This not only leads to inconsistent application of program requirements, but also impedes prosecution of and recovery for violations.

- **Farmer Program Loans**

FmHA's greatest loan activity is in farmer programs. These loans make funds available for owning and operating family-sized farms, and provide assistance in cases of natural or economic disaster.

The farm loan portfolio is in extremely weak financial condition. A major reason for this is that FmHA was required by law to make emergency loans based only on repayment ability, or on real estate security appraised at values which did not reflect the true market value of the property at the time of the loan. The agency has established a reserve for potential losses on about half of the $26.5 billion owed.

Historically, OIG audits have disclosed weaknesses in loan making and loan servicing which have resulted in program losses. We have found that: (1) FmHA has not made realistic income and expense projections when making loans to borrowers who have little or no chance of repaying them, (2) adequate collateral has not been obtained at the time loans were made, (3) the government's security position has been weakened in many cases through the subordination of liens to other creditors, and (4) loans have not been serviced properly to ensure that collateral is maintained and is in good condition.

Financial audits performed recently by GAO and OIG have shown that many farmer program loans are uncollectible. Many of the bad loans on FmHA's books have been uncollectible for an extended period; more than half have been delinquent for over 4 years. Further, FmHA's servicing actions, such as rescheduling, reamortizing, and deferring payment have distorted the agency's financial position. Although these actions were intended to assist borrowers, the net effect was that chronically delinquent loans were classified as current. Even in cases where FmHA tried to take decisive action to foreclose on delinquent debtors, it was impeded by court action in 1983. Finally, FmHA is required to make new loans to delinquent debtors, under a provision called the "continuation policy," even if they cannot show an ability to repay their outstanding debt. This policy is contrary to sound commercial lending practices, and will most likely result in additional future losses.

As a result of the Agricultural Credit Act of 1987, FmHA will realize the losses associated with its uncollectible and undersecured loans. The Act's provisions include a new servicing action, called "debt restructuring", which allows loans to be written down to their net recovery value. The Act also contains a "buyout" provision, under which a borrower can buy out his debt at the current value of security, less expenses FmHA would have to pay if it foreclosed and sold the property. A loophole in the law permits borrowers who illegally dispose of collateral to qualify for "buy out". We recommended that FmHA seek changes in the law to explicitly preclude borrowers who do not act in good faith in fulfilling their debt obligations from benefiting from any of the law's provision. FmHA officials agreed with us and have proposed corrective legislation to Congress. We support their proposal.

- **Guaranteed Loans**

The Food Security Act of 1985 mandated a shift from direct loans for farmer programs, to loan guarantees made to private lending institutions. The purposes of this shift were to decrease Federal outlays, and to share the credit risk with the private sector.

OIG audits have disclosed problems in the guaranteed loan program. We found that private lenders were using FmHA's guarantee to make loans to the troubled segment of their own portfolios rather than to FmHA direct loan borrowers. As a result, direct loan outlays may not decrease as anticipated — in fact, a new group of borrowers is now receiving Federal assistance.

In addition to providing loan guarantees, FmHA may pay lenders a portion of a borrower's interest expense through the Interest Rate Reduction Program. Our reviews have shown that lenders have made loans with reduced interest rates to borrowers who did not need them, or who could not repay the debt even with the reduced rate.

- **Rural Housing Loans - Single Family**

FmHA makes loans to individuals in rural areas for single family houses. Over 700,000 single family housing loans are outstanding, with a total debt due to FmHA of about $19 billion. OIG audits have shown that FmHA has provided unnecessary subsidies in the form of reduced interest rates, at the time loans were made and throughout the course of the loan agreement, because borrowers understated their income. To remedy this condition, FmHA has begun to implement a wage matching program as a means of validating income. We have also found cases where FmHA should have been more aggressive in requiring borrowers to refinance their debts with, or "graduate" to, commercial lenders when they have the financial capability to do so.

- **Rural Rental Housing - MultiFamily**

FmHA also makes loans to project owners for multifamily rental dwellings. This loan portfolio totals about $9 billion. Our most recent audit in this program showed that FmHA has established a system with sufficient internal controls to guard against abuse in project awards. Our current work in this area will determine whether established procedures are being followed.

Aside from the award process, OIG audits have disclosed problems in the rural rental housing program. In the past, we have noted that loans have been made to construct units in areas where there was an inadequate number of eligible tenants. We have also noted that inflated appraisals have resulted in excessive loan amounts, construction costs have been overstated, and interest subsidies have been excessive because inaccurate tenant wage data was provided.

Future reviews by OIG will follow-up in these areas to determine whether systemic problems still exist.

- **Community and Business Programs**

Direct and guaranteed loans, with outstanding balances of about $5.4 billion, have been made to borrowers under the Community Program to expand business and industry in rural areas, to fund water and waste treatment projects, and to fund community facilities, such as hospitals and fire stations.

With the exception of Business and Industry (B&I) loans, which total $1.4 billion, the Community Program portfolio is generally sound. Our audits have noted, however, that FmHA could be more aggressive in graduating these borrowers to private sector credit. Graduation reviews have been very limited, and not based upon detailed financial analysis. As a result, borrowers with strong financial assets and an assured income flow have continued to obtain subsidized Federal credit.

In the B & I loan program, under which loans are made by commercial institutions, and backed by FmHA guarantees, OIG audits have disclosed that loans have been made to borrowers who have only limited potential for success. We have also found that these loans are poorly serviced by the commercial lenders, who, in some instances, sell the guaranteed portion of the note and have a significantly reduced incentive to monitor the borrower's operations further.

Our audits have also found that lenders have been slow to liquidate the operations of borrowers who default. This practice is very costly to the government. Because regulations do not specify how soon after the borrower defaults the lender must submit a final loss report, interest continues to accrue on the borrower's unpaid principal until the report is submitted. Our audits have shown that this period has extended to as long as nine years. We have recommended that FmHA require lenders to file estimated loss reports within 90 days of default, and that FmHA pay its share of the note based on that estimate. We believe that over $8.3 million could be saved each year if this recommendation were implemented. FmHA agrees with us, but corrective action has been slowed by the rulemaking process.

- **Summary**

FmHA faces many challenges as it enters the 1990s. The problems that have been noted in its programs are complex, and require the joint efforts of Congress and the Administration to be addressed.

EXECUTIVE SUMMARY

This is the 23rd 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), and Section 106 of the Inspector General Act Amendments (Public Law 100-504). This report reflects the changes in reporting requirements of Section 106 and covers the period October 1, 1989, through March 31, 1990.

The following excerpts summarize the results of our work, as reported in this Semiannual Report:

- **Investigation of REA Borrower Results in Conviction, $2.5 Million Settlement**

  An investigation of a rural electric cooperative led to the conviction of the former general manager of the cooperative for racketeering, conspiracy, and mail fraud. Additionally, the cooperative and its CPA firm paid the Government $2.5 million to settle allegations that the cooperative defrauded REA and that the CPA firm should have discovered irregularities at the cooperative and reported them to REA. We also referred the CPA firm to the American Institute of Certified Public Accountants and to the appropriate State Board of Accountancy.

- **Producers Still Reorganize Farms to Circumvent Payment Limits**

  Although Congress passed legislation to restrict the number of "entities" that could receive ASCS deficiency payments, producers continue to circumvent the $50,000 limit by reorganizing their farms. Audits over the past 5 years found that about 23 percent of the "person" determinations reviewed were incorrect (primarily those involving new reorganized operations), representing overpayments estimated at $126 million.

- **Vendors Violate "Domestic-Only" Policy**

  When ASCS purchases agricultural products to use in its food donation programs, it requires that the commodities used in the products be of domestic origin. We found that some vendors who were selling vegetable oil products to ASCS could not provide production records to identify the source of the oil. We estimated that over a 12-month period, about 9 million pounds of imported soybean oil, valued at about $3.9 million, was contained improperly in the products purchased by ASCS for use in domestic and export programs.

  We recommended that ASCS require vendors to keep production records and to certify compliance with the "domestic-only" policy.

- **FCIC Could Reduce Costs by Over $10 Million A Year**

  FCIC reimburses reinsured companies for State taxes they pay on FCIC reinsurance transactions. Because FCIC insurance programs are federally funded and exempt from State taxes, we recommended that the agency rescind the premium tax reimbursement policy.

  FCIC agreed to rescind its policy on premium tax reimbursements for the 1991 crop year.

- **USDA Computers Were Not Secure**

  Computer programs obtained by USDA from a major supplier allowed users unrestricted access to the systems of all USDA administrative and financial operations and some program operations. We notified the Assistant Secretary for Administration, who directed the pertinent agencies to correct the security weaknesses and to look for similar problems in other agency systems and applications.

- **States Billed for $8 Million in FSP Administrative Costs Overcharges**

  FNS reimburses States for 50 percent of their costs of administering the Food Stamp Program, and 75 percent of any expenses that involve the pursuit of fraud. Costs charged by States to FNS for administering the FSP have grown over the last 5 years, outpacing increases in food stamp issuances. Audit work showed that States claimed reimbursement for expenses unrelated to the FSP and for expenses that were ineligible for 75 percent reimbursement.

  We recommended that FNS improve its controls over the States' cost claims by reviewing documentation to support those claims, and by providing guidance on cost eligibility.

- **Ohio Grocers Convicted of Food Stamp Fraud, One Ordered to Pay $2.1 Million Restitution**

  In Ohio,one grocer was sentenced to 8 years in prison and ordered to pay $2.1 million in restitution.

A second grocer was placed on probation. Both pled guilty to money laundering and unauthorized possession and acquisition of food stamps.

- **Sugar Wholesalers Convicted, One Ordered to Pay Restitution of $4.4 Million**

  Two sugar wholesalers, one in Pennsylvania and one in Indiana, were convicted of purchasing foreign sugar and selling it illegally in the U.S. domestic market. One has been ordered to pay $4.4 million in restitution. Sentencing of the other is pending.

- **Meat Company and Its Officers Plead Guilty to Product Adulteration and Bribery, Agree to Pay $2 Million in Fines**

  A meat-processing corporation in New Jersey and its three top officers have pled guilty and agreed to pay $2 million in fines for bribing FSIS meat inspectors, adulterating meat products, and falsifying reports to FSIS. Six meat inspectors have been indicted. One has pled guilty and the remaining five are awaiting trial.

- **9-Year Jail Sentence for Surety Bond Scheme**

  In Arizona, the owner of two bonding and insurance companies, convicted of issuing false individual surety bonds to five Federal agencies, was sentenced to 9 years in prison and ordered to pay $2.1 million in fines and restitution.

Summary of Audit Activities

Audit Reports Issued

Reports Issued	232
Audits Performed by OIG	120
Audits Performed Under the Single Audit Act	11
Audits Performed by Others	101

Management Decisions Made

Number of Reports	203
Number of Recommendations	1,090

Dollar Impact (millions)

Management Commitments To Seek Recovery	$ 24 [a][b]
Management Commitments To Put Funds To Better Use	$345 [a]
Improper Agency Actions	$ 22 [c]
Total	$391

[a] These were the amounts the auditees agreed to at the time of management decision.

[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] 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	723
Cases Opened	875
Cases Closed	672
Cases Referred for Prosecution	393

Impact of Investigations

Indictments	224
Convictions	368 [a]

Dollar Impact (millions)

Recoveries/Collections	$11.3 [b]
Restitutions	$10.8 [c]
Fines	$1.1 [d]
Cost Avoidance	$0.1 [e]

Administrative Sanctions

Employees	37
Businesses/Persons	124

[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.

SMALL COMMUNITY AND RURAL DEVELOPMENT

FARMERS HOME ADMINISTRATION (FmHA)

FmHA is the largest direct lending institution in the Federal Government. The agency makes farm, housing, and private and public rural development loans to individuals and entities who cannot obtain credit elsewhere. Interest rates on loans may be subsidized, and a wide range of servicing options are available to borrowers who are unable to meet their debt obligations in a timely manner. As of September 30, 1989, over 1.1 million borrowers owed about $55 billion to FmHA. In adition, FmHA has guaranteed loans totaling $4.7 billion made by private lending institutions to 32,000 borrowers. The agency administers its programs through the national office and a network of 46 State offices, 264 district offices, and 1,904 county offices.

Review of Large Dollar Restructuring Activity Discloses Current Legislation Would Preclude Dollar Losses

The Agricultural Credit Act of 1987 contains numerous provisions aimed at providing opportunities for delinquent farmers indebted to FmHA to continue their farming operations. The law provides for the use of a series of measures to restructure the debts of borrowers who are 180 days or more delinquent. The measures include consolidation, rescheduling or reamortization, interest rate reduction, deferral, and writedown. For a borrower to qualify for debt writedown, the present value of borrower repayments must equal or exceed the net recovery value, after liquidation expenses, of the assets securing the obligations. If borrowers are unable to qualify for writedown, they are provided an opportunity to satisfy the debt by paying FmHA an amount equal to the net recovery value, a process referred to as "buyout."

When the Agricultural Credit Act was implemented in November 1988, FmHA had more than 66,000 borrowers who were delinquent on debts of about $8.8 billion. More than 50 percent of these loans had been delinquent for more than 4 years, and more than 80 percent had been delinquent for more than 3 years. The magnitude and age of this debt were caused by several factors. Lending authority for emergency loans without monetary limits in the 1970's greatly expanded the overall indebtedness. Collection efforts on delinquent accounts were slowed, then halted due to the "Coleman/Block" decision, which barred FmHA from foreclosing on delinquent borrowers from 1983 through 1988. As a result, repayments due to the agency could be withheld by borrowers during this period without reprisal as interest continued to accrue.

As of November 30, 1989, FmHA had processed over 4,600 writedowns for more than $796 million and over 5,200 "buyouts" for $1 billion. As of September 30, 1989, FmHA had finalized writedowns or "buyouts" of over $1 million to 93 borrowers.

We performed a special study of the loan portfolios of 74 borrowers who had received writedowns or "buyouts" of $1 million or more. We testified on the results of this study before the Senate Subcommittee on Agricultural Credit. Our analysis disclosed that 95 percent of all unpaid debts owed by this group and 96 percent of the program losses incurred were attributable to emergency and economic emergency loans. Further, we noted that 72 percent of these losses would have been avoided had the current loan-making provisions been in effect at the time of the original loan application. The legislative changes that led to the current loan-making provisions have lessened the agency's vulnerability to writedowns and "buyouts" of the dollar magnitude that were being incurred during the first year's implementation of the Agricultural Credit Act of 1987. The most significant program revisions that have evolved during the 1980's include: the elimination of emergency loans for major adjustment purposes which consisted, in part, of refinancing existing debt; the elimination of the emergency loan provision which qualified borrowers for operating loans for 5 years following the actual loss; the establishment of a $500,000 loan limit when an actual loss is incurred; and the rescission of the Economic Emergency Loan Program.

We also testified at the same hearing in support of several of the Department's proposals to strengthen the debt restructuring program. For example, we endorsed the elimination of a legislative loophole, disclosed by OIG, which permitted borrowers who had not acted in good faith to "buy out" their loans. In addition, we also supported a proposal to value inventory property offered for sale to the prior owner at the market value, rather than through the capitalization method, which estimates income flow. OIG had also disclosed this program weakness in a prior audit.

State Office Exceeds Its Authority in Handling Problem Loans

The FmHA Business and Industry (B&I) Loan Program is designed to improve, develop, or finance business, industry, and employment and improve the economic climate in rural communities. Commercial lenders make B&I loans, and FmHA guarantees up to 90 percent of the principal and interest. The lenders service the loans by performing all actions necessary after loan closing to collect the indebtedness and to protect the security. FmHA loan servicing includes onsite visits to lenders and borrowers, monitoring lender servicing actions to ensure compliance with the regulations, review of lender appraisals, review and analysis of borrower financial statements and operations for adverse trends, and prior approval of liquidation plans.

Our review of the administration of the B&I Loan Program in one FmHA State office revealed that in dealing with lenders, State office personnel did not provide adequate servicing and exceeded their authority in approving lender and borrower actions. Following are two examples of these improper actions:

- A lender settled over $2 million in outstanding B&I loans with a borrower for approximately $617,500. The borrower obtained the funds for the settlement through a loan from another bank and escrow accounts at the lender. The State office exceeded its authority by approving this settlement because regulations preclude side agreements between lenders and borrowers. As a result, the borrower, besides remaining in business and reducing outstanding debt, maintained possession of over $1.7 million in assets (at a loss to FmHA of $1.3 million).
- A lender sold a $1.1 million B&I loan note, which had an 80 percent guarantee level, on the secondary market. When the borrower defaulted, FmHA, as required, purchased the guaranteed portion of the loan totaling about $900,000. However, at the time of the borrower's bankruptcy, the lender sold the borrower's collateral to a third party for $1.15 million. Instead of requiring the lender to remit 80 percent of these proceeds, or $920,000, the State office, contrary to regulations, treated the liquidation as a transfer and assumption, and extended its 80 percent guarantee to the third party purchaser of the collateral. Under this arrangement, FmHA could incur additional losses should the third party be forced to liquidate.

As a result of these types of State office actions, FmHA paid excessive B&I loan losses totaling about $3.4 million and assumed unnecessary additional contingent liabilities of $1.5 million in guaranteed loan commitments.

Based upon our audit, FmHA's national office reduced the State office's loan servicing authority from $5 million to $1.5 million. Further, the national office has agreed to withhold these authorities until State personnel are retrained and an evaluation discloses that the State's servicing performance is adequate. FmHA also intends to confer with the Office of the General Counsel regarding the disposition of the specific cases cited in our report.

Settlement Results in $7.2 Million Recovery

A copper tubing manufacturing company in Pennsylvania, which had defaulted on $20 million in loans from FmHA and the Economic Development Administration of the U.S. Department of Commerce, has repaid over $7.2 million. This was the result of a settlement agreement reached after our investigation disclosed that the company's management had diverted money improperly to a series of shell or satellite companies, including a consulting firm. The company failed to make its loan payments, subsequently defaulted on its loans, and filed for bankruptcy. FmHA's portion of the settlement agreement was $4.1 million.

Rural Rental Housing (RRH) Tenant Information Could Save Over $8.7 Million

The Housing Act of 1949 authorizes FmHA to provide loan funds for RRH projects. These loans are repayable over 50 years at interest rates based on Treasury's borrowing rates. Projects sponsored by limited or nonprofit entities are eligible for reduced interest rates through the Interest Credit Program. The Housing Act also provides for rental assistance payments on behalf of low-income tenants housed in RRH projects. Rental assistance amounts and interest rates charged borrowers are based on the financial circumstances of tenant families.

Our audit examined the controls used in determining the proper level of rental assistance and interest credit. We reviewed documentation to support selected tenant income and deductions for 94 RRH projects in 4 States. In fiscal year (FY)1988, these States accounted for over 17 percent of the total rental assistance and 8 percent of the interest credit distributed nationwide.

Our analysis disclosed that tenants generally did not report income, income changes, and household status accurately. Figure 1 illustrates the amount of unreported income by category.

In addition, borrowers for 69 percent of the RRH projects lacked adequate systems to verify family income and expense information provided by tenants.

Consequently, for the four-State sample, we estimate that for a 1-year period, FmHA overpaid $4.37 million in rental assistance and $4.4 million in interest credit. We found that 1,370 tenants were receiving excessive rental assistance, and that 583 tenants were ineligible for the RRH Program because income amounts were in excess of maximums established by FmHA. Figure 2 shows the excessive interest credit and rental assistance granted to the projects and tenants.

FmHA's management reviews generally did not include examinations of tenant family financial reporting requirements, and only provided limited monitoring of RRH borrowers' compliance with income verification requirements.

We recommended that FmHA strengthen its procedures to enforce tenant income reporting requirements and the use of available State employment and benefit records during the tenant certification process. In addition, we recommended that during its management reviews, FmHA provide specific guidance concerning borrower verification of tenant income. FmHA agreed to improve controls to ensure that accurate tenant financial information is collected and maintained.

Ineligible Borrowers Benefit from Interest Rate Reduction Program

The Food Security Act of 1985 authorized FmHA to enter into agreements with lenders to reduce interest rates charged by lenders on guaranteed farm loans. Eligible borrowers include operators of family-size farms who are unable temporarily to project a positive cash flow without the reduced interest rate. FmHA shares the cost of reducing interest rates by making annual interest rate buydown payments to participating lenders. These payments amount to the lesser of 2 percent of the loan or 50 percent of the cost of reducing the guaranteed loan interest rate. The Agricultural Credit Act of 1987 extended the buydown program through 1993, and stipulated that cash flow projections may include a reserve of up to 10 percent.

Administrative controls did not ensure that program benefits were provided only to eligible borrowers and that loans were processed properly. Buydown loans processed in FY 1988 and 1989 contained significant deficiencies in cash flow and documentation, similar to those disclosed by our prior audit in 1987.

In the 1987 review, we found that 48 of 94 borrowers reviewed had been handled improperly. In 42 cases, borrowers were able to cash flow without the program benefit and in 6 cases borrowers could not cash flow even with the interest rate reduction. We questioned

Figure 1

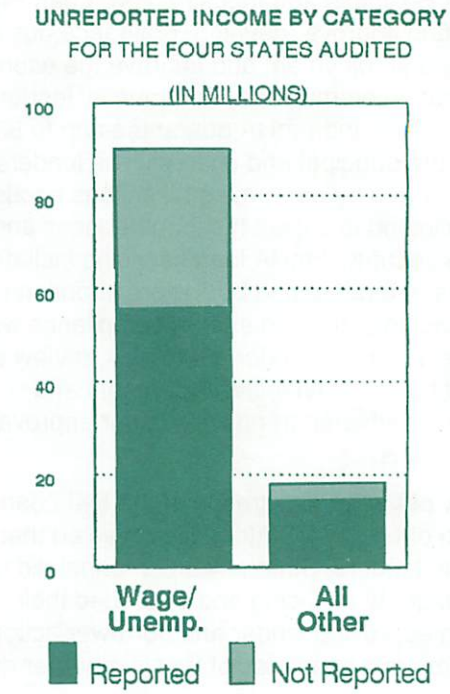
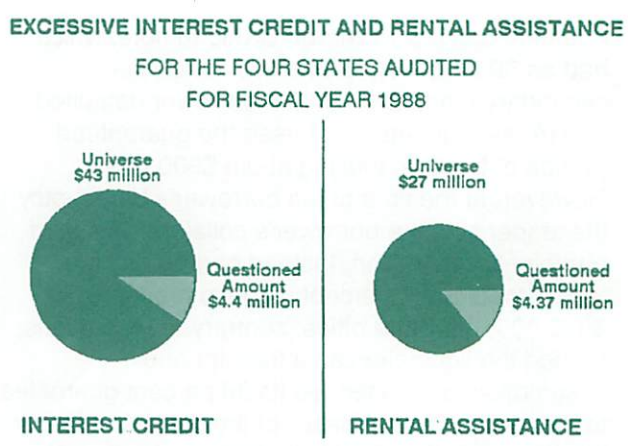


Figure 2



$625,000, or 53 percent, of the $1.2 million obligated for borrowers in our sample.

Of the 24 borrowers reviewed in the current audit, 22 were ineligible for buydown subsidies, and 9 were ineligible for subsidized loan guarantees. These borrowers received over $353,000 in ineligible buydown subsidies and nearly $1.9 million in ineligible loan guarantees.

FmHA agreed with most of our recommendations and will clarify and strengthen its procedures and provide additional training to its staff.

Administrative Controls Over Establishment of Rural Area Boundary Lines Continue to Need Improvement

FmHA administrative controls were insufficient to ensure that rural area boundaries were determined properly and that improper boundary determinations were detected. Rural area boundaries define the geographic limits for Federal funding to rural areas. Deficiencies in rural area boundary determinations which were reported to FmHA by OIG in 1986 continue to exist.

For rural area boundary determinations in 10 of 12 counties reviewed in 3 States, FmHA either did not consider new and planned development adequately or used improper terrain as open space between rural and nonrural areas. From October 1, 1987, to March 27, 1989, county and district personnel in the 10 counties had approved 61 Rural Housing loans totaling over $3 million and 2 Rural Rental Housing loans totaling nearly $2.2 million in nonrural areas.

Our review of rural area eligibility designations found that:

- FmHA had not updated the rural area eligibility designation in 10 of 12 counties even though considerable development had occurred in 8 counties having metropolitan areas or high population areas. For example, the nonrural boundary lines in one county had remained the same since 1982 although there had been substantial urban growth in the county and a rural area review had been completed in February 1985.

- In four counties, rivers, flood plains, industrial and commercial parks, airports, lakes, and recreational areas, contrary to FmHA regulations, were used improperly as open spaces between rural and nonrural areas.

- Coordinated assessment reviews performed by the FmHA national office in the three sample States included coverage of seven counties with urban areas but did not identify deficiencies in rural area boundary determinations.

We found varying interpretations by FmHA State and county office personnel as to what constituted an adequate open space between rural and nonrural areas. In some cases, FmHA county office personnel were reluctant to classify developing areas that were a continuation of urban development as nonrural since this would have a direct impact on the loan activity in their county. In one county, we found that the rural area boundary lines were redrawn significantly by FmHA officials to generate housing program activity. We concluded that the FmHA national office needed to establish better controls to ensure uniformity and accuracy of rural area determinations by State and county offices.

FmHA responded positively to our audit recommendations and is planning regulatory revisions to strengthen oversight procedures and clarify requirements for completing rural boundary designations.

Indictment for Assault of FmHA Employees

A borrower in Mississippi was indicted for assaulting two FmHA county employees while the employees were at his residence conducting an official appraisal. The indictment also charged the borrower and his wife with providing false statements to FmHA to receive a subsidized housing loan. The indictment alleged that to receive an interest credit subsidy, the couple underreported their income by stating falsely that only the husband was employed and receiving income, even though his wife was also employed and receiving income. Trial is pending.

Indictment Obtained for Conversion of FmHA Collateral

A farmer in North Carolina was indicted by a Federal grand jury for illegal conversion of FmHA-mortgaged property. The indictment alleged that the farmer sold $582,000 worth of hogs illegally which were mortgaged to FmHA. Trial is pending.

FEDERAL CROP INSURANCE CORPORATION (FCIC)

Company Owner Charged with False Statements

The owner of an insurance services company in Nebraska was indicted on charges of theft, false statements, mail fraud, wire fraud, and conspiracy. The indictment charged that the company owner submitted false statements to FCIC concerning the number and type of crop insurance policies the company sold and the amount of loss indemnities it paid. Those statements resulted in over $2.2 million in excess payments to the company by FCIC. Although the company later corrected the claims, it allegedly benefited by over $61,000 from the use of the Government's money interest-free. A branch manager of the company was also indicted on conspiracy charges. This investigation originated from a complaint to the OIG Hotline and was conducted jointly with FCIC compliance officers. Trial is pending.

RURAL ELECTRIFICATION ADMINISTRATION (REA)

Guilty Plea, $2.5 Million Settlement in REA Borrower Investigation

An investigation of an electric cooperative in the State of Washington resulted in the conviction of the cooperative's former general manager and in a $2.5 million out-of-court settlement. The general manager pled guilty to conspiracy, mail fraud, and racketeering. Over a 7-year period, he fraudulently directed $2.7 million of the cooperative's REA-financed construction work to a company in which he and his wife had a secret financial interest, and from which they received almost $325,000 in cash and other benefits. His sentencing is pending.

Our investigation also disclosed that the cooperative obtained excessive low-interest REA loan funds by artificially inflating its costs. The cooperative created four profit-making subsidiaries under a nonprofit "umbrella" company. The cooperative controlled the operations of these five companies, and it purchased its materials and construction services though the subsidiaries. This resulted in increased costs to the cooperative, which reported those costs to REA. The cooperative also purchased foreign-made materials through the subsidiaries, although it was required to purchase American-made materials in its loan agreement with REA. The cooperative paid off its REA loan at a discounted rate in September 1987.

Based on the 2 1/2-year investigation, USDA and the Department of Justice entered into an out-of-court settlement with the cooperative and with the national CPA firm which performed the cooperative's annual audits. Under the agreement, the Government received $2.5 million in settlement of allegations that the cooperative improperly diverted REA loan funds to the subsidiaries, and that it purchased foreign-made goods improperly. The agreement also settled the Government's allegations that the CPA firm should have discovered the overcharging scheme and should have disclosed the overcharges to REA. The allegations against the CPA firm were based on an extensive audit, conducted by OIG auditors, of the firm's audit procedures and reporting.

As part of the settlement, the cooperative agreed that a majority of its board would be replaced by March 1991. The CPA firm agreed to institute a special review program for its audits of REA borrowers, and also agreed that the partner formerly in charge of the cooperative's audits would not work on or supervise the audit of any client receiving USDA funds for 3 years. We also referred this case to the American Institute of Certified Public Accountants and to the appropriate State Board of Accountancy.

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, commodity storage and handling, 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 corporation for which ASCS provides operating personnel.

FY 1990 outlays for ASCS are estimated at $2 billion for the Agricultural Conservation Program and the Conservation Reserve Program. All other ASCS operations are funded by CCC, with estimated outlays of $8.2 billion, including $1 billion for crop disaster payments and other disaster assistance programs.

Payment Limitation

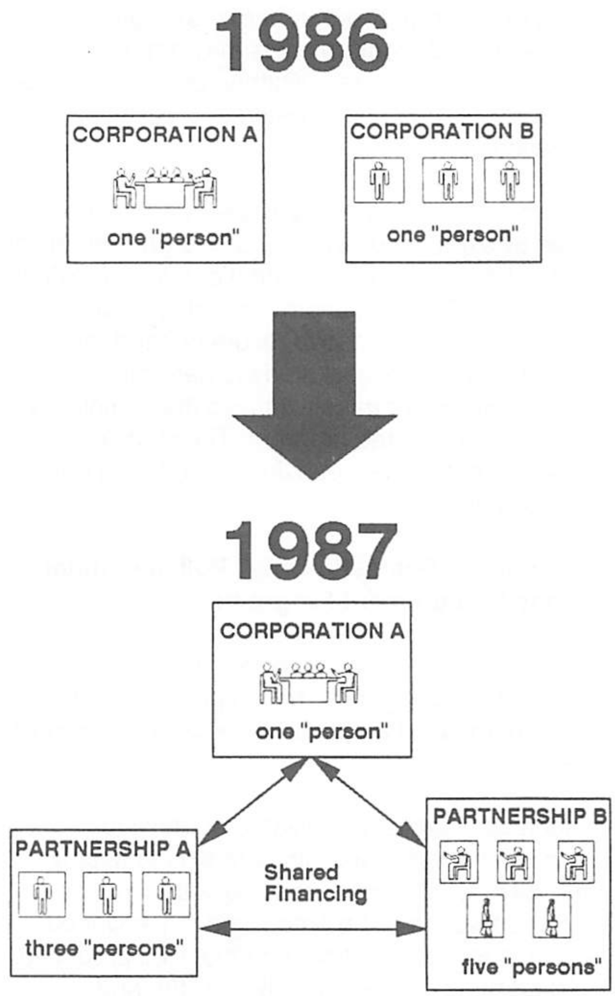
Incorrect "Person" Determinations Continue to Result in Excessive Payments to Producers

Since 1985, we have been reporting that producers were receiving excessive program benefits by circumventing the payment limitation provisions. Over the 5-year period, we conducted three major audits and evaluated 1,644 "person" determinations. We questioned 381 of these "person" determinations where these producers received or were scheduled to receive excessive program payments of $21.3 million. Projecting the results, we estimated excessive program payments of over $126 million.

Our audits continue to find producers circumventing payment limitations. In this reporting period, we found that for 1986, two corporations operated distinct and separate farms and each was considered a separate "person" for payment limitation purposes. (See figure 3.)

In 1987, the entities reorganized. One corporation (Corporation B) dissolved and its assets were absorbed by a partnership (Partnership A). Corporation A, Partnership A, and a newly created partnership (Partnership B) were then considered as nine separate "persons." In actual practice, however, each "person" was linked to the other through a shared financing arrangement and therefore should have been reorganized as one entity in 1987. This arrangement continued into 1988. The three entities improperly received deficiency and disaster payments totaling about $577,000.

Figure 3



By reorganizing the entities increased from two to nine "persons".

Over the last 5 years, we found that one of the most common practices to avoid the payment limitation involved farm reorganizations. As producers with large operations reached the $50,000 limit, they reorganized to qualify for additional "persons." The Omnibus Reconciliation Act of 1987 changed the payment limitation rules effective for the 1989 crop year to limit the use of multiple legal entities. The Act requires individuals to be "actively engaged" in farming, and limits payments to three entities (the number of direct or indirect entities through which an individual may earn payments). However, for 1989 only, the Act allowed for equitable farm reorganizations. Because of this provision, large operators who would have received reduced payments for 1989 reorganized by selling stock, by giving stock to new individuals or others who had an interest in less than three entities, and by creating irrevocable trusts. Thus, farm operations were reorganized to earn maximum payments, and total program costs may not be changed from previous years. Rather, payments will be assigned to more "persons" created as a result of reorganization.

We are continuing to evaluate compliance with the 1987 rules by expanding our audit of reorganizations of large farms. Based on recommendations from previous audits in 1989, ASCS has improved controls over irrevocable trust rules. We also recommended that ASCS perform a cost benefit study to determine if payment limitations are effective given the complexity and cost to administer the program. The study is underway and ASCS has set a July 1990 target date for its completion.

Vendors Violate "Domestic-Only" Policies Under Commodity Procurement Programs

ASCS purchases agricultural products through CCC to use in domestic and export donation programs. For FY 1989, CCC purchased about $468 million in commodity products.

Based upon complaints, we initiated an audit to determine whether vendors with contracts to supply vegetable oil to CCC were complying with contract requirements that the oil be processed in the United States or its possessions, from commodities produced in the United States. Between July 1, 1988, and June 30, 1989, the Kansas City Commodity Office issued contracts to 16 vendors to supply 310 million pounds of vegetable oil products at a cost of about $110 million.

We conducted our audit at 6 vendors and found that 2 vendors, who imported soybean oil, could not provide production records to show that only domestic soybean oil was used in vegetable oil products sold to CCC. Based on available records, we estimated that about 9 million pounds of vegetable oil products shipped to CCC by these two vendors did not contain oil of domestic origin. The value of this oil was approximately $3.9 million.

These findings are similar to those reported previously in our audit of the Export Credit Guarantee Program (GSM 102/103 Programs), administered by *the Foreign* Agricultural Service. In that audit, we found that U.S. agricultural exporters had included foreign agricultural commodities in 5 of 11 commodities reviewed. Some exporters declared that 100 percent of the commodities they were exporting under GSM 102/103 sales were of U.S. origin when, in fact, a portion of the commodities was foreign.

We concluded that ASCS needed more assurance that vegetable oil procured for use in domestic and export programs was meeting CCC contract requirements pertaining to the origin of the products.

We recommended that ASCS require contractors to certify compliance with CCC contract requirements and to maintain production and inventory records to substantiate this compliance. ASCS officials responded that vendors who commingle foreign and domestic oils can meet the requirement for using domestically produced commodities by maintaining records indicating that during the production period covered by the contract, they processed sufficient quantities of domestic commodities to cover all deliveries to CCC in fulfillment of their contracts. ASCS officials agreed to implement our recommendations for all commodity products purchased for domestic and foreign use. Based on our concerns in this area, we plan to evaluate vendor compliance in the purchases of commodities by the Agricultural Marketing Service.

Legal Actions Result from Unauthorized Disposition of Mortgaged Property

- A farmer in Iowa was sentenced to 20 days in prison and fined $15,000 after he pled guilty to one count of making false statements to CCC. The farmer sold approximately 63,000 bushels of CCC-mortgaged corn without authorization and placed approximately 30,000 bushels of a neighbor's corn in his bins to conceal the shortage from ASCS inspectors.

- A farmer in Nebraska was charged with converting over 25,000 bushels of CCC-mortgaged corn to his own use. The farmer allegedly sold 900 bushels of the corn without authorization and fed the rest to cattle. ASCS inspectors found a black plastic and wire mesh structure covered with a small amount of corn under the hatches of his bins. The farmer allegedly rigged the device to give the impression that the bins were full when ASCS inspected them. Other bins contained bales of hay under the corn. Trial is pending.

- In Indiana, a former county commissioner pled guilty to conversion of CCC collateral. He agreed to pay over $260,000 in restitution to CCC. In a plea agreement, he admitted that he used over 33,000 bushels of CCC-mortgaged corn as feed for his cattle. He tried to conceal the unauthorized conversion by placing approximately 5,000 bushels of corn on top of silage and wheat straw to give the appearance that all the collateral was still in storage. Sentencing is pending.

Dairyman Charged with Defrauding Milk Diversion Program

A dairyman in California, who had received over $450,000 in program payments, was indicted by a Federal grand jury for providing false statements to CCC to receive those payments. The indictment alleged that the dairyman defrauded CCC by transferring dairy cows to a second dairy and by failing to report his interest in the second dairy. Trial is pending.

Rancher Indicted for Defrauding Mohair Incentive Program

The manager of a ranch in Texas was indicted by a Federal grand jury for making false statements to defraud the Government under the program. The indictment alleged that the manager prepared false invoices showing the sale of 51,000 pounds of mohair. These fictitious sales were reported to CCC for price support payments based on the amount of mohair produced and sold. CCC has withheld $121,000 in payments which were based on the allegedly false invoices. Trial is pending.

Indictment in Emergency Livestock Feed Assistance Program

A feed salesman in Missouri was indicted on charges that he conspired with area farmers in a scheme to defraud the program. He allegedly furnished four farmers with fictitious receipts showing the purchase of about 91,000 pounds of feed for $9,000. The farmers then submitted those receipts to ASCS to receive feed assistance payments. The indictment also charged that the salesman told an individual to retrieve the fictitious receipts and to lie to investigators. Four farmers were named as unindicted coconspirators. Trial is pending for the salesman.

FOREIGN AGRICULTURAL SERVICE

Operation Bittersweet

A sugar wholesale company in Pennsylvania was ordered to pay restitution of $4.4 million after it was convicted of diverting nonquota sugar into the U.S. domestic market. The company formed shell corporations to purchase foreign sugar, which it later sold illegally in the United States for a profit of $4.4 million. In a separate case, the owner of an Indiana sugar wholesale firm pled guilty to purchasing foreign sugar and selling it illegally on the domestic market. The wholesaler attempted to conceal the improper domestic transaction by preparing fraudulent bills of lading showing that the sugar was shipped to a foreign market. He is awaiting sentencing. Both convictions resulted from Operation Bittersweet, the joint OIG - U.S. Customs Service investigation into the diversion of foreign sugar into the U.S. market.

FINANCIAL, ADMINISTRATIVE AND AUTOMATED DATA PROCESSING SYSTEMS

USDA has continued to focus attention on accountability and management control over Government resources. Managers have increased their efforts to improve internal controls over departmental programs and to strengthen security and control over automated data processing (ADP) and financial systems. Likewise, OIG continued to provide increased oversight of management's internal controls over program operations, and of ADP and financial systems.

Financial Statement Audits

We are currently working with the General Accounting Office (GAO) in performing the FY 1989 financial statement audits of the Farmers Home Administration (FmHA) and Commodity Credit Corporation. For FY 1989, GAO will issue an opinion on the financial statements. In FY 1990, OIG will assume full responsibility for auditing FmHA's financial statements.

Oversight of Internal Controls

During its examinations of USDA operations, OIG evaluates the adequacy of internal accounting and administrative controls. Systems of internal control are assessed within the scope of all audits conducted, and deficiencies are reported to agency managers for corrective action. In addition, OIG evaluates whether the Department's internal control reviews are performed in accordance with the requirements of Office of Management and Budget Circular A-123 and the Federal Managers' Financial Integrity Act of 1982.

FINANCIAL MANAGEMENT

Reinsurance Program Outlays Could Be Reduced by Over $10 Million Annually

We conducted an audit to determine if adequate controls had been established over the flow of funds between the Federal Crop Insurance Corporation (FCIC) and reinsured companies, who write the majority of policies under FCIC's crop insurance programs. We previously reported that a large reinsured company withheld from FCIC over $12.5 million in premiums collected from insureds. Because of this problem, we expanded our reviews to other reinsured companies to determine whether other companies were submitting premiums on a timely basis. Although we did not find other companies withholding premiums, we found that FCIC needs to perform more effective reviews of accounting reports to ensure prompt receipt of premiums. In addition, we found that FCIC needs to reduce program outlays and change cash management practices in the Reinsurance Program.

FCIC needs to rescind its policy on the reimbursement of State premium taxes because the Reinsurance Program is federally funded and regulated, and, as such, is exempt from State taxes under Federal law. FCIC implemented its policy allowing State premium taxes in 1986 to provide reinsured companies additional funds to cover administrative costs. The reinsured companies have been or will be reimbursed for over $44 million they paid in State premium taxes on 1986 through 1990 business.

Program savings could result if FCIC develops a method to reduce administrative expenses paid to reinsured companies rather than recover excess payments at a later date. The Disaster Assistance Act of 1988 requires a reduction in the expense allowances on those policies required to be purchased by farmers as a result of the Act. FCIC paid the full administrative expense allowances requested by companies in the 1989 crop year. This caused a potential overpayment of $1 million. FCIC is working with the Agricultural Stabilization and Conservation Service (ASCS) to identify the farmers referred to FCIC. Once completed, FCIC expects reductions in administrative expenses to reach $2 million.

In addition, FCIC needs to reduce its risk exposure and operating costs by replacing escrow accounts (set up to reimburse reinsured companies for crop losses paid under the program) with a more cost-effective payment system. FCIC maintained escrow accounts that had as much as $52 million in uninsured deposits (June 1, 1988, to May 31, 1989) which cost the Government over $800,000 in interest expenses.

Based on our findings and recommendations, FCIC plans to implement a new single policy that will exempt premiums generated under the Reinsurance Program from State taxation. The exemption will begin with the 1991 reinsurance year. FCIC also agreed to modify the 1991 Standard Reinsurance Contract to reflect an interest rate similar to those charged by commercial lenders and to strengthen controls over and increase staffing for the review of accounting reports. We are working with FCIC to implement a more effective payment mechanism for reimbursing reinsured companies for loss payments. We are also working with FCIC to develop a method to immediately reduce the administrative expense reimbursements to companies for policies sold as a result of the 1988 Disaster Assistance Act.

AUTOMATED DATA PROCESSING

OIG has also taken an active role in helping to ensure that USDA automated systems are secured. The scope of our activities in this area has expanded over the last few years, in part, because of the increased number of non-USDA agencies using the USDA National Finance Center's (NFC) administrative and financial systems. Since OIG is responsible for all department audits and for oversight of any outside auditors doing work at NFC, we are in the process of signing memoranda of understanding with the audit groups of these outside agencies. Under these agreements, we would be responsible for auditing the data and records processed and maintained by NFC for these agencies.

Security Over Operating Systems at USDA Computer Facilities Needed Improvement

USDA maintains two computer centers: the National Finance Center (NFC), operated by the Office of Finance and Management (OFM); and the National Computer Center (NCC), operated by the Office of Information Resources Management (OIRM). NFC supports all USDA administrative and financial functions, such as payroll, personnel, budget, and property management. NFC processes approximately 19 million transactions totaling about $8 billion in disbursements and $627 million in collections annually. NFC also provides services to a growing number of other Federal agencies, including the Thrift Savings Plan System under the Federal Employees Retirement System.

NCC supports all major USDA programs in such areas as agricultural loans, food stamps, insurance, and deficiency payments. These programs represent billions of dollars in assistance and impact millions of U.S. citizens as well as citizens in other countries.

Because an earlier audit of NCC identified problems with its security software, we reviewed computer systems at NFC to determine whether operating systems were implemented properly, and whether software security mechanisms were in place and being administered properly. We found that certain computer programs supplied by a major vendor allowed users unrestricted access to the operating system. This severely compromised the security and integrity of all administrative and financial systems at the site. We immediately informed the Director, OFM, of this problem.

We also performed a followup audit at NCC to determine if OIRM had ascertained whether these same security problems existed in other USDA computer systems, and if OIRM had taken corrective action on significant security weaknesses identified previously.

Our review disclosed that OIRM and NCC managers had not corrected the security weaknesses. Nor had OIRM determined whether the same security problems existed in other USDA computer systems. We immediately notified the Director, OIRM, of the situation, and the Assistant Secretary for Administration.

In response to our audits, OFM and OIRM are working jointly to correct the weaknesses, and OIRM is advising other USDA agency managers to review their computer systems for similar weaknesses.

Control and Security Problems in FCIC's Reinsurance Accounting System (RAS)

The RAS was implemented in Reinsurance Year 1989 to improve the quality of data supplied to FCIC by reinsured companies. In 1989, reinsured companies reported data associated with over $700 million in premiums. We reviewed the system to ensure that proper internal controls had been incorporated.

We found that the implementation of the RAS corrected prior internal control weaknesses and provides FCIC management with reasonable assurance that data submitted by reinsured companies is accurate. However, we also found that FCIC needed to (1) improve its editing and validation of reinsurance data, (2) require reinsured companies to certify their monthly accounting reports before RAS processes the data, (3) establish controls and standards for testing and documenting the development of new automated systems, (4) evaluate and certify the adequacy of RAS security, and (5) ensure system access security is controlled.

Agency officials generally agreed with the audit findings and have initiated corrective actions to strengthen internal controls.

Agencies Need to Ensure that Computer Application Programs Are Tested Before Use

ASCS, FmHA and the Forest Service (FS) have implemented multimillion-dollar nationwide "distributed processing systems." These are computer systems that operate independently but use the same application programs and can accept diskette files from other users. We conducted reviews within these agencies to determine if adequate standards and controls existed to ensure that the programs were tested before being loaded on the distributed systems.

Our reviews disclosed that both FmHA and the FS needed to improve controls over the testing of national application systems, the documentation related to the testing plans and results of the tests, and the management approval process at critical milestones of development. Agency managers were not reviewing program tests to ensure they adhered to agency directives. We also found that ASCS divisions responsible for system development were not consistently using available contracted services to test and certify application systems. For the most part, however, these functions were being performed already by existing in-house testing personnel, making it unnecessary to expend funds on the testing contractor. As a result of the audit, ASCS terminated the contract.

ASCS, FmHA and FS officials generally agreed with our recommendations to revise and strengthen agency policies and standards.

Controls Over ASCS's Check Accounting System (CAS) Need Strengthening

The CAS is used to record and control the billions of dollars ($30 billion in 1988) issued by CCC checks. We performed an audit to determine if the internal controls in the CAS were adequate and functioning as prescribed by agency management and if exception items were resolved in an accurate and timely manner.

We found that ASCS State office personnel did not know whether county offices followed up to validate checks paid but not showing as issued by computer records. This occurred because the control listings provided by the Kansas City Management Office (KCMO) to the State offices did not contain sufficient information, such as detailed listings of individual unpaid checks.

We also found that check-writing software for the State and County Office Automation Project (SCOAP) did not track and account for all checks processed and had internal control weaknesses which allowed duplicate checks and did not record all checks written. This caused an imbalance in the program expense accounts. Our analysis of the CAS records as of August 15, 1989, showed that the program expense accounts were understated by about $12 million.

ASCS has agreed to develop a tracking system to aid KCMO officials monitor and control CAS exceptions and provide State offices with more detailed check exception listings. We are working with ASCS concerning enhancements to the SCOAP software to strengthen check accountability and reduce the erroneous data getting into CAS.

Computer Tape Libraries Have Management Weaknesses

NCC maintains an onsite tape library for the IBM and Honeywell computers, with more than 123,000 cartridges and 37,000 magnetic tapes. In addition, over 5,000 magnetic tapes are stored at an offsite storage facility for disaster recovery. We performed a review to determine whether the tape library was managed properly, and whether adequate security had been implemented to prevent unauthorized access.

At the onsite library, Honeywell users had almost no restrictions on their use of Honeywell magnetic tapes. This security problem was compounded because all Honeywell users were able to use IBM tapes on the Honeywell system (NCC had not restricted such access). Both the Honeywell and IBM computer tapes contain sensitive data concerning program participants and payments.

At the offsite storage facility, NCC allowed tapes being moved to and from the offsite facility to remain in unsecured areas. In addition, NCC did not maintain the essential environmental conditions at the offsite facility to ensure the integrity of the data stored on these tapes. The information contained on these tapes would be used to restore strategic data for the reconstruction of automated systems in case of disaster.

During our review, NCC implemented corrective action to ensure that disaster recovery tapes would not be left in unsecured areas. NCC officials also agreed generally to take corrective action on the problems identified in the audit report.

PROCUREMENT ACTIVITIES

OFFICE OF OPERATIONS

Regulatory Violations and Appearance of Favoritism in Major FmHA Solicitation

OIG reviewed an anonymous allegation that FmHA officials gave an unfair advantage to a bidder on a major solicitation (estimated at approximately $143 million) to provide support services to FmHA's automated data processing and information resource management operations. We found that during the open solicitation period, meetings and discussions were held between FmHA employees and representatives of one of the bidder's subcontractors. Information was provided to the bidder's subcontractor which was not provided to other bidders, and the names of some of the representatives who met with FmHA employees were included in the proposal of the bidder. We concluded that these actions violated the Federal Acquisition Regulations and gave the appearance of an unfair advantage to the bidder through the subcontractor.

Based on our recommendation and the advice of the Office of the General Counsel, the Department amended the solicitation to revise certain requirements and also extended the bid period to allow FmHA to provide equal information to all bidders and to allow the bidders to prepare and submit new proposals.

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 17 pricing proposals, cost reimbursement contracts, or contractor claims. These audits questioned costs or identified potential savings of about $26 million. Management decisions were made on 16 audits, resulting in savings of about $6 million.

Unallowable or Unsupported Contract Costs

- We questioned $19.8 million in a preaward audit of the proposed 5-year $56.5 million contract between Tufts University and the Agricultural Research Service (ARS) for the operation of USDA's Human Nutrition Research Center on Aging (HNRCA). HNRCA is one of five USDA human research centers created by Congress to study the effect of human nutrition on health. HNRCA is housed in a Government-owned, contractor-operated 15-story building that is a combination of laboratories, offices, and hotel accommodations for human studies.

  We questioned $3.9 million of the contractor's $11.3 million proposal for FY 1990. Specifically, we questioned over $1.8 million of direct costs because the contractor included non-USDA activities, almost $1.6 million of indirect costs because the contractor included some unrelated items in the cost pool, and over $500,000 of other administrative costs. Over the 5-year contract period, these questioned costs total more than $19.8 million.

  Following the issuance of this report, the contractor proposed to reduce the direct costs by implementing a charge-back system for non-USDA use. The contractor also revised the proposal to eliminate some of the questioned administrative costs. ARS and the contractor continue to negotiate an acceptable compensation for indirect costs.

- Our audit of an equitable adjustment claim filed with the Forest Service for construction of a road questioned about $262,000 of the $412,000 claimed by the contractor. The contractor included unsupported costs, claimed unallowable costs, and computed claimed costs incorrectly. The claim is pending before the USDA Board of Contract Appeals.

- We reviewed a contractor's claimed costs for work performed during construction of a Soil Conservation Service watershed project and questioned over $430,000 of the total contract claim of $2.3 million because all claimed costs were not supported. The contractor overstated equipment costs by using excessive hourly rates and estimates rather than actual costs. We also questioned job site indirect costs and general and administrative costs because the contractor denied us access to those records. The contracting officer will use the information developed by the audit to negotiate the final amount to be paid the contractor.

FOOD AND CONSUMER SERVICES

FOOD AND NUTRITION SERVICE (FNS)

FNS administers 13 programs including the Food Stamp Program (FSP), the Child Nutrition Program (CNP), and the Supplemental Food Program for Women, Infants, and Children (WIC). Figure 4 shows the estimated spending for FY 1990.

FOOD STAMP PROGRAM

States Billed for $8 Million in Overcharges

States administer the FSP and are reimbursed by FNS for 50 percent of general administrative expenses. States are also reimbursed for 75 percent of expenses associated with the pursuit of program fraud and for 75 percent of expenses associated with the development of automated data processing systems. FNS funding to States to administer the FSP increased from approximately $876 million in FY 1985 to an estimated $1.4 billion in FY 1990. Figure 5 compares the increase in administrative costs to the increase in total food stamp issuance costs.

In previous semiannual reports, we described the results of audits of the administrative expenses claimed by individual States. During this reporting period, we analyzed the results of these audits for problem trends which affected more than one State and issued a nationwide report summarizing the results of our analysis.

The 10 audits reported monetary exceptions of approximately $10.6 million in potential overcharges and $1.8 million in potential savings. The major audit findings showed trends in the following problem areas:

- Seven States were reimbursed for $6.2 million in expenses which were ineligible because the expenses were unrelated to the FSP.
- Six States charged about $3.7 million in FSP expenses to 75 percent funding even though the expenses were only eligible for 50 percent funding.
- Four States charged about $1.7 million to 75 percent FSP funding even though the amount should have been charged to another Federal agency.

Figure 4

In Millions of Dollars

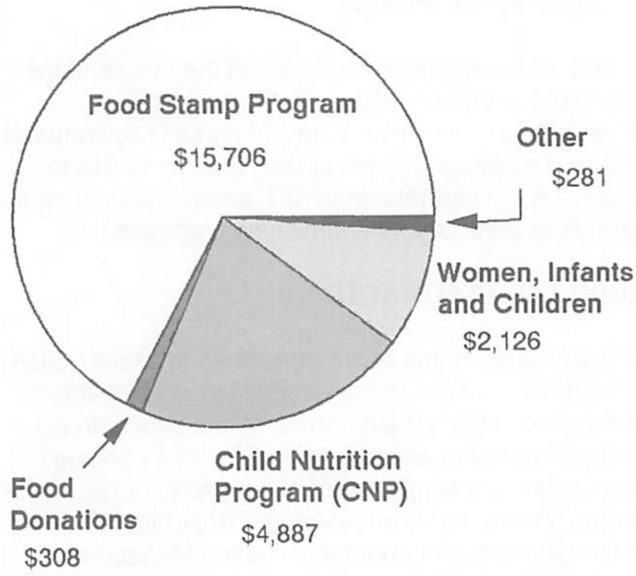
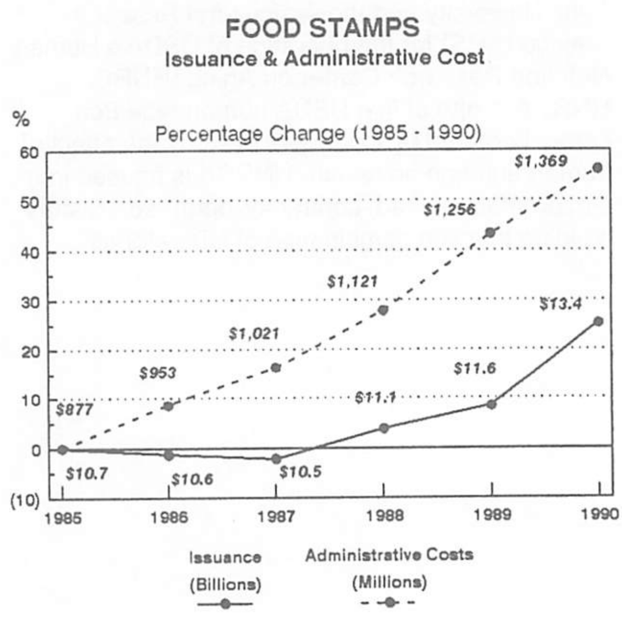


Figure 5



- Three States did not award contracts for FSP services in accordance with Federal regulations. As a result, FNS and the States incurred additional costs of about $200,000.

- Other items questioned, totaling about $600,000, were indirect costs related to enhanced funding for fraud, prosecution costs, and collections improperly classified as intentional program violations.

Although the States are responsible for submitting accurate and timely claims to FNS for reimbursement, we believe that strengthening internal controls over the reimbursement process will help prevent these overcharges in the future.

In their response to the 10 individual audit reports, the 5 FNS regional administrators generally concurred with the conditions noted and agreed to take the corrective actions that we recommended. As of March 1990, FNS officials advised us that over $8 million of the $10.6 million in potential overcharges was substantiated. Bills were issued to collect this amount and about $6.5 million has been collected. The remaining claims are in administrative and judicial appeal.

In the nationwide report, we recommended that FNS improve internal controls over the States' FSP administrative cost claims by (1) requiring FNS regional offices to conduct reviews of the documentation supporting the States' administrative cost claims, (2) providing specific guidance to the States regarding those costs which are not eligible for enhanced funding, (3) revising program regulations to limit the allowability of indirect costs charged to enhanced funding, and (4) requiring the regional offices to perform and document preaward reviews of States' compliance with Federal procurement regulations.

FNS officials generally agreed with the audit recommendations. They stated that regional offices would be directed to perform administrative cost reviews of all State agencies. They also agreed to provide specific guidance and direction to their regional offices and State agencies concerning the issues identified in this report.

Results of Food Stamp Fraud Investigations

OIG devotes a significant portion of its investigative resources to the investigation of food stamp fraud. During this 6-month period, we issued 379 reports of investigation involving FSP violations, and obtained 99 indictments and 239 convictions for FSP fraud.

For the 1990 Farm Bill, the Department proposed a number of amendments to the Food Stamp Act to strengthen the integrity of the FSP and increase the penalties for violations of FSP provisions. Congressman Ron Wyden also proposed amendments to increase FSP fraud penalties. We testified before the House Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition in support of those proposals.

Food Stamp Trafficking Leads to Arrests and Convictions

- A retail grocer in Ohio was sentenced to 8 years in prison, and ordered to pay $2.1 million in restitution, after he pled guilty to money laundering and unauthorized possession and redemption of food stamps. During the investigation, agents witnessed the grocer, who had been disqualified from the FSP, give large quantities of food stamps to a second grocer, who was authorized to accept and redeem food stamps. The authorized grocer then deposited the food stamps into his firm's bank account, cashed a check for a corresponding amount, and gave a portion of the cash to the unauthorized grocer. The authorized grocer also pled guilty and was placed on probation. The restitution ordered by the court corresponded to the value of the food stamps redeemed over a 7-year period. The investigation was based on irregular food stamp redemption patterns discovered by FNS. We conducted this case jointly with the Internal Revenue Service.

- Legal action has been completed against 15 individuals, including 7 New York City food stamp eligibility specialists who were indicted on charges of illegally acquiring over $220,000 in food stamps. Fourteen persons, including the seven specialists, pled guilty to charges of unauthorized possession and acquisition of food stamps. Seven of the fourteen were sentenced to prison, and all 14 were assessed fines totaling $19,700. Charges against the remaining individual were dismissed. All seven of the New York City employees were fired.

- As the result of an OIG investigation, U.S. marshals seized the house of an individual in Pennsylvania after he was indicted for exchanging crack cocaine for food stamps and cash. The seizure of the house took place under the recent Federal law which authorizes forfeiture of real estate for felony drug violations occurring on that property. The individual subsequently pled guilty to unauthorized acquisition of food stamps and distribution of a controlled substance. Sentencing is pending.

- In Atlanta, a Federal grand jury indicted 10 employees of a mobile meat-vending company for conspiracy and trafficking in food stamps. Five of the ten had been convicted of similar charges in 1986. The recent indictment alleged that the company employees, operating from trucks parked in the vicinity of five food stamp issuance offices, purchased food stamps from recipients leaving those offices. We coordinated this investigation with local police, who impounded three of the trucks. Trial is pending.

- In Phoenix, the owner of a chain of motels and four of his employees pled guilty to charges of operating an illegal enterprise and of attempting to traffic in stolen property. The five are awaiting sentencing and a sixth person charged in the case remains a fugitive. They were charged with purchasing purportedly stolen food stamps, cigarettes, food, and liquor. In addition to the criminal charges, the State Attorney General's Office filed a civil racketeering lawsuit against the motel owner and his wife. They subsequently signed a consent decree in which they agreed to surrender ownership of 11 motels and pay $1.2 million in settlement of the lawsuit. The investigation was conducted jointly by OIG and local police.

- Also in Phoenix, an individual was sentenced to serve 7 years in prison and pay over $3,000 in fines and restitution after he purchased $1,300 in food stamps from an OIG undercover agent in exchange for 1 ounce of cocaine. In addition, his personal property, including bank accounts totaling $250,000, was seized by the Drug Enforcement Administration and local authorities.

Over 400 Federal Employees Improperly Participating in the Food Stamp Program (FSP)

In the past, we have reported the results of FSP computer matching to identify illegal food stamp recipients. We know computer matches are productive and have focused our recent operations in larger urban areas and in selected locations where cross-State matches were beneficial. We conducted the matches to identify Federal employees participating in the FSP but not reporting wages, and to identify recipients who are crossing State lines to work but not reporting wages. These matching efforts are in addition to State matching requirements.

We conducted computer matches of Federal employees' and retirees' records with FSP recipient records in 13 cities or States and identified over 400 Federal employees and retirees who should not have been receiving food stamps (out of approximately 9,000 identified in our matches). These individuals received program benefits because they had not reported their Federal incomes properly. The individuals identified received almost $526,000 in excessive FSP benefits, and over $650,000 in excessive Aid to Families with Dependent Children and Medicaid benefits. Our work is continuing in several cities.

State Income Eligibility Verification Requirements Need to Be Implemented More Effectively

In 1986, under the Deficit Reduction Act, Congress amended the FSP to require federally funded public assistance and unemployment agencies to determine eligibility and payment amounts more accurately. Regulations require States to implement this objective by performing computer matches on available data. The regulations further require State agencies to exchange information with each other and to match (1) unearned income data from the Internal Revenue Service, (2) other income and wage data from the Social Security Administration, and (3) State wage and unemployment insurance benefits from the appropriate States. The process to accomplish this is referred to as the Income Eligibility Verification System (IEVS).

We reviewed the effectiveness of IEVS at five FNS regional offices. We concluded that more aggressive action is needed by FNS to address known problems in the wage-matching process. The regional offices found during management evaluations, that 16 of 34 States did not resolve the results of the matches within the required 45 days to determine if recipients reported their wages correctly. Six states had poor tracking systems to monitor the completion of reviews on a timely basis. As a result, large backlogs of cases needing review developed. For example, in one State we audited, we found that county offices did not process about 196,000 of 301,000 matches provided to them during 1 calendar year.

We also identified large variances in the dollar thresholds used by different States to target cases for review. The variances ranged from $20 to $10,000, depending on the type of match performed. Since FNS has not published final regulations in this area yet, States established their own thresholds.

FNS responded that aggressive action, including numerous administrative warning and sanctioning activities, was initiated to get the States to perform the required matches. FNS agreed to ensure that followup reviews were completed in a timely manner. FNS also agreed to work more closely with the States to develop and implement more meaningful targeting strategies.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

Alabama Received $2.8 Million in Excess WIC Administrative Claims

We found that FNS paid excessive administrative costs to the Alabama Department of Public Health for the period October 1986 through March 1989. The State overclaimed reimbursement for the costs of employees who either performed no WIC duties or who worked less time than charged to WIC. The $2.8 million in overclaims occurred because the State did not (1) develop an effective system for distributing costs to benefiting programs, (2) monitor subrecipients adequately to ensure that costs were charged properly, and (3) implement the State Auditor's repeated recommendations to correct these longstanding cost allocation deficiencies. FNS officials are collecting these overcharges. Because of these problems, we have expanded our reviews of WIC administrative costs to an additional six States.

FOOD DISTRIBUTION PROGRAM

Requirements of Food Processing Agreement Not Met

We performed an audit of a large multi-State processor of USDA-donated foods. The processor, who had contracts with several States and the FNS, converted about 4.8 million pounds of donated meat, poultry, dairy, and vegetable products into various end products for the 2 school years of 1985-86 and 1986-87. Our audit disclosed that the processor did not have records to support the processing operations. Thus, the processor could not provide assurance that donated food usage, inventories, and sales were accurate and that contractual requirements were met.

A review of available records disclosed that the processor could not account for all reported sales involving donated foods. In addition, we were able to identify that the processor claimed, but did not use, required quantities of donated foods in the formulation of end products. As a result, we questioned whether the processor actually used donated foods valued at about $138,000. FNS has agreed to collect this dollar amount.

Theft of USDA-Donated Commodities

In Pennsylvania, the operations manager of a food bank and the owner of a sporting goods store were convicted of conspiracy and theft of USDA-donated commodities. The operations manager was responsible for supervising the transportation of donated commodities to distribution sites, where they could be distributed to needy individuals. He converted large amounts of the donated commodities to personal use, while diverting other commodities to the owner of the sporting goods store. Both sold portions of the stolen commodities. Sentencing is pending.

CHILD AND ADULT CARE FOOD PROGRAM

Feeding Costs Inflated or Questioned

- We completed audits of 81 program sponsors in New York State this semiannual period and found questionable costs totaling about $292,000 at 53 sponsors. The costs were questionable because the sponsors (1) reported enrollment inaccurately, (2) claimed meals in excess of license capacity, (3) claimed more meals than were documented based on attendance, (4) prepared inaccurate claims, or (5) did not meet milk requirements.

- An investigation in Louisiana of a church's family day care meals program resulted in the indictment of the program's director and co-director on charges of conspiracy, arson, and submitting fictitious meal claims to the Louisiana State Agency. The director allegedly submitted false meal reports listing fictitious names of children and providers, then tried to burn the building in which the program records were kept. An audit by the Louisiana Office of Inspector General estimated the amount of fraudulent claims at over $46,000. Trial is pending.

  Eleven others involved in the scheme have pled guilty to State charges of attempted theft. Those individuals have been ordered to pay fines and restitution totaling about $22,000.

NATIONAL SCHOOL LUNCH PROGRAM (NSLP)

Inflated Meal Counts

- The former director of a school cafeteria in New Mexico was charged with inflating the number of free lunches served by the school and underreporting the number of paid lunches in reports submitted for reimbursement. The indictment alleged that, as a result of false reports submitted from November 1986 through March 1989, the school received almost $49,000 to which it was not entitled. An audit performed for the school district indicated a potential cash shortage of $289,000 from the cafeteria operations over a 7-year period. Trial is pending.

- Another school district in New Mexico submitted NSLP reimbursement claims that included (1) ineligible snack bar sales, (2) meals in excess of the number of children approved on free or reduced-price applications, (3) meals in excess of those supported by meal count records, (4) free or reduced-price meals in excess of attendance, and (5) free or reduced-price meals based on applications approved incorrectly. In addition, the school district did not maintain adequate records on commodity use, received excessive commodities based on the erroneous meal counts, and misused commodities in bake sales, banquets, and faculty dinners. As a result, the school district received excessive NSLP benefits of about $78,700.

We also conducted limited reviews at five other school districts in New Mexico to determine if the districts were claiming ineligible snack bar sales. We found one other school district had been overpaid about $7,400 for ineligible snack bar sales.

EMPLOYEE INTEGRITY

Matters involving employee misconduct are a high priority for OIG. During the past 6 months, our investigations into serious employee misconduct resulted in 18 indictments of USDA employees and in 37 personnel actions, including removals, suspensions, and resignations. Following are examples of some of the investigations conducted during the past 6 months:

- **Indictment in Collusive Bidding and Kickback Scheme**

  An FmHA assistant county supervisor in Virginia was indicted for participating in a collusive bidding and kickback scheme involving almost $100,000 in FmHA contracts over a 3-year period. According to the indictment, the assistant county supervisor awarded numerous home improvement contracts to his brother-in-law, a part-time contractor, without competitive bids. The brother-in-law allegedly gave half his profits from the contracts to the assistant county supervisor. Trial is pending.

- **FmHA Employee Sentenced for Bribery and Conspiracy**

  Legal action has been completed against a former FmHA county supervisor in California, a real estate developer, and a loan packager who all pled guilty to bribery and conspiracy. The developer was sentenced to 8 years in prison and ordered to pay $106,000 in restitution; the county supervisor was sentenced to 5 years in prison; and the loan packager was sentenced to 1 year in prison.

  Over a 3-year period, the developer paid over $100,000 in bribes to the county supervisor. In exchange, the county supervisor gave the developer's subdivisions preferential treatment when she approved FmHA-financed rural housing loans. She also approved a fraudulent $75,000 loan which the developer received in the name of a third party. The loan packager, who worked for the developer, acted as the intermediary for the bribes.

- **Employees Charged With Embezzling Funds**

  In Oregon, a Forest Service(FS) travel voucher examiner was charged with embezzling over $9,700 by claiming expenses for travel that had not occurred, by forging and falsifying the signatures of supervisors, and by changing the dollar amounts of travel vouchers which had been approved. She was fired by the FS during the investigation. Trial is pending. The investigation was conducted by OIG and FS investigators.

  Another joint OIG-FS investigation in Oregon resulted in an FS employee's indictment for embezzlement and for making a fictitious entry in a Government record. The indictment alleged that the employee, a purchasing agent, embezzled over $5,500 and stated falsely in an official record that a check which she had embezzled was in transit to the FS office. Her trial is pending. The investigation further disclosed that the employee's husband, also an FS employee, was aware of his wife's embezzlement. During the investigation, agents recovered FS-owned property from the FS employees' residence. The wife was fired by the FS and the husband resigned.

  In Georgia, an FmHA county office clerk, whose job included collecting and recording Rural Housing loan payments, was charged with stealing over $28,700 in Rural Housing loan payments and with destroying a cash payment receipt book in which the loan payments were recorded. The employee pled guilty to embezzlement and is awaiting sentencing. He also resigned.

- **FmHA County Supervisor Steals Mortgaged Cattle from Borrower**

  An FmHA county supervisor in New Mexico stole 102 head of mortgaged cattle from an FmHA borrower. The county supervisor, who operated a side business as a cattle buyer, made a verbal agreement to purchase the cattle, removed them from the borrower's property for weighing, and immediately sold them. He used a portion of the sales proceeds to pay outstanding debts and had a friend cash the check for the remainder. The county supervisor resigned and subsequently pled guilty to the theft. He was ordered to pay $36,400 in restitution.

- **Food Inspector Converts FmHA Collateral**

  A USDA food inspector settled a $2,000 debt to a meat-packing company by selling seven head of cattle to the plant. Those cattle, and an additional 32 calves which the inspector sold at auction, were mortgaged to FmHA as collateral for loans he obtained to operate a cattle ranch. The inspector retired from USDA. After pleading guilty to conversion of FmHA-mortgaged cattle, he was ordered to pay $7,100 in restitution and placed on 5 years' probation.

NATURAL RESOURCES

FOREST SERVICE (FS)

The FS manages over 191 million acres of the National Forest System, conducts a State and private forestry program, and provides national leadership in forest and range research. In FY 1990, the FS appropriation was $3.2 billion and timber sale and other receipts are estimated to exceed $1.6 billion.

Analysis of K-V Act Fund Balances Needs Strengthening

The Knutson-Vandenberg (K-V) Act authorizes the collection of funds from timber sale revenues to cover the cost of planting new trees and of protecting and improving the renewable resources on cutover lands. During timber sale preparation, the FS completes sale area improvement plans which outline planned regeneration and improvement work and the K-V collections needed to accomplish this work. The K-V Act requires that any K-V funds collected which exceed funds needed will be transferred to the U.S. Treasury. If revenue from a timber sale is insufficient to fund planned work, other appropriated funds are to be used to complete it.

Our audit found that national forests in four regions improperly retained $33.2 million (73.5 percent) of $45.2 million identified by the FS as of September 30, 1987, as excess K-V fund balances. The national forests kept the funds, in most cases, because regional offices approved retention of excess balances to offset projected future K-V deficits. We concluded that retention of the excess K-V funds was not in accordance with FS policies and the K-V Act. Administrative control deficiencies contributing to these conditions included:

- The national and regional offices did not evaluate sufficiently and follow up on annual K-V balance sheets submitted by national forests and did not establish adequate monitoring systems to verify that excess fund balances were transferred to the U.S. Treasury.
- The FS had not issued adequate K-V instructions; therefore, program direction did not ensure that regions determined their K-V needs and related costs correctly and consistently.
- FS program reviews were inadequate to ensure the propriety of K-V fund analyses by national forests.

As a result, the K-V program deficiencies reported in our 1987 audit continued to exist.

Additionally, our review of eight construction projects in two FS regions found improper K-V charges or planned charges totaling over $1.5 million. Six of the eight projects either benefited all forest programs, not just K-V programs, or primarily benefited programs other than K-V. These projects should have been funded from regular construction appropriations or from other benefiting programs.

FS officials agreed with our recommendations and are taking corrective action.

False Bonds Lead to 9-Year Prison Sentence

A Federal jury in Arizona convicted the owner of two bonding and insurance companies of supplying false individual surety bonds to five Federal agencies. She received a sentence of 9 years in prison and was ordered to pay $2.1 million in fines and restitution. A second individual who pled guilty in the scheme was fined $26,000, and the sentencing of three remaining conspirators is pending.

As we reported previously, a total of six individuals and three corporations were indicted in this case. The indictment charged them with furnishing false documents containing forged signatures and backed by nonexistent or overvalued assets, to guarantee $6 million in construction contracts to the FS, the Soil Conservation Service, the U.S. Department of Transportation, the Army Corps of Engineers, and the Department of Veterans Affairs. The scheme resulted in an estimated $490,000 in losses to the two USDA agencies and another $700,000 in losses to unpaid subcontractors.

This investigation was the first known criminal prosecution under the current false bonding statute. We began the investigation based on a complaint from the FS and were later joined by representatives from the U.S. attorney's office in Phoenix, Arizona; the Federal Bureau of Investigation; the Department of Defense; the Department of Transportation; and the U.S. Army's Criminal Investigation Division and Judge Advocate General's Office.

MARKETING AND INSPECTION SERVICES

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Corporation and Officers Agree to Pay $2 Million in Fines for Product Adulteration and Bribery of USDA Food Inspectors

As part of a plea agreement, a meat-processing corporation in New Jersey and its three top officers pled guilty and agreed to pay $2 million in fines. The corporation and its officers pled guilty to bribing six USDA food inspectors, "watering down" and mislabeling ham products, and falsifying Federal records. The company admitted producing special hams that satisfied Government standards but were produced only for inspection sampling; using an official key to a supposedly secure USDA vault to replace randomly selected hams with the specially produced hams; constructing a false back to the supposedly secure vault and entering the vault through it; and keeping double sets of production documents and presenting falsified records to demonstrate compliance with Federal regulations. Sentencing is pending.

The six meat inspectors were charged with accepting between $10,000 and $30,000 each from corporate employees over a 12-year period. They allegedly substituted the specially prepared hams in place of the hams selected randomly for USDA testing. One inspector has pled guilty and five are awaiting trial. The investigation was initiated by FSIS in 1987. OIG entered the investigation when allegations were made of USDA employee corruption.

Indictment in Meat Product Tampering Case

A Federal grand jury indicted an individual in New Jersey for allegedly inserting sharp pieces of metal into packaged hot dogs at a local grocery store. The individual initially notified the local police that he was injured from razor blades placed in some hot dogs which he had purchased. Local health officials examined the remaining packages of hot dogs at the grocery store, and found two other packages containing similar pieces of metal. We conducted this investigation jointly with the local police. Trial is pending.

AGRICULTURAL MARKETING SERVICE (AMS)

Limitations on the Sale of Non-Auction Tobacco Were Not Effective

To help maintain the orderly marketing of flue-cured tobacco, AMS limits the quantity of tobacco that may be auctioned to 80 million pounds per week. AMS also placed an additional limitation on the amount of non-auctioned (NA), purchased tobacco (tobacco previously purchased from producers at other than a bona fide auction sale). AMS procedures require any warehouse exceeding the NA tobacco sales limitation to have the poundage of their estimated sales for the following day reduced by a specified amount.

In a prior OIG audit, we found that AMS's procedures for monitoring NA tobacco sales by auction warehouses were not sufficient to prevent excessive NA tobacco from entering the market. We recommended that AMS require all NA tobacco sales to be reported and made available for AMS's review each sale day. AMS agreed to reconcile NA sales at the end of the marketing season on a daily basis and to assess reductions in estimated sales for the next marketing year.

However, during a 1989 review of flue-cured tobacco marketed in 1988, we found that conditions reported in our prior audit continued to exist. Through review of ASCS records, we identified eight auction warehouses that allowed four tobacco dealers to sell more than 438,000 pounds of tobacco without determining if the tobacco had been purchased from producers outside of auction. These dealers had not reported purchasing or reselling any tobacco to the ASCS State office, as required. Therefore, the tobacco sold at auction could have been purchased from producers outside of auction, in which case the 1989-90 estimated sales for the eight warehouses should have been reduced by 1 million pounds. We noted additional instances where ASCS records reflected sales exceeding purchases, but we could not identify the exact amount of NA sales relating to any particular warehouse.

We recommended that AMS identify warehouses that exceed their NA sales limitation and reduce estimated sales for violators. AMS agreed to seek enforcement action against appropriate warehouses and to use ASCS reports at the end of the marketing season to identify violators.

FEDERAL GRAIN INSPECTION SERVICE (FGIS)

Three Plead Guilty in Bribery of Federally-Licensed Grain Inspector

Legal action has been completed in Iowa on a case involving two owners of an Iowa grain elevator, who pled guilty to bribing a federally-licensed grain inspector. The investigation, which was based on a Hotline complaint from an FGIS employee, disclosed that the grain dealers paid the inspector between $2,000 and $5,000 to issue false grade certificates for corn they were shipping. One partner was sentenced to 3 years in prison and ordered to pay restitution of $260,000. The second partner was order to pay restitution of $l0,000. The grain inspector, who pled guilty to accepting the bribes, was placed on probation and ordered to enter an alcohol abuse treatment program.

The guilty pleas resulted from a joint investigation by OIG, the Federal Bureau of Investigation, and the Grain Warehouse Bureau of the Iowa Department of Agriculture and Land Stewardship.

STATISTICAL DATA

Audits Without Management Decisions

The following audits did not have management decisions made within the 6-month limit imposed by Congress.

Agency	Date Issued		Title of Report	Dollar Value
Audits Pending Agency Action				
ASCS	9/30/88	1.	Deficiency Payments to Hybrid and Certified Seed Producers (03099-70-Ch)[a]	$114,071,429
	9/30/88	2.	Followup Review of the Conservation Reserve Program (03099-123-KC)[a]	$ 125,196
	5/17/89	3.	Unauthorized Use of Farmers Home Administration (FmHA) Inventory Farm Property (50099-20-At)	$ 569,000
	7/20/89	4.	Maximum Payment Limitation Provisions in Arkansas (03097-4-Te)	$ 2,867,614
	5/17/89	5.	ASCS Payment Limitation Provisions Alabama (03099-128-At)	$ 168,717
	9/29/89	6.	1987 Common Payment Limitation Provisions (03600-1-Te)	-0-
	9/30/89	7.	Controls Over Conservation Reserve Program Contract Approvals (03099-136-KC)	$ 36,014
	10/4/88	8.	Employment of Retired Federal Annuitants and Other Individuals Previously Employed by the Department as "Experts" (03091-14-FM)[a]	$ 650,389
CSRS	3/31/89	9.	Research Facilities Program (13601-1-At)[a]	$ 6,470,472
FCIC	9/1/89	10.	Peanut Insurance Claims in Georgia (05099-12-At)	-0-
	8/23/89	11.	1988 Crop Year Soybean Contract No. 38351 in Christian County, Kentucky (05099-14-At)	$ 7,845
	5/17/89	12.	Use of FmHA Inventory Property (50099-20-At)	$ 54,048

Agency	Date Issued		Title of Report	Dollar Value
	9/29/89	13.	Hybrid Seed Crop Insurance (05099-15-Ch)	$ 680,060
	9/7/89	14.	1988 Crop Year Soybean Contract No. 12-105-85199 Livingston County, Illinois (05099-24-Ch)	$ 1,395
	9/7/89	15.	1988 Crop Year Wheat Contract No. 27-089-02922 Marshall County, Minnesota (05099-26-Ch)	$ 2,456
	9/23/89	16.	Actual Production History (05099-30-KC)	-0-
	8/31/89	17.	1988 Corn Contract No. 051107 for Buchanan County, Iowa (05099-68-KC)	$ 6,603
	9/15/89	18.	1988 Wheat Contract No. MP-047335 for Monroe County, Missouri (05099-79-KC)	$ 3,983
	8/24/89	19.	1988 Wheat Contract No. MP-055956 for Grant County, North Dakota (05099-92-KC)	$ 688
	7/31/89	20.	Claims Adjusted by Crop Hail Management for Indemnities by Producers Who Received Large Payments From Agricultural Stabilization and Conservation Service (05099-32-Te)	$ 76,711
	9/25/89	21.	1988 Crop Year Soybean Contract No. 13-041-00553 in Fayette County, Indiana (05099-43-Te)	$ 2,434
	9/29/89	22.	1988 Crop Insurance Contract With Claims (05600-1-Te)	$ 86,837,328[b]
	9/13/89	23.	1988 Soybean Contract No. 19-149-00283 for Plymouth County, Iowa (05099-59-KC)	$ 20,415
	9/6/89	24.	1988 Corn Contract No. 14-015-3462 for Boone County, Iowa (05099-67-KC)	$ 3,255
	8/31/89	25.	1988 Corn Contract No. 26-000-01328 for Cumming County, Nebraska (05099-71-KC)	$ 144
	8/16/89	26.	1988 Corn Contract No. 861216 for Washington County, Nebraska (05099-72-KC)	$ 363

Agency	Date Issued		Title of Report	Dollar Value
	8/31/89	27.	1988 Corn Contract No. 26-836-36367 for Clay County, Nebraska (05099-73-KC)	$ 12,013
	8/29/89	28.	1988 Soybean Contract No. 38-101-02856 for Ward County, North Dakota (05099-78-KC)	$ 423
	9/6/89	29.	1988 Wheat Contract No. 33-93-06109 for Sutsman County, North Dakota (05099-82-KC)	$ 1,026
	9/28/89	30.	1988 Wheat Contract No. 25-01636 for Chouteau County, Montana (05099-87-KC)	$ 3,816
	9/1/89	31.	1988 Corn Contract No. 15419 for Cerro Gordo County, Iowa (05099-88-KC)	-0-
	8/23/89	32.	1988 Soybean Contract No. MP-012228 for Louisa County, Iowa (05099-89-KC)	-0-
	9/11/89	33.	1988 Corn Contract No. 19-047-02518 for Crawford County, Iowa (05099-96-KC)	$ 2,279
	8/21/89	34.	1988 Wheat Contract No. 38-055-03191 for McLean County, North Dakota (05099-61-KC)	$ 1,735
FmHA	5/10/89	35.	Business and Industry Loan to Gulf Coast Wood Products (04099-149-Te)	$ 4,350,000
FS	10/1/89	36.	Equitable Adjustment Claims - Olsen Electric Company, Inc. (08545-40-SF)	$ 123,555

Audits Pending OGC Action or Opinion

Agency	Date Issued		Title of Report	Dollar Value
ASCS	9/27/89	37.	Application of Payment Limitation Provisions (03099-128-KC)	$ 90,000
FmHA	9/2/88	38.	Business and Industry Loan to Le Bossier Hotel (04099-135-Te)[a]	$ 8,736,576

[a] Reported in last Semiannual Report

[b] This dollar value is based on a statistical projection. This value is subject to change after management decisions are reached on all individual policy audits used for this projection.

1. ***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 planted for the production of hybrid 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. ASCS advised that this issue will not be decided until development of the 1990 Farm Bill. We are continuing our efforts to obtain a management decision.

2. ***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 stop them from participating in ASCS programs. ASCS is currently coordinating with FmHA to initiate corrective action.

3. ***Unauthorized Use of FmHA Inventory Farm Property, Issued May 17, 1989***

The audit identified 16 persons who operated FmHA inventory property and collected over $569,000 in ASCS program payments without having a lease from FmHA. ASCS agreed to initiate collection for eight of the cases totaling nearly $60,000, but disagreed that collection action was warranted for the remaining eight cases involving nearly $510,000. Since the producers had lost title to the property before enrolling in the ASCS programs, they were not entitled to the program payments received. We are continuing to work with the agency to obtain a management decision.

4. ***Maximum Payment Limitation Provisions in Arkansas, Issued July 20, 1989***

ASCS has not completed their review and initiated collection action.

5. ***Payment Limitation Provisions - Alabama, Issued May 17, 1989***

ASCS has not completed their review and initiated collection action.

6. ***1987 Common Payment Limitation Provisions, Issued September 29, 1989***

ASCS has not completed their review and initiated collection action.

7. ***Controls Over CRP Contract Approvals, Issued September 30, 1989***

ASCS has not completed their review and initiated collection action.

8. ***Employment of Retired Federal Annuitants and Other Individuals Previously Employed by the Department as "Expert," Issued October 4, 1988***

We reported that the Commodity Credit Corporation did not have the authority to contract with 49 retired annuitants it hired as "experts". We recommended that ASCS have the General Accounting Office review each of the 49 contracts and ascertain whether any violation(s) of the Antideficiency Act occurred.

9. ***Research Facilities Program, Issued March 31, 1989***

The audit disclosed that two 1890 Land-Grant Institutions (LGIs) had obligated and spent funds to upgrade facilities that, in part, were being used for nonresearch activities or were proposed for nonresearch uses, and had incurred questionable construction expenditures due to omissions by the contractor/architect and poor management decisions. The audit also disclosed that one LGI entered into contracts with architects and construction companies despite an apparent conflict of interest in the relationship between the contractors. This report contained twelve recommendations and management decisions have been made on ten of them. We are continuing to work with the agency to obtain a management decision on the remaining two recommendations.

10-22. ***Various FCIC Audits***

FCIC has not specifically addressed our recommendations, does not agree with the recommendations, or has not provided timeframes for initiating and completing required corrective actions.

23-34. ***Various FCIC Audits***

FCIC has not responded to these audit reports.

35. ***Business and Industry Loan to Gulf Coast Wood Products, Texas, Issued May 10, 1989***

The audit recommended that FmHA, upon receipt of the lender's loss claim, refer to the Office of the General Counsel the violations of the lender's agreement and request that the Office of the General Counsel determine the extent to which FmHA may enforce the loan guarantee. The lender has not yet filed an estimated or final loss report with FmHA. Accordingly, the agency can take no further action at this time.

36. ***Equitable Adjustment Claims - Olsen Electric Company, Inc., Issued October 1, 1989***

The audit questioned costs for claims submitted by the contractor. The contractor has not submitted sufficient data and information for the FS contracting officer to make decisions on some of the claims.

37. ***Application of Payment Limitation Provisions, Issued September 27, 1989***

Our audit disclosed that a corporation, through unusual lease agreements, evaded payment limitation provisions. ASCS disagrees that the corporation's lease violated payment limitation provisions. We referred this issue to the Office of the General Counsel.

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

The audit recommended that FmHA refer to the Office of the General Counsel the violations of the lender's agreement and request the Office of the General Counsel to determine the extent to which FmHA may enforce the loan guarantee and recover losses covered by the guarantee. The Office of the General Counsel completed its review and referred the case to the Department of Justice for concurrence before initiating litigation. The U.S. Attorney then requested OIG to conduct an investigation, which is underway.

Indictments and Convictions

Between October 1, 1989, and March 31, 1990, OIG completed 723 investigations. We referred 393 cases to Federal, State, and local prosecutors for their prosecutive decisions.

During the reporting period, our investigations led to 224 indictments and 368 convictions. Fines, recoveries/collections, and restitutions resulting from our investigations totaled about $23.2 million. Costs of about $135,000 were avoided.

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

Agency	October 1989 - March 1990 Indictments	Convictions [a]
AMS	1	1
APHIS	2	5
ASCS	21	23
FAS	3	1
FCIC	2	2
FGIS	2	2
FmHA	43	49
FNS	126	272
FS	2	2
FSIS	19	10
REA	2	1
Multi-Agencies	1	0
Totals	224	368

[a] This category includes Pretrial Diversions

Hotline Complaints

The OIG Hotline serves as a national receiving point for reports by both Departmental employees and the general public of suspected incidents of fraud, waste, and abuse in USDA programs and operations. During this reporting period, the OIG Hotline received and analyzed 1,377 complaints. We investigated or audited 133 of these complaints and referred 32 to other Federal law enforcement agencies. We referred 976 complaints to the administering USDA agency for resolution and response to OIG. Of the remainder, we provided 209 complaints to the responsible USDA agency for information (no response to OIG was requested), while 27 contained insufficient information to take any action.

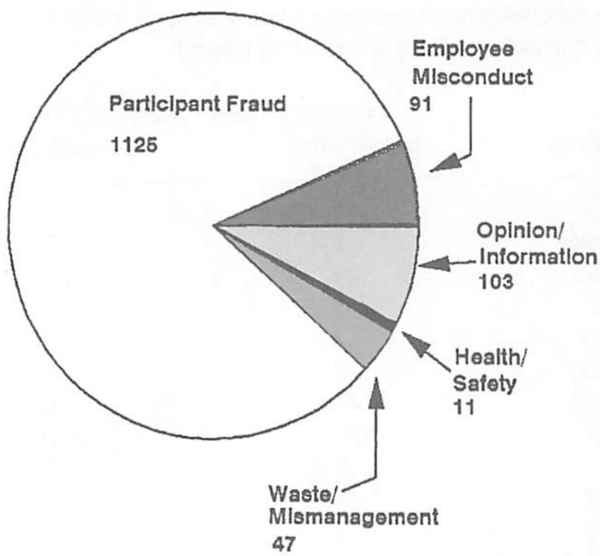
The 24-hour, toll-free telephone number continues to be the major source for receipt of Hotline complaints. The majority of complaints are allegations of participant fraud in USDA's programs. Figure 6 shows a breakdown of the various types of allegations for this reporting period.

Figure 6

HOTLINE COMPLAINTS

October 1, 1989 through March 31, 1990

(Total Cases = 1377)



Freedom of Information Act Activities

OIG processed 212 requests under the Freedom of Information Act (FOIA) compared with 181 for the previous 6 months. The following presents FOIA data for this and the previous reporting period.

	Last Period	This Period
Number of Requests	181	303
Number of Favorable Responses	112	160
Number of Unfavorable Responses	69	52
Unfavorable Responses Due to:		
No Records Available	9	14
Requests Denied in Full	21	14
Requests Denied in Part	39	24
Totals	69	52
Other Data not Affected Directly by the Requests:		
Appeals Granted	0	1
Appeals Denied in Full	0	2
Appeals Denied in Part	1	1
Number of OIG Reports Released in Response to Requests	179	264

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

INVENTORY OF AUDIT REPORTS ISSUED WITH QUESTIONED COSTS AND LOAN

	NUMBER	DOLLAR VALUES QUESTIONED COSTS AND LOANS	DOLLAR VALUES UNSUPPORTED[a] COSTS AND LOANS
A. FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY OCTOBER 1, 1989	97	$64,654,818	$35,812,376
B. WHICH WERE ISSUED DURING THIS REPORTING PERIOD	121	$17,478,727	$ 4,186,056
TOTALS	218	$82,133,545	$39,998,432
C. FOR WHICH A MANAGEMENT DECISION WAS MADE DURING THIS PERIOD	87		
(1) DOLLAR VALUE OF DISALLOWED COSTS		$24,306,535	$11,640,991
(2) DOLLAR VALUE OF COSTS NOT DISALLOWED		$29,998,071	$ 5,447,728
D. FOR WHICH NO MANAGEMENT DECISION HAS BEEN MADE BY THE END OF THIS REPORTING PERIOD	131	$38,508,559	$24,164,227
REPORTS FOR WHICH NO MANAGEMENT DECISION WAS MADE WITHIN 6 MONTHS OF ISSUANCE	29	$25,925,802	$20,036,248

[a] Unsupported values are also included in questioned values.

INVENTORY OF AUDIT REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	NUMBER	DOLLAR VALUES
A. FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY OCTOBER 1, 1989	37	$448,026,155
B. WHICH WERE ISSUED DURING THIS REPORTING PERIOD	32	$146,887,655
TOTALS	69	$594,913,810
C. FOR WHICH A MANAGEMENT DECISION WAS MADE DURING THIS PERIOD	47	
(1) DOLLAR VALUE OF DISALLOWED COSTS		$345,539,119
- BASED ON PROPOSED MANAGEMENT ACTION		$345,523,054
- BASED ON PROPOSED LEGISLATIVE ACTION		$ 15,800
(2) DOLLAR VALUE OF COSTS NOT DISALLOWED		$ 3,853,001
D. FOR WHICH NO MANAGEMENT DECISION HAS BEEN MADE BY THE END OF THIS REPORTING PERIOD	22	$245,601,629
REPORTS FOR WHICH NO MANAGEMENT DECISION WAS MADE WITHIN 6 MONTHS OF ISSUANCE	4	$114,534,441

INVENTORY OF AUDIT REPORTS ISSUED WITH IMPROPER AGENCY ACTIONS

	NUMBER	DOLLAR VALUES[a]
A. FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY OCTOBER 1, 1989	47	$170,203,843
B. WHICH WERE ISSUED DURING THIS REPORTING PERIOD	24	$ 54,229,278
TOTALS	71	$224,433,121
C. FOR WHICH A MANAGEMENT DECISION WAS MADE DURING THIS PERIOD	32	
(1) DOLLAR VALUE OF DISALLOWED COSTS		$ 22,182,834
(2) DOLLAR VALUE OF COSTS NOT DISALLOWED		$ 79,547
D. FOR WHICH NO MANAGEMENT DECISION HAS BEEN MADE BY THE END OF THIS REPORTING PERIOD	39	$202,241,498
REPORTS FOR WHICH NO MANAGEMENT DECISION WAS MADE WITHIN 6 MONTHS OF ISSUANCE	15	$148,012,220

[a]Not intended for collection

SUMMARY OF AUDIT REPORTS RELEASED
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

DURING THE 6-MONTH PERIOD BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990, THE OFFICE OF INSPECTOR GENERAL ISSUED 232 AUDIT REPORTS, INCLUDING 101 PERFORMED UNDER CONTRACT BY CERTIFIED PUBLIC ACCOUNTANTS.

THE FOLLOWING IS A SUMMARY OF THOSE AUDITS BY AGENCY:

	AGENCY	AUDITS RELEASED	QUESTIONED COSTS AND LOANS	UNSUPPORTED [a] COSTS AND LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
AMS	AGRICULTURAL MARKETING SERVICE	4	0	0	0	0
ARS	AGRICULTURAL RESEARCH SERVICE	1	0	0	$19,860,510	0
ASCS	AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE	34	$5,730,471	$601,545	$13,497,164	$920,895
FMHA	FARMERS HOME ADMINISTRATION	19	$3,812,300	$139,390	$71,391,632	$7,610,853
FCIC	FEDERAL CROP INSURANCE CORPORATION	31	$2,086,303	$14,024	$930,048	$44,136,884
FS	FOREST SERVICE	6	$262,419	0	$36,958,113	$1,560,646
SCS	SOIL CONSERVATION SERVICE	8	$1,123,024	0	$1,727,885	0
CSRS	COOPERATIVE STATE RESEARCH SERVICE	1	$283,277	$212,112	0	0
OGC	OFFICE OF THE GENERAL COUNSEL	1	0	0	$682,690	0
OO	OFFICE OF OPERATIONS	1	0	0	0	0
FNS	FOOD AND NUTRITION SERVICE	104	$4,033,517	$3,136,492	$1,184,255	0
APHIS	ANIMAL AND PLANT HEALTH INSPECTION SERVICE	5	0	0	$212,786	0
MULT	MULTIAGENCY	14	$147,416	$82,493	0	0
OIRM	OFFICE OF INFORMATION RESOURCES MANAGEMENT	3	0	0	$442,572	0
	TOTALS:		$17,478,727	$4,186,056	$146,887,655	$54,229,278

TOTAL COMPLETED:	
SINGLE AGENCY AUDIT	218
MULTIAGENCY	14
TOTAL RELEASED NATIONWIDE	232
TOTAL COMPLETED UNDER CONTRACT [b]	101
TOTAL SINGLE AUDITS [c]	11

NOTES:

[a] UNSUPPORTED VALUES ARE INCLUDED IN QUESTIONED VALUES
[b] INDICATES AUDITS PERFORMED BY OTHERS
[c] INDICATES AUDITS COMPLETED AS SINGLE AUDIT (OIG COGNIZANT)

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
AGENCY - AGRICULTURAL MARKETING SERVICE						
01-099-0019-AT 90/01/18	NON AUCTION TOBACCO SALES		0	0	0	0
01-099-0020-AT 90/01/23	VIDALIA ONION MARKETING ORDER		0	0	0	0
01-099-0021-AT 90/01/23	GA PEACH MARKETING ORDER		0	0	0	0
01-099-0049-SF 89/10/30	ALMOND MARKETING ORDER REFERENDUM, FRESNO, CA		0	0	0	0
	TOTAL: AGRICULTURAL MARKETING SERVICE	4	0	0	0	0
AGENCY - AGRICULTURAL RESEARCH SERVICE						
02-545-0030-HY 89/10/13	PREAWARD AUDIT OF ARS CONTRACT OF HNRC AT TUFTS UNIVERSITY		0	0	$19,860,510	0
	TOTAL: AGRICULTURAL RESEARCH SERVICE	1	0	0	$19,860,510	0
AGENCY - AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE						
03-001-0047-HY 90/03/30	PA ASCS STATE AND COUNTY OFFICE ADMINISTRATION		$626,388	$373,133	0	$244,868
03-091-0020-FM 90/01/31	SETTLEMENT OF LOADING ORDERS SURVEY AT KCCO FISCAL DIVISION		0	0	$12,373,211	0
03-091-0330-FM 90/03/30	CONTROLS IN THE CHECK ACCOUNTING SYSTEM		0	0	0	0
03-091-0331-FM 90/03/05	PAYMENT OF WAREHOUSE STORAGE ON LOAN COTTON		$72,000	0	0	0
03-091-0333-FM 90/03/22	KCCO ACTION ON BIRD GRAIN CO.		0	0	$180,000	0
03-091-0334-FM 90/01/10	VERIFICATION OF CCC & UGSA WAREHOUSE GRAIN INVENTORY RECORDS		0	0	0	0
03-097-0002-HY 89/11/21	CHAUTAUQUA AND CATTARAUGUS COUNTIES IN NY		0	0	0	0
03-099-0012-FM 89/10/20	COMMODITY CERTIFICATE INTERNAL CONTROLS FOLLOWUP REVIEW		$1,326,206	0	0	0
03-099-0020-FM 89/12/05	NATIONAL SYSTEMS STANDARDS FOR TESTING		0	0	$230,964	0
03-099-0022-FM 90/03/06	CONTROLS IN THE PRODUCER PAYMENT REPORTING SYSTEM		0	0	0	0
03-099-0026-FM 90/03/30	ORIGIN OF SOYBEAN OIL FOR DOMESTIC EXPORT PURCHASE PROGRAMS		0	0	0	0
03-099-0079-CH 90/03/28	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN OH		$488,337	0	0	$1,593
03-099-0081-CH 90/01/12	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN MI		$886,318	0	0	$657,794
03-099-0138-KC 89/11/27	COMMODITY FUTURES & OPTIONS MARKETING PILOT PROGRAM		0	0	0	0
03-099-0141-KC 89/11/03	PAYMENT LIMITATION FOR RELATED FARMING OPERATION IN PONDERA COUNTY, MT		$387,274	0	0	0
03-545-0001-FM 90/03/12	DCAA'S REVIEW OF ARTHUR ANDERSON'S CONTRACT MODIFICATIONS		0	0	0	0
03-545-0006-AT 90/03/30	GFA PEANUT ASSOCIATION, CAMILLA, GA, CROP YEAR 1988		0	0	0	0
03-545-0018-HY 89/11/06	PREAWARD AUDIT, EDS, HERNDON, VA-ASCS-R-101-8 9DC		0	0	$707,368	0
03-600-0001-AT 89/12/22	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN GA		$17,796	0	0	$16,640

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
03-600-0001-KC 89/10/20	COUNTY OPERATIONS REVIEW PROGRAM IN MO		0	0	0	0
03-600-0002-AT 89/11/30	EMERGENCY FEED PROGRAM IN GA		$5,771	0	0	0
03-600-0002-CH 90/01/26	EMERGENCY FEED PROGRAM - WI		$6,819	0	0	0
03-600-0002-KC 89/10/23	COUNTY OPERATIONS REVIEW PROGRAM IN OK		0	0	0	0
03-600-0003-KC 89/11/07	COUNTY OPERATIONS REVIEW PROGRAM IN MT		0	0	0	0
03-600-0004-KC 89/11/07	COUNTY OPERATIONS REVIEW PROGRAM IN TN		0	0	0	0
03-600-0004-SF 89/12/04	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN ID		$122,331	0	0	0
03-600-0004-TE 89/10/19	1987 COMMON PAYMENT LIMITATION PROVISIONS - TX		$1,090,882	0	0	0
03-600-0005-KC 89/11/15	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN MT		$56,941	$18,756	$5,306	0
03-600-0006-KC 89/10/30	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN MO		$52,171	$26,090	$174	0
03-600-0007-TE 90/01/12	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN LA		$212,215	$181,487	0	0
03-600-0008-KC 90/01/12	1988 LIVESTOCK FEED PROGRAM IN MO.		$9,515	$2,079	$141	0
03-600-0008-TE 89/11/28	DISASTER ASSISTANCE ACT OF 1988 - EMERGENCY CROP LOSS ASSISTANCE IN TX		$6,106	0	0	0
03-600-0010-TE 90/02/27	IMPLEMENTATION OF LIVESTOCK FEED PROGRAMS - ARKANSAS		$3,475	0	0	0
03-647-0001-KC 89/10/11	1987 PAYMENT LIMITATION ACTIONS IN MT.		$359,926	0	0	0
	TOTAL: AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE	34	$5,730,471	$601,545	$13,497,164	$920,895
AGENCY - FARMERS HOME ADMINISTRATION						
04-002-0001-TE 90/03/28	TX STATE OFFICE BUSINESS AND INDUSTRY LOAN PROGRAM OPERATIONS		$3,371,661	0	$1,527,500	0
04-012-0001-SF 90/01/02	COUNTY OPERATIONS, WILLOW, CA		0	0	0	0
04-099-0070-FM 90/01/23	NATIONAL SYSTEMS STANDARDS FOR TESTING		0	0	0	0
04-099-0079-SF 89/12/26	FY 1989 FINANCIAL STATEMENTS, ID		0	0	0	0
04-099-0151-TE 89/12/28	HOUSING PRESERVATION GRANT - MOTIVATION, EDUCATION AND TRAINING, CLEVELAND, TX		$8,080	0	0	0
04-099-0288-AT 89/11/01	BUSINESS AND INDUSTRIAL LOAN LIQUIDATION		$13,249	0	0	0
04-545-0001-SF 89/11/29	ACCOUNTING SYSTEM REVIEW - CASA OF OR, HILLSBORO, OR		0	0	0	0
04-600-0001-CH 89/11/02	RURAL RENTAL HOUSING INTEREST CREDIT AND RENTAL ASSISTANCE IN IL		0	0	$83,688	0
04-600-0001-KC 90/02/20	EMERGENCY LOAN PROGRAM IN IA		$252,020	$45,850	0	0
04-600-0002-SF 89/11/03	RURAL RENTAL HOUSING INTEREST CREDIT AND RENTAL ASSISTANCE IN CA		0	0	$123,765	0

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
04-600-0002-TE 89/12/26	1988 DROUGHT EMERGENCY LOSS LOANS IN TX		$38,540	0	0	0
04-600-0003-CH 90/03/23	EMERGENCY LOSS LOAN PROGRAM IN IL		$97,670	$62,460	0	0
04-600-0003-TE 90/01/26	RURAL HOUSING AND RURAL RENTAL HOUSING PROGRAMS IN LA		0	0	0	0
04-600-0004-AT 89/12/05	RURAL AREA ELIGIBILITY DESIGNATIONS		0	0	0	$5,210,340
04-600-0005-AT 89/12/08	RRH RENTAL ASSISTANCE AND INTEREST CREDIT, NC		0	0	$167,039	0
04-600-0006-AT 90/01/26	LABOR HOUSING FOLLOWUP		0	0	0	0
04-600-0006-CH 90/03/30	RURAL RENTAL HOUSING INTEREST CREDIT AND RENTAL ASSISTANCE		0	0	$69,370,000	0
04-600-0007-AT 90/03/29	INTEREST RATE REDUCTION PROGRAM		0	0	0	$2,245,783
04-600-0008-AT 89/12/07	EMERGENCY LOSS LOANS - MS		$31,080	$31,080	$119,640	$154,730
	TOTAL: FARMERS HOME ADMINISTRATION	19	$3,812,300	$139,390	$71,391,632	$7,610,853
AGENCY - FEDERAL CROP INSURANCE CORPORATION						
05-099-0003-HY 89/11/30	1988 CROP YEAR APPLE CONTRACT NO. 47-027-12733		$14,024	$14,024	0	0
05-099-0019-AT 90/02/05	CROP INSURANCE CONTRACTS, PALM BEACH COUNTY, FL		0	0	0	0
05-099-0020-CH 89/10/13	POLICY NO. 53282, RENVILLE COUNTY, MN		0	0	0	0
05-099-0023-CH 90/01/12	POLICY NO. 17931, SHELBY COUNTY, IL		$19,337	0	0	$59,016
05-099-0028-CH 89/10/04	POLICY NO. 21296, YELLOW MEDICINE COUNTY, MN		$3,562	0	0	$2,103
05-099-0029-CH 89/10/18	POLICY NO. 21028, WEST POLK COUNTY, MN		$608	0	0	0
05-099-0030-CH 89/10/12	POLICY NO. 16496, WHITESIDE COUNTY, IL		$7,553	0	0	$3,361
05-099-0031-CH 89/10/12	POLICY NO. 04303, PEORIA COUNTY, IL		$6,346	0	0	$14,805
05-099-0032-CH 89/10/19	POLICY NO. 08765, RENVILLE COUNTY, MN		$6,656	0	0	$519
05-099-0033-CH 90/01/11	POLICY NO. 25899, OGLE COUNTY, IL		$105	0	0	$284
05-099-0034-CH 89/10/03	POLICY NO. 21323, LYON COUNTY, MN		$3,872	0	0	0
05-099-0034-FM 90/03/30	CASH MANAGEMENT PRACTICES WITH REINSURED COMPANIES - PHASE I		$2,000,000	0	$929,754	$44,036,522
05-099-0034-TE 89/11/20	POLICY NO. 22-039-63787 EVANGELINE PARISH, LA		0	0	0	0
05-099-0035-FM 90/03/30	REINSURANCE ACCOUNTING SYSTEM		0	0	0	0
05-099-0036-CH 89/10/04	POLICY NO. 87474, CHAMPAIGN COUNTY, IL		0	0	0	0
05-099-0038-CH 89/10/04	POLICY NO. 06430, SWIFT COUNTY, MN		0	0	0	0
05-099-0038-KC 89/10/04	CLAIM POLICY NO. 30-015-26113 CHOUTEAU COUNTY, MT		$594	0	0	$705

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
05-099-0039-CH 89/12/27	POLICY NO. 80211, NEWTON COUNTY, IN		$60	0	0	$1,618
05-099-0039-TE 89/10/11	POLICY NO. 17-121-29276, MARION, IL		0	0	0	0
05-099-0040-CH 89/11/27	POLICY NO. 22681, PULASKI COUNTY, IN		$1,643	0	0	$3,676
05-099-0041-CH 89/11/30	POLICY NO. 01778, BIG STONE COUNTY, MN		0	0	0	0
05-099-0042-TE 89/11/17	MPCI POLICY NO. 22-013-02225 BLUE EARTH COUNTY, MN		$3,438	0	$294	0
05-099-0043-CH 89/10/04	POLICY NO. 19613, BROWN COUNTY, MN		$4,251	0	0	0
05-099-0048-TE 89/10/16	MPCI POLICY NO. 22-101-44947, MURRAY CO. MN		$881	0	0	0
05-099-0056-KC 89/11/03	CLAIM POLICY NO. MP-028029, MONTGOMERY COUNTY, IA		$8,526	0	0	$8,910
05-099-0065-KC 89/10/13	CLAIM POLICY NO. 19-145-00297, PAGE COUNTY, IA		$1,197	0	0	$1,107
05-099-0070-KC 89/10/20	CLAIM, POLICY NO. MP-50853, GREENE COUNTY, IA		$1,639	0	0	$1,925
05-099-0090-KC 89/11/24	CLAIM, POLICY NO. 53029, BOONE COUNTY, IA		$1,163	0	0	$451
05-099-0094-KC 89/10/30	CLAIM, POLICY NO. 44629, JEFFERSON COUNTY, KS		$377	0	0	$547
05-099-0095-KC 89/10/31	CLAIM, POLICY NO. 8027, KIT CARSON COUNTY, CO		$471	0	0	$1,335
05-099-0098-KC 89/12/08	CLAIM, POLICY NO. 5430, CASS COUNTY, ND		0	0	0	0
	TOTAL: FEDERAL CROP INSURANCE CORPORATION	31	$2,086,303	$14,024	$930,048	$44,136,884
AGENCY - FOREST SERVICE						
08-099-0010-FM 89/10/20	NATIONAL SYSTEMS APPLICATIONS STANDARDS FOR TESTING		0	0	0	0
08-545-0040-SF 89/10/01	EQUITABLE ADJUSTMENT CLAIMS-OLSON ELECTRIC COMPANY, INC. - VANCOUVER, WA		0	0	$123,555	0
08-545-0044-SF 89/10/04	PREAWARD - HEMET VALLEY FLYING SERVICE HEMET, CA		0	0	$1,140,424	0
08-545-0045-SF 89/10/31	TERMINATION PROPOSAL SETTLEMENT/EQUITABLE ADJUSTMENT-HIGHLAND ENT. GRANGEVILLE, ID		0	0	$118,557	0
08-545-0046-SF 90/01/08	EQUITABLE ADJUSTMENT CLAIM - BUNO CONSTRUCTION CO. - WOODINVILLE, WA		$262,419	0	0	0
08-600-0003-AT 90/03/30	ANALYSIS OF KNUTSON-VANDENBERG (K-V) FUND BALANCES		0	0	$35,575,577	$1,560,646
	TOTAL: FOREST SERVICE	6	$262,419	0	$36,958,113	$1,560,646
AGENCY - SOIL CONSERVATION SERVICE						
10-545-0011-KC 89/12/28	CONTRACT PARTIALLY TERMINATED FOR CONVENIENCE SCHERR CONSTR. CO., VALLEY, ND		0	0	$218,758	0
10-545-0012-KC 89/10/16	AGRI. & ENGINEERING SVC. CONTRACT		0	0	0	0
10-545-0013-KC 89/12/06	AGRI & ENGINEERING SVC CONTRACT OF SUB-CONTRACTOR-GEOTECHNOLOGY, ST. LOUIS, MO		0	0	$86,367	0
10-545-0022-SF 89/11/27	SCS-EQUITABLE ADJUSTMENT CLAIMS - RAMCO, INC. BOISE, ID		$1,123,024	0	0	0

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
10-545-0023-SF 90/02/09	SCS - PRICE PROPOSAL REVIEW/CHANGEOVER - METEOR COMMUNICATIONS CORP. KENT, WA		0	0	$368,835	0
10-545-0025-TE 90/03/02	MODIFICATION 4, CONTRACT 50-7442-8-4100, 3 MILE & SULPHUR DRAW WATERSHED, CULBERSON CO.		0	0	$431,663	0
10-545-0026-TE 89/12/13	CONTRACTOR CLAIM FOR CONTRACT NO. 50-7442-7-3692 ITEM 5A		0	0	$291,977	0
10-545-0028-HY 89/11/09	PREAWARD MAXIMA CORPORATION, ROCKVILLE, MD		0	0	$330,285	0
	TOTAL: SOIL CONSERVATION SERVICE	8	$1,123,024	0	$1,727,885	0
AGENCY - COOPERATIVE STATE RESEARCH SERVICE						
13-004-0014-AT 90/03/05	PRAIRIE VIEW UNIVERSITY, PRAIRIE VIEW,TX		$283,277	$212,112	0	0
	TOTAL: COOPERATIVE STATE RESEARCH SERVICE	1	$283,277	$212,112	0	0
AGENCY - OFFICE OF THE GENERAL COUNSEL						
16-545-0001-HY 89/10/12	INCURRED COST AUDIT-BIL-JIM CONSTRUCTION COMPANY		0	0	$682,690	0
	TOTAL: OFFICE OF THE GENERAL COUNSEL	1	0	0	$682,690	0
AGENCY - OFFICE OF OPERATIONS						
23-097-0001-HY 90/03/13	OFFICE OF OPERATIONS IMPREST FUND		0	0	0	0
	TOTAL: OFFICE OF OPERATIONS	1	0	0	0	0
AGENCY - FOOD AND NUTRITION SERVICE						
27-013-0045-TE 90/03/30	FSP SURVEY OF SA INCOME AND ELIGIBILITY VERIFICATION SYSTEM		0	0	0	0
27-013-0046-TE 90/02/09	IMPLEMENTATION OF INCOME ELIGIBILITY VERIFICATION SYSTEM IN TX		0	0	0	0
27-013-0078-SF 89/12/15	FSP - CHARGES TO FED. GRANT PROGRAMS BY GUAM DEPT. OF PUBLIC HEALTH AND SOCIAL SRVCS.		$245,743	$190,707	0	0
27-016-0001-HY 90/01/23	BALTIMORE FOOD STAMP PROGRAM - FOLLOWUP		0	0	0	0
27-019-0001-KC 90/03/30	FOOD STAMP PROGRAM COMPUTER MATCHING-CO		$41,877	0	$21,570	0
27-019-0030-SF 90/02/08	FOOD STAMP PROGRAM COMPUTER MATCHING - SAN FRANCISCO, CA		$15,810	0	0	0
27-019-0031-SF 90/03/06	FOOD STAMP PROGRAM COMPUTER MATCHING - SEATTLE, WA		0	0	0	0
27-019-0033-AT 89/10/13	GA FOOD STAMP PROGRAM COMPUTER MATCHING		$67,520	$27,858	0	0
27-019-0037-HY 90/03/29	DC FSP MATCHES		$38,284	0	0	0
27-019-0039-HY 89/12/18	NORTHEAST REGIONAL OFFICE COMPLIANCE WITH BMS FOLLOWUP PROCEDURES		0	0	0	0
27-019-0041-TE 89/10/18	COMPUTER MATCH OF FSP PARTICIPATION WITH FED PERSONNEL RECORDS DETECTED OVERISSUANCES		$145,655	0	$30,132	0
27-019-0060-CH 90/03/30	UNDERREPORTED INCOME AND DUAL PARTICIPATION IN THE FOOD STAMP PROGRAM IN MI		$56,826	$45,134	0	0
27-019-0062-CH 90/03/30	UNDERREPORTED INCOME AND DUAL PARTICIPATION IN THE FOOD STAMP PROGRAM IN MN		$8,589	$6,898	0	0

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
27-023-0201-AT 90/02/13	CHILD NUTRITION PROGRAMS, DADE COUNTY SCHOOL FOOD AUTHORITY, MIAMI, FL		$47,778	$30,382	0	0
27-023-0202-AT 89/11/17	NSL AND SB PROGRAMS, TALLAPOOSA COUNTY SCHOOLS, DADEVILLE, AL, SCHOOL YEAR 1988		0	0	0	0
27-023-0253-TE 89/12/20	NATIONAL SCHOOL LUNCH PROGRAM CARLSBAD MUNICIPAL SCHOOL DISTRICT, CARLSBAD, NM		$78,738	0	0	0
27-023-0254-TE 89/12/21	NATIONAL SCHOOL LUNCH PROGRAM, SNACK BARS, NM		$7,449	0	0	0
27-029-0260-HY 90/03/28	CCFP BETHELEM DAY NURSERY		$4,032	0	0	0
27-029-0261-HY 90/02/28	CCFP BLOOMINGDALE FAMILY PROGRAM HS		$478	0	0	0
27-029-0262-HY 90/03/28	CCFP UNIDAD UNITY DCC		0	0	0	0
27-029-0263-HY 90/02/28	CCFP WEST SIDE MONTESSORI		$1,317	0	0	0
27-029-0264-HY 90/03/29	CCFP JAMES WELDON JOHNSON		$5,002	0	0	0
27-029-0265-HY 90/02/28	CCFP PRINCE HALL SERVICES FUND, INC		$450	0	0	0
27-029-0266-HY 90/02/28	CCFP ASSOCIATION OF BLACK SOCIAL WORKERS CDC MANHATTAN		0	0	0	0
27-029-0267-HY 90/03/28	CCFP SOCIETY FOR SEAMAN'S CHILDREN		$1,014	0	0	0
27-029-0268-HY 90/03/14	CCFP HIGHBRIDGE ADVISORY COUNCIL		0	0	0	0
27-029-0269-HY 90/03/28	CCFP CHILDREN'S CIRCLE PLANNING CORP		0	0	0	0
27-029-0270-HY 90/03/28	CCFP ASSOCIATION OF BLACK SOCIAL WORKERS CDC BROOKLYN		$1,747	0	0	0
27-029-0271-HY 90/02/28	CCFP HAITIAN AMERICAN DCC		$237	0	0	0
27-029-0272-HY 90/03/28	CCFP CHURCH OF THE OPEN DOOR, AME CHURCH		0	0	0	0
27-029-0273-HY 90/02/28	CCFP MOSDOTH DCC		0	0	0	0
27-029-0274-HY 90/03/28	CCFP MEDGAR EVERS COLLEGE HS CHILD DEVELOPMENT		$11,012	0	0	0
27-029-0275-HY 90/03/28	CCFP NEW LIFE CHILD DEVELOPMENT CTR		$685	0	0	0
27-029-0276-HY 90/02/28	CCFP THE ORIGINALS OF JAMAICA DAY CARE		$303	0	0	0
27-029-0277-HY 90/02/28	CCFP FULL GOSPEL TABERNACLE, SOUTHWESTERN DCC		0	0	0	0
27-029-0278-HY 90/03/14	CCFP CATHOLIC CHARITIES OF BUFFALO		$19,626	0	0	0
27-029-0279-HY 90/03/29	CCFP COMMUNITY ACTION ORGANIZATION OF ERIE COUNTY, INC		$22,768	0	0	0
27-029-0280-HY 90/03/28	CCFP SAINT AUGUSTINE'S INC		$2,703	0	0	0
27-029-0281-HY 90/03/14	CCFP COORDINATED CHILD DEVELOPMENT PROGRAM		$502	0	0	0
27-029-0282-HY 90/03/14	CCFP ONTARIO DCC		$1,027	0	0	0
27-029-0283-HY 90/03/14	CCFP WESTERN NY CC COUNCIL		$7,020	0	0	0

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
27-029-0284-HY 90/02/28	CCFP THE SPECIAL CHILDREN'S CENTER		0	0	0	0
27-029-0285-HY 90/02/28	CCFP CHINESE METHODIST CENTER		$2,067	0	0	0
27-029-0286-HY 90/03/29	CCFP CHINESE-AMERICAN PLANNING		$5,823	0	0	0
27-029-0287-HY 90/03/28	CCFP UNITED METHODIST CITY SOCIETY		0	0	0	0
27-029-0288-HY 90/02/28	CCFP EAST CALVARY NURSERY, INC		0	0	0	0
27-029-0289-HY 90/02/28	CCFP EISMAN DAY NURSERY		$246	0	0	0
27-029-0290-HY 90/02/28	CCFP SAINT BENEDICTS DAY NURSERY		0	0	0	0
27-029-0291-HY 90/02/28	CCFP HALLET COVE CDC		$177	0	0	0
27-029-0292-HY 90/02/28	CCFP ASTORIA LONG ISLAND CITY NAACP DC		$1,230	0	0	0
27-029-0293-HY 90/03/29	CCFP BUSHWICK COMM ACTION ASSOC, INC		$49,330	0	0	0
27-029-0294-HY 90/03/28	CCFP NUESTROS NINOS DC		0	0	0	0
27-029-0295-HY 90/03/28	CCFP FAITH, HOPE AND CHARITY		$597	0	0	0
27-029-0296-HY 90/03/29	CCFP UNIVERSAL CHURCH OF CHRIST, INC		0	0	0	0
27-029-0297-HY 90/02/28	CCFP STRONG PLACE DCC		$428	0	0	0
27-029-0298-HY 90/03/29	CCFP SALVATION ARMY, INC		$3,270	0	0	0
27-029-0299-HY 90/03/28	CCFP DAY CARE COUNCIL OF NASSAU COUNTY, INC		$374	0	0	0
27-029-0300-HY 90/03/28	CCFP HEMPSTEAD AFTER SCHOOL		$6,808	0	0	0
27-029-0301-HY 90/02/28	CCFP MADRASSAH-AL-AARAAF		$3,454	0	0	0
27-029-0302-HY 90/02/28	CCFP CHILD CARE COUNCIL OF SUFFOLK		0	0	0	0
27-029-0303-HY 90/02/28	CCFP BERESHITH CULTURAL INSTITUTE		0	0	0	0
27-029-0304-HY 90/02/28	CCFP MIRACLE MAKERS		$7,793	0	0	0
27-029-0305-HY 90/03/28	CCFP PUTNAM DCC		$29,734	0	0	0
27-029-0306-HY 90/02/28	CCFP 200 CENTRAL AVENUE DCC		$738	0	0	0
27-029-0307-HY 90/02/28	CCFP BEDFORD STUYVESANT EARLY CDC		0	0	0	0
27-029-0308-HY 90/03/28	CCFP FORT GREENE SENIOR CITIZENS COUNCIL, INC		$17,349	0	0	0
27-029-0309-HY 90/03/28	CCFP LONG ISLAND DC SERVICES		0	0	0	0
27-029-0310-HY 90/02/28	CCFP SCOHARIE COUNTY CDC, INC		0	0	0	0
27-029-0311-HY 90/03/28	CCFP SALVATION ARMY DC CDC		0	0	0	0

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

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27-029-0312-HY 90/02/28	CCFP ALBANY COUNTY DEPT OF SOCIAL SERVICES		0	0	0	0
27-029-0313-HY 90/02/28	CCFP POUGHKEEPSIE FAMILY DEVELOPMENT AND DCC		0	0	0	0
27-029-0314-HY 90/03/28	CCFP DUTCHESS COUNTY CDC, INC		$2,558	0	0	0
27-029-0315-HY 90/02/28	CCFP CATHOLIC FAMILY & COMMUNITY SERVICES OF SARATOGA CO		0	0	0	0
27-029-0316-HY 90/02/28	CCFP OPPORTUNITIES FOR OTSEGO, INC		$1,274	0	0	0
27-029-0317-HY 90/02/28	CCFP COMMUNITY KIDS, TLC		$312	0	0	0
27-029-0318-HY 90/02/28	CCFP RAINBOW INFANT TODDLER DC		0	0	0	0
27-029-0319-HY 90/03/28	CCFP INVICTUS BLAZERS, INC		$5,190	0	0	0
27-029-0320-HY 90/03/28	CCFP NATIONAL ASSOCIATION OF FAMILY DEVELOPMENT		0	0	0	0
27-029-0321-HY 90/03/14	CCFP PROTESTANT HOME FOR CHILDREN		$320	0	0	0
27-029-0322-HY 90/03/14	CCFP TINY TOTS DCC		$260	0	0	0
27-029-0323-HY 90/03/14	CCFP INTERCOMMUNITY RELATIONS COUNCIL		$4,405	0	0	0
27-029-0324-HY 90/03/28	CCFP YMCA-YWCA DC		$7,082	0	0	0
27-029-0325-HY 90/03/28	CCFP METRO NORTH ASSOCIATION		$736	0	0	0
27-029-0326-HY 90/03/29	CCFP UNITED BRONX PARENTS		$11,010	0	0	0
27-029-0327-HY 90/03/29	CCFP SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC		$815	0	0	0
27-029-0328-HY 90/02/28	CCFP MOUNT GILEAD DCC		0	0	0	0
27-029-0329-HY 90/03/28	CCFP TREMONT COMMUNITY COUNCIL		$1,283	0	0	0
27-029-0330-HY 90/03/28	CCFP BUILDERS FOR FAMILY YOUTH		$563	0	0	0
27-029-0331-HY 90/03/29	CCFP SAINT JOSEPH'S CHILDREN SERVICES		0	0	0	0
27-029-0332-HY 90/03/29	CCFP WILLOUGHBY HOUSE SETTLEMENT		0	0	0	0
27-029-0333-HY 90/03/29	CCFP COMMUNITY DAY NURSERY		0	0	0	0
27-029-0334-HY 90/03/29	CCFP FRIENDS OF CROWN HEIGHTS		$5,063	0	0	0
27-029-0335-HY 90/02/28	CCFP POLICE ATHLETIC LEAGUE		0	0	0	0
27-029-0337-HY 90/02/28	CCFP FRANK D WHALEN CCC		$4,716	0	0	0
27-029-0338-HY 90/03/28	CCFP CARDINAL MCCLOSKEY FAMILY SERVICES		$9,726	0	0	0
27-029-0339-HY 90/03/29	CCFP SAINT MARGARETS EPISCOPAL CHURCH		$10,153	0	0	0
27-029-0340-HY 90/03/28	CCFP PARKCHESTER BRONXDALE		$7,710	0	0	0

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

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27-029-0342-HY 90/02/28	CCFP BLANCHE COMMUNITY PROGRESS DCC		$7,278	0	0	0
27-029-0449-KC 89/11/09	CCFP, KCMC CHILD DEV CORP (65379) KANSAS CITY, MO		$19,900	$4,129	0	0
27-031-0022-AT 90/01/24	WIC ADMINISTRATIVE COSTS CLAIMED IN AL		$2,831,384	$2,831,384	$1,132,553	0
27-070-0001-HY 90/03/01	FINANCIAL MGMT OPER FNSRO SURVEY		0	0	0	0
27-099-0077-CH 90/03/30	PROCESSING OF DONATED FOODS BY PREFERRED MEAL SYSTEMS, INC., SCHAMBURG, IL		$138,169	0	0	0
27-545-0070-HY 90/02/02	INCURRED COST AUDIT-COMPEX CORPORATION		0	0	0	0
27-600-0002-SF 90/03/30	ADMINISTRATIVE COSTS IN THE FOOD STAMP PROGRAM - NATIONWIDE		0	0	0	0
	TOTAL: FOOD AND NUTRITION SERVICE	104	$4,033,517	$3,136,492	$1,184,255	0
AGENCY - ANIMAL AND PLANT HEALTH INSPECTION SERVICE						
33-002-0001-AT 90/02/23	SETTLEMENT PROPOSAL SUBMITTED BY ALL SPORTS TROPHIES, INC., HUNTSVILLE, AL		0	0	0	0
33-002-0002-AT 90/02/23	PRICING PROPOSAL SUBMITTED BY VIRAL ANTIGENS, INS., MEMPHIS, TN		0	0	0	0
33-003-0001-CH 89/11/29	LLAMA IMPORT ACTIVITIES		0	0	0	0
33-545-0013-HY 89/12/12	PSEUDORABIES-IDEXX PREAWARD AUDIT		0	0	0	0
33-545-0014-HY 89/12/26	BRUCELLOSIS-IDEXX PREAWARD AUDIT		0	0	$212,786	0
	TOTAL: ANIMAL AND PLANT HEALTH INSPECTION SERVICE	5	0	0	$212,786	0
AGENCY - MULTIAGENCY						
50-010-0005-HY 89/12/29	AGENCY METHODS OF HANDLING IMPREST FUNDS		0	0	0	0
50-099-0040-KC 89/10/27	DEPARTMENTAL IMPLEMENTATION OF THE ENDANGERED SPECIES ACT OF 1973		0	0	0	0
50-566-0013-SF 89/12/21	A-128 AUDIT - ID DEPARTMENT OF AGRICULTURE FYS 1986-87 AND 1987-88		$12,867	$12,867	0	0
50-566-0014-SF 89/11/09	A-128 AUDIT - HI DEPARTMENT OF AGRICULTURE FYE 6/30/88		$10,127	0	0	0
50-566-0016-AT 89/11/28	A-128, AL FORESTRY COMMISSION, 3 FISCAL YEARS ENDED 9/30/86, 1987 AND 1988		$2,396	0	0	0
50-566-0016-KC 89/11/01	A-128, IA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP, (FY ENDED 6/88)		$74,326	$69,626	0	0
50-566-0017-KC 89/10/27	A-128, KS BOARD OF AGRICULTURE (FY 6/87 & 6/88), TOPEKA, KS		0	0	0	0
50-566-0018-KC 89/10/03	A-128, ND DEPARTMENT OF AGRICULTURE (FY 6/88 & PERIOD ENDED 12/88), BISMARCK, ND		0	0	0	0
50-566-0019-KC 89/10/04	A-128, WY DEPARTMENT OF AGRICULTURE, (FY ENDED 6/88), CHEYENNE, WY		$47,700	0	0	0
50-566-0030-HY 89/11/14	PUERTO RICO DEPARTMENT OF AGRICULTURE, A-128 SFYE 6/30/88		0	0	0	0
50-566-0031-HY 90/03/14	VA DEPT. OF AGRICULTURE & CONSUMER SRVC A-128, SFYE 6/30/88		0	0	0	0
50-567-0030-HY 90/01/22	PUERTO RICO COMMUNICATION AUTHORITY A-128 SFYE 6/30/87 AND 6/30/88		0	0	0	0

AUDIT REPORTS RELEASED AND ASSOCIATED MONETARY VALUES
BETWEEN OCTOBER 1, 1989, AND MARCH 31, 1990

AUDIT NO. RELEASE DATE	TITLE	AUDITS RELEASED	QUESTIONED COSTS & LOANS	UNSUPPORTED COST & LOANS	FUNDS BE PUT TO BETTER USE	IMPROPER AGENCY ACTION
50-567-0031-HY 90/03/07	VA DEPT. OF FORESTRY, A-128 SFYE JUNE 30, L987 & L988		0	0	0	0
50-600-0001-HQ 90/01/18	REVIEW OF FMHA ADP/IRM SUPPORT SERVICES SOLICITATION		0	0	0	0
	TOTAL: MULTIAGENCY	14	$147,416	$82,493	0	0
AGENCY - OFFICE OF INFORMATION RESOURCES MANAGEMENT						
58-099-0017-FM 90/03/28	MANAGEMENT AND CONTROL OF THE HONEYWELL MAIN-FRAME COMPUTER		0	0	$442,572	0
58-099-0018-FM 90/03/12	SECURITY AND MANAGEMENT OF THE TAPE LIBRARY AT THE NCC-KC		0	0	0	0
58-099-0020-FM 90/03/30	FOLLOWUP OF SECURITY VULNERABILITIES AT THE NCC-KC		0	0	0	0
	TOTAL: OFFICE OF INFORMATION RESOURCES MANAGEMENT	3	0	0	$442,572	0
	TOTAL: RELEASED - NATIONWIDE	232	$17,478,727	$4,186,056	$146,887,655	$54,229,278
	TOTAL: CONTRACT	101