OFFICE OF INSPECTOR GENERAL

Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS

Audit Report 50601-0003-22

OBJECTIVE

This audit's objective was to review the coordination among FSA, RMA, and NRCS and evaluate the effectiveness of agencies' efforts to use shared data for assurance that participants meet program requirements and eliminate improper payments.

REVIEWED

To accomplish our objective, we reviewed applicable laws and regulations; examined prior audits and relevant documentation, policies, and procedures; conducted interviews with relevant personnel; and examined the information systems USDA uses for ensuring farm program compliance.

RECOMMENDS

Revise and implement a detailed plan with guidance from the Department to fully implement ACRSI, document policies and procedures pertaining to HELC/WC compliance, and suspend the ACRSI pilot project until the ATT and/or ATO process is completed.

OIG reviewed the coordination and shared data efforts for identifying noncompliance within farm programs among FSA, RMA, and NRCS.

WHAT OIG FOUND

Compliance requirements for various Farm Service Agency (FSA), Risk Management Agency (RMA), and Natural Resources Conservation Service (NRCS) programs must be met in order to ensure payments are made in accordance with individual program rules. Participant burden may be reduced when compliance data is shared with other Department of Agriculture (USDA) agencies when assisting with program eligibility determinations and ensuring payments are not made in excess of program limitations. USDA agencies have implemented a variety of data sharing processes and coordinated efforts for the purpose of assuring compliance with program requirements. However, USDA needs to take additional steps to reduce reporting burden on producer and improve data sharing practices.

We found the participating agencies' lack of adequate planning and coordination in the development of a USDA data sharing initiative called the Acreage Crop Reporting Streamlining Initiative (ACRSI) has resulted in a system that does not fully achieve its intended goals. Specifically, the development effort did not include adequate project management, lacked an Integrated Master Schedule (IMS) to track and measure development milestones and activities, and did not include USDA Office of Chief Information Officer (OCIO) involvement on a regular basis. In addition, though agencies have manual processes in place to share data, they lack automated processes that help manage programs and reconcile data used by multiple programs. We also found that more controls are needed to ensure compliance with HELC/WC provisions. Finally, we found that RMA proceeded with the ACRSI pilot project without proper approval, such as an authorization to test (ATT) or authorization to operate (ATO). The agencies generally concurred with our recommendations and we accepted management decision on all recommendations.

United States Department of Agriculture

Office of Inspector General

Washington, D.C. 20250

DATE: January 27, 2017

AUDIT
NUMBER: 50601-0003-22

TO: Chris Beyerhelm   Leonard Jordan
               Acting Administrator   Acting Chief
               Farm Service Agency   Natural Resources Conservation Service
               ATTN: Perry Thompson   ATTN: Leon Brooks

               Heather Manzano   Jonathan Alboum
               Acting Administrator   Chief Information Officer
               Risk Management Agency   Office of Chief Information Officer
                                                  ATTN: Megen Davis

FROM: Gil H. Harden
               Assistant Inspector General for Audit

SUBJECT: Coordination of United States Department of Agriculture (USDA) Farm Program
               Compliance—Farm Service Agency (FSA), Risk Management Agency (RMA),
               and Natural Resources Conservation Service (NRCS)

This report presents the results of the subject audit. Your written response to the official draft report, received on January 6, 2017, is included in its entirety at the end of this report. Your response and the Office of Inspector General's (OIG) position are incorporated into the relevant sections of the report. Based on your written response, we are accepting management decision for all audit recommendations in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1 final action is 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 agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

Your written response to the official draft report expressed concerns with some aspects of our report. Your concerns, along with our comments, are listed below:

1. *The Department response indicated it believes that the audit was incomplete because of a number of factors that went unrecognized by OIG, including Acreage Crop Reporting Streamlining Initiative (ACRSI) progress made since September 2015, involvement of*

> *USDA leadership with ACRSI, the reduction of burden of producers delivered by ACRSI, and USDA's efforts at coordination outside of ACRSI.*

As stated in the report, OIG acknowledges statements from the Department that after September 2015 there was continuing involvement by agency and Departmental officials and significant progress in the development of ACRSI. However, this was outside the critical period we reviewed (e.g., December 2012 to August 2014) where we concluded no one at the Department level had oversight responsibility for ACRSI. OIG also acknowledges in the report that there has been some reduction in the reporting burden for producers by ACRSI, and we agree with the Department that more needs to be done to achieve the results envisioned under the ACRSI charter. Finally, we acknowledge USDA efforts outside of ACRSI, but none of the efforts brought to our attention had created a sufficient historical record for us to evaluate their contribution as of October 2015.

> 2. *USDA contends that OIG did not understand key efforts of the agencies connected to ACRSI, specifically that ACRSI did not have goals outlined by Congress or the agencies, that there is no requirement to reconcile data, and that USDA has not attempted to require unified acreage reporting.*

We identified several goals of ACRSI from both Congressional and agency sources including the goal contained in the 2014 Farm Bill for USDA to ensure that a producer may report information electronically or conventionally, including geospatial data, for sharing between agencies. Additional goals were contained in the ACRSI white paper and the Federal Register (Retrospective Review under EO13563: Improving Common Acreage Reporting process). OIG further contends that had ACRSI been proceeding without a statement of intended goals, this would indicate an even more serious issue given the ACRSI project's size and scope. As we discussed with the agencies as part of our exit conference on August 31, 2016, the requirement to reconcile data is contained in the Agricultural Risk Protection Act of 2000, which stated Federal Crop Insurance Corporation and FSA were to reconcile all relevant information starting in 2001; an unfulfilled requirement that was acknowledged by RMA to OIG in 2012.

While unified acreage reporting may not have been previously attempted, OIG identified through interviews with agency personnel that USDA recognized the need for a "common acreage report" which is one of the needs that drove the creation of ACRSI. In 2010, RMA adopted the Common Land Unit (CLU), which was followed by the Under Secretary for Farm and Foreign Agricultural Services (and others) directing all agencies to implement the CLU by July 1, 2014. Finally, in September 2014, FSA reported that the CLU is a prerequisite to establish a "one-stop" acreage reporting process. As such, OIG believes USDA has identified the need for, and has been working toward establishing, a one-stop (unified) acreage report as a necessary prerequisite to the data sharing and coordination activities it hopes to achieve with ACRSI.

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.

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Background and Objectives

Background

Like many departments within the Federal Government, the Department of Agriculture (USDA) faces a challenge in coordinating the efforts of various agencies and programs within its purview. USDA divides responsibilities among several agencies that jointly provide oversight of key mission areas, requiring continual intradepartmental cooperation in order to create a cohesive and integrated system of program administration. For example, within USDA, farm programs include the commodity programs, farm loan programs, conservation cost-sharing programs, and the noninsured crop disaster assistance program administered by the Farm Service Agency (FSA),[1] the Federal crop insurance program administered by the Risk Management Agency (RMA),[2] and conservation programs administered by the Natural Resources Conservation Service (NRCS).[3]

Over the years, USDA agencies have been required to undertake various efforts to improve their data sharing business processes. For example, an objective of the Agricultural Risk Protection Act of 2000 (ARPA)[4] was to improve the efficiency and integrity of the Federal crop insurance program. The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill)[5] directed the Secretary of Agriculture to develop a comprehensive information management system for use in implementing the programs administered by RMA and FSA. Congress went further in passing the Agricultural Act of 2014 (2014 Farm Bill),[6] requiring USDA to reduce administrative burdens and costs to producers by streamlining and reducing paperwork, forms, and other administrative requirements, in part through the implementation of the Acreage Crop Reporting Streamlining Initiative (ACRSI).[7]

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[1] FSA ensures the well-being of American agriculture, the environment, and the American public through the administration of farm commodity programs; farm ownership, operating, and emergency loans; conservation and environmental programs; and emergency and disaster assistance.

[2] RMA helps to ensure that producers have the financial tools necessary to manage their agricultural risks by providing crop insurance to American farmers and ranchers through the Federal Crop Insurance Corporation. RMA administers crop insurance programs through private-sector partners, creates crop insurance and risk management products, provides risk management education and outreach, and ensures program accessibility and integrity. Private-sector insurance companies sell and service the policies provided by RMA. In turn, RMA develops and/or approves the premium rate, administers premium and expense subsidies, approves and supports products, and reinsures the private insurance companies.

[3] NRCS provides leadership in a partnership effort with private landowners, public entities, and nongovernmental organizations to help people conserve, maintain, and improve our natural resources and environment. NRCS' work results in productive lands and a healthy environment through reduced soil erosion, improved water and air quality, energy conservation, restored woodlands and wetlands, enhanced fish and wildlife habitat, and reduced upstream flooding.

[4] Agricultural Risk Protection Act of 2000, Pub. L. No. 106-224, §515(c), 114 Stat. 358, 372-373 (codified at 7 U.S.C. §1514) (ARPA).

[5] Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171, 116 Stat. 519 (2002 Farm Bill).

[6] Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 649 (2014 Farm Bill).

[7] Although Congress first required RMA and FSA to implement ACRSI as part of the 2014 Farm Bill, USDA began this initiative in 2010.

The Comprehensive Information Management System (CIMS), developed in response to the 2002 Farm Bill, is one tool available to help reduce the reporting burdens on producers, RMA, FSA, and Approved Insurance Providers (AIPs). CIMS is a system of computer programs and databases, which RMA owns and maintains, in order to administer the Federal crop insurance program and allow FSA to administer its programs. This system provides timely access to nine years of producer, program, and land information through a single source to RMA, FSA, and AIPs.[8] The electronic access to a centralized source of common information is designed to enable users of CIMS to reduce costs associated with data collection, identify data inconsistencies, and identify reporting errors.

In March 2011, USDA issued a report entitled *Understanding the Challenges of Service Delivery to USDA Producers and Customers*. In this report, USDA noted that today's farmers and ranchers, along with FSA employees, are frustrated by FSA's use of outdated technology, systems that do not share information, and complex rules and processes that impede FSA's ability to best carry out its mission. FSA, along with the Department's Office of the Chief Information Officer (OCIO),[9] held listening sessions from February 2010 through August 2010, where a USDA team gathered informally with producers, field office staff, and precision agricultural[10] industry representatives to hear their concerns about the current delivery of farm services and benefits and to recommend improvements. The primary concern raised by producers was the inability to share data between USDA agencies' current systems. Producers said that they want to provide their information, such as acreage reporting data, just once and expect USDA agencies to share the data internally. Without interagency coordination, producers said they must repeatedly provide the same data and the lack of coordination affects reporting on yields and acreage. Since FSA and RMA do not share acreage data, employees said producers have to report acreage multiple times to each USDA agency with which they do business. The agencies, in turn, have different ways of measuring acreage. Employees said geographic information system technology, which could be used for acreage reporting, is not currently shared by all agencies, nor integrated effectively into the business process.

During the listening sessions, USDA also received comments suggesting it should sponsor an initiative to simplify and standardize acreage reporting processes, program dates, and data definitions across the various USDA farm programs and agencies. In July 2010, the Secretary of Agriculture asked the Deputy Under Secretary for Farm and Foreign Agricultural Services and the USDA Chief Information Officer, along with representatives from FSA, RMA, NRCS, and the National Agricultural Statistics Service (NASS),[11] to establish an interagency team to lead ACRSI to simplify the acreage reporting process.

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[8] According to agency officials, CIMS contains nine years of data, from 2008 to 2016. However, according to the USDA Privacy Impact Statement, the system is designed to provide three years of data.

[9] OCIO has the primary responsibility for the supervision and coordination of the design, acquisition, maintenance, use, and disposal of information technology by USDA agencies.

[10] According to an ACRSI co-program manager, precision agriculture involves producers using advanced technology in their farming operations, such as geographic information system devices, to track and measure planted acreage. This technology can be used by producers to provide geospatial information to RMA and FSA.

[11] NASS is the official Federal statistical agency for agriculture. The agency provides U.S. agricultural and rural communities with accurate, timely, and useful statistical products and services that are vital information to monitor the ever-changing agricultural sector and carry out farm policy.

As ACRSI is implemented, it is expected to expand on and leverage the CIMS investment to assist FSA and RMA with streamlining the crop reporting requirements for producers.[12] ACRSI represents a change in organizational culture within USDA, as it demonstrates an interagency effort to standardize the collection of common information and improves the ability to serve producers. ACRSI is focused on establishing a common USDA framework for producer commodity reporting in support of USDA programs that will enable producers to report common data once. FSA, RMA, NRCS, and NASS will then share the data to eliminate duplicate reporting.[13] The goal of ACRSI is to establish common data elements and automated processes for producers to report common information for USDA programs, simplify and reduce the reporting burden on producers, and reduce USDA administrative and operating costs by sharing similar data across participating agencies. USDA officials point out that ACRSI has made significant progress by, among other accomplishments, aligning acreage reporting dates and creating a "cross-walk" of crops and definitions. Through the streamlining and automating of reporting, the 2014 Farm Bill requires the Secretary of Agriculture to reduce administrative burdens and costs to producers by reducing paperwork, forms, and other administrative requirements, in part through the implementation of ACRSI. ACRSI should also improve program integrity through consistent reporting and data across all USDA agencies and programs.

During our audit, we identified statutory and program compliance requirements for various FSA, RMA, and NRCS programs which must be met in order to ensure payments are made in accordance with individual program rules. These compliance requirements were adjusted gross income (AGI) limits, highly erodible land conservation and wetland conservation (HELC/WC) provisions, acreage reporting, and production (also known as yield) reporting. While one USDA agency may ensure a specific compliance requirement is met, the compliance data may need to be shared with other USDA agencies to assist with program eligibility determinations and ensure payments are not made in excess of program limitations. For example, FSA makes income eligibility determinations for programs it administers and also for conservation programs administered by NRCS. Individuals and legal entities with an average AGI in excess of a specified amount are ineligible for payments subject to that limitation.[14] Participants subject to AGI rules must certify their eligibility to receive benefits. FSA then works with the Internal Revenue Service (IRS) to confirm the accuracy of that certification. When the IRS is unable to confirm that the producer's AGI certification is accurate, the producer must submit to the FSA State office either: (1) tax returns to verify his or her average AGI or (2) a statement from a certified public accountant or an attorney which verifies that the producer's average AGI is below the specified limit. Another example is the HELC/WC provisions, which aim to reduce soil loss on erosion-prone lands and to protect wetlands for the multiple benefits they provide. Both FSA and NRCS have roles in making HELC/WC compliance determinations. Producers

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[12] As of June 30, 2015, RMA reported to Congress that ACRSI was substantially complete and has resulted in the achievement of some benefits, such as adoption of common acreage reporting dates and standard business entity types. However, RMA reported that additional benefits, such as the inclusion of more producers (States and crops) and production reporting, are under development.

[13] ACRSI provides a framework within which farm programs can evolve over time to satisfy the needs of producers as they move towards greater modernization.

[14] AGI refers to the amount of adjusted gross income reported to the Internal Revenue Service.

who participate in most programs administered by FSA, RMA, and NRCS are required to comply with the HELC/WC provisions, as noncompliance may affect program benefits.[15]

Producers involved in various FSA and RMA programs must submit an annual acreage report regarding cropland on their farms. FSA uses acreage reports to verify the existence of a crop and record the number of acres covered by the application in order to determine payment eligibility and to calculate losses for various disaster programs. Whereas RMA uses the acreage report as the basis to determine the amount of insurance provided and the premium charged for insurance programs. An acreage report contains information such as the types of crops planted, where the crops are located, how many acres were planted, and the dates the crops were planted. In addition to acreage reports, production reports are used to calculate the approved yield (or expected production for a crop year).[16] Production reports are a written record showing a producer's annual production and RMA uses these reports to determine a producer's yield for insurance purposes. Production and yield information may be used to calculate the payment rates for certain FSA and RMA programs.

At times, USDA agencies may obtain and use data from other Federal agencies to help ensure compliance with various USDA programs. For example, to help identify program participants who are deceased, which will prevent improper payments to deceased individuals, FSA compares its program participant records with the Social Security Administration's (SSA) death master file on a recurring basis.

Over the years, both USDA's Office of Inspector General (OIG) and the United States Government Accountability Office (GAO) have conducted audits related to data sharing among USDA agencies and some of the compliance requirements noted above. For example, OIG conducted an audit to assess the status of actions taken to implement significant portions of ARPA and found that agency efforts to complete the required data reconciliation for 2001 were not timely or effective.[17] OIG recommended that FSA and RMA promptly complete the 2001 crop year reconciliation and take immediate action to address the method for reconciling and resolving 2002 crop year data. In a separate audit of RMA's compliance activities, OIG found that even though ARPA required FSA and RMA to begin reconciling their data in 2001, and annually thereafter, no data had been completely reconciled more than 7 years later.[18] In October 2012, RMA acknowledged that it had not fully implemented the data reconciliation requirements of ARPA due to resource constraints and competing priorities. However, RMA noted that RMA and FSA would continue to work together on a number of initiatives, including CIMS and ACRSI, intended to promote data sharing and align programs to simplify reporting.

GAO conducted an audit which looked at the procedures in place to prevent FSA, RMA, and NRCS from making potentially improper payments or subsidies to or on behalf of deceased

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[15] Although most FSA and NRCS programs have required compliance with HELC/WC provisions since 1985, HELC/WC compliance was reintroduced as a requirement to receive a crop insurance premium subsidy effective June 1, 2015.

[16] A yield is the number of bushels (or pounds) that a producer harvests per acre.

[17] Audit Report 50099-12-KC, *USDA Implementation of the Agricultural Risk Protection Act of 2000*, September 2003.

[18] Audit Report 05601-11-At, *Risk Management Agency Compliance Activities*, September 2009.

individuals.[19] GAO found that while FSA had established procedures for preventing improper payments to deceased individuals, FSA's use of incomplete data had hindered its ability to identify improper payments. For example, the version of SSA's death master file against which FSA matched its payment records was incomplete, as FSA has been matching its payment records against the public version of the death master file and not the complete file.[20] GAO also found that NRCS did not have procedures to prevent potentially improper payments to deceased individuals and RMA did not have procedures in place consistent with Federal internal control standards to prevent payment of potentially improper subsidies on behalf of deceased individuals. GAO recommended that FSA further strengthen its verification of payments to deceased individuals; NRCS develop and implement procedures to prevent improper payments to deceased individuals; and RMA develop and implement procedures to prevent improper crop insurance subsidies on behalf of deceased policyholders. According to the Information Exchange Agreement between SSA and USDA, which was signed in April 2014 after GAO's audit, SSA will provide the data on deceased individuals (complete death master file) to FSA and FSA, RMA, and NRCS will use the information to ensure payment eligibility and proper payment or benefit disbursement.[21]

GAO also conducted an audit to review FSA's income verification practices used to verify compliance with AGI limits and found that FSA State offices' reviews of tax returns varied in quality and led to some erroneous eligibility determinations.[22] GAO recommended that to reduce the risk of improper payments to participants whose incomes exceed statutory limits, FSA should monitor State office reviews of tax returns and accountants' and attorneys' statements and implement a process to verify that these statements accurately reflect incomes.

Objectives

The objective of this audit was to evaluate the coordination among FSA, RMA, and NRCS to evaluate the effectiveness of the agencies' efforts to use shared data to assure that participants meet program requirements and eliminate improper payments. Specifically, we reviewed how effective the agencies are at using shared information to identify noncompliance and how shared information in CIMS and other systems are used by agencies to ensure accurate reporting of data that is the basis of monetary (program) benefits.

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[19] GAO-13-503, *Farm Programs: USDA Needs to Do More to Prevent Improper Payments to Deceased Individuals*, June 2013.
[20] The public death master file contains about 87 million death records and lists all deaths since 1936 that have been reported to SSA by sources other than the States, such as hospitals and funeral homes. The complete death master file contains approximately 11 million more death records than the public file and includes deaths reported by the States.
[21] As of February 2016, FSA had not yet obtained the complete death master file from SSA and was still using the partial death master file.
[22] GAO-13-741, *Farm Programs: Additional Steps Needed to Help Prevent Payments to Participants Whose Incomes Exceed Limits*, August 2013.

Section 1: Data Sharing Efforts

Finding 1: USDA Agencies Need to Take Additional Steps to Reduce Reporting Burden on Producers and Improve Data Sharing Practices

We found the development of a key USDA data sharing initiative called Acreage Crop Reporting Streamlining Initiative (ACRSI), designed to assist FSA and RMA with streamlining the crop reporting requirements for producers, has not fully achieved its intended goals. We found that ACRSI remains incomplete because it does not include all planned features, even though it has been in development for the past six years. During our review, we found that USDA did not provide adequate planning and coordination for the ACRSI project.[23] Specifically, the development effort did not include sufficient project management, an integrated master schedule (IMS) to track and measure development milestones and activities, and OCIO Departmental involvement to assist in providing guidance and oversight. Additionally, we found that some RMA and FSA programs are in need of automating manual reporting processes. As a result, ACRSI continues to not meet all 2014 Farm Bill requirements and ACRSI project objectives. Without improved data sharing, USDA has not significantly reduced producers' reporting burden and has limited assurance that participating producers are eligible for programs and properly receiving program benefits and payments.

Agency officials at RMA and FSA stated that subsequent to the completion of our review of ACRSI in October 2015, significant progress had been made in implementing ACRSI including improved project management more oversight through meetings with the Department's eBoard and with the Under Secretary of Food and Foreign Agriculture. In addition, there were more frequent stakeholder meetings. FSA officials also stated that they had taken additional actions to share data outside of ACRSI through *FSA Farm+*, which enables producers to view their farm records electronically, thus meeting one of the requirements of the 2014 Farm Bill. However, because this information was provided subsequent to the completion of our fieldwork, it has not been validated by OIG.

In 2010, USDA chartered ACRSI to provide a common USDA framework for producer commodity reporting in support of USDA programs. ACRSI is intended to simplify producer reporting; facilitate the implementation of the comprehensive USDA reporting strategy; and increase the reliability, accuracy, integrity, and completeness of data. The charter identified the scope of ACRSI as "to identify and recommend common business definitions, reporting requirements and a common USDA framework for producer commodity reporting in support of identified USDA programs." Subsequently, the 2014 Farm Bill also required FSA to:

> (1) reduce administrative burdens and costs to producers by streamlining and reducing paperwork, forms, and other administrative requirements, [by ensuring]…a producer …may report information, electronically (including geospatial data) or conventionally, [and that USDA can] electronically share [data] with the producer, … and (2) improve coordination, information sharing, and administrative work with the Farm Service Agency, Risk Management Agency, and the Natural Resources Conservation Service.

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[23] Our review of the implementation of ACRSI was conducted from October 2014 through October 2015.

Previously, ARPA, stated that, "[t]he Secretary shall develop and implement a coordinated plan for the Corporation and the Farm Service Agency to reconcile all relevant information received by the Corporation or the Farm Service Agency from a producer who obtains crop insurance coverage under this title. Beginning with the 2001 crop year, the Secretary shall require that the Corporation and the Farm Service Agency reconcile such producer-derived information on at least an annual basis in order to identify and address any discrepancies".

In October 2012, RMA acknowledged to OIG that the data reconciliation requirements for ARPA were not fully implemented.[24] However, RMA stated that, together with FSA, it would continue to work on a number of initiatives, including CIMS and ACRSI, which are intended to promote data sharing and align programs to simplify reporting. RMA also stated that it would continue the development and implementation of systems that would promote data reconciliation and would continue to work with FSA to promote uniform data requirements and producer certifications.

ACRSI Has Not Fully Achieved the Goal of Reducing Producer Reporting Burden

OIG found that ACRSI does not fully achieve the goal of reducing producer reporting burden, even though the 2014 Farm Bill required FSA to reduce producers' administrative burdens and costs. This occurred because the development of ACRSI was not completed as intended and key features were missing. For example, ACRSI does not 1) provide a one-stop reporting process for producers, 2) provide a means for producers to report production data through the channel of their choice, 3) alleviate the need to reconcile producer data, or 4) accept geospatial data from all producers. So long as ACRSI lacks these features, the reporting and compliance requirements for producers remain burdensome. We noted that ACRSI experienced setbacks due to the lack of a fully integrated master schedule, a lack of a single project manager from December 2012 through August 2014, shifting project management, and poor coordination among agencies.

The ACRSI charter envisions ACRSI as a means to provide a "common USDA framework for producer commodity reporting in support of USDA program." Specifically, it is supposed to simplify producer reporting while increasing the reliability, accuracy, integrity, and completeness of the data. The Federal Register further outlined USDA's intentions for ACRSI, stating that ACRSI would reduce the burden on producers while simultaneously improving program integrity through consistent reporting and data across all USDA agencies and programs.[25] Additionally, ACRSI is expected to allow automated reporting from the producer's precision GPS monitoring equipment or farm management system, also referred to as geospatial data. ACRSI should allow producers the option to either use a website to submit an electronic file or report through the FSA county office or crop insurance agent. Additionally, in response to

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[24] RMA made this acknowledgement to OIG in its request for management decision for Audit 50099-12-KC, *USDA Implementation of the Agricultural Risk Protection Act of 2000*.
[25] Retrospective Review Under E.O. 13563: Improving Common Acreage Reporting Processes, 76 Fed. Reg. 138 (Jul. 19, 2011).

prior OIG audit, RMA noted that ACRSI would be used to help satisfy the data reconciliation requirements for ARPA, which it has not yet achieved. [26]

In part, ACRSI remains incomplete because it lacked a fully integrated master schedule (IMS). Instead of including all requirements and objectives to be achieved by ACRSI, the IMS developed by FSA and RMA reflected only the plans for the next developmental increment, e.g., the completion of the ACRSI pilot (in September 2015). GAO's *Schedule Assessment Guide: Best Practices for Project Schedules* states, "[t]he IMS should reflect all effort necessary to successfully complete the program, regardless of who performs it." It goes on to state, "[t]he IMS includes planning for all activities that have to be accomplished for the entire duration of the program, including all blocks, increments, phases, and the like." However, we noted that although interim milestones for ACRSI were established, agency officials could not provide a final deadline for overall implementation of ACRSI with all required features.

For example, in the spring of 2015, RMA and FSA conducted the first of a five phase pilot project designed to support fulfilling the ACRSI mission and to test the "one-stop" reporting concept on a smaller platform. The pilot allowed producers to report their acreage information via one of three channels—their FSA County Office, their insurance agency, or through an approved third-party entity. The first phase of the ACRSI pilot project was conducted in 30 selected counties in 2 States. As part of ACRSI's incremental approach, the first phase of the pilot was limited to five crops, fallow, and conservation programs.[27] At that time, RMA and FSA had plans to expand the pilot each season, increasing both the number of States and crops in each phase, until ACRSI was available in all States and for 17 crops in May 2017.

However, in March 2016, FSA provided additional information which indicated that the pilot project, originally scheduled for completion in December 2017, had been expedited. According to FSA, the Fall 2015 pilot was expanded to 15 States and 9 crops. The Spring 2016 phase would mark the end of the pilot, representing the full roll-out of ACRSI to all 50 States. We noted, however, that the Spring 2016 expansion did not include all crops (which were originally scheduled to be covered by ACRSI) and only provided producers two reporting options: their FSA county office or their insurance agent. Further, the plans did not did not incorporate a schedule for including other functionality such as the inclusion of production data or the requirement that FSA and all AIPs accept geospatial data.[28] As a result, ACRSI does not fully reduce producer burden by providing a single stop reporting process for all producers and does not allow producers the choice of the full-range of reporting methods.

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[26] Audit Report 50099-12-KC, *USDA Implementation of the Agricultural Risk Protection Act of 2000*, September 2003. In its 2012 request for management decision for this audit, RMA acknowledged that it had not met the ARPA requirement to reconcile RMA and FSA data.

[27] Fallow refers to land where no crops are planted. Conservation programs refer to programs created to preserve the land from harm, such as wetlands.

[28] In its June 30, 2015, report to Congress, RMA stated that acceptance of production data is planned for a future phase of ACRSI, but officials did not have a plan stating when this functionality would be incorporated. Unless ACRSI accepts production data, it has not fulfilled one its key objectives. Further, as part of the pilot, only two of the approved insurance providers accepted geospatial data. However, the schedule prepared by RMA and FSA did not include any reference to expanding the requirements to require all approved insurance providers to accept geospatial data.

Further, we noted that FSA and RMA have not eliminated the need for producers to interact with both agencies when certifying their acreage data. Although ACRSI allows producers to report their data once (to FSA, RMA, or a third party vendor), producers are still required to certify separately to FSA and RMA. As such, the full benefits of a one-stop reporting process have not been achieved.

Furthermore, we found that ACRSI's planning process lacked accountability and has been affected by shifting project management, priorities, and resources. The ACRSI project manager is responsible for conducting the day-to-day operations of the program. At the onset of ACRSI, the project manager was a contractor working for the Department's OCIO. The project manager, whose roles and responsibilities are established in the ACRSI charter, is tasked with ensuring ACRSI is on time, within budget, and meeting performance expectations. [29] The project manager also provides oversight of financial management and coordinates the activities of the ACRSI program manager and project teams to ensure the successful completion of projects.

Despite the critical importance of this role, the ACRSI project manager's employment was terminated as a result of the Government sequestration in December 2012. During the almost 2-year timeframe while ACRSI was without a project manager, two co-program managers (one from FSA and one from RMA) kept working towards the development of common data standards for ACRSI; however, several USDA officials acknowledged the progress with ACRSI was slow. Both of the co-program managers said they were unable to devote all of their time to ACRSI, as their ACRSI responsibilities were considered a collateral duty. In addition, both co-program managers said they were dealing with competing priorities and a lack of resources during the absence of the project manager. For example, the ACRSI co-program manager from FSA said until recently a majority of his time was consumed by FSA's MIDAS project. The ACRSI co-program manager from RMA said ACRSI is a burden for RMA personnel-wise, as RMA is a very small agency and cannot afford to have a lot of staff focus all of their efforts on ACRSI while the agency attempts to implement other Farm Bill requirements.

Another manager was not hired to oversee the ACRSI project until August 2014. Since there was no project manager from December 2012 to August 2014, we concluded that no single individual at the Department-level had oversight responsibilities for the project during that period. The individual who was hired in August 2014 indicated that he was not a "project manager," as identified in the charter, and was not directed by anyone at the Departmental level. Instead, this individual reported to both FSA and RMA officials, making unified coordination and oversight more challenging. Additionally, we noted the project charter was not updated to reflect this change and identify this individual's role. As a result, the responsibilities of this individual were not clearly defined, and the project was again not subject to formal Departmental oversight from August 2014 to the end of our fieldwork in April 2016. [30]

In addition, we found a lack of coordination during ACRSI's development and implementation among the three most responsible agencies (FSA, RMA, and NRCS) and at the Departmental level. While ACRSI is a Departmental effort, it has been FSA- and RMA-focused and driven

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[29] Although the project manager is responsible for ACRSI being on time, OIG found no deadlines had been established for defining what constituted being "on time."
[30] This individual is referred to as the ACRSI program manager or program director.

development effort since the departure of the ACRSI project manager in 2012. Shortly after the ACRSI project manager's termination, Departmental-level coordination with OCIO ended when it ceased its day-to-day involvement with ACRSI. OCIO officials said FSA and RMA officials told them they could handle the ACRSI work themselves, and thus OCIO did not see a need for continued day-to-day involvement. Moreover, NRCS has not been significantly involved with ACRSI due to the agency's ACRSI representative's belief that NRCS has no real need for acreage data in order to administer its programs.[31] As a result, NRCS has not made any changes to its business practices to ensure it is using the same data that is used by RMA and FSA.[32]

Since both RMA and FSA require producers to certify acreage separately, the possibility exists that different data could be reported (and certified) to each agency, which, in accordance with ARPA, necessitates that RMA and FSA reconcile the reported data to ensure that information is accurate. If ACRSI were to provide a one-stop process for reporting and certifying all data, then the need to reconcile RMA and FSA data could be eliminated because there would be only one set of data. However, because the data discrepancies may continue to exist as a result of the separate certifications, ACRSI has not alleviated the need to reconcile RMA and FSA data. Furthermore, FSA and RMA do not have a process in place to ensure that this reconciliation occurs.

Further coordination issues have affected ACRSI development. FSA and RMA, in an attempt to better coordinate and align business processes, both recognize they need to implement the CLU. One of the action items for implementing the ACRSI common data standards was for agencies to adopt the use of CLUs for land location no later than July 1, 2014. Instead, RMA developed a multi-year implementation plan that formalized requirements for AIPs to phase-in reporting of acreage by CLU and achieve 100 percent reporting by July 2016, two years after the required milestone. Additionally, RMA reported that, in order to achieve this outcome, FSA must continue resolving outstanding errors, anomalies, and quality concerns pertaining to the CLU polygon shape files, and their underlying metadata, which FSA maintains and provides to RMA.[33] In an April 2015 ACRSI progress report submitted to the RMA administrator, RMA noted FSA had made "great strides" in this effort and RMA was on target to achieve its July 2016 goal of reporting all acreage by CLU. However, until both FSA and AIPs, who report acreage to RMA, are reporting acreage by CLU, the need to reconcile data will continue. As noted above, FSA and RMA do not have a process in place to ensure that this reconciliation occurs.

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[31] According to NRCS, its programs do not have acreage reporting requirements. However, NRCS participates in ACRSI to enhance and improve the conservation planning process.

[32] NRCS is responsible for making highly erodible land conservation and wetland conservation compliance determinations for lands enrolled in both RMA and FSA programs, as well as NRCS programs. According to NRCS' ACRSI representative, NRCS uses planning land units, instead of common land units (CLUs) in its conservation plans. NRCS' representative explained that these may resemble each other, but may not always be the same because a planning land unit may have different boundaries than a CLU. For example, one planning land unit for NRCS may be comprised of three different CLUs.

[33] CLU is the smallest unit of land that has a permanent, contiguous boundary; common land cover and land management; common owner; and common producer in agricultural land associated with USDA farm programs. The use of CLU helps ensure the acreage, crop, and production data collected by both FSA and RMA are tied to the same unit of land, which is a prerequisite to establishing a "one-stop" acreage reporting process.

Further, FSA and RMA officials stated they have not effectively coordinated their current business practices regarding the interpretation of CLU boundaries and use of geospatial data. FSA and RMA have differing interpretations related to CLU boundaries and geospatial data. The ACRSI program manager stated that RMA is interested in the acres actually planted, regardless of CLU boundaries, as these are the acres that will be covered under insurance. However, FSA is interested in the acres planted within the CLU boundaries that the producer reports. As with the multiple certifications we discussed earlier, this too can result in acreage discrepancies that need to be reconciled. FSA and RMA recognize they have not coordinated their current business practices regarding the interpretation of CLU boundaries and use of geospatial data. However, they were unclear as to whether they would modify their business practices to ensure that both agencies were interpreting the data in the same way, or how they would reconcile acreage differences resulting from the differing interpretations.

Only two of the nine approved insurance providers who participated in the ACRSI pilot accepted geospatial data from their producers. As such, those producers who do not do business with the two approved insurance providers are not able to report geospatial data (from their precision agriculture equipment). Further, we noted that RMA does not require approved insurance providers to accept geospatial data. Therefore, until RMA requires all approved insurance providers to accept geospatial data, the ability to report it will not be available to all producers and a key requirement of the 2014 Farm Bill (allowing producers to report geospatial data) will go will go unmet.

As a result of the lack of planning and coordination while implementing ACRSI, producers continue to face a burden in complying with USDA program reporting requirements.

Data Sharing Outside of ACRSI Needs Improvement

While data sharing within the USDA has improved over the years, we found that improvements are still needed to effectively share data between agencies. Specifically, many of the processes used for data sharing are manual processes, not automated ones. This occurred because, despite the benefits of an automated process, RMA and FSA officials believe that manual processes can be the most cost effective and accurate process for small programs, such as Agricultural Management Assistance (AMA). We also found that USDA agencies have not implemented controls to verify the accuracy of self-certifications to ensure that crop insurance policyholders are in compliance with highly erodible land conservation / wetland conservation (HELC/WC) requirements (see Finding 2).

For example, an NRCS official said enforcing the payment limitation for the AMA program is a manual process and it is a challenge to coordinate the payments among NRCS, RMA, and the Agricultural Marketing Service (AMS). Because the AMA program is comprised of payments from NRCS, RMA, and AMS, NRCS must annually obtain reports from RMA and AMS to compute the total payment amount to ensure it does not exceed the payment limitation. Likewise, FSA and RMA have had to develop a manual process, to obtain a list of program participants on a monthly basis and visually compare these lists to ensure that participants in the Margin Protection Program-Dairy are not also participating in RMA's Livestock Gross Margin for Dairy. USDA agencies also note that they continue to take steps through other programs and

systems to coordinate and share data. FSA officials told OIG that they have initiated data sharing that, while not directly related to compliance, still improves the agencies' ability to deliver programs efficiently. For example, officials noted that common information on farms and producer ownership and contact information or the data on yields that was used extensively by FSA to stand-up and run the new Agriculture Risk Coverage and Price Loss Coverage programs.

Overall, OIG determined that FSA, RMA, and NRCS can take additional steps to improve their data sharing activities, reconcile their data, and meet ACRSI's objectives and requirements. To facilitate this interagency sharing, USDA should take additional steps to oversee and coordinate the agencies' efforts. To meet the goals of ACRSI, FSA and RMA need to ensure that all producers, in all States and regardless of crop, are able to report their acreage and production data either electronically or conventionally, including their geospatial data. Additionally, RMA needs to require that all AIPs accept geospatial data. FSA and RMA also need to work together to determine how to interpret CLU boundaries and geospatial data use and, if necessary, how to reconcile acreage differences resulting from the different interpretations. Until these additional steps are taken, reporting for USDA's various farm programs will remain both burdensome and in some cases will continue to result in conflicting and unreconciled data being reported. In that case, the Department will have limited assurance that participating producers are eligible for programs and not improperly receiving program benefits and payments.

Recommendation 1

A Department-level entity (e.g., OCIO) should be assigned responsibilities for the ACRSI oversight and develop policies for coordinating among agencies for the continued development of ACRSI to completion, and the ACRSI charter should be updated to define this role.

Agency Response

USDA agreed to assign responsibilities for oversight to the Undersecretary for Farm and Foreign Agriculture Services (FFAS). USDA expects to update the ACRSI charter by August 1, 2017, to reflect the FFAS Undersecretary's, respective Administrators', and OCIO's roles.

USDA also stated that FSA and NRCS are in the process of finalizing and implementing a FSA-NRCS interagency agreement for data sharing. According to USDA, it is designed to be a broadly described multiyear agreement between the two agencies without describing specific datasets. USDA stated that through the pending agreement, FSA and NRCS will agree to share datasets on a specific request basis, under an agreed to umbrella of data documentation and data security.

OIG Position

We accept management decision for this recommendation.

Recommendation 2

With guidance from the assigned Department-level entity, FSA, RMA, and NRCS need to revise the plan, with a timeline, to show when and how ACRSI will be fully implemented to include the ability of producers in all States to report acreage data, geospatial data, and production data for all crops.

Agency Response

USDA stated that ACRSI as designed today is substantially complete. Further, USDA stated that current ACRSI functionality includes all States and approximately 94 percent of crops produced. As with any large scale program, USDA stated that a cost benefit analysis would be completed prior to including additional crops. Future system enhancements, USDA stated, will focus on new functionality to further reduce producer burden, expand self-services opportunities for the producer, and improve overall system reliability and efficiency. USDA expects to provide a timetable for future enhancements by August 1, 2017.

OIG Position

We accept management decision for this recommendation.

Recommendation 3

RMA needs to revise crop insurance requirements to direct all AIPs to accept geospatial data.

Agency Response

RMA agrees with our recommendation and will make associated changes in an appropriate handbook by August 1, 2017. RMA noted that all current AIPs accept geospatial data; although it would set standards for future participants.

OIG Position

We accept management decision for this recommendation.

Recommendation 4

FSA and RMA need to determine and document how to interpret CLU boundaries and geospatial data use and, if necessary, how to reconcile acreage differences resulting from the different interpretations.

Agency Response

USDA agrees with our recommendation. Through the ACRSI project, USDA stated that it established a joint agency policy team to work on developing policies and procedures to address

this issue. As a result of this effort, USDA stated that directives have been developed and will be issued by March 1, 2017.

OIG Position

We accept management decision for this recommendation.

Finding 2: Controls are Needed to Ensure Compliance with HELC/WC Requirements by Crop Insurance Policyholders

Although the 2014 Farm Bill established new requirements that crop insurance policyholders comply with HELC/WC provisions in order to receive crop insurance premium subsidies, RMA and other USDA agencies have not effectively implemented internal controls to ensure compliance. RMA staff incorrectly believed existing controls in place at NRCS and FSA would also ensure compliance by crop insurance policyholders. As a result, USDA cannot ensure that crop insurance policyholders' certifications are accurate and may improperly pay premium subsidies on behalf of ineligible policyholders.

The 2014 Farm Bill requires compliance with HELC/WC requirements: "[b]eginning with the first full reinsurance year immediately following the date of enactment of this paragraph, all persons seeking eligibility for the payment of a portion of the premium paid by the Federal Crop Insurance Corporation for a policy or plan of insurance under the Federal Crop Insurance Act…shall provide certification of compliance with this section."[34] The Farm Bill also states that in carrying out the HELC/WC provisions, "the Secretary shall use existing processes and procedures for certifying compliance." However, GAO's *Standards for Internal Control in the Federal Government* states that "[a]s programs change and entities strive to improve operational processes and implement new technology, management continually evaluates its internal control system so that it is effective and updated when necessary." The standards also state "management should implement internal control activities through policies." Additionally, the standards provide that documentation is required for the effective design, implementation, and operating effectiveness of an entity's internal control system.[35]

RMA staff, in describing the process to ensure crop insurance policyholders have certified HELC/WC compliance, stated RMA required all policyholders who had not previously certified to compliance to submit a form AD-1026 to the FSA county office by June 1, 2015.[36] For policyholders who had previously certified to HELC/WC compliance as a result of participation in FSA or NRCS programs, another certification would not be required unless the preceding certification was no longer correct. According to RMA officials, RMA implemented systematic verification of a policyholder's conservation compliance in its policyholder acceptance storage system on May 20, 2015. In addition, RMA officials stated that, on June 30, 2015, RMA issued procedures to AIPs to ensure producers who receive crop insurance premium subsidies have met HELC/WC compliance requirements. After the HELC/WC requirements became effective on

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[34] Agricultural Act of 2014, Pub. L. No. 113-79, §2611, 128 Stat. 649, 762-766 (codified at 16 U.S.C. § 3811(a)(1)), enacted February 7, 2014. HELC/WC provisions require producers/policyholders to certify that they (1) will not plant or produce an agricultural commodity on highly erodible land or fields unless they are being farmed in accordance with a conservation plan or system approved by NRCS, (2) will not plant or produce an agricultural commodity on a wetland converted after February 7, 2014, and (3) have not converted a wetland for the purpose, or to have the effect, of making the production of an agricultural commodity possible on such converted wetland after February 7, 2014.

[35] GAO 14-704G, *Standards for Internal Control in the Federal Government*, September 2014.

[36] Form AD-1026 is the "Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification."

June 1, 2015, RMA plans every June to annually request from FSA a list of producers who have submitted a form AD-1026 to FSA, and then RMA will compare this list to its list of policyholders. According to RMA officials, any policyholder who is not on FSA's list will be flagged in RMA's policy acceptance storage system indicating that form AD-1026 has not been filed, thus preventing a premium subsidy from being applied to the insured (policyholder) who is not in compliance with conservation compliance requirements. However, OIG noted that RMA's process for ensuring that policyholders who did not have a form AD-1026 on file with FSA was not documented as formal policy. Instead, RMA issued an informational memorandum to AIPs that stated that they may obtain producer's premium eligibility status.[37] However, this memorandum did not provide any requirement for AIPs to ensure that only policyholders who certified to compliance with HELC/WC requirements received a crop insurance premium subsidy.[38]

Additionally, we found that RMA had not established an internal control process to ensure these self-certifications submitted by policyholders were accurate and had not verified that the existing processes and procedures used by NRCS and FSA would ensure that all RMA policyholders are in compliance with HELC/WC requirements. One RMA official explained that it was unnecessary for RMA to develop any additional controls to ensure the accuracy of the self-certification because the 2014 Farm Bill instructed the agencies to use existing processes and procedures, which call on FSA and NRCS to ensure compliance. According to NRCS' procedures, FSA provides NRCS with a universe of individuals who received a FSA program payment in the prior year.[39] NRCS selects a sample of 1 percent of the individuals from the universe on which to perform a conservation compliance status review.[40] The conservation compliance status review is a technical review of the entire tract to determine compliance with HELC/WC provisions. Another RMA official also thought that FSA and NRCS would ensure that the certifications completed by policyholders were accurate. The RMA official believed that since the policyholder had submitted the form AD-1026 to FSA, FSA would include the policyholder in its universe of producers.

However, upon discussion with both FSA and NRCS, we learned that the universe FSA provides (to NRCS) from which NRCS selects a sample does not include crop insurance policyholders

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[37] USDA RMA, *Agricultural Act of 2014 – Conservation Compliance*, Informational Memorandum PM-15-032 (June 30, 2015).

[38] Although RMA did not have a formal policy regarding the denial of an insurance premium subsidy to a producer who has not filed an AD-1026, RMA later provided us with information showing that system edits were in place to deny premium subsidy to those producers who did not have an AD-1026 on file with FSA. We did not audit the effectiveness of this control, as such, we make no recommendations to address this issue at this time.

[39] USDA NRCS, *Accountability Information Management System: FSA Compliance Status Review (Version 2.3)*, "General," (Jan 2009).

[40] OIG issued an interim audit report, 50601-0005-31(1): *USDA Monitoring of Highly Erodible Land and Wetland Conservation Violations – Interim Report*, in March 2016 that found the universe used to select conservation compliance reviews was incomplete. OIG recommended that USDA draft and implement a memorandum of understanding between NRCS, FSA, and RMA which outlines the responsibilities of each agency in generating a timely and accurate universe of tracts subject to highly erodible land and wetland conservation provisions. The agencies agreed to take corrective action, but at the time of this audit, the selection criteria had not been updated to include and did not include a methodology for selecting tracts associated with policyholders who only did business with RMA.

who did not receive a payment from FSA in the prior year. The result is that a producer who only participates in RMA Federal crop insurance programs cannot be selected for a conservation compliance status review. As such, the existing controls are not adequately designed to ensure that policyholders who certify that they are in compliance with HELC/WC provisions submit an accurate form AD-1026. Thus, RMA cannot provide assurance that a policyholder is in compliance with HELC/WC requirements. As a result, RMA risks improperly making premium subsidy payments on behalf of policyholders who certify to HELC/WC compliance but who may not be compliant.

As such, we believe it is necessary for RMA to develop and implement controls to ensure that all policyholders are subject to a review process, such as the NRCS conservation compliance status review, to ensure that the form AD-1026 submitted by the policyholder is accurate and is a true representation of the policyholder's compliance with HELC/WC requirements.

Recommendation 5

RMA should continue to work with FSA and NRCS, as appropriate, to develop and implement policies and procedures, such as the NRCS conservation compliance status review, to evaluate whether policyholders who seek crop insurance premium subsidies have submitted accurate HELC/WC certification statements.

Agency Response

USDA agrees with our recommendation. USDA stated that OIG recommended in Interim Report 50601-0005-31 the agencies develop policies and procedures so when status reviews for Federal crop insurance-only participants begin, no issues would arise. Given the work of 50601-0005-31, USDA stated that RMA, FSA, and NRCS followed OIG's recommendations and entered into a Memorandum of Understating on the subject, with an associated procedure, to ensure all participants receiving covered benefits are included in the status review process at the appropriate point in time. Further, USDA stated that the first status reviews on Federal crop insurance-only participants will begin in calendar year 2017, covering those receiving a premium subsidy in the 2016 reinsurance year.

OIG Position

We accept management decision for this recommendation.

Section 2: FISMA Requirements

Finding 3: RMA Proceeded with ACRSI Pilot Project without Proper Approval

RMA used an unauthorized information technology (IT) system during the spring 2015 ACRSI pilot project in order to fulfill the congressionally mandated ACRSI requirements and deadlines to receive progress payments.[41] Specifically, RMA did not obtain the required approval from the Department's OCIO, as RMA received neither an interim authorization to test (ATT) nor an authorization to operate (ATO) the system prior to the May 15, 2015, start date of the pilot.[42, 43] RMA proceeded without required approvals because of its desire to meet congressionally mandated goal dates tied to additional funding for the project. As a result, USDA was not in compliance with the Federal Information Security Modernization Act of 2014 (FISMA) mandates, leaving the security of information maintained by RMA and FSA in doubt. Without a valid ATO, RMA cannot ensure the effective management of IT risk or safeguard its organizational operations and assets and may be unable to prevent unauthorized access, use, or modification of sensitive information in RMA's IT system.

A USDA Departmental Regulation establishes the Security Assessment and Authorization policy for meeting the requirements of FISMA and guidance issued by the Office of Management and Budget (OMB) and the National Institute of Standards and Technology.[44] The stated intent of the Security Assessment and Authorization process is to evaluate IT systems against documented information security requirements; verify information security control test results; summarize the residual risk; and involve the Department's senior management, system owner, and authorizing official in the security lifecycle of the system.[45,46] The regulation states that all USDA IT systems require an ATO to ensure that Federal agencies "develop and implement policies, plans, and procedures to continually assess the risk and magnitude of the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information or information systems." An ATO is achieved by following the procedures, one of which is a

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[41] Agricultural Act of 2014, Pub. L. No. 113-79, §11020, 128 Stat. 649, 968 (codified at 7 U.S.C. §1515).

[42] ATT is a special type of authorization decision allowing an information system to operate in an operational environment for the express purpose of testing the system with actual operational (i.e., live) data for a specified time period. This authorization is granted only when the operational environment or live data are required to complete specific test objectives.

[43] ATO is the official management decision given by a senior organizational official to authorize operation of an information system and to explicitly accept the risk to organizational operations (including mission, functions, image, or reputation), organizational assets, individuals, other organizations, and the nation, based on the implementation of an agreed-upon set of security controls.

[44] USDA Departmental Regulation 3540-003, Security Assessment and Authorization (Aug. 12, 2014).

[45] The system owner is the agency official responsible for the overall procurement, development, integration, modification, or operation and maintenance of the information system.

[46] The authorizing official is the agency official with the authority to formally assume responsibility for operating an information system at an acceptable level of risk to agency operations (including mission, functions, image, or reputation), agency assets, or individuals.

concurrency review,[47] outlined in the *USDA Six Step Risk Management Framework (RMF) Process Guide*[48] prior to being placed into operation.

The *RMF Process Guide* requires Security Assessment and Authorization documentation for all USDA systems, IT programs, and cloud services to be maintained in the Cyber Security Assessment and Management (CSAM) system.[49,50] The guide also acknowledges the need for a system to be in production for a short time period prior to obtaining an ATO to allow accurate and worthwhile testing. In these cases, the Department's Associate Chief Information Officer of the Compliance, Audits, Policy, and Enforcement Division may grant an ATT. Such authority will only be granted after the satisfactory completion of the concurrency review and will only be in effect through the completion of testing, at which time the system will be removed from operation until the ATO is granted. Additionally, if a system is scheduled to undergo a major change then a full assessment and authorization must be conducted.[51]

OIG found that, although OCIO denied RMA's authority to demonstrate a new IT system (leveraging Microsoft Azure) used in the ACRSI pilot, RMA moved forward with the project as planned on May 15, 2015.[52, 53] In the April 30, 2015, denial memorandum, OCIO instructed RMA to: (1) complete the required CSAM data entry; (2) complete the RMF Step 3 concurrency review and receive the concur memo; (3) complete the interconnection security agreement between the RMA system and connecting FSA system(s); (4) consult with the Privacy Office to determine if a computer matching agreement is required; (5) complete the privacy threshold analysis/privacy impact assessment and concurrency review; and (6) submit a request for ATT with live data.

When we followed up with RMA officials to identify why the agency proceeded with the pilot without OCIO approval, an RMA official told us the agency needed to meet a congressionally

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[47] A concurrency review, Step 3b of the *USDA Six Step RMF Process Guide*, primarily examines the security plan and security categorization (i.e., low, moderate, or high impact).
[48] USDA ASOC Compliance, Audits, Policy, and Enforcement Division, *USDA Six Step RMF Process Guide*, (May 2015). The manual is designed to lead system owners and certification and risk assessment teams through USDA's Security Assessment and Authorization process.
[49] The cloud refers to software and services that run on the Internet instead of a computer. Cloud services are a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.
[50] CSAM is a FISMA management tool and system of record that captures all USDA system information, documentation, and assessment results.
[51] Specifically, the RMF states that, "Moving systems or child systems from one place in CSAM to place them under another system (as a child) or to make them a separate system in CSAM is considered a major change." A major (significant) change requires CSAM to be updated to indicate that the system is operational but undergoing a major modification and the system must be re-certified/re-accredited or have a targeted assessment performed.
[52] "Authority to demonstrate" is not terminology recognized by OMB, the National Institute of Standards and Technology, or USDA guidance; however, what RMA was requesting would be comparable to an interim authorization to test, but the time period for testing was much longer than typical for an ATT.
[53] Microsoft Azure is an open and flexible cloud computing platform that enables developers to use a broad selection of languages, frameworks, or tools to build, deploy, and manage applications.

mandated goal date and "there was a substantial amount of money at stake."[54] The RMA official added that the agency explained to the Department's OCIO Agriculture Security Operations Center (ASOC) officials the necessity and urgency of meeting the deadline on multiple occasions but efforts to mitigate the issues and receive proper authority were rebuffed.[55] The RMA official told OIG that all of the agency's efforts were made verbally. However, ASOC officials informed us they were unaware of RMA's further attempts to resolve the issues. Neither ASOC nor RMA were able to provide documentation of attempts to resolve the issues after ASOC denied RMA's request.

To facilitate sharing pilot data with FSA and with AIPs, RMA added Microsoft Azure to the agency's existing IT system. This solution enables compatible communication and data exchanges between the three parties' (RMA, FSA, and AIPs) IT systems. In addition, RMA built a clearinghouse to facilitate data exchanges. When data needs to be retrieved from the clearinghouse, a notification is transmitted through an Azure instance.[56] Since Microsoft Azure provides cloud services, the platform must undergo the RMF process to obtain a valid ATO. However, an ASOC official informed OIG the Azure instance has no system security plan, and OCIO was under the impression the system was not yet operational, as RMA told OCIO that ACRSI is currently in a pilot phase.[57]

Prior to RMA's request for an authority to demonstrate, OCIO questioned whether personally identifiable information (PII) was transmitted through the Azure instance. According to an RMA official, PII does not enter the Azure instance and is not stored in the cloud. Sensitive information remains on RMA or FSA networks, and producer files are stored on authorized RMA and FSA systems. Given the PII concern and pilot timeframe, an ASOC official suggested RMA seek permission "to perform a demo[nstration]." On March 30, 2015, RMA asked OCIO for an authority to demonstrate which would cover ACRSI for the pilot period plus any extended pilot work as requested by Congress or USDA. On April 30, 2015, OCIO denied RMA's request because OCIO believed the Azure environment went beyond what would be expected for a simple demonstration.

OIG followed up with OCIO to determine if RMA had contacted OCIO with concerns over the denial memorandum. An ASOC official informed us they had not received any additional documentation from RMA after April 30, 2015, and there have been no further conversations between the agencies regarding the ACRSI project. According to the ASOC official, if RMA moved forward with the pilot without obtaining an ATT as OCIO required in the denial memorandum, RMA's IT system would be operating without a valid ATO because of

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[54] Agricultural Act of 2014, Pub. L. No. 113-79, §11020, 128 Stat. 649, 968 (codified at 7 U.S.C. §1515). RMA had to show substantial completion of ACRSI by September 30, 2015, in order to be eligible for $20 million in additional funding. The $20 million in additional funding is spread over fiscal years 2015 through 2018.

[55] ASOC is a division of OCIO and the leading source within USDA for cyber security oversight and practices.

[56] For Azure, an example of an instance is creating a virtual machine in the cloud to deploy applications on nearly any operating system.

[57] The system security plan provides an overview of the security requirements of the system and describes the controls in place or planned for meeting those requirements.

unapproved system modifications (Microsoft Azure). As such, OCIO cannot attest to the security of the system and the data it contains.

RMA recognizes the need to take the appropriate steps to ensure that the IT systems used in implementing ACRSI comply with the mandates of FISMA. To that end, on August 30, 2016, RMA submitted to the Chief Information Security Officer of USDA a request to retire a system (RMA Azure) in CSAM. In this letter, RMA stated that all child and associated systems have been transferred to the RMA Crop Insurance System and RMA Enterprise Support System. Further, RMA stated that any data in the RMA Azure system had been transferred to Crop Insurance System and Enterprise Support System, and validated. However, RMA did not provide documentation that it had notified OCIO's Compliance, Audits, Policy and Enforcement Division of the major changes to the existing systems (Crop Insurance System and Enterprise Support System). Until the ATO process is complete, it is unclear whether the system meets current IT standards for data security. Therefore, it is critical the agency complete the RMF process to prevent unauthorized access, use, or modification of sensitive information in RMA's IT system.

Recommendation 6

RMA needs to provide OCIO with all the documentation requested in the April 30, 2015, memorandum from OCIO regarding the additional requirements for the ACRSI pilot project and subsequent nationwide implementation, or provide documentation demonstrating that the major changes to the Crop Insurance System and Enterprise Support Systems have been reported to OCIO's Compliance, Audits, Policy and Enforcement Division, that the system status has been set to operational but undergoing major modification, and that any required re-certification or targeted assessment has been performed.

Agency Response

USDA stated that in April 2016, RMA modified the ACRSI project to remove capabilities utilizing cloud technology that have not been approved by OCIO, migrating that functionality of ACRSI to already accredited RMA systems. As OCIO implements its cloud security strategy, USDA stated that RMA plans to work closely with OCIO to ensure the appropriate documentation to operate Microsoft Azure has been approved by OCIO before moving ACRSI functionality in the Azure instance.

USDA also stated that RMA determined ACRSI implemented without cloud services does not represent a major modification to general computing or application systems controls and therefore did not require an out-of-cycle reaccreditation. RMA is in the process of completing the documentation and testing of controls as part of the regular renewal of system accreditation in accordance with FISMA. USDA stated that the impact of ACRSI on the RMA system control set is far outweighed by changes to RMA's accreditation packages due to Revision 4 of the National Institute of Standards and Technology (NIST) Special Publication 800-53, "Security and Privacy Controls for Federal Information Systems and Organizations" as the baseline standard.

OIG Position

We accept management decision for this recommendation.

Recommendation 7

RMA should suspend the ACRSI pilot project and subsequent nationwide implementation until it obtains an ATT or ATO for all modified systems being used for the pilot and subsequent nationwide implementation, or provide documentation that all unauthorized systems have been removed from ACRSI.

Agency Response

USDA stated that in April 2016, RMA modified the ACRSI project to remove capabilities utilizing cloud technology that have not been approved by OCIO, migrating that functionality of ACRSI to already accredited RMA systems. As OCIO implements its cloud security strategy, USDA stated that RMA plans to work closely with OCIO to ensure the appropriate documentation to operate Microsoft Azure has been approved by OCIO before moving ACRSI functionality in the Azure instance.

USDA also stated that RMA determined ACRSI implemented without cloud services does not represent a major modification to general computing or application systems controls and therefore did not require an out-of-cycle reaccreditation. RMA is in the process of completing the documentation and testing of controls as part of the regular renewal of system accreditation in accordance with FISMA. USDA stated that the impact of ACRSI on the RMA system control set is far outweighed by changes to RMA's accreditation packages due to Revision 4 of the National Institute of Standards and Technology (NIST) Special Publication 800-53, "Security and Privacy Controls for Federal Information Systems and Organizations" as the baseline standard.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

We evaluated the coordination among FSA, RMA, and NRCS to evaluate the effectiveness of the agencies' efforts to use shared data to assure that participants meet program requirements and to eliminate improper payments. We did not perform testing to identify noncompliance with program requirements themselves or to identify improper payments. Specifically, we reviewed how effective the agencies are at using shared information to identify non-compliance and how shared information in CIMS and other systems are used by agencies to ensure accurate reporting of data that is the basis of monetary (program) benefits. To accomplish our objective, we conducted survey and audit fieldwork at the FSA, RMA, NRCS, NASS, and OCIO national offices between October 2014 and April 2016.[58] We also conducted survey and audit fieldwork through interviews with officials from the FSA and RMA Kansas City offices.

The scope of the audit included an evaluation on the effectiveness of FSA's, RMA's, and NRCS' efforts to assure participant compliance and prevent improper payments for farm and farm loan programs authorized by the 2008 and 2014 Farm Bills. Initially, during the survey phase of our audit we reviewed new, continued, and phasing-out programs which were in effect in fiscal years 2013 and 2014 that were making payments, grants, or loans in fiscal year 2015. We then identified certain common compliance requirements during the survey phase, such as AGI limits, HELC/WC provisions, acreage reporting, and production (also known as yield) reporting. These requirements affected multiple USDA programs and involved situations where agencies relied on data collected by another agency. We also identified ACRSI and deceased producers as two areas requiring interagency coordination. These common compliance requirements and areas of interest were reviewed during the audit phase.

To accomplish our audit objective, we performed the following procedures:

- Identified and reviewed applicable laws and regulations governing how USDA agencies share program data to assure that participants meet program requirements. This included a review of ARPA, 2002 Farm Bill, 2008 Farm Bill, and 2014 Farm Bill. These steps also included a review of FSA's, RMA's, and NRCS' policies, procedures, handbooks, and other guidance related to these agencies' data sharing efforts.

- Examined prior audits OIG and GAO conducted to identify discrepancies disclosed and corrective actions implemented related to the data sharing efforts of USDA agencies.

- Reviewed and analyzed Government Performance and Results Act documentation such as strategic plans, annual performance reports, Federal Managers' Financial Integrity Act reports, and A-123 reviews to identify USDA's, FSA's, RMA's, NRCS', NASS', and

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[58] Fieldwork was initially completed in October 2015. However, we followed up with agency officials in February 2016 to confirm certain information prior to issuing the discussion draft. Subsequent to the issuance of our discussion draft in March 2016, FSA and RMA provided additional information for our review through September 2016.

OCIO's goals and initiatives as related to their data sharing practices of program participants' information.

- Interviewed FSA, RMA, NRCS, NASS, and OCIO national office officials to determine their roles and responsibilities for CIMS along with the system's capabilities and the status of implementing the system.

- Identified information systems, such as the Service Center Information Management System, Crop Acreage Reporting System, and ACRSI pilot project, which USDA agencies use in their efforts to ensure compliance with program requirements and to share participants' information.

- Identified FSA's, RMA's, and NRCS' programs authorized under either the 2008 or 2014 Farm Bills that rely on information or determinations shared between USDA agencies. These steps included a review of eligibility and compliance requirements (i.e., HELC/WC, payment limitation, AGI, acreage data, and production data) along with the ACRSI and death master list requirements.

- Reviewed and analyzed ACRSI documentation, which included the Federal Register proposed rules, ACRSI Charter, implementation of ACRSI standards, agency progress reports to Departmental officials, and reports to Congress, in order to determine the goals, current status, and future plans for ACRSI.

- Interviewed FSA, RMA, NRCS, NASS, and OCIO national office officials to determine their roles and responsibilities in the implementation and administration of ACRSI. This included interviews with the ACRSI program manager and ACRSI co-program managers.

- Reviewed other USDA initiatives, such as FSA's Modernize and Innovate the Delivery of Agricultural Systems and NRCS' Conservation Delivery Streamlining Initiative, to see how they correlated with and differed from ACRSI.

- Identified and evaluated FSA's, RMA's, and NRCS' controls over common compliance requirements such as acreage reporting, AGI, HELC/WC, production (also known as yield) reporting, and deceased producers in order to determine how the agencies ensure compliance and ensure the data are complete and accurate.

As part of our audit, we also performed work to look at the actions FSA, RMA, and NRCS have taken to address the recommendations made in GAO's June 2013 report entitled *Farm Programs: USDA Needs to Do More to Prevent Improper Payments to Deceased Individuals* (GAO-13-503).[59] Both RMA and NRCS officials stated they have begun to implement

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[59] In its audit, GAO found that while FSA has established procedures for preventing improper payments to deceased individuals, FSA's use of incomplete data has hindered its ability to identify improper payments. GAO also found that NRCS does not have procedures to prevent potentially improper payments to deceased individuals and RMA

procedures to identify and prevent improper payments, including improper subsidies to or on behalf of deceased individuals.[60] We also found that FSA, RMA, and NRCS have worked together to obtain the complete death master file from SSA and finalized a data sharing agreement in 2014. However, as of February 2016, USDA agencies still do not have access to the complete death master file, as SSA and the USDA agencies are still working on the logistics of transferring the large initial file of the complete death master file. Therefore, none of the three agencies have fully implemented GAO's recommendations.

Although we identified information systems that USDA agencies use to share compliance related data (i.e., acreage, production, HELC/WC, and AGI), we did not assess or test the reliability of the data stored in these systems.

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.

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does not have procedures in place consistent with Federal internal control standards to prevent potentially improper subsidies on behalf of deceased individuals. GAO recommended that FSA further strengthen its verification of payments to deceased individuals; NRCS develop and implement procedures to prevent improper payments to deceased individuals; and RMA develop and implement procedures to prevent improper crop insurance subsidies on behalf of deceased policyholders.

[60] These procedures require the agencies to use the Do Not Pay portal, which uses the partial death master file.

Abbreviations

ACRSI	Acreage Crop Reporting Streamlining Initiative
AGI	Adjusted Gross Income
AIPs	Approved Insurance Providers
AMA	Agricultural Management Assistance
AMS	Agricultural Marketing Service
ARPA	Agricultural Risk Protection Act of 2000
ASOC	Agriculture Security Operations Center
ATO	Authorization to Operate
ATT	Authorization to Test
CIMS	Comprehensive Information Management System
CLU	Common Land Unit
CSAM	Cyber Security Assessment and Management
FISMA	Federal Information Security Modernization Act of 2014
FSA	Farm Service Agency
GAO	Government Accountability Office
HELC/WC	Highly Erodible Land Conservation and Wetland Conservation
IMS	Integrated Master Schedule
IRS	Internal Revenue Service
IT	Information Technology
MIDAS	Modernize and Innovate the Delivery of Agricultural Systems
NASS	National Agricultural Statistics Service
NRCS	Natural Resources Conservation Service
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PII	Personally Identifiable Information
RMA	Risk Management Agency
RMF	Risk Management Framework
SSA	Social Security Administration
USDA	Department of Agriculture

USDA'S
FARM SERVICE AGENCY, RISK MANAGEMENT AGENCY, AND NATURAL RESOURCES CONSERVATION SERVICE RESPONSE TO AUDIT REPORT

DATE: January 6, 2017

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Val Dolcini, Administrator, Farm Service Agency */s/Valente Dolcini*

Brandon Willis, Administrator, Risk Management Agency */s/Brandon Willis*

Jason Weller, Chief, Natural Resources Conservation Service */s/Jason Weller*

Jonathan Alboum, Chief Information Officer */s/Jonathan Alboum*
Office of the Chief Information Officer

SUBJECT: Response to Official Draft Report 50601-0003-22

The United States Department of Agriculture (USDA) appreciates the opportunity to comment on the Office of Inspector General's (OIG's) draft audit report 50601-0003-22 titled *"Coordination of USDA Farm Program Compliance – Farm Service Agency, Risk Management Agency and Natural Resources Conservation Service"* and OIG's willingness to engage in numerous discussions leading to this draft report. Unfortunately, the Risk Management Agency (RMA) and the Farm Service Agency (FSA) believe OIG's narrative related to the Acreage Crop Reporting Streamlining Initiative (ACRSI) is incomplete. The audit is incomplete because it fails to recognize progress since September 2015, including a nationwide expansion of shared acreage reporting for 13 crops into all 50 states in the summer of 2016, and the further expansion of nationwide coverage to 16 crops for fall 2016 and spring 2017 acreage reporting. If an audit is going to be extensively focused on the ACRSI project, it should provide the public an objective view of the most current progress.

The records provided by FSA and RMA demonstrate a clear and consistent involvement by USDA leadership including the Administrators at both RMA and FSA, the Under Secretary of the Farm and Foreign Agriculture Service (FFAS), the Deputy Secretary, the Office of Chief Information Officer (OCIO), and the Secretary of Agriculture.

The agencies dispute that ACRCI does not achieve its intended goals, because there is no place cited where the intended goals are outlined by Congress or the agencies. In fact, the agencies have been developing ACRSI in stages in order to specifically evaluate the functionality and impact of each phase and to make adjustments when the realities of the system and the industry are considered. The audit frequently cites that the system has not reduced the reporting burden on producers. While the agencies recognize further gains can be made in reducing the reporting burden, it is inaccurate to say that some burden has not been reduced. Today, producers of 16 crops should save significant amounts of

time reporting acreage as they only need to certify their acreage after reporting once instead of reporting the same acreage twice.

The work and progress that was completed during the audit time frame greatly supported the efforts and successes to more fully deploy ARCSI beginning in the spring of 2016 and continuing through the fall 2016 and spring 2017 acreage reporting periods. USDA addressed the leadership issues prior to September 2015 and the engagement and partnership of both FSA and RMA Administrators with the FFAS Undersecretary greatly improved the oversight and support of this key initiative.

It is also important to note that there is a misconception or misunderstanding evidenced by OIG's references and assumptions regarding reconciliation of data between RMA and FSA. FSA and RMA validate "shared data" specific to planted and/or harvested crops, depending on the USDA program requirement, are in fact one and the same in order to ensure program payments are based on the reported information provided to both agencies. However, a one-to-one reconciliation of all data is not required, and in some cases should not be, based on Agency-specific business models and program requirements. Currently, the ACRSI system provides for this type of validation and interaction upon receipt of the electronic record submitted within the ACRSI clearing house. When there is an acreage and/or crop discrepancy among data captured, those items are sent to a "worklist" that requires FSA and/or RMA validation in order to finalize the acceptance of the record for program purposes. In some cases, there are valid reasons for the differences in the data.

While the title of the report is "Coordination of USDA's Farm Program Compliance" a disproportional amount of effort (compared to the USDA-wide efforts on this subject) in the audit is spent on the ACRSI project. Because so much of the report focuses on this one project, the reader cannot form an unbiased opinion of the USDA's entire effort on coordination and sharing data. We believe the audit should include a summary and assessment of all of USDA's efforts to coordinate compliance in order to provide a broader context from which the reader can understand and appreciate the body of work being done in this discipline.

USDA develops and implements important programs that provide income support, risk management, and disaster assistance to farmers, ranchers and producers throughout the country. These programs include complex programmatic rules and numerous eligibility requirements which lead to significant data collection efforts. These efforts are necessary to ensure program compliance and integrity and the completeness and correctness of program payments. Through business process re-engineering and modernized technology, significant barriers have been eliminated and the coordination between FSA and RMA is better than ever. However, USDA recognizes that there is still room for improvement. As you noted in your report, USDA has undertaken a comprehensive initiative to enhance and target coordination of USDA program compliance. Across USDA, leaders are

working to implement and effectively administer successful data sharing efforts in order to enhance program delivery and customer service. We are also uniting our resources that communicate the results of our programs and are working to make them public-facing as soon as possible.

In conclusion, the requirement to fill out often similar acreage reports for FSA-delivered programs and crop insurance has been around for over 30 years. Yet, to date, no comprehensive effort aimed at saving farmers time by allowing them to fill out the acreage report once through streamlining government processes had ever been attempted at USDA. This is not because the task had never been considered. Rather, USDA recognized this would be a tremendous task involving many complexities that would take time to work through. If streamlined acreage reporting would have been a seamless process, it likely would have happened earlier.

We believe that the statutory language provided by Congress allows USDA to approach this project in a phased method. While we recognize that the project is not yet fully implemented, we disagree with the characterization presented in this audit.

Recommendation 1

A Department-level entity (e.g., OCIO) should be assigned responsibilities for the ACRSI oversight and develop policies for coordinating among agencies for the continued development of ACRSI to completion and the ACRSI charter should be updated to define this role .

FSA/RMA Response: Responsibilities for oversight will be assigned to the Undersecretary for Farm and Foreign Agriculture Services (FFAS). Over the past several years, the Undersecretary's office has provided direct oversight of the ACRSI program, and the FSA and RMA Administrators have ensured that cross-agency issues have been appropriately staffed and reviewed by the Undersecretary. This close coordination will continue, to include the Office of Chief Information Officer (OCIO). The ACRSI charter will be updated by August 1, 2017 to reflect the FFAS Undersecretary's, respective Administrators, and OCIO's roles.

NRCS Response: In support of the effort to standardize and streamline the data sharing between USDA agencies identified in this audit report, NRCS worked with FSA and RMA in the ACRSI project to standardize shared data elements, including general information pertaining to clients operating as individuals or as business entities and geospatial information, including county codes.

NRCS also assisted in facilitating the successful implementation of the ACRSJ project by developing the Application Access Assistant (AAA). AAA is designed to be used by clients to acquire eAuthentication level 2, which is required by ACSRI to secure the data. NRCS and FSA are now in the process of finalizing and implementing an FSA-NRCS Interagency Agreement for Data Sharing. It is designed to be a broadly described multi- year agreement between the two agencies without describing specific data sets. Through the pending agreement, FSA and NRCS will agree to share datasets on a specific request basis, under an agreed to umbrella of data documentation and data security. Methods of sharing data are broadly described, but will be agreed to by the two agencies for each data request. It is anticipated that this agreement will be in place in early 2017.

Recommendation 2

With guidance from the assigned Department-level entity, FSA, RMA, and NRCS need to revise the plan, with a timeline, to show when and how ACRSI will be fully implemented to include the ability of producers in all States to report acreage data, geospatial data, and production data for all crops.

Response: ACRSI as it is designed today, is substantially complete. Current ACRSI functionality includes all states and approximately 94 percent of crops produced. As with any large scale program, a cost benefit analysis would be completed prior to including additional crops, many of which are produced on small acreages and in small amounts.   Future system enhancements will focus on new functionality to further reduce producer burden, expand self-services opportunities for the producer, and improve overall system reliability and efficiency. By August 1, 2017 the agencies will provide a timetable for future enhancements.

Recommendation 3

RMA needs to revise crop insurance requirements to direct all AIPs to accept geospatial data.

Response: RMA agrees with this recommendation and will make associated changes in an appropriate handbook by August 1, 2017. However, it should be noted that all current (Approved Insurance Providers (AIPs) accept geospatial data, thus the immediate effect of this recommendation is minimal, although it would set standards for future participants.

Recommendation 4

FSA and RMA need to determine and document how to interpret Common Land Unit (CLU) boundaries and geospatial data use and, if necessary, how to reconcile acreage differences resulting from the different interpretations.

Response: USDA agrees with this recommendation. Through the ACRSI project, USDA has already established a joint agency policy team to work on developing procedures and policies to address this issue. As a result of this effort directives have been developed and will be issued by March 1, 2017

Recommendation 5
RMA should continue to work with FSA and NRCS, as appropriate, to develop and implement policies and procedures, such as the NRCS conservation compliance status review, to evaluate whether policyholders who seek crop insurance premium subsidies have submitted accurate HELC/WC certification statements.

Response: USDA agrees with this recommendation. OIG recently conducted audit 50601-0005-31 specifically targeting the Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions. During the course of that audit, OIG had preliminary discussions on this subject with the Agencies (and OIG acknowledges this in a footnote of this report). However, upon working with OIG for 50601-0005-31, it was determined by OIG that, in fact, no findings were necessary as status reviews for Federal crop insurance customers could not begin until 2017 at the earliest. OIG did recommend in Interim Report 50601-0005-31(1) that the Agencies develop policies and procedures so that when those status reviews begin, no such issues would arise at that time. Given the work of 50601-0005-31, RMA, FSA, and the Natural Resources Conservation Service (NRCS) did follow OIG's recommendations and entered into a Memorandum of Understating on the subject, with an associated procedure, to ensure all participants receiving covered benefits are included in the status review process and at the appropriate point in time. Federal crop insurance customers who receive other covered benefits (via FSA or NRCS) are already a part of the updated process. The first status reviews on Federal crop insurance-only participants will begin in calendar year 2017, covering those receiving premium subsidy in the 2016 reinsurance year. Therefore, USDA believes this matter is now resolved. The following six documents (attached) were provided to OIG as part of the response to audit 50601-0005-31.

5 Conservation Compliance Validation Overview 3-25-16 docx
6a MOU FSA RMA Signed Copy pdf
6b Attachment A Conservation Compliance Review Data Procedure Final 2 docx
6c Data MOU Flowchart pdf
7 and 8 System Entry Removal Request pdf
7 and 8 Screenshots docx

Recommendation 6
RMA needs to provide OCIO with all the documentation requested in the April 30, 2015, memorandum from OCIO regarding the additional requirements for the ACRSI pilot project

and subsequent nationwide implementation, or provide documentation demonstrating that the major changes to the Crop Insurance System and Enterprise Support Systems have been reported to OCIO's Compliance, Audits, Policy and Enforcement Division, that the system status has been set to operational but undergoing major modification, and that any required re-recertification or targeted assessment has been performed.

Recommendation 7

RMA should suspend the ACRSI pilot project and subsequent nationwide implementation until it obtains an ATT or ATO for all modified systems being used for the pilot and subsequent nationwide implementation, or provide documentation that all unauthorized systems have been removed from ACRSI.

Response to Recommendations 6 and 7: RMA does not agree that the ACRSI project should be suspended.

In April 2016, RMA modified ACRSI project to remove capabilities utilizing cloud technology that have not been approved by OCIO, migrating that functionality of ACRSI to already accredited RMA systems. As OCIO implements its cloud security strategy, RMA will work closely with OCIO to ensure the appropriate documentation supporting a full authority to operate utilizing Microsoft Azure and has been approved by both RMA and OCIO before moving ACRSI functionality into production in the Microsoft Azure instance.

At that time, RMA also reviewed the remaining modifications to RMA's existing general computing and application systems to determine if any significant changes to security controls resulted due to the ACRSI program. RMA determined that ACRSI implemented without cloud services does not represent a major modification to general computing or application systems controls and therefore did not require an out-of-cycle reaccreditation of these systems. RMA is in the process of completing the documentation and testing of controls as part of the regular renewal of system accreditation in accordance with FISMA. The impact of the ACRSI program on the RMA system control set is far outweighed by the changes to RMA's accreditation packages due to use of the Revision 4 of the National Institute of Standards and Technology (NIST) Special Publication 800-53, "Security and Privacy Controls for Federal Information Systems and Organizations" as the baseline standard.

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