



Plant Pest and Disease Management and Disaster Prevention Program



Audit Report 33601-0001-21

January 2023

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OIG reviewed APHIS' management of PPDM funds and projects.

OBJECTIVE

We determined if APHIS implemented effective policies and procedures to select projects and allocate funding for PPDM and to assess oversight of funded projects to determine if participants used funds according to program requirements and approved cooperative agreements.

REVIEWED

OIG reviewed laws, regulations, and procedures; interviewed agency officials; and analyzed files that APHIS represented to include all FY 2018 and FY 2019 PPDM agreements. APHIS' inability to provide accurate data resulted in a scope limitation.

RECOMMENDS

APHIS needs to develop, implement, and document controls to accurately track PPDM projects and obligations/disbursements, mitigate risks from high-risk cooperators, and develop PPDM performance goals and measures.

WHAT OIG FOUND

Through the Plant Pest and Disease Management and Disaster Prevention Program (PPDM), the Animal and Plant Health Inspection Service (APHIS) funds projects to strengthen APHIS' efforts to prevent, detect, and mitigate invasive plant pests and diseases. The Office of Inspector General (OIG) determined that APHIS could not provide an accurate record of the total number of PPDM projects awarded in fiscal year (FY) 2018 and FY 2019 and their respective funding amounts. As a result, APHIS management cannot provide reasonable assurance that it effectively monitored more than \$123.4 million in PPDM funding for FY 2018 and FY 2019.

Additionally, APHIS' Plant Protection and Quarantine unit did not implement additional oversight actions to address deficiencies of a significant PPDM cooperator that APHIS' Review and Analysis Branch concluded was high-risk during a compliance review. As a result, APHIS management cannot provide reasonable assurance that the agency safeguarded Federal funds awarded to that high-risk cooperator.

Finally, we identified that APHIS did not establish performance goals and measures to assess PPDM's success in achieving the program's objectives. As a result, APHIS officials could not reasonably assess whether PPDM accomplished the mission of improving the protection of specialty crops, other agricultural production, nursery systems, forestry, and other natural resources from harmful and exotic plant pests and pathogens. We accepted management decision on all four recommendations in the report.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: January 3, 2023

AUDIT

NUMBER: 33601-0001-21

TO: Kevin Shea
Administrator
Animal and Plant Health Inspection Service

ATTN: Robert Huttenlocker
Deputy Administrator
Marketing and Regulatory Programs Business Services

FROM: Yaris Rivera Rojas
Acting Assistant Inspector General for Audit

SUBJECT: Plant Pest and Disease Management and Disaster Prevention Program

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

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

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 (<https://usdaoig.oversight.gov>) in the near future.

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Background and Objectives

Background

The United States Department of Agriculture's (USDA) Plant Protection and Quarantine (PPQ) unit, one of the Animal and Plant Health Inspection Service's (APHIS) six operational program units, safeguards the United States' agriculture and natural resources against the entry, establishment, and spread of economically and environmentally significant pests, and facilitates the safe trade of agricultural products. PPQ has three branches, which consist of Field Operations, Policy Management, and Science and Technology. PPQ accomplishes its mission through various programs, such as the Plant Pest and Disease Management and Disaster Prevention Program (PPDM).¹ In fiscal year (FY) 2018 and FY 2019, PPDM included projects² in 53 U.S. States and territories, tribal nations, and foreign nations.

The Agricultural Act of 2014, Section 10007,³ amended the Plant Protection Act (PPA) and permanently funded PPDM and the National Clean Plant Network (NCPN), authorizing \$62.5 million per year in Commodity Credit Corporation funding from FY 2014 to FY 2017 and \$75 million per year in FY 2018 and beyond, with at least \$5 million of the funding going to NCPN annually.⁴

APHIS uses PPDM to annually fund projects that enhance APHIS' mission. For example, APHIS used a cooperative agreement to fund a State project to utilize detector dog teams to enhance pest inspection and surveillance activities related to plant products entering the State. APHIS has six strategic goal areas for PPDM projects:

- Enhancing plant pest and disease analysis and survey;
- Targeting domestic inspection activities at vulnerable points in the safeguarding continuum;
- Increasing identification capacity and enhancing and strengthening pest detection technology;
- Safeguarding nursery production;
- Conducting outreach and education; and
- Enhancing mitigation and Rapid Response capabilities.

The annual PPDM project selection cycle begins with a 4-to-6-week open period when prospective cooperators submit project proposals into one of the six goal areas for the next fiscal

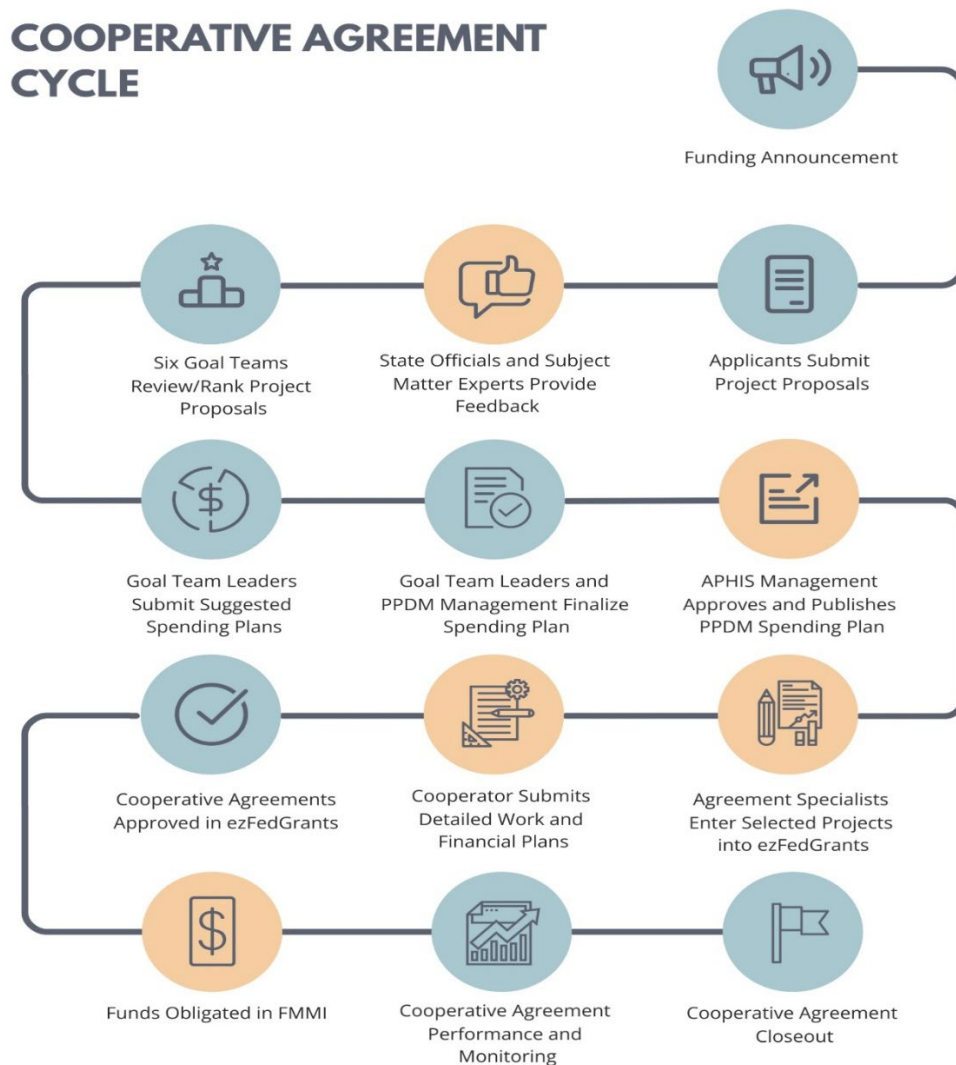
¹ The program we audited is titled, Plant Pest and Disease Management and Disaster Prevention Program. We refer to this program by the abbreviation "PPDM" in this audit report.

² PPDM projects consist of cooperative agreements (with State governments, universities, non-profit institutions, industry, and tribal nations), interagency agreements, international agreements, and Rapid Response projects.

³ Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 947-948 (2014 Farm Bill).

⁴ NCPN's purpose is to establish a network of clean plant centers for diagnostic and pathogen elimination services to: (1) produce clean propagative plant material, and (2) maintain blocks of pathogen-tested plant material in sites located throughout the United States.

year.⁵ An APHIS official stated that, before the open period ends, State officials and subject matter experts start to comment on the project submissions. After the open period ends, the six goal teams review and evaluate the project submissions and rank projects based on the established goal area criteria. The goal team leaders then submit a spending plan for each goal area, which the goal team leaders and PPDM management compile into a single spending plan. Next, APHIS management approves and publishes the spending plan, which lists the approved projects and associated award amounts. According to the FY 2018 and FY 2019 spending plans, APHIS allocated \$48,728,548 and \$59,550,388, respectively, to fund PPDM projects. After APHIS publishes the spending plan and the funds are obligated in the Financial Management Modernization Initiative (FMMI), the agency can amend or add new projects throughout the year. (See infographic for the Cooperative Agreement Cycle.)



⁵ Prospective cooperators input project proposals into a system called Metastorm. The project proposals include information such as project description, prior experience, goal area, accomplishment reports, and funding from prior years, if available. State officials and subject matter experts post review comments in Metastorm.

In addition to the projects published in the initial spending plan, APHIS sets aside PPDM money annually to fund Rapid Response projects. APHIS set aside more than \$14.2 million in FY 2018 and more than \$3.8 million in FY 2019 for Rapid Response projects. Rapid Response projects can include plant health emergencies that occur throughout the year. For example, in FY 2018, APHIS allocated Rapid Response funding to respond to the spotted lanternfly in Delaware and to determine the extent of a Giant African Snail infestation in Puerto Rico. According to APHIS officials, Rapid Response projects do not go through the same approval process as project submissions on the initial spending plans. Instead, the PPQ Deputy Administrator is responsible for approving Rapid Response projects and determining funding amounts.

Aside from PPQ, APHIS has other components that support PPDM. For example, the Financial Management Division's (FMD) Financial Services Branch, Agreements Services Center, provides operational support for developing agency policy for various agreements and administering ezFedGrants⁶ and the APHIS Cost Management System (ACMS).⁷ ACMS was the repository for all APHIS agreements before FY 2017. In FY 2017, APHIS implemented the ezFedGrants system to manage all agreements and grant awards. However, APHIS continued to use ACMS to manage international, interagency, and Rapid Response projects. In addition, the Review and Analysis Branch (RAB), which is also under FMD, is responsible for ensuring that APHIS follows control procedures that safeguard expenditures of Federal funds awarded to recipients of Federal assistance. To accomplish this, RAB performs reviews to determine if agreement activities comply with applicable Office of Management and Budget (OMB) circulars, USDA regulations, and APHIS policies and procedures regarding grants and cooperative agreements.

Objectives

Our objectives were to determine if APHIS implemented effective policies and procedures to select projects and allocate funding for PPDM. The audit was also to assess APHIS' oversight of funded projects to determine if participants used funds according to program requirements and the approved cooperative agreements.

The Government Accountability Office's (GAO) *Government Auditing Standards* states that auditors should report any significant constraints imposed on the audit approach due to information limitations or scope impairments.⁸ Our audit approach was to select a statistical sample to test the effectiveness of APHIS' policies and procedures to select projects and allocate

⁶ EzFedGrants is an enterprise system for all of the grant-processing agencies in USDA. This system is used by multiple USDA agencies. According to documentation provided by APHIS officials, all APHIS cooperative agreements, grants, and indemnities were to be entered into ezFedGrants for FY 2017.

⁷ APHIS used ACMS to report and track agreements. This system includes fields for recording and tracking payment requests and reports for awards.

⁸ GAO, *Government Auditing Standards*, GAO-18-568G, ¶ 9.12 (July 2018).

funding.^{9, 10} We also planned to use the statistical sample to determine if participants used funds in accordance with program requirements and the approved cooperative agreements. As we discuss in Finding 1, APHIS could not provide accurate records of the total number of PPDM projects awarded in FY 2018 and FY 2019 and their respective funding amounts. This information limitation prevented us from selecting a sample to test APHIS' policies, procedures, and oversight, to achieve the audit's objectives.

⁹ The American Institute of Certified Public Accountants defines *audit sampling* as the selection and evaluation of less than 100 percent of the population of audit relevance such that the auditor expects the items selected (the sample) to be representative of the population and, thus, likely to provide a reasonable basis for conclusions about the population.

¹⁰ According to the American Institute of Certified Public Accountants guidance, *AU-C Section 530, Audit Sampling*, § 530.A14, in statistical sampling, an auditor may use tables or formulas to compute sample size, based on various factors in § 530.A14, including: the desired level of assurance that the tolerable rate of deviation is not exceeded by the actual rate of deviation of the population, and the desired level of assurance that tolerable misstatement is not exceeded by the actual misstatement for the population.

Section 1: PPDM Oversight Improvements

Finding 1: APHIS Could Not Provide Accurate and Reliable Data for PPDM Projects

APHIS could not provide an accurate universe¹¹ of the total PPDM projects awarded in FY 2018 and FY 2019 and their respective funding amounts.¹² This occurred because APHIS used multiple record-keeping systems¹³ to manage PPDM projects but did not develop, implement, and document controls to consolidate and reconcile the data in these systems. Without maintaining a readily available, accurate record of all PPDM projects and their respective funding, APHIS management cannot provide reasonable assurance¹⁴ that it effectively monitored more than \$123.4 million in PPDM funding for FY 2018 and FY 2019 to ensure that the program achieved its goals to strengthen APHIS' efforts to prevent, detect, and mitigate invasive pests and diseases.¹⁵

GAO's *Standards for Internal Control in the Federal Government*¹⁶ states that management should use quality information to achieve the entity's objectives. Further, management is responsible for obtaining relevant data from reliable internal and external sources in a timely manner that are reasonably free from error and bias.¹⁷ Quality information is complete, accurate, accessible, and provided on a timely basis so that management can use it for effective monitoring.¹⁸ Maintaining readily available quality information is vital to agency management and external parties, such as the Office of Inspector General (OIG).¹⁹ GAO's *Standards for Internal Control in the Federal Government* states that management should perform ongoing

¹¹ According to an article posted on USDA's National Agricultural Statistics Service (NASS) website to communicate key statistical concepts of NASS surveys to nontechnical readers, a universe is all items one wishes to learn about. This article was originally written by Terry Holland in 1989, edited in 2008, and quoted W. Edwards Deming, United Nations Sub-Commission on Statistical Sampling in 1948.

¹² We focused our review on the 2-year period of FY 2018 and FY 2019 because, when we began the audit in October 2019, the FY 2018 PPDM agreements would have been fully obligated and expended, but the FY 2019 agreements would have only been obligated. This is because cooperators have until the end of the fiscal year of the award to obligate the funds and then have 1 year from the obligation date to expend the funds.

¹³ For purposes of this report, we use the term "record-keeping systems" to represent any system or tool that APHIS used to manage or track PPDM and/or PPDM-related financial data. This includes ezFedGrants, ACMS, the Master Spending Plan, and the SharePoint Analysis Tool. We did not include APHIS' official accounting system, FMIMI, because it lacked data fields to identify specific PPDM projects, and the agency did not manage or track individual PPDM projects within the system.

¹⁴ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, Glossary (Sept. 2014), defines "reasonable assurance" as a high degree of confidence, but not absolute confidence.

¹⁵ The PPA authorized permanent funding for PPDM and NCPN at \$75 million per year in FY 2018 and beyond, of which at least \$5 million was to be used for NCPN. For the 2-year period (FY 2018 and FY 2019), the \$150 million in PPA funds was essentially composed of \$123.4 million for PPDM, \$12.9 million for NCPN, \$9.6 million for sequestration, and \$3.9 million for unobligated funds. See the Notes under Tables 1 and 2 for further details.

¹⁶ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ OV1.01 (Sept. 2014), defines an "internal control" as a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. ¶ OV1.03 states that internal controls serve as the first line of defense in safeguarding assets.

¹⁷ *Ibid.*, ¶ 13.01 and 13.04.

¹⁸ *Ibid.*, ¶ 13.04 and 13.05.

¹⁹ *Ibid.*, ¶ 12 (Overview), 13.05, 15.02, 15.03, 15.07, and 16.07.

monitoring of the design and operating effectiveness of the internal control system²⁰ as a part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.²¹ USDA's Departmental Regulations state that all managers directing or controlling resources within USDA are responsible for establishing, maintaining, evaluating, and improving on controls in their assigned areas.²²

To execute the audit's objectives, we planned to select a statistical sample of projects to determine whether APHIS implemented effective policies to award and fund PPDM projects in FY 2018 and FY 2019 and ensure its recipients used the funds in accordance with program requirements and cooperative agreements. For the results of the statistical sample to be valid, the sample needed to accurately represent the entire population of PPDM projects APHIS awarded. However, APHIS could not provide a complete and accurate universe of PPDM projects and their related funding amounts. Therefore, we could not select a valid statistical sample and test APHIS' effectiveness to select projects and oversee the use of PPDM funds.

APHIS officials attempted to provide us with a complete universe of PPDM projects and their related funding amounts. We requested that APHIS provide us with a comprehensive listing of all PPDM grants or cooperative agreements, PPDM disbursements, and related recipient information for FY 2018 and FY 2019.²³ We also requested the names, descriptions, and system security plans for all information systems used to manage PPDM activities. APHIS officials informed us that they maintained all PPDM project data in one system, ezFedGrants, and provided us with a listing of projects and funding data from this system. However, we compared the listing that APHIS provided us to the Master Spending Plans²⁴ for each fiscal year and determined that the total number of projects and the respective funding obligations did not reconcile.

Over the course of 7 months,²⁵ APHIS officials made additional attempts to provide us with a complete universe that included six different files from four record-keeping systems²⁶ that APHIS officials stated they used to manage PPDM projects. However, when we compared each file APHIS provided, we identified significant discrepancies with the data. (See Tables 1 and 2).

²⁰ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ OV1.04 (Sept. 2014), defines an "internal control system" as a continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity's objectives will be achieved. ¶ OV1.05 states that internal control is not one event, but a series of actions that occur throughout an entity's operations.

²¹ *Ibid.*, ¶ 16.05.

²² USDA Departmental Regulation 1110-002, *Management's Responsibility for Internal Control* (June 17, 2013).

²³ We requested this information on October 7, 2019. APHIS provided the first files on January 7, 2020.

²⁴ Prior to providing us the first ezFedGrants file, an APHIS official provided us a spreadsheet called the Master Spending Plan and later suggested that this document contained a complete universe since the agency updated it throughout the year. However, we analyzed the Master Spending Plans for FY 2018 and FY 2019 and determined that these were not accurate and complete. An APHIS official acknowledged that the Master Spending Plans were not accurate and complete.

²⁵ After providing the first universe files in January 2020, APHIS continued to provide information until August 2020. We discontinued our request at that time.

²⁶ APHIS maintained PPDM project data in ezFedGrants, ACMS, the Master Spending Plan, and the SharePoint Analysis Tool.

Overall, the total projects and obligations from each file were inconsistent and, therefore, unreliable for use to select a statistical sample.

Table 1. FY 2018 PPDM Files Provided by APHIS

Source	Date Provided to OIG	Number of Projects	Project Obligations	Miscellaneous Costs ²⁷	Total Obligations
Master Spending Plan	1/07/20	520	\$54,189,617	\$582,894	\$54,772,511
ezFedGrants	1/17/20	404	\$49,964,346	\$0	\$49,964,346
ezFedGrants	3/02/20	420	\$50,454,705	\$0	
ACMS		2	\$80,939	\$0	\$50,535,644
ezFedGrants	5/19/20	420	\$50,454,705	\$0	
ACMS		12	\$799,636	\$0	\$51,254,341
ezFedGrants	6/18/20	420	\$50,454,705	\$0	
ACMS		12	\$799,636	\$0	\$51,254,341
FMMI	6/29/20	N/A	\$53,740,667	\$5,879,815	\$59,620,482
SharePoint Analysis Tool	8/04/20	517	\$42,158,981	\$386,150	\$42,545,131

Table 1: PPDM’s number of FY 2018 projects and obligations from multiple systems and tracking tools. In addition to the \$59,620,482 total of PPDM obligations shown above, the FMMI file included \$4,950,000 for sequestration, \$6,490,131 allocated to NCPN, \$3,793 unspecified to PPDM or NCPN, and \$3,935,592 of unobligated funds, for a total of \$75 million. (Note: Amounts in this table were rounded down to the nearest dollar.)

Table 2. FY 2019 PPDM Files Provided by APHIS

Source	Date Provided to OIG	Number of Projects	Project Obligations	Miscellaneous Costs	Total Obligations
Master Spending Plan	1/07/20	522	\$62,931,517	\$545,367	\$63,476,884
ezFedGrants	1/17/20	421	\$55,114,877	\$0	\$55,114,877
ezFedGrants	3/02/20	425	\$55,208,963	\$0	
ACMS		4	\$298,429		\$55,507,392
ezFedGrants	5/19/20	425	\$55,208,963	\$0	
ACMS		85	\$9,334,382	\$0	\$64,543,345
ezFedGrants	6/18/20	424	\$55,143,274	\$0	
ACMS		84	\$9,270,360	\$0	\$64,413,634
FMMI	6/29/20	N/A	\$58,402,440	\$5,401,850	\$63,804,290
SharePoint Analysis Tool	8/03/20	573	\$57,415,373	\$311,679	\$57,727,052

Table 2: PPDM’s number of FY 2019 projects and obligations from multiple systems and tracking tools. In addition to the \$63,804,290 total PPDM obligations shown above, the FMMI file included \$4,650,000 for sequestration, \$6,504,331 allocated to NCPN, and \$41,376 of unobligated funds, for a total of \$75 million. (Note: Amounts in this table were rounded down to the nearest dollar.)

²⁷ Miscellaneous costs include PPDM obligations for items other than agreements, such as salary and benefits, travel, supplies, and equipment.

We determined that APHIS could not provide an accurate universe of PPDM projects because the agency used four record-keeping systems to manage PPDM project data and did not develop, implement, and document controls to consolidate and reconcile data from these systems. APHIS officials stated they have not developed documented procedures to help manage PPDM projects across multiple record-keeping systems. One APHIS official described managing PPDM projects in multiple systems as cumbersome, time-consuming, and inefficient, which caused inconsistencies as personnel spent significant time entering, reviewing, and double-checking the data. Another official added that managing information across multiple systems “opens up the opportunity for user error.”

We found that managing PPDM information in multiple systems resulted in APHIS personnel not always being able to match funding obligations to specific projects. For example, APHIS performed manual steps to track Rapid Response project data in three record-keeping systems. APHIS officials explained that to monitor obligations and expenses for Rapid Response projects,²⁸ personnel extracted expenses such as travel and supplies from FMMI, attempted to manually match them to specific projects in ACMS, and then uploaded the data to the SharePoint Analysis Tool.²⁹ However, an APHIS official stated that the manual process could result in APHIS personnel not matching funding obligations to specific projects. We concluded that establishing controls would assist the agency in maintaining complete and accurate records that could allow for effective monitoring.

We discussed with APHIS officials the need for controls that include documented procedures. One official stated that PPDM data should be reconcilable to one system and agreed that APHIS could implement written procedures. However, a different APHIS official stated that the lack of documentation was not a concern, as personnel knew how to consolidate and manage PPDM data from multiple systems. GAO’s *Standards for Internal Control in the Federal Government* requires entities to build policies, methods, and procedures into the organizational structure to help managers achieve the entity’s objectives on an ongoing basis. In a broad sense, these objectives include ensuring that organizational operations are effective and efficient, reporting reliable data for internal and external use, and complying with applicable laws and regulations.

Without established controls to consolidate and reconcile PPDM data from multiple systems, APHIS did not maintain readily available, complete, and accurate data that could be used to monitor PPDM. APHIS officials attempted, but could not provide, a complete and accurate universe of PPDM projects. Therefore, we concluded that APHIS cannot provide reasonable assurance that it effectively monitored more than \$123.4 million of PPDM funds. We recommend that APHIS establish controls and develop procedures to accurately track PPDM projects and related obligations/disbursements. These improvements are necessary so APHIS can effectively monitor its processes to ensure its data are reliable, operations are effective and

²⁸ APHIS sets aside PPDM funding each year to fund Rapid Response projects, which APHIS uses to respond to plant health emergencies that occur throughout the year. APHIS set aside \$14,238,558 for FY 2018 and \$3,810,245 for FY 2019 for Rapid Response projects.

²⁹ An APHIS official explained that PPDM management used the SharePoint Analysis Tool to manage and track obligations and disbursements for PPDM projects. APHIS officials transfer PPDM data from FMMI to ACMS, where they manually attempt to match the data to specific projects, and then upload to the SharePoint Analysis Tool.

efficient, and that APHIS is in compliance with program, Federal, and Departmental requirements for internal controls.^{30, 31}

Recommendation 1

Develop, implement, and document controls to accurately track PPDM projects and related obligations/disbursements. Include in these controls documented procedures to explain how APHIS: consolidates PPDM data from different systems; tracks obligations/disbursements for all projects from approval through closeout; matches financial data to specific projects or records PPDM expenditures not attributed to a specific project; reconciles financial data with FMFI; and resolves any discrepancies.

Agency Response

In its October 31, 2022, response, APHIS agreed with this recommendation. In FY 2019, APHIS implemented the use of decision memos to document Rapid Response funding decisions and assigned project numbers to those decisions. In FY 2020, APHIS created documentation of PPDM program processes and the workflow of the related systems. In FY 2022, APHIS implemented the use of Work Breakdown Structure Codes that directly correlate to the assigned project numbers including Rapid Response funding decisions. These changes provide APHIS the ability to track every transaction for every PPDM project. APHIS stated that it has implemented this recommendation as of October 31, 2022.

OIG Position

We accept management decision for this recommendation.

³⁰ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ 10.03 (Sept. 2014), requires management to clearly document internal controls and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. This documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form.

³¹ USDA Departmental Regulation 1110-002, *Management's Responsibility for Internal Control* (June 17, 2013).

Finding 2: APHIS Did Not Implement Actions to Address a High-Risk Cooperator

We found that PPQ did not implement additional oversight actions to address the financial management system deficiencies of a significant cooperator, which RAB concluded to be high-risk during a compliance review.³² This occurred because RAB only follows up to ensure cooperative agreement recipients implement the corrective actions it recommends when it determines that a cooperator owes funds to the Federal Government. However, in this instance, the cooperator did not owe funds, so RAB did not follow up to ensure PPQ or the cooperator took sufficient actions to address the risks to the Federal Government that caused RAB to classify the cooperator as high-risk. As a result, APHIS management cannot provide reasonable assurance that Federal funds awarded to a high-risk cooperator were properly safeguarded.

GAO's *Standards for Internal Control in the Federal Government* states that management is responsible for designing overall responses for identified and analyzed risks based on the significance of the risk, including such responses as acceptance based on the insignificance of the risk, taking action to avoid the cause of the risk, taking action to reduce the likelihood or magnitude of the risk, or sharing the risk.³³ Federal regulations state that the Federal awarding agency may impose additional award conditions as needed, based on risk posed by the applicants.³⁴

According to the *APHIS Agreements Management Manual*, RAB is responsible for ensuring that APHIS follows control procedures that safeguard expenditures of Federal funds awarded to recipients.³⁵ To accomplish this, RAB conducts compliance reviews and evaluates agreement activities for compliance with applicable OMB circulars, USDA regulations, and APHIS policies and procedures on grants and cooperative agreements.³⁶ The *APHIS Agreements Management Manual* further states that RAB will issue a report to the appropriate APHIS Deputy Administrator, APHIS Administrator, and other officials and offices, as appropriate, and follow up to ensure action is taken to close out all findings and recommendations.³⁷

³² According to agency records, APHIS awarded this cooperator more than \$25 million for 28 PPDM agreements in the 2-year period FY 2018 and FY 2019, which represented more than 20 percent of PPDM agreement funds awarded for the period.

³³ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ 7.08 (Sept. 2014).

³⁴ 2 C.F.R. § 200.207 (2014), states that the Federal awarding agency may include conditions to require: reimbursements rather than advances; additional, more detailed financial reports; additional project monitoring; or additional prior approvals.

³⁵ USDA, *APHIS Agreements Management Manual*, Chapter 4, Grants and Cooperative Agreements, ¶ 9.g (Oct. 2018).

³⁶ *Ibid.*, ¶ 9.g (1).

³⁷ *Ibid.*

We reviewed RAB's FY 2020 compliance review report³⁸ of a significant cooperator.^{39, 40} In this report, RAB found that the cooperator's internal controls over its financial management system were inadequate to account for the funds it received from APHIS. As a result, RAB was unable to determine whether the cooperator followed the terms of the agreement, including maintaining sufficient documentation concerning expenses as indicated in the agreement's work and financial plans.⁴¹

Based on the deficiencies RAB identified with the financial management system the cooperator used to manage the funds it was awarded, RAB classified the cooperator as high-risk until the cooperator resolved the issues. In the report, RAB concluded the cooperator and PPQ both needed to implement actions to address the findings. RAB also included three recommendations in the report to help the cooperator address the deficiencies.⁴² However, we determined that RAB did not follow up to ensure the cooperator and PPQ implemented actions to address RAB's findings. Additionally, PPQ did not oversee the cooperator's actions to mitigate the findings in the report.

We discussed the process to follow up on findings, recommendations, and the tracking of corrective actions with RAB officials. RAB officials indicated they do not follow up or take any actions beyond making recommendations in the final report unless the Government is owed funds and, according to this report, the cooperator did not owe funds to APHIS. RAB officials informed us that they expect the cooperator and PPQ to maintain compliance and eliminate risks without any further involvement of RAB personnel. RAB said PPQ officials were made aware of the findings and high-risk designation, and it is up to these officials to determine the appropriate actions to implement to eliminate the risks to Federal funds. However, the *APHIS Agreements Management Manual* states that RAB "is responsible for ensuring that APHIS follows control procedures which safeguard expenditures of Federal funds," and, to accomplish this, RAB will "follow up to ensure action is taken to close out all findings and recommendations."⁴³ Therefore, RAB had a responsibility to follow up with the cooperator and PPQ to determine if they implemented corrective actions to address RAB's findings and recommendations.

We also discussed what role PPQ officials from the Policy Management and Field Operations Branches had in the post-report process. The Policy Management branch includes officials who

³⁸ Hereafter in this finding the "compliance review report" will be referred to as "report."

³⁹ This compliance review was the only one involving a 2018 or 2019 PPDM agreement completed when RAB presented a list of compliance reviews to OIG during our fieldwork in June 2020. Prior to this compliance review, RAB had completed reviews for FY 2017 cooperative agreements or older. The report was issued to various APHIS officials (including PPQ).

⁴⁰ APHIS awarded cooperative agreements for similar projects to this cooperator prior to FY 2018 and annually through FY 2021.

⁴¹ The report cited that RAB could not trace or verify the general ledger account balances with the amounts reported on the Requests for Advance or Reimbursement, and that the inability to verify the general ledger account balances created significant uncertainty about the cooperator's abilities to meet Federal regulations and APHIS requirements.

⁴² RAB made three recommendations to the cooperator focusing on: improvements to financial reporting timeliness, internal control environment, and data accuracy; the development and implementation of a process to reconcile expenses recorded in the accounting system to the expenses claimed for reimbursement; and the deployment of an oversight and monitoring mechanism. RAB did not make specific recommendations to PPQ.

⁴³ USDA, *APHIS Agreements Management Manual*, Chapter 4, Grants and Cooperative Agreements, ¶ 9.g (1) (Oct. 2018).

are responsible for the overall direction of the PPDM program. As such, we asked the Policy Management officials what actions were taken as a result of this report's findings, and what special conditions were put into place to mitigate the risk RAB identified. One Policy Management official was not aware of the report. A second Policy Management official, who did receive the report, noted it did not have any effect upon the PPDM program. Therefore, we concluded that the Policy Management officials did not initiate actions to address the findings on active projects, future applications, and subsequent awards to the high-risk cooperator. Further, it is OIG's perspective that Policy Management officials should have coordinated with Field Operations officials to develop and implement an action plan to reduce the risk of mismanagement of the funds APHIS awarded to the cooperator. Applying additional conditions to respond to the risk posed by this cooperator for current and future awards is consistent with the *APHIS Agreements Management Manual*,⁴⁴ Federal regulations,⁴⁵ and GAO's *Standards for Internal Control in the Federal Government*.⁴⁶

We questioned APHIS Field Operations officials regarding what actions they took to address the findings and the risk that the cooperator could not effectively account for the use of the funds APHIS awarded. In response to the report, a Field Operations official informed OIG that communications with the cooperator were increased and numerous meetings were held to discuss the actions the cooperator was taking to mitigate the deficiencies RAB identified in the finding.⁴⁷ The Field Operations official stated, based on the cooperator's explanation of actions initiated to address the deficiencies RAB identified, the Field Operations official was comfortable not implementing any additional oversight. RAB stated in the report that there was evidence that the Field Operations' personnel frequently met with the cooperator as part of existing efforts to monitor the agreement. However, if the previous frequent meetings between the cooperator and Field Operations personnel did not mitigate the issues or lower the risk prior to the RAB review, we question how continuing the same activity will address the findings and be effective enough to mitigate or reduce the risk without implementing additional actions to verify that the cooperator's actions were sufficient.

In conclusion, RAB should ensure that PPQ and the cooperator implement actions to address deficiencies that RAB identified with the cooperator's financial management system that led RAB to classify this significant cooperator as high-risk.⁴⁸ RAB following up with PPQ and the cooperator is necessary to ensure that both entities implement actions to mitigate the

⁴⁴ The *APHIS Agreements Management Manual* states that the awarding agency may apply special conditions to an award that correspond to the applicant's degree of risk. USDA, *APHIS Agreements Management Manual*, Chapter 4, Grants and Cooperative Agreements, ¶¶ 40 & 41 (Oct. 2018). For example, the report identified *APHIS Agreements Management Manual* and Federal regulations stipulations such as: withholding authority to move from one phase of the agreement to the next until the agency receives evidence of acceptable performance, withholding payment until the cooperator completes required reports, and considering withholding future awards.

⁴⁵ 2 C.F.R. § 200.207 (2014).

⁴⁶ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ 7.08 (Sept. 2014).

⁴⁷ The Field Operations official identified the actions the cooperator initiated to address the weaknesses RAB reported as: maintaining monthly spreadsheets from the accounting system and reconciling those with financial plans, maintaining backup documentation to support expenditures, and validating subcontractor invoices against monthly reports submitted by each county.

⁴⁸ The report cited that RAB could not trace or verify the general ledger account balances with the amounts reported on the Requests for Advance or Reimbursement, and that the inability to verify the general ledger account balances created significant uncertainty with the cooperator's abilities to meet Federal regulations and APHIS requirements.

cooperator's high-risk status. PPQ's branches need to coordinate on the development and implementation of an action plan that includes additional oversight to reduce the risk of a cooperator with an elevated risk level for both active and future agreements. By implementing these actions, APHIS can provide reasonable assurance that Federal funds are safeguarded.

Recommendation 2

RAB needs to follow up on compliance review findings and recommendations with the recipient of Federal funds and responsible program officials to ensure that sufficient actions are implemented to close out all findings and recommendations within a specified timeframe.

Agency Response

In its October 31, 2022, response, APHIS agreed with this recommendation. APHIS will follow up on compliance reviews with the Federal funds recipient and responsible program officials to ensure sufficient actions are implemented to close out all findings and recommendations within a specified timeframe. APHIS will establish a new findings and recommendations tracking process and tool. RAB's cooperative agreements review section head will deploy the tracking tool to monitor the status of recipient and APHIS program actions. The tracking tool will be used to remediate findings and close recommendations requiring action as determined by the section head. The section head will report monitoring activities on a quarterly basis to the RAB branch chief. APHIS stated it will implement this recommendation by September 30, 2023.

OIG Position

We accept management decision for this recommendation.

Recommendation 3

Develop and implement a plan of action for PPQ to mitigate the risks posed by cooperators with an elevated risk level for both active and future agreements. The plan should span the lifecycle of the agreement process including risk as a factor to consider in the application process, additions of special measures into the award agreement, and review activities to be conducted through the completion of the award.

Agency Response

In its October 31, 2022, response, APHIS agreed with this recommendation. APHIS will develop and implement a plan of action for PPQ to mitigate the risks posed by cooperators with an elevated risk level for both active and future agreements. The plan will span the lifecycle of the agreement process utilizing risk as a factor to consider in the application process, additions of special measures into the award agreement, and review activities to be conducted through the completion of the award. APHIS has developed and implemented policy and guidance in the *APHIS Agreements Management Manual* to mitigate the risks posed by cooperators with an elevated risk level for both active and

future agreements as outlined in 2 C.F.R. § 200. In January 2021, APHIS developed and included in the *APHIS Agreements Management Manual* an exhibit on the Merit Review Process and Risk Evaluation of Applicants, which includes risk factors to consider in the application process. Additionally, the *APHIS Agreements Management Manual* addresses special measures and restrictions that can be imposed for high-risk recipients. APHIS also developed and implemented a three-part compliance check tool that includes a risk assessment, a financial analysis, and a compliance check of transaction(s). APHIS stated that it will implement this recommendation by September 30, 2023.

OIG Position

We accept management decision for this recommendation.

Finding 3: APHIS Needs to Establish a Performance Measurement Process for PPDM

APHIS did not establish performance goals and measures to assess PPDM's success in achieving the program's objectives.⁴⁹ APHIS stated this occurred because PPDM initially had a smaller budget and funded fewer projects than it does now. As the program's budget and the number of funded projects increased, APHIS overlooked the need to develop and implement a process to create PPDM performance goals and measures. As a result, APHIS officials could not reasonably assess whether PPDM improved the protection of specialty crops, other agricultural production, nursery systems, forestry, and other natural resources from harmful and exotic plant pests and pathogens.

Agencies are required to develop a performance plan covering each program activity set forth in the agency's budget that establishes goals with a defined level of performance to be achieved during the year.⁵⁰ These goals should be objective, quantifiable, measurable, and describe how they contribute to the agency's general goals and objectives.⁵¹ Additionally, GAO's *Standards for Internal Control in the Federal Government* states that management should determine whether performance measures for the defined objectives are appropriate for evaluating the entity's performance in achieving those objectives.⁵²

After reviewing various documents and speaking with APHIS officials, we determined that APHIS did not establish performance goals and measures to assess PPDM's success in achieving the program's objectives. APHIS collected general data, had an obligation goal, and required cooperators to produce performance reports.⁵³ However, these actions do not constitute establishing PPDM performance goals and measures. For instance:

- We reviewed various documents⁵⁴ that included general data, such as the number of pests targeted by surveys⁵⁵ and the approximate number of funded projects. However, these figures do not illustrate PPDM's success because they are historical program data and are not connected to performance goals and associated measures.
- According to APHIS officials, the only performance goal for PPDM was whether the program obligated funds for all cooperative agreements by July 31 each year. However,

⁴⁹ Under PPDM, APHIS makes funds available to cooperators to support projects that enhance the agency's mission to protect specialty crops, other agricultural production, nursery systems, forestry, and other natural resources from harmful and exotic plant pests and pathogens.

⁵⁰ Government Performance and Results Act (GPRA) Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3866-3869.

⁵¹ *Ibid.*

⁵² GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ 6.07 (Sept. 2014).

⁵³ The *APHIS Agreements Management Manual* states that, in general, award recipients are required to submit a performance report. Due to a scope limitation, we did not test to determine whether APHIS required PPDM cooperators to submit a performance report.

⁵⁴ Specifically, we reviewed the USDA FY 2019 Annual Performance Report/FY 2021 Annual Performance Plan, explanatory notes for APHIS' FY 2020 and FY 2021 budget requests, and APHIS' Plant Protection and Quarantine Strategic Plan for FYs 2015–2019.

⁵⁵ A survey can detect pests not known to be present in an area of the Nation where a particular commodity is grown or in a particular environment or habitat.

APHIS had not documented this metric as an official goal and could not provide accomplishment or performance reports related to PPDM's progress toward achieving this goal. Furthermore, obligating funds by July 31 is not a performance goal because it does not provide APHIS with any measurable data to assess how funding the projects improved protection against harmful and exotic plant pests and pathogens.⁵⁶

- An APHIS official indicated that the agency could use individual cooperator accomplishments, which cooperators are to include in performance reports, as a way to measure the program's success. While these performance reports could provide APHIS with important information about an individual cooperator's activities, an individual cooperator's accomplishments cannot be effectively used to measure or to assess PPDM's overall success unless the accomplishment is tied to an overall performance goal that APHIS established.

When we asked APHIS why PPDM did not have any performance goals or measures, an official responded that PPDM originally had a much smaller budget and funded fewer projects than it does now. As the program's budget and the number of projects funded increased, APHIS overlooked the need to develop and implement a process to create performance goals and measures. When we discussed PPDM performance with APHIS, an official agreed that it would be beneficial to compile performance measures in an annual accomplishment report.

In 2013, APHIS identified the need for PPDM performance measures in an internal assessment conducted by APHIS' Policy and Program Development, Planning Evaluation and Monitoring personnel. This assessment recommended that APHIS develop a new 5-year strategic plan with defined performance measures.⁵⁷ When we asked an APHIS official about the status of this recommendation, the official stated that the agency had not addressed it.⁵⁸

APHIS officials noted that the agency allocates funds only to projects that advance the six strategic goal areas of PPDM.⁵⁹ While these goals are used to organize PPDM projects and not for performance assessment,⁶⁰ APHIS has already developed multiple objectives and strategies for each goal area. APHIS could utilize these existing objectives and strategies to develop performance measures to evaluate PPDM's success in achieving its goals.

⁵⁶ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, ¶ 6.04 (Sept. 2014).

⁵⁷ The assessment's overall conclusion was that the process for allocating funds has worked well, but there were opportunities to enhance the process to ensure it met current and future agency and stakeholder needs.

⁵⁸ The official stated that they attempted to address the recommendation in an incorrect manner by updating the annual implementation plan.

⁵⁹ The strategic goals are outlined in the implementation plan. The six FY 2020 goal areas were: enhancing plant pest and disease analysis and survey, targeting domestic inspection activities at vulnerable points in the safeguarding continuum, increasing identification capacity and enhancing and strengthening pest detection technology, safeguarding nursery production, conducting outreach and education, and enhancing mitigation and Rapid Response capabilities.

⁶⁰ Project suggestions must clearly align with one of the goal areas, and projects submitted to the wrong goal area will not be considered for funding.

Performance goals and measures are necessary⁶¹ for APHIS to assess whether PPDM enhances the agency’s mission of improving the protection of specialty crops, other agricultural production, nursery systems, forestry, and other natural resources from harmful and exotic plant pests and pathogens. Developing and implementing a process to create these performance goals and measures will allow APHIS to determine PPDM’s success and, if necessary, make adjustments to improve the program’s overall performance based on whether it achieved established targets each year.

Recommendation 4

Develop and implement a process to create performance goals and measures for PPDM and assess annually whether the program meets these goals.

Agency Response

In its October 31, 2022, response, APHIS agreed with this recommendation and will establish a performance measurement process for PPDM. APHIS stated it will implement this recommendation by November 18, 2023.⁶²

OIG Position

We accept management decision for this recommendation.

⁶¹ GPRA Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3866-3869, and GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G ¶ 6.07 (Sept. 2014).

⁶² APHIS initially indicated an estimated action completion date of December 31, 2023. However, in order to comply with USDA Departmental Regulation 1720-001, *Audit Follow-Up and Management Decision* (Nov. 2, 2011), APHIS agreed to complete the corrective action by November 18, 2023.

Scope and Methodology

We performed fieldwork from November 2019 through July 2022. We conducted our audit by meeting with APHIS officials in Riverdale, Maryland, and holding phone interviews with APHIS officials. Our audit primarily covered FY 2018 and FY 2019, but we expanded our analysis beyond this timeframe as needed.⁶³

The audit's objectives were to determine if APHIS implemented effective policies and procedures to select projects and allocate funding for PPDM and to assess APHIS' oversight of funded projects to determine if participants used funds according to program requirements and the approved cooperative agreements. However, as discussed in Finding 1, APHIS could not provide an accurate universe of the total number of PPDM projects awarded in FY 2018 and FY 2019 and their respective funding amounts. The lack of an accurate FY 2018 and FY 2019 universe resulted in a scope limitation that prevented us from selecting a statistical sample to test the effectiveness of APHIS's internal controls to select projects, allocate funding, and oversee the use of funds for PPDM projects in order to achieve the audit's objectives.

We performed the following procedures to conduct the audit:

- Reviewed applicable laws, regulations, and procedures to identify PPDM requirements;
- Interviewed officials from APHIS PPQ and FMD to obtain an understanding of the processes to review and to select PPDM project proposals;
- Reviewed PPDM Master Spending Plans for FY 2018 and FY 2019 and analyzed universe files of PPDM agreements and obligations generated from ezFedGrants, FMML, ACMS, and the SharePoint Analysis Tool;
- Obtained an understanding of APHIS' process for approving obligations and disbursements, and monitoring project accomplishments;
- Discussed APHIS' use of Rapid Response funds with agency officials;
- Requested performance reports, discussed performance measures with APHIS officials, and reviewed a 2013 assessment to determine if APHIS evaluated its performance in achieving PPDM objectives; and
- Analyzed a RAB compliance review report of a PPDM cooperator to determine if APHIS took appropriate action based on the results.

During the course of our audit, we interviewed agency officials to identify information systems APHIS used that were applicable to our audit. Through these interviews, we determined if policies, procedures, or controls were related to our audit objectives. We requested the names, descriptions, and system security plans for all information systems used to manage PPDM activities. We also interviewed agency officials knowledgeable of information systems to obtain additional clarification regarding the implementation and use of the systems. We did not perform any additional review, analysis, or verification of the systems' general and application controls

⁶³ We focused our review on the 2-year period of FY 2018 and FY 2019 because, when we began the audit in October 2019, the FY 2018 PPDM agreements would have been fully obligated and expended, and the FY 2019 agreements would have been fully obligated. This is because cooperators have until the end of the fiscal year of the award to obligate the funds and then have 1 year from the obligation date to expend the funds.

once we concluded that APHIS could not provide a reliable universe of FY 2018 and FY 2019 PPDM projects.

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. Due to the scope limitation described above, we were unable to obtain sufficient, appropriate evidence to select a valid sample to test APHIS' policies and procedures to select PPDM projects, allocate funding, and oversee PPDM participants' use of funds to achieve our audit objectives. The evidence we obtained provides a reasonable basis for our findings and conclusions.

Abbreviations

ACMS	APHIS Cost Management System
APHIS	Animal and Plant Health Inspection Service
C.F.R.	Code of Federal Regulations
FMD	Financial Management Division
FMMI.....	Financial Management Modernization Initiative
FY	fiscal year
GAO.....	Government Accountability Office
GPRA.....	Government Performance and Results Act
NASS	National Agricultural Statistics Service
NCPN.....	National Clean Plant Network
OIG	Office of Inspector General
OMB	Office of Management and Budget
PPA	Plant Protection Act
PPDM.....	Plant Pest and Disease Management and Disaster Prevention Program
PPQ	Plant Protection and Quarantine
RAB	Review and Analysis Branch
USDA.....	United States Department of Agriculture

Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results for our audit report by finding and recommendation number.

Finding	Recommendation	Description	Amount	Category
1	1	APHIS could not provide accurate records to support total number of PPDM projects and amounts funded.	\$123,424,774	Questioned Costs/Loans, No recovery.
Total			\$123,424,774	

**Agency's
Response to Audit Report**



United States
Department of
Agriculture

Marketing and
Regulatory
Programs

Washington, DC
20250

TO: Steve Rickrode
Acting Assistant Inspector General for Audit
USDA Office of the Inspector General

FROM: Kevin Shea
Administrator /S/
Animal and Plant Health Inspection Service

SUBJECT: APHIS Response and Request for Management Decisions on OIG Report, "Plant Pest and Disease Management and Disaster Prevention Program" [PPDM] (33601-0001-21)

Thank you for the opportunity for Animal and Plant Health Inspection Service (APHIS) to provide comments on this report. APHIS agrees with all the OIG recommendations and will initiate the steps outlined below to implement the necessary program changes.

Finding 1: APHIS Could Not Provide Accurate and Reliable Data for PPDM Projects

Recommendation 1: Develop, implement, and document controls to accurately track PPDM projects and related obligations/disbursements. Include in these controls documented procedures to explain how APHIS: consolidates PPDM data from different systems; tracks obligations/disbursements for all projects from approval through closeout; matches financial data to specific projects or records PPDM expenditures not attributed to a specific project; reconciles financial data with FMFI; and, resolves any discrepancies.

APHIS Response: The Agency agrees with this recommendation and recognized this challenge. In Fiscal Year (FY) 2019, APHIS implemented the use of decision memos to document rapid response funding decisions and assigned project numbers to those decisions. In FY 2020, APHIS created documentation of PPDM program processes and the workflow of the related systems. In FY 2022, APHIS implemented the use of Work Breakdown Structure (WBS) codes that directly correlate to the assigned project numbers including rapid response funding decisions. This change provides the Agency the ability to track every transaction for every PPDM project.

Target Completion Date: Completed.

Finding 2: APHIS Did Not Implement Actions to Address a High-Risk Cooperator

Recommendation 2: RAB [APHIS Review and Analysis Branch] needs to follow up on compliance review findings and recommendations with the recipient of Federal funds and responsible program officials to ensure that sufficient actions are implemented to close out all findings and recommendations within a specified timeframe.

APHIS Response: APHIS agrees with this recommendation. APHIS will follow up on compliance review findings and recommendations with the recipient of Federal funds and responsible program officials to ensure sufficient actions are implemented to close out all findings and recommendations within a specified timeframe. APHIS will establish a new RAB findings and recommendations tracking process and tool. RAB's cooperative agreements review section head will deploy the tool to monitor the status of recipient and APHIS program actions. This tool will be used to remediate findings and close recommendations for findings requiring action as determined by the section head. The section head will provide quarterly reporting to the RAB branch chief to document monitoring.

Target Completion Date: September 30, 2023.

Recommendation 3: Develop and implement a plan of action for PPQ to mitigate the risks posed by cooperators with an elevated risk level for both active and future agreements. The plan should span the life cycle of the agreement process including risk as a factor to consider in the application process, additions of special measures into the award agreement, and review activities to be conducted through the completion of the award.

APHIS Response: APHIS agrees with this recommendation. APHIS will develop and implement a plan of action for PPQ to mitigate the risks posed by cooperators with an elevated risk level for both active and future agreements. The plan will span the life cycle of the agreement process utilizing risk as a factor to consider in the application process, additions of special measures into the award agreement, and review activities to be conducted through the completion of the award. APHIS has developed and implemented policy and guidance in the APHIS Agreements Management Manual to mitigate the risks posed by cooperators with an elevated risk level for both active and future agreements as outlined in 2 CFR §200. In January 2021, APHIS developed and included in the Manual an exhibit on the Merit Review Process and Risk Evaluation of Applicants, which includes risk factors to consider in the application process. The Manual addresses special measures and restrictions that can be imposed for high-risk recipients. APHIS developed and implemented a three-part compliance check tool including a risk assessment, a financial analysis, and instructions on how to check compliance of transaction(s).

Target Completion Date: September 30, 2023.

Finding 3: APHIS Needs to Establish a Performance Measurement Process for PPDM

Recommendation 4: Develop and implement a process to create performance goals and measures for PPDM and assess annually whether the program meets these goals.

APHIS Response: The Agency agrees with this recommendation and will establish a performance measurement process for PPDM.

Target Completion Date: December 31, 2023, due to the complexity of PPDM and the six goal areas.

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