



OFFICE OF INSPECTOR GENERAL  
U. S. DEPARTMENT OF AGRICULTURE

# SEMIANNUAL REPORT TO CONGRESS

Second Half April 1, 2023–September 30, 2023



Fiscal Year 2023  
Number 90  
October 2023



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Organic heirloom tomatoes such as these are sold under USDA's organic seal. Organic products are regulated by USDA's National Organic Program, which is administered by Agricultural Marketing Service. USDA photo by Lance Cheung. It does not depict any particular audit or investigation summarized or listed in this report.



# Message from the Inspector General

In this *Semiannual Report to Congress*, I am pleased to highlight the work completed by the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG) for the 6-month period ending September 30, 2023. Through audits, investigations, inspections, data analytics, and reviews, our team has worked tirelessly to accomplish OIG's mission: to strengthen the economy, efficiency, and integrity of USDA programs and operations.

Everything we do is mission driven. As set forth in our [Five-Year Strategic Mission and Diversity and Inclusion Plan—Fiscal Years 2020–2024](#), these are the strategic goals which drive our work every day:

- 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; and
- Goal 3—Strengthen USDA's ability to achieve results-oriented performance.

In addition to our regular portfolio overseeing more than 300 USDA programs and other mandatory work, the past several years we have had oversight responsibility for billions of dollars in funding to USDA for programs funded by 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 \(IRA\)](#). In this period, our oversight efforts resulted in more than \$370.2 million in total monetary impact from audits and investigations. Our Office of Audit issued 27 products and made 71 recommendations to improve USDA programs and operations with more than \$296 million in questioned costs and funds that could be put to better use. Our Office of Investigations reported 131 indictments, 210 arrests, and 89 convictions, resulting in more than \$74 million in restitutions and recoveries. We also processed 7,314 complaints through the OIG Hotline. In addition, our Office of Analytics and Innovation utilized analytics

techniques in 38 of our audits and investigations and published 2 products.

## Strategic Goal 1—Safety, Security, and Public Health

The following sections highlight our oversight work and accomplishments for this reporting period.

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

For example, we found some areas for improvement in our ongoing oversight of USDA's implementation of the Federal Information Security Modernization Act of 2014 (FISMA). USDA has worked diligently to improve its security posture, but some weaknesses remain. The Office of Management and Budget (OMB) establishes standards for an effective level of security and considers Level 4, "Managed and Measurable," to be sufficient. However, we found the Department's maturity level to be at a Level 3, "Consistently Implemented," which is considered ineffective according to OMB's criteria. OCIO submitted proposed corrective action for all 22 recommendations contained in this report in the final days of the fiscal year; OIG is analyzing this information.

We also investigated allegations that a former USDA animal inspector accepted bribes in their official duty capacity. The investigation found that this individual accepted bribes of more than \$40,000 while in a position of public trust, allowing cattle to enter the United States from Mexico without proper quarantine and inspection. The former animal inspector was ordered to serve 57 months in Federal prison, followed by 3 years of supervised release, and was ordered to pay \$40,000 in fines.

## 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.



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## APRIL 1, 2023–SEPTEMBER 30, 2023

For instance, an OIG audit found internal control weaknesses when reviewing the Foreign Agricultural Service’s (FAS) administration of the Market Access Program (MAP), which partners with U.S. agricultural trade associations, cooperatives, State regional trade groups, and small businesses to share the costs of overseas marketing and promotion activities to help build commercial export markets for U.S. agricultural products and commodities. We found that FAS did not consistently apply its funding processes to all applicants, nor did it ensure that MAP application reviewers were free from the appearance of a conflict of interest. FAS generally agreed with our recommendations, and we reached management decision on all of them.

As the result of one OIG investigation, seven defendants were found guilty of defrauding USDA of more than \$11.5 million in two programs designed to compensate farmers who experienced discrimination in USDA programs: the Black Farmers Discrimination Litigation settlement and the Hispanic and Women Farmers and Ranchers claim program. Four of the defendants were sentenced to 24 months in Federal prison and one was sentenced to serve 16 months. These five defendants had filed false claims on behalf of over 180 individuals, whom they had recruited, in the two programs. The defendants lied to the claimants about the true nature of the claims, filed false discrimination narratives on the claims without the claimants’ knowledge, and in most cases demanded up to half the funds received for the claims. None of the claimants suffered discrimination or were denied assistance by USDA while attempting to farm. In addition, an attorney who acted as the claimants’ legal representative and accepted legal fees from them was sentenced to 1 year and 1 day in Federal prison. Finally, a tax preparer used by the defendants to file claimants’ tax returns was also sentenced to 1 year and 1 day in prison. The seven defendants also were ordered to pay more than \$9 million in combined restitution.

### 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, we found one area of potential improvement when reviewing USDA’s National Institute of Food and Agriculture (NIFA) oversight of the Agriculture and Food Research Initiative (AFRI) grant recipients. While we determined NIFA designed adequate controls over the peer and merit review system when selecting AFRI grant recipients based on merit, we did find that NIFA did not effectively monitor any of the 51 started AFRI grants we sampled. The agency did not adequately review grantees’ progress and financial reports, timely close out grants, or timely deobligate unused grant funding. In addition, because NIFA did not have processes in place to complete and document monitoring activities, it did not timely complete required grantee compliance reviews. NIFA generally accepted our recommendations, and we reached management decision on all of them.

### IIJA-Specific Oversight

During this reporting period, we completed several projects related to USDA’s IIJA-funded programs and activities. We developed a new data-driven product called Broadband: A Data Stroll to raise awareness of the broadband program and provide transparency about its funding. The data provide the public with information to help leaders and communities make informed decisions. This in-depth data product provides open access to regional broadband information including types of service and availability, outlook, regional statistics, and funding.

We also provided oversight of programs related to the \$5.5 billion that IIJA provided to reduce wildfire risk; restore healthy, productive forests; and improve environmental, recreational, and economic infrastructure. For example, we conducted an inspection of one of the Forest Service’s (FS) many IIJA-funded programs, hazardous fuels management. FS conducts activities such as mechanical treatments, including thinning and timber harvesting; prescribed fires; and installation of fuel breaks to treat hazardous fuel conditions as part of its wildfire management. Our inspection of the hazardous fuels program, which IIJA funded with \$514 million for fiscal years (FY) 2022 through FY 2026, is an example of the integrated oversight work we conduct of Department programs. This allows for transparency and disclosure throughout the life of the program.

In addition, we reviewed NIFA’s Bioproduct Pilot Program (BPP), which received \$10 million in funds to advance development of cost-competitive bioproducts with



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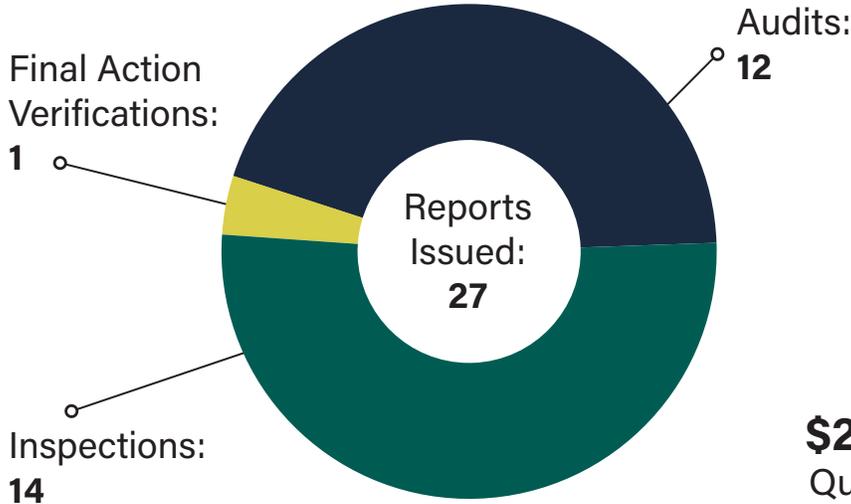
environmental benefits compared to incumbent products. After a rigorous selection process, USDA selected three awardees to receive \$9.5 million with a goal to manufacture bioplastic products from food waste, use organic wastelike food and swine manure to pave renewable roads, and scale-up soybean oil-based thermoplastic products for sustainable asphalt pavements. Although we did not perform an in-depth review of the BPP grant program, we issued an audit report in June 2023 on NIFA's AFRI grant program that shares some similarities with BPP. While we found NIFA designed adequate controls over the peer and merit system when selecting AFRI grant recipients, we found that NIFA needs to improve its monitoring of grants.

These accomplishments are the direct result of our staff's dedication and collaboration with key partners to ensure the efficiency and effectiveness of USDA programs and operations. We appreciate and look forward to continuing our effective working relationship with Secretary of Agriculture Tom Vilsack, Deputy Secretary Xochitl Torres Small, and their staff. We also value our productive working relationship with interested Congressional Committees and Members of Congress, to ensure USDA programs are successful in accomplishing their intended purpose.

Phyllis K. Fong  
Inspector General



# Statistical Highlights



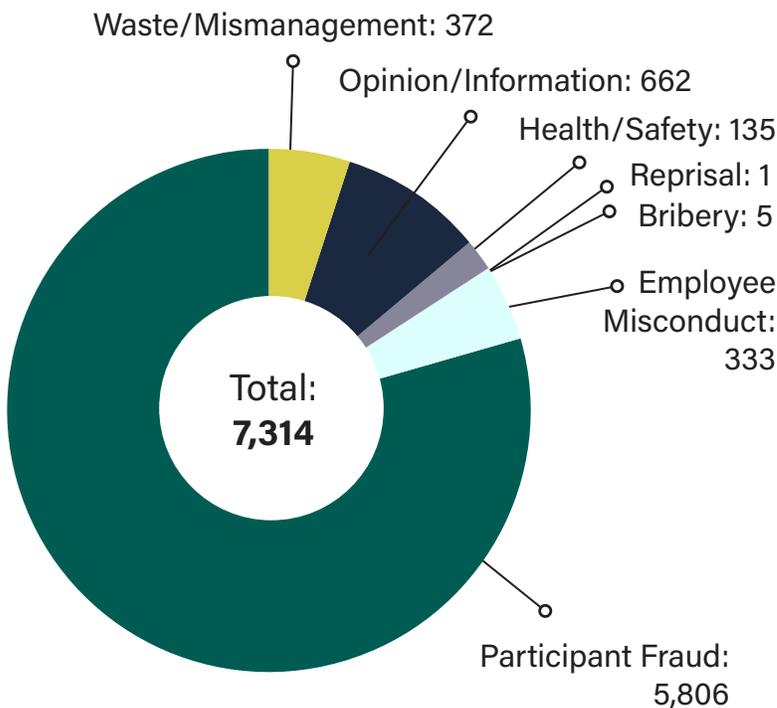
## Audit Activities

Total Monetary Impact:  
**\$296,059,046**



## Investigations Activities

### Hotline Complaints Processed



### Impact: Criminal Prosecutions

Reports Issued: **69**

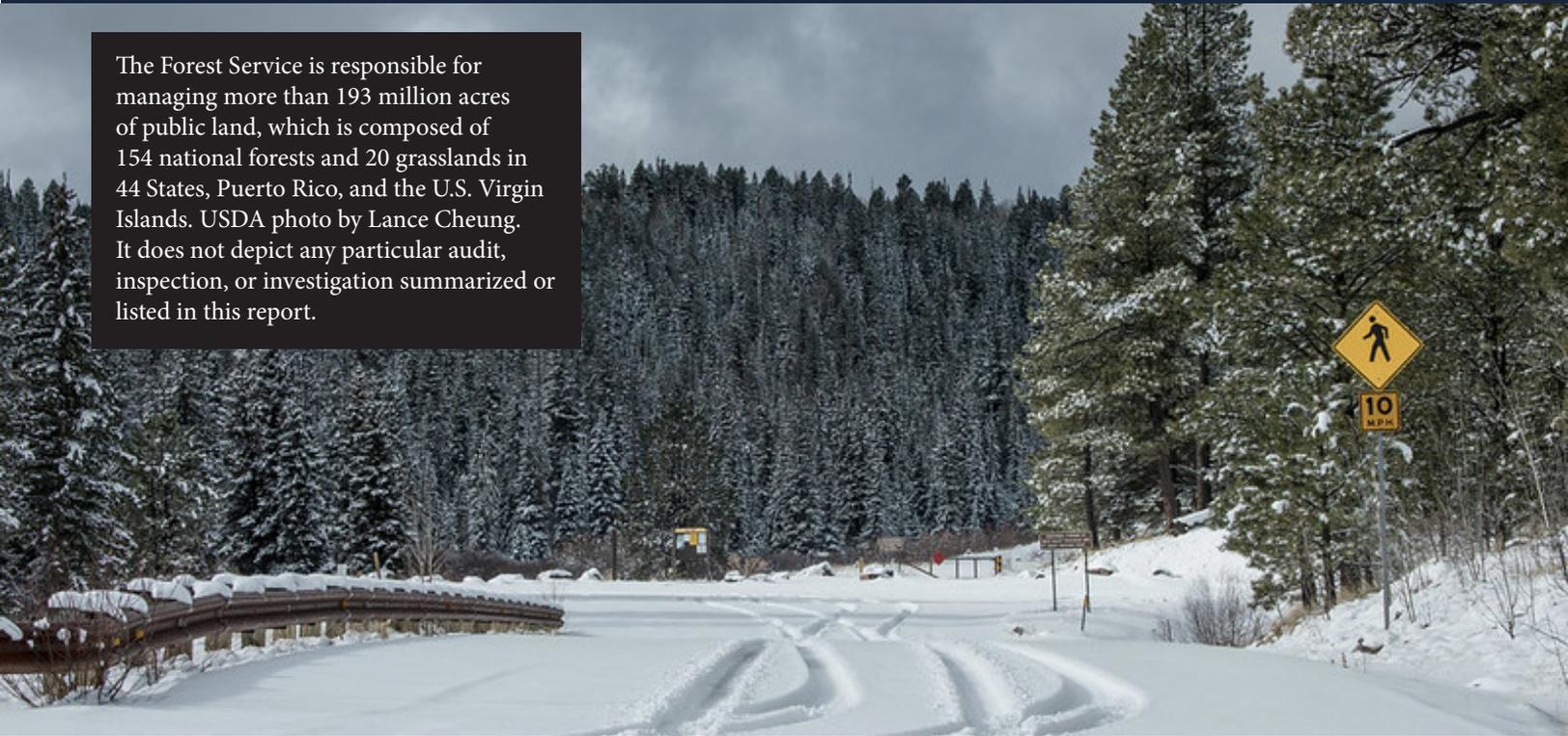


Recoveries/Collections	\$453,117
Restitutions	\$47,769,418
Fines	\$255,372
Other Monetary Remedy	\$677,847
Asset Forfeitures	\$24,961,312
Claims Established	\$67,835
Cost Avoidance	\$67,125
Administrative Penalties	\$0
Special Assessments	\$12,967

Total Monetary Impact:  
**\$74,264,993**



The Forest Service is responsible for managing more than 193 million acres of public land, which is composed of 154 national forests and 20 grasslands in 44 States, Puerto Rico, and the U.S. Virgin Islands. USDA photo by Lance Cheung. It does not depict any particular audit, inspection, 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.

**O**IG 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 information technology (IT) security and management. The titles in this and the following goals below are hyperlinked to the complete OIG reports and DOJ press releases issued between April 1, 2023, and September 30, 2023, and are published on [USDA OIG's website](#).

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

An independent certified public accounting firm was engaged, as required by FISMA, to review USDA's ongoing efforts to improve its IT security program and practices during FY 2023. We made 22 recommendations to the Office of the Chief Information Officer (OCIO) and related

agencies. We did not reach management decision by the end of the reporting period. However, OCIO submitted proposed corrective action for all 22 recommendations contained in this report in the final days of the fiscal year; OIG is analyzing this information. (Audit Report 50503-0011-12)

### [Security Over USDA Mobile Applications](#)

OIG assessed whether USDA agencies and staff offices had adequate processes in place to identify and mitigate security vulnerabilities on their USDA-developed mobile applications. We made six recommendations to OCIO and related agencies. We reached management decision on five of the recommendations. (Inspection Report 50801-0006-12)

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

OIG performed an inspection of the Farm Service Agency (FSA) to determine the likely level of sophistication an



## Goal 1: Safety and Security



Courtesy Photo/Adobe Stock. All Adobe Stock Photos included in this report are under license. They do not depict any OIG audits, inspections, or investigations.

attacker would need to compromise selected USDA systems or data. We made one recommendation to the Farm Production and Conservation mission area and two recommendations to OCIO. We did not reach management decision on the recommendations as of the end of the reporting period. (Inspection Report 50801-0005-12)

### **USDA’s Compliance with Binding Operational Directives 19-02 and 22-01**

OIG evaluated and tested USDA’s compliance with the requirements of Binding Operational Directives (BOD) 19-02 and 22-01. We evaluated whether: (1) USDA updated its policies and procedures in accordance with BOD 19-02 and 22-01, and (2) USDA mitigated vulnerabilities in accordance with BOD 19-02 and 22-01. We made four recommendations to OCIO and did not reach management decision on any of the recommendations as of the end of the reporting period. (Inspection Report 50801-0007-12)

### **COVID-19—Forest Service’s Response to the Coronavirus Pandemic at Recreation Sites**

OIG identified the prevention measures that FS established for recreation sites in response to the COVID-19 pandemic. We made no recommendations in this report. (Inspection Report 08801-0001-22)

### **Tulare County [California] Dealer of Guns and Gamecocks Sentenced to Over 7 Years in Prison**

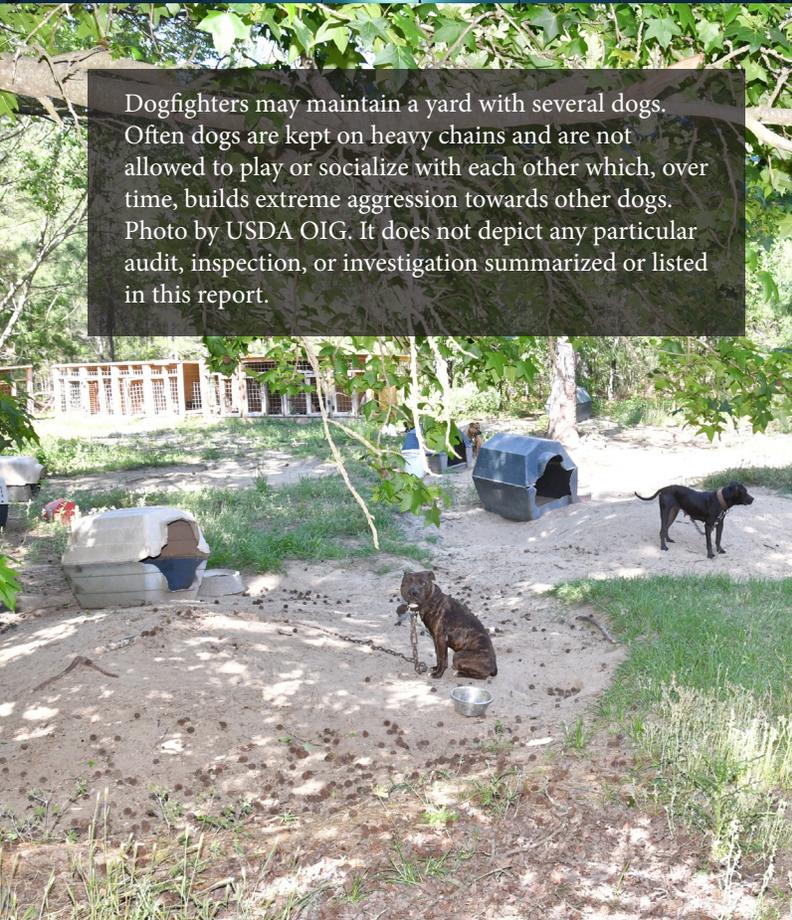
A California man was sentenced to 7 years and 3 months in prison for selling firearms without a license, conspiring to violate the Animal Welfare Act by selling gamecocks, and participating in cockfighting events.

### **Louisiana Man Pleads Guilty to Dogfighting Conspiracy**

A Louisiana man was sentenced to 12 months and 1 day in prison, followed by 3 years of supervised release, with the special condition that he complete 30 hours of community service for possession of animals in an animal fighting venture.

### **15+ Year Prison Sentence for Georgia Man in Dogfighting, Drug Conspiracy Case**

A Georgia resident involved in two separate drug-trafficking organizations and a multi-State dogfighting operation was sentenced to more than 15 years in prison. This individual was the final defendant of 21 co-conspirators identified from two Organized Crime and Drug Enforcement Task Force investigations.



Dogfighters may maintain a yard with several dogs. Often dogs are kept on heavy chains and are not allowed to play or socialize with each other which, over time, builds extreme aggression towards other dogs. Photo by USDA OIG. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.



## Goal 1: Safety and Security

Mature fighting roosters are commonly tethered individually and housed in structures like the ones in the photo due to their aggressive nature created through selective breeding. Photo by USDA OIG. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.



### **California Man Sentenced to 15 Months in Prison for Possessing 27 Dogs for Fighting**

A California man was sentenced to 15 months in prison for possession of dogs for use in an animal fighting venture. He also was ordered to pay a \$5,500 fine and a \$2,700 special assessment. According to court documents, the man operated a dog breeding business in which he bred dogs from well-known and desirable dogfighting bloodlines.

### **Former USDA Animal Inspector Sentenced for Accepting Bribes**

A former USDA animal health technician in Texas was sentenced to 57 months in Federal prison, followed by 3 years of supervised release, for accepting bribes from cattle brokers to allow uninspected cattle into the United States from Mexico. He also was ordered to pay \$40,000 in fines.

### **Missouri Man Sentenced to 32 Years for Cattle Fraud Scheme That Led to Murders**

A Missouri man was sentenced to 32 years in Federal prison without parole for a \$215,000 cattle fraud scheme he attempted to conceal by murdering two Wisconsin brothers. The court also ordered him to pay \$260,925 in restitution to his victims. Additionally, he is serving two life sentences without parole on the State murder charges.

### **More than 100 Dogs Forfeited in Three Separate Federal Civil Actions Involving Fighting Operations**

Civil actions in Federal court rescued more than 100 dogs from animal fighting operations in multiple Georgia

locations. Three civil forfeiture complaints were filed between September and December 2022 that sought possession of 110 dogs allegedly involved in illegal dog fighting ventures.

### **Man Residing in California Sentenced to 18 Months in Prison for Illegal Cockfighting in Violation of the Animal Welfare Act**

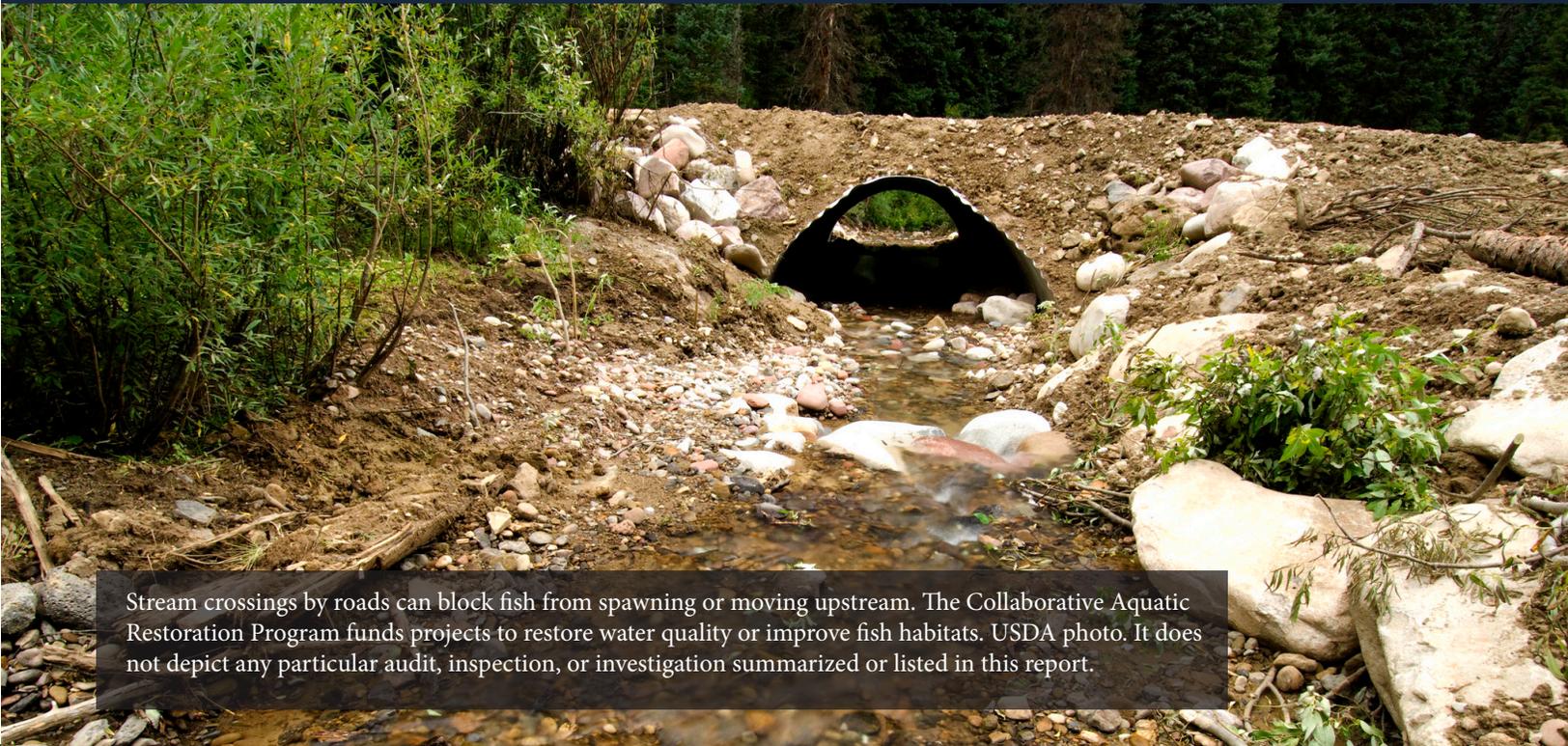
A California man was sentenced to 18 months in prison after pleading guilty to an Animal Welfare Act crime involving the possession of 250 roosters for use in an animal fighting venture. In addition, the forfeiture of the fighting roosters and 49 breeding hens was ordered.

### **Eleven Kentuckians Sentenced to Federal Prison for Animal Fighting Offenses**

Two Kentucky individuals were sentenced to 12 months and 1 day in Federal prison for conspiracy to knowingly sponsor and exhibit animals in an animal fighting venture. According to their plea agreements, the two conspired to organize multiple cockfighting ventures. In total, 18 individuals have now been sentenced to Federal prison for their participation in animal fighting offenses in the Eastern District of Kentucky.

## Ongoing Reviews

- Animal Care Program Oversight of Dog Breeder Inspections (Animal and Plant Health Inspection Service (APHIS))
- Wildlife Services' Role in Administering the Mexican Wolf Recovery Program (APHIS)
- New Poultry Inspection System—Slaughter Plants (Food Safety and Inspection Service (FSIS))
- FY 2023 Quarter 3 and FY 2023 Quarter 4 Security Evaluations (Multi-Agency)
- USDA's Management of Default Credential Usage and Password Security (Multi-Agency)
- USDA's Security Controls Over Industrial Control Systems (Multi-Agency)
- USDA Preventative Measures and Enforcement Remedies for Child Labor Violations in USDA Contracts (Office of Contracting and Procurement)



Stream crossings by roads can block fish from spawning or moving upstream. The Collaborative Aquatic Restoration Program funds projects to restore water quality or improve fish habitats. USDA photo. It does not depict any particular audit, inspection, 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.

**O**IG 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.

### Controls Over the Market Access Program

OIG determined whether FAS has implemented effective policies and procedures in MAP to evaluate participant eligibility, select applications, and allocate funding. We made seven recommendations to FAS and reached management decision on each of them. (Audit Report 07601-0001-21)

- Questioned Costs: \$194,149,664
  - ◆ Supported: \$194,149,664
  - ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$0

### COVID-19 Coronavirus Food Assistance Program—Direct Support

OIG determined whether FSA provided timely and accurate Coronavirus Food Assistance Program direct payments to eligible recipients. We made one recommendation to FSA and reached management decision on it. (Inspection Report 03801-0001-31)

- Questioned Costs: \$1,286,786
  - ◆ Supported: \$1,286,786
  - ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$0

### RMA Apiculture Pilot Insurance Program

OIG evaluated the Risk Management Agency's (RMA) administration and oversight of the Apiculture Pilot Insurance Program. We made eight recommendations to RMA and reached management decision on each of them. (Audit Report 05601-0002-41)

- Questioned Costs: \$2,252,516



## Goal 2: Integrity of Benefits

- ◆ Supported: \$0
- ◆ Unsupported: \$2,252,516
- Funds to Be Put to Better Use: \$0

### COVID-19—Farmers to Families Food Box Program Administration

In our final report, OIG assessed the controls the Agricultural Marketing Service (AMS) developed and implemented to ensure awardees fulfilled the obligations of their contracts. We made one recommendation to AMS and reached management decision on it. (Inspection Report 01801-0001-22)

### Food Purchase and Distribution Program

OIG reviewed AMS' controls over the Food Purchase and Distribution Program and determined whether AMS purchased the type and quantity of commodities necessary to mitigate the impact from retaliatory tariffs. We made six recommendations to AMS and reached management decision on each of them. (Audit Report 01601-0003-41)

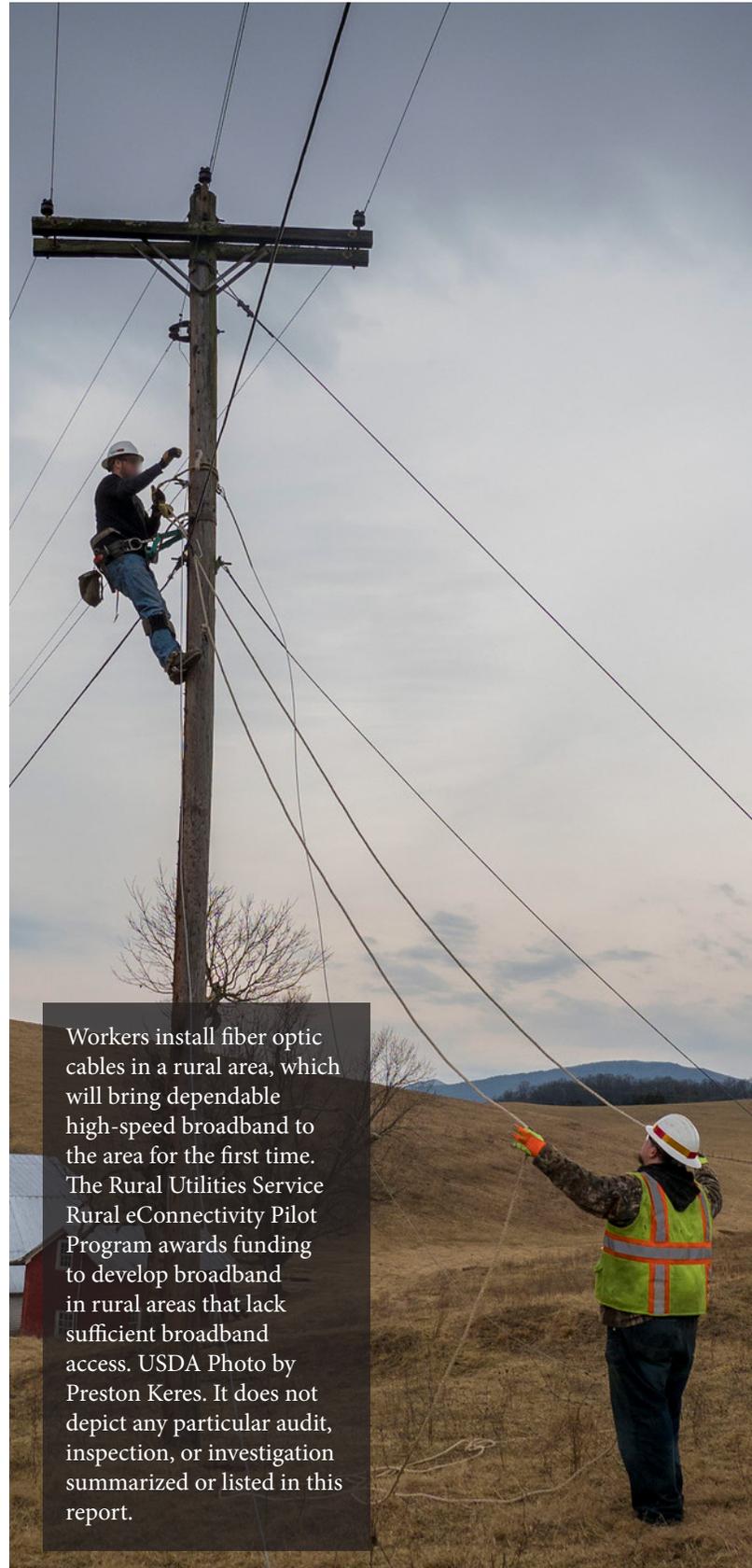
### Collaborative Aquatic Landscape Restoration Program

As part of OIG's oversight responsibility of funding provided by IJJA, we issued an informational report about the FS Collaborative Aquatic Landscape Restoration (CALR) Program during our ongoing inspection.<sup>1</sup> This report includes information about the CALR program as of March 2023. We made no recommendations in this report. (Inspection Report 08801-0002-22(IN1))

### Rural eConnectivity Pilot Program (ReConnect Program)—Award Process

OIG determined whether the Rural Utilities Service (RUS) awarded ReConnect Program funding to eligible projects and accurately used the evaluation criteria to score and rank applications. We made two recommendations to RUS and reached management decision on each of them. (Audit Report 09601-0001-23)

- Questioned Costs: \$17,827,302
  - ◆ Supported: \$17,827,302
  - ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$0

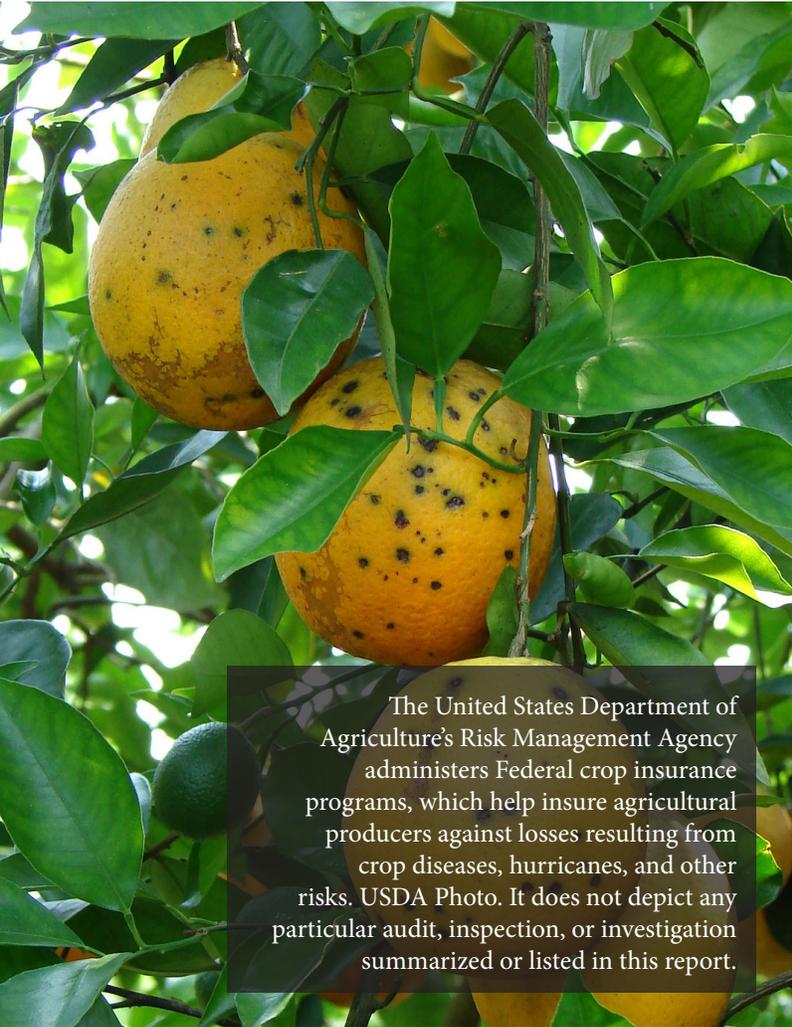


Workers install fiber optic cables in a rural area, which will bring dependable high-speed broadband to the area for the first time. The Rural Utilities Service Rural eConnectivity Pilot Program awards funding to develop broadband in rural areas that lack sufficient broadband access. USDA Photo by Preston Keres. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

<sup>1</sup> IJJA—Collaborative Aquatic Landscape Restoration Program (Inspection 08801-0002-22, in progress).



## Goal 2: Integrity of Benefits



The United States Department of Agriculture's Risk Management Agency administers Federal crop insurance programs, which help insure agricultural producers against losses resulting from crop diseases, hurricanes, and other risks. USDA Photo. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

with OCFO's decision to close Recommendations 1 through 3. OCFO concurred with our recommendation and will reopen all three recommendations. (FAV Report 04026-0001-22)

### **United States Obtains \$607,284 Crop Insurance False Claims Act Judgment Against Washington State Farm Owner**

The United States successfully obtained a \$607,284 fraud judgment against a Washington State farm owner for defrauding the Federal Crop Insurance Program (FCIC). FCIC provides a mechanism through which participating farm owners may obtain monetary subsidies and financial protection against losses to their crops. The farm owner had submitted claims for loss on behalf of his farm businesses and received hundreds of thousands of dollars in indemnity payments.

### **Man Sentenced for Defrauding Summer Food Service Program Out of \$2.3 Million**

A Texas man was sentenced to more than 1 year in Federal prison for defrauding USDA's Summer Food Service Program out of more than \$2.3 million. He was later ordered to pay restitution to USDA totaling over \$2.3 million.

### **Seven Defendants Sentenced to Federal Prison in \$11.5 Million Fraud Case**

Seven defendants were sentenced to Federal prison for their involvement in a scheme to defraud USDA out of more than \$11.5 million intended to benefit farmers who had suffered discrimination. Four of the defendants are sisters, and were each sentenced to serve 24 months in Federal prison. In addition, an attorney who acted as the claimants' legal representative and accepted legal fees from them, as well as a tax preparer used by the defendants to file claimants' tax returns, were each sentenced to 1 year and 1 day in prison. They also were ordered to pay a total of more than \$9 million in restitution with the other defendants. Each pleaded guilty to conspiracy to commit mail fraud and to defraud the Internal Revenue Service.

### **Michigan Store Owner Sentenced to 10 Months in Prison, 3 Years of Supervised Release, and Joint and Several Restitution Totaling More than \$1.4 Million**

On May 23, 2023, in the U.S. District Court for the Eastern District of Michigan, a store owner was sentenced to

### **COVID-19—ReConnect Program – Informational Report**

As part of OIG's oversight responsibility, we issued an informational report for our audit of the ReConnect Program.<sup>2</sup> The report provides general program information and highlights the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding for the ReConnect Program as of June 30, 2023. We made no recommendations in this report. (Inspection Report 09801-0001-23)

### **Final Action Verification—Multi-Family Housing Tenant Eligibility**

OIG completed a Final Action Verification (FAV) of all 10 recommendations in our 2020 report *Multi-Family Housing Tenant Eligibility* (Audit Report 04601-0003-31). Based on our review of the documentation in the Office of the Chief Financial Officer's (OCFO) files, we did not concur

<sup>2</sup> Audit Report 09601-0001-23, *Rural eConnectivity Pilot Program (ReConnect Program)—Award Process*, July 2023.



## Goal 2: Integrity of Benefits

10 months in prison, followed by 3 years of supervised release, and ordered to pay joint and several restitutions totaling more than \$1.4 million. The store owner had fled the United States, was later indicted on one count of conspiracy to defraud the United States, and then arrested after attempting to re-enter the country. The store owner remained in custody until trial, received credit for time served, and was deported in August 2023.

OIG initiated this investigation to determine if criminal violations occurred within the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Specifically, the investigation was initiated to establish if the owners and employees of a Michigan food market conspired to traffic SNAP benefits via electronic benefits transfer (EBT). The investigation determined that the store owner sentenced in May and a second store owner, sentenced previously, exchanged SNAP benefits with store customers for cash and ineligible items.

This was a joint investigation with Department of Homeland Security, Homeland Security Investigations; a county sheriff's office; Internal Revenue Service—Criminal Investigation; and the Michigan State Police Bridge Card Enforcement Team.

### **Pennsylvania Store Owner Sentenced to 12 Months of Probation and Ordered to Pay \$548,782 in Restitution**

On August 2, 2023, in the U.S. District Court for the Middle District of Pennsylvania, a store owner was sentenced to 12 months of probation and ordered to pay \$548,782 in restitution. Previously, on April 26, 2023, the store owner was charged with one count of SNAP trafficking and subsequently pled guilty.

OIG initiated a joint investigation with the Federal Bureau of Investigation (FBI) to determine if two retail food stores were trafficking SNAP benefits. The investigation determined that an employee and the stores' owners were exchanging SNAP benefits for U.S. currency. OIG and the FBI executed search warrants at both retail locations and a residence. As a result of the warrants, \$47,000 and 197 cartons of untaxed cigarettes were seized. The second store owner was previously sentenced.

### **New Jersey Individual Sentenced to 30 Days of Imprisonment, Followed by 3 Years of Supervised Release and 5 Years of Probation, and Another Individual Sentenced to 60 Months' Probation**

On June 20, 2023, in the U.S. District Court for the District of New Jersey, an individual was sentenced to 30 days of imprisonment (time served), followed by 3 years of supervised release. Previously, the individual was charged with one count of distributing and possessing with the intent to distribute controlled substances and subsequently pled guilty. On June 27, 2023, another individual was sentenced to 60 months' probation to include eight months' home detention after having been charged with one count of conspiracy, and three counts of intent to distribute and possess with the intent to distribute controlled substances and entering a guilty plea.

USDA OIG initiated an investigation based on a request from the FBI to determine if EBT cards loaded with SNAP benefits were being unlawfully exchanged for controlled substances. The investigation uncovered a comprehensive illegal drug network in which several individuals exchanged SNAP benefits for Oxycodone, Adderall, and Xanax. The investigation resulted in criminal charges against 18 individuals, 15 of whom have been sentenced. One defendant is pending sentencing, one had charges dismissed, and the final defendant passed away.

This was a joint investigation with the FBI, the U.S. Department of Health and Human Services OIG, and a county police department.

### **Pennsylvania Veterinarian Sentenced for Defrauding the U.S. Department of Agriculture**

A Pennsylvania veterinarian was sentenced to 24 months of probation, including 12 months of home detention, fined \$50,000, and ordered to pay \$38,057 in restitution for defrauding USDA. In addition, the veterinarian's USDA accreditation was permanently revoked. Previously, the veterinarian had submitted false blood samples for bovine disease testing and issued false Certificates of Veterinary Inspection.

### **Boston Man Sentenced to 2 Years in Prison for Benefit Fraud**

A Boston man was sentenced to 2 years and 1 day in prison, followed by 3 years of supervised release for using a stolen identity to fraudulently obtain Government assistance benefits. He also was ordered to pay \$29,051 in restitution to the Department of Unemployment Assistance for pandemic unemployment assistance and



## Goal 2: Integrity of Benefits

\$7,230 to the Department of Transitional Assistance for SNAP benefits, both of which were fraudulently obtained.

### **New York Hospital Agrees to Civil Settlement to Resolve Allegations That Former Employees Defrauded a Federally Funded Nutrition Program**

A nonprofit hospital based in New York agreed to pay \$300,000 to the United States to resolve allegations that it violated the False Claims Act based on the conduct of former employees. The former employees had engaged in a scheme to defraud WIC.

- Administration of Water and Waste Program Grants (RUS)
- Distance Learning and Telemedicine (RUS)
- IIJA—ReConnect Program—Informational Report (RUS)

### Ongoing Reviews

- IIJA—Collaborative Aquatic Landscape Restoration Program (FS)
- COVID-19—Pandemic Electronic Benefits Transfer (Food and Nutrition Service (FNS))
- SNAP EBT: Primer on Program Management and Processes (FNS)
- Eligibility of Conservation Reserve Program Climate-Smart Practice Incentive Payments (FSA)
- Conservation Stewardship Program—Participant Control of Land (Multi-Agency)
- USDA Agency Coordination of Organic Crop Information (Multi-Agency)
- Environmental Quality Incentives Program Payment Schedule—Cost Estimation Process (Natural Resources Conservation Service (NRCS))
- IIJA—Emergency Watershed Protection Program—Informational Report (NRCS)
- IRA—Conservation Stewardship Program—Participant Control of the Land—Informational Report (NRCS)
- Controls Over the Meat and Poultry Processing Expansion Program Award Process (Phase 1) (Rural Business-Cooperative Service)
- Hemp Crop Insurance Provisions (RMA)
- Prevented Planting Followup (RMA)
- Whole-Farm Revenue Protection Pilot Program (RMA)



Courtesy Photo/Adobe Stock

# Goal 3: Management Improvement Initiatives

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

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

## Agriculture and Food Research Initiative

USDA OIG determined whether NIFA designed and implemented adequate internal controls to properly select AFRI grant recipients and monitor AFRI projects' compliance. We made five recommendations to NIFA and reached management decision on each of them. (Audit Report 13601-0002-22)

- Questioned Costs: \$80,524,235
  - ◆ Supported: \$80,524,235
  - ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$18,543

## National Organic Program—Strengthening Organic Enforcement—Informational Report

OIG issued an informational report detailing control activities implemented to strengthen enforcement of USDA organic regulations and explaining how AMS intends to measure the effectiveness of the new organic regulations. We made no recommendations in this report. (Inspection Report 01801-0001-21)

## **IIJA Reviews**

### IIJA—Bioproduct Pilot Program

OIG issued an informational report reviewing and reporting information about BPP, a new program under IIJA, for transparency and disclosure. We made no recommendations in this report. (Inspection Report 13801-0001-22)



## Goal 3: Management Improvement Initiatives

### IIJA—Community Wildfire Defense Grant Program

OIG issued an informational report as part of our ongoing inspection to conduct integrated oversight of the funding provided to FS' Community Wildfire Defense Grant Program by IIJA.<sup>3</sup> We issued the report to share information, promote transparency, and identify how FS plans to use the IIJA funding. We made no recommendations in this report. (Inspection Report 08801-0002-24(IN1))

### IIJA Hazardous Fuels Management

OIG issued an informational report as part of our ongoing inspection conducting integrated oversight of the funding provided to FS' Hazardous Fuels Management Program from IIJA.<sup>4</sup> As part of OIG's oversight responsibility, we are promoting transparency by issuing this report to share program information and identify how FS plans to use the IIJA funding. We made no recommendations in this report. (Inspection Report 08801-0001-21(IN1))

### IIJA—Legacy Road and Trail Remediation Program—Informational Report

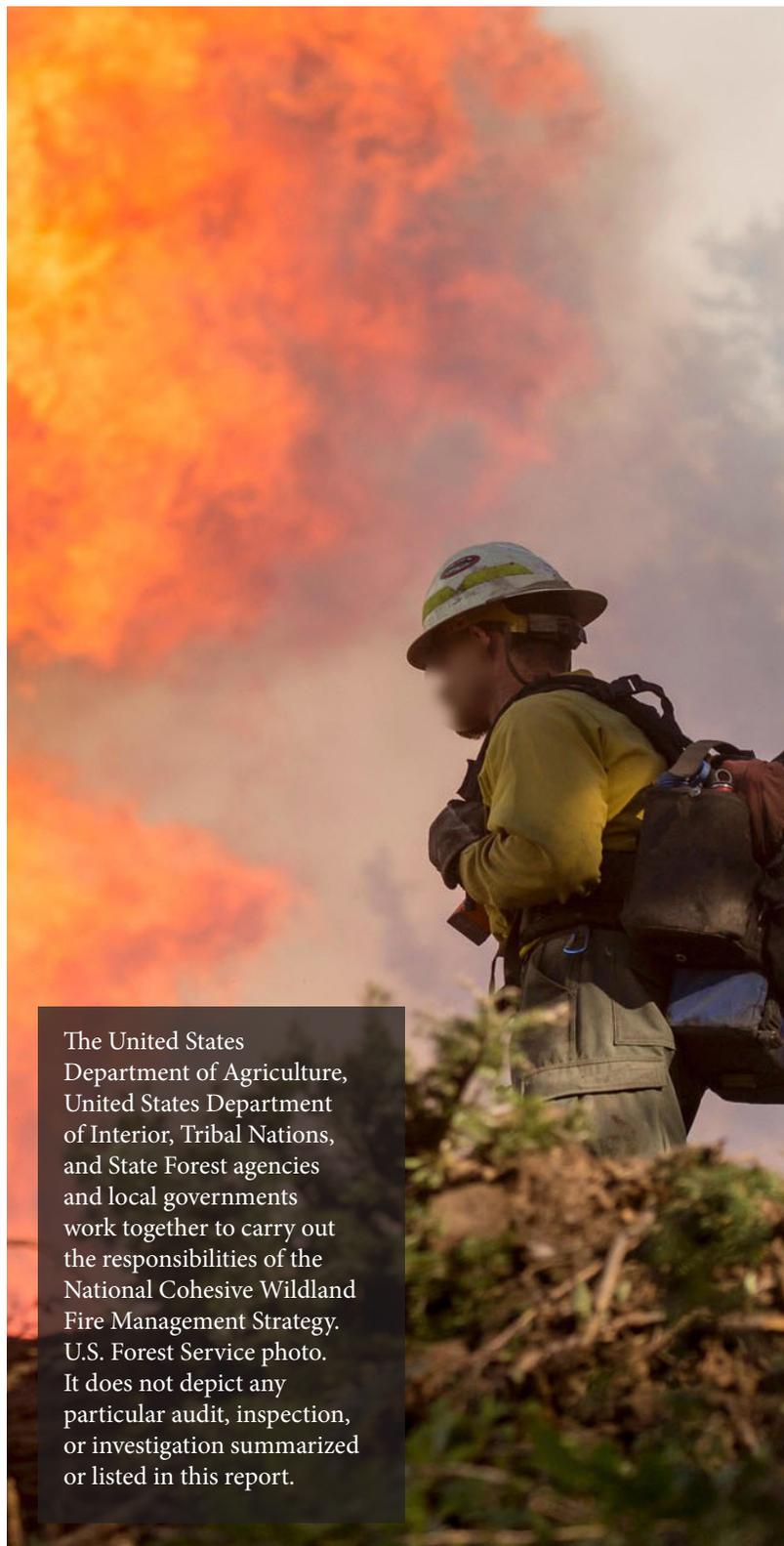
OIG issued an informational report as part of our ongoing inspection to conduct integrated oversight of the funding provided to FS' IIJA Legacy Road and Trail Remediation Program.<sup>5</sup> This report provides information related to reviewing program information for transparency and disclosure as well as program implementation. We made no recommendations in this report. (Inspection Report 08801-0001-31)

### Restoration Projects on Federal/Non-Federal Land

OIG issued an informational 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.<sup>6</sup> This report provides information related to reviewing program information for transparency and disclosure as well as program implementation. We made no recommendations in this report. (Inspection Report 08801-0002-41(IN1))

### USDA IIJA Funding Dashboard

OIG developed and published an interactive USDA IIJA Funding Dashboard. This public dashboard allows stakeholders to explore USDA programs that



The United States Department of Agriculture, United States Department of Interior, Tribal Nations, and State Forest agencies and local governments work together to carry out the responsibilities of the National Cohesive Wildland Fire Management Strategy. U.S. Forest Service photo. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

<sup>3</sup> IIJA - Community Wildfire Defense Grant Program for At-Risk Communities (Inspection 08801-0002-24, in progress).

<sup>4</sup> IIJA—Hazardous Fuels Management (Inspection 08801-0001-21, in progress).

<sup>5</sup> IIJA—Legacy Road and Trail Remediation Program-Data Analytic Report (Inspection 08801-0002-31, in progress) is the next planned report associated with this inspection.

<sup>6</sup> IIJA—Restoration Projects on Federal/Non-Federal Land (Inspection 08801-0002-41, in progress).



## Goal 3: Management Improvement Initiatives



We made two recommendations to FSA and four recommendations to OCFO, and we reached management decision on each of them. (Audit Report 50024-0003-24)

### [Independent Service Auditor's Report on Financial Management Services' Description of Its Financial Systems and the Suitability of the Design and Operating Effectiveness of Controls for the Period October 1, 2022, through June 30, 2023](#)

An independent certified public accounting firm presented the results of the System and Organization Controls 1 Type 2 examination for the Financial Management Services' description of its financial systems used to process user entities' financial transactions throughout the period October 1, 2022, to June 30, 2023. We made no recommendations in this report. (Audit Report 11303-0004-12)

### [Independent Service Auditor's Report on National Finance Center's Description and Operating Effectiveness of Its Payroll and Personnel Systems for October 2022, through June 2023](#)

An independent certified public accounting firm presented the results of the System and Organization Controls 1 Type 2 examination for the National Finance Center's (NFC) description of its payroll and personnel systems used to process user entities' payroll and human resource transactions throughout the period October 1, 2022, to June 30, 2023. We made no recommendations in this report. (Audit Report 11303-0003-12)

### [Independent Service Auditor's Report on the Office of the Chief Information Officer's Description of Its Data Center Hosting and Security Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2022 to June 30, 2023](#)

An independent certified public accounting firm presented the results of the System and Organization Controls 1 Type 2 examination for OCIO's description of its data center hosting and security systems used to process user entities' transactions throughout the period October 1, 2022, to June 30, 2023. We made no recommendations in this report. (Audit Report 88303-0002-12)

Courtesy Photo/Adobe Stock

received IJJA funding, as well as IJJA monies awarded through USDA. (Analytics Report 23-039-01)

### [Broadband: A Data Stroll](#)

OIG developed a public data stroll on the broadband program in partnership with the U.S. Department of Commerce OIG. This product, published on OIG's website, uses public data and data visualizations to enhance the transparency of the broadband program, including the use of IJJA funding. (Analytics Report 23-003-01)

## Mandatory and Financial Reviews

### [Rural Development's National Drug Control Program Compliance Review for Fiscal Year 2022](#)

OIG reviewed Rural Development's (RD) assertions related to the Budget Formulation Compliance and Detailed Accounting reports for the fiscal year ended September 30, 2022. We made no recommendations in this report. (Audit Report 85301-0001-11)

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

OIG reviewed USDA's compliance with improper payment and high-dollar overpayment requirements for FY 2022.



## Goal 3: Management Improvement Initiatives

### Agreed-Upon Procedures—Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management for Fiscal Year 2023

OIG performed agreed-upon procedures to assist the Office of Personnel Management (OPM) in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions, as well as enrollment information reported by NFC. We made no recommendations in this report. (Audit Report 11301-0001-23)

- IJJA—Watershed and Flood Prevention Operations (NRCS)
- Equal Employment Opportunity Complaint Process (Office of the Assistant Secretary for Civil Rights)
- Uniform Residential Loan Application Project (Rural Housing Service)
- IJJA—Broadband ReConnect Program—Informational Report (RUS)

### Ongoing Reviews

- Review of Agency Financial Statements for Fiscal Years 2023 and 2022 (Commodity Credit Corporation, FCIC/RMA, NRCS, RD)
- Controls Over McGovern-Dole Food for Education Program Funding (FAS)
- IJJA—Community Wildfire Defense Grant Program for At-Risk Communities (FS)
- IJJA—Federal Wildland Firefighter Salaries and Expenses (FS)
- IJJA—Hazardous Fuels Management (FS)
- IJJA—Legacy Road and Trail Remediation Program – Data Analytic Report (FS)
- IJJA—Restoration Projects on Federal/Non-Federal Land (FS)
- General and Application Controls Work for Financial Statement Audits for Fiscal Years 2024 and 2023 (OCFO)
- USDA Climate Hubs’ Measures for Achieving Their Goal to Enhance Working Lands Resilience and Productivity (Multi-Agency)
- USDA Controls Over Departmental Shared Cost Programs and Working Capital Fund (Multi-Agency)
- USDA’s Consolidated Financial Statements for Fiscal Years 2023 and 2022 (OCFO)
- USDA’s Use of Social Media—Informational Report (Multi-Agency)



Courtesy Photo/Adobe Stock



## 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 ACTIVITIES

### Peer Review Conducted by USDA OIG

During the current reporting period, USDA OIG did not conduct 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, as amended, one of the duties and responsibilities of the Inspector General 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.



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Overall, during this reporting period, OIG reviewed 19 legislative/regulatory proposals and provided input on 5 items. Specifically, OIG reviewed 11 legislative proposals. OIG provided technical assistance to CIGIE regarding three of those items: proposals regarding OIG activities during a shutdown, cybersecurity and vulnerability, and compliance with provisions of the National Defense Authorization Act. Additionally, we reviewed one Executive Order and seven regulatory items. We provided input on a Departmental Regulation related to USDA's Travel Policy and an external regulation pertaining to OPM's Final Rule on Garnishment Orders.



## Assessing Performance Results

### Assessing the Impact of OIG

Our mission is to promote economy, efficiency, and integrity of USDA programs and operations through audits, inspections, 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 2022 ACTUAL	FY 2023 TARGET	FY 2023 1ST HALF ACTUAL	FY 2023 2ND HALF ACTUAL	FY 2023 FULL YEAR
	OIG direct resources dedicated to critical-risk or high-impact activities	99.5%	96%	99%	97.3%	98.2%
	Audit recommendations where management decisions are achieved within 1 year	100%	95%	100%	100%	100%
	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)	100%	95%	100%	100%	100%
	Closed investigations that resulted in a referral for action to the Department of Justice (DOJ), State, or local law enforcement officials, or a relevant administrative authority	98.3%	90%	100%	100%	100%
	Closed investigations that resulted in an indictment, conviction, or civil suit or settlement, judgment, administrative action, or monetary result	91.1%	85%	93.4%	93.4%	93.4%

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 2023, Second Half (April 1, 2023-September 30, 2023)

Summary of Audit Activities	FY2023, 2 <sup>nd</sup> Half
Number of Final Reports*	12
Number of Inspection Reports*	14
Number of Final Action Verifications	1
Number of Final Report Recommendations	56
Number of Inspection Report Recommendations	15
<b>Total Dollar Impact of Reports at Issuance</b>	
	\$296,059,046
Questioned/Unsupported Costs	\$296,040,503
Funds to Be Put to Better Use	\$18,543
<b>Management Decisions Reached</b>	
Number of Final Reports	7
Number of Final Recommendations	39
Number of Inspection Reports	3
Number of Inspection Report Recommendations	6
Summary of Investigative Activities	FY2023, 2 <sup>nd</sup> Half
Reports Issued	69
Indictments	131
Convictions	89
Arrests	210
Administrative Sanctions	45
Total Dollar Impact	\$74,264,993
Summary of Analytics and Innovation Activities	FY2023, 2 <sup>nd</sup> Half
Number of Data Analytics Projects	2

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



## Assessing Performance Results

### OIG Accomplishments for FY 2023, Full Year (October 1, 2022-September 30, 2023)

Summary of Audit Activities	FY 2023, Full Year
Number of Final Reports*	22
Number of Inspection Reports*	17
Number of Inflation Reduction Act Memoranda**	4
Number of Final Action Verifications	1
Number of Final Report Recommendations	83
Number of Inspection Report Recommendations	22
<b>Total Dollar Impact of Reports at Issuance</b>	
	\$745,028,234
Questioned/Unsupported Costs	\$726,936,893
Funds to Be Put to Better Use	\$18,091,341
<b>Management Decisions Reached</b>	
Number of Final Reports	15
Number of Final Recommendations	76
Number of Inspection Reports	4
Number of Inspection Report Recommendations	9
Summary of Investigative Activities	FY 2023, Full Year
Reports Issued	140
Indictments	271
Convictions	206
Arrests	393
Administrative Sanctions	109
Total Dollar Impact	\$117,711,985
Summary of Analytics and Innovation Activities	FY 2023, Full Year
Number of Data Analytics Projects	3

\* Prior period Informational reports were reclassified as Audits or Inspections based on professional standards followed.

\*\* These reports were referred to as "Other" in the *Semiannual Report to Congress, First Half, Fiscal Year 2023*.



# APPENDIX 1

## Reports with Corrective Actions That Have Not Been Completed by September 30, 2023, by Agency

This appendix provides a summary of audit, inspection, or interim audit reports issued by OIG prior to March 31, 2023, with recommendations that have corrective actions that were not completed by September 30, 2023. 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.

**APHIS: Animal and Plant Health Inspection Service**

33601-0001-21

[Plant Pest and Disease Management and Disaster Prevention Program](#)

Issue Date: 01/03/2023

Recommendation No. 1

Potential Cost Savings: \$123,424,774

Recommendation Nos. 3, 4

Potential Cost Savings: N/A

33601-0003-41

[Cattle Health Program Disease Incident Response](#)

Issue Date: 11/28/2022

Recommendation No. 3

Potential Cost Savings: \$18,072,798

Recommendation No. 9

Potential Cost Savings: \$613,227

Recommendation Nos. 1, 2, 5

Potential Cost Savings: N/A

50601-0001-32

[Controls Over APHIS' Introduction of Genetically Engineered Organisms](#)

Issue Date: 09/22/2015

Recommendation No. 8

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

**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. 3, 4, 9, 10, 13, 15

Potential Cost Savings: N/A

27601-0006-41

[Supplemental Nutrition Assistance Program Waiver Process](#)

Issue Date: 01/03/2023

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

27601-0013-10

[Compilation Report of States' Compliance with SNAP Requirements for Participating State Agencies \(7 CFR, Part 272\)](#)

Issue Date: 12/19/2017

Recommendation No. 1

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



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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

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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

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**FSA: Farm Service Agency**  
03006-0001-TE  
[1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX](#)  
Issue Date: 01/02/1996  
Recommendation No. 1A  
Potential Cost Savings: \$2,203,261

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03099-0181-TE  
[Farm Service Agency Payment Limitation Review in Louisiana](#)  
Issue Date: 05/09/2008  
Recommendation No. 2  
Potential Cost Savings: \$1,432,622

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03601-0001-22  
[Farm Service Agency Compliance Activities](#)  
Issue Date: 07/31/2014  
Recommendation No. 5  
Potential Cost Savings: N/A

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03601-0003-31  
[Market Facilitation Program](#)  
Issue Date: 03/09/2022  
Recommendation No. 1  
Potential Cost Savings: \$57,199,419  
Recommendation No. 2  
Potential Cost Savings: \$7,992  
Recommendation No. 4  
Potential Cost Savings: N/A

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03601-0003-31 (1)  
[Market Facilitation Program—Interim Report](#)  
Issue Date: 09/30/2020  
Recommendation No. 2  
Potential Cost Savings: N/A

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03601-0007-TE  
[Emergency Feed Program in Texas](#)  
Issue Date: 09/18/1996  
Recommendation No. 5B  
Potential Cost Savings: \$52,106

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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

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03702-0001-23  
[2017 Emergency Assistance for Honeybee Claims](#)  
Issue Date: 09/28/2020  
Recommendation No. 6  
Potential Cost Savings: \$88,932  
Recommendation No. 9  
Potential Cost Savings: \$1,102,008  
Recommendation No. 11  
Potential Cost Savings: \$3,028,335  
Recommendation Nos. 8, 12, 13  
Potential Cost Savings: N/A

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03702-0001-32  
[Farm Service Agency: Livestock Forage Program](#)  
Issue Date: 12/10/2014  
Recommendation No. 10  
Potential Cost Savings: N/A

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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

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03702-0002-31  
[Wildfires and Hurricanes Indemnity Program](#)  
Issue Date: 09/28/2020  
Recommendation No. 2  
Potential Cost Savings: \$4,268,395

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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, 3, 5  
 Potential Cost Savings: N/A

50099-0011-SF  
[Natural Resources Conservation Service and Farm Service Agency: Crop Bases on Lands with Conservation Easement—State of California](#)  
 Issue Date: 08/27/2007  
 Recommendation No. 2  
 Potential Cost Savings: \$1,290,147

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: \$1,061,958<sup>7</sup>

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

**NRCS: Natural Resources Conservation Service**  
 10403-0004-11  
[Natural Resources Conservation Service’s Financial Statements for Fiscal Years 2021 and 2020](#)

Issue Date: 11/15/2021  
 Recommendation No. 9  
 Potential Cost Savings: N/A

10403-0005-11  
[Natural Resources Conservation Service’s Financial Statements for Fiscal Years 2022 and 2021](#)  
 Issue Date: 11/09/2022  
 Recommendation No. 6  
 Potential Cost Savings: N/A

10702-0001-23  
[Hurricane Disaster Assistance—Emergency Watershed Protection Program](#)  
 Issue Date: 06/25/2021  
 Recommendation No. 3  
 Potential Cost Savings: \$41,245,287

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 Nos. 1, 2, 4  
 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**  
 50501-0017-12  
[Security Over Select USDA Agencies’ Networks and Systems](#)  
 Issue Date: 09/28/2018  
 Recommendation No. 3  
 Potential Cost Savings: N/A

<sup>7</sup> 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.



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50501-0020-12(1)

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

Issue Date: 06/27/2018

Recommendation Nos. 2, 5

Potential Cost Savings: N/A

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50801-0002-12

[Security Over USDA Web Applications](#)

Issue Date: 10/27/2021

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

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### **OCP: Office of Contracting and Procurement**

96801-0001-22

[Government Purchase Card](#)

Issue Date: 03/22/2023

Recommendation No. 4

Potential Cost Savings: N/A

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### **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 No. 5

Potential Cost Savings: \$23,958,536

Recommendation Nos. 3, 4, 6, 12, 13, 14, 15, 16

Potential Cost Savings: N/A

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### **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

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### **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

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### **RMA: Risk Management Agency**

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



## 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 April 1, 2023, with all recommendations that reached management decision between April 1, 2023, and September 30, 2023. OIG reached management decision on two recommendations for two engagement reports issued during a previous reporting period. A link to each report shows the detail for each recommendation on OIG's website.

### **Office of Contracting and Procurement**

96801-0001-22

[Government Purchase Card](#)

Issue date: 03/22/2023

Recommendation No. 3

### **Farm Service Agency**

03702-0003-31

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

Issue date: 03/24/2023

Recommendation No. 4



## APPENDIX 3

### Reports That Were Not Issued to the Public as of September 30, 2023

OIG published summary information for all its reports from April 1, 2023, through September 30, 2023; however, nine reports contained sensitive content that was not publicly released.

This appendix is also intended to report any inspections, evaluations, or data analytics products that were not publicly released. We have one instance of an inspection, evaluation, or data analytics product that was closed and not disclosed to the public during this reporting period.

## APPENDIX 4

### 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 April 1, 2023, through September 30, 2023.



## APPENDIX 5

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

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, the Federal Information Security Modernization Act (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 2023, we issued our annual financial statement reports for FY 2022 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 2022. 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.



## APPENDIX 6

### 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	April 1, 2023–September 30, 2023 Results
Investigative Reports Issued	Number of investigative reports issued on OIG investigations during the reporting period.	69 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.	217 individuals (criminal only) 5 individuals (civil only) 9 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.	*181 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, regardless of when they were referred.	150 individuals

\* 32 individuals were referred to both DOJ and State and local prosecutors.



## APPENDIX 7

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

### **Allegation of Misconduct Relating to the Submission of Inaccurate Records and False Information in an OIG USAJobs Application**

The OIG Office of Compliance and Integrity (OCI) conducted an internal investigation into an allegation that an OIG senior Government employee submitted false and inaccurate information in the USAJobs application for an OIG position. The investigation determined that the senior Government employee submitted inaccurate records and false information when applying for an OIG position in USAJobs. The senior Government employee misrepresented their prior employment by submitting an inaccurate SF-50 and a resume, which also omitted information regarding the senior Government employee's demotion from a prior position. The senior Government employee retired prior to the completion of the investigation.



## APPENDIX 8

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

#### **Allegation of Misconduct Relating to Engaging in a Prohibited Personnel Practice**

OCI conducted an internal investigation into an allegation that a senior Government employee engaged in a prohibited personnel practice by pre-selecting an applicant. The OCI investigation determined that the senior Government employee did not engage in a prohibited personnel practice when hiring a staff member. On March 25, 2021, the allegations were referred to the U.S. Office of Special Counsel (OSC), who declined the complaint on October 28, 2021.

#### **Allegations of Misconduct Relating to Misuse of Authority and Posting a Job Announcement**

OCI conducted an internal investigation into allegations that an OIG senior Government employee engaged in misconduct to improperly post a job announcement in a manner meant to ensure selection of an alleged close associate. The OCI investigation determined that the senior Government employee was not the hiring official for the position and disclosed that the senior Government employee did not maintain a close relationship with the candidate. The investigation also confirmed that the relevant job announcement was posted in compliance with agency and OPM guidelines. OCI also referred the allegations and its findings to OSC on September 22, 2022, and OSC declined the complaint for investigation on October 24, 2022.

#### **Allegations of Misconduct Relating to Influencing the Discipline Process Regarding an OIG Employee**

OCI conducted an internal investigation into allegations that an OIG senior Government employee manipulated a discipline process to influence a specific outcome. The complaint alleged that the senior Government employee attempted to influence that outcome regarding alleged improper manipulation of the proposing and deciding officials. The OCI investigation disclosed that agency and OPM policy and standards compelled the process utilized for the proposing and deciding officials and that the senior Government employee therefore did not engage in the alleged misconduct.

## 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.



## APPENDIX 11

### Inspector General Act Reporting Requirements

IG Act Section	IG Act Description	USDA OIG Reported SARC September 2023
Section 4(a)(2)	Review of Legislation and Regulations	Page 13
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 2–12
Section 5(a)(2)	Recommendations Made Before the Reporting Period for Which Corrective Action Has Not Been Completed	Appendix 1 Pages 18–21
Section 5(a)(3)	Significant Investigations Closed	Goals 1 and 2 Pages 2–8
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Statistical Highlights Page 1
Section 5(a)(5)	Reports Issued During the Reporting Period	Goals 1, 2, and 3 Pages 2–12
Section 5(a)(6)	Management Decision Made on Reports Issued in a Prior Reporting Period	Appendix 2 Page 22
Section 5(a)(7)	Information Described Under Section 804(b) of the FFMIA of 1996	Appendix 5 Page 24
Section 5(a)(8)(A) and 5(a)(8)(B)	Peer Reviews of USDA OIG	Page 13
Section 5(a)(9)	Outstanding Recommendations from Any Peer Review	Page 13
Section 5(a)(10)	Peer Reviews Conducted by USDA OIG	Page 13
Section 5(a)(11) and 5(a)(12)	Statistical Table: Additional Investigations Metrics	Appendix 6 Page 25
Section 5(a)(13)(A)(B)	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix 7 Page 26
Sections 5(a)(14)	Instances of Whistleblower Retaliation	Appendix 9 Page 27
Section 5(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 27



## APPENDIX 11

IG Act Section	IG Act Description	USDA OIG Reported SARC September 2023
Sections 5(a)(16)(A)	Detailed Description of Situations Where an Inspection, Evaluation, or Audit Was Closed and Not Disclosed to the Public	Appendix 3 Page 23
Section 5(a)(16)(B)	Investigation of a Senior Government Employee That Was Closed and Not Disclosed to the Public	Appendix 8 Page 27

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

- Performance measures,
- Hotline complaint results.

### National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	Appendix 4 Page 23
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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.

Our [2022 USDA Management Challenges report](#) had four major challenges: Program Oversight and Accountability; Safety and Security; Program Performance, Results, and Outreach; and Financial Management. We also highlighted what OIG considers “key challenge indicators” within the four areas to assist USDA to focus its attention to address the challenges.<sup>8</sup>

<p><b>Program Oversight and Accountability</b></p> <p>Key Challenge Indicator: Program Process Improvements for Enhanced Integrity</p> <p>Key Challenge Indicator: Accurate Improper Payment Reporting</p>	<p>Related material can be found on pages 5–6, 9,11</p>
<p><b>Safety and Security</b></p> <p>Key Challenge Indicator: Compliance with Information Technology Laws and Regulations</p> <p>Key Challenge Indicator: Improved Processes Related to Food Safety</p>	<p>Related material can be found on pages 2–3</p>
<p><b>Program Performance, Results, and Outreach</b></p> <p>Key Challenge Indicator: Program Performance Monitoring</p> <p>Key Challenge Indicator: Data Quality and Integrity to Measure Performance and Impact</p>	<p>Related material can be found on page 9</p>
<p><b>Financial Management</b></p> <p>Key Challenge Indicator: Internal Controls and Compliance with Federal Laws and Regulations</p>	<p>Related material can be found on page 12</p>

<sup>8</sup> We issued our [2023 USDA Management Challenges](#) report in September, which contained new challenge areas and indicators. Future Semiannual Reports to Congress will report under the new Management Challenges structure. We are using the 2022 structure as that was in place for our work this fiscal year.



## ACRONYMS AND ABBREVIATIONS

AFRI .....	Agriculture and Food Research Initiative
AMS .....	Agricultural Marketing Service
APHIS .....	Animal and Plant Health Inspection Service
BOD .....	Binding Operational Directive
BPP .....	Bioproduct Pilot Program
CALR .....	Collaborative Aquatic Landscape Restoration
CIGIE .....	Council of the Inspectors General on Integrity and Efficiency
COVID-19 .....	coronavirus disease 2019
DOJ .....	U.S. Department of Justice
DOL .....	U.S. Department of Labor
EBT .....	electronic benefits transfer
FAS .....	Foreign Agricultural Service
FAV .....	Final Action Verification
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
FSIS .....	Food Safety and Inspection Service
FY .....	fiscal year
IG .....	Inspector General
IIJA .....	Infrastructure Investment and Jobs Act
IRA .....	Inflation Reduction Act
IT .....	information technology
MAP .....	Market Access Program
NFC .....	National Finance Center
NIFA .....	National Institute of Food and Agriculture
NRCS .....	Natural Resources Conservation Service
OCFO .....	Office of the Chief Financial Officer
OCI .....	Office of Compliance and Integrity



## ACRONYMS AND ABBREVIATIONS

OCIO .....	Office of the Chief Information Officer
OIG .....	Office of Inspector General
OMB .....	Office of Management and Budget
OPM .....	U.S. Office of Personnel Management
OSC.....	Office of Special Counsel
RD .....	Rural Development
ReConnect Program.....	Rural eConnectivity Pilot Program
RMA.....	Risk Management Agency
RUS .....	Rural Utilities Service
SARC .....	Semiannual Report to Congress
SNAP.....	Supplemental Nutrition Assistance Program
USDA.....	U.S. Department of Agriculture
WIC.....	Special Supplemental Nutrition Program for Women, Infants, and Children

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