



United States Department of Agriculture



OFFICE OF INSPECTOR GENERAL



Departmental Oversight of Final Action on OIG Audit Recommendations

Audit Report 11601-0001-41

OBJECTIVE

Our audit objectives were to determine if (1) Departmental controls over final action on OIG audit recommendations were adequate, and (2) Departmental resources provided to achieve final action were sufficient.

REVIEWED

We reviewed 74 open recommendations with management decision dates that exceeded 1 year and 98 closed recommendations with final actions achieved from October 1, 2014, through September 30, 2016.

RECOMMENDS

We recommend OCFO resume second level review of final action determination for OIG recommendations and establish a procedure to monitor agencies' tracking and reporting of collection activities. We also recommended OCFO examine the programming deficiencies in its audit tracking system to ensure reliability of data output and to obtain authorization to operate it.

OIG reviewed Departmental controls over final action on OIG audit recommendations and Departmental resources provided to achieve final action.

WHAT OIG FOUND

The Office of the Chief Financial Officer (OCFO) oversees the Department of Agriculture (USDA) agencies' audit follow-up on corrective actions in response to OIG recommendations under Departmental Regulation 1720-001. Our review found that OCFO needed to strengthen its controls over the final action process and its monitoring of pending collection recommendations. Specifically, OCFO did not follow its Standard Operating Procedures and omitted a second level review of final action determinations. Of the 98 closed recommendations we reviewed, 9 were missing final action documentation. We found no indication in those nine recommendations that OCFO had performed a second level review. Furthermore, OCFO officials confirmed that the agency no longer performed second level reviews. We also found that OCFO did not maintain current claim balances for 12 of 14 pending collection recommendations because OCFO did not have specific oversight procedures to monitor and assess them.

In addition, we found that OCFO needed to ensure its audit tracking system would be capable of producing reliable and meaningful data and that it would meet the system security requirements. OCFO's current tracking system, the Management Initiatives Tracking System (MITS), is unreliable and ineffective for monitoring, tracking, and reporting corrective action status on OIG recommendations. OCFO and agency liaisons were unable to effectively monitor and track corrective action status due to programming glitches that led to inaccurate MITS data on estimated completion dates, audit numbers, and recommendation details. Last, MITS' current security authorization package is expired; therefore, it does not meet security requirements.

OCFO agreed with our findings and recommendations, and we accepted management decision on all 11 recommendations.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: September 6, 2017

AUDIT
NUMBER: 11601-0001-41

TO: Lynn Moaney
Acting Deputy Chief Financial Officer
Office of the Chief Financial Officer

ATTN: Annie Walker
Director
Internal Control Division

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: Departmental Oversight of Final Action on OIG Audit Recommendations

This report presents the results of the subject audit. Your written response to the official draft report is included in its entirety at the end of this report. We have incorporated excerpts from your response and the Office of Inspector General's (OIG) position into the relevant sections of the report. Based on your written response, we have accepted management decision on all 11 recommendations, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal procedures in forwarding final action correspondence.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.

Table of Contents

Background & Objectives	1
Section 1: OCFO’s Final Action Process and Oversight.....	4
Finding 1: OCFO Needs to Improve Its Final Action Process.....	4
Recommendation 1	6
Recommendation 2	7
Recommendation 3	7
Recommendation 4	8
Finding 2: OCFO Needs to Strengthen Its Oversight on Pending Collection Recommendations.....	9
Recommendation 5	11
Recommendation 6	11
Recommendation 7	12
Recommendation 8	12
Section 2: OCFO’s Audit Tracking System	14
Finding 3: OCFO Needs to Ensure Data Reliability in Its Audit Tracking System	14
Recommendation 9	16
Finding 4: OCFO Needs a New Security Authorization Package for Its Audit Tracking System	17
Recommendation 10	18
Recommendation 11	18
Scope and Methodology.....	20
Abbreviations	23
Agency’s Response	25

Background & Objectives

Background

The Inspector General Act of 1978, as amended (IG Act), authorizes the Inspector General to independently conduct audits of Department of Agriculture's (USDA) programs and operations, submit semiannual reports to Congress on significant abuses and deficiencies, and recommend corrective actions to address those deficiencies.¹ Agency management evaluates findings, recommendations, and monetary results in these audit reports and issues proposed decisions, including corrective actions and estimated completion dates (ECD) in response. If OIG agrees with the agency's proposed decision to fulfill the intent of the audit's recommendation, management decision is reached. The audit is considered resolved when management decision is reached for all audit recommendations contained in the audit report but final action has not been completed.² Once an OIG audit report is issued and management decision has been reached, a copy of OIG's memorandum and the Achievement of Management Decision Form are provided to the Office of the Chief Financial Officer (OCFO).³

USDA Departmental Regulation 1720-001 requires agency management to be held accountable for audit follow-up responsibilities.⁴ The agency audit liaisons are responsible for establishing an audit follow-up system to promptly evaluate audit findings and recommendations, monitor and track the status of corrective actions for all audit recommendations, and ensure corrective actions are timely completed. OCFO is responsible for monitoring and tracking final action⁵ under the Departmental Regulation.⁶ OCFO's Management Control Audit Follow-up Team (MCAT) in the Internal Control Division oversees agencies' audit follow-up processes to ensure agencies take prompt and responsive actions on audit recommendations.⁷ OCFO requires agencies to provide monthly status updates in the Department's audit tracking system, called the Management Initiatives Tracking System (MITS), and a yearly status update via an annual data call.⁸ Each status update report must show incremental progress toward completion of planned actions, changes in actions planned, actual completion dates or revised dates, and explanations for any dates revised. In the event that agencies request changes in management decision, they must request changes through OCFO. OCFO then notifies OIG of any request for changes and forwards the supporting documentation to OIG for concurrence and approval.⁹

The MCAT desk officers evaluate corrective action documents to determine if the intent of the recommendation has been met and the agency has achieved final action. Once agencies implement corrective actions, the agency audit liaisons submit final action requests with

¹ Inspector General Act of 1978, as amended, 5 U.S.C. app. 3, § 2, 4, and 5.

² USDA Departmental Regulation 1720-001, Audit Follow-up and Management Decision (Nov. 2, 2011).

³ IG-7218, *Management Decision Process* (Feb. 17, 2014).

⁴ USDA Departmental Regulation 1720-001, Audit Follow-up and Management Decision (Nov. 2, 2011).

⁵ The completion of all corrective actions and receipt of required documentation (as applicable) as specified in the Achievement of Management Decision Form.

⁶ USDA Departmental Regulation 1720-001, Audit Follow-up and Management Decision (Nov. 2, 2011).

⁷ MCAT was under the Fiscal Policy Division until October 11, 2016.

⁸ OCFO changed the status update requirement from monthly to quarterly in June 2017.

⁹ USDA Departmental Regulation 1720-001, Audit Follow-up and Management Decision (Nov. 2, 2011).

supporting documentation to OCFO via SharePoint (the current documentation depository system) for final action determination.¹⁰

To comply with the reporting requirement of the IG Act, OCFO submits an annual report to Congress providing the status of resolved audits with open recommendations more than 1 year past the date of management decision. Currently, this information is reported in the Department's Agency Financial Report (AFR). As of March 31, 2016, OCFO had 98 resolved audits with 358 open recommendations; 63 of these resolved audits had 165 open recommendations with management decision dates that had exceeded 1 year. From Fiscal Year 2014 through March 31, 2016, OCFO closed 36 audits with 143 recommendations.

All Federal information systems, including MITS, have some level of sensitivity and require security protection. National Institute of Standards and Technology (NIST) guidance requires a senior management official to authorize, in writing, the use of a computer system prior to operating. Senior management officials must re-authorize the system at least every 3 years and whenever there is a significant change in processing.¹¹

The MITS audit tracking module has three main screens: (1) Audit Summary Screen, which provides the key audit information such as audit status, recommendation status, and ECD to manage and track audits; (2) Recommendations Summary Screen, which provides an overview of individual recommendations, including status, original and revised ECD, monetary summary, and final action date; and (3) Corrective Actions Summary Screen, which contains original ECDs and agencies' status updates on corrective actions taken. Agency audit liaisons have access to all three screens. However, in addition to the three main screens, desk officers also have access to an Actions Summary Screen, where they can update any changes on amounts (for example, accrued interest, penalties, agency offset, write-offs, and cash collection) for pending collection recommendations.¹²

MITS receives a weekly recommendation file from the OIG database comprised of the uploaded information. Desk officers access OIG files to electronically upload each recommendation in MITS and, based on the management decision documentation received from OIG, enter an associated ECD. Once the ECD is entered in MITS, the Corrective Actions Summary Screen is populated. Agencies are required to provide a revised ECD for all open recommendations in MITS to show the progress of corrective action implementation on a monthly basis until final actions occur.¹³ However, OCFO uses the original audit ECD to determine whether corrective actions on an audit are continuing as planned.¹⁴ Desk officers also use MITS to record final action dates and close recommendations as well as audits.

¹⁰ SharePoint is a web-based, collaborative platform that integrates with Microsoft Office. SharePoint is primarily a document management and storage system, but it is highly configurable and usage varies substantially between organizations.

¹¹ NIST Special Publication 800-18 Revision 1, *Guide for Developing Security Plans for Federal Information Systems* (Feb. 2006).

¹² MITS User Guide—Audit Tracking Module, Version 1.0 (Oct. 2009).

¹³ Although the Departmental Regulation requires agencies to update the status at least on a quarterly basis, OCFO has been asking agencies to report status on open recommendations on a monthly basis.

¹⁴ The latest ECD among all the recommendations is considered the audit ECD.

Objectives

Our audit objectives were to determine if (1) Departmental controls over final action on OIG audit recommendations were adequate, and (2) Departmental resources provided to achieve final action were sufficient.

Section 1: OCFO's Final Action Process and Oversight

Finding 1: OCFO Needs to Improve Its Final Action Process

We found that 9 of 98 closed recommendations in our review did not have sufficient documentation to support final action.¹⁵ This occurred because OCFO deviated from its Standard Operating Procedures (SOP).¹⁶ Specifically, OCFO did not perform a second level review, making the initial reviewers solely responsible for final action determinations. As a result, the Department had reduced assurance that program deficiencies identified in OIG audit findings were adequately addressed and corrective actions as agreed to by both OIG and the agencies were fully implemented.

USDA Departmental Regulation 1720-001 requires agencies to achieve final action as agreed upon in the management decision and to provide appropriate documentation that supports final action. Agency reports to OCFO on final action must include: (1) for each recommendation, a description of the measures taken to comply or implement the specific actions of the management decision along with sufficient supporting documentation, and (2) for recommendations with monetary amounts, evidence that corrective actions have been taken and management's final disposition of the amount.¹⁷ OCFO's SOP requires a second level of review in which OCFO evaluates the documentation of implemented corrective actions to determine if the intent of the recommendation has been met and final action has occurred.¹⁸

We reviewed 98 recommendations closed from October 1, 2014 through September 30, 2016.¹⁹ Although OCFO properly closed the majority of the recommendations, 9 of 98 recommendations did not have sufficient documentation to support the final action. Specifically, two were collection-related recommendations, and seven were policy and procedure-related recommendations.

The two collection-related recommendations were from a Risk Management Agency (RMA) audit. OCFO determined final action occurred based on a settlement agreement the agency provided.²⁰ The two recommendations directed RMA to require reinsured companies to adjust monthly draws to collect or refund incorrect indemnities and premiums for multiple crop producers.²¹ The final action required RMA to provide documentation to OCFO showing that

¹⁵ OCFO obtained additional documentation and clarification from the agencies in March 2017 based on our review, and we determined final actions for 7 of the 9 closed recommendations appeared to be adequate based on the additional support provided by the agencies.

¹⁶ OCFO SOP, *Audit Follow-up (Draft)* (Nov. 28, 2006), and *OCFO Management Control Audit Team SOP* (August 2016).

¹⁷ Departmental Regulation 1720-001, *Audit Follow-up and Management Decision* (Nov. 2, 2011).

¹⁸ OCFO SOP, *Audit Follow-up (Draft)* (Nov. 28, 2006), and *OCFO Management Control Audit Team SOP* (August 2016). The SOP draft was updated in August 2016 with similar requirements.

¹⁹ The 98 recommendations included a sample of 76 recommendations closed from October 1, 2014 through March 31, 2016 and 22 of 60 sampled open recommendations closed from April 1 to September 30, 2016.

²⁰ Audit Report 05601-4-AT, *Risk Management Agency Crop Insurance for Specialty Crops, Crop Years 1996 through 1998*, Mar. 2001.

²¹ The reinsured companies are insurance providers that provide catastrophic risk protection coverage to producers. The coverage is reinsured by the Federal Crop Insurance Corporation.

the agency recovered nearly \$662,000 in overpaid indemnities from the producers listed in the audit report. However, our review determined that 7 of the 18 producers with collectible disallowed costs could not be traced to the settlement agreement. To achieve final action for monetary recommendations, OCFO needs to ensure agencies include management's final disposition of the amounts (for example, accounts receivables, cash collections, agency offsets, write-offs).²² OCFO did not provide any further information regarding RMA's final disposition of the amounts we questioned; therefore, we were unsure if the agency had completed collections of disallowed costs as required. Since OCFO did not have all the documentation needed to support RMA's payment collections, the final action for the two recommendations should not have occurred.²³

For the seven policy and procedure-related recommendations, six were from an audit of Rural Development's (RD) Single Family Housing Guarantee Loan program,²⁴ and the last was from a Natural Resources Conservation Service (NRCS) financial statement audit.²⁵ We found that OCFO did not have sufficient documentation to support all the corrective actions for the seven recommendations. For example, two RD recommendations required the agency to modify or add a new rule to its Guaranteed Underwriting System to accommodate loan application review.²⁶ OCFO determined final action occurred for two RD recommendations without sufficient evidence to show the Guaranteed Underwriting System was updated to satisfy the recommendation. Another two RD recommendations required the agency to revise the National and State Lender Compliance Review Guide to validate the data in the guaranteed loan system. OCFO also determined final action occurred for these two RD recommendations without evidence to show the necessary update of national and State guidance. Similarly, the recommendation to NRCS contained multiple actions that required the agency to develop and implement policies and procedures in accordance with applicable financial and accounting standards. The agency did not provide sufficient documentation for three of the nine actions. Subsequent to our review, OCFO contacted both agencies and obtained additional information needed to satisfy the final actions.

OCFO's SOP requires the MCAT team leader, as a second level of review, to verify the MCAT desk officer's final action decision and concur with the decision in writing. If the team leader does not agree with the desk officer's decision, both should have a discussion until they come to an agreement. However, we did not find any documentation indicating that OCFO performed a second level review for the closed recommendations we reviewed. According to an OCFO official and a desk officer, OCFO stopped the second level review for final action in 2013. The rationale for discontinuing the second level review was the belief that the desk officer should be held accountable for their own final action determinations. However, this rationale may not work with complex findings and recommendations because each recommendation resulting from

²² Departmental Regulation 1720-001, Audit Follow-up and Management Decision (Nov. 2, 2011).

²³ Subsequent to the completion of our draft report, OCFO obtained documentation from the agency to justify the disposition of the funds.

²⁴ Audit Report 04703-02-Ch, *Controls Over Eligibility Determination for SFH Guarantee Loan Recovery Act Funds (Phase 2)*, Sep. 2011.

²⁵ Audit Report 10401-0001-11, *Natural Resources Conservation Service's Financial Statements for Fiscal Year 2011*, Nov. 2011.

²⁶ RD's automated underwriting system used by approved participating lenders.

the audit findings is unique and is made to correct a specific deficiency. Final action determination requires a desk officer's professional judgment; the second level review performed by the team lead should provide additional assurance that the final action is supported. The final action for the nine recommendations above further illustrated that a second level review was necessary to provide assurance that agencies implemented the corrective actions as intended.

To expedite a second level review, desk officers need to document the rationale for final action to ensure all corrective actions are completed by agencies. A final action determination can be time-consuming, depending on the nature of the findings and recommendations. When we asked desk officers how they concluded that the final action on a particular recommendation had been taken, they were unable to recollect the rationale for final action because the decision was not documented. On several occasions, the desk officers or OIG auditors had to contact the agencies to obtain clarification on the corrective action.²⁷ It is important that the desk officers document the rationale of final action determination to facilitate the review process.

To further expedite the review process, OCFO needs to ensure the documentation provided by the agencies is clearly referenced to support the final action. Our review found that one agency cited the wrong section of the regulation and the handbook as well as omitted critical evidence that required multiple follow-ups. Another agency only provided minimal evidence, such as a funding table without clear explanation as to how it supported the final action. OCFO needs to issue guidance to the agency audit liaisons to follow the final action requirements that includes cross-referenced documentation to support the corrective action. The annual meeting with agency audit liaison and management control officials can be an opportunity to train them in this area.

We discussed the issue with OCFO officials during the conduct of the audit. The Director stated that they would resume the second level review process to ensure the adequacy of the final action determination. The officials also generally agreed to our other recommendations to help expedite the final action process.

Recommendation 1

Implement a second level review for final action determination per Standard Operating Procedures (SOP).

Agency Response

In its August 16, 2017, response, OCFO stated:

On October 1, 2016, the Internal Control Division (ICD) reestablished a second level review process. Currently, each Management Control and Audit Team (MCAT) Desk Officer maintains a soft copy of the clearance summary form as evidence of a second level review. In addition, the Audit Follow-up Standard Operating Procedure (SOP) is

²⁷ Desk officers closed 36 audits with 143 recommendations in our scope period.

being revised to include the second level review process for final action determination on documentation submitted by the agencies and staff offices:

- The SOP will state “The MCAT Desk Officer(s) creates a draft memorandum with his/her decision on the final action request, and sends it to MCAT Team Lead for review and approval. If the MCAT Team Lead does not agree, comments are returned to the Desk Officer, or a discussion takes place between the MCAT Desk Officer and MCAT Team Lead until an agreement is reached.”

OCFO provided an estimated completion date of November 30, 2017, for this action.

OIG Position

We accept OCFO’s management decision on this recommendation.

Recommendation 2

Modify the current Standard Operating Procedures (SOP) to require the Management Control Audit Follow-up Team (MCAT) desk officers to document the rationale for final action determination.

Agency Response

In its August 16, 2017, response, OCFO stated:

By November 30, 2017, OCFO will revise the “Desk Officer Responsibility” section of the revised Audit Follow-up SOP to require MCAT desk officers to maintain an audit trail to support final action determinations.

OCFO provided an estimated completion date of November 30, 2017, for this action.

OIG Position

We accept OCFO’s management decision on this recommendation.

Recommendation 3

Issue guidance to agencies so corrective action documentation has clear descriptions and cross-references to support the final action on a recommendation.

Agency Response

In its August 16, 2017, response, OCFO stated:

The Internal Control Division (ICD) Director, will issue interim guidance and instructions to the Agency Audit Liaison Officials (AALOs) on submitting adequate documentation acceptable for review by MCAT Desk Officers to support final action requests.

OCFO provided an estimated completion date of November 30, 2017, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

Recommendation 4

Follow up with the Risk Management Agency (RMA) to obtain sufficient documentation to support final action on the two collection-related recommendations.

Agency Response

In its August 16, 2017, response, OCFO stated:

Action is complete. MCAT Desk Officer provided documentation of settlement agreement for all of the producers identified (G, H, N, O, P, R, S) in the audit finding. OCFO has provided sufficient documentation for this recommendation and is requesting management decision and resolution.

OCFO completed the final Action on August 8, 2017.

OIG Position

We accept OCFO's management decision on this recommendation.

Finding 2: OCFO Needs to Strengthen Its Oversight on Pending Collection Recommendations

We found that OCFO did not maintain current claim balances for 12 of 14 pending collection recommendations that remained outstanding between 5 to 20 years.²⁸ This occurred because OCFO did not have specific oversight procedures to monitor pending collection recommendations. As a result, OCFO was unaware the Farm Service Agency (FSA) had stopped its periodic monitoring and tracking of collection activities 6 years ago and the closure of five FSA recommendations with three associated audits was delayed between 4 to 9 years. Furthermore, the outdated collection information in MITS overstated the disallowed costs for 12 recommendations by \$4.4 million.

USDA Departmental Regulation 1720-001 requires OCFO to “(1) oversee the [agencies] to ensure the audit follow-up processes are established and maintained, and (2) maintain the Department’s audit tracking system for monitoring audit follow-up activities, including agency status reports on pending corrective actions.” The regulation also requires agencies to “maintain and report accurate information regarding the collection of disallowed costs, as well as any associated interest or penalty collected to OCFO.”²⁹

We reviewed 14 pending collection recommendations with claim balances of \$11.4 million in which the management decision dates exceeded 4 years.³⁰ We found that OCFO’s audit tracking system, MITS, did not maintain current claim balances for 12 of the 14 recommendations.³¹ While agencies are responsible for updating MITS with the corrective action status on open recommendations (for example, monetary recommendations and non-monetary recommendations), OCFO is responsible for updating MITS with the claim balances (for example, interests, penalties, cash payments, agency offset, and write-offs) based on the documentation provided by the agencies. For 11 FSA recommendations in which the management decision was reached between FY 1996 and FY 2010, OCFO last updated the claim balances in MITS in FY 2010. OCFO also did not update the claim balance for an RD recommendation with management decision reached in FY 2012. The current claim balances for these 12 recommendations in MITS should be \$7 million rather than \$11.4 million, according to the collection information we obtained from both agencies.

OCFO required agencies to provide monthly corrective action status on all open recommendations in MITS because the monthly report is a tool for OCFO to closely monitor and evaluate the corrective actions taken by management to resolve outstanding audit issues.³² However, OCFO did not always review such information closely to assess agencies’ collection activities. For example, we found that FSA only provided two interim progress reports (May 2011 and May 2016 respectively) in MITS. Moreover, the interim progress report in

²⁸ The 12 recommendations included 11 FSA recommendations and 1 RD recommendation.

²⁹ Departmental Regulation 1720-001, Audit Follow-up and Management Decision (Nov. 2, 2011).

³⁰ OCFO had 26 recommendations with claim balances of \$42.6 million as of March 31, 2016. Our review included 11 recommendations for FSA, 2 recommendations for NRCS, and 1 recommendation for RD.

³¹ The two NRCS recommendations were with the National Appeal Division for resolution as of January 2017, so the agency did not have any collection activities. The two recommendations were closed as of April 30, 2017.

³² The reporting frequency for corrective action status update was changed from quarterly to monthly in FY 2014.

May 2011 simply stated that the recommendations were “in collection.” RD reported to OCFO about a selected recommendation that had a partial collection via monthly status reports. However, this was not reflected in MITS—the original claim balance remained the same. We asked the MCAT desk officers why the RD collection was not updated in MITS. They explained that the partial collection would not be updated in MITS unless the agencies provided the necessary supporting documentation, which was not required.

OCFO also had a procedure requiring agencies to annually provide detailed corrective action status updates (for example, incremental progress on planned action and revised completion date) on each open recommendation for Congressional reporting purposes.³³ While OCFO ensured that agencies provided current status on corrective actions for non-monetary recommendations, it did not always require agencies to provide similar status updates for pending collection recommendations. We found that FSA provided outdated claim balances for 10 of the 11 pending collection recommendations in FY 2014. In FY 2015, FSA simply stated the pending collection recommendations were all “in collection” rather than update the claim balance for each recommendation. The OCFO Fiscal Policy Division Director stated that OCFO was aware of the long outstanding monetary recommendations under collections; however, because the pending collection recommendations usually did not have specific estimated completion dates, OCFO did not have specific procedures to track the collections other than obtaining the corrective action status update showing that the agencies were pursuing collections.³⁴

Due to the deficiency in its oversight procedures, OCFO was unaware FSA had stopped its periodic monitoring of the pending collection recommendations since 2010. FSA’s audit follow-up files did not have monitoring records for 10 of 11 recommendations after FY 2010.³⁵ We found 5 of 11 open recommendations had no outstanding balances in FSA’s accounting system, which meant FSA should have submitted a final action request to close these recommendations 4 to 9 years ago. FSA was also unable to produce a complete collection record to achieve final action for some of the long outstanding recommendations. While it submitted the final action request to OCFO to close three of the five recommendations in July 2016, the three recommendations remained open as of May 2017, due to lack of sufficient documentation.

According to an official at FSA’s Operations Review and Analysis Staff Division, the Division experienced resource constraints in the last few years—an employee who handled the collection activities for OIG audit recommendations retired in 2010, and the position was not filled. As a result, FSA did not have a consistent audit follow-up process on pending collection recommendations. The official stated the Division would re-establish the audit follow-up process to ensure collection activities are regularly monitored and tracked. The official also stated that achieving final action for these old recommendations could be challenging because FSA might not have sufficient documentation to support the closure.

³³ OCFO’s annual data call letters.

³⁴ The decision to collect is subject to administrative appeals or litigation outside the agency, so establishing a completion date may not be practical.

³⁵ One of the 11 recommendations had an internal e-mail inquiry dated January 25, 2012 to confirm the latest claim balance.

Departmental Regulation requires OCFO to oversee the agencies' audit follow-up processes and requires agencies to provide collection detail to OCFO. Without periodic monitoring and reporting collection activities on pending collection recommendations, agencies may not be able to maintain adequate documentation to successfully achieve final action. Therefore, OCFO should establish oversight procedures to ensure pending collection recommendations are adequately monitored and recorded. We discussed the issue with OCFO officials and they generally agreed.

Recommendation 5

Establish a procedure to require Management Control Audit Follow-up Team (MCAT) desk officers to monitor the corrective action status on pending collection recommendations on a quarterly basis.

Agency Response

In its August 16, 2017, response, OCFO stated:

By November 30, 2017, the Audit Follow-up SOP will be revised with language stating "MCAT Staff will monitor the status of collection recommendations for open audits on a quarterly basis."

OCFO provided an estimated completion date of November 30, 2017, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

Recommendation 6

Instruct agencies to provide documentation to support any changes in established claims when reporting the corrective action status.

Agency Response

In its August 16, 2017, response, OCFO stated:

On May 24 and June 13, 2017, MCAT held a meeting with the AALOs and announced the requirements for agencies to provide the status of the disposition of Disallowed Cost and Funds Put to Better Use recommendations in open audits on a quarterly basis. The procedure was also referenced in the data call memorandum issued to AALOs on June 14, 2017. OCFO/MCAT will send quarterly reminders to the agencies prior to the due date.

In addition, the ICD Director, will issue a memorandum to the AALOs reminding them to provide documentation to support changes in established claims in their quarterly status reports. The memorandum will be completed by November 30, 2017.

OCFO provided an estimated completion date of November 30, 2017, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

Recommendation 7

Review all collection related recommendations that remain outstanding in the Management Initiatives Tracking System (MITS) to ensure that accurate and current claim balances are maintained in the audit tracking system.

Agency Response

In its August 16, 2017, response, OCFO stated:

Currently, MITS is updated to reflect changes in claim balances when OCFO is notified and receives documentation from the agencies. MCAT Desk Officers will continue this process and review quarterly status reports to process and update MITS, as necessary. Year-end implementation plans were due to OCFO by July 14, 2017. OCFO will update MITS with claim balances. MCAT will follow-up with agencies that do not provide current claim balances.

OCFO provided an estimated completion date of November 30, 2017, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

Recommendation 8

Follow up with the Farm Service Agency's (FSA) reestablishment of its audit follow-up process on collection related recommendations.

Agency Response

In its August 16, 2017, response, OCFO stated:

MCAT Desk Officers will schedule a meeting with FSA to discuss documentation requirements to support their collection activities. Timeline is as follows:

- MCAT will review collection related documentation provided with the agencies' implementation plan due to OCFO by July 14, 2017.
- MCAT will make a determination by July 31, 2017 whether additional follow-up meetings are necessary, based upon receipt and review of FSA's July 2017 implementation plan.
- By September 30, 2017, MCAT will follow-up with FSA to determine if the collection follow-up activities have been reestablished.

OCFO provided an estimated completion date of September 30, 2017, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

Section 2: OCFO's Audit Tracking System

Finding 3: OCFO Needs to Ensure Data Reliability in Its Audit Tracking System

OCFO's audit tracking system, MITS, is unreliable and ineffective for monitoring, tracking, and reporting the status of corrective action on OIG recommendations. Specifically, the MITS data output for 71 of 87 resolved audits was inaccurate, incomplete, or inconsistent.³⁶ This occurred because MITS was outdated and lacked the technical support to correct program glitches. As a result, both OCFO and USDA agencies' audit liaisons could not rely on MITS to effectively monitor and report the corrective action status on OIG recommendations on a daily basis.

Federal internal control standards require managers to establish general controls and application controls over information systems to create a secured operational environment and achieve validity, completeness, accuracy, and confidentiality of transactions and data during application processing.³⁷ Furthermore, USDA Departmental Regulation 1720-001 requires OCFO to "maintain the Department's Audit Tracking System for monitoring audit follow-up activities, including agency status reports on pending corrective actions."³⁸

MITS was developed over a decade ago, and it has programming glitches that caused both displayed data and generated reports to be inaccurate, incomplete, and inconsistent. We found data output errors in 71 of 87 audits.

Monitoring and Tracking Issues

We found that OCFO and agency audit liaisons were unable to effectively monitor and track the corrective action status of open recommendations due to inaccurate data generated from MITS. OCFO uses audit ECDs to determine if corrective actions are on schedule. We found issues with the audit ECDs, audit numbers, and recommendation details.

First, MITS contained inaccurate or missing audit ECDs. Our review found that audit ECDs were either missing or incorrect for 61 of the 87 audits. For example, there were missing or incorrect ECDs in the audit summary screen and inconsistent audit ECDs between the Audit Summary Screen and MITS reports. OCFO acknowledged this problem. One of the MCAT desk officers explained that OCFO did not completely rely on the audit ECDs in MITS to track the status of open audits; instead, OCFO had an ad hoc system in SharePoint to track audit status including status of individual recommendations to mitigate the glitches in MITS.

³⁶ The 87 resolved audits were from 6 various MITS reports. We did not take exceptions to 16 of 87 audits because either no exceptions were noted, or the audits were closed as of August 31, 2016.

³⁷ GAO Report, GAO 14-704G, *Standards for Internal Control in the Federal Government* (Sep. 2014).

³⁸ Departmental Regulation 1720-001, Audit Follow-up and Management Decision (Nov. 2, 2011).

We also found that audits were incorrectly numbered on a MITS report. In particular, the audit numbers had a missing leading zero. Some OIG-established audit numbers began with a zero. However, a MITS report omitted this leading zero for 20 of 87 audits. While the correct audit numbers were 11-digits long (for example, 01099000121), the MITS report only listed a 10-digit audit number (for example, 1099000121) for each of the 20 audits. We were unable to trace a selected audit to the OCFO's audit follow-up file because the leading zero was missing from the MITS report generated for our sample.

Further, we found that of 87 audits, 13 had recommendations with no detail for the Recommendations Summary Screen in MITS. Without recommendation details, the desk officers and agency audit liaisons would not know the correct recommendation to update or close. OCFO was aware of the problems with MITS, and it claimed data reliability would be addressed in the replacement computer software program.

Reporting Issues

We also found that reports generated in MITS were unusable and inaccurate. First, OCFO requires agencies to report corrective action status on all open recommendations on a monthly basis. OCFO was supposed to use monthly status reports to closely monitor and evaluate the corrective actions taken by the agencies. However, four of the six agencies we visited stated that MITS was not user-friendly. As a result, their corrective action status was not always updated on a monthly basis. Even if the agencies had provided monthly status updates in MITS, the system had no feature to notify OCFO when the agencies updated MITS. As a result of these deficiencies, OCFO could not rely on these corrective action reports to help monitor the status on open recommendations.

Furthermore, MITS reports were inaccurate. Although OCFO used MITS reports as a basis to collect the reporting data for the Department's Agency Financial Report (AFR), the desk officer had to manually correct errors shown on multiple reports to ensure accuracy of the data.³⁹ For example, for the FY 2015 AFR, four audits had to be manually tracked because their audit numbers were not coded in MITS. Also, four audits disappeared from two MITS reports and had to be manually re-added. To report disallowed costs for audits that contained pending collection recommendations, the desk officer had to compare several reports and make manual adjustments to ensure accuracy and completeness of the dollar amount. The current reporting process took several months to complete. Although we were able to trace the data that appeared in the FY 2015 AFR to the corrected MITS reports, we were concerned that the data in the AFR could contain errors due to the multiple adjustments.

We spoke to the OCFO Internal Control Division Director about the reliability of data output in MITS. The Director informed us that the Division was aware of the problems and OCFO was in

³⁹ OCFO reports to Congress annually regarding status of resolved audits that remained open. Currently this information is reported in the Department's AFR.

the process of replacing MITS with a commercial off-the-shelf software (COTS).⁴⁰ The Director also stated that the Division would make sure that data reliability was addressed in the new computer software program.

Recommendation 9

Address the Management Initiatives Tracking System's (MITS) programming deficiencies to ensure data are accurate and complete for the replacement computer software program.

Agency Response

In its August 16, 2017, response, OCFO stated:

OCFO plans to replace MITS and has already initiated the procurement process. Data accuracy and completeness will be addressed in the new system.

OCFO provided an estimated completion date of March 31, 2018, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

⁴⁰ A formal term for commercial items and services, available in the commercial marketplace, that can be bought and used under government contract.

Finding 4: OCFO Needs a New Security Authorization Package for Its Audit Tracking System

Since September 30, 2016, OCFO did not have a security authorization package, which included the Authorization to Operate (ATO) necessary to use MITS. This occurred because OCFO intended to replace MITS with a COTS software package by the end of FY 2017. However, OCFO did not submit a commitment memo to the Office of the Chief Information Officer (OCIO) for approval to extend MITS' ATO through April 10, 2017.⁴¹ As a result of not meeting the new security authorization requirements, OCFO has less assurance the current information in MITS is not vulnerable to outside threats. Potential threats may include: (1) unauthorized access resulting in data being changed without OCFO's knowledge, (2) recommendations getting closed when no corrective actions have been taken, and (3) access to MITS to gain administrative access to other computer systems.

According to the National Institute of Standards and Technology (NIST) guide, the security authorization package includes a security plan, security assessment report, and a plan of action and milestones for implementing security controls. The security plan forms the basis for authorization.⁴² NIST also states that all Federal systems have some level of sensitivity and, as part of good management practices, require protection. The protection of a system must be documented in a system security plan. The completion of system security plans is required by the Office of Management and Budget Circular A-130 and the Federal Information Security Management Act. A senior management official must authorize a system to operate. Granted by a management official, the authorization of a system to process information provides an important quality control. Re-authorization should occur at least every 3 years or whenever there is a significant change in processing.⁴³

MITS' audit tracking model is an online web application that OCFO uses to monitor, track, and report the OIG audit recommendations from management decision reached to final action achieved. On May 12, 2014, an ATO that allows MITS to operate through September 30, 2016, was issued. Our review found that MITS was unreliable and ineffective for monitoring, tracking, and reporting the status of corrective action on OIG recommendations (see Finding 3). OCFO agreed and stated that it planned to replace MITS with a COTS software package by the end of FY 2017. Although MITS' ATO expired September 30, 2016, OCFO was still using MITS on a daily basis. We brought our concerns to OCFO regarding an expired ATO. According to OCFO, the Financial Management Systems Division-Associate Chief Financial Officer began to update the system security plan during FY 2015 under the USDA Risk Management Framework; however, OCFO needed reaccreditation to comply with the control baseline stated in NIST 800-53 Revision 4.⁴⁴ Since OCFO made the decision to replace MITS with the COTS

⁴¹ A signed authorization to operate is evidence of a senior management official's authorization for the computer system to operate. The authorization of a system to operate, granted by a management official, provides an important quality control.

⁴² National Institute of Standards and Technology Special Publication 800-37 Revision 1, *Guide for Applying the Risk Management Framework for Federal Information Systems* (Feb. 2010).

⁴³ National Institute of Standards and Technology Special Publication 800-18 Revision 1, *Guide for Developing Security Plans for Federal Information Systems* (Feb. 2006).

⁴⁴ National Institute of Standards and Technology Special Publication 800-53 Revision 4, *Security and Privacy Controls for Federal Information Systems and Organizations* (Apr. 2013).

package by September 30, 2017, OCFO would prepare a security authorization package for the new system instead of MITS.

We discussed the issue with OCFO officials. They confirmed that MITS would be retired on September 30, 2017, and they had prepared a commitment memo to extend the ATO. OCFO submitted a commitment memo on April 10, 2017 to OCIO requesting to extend the ATO until September 30, 2017, when the COTS package will replace MITS.⁴⁵

Without having a new security authorization package including the ATO, OCFO would have no assurance that certain application and user controls in MITS are up to date and meeting the current security standards. Without meeting the current security standards, the use of MITS (and/or the replacement software) will not be allowed on a Government computer system. In other words, OCFO will not have any audit tracking system. OCFO needs to ensure that a new security authorization package is completed timely to allow the operation of the new audit tracking system once MITS is retired.

Recommendation 10

Obtain a signed commitment memo from the Office of Chief Information Officer (OCIO) to allow continuing operation of the Management Initiatives Tracking System (MITS) until a replacement software package is in place for operation.

Agency Response

In its August 16, 2017, response, OCFO stated:

Action is complete. OCIO approved OCFO's commitment memorandum for MITS on July 17, 2017. OCFO has authority to operate until December 31, 2017.

In its subsequent e-mail correspondences, OCFO stated that if the systems (the replacement computer software program) are not completed at the year-end, they will go back to OCIO to request a change to the ATO extension. OCFO plans to submit another commitment memo for OCIO approval once the project gets started and they have an official project plan. OCFO provided an estimated completion date of December 15, 2017, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

Recommendation 11

Complete a new security authorization package, including the Authorization to Operate, for the replacement software package.

⁴⁵ OCIO signed the commitment memo on July 17, 2017.

In its August 16, 2017, response, OCFO stated:

OCFO will complete a security authorization package for the MITS replacement, as applicable; and obtain Authorization to Operate.

OCFO provided an estimated completion date of March 31, 2018, for this action.

OIG Position

We accept OCFO's management decision on this recommendation.

Scope and Methodology

We conducted an audit of OCFO's oversight on final action on OIG audit recommendations from October 1, 2014, through March 31, 2016. We performed fieldwork at the OCFO Washington office and six selected agencies—FSA, RD, Foreign Agricultural Service (FAS), OCIO, Food and Nutrition Service (FNS), and Animal and Plant Health Inspection Service (APHIS).⁴⁶ Due to the errors and irregularities identified in OCFO's Audit Tracking System, MITS, we expanded our scope to review errors in different types of MITS reports from September 2014 to August 2016. We performed audit fieldwork from April 2016 to March 2017.

To accomplish our objectives, we non-statistically selected and reviewed audits with open and closed recommendations within our scope period:

- **Open Recommendations:** As of March 31, 2016, OCFO had 63 resolved audits with 165 open recommendations in which the management decision dates (MDDs) exceeded 1 year. We selected 25 audits with 51 open recommendations in which the MDDs exceeded 4 years. This included (1) 16 audits with 37 non-monetary recommendations, and (2) 9 audits with 14 pending collection recommendations. In addition, we selected 7 audits with 23 non-monetary recommendations to include selected agencies with audits associated with USDA Management Challenges.⁴⁷ In total, we selected 32 audits with 74 open recommendations for review.

During the review, 22 of 74 open recommendations were closed as of September 30, 2016, so they became a part of the closed recommendation samples.

- **Closed Recommendations:** During our scope period, OCFO closed 36 audits with 143 recommendations. We selected 21 audits with 76 closed recommendations based on the oldest audit management decision dates with coverage of each agency and each desk officer's work.

We assessed the reliability of MITS by expanding our scope to review six different MITS reports⁴⁸ to identify data output errors for 87 resolved audits.⁴⁹ We determined that the data displayed or generated from MITS were inaccurate, incomplete, and inconsistent (see Finding 3).

⁴⁶ We selected 6 of 16 agencies for site visits based on the highest number of resolved audits with open recommendations that exceeded 1 year from the management decision date.

⁴⁷ OIG Report, *USDA Management Challenges*, Aug. 2015.

⁴⁸ (1) New Management Decision Audits During Period by Audits 9/1/2014-8/13/2015; (2) Audits One Year or More by Audits 10/1/2014-7/31/2015; (3) Audits One Year or More by Recommendations 10/1/2014-3/31/2016; (4) Audit Reports—All Management Decision Date as of 7/29/2016; (5) Audit Tracking Module Custom Report Audit Report as of 8/31/2016; and (6) Corrective Action Report as of 8/31/2016.

⁴⁹ The 87 resolved audits included 32 audits with sampled open recommendations.

We performed the following procedures to accomplish our audit:

At the OCFO Washington office we:

- Reviewed pertinent laws and regulations governing agencies' audit follow-up and OCFO's final action process and also reviewed current policies and procedures established as guidance for the OCFO staff and agency audit liaisons;
- Interviewed key personnel at OCFO to gain an understanding of their roles in overseeing agencies' audit follow-up activities and to make a final action determination;
- Sampled and analyzed the audit follow-up files for 60 non-monetary recommendations to determine if the agencies actively monitored, tracked, and implemented corrective actions agreed upon by the agency management and OIG;
- Sampled and reviewed audit follow-up files for 14 pending collection recommendations to determine if the agencies had been actively collecting the disallowed costs and periodically reporting the results to OCFO;
- Sampled and reviewed the closure documentation for 98 closed recommendations to determine if agencies' corrective actions met the intent of the recommendations and final actions had occurred;
- Interviewed the OCFO personnel responsible for maintaining MITS to gain an understanding of the system operation and maintenance;
- Tested some of the general and application controls to ensure MITS was working properly but did not conduct a complete general and application control review because OCFO had decided to replace MITS;
- Analyzed 87 resolved audits from different types of MITS reports to determine if the data displayed or generated from the system were complete, accurate, and consistent; and
- Verified the data reported in the FY 2015 Annual Financial Report to determine if OCFO met the reporting requirements of the IG Act of 1978, as amended.

At the agency level we:

- Interviewed audit liaisons and key staff at six agencies to gain an understanding of their roles in monitoring, tracking, and implementing audit recommendations and to determine if the audit follow-up process was adequate;
- Reviewed audit follow-up files and examined tracking records to obtain additional information for selected open and closed recommendations; and

- Interviewed FSA Receivable Management Office officials to gain an understanding of their collection process and review current receivable balances for selected pending collection recommendations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Abbreviations

AALOs.....	Agency Audit Liaison Officials
AFR.....	Agency Financial Report
APHIS.....	Animal and Plant Health Inspection Service
ATO.....	Authorization to Operate
COTS.....	Commercial off the Shelf software
ECD.....	Estimated Completion Date
FAS.....	Foreign Agricultural Service
FSA.....	Farm Service Agency
FNS.....	Food and Nutrition Service
FY.....	fiscal year
IG Act.....	Inspector General Act of 1978, as amended
MCAT.....	Management Control Audit Follow-up Team
MITS.....	Management Initiatives Tracking System
NIST.....	National Institute of Standards and Technology
NRCS.....	Natural Resources Conservation Service
OCFO.....	Office of Chief Financial Officer
OCIO.....	Office of Chief Information Officer
OIG.....	Office of Inspector General
SOP.....	Standard Operating Procedures
RMA.....	Risk Management Agency
RD.....	Rural Development
USDA.....	U.S. Department of Agriculture

**USDA OCFO
RESPONSE TO AUDIT REPORT**



**United States
Department of
Agriculture**

August 16, 2017

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, D.C.
20250

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of Inspector General

FROM: Lynn Moaney / s /
Acting Chief Financial Officer

SUBJECT: Departmental Oversight of Final Action on OIG Audit Recommendations,
Audit Report #11601-0001-41

This memorandum responds to the discussion draft report for the subject audit report number 11601-0001-41, Departmental Oversight of Final Action on OIG Audit Recommendations. This response addresses planned and completed actions to reach management decision on Recommendations 1 – 11.

If you have any questions or need additional information, please contact Annie Walker, Acting Associate Chief Financial Officer, Financial Policy and Planning at (202) 720-9983.

Attachment

Attachment

**Departmental Oversight of Final Action on OIG Audit Recommendations
Audit Report #11601-0001-41
Planned Actions to Reach Management Decision**

**Departmental Oversight of Final Action on OIG Audit Recommendations
Audit Report #11601-0001-41
Planned Actions to Reach Management Decision**

Recommendation 1: Implement a second level review for final action determination per Standard Operating Procedures (SOP).

OCFO response: On October 1, 2016, the Internal Control Division (ICD) reestablished a second level review process. Currently, each Management Control and Audit Team (MCAT) Desk Officer maintains a soft copy of the clearance summary form as evidence of a second level review. In addition, the Audit Follow-up Standard Operating Procedure (SOP) is being revised to include the second level review process for final action determination on documentation submitted by the agencies and staff offices:

- The SOP will state “The MCAT Desk Officer(s) creates a draft memorandum with his/her decision on the final action request, and sends it to MCAT Team Lead for review and approval. If the MCAT Team Lead does not agree, comments are returned to the Desk Officer, or a discussion takes place between the MCAT Desk Officer and MCAT Team Lead until an agreement is reached.”

Date Corrective Action will be complete: November 30, 2017

Recommendation 2: Modify the current Standard Operating Procedures (SOP) to require the Management Control Audit Follow-up Team (MCAT) desk officers to document the rationale for final action determination.

OCFO Response: By November 30, 2017, OCFO will revise the “Desk Officer Responsibility” section of the revised Audit Follow-up SOP to require MCAT desk officers to maintain an audit trail to support final action determinations.

Date Corrective Action will be complete: November 30, 2017

Recommendation 3: Issue guidance to agencies so corrective action documentation has clear descriptions and cross references to support the final action on a recommendation.

OCFO Response: The Internal Control Division (ICD) Director, will issue interim guidance and instructions to the Agency Audit Liaison Officials on submitting adequate documentation acceptable for review by MCAT Desk Officers to support final action requests.

Date Corrective Action will be complete: November 30, 2017

Recommendation 4: Follow up with the Risk Management Agency (RMA) to obtain sufficient documentation to support final action on the two collection-related recommendations.

OCFO Response: Action is complete. MCAT Desk Officer provided documentation of settlement agreement for all of the producers identified (G, H, N, O, P, R, S) in the audit finding. OCFO has provided sufficient documentation for this recommendation and is requesting management decision and resolution.

Action Completed: August 8, 2017

**Departmental Oversight of Final Action on OIG Audit Recommendations
Audit Report #11601-0001-41
Planned Actions to Reach Management Decision**

Recommendation 5: Establish a procedure to require Management Control Audit Follow-up Team (MCAT) desk officers to monitor the corrective action status on pending collection recommendations on a quarterly basis.

OCFO Response: By November 30, 2017, the Audit Follow-up SOP will be revised with language stating “MCAT Staff will monitor the status of collection recommendations for open audits on a quarterly basis.”

Date Corrective Action will be complete: November 30, 2017

Recommendation 6: Instruct agencies to provide documentation to support any changes in established claims when reporting the corrective action status.

OCFO Response: On May 24 and June 13, 2017, MCAT held a meeting with the AALOs and announced the requirements for agencies to provide the status of the disposition of Disallowed Cost and Funds Put to Better Use recommendations in open audits on a quarterly basis. The procedure was also referenced in the data call memorandum issued to AALOs on June 14, 2017. OCFO/MCAT will send quarterly reminders to the agencies prior to the due date.

In addition, the ICD Director, will issue a memorandum to the AALOs reminding them to provide documentation to support changes in established claims in their quarterly status reports. The memorandum will be completed by November 30, 2017.

Date Corrective Action will be complete: November 30, 2017

Recommendation 7: Review all collection related recommendations that remain outstanding in the Management Initiatives Tracking System (MITS) to ensure that accurate and current claim balances are maintained in the audit tracking system.

OCFO Response: Currently, MITS is updated to reflect changes in claim balances when OCFO is notified and receives documentation from the agencies. MCAT Desk Officers will continue this process and review quarterly status reports to process and update MITS, as necessary. Year-end implementation plans were due to OCFO by July 14, 2017. OCFO will update MITS with claim balances. MCAT will follow-up with agencies that do not provide current claim balances.

Date Corrective Action will be complete: November 30, 2017

Recommendation 8: Follow up with the Farm Service Agency’s (FSA) reestablishment of its audit follow-up process on collection related recommendations.

OCFO Response: MCAT Desk Officers will schedule a meeting with FSA to discuss documentation requirements to support their collection activities. Timeline is as follows:

- MCAT will review collection related documentation provided with the agencies’ implementation plan due to OCFO by July 14, 2017.

**Departmental Oversight of Final Action on OIG Audit Recommendations
Audit Report #11601-0001-41
Planned Actions to Reach Management Decision**

- MCAT will make a determination by July 31, 2017 whether additional follow-up meetings are necessary, based upon receipt and review of FSA's July 2017 implementation plan.
- By September 30, 2017, MCAT will follow-up with FSA to determine if the collection follow-up activities have been reestablished.

Date Corrective Action will be complete: September 30, 2017

Recommendation 9: Address the Management Initiatives Tracking System's (MITS) programming deficiencies to ensure data is accurate and complete for the replacement computer software program.

OCFO Response: OCFO plans to replace MITS and has already initiated the procurement process. Data accuracy and completeness will be addressed in the new system.

Date Corrective Action will be complete: March 31, 2018

Recommendation 10: Obtain a signed commitment memo from the Office of the Chief Information Officer (OCIO) to allow continuing operation of the Management Initiatives Tracking System (MITS) until a replacement software package is in place for operation.

OCFO Response: Action is complete. OCIO approved OCFO's commitment memorandum for MITS on July 17, 2017. OCFO has authority to operate until December 31, 2017.

Recommendation 11: Complete a new security authorization package including the Authorization to Operate for the replacement software package.

OCFO Response: OCFO will complete a security authorization package for the MITS replacement, as applicable; and obtain Authorization to Operate.

Date Corrective Action will be complete: March 31, 2018

Learn more about USDA OIG

Visit our website: www.usda.gov/oig/index.htm

Follow us on Twitter: @OIGUSDA

How to Report Suspected Wrongdoing in USDA Programs

Fraud, Waste, and Abuse

File complaint online: www.usda.gov/oig/hotline.htm

Monday–Friday, 9:00 a.m.– 3:00 p.m. ET

In Washington, DC 202-690-1622

Outside DC 800-424-9121

TDD (Call Collect) 202-690-1202

Bribes or Gratuities

202-720-7257 (24 hours)



In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET

Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.