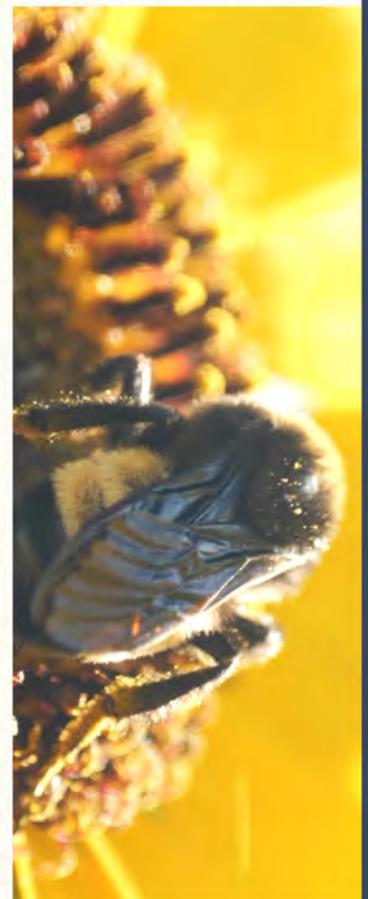




SEMIANNUAL REPORT TO CONGRESS

First Half October 1, 2023–March 31, 2024



Fiscal Year 2024
Number 91
April 2024



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Message from the Inspector General

I am pleased to present the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG) Semiannual Report to Congress for the 6-month period ending March 31, 2024. Our office worked with USDA, Congress, and other Federal agencies to accomplish our mission of strengthening the economy, efficiency, and integrity of USDA programs and operations through audits, investigations, inspections, data analytics, and reviews.

In this period, our oversight efforts resulted in more than \$1.2 billion in total monetary impact from audits and investigations. Our Office of Audit issued 24 products and made 19 recommendations to improve USDA programs and operations with more than \$1 billion in questioned costs. Our Office of Investigations reported 156 indictments, 219 arrests, and 86 convictions, resulting in more than \$189.3 million in restitutions and recoveries. We also processed 6,247 complaints through the OIG Hotline. In addition, our Office of Analytics and Innovation provided data analytics support to 35 of our audits and investigations during this period.

Our work is grounded by three mission goals articulated in our [Five-Year Strategic Mission and Diversity and Inclusion Plan—Fiscal Years 2020–2024](#):

- Goal 1: Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.
- Goal 2: Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.
- Goal 3: Strengthen USDA's ability to achieve results-oriented performance.

In addition to our regular portfolio of oversight work, we continued to provide oversight of activities associated with the funding USDA received from the [Families First Coronavirus Response Act](#); the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#); the [Coronavirus Response and Relief Supplemental Appropriations Act, 2021](#); the [American Rescue Plan Act of 2021](#); the [Infrastructure Investment and Jobs Act \(IIJA\)](#); and the [Inflation Reduction Act of 2022 \(IRA\)](#).

This report highlights, by strategic goal, our oversight results of USDA programs and operations and infrastructure and inflation reduction-related activities.

Strategic Goal 1—Safety, Security, and Public Health

OIG's work under this strategic goal focuses on the safety, security, and public health aspects of USDA programs and operations.

For example, we performed an inspection of the Forest Service (FS) to determine the likely level of sophistication an attacker would need to compromise selected USDA systems or data. The Office of the Chief Information Officer (OCIO) agreed with our recommendations, and we reached management decision on all three of them.

We also reviewed the Animal and Plant Health Inspection Service's (APHIS) investigation of livestock deaths by Mexican gray wolves. The inspection found that although APHIS Wildlife Services used a consistent approach for its depredation reports that attributed livestock deaths to Mexican gray wolves, investigators did not always provide consistent support for those reports. Specifically, investigators did not always include photographs to document evidence found at depredation scenes, such as tracks, scat, or hair. Although the interagency standard operating procedure requires photographing the carcass and surrounding area when conducting an investigation, it did not explicitly state that photographs needed to be attached to the depredation reports. APHIS agreed with our recommendations, and we reached management decision on all three of them.

As the result of one OIG investigation, a man was sentenced to 11 years in prison after pleading guilty to dogfighting and fentanyl distribution. He will serve 9 months concurrent with and 12 months consecutive to the 10 years he is already serving on the drug charges. After executing two search warrants on the man's property, law enforcement officers seized a total of 51 dogs and recovered numerous items of dogfighting paraphernalia, including treadmills, veterinary supplies, and dogfighting videos. In addition, law enforcement officers discovered two assault-style



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rifles. A search of a nearby parcel of land revealed fentanyl and cocaine packaged for distribution. The case was investigated by OIG and the Federal Bureau of Investigation (FBI), with assistance from a county sheriff's office.

Strategic Goal 2—Integrity of Benefits

Our oversight work under this goal focuses on the integrity of benefits and financial assistance provided by USDA programs. We conducted a variety of audits, investigations, and data analytics work designed to help ensure benefits reach their intended recipients and increase the transparency of program operations.

For example, we reviewed how the Risk Management Agency (RMA) administered and oversaw the Federal Crop Insurance Program's requirements for prevented planting. Since our 2013 report, RMA had updated its internal controls to administer and oversee prevented planting, including a new rule to ensure that consistently wet acreage would not be eligible for prevented planting claims. Eligible acreage needs to have been planted to a crop at least once in the previous 4 years. However, we found that RMA did not ensure that the specific acreage in a producer's land was eligible for an insurance payment. Without documentation from the approved insurance providers that demonstrated which acres were eligible, we determined that prevented payments totaling more than \$1 billion in crop year 2020 in North Dakota and South Dakota were not fully supported. RMA agreed with our two recommendations, and we reached management decision on both of them.

We also investigated allegations that two farmers defrauded federal crop insurance programs by tampering with and damaging rain gauges. The investigation revealed that the farmers concocted a scheme to defraud the insurance programs by making it appear that there was less precipitation in their area than actual rainfall totals. They agreed to pay a combined \$3.5 million to settle these civil allegations and were criminally charged for their roles in the conspiracy. Both pled guilty and were sentenced to pay a combined \$3.1 million in restitution and imprisonment for 2 and 6 months, respectively.

As the result of another investigation, a Georgia man was sentenced for a \$10 million scheme to purchase Supplemental Nutrition Assistance Program (SNAP) benefits from low-income recipients. The investigation revealed that the man had enrolled his shop as a retailer for SNAP, then loaned his electronic benefits transfer (EBT) terminals to two other stores. After receiving the terminals, the two other stores made cash payments to customers in return for redeeming their SNAP benefits. The man was sentenced to 68 months in Federal prison, followed by 3 years of

supervised release, and was ordered to pay restitution of more than \$10.3 million.

Strategic Goal 3—Management Improvement Initiatives

OIG's work under this strategic goal focuses on strengthening USDA's ability to achieve results-oriented performance via oversight of USDA's financial management, accountability, outreach activities, and employee misconduct.

For example, OIG completed its review of the financial statements for fiscal year (FY) 2023 for USDA and component agencies to express opinions about the fair presentation of those statements. Our review of USDA's internal control over financial reporting identified two material weaknesses: (1) improvements are needed in overall financial management; and (2) USDA needs to improve its information technology (IT) controls, as many weaknesses remain. Additionally, our review of compliance with laws and regulations identified noncompliances with the FFMI, the Antideficiency Act, and the Payment Integrity Information Act of 2019. Overall, USDA's consolidated financial statements received a qualified opinion for the following reason. In September 2023, USDA determined and changed the obligation recognition point for SNAP benefits. However, management was unable to provide adequate evidential matter to support compliance with U.S. generally accepted accounting principles after the change. As a result, OIG was unable to determine whether any adjustments to the consolidated financial statements were necessary. FNS agreed with our recommendation, and we reached management decision on it.

In addition, an investigation resulted in the sentencing of three individuals, including a former USDA Rural Development (RD) employee, to prison for their respective roles in a scheme to defraud the Government and deprive legitimate owners of the use of their property. While employed with Rural Development, the former employee abused their position by accessing a list of abandoned, foreclosed, nearly foreclosed, or similarly distressed USDA-mortgaged properties to identify residences to steal by creating fraudulent warranty deeds designed to convey ownership to themselves by forging signatures of the former homeowners. The targeted properties were mortgaged through a Mississippi office of USDA Rural Housing Service (RHS), an agency which helps rural residents buy or rent safe, affordable housing, especially low and very low-income individuals.



Coronavirus Disease 2019 (COVID-19), IIJA and IRA Oversight

OIG continues to provide appropriate oversight to help ensure that USDA agencies deliver the COVID-19 relief programs as effectively as possible, ensure employee safety, and address allegations of fraud related to these programs. For example, we reviewed key aspects of the Food and Nutrition Service's (FNS) funding and administration of the Pandemic Electronic Benefits Transfer Assistance (P-EBT). FNS identified P-EBT as high-risk for improper payments and relied on already established controls for its school meals programs and SNAP EBT infrastructure. To mitigate risk, FNS developed new guidance for States, including State P-EBT plan templates and question-and-answer guidance. According to FNS, since P-EBT was delivered through the SNAP EBT infrastructure, separately tracking benefits was challenging. FNS used existing SNAP forms to distinguish between the benefits. Over time, FNS provided additional written guidance to States and clarified instructions for form submission relating to P-EBT. To oversee P-EBT administrative funds, FNS included the States's use of P-EBT administrative funds as part of its established SNAP Financial Management Review process. We made no recommendations in this report.

We also continued to provide oversight of programs related to the \$5.5 billion that IIJA provided FS to reduce wildfire risk; restore healthy, productive forests; and improve environmental, recreational, and economic infrastructure. Of that \$5.5 billion, \$100 million was made available specifically to restore native vegetation and mitigate environmental hazards on mined land on Federal and non-Federal land. We published a report as part of our ongoing inspection to conduct integrated oversight of the funding provided to FS' Restoration Projects on Federal and Non-Federal Land from IIJA. Specifically, we plan to inspect controls related to FS project selection, project funding, and accomplishments; and review the implementation of projects. Our published report provides information related to reviewing program information for transparency and disclosure as well as program implementation. This report had no recommendations.

When signed on August 16, 2022, IRA provided USDA's Natural Resources Conservation Service (NRCS) more than \$19 billion over 5 years for climate-smart agriculture practices, such as helping farmers and ranchers implement expanded conservation practices that reduce greenhouse gas emissions and increase storage of carbon in their soil and trees. IRA supports NRCS conservation programs that historically had more applications than available funding, such as the Conservation Stewardship Program (CSP). As part of OIG's oversight responsibility, we issued an informational report about CSP. Our objective was to

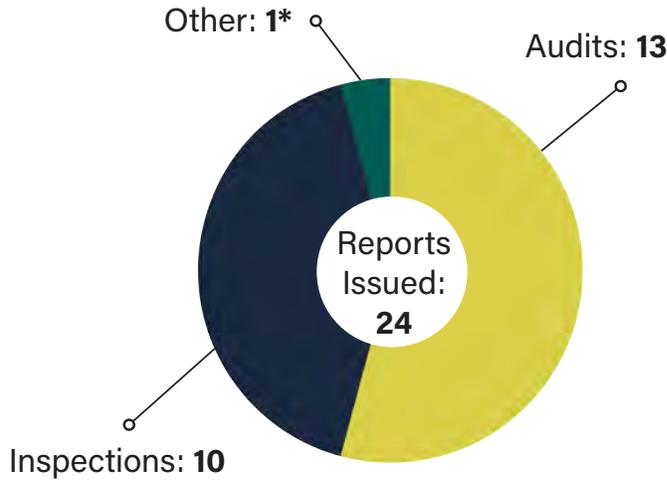
review and report information about CSP relative to IRA for transparency and disclosure. While providing general information, we also highlighted funding and program changes within CSP. This report had no recommendations.

These accomplishments would not have been possible without the dedicated work of OIG's professional staff. Their dedication and collaboration with key partners continues to advance the efficiency and effectiveness of USDA programs and operations. We look forward to continuing our effective working relationship with Secretary of Agriculture Tom Vilsack and Deputy Secretary Xochitl Torres Small, as well as Congressional Committees and Members of Congress, and we appreciate the continuing assistance and cooperation of USDA staff at every level of the organization.

Phyllis K. Fong
Inspector General



Statistical Highlights



*The other report is a final action verification (FAV) report.

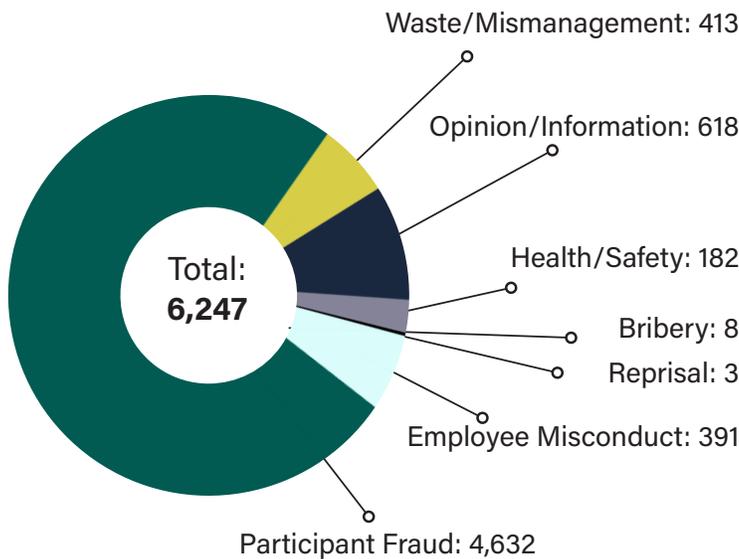
Audit Activities

Monetary Impact Total:
\$1,094,658,339



Investigation Activities

Hotline Complaints Processed



Impact: Criminal Prosecutions

Reports Issued: **77**



Recoveries/Collections	\$1,232,238
Restitutions	\$157,008,644
Fines	\$8,794,630
Other Monetary Remedies	\$1,089,189
Asset Forfeitures	\$20,957,558.50
Claims Established	\$193,225
Cost Avoidance	\$17,977
Administrative Penalties	\$33,377
Special Assessments	\$9,650

Total Monetary Impact:
\$189,336,488.50



The USDA's Forest Service is charged with maintaining the United States' forests and grasslands to meet the needs of the country's present and future generations. USDA Photo by Preston Keres. It does not depict any particular audit or investigation summarized or listed in this report.

Goal 1: Safety and Security

Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.

OIG provides independent audits, investigations, inspections, data analytics, and other reviews to help USDA and the American people meet critical challenges in safety, security, public health, and animal welfare. Our work focuses on issues such as the ongoing challenges of the safety of the food supply, animal welfare, and IT security and management. The titles in this and the following goals below are hyperlinked to the complete [OIG reports](#) and U.S. Department of Justice (DOJ) press releases issued between October 1, 2023, and March 31, 2024, and are published on [USDA OIG's website](#).

[Fiscal Year 2023 Quarter 3 Security Evaluation—Interim Report](#)

OIG performed an inspection of FS to determine the likely level of sophistication an attacker would need to compromise selected USDA systems or data. We made three recommendations to FS and reached management

decision on them all. (Interim Inspection Report 50801-0009-12[1])

[Animal and Plant Health Inspection Service Wildlife Services' Role in Administering the Mexican Wolf Recovery Program](#)

OIG reviewed APHIS' investigations of livestock deaths by Mexican gray wolves. OIG made three recommendations to APHIS and reached management decision on each of them. (Inspection Report 33801-0001-31)

[USDA's Use of Social Media—Informational Report](#)

OIG issued an informational report to review and report information about USDA's use of social media for transparency and disclosure. We made no recommendations in this report. (Informational Report 50801-0008-12)¹

¹ Informational Reports are performed following the professional standards required for an Inspection. Thus, all Informational Reports are classified as Inspections in OIG's statistics.



Goal 1: Safety and Security



The Food Safety and Inspection Service is responsible for reducing contamination and limiting illnesses through the regulation of agricultural food products. USDA Photo by Alice Welch. It does not depict any particular audit or investigation summarized or listed in this report.

Final Action Verification—Food Safety Inspection Service’s Oversight of the New Poultry Inspection System

OIG completed a FAV of both recommendations in our December 19, 2018, report on [Food Safety and Inspection Service’s Oversight of the New Poultry Inspection System](#) (Audit Report 24601-0006-31). Based on our review of the documentation Food Safety and Inspection Service provided to the Office of the Chief Financial Officer (OCFO), we concurred with OCFO’s decision to close both recommendations. (FAV Report 24026-0001-31)

Illegal Sale of Monkey Over Craigslist Sends Texas Woman to Prison

A Texas woman was sentenced for selling wildlife, including a spider monkey, in violation of the Lacey Act. She was ordered to serve 15 months in Federal prison to be immediately followed by 3 years of supervised release. She was previously sentenced in another case to 2 years of supervised release for smuggling a monkey into the United States and high-speed flight from an immigration checkpoint. This was a joint investigation with the Fish and Wildlife Service and Homeland Security Investigations.

South Carolina Man Sentenced to 5 Years of Federal Probation for Cockfighting

A South Carolina man was sentenced to 5 years of Federal probation after being convicted of a felony for participating in a 2022 cockfighting tournament. A total of seven individuals were indicted for their activities. The South Carolina man went to trial and was found guilty of felony sponsoring or exhibiting an animal in an animal fighting venture. Of the six others who were charged, one died before sentencing and the other five had already received probation ranging from 1 to 3 years each. This was a joint investigation with a South Carolina Law Enforcement Division and a county sheriff’s office.

Ohio Man Sentenced to 11 Years in Prison for Dogfighting and Drug Distribution

An Ohio man was sentenced to 11 years in prison after pleading guilty to dogfighting and fentanyl distribution. He will serve 9 months concurrent with and 12 months consecutive to the 10 years he is already serving on the drug charges. The case was investigated by OIG and the FBI, with assistance from a county sheriff’s office.

Louisiana Man Sentenced to More than 3 Years in Prison for Dogfighting

A Louisiana man was sentenced to 41 months in prison for his part in a conspiracy to sponsor, exhibit, possess, and transport animals in an interstate animal fighting venture, and to possessing an animal in such a venture, all in violation of the Animal Welfare Act. The case was investigated by the FBI and OIG.

Man Sentenced to 7 Years in Prison for Dogfighting Violations of the Animal Welfare Act

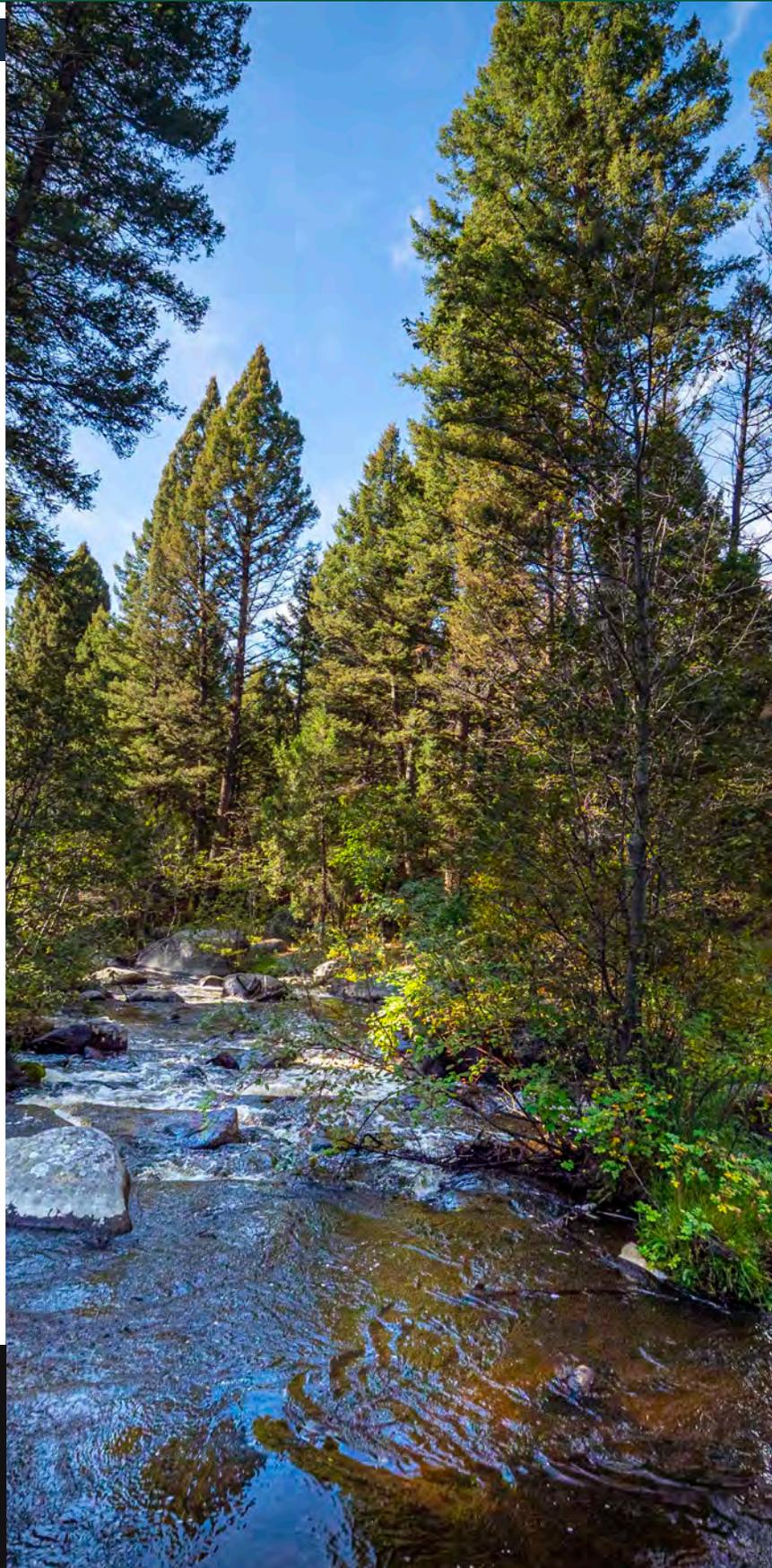
The owner of a kennel in Puerto Rico was sentenced to 7 years in prison for conspiring to violate the Animal Welfare Act and for possession of dogs for use in animal fighting ventures. The man operated the kennel for more than 35 years, which participated in over 150 dogfights in several countries, including the United States. This was a joint investigation with the Department of Homeland Security.



Goal 1: Safety and Security

Ongoing Reviews

- Animal Care Program Oversight of Dog Breeder Inspections (APHIS)
- Agricultural Research Service (ARS) Facility Condition and Security (ARS)
- Fiscal Year 2023 Quarter 3 Security Evaluation (Multi-Agency)
- Fiscal Year 2023 Quarter 4 Security Evaluation (Multi-Agency)
- U.S. Department of Agriculture, Office of the Chief Information Officer, FY24 Federal Information Security Modernization Act (FISMA) (Multi-Agency)
- USDA's Implementation of the National Bio and Agro-Defense Facility (Multi-Agency)
- USDA's Management of Default Credentials (Multi-Agency)
- USDA's Security Controls Over Industrial Control Systems (Multi-Agency)
- Review of Inventory and Information Security Controls for Excessing IT Equipment (OCIO)
- USDA Preventative Measures and Enforcement Remedies for Child Labor Violations in USDA Contracts (Office of Contracting and Procurement)



The USDA's Forest Service is charged with maintaining the United States' forests and grasslands to meet the needs of the country's present and future generations. USDA Photo by Preston Keres. It does not depict any particular audit or investigation summarized or listed in this report.



The purpose of the Distance Learning and Telemedicine program is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. USDA Photo by Preston Keres. It does not depict any particular audit or investigation summarized or listed in this report.

Goal 2: Integrity of Benefits

Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.

OIG conducts audits, investigations, inspections, data analytics, and other reviews to help ensure or restore integrity in various USDA benefit and entitlement programs, including a variety of programs that provide payments directly and indirectly to individuals and entities. Some of the programs are among the largest in the Federal Government and support nutrition, farm production, and rural development.

Prevented Planting Followup

We reviewed how RMA administered and oversaw the Federal Crop Insurance Program's requirements for prevented planting. We identified \$1,087,545,244 in supported questioned costs. OIG also made two recommendations to RMA and reached management decision on each of them. (Audit Report 05601-0008-31)

Hemp Crop Insurance Provisions

We reviewed how RMA implemented and administered hemp crop insurance provisions. OIG made no

recommendations in this report. (Audit Report 05601-0009-31)

Environmental Quality Incentives Program Payment Schedule—Cost Estimation Process

We reviewed the Environmental Quality Incentives Program (EQIP) payment schedule process, including the methodology for cost estimates, and corrective actions NRCS took in response to prior EQIP audit recommendations. We made no recommendations in this report. (Audit Report 10601-0008-31)

Administration of Water and Waste Program Grants

OIG reviewed the Rural Utilities Service's (RUS) administration of grants for the Water and Waste Disposal Loan and Grant program. OIG made no recommendations in this report. (Audit Report 09601-0001-22)



Goal 2: Integrity of Benefits

Rural Utilities Service’s Distance Learning and Telemedicine

OIG reviewed RUS’ award selection process for the Distance Learning and Telemedicine program in FY 2020 and FY 2021. We made no recommendations in this report. (Audit Report 09601-0001-24)

Controls Over the Meat and Poultry Processing Expansion Program Award Process (Phase 1)

OIG reviewed the Rural Business-Cooperative Service’s (RBS) administration of the pre-award process for the Meat and Poultry Processing Expansion Program. We made two recommendations to RBS and reached management decision on both of them. (Audit Report 34601-0001-21)

COVID-19—Food and Nutrition Service’s Pandemic Electronic Benefits Transfer—Final Report

In this final report of a series, OIG reviewed the Food and Nutrition Service’s (FNS) funding and administration of the Pandemic Electronic Benefits Transfer (P-EBT) assistance. Specifically, we addressed the risks FNS identified in implementing P-EBT assistance, challenges FNS experienced and addressed in tracking the use of P-EBT funds, and oversight controls FNS had in place to ensure that States properly accounted for P-EBT administrative funds. We made no recommendations in this report. (Inspection Report 27801-0001-23)

Conservation Stewardship Program—Participant Control of Land

OIG determined whether NRCS ensured that CSP participants maintained control of land enrolled in CSP contracts. OIG made three recommendations to NRCS and reached management decision on each of them. (Audit Report 50601-0005-23)

North Dakota Man Sentenced for Crop Insurance Fraud

A North Dakota man was ordered to pay \$379,317 in restitution to USDA and serve 3 years of supervised release for crop insurance fraud. As part of the plea agreement, the man also agreed to be excluded from receiving benefits from any Federal procurement transaction authorized or funded by USDA for 5 years. USDA OIG received assistance from RMA during this investigation.

Former Grass Seed Company Employee Sentenced to Federal Prison for Role in Schemes to Defraud Supplier

An Idaho man, who formerly supervised order-fulfillment and warehousing operations for a State of Washington producer and marketer of grass seed and turfgrass, was sentenced for his role in multiple schemes to defraud an agricultural products supplier and a former subsidiary. He was sentenced to 12 months and 1 day in prison and 3 years of supervised release, and was ordered to pay



The Water and Waste Disposal Loan and Grant program administers loan and grant funding for projects that provide clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas. USDA Photo by Lance Cheung. It does not depict any particular audit or investigation summarized or listed in this report.



Goal 2: Integrity of Benefits

\$348,065 in restitution. He is the last of seven defendants sentenced in this case, which originated in 2019. As previously reported, the co-conspirators were found guilty of intentionally mislabeling seed types and selling the mislabeled seed throughout the United States and to foreign customers. This was a joint investigation with the Internal Revenue Service, Criminal Investigations (IRS-CI).

[Man Sentenced to 20 Years for Stealing More than \\$2 Million in SNAP Benefits from Needy](#)

A man was sentenced in Texas to 20 years in Federal prison for stealing more than \$2 million in SNAP benefits from approximately 3,000 needy and disabled beneficiaries throughout the United States. The Federal Government funds SNAP to provide food benefits to low-income families. Two co-conspirators who previously pleaded guilty to conspiracy to commit wire fraud were sentenced to 108 and 129 months in Federal prison, respectively. This was a joint investigation with the FBI, with assistance from multiple local police departments.

[Georgia Meat Market Owner Sentenced to Federal Prison in \\$10 Million Food Stamp Fraud Scheme](#)

A Georgia man involved in a \$10 million scheme to purchase SNAP benefits from low-income recipients was sentenced to 68 months of incarceration, followed by 3 years of supervised release, and ordered to pay restitution of more than \$10.3 million. This was a joint investigation with Homeland Security Investigations.

[Illinois Man Sentenced to 5 Years' Imprisonment for Taking \\$1.2 Million in SNAP Benefits](#)

An Illinois man, who previously pleaded guilty to one count of unlawful acquisition of SNAP benefits, repaid the Government and was sentenced to 5 years in prison and 2 years of supervised release. This was a joint investigation with Homeland Security Investigations and the Illinois Department of Revenue.

[Two Colorado Farmers Sentenced to Federal Prison and Will Pay Over \\$6.5 Million for Defrauding Federal Crop Insurance Programs](#)

Two Colorado farmers agreed to pay over \$6.5 million to resolve allegations that they defrauded Federal crop insurance programs by tampering with and damaging rain gauges. The men concocted a scheme to defraud the insurance programs by making it appear that there was less precipitation in their area than actual rainfall totals. The defendants agreed to pay a combined \$3.5 million to settle these civil allegations and were criminally charged



The Families First Coronavirus Response Act authorized the establishment of temporary Pandemic Electronic Benefits Transfer assistance for households with children affected by school closures due to the coronavirus disease 2019 (COVID-19) pandemic. USDA Photo by Lance Cheung. It does not depict any particular audit or investigation summarized or listed in this report.

for their roles in the conspiracy. Both pled guilty and were sentenced to pay a combined \$3.1 million in restitution and imprisonment for 2 and 6 months, respectively. This was a joint investigation with the U.S. Department of Commerce OIG and the FBI.

[Nebraska Man Sentenced for Bank Fraud](#)

A Nebraska man was sentenced to 36 months' imprisonment, 5 years of supervised release, and was ordered to pay more than \$5 million in restitution for engaging in bank fraud. The case, jointly investigated with the FBI, determined the producer falsified statements to USDA, converted collateral, and misrepresented the number of commodities he had in storage, his cattle inventory, and his acreage of crops. The producer also concealed his debt from a bank to secure approximately \$11 million in loans.



Goal 2: Integrity of Benefits



The Conservation Stewardship Program encourages agricultural and forest producers to improve and conserve natural resources by undertaking activities that will increase or extend conservation benefits. USDA Photo by Lance Cheung. It does not depict any particular audit or investigation summarized or listed in this report.

Five Individuals Sentenced in Texas in Fraud Conspiracy Case

Five individuals were sentenced in Texas for their roles to defraud USDA’s Supplier Credit Guarantee Program of more than \$106.2 million. The five were sentenced to time served and to continue to pay restitution. As of January 2024, the defendants had paid approximately \$82.9 million in ordered restitution. An additional \$4.5 million from forfeited property was also applied to the outstanding balance. This was a joint investigation with IRS-CI and Homeland Security Immigration and Customs Enforcement.

Inflation Reduction Act and Infrastructure Investment and Jobs Act Reviews

IRA—Conservation Stewardship Program – Informational Report

As part of OIG’s oversight responsibility, OIG issued an informational report to review and report information about CSP relative to IRA for transparency and

disclosure. We made no recommendations in this report. (Informational Inspection Report 10801-0002-23)

IIJA—ReConnect Program-Informational Report

As part of OIG’s oversight responsibility, we issued an informational report to provide general program information and highlight funding provided by IIJA for the Rural eConnectivity Pilot Program (ReConnect Program). We made no recommendations in this report. (Informational Report 09801-0002-23)

IIJA—Emergency Watershed Protection Program – Informational Report

As part of OIG’s oversight responsibility, we issued an informational report to review and report information on IIJA funds provided to NRCS relative to the Emergency Watershed Protection Program for transparency and disclosure. We made no recommendations in this report. (Informational Report 10801-0001-23)

Ongoing Reviews

- Child and Adult Care Food Program Meal Reimbursement Claims Process for Child Care Centers (FNS)
- SNAP: Primer on Disbursement of SNAP Benefits Using the EBT System (FNS)
- IIJA—Collaborative Aquatic Landscape Restoration Program (FS)
- Eligibility of Conservation Reserve Program Climate-Smart Practice Incentive Payments (Farm Service Agency (FSA))
- IRA—Oversight of the IRA for Distressed Borrowers with Direct Loans that took Extraordinary Measures to Avoid Delinquency (FSA)
- Meat and Poultry Processing Expansion Program—Oversight of Grant Recipients’ Use of Funds (RBS)
- Assessment of RMA’s Oversight for High Loss Value Ratio Claims – Almonds (RMA)
- Whole-Farm Revenue Protection Pilot Program (RMA)



Federal wildland firefighters may work in a variety of positions with job duties to fight wildfires. USDA Photo by Lance Cheung. It does not depict any particular audit or investigation summarized or listed in this report.

Goal 3: Management Improvement Initiatives

Strengthen USDA's ability to achieve results-oriented performance.

OIG conducts audits, investigations, inspections, data analytics, and other reviews that focus on areas such as financial management and accountability, property management, employee integrity, and the Government Performance and Results Act. The effectiveness and efficiency with which USDA manages its assets are critical.

USDA's Controls Over Departmental Shared Cost Programs and Working Capital Fund

We evaluated USDA's transfers of funds into and out of the Shared Cost Programs and Working Capital Fund to determine if funds were used in accordance with their purpose. We identified \$7,113,095 in supported questioned costs. OIG also made four recommendations to OCFO and reached management decision on each of them. (Audit Report 50601-0004-23)

USDA and Agency Financial Statements

OIG audited USDA's consolidated financial statements for FYs 2023 and 2022. Except for the possible effects on the FY 2023 consolidated financial statements of the matter described in the Basis for Qualified Opinion section of the Department's financial statement report, we also determined that the consolidated financial statements presented fairly, in all material respects, the financial position of USDA, as of September 30, 2023, and 2022, and its net costs, changes in net position, and statements of budgetary resources for the year then ended, in accordance with U.S. generally accepted accounting principles. Our consideration of USDA's internal control over financial reporting identified two material weaknesses: (1) improvements are needed in overall financial management; and (2) USDA needs to improve its IT controls, as many weaknesses remain. Additionally, our review of compliance with laws and regulations identified noncompliances with FFMIA, the Antideficiency Act, and the Payment Integrity Information Act of 2019.



Goal 3: Management Improvement Initiatives

In auditing USDA's consolidated financial statements, OIG also either performed or oversaw Independent Public Accountants (IPA) as they performed audits of four USDA agencies' financial statements. All four agencies received unmodified opinions for the audits of their financial statements, and the Department received a qualified opinion on its consolidated financial statements. For all four agencies, we or the independent public accounting firm determined that the financial statements present fairly the agency's financial position as of September 30, 2023, and 2022, in all material respects and were prepared in accordance with U.S. generally accepted accounting principles.

USDA's Consolidated Financial Statements for Fiscal Years 2023 and 2022

OIG audited USDA's consolidated financial statements for FYs 2023 and 2022 and provided a qualified opinion for the following reason. In September 2023, USDA determined and changed the obligation recognition point for SNAP benefits. However, management was unable to provide adequate evidential matter to support compliance with U.S. generally accepted accounting principles after the change. As a result, OIG was unable to determine whether any adjustments to the consolidated financial statements were necessary. We made one recommendation to FNS and reached management decision on it. (Audit Report 50401-0022-11)

Natural Resources Conservation Service's Financial Statements for Fiscal Years 2023 and 2022

An independent certified public accounting firm was engaged to audit the financial statements of NRCS as of September 30, 2023, and 2022. We made no recommendations in this report. (Audit Report 10403-0006-11)

Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2023 and 2022

OIG audited the Federal Crop Insurance Corporation (FCIC)/RMA financial statements for FYs 2023 and 2022. We made no recommendations in this report. (Audit Report 05401-0015-11)

Commodity Credit Corporation's Financial Statements for Fiscal Years 2023 and 2022

An independent certified public accounting firm was engaged to audit the financial statements of the

Commodity Credit Corporation (CCC) as of September 30, 2023, and 2022. We made one recommendation to CCC that we carried forward from a prior year audit report and reached management decision on it.² (Audit Report 06403-0006-11)

Rural Development's Financial Statements for Fiscal Years 2023 and 2022

OIG audited Rural Development's consolidated financial statements for FYs 2023 and 2022. We made one recommendation to Rural Development in this report, and management decision was still outstanding as of the end of the reporting period. (Audit Report 85401-0014-11)

Infrastructure Investment and Jobs Act Reviews

IJA—Restoration Projects on Federal/Non-Federal Land: Project Selection – Informational Report

As part of OIG's oversight responsibility, we issued an informational report to review information for transparency and disclosure as well as program implementation related to IJA funds for FS' Restoration Projects on Federal and Non-Federal Land Program. We made no recommendations in this report. (Informational Report 08801-0003-41)

IJA—Federal Wildland Firefighter Salaries and Expenses – Informational Report

As part of OIG's oversight responsibility, we issued an informational report to review and report information about funding provided by IJA for FS' Federal wildland firefighter salaries and expenses. We made no recommendations in this report. (Informational Report 08801-0001-23)

IJA Reconnect Program—Rural Utilities Service Consideration and Balance of Broadband Needs – Informational Report

An independent certified public accounting firm completed an informational report to provide information on the IJA ReConnect Program and RUS' consideration and balance of broadband needs within statutory and ReConnect program requirements as of September 30, 2023. We made no recommendations in this report. (Informational Report 09803-0001-51)

² A recommendation was made in a prior year CCC financial statement audit, and corrective action was still incomplete when the FY 2023 financial statement audit was performed. As such, the IPA repeated the recommendation in the FY 2023 report. OIG does not include the repeated recommendation in the FY 2023 recommendation count for issued reports or management decision to avoid duplication.



Goal 3: Management Improvement Initiatives



Single Audits

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 C.F.R. part 200 (Uniform Guidance), requires that non-Federal entities that expend \$750,000 or more in Federal awards within the entity's fiscal year must obtain an annual independent financial audit, referred to as a "single audit." Non-Federal entities subject to the Uniform Guidance are States, local governments, Indian tribes, nonprofit organizations, and institutions of higher education, such as universities and colleges. The Uniform Guidance also requires that these non-Federal entities and their auditors upload the audit report and other relevant documents (reporting package) to the Federal Audit Clearinghouse (FAC).

To ensure the single audit reporting packages comply with the reporting requirements in the Uniform Guidance, we conduct desk reviews on all reporting packages for which the Department is the cognizant agency. Specifically, we examine each selected entity's financial statements audit report and data collection form uploaded to FAC. The purpose of a desk review is to determine compliance with single audit reporting standards, identify any quality issues that may warrant revisions to the reporting package and/or follow-up audit work, and identify potential for quality control reviews of an auditing firm. A desk review is not designed to evaluate the adequacy of the audit work performed or examine the associated audit documentation.

During this period, we performed two desk reviews. These single audits covered \$191.8 million in total Federal expenditures, including \$89.4 million related to the Department's expenditures. We determined that all reporting packages fully met Federal reporting requirements.

[Iowa Man Sentenced for Mail Fraud and Defrauding the Internal Revenue Service](#)

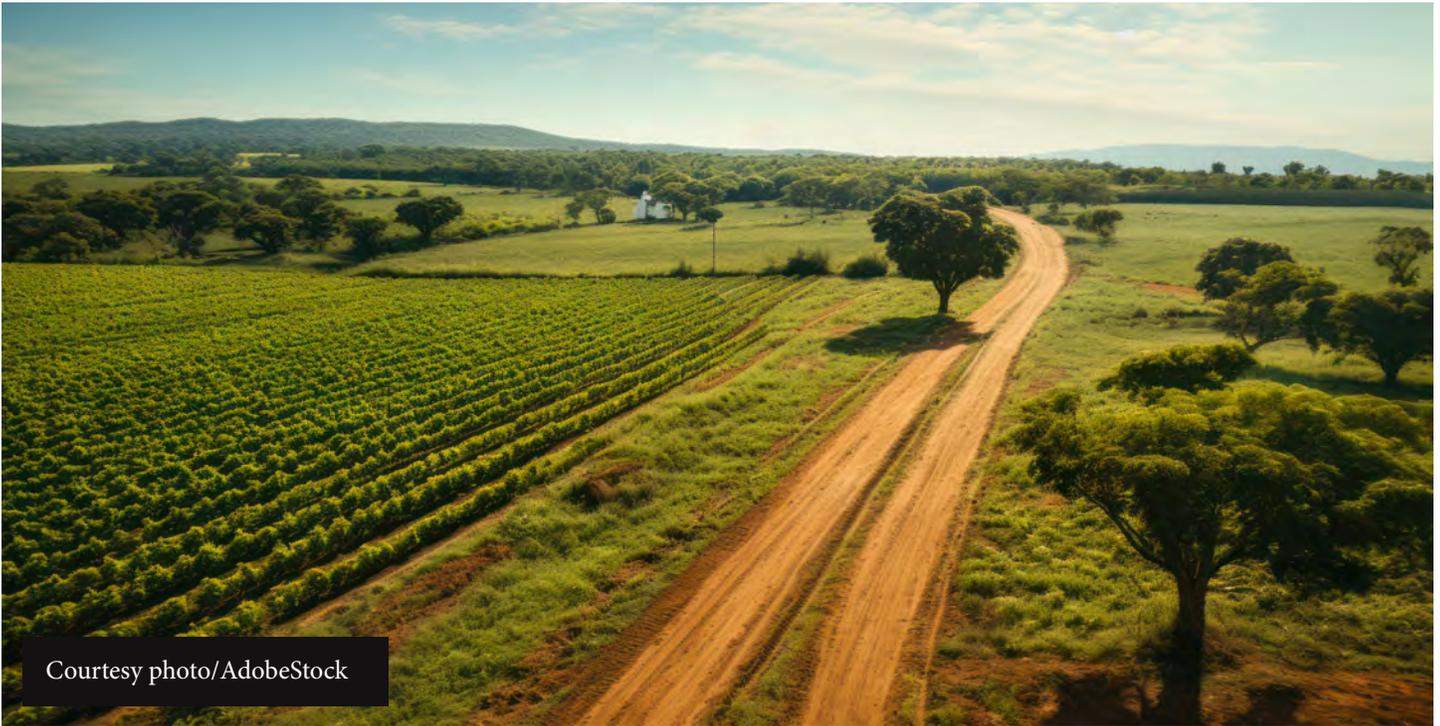
An Iowa man was sentenced to 33 months in prison for committing fraud by selling grain as organic, which in fact was grown in violation of USDA's National Organic Program (NOP). NOP is a Federal regulatory program governing organic agricultural products. This was a joint investigation with IRS-CI and the FBI.

[Three Sentenced to Prison for Conspiring to Steal USDA-Mortgaged Houses](#)

Three individuals were sentenced to prison, including a former USDA Rural Development employee, for their respective roles in a scheme to defraud the Government and deprive legitimate owners of the use of their property. The former employee abused their position by accessing a list of abandoned, foreclosed, nearly foreclosed, or similarly distressed USDA-mortgaged properties to identify residences to steal for the purpose of unjustly enriching the defendants. The defendants further conspired to steal the USDA-mortgaged residences by creating fraudulent warranty deeds designed to convey ownership



Goal 3: Management Improvement Initiatives



Courtesy photo/AdobeStock

to themselves by forging signatures of the former homeowners, including at least one deceased individual. The targeted properties were mortgaged through a Mississippi office of USDA's RHS, an agency which helps rural residents buy or rent safe, affordable housing, especially low and very low-income individuals.

[Washington, D.C. Man Sentenced to 97 Months in Prison for Soliciting and Receiving Child Pornography](#)

A former USDA employee in Washington, D.C. was sentenced to 97 months in prison, to be followed by 15 years' supervised release, for criminal conduct that occurred while employed at USDA, including the receipt and possession of child pornography. This was a joint investigation with Homeland Security Investigations.

[Former USDA Employee Sentenced in North Carolina to 5 Years of Probation, 90 Days of Home Detention, and Restitution](#)

A former USDA employee in North Carolina was sentenced to 5 years of probation, 90 days of home confinement, and was ordered to pay \$20,224 in restitution after pleading guilty to one count of theft of Government funds. While employed at USDA, the individual submitted a fraudulent Paycheck Protection Program loan application and subsequently filed for loan forgiveness. This was a joint investigation with the North Carolina Department of Insurance.

[Air Travel Company Agrees to Pay \\$26.8 Million in Settlement Agreement](#)

An airline that also provides ticketing services to travel agencies and other airlines, agreed to pay \$26.8 million as part of a settlement for failing to remit collected travel fees to the United States, a violation of the False Claims Act. The airline collected the fees from commercial airline passengers flying into and within the U.S. and failed to remit the fees to several Federal agencies, resulting in at least \$62.2 million in lost revenue to the U.S. Government. The airline agreed to the settlement in February 2024 in Washington, D.C. This was a joint investigation with the Department of Homeland Security OIG.

[Ongoing Reviews](#)

- Review of Agency Financial Statements for Fiscal Years 2024 and 2023 (CCC, FCIC/RMA, NRCS, RD)
- Controls Over McGovern-Dole Food for Education Program Funding (Foreign Agricultural Service (FAS))
- SNAP Fraud Risk Assessments (FNS)
- IIJA—Community Wildfire Defense Grant Program for At-Risk Communities (FS)
- IIJA—Firefighting Workforce Training (FS)
- IIJA—Hazardous Fuels Management (FS)
- IIJA—Implementation of Federal Wildland Firefighter Salary and Conversion Requirements (FS)
- IIJA—Legacy Road and Trail Remediation Program – Region 3 (FS)



Goal 3: Management Improvement Initiatives

- IIJA—Legacy Road and Trail Remediation Program – Region 6 (FS)
- IIJA—Restoration Projects on Federal Land (FS)
- USDA Climate Hubs: Enhancing Working Lands’ Resilience and Productivity (Multi-Agency)
- USDA Compliance with Anti-Gag Provisions (Multi-Agency)
- USDA’s Compliance with Improper Payment Requirements for FY23 (Multi-Agency)
- USDA’s Compliance with the Geospatial Data Act for FY24 (Multi-Agency)
- IIJA—Watershed and Flood Prevention Operations (NRCS)
- Equal Employment Opportunity Complaint – Final Agency Action Process (Office of the Assistant Secretary for Civil Rights (OASCR))
- Agreed-Upon Procedures – Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management for Fiscal Year 2024 (OCFO)
- General and Application Controls Work for Financial Statement Audits for Fiscal Years 2024 and 2023 (OCFO)
- Independent Service Auditor’s Report – FMS’ Description and Operating Effectiveness of Its Financial Systems for October 1, 2023 Through June 30, 2024 (OCFO)
- Independent Service Auditor’s Report – National Finance Center’s (NFC) Description and Operating Effectiveness of Its Payroll and Personnel Systems for October 1, 2023 Through June 30, 2024 (OCFO)
- USDA’s Consolidated Financial Statements for Fiscal Years 2024 and 2023 (OCFO)
- Independent Service Auditor’s Report on the OCIO’s Description of Its Data Center Hosting and Security Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for October 1, 2023 Through June 30, 2024 (OCIO)
- Uniform Residential Loan Application Project (RHS)
- IIJA—Broadband Reconnect Program – Inspection Report (RUS)



Peer Reviews and Other Reviews

Peer Reviews and Outstanding Recommendations

External Peer Review of USDA's OIG Audit Division

In September 2023, the U.S. Postal Service OIG issued its final report on the peer review it conducted on USDA OIG's Office of Audit. USDA OIG received a grade of "pass," the best evaluation an audit organization can receive. The report included no recommendations.

External Peer Review of USDA's OIG Investigations Division

In June 2019, the U.S. Department of Labor (DOL) OIG conducted an external peer review of USDA OIG's system of internal safeguards and management procedures for the investigative function for the period ending April 2019.

The peer review was completed and DOL OIG issued its final report dated November 1, 2019. DOL OIG determined that USDA OIG was compliant with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and other applicable guidelines and statutes cited. No findings or deficiencies were identified.

Peer Review Conducted by USDA OIG

During the current reporting period, USDA OIG did not complete a peer review of another audit or investigative organization.

Review of Legislation, Regulations, Directives, and Memoranda

Pursuant to the Inspector General (IG) Act of 1978, one of the duties and responsibilities of the IG is to review existing and proposed legislation and regulations relating to the agency's programs and operations and to make recommendations concerning the impact of such legislation or regulations on (1) the economy and efficiency in the administration of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in such programs and operations. As such, OIG reviews proposed legislation and regulations that we identify or are sent to us for review through USDA. OIG also participates in review of legislative items that may affect the Inspector General community at large, through participation in CIGIE activities. OIG also responds to Congressional requests for technical assistance and input as requested.

During this reporting period, OIG reviewed 14 legislative/regulatory items and provided input on five items. Specifically, OIG reviewed nine legislative proposals. OIG provided technical assistance to CIGIE regarding four of those items: proposals regarding OIG statutory mandates, transparency in Government, Federal artificial intelligence governance, and the Statutory Exclusion for Felony Fraud Convicts to Protect Federal Funds. We also provided technical assistance to Congress regarding a provision in the Opportunities for Fairness in Farming Act. We reviewed four internal USDA regulations/policies, which included three Departmental Regulations and one proposed enforcement guidance. Additionally, we reviewed one Executive Order and one memorandum from the Office of Management and Budget.



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Assessing Performance Results

Assessing the Impact of OIG

Our mission is to promote economy, efficiency, and integrity of USDA programs and operations through audits, investigations, data analytics, and reviews. We accomplish our mission by way of an organizational culture that embraces the value and dignity of all individuals and encourages innovation, trust, and positive change through a diverse and inclusive workforce.

Measuring Progress Against the OIG Strategic Mission and Diversity and Inclusion Plan

We measure our impact by assessing the extent to which our work is focused on the key issues under our three mission goals. These goals are:

- Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.
- Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.
- Strengthen USDA's ability to achieve results-oriented performance.

Impact of OIG Audits, Inspections, Investigations, and Analytics Work on Department Programs

We also measure our impact by tracking the outcomes of our audits, inspections, investigations, and analytics work. Many of these measures are codified in the IG Act of 1978, as amended. The following pages present a statistical overview of OIG's accomplishments this period.

For audits and inspections, we present:

- Reports issued,
- Management decisions made (number of reports and recommendations),
- Total dollar impact of reports (questioned costs and funds to be put to better use) at issuance, and
- Reports without corrective action.

For investigations, we present:

- Reports issued,
- Indictments,
- Convictions,
- Arrests,
- Total dollar impact (recoveries, restitutions, fines, and asset forfeiture),
- Administrative sanctions, and
- OIG Hotline complaints.

For analytics, we present data analytics projects issued.



Assessing Performance Results

Performance Results Under Our Strategic Goals

Performance Measures	FY 2023 Actual	FY 2024 Target	FY 2024 1st Half Actual
 <p>OIG direct resources dedicated to critical-risk or high-impact activities</p>	98.2%	96%	99.9%
 <p>Audit recommendations where management decisions are achieved within 1 year</p>	100%	95%	100%
 <p>Mandatory, Congressional, Secretarial, and Agency requested audits initiated where the findings and recommendations are presented to the auditee within established or agreed-to timeframes (includes verbal commitments)</p>	100%	95%	100%
 <p>Closed investigations that resulted in a referral for action to DOJ, State, or local law enforcement officials, or a relevant administrative authority</p>	100%	90%	100%
 <p>Closed investigations that resulted in an indictment, conviction, or civil suit or settlement, judgment, administrative action, or monetary result</p>	93.4%	85%	92.8%

Note: Unless we are reporting exact numbers, our general practice is to round numbers down to prevent overstating our results.



Assessing Performance Results

OIG Accomplishments for FY 2024, First Half (October 1, 2023-March 31, 2024)

Summary of Audit Activities	FY 2024 1st Half
Number of Final Reports	13
Number of Final Report Recommendations	13
Number of Inspection Reports*	9
Number of Inspection Report Recommendations	3
Number of Interim Reports	1
Number of Interim Report Recommendations	3
Number of Final Action Verification Reports	1
Total Dollar Impact of Reports at Issuance	
Total Dollar Impact of Reports at Issuance	\$1,094,658,339
Questioned/Unsupported Costs	\$1,094,658,339
Funds to Be Put to Better Use	0
Management Decisions Reached	
Number of Final Reports	6
Number of Final Recommendations	34
Number of Inspection Reports	4
Number of Inspection Report Recommendations	16

* Informational reports are classified as Inspections based on professional standards followed.



Assessing Performance Results

Summary of Investigative Activities	FY 2024 1st Half
Reports Issued	77
Indictments	156
Convictions	86
Arrests	219
Administrative Sanctions	33
Total Dollar Impact	\$189,336,488.50

Recognition of OIG Employee by the Inspector General Community

CIGIE Special Act Award for Excellence

Mark Barnhart. In recognition of his dedication to investigating animal fighting and other animal welfare violations throughout his career with USDA OIG.



Reports with Corrective Actions That Have Not Been Completed by March 31, 2024, by Agency

This appendix provides a summary of audit, inspection, or interim audit reports issued by OIG prior to October 1, 2023, with recommendations that have corrective actions that were not completed by March 31, 2024. Corrective actions are recommendations that are pending final action, collection, or management decision and the Department had not taken corrective action to close them in its records. A link to each report shows the detail for each recommendation on OIG's website.

AMS: Agricultural Marketing Service

01601-0003-41

[Food Purchase and Distribution Program](#)

Issue Date: 08/15/2023

Recommendation Nos. 1, 3, 4, 5, 6

Potential Cost Savings: N/A

01801-0001-22

[COVID – 19—Farmers to Families Food Box Program Administration](#)

Issue Date: 08/15/2023

Recommendation No. 1

Potential Cost Savings: N/A

CCC: Commodity Credit Corporation

06403-0005-11

[Commodity Credit Corporation's Financial Statements for Fiscal Years 2022 and 2021](#)

Issue Date: 11/09/2022

Recommendation No. 1

Potential Cost Savings: N/A

FAS: Foreign Agricultural Service

07601-0001-21

[Controls Over the Market Access Program](#)

Issue Date: 07/05/2023

Recommendation Nos. 3, 4

Potential Cost Savings: N/A

FNS: Food and Nutrition Service

27601-0003-10

[New Mexico's Compliance with SNAP Certification of Eligible Households Requirements](#)

Issue Date: 09/27/2016

Recommendation No. 2

Potential Cost Savings: \$2,194

Recommendation No. 11

Potential Cost Savings: \$6,721

Recommendation No. 16

Potential Cost Savings: \$2,900

Recommendation Nos. 5, 9, 14, 18

Potential Cost Savings: N/A

27601-0005-41

[Consolidated Report of FNS and Selected State Agencies' Controls Over \[Summer Food Service Program\] SFSP](#)

Issue Date: 09/18/2020

Recommendation No. 11

Potential Cost Savings: \$6,089,279

Recommendation Nos. 4, 9, 13, 15

Potential Cost Savings: N/A

27601-0019-10

[Compilation Report of States' Compliance with Requirements for the Issuance and Use of Supplemental Nutrition Assistance Program Benefits \(7 CFR, Part 274\)](#)

Issue Date: 09/28/2018

Recommendation No. 3

Potential Cost Savings: N/A

27702-0001-22

[Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria](#)

Issue Date: 10/18/2019

Recommendation No. 8

Potential Cost Savings: \$1,258,308

27801-0003-22

[COVID-19—Supplemental Nutrition Assistance Program Online Purchasing in Response to Coronavirus Disease 2019](#)

Issue Date: 08/25/2021

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

FPAC: Farm Production and Conservation

50801-0005-12

[Security Testing of a Selected USDA Network \(Fiscal Year 2023\)](#)

Issue Date: 09/15/2023

Recommendation No. 1

Potential Cost Savings: N/A



APPENDIX 1

FSA: Farm Service Agency

03099-0181-TE

[Farm Service Agency Payment Limitation Review in Louisiana](#)

Issue Date: 05/08/2008

Recommendation No. 2

Potential Cost Savings: \$1,432,622

03601-0001-22

[Farm Service Agency Compliance Activities](#)

Issue Date: 07/31/2014

Recommendation No. 5

Potential Cost Savings: N/A

03601-0003-31

[Market Facilitation Program](#)

Issue Date: 03/09/2022

Recommendation No. 1

Potential Cost Savings: \$57,199,419

Recommendation Nos. 2, 4

Potential Cost Savings: N/A

03601-0003-31 (1)

[Market Facilitation Program—Interim Report](#)

Issue Date: 09/30/2020

Recommendation No. 2

Potential Cost Savings: N/A

03601-0023-KC

[Farm Service Agency Hurricane Relief Initiatives: Livestock Indemnity and Feed Indemnity Programs](#)

Issue Date: 02/02/2009

Recommendation No. 4

Potential Cost Savings: \$860,971

03702-0001-23

[2017 Emergency Assistance for Honeybee Claims](#)

Issue Date: 09/28/2020

Recommendation No. 9

Potential Cost Savings: \$1,102,008

Recommendation No. 11

Potential Cost Savings: \$3,028,335

03702-0002-23

[2017 Hurricane Relief Emergency Conservation Program](#)

Issue Date: 06/09/2021

Recommendation No. 1

Potential Cost Savings: \$661,078

Recommendation No. 3

Potential Cost Savings: \$718,755

Recommendation No. 9

Potential Cost Savings: \$556,678

Recommendation Nos. 4, 5, 6, 8

Potential Cost Savings: N/A

03702-0002-31

[Wildfires and Hurricanes Indemnity Program](#)

Issue Date: 09/28/2020

Recommendation No. 2

Potential Cost Savings: \$4,268,395

03702-0003-31

[Wildfires and Hurricanes Indemnity Program—Puerto Rico](#)

Issue Date: 03/24/2023

Recommendation No. 1

Potential Cost Savings: \$157,212,092

Recommendation No. 4

Potential Cost Savings: \$15,681,325

Recommendation Nos. 2, 5

Potential Cost Savings: N/A

03801-0001-31

[COVID-19 – Coronavirus Food Assistance Program – Direct Support](#)

Issue Date: 09/25/2023

Recommendation No. 1

Potential Cost Savings: \$1,286,786

50024-0003-24

[USDA's Compliance with Improper Payment Requirements for Fiscal Year 2022](#)

Issue Date: 05/22/2023

Recommendation No. 2

Potential Cost Savings: N/A

50601-0003-22

[Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS](#)

Issue Date: 01/27/2017

Recommendation No. 2

Potential Cost Savings: N/A

50601-0010-31

[Beginning Farmers](#)

Issue Date: 09/26/2022

Recommendation No. 1

Potential Cost Savings: N/A

50601-0015-AT

[Hurricane Indemnity Program—Integrity of Data Provided by RMA](#)

Issue Date: 03/31/2010

Recommendation No. 5

Potential Cost Savings: \$1,061,958³

³ Recommendation 6 in the report was coded to be included in this Recommendation 5 monetary amount. Recommendation 6 reads: RMA should determine whether the 18 policies that OIG identified with unsupported changes and that resulted in \$246,346 in [Hurricane Indemnity Program] payments need to be corrected. Direct the approved insurance providers to reverse the changes, and provide FSA a list of these corrections.



APPENDIX 1

50703-0001-23

[American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program](#)

Issue Date: 10/18/2013

Recommendation No. 9

Potential Cost Savings: \$84,000

Multi-Agency

50503-0011-12

[U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2023 Federal Information Security Modernization Act](#)

Issue Date: 07/27/2023

Recommendation Nos. 3, 5, 6, 20 (OCIO)

Potential Cost Savings: N/A

Recommendation No. 14 (RD)

Potential Cost Savings: N/A

NIFA: National Institute of Food and Agriculture

13601-0002-22

[Agriculture and Food Research Initiative](#)

Issue Date: 06/26/2023

Recommendation No. 5

Potential Cost Savings: \$18,543

Recommendation No. 4

Potential Cost Savings: N/A

NRCS: Natural Resources Conservation Service

11601-0001-12

[USDA's Fiscal Year 2019, First Quarter DATA Act Submission](#)

Issue Date: 11/08/2019

Recommendation No. 3

Potential Cost Savings: N/A

OASCR: Office of the Assistant Secretary for Civil Rights

60601-0001-21

[USDA Oversight of Civil Rights Complaints](#)

Issue Date: 09/22/2021

Recommendation No. 2

Potential Cost Savings: N/A

OC: Office of Communications

50801-0002-12

[Security Over USDA Web Applications](#)

Issue Date: 10/27/2021

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

OCFO: Office of the Chief Financial Officer

50401-0020-11

[USDA's Consolidated Financial Statements for Fiscal Years 2021 and 2020](#)

Issue Date: 11/15/2021

Recommendation No. 1

Potential Cost Savings: N/A

OCIO: Office of the Chief Information Officer

50501-0020-12(1)

[Improper Usage of USDA's Information Technology Resources—Interim Report](#)

Issue Date: 06/26/2018

Recommendation No. 2

Potential Cost Savings: N/A

50801-0006-12

[Security Over USDA Mobile Applications](#)

Issue Date: 09/26/2023

Recommendation Nos. 1, 2, 3

Potential Cost Savings: N/A

50801-0007-12

[USDA's Compliance with Binding Operational Directives 19-02 and 22-01](#)

Issue Date: 08/17/2023

Recommendation Nos. 1, 2, 3, 4

Potential Cost Savings: N/A

OPPE: Office of Partnerships and Public Engagement

91601-0001-21

[Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program \(2501 Program\) in Fiscal Years 2018 and 2019](#)

Issue Date: 11/10/2021

Recommendation Nos. 15, 16

Potential Cost Savings: N/A

OSDBU: Office of Small and Disadvantaged Business Utilization

50601-0003-23

[Office of Small and Disadvantaged Business Utilization's Controls Over the Eligibility of Contract Recipients](#)

Issue Date: 09/28/2018

Recommendation Nos. 1, 2, 3

Potential Cost Savings: N/A

REE: Research, Education, and Economics

84801-0001-22

[USDA Research Integrity and Capacity](#)

Issue Date: 12/08/2020

Recommendation No. 1

Potential Cost Savings: N/A

RHS: Rural Housing Service

04601-0003-31

[Multi-Family Housing Tenant Eligibility](#)

Issue Date: 02/07/2020

Recommendation No. 1

Potential Cost Savings: \$26,962,764

Recommendation No. 2

Potential Cost Savings: N/A



APPENDIX 1

RMA: Risk Management Agency

05601-0002-41

[RMA Apiculture Pilot Insurance Program](#)

Issue Date: 05/09/2023

Recommendation No. 3

Potential Cost Savings: \$1,082,604

05601-0007-31

[Controls Over Crop Insurance Section 508\(h\) Products](#)

Issue Date: 06/30/2020

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

Courtesy photo/AdobeStock





APPENDIX 2

Summary of Management Decisions Made During the Reporting Period for Reports Issued During a Previous Reporting Period

This appendix provides a summary of audit, inspection, or interim audit reports issued by OIG prior to October 1, 2023, with all recommendations that reached management decision between October 1, 2023, and March 31, 2024. OIG reached management decision on 30 recommendations for four engagement reports issued during a previous reporting period. A link to each report shows the detail for each recommendation on OIG's website.

Multi-Agency

50503-0011-12

[U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2023 Federal Information Security Modernization Act](#)

Issue date: 07/27/2023

Recommendation Nos. 1 - 22

50801-0005-12

[Security Testing of a Selected USDA Network \(Fiscal Year 2023\)](#)

Issue date: 09/15/2023

Recommendation Nos. 1, 2, 3

50801-0006-12

[Security Over USDA Mobile Applications](#)

Issue date: 09/26/2023

Recommendation No. 6

50801-0007-12

[USDA's Compliance with Binding Operational Directives 19-02 and 22-01](#)

Issue date: 08/17/2023

Recommendation Nos. 1, 2, 3, 4



Inspections, Evaluations, and Audits That Were Closed and Not Disclosed to the Public as of March 31, 2024

OIG published summary information for all its reports from October 1, 2023, through March 31, 2024; however, three reports contained sensitive content that was not publicly released.

This appendix is also intended to report any audits, inspections, evaluations, or data analytics products that were not publicly released. We have four closed or canceled engagements this reporting period.

Agency	Date Closed	Title of Report	Reason for Closure/Cancelation
FSIS	11/29/2023	Food Safety and Inspection Service's New Poultry Inspection System-Slaughter Plants	OIG cancelled this audit to allow a contractor to complete an ongoing study that measures the impact of increased line speeds on worker safety.
MULTI	03/13/2024	USDA Agency Coordination of Organic Crop Information	OIG closed this audit because we did not identify specific program criteria that required AMS, RMA, and FSA to coordinate and share organic crop producer information.
RUS	03/20/2024	IRA – Rural Utilities Service Empowering Rural America Program – Letter of Interest Process	OIG canceled this audit to provide the agency time to finalize program guidance and invite eligible entities to apply for the program.
FS	03/27/2024	IIJA – Legacy Road and Trail Remediation Program – Data Analytic Report	OIG canceled this inspection because the amount and type of available program data to perform the data analytic was not as anticipated.

We will consider these areas in future audit planning.



Contract Audit Reports with Significant Findings

OIG is required by the National Defense Authorization Act for Fiscal Year 2008 to list all contract audit reports issued during the reporting period that contained significant findings. OIG did not issue any such reports from October 1, 2023, through March 31, 2024.

APPENDIX 5

Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996

FFMIA requires agencies to assess annually whether their financial systems comply substantially with: (1) Federal Financial Management System Requirements, (2) applicable Federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. In addition, FISMA requires each agency to report significant information security deficiencies, relating to financial management systems, as a lack of substantial compliance with FFMIA. FFMIA also requires auditors to report in their annual Chief Financial Officer's Act financial statement audit reports whether financial management systems substantially comply with FFMIA's system requirements.

During the first half of FY 2024, we issued our annual financial statement reports for FY 2023 and addressed USDA's compliance with FFMIA. The Department reported that it was not compliant with Federal Financial Management System Requirements, applicable Federal accounting standards, U.S. Standard General Ledger at the transaction level, and FISMA requirements. As noted in its management's discussion and analysis in the Department's annual agency financial report, USDA continues its work to meet FFMIA and FISMA objectives. We concurred with the Department's assessment and discussed the compliance issues in our audit report on the Department's consolidated financial statements for FY 2023. The Department continues to move forward with remediation plans to achieve compliance for longstanding Departmentwide weaknesses related to applicable accounting standards, the U.S. Standard General Ledger, and FISMA.

Courtesy photo/AdobeStock





Additional Investigations Metrics

In fulfillment of the Inspector General Empowerment Act’s reporting requirements, the following table shows the number of investigative reports OIG has issued in this reporting period, the number of persons OIG referred to DOJ for criminal prosecution, the number of persons OIG referred to State/local authorities for criminal prosecution, the number of indictments/criminal informations that resulted from OIG referrals, and a description of the metrics used for developing the data for this statistical table.

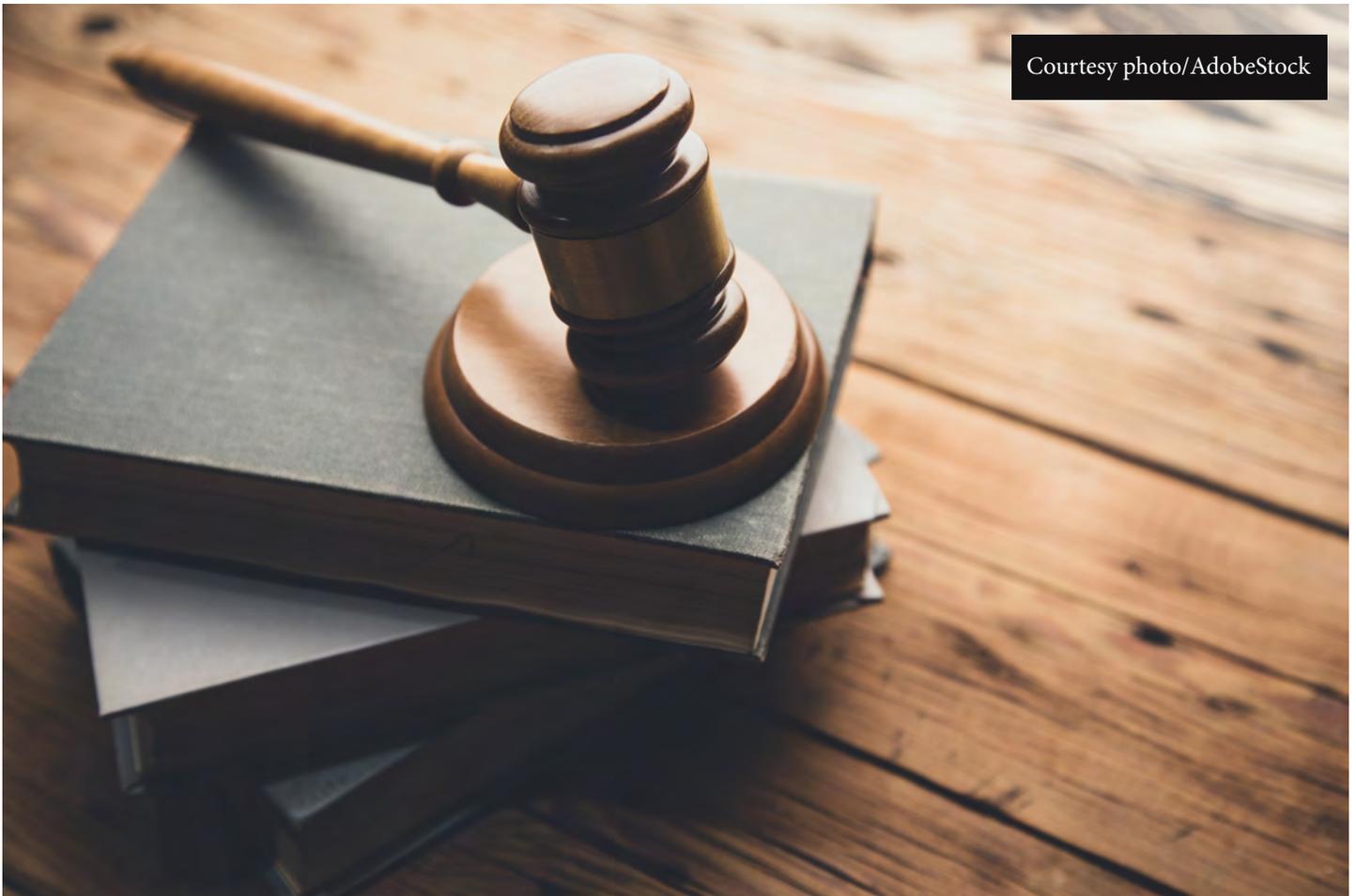
Metric	Description of the Metric	October 1, 2023–March 31, 2024 Results
Investigative Reports Issued	Number of investigative reports issued on OIG investigations during the reporting period.	77 Reports
Total Number of Persons Referred to DOJ for Criminal Prosecution	Number of individuals and organizations formally referred to DOJ for criminal and civil prosecutorial decisions.	73 individuals (Criminal only) 2 individuals (Civil only) 2 individuals (Criminal and Civil)
Total Number of Persons Referred to State and Local Prosecuting Authorities	Number of individuals and organizations formally referred to State and local prosecuting authorities for prosecutorial decisions during the reporting period.	*39 individuals
Indictments, Criminal Informations, and Other Charging Mechanisms That Resulted from Prior Referral to Prosecuting Authorities	Number of indictments and/or other charging mechanisms claimed during the reporting period, that had been referred for prosecution prior to FY 2024.	121 individuals

* 17 of the above individuals in block 2 were referred to both DOJ and State and local prosecutors.



OIG Investigations Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated

We have no instances to report.



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APPENDIX 8

Instances of an Investigation of a Senior Government Employee That Was Closed and Not Disclosed to the Public

We have no instances to report.

APPENDIX 9

Instances of Whistleblower Retaliation

We have no instances to report.

APPENDIX 10

Attempts by Department to Interfere with OIG Independence Including Budget Constraints and Incidents Where the Department Restricted or Significantly Delayed Access to Information

We have no instances to report.



Inspector General Act Reporting Requirements

IG Act Section	IG Act Description	USDA OIG Reported SARC April 2024
Section 404(a)(2)	Review of Legislation and Regulations	Page 14
Section 405(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 2-13
Section 405(a)(2)	Recommendations Made Before the Reporting Period for Which Corrective Action Has Not Been Completed	Appendix 1 Pages 19-22
Section 405(a)(3)	Significant Investigations Closed	Goals 1, 2, and 3 Pages 2-13
Section 405(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Statistical Highlights Page 1
Section 405(a)(5)	Reports Issued During the Reporting Period	Goals 1, 2, and 3 Pages 2-13
Section 405(a)(6)	Management Decision Made on Reports Issued in a Prior Reporting Period	Appendix 2 Page 23
Section 405(a)(7)	Information Described Under Section 804(b) of the FFMIA of 1996	Appendix 5 Page 25
Section 405(a)(8)	Peer Reviews of USDA OIG	Page 14
Section 405(a)(9)	Outstanding Recommendations from Any Peer Review	Page 14
Section 405(a)(10)	Peer Reviews Conducted by USDA OIG	Page 14
Section 405(a)(11)-(12)	Statistical Tables Pertaining to OIG Investigations and A Description of the Metrics Used for Developing the Tables	Appendix 6 Page 26
Section 405(a)(13)	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix 7 Page 27
Section 405(a)(14)	Instances of Whistleblower Retaliation	Appendix 9 Page 28
Section 405(a)(15)	Attempts by the Department to Interfere with OIG Independence, Including Budget Constraints and Incidents Where the Department Restricted or Significantly Delayed Access to Information	Appendix 10 Page 28
Section 405(a)(16)(A)	Detailed Description of Situations Where an Inspection, Evaluation, or Audit Was Closed and Not Disclosed to the Public	Appendix 3 Page 24
Section 405(a)(16)(B)	Investigation of a Senior Government Employee That Was Closed and Not Disclosed to the Public	Appendix 8 Page 28



APPENDIX 11

Other information that USDA OIG reports that is not part of these requirements:

- Performance measures,
- Hotline complaint results.

Section 845	Contract Audit Reports with Significant Findings	Appendix 4 Page 24
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MANAGEMENT CHALLENGES

What are Management Challenges?

Management challenges are agency programs or management functions with greater vulnerability to fraud, waste, abuse, and mismanagement, where a failure to perform well could seriously affect the ability of an agency or the Federal Government to achieve its mission or goals, according to the Government Performance and Results Modernization Act of 2010.

In our [2023 USDA Management Challenges report](#), we highlighted three major challenges: Ensuring Safety and Security, Providing Benefits, and Delivering Efficient Programs. We also highlighted what OIG considers “key challenge indicators” within the three areas to assist USDA to focus its attention to address the challenges.

Ensuring Safety and Security Key Challenge Indicator: Food Safety Key Challenge Indicator: Animal and Plant Health Key Challenge Indicator: Cybersecurity and Information Technology	Related material can be found on page 2
Providing Benefits Key Challenge Indicator: Food and Nutrition Assistance Programs Key Challenge Indicator: Grants Oversight Key Challenge Indicator: Outreach	Related material can be found on pages 5,6
Delivering Efficient Programs Key Challenge Indicator: Financial Reporting Key Challenge Indicator: Data Integrity	Related material can be found on pages 5, 9, 10



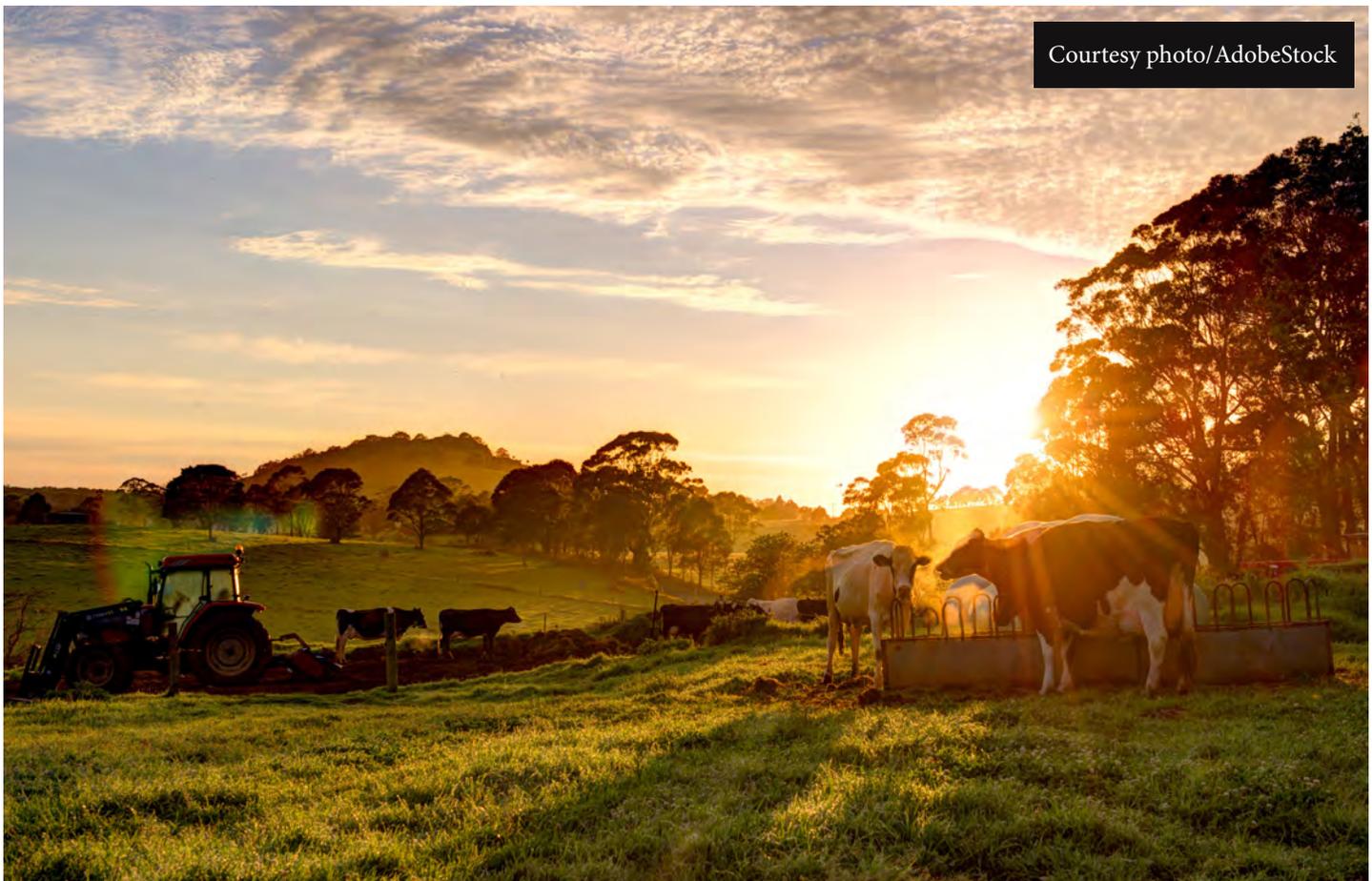
ACRONYMS AND ABBREVIATIONS

APHIS.....	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
CARES	Coronavirus Aid, Relief, and Economic Security Act
CCC	Commodity Credit Corporation
CIGIE.....	Council of the Inspectors General on Integrity and Efficiency
COVID-19.....	coronavirus disease 2019
CSP.....	Conservation Stewardship Program
DOJ.....	U.S. Department of Justice
DOL.....	U.S. Department of Labor
EBT.....	electronic benefits transfer
EQIP.....	Environmental Quality Incentives Program
FAC.....	Federal Audit Clearinghouse
FAS.....	Foreign Agricultural Service
FAV.....	Final Action Verification
FBI.....	Federal Bureau of Investigation
FCIC.....	Federal Crop Insurance Corporation
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Modernization Act
FNS	Food and Nutrition Service
FS.....	Forest Service
FSA.....	Farm Service Agency
FY	fiscal year
IIJA.....	Infrastructure Investment and Jobs Act
IPA	Independent Public Accountant
IRA.....	Inflation Reduction Act
IRS-CI	Internal Revenue Service, Criminal Investigations
IT	information technology
NFC	National Finance Center
NOP	National Organic Program
NRCS.....	Natural Resources Conservation Service
OASCR.....	Office of the Assistant Secretary for Civil Rights



ACRONYMS AND ABBREVIATIONS

OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
P-EBT	Pandemic Electronic Benefits Transfer
RBS	Rural Business-Cooperative Service
RD	Rural Development
ReConnect Program.....	Rural eConnectivity Pilot Program
RHS	Rural Housing Service
RMA.....	Risk Management Agency
RUS	Rural Utilities Service
SARC	Semiannual Report to Congress
SNAP	Supplemental Nutrition Assistance Program
Uniform Guidance	<i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. part 200</i>
USDA.....	U.S. Department of Agriculture



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