United States Department of Agriculture
Office of Inspector General

Farm Bill: Issues to Consider for Reauthorization

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Office of Inspector General

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INFORMATIONAL MEMORANDUM FOR THE SECRETARY AND DEPUTY SECRETARY

FROM: Phyllis K. Fong
Inspector General

SUBJECT: Farm Bill: Issues to Consider for Reauthorization

The Government Accountability Office (GAO) and the Office of Inspector General (OIG) seek to enhance efficiency, effectiveness, accountability, and transparency in the Federal Government. As Congress debates ways to address the long-term fiscal imbalance, it becomes even more critical that we focus our efforts on identifying opportunities for cost-savings and for improving programs. As budgets shrink, every dollar counts.

In this spirit, and in anticipation of upcoming deliberations over the 2012 Farm Bill, GAO and OIG are issuing companion reports. They present the following set of principles to assess the integrity, efficiency, and effectiveness of programs in this Farm Bill:

- *Relevance.* Does the program concern an issue of national interest? Is the program consistent with current statutes and international agreements? Have the domestic and international food and agriculture sectors changed significantly, or are they expected to change, in ways that affect the program's purpose?

- *Distinctiveness.* Is the program unique and free from overlap or duplication with other programs? Is it well-coordinated with similar programs?

- *Targeting.* Is the program's distribution of benefits consistent with contemporary assessments of needs?

- *Affordability.* Is the program affordable, given the Nation's severe budgetary constraints? Is it using the most efficient, cost-effective approaches?

- *Effectiveness.* Are program goals clear, with a direct connection to policies, resource allocations, and actions? Does the program demonstrate measurable progress towards its goals? Is it generally free of unintended consequences, including ecological, social, or economic effects? Does the program allow for adjustments to changes in markets?

- *Oversight.* Does the program have mechanisms, such as internal controls, to monitor compliance and help minimize fraud, waste, and abuse in areas where these are most likely to occur?

In the context of these principles, our companion reports summarize key GAO and OIG findings related to Farm Bill programs. It is our hope that the principles prove useful in guiding consideration of each program and potential program. Similarly, the summaries of GAO and OIG findings should help Congress make well-informed decisions about program design, while continuing to maintain the safety and security of the Nation's food supply, promote U.S. exports, support renewable energy and conservation, and enhance economic growth in rural communities.

We note that this report is a compilation of previously issued OIG reports that have been discussed with agency and departmental management. These reports are publicly available and, in preparing this report, we did not conduct any additional audit or investigative work. We recognize that agencies have reported to the Office of the Chief Financial Officer the actions they have taken to implement agreed upon corrective actions in response to our recommendations. However, our work to develop this report did not evaluate the adequacy and sufficiency of any actions taken.

If you have any questions or would like to discuss this report, please contact me at (202) 720-8001 or Deputy Inspector General David Gray at (202) 720-7431. You or your staff may also contact Assistant Inspector General for Audit, Gil H. Harden at (202) 720-6945, or Assistant Inspector General for Investigations, Karen Ellis at (202) 702-3306.

Attachment

cc:
Krysta Harden, Chief of Staff to the Secretary
Suzanne Palmieri, Chief of Staff to the Deputy Secretary
Michael T. Scuse, Acting Under Secretary, Farm and Foreign Agricultural Services
Kevin Concannon, Under Secretary, Food, Nutrition, and Consumer Services
Elisabeth A. Hagen, Under Secretary, Food Safety
Ed Avalos, Under Secretary, Marketing and Regulatory Programs
Harris Sherman, Under Secretary, Natural Resources and Environment
Cathy Woteki, Under Secretary, Research, Education and Economics
Dallas Tonsager, Under Secretary, Rural Development

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Executive Summary

Introduction

In the early 1930s, when American agriculture was hit hard by drought and economic disaster, and farm foreclosures occurred every day, Congress enacted agricultural legislation to, among other things, protect farmers against the risks of bad weather and low crop prices. Since then, Congress has periodically passed farm bills to help farmers manage the risks that come with farming and has added programs through these bills that are to provide domestic and international food assistance, promote economic development in rural areas, and help advance alternatives to petroleum fuel, among other things.

The most recent farm bill—the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill)—included a wide variety of programs, and its major provisions are expected to cost about $402 billion over 5 years, according to a 2010 estimate by the Congressional Research Service. As Congress prepares to pass a new farm bill in 2012, severe budget constraints are likely to shape deliberations. In the fall of 2011, the Joint Select Committee on Deficit Reduction (Joint Committee) worked to identify ways to cut Federal spending. Members of Congress, the Administration, and several agricultural groups released proposals on modifying farm bill programs, including potential areas for budget cuts. Many of the proposals target farm programs, which account for a significant amount of funding under the farm bill. The leadership of the House and Senate Agriculture Committees sent a letter to the Joint Committee recommending a net deficit reduction of $23 billion from mandatory programs within their jurisdiction. Ultimately, the Joint Committee did not reach consensus on deficit reduction, but the dialogue it engendered might lay the groundwork for the upcoming debate over the design of the next farm bill.

The Department of Agriculture's Office of Inspector General (OIG) has reported findings and recommendations in many areas to strengthen farm bill programs. The Government Accountability Office (GAO) has also previously reported that some farm bill programs offer opportunities for cost savings, could be delivered more efficiently and effectively, or may be working at cross purposes.[1] In this context, this report identifies principles OIG and GAO have found to be significant to integrity, effectiveness, and efficiency in farm bill programs since October 2003.[2]

[1] For example, see *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue* (GAO-11-318SP, March 1, 2011).
[2] The 2002 Farm Bill was enacted in January 2002. OIG's scope for this report included audits that were released after October 2003 to provide time for any new programs to be implemented and to generate auditable activity.

Principles Identified as Significant to Integrity, Effectiveness, and Efficiency in Farm Bill Programs

OIG worked on this review in conjunction with GAO, which developed a list of principles and associated key questions that could be applicable to Congress' deliberations for the 2012 Farm Bill. They are as follows:

- *Relevance.* Does the program concern an issue of national interest? Is the program consistent with current statutes and international agreements? Have the domestic and international food and agriculture sectors changed significantly, or are they expected to change in ways that affect the program's purpose?
- *Distinctiveness.* Is the program unique and free from overlap or duplication with other programs? Is it well-coordinated with similar programs?
- *Targeting.* Is the program's benefit distribution consistent with contemporary need assessments?
- *Affordability.* Is the program affordable, given the Nation's severe budgetary constraints? Is it using the most efficient, cost-effective approaches?
- *Effectiveness.* Are program goals clear, with a direct connection to policies, resource allocations, and actions? Does the program demonstrate measurable progress towards its goals? Is it generally free of unintended consequences, including ecological, social, or economic effects? Does the program allow for adjustments to changes in markets?
- *Oversight.* Does the program have mechanisms, such as internal controls, to monitor compliance and help minimize fraud, waste, and abuse in areas where these are most likely to occur?

OIG identified all audits related to farm bill programs that we issued from October 2003 to February 2012 (see Appendix II). From these, we selected audits with results that could be beneficial to decision making for the next farm bill. Once we identified the audits to be included in this report, we reviewed the scope, findings, and recommendations of those reports to identify the applicable principle(s) related to each audit.[3] We then summarized our findings and highlighted the relevant principles as they apply to the individual titles that organize the farm bill. The summaries correspond to most, but not all, of the titles in the 2008 Farm Bill because, since 2003, USDA OIG's audit work has not resulted in significant reported findings relevant to a few farm bill titles.[4] USDA OIG has also provided examples of our most relevant investigative cases. These examples are intended to illustrate the types of cases that typically occur in these programs, and are not a comprehensive list of all investigations under each title. OIG did not have reportable investigative work for some titles of the farm bill as well. We also requested comments on a draft of this report from USDA officials, who provided technical comments that we incorporated as appropriate.

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[3] According to the Office of the Chief Financial Officer, 20 of the 40 audits included in this report have had corrective actions taken on all recommendations. We did not evaluate the sufficiency of any corrective actions implemented as a result of our audit recommendations, and therefore have not made any statements regarding the results of corrective actions in this report.

[4] USDA OIG has not produced a significant corresponding body of work since 2003 for the following 2008 Farm Bill titles: Title VIII (Forestry), Title XIII (Commodity Futures), and Title XV (Trade and Taxes).

Conclusion

OIG developed this report in collaboration with GAO to present audit and investigation results that could be beneficial to farm bill decision makers. Through its implementation of the farm bill, USDA provides essential services for farmers, a nutritional safety net for low-income Americans, and protection for our environment, among many other activities. In recent years, USDA agencies have made steady progress to decrease payment error rates, create dynamic information technology (IT) systems, and analyze data to improve program administration and monitoring activities. For example, the Supplemental Nutrition Assistance Program (SNAP) has decreased its error rate from 8.7 percent to 3.8 percent over the past 10 years; the Food Safety and Inspection Service (FSIS) is implementing a new inspection system designed to improve risk analysis; and several agencies began participating in crop acreage reporting and data streamlining initiatives. While the Department continues to make progress in many areas, our work in the past eight years has identified many opportunities to improve the efficiency and effectiveness of USDA programs, realize cost savings, and reduce overlap between programs.

Efficiency and Effectiveness: One of the key areas OIG examines is the internal control system of USDA agencies. Internal controls consist of the policies, procedures, and organizational structures that collectively determine how a program is implemented and how its requirements are met. These controls, along with IT systems, are critical to a program's efficiency and effectiveness. OIG's August 2011 *USDA Management Challenges* report found that, "USDA agencies have tended to resolve individual issues instead of strengthening systemically weak controls." For example, our audits of the Risk Management Agency (RMA) have found several weaknesses in how the agency ensures that participants comply with the Federal Crop Insurance Program. In the wake of widespread crop damage caused by hurricanes in 2005, insurance providers did not meet their contractual obligations throughout the insurance process, which led to $16.6 million in erroneous payments. Even though providers did not fulfill obligations at each stage, RMA's oversight was not adequate to detect or prevent these missteps. For instance, RMA did not detect that providers allowed their agents to determine both eligibility and coverage without verifying the underwriting information submitted by the agents—a clear conflict of interest. Strengthened internal controls can help agencies to safeguard assets and better achieve their purposes.

The Natural Resources Conservation Service (NRCS) is another agency where we have identified systemic control issues. Recent audits have found significant control deficiencies in NRCS programs like the Wetlands Reserve Program and the Conservation Security Program. Our *USDA Management Challenges* report states that, "In each, we found a significant number of instances where NRCS State and local staff either did not follow established procedures or relied on other parties—including producers and landowners—to ensure compliance. This resulted in improper payments and unrealized program objectives." We performed an audit evaluating 75 Conservation Security Program contracts, and found that NRCS awarded more than half (38) of those contracts to participants who did not qualify for the program or some portion of the conservation payments. For example, some participants enrolled land they did not control, and some claimed that they had a history of land stewardship when they did not.[5] NRCS is expected to pay $4.3 million on these questioned contracts throughout the contract period.

As part of our ongoing work in this area, OIG plans to evaluate NRCS' oversight and compliance activities to determine if they are adequate to manage and achieve intended program results. As we continue with our work regarding RMA and NRCS, we are also reviewing other agencies' programs, including:

- *Biomass Crop Assistance Program—Collection, Harvest, Storage, and Transportation Matching Payments Program.* Our review will evaluate the adequacy of the management controls the Farm Service Agency (FSA) has established to ensure that the program is timely and effectively implemented and administered, and that the proper amounts of financial assistance are provided for eligible purposes.

Cost Savings: USDA delivers approximately $189 billion in public services annually through more than 300 programs. In fiscal year (FY) 2010, USDA reported that 16 of its programs were vulnerable to significant improper payments ("high-risk" programs) and estimated $5 billion in improper payments for that year—a 5.4 percent error rate. As we reported in our *USDA Management Challenges*, "This represents a significant reduction from FY 2009's 5.92 percent error rate, but still leaves the Department with an opportunity to realize considerable cost savings." Agencies should ensure that their programs prevent improper payments and recover them if warranted. For instance, we audited the Foreign Agricultural Service's (FAS) controls for monitoring private voluntary organizations.[6] We found that FAS lacked procedures for ensuring organizations comply with financial requirements, and pursuing funds lost due to mismanagement, among other issues. As a result, FAS did not hold an organization accountable for violating its grant agreements, leading to the loss of grant funds that potentially total $2.2 million.

Due to the substantial funding levels for SNAP, reducing improper SNAP payments and trafficking can yield significant cost savings. Our audits have identified several security issues with FNS' Electronic Benefit Transfer (EBT) System, which are detailed in this report. OIG investigations have also garnered substantial restitutions of SNAP funds, including $1.1 million from a California restaurant owner who depleted multiple EBT cards one cent at a time. In another case, a repeat SNAP trafficking offender was sentenced to 57 months of incarceration, 3 years of probation, and restitution of $1.7 million, as well as deportation.

Our ongoing work in this area includes:

- *SNAP Data Analysis.* Our review will analyze SNAP databases for anomalies and signs of fraud, waste, and abuse, and determine whether funds are used properly. We will also compare SNAP participants to the Social Security Administration's Death Master File,

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[5] *Natural Resources Conservation Service: Conservation Security Program* (10601-0004-KC, June 2009).
[6] *Foreign Agricultural Service: Private Voluntary Organization Grant Fund Accountability* (07016-0001-At, March 2006).

evaluate whether the States and FNS are effectively using available data analysis tools, and assess the data used to report recipient and retailer fraud.

Redundant Federal Programs and Operations: Both the President and Congress have cited the need to improve the Government's effectiveness by eliminating redundancies and consequent wasteful spending, and our *USDA Management Challenges* report included this as an emerging issue. This challenge is particularly pressing for USDA because several of its agencies provide payments to producers for programs that have complementary and interlocking missions; likewise, USDA shares overarching responsibility for food safety with several agencies in other departments. We note that the Government Performance and Results Act (GPRA) Modernization Act of 2010, which updates the almost two-decades-old GPRA, brings new focus to program areas where multiple agencies currently have responsibilities. This could help identify areas to increase Government effectiveness overall, and reduce unnecessary duplication or fragmentation.

Within USDA, individual agencies must understand the need to work together to create a cohesive, integrated system of program administration. For instance, in 2007, we reported that USDA had not integrated its country-specific marketing strategies into a focused, global strategy capable of responding effectively to international market trends.[7] We recommended that the Department develop a global market strategy to increase U.S. export opportunities and competitiveness. In 2010, the Department announced such a strategy in answer to the President's call for an export initiative.

In the area of renewable energy, we reviewed USDA's activities at the Department level and across seven agencies. We found that USDA did not have a renewable energy strategy covering all agencies and programs within the Department.[8] Consequently, some programs did not place sufficient emphasis on renewable energy, and no agency had analyzed the results of completed projects to compare expected and actual renewable energy results. We also found that the Department had not established controls to prevent or detect duplicate funding to loan and grant recipients.

OIG plans to assess potential overlap or duplication in USDA programs by tailoring parts of planned audits to address the issue, and by examining various USDA programs for redundancy. Our ongoing audit work in this area includes:

- *USDA Controls Over Shell Egg Inspection.* This audit will assess USDA's efforts to control contaminants such as *Salmonella* in shell eggs and the Department's coordination with the Department of Health and Human Services' Food and Drug Administration, which has authority over egg-laying production. The audit focuses on USDA's Agricultural Marketing Service (AMS), which is responsible for grading eggs, and FSIS, which holds authority over labeling and refrigeration requirements.

[7] *Foreign Agricultural Service: Implementation of the Trade Title of the 2002 Farm Bill and the 2002 President's Management Agenda* (50601-0012-At, March 2007).
[8] *Implementation of Renewable Energy Programs in USDA* (50601-0013-Ch, August 2008).

Finally, we believe that USDA should be mindful of how a reduced staff size could impact its program implementation. In our *USDA Management Challenges* report, we identified staffing and workforce succession planning—particularly for FSIS, FSA, and the Forest Service—as an emerging issue. As of April 2011, over half of USDA's senior executive service staff were eligible to retire (155 of 304), while a third of the higher level general schedule grade staff were eligible. In February 2012, the Secretary of Agriculture testified that over the last 15 months, nearly 7,000 USDA employees have elected to take advantage of regular and early retirement opportunities.[9] In addition to personnel levels, IT systems can also impact program implementation. Developing modern IT systems, accompanied by adequate controls, will help USDA's agencies and staff offices maximize their available personnel resources to effectively implement any new mandates from Congress.

As agencies face fiscal challenges, finding ways to streamline programs while continuing to provide quality service is crucial for future success. We look forward to working with the Department, and coordinating with GAO, in our efforts to strengthen USDA programs.

[9] Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, Committee on Appropriations, U.S. House of Representatives, February 17, 2012.

Overview of Titles in the 2008 Farm Bill

The 2008 Farm Bill has governed many federal agriculture, food, and related programs since it was enacted into law in June 2008. It reauthorized, expanded, and modified many programs, amended laws, created new programs and initiatives, and repealed some programs. This farm bill enacted mandatory spending for commodity, crop insurance, nutrition assistance, conservation, and trade programs. For other programs – including most rural development, research, and agricultural credit programs – the farm bill primarily authorized discretionary spending (i.e., spending subject to separate appropriations legislation). In 2011, the Congressional Budget Office (CBO) estimated that mandatory spending in the 2008 Farm Bill would cost about $95 billion annually from 2010 through 2012. Many of the bill's provisions expire at the end of FY 2012.

The 2008 Farm Bill consists of 15 titles and related provisions covering support for commodity crops, horticulture and livestock, conservation, nutrition, trade and food aid, agricultural research, farm credit, rural development, energy, forestry, and other related programs. These titles are generally administered by the USDA and are summarized below.

Title I: Commodity Programs. Under this title, the Federal Government provides assistance to farmers producing certain commodities, including wheat, feed grains, cotton, rice, oilseeds, and peanuts. In general, assistance is provided largely through three mechanisms: (1) direct payments unrelated to production or prices; (2) counter-cyclical payments for a commodity that are triggered when prices fall below statutorily set target prices; and (3) marketing assistance loans and loan deficiency payments; the latter occur when crop prices fall below statutorily set levels. In addition, the support for the dairy industry is provided by, for example, having the Government purchase dairy products and make payments to eligible farmers when milk prices fall below a certain level; and support for sugar growers and processors by maintaining guaranteed minimum prices through a variety of mechanisms. In 2011, CBO estimated that mandatory outlays in the Commodity Programs Title would cost about $6 billion annually from 2010 through 2012.

Title II: Conservation. Farm bill conservation programs, generally administered by USDA, provide technical and financial assistance to farmers who voluntarily adopt conservation practices to mitigate the degradation of natural resources that can result from agriculture. For example, some conservation programs aim to prevent soil erosion, conserve and improve wildlife resources, protect wetlands, or protect water and air quality. Other conservation programs focus on specific restoration efforts, including those for the Chesapeake Bay and the Great Lakes Basin. In 2011, CBO estimated that mandatory outlays in the Conservation Title would cost about $5 billion annually from 2010 through 2012.

Title III: Trade. The Trade Title includes provisions related to international food assistance and trade. The 2008 Farm Bill reauthorizes Pub. L. 83-480, the Food for Peace Act, which includes provisions for the largest U.S. international food aid program, administered by the U.S. Agency for International Development (USAID).[10] In addition, the 2008 Farm Bill authorizes smaller food assistance programs, including Food for Progress, the Bill Emerson Humanitarian Trust, and the McGovern-Dole International School Feeding and Child Nutrition Program, all administered by USDA. The farm bill also adds a small pilot program that supports local and regional procurement of food assistance.

This title includes trade provisions such as export credit guarantees and export market development. Export credit guarantees ensure payments to U.S. financial institutions when foreign buyers finance their purchases of U.S. agricultural exports. Export market development programs promote the sale of U.S. agricultural exports overseas by supporting activities such as market research and consumer promotions. In 2011, CBO estimated that mandatory outlays in the Trade Title would cost about $287 million annually from 2010 through 2012.

Title IV: Nutrition. The Nutrition Title, which accounts for about two-thirds of all spending mandated in the 2008 Farm Bill, includes programs to support domestic food and nutrition assistance. The largest of these programs is SNAP, which aims to help low-income individuals and families obtain a better diet by supplementing their income with benefits to purchase food. School meal programs are authorized in other laws; the farm bill includes some minor provisions related to the programs, such as a pilot project to purchase whole grains for use in school meals. In 2011, CBO estimated that major provisions in the Nutrition Title would cost about $76 billion annually in mandatory outlays from 2010 through 2012.

Title V: Credit. Under separate legislation, the Federal Government provides credit assistance for farmers through two lenders. FSA makes loans to farmers who cannot otherwise qualify for credit and guarantees repayment of loans made by other lenders. In addition, a Government-sponsored lender, the Farm Credit System, makes loans to creditworthy farmers. The 2008 Farm Bill made minor changes to the statutes for these two lenders. In 2011, CBO estimated that the combination of mandatory outlays and income from fees paid by banks would result in about $245 million in net receipts to the Government annually from 2010 through 2012.

Title VI: Rural Development. This title includes programs that support rural utilities and economic development through loans, grants, and technical and financial assistance for rural businesses and infrastructure development. It also sets priorities for expanding broadband service to underserved areas. In 2011, CBO estimated that mandatory outlays in the Rural Development Title would cost about $30 million annually from 2010 through 2012.

Title VII: Research and Related Matters. Under this title, the Federal Government provides support for USDA's research and development programs, including research on food safety and nutrition, plant and animal health and production, agricultural economics, renewable energy, organic agriculture, and bioterrorism. Through these programs, USDA conducts research directly and provides grants for research conducted in universities and other institutions. In

[10] The 2008 Farm Bill changed the name of the authorizing legislation from the Agricultural Trade Development and Assistance Act of 1954, commonly known as Pub. L. 83-480, to the Food for Peace Act, and deleted export market development as one of the objectives of the programs.

2011, CBO estimated that mandatory outlays in the Research and Related Matters Title would cost about $69 million annually from 2010 through 2012.

Title VIII: Forestry. Many federal forestry programs are separately authorized and do not require reauthorization in the farm bill. Thus, we have not included most of our Forest Service work in this report. However, some programs and provisions related to forestry—especially on private lands—are authorized or amended in the farm bill. For example, the 2008 Farm Bill directed the Secretary of Agriculture to create a new community forest and open space conservation program to acquire forests threatened with conversion for non-forest uses; added national priorities for funding private forest conservation; required States to develop and submit statewide assessments of forest resources to receive federal funding for the conservation of private forests; and amended existing law to restrict imports of illegally logged wood. In 2011, CBO estimated that mandatory outlays in the Forestry Title would cost about $10 million annually from 2010 through 2012.

Title IX: Energy. Under this title, the Federal Government provides support for programs that promote biofuels, biobased products, and ethanol production. These programs fund activities such as construction of biofuel refineries, federal agency procurement of biobased products (e.g., corn-based plastics, soybean-based lubricants, and citrus-based cleaners), energy efficiency improvements, rural energy self sufficiency, studies on biofuels' infrastructure needs, and efforts to encourage the use of woody biomass for energy production. Woody biomass – which includes material from trees and woody plants – can be used to generate energy for heating or cooling buildings, among other things. In 2011, CBO estimated that mandatory outlays in the Energy Title would cost about $358 million annually from 2010 through 2012.

Title X: Horticulture and Organic Agriculture. This title includes provisions that support State efforts to enhance competitiveness of specialty crops (i.e., fruits, vegetables, tree nuts, dried fruits, and nursery crops including floriculture), fund farmers' markets, help farmers with organic certification costs, and call for organic data collection, among other things. In 2011, CBO estimated that mandatory outlays in the Horticulture and Organic Agriculture Title would cost about $102 million annually from 2010 through 2012.

Title XI: Livestock. Farm bills traditionally have not included price and income support programs for most animal agriculture (except dairy) like they have for major crops. The 2008 Farm Bill, however, introduced a new livestock title that modifies laws and requirements related to livestock, meat, poultry, and catfish. For example, it calls for enhancing electronic reporting of data on livestock markets, addresses concerns about livestock disease prevention and food safety, extends mandatory safety inspections to catfish, and allows some interstate sales of state-inspected meat and poultry. According to CBO, there are no mandatory outlays in the Livestock Title from 2010 through 2012.

Title XII: Crop Insurance and Disaster Assistance Programs. The Federal Crop Insurance Program does not require reauthorization in the farm bill, but the 2008 Farm Bill modified the program, which subsidizes the cost of farmers' premiums and pays an allowance to insurance companies to cover the administrative and operating expenses of selling and servicing crop insurance policies, among other things. The farm bill also provided support for disaster assistance programs in this title and in Title XV, the Trade and Tax Provisions Title. In 2011, CBO estimated that mandatory outlays in the Crop Insurance and Disaster Assistance Programs Title would cost about $7 billion annually from 2010 through 2012.

Title XIII: Commodity Futures. This title reauthorizes funding for the Commodity Futures Trading Commission, an independent regulatory agency, and further amends the Commodity Exchange Act. According to CBO, there are no mandatory outlays in the Commodity Futures Title.

Title XIV: Miscellaneous. The Miscellaneous Title includes provisions affecting research, rural development, biosecurity, animal welfare, and socially disadvantaged farmers and ranchers, among other issues. In 2011, CBO estimated that mandatory outlays in the Miscellaneous Title would cost about $53 million annually from 2010 through 2012.

Title XV: Trade and Tax Provisions. This title creates a new disaster assistance program—Supplemental Revenue Assistance Payments (SURE)—to compensate farmers for certain disaster-related losses, including those not covered by crop insurance. It also introduces numerous revenue and tax provisions affecting customs fees, conservation, and commodity program payments. According to CBO, the only mandatory outlays in the Trade and Tax Provisions Title are those for the SURE program, which CBO included in its estimates for the Crop Insurance and Disaster Assistance Program Titles.

Commodity Programs

Commodity programs help to protect farmers against risks such as declines in crop prices and support farm income. FSA administers the programs under the Commodity Title.

The Federal Government spent over $6 billion on farm program payments to farmers in 2010. These payments go to both individual farmers, as well as to entities such as corporations, partnerships, and estates. Some of these payments are tied to revenue or market changes—for example, payments may compensate farmers when crop prices go below a certain threshold—while others, called direct payments, are fixed annual payments based on farms' historic production. For each type of payment, statutory provisions define which farmers are eligible to receive payments and may limit the amount each farmer or entity can receive. For example, farmers whose incomes exceed statutorily defined caps are not eligible to receive payments. Nearly all of the farm policy proposals released in 2011 either reduce or eliminate direct payments.

Audit Work:

FSA Needs Mandatory Price Reporting to Ensure Validity of Peanut Program Payments
(Applicable principles: relevance; effectiveness; oversight)

- Since there is no public commodities market for in-shell peanuts, FSA relies on National Agricultural Statistics Service's (NASS) weekly published average peanut prices to calculate financial assistance payments to peanut producers, which totaled over $1 billion from 2002 to 2007. Peanut buyers' participation in the NASS survey used to determine these prices is voluntary and the results are confidential. Given these circumstances, we undertook this audit to determine if NASS' peanut price data that FSA uses to provide financial assistance to peanut producers are based on reliable market data.

- We found that NASS' peanut prices are unreliable because they may not be complete, cannot be verified, and do not reflect prevailing weekly market values. The level of FSA assistance paid to producers can be affected significantly by even small changes in prices.

- FSA generally agreed to seek statutory authority to establish mandatory price reporting of peanut purchases by buyers and to verify buyers' reported data to NASS (*Farm Service Agency's Reliance on the National Agricultural Statistics Service's Published Peanut Prices*, 50601-0014-KC).

FSA Needs to Strengthen Controls Over Farm-Stored Loan Collateral
(Applicable principles: relevance; oversight)

- Marketing assistance loans help farmers to store their crops at harvest when prices are low and sell them later at more advantageous prices. In response to the effects of the 2005 Hurricanes Katrina and Rita on grain storage, USDA approved onground farm storage for commodities offered as loan collateral for calendar years 2005 and 2006. We initiated this audit to determine if FSA had adequate controls over marketing assistance loans with farm-stored collateral.

- We found that FSA's controls were generally adequate, but the agency could improve how it secures farm-stored loan collateral. For instance, due to ambiguities in FSA's procedures and regulations, FSA overvalued some low-quality commodities that were provided as collateral for 16 loans by $1.6 million. Moreover, even when regulations were clear, county offices did not always comply with them. Finally, one State and county office made a number of errors (resulting in questioned loans of more than $600,000) when administering marketing assistance loans to a cooperative marketing association.

- FSA agreed to (1) clarify its procedures regarding the collateral value of low-quality, high-moisture commodities and the use of commodity loan seals; (2) take action to determine and recover the potentially overstated value of such collateral, as deemed appropriate; (3) strengthen its systems for performing spot checks of loan collateral and for completing and reviewing marketing assistance loan documents; and (4) provide training to the State and county office that committed errors administering the loans (*Farm Service Agency: Nonrecourse Marketing Assistance Farm-Stored Loans*, 03601-0047-Te).

FSA Needs to Ensure Equal Treatment of Producers in the Milk Income Loss Contract Program (MILC)
(Applicable principles: effectiveness; oversight)

- When domestic milk prices fall below a specified level, MILC pays producers on eligible dairy operations, based on their quantity of production. While there is no payment limit, there is a yearly production cap of 2.4 million pounds of milk per dairy operation for payments. A producer may operate either a single dairy operation or multiple operations, each with a separate production cap. An FSA study of a predecessor program to MILC showed differences in the definitions of a "dairy operation" used by various State offices to determine whether producers operated single or multiple dairy operations. FSA attempted to refine the definition of a "dairy operation;" however, the Office of the General Counsel (OGC) advised FSA that the MILC legislation prohibited FSA from applying different standards than those used under the prior program. OIG evaluated whether program payments to producers were properly determined and based on reliable evidence, and whether State and county offices were correctly and consistently using the definition of a "dairy operation" in applying the production cap.

- Our review of MILC contracts in four States disclosed that producers with similar operations located in different States received disparate program payments, e.g., a MILC producer in Pennsylvania received $54,569 as a single dairy operation, but the same producer in California would have received $110,679 as two dairy operations. For three producers in two States, payment disparities totaled almost $250,000.

- FSA officials agreed that, if the program continues, language should be submitted for inclusion in the proposed legislation that would ensure a consistent, Nationwide definition of a "dairy operation" to prevent gross inequities. Despite these recommendations, the 2008 Farm Bill required that the same determinations for a dairy operation be used that were used in the 2002 Farm Bill (*Farm Service Agency: Milk Income Loss Contract (MILC) Program*, 03601-0010-Ch).

Investigative Work:

Missouri Man Sentenced to Prison for Selling Mortgaged Grain

A Missouri man made false statements to FSA regarding certified farm-stored loans and, as a result, received at least $735,494 in loans to which he was not entitled. Even though the man repaid the loans, the U. S. Attorney's office believed that he would have placed USDA at significant risk if he had defaulted on the loans. In July 2010, the man was indicted in the Eastern District of Missouri on two counts of making false certifications. He later pled guilty and was sentenced to serve 6 months in Federal prison and fined $4,200.

Iowa Man Sentenced Following Guilty Plea for Conversion of Mortgaged Property

An Elkader, Iowa, producer admitted that he sold approximately 19,315 bushels of Commodity Credit Corporation-mortgaged corn and failed to notify FSA or to provide any of the sales proceeds to FSA. The producer split the sales proceeds with his son. In November 2008, the producer was indicted in Federal District Court for the Northern District of Iowa for conversion of the mortgaged grain and subsequently pled guilty. In June 2009, he was sentenced to serve 5 months in Federal prison, followed by 3 years of probation, and was ordered to pay $38,517 in restitution to FSA.

Conservation

A strong U.S. agricultural sector benefits the economy and the health of the Nation, but if not properly managed, agricultural production can lead to the degradation of natural resources. For example, every year, more than a billion tons of soil erode from the Nation's cropland, and thousands of other acres, including wetlands, are converted into new cropland. Because farmers and ranchers own and manage about 940 million acres, or about half of the continental United States' land area, they are among the most important stewards of our soil, water, and wildlife habitat.

Originally established by Congress over 75 years ago as the Soil Conservation Service, the Natural Resources Conservation Service's (NRCS) mission has expanded to cover all natural resources. NRCS ensures private lands are conserved, restored, and made resilient to environmental challenges like climate change. Generally, NRCS' programs provide financial and technical assistance supported by science-based technology and tools to help farmers and ranchers conserve, maintain, and improve the Nation's natural resources.

NRCS provides services directly to the landowner or land manager in cooperation with local conservation districts. The largest single NRCS program is the Environmental Quality Incentives Program (EQIP). EQIP advances the voluntary application of conservation practices to promote agricultural production, forest management, and environmental quality as compatible uses. The fastest growing NRCS program is the Conservation Stewardship Program. With the Conservation Stewardship Program, NRCS shifted how it provides conservation program payments. Conservation Stewardship Program participants receive an annual land use payment for the operation-level environmental benefits they produce. Under the program, participants are paid for conservation performance: the higher the operational performance, the higher their payment.

The Farm and Ranch Lands Protection Program (FRPP) is a voluntary program that helps farmers and ranchers reserve their land for agricultural uses. Through FRPP, NRCS provides Federal funds to organizations, known as cooperating entities, to purchase conservation easements in order to prevent land from being developed for non-agricultural purposes such as housing. A cooperating entity may be a State, tribal, or local governmental entity or non-governmental organization.

Audit Work:

NRCS Needs More Effective Oversight and Monitoring for FRPP
(Applicable principles: targeting; effectiveness; oversight)

- NRCS provides funds based on conservation easement appraisals of the fair market value (FMV) of the land. The Federal share is limited to 50 percent of the appraised FMV, with the cooperating entity required to contribute 50 percent. The cooperating entity can include landowner donations up to 25 percent of the easement's FMV as part of the cooperating entity's matching contribution.

From FY 2003 through FY 2011, NRCS allocated nearly $1 billion for FRPP. During this time, we initiated two reviews based on referrals from NRCS and from OGC. Based on our initial results, we then performed an additional, expanded review. For these three reviews, we assessed whether the non-governmental organizations complied with NRCS requirements, whether appraisals were completed in conformance with appraisal standards, and whether NRCS controls over FRPP were adequate.

- In our first review, we found that a non-governmental organization had not contributed its share of matching funds, but instead obtained those funds from the landowners as a contingency to participating in the program. We also found that the appraisals to determine the NRCS matching contributions were unreliable, were not performed in accordance with appraisal standards and NRCS requirements, and may have potentially overstated easement values (*Natural Resources Conservation Service: Farm and Ranch Lands Protection Program in Alabama*, 10099-0005-SF).

  In our expanded followup review, we found that a non-governmental organization was using landowner funds to pay for its share of the purchase price for four FRPP easements, in violation of program regulations. We also found that non-governmental organizations were soliciting donations from landowners for costs associated with procuring and maintaining easements; however, FRPP regulations do not prohibit this practice (*Natural Resources Conservation Service: Farm and Ranch Lands Protection Program: Review of Non-Governmental Organizations*, 10099-0006-SF).

  In the third review, we found that the NRCS State office had accepted conservation easement appraisals even though they did not meet standards, or were unsupported. We questioned more than $1.5 million that NRCS paid for these easements. We also found that though the appraisals should not be more than 12 months old at the time the conservation easements are closed, 59 percent of the easements had appraisals that exceeded the time limits and may differ significantly from current fair market values. Since more recent appraisals may have reflected decreased values, we questioned $6.1 million of the $11.5 million that NRCS paid for easements with outdated appraisals (*Controls Over Farm and Ranch Lands Protection Program in Michigan,* 10099-0003-Ch).

- In these reviews, we concluded that NRCS had not implemented effective management controls to monitor and provide oversight to non-governmental organizations and ensure that NRCS field offices complied with program rules and appraisal standards. NRCS had either not performed a review of the cited field offices or its reviews were inadequate. As a result, we found the landowners were not treated equitably in different areas, and that targeted benefits intended for landowners were benefitting non-governmental organizations. We recommended that NRCS implement additional program policies and procedures as well as more effective oversight and monitoring procedures.

NRCS Needs Better Management Controls for the Conservation Security Program
(Applicable principles: relevance; distinctiveness; targeting)

- Due to limited funding, NRCS restricted Conservation Security Program sign-ups to selected priority watersheds. While the 2008 Farm Bill prohibited new contracts under the program after September 30, 2008, program payments will continue for the life of existing contracts. Our audit evaluated the adequacy of management controls established by NRCS to ensure the integrity of the Conservation Security Program.

- We found systemic and pervasive management control weaknesses over participant and land eligibility determinations. This situation jeopardized NRCS' stated goal of using its programs to reward those meeting high standards of conservation and environmental management on their operations. Of the contracts we reviewed, NRCS awarded more than half (38 of 75) to participants who did not qualify for the program or some portion of the conservation payments received. At the time of our review, NRCS had paid $1.4 million for the 38 questionable contracts and was expected to pay nearly $4.3 million more throughout the contract period. Further, NRCS did not implement a control to prevent producers from receiving payments from multiple contracts—we identified 12 producers with multiple contracts who received improper payments totaling over $400,000.

- We questioned the relevance of the program's purpose since we found more than half of the participants in our sample did not qualify for the program or some portion of the conservation payments received. The 2008 Farm Bill replaced the Conservation Security Program with the new Conservation Stewardship Program for FYs 2009 through 2017. NRCS indicated that it will take the issues identified in this report as lessons learned and incorporate additional management controls in the Conservation Stewardship Program *Natural Resources Conservation Service: Conservation Security Program*, 10601-0004-KC).

Investigative Work:

Texas Irrigation Companies Sentenced on Scheme to Defraud NRCS' EQIP

In March 2011, the U.S. District Court, Northern District of Texas, sentenced three west Texas irrigation companies to 5 years' probation and ordered them each to pay a $400 fine and $50,000 in restitution, after they pled guilty to submitting inflated invoices to obtain excess cost-share reimbursements through NRCS' EQIP. In addition, one corporate officer agreed to enter into the Pre-trial Diversion Program administered by the U.S. Attorney's Office, Northern District of Texas; he subsequently paid a $15,000 fine and was debarred from all NRCS programs for 60 months.

Wisconsin Landowner Charged With Violating Terms of Conservation Easement

A Wisconsin landowner, who had been paid approximately $230,000 by NRCS for a permanent conservation easement on 487 acres of land, pled guilty in Federal court to deliberately violating the terms of the easement agreement by unlawfully cutting trees. Our investigation determined that the landowner entered into a contract with a timber company and received payment for hard wood removal, without NRCS' consultation or approval, which was in direct violation of the easement. In October 2009, the landowner was sentenced in United States District Court, Eastern District of Wisconsin, to four months of probation, and ordered to pay $8,000 restitution to NRCS.

Trade

Given the importance of U.S. agriculture to the economy—in 2011, the Nation's farms and ranches produced $409 billion in goods[11]—USDA has a longstanding and deeply rooted interest in promoting the export of U.S. commodities worldwide. Over the last several years, the monetary total of U.S. agricultural exports has risen significantly because of adverse weather conditions in major foreign agricultural areas, the U.S. dollar's declining value, and increased demand in countries such as India and China. In FY 2011, U.S. agricultural exports totaled $137 billion—an increase of 27 percent from the preceding FY's $109 billion.

In 2010, the United Nations' Food and Agriculture Organization estimated that a total of 925 million people worldwide were undernourished. The food and fuel crisis of 2006-2008 and the current global economic downturn exacerbated food insecurity in many developing countries and sparked food protests and riots in dozens of them. The United States provided nearly $2.3 billion to provide a total of 2.5 million metric tons of food aid commodities to food-insecure countries in FY 2010. This amount accounted for more than half of all global food aid supplies, making the United States the single largest donor of food aid.

In these times, developing a global market strategy for U.S. agricultural goods is vital, particularly because the Nation's production is increasingly devoted to biotechnology-derived or genetically engineered (GE) crops. In 2011, GE-corn constituted 88 percent of all corn planted in the United States; GE-cotton constituted 90 percent of planted cotton; and GE-soybeans constituted 94 percent of soybeans planted.

The U.S. delivers international food assistance through multiple programs, some of which were authorized or amended in farm bills. For example, the 2008 Farm Bill extended the authority for the Food for Progress Program, which provides for the donation of U.S. agricultural commodities to developing countries committed to introducing and expanding free enterprise in the agricultural sector. Donated commodities are monetized (sold on the local market), and the proceeds are then used to support agricultural development activities.

The Foreign Agricultural Service (FAS) is the agency charged with coordinating USDA international activities. The 2002 Farm Bill and the *2002 President's Management Agenda* established a number of new goals and requirements for FAS, and that farm bill's Trade Title included 13 provisions which affected FAS programs. These provisions affected export credit guarantees, market development, export enhancement, food aid development, technical barriers to trade, and trade-related programs in other titles of the bill.

[11] Economic Research Service, "Value-added to the U.S. economy by the agricultural sector via the production of goods and services 2008-2012F," February 21, 2012. http://ers.usda.gov/Briefing/FarmIncome/Data/va_t1.pdf

Audit Work:

USDA Needs an Overall Strategy to Enhance Trade of GE Agricultural Commodities
(Applicable principles: distinctiveness; effectiveness)

- While U.S. producers have embraced the agricultural potential of new GE plant varieties, they have encountered numerous nontariff trade barriers preventing them from exporting commodities derived from these plants. The 2002 Farm Bill established five provisions concerning biotechnology and international trade. OIG assessed USDA's role in promoting the export of GE agricultural commodities.

- We found that, faced with this long-term challenge to the health of U.S. exports, USDA has not developed a coordinated, comprehensive strategy to address trade challenges specific to GE agricultural commodities. Such a strategy would help stabilize U.S. trade—both softening market downturns and increasing exports in favorable markets. In 2009, we reported that FAS had not made measurable progress in fulfilling the various biotechnology goals of the 2002 Farm Bill. We also could not determine what progress USDA had made towards meeting its strategic goals for biotechnology trade-related activities.

- We recommended that USDA develop and implement a coordinated, comprehensive strategy for promoting GE exports, as well as performance measures to evaluate the effectiveness of biotechnology trade-related activities. Finally, we recommended that the Department should formalize and better document existing processes to effectively coordinate and utilize USDA's various biotechnology-related activities in developing its strategies for resolving or mitigating GE trade barriers (*USDA's Role in the Export of Genetically Engineered Agricultural Commodities*, 50601-0014-Te).

FAS Needs to Engineer a Global Market Strategy to Improve U.S. Competitiveness in World Agricultural Export Markets
(Applicable principles: distinctiveness; effectiveness)

- OIG began this audit to evaluate FAS' efforts to implement the 2002 Farm Bill amendments to existing food aid and trade programs, and establish newly authorized programs and work with other agencies to address problems that the *2002 President's Management Agenda* identified in food aid programs.

- We found that FAS had timely implemented 10 of the 13 provisions affecting international trade and improved the operation of its food aid programs. However, FAS had not developed a business process to ensure that the global market strategy requirements of the farm bill were met. The 2002 Farm Bill required FAS to coordinate the Department's resources and programs with those of other Departments, identify opportunities for agricultural exports, and remove trade barriers. We also found that FAS lacked a standardized definition to distinguish unprocessed bulk farm commodities from high-value and processed products, which caused us to question whether FAS could meet certain export targets. Finally, we found that FAS needed to complete outcome-oriented performance measures and a food aid information system to create meaningful evaluation reports.

- We recommended that FAS develop business processes to integrate agency reviews, analyses, and other strategic information; clarify its definitions for bulk, high-value, and processed products; and adopt uniform outcome-based performance measures and implement its food aid information system. OIG is following up on assessing USDA's actions to build a global market strategy (*Foreign Agricultural Service: Implementation of the Trade Title of the 2002 Farm Bill and the 2002 President's Management Agenda*, 50601-0012-At).

FAS Needs to Strengthen its Controls for Monitoring Foreign Food Aid Agreements
(Applicable principles: effectiveness; oversight)

- OIG reviewed FAS' actions to address management control weaknesses in the Food for Progress Program, and also reviewed the food aid agreement activities of eight judgmentally selected private voluntary organizations (PVOs) operating food aid grants under USDA's program authorities.

- We reported that FAS' controls for monitoring PVOs were inadequate, thereby reducing the agency's assurance that the PVOs were effectively meeting the program's objectives. Due to these weaknesses, one PVO was not held accountable for violations of its grant agreements, leading to the loss of grant funds, potentially totaling $2.2 million. Also, the PVO did not fully accomplish the objectives of its food aid programs in Angola and the Ivory Coast. Specifically, FAS lacked procedures for confirming that PVOs were recognized by their host governments, verifying that PVOs had complied with financial requirements, pursuing grant funds lost due to a PVO's mismanagement, and reviewing PVOs' past performance before approving additional food aid agreements.

- We recommended that FAS strengthen its management controls over the program, including reviewing PVOs' semiannual reports to FAS, conducting onsite reviews, and completing closeout reviews of all food aid agreements. FAS also agreed to confirm that PVOs have received the recognition of their host government before agreements are finalized, aggressively seek recovery of grant funds lost due to PVO mismanagement, and review PVOs' past performance before approving new food aid agreements (*Foreign Agricultural Service: Private Voluntary Organization Grant Fund Accountability*, 07016-0001-At).

Investigative Work:

Florida Exporter Pleads Guilty to Using Falsified USDA Seal and Logo to Export Cocoa and Chocolate Products to Panama

An OIG investigation disclosed that the owner of a Florida company created false documents, including letter certificates purportedly issued by AMS, to export six shipments of cocoa powder to Panama. These forged documents were used to secure entry of the products into Panama and fraudulently attested to the wholesomeness of the products. For example, the Florida exporter used one such document to secure the entry of approximately 19,000 pounds of chocolate products, worth about $35,000. In February 2011, the exporter pled guilty to one felony count of fraudulently and wrongfully affixing the USDA seal and logo to a document. In May 2011, the exporter was sentenced to 3 years of Federal probation, 6 months of home confinement, substance abuse treatment, and a fine of $2,000.

California Corporation Pleads Guilty to Charges of False Statements and Aiding and Abetting

In July 2010, a California company was placed on 3 years of supervised probation, fined $50,000, and ordered to pay a $400 special assessment as a result of making false statements about where produce was grown. Our investigation determined that the company provided false certificates of origin to county inspectors in order to obtain multiple Federal phytosanitary (i.e., clean health) certificates for red chili peppers, claiming that they were grown in the United States when in fact they were imported from India and China. In May 2010, a company representative signed a plea agreement that charged the company with making false statements and aiding and abetting.

Two Pet Product Companies Agree to Pay $736,000 for Ineligible Receipt of Market Access Program Funds

In December 2006, two pet product companies agreed to a $736,000 civil settlement with the U.S. Attorney's Office, Eastern District of Pennsylvania, after they received approximately $600,000 in Market Access Program funds for which they were not eligible. FAS distributes the program's funds to companies that meet the Small Business Administration's definitions of "small business" in order to promote worldwide use and sale of agricultural products by U.S. small businesses. In this case, the larger company employs more than 2,300 people with yearly revenues approaching $1 billion, and is ineligible to receive the program funds. Since the two companies are affiliated, the smaller company is also ineligible to receive program funds.

Nutrition

The Federal Government spends billions of dollars every year on food and nutrition assistance programs. Millions of Americans turn to these Federal programs when they lack the money to feed themselves and their families. The recent economic crisis has increased demand for food and nutrition assistance programs. For example, in the Supplemental Nutrition Assistance Program (SNAP), the largest food assistance program, participation increased by 33 percent between 2009 and 2011.

The Food and Nutrition Service (FNS) administers a complex network of nutrition assistance and food programs in order to distribute benefits to low-income Americans. These programs emerged piecemeal over the past several decades, through multiple pieces of legislation, including farm bills, to meet various needs. For example, SNAP was reauthorized in the 2008 Farm Bill, and provided more than $70 billion in benefits to low-income individuals and households in 2011.[12]

USDA and States jointly administer SNAP; USDA pays the full cost of benefits and seeks to ensure that States administer the program in compliance with program rules. States determine whether households are eligible and issue benefits to participants through electronic debit cards. Participants use the cards to purchase food in authorized retail stores. However, every year, SNAP participants exchange hundreds of millions of dollars in benefits for cash instead of food with authorized retailers across the country, a practice known as trafficking. In a typical trafficking situation, a retailer gives a SNAP participant a discounted amount of cash—commonly 50 cents on the dollar—in exchange for SNAP benefits and then pockets the difference. In addition, benefits are paid incorrectly when, for example, ineligible individuals receive benefits or eligible individuals are paid more or less than they are entitled to receive. In 2010, these payment errors – including overpayments and underpayments - amounted to more than $2 billion.

Audit Work:

FNS Needs to Strengthen its Process for Approving Retailers to Accept Benefits
(Applicable principle: oversight)

- FNS carries out the Food Stamp Program, now renamed SNAP, in cooperation with private retailers. We assessed whether the agency's management controls over its process for approving retailers to participate in the program were adequate.

- Although FNS had controls in place to ensure proper retailer authorizations, we identified two areas where FNS could strengthen its processes for approving retailers for participation in FSP, and thus strengthen program integrity. We found that the program

[12] On October 1, 2008, the Food Stamp Program was renamed SNAP. See Food, Conservation, and Energy Act of 2008, Pub. L. 110-246 § 4002, 122 Stat. 1651, 1853. In this report, we discuss information related to both the Food Stamp Program and SNAP; however, for simplicity, we generally refer to the program as SNAP.

lacked a process to verify retailers' criminal records and therefore cannot comply with its own requirement to deny authorization to any retailer with a criminal conviction (i.e., embezzlement, theft, forgery, etc.) that reflects on the business integrity of the owner. Instead, FNS relies on applicant retailers to certify to the accuracy of information they provide relative to their criminal record at the point of application. Also, FNS field offices are no longer required to hold face-to-face meetings with applicants.

- We recommended that FNS require retailers to undergo a criminal record background check before acceptance into FSP. FNS was concerned about the difficulty of obtaining these records and the necessity of implementing a regulatory change that may not be cost beneficial. FNS agreed to consult with the Department of Justice to ensure that the retailer authorization process is sufficient for successful prosecution of retailers who are trafficking food stamp benefits. (*Food Stamp Program Retailer Authorizations and Store Visits,* 27601-0015-At).

FNS Needs to Strengthen Oversight of Electronic Benefits Transfer (EBT) System Access Controls
(Applicable principle: oversight)

- OIG has monitored FNS' and States' implementation of the EBT system since its inception. Based on our earlier work, FNS agreed to strengthen procedures for reviewing and controlling access to State EBT systems and directed States to conduct semiannual reviews of employee access. Since January 2001, our audits have identified system access deficiencies in seven States. We reviewed whether actions taken by FNS on prior nationwide EBT recommendations were adequate, whether FNS-approved waivers were reasonable and did not adversely affect EBT operations, and if EBT-related oversight was sufficient.

- In 2006, we concluded that while FNS' oversight of EBT operations was generally adequate, State agencies still had inadequate control over the EBT system, which could allow unauthorized access to go undetected and unaddressed. Even after an OIG recommendation to resolve this issue, we found system access deficiencies in four States. We also identified EBT trafficking through the illegal and unauthorized use of Point of Sale (POS) equipment. Unscrupulous retailers circumvented the EBT security controls by fraudulently obtaining new equipment or illegally moving existing machines to unauthorized locations. This occurred because States were not required to consider equipment functionality or technological specifications that could prevent the illegal removal and unauthorized use of existing EBT POS equipment (*Food and Nutrition Service National Office Oversight of Electronic Benefits Transfer Operations*, 27099-0066-Hy).

- In response to our audit, FNS agreed to strengthen controls over EBT system access and EBT equipment safeguards. In 2009, we conducted a follow-up audit to determine if FNS officials took corrective actions in response to our prior recommendation, and found that FNS implemented this recommendation (*Summary of Nationwide Electronic Benefits Transfer Operations,* 27099-0071-Hy).

FNS Needs to Improve SNAP's Anti-Fraud Locator EBT Retailer Transactions (ALERT) Watch List System
(Applicable principle: oversight)

- FNS' ALERT system analyzes data from food stamp transactions to detect patterns that indicate fraud. An ALERT subsystem, which is called the Watch List, targets specific stores for review. Our overall objective was to evaluate the Watch List as a tool for identifying fraud.

- We found that necessary information was not available in ALERT, which prevented FNS from assessing the Watch List's effectiveness and impeded its oversight efforts. Specifically, ALERT did not contain information about actions taken against individual Watch List stores, or whether Watch List stores were ultimately found to have violated program requirements. Additionally, because the Watch List contained numerous "false hits" (stores appearing on the Watch List that did not warrant review), FNS spent resources reviewing stores that were significantly low-risk.

- FNS agreed to determine whether stores on the Watch List were violating program requirements to gauge the extent of false hits. FNS also worked on enhancements to the ALERT system in order to reduce the number of false hits (*Food and Nutrition Service: Food Stamp Program ALERT Watch List,* 27099-0032-SF).

Investigative Work:

California Restaurant Owner Sentenced to Serve 37 Months in Prison and Pay $1.1 Million in Restitution for SNAP Fraud

OIG and Secret Service agents executed four search warrants at a restaurant authorized to accept SNAP benefits from recipients in exchange for hot meals, as well as at the restaurant owner's home. They arrested the owner and seized over $360,000 from multiple accounts. The investigation disclosed that the owner caused more than $1.3 million in SNAP benefits to be redeemed using an EBT-POS terminal registered to her restaurant by depleting multiple EBT cards of their balances one cent at a time. When the owner failed to report to her pre-sentencing interviews, she was subsequently arrested again and remanded into custody. In February 2011, in U.S. District Court, Central District of California, she was sentenced to 37 months' incarceration, followed by 2 years' supervised release, and was ordered to pay more than $1 million in restitution.

Deported Criminal Returned to United States and Resumed EBT Fraud

In 1996, following an OIG investigation, a Connecticut store owner was convicted of food stamp trafficking fraud and, as a result, was deported. He illegally re-entered the United States in 2000 and, with the assistance of an accountant, opened several stores using other individuals' names. The "straw owners" of these stores signed their names on FNS documents to obtain authorization to accept SNAP benefits, but the subject, his wife, and his brother actually operated these stores and used them to perpetrate a significant volume of SNAP EBT fraud. OIG again investigated and all three were charged with fraud in U.S. District Court, District of Connecticut. The store owner and his brother pled guilty. The owner was sentenced in June 2011 to 57 months of incarceration, 3 years of probation, and restitution of $1.7 million, and will again be subject to deportation. His brother was sentenced in May 2011 to 21 months of incarceration, 12 months' probation, and restitution to be determined in further court proceedings. Court actions are pending against the store owner's wife.

Director of North Carolina Day Care Sponsoring Organization Sentenced to Prison and $242,405 in Restitution

A joint investigation by OIG and the North Carolina State Bureau of Investigation determined that the executive director of a day care sponsoring organization in North Carolina submitted false claims and willfully misapplied Child Adult Care Feeding Program (CACFP) funds. The organization submitted overstated claims to the North Carolina State Department of Health and Human Services and received more than $240,000 in CACFP funds to which the organization was not entitled. In January 2011, the executive director was sentenced in Federal Court, Middle District of North Carolina, to up to 18 months' imprisonment and 60 months' probation, and ordered to pay $242,405 in restitution.

Credit

FSA issues direct loans to farmers who cannot qualify for regular credit, and guarantees repayment of loans made by other lenders. FSA usually makes and guarantees about $3.5 billion of farm loans annually. However, because of the heavier demand for FSA loans during the financial crisis, the USDA farm loan program has seen significantly higher demand. In FY 2010, FSA had $6 billion of authority for loans and guarantees. For FY 2012, FSA has $4.8 billion of authority for loans and guarantees.

FSA makes direct farm ownership and operating loans to family-sized farms unable to obtain credit elsewhere, and also guarantees timely payment of principal and interest on qualified loans made by commercial lenders. Permanent authority exists in the Consolidated Farm and Rural Development Act, but periodic farm bills—such as the 2008 Farm Bill —often make adjustments to eligibility criteria and the scope of operations.

FSA's emergency loan program, which offers producers temporary credit, helps producers recover from production and physical losses resulting from a designated disaster. It offers the loans at a low interest rate for producers who are unable to obtain credit from a commercial source. FSA also provides other types of credit such as conservation and youth loans.

Audit Work:

FSA Needs to Strengthen Oversight Over Loan Collateral
(Applicable principle: oversight)

- Through its operating loans, FSA provides temporary financial assistance to farmers and ranchers who are unable to secure commercial credit at reasonable rates and terms. Our objective was to assess FSA's control and oversight of loan collateral to ensure that its operating loans were adequately secured.

- We found that FSA's direct operating loans were adequately secured due to its requirement to over-collateralize loans (farmers and ranchers must pledge an asset that exceeds the value of the loan as collateral for that loan). While this generally protected FSA's interests, we found that 25 percent of the borrowers we visited had removed loan collateral without authorization. Additionally, we identified loan servicing issues that needed to be corrected in order to protect FSA's interests, such as FSA county officials not inspecting loan collateral or taking required enforcement action.

- As a result of our audit, FSA agreed to strengthen its oversight to ensure collateral was not removed without authorization, and if it was, to document the circumstances and take appropriate corrective action (*FSA Farm Loan Security*, 03601-0018-Ch).

FSA Needs to Strengthen Internal Controls Over the Emergency Loan Program
(Applicable principles: distinctiveness; oversight)

- In order to help producers recover losses caused by natural or other disasters, FSA's emergency loan program offers producers temporary credit. Due to OIG's concerns that programs within the Federal Government are at risk of providing duplicate benefits to disaster victims, we initiated an audit to evaluate FSA's controls over the emergency loan program.

- We found that while FSA's controls generally prevented duplication of payment, the agency did not require its officials to verify the amount of disaster compensation that producers reported in documents like insurance claims. Upon reviewing 58 loans, we noted that FSA overfunded one by approximately $29,000, when it mistakenly did not subtract a crop insurance payment from the total loss amount.

- FSA accepted our recommendation to revise its handbook to require officials to verify disaster-related compensation before issuing emergency loans. FSA also agreed to recover the $29,029 from the overfunded loan (*Farm Service Agency: Controls Over Emergency Loans - Reductions for Duplicate Benefits*, 03601-0013-SF).

FSA Needs to Strengthen Controls Over Guaranteed Farm Loan Interest Rates
(Applicable principles: relevance; effectiveness; oversight)

- Interest rates on guaranteed loans are negotiated between the lender and the borrower. Federal regulations require that lenders' interest rates for FSA-guaranteed loans not exceed the rates they charge average agricultural loan customers. We initiated this audit because of concerns raised by farmers and the U.S. Department of Justice over interest rates being charged on FSA-guaranteed loans.

- We found FSA did not have effective controls to ensure that interest rates charged by lenders met program requirements. Neither FSA personnel nor any of the five lenders we reviewed could clearly articulate a compliant methodology. Using lenders' self-described rate-setting methodologies, we calculated that, for 28 of the 71 guaranteed loans reviewed, lenders charged interest rates up to 2.25 percent above their average rate. We estimated the 28 borrowers could have saved approximately $277,000 over the life of the loans had the lenders limited the guaranteed loan interest rates on those28 loans to the average rate. Also, FSA's oversight review process did not include procedures to evaluate interest rates charged by lenders. FSA officials acknowledged that controls over interest rates were not adequate and that additional controls were needed.

- FSA generally agreed to simplify and clarify its interest rate requirements. FSA also agreed to issue guidance for both loan-approving officials and lenders to ensure that lenders adhered to requirements. FSA also agreed to determine what actions could be taken when lenders potentially exceeded allowed interest rates, and to develop an automated system to help evaluate and monitor interest rates (*Controls Over Guaranteed Farm Loan Interest Rates and Interest Assistance*, 03601-0017-CH).

Rural Development

The Federal Government has provided assistance to eligible residents of rural America since the 1930s, when most of these residents worked on farms and rural areas were generally poorer than urban areas. Such assistance is still available for these residents; however, today's rural America is different from the rural America of the 1930s, and the distinctions between rural and urban life have blurred. For example, universal access to the internet via broadband technologies—commonly referred to as broadband internet access—is now considered a critical economic engine and a central component of 21st-century news and information in both rural and urban areas.

USDA's Rural Development programs address the diverse and unique needs of rural America through loans, loan guarantees, and grants for public facilities and services, such as electricity and water systems. In addition, over 80 economic development programs, which sometimes target benefits to rural areas, support 9 separate activities such as entrepreneurial efforts, infrastructure, and telecommunications.

The 2008 Farm Bill extended funding for some rural and economic development activities, such as water sanitation and wastewater projects. It also broadened eligibility for the farm labor housing program, clarified eligibility for rural utility loans, and authorized loans and loan guarantees for improving access to broadband services in rural areas.

Audit Work:

Rural Utilities Service (RUS) Needs to Improve Its Process for Approving Water and Waste Disposal System Loans and Grants
(Applicable principles: distinctiveness; targeting)

- The RUS Water and Waste Disposal Loan and Grant Program, administered by Rural Development, serves needy rural communities, businesses, and residents by providing safe drinking water and sanitary disposal systems at user rates affordable to low-income residents. We evaluated the controls in place to provide these loans and grants to rural communities.

- We found that Rural Development officials in Tennessee did not determine the appropriate interest rate and level of grant funding for one city using income levels, which may have led them to award an ineligible loan of $800,000 and issue an incorrect interest rate on a $1.2 million loan. We also found that Rural Development officials in Alabama did not document evidence of the health or sanitary problems necessary to justify awarding several applicants a higher percentage of grant funds. As a result, the Rural Development State office may have obligated $7.2 million more than was allowable.

- We determined that RUS could have enhanced its grant approval procedures by providing additional guidance on how to document health and sanitary conditions. Rural Development agreed with our recommendations to issue updated guidance regarding the use of income surveys and the type of documentary evidence for health and sanitary problems necessary to justify awarding a higher percentage of grant funds. However, the agency did not agree that the Tennessee loan identified in the report was issued at the wrong interest rate or that the regulations and procedures were not followed. Nor did the agency agree that the Alabama funding decisions were made in error (*Rural Utilities Service Controls Over Water and Waste Disposal Loans and Grants,* 09601-0001-At).

RUS Needs to Improve Its Broadband Grant and Loan Programs
(Applicable principles: relevance; distinctiveness; effectiveness; oversight)

- The Broadband Grant and Loan Programs were created to help rural communities enjoy the same quality and range of telecommunications services available to urban and suburban communities. The objective of this audit was to determine if RUS administered the programs efficiently and if recipients used grants and loans appropriately.

- We found that RUS had not maintained its focus on rural communities most in need of Federal assistance. This is largely because its definition of "rural area," although within the statutory guidelines, was too broad to distinguish between suburban and rural communities. As a result, RUS issued over $103.4 million in loans to 64 communities near large cities. RUS also needed to create a management structure able to make necessary judgments for a program of this size and scope. For instance, we found no specific written procedures for approving and servicing broadband grants and loans.

- Our past audits have also disclosed that while RUS' Broadband Programs serve similar needs, RUS has kept these programs separate, often causing duplicated efforts. We recommended that RUS clarify its definition of an eligible rural area, create a management structure and procedures, and recover funds from defaulted loans (*Rural Utilities Service: Broadband Grant and Loan Programs,* 09601-0004-Te).

  In March 2009, we issued a second report to follow-up on RUS' corrective actions and found that many of our recommendations had yet to be implemented. RUS stated that the delays occurred because RUS chose to wait for the passage of the 2008 Farm Bill, which at the time of our audit had yet to be passed, to ensure that its proposed rule would meet the new requirements in the Farm Bill (*Rural Utilities Service: Broadband Loan and Loan Guarantee Program,* 09601-0008-Te). We continue to audit the controls over the broadband program. (*American Recovery and Reinvestment Act of 2009 – Broadband Initiatives Programs – Pre-Approval Controls,* 09703-0001-32, and *American Recovery and Reinvestment Act of 2009 – Broadband Initiatives Program – Post-Award Controls*, 09703-0002-32).

Rural Business-Cooperative Service (RBS) Needs to Improve Oversight of the Business and Industry (B&I) Guaranteed Loan Program
(Applicable principle: oversight)

- Through the B&I program, RBS provides guaranteed loans to improve, develop, or finance businesses and the economic climate in rural communities. At RBS' request, we reviewed five loans from one lender's B&I guaranteed loan portfolio.

- We found that during the loan making process, the lender misrepresented crucial information such as a borrower's financial condition, which would have made the borrower ineligible for the loan. The lender's misrepresentation rendered two guarantees unenforceable, which means that the Government would be unable to recover approximately $6.5 million if the borrowers default. The lender also was negligent in servicing the loans.

- We continue to audit the B&I program regarding the use of funds provided by the American Recovery and Reinvestment Act (*Rural Business-Cooperative Service: Review of Lender with Business and Industry Guaranteed Loan,* 34099-0008-Te).

Investigative Work:

Michigan Mortgage Company Personnel Defraud Rural Development Guaranteed Loan Program

Between 2001 and 2003, employees of a Michigan mortgage company issued 271 Rural Housing Service (RHS) guaranteed single family home loans, valued at over $38 million. At least 63 percent of the loans reviewed were based on false borrower income certifications, fraudulent pay statements, forged application signatures, and altered credit scores. These false documents were subsequently provided to Rural Development for loan guarantees. When Rural Development officials identified the fraud, they contacted OIG and requested an investigation. Between 2003 and August 2008, approximately 40 of these loans defaulted, resulting in Rural Development paying out over $2.3 million in guarantees.

For their role in this scheme, four mortgage company employees were charged in U.S. District Court, Eastern District of Michigan. Two mortgage processors were sentenced to 2 years' supervised release and were ordered to pay restitution of $654,500 and $206,475, respectively. The branch manager and his brother, who was the assistant branch manager, pled guilty in March 2011 to making false statements on loan applications. In December 2011, the branch manager was sentenced to 18 months' incarceration, ordered to pay approximately $1 million restitution to Rural Development, a $20,000 fine, and 3 years' supervised release. The assistant branch manager was sentenced to approximately 12 months' incarceration, ordered to pay $570,732 in restitution to Rural Development, and 3 years' supervised release. In December 2011, a civil settlement was filed in which the mortgage company agreed to pay $6.2 million to the Department of Justice and Rural Development.

Research and Related Matters

USDA's Research, Education, and Economics mission area advances scientific knowledge related to agriculture through research, extension services, and education. Research, Education, and Economics agencies engage in activities encompassing USDA's external research funding; internal agricultural research; economic and social science research; and agricultural statistics.

The 2008 Farm Bill authorized funding for research on Colony Collapse Disorder (CCD), which is defined as a low number or absence of adult honey bees in a hive, where a live queen is still present. The 2008 Farm Bill authorized the following for each fiscal year 2008 through 2012: $10 million for pollinator research and extension grants; $7.25 million to study CCD and other threats to pollinator health; and $2.75 million for honey bee pest and pathogen surveillance. Bee pollination is responsible for $15 billion annually in added crop value, particularly for specialty crops such as nuts, berries, fruits, and vegetables. In 2006, pollinator-dependent crops reportedly comprised an estimated 23 percent of total U.S. agricultural production.

As biotechnology continues to develop, scientists are genetically engineering new varieties of animals and insects for a wide range of purposes. Scientists are now capable of specifically tailoring animals and plants to grow more quickly, to be more nutritious, and to resist diseases. Some of this research is conducted and funded by USDA agencies such as the Agricultural Research Service (ARS) and the Animal and Plant Health Inspection Service (APHIS). To secure genetic engineering research inside USDA laboratories, USDA agencies are responsible for implementing and managing security and biosafety programs to prevent adverse impacts on the health and safety of USDA employees, the public, and the environment.

Regulatory oversight for the safe use of biotechnology products is primarily shared by three Federal agencies: APHIS, the U.S. Environmental Protection Agency, and the U.S. Department of Health and Human Service's Food and Drug Administration. APHIS regulates certain GE organisms that may pose a risk to plant or animal health. In addition, APHIS participates in programs that use biotechnology to identify and control plant and animal pests.

Audit Work:

USDA Needs to Strengthen Regulations and Controls Over GE Animals and Insects
(Applicable principles: distinctiveness; effectiveness; oversight)

- We reviewed whether current laws and USDA regulations provide sufficient authority to control GE animal and insect research, and whether USDA agencies involved in this research have sufficient controls in place to ensure that GE animals and insects are not inadvertently released, which could cause harm to commerce, the environment, and public health.

- We found that while APHIS published regulations for GE plants, it did not issue regulations for the import, interstate movement, or field release of GE animals and insects. Instead, APHIS regarded GE animals and animal pests as regulated by rules promulgated in 1963. We also found that USDA needed to address specific problems at several laboratories performing research involving GE animals and insects. For instance, the National Institute of Food and Agriculture (NIFA) did not implement a formal process for documenting and monitoring incidents such as the unauthorized release of GE animals. As a result, NIFA has been slow to react to, and sometimes unaware of, incidents such as the entry of potentially transgenic pigs into the food supply.

- APHIS needs to develop regulations that clearly define the agency's role in regulating the introduction of GE animals and insects. While the problems noted at laboratories were relatively minor and did not lead to the inadvertent release of any problematic animals or insects, we concluded that the agencies involved should act proactively to strengthen their controls so that they can reduce the possibility of future problems (*Controls over Genetically Engineered Animal and Insect Research*, 50601-0016-Te).

Department Needs to Strengthen Controls Over Genetically Engineered Organism (GEO) Release Permits
(Applicable principles: relevance; effectiveness; oversight)

- APHIS determines whether GE crops are safe to grow, approves the release of new GE plants into the environment for testing purposes, and, in some cases, issues release permits to applicants. In 2005, we determined whether APHIS' controls provide reasonable assurance that movements and releases of GEOs in the environment are in accordance with laws, regulations, and Departmental procedures, and whether they are effective in minimizing the inadvertent release of GEOs in the environment.

- We found that APHIS needed to strengthen its accountability for field tests of GE crops. At various stages of the field test process—from application approvals to field inspections—weaknesses in APHIS regulations and controls increased the risk that regulated GEOs could inadvertently persist in the environment before they are deemed safe to grow without regulation. For example, we found that APHIS lacked basic information about the field test sites it had approved and is responsible for monitoring. Also, APHIS did not review some applicants' containment protocols or require permit holders to report on the final disposition of GE crops. We also found inspection requirements were vague and that the two APHIS units responsible for the inspection program lacked coordination.

- To maintain accountability for regulated GE crops, we recommended that APHIS require more information before, during, and after field tests, and seek legislative authority to require permit applicants to prove their financial responsibility in relation to the level of risk associated with unauthorized GEO release. We also recommended that APHIS strengthen its monitoring by formalizing its inspection process, updating its regulations, and developing a comprehensive information management system. At the time of the report release, APHIS agreed with 23 of our 28 proposed corrective actions. Since release, we have worked with APHIS on reaching agreement on corrective actions for the remaining five recommendations (*Animal and Plant Health Inspection Service: Controls Over Issuance of Genetically Engineered Organism Release Permits*, 50601-0008-Te).

USDA Needs to Survey Losses Caused by Colony Collapse Disorder
(Applicable principles: distinctiveness; effectiveness; oversight)

- In response to CCD—a disorder that interferes with honey bee pollination and endangers $15 billion annually in added crop value—USDA led a Federal and non-Federal collaboration to better understand the disorder and mitigate the damage to bee colonies. We evaluated the effectiveness of USDA's response to the CCD crisis, and USDA's implementation of applicable provisions of the 2008 Farm Bill.

- The interagency CCD Steering Committee developed an action plan and, overall, we found that USDA's implementation of the plan was adequate in three of four components. However, USDA did not complete comprehensive surveys of honey bee colony production and colony loss due to CCD. As a result, the true extent of CCD in the United States has not been adequately assessed, despite USDA's use of significant resources for honey bee research and activities to address CCD.

- We recommended that USDA seek adequate funding for the National Agricultural Statistics Service (NASS) to conduct comprehensive surveys of honey bee colony production and health, provide the Steering Committee with authority to adequately conduct such surveys, and include NASS on the Steering Committee. Further, we recommended that a USDA official be designated to monitor the implementation of the action plan (*USDA's Response to Colony Collapse Disorder*, 50099-0084-Hy).

Investigative Work:

Graduate Student Sentenced in Staged Laboratory Break-In

In August 2003, a Federal court sentenced a former graduate student at Michigan State University to 10 months of incarceration, followed by 3 years of supervised release. The judge also sentenced him to 120 hours of community service, and ordered him to pay $69,937 in restitution for his role in falsifying research funded by the USDA. The restitution represents the salary paid to the individual during the period he worked on USDA-funded research at the university developing a vaccine against a bacterium which causes pneumonia in swine. During the investigation, the individual confessed to staging a break-in at the university lab in September 2002 in an attempt to conceal research findings he had fabricated over the previous five years. The news media reported that samples of a highly virulent, genetically altered strain of the bacterium had been stolen during the apparent break-in. Investigations by OIG, the Federal Bureau of Investigation (FBI), and university police found that no theft had occurred, and that the bacterium reported to be stolen is no more virulent than naturally occurring bacteria. The graduate student admitted, first in an interview with agents and later in an FBI-administered polygraph, that he had never mutated the gene in the bacteria, as he had claimed, thereby rendering fraudulent all the lab's research that had been built on the supposed mutation. He also stated that he did not remove any samples from the lab.

Energy

In recent years, the Federal Government has increasingly encouraged the use of biofuels and other alternatives to petroleum in response to concerns over U.S. dependence on imported oil, climate change, and other issues. The U.S. transportation sector depends almost entirely on petroleum products refined from crude oil—primarily gasoline and diesel fuels—and the Nation imports a significant portion of petroleum products consumed domestically.

USDA has a long history of supporting the research and development of renewable energy resources and is deeply involved in and committed to the Nation's quest for energy security. The 2008 Farm Bill provides over $1 billion of mandatory funding during a 5-year period to support a comprehensive approach to energy efficiency and renewable energy development in rural America. The farm bill programs were designed to increase America's energy security, improve the environment, and strengthen rural economies through development and production of renewable energy and the creation of sustainable green jobs.

USDA has many programs to assist farmers, forest landowners, rural businesses, rural residents, and the Nation to respond to energy-related issues and opportunities. These range from basic scientific research to the development and commercialization of new technologies. They include outreach and education, technical assistance programs, financial support for infrastructure, and the adoption of biobased and energy-saving products by USDA itself. USDA also supports more efficient farming and sustainable feedstock production and management techniques; geothermal facilities; solar and wind farms; current and advanced bioenergy production supply chains; and biochemical and genomics research. In addition, USDA supports modernization of the rural electric grid to support renewable energy development to move renewable electricity to markets, as well as the deployment of smart grid technologies.

OIG reviewed USDA's renewable energy efforts and administration when the program was being implemented. Our audit is described below. In 2012, we plan to publish our report on the Biomass Crop Assistance Program's Collection, Harvest, Storage, and Transportation Matching Payments Program. Our review evaluates the adequacy of FSA's management controls to ensure that the program is timely and effectively implemented and administered, and that the proper amounts of financial assistance are provided for eligible purposes.

Audit Work:

Implementation of Renewable Energy Programs in USDA
(Applicable principles: relevance; targeting; effectiveness)

- We reviewed renewable energy activities in USDA at the Department level and across seven agencies. Our audit evaluated USDA's efforts to emphasize renewable energy activities as directed by existing legislation and a 2006 Presidential Initiative. We found that USDA did not have a renewable energy strategy covering all agencies and programs within the Department.

- Consequently, programs that did not receive funds appropriated for renewable energy did not place sufficient emphasis on renewable energy activities—including not properly analyzing project benefits. For instance, we identified several ARS projects that benefited already mature segments of the ethanol industry rather than developing new and innovative technologies in the field of renewable energy. We also found that no agency within the Department analyzed the results of completed projects to compare expected and actual renewable energy results. Finally, the Department was not always addressing high-priority areas, did not establish controls to prevent or detect duplicate funding to loan and grant recipients, and in FY 2006, under-reported its renewable energy activities by up to $97 million.

- USDA agreed to develop and implement a renewable energy strategy that included program goals for agency managers, action plans, and measures to evaluate performance. It also agreed to develop controls to check for duplicate funding and revise the renewable energy reporting format. (*Implementation of Renewable Energy Programs in USDA*, 50601-0013-Ch).

Investigative Work:

Owners of Mississippi Bioenergy Company Sentenced for False Claims

Two owners of a bioenergy company in Mississippi were sentenced in Federal court for submitting false claims to defraud the Commodity Credit Corporation of almost $2.9 million in connection with 2004 and 2005 bioenergy program payments. One owner was sentenced in July 2010 to 60 months of incarceration followed by 60 months of supervised release. The other owner was sentenced in September 2010 to 26 months of incarceration followed by 36 months of supervised release. Both were ordered to pay nearly $2.9 million in restitution jointly and severally.

Horticulture and Organic Agriculture

This title includes provisions that support State efforts to protect and promote agriculture, enhance competitiveness of specialty crops (fruits, vegetables, tree nuts, dried fruits, and nursery crops including floriculture), fund farmers' markets, help farmers with organic certification costs, and call for organic data collection, among other things.

Congress first included a title dedicated to specialty crops in the 2008 Farm Bill. The Agricultural Marketing Service (AMS) facilitates agricultural research and the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace. AMS' five commodity programs—Dairy, Fruit and Vegetable, Livestock and Seed, Poultry, and Cotton and Tobacco—provide standardization, grading, and market news services for those commodities. They also administer research and promotion programs, and purchase commodities for Federal food programs. In addition to enforcing such Federal laws as the Perishable Agricultural Commodities Act and the Federal Seed Act, AMS administers programs such as the National Organic Program. The organic program develops, implements, and administers national production, handling, and labeling standards for organic agricultural products. It also ensures that the agents who inspect organic operations meet USDA standards.

Historically, USDA's authority has extended over a wide range of specialty crops and other agricultural programs and efforts. For instance, USDA plays a role in regulating agricultural biotechnology. Such biotechnology includes, for example, transgenic plants and animals that result from using genetic engineering techniques. Within USDA, authority over the importation of transgenic plants and animals is divided among two agencies: APHIS and FSIS. While FSIS regulates the importation of meat, poultry, and egg products, APHIS regulates the importation of plants and live animals, to include transgenic organisms that may pose a risk to plants and agricultural animals.

Audit Work:

USDA Needs to Monitor the Importation of Transgenic Organisms Developed Outside the U.S. Regulatory System
(Applicable principles: distinctiveness; effectiveness)

- The United States has been in the forefront of developing transgenic (i.e., genetically engineered) plants and animals. More recently, however, other nations have started to plant more acres of transgenic crops and to develop transgenic plants and animals of their own. In light of the unknown consequences of unapproved transgenic plants or animals entering the U.S. food supply, we audited USDA's controls over the importation of transgenic plants and animals.

- For transgenic plants, USDA's controls are generally appropriate for the levels of risk associated with the biotechnologies adopted by our trading partners. However, USDA had no controls in place that would identify undeclared transgenic plants, and needs to develop an overall import control policy. For transgenic animals, USDA had not established an import control policy. Though in the past USDA did not need such controls because most transgenic organisms had been developed under the U.S. regulatory system, the Department should anticipate import challenges that will arise as the technology becomes more widely accessible.

- We concluded that USDA needed to develop a strategy to monitor the importation of transgenic plants and animals and strengthen its coordination efforts. The Department generally concurred with our recommendations to formalize a control policy, implement a strategy for monitoring the development of transgenic plants and animals in foreign nations, and develop procedures for interagency consultations to address emerging risks that transgenic plants and animals might pose (*United States Department of Agriculture: Controls over Importation of Transgenic Plants and Animals*, 50601-0017-Te).

USDA Needs to Strengthen Oversight of the National Organic Program (NOP)
(Applicable principles: relevance; distinctiveness; oversight)

- AMS administers NOP to ensure that organically produced products meet uniform standards and are appropriately labeled. From 1998 to 2008, the organic industry's sales have grown by a rate of 14 to 21 percent annually. We conducted three audits related to USDA oversight of the National Organic Program, first to evaluate AMS' controls over the program after regulations were implemented in 2002, then to assess the effectiveness of the corrective actions implemented, and most recently to determine whether milk marketed as organic meets program standards.

- In 2005, we found that AMS had not established protocols for working with the National Organic Standards Board or resolving conflicts with it. AMS also needs to improve management controls for administering the program. For example, in FY 2003, the eight complaints referred to the program for decision remain unresolved, one of which involved a possible prohibited substance being added to an organic product. To address these concerns, AMS agreed to implement protocols for working with the board, or resolving conflicts, and to develop internal operating procedures (*Agricultural Marketing Service's National Organic Program*, 01001-0002-Hy).

  In our 2010 followup to the 2005 report, we concluded that AMS officials made program improvements and implemented corrective actions. However, AMS needed to perform oversight of certifying agent and organic operations to ensure that organic products are consistently and uniformly meeting standards. Officials needed to further improve program administration and strengthen controls to ensure more effective enforcement when serious violations are found.

  In 2012, we reviewed certified organic milk operations and found that AMS can take steps to better ensure that consumers who choose to pay a premium for organic milk are receiving the product they wish to purchase. Specifically, NOP needs to conduct an analysis of genetically modified detection methods and protocols, and based on the analysis results, determine whether to develop and issue guidance for certifying agents on the utilization of genetically modified detection methods to identify potential violations of the USDA organic regulations. NOP also needs to provide greater transparency in its yearly list of USDA certified organic operations, ensure that the responsibilities of milk transporters are adequately addressed in organic system plans, and develop guidance for certifying agents on conducting unannounced inspections.

- To address the concerns identified in our followup audit, AMS agreed to strengthen its enforcement procedures and to resolve and track complaints in a timely manner, implement a plan for achieving compliance, obtain an OGC opinion on residue testing, and strengthen oversight of certifying agents and operations (*Oversight of the National Organic Program*, 01601-0003-Hy).

  AMS generally agreed that by implementing our recommendations in the organic milk audit, AMS can promote greater confidence that milk labeled as "USDA Organic" meets the standards consumers expect (*Agricultural Marketing Service: National Organic Program – Organic Milk,* 01601-0001-Te).

Investigative Work:

Owner Misrepresents Conventional Crops as Organic to Consumers

In February 2010, the managing owner of an organic company in the Northern District of Texas was sentenced to serve 24 months of imprisonment, followed by 36 months of supervised release. During inspections conducted in 2006, he provided false statements and documents in order to conceal sales of 3,242,771 pounds of conventional milo, 132,000 pounds of conventional garbanzo beans, and 509,660 pounds of conventional pinto beans, which were represented as organic crops and sold to the company's customers in 2005 and 2006. As part of his sentence, he was also ordered to pay $523,692 in restitution and was not allowed to participate in any USDA programs for 60 months.

Livestock

USDA conducts livestock-oriented activities across several of its agencies, including AMS, the Grain Inspection, Packers and Stockyards Administration, FSA, FSIS, APHIS, RMA, and NRCS. Federal farm policy covers programs ranging from livestock insurance for eligible counties to environmental conservation programs. Federal regulations on manure storage and disposal, animal health and safety, mandatory price reporting, and country of origin labeling (COOL) have implications for how livestock and meat are produced and marketed.

USDA implements programs that serve as preemptive controls to protect domestic livestock from the introduction of diseases. These programs regulate the importation and quarantine of live animals, including high-risk animals, such as birds from countries affected by Exotic Newcastle Disease.

The 2008 Farm Bill amended the Federal Meat Inspection Act (FMIA) by requiring that establishments covered by FMIA prepare and maintain procedures for recalling meat or meat food products, and conduct documented reassessments of their control plans. The Poultry Products Inspection Act was amended in a similar manner. When needed or requested, OIG assesses FSIS' oversight of recalls. The 2002 and 2008 Farm Bills also amended the Agricultural Marketing Act to require retailers to notify their customers of the country of origin of certain commodities at the final point of sale. The final rule on Country of Origin Labeling (COOL) went into effect in March 2009.

Audit Work:

AMS Should Strengthen Country of Origin Labeling Compliance Monitoring
(Applicable principles: relevance; distinctiveness; oversight)

- Food retailers must provide consumers with country of origin labels on certain food products so that consumers can make informed purchasing decisions. OIG evaluated how AMS implemented COOL regulations.

- We found that the agency needs to strengthen its process for selecting and reviewing retailers for compliance, and decrease the time it takes to handle instances of noncompliance. Even when its reviews did identify problems, AMS did not always take swift action. Of the 5,528 reviews it conducted in 2010 that identified retailers who did not label their products correctly, AMS did not promptly provide formal written notice to 1,719 retailers of their failure to comply because AMS was temporarily understaffed. In addition, the agency's COOL compliance review selection process erroneously excluded retailers who must adhere to COOL. We identified at least 40 retailers in 15 States that were mistakenly not included in the selection process.

- AMS agreed with our conclusions that it needed to strengthen its oversight of the program, including improving its retailer review process, enhancing its compliance procedures, and improving how it communicates with retailers (*Implementation of Country of Origin Labeling*, 01601-0004-Hy).

APHIS Needs to Strengthen Controls Over Animal Import Centers
(Applicable principles: effectiveness; oversight)

- We initiated this audit to evaluate APHIS' controls over the quarantine and tracking of animals at quarantine facilities, as well as the user fees APHIS charged importers to fund its facilities. APHIS port (i.e., airport) staff monitor the arrival and transport of imported animals to a quarantine facility, where import center officials observe and test those animals for foreign diseases.

- APHIS' procedures for handling animals destined for quarantine needed strengthening in areas such as port facility sanitation or biosecurity conditions at the quarantine facilities. APHIS did not identify these weaknesses prior to our audit because it did not exercise sufficient oversight to ensure requirements were implemented. As a result, there was a significantly increased risk that infected animals could enter the United States without being detected. In fact, we determined that infected animals had indeed entered the country and spread contagious diseases to other animals. In addition, we found that the fees APHIS charged importers do not cover operating costs and capital improvements needed for quarantine facilities to meet basic biosecurity requirements.

- We recommended that APHIS implement supervisory reviews of its animal import process and biosecurity practices. We also recommended that APHIS implement procedures for handling animal shipments safely, and review user fee calculations. APHIS generally agreed with our findings and recommendations (*USDA's Controls Over Animal Import Centers*, 33601-0011-Ch).

FSIS Controls Did Not Detect or Prevent the Inhumane Handling of Cattle
(Applicable principles: effectiveness; oversight)

- In January 2008, the Humane Society of the United States released videos that documented the egregious abuse of cattle awaiting slaughter at a California slaughterhouse, which could have led to unsafe meat entering the food supply. This prompted a voluntary recall of 143 million pounds of raw and frozen beef products, the largest recall to date. Congress, USDA, and the public questioned how such events occurred at a slaughter establishment under inspection by FSIS. We conducted the audit to determine what inspection controls or processes may have broken down at the establishment, and whether the events were isolated or systemic.

- We found that FSIS needed to develop a methodology to support its inspection resource allocations. FSIS could not demonstrate that the resources assigned to its offline inspection activities were sufficient to adequately perform the tasks assigned. At the same time, we could not determine whether FSIS assigns adequate supervisory oversight to in-plant inspection activities, because FSIS could not provide supportable work measurement assumptions. For example, supervisors were not aware of common practices used by in-plant inspection staff that did not meet FSIS requirements. Finally, FSIS could not demonstrate that its verification of establishment controls and written procedures for specified risk materials were adequate to detect noncompliance.

- We recommended that FSIS's oversight and controls of inspection processes need to be strengthened. FSIS should take action to demonstrate that its pre-slaughter inspection processes are consistently implemented. FSIS also needs to more fully use its management information systems to monitor compliance and obtain alerts of potential problems. We reached agreement with FSIS on all 25 recommendations (*Evaluation of FSIS Management Controls Over Pre-Slaughter Activities*, 24601-0007-KC).

Investigative Work:

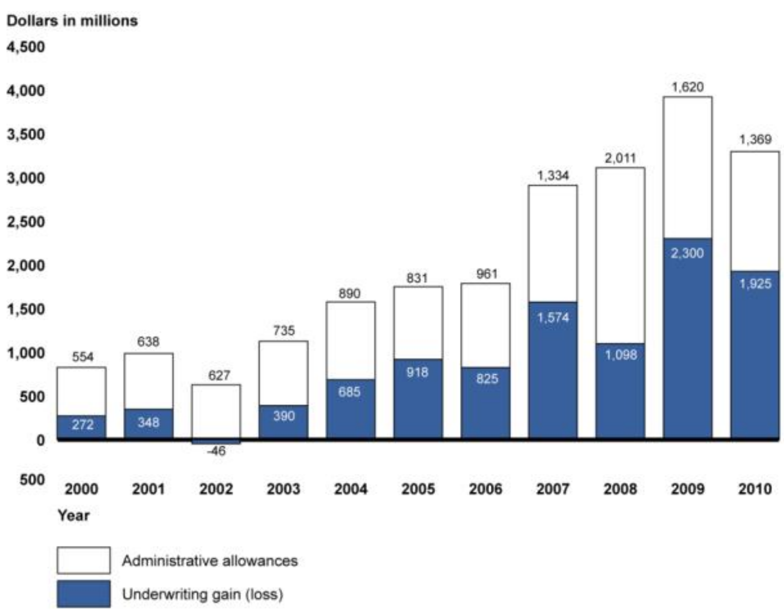
Courts Impose Stricter Oversight on Meat Company that Caused Japan to Reject U.S. Beef Imports

From January to July 2006, Japan halted U.S. beef imports—worth more than $1 billion annually—due to the discovery of vertebrae in a shipment of beef product originating from a U.S. company in Brooklyn, New York. OIG and FSIS jointly conducted an investigation into this matter and, in response to our work, the Federal Government filed a civil complaint in U.S. District Court, Eastern District of New York, charging the Brooklyn company with violations of the FMIA as well as violations of AMS Export Verification Program's Quality Systems Verification Program. In April 2011, a U.S. District Court Judge approved legal measures providing for permanent injunctive relief and escalating monetary penalties to prevent this company from violating FMIA or AMS Export Verification Program rules in the future. Additionally, in the event of future violations, the consent decree authorizes USDA to halt any future exports, perform onsite inspections, and require onsite verification of the sufficiency of corrective actions.

Crop Insurance and Disaster Assistance Programs

The cost of the Federal Crop Insurance Program (FCIP)—an average of about $7.3 billion annually from 2009 through 2011—has come under increased scrutiny. Because of the Nation's severe budget constraints, and because crop prices have risen to record levels in recent years, so too has the value of the crops being insured, which results in higher crop insurance premiums and premium subsidies, as well as higher administrative cost reimbursements paid to crop insurance companies and their agents.

For decades, Congress has authorized FCIP to help mitigate the financial risks inherent in farming—potential losses of crop production and revenue. To encourage participation, USDA, through the Risk Management Agency (RMA), subsidizes farmers' insurance premiums, paying about 60 percent of the cost, and acts as the primary reinsurer for the private insurance companies that take on the risk of covering, or "underwriting," losses to insured farmers. These companies earn a profit (underwriting gains) when insurance premiums they collect exceed their payments to farmers for crop losses, and they incur underwriting losses if their payments to farmers for crop failures exceed the premiums. RMA also pays insurance companies an administrative allowance to cover costs of selling and servicing policies. A standard reinsurance agreement between RMA and the approved insurance providers (AIPs) establishes the terms and conditions for the premium subsidies to farmers and the companies' administrative allowance. The chart below shows the administrative allowances and underwriting gains or losses paid to crop insurance companies for 2000 through 2010.



The chart shows the costs associated with crop insurance (in millions of dollars) across the years 2000-2010. The overall costs of administrative allowances (the higher bar) and underwriting gains (the lower bar) generally trend upward. Source: GAO Analysis of USDA's Risk Management Agency data; Congressional Research Service.

Although the AIPs are responsible for ensuring program integrity, RMA has overall responsibility to ensure program oversight and quality controls. In crop year 2011, the total shared liability under the Federal crop insurance programs amounted to $114.6 billion.

Audit Work:

RMA Needs to Strengthen Its Compliance Strategy to Ensure Program Integrity
(Applicable principles: relevance; effectiveness; oversight)

- Prior audits by both OIG and GAO, dating back to 1993, have identified deficiencies in how RMA is providing overall oversight and monitoring of the crop insurance program. Because of these continuing concerns, we reviewed whether RMA's compliance activities were adequate to improve program compliance and integrity, and to detect and reduce fraud, waste, and abuse. We also examined RMA's compliance with the Improper Payments Information Act of 2002 and evaluated RMA's corrective actions to address prior audit recommendations.

- We found that the agency lacked a comprehensive, systematic, and well-defined strategy for improving the integrity of the crop insurance program. RMA had not performed and documented an overall risk assessment of its program operations to identify areas vulnerable to fraud, waste, and abuse. RMA's compliance activities were piecemeal and fragmented, focusing on individual policy errors rather on systemic problems. We also found that RMA had not met the requirements of the Improper Payments Information Act of 2002. And lastly, RMA had not developed effective outcome-based performance measures to adequately determine its success in these efforts.

- We made a number of recommendations to systematically strengthen RMA's compliance activities, which included developing outcome-based performance measures and implementing a better method for calculating its improper payment error rate. RMA generally agreed with our recommendations (*Risk Management Agency: Compliance Activities*, 05601-0011-At).

USDA Needs to Reduce Vulnerabilities and Strengthen Integrity in Delivering Benefits
(Applicable principles: affordability; effectiveness)

- In 2005, Hurricanes Katrina, Rita, and Wilma struck Florida, resulting in more than $275 million in nursery claims from policies reinsured under RMA's Nursery Crop Insurance Program. OIG reviewed how well AIPs responded to this disaster. Also, since Hurricane Wilma damaged citrus crops that producers had insured under the Federal crop insurance program, we reviewed the effectiveness of RMA's management controls on the adjustment of citrus fruit losses by two AIPs.

- After initial nurseries fieldwork, we found pervasive errors in the underwriting and claims adjusting process that resulted in overpayments to one AIP's insureds. We found that in all phases of the insurance process—underwriting policies, adjusting claims for losses, and reporting its indemnities to RMA—the AIP did not fulfill contractual obligations. For instance, by not verifying underwriting information submitted by agents, the AIP allowed its agents to determine the insured producers' eligibility and coverage—a clear conflict of interest. The AIP also adjusted loss claims using loss procedures that were not authorized by RMA. The errors resulted in erroneous payments to policyholders of at least $16.6 million. Although the AIP performed quality control reviews for claims over $100,000, the quality control reviews did not review the eligibility of claims or detect numerous loss adjuster errors. Since the AIP did not properly fulfill its contractual obligations, the AIP seriously jeopardized program integrity and breached its fiduciary responsibilities to RMA.

Through our review of 144 citrus claims with indemnities totaling $37 million, we found that the AIPs circumvented established RMA procedures for adjusting citrus losses. Instead, they used procedures or allowed options that were not approved by RMA. Further, AIP-conducted quality control reviews did not identify the problems we found.

- With respect to the nurseries audit, since RMA may suspend an AIP for a material breach or failure to perform or comply with obligations, we recommended that RMA seek an opinion from OGC as to whether RMA can suspend the AIP from the program. We also recommended that RMA deny reinsurance for crop years 2005 and 2006. RMA generally concurred with our recommendations for recovery of overpayments and strengthening of AIP's program management. However, based on an OGC opinion, RMA did not agree with recommendations to deny reinsurance and recover the Government's share of expenses (*Risk Management Agency: 2005 Emergency Hurricane Relief Efforts,* 05099-0028-At).

  Based on our citrus audit, we recommended that RMA require the two AIPs to properly recalculate the indemnity payments, and, if they are unable to do so, deny the reinsurance on all of their loss claims, totaling $44.1 million. We also recommended that RMA strengthen its policies and procedures to include not allowing average yields and establishing a limited timeframe for its emergency procedures. RMA agreed with these management recommendations (*Citrus Crop Indemnity Payments from Hurricane Wilma in Florida*, 05099-0029-At).

RMA Needs to Improve the Crop Insurance Premium Ratemaking Process
(Applicable principles: targeting; oversight)

- We evaluated RMA's policies and procedures for setting cotton crop insurance premium rates, and looked at historical losses for cotton and other major crops that use the actual production history automated ratemaking process. From 1975 to 2003, cotton and wheat premiums have not been sufficient to cover indemnities, resulting in net program losses totaling over $1.2 billion and $1.6 billion, respectively. Corn, however, has netted a surplus of $1.4 billion.

- We found that RMA had not documented the detailed procedures needed to carry out the ratemaking process, and did not adequately oversee the functions of the contractor who developed and operated RMA's rate-making system. Additionally, the agency lacked documentation related to a calculation value that was apparently not achieving its stated purpose—setting premium rates that are adequate to cover anticipated losses and build a reasonable reserve for all insurance plans in case of disaster. Also, RMA had not established a formal written policy to periodically review crop insurance premium rates.

- We recommended that RMA improve its quality control over the ratemaking process to address the significant losses and inequities. We also recommended that RMA review ratemaking decisions and disaster reserve factor values, implement any changes needed, and establish formal written policies. RMA said it would perform an analysis for a more accurate indication of the current state of the crop insurance program. The agency also planned to contract with an actuarial firm to review, update, and document the disaster reserve factor. Finally, the agency planned to formally develop and document its procedures for the ratemaking process (*Cotton Crop Insurance Premium Rates*, 05601-0007-At).

Investigative Work:

North Carolina Farmers and Insurance Employees Sentenced in Crop Insurance Fraud Investigation

Working jointly with the RMA-Special Investigations Branch and the Internal Revenue Service - Criminal Investigation Branch, OIG found that a large number of farmers in North Carolina concealed their production and then subsequently filed false crop insurance claims based on non-existent losses. This was a far-reaching conspiracy, involving farmers, warehouse operators, insurance agents, and loss adjusters, all of whom assisted in filing false claims and concealing the farmers' actual production. To date, as a result of their involvement in this crop insurance scheme, 24 individuals have pled guilty to various crimes in Federal court for the Eastern District of North Carolina, and the following sentencing actions occurred from October 1, 2010 to September 30, 2011:

- A crop insurance agent was sentenced to 30 months in prison and 3 years of probation after he pled guilty to charges of conspiracy to make materially false statements and conspiracy to commit money laundering. He was ordered to pay $16.6 million in restitution, and forfeit $366,307.
- A tobacco buyer pled guilty to the same violations and was sentenced to 18 months in prison and 3 years of probation. In addition to paying $10.3 million in restitution, the tobacco buyer was also ordered to forfeit $647,139.
- A loss adjuster was sentenced to 1 year in prison, followed by 2 years of probation, after pleading guilty to charges of making false statements and aiding and abetting. The court also imposed a fine of $158,000.
- A farmer was sentenced to 60 months of probation, fined $3,000, and ordered to pay $41,820 in restitution after pleading guilty to conspiracy to make false statements in connection with FCIP.
- A tobacco warehouseman was sentenced to 48 months in prison, followed by 36 months of probation, after pleading guilty to conspiracy to launder money. The court also imposed a fine of $10,000.
- A farmer was sentenced to 1 day in prison and 60 months of probation, was ordered to pay $267,187 in restitution for his involvement in the scheme, and to be excluded for 24 months from USDA programs.

- A farmer was sentenced in September 2011 to 1 day in prison, 36 months of probation, 24 months' exclusion from USDA programs, and ordered to pay $138,777 in restitution.

Texas Cattle Association Members Repay $397,893 in Hurricane Rita-Related Livestock Indemnity Funds

In August 2006, six members of a South Texas cattle association applied for and received $397,893 in FSA livestock indemnity payments for cattle deaths they falsely claimed to be related to Hurricane Rita. In August 2009, in the Southern District of Texas, all six members were charged with conspiracy and false claims relating to their scheme to defraud the program. In October 2010, the six members entered into the pre-trial diversion program administered by the U.S. Attorney's office. The U.S. Attorney's office agreed to defer prosecution of this matter for 12 months in return for $397,893 in restitution.

Miscellaneous

The miscellaneous title includes provisions affecting socially disadvantaged farmers and ranchers, agricultural security, and animal welfare, among other issues.

The 2008 Farm Bill established the Office of Advocacy and Outreach to improve access to USDA programs and the viability and profitability of small farms and ranches, beginning farmers and ranchers, and socially disadvantaged farmers and ranchers. Under the 2008 Farm Bill, Congress directed OIG to determine whether, over a 5-year period, FSA's foreclosures for direct farm program loans made to socially disadvantaged farmers and ranchers were consistent and conformed with applicable laws and regulations.

The Department of Homeland Security's (DHS) Customs and Border Protection (CBP) and USDA work together to help ensure the safety of our Nation's agricultural sector. CBP has the responsibility to inspect agricultural goods arriving at a U.S. port of entry. APHIS, on the other hand, is responsible for setting policies and procedures in areas such as agricultural inspections, data collection, and risk assessment. APHIS also enforces Animal Welfare Act (AWA) standards for the care and housing of certain animals used for research, exhibition, and commerce. APHIS authorizes individuals, carnivals, zoos, circuses, and educational exhibitors to display animals to the public by requiring them to obtain USDA exhibitor's licenses.

Audit Work:

APHIS Needs to Take Steps to Ensure Safety at Animal Exhibitors
(Applicable principles: effectiveness; oversight)

- After a 2007 tiger escape from the San Francisco zoo resulted in the death of a zoo patron, OIG conducted an audit of APHIS' safety controls at zoos, circuses, and roadside attractions. Our auditors reviewed a sample of safety complaints to understand the scope of the problem nationwide.

- At 15 of 31 exhibitors visited, we identified many safety issues where the public was not adequately protected from wild animals, and the animals themselves were at risk for injury and harassment. Visitors at one facility were so close to an exhibited cougar that they could have reached into its cage. APHIS' safety guidance was worded broadly to allow for the particularities of different animals and different enclosures, but this ambiguity can lead to inconsistent safety standards. We also found that APHIS did not have a system in place to document and disseminate details of dangerous animal escapes and subsequent corrective actions taken.

- We recommended that APHIS clarify its guidance about safe distances and barriers, consult experts when needed, and implement procedures to ensure that inspectors review all public safety-related areas. We also recommended APHIS develop a system to document and disseminate details of dangerous animal escapes and subsequent corrective actions taken. APHIS agreed to undertake a safety review of all licensed dangerous animal exhibits nationwide (*Controls Over APHIS Licensing of Animal Exhibitors*, 33601-0010-Ch).

APHIS Needs to Strengthen Oversight of Repeat Dog Abusers
(Applicable principles: relevance; effectiveness)

- As part of OIG's ongoing work on dog breeding, we undertook this audit to review APHIS' enforcement process against dealers that violated AWA, focusing on dealers with a history of violations in the past 3 years. We also reviewed the impact of recent changes the agency made to the penalty assessment process.

- Our audit uncovered details of serious abuse by puppy mill operators. APHIS inspection and enforcement activities were not adequate to deter dog dealers regulated by AWA from repeated violations that endangered animals. For example, one dealer's abuse led to the deaths of 27 dogs; meanwhile, other starving dogs resorted to cannibalism. Despite the high rate of recurring violations, some inspectors did not correctly report repeat and serious violations. Further, APHIS did not make full use of its enforcement options—in many cases, issuing minimal penalties or assessing inappropriately lowered fines. Instead of taking strong enforcement action, APHIS generally chose to try education and cooperation as tools to convince dealers to comply. Finally, a loophole in the pre-internet AWA (passed in 1966) has allowed large internet operations to sell animals without regulatory oversight.

- APHIS responded immediately to our recommendations, imposing tougher penalties for repeat violators, revising manuals, training inspectors, and strengthening enforcement procedures. The agency also agreed to seek legislative change that would allow it to regulate internet dog dealers (*Animal and Plant Health Inspection Service: Animal Care Program: Inspections of Problematic Dealers*, 33002-0004-SF).

CBP and APHIS Should Strengthen Their Respective Agricultural Inspections Activities
(Applicable principles: distinctiveness; effectiveness; oversight)

- After certain agricultural inspection activities were transferred to CBP in 2003, USDA OIG teamed up with DHS OIG to evaluate the effectiveness of APHIS and CBP in safeguarding U.S. agriculture from incursions by foreign pests and diseases.

- While the two Departments had made progress in correcting deficiencies noted in previous audits, further improvement was needed. For instance, we identified sampling activities that did not meet requirements, staff that did not follow proper sampling procedures, and inaccurate data used to track inspection activities.

- In response to our recommendations, APHIS agreed to issue policy guidance to clarify CBP's responsibilities for certain permits and for the handling of seized agricultural products at ports of entry. APHIS also agreed to develop a process to allow both agencies to assess the risk of agricultural products entering the country by rail (*Review of Customs and Border Protection's Agriculture Inspection Activities*, 33601-0007-Ch).

Decisions to Foreclose on Socially Disadvantaged Borrowers Were Generally Consistent and Compliant
(Applicable principle: oversight)

- Under the 2008 Farm Bill, Congress directed OIG to determine whether, over a 5-year period, FSA's foreclosures for direct farm program loans made to socially disadvantaged farmers or ranchers were consistent and conformed with applicable laws and regulations. For FYs 2003 through 2007, FSA foreclosed on 800 borrowers, of which 185 were socially disadvantaged. OIG selected a statistical sample of 146 borrowers—socially disadvantaged and non-socially disadvantaged—who were foreclosed on during this 5-year period.

- We found that the Department's decisions to implement foreclosure proceedings on socially disadvantaged borrowers were generally consistent and in conformity with applicable laws and regulations.

- Although we did find some timeliness issues, we concluded that the rate of exception was low. Also, for the exceptions noted, there was no statistically significant difference in treatment when foreclosing on socially disadvantaged farmers and ranchers compared to their non-socially disadvantaged peers. For example, the exceptions included a few cases in which letters notifying borrowers that they were delinquent were not sent out on a timely basis. Still, letters were eventually sent before the next loan servicing action occurred. Therefore, we made no recommendations (*Farm Service Agency: Socially Disadvantaged Borrower Foreclosures–Farm Program Loans*, 03601-0049-Te).

Investigative Work:

Michigan Dog Fighting Ring Broken Up

Working with the Monroe County, Michigan, Sheriff's Department, the Michigan State Police, and the Michigan Humane Society, an OIG investigation led to the arrest of 27 individuals for organizing and attending a championship dog fighting match in southeast Michigan. The event drew participants from four States, including individuals from as far away as Georgia. With the assistance of the Monroe County Prosecutor's Office, OIG agents obtained a search warrant, disrupted the fight, and arrested the participants. Five pit bull fighting dogs were seized during the raid, two of which died from injuries suffered during the championship fight. Officers also seized approximately $40,000 in cash, cocaine, marijuana, two firearms, and dog fighting paraphernalia. Many of the defendants pled guilty to felony charges of attending and participating in an animal fighting venture. During August and September 2011, two of the ringleaders received sentences ranging from 8 to 15 years' incarceration and fines totaling $7,849. The remaining participants await sentencing.

Major Animal Fighting Criminal Enterprise Disrupted in Virginia

An extensive investigation of illegal cockfighting in Virginia resulted in the successful Federal prosecution of numerous individuals. The investigation first focused on four individuals who owned, operated, or supported a sportsman's club that hosted illegal cockfights almost weekly in a building outfitted for cockfighting. Participants throughout the East Coast brought their fighting birds, paid entry fees, and illegally gambled on the outcomes of the fights. The then-sheriff of Page County accepted campaign contributions to protect the club from raids by law enforcement.

The Federal Bureau of Investigation (FBI) and the Internal Revenue Service-Criminal Investigation developed evidence of money laundering, failure to pay taxes, and corrupt practices by the then-sheriff. A game bird association that lobbied to make cockfighting a legal sport and its president were prosecuted for violating Federal campaign contribution laws by hiding the true source of contributions.

In August 2009, the owner of the sportsman's club was sentenced to 16 months in prison and forfeiture of $100,000; its manager was sentenced to 18 months in prison and a $1,000 fine; and two other individuals who supported the club were sentenced to 6 months in prison and home confinement and probation, along with $5,750 in fines. The game bird association forfeited approximately $13,000, and its president was fined $7,500. In October 2008, the sheriff was suspended from his duties after his indictment and arrest and then resigned in February 2009. In August 2009, the former sheriff pled guilty to a racketeering charge, misusing inmate labor for personal gain, and obstruction of justice by intimidating witnesses. In December 2009, the former sheriff of Page County was sentenced to 19 months in prison, after pleading guilty to charges of racketeering, misusing inmate labor for personal gain, and obstruction of justice by intimidating witnesses. He was also ordered to pay fines and restitution totaling about $5,000 and to forfeit $75,000.

Horse Protection Act Violations

On November 21, 2011, in Federal court for the Middle District of Tennessee, a horse trainer was sentenced to 24 months of probation after he pled guilty to violating the Horse Protection Act (HPA) by knowingly transporting a horse with legs and hooves that had been intentionally injured ("sored"). Our investigation found that, in July 2009, a horse trained by this individual was sent to a show with intentionally sored legs and with a device in its mouth meant to distract its attention from discomfort caused when inspectors examined its legs. Both measures are violations of HPA provisions that were enacted to protect Tennessee walking horses from being subjected to hidden, intentional physical injuries as a means to exaggerate their distinctive gait. We also learned that paperwork submitted for the show contained false information on the identity of the horse's trainer. The trainer was charged in October 2011 with one count of violating HPA. As a condition of the plea agreement, the trainer agreed to allow USDA representatives to make unannounced visits to his training facility throughout the period of his probation to check on the welfare of horses under his care.

Appendix I: Scope and Methodology

To identify the universe of audits for this report, we ran a query of all audit reports issued from October 1, 2003, (the start of FY 2004) through February 29, 2012 (the date we ran the query). We identified 558 audit reports issued. We reviewed executive summaries, scopes, objectives, and backgrounds of the audits to determine if they applied to farm bill programs. We excluded audits of contracting and procurement, those required by the Single Audit Act, audits of financial statements, audits on information technology, and those involving the Forest Service's National Forest System.[13] We identified 254 audits related to the 2002 or 2008 Farm Bills, which are listed in Appendix II by title.

We then reviewed the 254 audits to identify those whose results could be beneficial to decision makers for the next farm bill. We selected 40 audits for inclusion in this report. Using GAO's list of principles we reviewed these 40 reports, focusing on their findings and recommendations, to identify the applicable GAO principles for each audit report. We then summarized our reports and highlighted the relevant principles as they apply to farm bill titles. We note that this report is a compilation of previously issued audit reports that have been discussed with Departmental management. These audit reports are publicly available and, in preparing this report, we did not conduct any additional audit work. We obtained comments on a draft of this report from USDA officials, who provided technical comments that we incorporated as appropriate.

According to the Office of the Chief Financial Officer, 20 of the 40 audits included in this report have had corrective actions taken on all recommendations[14]. We did not evaluate the sufficiency of any corrective actions implemented as a result of our audit recommendations, and therefore have not made any statements regarding the results of corrective actions in this report.

The report summaries correspond to most, but not all, of the titles in the 2008 Farm Bill because since October 2003, USDA OIG has not produced a significant body of work related to a few titles. The 2008 Farm Bill titles without a significant body of USDA OIG work since 2003 include Title VIII (Forestry), Title XIII (Commodity Futures), and Title XV (Trade and Taxes).

We have also provided representative examples of our most relevant investigative cases since 2003, where appropriate. OIG had reportable investigative work for most, but not every, title of the farm bill.

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[13] The Forestry Title of the farm bill refers only to some State and private forestry programs administered by the Forest Service, and does not include those of the Forest Service National Forest System, which is funded and authorized separately from the other USDA programs.
[14] As of March 27, 2012.

Appendix II: List of Related USDA OIG Products

Title I, Commodity Programs

Calendar Year 2010 Executive Order 13520, Reducing Improper Payments, High Dollar Report Review. 50024-0001-FM. July 15, 2011.[15]

Fiscal Year 2010 Farm Service Agency Farm Assistance Program Payments. 03024-0001-11. June 21, 2011.

Agreed-Upon Procedures – Farm Service Agency Average Crop Revenue Election Program, Sheridan County, Montana. 03099-0199-KC. December 10, 2010.

Farm Service Agency's Reliance on the National Agricultural Statistics Service's Published Peanut Prices. 50601-0014-KC. March, 31, 2009.

Farm Service Agency: Payment Limitation Attestation Review in Wharton County, Texas. 03099-0182-Te. October 23, 2008.

Methodology for Establishing National/Regional Loan Rates for USDA's Pulse Crop Loan Program. 03601-0026-KC. September 25, 2008.

Farm Service Agency: Payment, Limitation Review in Louisiana. 03099-0181-Te. May 8, 2008.

Identification and Reporting of Improper Payments in FSA High Risk Programs. 03601-0016-Ch. March 27, 2008.

Improper Payments: Monitoring the Progress of Corrective Actions for High-Risk Programs in the Farm Service Agency. 03601-0014-Ch. May 18, 2007.

Farm Service Agency: Efforts to Identify and Recover Overpayments in the Direct and Counter-Cyclical Program. 03008-0001-At. December 12, 2006.

Farm Service Agency: Disposition of Nonfat Dry Milk. 03099-0197-KC. September 20, 2006.

Farm Service Agency: Nonrecourse Marketing Assistance Farm-Stored Loans. 03601-0047-Te. September 13, 2006.

Farm Service Agency: Direct and Counter-Cyclical Program. 03099-0196-KC. April 24, 2006

Farm Service Agency: Tracking Finality Rule and Equitable Relief Decisions. 03601-0044-Te. March 27, 2006.

[15] Other agencies and provisions are also included in this audit.

Farm Service Agency's Progress To Implement the Improper Payments Information Act of 2002. 03601-0013-Ch. March 6, 2006.

Farm Service Agency: Compliance Activities. 03601-0012-Ch. September 30, 2005.

Farm Service Agency: Compliance with the Improper Payments Act of 2002. 03601-0046-Te. March 21, 2005.

USDA Compliance with the Improper Payments Information Act of 2002. 50601-0008-Ch. January 11, 2005. [16]

Farm Service Agency: Milk Income Loss Contract (MILC) Program. 03601-0010-Ch. December 21, 2004.

Farm Service Agency: Farm Programs Audit in a Louisiana Parish. 03601-0042-Te. March 19, 2004.

Farm Service Agency: Review of the 2002 Farm Bill Commodity Loan and Payment Rates. 03601-0020-KC. December 22, 2003.

Title II, Conservation

Controls Over the Farm and Ranch Lands Protection Program in Michigan. 10099-0003-Ch. September 14, 2011.

Natural Resources Conservation Service: Farm and Ranch Lands Protection Program: Review of Non-Governmental Organizations. 10099-0006-SF. July 6, 2009.

Natural Resources Conservation Service: Conservation Security Program. 10601-0004-KC. June 25, 2009.

Farm Service Agency: Hurricane Relief Initiatives: Emergency Forestry Conservation Reserve Program. 03601-0024-KC. September 17, 2008

Natural Resources Conservation Service: Wetlands Reserve Program Wetlands Restoration and Compliance. 10099-0004-SF. August 25, 2008.

Natural Resources Conservation Service: Status Review Process. 50601-0013-KC. June 11, 2008.

Natural Resources Conservation Service and Farm Service Agency: Crop Bases on Lands with Conservation Easements in California. 50099-0011-SF. August 27, 2007.

[16] Other agencies and provisions are also included in this audit.

Evaluation Report: Saving the Chesapeake Bay Watershed Requires Better Coordination of Environmental and Agricultural Resources. 50601-0010-HQ. November 20, 2006.

Natural Resources Conservation Service: Farm and Ranch Lands Protection Program in Alabama. 10099-0005-SF. September 5, 2006.

Improper Payments – Monitoring the Progress of Corrective Actions for High Risk Programs in Natural Resources Conservation Service. 10601-0003-Ch. June 12, 2006.

Natural Resources Conservation Service: Wetlands Reserve Program Compensation for Easements Washington, D.C. 10099-0003-SF. August 8, 2005.

Natural Resources Conservation Service: Environmental Quality Incentives Program. 10099-0018-KC. February 28, 2005.

Natural Resources Conservation Service: USDA Compliance with the Improper Payments Information Act of 2002. 10601-0003-KC. January 10, 2005.

Title III, Trade

USDA's Role in the Export of Genetically Engineered Agricultural Commodities. 50601-0014-Te. February 20, 2009.[17]

Farm Service Agency: Inspection of Temporary Domestic Storage Sites for Foreign Food Assistance. 03099-0198-KC. August 22, 2008.

Export Credit Guarantee Program. 07601-0002-Hy. July 22, 2008.

Foreign Agricultural Service: Implementation of the Trade Title of the 2002 Farm Bill and the President's Management Agenda. 50601-0012-At. March 28, 2007.

Foreign Agricultural Service: Trade Promotion Operations. 07601-0001-Hy. February 22, 2007.

Foreign Agricultural Service: Private Voluntary Organization Grant Fund Accountability. 07016-0001-At. March 15, 2006.

Farm Service Agency: Analysis of Farm Service Agency/Commodity Credit Corporation Wheat Sales. 03801-0006-KC. September 30, 2004.

Title IV, Nutrition

Identifying Areas of Risk in the Child and Adult Care Food Program (CACFP) Using Automated Data Analysis Tools. 27099-0001-DA. January 31, 2012.

[17] Report also discuses information contained under Title VII – Research and Related Matters.

Analysis of Louisiana's Supplemental Nutrition Assistance Program (SNAP) Eligibility Data. 27002-0003-13. January 31, 2012.

Analysis of Alabama's Supplemental Nutrition Assistance Program (SNAP) Eligibility Data. 27002-0004-13. January 31, 2012.

Analysis of Mississippi's Supplemental Nutrition Assistance Program (SNAP) Eligibility Data. 27002-0005-13. January 31, 2012.

State Fraud Detection Efforts for the Supplemental Nutrition Assistance Program. 27703-0002-Hy. January 27, 2012.

Analysis of Florida's Supplemental Nutrition Assistance Program (SNAP) Eligibility Data. 27002-0002-13. November 29, 2011.

Analysis of Kansas' Supplemental Nutrition Assistance Program (SNAP) Eligibility Data. 27002-0001-13. November 23, 2011.

Analysis of Supplemental Nutrition Assistance Program (SNAP) Anti-Fraud Locator EBT Retailer Transactions (ALERT) Database. 27002-0001-DA. November 22, 2011.

Controls Over Outsourcing of Food and Nutrition Service's Supplemental Nutrition Assistance Program Electronic Benefits Transfer Call Centers. 27703-0001-Te. June 30, 2011.

Calendar Year 2010 Executive Order 13520, Reducing Improper Payments, Accountable Official Report Review. 50024-0002-FM. March 23, 2011.

Recovery Act Equipment and Facility Assistance – Food and Nutrition Service's Food Distribution Program on Indian Reservations Phase I. 27703-0002-HQ. September 30, 2010.

Oversight of the Recovery Act WIC Contingency Funds. 27703-0001-Ch. April 22, 2010.

Followup on the Agricultural Marketing Service's Purchases of Frozen Ground Beef. 01601-0002-Hy. April 12, 2010

Review of the Emergency Food Assistance Program. 27703-0001-At. March 31, 2010.

Summary of Nationwide Electronic Benefits Transfer Operations. 27099-0071-Hy. January 26, 2010.

Funds Provided by the American Recovery and Reinvestment Act for Management and Oversight of the Supplemental Nutrition Assistance Program. 27703-0001-Hy. December 16, 2009.

Supplemental Nutrition Assistance Program Benefits and the Thrifty Food Plan. 27703-0001-KC. December 3, 2009.

Follow-up on FNS Disaster Supplemental Nutrition Assistance Program for Hurricanes Katrina and Rita. 27601-0011-Te. June 2, 2009.

Monitoring of CACFP Sponsor, Collaborative Network, Toledo, Ohio. 27601-0037-Ch. February 26, 2009.

Food and Nutrition Service's Continued Monitoring of EBT Operations – State of California Department of Social Services. 27099-0035-SF. December 4, 2008.

Food Stamp Program Retailer Authorization and Store Visits. 27601-0015-At. September 26, 2008.

Food and Nutrition Service: Food Stamp Program: Administrative Costs New Jersey. 27002-0025-Hy. September 10, 2008.

Electronic Benefits Transfer System State of Colorado. 27099-0068-Hy. June 20, 2008.

Food and Nutrition Service: Summer Food Service Program Operated by the State of Georgia. 27099-0063-At. March 31, 2008.

Food Stamp Employment and Training Program. 27601-0016-At. March 31, 2008.

Food and Nutrition Service: JPMorgan EFS' Oversight of EBT Operations. 27099-0069-Hy. September 28, 2007.

Food and Nutrition Service: Disaster Food Stamp Program for Hurricanes Katrina and Rita – Louisiana, Mississippi, and Texas. 27099-0049-Te. September 4, 2007.

Food and Nutrition Service: Western Region Summer Food Service Program California and Nevada. 27099-0034-SF. August 17, 2007.

Special Supplemental Nutrition Program for Women, Infants, and Children, Puerto Rico. 27004-0004-At. May 24, 2007.

Meal Accountability at Choice Schools in Milwaukee, Wisconsin. 27004-0005-Ch. May 3, 2007.

Food and Nutrition Service: National Office Oversight of Electronic Benefits Transfer Operations. 27099-0066-Hy. September 28, 2006.

Food and Nutrition Service: Child Nutrition Labeling Program. 27601-0013-Hy. September 28, 2006.

Food and Nutrition Service: Disaster Food Stamp Program for Hurricanes Katrina, Rita, and Wilma – Alabama and Florida. 27099-0061-At. August 30, 2006.

Food and Nutrition Service: Food Stamp Program, ALERT Watch List. 27099-0032-SF. July 28, 2006.

Child and Adult Care Food Program: Supper Meals Served in Schools. 27601-0035-Ch. July 14, 2006.

WIC Administrative Costs in Georgia. 27002-0002-At. March 31, 2006.

USDA's Progress to Implement the Improper Payments Information Act of 2002. 50601-0010-Ch. February 13, 2006. [18]

Food and Nutrition Service: Special Wages Incentive Program in Puerto Rico. 27099-0060-At. December 23, 2005.

Food and Nutrition Service: National School Lunch Program: Cost-Reimbursable Contracts with a Food Service Management Company. 27601-0015-KC. December 9, 2005.

Audit of the Avella, PA School District's Use of National School Lunch Program Funds. 27010-0034-Hy. December 1, 2005.

Food and Nutrition Service: Special Supplemental Nutrition Program For Women, Infants, and Children: Administrative Costs – Oregon. 27099-0033-SF. November 16, 2005.

Agricultural Marketing Service Management Controls to Ensure Compliance with Purchase Specification Requirements for Ground Beef. 01099-0031-Hy. September 7, 2005.

Monitoring of CACFP Providers in Minnesota. 27010-0018-Ch. October 28, 2005

Controls Over the Minnesota Department of Education's Use of Federal Funds. 27010-0019-Ch. June 22, 2005.

Agricultural Marketing Service: Contract and Competitive Bidding Practices. 01601-0001-KC. January 31, 2005.

Food and Nutrition Service: Controls Over USDA-Donated Commodities. 27601-0033-Ch. September 30, 2004.

Food and Nutrition Service: National School Lunch Program: Unified School District 480, Liberal, Kansas. 27010-0022-KC. September 30, 2004.

Chicago SFA's Accountability and Oversight of the NSLP, SBP, and CACFP Supper. 27010-0017-Ch. September 30, 2004.

[18] Report also discusses information contained under Title I – Commodity Programs.

Food and Nutrition Service: Compliance with Improper Payments Reporting Requirements. 27601-0032-Ch. September 28, 2004.

Food and Nutrition Service: Summer Food Service Program, State of Nevada. 27099-0031-SF. August 24, 2004.

Controls Over USDA Donated Commodities, For the Year Ended June 30, 2004. 27601-0011-SF. August 6, 2004.

Food and Nutrition Service: Vendor Sanction Policies. 27002-0001-At. July 15, 2004.

Food and Nutrition Service: National School Lunch and Breakfast Programs Attendance and Meal Count Analysis: Philadelphia School Food Authority: Philadelphia, Pennsylvania. 27010-0031-Hy. June 25, 2004.

Summary of Audit Results, Continued Monitoring of EBT System Development – State of New Jersey. 27099-0065-Hy. May 21, 2004.

Food and Nutrition Service: National School Lunch Program: Kearney R-I School District: Kearney, Missouri. 27010-0020-KC. May 11, 2004.

Food and Nutrition Service: National School Lunch Program: Platte County R-III District: Platte City, Missouri. 27010-0021-KC. April 15, 2004.

Food and Nutrition Service: National School Lunch Program: Unified School District 497: Lawrence, KS. 27010-0014-KC. March 26, 2004.

Accountability and Oversight of the National School Lunch Program – San Lorenzo Unified School District For the Year Ended June 30, 2003. 27099-0024-SF. March 26, 2004.

Food and Nutrition Service: National School Lunch Program: Unified School District 257: Iola, Kansas. 27010-0015-KC. March 26, 2004.

Food and Nutrition Service: National School Lunch Program: Unified School District 341: Oskaloosa, Kansas. 27010-0017-KC. March 26, 2004.

Food and Nutrition Service: Continued Monitoring of EBT System Development: State of New Mexico. 27099-0018-Te. March 18, 2004.

Food and Nutrition Service: Special Supplemental Nutrition Program for Women, Infants, and Children: State of New York. 27099-0062-Hy. March 8, 2004.

Food Stamp Employment and Training Program – California. 27099-0023-SF. February 19, 2004.

Food and Nutrition Service: National School Lunch Program: Unified School District 453: Leavenworth, Kansas. 27010-0016-KC. February 18, 2004.

Food and Nutrition Service: National School Lunch Program: Odessa R-VII School District: Odessa, Missouri. 27010-0019-KC. February 18, 2004.

Food and Nutrition Service: Accountability and Oversight of the National School Lunch Program in Texas. 27010-0005-Te. January 23, 2004.

Bellwood SFA's Administration of the National School Lunch Program. 27010-0016-Ch. December 3, 2003.

Food and Nutrition Service: Accountability and Oversight of the National School Lunch Program: Star Programs, Inc., Ingram, TX. 27010-0009-Te. October 9, 2003.

Title V, Credit

American Recovery and Reinvestment Act – Direct Farm Operating Loans (Phase 2). 03703-0002-Te. January 13, 2011.

FSA Farm Loan Security. 03601-0018-Ch. August 10, 2010.

American Recovery and Reinvestment Act – Direct Farm Operating Loans (Phase 1). 03703-0001-Te. February 25, 2010.

Farm Service Agency: Controls Over Emergency Loans Reductions for Duplicate Benefits. 03601-0013-SF. December 15, 2009.

Controls Over Guaranteed Farm Loan Interest Rates and Interest Assistance. 03601-0017-Ch. September 29, 2008.

Farm Service Agency: Debt Forgiveness Restrictions on Borrower Eligibility for Farm Loan Programs. 03016-0002-Te. March 31, 2006.

Minority Participation in Farm Service Agency's Programs. 03601-0011-At. November 17, 2005.[19]

Title VI, Rural Development

Rural Development: American Recovery and Reinvestment Act – Business and Industry Guaranteed Loans - Phase 2. 34703-0002-Te. February 13, 2012.

Controls Over Eligibility Determinations for SFH Guaranteed Loan Recovery Act Funds (Phase 2). 04703-0002-Ch. September 30, 2011.

[19] Report also discusses information contained under Title XIV – Miscellaneous.

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Controls Over Rural Housing Service Disaster Assistance Payments. 04601-0019-Ch. February 7, 2011.

Rural Business-Cooperative Service: Review of Lender with Business and Industry Guaranteed Loans. 34099-0008-Te. December 27, 2010.

Rural Utilities Service Controls Over Water and Waste Disposal Loans and Grants. 09601-0001-At. September 30, 2010.

Rural Business-Cooperative Service: Review of Lender with Business and Industry Guaranteed Loan in Louisiana. 34099-0011-Te. September 29, 2010.

Single-Family Housing Direct Loans Recovery Act Controls – Phase II. 04703-0002-KC. September 24, 2010.

Rural Utilities Service: Rural or Native Alaskan Village Grants. 09099-0002-SF. September 9, 2010.

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Rural Business-Cooperative Service: Review of Lender with Business and Industry Guaranteed Loan in Maryland. 34099-0009-Te. June 24, 2010.

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Review of Lender with Business and Industry Guaranteed Loan in Louisiana. 34099-0012-Te. December 29, 2009.

Single-Family Housing Direct Loans Recovery Act Controls – Phase I. 04703-0001-KC. November 5, 2009.

Controls Over Eligibility Determinations for Single Family Housing Guaranteed Loan Recovery Act Funds. 04703-0001-Ch. September 30, 2009.

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Controls Over Lender Activities in the SFH Guaranteed Loan Program. 04601-0017-Ch. July 2, 2009.

Request Audit of Oklahoma Rural Rental Housing Management Company. 04099-0211-Te. April 28, 2009.

Rural Utilities Service: Broadband Loan and Loan Guarantee Program. 09601-0008-Te. March 31, 2009.

Rural Utilities Service: Texas Community Connect Grantee Close-out Audit. 09601-0006-Te. July 3, 2008.

Rural Utilities Service: Implementation of Loan and Grant Programs That Promote Renewable Energy. 09601-0007-Te. March 21, 2008.

Rural Housing Service: Guaranteed Rural Rental Housing Program - Bond Financing. 04099-0106-SF. March 18, 2008.

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Rural Development: Lender's Origination and Servicing of a Guaranteed Rural Rental Housing Loan - State of Mississippi. 04601-0009-SF. September 28, 2007.

Rural Housing Service: Controls Over Single Family Housing Grants and Loans. 04601-0016-Ch. September 25, 2007.

Controls Over Single Family Housing Funds Provided For Hurricane Relief Efforts. 04601-0015-Ch. March 30, 2007.

Improper Payments: Monitoring the Progress of Corrective Actions for High-Risk Programs in Rural Housing Service. 04601-0014-Ch. March 20, 2007.

Rural Business-Cooperative Service: Business and Industry Direct Loan: Lehigh Coal and Navigation Company. 34004-0008-Hy. January 31, 2007.

Guaranteed Rural Housing Loan Program Followup. 04601-0003-At. September 29, 2006.

Controls Over Multi-Family Housing Funds Provided for Hurricane Relief Efforts. 04601-0013-Ch. September 28, 2006.

Rural Housing Service: Single-Family Housing Program: Borrower Income Verification Procedures. 04099-0341-At. August 14, 2006.

Rural Business-Cooperative Service: Value-Added Agricultural Product Market Development Grant Program. 34601-0004-KC. July 28, 2006.

Community Facilities Program. 04601-0004-At. June 22, 2006.

Rural Rental Housing Loan Prepayment and Restrictive Use Agreements. 04601-0012-Ch. April 14, 2006.

Rural Utilities Service's Progress To Implement the Improper Payments Information Act of 2002. 09601-0001-Ch. March 7, 2006

Rural Housing Service's Progress To Implement the Improper Payments Information Act of 2002. 04601-0011-Ch. February 24, 2006.

Rural Business-Cooperative Service's Progress to Implement the Improper Payment Information Act of 2002. 34601-0004-Ch. February 8, 2006.

Rural Utilities Service: Broadband Grant and Loan Programs. 09601-0004-Te. September 30, 2005.

Rural Business-Cooperative Service: Request Audit of Business and Industry Loan in Arkansas. 34099-0007-Te. September 29, 2005.

Single-Family Housing Program in South Carolina. 04099-0340-At. August 31, 2005.

Rural Development: Water Grants to the City of Frostburg, Maryland. 09099-0003-Hy. June 14, 2005.

Rural Housing Service: Subsidy Payment Accuracy In Multi-Family Housing Program. 04099-0339-At. March 23, 2005.

Rural Development: Compliance with the Improper Payments Information Act of 2002. 04601-0010-Ch. January 27, 2005.

Rural Business-Cooperative Service: Television Demonstration Grant Program. 34099-0001-Hy. September 30, 2004.

Rural Housing Service: Rural Rental Housing Project Management. 04016-0001-Ch. September 30, 2004.

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Rural Business-Cooperative Service: Value-Added Agricultural Product Market Development Grant Program. 34601-0003-KC. April 23, 2004.

Rural Development's Escrow Process for Single Family Housing Borrowers. 04601-0008-Ch. February 2, 2004.

Rural Development: Audit of the Housing Authority of the City of Moultrie, Georgia. 04010-0001-At. January 9, 2004.

Title VII, Research and Related Matters

USDA's Response to Colony Collapse Disorder. 50099-0084-Hy. January 20, 2012.

Controls over Genetically Engineered Animal and Insect Research. 50601-0016-Te. May 31, 2011.
Cooperative State Research, Education, and Extension Service – 1994 Land-Grant Institutions. 13011-0003-At. August 17, 2007.

Cooperative State Research, Education, and Extension Service's Progress to Implement the Improper Payments Information Act of 2002. 13601-0001-Ch. February 8, 2006.

Animal and Plant Health Inspection Service: Controls Over Issuance of Genetically Engineered Organism Release Permits. 50601-0008-Te. December 8, 2005.[20]

Cooperative State Research, Education, and Extension Service Compliance with the Improper Payments Information Act of 2002. 13601-0002-At. January 7, 2005.

Title VIII, Forestry

Forest Service: Forest Legacy Program. 08601-0056-SF. April 20, 2011.

Title IX, Energy

Implementation of Renewable Energy Programs in USDA. 50601-0013-Ch. August 14, 2008.

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[20] Report also discusses information contained under Title X – Horticulture and Organic Agriculture.
[21] Report also discusses information contained under Title VI-Rural Development.

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Commodity Credit Corporation: Bioenergy Program. 03601-0025-KC. January 18, 2008.

Title X, Horticulture and Organic Agriculture

Agricultural Marketing Service: National Organic Program – Organic Milk. 01601-0001-Te. February 27, 2012.

Oversight of the National Organic Program. 01601-0003-Hy. March 9, 2010.

United States Department of Agriculture: Controls over Importation of Transgenic Plants and Animals. 50601-0017-Te. December 12, 2008.[23]

Agricultural Marketing Service's National Organic Program. 01001-0002-Hy. July 14, 2005.

Pesticide Data and Recordkeeping Programs. 01099-0028-At. May 2, 2005.

Controls Over Plant Variety Protection and Germplasm Storage. 50601-0006-Te. March 4, 2004.

Title XI, Livestock

Implementation of Country of Origin Labeling. 01601-0004-Hy. August 18, 2011.

Animal and Plant Health Inspection Service: Administration of the Horse Protection Program and the Slaughter Horse Transport Program. 33601-0002-KC. September 30, 2010.

Assessment of the U.S. Department of Agriculture's Disaster Response Capabilities. 42099-0004-HQ. August 30, 2010.

USDA's Controls Over Animal Import Centers. 33601-0011-Ch. August 13, 2010.

Food Safety and Inspection Service: Oversight of the Recall by Hallmark/Westland Meat Packaging Company. 24601-0010-Hy. September 30, 2009.

Animal and Plant Health Inspection Service: Controls Over Pilot Qualification and Suitability. 33099-0008-KC. September 30, 2009.

Assessment of USDA's Controls to Ensure Compliance with Beef Export Requirements. 50601-0006-Hy. July 15, 2009.

[22] Report also discusses information contained under Title VII-Research and Related Matters.
[23] Report also discusses information contained under Title XI-Livestock.

Followup Audit of the Management and Oversight of the Packers and Stockyards Program. 30016-0002-Hy. June 29, 2009

Evaluation of FSIS Management Controls Over Pre-Slaughter Activities. 24601-0007-KC. November 28, 2008.

Food Safety and Inspection Service: Recall Procedures for Adulterated or Contaminated Product. 24601-0009-Hy. August 7, 2008.

USDA's Controls Over the Importation and Movement of Live Animals. 50601-0012-Ch. March 31, 2008.

USDA's Implementation of the National Strategy for Pandemic Influenza. 33701-0001-Hy. January 15, 2008.

Issues Impacting Development of Risk-Based Inspection at Meat and Poultry Processing Establishments. 24601-0007-Hy. December 4, 2007.

Food Safety and Inspection Service: State Meat and Poultry Inspection Programs. 24005-0001-At. September, 19, 2006.

Animal and Plant Health Inspection Service: Oversight of Avian Influenza. 33099-0011-Hy. June 12, 2006.

Assessment of USDA's Controls for The Beef Export Verification Program for Japan. 50601-0011-HQ. February 16, 2006.

Grain Inspection, Packers and Stockyards Administration's Management and Oversight of the Packers and Stockyards Programs. 30601-0001-Hy. January 10, 2006.

Food Safety and Inspection Service: Oversight of the 2004 Recall by Quaker Maid Meats, Inc. 24601-0004-Hy. May 18, 2005.

Animal and Plant Health Inspection Service: National Cooperative State/Federal Bovine Tuberculosis Eradication Program. 33099-0005-Ch. April 20, 2005.

Animal and Plant Health Inspection Service: Oversight of the Importation of Beef Products from Canada. 33601-0001-Hy. February 14, 2005.

Animal and Plant Health Inspection Service: Exotic Newcastle Disease Eradication Project: Cooperative/Reimbursable Agreements. 33099-0010-SF. January 20, 2005.

Animal and Plant Health Inspection Service: Wildlife Services, Aircraft Acquisition. 33099-0001-KC. September 30, 2004.

Animal and Plant Health Inspection Service and Food Safety and Inspection Service: Bovine Spongiform Encephalopathy (BSE) Surveillance Program - Phase I. 50601-0009-KC. August 18, 2004.

Animal and Plant Health Inspection Service: Wildlife Services' Controls Over Hazardous Materials Inventory. 33001-0005-Hy. July 21, 2004.

Food Safety and Inspection Service: Effectiveness Checks for the 2002 Pilgrim's Pride Recall. 24601-0003-Hy. June 29, 2004.

Food Safety Inspection Service: Oversight of the Listeria Outbreak in the Northeast United States. 24601-0002-Hy. June 9, 2004.

Title XII, Crop Insurance and Disaster Assistance Programs

Citrus Crop Indemnity Payments from Hurricane Wilma in Florida. 05099-0029-At. September 7, 2011.

USDA Payments for 2005 Citrus Canker Tree Losses. 50099-0046-At. March 23, 2011.

Risk Management Agency: Activities to Renegotiate the Standard Reinsurance Agreement. 05601-0005-KC. August 27, 2010.

Risk Management Agency: Pasture, Rangeland, and Forage Pilot Program. 50601-0018-Te. August 27, 2010.

Risk Management Agency: Group Risk Crop Insurance. 05601-0014-Te. March 30, 2010.

Risk Management Agency: Compliance Activities. 05601-0011-At. September 16, 2009.

Risk Management Agency: 2005 Emergency Hurricane Relief Efforts. 05099-0028-At. March 4, 2009.

Use of National Agricultural Statistics Service County Average Yields for the Group Risk Protection Plans of Insurance. 05601-0004-KC. March 4, 2009.

Risk Management Agency: Crop Loss and Quality Adjustments for Aflatoxin Infected Corn. 05601-0015-Te. September 30, 2008.

Risk Management Agency's Improved Financial Management Controls Over Reinsured Companies. 05099-0111-KC. October 23, 2007.

Risk Management Agency: Asian Soybean Rust. 05099-0113-KC. June 26, 2007.

Risk Management Agency and Farm Service Agency: Zero Acreage Reporting Compliance. 50099-0051-KC. March 28, 2007.

Risk Management Agency: Citrus Indemnity Determinations Made for 2004 Hurricane Damages in Florida. 05099-0027-At. March 26, 2007.

Risk Management Agency: Adjusted Gross Revenue Program. 05601-0004-SF. January 23, 2007.

Risk Management Agency: New Crop Products Submitted by Private Companies. 05601-0013-Te. February 13, 2006.

Risk Management Agency: Prevented Planting Payments For Cotton Due to Failure of the Irrigation Water Supply in California and Arizona: Crop Year 2003. 05099-0011-SF. November 9, 2005.

Risk Management Agency: Survey of Pilot Programs. 05601-0012-Te. May 24, 2005.

Cotton Crop Insurance: Premium Rates. 05601-0007-At. February 10, 2005.

Risk Management Agency: Renegotiation of the Standard Reinsurance Agreement. 05099-0109-KC. January 27, 2005.

Farm Service Agency: Apple Market Loss Assistance Payment Program. 03601-0012-SF. June 4, 2004.[24]

Risk Management Agency: Added Land Policy. 05099-0025-At. May 21, 2004.

Risk Management Agency: Established Maximum Price Elections for Agricultural Crops for 2001 and 2002 Crop Years. 05099-0017-KC. March 31, 2004.

Risk Management Agency: Review of Written Agreements. 05601-0011-Te. December 30, 2003.

Title XIII, Commodity Futures

No USDA OIG reports issued between October 1, 2003 & February 29, 2012 related to this title.

Title XIV, Miscellaneous

Food Emergency Response Network. 24601-0006-At. March 22, 2011.

Controls Over APHIS Licensing of Animal Exhibitors. 33601-0010-Ch. June 29, 2010.

Animal and Plant Health Inspection Service: Animal Care Program, Inspections of Problematic Dealers. 33002-0004-SF. May 14, 2010.

[24] Was in 2002 Farm Bill Title X – Miscellaneous, under Disaster Assistance. This would correspond to Title XII in the 2008 Farm Bill.

Farm Service Agency: Socially Disadvantaged Borrower Foreclosures – Farm Program Loans. 03601-0049-Te. June 8, 2009.

Controls Over Permits to Import Agricultural Products. 33601-0009-Ch. October 26, 2007.

USDA Homeland Security Initiatives and Directives. 50701-0002-KC. March 12, 2007.

Review of Customs and Border Protection's Agriculture Inspection Activities. 33601-0007-Ch. February 21, 2007.

Animal and Plant Health Inspection Service: Evaluation of the Implementation of the Select Agent or Toxin Regulations, Phase II. 33601-0003-At. January 17, 2006.

APHIS Animal Care Program Inspection and Enforcement Activities. 33002-0003-SF. September 30, 2005.

Animal and Plant Health Inspection Service: Evaluation of the Implementation of the Select Agent or Toxin Regulations, Phase I. 33601-0002-At. June 23, 2005.

Review of Export Licensing Process for Animal and Plant Health Inspection Service Listed Agents and Toxins. 33601-0004-At. March 31, 2005.

Animal and Plant Health Inspection Service: Transition and Coordination of Border Inspection Activities Between USDA and DHS. 33601-0005-Ch. March 31, 2005.

Biosecurity Grant Funding, Controls Over Biosecurity Grant Funds Usage. 50099-0017-KC. February 17, 2005.

Security over Animal and Plant Health Inspection Service's Owned and Leased Aircraft. 33601-0001-At. September 14, 2004.

Controls Over Chemical and Radioactive Materials at U.S. Department of Agriculture Facilities. 50601-0009-At. March 24, 2004.

Followup Report on the Security of Biological Agents at U.S. Department of Agriculture Laboratories. 50601-0010-At. March 8, 2004.

Homeland Security Issues for USDA Commodity Inventories. 50099-0013-KC. February 23, 2004.[25]

Title XV, Trade and Tax Provisions

Farm Service Agency: Hurricane Relief Initiatives: Livestock Indemnity and Feed Indemnity Programs. 03601-0023-KC. February 2, 2009.[26]

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[25] Report also discusses information contained under Title I-Commodity Programs.

Appendix III: List of Related GAO Products

Reports covering material related to multiple farm bill titles are listed under each relevant title.

Title I, Commodity Programs

Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue. GAO-12-453SP. Washington, D.C.: February 28, 2012.

U.S. Department of Agriculture: More Effective Management and Performance Can Help Implementation of the Farm Bill. GAO-11-779T. Washington, D.C.: June 23, 2011.

Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue. GAO-11-318SP. Washington, D.C.: March 1, 2011.

Federal Farm Programs: USDA Needs to Strengthen Controls to Prevent Payments to Individuals Who Exceed Income Eligibility Limits. GAO-09-67. Washington, D.C.: October 24, 2008.

Information Technology: Agriculture Needs to Strengthen Management Practices for Stabilizing and Modernizing Its Farm Program Delivery Systems. GAO-08-657. Washington, D.C.: May 16, 2008.

Beginning Farmers: Additional Steps Needed to Demonstrate the Effectiveness of USDA Assistance. GAO-07-1130. Washington, D.C.: September 18, 2007.

Federal Farm Programs: USDA Needs to Strengthen Controls to Prevent Improper Payments to Estates and Deceased Individuals. GAO-07-818. Washington, D.C.: July 9, 2007.

Suggested Areas for Oversight for the 110th Congress. GAO-07-235R. Washington, D.C.: November 17, 2006.

Tobacco Settlement: States' Allocations of Fiscal Year 2005 and Expected Fiscal Year 2006 Payments. GAO-06-502. Washington, D.C.: April 11, 2006.

Tobacco Settlement: States' Allocations of Fiscal Year 2004 and Expected Fiscal Year 2005 Payments. GAO-05-312. Washington, D.C.: March 21, 2005.

Dairy Industry: Information on Milk Prices, Factors Affecting Prices, and Dairy Policy

[26] Report also discusses information contained under Title XII-Crop Insurance and Disaster Assistance Programs.

Options. GAO-05-50. Washington, D.C.: December 29, 2004.

Farm Program Payments: USDA Needs to Strengthen Regulations and Oversight to Better Ensure Recipients Do Not Circumvent Payment Limitations. GAO-04-407. Washington, D.C.: April 30, 2004.

Tobacco Settlement: States' Allocations of Fiscal Year 2003 and Expected Fiscal Year 2004 Payments. GAO-04-518. Washington, D.C.: March 19, 2004.

Tobacco Settlement: States' Allocations of Fiscal Years 2002 and 2003 Master Settlement Agreement Payments. GAO-03-407. Washington, D.C.: February 28, 2003.

Title II, Conservation

Chesapeake Bay: Restoration Effort Needs Common Federal and State Goals and Assessment Approach. GAO-11-802. Washington, D.C.: September 15, 2011.

Recent Actions by the Chesapeake Bay Program Are Positive Steps Toward More Effectively Guiding the Restoration Effort, But Additional Steps Are Needed. GAO-08-1131R. Washington, D.C.: August 28, 2008.

Beginning Farmers: Additional Steps Needed to Demonstrate the Effectiveness of USDA Assistance. GAO-07-1130. Washington, D.C.: September 18, 2007.

US Fish and Wildlife Service: Additional Flexibility Needed to Deal with Farmlands Received from the Department of Agriculture. GAO-07-1092. Washington, D.C.: September 18, 2007.

Agricultural Conservation: Farm Program Payments Are an Important Factor in Landowners' Decisions to Convert Grassland to Cropland. GAO-07-1054. Washington, D.C.: September 10, 2007.

Agricultural Conservation: USDA Should Improve Its Management of Key Conservation Programs to Ensure Payments Promote Environmental Goals. GAO-07-370T. Washington, D.C.: January 17, 2007.

Suggested Areas for Oversight for the 110th Congress. GAO-07-235R. Washington, D.C.: November 17, 2006.

USDA Conservation Programs: Stakeholder Views on Participation and Coordination to Benefit Threatened and Endangered Species and Their Habitats. GAO-07-35. Washington, D.C.: November 15, 2006.

Agricultural Conservation: USDA Should Improve Its Process for Allocating Funds to States for the Environmental Quality Incentives Program. GAO-06-969. Washington, D.C.: September 22, 2006.

Conservation Security Program: Despite Cost Controls, Improved USDA Management Is Needed to Ensure Proper Payments and Reduce Duplication with Other Programs. GAO-06-312. Washington, D.C.: April 28, 2006.

Chesapeake Bay Program: Improved Strategies Are Needed to Better Assess, Report, and Manage Restoration Progress. GAO-06-96. Washington, D.C.: October 28, 2005.

Environmental Information: Status of Federal Data Programs That Support Ecological Indicators. GAO-05-376. Washington, D.C.: September 2, 2005.

Freshwater Programs: Federal Agencies' Funding in the United States and Abroad. GAO-05-253. Washington, D.C.: March 11, 2005.

Agricultural Conservation: USDA Should Improve Its Methods for Estimating Technical Assistance Costs. GAO-05-58. Washington, D.C.: November 30, 2004.

Agricultural Conservation: USDA Needs to Better Ensure Protection of Highly Erodible Cropland and Wetlands. GAO-03-418. Washington, D.C.: April 21, 2003.

Title III, Trade

International Food Assistance: Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts. GAO-11-636. Washington, D.C.: June 23, 2011.

International School Feeding: USDA's Oversight of the McGovern-Dole Food for Education Program Needs Improvement. GAO-11-544. Washington, D.C.: May 19, 2011.

International Food Assistance: Better Nutrition and Quality Control Can Further Improve U.S. Food Aid. GAO-11-491. Washington, D.C.: May 12, 2011.

International Trade: Exporters' Use of the Earned Import Allowance Program for Haiti is Negligible because They Favor Other Trade Provisions. GAO-10-654. Washington, D.C.: June 16, 2010.

Global Food Security: U.S. Agencies Progressing on Governmentwide Strategy, but Approach Faces Several Vulnerabilities. GAO-10-352. Washington, D.C.: March 11, 2010.

Softwood Lumber Act of 2008: Customs and Border Protection Established Required Procedures, but Agencies Report Little Benefit from New Requirements. GAO-10-220. Washington, D.C.: December 18, 2009.

International Food Assistance: Key Issues for Congressional Oversight. GAO-09-977SP. Washington, D.C.: September 30, 2009.

International Food Assistance: USAID Is Taking Actions to Improve Monitoring and

Evaluation of Nonemergency Food Aid, but Weaknesses in Planning Could Impede Efforts. GAO-09-980. Washington, D.C.: September 28, 2009.

U.S. and Canadian Governments Have Established Mechanisms to Monitor Compliance with the 2006 Softwood Lumber Agreement but Face Operational Challenges. GAO-09-764R. Washington, D.C.: June 18, 2009.

International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation. GAO-09-570. Washington, D.C.: May 29, 2009.

International Food Security: Insufficient Efforts by Host Governments and Donors Threaten Progress to Halve Hunger in Sub-Saharan Africa by 2015. GAO-08-680. Washington, D.C.: May 29, 2008.

Foreign Assistance: Various Challenges Impede the Efficiency and Effectiveness of U.S. Food Aid. GAO-07-560. Washington, D.C.: April 13, 2007.

Title IV, Nutrition

Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue. GAO-12-453SP. Washington, D.C.: February 28, 2012.

U.S. Department of Agriculture: More Effective Management and Performance Can Help Implementation of the Farm Bill. GAO-11-779T. Washington, D.C.: June 23, 2011.

School Meal Programs: More Systematic Development of Specifications Could Improve the Safety of Foods Purchased through USDA's Commodity Program. GAO-11-376. Washington, D.C.: May 3, 2011.

Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue. GAO-11-318SP. Washington, D.C.: March 1, 2011.

Supplemental Nutrition Assistance Program: Payment Errors and Trafficking Have Declined, but Challenges Remain. GAO-10-956T. Washington, D.C.: July 28, 2010.

Domestic Food Assistance: Complex System Benefits Millions, but Additional Efforts Could Address Potential Inefficiency and Overlap among Smaller Programs. GAO-10-346. Washington, D.C.: April 15, 2010.

School Meal Programs: Improved Reviews, Federal Guidance, and Data Collection Needed to Address Counting and Claiming Errors. GAO-09-814. Washington, D.C.: September 9, 2009.

School Meal Programs: Changes to Federal Agencies' Procedures Could Reduce Risk of School Children Consuming Recalled Food. GAO-09-649. Washington, D.C.: August 20, 2009.

School Meal Programs: Experiences of the States and Districts that Eliminated Reduced-price Fees. GAO-09-584. Washington, D.C.: July 17, 2009.

Sponsored Noncitizens and Public Benefits: More Clarity in Federal Guidance and Better Access to Federal Information Could Improve Implementation of Income Eligibility Rules. GAO-09-375. Washington, D.C.: May 19, 2009.

Meal Counting and Claiming by Food Service Management Companies in the School Meal Programs. GAO-09-156R. Washington, D.C.: January 30, 2009.

Food Stamp Program: Options for Delivering Financial Incentives to Participants for Purchasing Targeted Foods. GAO-08-415. Washington, D.C.: July 30, 2008.

Food Stamp Program: Use of Alternative Methods to Apply for and Maintain Benefits Could Be Enhanced by Additional Evaluation and Information on Promising Practices. GAO-07-573. Washington, D.C.: May 3, 2007.

Food Stamp Program: FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility. GAO-07-465. Washington, D.C.: March 28, 2007.

Food Stamp Trafficking: FNS Could Enhance Program Integrity by Better Targeting Stores Likely to Traffic and Increasing Penalties. GAO-07-53. Washington, D.C.: October 13, 2006.

WIC Program: More Detailed Price and Quantity Data Could Enhance Agriculture's Assessment of WIC Program Expenditures. GAO-06-664. Washington, D.C.: July 28, 2006.

Food Assistance: FNS Could Take Additional Steps to Contain WIC Infant Formula Costs. GAO-06-380. Washington, D.C.: March 28, 2006.

Breastfeeding: Some Strategies Used to Market Infant Formula May Discourage Breastfeeding; State Contracts Should Better Protect Against Misuse of WIC Name. GAO-06-282. Washington, D.C.: February 8, 2006.

School Meal Programs: Competitive Foods Are Widely Available and Generate Substantial Revenues for Schools. GAO-05-563. Washington, D.C.: August 8, 2005.

Food Stamp Program: States Have Made Progress Reducing Payment Errors, and Further Challenges Remain. GAO-05-245. Washington, D.C.: May 5, 2005.

Food Stamp Program: Farm Bill Options Ease Administrative Burden, but Opportunities Exist to Streamline Participant Reporting Rules among Programs. GAO-04-916. Washington, D.C.: September 16, 2004.

Nutrition Education: USDA Provides Services through Multiple Programs, but Stronger

Linkages among Efforts Are Needed. GAO-04-528. Washington, D.C.: April 27, 2004.

School Meal Programs: Competitive Foods Are Available in Many Schools; Actions Taken to Restrict Them Differ by State and Locality. GAO-04-673. Washington, D.C.: April 23, 2004.

Food Stamp Program: Steps Have Been Taken to Increase Participation of Working Families, but Better Tracking of Efforts Is Needed. GAO-04-346. Washington, D.C.: March 5, 2004.

Opportunities for Oversight and Improved Use of Taxpayer Funds; Examples from Selected GAO Work. GAO-03-1006. Washington, D.C.: August 1, 2003.

School Meal Programs: Few Instances of Foodborne Outbreaks Reported, but Opportunities Exist to Enhance Outbreak Data and Food Safety Practices. GAO-03-530. Washington, D.C.: May 9, 2003.

School Meal Programs: Revenue and Expense Information from Selected States. GAO-03-569. Washington, D.C.: May 9, 2003.

School Lunch Program: Efforts Needed to Improve Nutrition and Encourage Healthy Eating. GAO-03-506. Washington, D.C.: May 9, 2003.

Food Stamp Employment and Training Program: Better Data Needed to Understand Who Is Served and What the Program Achieves. GAO-03-388. Washington, D.C.: March 12, 2003.

Food Assistance: Potential to Serve More WIC Infants by Reducing Formula Cost. GAO-03-331. Washington, D.C.: February 12, 2003.

Title V, Credit

Beginning Farmers: Additional Steps Needed to Demonstrate the Effectiveness of USDA Assistance. GAO-07-1130. Washington, D.C.: September 18, 2007.

Farm Loan Programs: GAO Reports on USDA Lending Practices. GAO-06-912R. Washington, D.C.: June 28, 2006.

Title VI, Rural Development

2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue. GAO-12-342SP. Washington, D.C.: February 28, 2012.

Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue. GAO-12-453SP. Washington, D.C.: February 28, 2012.

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Title XV, Trade and Tax Provisions

No GAO reports meeting our selection criteria were issued between 2003 and March 2012 related to this title.

Abbreviations

Abbreviation	Full Name
AIP	approved insurance provider
ALERT	Anti-Fraud Locator Using EBT Retailer Transactions
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
AWA	Animal Welfare Act
B&I	Business and Industry
BCAP	Biomass Crop Assistance Program
CACFP	Child and Adult Care Food Program
CBO	Congressional Budget Office
CBP	Customs and Border Protection
CCD	Colony Collapse Disorder
CONACT	Consolidated Farm and Rural Development Act
COOL	country of origin labeling
DHS	Department of Homeland Security
EBT	electronic benefits transfer
EQIP	Environmental Quality Incentives Program
FAS	Foreign Agricultural Service
FBI	Federal Bureau of Investigation
FCIP	Federal Crop Insurance Program
FMIA	Federal Meat Inspection Act
FMV	fair market value
FNS	Food and Nutrition Service
FRPP	Farm and Ranch Lands Protection Program
FS	Forest Service
FSP	Food Stamp Program
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service

FY	fiscal year
GAO	Government Accountability Office
GE	genetically engineered
GPRA	Government Performance and Results Act
HPA	Horse Protection Act
IT	information technology
MILC	Milk Income Loss Contract Program
NASS	National Agricultural Statistics Service
NIFA	National Institute of Food and Agriculture
NRCS	Natural Resources Conservation Service
NSLP	National School Lunch Program
OGC	Office of the General Counsel
OIG	Office of Inspector General
POS	point of sale
PVO	private voluntary organization
RBS	Rural Business-Cooperative Service
REAP	Rural Energy for America Program
Recovery Act	American Recovery and Reinvestment Act of 2009
RHS	Rural Housing Service
RMA	Risk Management Agency
RUS	Rural Utilities Service
SFA	school food authority
SNAP	Supplemental Nutrition Assistance Program
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children

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