



United States Department of Agriculture

OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

Second Half

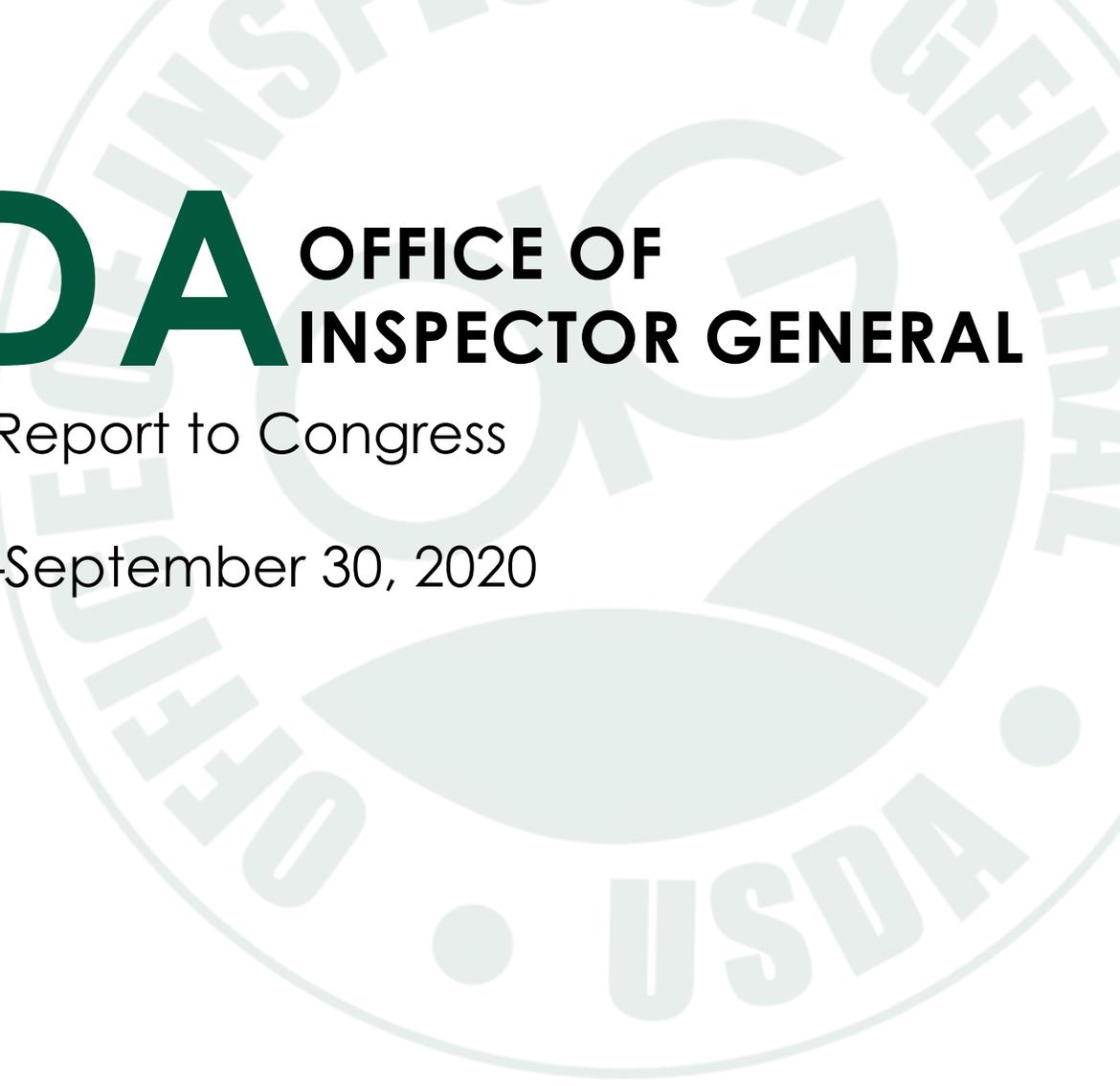
April 1, 2020–September 30, 2020



Fiscal Year 2020

Number 84

November 2020

The background features a large, light green watermark of the USDA Office of Inspector General seal. The seal is circular and contains the text "OFFICE OF INSPECTOR GENERAL" around the top and "USDA" at the bottom. In the center of the seal is a stylized leaf.

USDA OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress
Second Half

April 1, 2020–September 30, 2020

Strategic Goals

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

Message from the **INSPECTOR GENERAL**

This Semiannual Report to Congress (SARC) covers the most significant achievements of the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG) for the 6-month period ending September 30, 2020. Our office has worked extensively with the Department, Congress, and other Federal agencies to accomplish our mission of ensuring the economy, efficiency, and integrity of the Department's programs and operations.

In this period, we have completed a significant number of audits, investigations, inspections, data analytics, and other reviews. Our Office of Audit issued a total of 27 products (i.e., reports and memoranda) that resulted in 96 recommendations and more than \$155.5 million in questioned/unsupported costs or funds to be put to better use. Our Office of Investigations issued a total of 107 reports and reported 92 indictments, 199 convictions, and 257 arrests, as well as \$61.6 million in recoveries and restitutions. We also received 6,759 complaints through the OIG Hotline.

Because of the coronavirus disease 2019 (COVID-19) pandemic, OIG has been working in a maximum telework capacity during the entire reporting period. As with other Federal agencies, this new approach to our work has challenged us to be flexible, implement new technologies, and find new ways to accomplish our work so that we can continue to achieve our mission. The results reported during this period demonstrate that OIG adapted well—we incorporated virtual communications tools to conduct audits, investigations, and other work while also ensuring that our employees are protected and safe while carrying out necessary, in-person activities in our offices and in the field.

As reported in the *Semiannual Report to Congress First Half October 1, 2019–March 31, 2020*, OIG is working with USDA agencies to help them deliver COVID-19 relief efforts as effectively as possible and to address any allegations of fraud by those seeking to take improper advantage of these programs. In September 2020, OIG issued a non-audit service report to identify the funding streams USDA used to respond to the COVID-19 pandemic as of May 31, 2020. In addition, OIG is working with the Federal oversight community as an active member of the Pandemic Response

Accountability Committee (PRAC), which promotes COVID-19 spending transparency within the Federal Government. PRAC also conducts and supports oversight of the COVID-19 response and covered funds in order to: (1) prevent and detect fraud, waste, abuse, and mismanagement; and (2) mitigate major risks that cut across program and agency boundaries.

Goal 1—Safety and Security—Strengthen USDA’s Ability to Protect Public Health and Safety and to Secure Agricultural and Department Resources

OIG’s independent audits, investigations, inspections, data analytics, and other reviews focus on issues such as the ongoing challenges of agricultural inspection activities, the safety of the food supply, homeland security, animal welfare, and information technology (IT) security and management. As part of this work, we reviewed the Animal and Plant Health Inspection Service’s (APHIS) oversight of the National Veterinary Stockpile (NVS) and concluded that APHIS’ Veterinary Services (VS) unit did not adequately oversee NVS supply and equipment inventory levels. Additionally, although VS officials identified concerns with a contractor’s maintenance of VS equipment and instituted a corrective action plan, they had not taken appropriate followup actions to ensure the contractor improved its performance and adequately maintained equipment. Also, VS did not determine whether States and vaccine manufacturers had implemented recommendations from NVS exercises designed to validate preparedness. In addition, VS officials were unaware if participants in exercises designed to validate emergency preparedness had improved their ability to respond to an animal disease outbreak. We conducted most of our work and identified our findings prior to the COVID-19 pandemic. APHIS concurred with our findings and recommendations.

Additionally, a recent OIG investigation resulted in the sentencing of four dogfighting participants. The co-conspirators operated from locations in Tennessee and Florida, and they transported the dogs to and from both States. They also purchased at least one dog in Alabama. In addition to buying and selling dogs, the individuals assessed and trained them for participation in dogfights. One individual, who was not a licensed or trained veterinarian, performed unlicensed surgical procedures on dogs injured in dogfights. In August 2020, the four individuals were sentenced to prison terms ranging from 8 to 18 months, and 36 months each of supervised

release for conspiracy to violate the Animal Welfare Act and possession, sale, transporting, or receiving a fighting animal.

Goal 2—Integrity of Benefits—Strengthen USDA’s Ability to Deliver Program Assistance with Integrity and Effectiveness

Much of OIG’s work is dedicated to ensuring that USDA program funds are reaching those for whom they are intended. For example, we recently evaluated the Farm Service Agency’s (FSA) administration and oversight of the 2017 Wildfires and Hurricanes Indemnity Program (WHIP). WHIP provided payments to eligible producers to offset losses from hurricanes and wildfires that occurred in the 2017 calendar year. Our fieldwork in Florida and Georgia identified issues with eligibility documentation, payment calculations, producer certificates, and applications processed after the deadline. Overall, we identified \$8 million in improper payments and more than \$103 million in WHIP payments to producers who did not submit signed applications by the designated deadline. FSA concurred with our findings and most of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

OIG also initiated an investigation after learning that a Pennsylvania businessman’s biofuel production company was inflating production numbers associated with Rural Development’s Advanced Biofuel Payment Program (ABPP). The company received ABPP payments based on the number of gallons of biofuel the company reported producing during the 2010 and 2011 production years. As a result of the investigation, the businessman was sentenced in August 2020 to 84 months in prison and 36 months of supervised release. He was also ordered to pay restitution of \$2.8 million to USDA and \$7.4 million to the Internal Revenue Service (IRS).

Goal 3—Management Improvement Initiatives—Strengthen USDA’s Ability to Achieve Results-Oriented Performance

OIG’s work focuses on areas such as improved financial management and accountability, research, real property management, and employee integrity. To that end, we consolidated the relevant results and common control issues identified by OIG in six Summer Food Service Program (SFSP) audits at the

Food and Nutrition Service (FNS) and four States.¹ SFSP provides free meals to children in needy areas when school is not in session. We concluded that additional controls were needed to enhance SFSP efficiency and effectiveness. Specifically, we found that FNS could strengthen instructions to the States on how to assess the applicants' eligibility and program compliance in two areas: financial capability and approval of sites in near proximity.

We also found that FNS' State SFSP monitoring requirements did not include sufficient guidance for State agencies to ensure the accuracy of sponsor program payments. Further, sponsors and State agencies we reviewed did not consistently identify unused SFSP reimbursements or ensure the funds were used for authorized purposes. Lastly, we found that FNS' management evaluation process for SFSP was not sufficient to ensure that State agencies provided adequate oversight of the program. FNS agreed with our findings and most of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

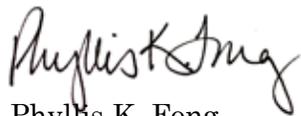
Additionally, a recent investigation into the theft of Government property resulted in the sentencing of a former Forest Service (FS) employee. We initiated this investigation after an individual disclosed to FS Law Enforcement and Investigations that an FS employee stole tools, dental equipment, and Novocain from a job corps center in Oregon. The investigation resulted in seizing stolen Government property and methamphetamine from the employee's residence and stolen Government property from the residence of the employee's mother. On February 2, 2019, the employee was removed from Federal service. On August 17, 2020, the former FS employee was sentenced to 12 months in prison and 36 months of supervised release. The former employee also was ordered to pay a \$200 special assessment.

As stated previously, OIG worked in a virtual environment during this entire reporting period due to the COVID-19 pandemic, and we continue to do so as we enter fiscal year (FY) 2021. I am immensely proud of the dedication and

¹ Audit Report 27601-0004-41, *FNS Controls Over Summer Food Service Program*, Mar. 2018; Audit Report 27004-0001-41, *California's Controls Over Summer Food Service Program*, Nov. 2018; Audit Report 27004-0001-31, *Florida's Controls Over Summer Food Service Program*, Aug. 2019; Audit Report 27004-0001-23, *New York's Controls Over Summer Food Service Program*, Sep. 2018; Audit Report 27004-0004-21, *Texas' Controls Over Summer Food Service Program*, Mar. 2019; and Audit Report 27004-0003-21, *Summer Food Service Program in Texas—Sponsor Costs*, Mar. 2019.

creativity of every member of OIG's professional staff, as these accomplishments we are reporting would not have been possible without their work and commitment.

We would also like to thank USDA's staff for their cooperation and assistance with our oversight work. Finally, we value the interest and engagement of Secretary of Agriculture Sonny Perdue and Deputy Secretary Stephen Censky, as well as key Congressional Committees and Members of Congress. Our work owes its success to their commitment and support.

A handwritten signature in black ink, appearing to read "Phyllis K. Fong". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

Phyllis K. Fong

Inspector General

REPORTS

GOAL 1
Safety and Security

5

Final Reports

4 audits
1 non-audit service



GOAL 2
Integrity of Benefits

6

Final Reports

5 audits
1 interim



GOAL 3
Management Improvement Initiatives

14

Final Reports

8 audits
1 non-audit service
3 inspections
2 final action verifications



25*

reports issued

* In addition to these reports, we also issued 2 Coronavirus Memoranda (see p. 61, Goal 3)

80 program improvements

(70 audits, 5 inspections, 5 interim)

16 monetary

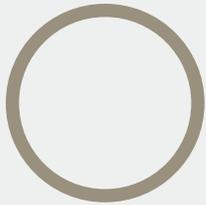
(14 audits, 2 inspections)

96 recommendations

Effective recommendations encourage improvements in the conduct and efficiency of Government programs and operations.

ACTIVITIES SUMMARY

RECOMMENDATIONS AT REPORT ISSUANCE



GOAL 1

26 program improvements
0 monetary



GOAL 2

25 program improvements
13 monetary



GOAL 3

29 program improvements
3 monetary

While many recommendations involve monetary amounts, others play a critical role in protecting our country's safety, security, and public health and contribute considerably to the economy, efficiency, and effectiveness of USDA's programs and operations.

AUDIT TOTAL DOLLAR IMPACT

\$155.5 million

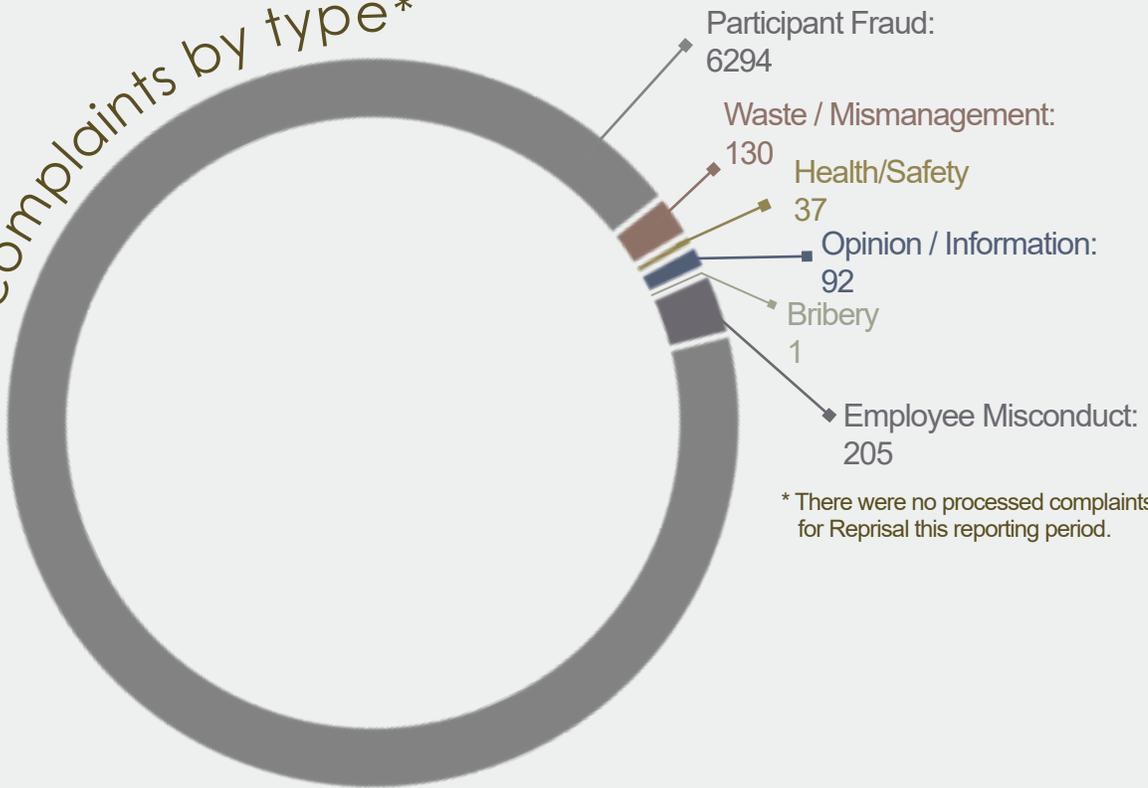
(refer to page 75 for number breakdown)



Hotline Complaints

During this reporting period, the Hotline processed **6759** complaints, including allegations of participant fraud, employee misconduct, mismanagement, safety issues, bribery, reprisal, and opinions about USDA programs.

hotline complaints by type*



* There were no processed complaints for Reprisal this reporting period.

ACTIVITIES SUMMARY



92

INDICTMENTS



199

CONVICTIONS



257

ARRESTS



107*

REPORTS ISSUED

INVESTIGATIONS TOTAL DOLLAR IMPACT

\$61.6 million

(refer to page 127 for number breakdown)

*Some of the investigations-related statistics for the FY 2020 3rd and 4th quarters are higher than the statistics for the first half of FY 2020, even though investigative operational activities were restricted due to the ongoing COVID-19 pandemic. During the 3rd and 4th quarters, investigative efforts focused on addressing the administrative requirements associated with closing open investigations and ensuring associated statistical data had been captured and entered into the investigations case tracking system. As a result, some categories include events that occurred prior to this reporting period.

contents



Goal 1—Safety and Security	1
Goal 2—Integrity of Benefits	13
Goal 3—Management Improvement Initiatives	47
Inspector General Act Reporting Requirements	69
Peer Reviews and Outstanding Recommendations	71
Assessing the Impact of OIG	72
Performance Results Under Our Strategic Goals	74
OIG Accomplishments for FY 2020, Second Half (April 1, 2020–September 30, 2020)	75
OIG Accomplishments for FY 2020, Full Year (October 1, 2019–September 30, 2020)	77
Appendix A: Audit Tables	79
Appendix B: Investigations Tables	127
Appendix C: Office of Analytics and Innovation Tables . . .	135
Acronyms and Abbreviations	136

A close-up, high-resolution photograph of a brown horse's face, focusing on its eye and the texture of its coat. The horse is looking slightly to the left. The background is blurred, showing more of the horse's head and some greenery.

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 agricultural inspection activities, the safety of the food supply, homeland security, and information technology security and management.

14.5% of total direct resources devoted to Goal 1

100% of these resources assigned to critical-risk and high-impact work

AUDIT



5 reports issued
(including 4 audit reports and 1 non-audit service)



26 recommendations

INVESTIGATIONS



35 indictments

86.7% of closed cases resulted in action



4 convictions

\$0.2 million in monetary results

USDA Program Highlights in Support of Goal 1

Improve the Safety and Security of:

Departmental Resources

- Information Technology Security
- Employee Integrity

Public Health and Agriculture

- Meat, Poultry, and Egg Products
- National Veterinary Stockpile
- Animal Welfare and Protection

OIG helps to uphold the Animal Welfare Act to ensure the humane treatment of animals, such as dogs. Illegal dogfighting ventures lead to animal abuse and are in direct violation of the Animal Welfare Act. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

GOAL 1—SAFETY AND SECURITY

Examples of Audit and Investigative Work for Goal 1

National Veterinary Stockpile Oversight

Homeland Security Presidential Directive-9 established the NVS to contain sufficient quantities of animal vaccine, antiviral, or therapeutic products to appropriately respond to the most damaging animal diseases affecting human health and the economy. This stockpile is to be capable of deployment within 24 hours of an outbreak. We reviewed APHIS' oversight of the NVS and concluded that APHIS' VS unit did not adequately oversee NVS supply and equipment inventory levels. Additionally, VS officials identified concerns with a contractor's maintenance of VS equipment and instituted a corrective action plan to resolve the problem. However, VS officials had not taken appropriate followup actions to ensure the contractor improved its performance and adequately maintained equipment. Also, VS did not determine whether States and vaccine manufacturers had implemented recommendations from NVS exercises designed to validate preparedness.

A laboratory technician performing diagnostic testing at the National Veterinary Service Laboratories. The Animal and Plant Health Inspection Service's Veterinary Services unit manages the National Veterinary Stockpile, which contains supplies, equipment, and antiviral medications.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



In addition, VS officials were unaware if participants in exercises designed to validate emergency preparedness had improved their ability to respond to an animal disease outbreak. These issues, if not mitigated, could impact the response to an animal disease outbreak due to supply shortages or inoperable equipment. We conducted most of our work and identified our findings prior to the COVID-19 pandemic. APHIS concurred with our findings and recommendations. (Audit Report 33701-0001-21)

Controls Over Imported Meat and Poultry Products

The USDA Food Safety and Inspection Service (FSIS) is the public health regulatory agency responsible for ensuring that imported meat and poultry products are safe, wholesome, and correctly labeled and packaged. Based on a trade agreement, FSIS reinspects shipments of meat and poultry products from Canada differently than products from other foreign countries.

We did not identify any issues related to the effectiveness of FSIS' Public Health Information System import module. However, we did observe that seven of eight inspection program personnel (IPP) did not verify all labels (such as country of origin or the name of the product) on imported meat and poultry products. We attributed this issue to a lack of training on the label verification process for IPP. Consequently, 225 of 232 lots in our sample were not properly reinspected to determine if the imported products complied with United States (U.S.) labeling requirements.

Additionally, we determined that the actual lot unit count related to 6 of 53 shipments of imported meat and poultry products did not match the numbers listed on the corresponding official foreign inspection certificates for those shipments. We concluded that five of those shipments should not have been allowed entry into the United States because the actual lot counts were not within FSIS-allowed lot count tolerance levels, and the official foreign inspection certificates were not corrected. We attributed this condition to an agency instruction that did not state clearly the expected procedures for verifying numbers on official foreign inspection certificates, and to inadequate oversight of IPP. While we found no evidence that the quality of the product in the shipments did not meet U.S. standards, the control weaknesses increase the risk that ineligible product could enter U.S. commerce. FSIS agreed with our findings and recommendations. (Audit Report 24601-0003-21)



USDA's Food Safety and Inspection Service is the public health regulatory agency responsible for ensuring that imported meat and poultry products are safe, wholesome, and labeled and packaged in accordance with regulatory requirements.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

Controls Over Meat, Poultry, and Egg Product Labels

FSIS also ensures that the Nation's commercial supply of meat, poultry, and egg products is correctly labeled and packaged, wholesome, and not adulterated. To ensure that product labels are not misleading, FSIS' Labeling and Program Delivery Staff (LPDS) reviews label applications and either approves product labels or requests changes. FSIS also has IPP at each establishment who are responsible for verifying that labels and related files (i.e., labeling records) meet requirements. We reviewed 120 label application packages for FY 2018 to ensure that the labels FSIS approved were accurate and supported.

While we found that FSIS' controls over its approval of labels were generally effective, we determined that 9 of 60 required label application packages were either incomplete, inaccurate, or unsupported. We also found that 11 of 60 generic label application packages were either not supported or an

applicable mandatory feature was missing or inaccurate. In addition, we determined that LPDS requested changes to 657 of 878 (74 percent) generic labels to ensure these labels met requirements. We also found that three establishments we visited did not make the required modifications in their final generic labeling records.

As a result, meat, poultry, and egg product labels may reflect inaccurate statements and claims made by establishments. Additionally, there is reduced assurance that establishments' generic labels meet requirements. Based on our sample results, we estimated that 2,038 of the approved required labels (15 percent) and 161 of the approved generic labels (18 percent) may have one or more exceptions. FSIS provided its response to our findings and agreed with our recommendations. (Audit Report 24601-0002-23)

Security of USDA Systems and Networks FY 2019

In order to help the Department secure its assets and best achieve its mission, we performed an audit of four mission areas within USDA to provide an assessment of the management and security of the Department's IT resources as they pertain to access management and logging controls. We reviewed relevant laws, regulations, and industry best practices in order to gain sufficient knowledge to evaluate USDA's IT security posture. We requested evidence, including IT and other related organizational policies and procedures, and interviewed relevant IT personnel and compiled evidence related to access management and logging at each mission area. We found that the Department did not fully implement Federally mandated controls. The Office of the Chief Information Officer (OCIO) concurred with our findings, and we continue to work to reach agreement on the outstanding recommendations. (Audit Report 50501-0022-12)²

Four Individuals Sentenced From 8 to 18 Months in Prison for Animal Fighting—Florida

In August 2020, in U.S. District Court, Northern District of Florida, four individuals were sentenced to prison terms ranging from 8 to 18 months and 36 months each of supervised release for their involvement in an enterprise to buy, sell, transport, and possess dogs intended to participate in dogfights. The co-conspirators operated from locations in Tennessee and Florida, and they transported the dogs to and from both States. They also purchased at least one dog in Alabama. In addition to buying and selling dogs, the

² While our work related to IT security is reported under Goal 1, other IT work, primarily related to financial reporting, is reported under Goal 3.

individuals assessed and trained them for participation in dogfights. One individual, who was not a licensed or trained veterinarian, performed unlicensed surgical procedures on dogs injured in dogfights. Of the five individuals charged in this investigation, three pled guilty to offenses that included conspiracy to violate the Animal Welfare Act and possession, sale, transporting, or receiving a fighting animal. One individual was convicted of conspiracy to violate the Animal Welfare Act pursuant to a jury trial; at the same trial, another individual was acquitted. The case was prosecuted jointly by the U.S. Attorney's Office for the Northern District of Florida and the U.S. Department of Justice's (DOJ) Environment and Natural Resources Division.

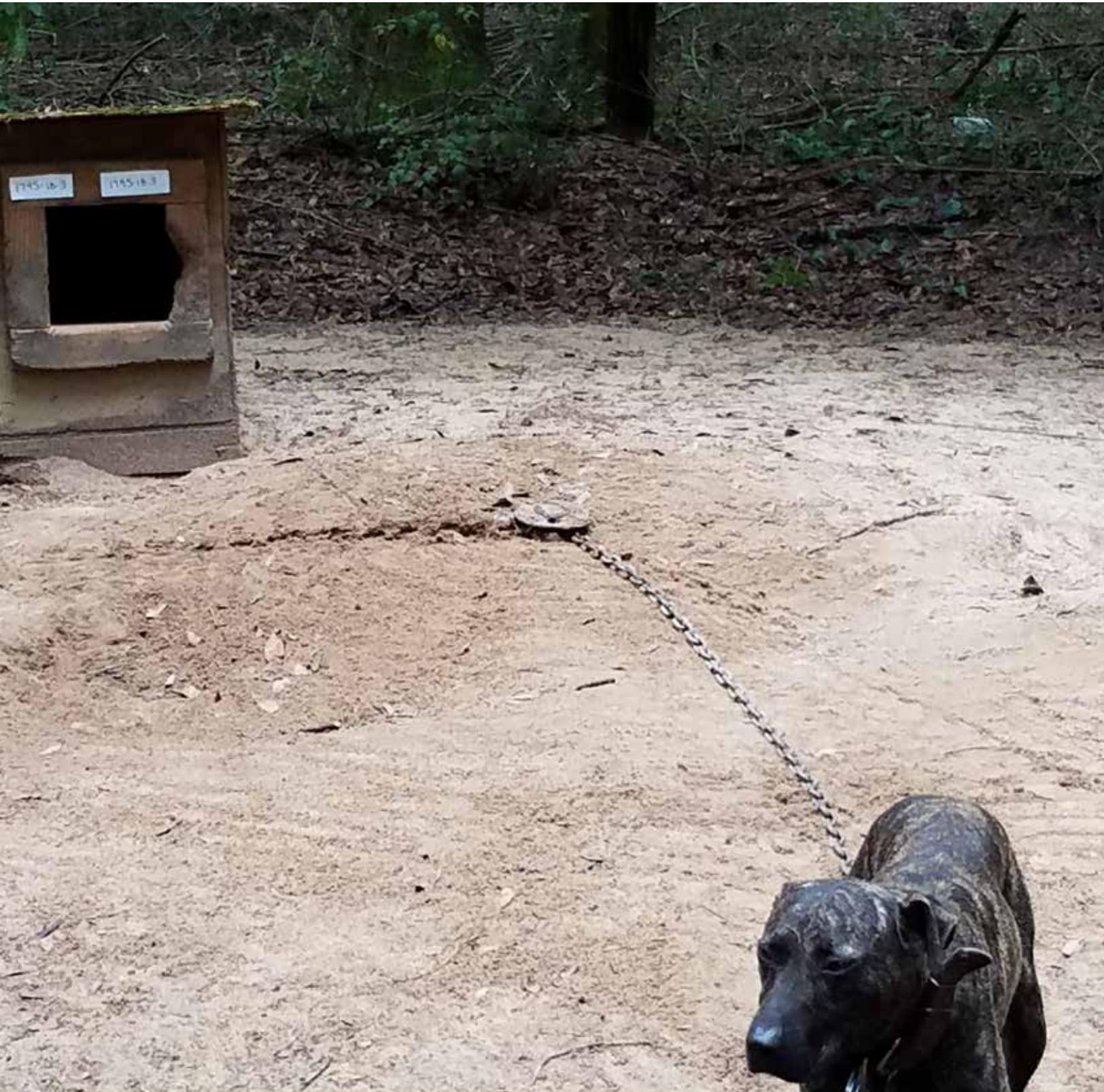
Individual Sentenced to 36 Months of Probation and Ordered to Pay \$1,500 Fine for Animal Fighting—Mississippi

On July 14, 2020, in U.S. District Court, Southern District of Mississippi, an individual was sentenced to 36 months of probation and ordered to pay a \$100 special assessment and a \$1,500 fine. On February 20, 2018, USDA OIG initiated this investigation in order to determine if a Mississippi resident was actively engaged in an animal fighting venture. Evidence previously seized by the Rankin County (Mississippi) Sheriff's Department (RCSD) indicated that the man bred and trained pit bull terrier canines for the purpose of dogfighting. OIG and RCSD's joint investigation concluded that the man was actively engaged in an animal fighting venture that included organized gambling. On November 19, 2019, the man was charged via an information with one count each of violating the Animal Welfare Act and the criminal animal fighting venture prohibition statute. On March 5, 2020, he pled guilty to one count of violating the animal fighting venture prohibition.

Former USDA Employee Sentenced to 12 Months of Probation for Making False Writing—New York

On June 22, 2020, in U.S. District Court, Western District of New York, a former USDA employee was sentenced to 12 months of probation. OIG initiated this investigation based on an allegation that a USDA employee used multiple identities to illegally enter the United States and obtain a U.S. passport and employment with USDA. The investigation determined that the USDA employee made multiple false statements on passport applications and on a declaration for Federal employment. On January 13, 2020, the USDA employee pled guilty to one misdemeanor count of making a false writing.





A dog on a heavy chain commonly used to condition fighting animals.

Participation on Committees, Working Groups, and Task Forces

Council of the Inspectors General on Integrity and Efficiency Technology Committee. USDA OIG is a member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Technology Committee. Its mission is to facilitate effective IT audits, evaluations, and investigations and to provide a vehicle for the expression of the Inspector General (IG) community's perspective on Governmentwide IT operations. OIG auditors discussed changes and provided input on draft IT policies and guidelines for the Federal Government, including the FY 2020 Federal Information Security Management Act (FISMA) metrics and various IT-related data calls. Our auditors are also participating on the newly formed Emerging Technologies Subcommittee.

Federal Bureau of Investigation Regional Joint Terrorism Task Force. In OIG's Southwest Region and in Oregon, Illinois, and Washington, OIG special agents participate in various assignments with the Federal Bureau of Investigation's (FBI) Regional Joint Terrorism Task Force (JTTF). These efforts assist in preventing, deterring, and investigating suspected terrorist activities that could affect the United States. In addition, the special agents' participation facilitates information sharing between FBI JTTF and OIG.

FBI National Joint Terrorism Task Force. In Washington, D.C., OIG shares information with the FBI's National Joint Terrorism Task Force (NJTTF). This effort continues to provide a seamless association between the criminal investigative and the intelligence communities. OIG has successfully collaborated with the FBI and NJTTF's partner agencies since its initial membership prior to September 11, 2001. OIG liaises with analysts, case agents, and State and local law enforcement officers on issues of domestic and international concern on cases initiated both by USDA OIG and partner agencies.

U.S. Marshals Service Fugitive Task Forces. Special agents in OIG's Southeast Regional Office continue their participation on the U.S. Marshals Service Fugitive Task Forces, which were established under the Presidential Protection Act of 2000. Their primary mission is to investigate and arrest, as part of joint law enforcement operations, persons who have active Federal and State warrants. Overall, this joint effort improves public safety and

reduces violent crime. OIG participation focuses on agriculture-related homeland security concerns and threats.

Animal Protection Task Forces. OIG special agents throughout California continue to actively participate in groups involved in the protection of animal welfare. Representatives focus their efforts on preventing animal cruelty and incidents in which animals could be used for illegal criminal activity.

Environmental Crimes. Throughout OIG’s Northeast Region, special agents participate in Federal environmental crimes task forces and working groups. In Oregon, an OIG special agent participates on the Oregon “Green Team” for Environmental Crimes. In Washington, D.C., executive-level managers coordinate with DOJ’s Environment and Natural Resources Division leadership to address common concerns in this arena.

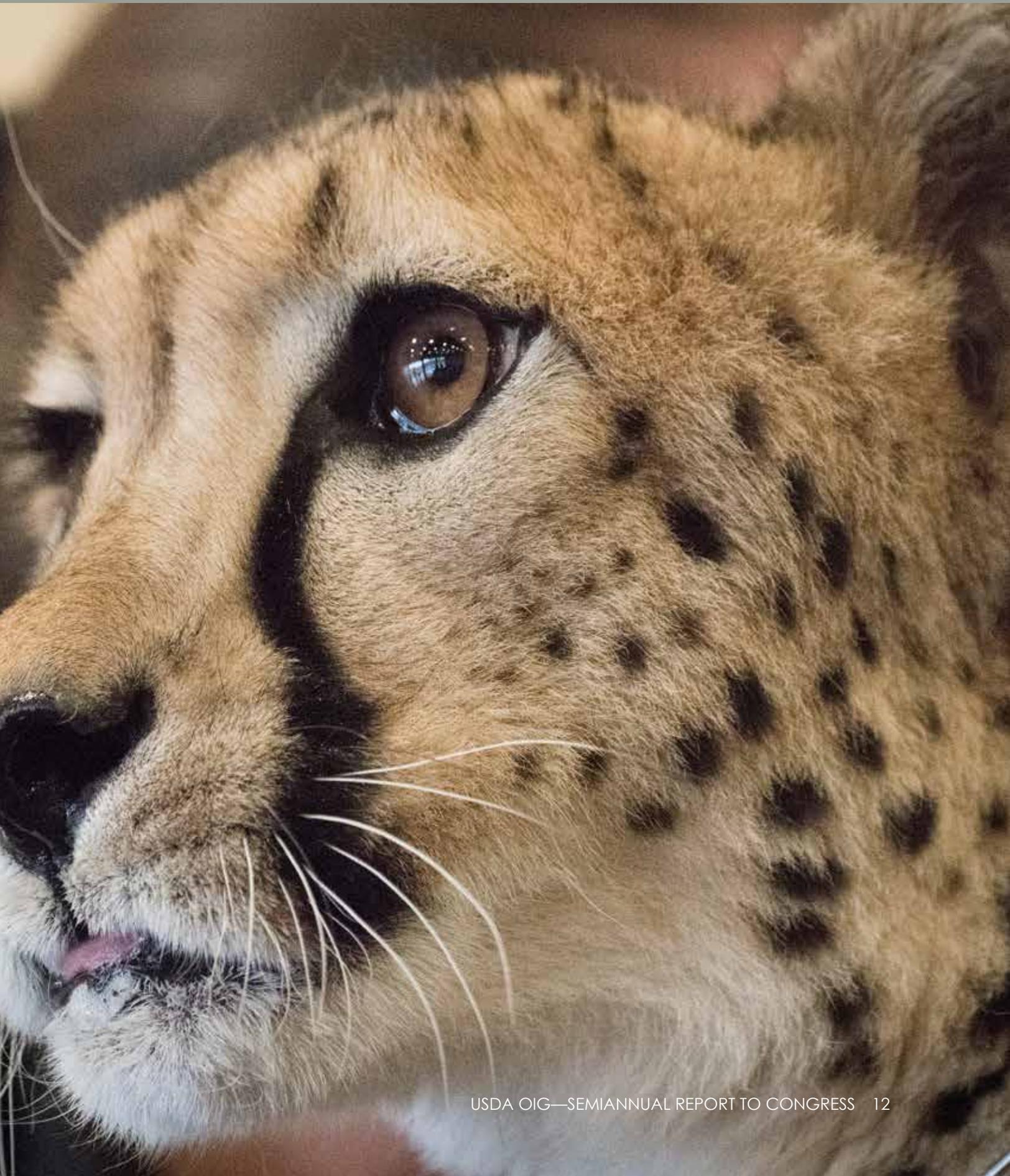
Crime Suppression. In San Bernardino County, California, OIG special agents actively participate in the Rural Crimes Task Force. This task force seeks to develop solutions to crimes committed against property or businesses customarily employed in farming, agri-business, ranching, mining, or related fields, in which either property is taken or damaged, or normal business practices are hindered or disrupted. These crimes may include (but are not limited to): criminal incidents on farms or ranches where there is loss of animals, crops, products, or metals; incidents involving the loss of construction or heavy equipment; or the theft or destruction of natural resources such as lumber, plants, or wildlife.

Anti-Terrorism/Counter-Terrorism Advisory Councils. In New York, an OIG special agent participates in the New York State Weapons of Mass Destruction Working Group, which meets quarterly to discuss ongoing issues or concerns and to educate members of the law enforcement community regarding chemical, biological, or radiological terrorism information. In the second half of FY 2020, the working group’s discussions have largely consisted of topics related to trends and statistics pertaining to the COVID-19 pandemic.

ONGOING REVIEWS

- » Animal Care Program Oversight of Dog Breeders (APHIS)
- » Followup to Controls Over Licensing of Animal Exhibitors (APHIS)
- » Followup on Smuggling, Interdiction, and Trade Compliance Unit (APHIS)
- » Controls Over Select Agents (APHIS)
- » Cattle Health Program Disease Incident Response (APHIS)
- » Regional Forester Authorities for Cost Share Agreements—Inspection (FS)
- » Waiver of Regulatory Requirements (FSIS)
- » FY 2020 FISMA (OCIO)
- » USDA’s Information Technology Incident Response Consideration (OCIO)
- » FY 2021 FISMA (OCIO)

Under the Animal Welfare Act, the Animal and Plant Health Inspection Service is responsible for regulating the use of certain warm-blooded animals used in research, exhibition, and commerce in order to ensure their humane treatment. The Animal and Plant Health Inspection Service’s responsibilities extend to animal exhibitors, such as individuals, public zoos, roadside zoos, circus/traveling exhibitors, and State parks. This photo is from USDA’s Flickr account. It does not depict any particular audit or investigation.





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.

48.2% of total direct resources devoted to Goal 2

99.9% of these resources assigned to critical-risk and high-impact work

AUDIT



6
reports issued
(including 5 audit reports and 1 interim report)



38
recommendations

\$117.8 million
in monetary results

INVESTIGATIONS



93.5%
of closed cases
resulted in
action



53
indictments



188
convictions

\$60.6 million
in monetary results

USDA Program Highlights in Support of Goal 2

- Nutrition Assistance Programs

FNS

- Biofuel Programs

Rural
Development

Improve the
Integrity of
Benefits for:

RHS

- Single-Family Guaranteed Loan Programs

FSA

- Indemnity Programs
- Emergency Assistance for Honeybee Claims
- Market Facilitation Program
- Farm Loan Programs

Wheat fields and rain clouds at a farm. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

GOAL 2—INTEGRITY OF BENEFITS

Examples of Audit and Investigative Work for Goal 2

Wildfires and Hurricanes Indemnity Program

USDA's FSA administers the delivery of farm loan, commodity, conservation, disaster assistance, and related programs. One FSA program, WHIP, provided payments to eligible producers to offset losses from hurricanes and wildfires that occurred in the 2017 calendar year. We found that more than 1,160 producers were placed on registers, which allowed applicants to have their applications processed after the deadline, and more than 1,650 producers' applications were initiated in a quasi-register without documented approval to do so. This occurred because the FSA national office reportedly granted a blanket approval to use registers, which deviated from established procedure without adequate documentation. As a result, FSA issued more than \$103 million in WHIP payments to producers in Florida and Georgia who did not submit signed applications by the designated deadline.

During our review, we identified issues on 39 out of 73 sampled applications, including issues with eligibility documentation, payment calculations, and producer certifications. These issues occurred due to inadequate guidance and oversight. For example, while FSA guidance requires a second-party review of all applications prior to payment, the guidance does not detail what the review should include. As a result, we identified more than \$8 million in improper payments in Florida and Georgia. Until FSA improves its guidance and oversight, there is a continued and increased risk that county offices will not be able to properly administer the program.

FSA concurred with our findings and most of our recommendations, and we continue to work to obtain agreement on the outstanding recommendations. (Audit Report 03702-0002-31)

2017 Emergency Assistance for Honeybee Claims

Through the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), FSA provides financial assistance to eligible producers of livestock, honeybees, and farm-raised fish in the event of losses due to disease, certain adverse weather events, or other loss conditions. Our audit focused on honeybee producers' applications and payments, since they represented more than 79 percent of all ELAP commodity payments for program year 2017.



In two of three States we visited, county officials did not include inventory additions in ELAP payment calculations for 18 of the 60 honeybee applications we reviewed, resulting in more payments than allowed. Further, one of the two States continued its miscalculations in subsequent years. We also questioned payments that FSA approved for two ineligible honeybee producers. At one county office, we found that 18 ELAP applications contained late-filed inventory reports that the county office committee did not review for accuracy, as required. Finally, four out of the five district directors responsible for the counties we reviewed either did not perform the required oversight reviews or did not report the results of these reviews to the State office. As a result, State officials were unaware of the county offices' implementation of ELAP, thus increasing the agency's risk of erroneous payments. For the one State and district that did not conduct the required reviews, we questioned all payments due to a lack of oversight. In total, we questioned costs of more than \$10.1 million.



Apiaries house honeybees on a farm. After Hurricane Michael, the Farm Service Agency created programs to help farms receive assistance following this natural disaster.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

Despite these issues, we recognize FSA's accomplishments in ensuring its staff properly applied payment limitations, as well as updating policy improvements to the honeybee portion of ELAP and taking corrective action in response to this audit. FSA concurred with our findings and recommendations. (Audit Report 03702-0001-23)

Livestock Indemnity Program

In 2014, the Livestock Indemnity Program (LIP) was authorized to compensate eligible livestock owners and contract growers for their eligible livestock deaths in excess of normal mortality as a direct result of an eligible loss condition. In 2018, LIP was amended to also compensate livestock owners and contract growers in the event that their livestock are injured by an eligible loss condition and subsequently sold for a reduced price. This amendment was retroactive to program year 2017.

We reviewed 127 LIP payments and found discrepancies with 29 payments. Specifically, 16 of the payments lacked key documentation to support the payments, and 13 had clerical errors that affected the payment amount. These discrepancies occurred because FSA needs to enhance its process and guidance concerning what constitutes sufficient and accurate documentation when assessing LIP claims. As a result, we identified a total of \$745,944 in improper payments in our sample.

Additionally, we found that FSA reviews were not adequately completed, documented, and reported. First, district directors did not sufficiently conduct their reviews because they needed additional guidance on how to carry out these tasks. Second, FSA has not completed a management review on LIP's internal controls since 2014 due to limited resources and personnel. Because FSA did not adequately monitor LIP, we identified overpayments in our sample that totaled more than \$10,000. FSA agreed with our findings and most of our recommendations, and we continue to work to reach agreement on the outstanding recommendation. (Audit Report 03601-0004-41)

Market Facilitation Programs—Interim Report

In July 2018, and again in May 2019, USDA announced that, in response to trade damage caused by increased tariffs by foreign trading partners, it would be offering trade mitigation packages to assist producers impacted by these tariffs.



An egg production operation participating in the Farm Service Agency Livestock Indemnity Program.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

USDA authorized FSA to distribute up to \$25.1 billion in trade mitigation package funding through the Market Facilitation Program (MFP). This program provides payments to assist producers directly impacted by retaliatory tariffs that result in the loss of traditional exports. We received a Congressional request for oversight work with questions involving the trade mitigation packages and the programs within them, including MFP.

We found that the manner in which FSA collected demographic information for programs it administers, including MFP, did not always follow USDA policy. Departmental regulation prohibits the collection of race, ethnicity, and gender data based on a visual assessment, yet FSA county office employees assigned race, ethnicity, and/or gender to producers through such means. This data collection occurred because FSA's policy and customer data management system continued to require entry of the data after the



Two single-family duplexes built with a loan from Rural Development's Single Family Housing Guaranteed Loan Program.

This photo is from Rural Development's Flickr. It does not depict any particular audit or investigation.

Departmental regulation was implemented. As a result, the system contains race, ethnicity, and gender data not provided by producers. In addition, FSA shared the data with third parties, and they may not accurately represent demographic information for more than 530,000 producers within the agency's programs. FSA concurred with our finding and recommendations. (Audit Report 03601-0003-31(1))

Single Family Housing Guaranteed Loan Program Appraisals

USDA's Single Family Housing Guaranteed Loan Program (SFHGLP) guarantees loans made by approved lenders to eligible applicants. SFHGLP provides low- and moderate-income households with an opportunity to own decent, safe, and sanitary dwellings in eligible rural areas by guaranteeing loans issued to eligible applicants through private sector lenders. USDA's Rural Housing Service (RHS), an agency within Rural Development, administers SFHGLP through national, State, and local area offices.



SFHGLP loans require no down payment and have low up-front costs. In FYs 2016–2018, SFHGLP provided 366,619 loan guarantees valued at more than \$52.5 billion.

RHS had controls in place to assess whether appraisals met agency and Uniform Standards of Professional Appraisal Practice requirements prior to guaranteeing an SFHGLP loan. However, we determined that additional controls were needed to enhance the quality of appraisals the agency receives. We assessed 44 administrative appraisal reviews and found 22 (50 percent) reviews in which administrative reviewers selected inaccurate or questionable responses for appraisal reviews and/or did not complete the appropriate version of the form. Additionally, we found that RHS issued four conditional commitments for more than \$814,000 in SFHGLP loan guarantees for properties that did not have SFHGLP-compliant appraisals. We also found that RHS did not effectively communicate the results of its pre-closing technical appraisal reviews and quality control reviews to help ensure RHS receives SFHGLP-compliant appraisal reports. As a result, RHS may continue to risk accepting appraisals that may not be suitable for the agency’s use and issuing conditional commitments for those properties. RHS agreed with our findings and we have reached agreement on how to address the report’s recommendations. (Audit Report 04601-0001-41)

USDA’s 2018 and 2019 Trade Mitigation Packages

In July 2018, in response to the President’s direction to craft a short-term relief strategy for agricultural producers, the Secretary of Agriculture announced a trade mitigation package that authorized up to \$12 billion in assistance to producers in response to trade damage from retaliatory tariffs imposed by foreign nations. USDA also notified Congress that it would provide financial assistance to producers with commodities significantly impacted by the imposition of retaliatory tariffs by other countries, aid in the disposition of surplus commodities, and assist in the development of new export markets for farm products. Further, in May 2019, the Secretary announced a second trade mitigation package, which authorized up to \$16 billion in additional support.

We determined that USDA’s actions designing the trade mitigation packages are within its authority and powers designated under the Commodity Credit Corporation (CCC) Charter Act. We reviewed financial records and reports and found that CCC controls ensured USDA did not exceed its borrowing authority in offering the trade mitigation packages. Further, at the time of this review, we determined USDA’s approach for estimating trade damage

was supported by a reasonable methodology and was applied consistently across commodities. Departmental officials agreed with our determinations. Accordingly, we made no recommendations. (Audit Report 50601-0009-31)

Investigators Dismantle Illegal Goat and Lamb Slaughter Operation Related to Supplemental Nutrition Assistance Program Fraud Scheme—Ohio

On September 8, 2020, in U.S. District Court, Northern District of Ohio, a store manager was sentenced to 4 months of home confinement and 24 months of supervised release. The store manager also was ordered to pay an assessment of \$200 and a \$10,000 fine. Additionally, the store manager was ordered to forfeit property. This OIG-led joint investigation, in partnership with FSIS and the Ohio Department of Agriculture, was initiated on May 21, 2015, when OIG received information from other Federal

Bags of split peas at a USDA commodities warehouse. The warehouse receives and distributes food for several USDA programs, including the Food Purchase and Distribution Program—one of three programs involved in 2018 and 2019 trade mitigation packages.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



law enforcement partners alleging a slaughterhouse owner was illegally slaughtering goats in an uninspected manner at the facility, selling the meat for public consumption, and engaging in SNAP fraud.³ OIG's investigation revealed that the slaughterhouse owner operated an illegal, uninspected goat slaughter operation on a farm and committed additional criminal offenses including money laundering, mail fraud, wire fraud, operation of an unlicensed money service business, tax fraud, SNAP fraud, and violations of the Clean Water Act. The slaughterhouse owner and other co-conspirators operated gas stations, convenience stores, restaurants, and a farm, and used these businesses to commit criminal acts and launder criminal proceeds by selling slaughtered lamb meat and accepting credit cards and SNAP electronic benefits transfer (EBT) cards as payment mechanisms. Since the farm was not a legitimate business, the enterprise used its gas stations and grocery stores to run credit and SNAP cards to conceal the source of the money. The slaughterhouse owner had twice previously been convicted of SNAP fraud.

The slaughterhouse owner used straw owners and corporations to conceal his ownership interest in the businesses in order to obtain SNAP licenses that he otherwise would have been barred from obtaining. From 2016 to 2019, in U.S. District Court, Northern District of Ohio, six individuals were charged via information or indictment with offenses related to the operation of the unlicensed slaughterhouse. The charges included: money laundering conspiracy; engaging in real estate transactions using laundered funds; felon in possession of a firearm; unpermitted discharges into a water of the United States; distribution of adulterated, misbranded, and uninspected meat; slaughter of animals for commercial use without a permit; and trafficking in counterfeit goods. One individual was acquitted, and five individuals pled guilty, all of whom have been sentenced. Between August 13, 2019, and September 28, 2020, five individuals, including the above-mentioned store manager, were sentenced to a combined total of 33 months and 30 days in prison, 84 months of probation, 18 months of home confinement, and 48 months of supervised release. They also were ordered to pay \$15,000 in fines and special assessments. This was a joint investigation with the FBI Organized Crime Task Force, FBI JTTF, the U.S. Environmental Protection Agency's (EPA) Criminal Investigation Division, and the Ohio Department of Agriculture.

³ Due to more than one program being defrauded, this investigation is being included under program integrity.



An OIG investigation found that individuals participating in Supplemental Nutrition Assistance Program fraud were also conducting an illegal goat and lamb slaughter operation.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

Pennsylvania Green Energy Businessman Sentenced to 84 Months in Prison and 36 Months of Supervised Release and Ordered to Pay More Than \$10.2 Million in Restitution for Green Energy Biofuel Scheme

On August 6, 2020, in U.S. District Court, Eastern District of Pennsylvania, a Pennsylvania businessman was sentenced to 84 months in prison and 36 months of supervised release. He also was ordered to pay more than \$10.2 million in total restitution. This investigation was initiated after information was provided to law enforcement that the individual's company was inflating biofuel production numbers related to the ABPP for payments that Rural Development provided as an incentive to produce biofuel. Payments received were based on the number of gallons of biofuel the company reported it produced for the 2010 and 2011 production years. A second individual who was a co-conspirator turned Government cooperator,

and who previously pled guilty, remains to be sentenced in this case. No sentencing date has been scheduled. This was a joint investigation with the EPA Criminal Investigation Division, U.S. Postal Inspection Service, IRS Criminal Investigation (IRS-CI), and the FBI.

Farmer Ordered to Pay \$20,025 in Restitution to FSA for Converting Mortgaged Property—North Dakota

On June 2, 2020, in U.S. District Court, District of North Dakota, a farmer was ordered to pay a lump sum restitution in the amount of \$20,025 to FSA—\$20,000 in restitution and \$25 for a special assessment fee. On September 12, 2016, OIG initiated this investigation based on an allegation that a farmer illegally converted property that was mortgaged to USDA. OIG's investigation disclosed that the farmer sold cattle belonging to his wife without her knowledge; the cattle were pledged as security to FSA. The farmer admitted he used the proceeds from the sales to pay part of a loan in his name at a private lending institution. On September 9, 2019, the farmer was charged via an information with conversion of mortgaged property.

Kentucky Farmer Sentenced for Converting Collateral and Identity Theft

On June 11, 2020, in U.S. District Court, Eastern District of Kentucky, a farmer was sentenced to 30 months in prison and 60 months of supervised release. He also was ordered to pay a \$200 special assessment and \$151,155 in restitution. On October 9, 2015, OIG initiated this investigation to determine if a Kentucky farmer converted property that was pledged as collateral in connection with four FSA loans. OIG's investigation determined that the farmer sold the collateral consisting of farm equipment and 229 head of cattle and concealed the sales from FSA by selling the items under other individuals' names. These other individuals did not give the farmer permission to use their names. On September 5, 2019, the farmer was indicted on 10 counts of bank fraud and 1 count of aggravated identity theft. On January 22, 2020, he pled guilty to one count of bank fraud and one count of aggravated identity theft.

FSA Loan Denial Procedures Questioned—New Mexico

In February 2019, pursuant to a referral from the U.S. Office of Special Counsel, OIG initiated an investigation of allegations that FSA did not follow policies and procedures and denied 38 producers in three New Mexico counties an estimated \$500,000 in Noninsured Crop Disaster Assistance Program (NAP) benefits for native grass forage losses in 2015.

Grasslands for forage and grazing for livestock. A recent OIG investigation determined that the Farm Service Agency did not follow policies and procedures when it denied 38 producers benefits for grass forage losses in 2015.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



OIG determined that the producers submitted the required documentation in support of these claims, and, on two subsequent occasions, provided supplemental documentation when required by FSA's New Mexico State Committee. Over the course of several months, the New Mexico State Committee appeared to issue a determination of ineligibility to the 38 producers and then withdrew its determination and required further documentation from the producers in December 2016, which they were unable to provide, since the grazing season had ended 10 months earlier.

OIG determined that, in March 2017, the producers were again denied NAP benefits for the 2015 season as a result of their failure to provide supporting documentation for their claims of loss. OIG also learned that the acting FSA State executive director sent a letter of counseling to an FSA New Mexico district director for challenging the New Mexico State Committee's actions that led to the denial of the benefits. The FSA chairperson of the FSA New Mexico State Committee suspended the county executive director involved in this matter for 14 days for his role in advocating for the producers.



Young cattle graze. OIG investigations revealed that multiple recipients illegally sold cattle, which served as collateral for Farm Service Agency loans.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

As a result of OIG's investigation, FSA reviewed and reassessed the requests for benefits from 38 producers and, in May 2020, awarded previously denied NAP benefits totaling more than \$534,000 to 37 of 38 affected producers. FSA also rescinded the disciplinary action taken against the FSA county executive director related to his advocacy on behalf of the affected producers, gave him back-pay, and took related corrective action for the 2-week suspension he served in 2017. FSA confirmed that the letter of counseling was not in the district director's personnel file. FSA also initiated a management inquiry to determine the rationale for the letter of counseling. Lastly, the FSA New Mexico State office presented NAP training in September 2019 to address issues related to the proper assessment and award of grazing loss benefits.⁴

Oklahoma Borrower Sentenced for Conversion of Collateral

On July 1, 2020, in U.S. District Court, Eastern District of Oklahoma, a farmer was sentenced to 36 months of probation. The farmer also was ordered to pay a \$100 special assessment and \$150,118 in restitution. On

⁴ Cattle Producers Recoup a Half-Million Dollars for Crop Losses After Being Improperly Denied by USDA: <https://osc.gov/News/Pages/20-26-Cattle-Producers-USDA-Crop-Loss.aspx>

May 30, 2017, OIG initiated this investigation based on information from Oklahoma’s FSA office alleging that a Howe, Oklahoma, farmer converted livestock pledged as collateral on direct and guaranteed FSA loans. The investigation revealed that, beginning in April 2016, the farmer knowingly engaged in a cattle trading scheme and converted the proceeds of livestock sales to his own use. On September 11, 2017, the farmer sold real estate valued at \$241,821. That real estate was pledged as collateral for direct and guaranteed FSA loans. The proceeds of the real estate sale were applied to his debt, which resulted in paying off all guaranteed loans and a portion of his direct loans. On August 14, 2019, the farmer was indicted on one count of conversion of mortgaged property. On December 23, 2019, he pled guilty to that charge.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM FRAUD INVESTIGATIONS

A significant portion of OIG’s investigative resources is dedicated to ensuring the integrity of the Supplemental Nutrition Assistance Program (SNAP) by combating the practice of exchanging benefits for currency or other ineligible items. Working closely with FNS, OIG has concluded a number of SNAP-related investigations and prosecutions in the second half of FY 2020. Below are several examples of SNAP investigations resulting in significant convictions and monetary results.

Storeowner Sentenced to 24 Months of Supervised Probation and Ordered to Pay \$296,141 in Restitution for SNAP Fraud Scheme—Arizona

On June 26, 2020, in Arizona Superior Court, Maricopa County, a storeowner was sentenced to 6 months in prison and 24 months of supervised probation. The storeowner also was ordered to pay \$60 in court fees and \$296,141 in restitution. This investigation was initiated in January 2016, based on a referral from FNS’ Retailer Investigations Branch. Later, in October 2018, the Phoenix [Arizona] Police Department received information indicating that individuals at an Arizona store were exchanging SNAP benefits for cash, which the Phoenix Police Department confirmed occurred between October 2018 and December 2018. A review of records between January 2016 and December 2018 revealed a loss of approximately \$296,141 to USDA. The storeowner was subsequently charged with fraudulent schemes and artifices, fraudulent schemes and practices, unlawful use of food stamps, theft, money laundering, and illegally conducting an enterprise. On April 22, 2019, a grand jury indicted an employee of the store for unlawful use of food stamps,

and on July 9, 2019, he was convicted of two counts of unlawful use of food stamps and sentenced to 4 months in prison and 24 months of supervised probation. He also was ordered to pay \$35 in assessments and \$85 in fees.

Individual Sentenced to 60 Months of Probation and 100 Hours of Community Service, and Ordered to Pay \$4,957 in Restitution for SNAP Fraud—California

On July 15, 2020, in California Superior Court, County of San Bernardino, the third of three SNAP recipients was sentenced to 60 months of probation and ordered to perform 100 hours of community service. The recipient also was ordered to pay \$4,957 in restitution. This SNAP recipient previously pled guilty to one count of SNAP fraud. This was a joint investigation with the Pasadena Police Department, the FBI, the U.S. Department of Homeland Security's (DHS) Homeland Security Investigations (HSI), the California Alcoholic Beverage Control, and the San Bernardino County Welfare Department. On December 11, 2015, OIG initiated this investigation based on SNAP EBT card transactions that were flagged as potentially fraudulent at a store in Pasadena, California. OIG's investigation determined that the storeowner exchanged SNAP benefits for cash and ineligible items, including alcohol. Numerous items were recovered from the store and the storeowner's residence, including EBT cards and personal identification numbers, tax returns, and store records. Two other SNAP recipients have been sentenced in addition to the first referenced SNAP recipient, all of whom trafficked SNAP benefits at the store.

On December 8, 2017, the first SNAP recipient was charged with SNAP trafficking, and, on June 1, 2018, pled guilty to one count of SNAP fraud. On July 17, 2018, this first SNAP recipient was sentenced to 36 months of probation and 120 days of community service, and ordered to pay \$1,682 in restitution and 10 percent in court fees. On August 24, 2018, the second SNAP recipient pled no contest to one count of misdemeanor food stamp fraud and was sentenced to 60 months of probation and 1 day in prison and ordered to pay \$4,365 in restitution.

On June 21, 2018, in California Superior Court, County of Los Angeles, the storeowner was charged with one count of SNAP fraud, one count of accessing and using computer data to commit fraud, and nine counts of money laundering. On June 7, 2019, he pled guilty to one count of SNAP fraud and was sentenced to 40 months in prison. He also was ordered to pay more than \$1.7 million in restitution to FNS.

Individual Sentenced to 12 Months in Prison and 36 Months of Probation and Ordered to Pay More Than \$1.5 Million in Restitution for SNAP Fraud and Conspiracy to Commit SNAP Fraud—Connecticut

On July 15, 2020, in U.S. District Court, District of Connecticut, the fifth of five store employees was sentenced to 12 months and 1 day in prison and 36 months of supervised release. The employee also was ordered to pay a \$200 special assessment and restitution of more than \$1.5 million (jointly and severally with three other employees of the same store, whose prior sentencings are detailed below). On September 25, 2014, OIG initiated this investigation in order to determine if the storeowner or employees of a Waterbury, Connecticut, convenience store exchanged SNAP benefits for cash. OIG's investigation established that from November 18, 2014, through April 6, 2016, five store employees exchanged \$6,841 in SNAP benefits for \$2,705 in cash. Further investigation determined that employees of the store exchanged cash and other ineligible items such as drug paraphernalia, cigarettes, and hardware for SNAP benefits valued at more than \$1.5 million.

Between August 17, 2016, and January 12, 2017, those five employees were charged with SNAP fraud and conspiracy to commit SNAP fraud via a criminal complaint. One of the five employees was indicted separately by a Federal grand jury and charged with conspiracy, SNAP fraud, and aiding and abetting. On September 6, 2019, the charges against one of the five employees were dismissed. On November 28, 2016, March 30, 2017, and June 14, 2019, respectively, the four remaining employees separately pled guilty to charges of conspiracy to commit SNAP fraud and/or SNAP fraud. Three of those four employees were subsequently sentenced to a combined total of 93 months in prison and 96 months of supervised release and ordered to pay \$400 in special assessments. All four of the sentenced employees were ordered to pay restitution in the amount of more than \$1.5 million, jointly and severally.

Six Individuals Sentenced to 99 Months in Prison and 144 Months of Supervised Release and Ordered to Pay Over \$16 Million in Monetary Judgment for Wire Fraud and Money Laundering—Illinois

On July 13, 2020, in U.S. District Court, Northern District of Illinois, six storeowners and managers were sentenced to a combined total of 99 months in prison and 144 months of supervised release. They were also ordered to pay a combined total of more than \$16 million in monetary judgments.



On October 29, 2015, OIG initiated this investigation based on allegations of SNAP trafficking at several stores located in Rockford, Illinois. OIG's investigation determined that, between April 2015 and January 2017, several storeowners schemed to defraud USDA by fraudulently accepting and redeeming SNAP benefits exchanged for discounted amounts of cash, knowing that such exchanges were prohibited under SNAP. As part of the scheme, storeowners and managers conducted SNAP trafficking at multiple stores in Rockford, Illinois, and proceeds from the illegal SNAP trafficking transactions were deposited into bank accounts controlled by the individuals. Those proceeds were then distributed to other scheme members through

Produce for sale. Supplemental Nutrition Assistance Program recipients can use electronic benefits transfer cards to purchase nutritious foods. Fraud in the Supplemental Nutrition Assistance Program illegally diverts money from eligible recipients to other purposes or to ineligible individuals.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



cash payments or checks in order to conceal the nature, ownership, and control of the wire fraud proceeds involved in those transactions. Two individuals previously owned stores that were permanently disqualified from participating in SNAP in 2014 after FNS found that illegal SNAP trafficking had been conducted at those stores.

Between November 4, 2019, and January 27, 2020, the six storeowners and managers independently pled guilty to charges including wire fraud and money laundering. A seventh individual also was charged with wire fraud, food stamp fraud, money laundering, and conspiracy to commit money laundering; he remains a fugitive outside of the United States. This investigation was worked jointly with IRS-CI, the Rockford Police Department, and the Winnebago County Sheriff's Office.

Storeowner Sentenced to 60 Months of Probation and Ordered to Pay \$489,189 in Restitution for SNAP Fraud—Ohio

On August 12, 2020, in U.S. District Court, Northern District of Ohio, a storeowner was sentenced to 60 months of probation. The storeowner was ordered to pay a \$400 special assessment, a \$100,000 fine, and \$489,189 in restitution. This sentencing was related to filing false tax returns; this storeowner previously also pled guilty to and was sentenced for SNAP fraud-related offenses. Specifically, on March 4, 2014, OIG initiated this investigation to determine if the owners or employees of a store located in Cleveland, Ohio, were exchanging SNAP benefits for unauthorized items. The investigation determined that from July 2003 through February 2015, several individuals associated with the store—including two storeowners—conspired to commit SNAP fraud by conducting transactions in which SNAP benefits were exchanged for unauthorized items.

On February 10, 2016, in the same judicial district, the two storeowners were indicted on charges of conspiracy, food stamp fraud, and unlawful food stamp redemptions. They also were charged with three counts of money laundering. On October 25, 2016, the first storeowner pled guilty to the six-count indictment, and the second storeowner pled guilty to conspiracy, food stamp fraud, and unlawful food stamp redemptions. On November 20, 2018, the first storeowner was sentenced to 18 months in prison and 36 months of supervised release. The first storeowner also was ordered to pay a \$600 special assessment fee, a \$10,000 fine, and \$30,004 in restitution to USDA. The second storeowner was sentenced to 12 months and 1 day in prison and 36 months of supervised release. The second storeowner also was

ordered to pay a \$300 special assessment fee, a \$5,500 fine, and \$10,101 in restitution to USDA.

Additionally, the two storeowners were ordered to comply with the forfeiture of \$419,772 previously seized by IRS-CI. On December 12, 2018, the first storeowner was indicted for the additional charge of filing false tax returns and subsequently pled guilty on July 24, 2019. This investigation was conducted jointly with the FBI, IRS-CI, and the Ohio Department of Public Safety's Ohio Investigative Unit.

Iowa Woman Sentenced for Not Reporting Income and Receiving SNAP Benefits

On May 29, 2020, in U.S. District Court, Northern District of Iowa, a SNAP recipient was sentenced to 5 days in prison and 24 months of supervised release. She also was ordered to pay \$16,053 in restitution and was prohibited from receiving SNAP benefits for 12 months. The sentencing occurred after the SNAP recipient pled guilty to three counts of theft of Government funds and seven counts of misuse of a Social Security number. On July 31, 2019, OIG initiated this investigation based on information that a SNAP recipient submitted false information in support of applications for Government benefits. OIG's investigation determined that from March 18, 2015, to June 30, 2019, the SNAP recipient provided fraudulent applications and review/recertification eligibility documents for SNAP and the Iowa Department of Human Services' (IA DHS) Family Investment Program (FIP).

During this time, the SNAP recipient failed to report that she was working under an assumed name and did not report the resulting income to IA DHS. The SNAP recipient's unreported income would have made the household ineligible for SNAP and FIP benefits. The total SNAP overpayment was \$7,780, and the total FIP overpayment was \$2,488. On August 22, 2019, a grand jury indicted the SNAP recipient on two counts of theft of Government funds, three counts of unlawful use of an identification document, and two counts of misuse of a Social Security number. This was a joint investigation with the U.S. Social Security Administration (SSA) OIG and DHS-HSI.

Two Individuals Sentenced for Scheme in Exchanging Methamphetamines for SNAP Benefits—Missouri

On June 10, 2020, in U.S. District Court, Western District of Missouri, a Missouri woman was sentenced to 72 months in prison and 36 months of supervised release. She also was ordered to pay \$2,106 in restitution. On October 3, 2018, OIG initiated this investigation based on information



A shopper reaching for tomatoes while shopping. Through the Supplemental Nutrition Assistance Program, recipients can receive nutritious foods through grocery stores and farmers markets. When fraud occurs in this program, money that would have gone to otherwise eligible recipients is illegally diverted for other purposes or to ineligible individuals.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

received from the Vernon County Sheriff's Office following the August 7, 2018, execution of a search warrant at the residence of a man and woman in Missouri. The Vernon County Sheriff's Office's search of the residence revealed methamphetamine, three firearms, and several SNAP EBT cards that were not issued to either of the residents.

OIG's investigation determined that between January and August 2018, the man and woman engaged in a conspiracy to exchange methamphetamine for SNAP benefits using at least 10 separate recipient cards. OIG obtained surveillance videos of both individuals using EBT cards belonging to others in violation of the SNAP rules. OIG and the Vernon County Sheriff's Office



subsequently interviewed several of the SNAP recipients, who admitted to exchanging their SNAP benefits for methamphetamine. On May 7, 2019, in the same judicial district, the woman and man were indicted on one count of conspiracy, six counts of wire fraud, and two counts of wire fraud, respectively. Additionally, they each were indicted on single counts of possession with intent to distribute a controlled substance, possession of a firearm in relation to a drug trafficking crime, and being felons in possession of a firearm. On July 18, 2019, the man pled guilty to one count of wire fraud, one count of possession with intent to distribute a controlled substance, and one count of possession of a firearm in relation to a drug trafficking offense.

On October 1, 2019, the woman pled guilty to one count of wire fraud, one count of possession with intent to distribute a controlled substance, and one count of possession of a firearm in furtherance of a drug trafficking offense. On March 10, 2020, the man was sentenced to 144 months in prison and 60 months of supervised release and ordered to pay \$2,106 in restitution.

Montana Resident Convicted of Child Endangerment

On July 22, 2020, in U.S. District Court, District of Montana, a SNAP recipient was sentenced to 12 months in prison and 36 months of supervised release. The SNAP recipient also was ordered to pay an assessment of \$200. On March 6, 2019, OIG was contacted by the U.S. Attorney's Office and the FBI, who reported two Busby, Montana, residents were the subjects of an ongoing investigation into alleged child neglect. In addition, the FBI reported one of the individuals received SNAP and Temporary Assistance for Needy Families (TANF) benefits, but the children in her custody were severely undernourished. The subsequent OIG investigation disclosed that the SNAP recipient received approximately \$11,000 in SNAP benefits and \$20,713 in TANF benefits since October 2016.

Additionally, the SNAP recipient did not report the presence of the other adult resident in her household, thereby omitting his income on applications for benefits. On May 16, 2019, the SNAP recipient was indicted on two counts of criminal child endangerment, and on December 10, 2019, she pled guilty to two counts of criminal child endangerment. According to SNAP records, the two children were placed into foster care, where they remain at this time. This was a joint investigation with the Bureau of Indian Affairs and the FBI.

SNAP Recipient Sentenced to 24 Months of Probation and Ordered to Pay \$3,394 in Restitution for Assistance Fraud—Nebraska

On July 13, 2020, in Nebraska District Court, Second Judicial District, a SNAP recipient was sentenced to 24 months of probation and ordered to pay \$262 in fines and \$3,394 in restitution. On March 19, 2018, OIG initiated this investigation in order to determine if a Nebraska SNAP recipient fraudulently received SNAP benefits for two of her children, who were allegedly residing outside the United States. The U.S. Citizenship and Immigration Service disclosed that two of the SNAP recipient's children departed the United States on April 7, 2015, and have not returned. Between April 2015 and April 2018, the SNAP recipient submitted falsified SNAP and Aid to Dependent Children benefit applications to the Nebraska Department of Health and Human Services in order to receive benefits for herself and her children. When interviewed, the SNAP recipient admitted she submitted falsified benefit applications representing that two of her children were residing with her when they were actually residing in the State of Palestine with their paternal grandparents. On July 10, 2018, the SNAP recipient was charged via an information with State assistance fraud of \$1,500 or more. On December 31, 2018, the charges were amended to State assistance fraud of \$500 or more, to which the SNAP recipient pled guilty.

Individual Sentenced to 24 Months in Prison and 60 Months of Probation and Ordered to Pay \$20,325 in Restitution for Fraudulently Obtaining SNAP Benefits and Willful Concealment—Idaho

On July 15, 2020, in Idaho District Court, Seventh Judicial District, a SNAP recipient was ordered to pay an additional \$12,000 in restitution to USDA; the total restitution in this case was determined to be \$20,325. Previously, on October 28, 2019, in the same judicial district, the SNAP recipient was sentenced to 24 months in prison and 60 months of probation. The recipient also was ordered to pay a \$750 fine and \$8,325 in restitution. On January 18, 2017, OIG initiated this investigation based on a referral from the Idaho Department of Health and Welfare, who reported that from January 2011 through December 2016, a SNAP recipient residing in Salt Lake City, Utah, provided false documentation to the State of Idaho in order to obtain approximately \$29,477 in SNAP benefits to which she was not entitled.

OIG's investigation determined that the SNAP recipient received benefits from the State of Idaho while she resided in Utah. Additionally, she failed to report her income as well as that of her husband, with whom she resided. On July 17, 2017, a criminal complaint was filed charging the SNAP recipient with one count of public assistance fraudulently obtained by means of a false statement, representation, or omission. On August 27, 2019, the SNAP recipient pled guilty to one count each of fraudulently obtaining food stamps and willful concealment.

Oklahoma SNAP Recipient Sentenced for False Benefit Applications

On July 17, 2020, in U.S. District Court, Western District of Oklahoma, a SNAP recipient was sentenced to 12 months and 1 day in prison and 36 months of supervised release. The recipient also was ordered to pay a \$100 special assessment and \$128,018 in restitution. This was a joint investigation with SSA OIG and the Oklahoma Department of Human Services OIG. On April 10, 2019, OIG initiated this investigation based on an allegation that a SNAP recipient from Moore, Oklahoma, unlawfully received Government benefits. This investigation revealed that from September 2002 through October 2018, the SNAP recipient received \$98,934 in Supplemental Security Income benefit payments to which he was not entitled.

The SNAP recipient completed an application for Supplemental Security Income benefits in which he claimed to be married but living at a residence separate from his wife, and failed to disclose ownership of a residence they jointly purchased. The SNAP recipient's material false statements and representations affected SSA's ability to accurately determine the SNAP recipient's eligibility for benefits, which resulted in the SNAP recipient receiving SSA benefits to which he was not entitled. Additionally, this investigation revealed that between March 2009 and April 2019, the SNAP recipient did not report on multiple benefits assistance applications that he was married and did not report his wife's income to the Oklahoma Department of Human Services, which led to his fraudulently receiving \$29,085 in SNAP benefits.

On April 17, 2019, in the same judicial district, the SNAP recipient was indicted on one count of concealing facts impacting Supplemental Security Income, two counts of theft of public money, and one count of false statement. On September 13, 2019, the SNAP recipient pled guilty to one count of concealing facts affecting Supplemental Security Income benefits.

Individual Sentenced to 27 Months in Prison and 36 Months of Supervised Probation and Ordered to Pay \$400 in Fines and More Than \$1.1 Million in Restitution for SNAP Fraud Scheme—Colorado

On June 22, 2020, in U.S. District Court, District of Colorado, a SNAP recipient was sentenced to 27 months in prison and 36 months of supervised release. The recipient was also ordered to pay \$400 in fines and more than \$1.1 million in restitution. On June 26, 2019, OIG initiated this investigation based upon a referral from the FBI. Subsequent USDA OIG inquiries revealed that the SNAP recipient, who was under investigation by the FBI, fraudulently received \$12,968 in SNAP benefits. On June 26, 2019, the SNAP recipient was indicted on one count each of wire fraud, aiding and abetting, conspiracy to defraud the United States, making and subscribing a false tax return, and theft of Government funds (SNAP). Subsequently, on September 3, 2019, the SNAP recipient pled guilty to all of these charges. This was a joint investigation with the FBI.

SNAP Recipient Sentenced to 2 Days in Prison and 24 Months of Supervised Release and Ordered to Pay \$45,175 in Restitution for Theft of Government Funds—Iowa

On August 24, 2020, in U.S. District Court, District of Northern Iowa, a SNAP recipient was sentenced to 2 days in prison (time served) and 24 months of supervised release. The recipient also was ordered to pay \$43,346 to USDA and \$1,829 to SSA, for a total of \$45,175 in restitution, and was suspended from receiving SNAP benefits for 12 months. Additionally, the SNAP recipient, who is not a U.S. citizen, was not taken into custody and was granted a 1-year grace period from deportation by DHS-HSI.

On March 26, 2019, OIG initiated this investigation to determine if a Clarion, Iowa, SNAP recipient illegally obtained SNAP benefits. The investigation disclosed that she falsified State benefit application forms to receive Government assistance, including SNAP benefits in the amount of \$43,346. The SNAP recipient falsified SNAP applications, review/recertification eligibility documents, and FIP applications from January 2016 through May 2019. FIP receives Federal and State funding and provides cash assistance to needy families. Although the SNAP recipient and her husband were both employed, they did not disclose their employment on any of the Government assistance applications. As a result, the SNAP recipient was overpaid \$23,437 in SNAP and \$19,909 in FIP payments. On June 19, 2019, the SNAP recipient was indicted on the charge of theft of U.S. Government

funds and her husband was indicted on charges of unlawful use of fraudulent documents and fraud or misuse of a Social Security number to obtain employment. On October 21, 2019, the SNAP recipient pled guilty to the charge of theft of Government funds. Her husband is currently a fugitive. This investigation was conducted jointly with DHS-HSI and the Iowa Department of Inspections and Appeals.

OTHER FNS INVESTIGATIONS

Individual Sentenced to 12 Months of Supervised Probation and 40 Hours of Community Service and Ordered to Pay \$1,392 in Restitution for Attempted Fraudulent Schemes—Arizona

On May 26, 2020, in Arizona Superior Court, Navajo County, a childcare facility owner was sentenced to 12 months of supervised probation and 40 hours of community service. The childcare facility owner also was ordered to pay \$1,392 in restitution to the Arizona Department of Economic Security (DES). On September 26, 2019, USDA OIG initiated this investigation based on a referral from the U.S. Department of Health and Human Services (HHS) OIG and Arizona DES OIG alleging that the owner of a Holbrook, Arizona, childcare facility may have submitted fraudulent documents in order to receive funding assistance from the Arizona Health Care Cost Containment System and Child Care Assistance Program. DES documents indicated that the childcare facility received \$125,000 in childcare assistance from September 2018 to August 2019, and the childcare facility owner received an estimated \$50,000 in potential fraudulent medical benefits.

The childcare facility owner also received SNAP benefits while falsely claiming zero income on her DES benefits eligibility application. On October 7, 2019, a grand jury indicted the childcare facility owner on one count of fraudulent schemes and practices, eight counts of forgery, and one count of theft. On January 30, 2020, in the same judicial district, she pled guilty to one count of attempted fraudulent schemes and practices. This is a joint investigation with HHS OIG and Arizona DES OIG.

Louisiana and Mississippi Settle to Resolve False Claims Allegations

Although FNS funds SNAP, the funds are administered by the States, who are responsible for determining whether applicants are eligible for SNAP benefits, administering those benefits, and performing quality control to ensure that their eligibility decisions are accurate. In addition, FNS



requires that the States' quality control processes (1) measure whether benefits are correctly awarded and (2) accurately report error rates, free from bias, in making eligibility decisions. In return, FNS reimburses States for a portion of their administrative expenses, including expenses for providing quality control. FNS also paid performance bonuses to States that reported the lowest and most improved error rates each year and imposed monetary sanctions on States with high error rates.

Previous investigative activity determined that Virginia, Wisconsin, and Alaska used the services of a quality control consultant to reduce their SNAP benefits determination error rates. The consultant trained quality control workers to review error cases and find that benefits decisions were "correct" rather than finding errors. As a result, the error rates reported to FNS underreported the number of errors identified by quality control, thereby resulting in each State receiving FNS performance bonuses to which it was not entitled.

In 2017, the State agencies of Virginia, Wisconsin, and Alaska entered into settlement agreements in which they agreed to pay approximately \$7.1 million, \$6.9 million, and \$2.4 million, respectively, to resolve allegations they violated the False Claims Act in their administration of SNAP. In June 2019, the consultant agreed to pay the United States \$751,571 to resolve allegations that she violated the False Claims Act by causing States to submit false quality control data on their management of SNAP. Likewise,



Peppers at a park-side street farmers market in Washington, D.C. This market accepts electronic benefits transfer cards for USDA nutrition programs. When food stamp fraud occurs, benefits that would otherwise go towards providing nutritious foods to individuals in need are illegally diverted.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

in December 2019, the State agency of Texas entered into a settlement agreement to pay approximately \$15.2 million to resolve allegations that they violated the False Claims Act in their administration of SNAP. Then, in April and May 2020, Louisiana and Mississippi State agencies agreed to pay \$3.9 million and \$5 million, respectively, to resolve allegations that they violated the False Claims Act in their administration of SNAP.

The various settlements were the direct result of an investigation conducted by USDA OIG; DOJ's Civil Division, Commercial Litigation Branch; the U.S. Attorney's Office, Western District of Wisconsin; and the U.S. Attorney's Office, Eastern District of Washington. The investigation arose out of a nationwide USDA OIG audit of SNAP quality control processes.

Participation on Committees, Working Groups, and Task Forces

Pandemic Response Accountability Committee Website Working Group. OIG’s Office of Analytics and Innovation (OAI)⁵ participates as a subject matter expert assisting with identifying and visualizing key data associated with accomplishing the PRAC’s mission to promote transparency of the COVID-19 response funds provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and three related pieces of legislation.

Pandemic Response Accountability Committee Data Sharing Working Group. OAI participates as a subject matter expert to identify pandemic-related data needs, relevant data sources, and opportunities for data sharing across OIGs in order to provide effective oversight of pandemic-related spending and the coronavirus response.

Advanced Data Analytics Working Groups. OAI staff participates in the Interagency Fraud and Risk Data Mining Group, the Grant Fraud Working Group, and the CIGIE Data Analytics Working Group. These groups provide a forum to share ideas, knowledge, and best practices relating to the use of advanced data analytics tools and techniques in support of accomplishing OIG’s oversight mission.

Operation Talon. OIG began Operation Talon in 1997 to apprehend fugitive felons who also are receiving, or who have received, SNAP benefits in violation of 7 U.S.C. Sec. 2015(k). OIG combines forces with Federal, State, and local law enforcement agencies to arrest fugitives for offenses such as arson, assault, drug crimes, offenses against family and children, robbery, sex crimes, and weapons violations. Operation Talon has led to the arrests of thousands of fugitive felons since its inception. In the second half of FY 2020, Talon operations were conducted in nine States, resulting in 74 arrests.

Identity Theft Task Force and Working Group. Currently, an OIG special agent in western Pennsylvania participates in the Identity and Benefits Fraud Task Force. The task force’s members meet periodically with other Federal and State law enforcement partners to discuss previous identity theft investigations, current trends, leads, and other related topics

⁵ In June 2020, OIG realigned its pilot Office of Communications with its Office of Data Sciences in order to create the Office of Analytics and Innovation. This realignment supports the Goals and Strategies outlined in OIG’s *Five-Year Strategic Mission and Diversity and Inclusion Plan—Fiscal Years 2020–2024*.

geared toward proactively combating identity theft, as well as de-confliction and collaboration on investigations.

Electronic Crimes and Organized Crime Task Forces. In California, OIG special agents from the Diamond Bar office continue to actively participate on the United States Secret Service (USSS) High Tech Crimes Task Force for SNAP investigations. In Sacramento, OIG special agents participate in the Northern California Organized Retail Crime Association. Additionally, OIG special agents participate in the Arizona Electronic Crimes Task Force and the New Hampshire Financial Fraud and Cybercrime Working Group. In Arizona, OIG also participates in the Hot Spot Liquor Task Force. In Illinois, OIG special agents work with the Cook County State’s Attorney’s Office Regional Organized Crime Task Force to investigate criminal SNAP and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) violations. In Utah, an OIG special agent participates in the FBI’s Public Corruption Task Force, while in Georgia, an OIG special agent is OIG’s representative at the Regional Organized Crime Information Center and participates in the Atlanta Metropol Fraud Group and the Georgia Department of Human Services At-Risk Adult Crime Tactics Group. In Florida, an OIG special agent is embedded with the USSS South Florida Organized Fraud Task Force.

Benefits Fraud Task Forces and Councils. OIG’s Southeast Region participates in the Department of Homeland Security, Immigration and Customs Enforcement, Document and Benefit Fraud Task Force. Similarly, in Pennsylvania, OIG participates in the State Food and Agricultural Council meetings hosted by Rural Development. Several Investigations managers participate in the Joint FNS and OIG SNAP Working Group, and in California, special agents participate in a SNAP Fraud Joint Investigations Group consisting of the FBI and local county social service authorities. In Rhode Island, special agents actively participate in the Rhode Island Benefit Fraud Task Force hosted by the U.S. Attorney’s Office for the District of Rhode Island. In California and Oregon, OIG special agents participate in the Pacific Northwest Document Benefit Fraud Task Force and are active members of the California Welfare Fraud Investigators Association.

OIG special agents in North Carolina and Florida also are involved in their local document benefit fraud task forces. In Arizona, an OIG special agent is similarly involved in the Welfare Fraud Investigations Group co-sponsored by the Attorney General’s Office and the U.S. Attorney’s Office for the District of Arizona. In Delaware, OIG participates in the Early Childhood Integrity

Committee at the Delaware Health and Social Services agency. In California, Colorado, Idaho, Oregon, Washington, and Utah, OIG special agents are active members of the Welfare Fraud Councils and Public Assistance Working Groups dedicated to upholding the integrity and spirit of public assistance programs' rules and regulations.

Review of Legislation, Regulations, Directives, and Memoranda

Technical Assistance to Congress. OIG provided technical assistance to Congress through participation in CIGIE, on activities relating to the Federal Vacancies Reform Act and Inspector General independence.

ONGOING REVIEWS

- » Controls Over the Specialty Crop Block Grant Program (Agricultural Marketing Service (AMS))
- » Food Purchase and Distribution Program (AMS)
- » COVID-19—Farmers to Families Food Box Program Administration (AMS)
- » Plant Pest and Disease Management and Disaster Prevention Program Grants (APHIS)
- » Section 2501 Program Grants Awarded FY 2018 (Office of Partnerships and Public Engagement)
- » 2017 Hurricane Relief Emergency Conservation Program (FSA)
- » Wildfires and Hurricanes Indemnity Program—Puerto Rico (FSA)
- » COVID-19—Coronavirus Food Assistance Program—Direct Support (FSA)
- » Market Facilitation Program (FSA)
- » Florida Citrus Recovery Block Grant Program (FSA)
- » Whole-Farm Revenue Protection Pilot Program (Risk Management Agency (RMA))
- » Supplemental Nutrition Assistance Program Waiver Process (FNS)
- » COVID-19—SNAP Online Purchasing in Response to COVID-19 (FNS)
- » Oversight of the Agricultural Trade Promotion Program (Foreign Agricultural Service (FAS))

- » Use of Settlement Funds (FS)

- » Grant for Roadless Area Management in the State of Alaska (FS)

- » Hurricane Disaster Assistance—Emergency Watershed Protection Program (Natural Resources Conservation Service (NRCS))

A U.S. Air National Guard member surveys an area of the Florida Keys affected by Hurricane Irma during a disaster relief mission. Hurricane Irma was one of the hurricanes eligible under the Wildfires and Hurricane Indemnity Program. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.





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 improved 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.

37.3% of total direct resources devoted to Goal 3

98.2% of these resources assigned to critical-risk and high-impact work

AUDIT



14*
reports issued
(including 8 audit reports, 1 non-audit service, 3 inspection reports, and 2 final action verifications)



32
recommendations

* In addition, two Coronavirus Memoranda were issued.

\$37.7 million
in monetary results

INVESTIGATIONS



4
indictments

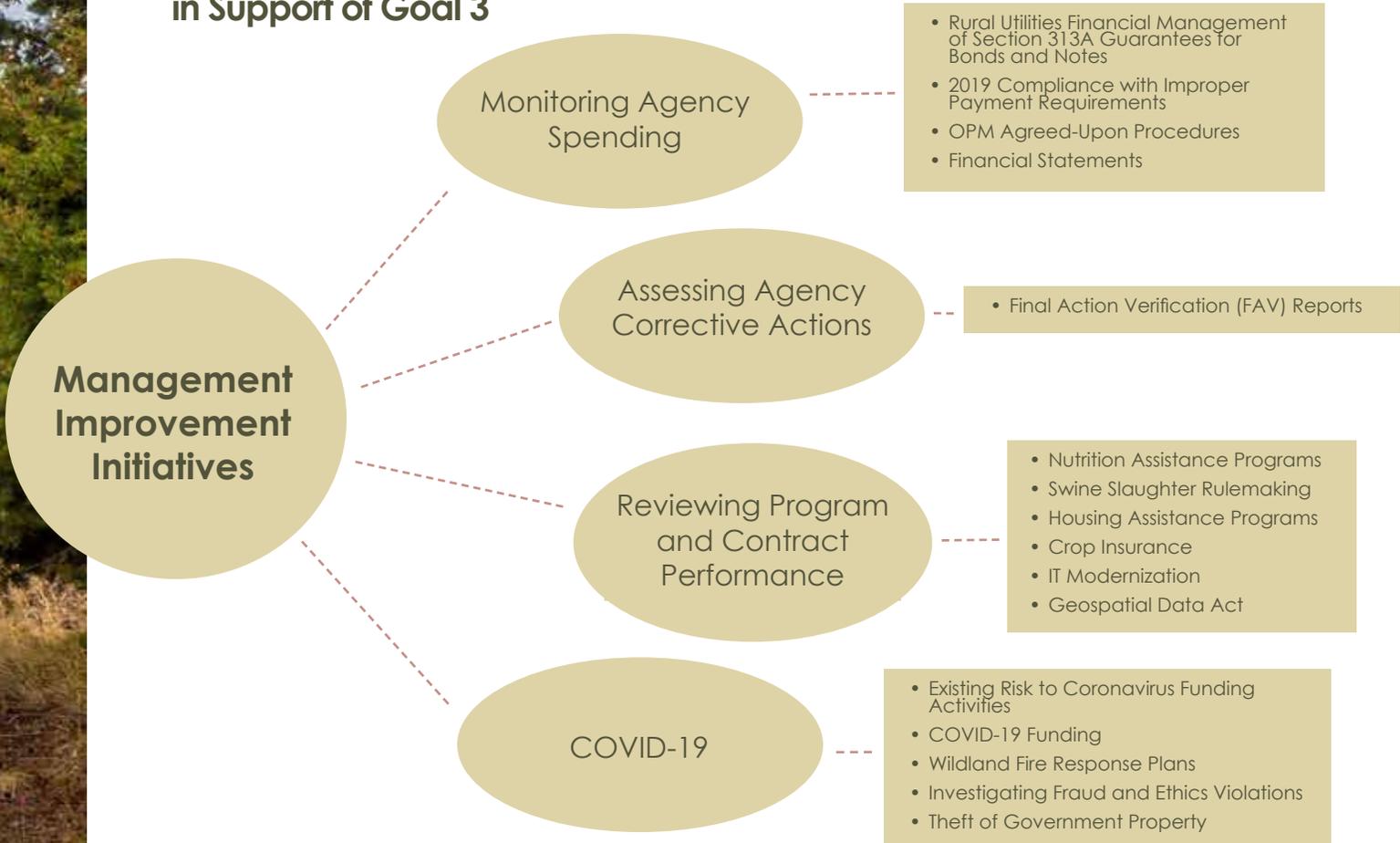
77.8%
of closed cases resulted in action



7
convictions

\$0.8 million
in monetary results

USDA Program Highlights in Support of Goal 3



A hiker walking in a National Forest. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

GOAL 3—MANAGEMENT IMPROVEMENT INITIATIVES

Examples of Audit and Investigative Work for Goal 3

Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP

The SFSP, run by FNS, provides free meals to children in needy areas when school is not in session. SFSP is a Federally funded, State agency-administered program, and FNS is responsible for State oversight. We consolidated the relevant results and common control issues identified by OIG based on six SFSP audits at FNS and four States.

We determined that additional controls were needed to enhance SFSP efficiency and effectiveness. First, we found that three of the four State agencies we reviewed needed to improve SFSP application processes to assess certain eligibility and program requirements prior to approving the sponsors'

A cafeteria worker works quickly to load lunches onto students' trays. USDA Food and Nutrition Service administers several programs that provide healthy food to children, such as the Summer Food Service Program.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



applications. Specifically, we found FNS could strengthen instructions to the States on how to assess the applicants' eligibility and program compliance in two areas: financial capability and approval of sites in near proximity. We also found that FNS' State SFSP monitoring requirements did not include sufficient guidance for State agencies to ensure the accuracy of sponsor program payments.

Further, sponsors and State agencies we reviewed did not consistently identify SFSP unused reimbursements or ensure the funds were used for authorized purposes. Lastly, we found that FNS' management evaluation process for SFSP was not sufficient to ensure State agencies provided adequate oversight of the program. FNS agreed with our findings and most of our recommendations, and we continue to work to reach agreement on the outstanding recommendations. (Audit Report 27601-0005-41)

Assessment of Women, Infants, and Children National Program Integrity and Monitoring Branch Activities

The mission of FNS' WIC is to safeguard the health of low-income women, infants, and children up to age 5 who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care. In 2014, FNS created the Program Integrity and Monitoring Branch (PIMB) within the Supplemental Nutrition and Safety Programs, Supplemental Food Programs Division to oversee WIC program integrity initiatives.

We found that PIMB's seven assigned functions were performed by multiple units and did not represent the branch's actual operations and responsibilities. This occurred because FNS did not clearly document the roles, responsibilities, and expectations of PIMB. We also found that while PIMB performed several activities to support the improvement of WIC program integrity, it did not have written formal procedures that outlined how its staff was to accomplish these activities. This occurred because FNS considered PIMB a small unit that did not require formalized procedures. As a result, it is difficult to determine a direct correlation between PIMB's supporting activities and whether the efforts contributed to any change or improvement in WIC program integrity. In addition, FNS was unable to demonstrate how PIMB was effectively performing its program integrity activities. While FNS did not concur with our findings, they agreed with our recommendations. (Audit Report 27601-0002-23)

FSIS Rulemaking Process for the Proposed Rule on the Modernization of Swine Slaughter Inspection

FSIS enhances public health and well-being by protecting the public from foodborne illnesses and ensuring that the Nation's meat, poultry, and egg products are safe, wholesome, and correctly packaged. On February 1, 2018, FSIS published its proposed rule, the Modernization of Swine Slaughter Inspection (the proposed rule). As part of this rule, FSIS proposed to revoke maximum swine slaughter line speeds for participating establishments and authorize them to set their own line speeds based on their ability to maintain quality and performance measures. In the proposed rule, FSIS compared worker safety data from the Occupational Safety and Health Administration for large establishments with different allowed line speeds (worker safety analysis). On March 26, 2019, 16 members of Congress sent a formal request to OIG to review USDA's rulemaking process related to the proposed rule's worker safety analysis.

Based on our inspection, we concluded that FSIS generally complied with the public participation requirements under Executive Order 13563 and, to the extent required, communicated to the Occupational Safety and

The Rural Utilities Service provides infrastructure or infrastructure improvements to rural communities. These include water and waste treatment, electric power, and telecommunications services. A Rural Utilities Service program grant was used to help fund these solar panels.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Health Administration and the National Institute for Occupational Safety and Health about the impact of the proposed rule. However, we found that FSIS did not fully disclose its data sources in its worker safety analysis. Additionally, we concluded that it did not fully adhere to the USDA Information Quality Activities Guidelines data presentation and transparency requirements in the worker safety analysis section in the proposed rule. Finally, we concluded that FSIS did not take adequate steps to determine whether the worker safety data it used for the proposed rule were reliable. FSIS provided its response to our findings and we reached agreement on how to address the report's recommendations. (Inspection Report 24801-0001-41)

Rural Utilities Service Financial Management of Section 313A Guarantees for Bonds and Notes

USDA's Rural Utilities Service (RUS) administers and monitors the Section 313A Program. This program allows USDA to guarantee payments on bonds or notes issued by a cooperative or other lender organized on a not-for-profit basis, if the proceeds of the bonds or notes are used to make utility infrastructure loans. Under the Section 313A Program, only two financial





Twelve homes constructed through technical assistance provided in a Rural Development self-help technical assistance grant. We reviewed information about self-help in our Duplication of Housing Assistance Programs audit.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

institutions are currently eligible to receive guarantees: the National Rural Utilities Cooperative Finance Corporation (CFC) and CoBank. The collateral backing the Government's debt are unencumbered loans made by CFC and CoBank, which are subject to certain quality standards. At the time of our review, the Section 313A Program had obligations of \$8.3 billion. We determined that RUS properly monitored and provided adequate oversight of the Section 313A Program, and we did not make any recommendations. (Audit Report 09601-0001-11)



Duplication of Housing Assistance Programs

USDA's RHS offers a total of 16 rural housing programs, which include 9 single-family housing programs and 7 multi-family housing programs. These programs offer a variety of ways to build or improve housing in rural areas through loans, grants, and loan guarantees to eligible populations. In addition, RHS provides technical assistance loans and grants in partnership with organizations. For FY 2019, Congress appropriated \$26.7 billion to these housing assistance programs. In response to a Congressional request, OIG conducted an inspection to determine potential areas of overlap, duplication, and fragmentation within USDA's rural housing programs.

We found instances of potential overlap among USDA RHS' rural housing programs. However, we did not find any instances of fragmentation or duplication. RHS generally agreed with these observations, but reiterated the various differences between each program. In addition, RHS officials noted that, even though some of the programs have similar purposes, it does not mean they should be recommended for consolidation or be considered duplicative. We agreed that each rural housing program had differences that made them unique, but we also noted that there is potential for the programs to overlap. The purpose of this report was to identify the RHS housing programs and provide observations on fragmentation, overlap, and duplication. We did not identify any issues that would warrant recommendations; therefore, we did not make any recommendations. (Inspection Report 04801-0001-23)

Controls Over Crop Insurance Section 508(h) Products

USDA's RMA administers the Federal Crop Insurance Program, which protects against agricultural production losses. Section 508(h) of the Federal Crop Insurance Act allows private parties to develop insurance products and present them to the Federal Crop Insurance Corporation Board of Directors for consideration.

We found several weaknesses RMA needs to address to improve its oversight of Section 508(h) submissions. First, although RMA agreed in 2006 to formalize a review process to include annually scheduled reviews of all insurance products, RMA does not currently have a formalized system for documenting these reviews for Section 508(h) products. We found that, in our sample, only one out of three products had a documented RMA review in the past 5 years. Until RMA implements a process to document its monitoring of all Section 508(h) products, there is an increased potential for RMA to neither detect nor address vulnerabilities in privately developed products, which

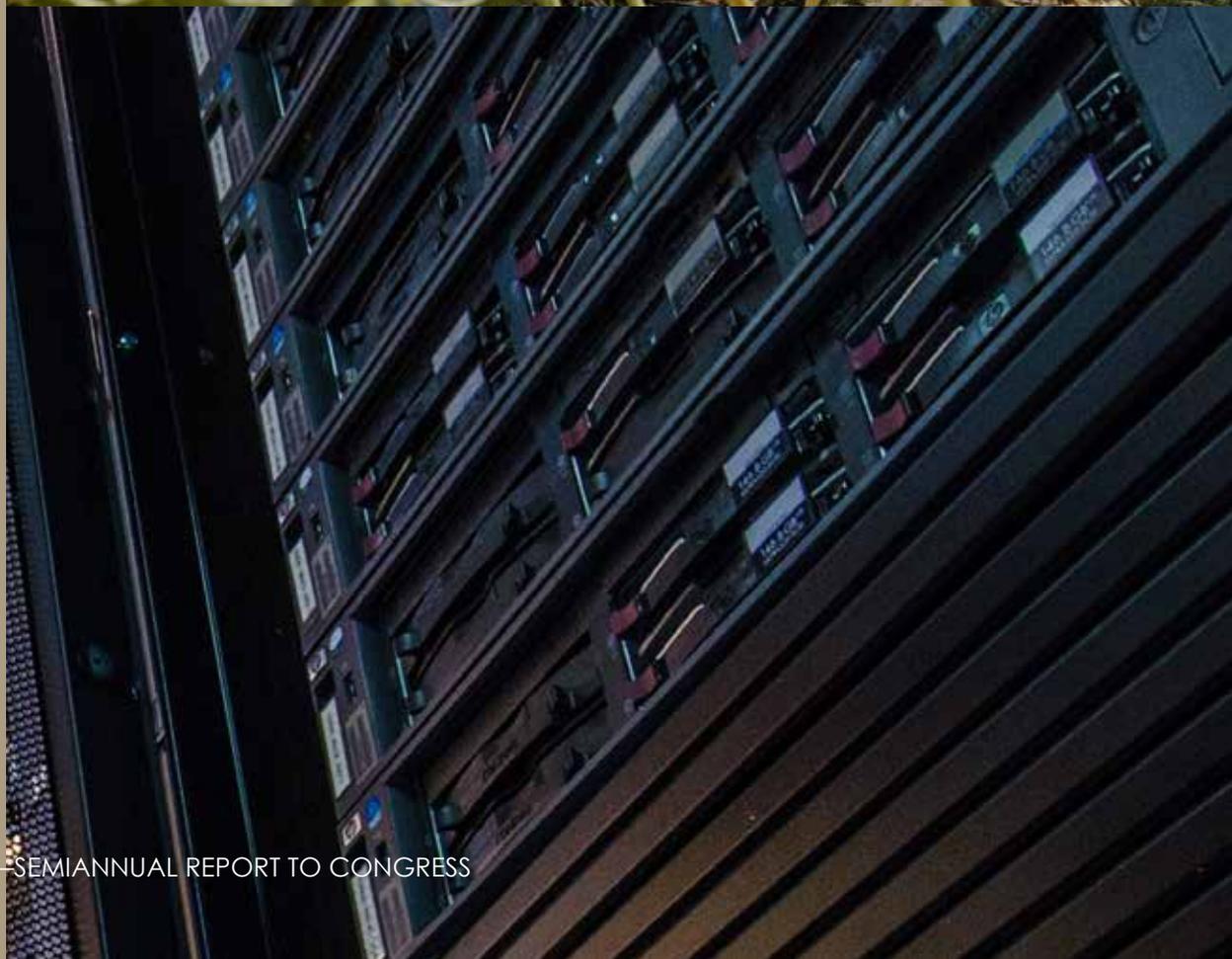
Pumpkins growing on a farm. Select Section 508(h) insurance products insure pumpkins grown under a processor contract, among other crops.

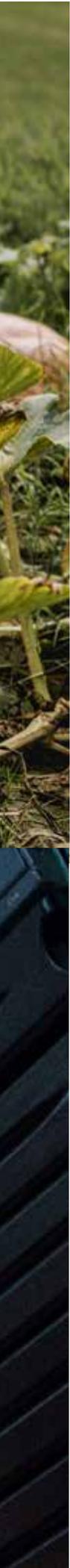
This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Database server at a data center.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.





may result in losses. Second, we found that none of the divisions that review Section 508(h) products had fully assessed certain vulnerabilities of such products, as the role of the RMA Compliance Office had been lessened greatly in 2016 when RMA's directive made this review optional. RMA concurred with our findings and recommendations. (Audit Report 05601-0007-31)

Implementation of the IT Modernization Centers of Excellence Improvements

The 2018 President's Management Agenda established the Centers of Excellence (CoE) initiative to accelerate IT modernization across Government, improve the public experience, and increase operational efficiency. To accomplish these objectives, the General Services Administration coordinated CoE efforts to centralize top talent, leverage private-sector best practices, and collaborate across the Government. CoE teams operating at USDA focused on five functional areas: IT Infrastructure Optimization, Cloud Adoption, Customer Experience, Data Analytics, and Contact Center.

Our inspection determined that all of the CoE functional areas were effectively implemented and are either sustained or completed. However, we also found that OCIO did not obtain concurrence or approval from the Executive Information Technology Investment Review Board (E-Board) before investing in the CoE initiative, as required. This occurred because USDA's internal approval mechanism was not effectively followed prior to funding the CoE initiative, which OCIO stated was due to short timeframes. This oversight may have resulted in a violation of the Antideficiency Act, as relevant law requires USDA to obtain E-Board concurrence prior to expending funds for certain IT-related purposes. Additionally, without the approval of the E-Board, OCIO may not have chosen investments that best support USDA's mission and enterprise architecture.

In addition, we found that OCIO potentially used more than \$22.5 million for consulting services that had been mandated for the acquisition of capital investments—such as hardware and software with a useful life of 2 or more years and an acquisition cost of more than \$100,000. According to OCIO, this occurred because OCIO did not determine which contract costs could be capitalized prior to funding. This oversight also might have resulted in a violation of the Antideficiency Act. OCIO stated that it generally concurred with the findings and recommendations and is working on corrective actions to address the inspection recommendations.

(Inspection Report 50801-0001-12)

U.S. Department of Agriculture’s 2020 Compliance with Geospatial Data Act

OIG found that USDA was not compliant with all the covered agency responsibilities outlined in the Geospatial Data Act of 2018. Specifically, USDA did not comply with 3 of the 13 responsibilities, which include: developing a geospatial strategy; using geospatial standards, including metadata standards; and having approved National Archives and Records Administration records schedules for geospatial datasets. Overall, this occurred due to the lack of USDA-specific Geospatial Data Act guidance. As a result, USDA is not completely fulfilling its role of improving Federal management, coordination, and utilization of geospatial data, which can negatively impact infrastructure and emergency response capabilities nationwide. USDA concurred with our finding, and we are working with OCIO on how to address the recommendations. (Audit Report 50501-0023-12)

U. S. Department of Agriculture’s Fiscal Year 2019 Compliance with Improper Payment Requirements

OIG found that USDA continued to report noncompliance with improper payment requirements as set forth by the Improper Payments Information Act of 2002, as amended. USDA reported mandatory improper payment information for 12 high-risk programs for FY 2019. We found that 5 of the 12 high-risk programs did not comply with one or both of the following requirements: meeting annual reduction targets or reporting gross improper payment rates of less than 10 percent. This occurred because the programs’ corrective actions have not yielded the desired results, and staff did not follow some programs’ policies and procedures.

For the high-priority programs, we noted no issues in our evaluation of USDA’s reported actions to prevent and recover improper payments and the quality of improper payment estimates and methodologies used. We also found that USDA maintained the quality of its high-dollar overpayments reports for FY 2019. Specifically, we noted no critical declines in the accuracy, completeness, or timeliness of the Department’s reporting. The Department agreed with our findings, and we reached agreement on how to address the recommendations. (Audit Report 50024-0015-11)

Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to Office of Personnel Management FY 2020

USDA's National Finance Center (NFC) reports Federal employee benefits and enrollment information to the Office of Personnel Management. Reported information includes headcounts, as well as withholdings and contributions for retirement, health benefits, and life insurance.

In applying agreed-upon audit procedures, OIG identified differences through calculations, analyses, and comparisons. For example, we noted an employee (and/or annuitant) headcount that differed from NFC's by more than 2 percent. To address this difference, NFC is planning to take corrective actions with the goal of having the corrections in place by the March 2021 Semiannual Headcount Report. NFC provided reasons for the differences we identified.

Our sample document review found a total of 152 differences for benefits entered into the system by agency personnel officers. Furthermore, we were unable to verify all sampled entries because agency personnel officers were unable to locate the documents covering all of the pay periods selected. (Audit Report 11401-0005-31)

Independent Service Auditor's Report on FMS' Description of Its Financial Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for October 1, 2019 to June 30, 2020

An independent certified public accounting firm examined specified controls at USDA's Financial Management Services (FMS), which provided the firm with a description of its financial systems used to process user entities' financial transactions throughout the period October 1, 2019, to June 30, 2020. The firm found that FMS' description fairly presents, in all material aspects, the financial systems that were designed and implemented throughout the specified period. Also, in the firm's opinion, the described controls were suitably designed and operated effectively to provide reasonable assurance that associated control objectives would be achieved during the period, if complementary subservice organization and user entities' controls assumed in the design of FMS' controls operated effectively throughout the period. The firm made no recommendations in this report. (Audit Report 11403-0004-12)

Former Forest Service Employee in Oregon Sentenced for Theft of Government Property

On August 17, 2020, in U.S. District Court, District of Oregon, a former FS employee was sentenced to 12 months in prison and 36 months of supervised release. The employee also was ordered to pay a \$200 special assessment. On August 9, 2018, OIG initiated this investigation based on information that the Lincoln County (Oregon) Sheriff's Office had contacted FS Law Enforcement and Investigations to report that an individual disclosed that an FS employee stole tools, dental equipment, and Novocain from a job corps center in Oregon. According to the witness, the stolen property was located at the FS employee's residence and also at his mother's residence. Additionally, the witness alleged the FS employee possessed methamphetamine at his residence. The FS employee was interviewed and denied stealing any Government property but admitted to using methamphetamine. Stolen Government property and methamphetamine were subsequently seized from his residence. Additional stolen Government property was seized from his mother's residence. On February 2, 2019, the employee was removed from Federal service. On December 12, 2018, in U.S. District Court, District of Oregon, the FS employee was indicted on charges of theft of Government property and unlawful possession of a firearm. On August 17, 2020, he pled guilty to both charges. This investigation was worked jointly with FS Law Enforcement and Investigations.

PANDEMIC-RELATED REVIEWS

USDA Coronavirus Disease 2019 Funding

OIG conducted a non-audit service to identify the funding streams USDA used to respond to the COVID-19 pandemic as of May 31, 2020. Specifically, we identified the programs, appropriations, and any other funding streams used; and key controls and mechanisms, including applicable information systems for the identified programs.

Congress enacted two public laws in response to the COVID-19 pandemic that provided USDA with funding: the Families First Coronavirus Response Act and the CARES Act. As of May 31, 2020, these two laws provided more than \$47.7 billion to USDA for pandemic relief activities. Additionally, the Secretary transferred \$6.5 billion from the CCC to support the Coronavirus Food Assistance Program (CFAP). Finally, the Research, Education, and

Economics and Farm Production and Conservation (FPAC) mission areas repurposed \$47.3 million for purposes related to COVID-19.⁶

These funding sources total \$54.3 billion. Of this amount, 64.2 percent has gone to the Food, Nutrition, and Consumer Services mission area for nutrition programs. FPAC also received 29.5 percent of USDA's COVID-19 funding to establish and administer CFAP, which was created to provide assistance to agricultural producers impacted by the effects of the COVID-19 outbreak. Additionally, the Marketing and Regulatory Programs mission area received 5.7 percent for the Farmers to Families

⁶ Other Departmental mission area agencies used some of their regular appropriations—but did not formally allocate funds—to address expenses related to COVID-19. Since this engagement identified appropriated or allocated funds, we did not report COVID-19 funding expenses.

A worker loads a food box onto a delivery van to deliver needed food to children in rural locations as part of USDA's Meals to You Program, which responds to the school closures due to COVID-19.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Food Box Program and salary expenses associated with the Agriculture and Quarantine Inspection Program. Other mission areas accounted for the remaining 0.5 percent of the COVID-19 funding. (Report 50025-0001-23)

Existing Risk to Coronavirus Funding Activities

One of our initial COVID-19 projects was to review unresolved audit recommendations that could affect internal controls over COVID-19 funding activities for USDA agencies. In response to the COVID-19 pandemic, Congress provided additional funding to FNS and FS, more than \$26 billion and \$70 million, respectively. To assist FNS and FS in their COVID-19 response and to minimize inefficient or improper actions that could put taxpayers' money at risk, OIG reviewed audit recommendations that could affect internal controls over COVID-19 activities for FNS and FS and issued a separate memorandum to each agency.

Based on our review of the 123 open FNS recommendations as of May 4, 2020, we identified 30 recommendations for findings related to internal controls for which FNS or the State agency has yet to implement corrective actions. Overall, we suggested that FNS review all open audit recommendations and take action when necessary to address any identified deficiencies in its internal controls to protect the integrity of its use of COVID-19 funding. FNS may need to coordinate with State agencies as part of these efforts.

For FS, our review did not identify any prior recommendations that relate, either directly or indirectly, to FS COVID-19 response activities where FS has yet to implement corrective actions. However, we did identify closed recommendations from a prior audit related to FS' Wildland Fire Management activities.⁷ During that audit, we found significant risks and a lack of controls necessary to ensure that funds were properly accounted for and used for their intended purpose and issued 62 recommendations. We recognize FS has since implemented the agreed-upon corrective actions for those 62 recommendations issued in the prior audit. At this time, as FS prepares to expend CARES Act funds, we suggested that FS perform a global review of existing internal controls related to funding oversight and tracking. This would be prudent on FS' part to ensure continued effectiveness, operational efficiencies, and a proper control environment to limit the possibilities for fraud, waste, or abuse.

⁷ Audit Report 08703-0005-SF, *American Recovery and Reinvestment Act Forest Service Hazardous Fuels Reduction and Ecosystem Restoration Project on Non-Federal Lands*, Mar. 2013.





USDA's Meals to You Program has responded to school closures due to COVID-19. Here, a contracted logistics company manages, packs, labels, and ships multiple-week supplemental food boxes to children in rural locations.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

COVID-19—FS' Wildland Fire Response Plans

OIG conducted a non-audit service to provide OIG comments on the Wildland Fire Response Plans (WFRP) that were developed in order to more safely and effectively combat wildland fires during the COVID-19 pandemic. The WFRPs were developed under the direction of the National Multi-Agency Coordinating Group, which includes FS as well as other Federal, State, and local wildland fire agencies. The impacts of the COVID-19 pandemic will likely cause wildland firefighting challenges across the wildland fire community, potentially causing the 2020 wildfire season to be one of the most dangerous in years.

We identified certain processes and procedures that, if uniformly followed throughout all of the geographic areas, could enhance not only FS' ability to more safely and effectively combat wildland fires during the

A USDA Forest Service aircraft in a hangar.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



COVID-19 pandemic, but also other Federal, State, and local wildland fire agencies utilizing the WFRPs. For example, FS should require personnel assigned to a fire be tested for COVID-19 and develop a contingency plan should there be a COVID-19 outbreak within the fire camp. Included in the CARES Act funding was \$7 million for Wildland Fire Management to prevent, prepare for, and respond to COVID-19, including for personal protective equipment and baseline health testing for first responders.

As part of our oversight of FS' CARES Act activities, we reviewed the WFRPs completed in May 2020 for all 10 geographic areas. In reviewing these plans, OIG also considered guidance issued by various health organizations, including the Centers for Disease Control and Prevention, the Occupational Safety and Health Administration, and the World Health Organization. Additionally, while frameworks for reopening facilities may not have a direct correlation because of the nature of fire operations and first responders, we also considered publicly available information from both the USDA Reopening Playbook and the USDA COVID-19 Playbook to determine if fundamentals prescribed in the guidance would enhance the protocols for wildfire response during the COVID-19 pandemic. (Report 08025-0001-41)⁸

⁸ Although OIG presents this non-audit service in Goal 3 alongside other COVID-19 oversight work, this engagement's results are included in Goal 1 statistics because its objectives are related to safety and security.

FINAL ACTION VERIFICATION REPORTS

In this reporting period, OIG published two FAV reports. These reports determine whether the final action documentation the agency provides to the Office of the Chief Financial Officer (OCFO) supports the agency's management decision reached with OIG. Our objective with these verifications is to determine whether the documentation the agency provided to OCFO is sufficient to close the recommendations. All FAV reports are considered related to Goal 3: Management Improvement Initiatives.

APHIS Plant Protection and Quarantine Preclearance Offshore Program

OIG completed an FAV of all 16 recommendations in our report, *Plant Protection and Quarantine Preclearance Offshore Program* (Audit Report 33601-0001-23). In a memorandum dated September 13, 2016, OCFO reported to APHIS and OIG that it closed all of the recommendations, and we concur with this decision. (Report 33026-0001-22)

Forest Service Initiatives to Address Workplace Misconduct

OIG completed an FAV of all eight recommendations in our report, *Initiatives to Address Workplace Misconduct* (Audit Report 08601-0008-41). In a memorandum dated January 21, 2020, OCFO reported to FS and OIG that it closed all of the recommendations, and we concur with this decision. (Report 08026-0001-41)

GOVERNMENTWIDE ACTIVITIES—GOAL 3

Financial Statement Audit Network Workgroup. OIG auditors are members of the Financial Statement Audit Network workgroup, whose main purpose is to provide the audit community with a forum to share ideas, knowledge, and experience concerning Federal financial statement audits. As part of our participation, we reviewed and provided comments as appropriate on the following: Government Accountability Office (GAO) Financial Audit Manual Volume 3, Federal Financial Reporting Checklist for FY 2020; Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements; and OMB Payment Integrity Guidance—Circular A-123 Appendix C.

Digital Accountability and Transparency Act Working Group and Common Methodology Subgroup. OIG auditors continue to participate in both the Federal Audit Executive Council Digital Accountability and Transparency Act (DATA Act) working group and the common methodology subgroup. The subgroup is developing a common audit methodology to disseminate across the IG community for the FY 2021 DATA Act compliance audits, continues to monitor the Governmentwide methodology, and addresses questions from the IG community as they arise. Also, as part of the IG community, OIG coordinates its DATA Act work with GAO. Some of the recent discussions include considerations for updates to the Governmentwide DATA Act policy and the ongoing and planned GAO reviews.

CIGIE Audit Peer Review Subcommittee. An OIG auditor is a member of this subcommittee, which is responsible for maintaining the CIGIE audit peer review schedule, managing requests for extensions and substitutions, coordinating among dispute resolution panels, and answering questions on how to perform peer reviews of other IG offices.

CIGIE Geospatial Data Act Working Group. The Geospatial Data Act requires specific IGs to conduct an audit of the respective agency's Geospatial Data Act compliance not less than every 2 years. Recognizing the need for collaboration and a consistent Governmentwide approach, OIG's IT Audit Operations helped found and lead the CIGIE Geospatial Data Act Working Group in order to assist covered agency IGs with developing a consensus approach for the inaugural audit requirements. The approach was adopted by the covered agency IGs and communicated to Congress through CIGIE. The inaugural Geospatial Data Act audits were due October 4, 2020, and OIG's review of USDA is reported as an example of our Audit work for Goal 3.

Federal OIG Focus Group for GAO’s Federal Information System Controls Audit Manual Update. An OIG auditor participates on the Federal OIG Focus Group for GAO’s Federal Information System Controls Audit Manual (FISCAM) Update. The purpose of this group is to determine the best approach for updating GAO’s 2009 FISCAM guidance (GAO-09-232G) to better serve the needs of the audit community in performing information system control audits.

CIGIE Performance Audit Navigator Working Group. OIG participates in a CIGIE task force to develop a performance audit map and community of practice. We have conducted multiple sessions with the CIGIE contractor to develop a workflow roadmap. This roadmap will illustrate how performance audit professionals across CIGIE conduct their work, link that work to Audit Training Academy courses, and provide on-demand support for audit professionals.

CIGIE Leading, Inspiring, and Fostering Talent Working Group. An OIG auditor participates in this working group that aspires to develop leaders and a sense of fellowship among early to mid-level young professionals in the Federal oversight community. The working group empowers its members by facilitating networking opportunities, providing resources to grow and enhance skills, and helping its members navigate their careers in Federal oversight.

Security, Information Sharing, and Management Committees. Across the United States, OIG special agents participate in various committees and working groups to further the mission of OIG and to collaborate with external law enforcement partners. In Arizona, Colorado, Connecticut, Illinois, Iowa, Kansas, Kentucky, Maine, Massachusetts, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, and Washington, OIG participates in teams coordinated by the various U.S. Attorney’s Offices. The primary purpose of this collaboration is to review all suspicious reports that affect a specific geographic jurisdiction, identify individuals who may be engaged in criminal activities, and coordinate and disseminate leads to appropriate agencies for follow up. The composition of these teams generally includes representatives from law enforcement and various regulatory agencies. Coordination among the respective agencies results in improved communication and more efficient resource allocation.

In the Eastern District of Pennsylvania, an OIG special agent participates in the Law Enforcement Executive meetings to discuss and share issues

affecting the OIG community and the overall law enforcement community. In California, OIG special agents participate in the Western Region Inspector General Council, the Bay Area Federal Law Enforcement Executive Association, and the San Francisco Federal Executive Board. In the Northern, Central, and Eastern Districts of California and the District of Oregon, OIG special agents are members of the U.S. Attorney's Office Head Fedgroups. Additionally, in Colorado, OIG participates in the Northwest Council of Inspectors General, the Rocky Mountain IG Council, and the Rocky Mountain Special Agents-in-Charge Association.

Within CIGIE and the Federal law enforcement community, Office of Investigations senior management participates in various CIGIE working groups and committees, including the Assistant Inspector General for Investigations COVID-19 Working Group and the Training Committee. An OIG special agent participates in the CIGIE Firearms Working Group and another special agent is an adjunct instructor for the IG Academy. Additionally, OIG special agents from Maryland and Headquarters participate in the Small Business Innovations Research Investigations Working Group spearheaded by the National Science Foundation OIG. OIG special agents also are involved in the Policy Working Group Committee, the Law Enforcement Coordinating Committee, the White Collar Crime Working Group, the U.S. Attorney's Office Procurement Fraud Collusion Strike Force, and the International Association of Financial Crime Investigators. In Delaware, a special agent participates in the COVID-19 Task Force with the U.S. Attorney's Office, and in Colorado, an OIG special agent is a member of the Colorado County Investigations Fraud Working Group.

Public Corruption Teams. An OIG special agent in Salt Lake City, Utah, is a member of the FBI's public corruption task force. The task force investigates matters involving individuals in elected, appointed, and other Government positions. In Idaho, our special agent participates in the Guardian Project, which coordinates law enforcement efforts between the FBI and various OIGs whose Departments have a significant financial commitment in Native American communities. Through the Guardian Project, these participating agencies join forces, share assets and responsibilities, and promote citizen disclosure of public corruption, fraud, and embezzlement in Federal programs, contracts, and grants. They also address crimes related to Federal funds in Montana's Native American communities.

ONGOING REVIEWS

- » Oversight of Civil Rights Complaints (Office of the Assistant Secretary for Civil Rights (OASCR))
- » Report on National Finance Center’s Description of Its Payroll/Personnel Systems and the Suitability of the Design and Operating Effectiveness of Its Controls October 1, 2019, through June 30, 2020 (OCFO)
- » Research Integrity and Capacity (Research, Education, and Economics)
- » Review of Agency Financial Statements for FYs 2020 and 2019 (CCC, Federal Crop Insurance Corporation/RMA, FNS, NRCS, Rural Development)
- » Consolidated Financial Statements for FYs 2020 and 2019 (USDA)
- » Security Controls Over the Prevention and Mitigation of Ransomware (USDA)
- » General and Application Controls Work for Financial Statement Audits for FYs 2021 and 2020 (USDA)

INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

IG Act Section	IG Act Description	USDA OIG Reported SARC October 2020
Section 4(a)(2)	Review of Legislation and Regulations	Page 43
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–68
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–68
Section 5(a)(3)	Significant Recommendations from Agency's Previous Reports on Which Corrective Action Has Not Been Completed	Appendix A-10 Pages 93–107
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Appendix B.1 and B.2 Pages 127 and 128
Section 5(a)(5)	Matters Reported to the Head of the Agency	N/A
Section 5(a)(6)	Reports Issued During the Reporting Period	Appendix A.6 Pages 85–90
Section 5(a)(7)	Summary of Significant Reports	Goals 1, 2, and 3 Pages 1–68
Section 5(a)(8)	Statistical Table: Questioned Costs	Appendix A.2 Page 81
Section 5(a)(9)	Statistical Table: Recommendations that Funds Be Put to Better Use	Appendix A.3 Page 82
Section 5(a)(10)(A)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	Appendix A.7 Page 91
Section 5(a)(10)(B)	Summary of Audit Reports for Which the Department Has Not Returned Comment Within 60 Days of Receipt of the Report	Appendix A.15 Page 126
Section 5(a)(10)(C)	Reports Without Agency Comments or Unimplemented Recommendations and Potential Costs Savings—Funds to Be Put to Better Use and Questioned Costs	Appendix A.13 Pages 110–124
Section 5(a)(11)	Significantly Revised Management Decisions Made During the Reporting Period	Appendix A.8 Page 92
Section 5(a)(12)	Significant Management Decisions with Which the Inspector General is in Disagreement	Appendix A.9 Page 92
Section 5(a)(13)	Information Described Under Section 804(b) of the FFMA of 1996	Appendix A.11 Page 108
Section 5(a)(14) and (15)	Peer Reviews of USDA OIG	Page 71

IG Act Section	IG Act Description	USDA OIG Reported SARC October 2020
Section 5(a) (16)	Peer Reviews Conducted by USDA OIG	Page 71
Section 5(a) 17 and 5(a) 18	Additional Investigations Information	Appendix B.4 Pages 130–131
Section 5(a) 19*	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix B.5 Page 132
Section 5(a) (20)*	Instances of Whistleblower Retaliation	Appendix B.6 Page 133
Section 5(a) (21)*	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 B.7 Page 133
Section 5(a) (22)*	Detailed Description of Situations Where an Inspection, Evaluation, or Audit Was Closed and Not Disclosed to the Public; and an Investigation of a Senior Government Employee Was Closed and Not Disclosed to the Public	Appendix A.12, A.14, and B.8 Pages 109, 125, 134–135

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

- » Performance measures,
- » Participation on committees, working groups, and task forces,
- » Program improvement recommendations, and
- » Hotline complaint results.

National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	N/A
-------------	--	-----

PEER REVIEWS AND OUTSTANDING RECOMMENDATIONS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the Inspector General Act of 1978 to require OIG to include in its semiannual reports any peer review results provided or received during the relevant reporting period. Peer reviews are required every 3 years. In compliance with the Act, we provide the following information.

Audit

In August 2018, the U.S. Treasury IG for Tax Administration issued its final report on the peer review it conducted of USDA OIG's Office of Audit. USDA OIG received a grade of "pass"—the best evaluation an audit organization can receive. That report included no recommendations and no letter of comment.

Investigations

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. That 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 CIGIE and the other applicable guidelines and statutes cited. No findings or deficiencies were identified.

In addition to reporting a rating of "compliant," the peer review team identified three best practices attributed to our investigative operations, as follows: (1) robust understanding of the agency's evidentiary policies and procedures with maintenance of a comprehensive logging system; (2) Technical Crimes Division's administrative requirements and digital media analysis processes exceeded industry standards; and (3) two offices visited maintained meticulous logs on their firearms and technical equipment.

Peer Reviews Conducted by USDA OIG

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

ASSESSING THE IMPACT OF OIG

Our mission is to promote economy, efficiency, and integrity of USDA programs and operations through audits, investigations, inspections, data analytics, and reviews. We accomplish our mission through 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 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 Audit and Investigative Work on Department Programs

We also measure our impact by tracking the outcomes of our audits, inspections, and investigations. 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 at the time of management decision;

- » Program improvement recommendations; and
- » Audits without management decision.

For investigations, we present:

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

PERFORMANCE RESULTS UNDER OUR STRATEGIC GOALS

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 TARGET	FY 2020	
			2nd Half ACTUAL	FY 2020 FULL YEAR
OIG direct resources dedicated to critical-risk and high-impact activities	97.1%	96%	99.3%	98.9%
Audit recommendations where management decisions are achieved within 1 year	100%	95%	100%	98.8%
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%
Closed investigations that resulted in a referral for action to DOJ, State, or local law enforcement officials, or relevant administrative authority	97.6%	90%	96.8%	96.7%
Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result	88.6%	85%	91%	89.3%

OIG ACCOMPLISHMENTS FOR FY 2020, SECOND HALF (APRIL 1, 2020–SEPTEMBER 30, 2020)

SUMMARY OF AUDIT ACTIVITIES	FY 2020 2nd Half
Number of Final Reports ⁹	19
Number of Interim Reports	1
Number of Inspection Reports	3
Number of Final Action Verification Reports	2
Number of Coronavirus Memoranda	2
Number of Final Report Recommendations (70 program improvements/14 monetary)	84
Number of Interim Report Recommendations (5 program improvements/0 monetary)	5
Number of Inspection Report Recommendations (5 program improvements/2 monetary)	7
<hr/>	
Total Dollar Impact of Reports at Issuance (Millions)	\$155.5
Questioned / Unsupported Costs	\$149.5
Funds to Be Put to Better Use	\$6.0
<hr/>	
Management Decisions Reached	
Number of Final Reports	9
Number of Final Report Recommendations (48 program improvements/7 monetary)	55
Number of Interim Reports	1
Number of Interim Report Recommendations (5 program improvements/0 monetary)	5
Number of Inspection Reports	1
Number of Inspection Report Recommendations (4 program improvements/0 monetary)	4

⁹ Two of the 19 were non-audit services, which are not covered by Government Auditing Standards.

SUMMARY OF INVESTIGATIVE ACTIVITIES¹⁰	FY 2020 2nd Half
Reports Issued	107
Indictments	92
Convictions	199
Arrests	257
Administrative Sanctions	250
Total Dollar Impact (Millions)	\$61.6

¹⁰ Some of the investigations-related statistics for the FY 2020 3rd and 4th quarters are higher than the statistics for the first half of FY 2020, even though investigative operational activities were restricted due to the ongoing COVID-19 pandemic. During the 3rd and 4th quarters, investigative efforts focused on addressing the administrative requirements associated with closing open investigations and ensuring associated statistical data had been captured and entered into the investigations case tracking system. As a result, some categories include events that occurred prior to this reporting period.

OIG ACCOMPLISHMENTS FOR FY 2020, FULL YEAR (OCTOBER 1, 2019–SEPTEMBER 30, 2020)

SUMMARY OF AUDIT ACTIVITIES	FY 2020 Full Year
Number of Final Reports ¹¹	37
Number of Interim Reports	1
Number of Inspection Reports	6
Number of Final Action Verification Reports	9
Number of Coronavirus Memoranda	2
Number of Final Report Recommendations (163 program improvements/20 monetary)	183
Number of Interim Report Recommendations (5 program improvements/0 monetary)	5
Number of Inspection Report Recommendations (5 program improvements/3 monetary)	8
<hr/>	
Total Dollar Impact of Reports at Issuance (Millions) ¹²	\$213.4
Questioned / Unsupported Costs ¹³	\$206.7
Funds to Be Put to Better Use	\$6.7
<hr/>	
Management Decisions Reached	
Number of Final Reports	26
Number of Final Report Recommendations (145 program improvements/17 monetary)	162
Number of Interim Reports	1
Number of Interim Report Recommendations (5 program improvements/0 monetary)	5
Number of Inspection Reports	3
Number of Inspection Report Recommendations (9 program improvements/1 monetary)	10

¹¹ Two of the 37 were non-audit services, which are not covered by Government Auditing Standards.

¹² One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

¹³ Ibid.

SUMMARY OF INVESTIGATIVE ACTIVITIES¹⁴	FY 2020 Full Year
Reports Issued	213
Indictments	294
Convictions	345
Arrests	404
Administrative Sanctions	414
Total Dollar Impact (Millions)	\$146.7

¹⁴ Please refer to footnote on page 76 for information regarding investigations statistics.

APPENDIX A: AUDIT TABLES

Appendix A.1: Activities and Reports Issued

Summary of Audit Activities, April 1, 2020–September 30, 2020

Reports Issued: 19	Audits and Non-Audit Services Performed by OIG	18 ^a
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	1
Management Decisions Made: 55	Number of Reports	9
	Number of Recommendations	55
Total Dollar Impact (Millions) of Management-Decided Reports: \$10.9	Total Questioned/Unsupported Costs	\$10.9 ^{b,c}
	—Recommended for Recovery	\$10.1
	—Not Recommended for Recovery	\$0.8
	Funds to Be Put to Better Use	\$0

^a Of these 18, 2 were performed as a non-audit service, which is not covered by Government Auditing Standards.

^b These were the amounts the auditees agreed to at the time of management decision.

^c The recoveries realized could change as auditees implement the agreed-upon corrective action plan and seek recovery of amounts recorded as debts due the Department of Agriculture.

Summary of Interim Reports Issued, April 1, 2020–September 30, 2020

OIG uses Interim Reports to alert management to immediate issues during the course of an ongoing audit assignment. Typically, they report on one issue or finding requiring management’s attention. OIG issued 1 Interim Report during this reporting period.

Reports Issued: 1	Audits Performed by OIG	1
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	0
Management Decisions Made: 5	Number of Reports	1
	Number of Recommendations	5
Total Dollar Impact (Millions) of Management-Decided Reports: \$0	Total Questioned/Unsupported Costs	\$0
	—Recommended for Recovery	\$0
	—Not Recommended for Recovery	\$0
	Funds to Be Put to Better Use	\$0

Summary of Inspection Reports Issued, April 1, 2020–September 30, 2020

Reports Issued: 3	Inspections Performed by OIG	3
Management Decisions Made: 4	Number of Reports	1
	Number of Recommendations	4
Total Dollar Impact (Millions) of Management-Decided Reports: \$0	Total Questioned/Unsupported Costs	\$0
	—Recommended for Recovery	\$0
	—Not Recommended for Recovery	\$0
	Funds to Be Put to Better Use	\$0

Summary of FAV Reports Issued, April 1, 2020–September 30, 2020

FAV reports determine whether the final action documentation the agency provides to OCFO supports the agency’s management decision reached with OIG. These verifications are not performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, or the Quality Standards for Inspection and Evaluation, issued by CIGIE. Our objective in performing these verifications is to determine whether the documentation the agency provided to OCFO is sufficient to close the recommendations.

In this reporting period, OIG issued two FAV reports. These FAV reports are discussed under Goal 3.

Reports Issued: 2	Performed by OIG	2
-------------------	------------------	---

Summary of Coronavirus Memoranda Issued, April 1, 2020–September 30, 2020

In this reporting period, OIG issued two Coronavirus memoranda. These Coronavirus memoranda are discussed under Goal 3.

Appendix A.2: Inventory of Final Audit Reports with Questioned Costs and Loans (April 1, 2020–September 30, 2020)

Category	No.	Questioned Costs and Loans	Unsupported ^a Costs and Loans
Reports for which no management decision had been made by April 1, 2020 ^b	0		\$0
Reports which were issued during the reporting period	5	\$149,554,592	\$0
Total Reports with Questioned Costs and Loans	5	\$149,554,592	\$0
Of the 5 reports, those for which management decision was made during the reporting period	2	Recommended for recovery	\$10,192,341
		Not recommended for recovery	\$814,604
		Costs not disallowed	\$0
Of the 5 reports, those for which no management decision has been made by the end of this reporting period	3	\$138,547,647	\$0

^a Unsupported values are included in questioned values.

^b Carried over from previous reporting periods.

Appendix A.3: Inventory of Final Audit Reports with Recommendations that Funds Be Put To Better Use

Category	Number	Dollar Value	
Reports for which no management decision had been made by April 1, 2020 ^a	0		\$0
Reports which were issued during the reporting period	1		\$6,089,279
Total reports with recommendations that Funds Be Put to Better Use	1		\$6,089,279
Of the 1 report, that for which management decision was made during the reporting period	0	Disallowed costs	0
		Costs not disallowed	\$0
Of the 1 report, that for which no management decision has been made by the end of this reporting period	1		\$6,089,279

^a Carried over from previous reporting periods.

Appendix A.4: Contract Audit Reports with Significant Findings

OIG is required by the National Defense Authorization Act for FY 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, 2020, through September 30, 2020.

Appendix A.5: Program Improvement Recommendations

A number of our audit and inspection recommendations are not monetarily quantifiable. However, their impact can be immeasurable in terms of safety, security, and public health. They also contribute considerably toward economy, efficiency, and effectiveness in USDA's programs and operations. During this reporting period, we issued 80 program improvement recommendations, and management agreed to implement 57 recommendations that were issued this period or earlier. Examples of those recommendations issued during this reporting period include the following (see the main text of this report for a summary of the audits that prompted these recommendations):

- » Determine the cause of inventory discrepancies between the actual counts of National Veterinary Stockpile supplies and equipment in the Veterinary Services warehouse and the counts in the inventory management system. Then implement solutions to correct the causes of discrepancies, which includes resolving system functionality issues that result in incorrect inventory records.

- » Strengthen program guidance and controls in the Wildfires and Hurricanes Indemnity Program handbook to ensure that second-party reviews of payments are adequately and consistently performed and documented.

- » Require State agencies to verify that [SFSP] sponsor claims for reimbursement are properly payable by reviewing sponsor cost records needed to support the meal claim accuracy (i.e., milk and food receipts).

Appendix A.6: Reports Issued (Audits, Inspections, and FAVs)

OIG issued 19 audit reports, including 2 non-audit services and 1 audit performed by others. OIG also issued 1 interim report and 3 inspection reports. In addition, OIG issued 2 FAV reports and 2 memoranda related to the COVID-19 pandemic, none of which have monetary results. The following is a summary of those audit products by agency:

Audit and Inspection Report Totals

Total Funds to Be Put to Better Use	\$6,089,279
Total Reports with Questioned Costs and Loans ^a	\$149,554,592

^a Unsupported values of \$0 are included in the questioned values.

Summary of Audit Reports Released from April 1, 2020 through September 30, 2020

Agency Type	Audits Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single-Agency Audit ^b	14	\$117,857,220	\$0	\$6,089,279
Multi-Agency Audit ^b	5	\$0	\$0	\$0
Total Completed Under Contract ^c	1			
Issued Audits Completed Under the Single Audit Act	0			

^a Unsupported values are included in the questioned values.

^b Two non-audit services were issued during this period, which are included in the single-agency and multi-agency totals.

^c Audits performed by others, which are included in the single-agency total.

Summary of Interim Reports Released from April 1, 2020 through September 30, 2020

Agency Type	Interim Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds To Be Put to Better Use
Single-Agency Audit	1	\$0	\$0	\$0
Multi-Agency Audit	0	\$0	\$0	\$0
Total Completed Under Contract	0			

^a Unsupported values are included in the questioned values.

Summary of Inspection Reports Released from April 1, 2020 through September 30, 2020

Agency Type	Inspection Released	Questioned Costs and Loans^a	Unsupported Costs and Loans^a	Funds to Be Put to Better Use
Single Agency Audit	2	\$0	\$0	\$0
Multi-Agency Audit	1	\$31,697,372	\$0	\$0
Total Completed Under Contract	0			

^a Unsupported values are included in the questioned values.

Audit Reports Released and Associated Monetary Values from April 1, 2020–September 30, 2020

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
APHIS: Animal and Plant Health Inspection Service					
33701-0001-21	PA	09/23/2020	National Veterinary Stockpile Oversight		
Total: 1					
FNS: Food and Nutrition Service					
27601-0002-23	PA	05/11/2020	Assessment of Women, Infants, and Children National Program Integrity and Monitoring Branch Activities		
27601-0005-41	PA	09/18/2020	Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP		\$6,089,279
Total: 2					
FS: Forest Service					
08025-0001-41	NAS	08/14/2020	COVID-19: FS' Wildland Fire Response Plans		
Total: 1					

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FSA: Farm Service Agency					
03601-0004-41	PA	09/28/2020	Livestock Indemnity Program	\$634,250	
03702-0001-23	PA	09/28/2020	2017 Emergency Assistance for Honeybee Claims	\$10,192,341	
03702-0002-31	PA	09/28/2020	Wildfires and Hurricanes Indemnity Program	\$106,216,025	
Total: 3					
FSIS: Food Safety and Inspection Service					
24601-0002-23	PA	06/15/2020	Controls Over Meat, Poultry, and Egg Product Labels		
24601-0003-21	PA	07/01/2020	Controls Over Imported Meat and Poultry Products		
Total: 2					
Multi-Agency					
50024-0015-11	FA	05/13/2020	U.S. Department of Agriculture's Fiscal Year 2019 Compliance with Improper Payment Requirements		
50025-0001-23	NAS	09/30/2020	USDA Coronavirus Disease 2019 Funding		
50501-0022-12	PA	09/30/2020	Security Over Select USDA Agencies' Networks and Systems FY 2019		
50501-0023-12	PA	09/29/2020	U.S. Department of Agriculture's 2020 Compliance with the Geospatial Data Act		

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
50601-0009-31	PA	05/11/2020	USDA's 2018 and 2019 Trade Mitigation Packages		
Total: 5					
OCFO: Office of the Chief Financial Officer					
11401-0005-31	PA	09/22/2020	Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to OPM FY 2020		
11403-0004-12	PA	09/18/2020	Independent Service Auditor's Report on Financial Management Services' Description of Its Financial Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2019 through June 30, 2020		
Total: 2					
RHS: Rural Housing Service					
04601-0001-41	PA	06/24/2020	Single Family Housing Guaranteed Loan Program Appraisals	\$814,604	
Total: 1					
RMA: Risk Management Agency					
05601-0007-31	PA	06/30/2020	Controls Over Crop Insurance Section 508(h) Products		
Total: 1					

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
RUS: Rural Utilities Service					
09601-0001-11	PA	06/23/2020	Rural Utilities Service Financial Management of Section 313A Guarantees for Bonds and Notes		
Total: 1					
Grand Total: 19					

* Performance audits (PA), Financial audits (FA), Non-Audit Service (NAS)

Interim Reports Released and Associated Monetary Values from April 1, 2020–September 30, 2020

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FSA: Farm Service Agency					
03601-0003-31	PA	09/30/2020	Market Facilitation Program – Interim Report		
Total: 1					
Grand Total: 1					

* Performance audits (PA)

Inspection Reports Released and Associated Monetary Values from April 1, 2020–September 30, 2020

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FSIS: Food Safety and Inspection Service					
24801-0001-41	IE	06/23/2020	FSIS Rulemaking Process for the Proposed Rule: Modernization of Swine Slaughter Inspection		

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
Total: 1					
Multi-Agency					
50801-0001-12	IE	09/23/2020	Implementation of the IT Modernization Centers of Excellence Improvements	\$31,697,372	
Total: 1					
RHS: Rural Housing Service					
04801-0001-23	IE	08/14/2020	Duplication of Housing Assistance Programs		
Total: 1					
Grand Total: 3					

* Inspections and Evaluations (IE).

Final Action Verification Reports Released from April 1, 2020–September 30, 2020

Report Number	Report Type*	Release Date	Title
33026-0001-22	FAV	06/9/2020	Plant Protection and Quarantine Preclearance Offshore Program
08026-0001-41	FAV	06/30/2020	Initiatives to Address Workplace Misconduct
Grand Total: 2			

* Final Action Verification (FAV).

Coronavirus Memoranda Released from April 1, 2020–September 30, 2020

Memorandum Release Date	Memorandum Title
6/23/2020	Potential Risks to the Forest Service's Coronavirus Aid Relief
6/26/2020	Potential Risks to the Food and Nutrition Service's Coronavirus Aid Relief
Grand Total: 2	

Appendix A.7: Management Decisions

In this reporting period, there were no instances where management decision was not made within the 6-month limit imposed by Congress.

Appendix A.8: Significantly Revised Management Decisions Made During the Reporting Period

There are no significantly revised management decisions for this reporting period.

Appendix A.9: Significant Management Decisions with Which the IG is in Disagreement

There are no significant management decisions the IG is in disagreement with for this reporting period.

Appendix A.10: List of OIG Audit and Inspection Reports with Recommendations Pending Corrective Action for Period Ending September 30, 2020, by Agency

Grand Total	Total Number of Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)
	402	64	316	22

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
AMS: Agricultural Marketing Service							
01601-0002-41	AMS Storage and Handling of Commodities for International Food Assistance Programs	12/18/2019	2		2		Pending Final Action: 5, 6
Total			2		2		
ARS: Agricultural Research Service							
50601-0006-TE	Controls Over Plant Variety Protection and Germplasm Storage	03/04/2004	1		1		Pending Final Action: 9A
50601-0010-AT	Followup Review on the Security of Biohazardous Material at USDA Laboratories	03/08/2004	1		1		Pending Final Action: 2A
Total			2		2		
APHIS: Animal and Plant Health Inspection Service							
33601-0001-41	Oversight of Research Facilities	12/09/2014	1		1		Pending Final Action: 15
33701-0001-21	National Veterinary Stockpile Oversight	09/23/2020	8		8		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50601-0001-32	Controls Over APHIS' Introduction of Genetically Engineered Organisms	09/22/2015	2		2		Pending Final Action: 2, 8
50601-0008-TE	APHIS Controls Over Issuance of Genetically Engineered Organism Release Permits	12/08/2005	3		3		Pending Final Action: 1A, 2A, 3A
Total			14		14		
CCC: Commodity Credit Corporation							
06401-0005-11	CCC's Financial Statements for FYs 2015 and 2014	02/12/2016	3		3		Pending Final Action: 16, 18, 19
06403-0001-11	CCC's Financial Statements for FY 2018	11/09/2018	7		7		Pending Final Action: 2, 3, 4, 5, 7, 9, 10
06403-0002-11	CCC's Financial Statements for FYs 2019 and 2018	11/20/2019	4		4		Pending Final Action: 2, 4, 6, 7
Total			14		14		
DM: Departmental Management							
50099-0001-12	Review of Expenditures Made by OASCR	09/14/2015	1		1		Pending Final Action: 1
50099-0003-21	USDA's Management Over the Misuse of Government Vehicles	09/18/2018	11		11		Pending Final Action: 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50601-0003-23	Office of Small and Disadvantaged Business Utilization's Controls Over the Eligibility of Contract Recipients	09/28/2018	3		3		Pending Final Action: 1, 2, 3
Total			15		15		
FPAC: Farm Production and Conservation Business Center							
10801-0001-12	Review of an NRCS IT-Related Contract	3/30/2020	1		1		Pending Final Action: 1
Total			1		1		
FSA: Farm Service Agency							
03006-0001-TE	1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX	01/02/1996	1	1			Pending Collection: 1A
03099-0181-TE	FSA Payment Limitation Review in Louisiana	05/09/2008	1	1			Pending Collection: 2
03601-0001-22	FSA Compliance Activities	07/31/2014	5		5		Pending Final Action: 1, 2, 3, 4, 5
03601-0002-22	Economic Adjustment Assistance to Users of Upland Cotton	07/31/2014	1		1		Pending Final Action: 5
03601-0002-31	Agricultural Risk Coverage and Price Loss Coverage Programs	09/20/2018	2		2		Pending Final Action: 3, 7
03601-0003-31(1)	Market Facilitation Program - Interim Report	9/30/2020	5		5		Pending Final Action: 1, 2, 3, 4, 5

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
03601-0003-41	FSA's Controls Over Its Contract Closeout Process	03/27/2020	12	1	11		Pending Collection: 2 Pending Final Action: 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
03601-0004-41	Livestock Indemnity Program	9/28/2020	9		8	1	Pending Final Action: 2, 3, 4, 5, 6, 7, 8, 9 Pending Management Decision: 1
03601-0007-TE	Emergency Feed Program in Texas	09/18/1996	3	3			Pending Collection: 4A, 5B, 6A
03601-0012-AT	Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas	09/26/2007	1	1			Pending Collection: 2
03601-0023-KC	Hurricane Relief Initiative: Livestock Indemnity and Feed Indemnity Programs	02/02/2009	1	1			Pending Collection: 4
03601-0028-KC	Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments Program	05/30/2012	3	3			Pending Collection: 16, 21, 24

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
03702-0001-23	2017 Emergency Assistance for Honeybee Claims	09/28/2020	14	6	8		Pending Collection: 1, 2, 3, 6, 9, 11 Pending Final Action: 4, 5, 7, 8, 10, 12, 13, 14
03702-0001-32	FSA Livestock Forage Program	12/10/2014	2	1	1		Pending Collection: 2 Pending Final Action: 10
03702-0002-31	Wildfires and Hurricanes Indemnity Program	09/28/2020	5		2	3	Pending Final Action: 1, 5 Pending Management Decision: 2, 3, 4
50024-0014-11	USDA's FY 2018 Compliance with Improper Payment Requirements	05/31/2019	1		1		Pending Final Action: 2
50099-0011-SF	NRCS and FSA: Crop Bases on Lands with Conservation Easement—State of California	08/27/2007	1	1			Pending Collection: 2
50601-0003-22	Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS	01/27/2017	1		1		Pending Final Action: 2
50601-0015-AT	Hurricane Indemnity Program—Integrity of Data Provided by RMA	03/31/2010	1	1			Pending Collection: 5

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50703-0001-23	American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program	10/18/2013	1	1			Pending Collection: 9
Total			70	21	45	4	
FNS: Food and Nutrition Service							
27004-0001-23	New York's Controls Over SFSP	09/24/2018	5	4	1		Pending Collection: 5, 6, 8, 9 Pending Final Action: 3
27004-0001-31	Florida's Controls Over SFSP	08/26/2019	13	5	8		Pending Collection: 9, 11, 14, 20, 21 Pending Final Action: 1, 4, 5, 7, 10, 13, 15, 19
27004-0001-41	California's Controls Over SFSP	11/05/2018	9	5	4		Pending Collection: 15, 16, 17, 18, 25 Pending Final Action: 1, 9, 10, 20
27004-0003-21	SFSP in Texas— Sponsor Costs	03/14/2019	11	5	6		Pending Collection: 5, 6, 7, 8, 9 Pending Final Action: 10, 12, 13, 14, 18, 19
27004-0003-21(1)	SFSP—Texas Sponsor Cost— Interim Report	09/07/2017	1	1			Pending Collection: 1

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27004-0004-21	Texas' Controls Over SFSP	03/14/2019	13	3	10		Pending Collection: 10, 11, 17 Pending Final Action: 1, 2, 5, 7, 8, 9, 12, 13, 15, 16
27601-0001-21	Food Distribution Program on Indian Reservations	02/04/2020	4		4		Pending Final Action: 1, 2, 3, 5
27601-0001-31	FNS: Controls for Authorizing SNAP Retailers	07/31/2013	3		3		Pending Final Action: 9, 10, 11
27601-0002-23	Assessment of Women, Infants, and Children National Program Integrity and Monitoring Branch Activities	05/11/2020	2		2		Pending Final Action: 1, 2
27601-0002-41	FNS Quality Control Process for SNAP Error Rate	09/23/2015	1		1		Pending Final Action: 11
27601-0003-10	New Mexico's Compliance with SNAP Certification of Eligible Households Requirements	09/27/2016	8	4	4		Pending Collection: 2, 11, 13, 16 Pending Final Action: 5, 9, 14, 18
27601-0003-23	Nationwide Implementation of WIC EBT	12/26/2019	2		2		Pending Final Action: 1, 2
27601-0004-22	SNAP Employment and Training Pilot Projects	12/23/2019	2	1	1		Pending Collection: 2 Pending Final Action: 1

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27601-0005-41	Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP	09/18/2020	15		12	3	Pending Final Action: 1, 2, 3, 4, 8, 9, 10, 11, 12, 13, 14, 15 Pending Management Decision: 5, 6, 7
27601-0008-10	Georgia's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	06/14/2017	1	1			Pending Collection: 4
27601-0010-10	Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	08/09/2017	2	1	1		Pending Collection: 2 Pending Final Action: 1
27601-0011-10	South Carolina's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	09/14/2017	5	2	3		Pending Collection: 4, 7 Pending Final Action: 1, 5, 8
27601-0012-10	Washington's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	09/28/2017	2		2		Pending Final Action: 6, 7
27601-0013-10	Compilation Report of States' Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	12/19/2017	2		2		Pending Final Action: 1, 2

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27601-0019-10	Compilation Report of States' Compliance with Requirements for the Issuance and Use of SNAP Benefits (7 CFR Part 274)	09/28/2018	3		3		Pending Final Action: 1, 2, 3
27702-0001-22	Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria	10/18/2019	8	1	7		Pending Collection: 8 Pending Final Action: 1, 2, 3, 4, 5, 6, 7
Total			112	33	76	3	
FSIS: Food Safety and Inspection Service							
24016-0001-23	FSIS Followup on the 2007 and 2008 Audit Initiatives	06/07/2017	6		6		Pending Final Action: 3, 4, 7, 12, 13, 17
24601-0002-22	CIS Program	12/11/2019	1		1		Pending Final Action: 1
24601-0002-23	Controls Over Meat, Poultry, and Egg Product Labels	06/15/2020	5		5		Pending Final Action: 1, 2, 3, 4, 5
24601-0003-21	Controls Over Imported Meat and Poultry Products	07/01/2020	3		3		Pending Final Action: 1, 2, 3
24801-0001-41	FSIS Rulemaking Process for the Proposed Rule: Modernization of Swine Slaughter Inspection	06/23/2020	3		3		Pending Final Action: 1, 2, 3
Total			18		18		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
FAS: Foreign Agricultural Service							
07601-0001-22	Private Voluntary Organization Grant Fund Accountability	03/31/2014	1		1		Pending Final Action: 6
07601-0002-23	FAS' Monitoring of the Administration's Trade Agreement Initiatives	12/05/2016	2		2		Pending Final Action: 1, 3
50601-0001-22	Effectiveness of FAS' Recent Efforts to Implement Measurable Strategies Aligned to the Department's Trade Promotion and Policy Goals	03/28/2013	3		3		Pending Final Action: 1, 3, 4
50601-0002-16	Section 632(a) Transfer of Funds from U.S. Agency for International Development to USDA for Afghanistan	02/06/2014	2		2		Pending Final Action: 1, 2
Total			8		8		
Multi-Agency							
50024-0015-11	U.S. Department of Agriculture's Fiscal Year 2019 Compliance with Improper Payment Requirements	05/13/2020	4		4		Pending Final Action: FSA: 1,2,3 FNS: 4

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50701-0001-21	USDA Agency Activities for Agroterrorism Prevention, Detection, and Response	09/12/2018	6		6		Pending Final Action: APHIS: 1, 4, 5, 9, 10 ARS: 6
50701-0002-21	USDA's Controls to Prevent the Unauthorized Access and Transfer of Research Technology	03/30/2020	12		12		Pending Final Action: FS: 5, 6, 7, 8, 9, 10, 12, 14 OHSEC: 1, 2, 3, 4
Total			22	0	22		
NIFA: National Institute of Food & Agriculture							
13601-0001-22	NIFA Formula Grant Programs' Controls Over Fund Allocations to States	08/07/2019	11	1	10		Pending Collection: 3 Pending Final Action: 1, 2, 4, 5, 6, 7, 8, 9, 10, 11
Total			11	1	10		
NRCS: Natural Resources Conservation Service							
10099-0001-23	Controls Over the CIG Program	09/11/2018	11	2	9		Pending Collection: 3, 6 Pending Final Action: 1, 2, 4, 7, 8, 10, 11, 12, 13
10401-0009-11	NRCS' Balance Sheet for FY 2017	11/13/2017	2		2		Pending Final Action: 1, 3
10403-0001-11	NRCS' Balance Sheet for FY 2018	11/15/2018	1		1		Pending Final Action: 2

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
10403-0002-11	NRCS' Financial Statements for FY 2019	11/26/2019	11		11		Pending Final Action: 1, 3, 4, 5, 6, 7, 8, 9, 11, 13, 14
10601-0001-32	Controls Over the Conservation Stewardship Program	09/27/2016	7	3	4		Pending Collection: 7, 16, 26 Pending Final Action: 5, 6, 20, 25
10601-0002-31	NRCS Conservation Easement Compliance	07/30/2014	2		2		Pending Final Action: 5, 10
10601-0004-31	NRCS Regional Conservation Partnership Program Controls	06/28/2018	4	2	2		Pending Collection: 3, 4 Pending Final Action: 1, 2
10601-0004-31(2)	NRCS Regional Conservation Partnership Program Controls—Interim Report	11/13/2017	1	1			Pending Collection: 2
10601-0005-31	EQIP Payment Schedules	09/24/2019	3		3		Pending Final Action: 1, 4, 6
10601-0007-31	ACEP—Application Process and Selection Priorities	09/26/2019	1		1		Pending Final Action: 1
Total			43	8	35		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
OHSEC: Office of Homeland Security							
61701-0001-21	Agroterrorism Prevention, Detection, and Response	03/27/2017	4		4		Pending Final Action: 1, 2, 5, 13
Total			4		4		
OCFO: Office of the Chief Financial Officer							
11601-0001-12	USDA's FY 2019, First Quarter DATA Act Submission	11/08/2019	9		9		Pending Final Action: FNS: 12 FSA: 7 NRCS: 3 OCE: 4 OCFO: 1, 5, 10, 11 OCP: 6
50016-0001-23	Implementation of Suspension and Debarment Tools in USDA	09/28/2017	3		3		Pending Final Action: 1, 6, 8
50401-0013-11	USDA's Consolidated Balance Sheet for FY 2017	11/15/2017	1		1		Pending Final Action: 1
Total			13		13		
OCIO: Office of the Chief Information Officer							
50501-0017-12	Security Over Select USDA Agencies' Networks and Systems	09/28/2018	2		2		Pending Final Action: 1, 3
50501-0018-12	USDA, OCIO, FY 2018 FISMA	10/12/2018	2		2		Pending Final Action: 6, 7

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50501-0020-12	Improper Usage of USDA's IT Resources	06/27/2019	6		6		Pending Final Action: APHIS: 4 ARS: 3 FS: 5 OCIO: 2, 6 OHRM: 1
5050-0020-2(1)	Improper Usage of USDA's IT Resources— Interim Report	06/27/2018	5		5		Pending Final Action: 2, 3, 5, 6, 7
50501-0021-12	Data Encryption Controls Over PII on USDA IT	08/01/2019	2		2		Pending Final Action: 1, 2
50501-0022-12	Security Over Select USDA Agencies' Networks and Systems FY 2019	09/30/2020	10			10	Pending Management Decision: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
50501-0023-12	U.S. Department Of Agriculture's 2020 Compliance with the Geospatial Data Act	09/29/2020	2			2	Pending Management Decision : 1, 2
50503-0002-12	USDA, OCIO, FY 2019 FISMA	10/30/2019	1		1		Pending Final Action: 1
50801-0001-12	Implementation of the IT Modernization Centers of Excellence Improvements	09/23/2020	3			3	Pending Management Decision: 1, 2, 3
Total			33		18	15	

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
RMA: Risk Management Agency							
05601-0005-31	RMA's Utilization of Contracted Data Mining Results	12/19/2017	1		1		Pending Final Action: 2
05601-0006-31	Annual Forage Program and Followup on PRF Program Recommendations	07/26/2019	2		2		Pending Final Action: 1, 2
05601-0007-31	Controls Over Crop Insurance Section 508(h) Products	06/30/2020	2		2		Pending Final Action: 1, 2
Total			5		5		
RHS: Rural Housing Service							
04601-0001-41	Single Family Housing Guaranteed Loan Program Appraisals	06/24/2020	5		5		Pending Final Action: 1, 2, 3, 4, 5
04601-0003-31	Multi-Family Housing Tenant Eligibility	02/07/2020	10	1	9		Pending Collection: 3 Pending Final Action: 1, 2, 4, 5, 6, 7, 8, 9, 10
Total			15	1	14		

Appendix A.11: Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act (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 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 2020, we issued our annual financial statement reports for FY 2019 and addressed USDA's compliance with FFMIA. The Department reported that it was not compliant with Federal Financial Management System Requirements, applicable 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 to 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 2019. 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 A.12: Canceled Audits

Agency	Date Closed	Title of Report	Reason for Cancellation
AMS	04/7/2020	International Food Aid – Export Commodity Quality Assurance Procedures	To allow AMS to develop and implement an internal control structure relative to its exported commodities.
AMS	09/21/2020	AMS' Controls Over Its Contract Closeout Process	AMS officials expressed concern over their staff's ability to engage in the audit at a time when unprecedented levels of CARES Act funding and other ongoing engagements are their priority.

We will consider these areas in future audit planning.

Appendix A.13: Reports Without Agency Comment or Unimplemented Recommendations and Potential Cost Savings—Funds to Be Put to Better Use and Questioned Costs

USDA agencies had 77 outstanding recommendations with a potential value of more than \$2.3 billion. Monetary amounts listed represent questioned costs and funds that could be put to better use for those recommendations which management decision has been reached, but remain unimplemented. With the exception of audits issued from 1992 to 1996, the cited reports can be viewed on OIG’s website: <https://www.usda.gov/oig/>

Report #	Recommendation Cited	Management Decision Date	Released Amount
TOTAL			\$2,371,716,621
FNS			
27004000123	<i>New York’s Controls Over SFSP</i>		
	Direct the State agency to work with FNS to confirm the OIG-identified questionable costs (\$18,394) and to recover any disallowed costs from the SFSP sponsors.	09/24/2018	\$18,394
	Direct the State agency to confirm the OIG-identified unsupported costs (\$48,157) and to recover any disallowed costs from the SFSP sponsors.	09/24/2018	\$48,157
	Direct the State agency to confirm the OIG-identified questionable meal reimbursements (\$2,911) and recover any disallowed reimbursements from the SFSP sponsors.	09/24/2018	\$2,911
	Direct the State agency to work with FNS to take action to correct Sponsor E’s status and to recover any disallowed reimbursements (totaling \$26,037) from the SFSP sponsor.	09/24/2018	\$26,037
27004000131	<i>Florida’s Controls Over SFSP</i>		
	Direct the State agency to review [a sponsor’s] unsupported meal claims, which we identified as totaling \$385,301, and recover disallowed reimbursements, as applicable.	08/26/2019	\$385,301

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the State agency to review [a sponsor] for its unsupported reimbursements based on meal count errors, which we identified as totaling \$80,806, and recover disallowed reimbursements, as applicable.	08/26/2019	\$80,806
	Direct the State agency to review [two sponsors'] questioned costs, which we identified as totaling \$27,063, and replenish the disallowed costs to the program, as applicable.	08/26/2019	\$27,063
	Direct the State agency to review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. The State agency should recover any reimbursements paid to sponsors, as applicable.	08/26/2019	\$2,430
	Direct the State agency to review whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during State agency site reviews in 2016. The State agency should recover any reimbursements paid to sponsors, as applicable.	08/26/2019	\$307
27004000141	<i>California's Controls Over SFSP</i>		
	Direct the State agency to confirm the sponsor questionable costs totaling \$214,441 identified by OIG, and recover any disallowed costs from the SFSP sponsors.	11/05/2018	\$214,441
	Direct the State agency to confirm the sponsor unsupported costs totaling \$100,536 identified by OIG, and recover any disallowed costs from the SFSP sponsors.	11/05/2018	\$100,536
	Direct the State agency to confirm the sponsor questionable meal claims totaling \$18,923 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	11/05/2018	\$18,923

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the State agency to confirm the sponsor unsupported meal claims totaling \$42,860 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	11/05/2018	\$42,860
	Direct the State agency to confirm whether the sponsors claimed any of the OIG-identified questionable, non-reimbursable meals counted by the sites. If the sponsor claimed these meals, direct the State agency to recover the \$430 in questionable meal claims.	11/05/2018	\$430
27004000321	<i>SFSP in Texas—Sponsor Costs</i>		
	Direct the State agency to review questioned costs of \$646,037 related to 217,040 non-reimbursable meals associated with the eight sponsors in our audit and recover costs determined to be unsupported. Where necessary, declare identified sponsors seriously deficient and, if the deficiencies are not fully and permanently corrected, terminate their participation in SFSP.	03/14/2019	\$646,037
	Direct the State agency to review unsupported costs of \$13,705 associated with the eight sponsors in our audit and recover costs determined to be unsupported.	03/14/2019	\$13,705
	Request the State agency to review unallowable costs of \$9,960 associated with the eight sponsors in our audit and recover costs determined to be unsupported.	03/14/2019	\$9,960
	Direct the State agency to review questioned costs of \$34,506 paid to the sponsors in our audit that claimed 9,214 nonreimbursable meals and recover costs determined to be unsupported.	03/14/2019	\$34,506
	Direct the State agency to determine if the other nine sponsors claimed \$33,397 in nonreimbursable meals identified by our audit. The State agency should recover any amount it determines is unallowable.	03/14/2019	\$33,397

Report #	Recommendation Cited	Management Decision Date	Released Amount
27004000321(1)	<i>SFSP—Texas Sponsor Audit Interim Report</i>		
	Ensure that the Texas Department of Agriculture (TDA) reviews records supporting the \$110,670 paid in program year 2016 to the two sponsors, and recover funds paid to the two sponsors for costs that TDA determines not supported and allowable.	09/07/2017	\$110,670
27004000421	<i>Texas' Controls Over SFSP</i>		
	Direct the State agency to review the sponsors' unsupported meals claimed totaling \$28,201 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	03/14/2019	\$28,201
	Direct the State agency to review the sponsors' questionable costs totaling \$253,369 identified by OIG, and recover any disallowed expenditures from the sponsors.	03/14/2019	\$253,369
	Direct the State agency to determine if the four identified sponsors received approximately \$201 in reimbursements for the 53 meals we identified as nonreimbursable during site observations. The State agency should recover any reimbursements paid to sponsors for those nonreimbursable meals identified by our review.	03/14/2019	\$201
27601000241	<i>FNS Quality Control Process for SNAP Error Rate</i>		
	Amend FNS QC [quality control] policies and procedures (including FNS Handbook 310) to require the error tolerance threshold not be applied when calculating the SNAP recipient's reportable error amount until all variances (including those permitted by SNAP policy) have been properly identified and accounted for during the QC process.	04/06/2016	\$5,568,534

Report #	Recommendation Cited	Management Decision Date	Released Amount
27601000310	<i>New Mexico's Compliance with SNAP Certification of Eligible Households Requirements</i>		
	Require New Mexico HSD [Human Services Department] verify enrollment and/or exemption, as applicable, for the four student cases identified, and if it is determined the students were ineligible, require HSD to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$2,194
	Require New Mexico HSD review the two identified cases and verify income to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$6,721
	Require New Mexico HSD review the identified case to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$163
	Require HSD review the two cases identified to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$2,900
27601000422	<i>SNAP Employment and Training Pilot Projects</i>		
	For any State unable to provide adequate substantiation for Recommendation 1, use agency authorities under 2 C.F.R. § 200.338 and agency policies over grants to seek recovery of pilot funds, as appropriate.	12/23/2019	\$27,554,632
27601000541	<i>Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP</i>		
	Revise guidance to provide instructions to State agencies on how to monitor and verify the sponsors' use of unused reimbursements, including directions for cross-program reviews and sufficient followup, and to define what constitutes an "excessive gap" for unused reimbursement corrective action requirements.	09/18/2020	\$6,089,279

Report #	Recommendation Cited	Management Decision Date	Released Amount
27601000810	<i>Georgia's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)</i>		
	Require Georgia DFCS [Division of Family and Children Services] to review the two identified individuals who potentially received benefits while incarcerated for over 30 days and determine if payments were improper and warrant establishment of a claim.	06/14/2017	\$1,427
27601001010	<i>Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)</i>		
	Require PA DHS [Department of Human Services] to review the three identified cases that received benefits while incarcerated for over 30 days and determine if payments were improper and warrant establishment of a claim.	08/09/2017	\$969
27601001110	<i>South Carolina's Compliance With SNAP Requirements for Participating State Agencies (7 CFR)</i>		
	Require SC DSS [South Carolina Department of Social Services] to review the 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household to determine if payments were improper and warrant the establishment of a claim.	09/14/2017	\$1,955
	Require SC DSS to review the seven cases identified where an individual who may have been deceased was issued benefits to determine if payments were improper and warrant the establishment of a claim.	09/14/2017	\$24,254
27702000122	<i>Review of FNS' Nutrition Assistance Program Providing Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria</i>		
	Require ADSEF [Administration for Socioeconomic Development of the Family] to review all active cases that have been through the retroactive/claims module since April 2014 and correct any inaccurate case data including benefit amounts, household size, and net income.	10/18/2019	\$1,455,891

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Require ADSEF [Administration for Socioeconomic Development of the Family] to regularly perform checks against SSA [Social Security Administration] national death information to ensure deceased individuals are not receiving benefits. Review cases identified through the audit and establish claims for overpayments, as appropriate.	10/18/2019	\$1,258,308
FSA			
030060001TE	<i>1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX</i>		
	Coordinate with OIG Investigations before taking administrative action regarding the cited 27 producers whose eligibility was questioned. Take administrative action to recover payments on cases that are not handled through the legal system.	07/01/2002	\$2,203,261
030990181TE	<i>FSA Payment Limitation Review in Louisiana</i>		
	If an adverse determination is made for Recommendation 1, collect program payments subject to limitation for each year for which a scheme or device was adopted and for the subsequent year. (The producers' payments subject to limitation totaled over \$1.4 million for the 2000 through 2002 crop years. See exhibit E.)	01/30/2009	\$1,432,622
03601000341	<i>FSA's Controls Over Its Contract Closeout Process</i>		
	Establish a process that ensures contracts are timely closed out and any remaining funds deobligated.	03/27/2020	\$738,907
036010007TE	<i>Emergency Feed Program in Texas</i>		
	Instruct the Reeves County [Executive Director] CED to recover the cited ineligible benefits from Producer A (\$30,773) and Producer B (\$21,620).	01/12/2001	\$52,393

Report #	Recommendation Cited	Management Decision Date	Released Amount
	If the COC [County Committee] determines a scheme or device was used to defeat the purpose of the EFP [Emergency Feed Program], instruct the Reeves County [Executive Director] CED to recover the \$70,529 in benefits paid this producer for crop years 1994 and 1995 and cancel the \$12,350 in benefits which otherwise are available for the 1995 crop year. (NOTE: \$30,773 of this amount is also included in Recommendation No. 4.)	01/12/2001	\$52,106
	Instruct the Reeves County [Committee] COC to review the validity of the 1994 EFP [Emergency Feed Program] form CCC-651 for Producer B and determine the eligibility of the producer and the \$32,546 in benefits paid for crop year 1994. (NOTE: \$21,620 of this amount is also included in Recommendation No. 4.)	01/12/2001	\$10,926
036010012AT	<i>Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas</i>		
	Instruct Kentucky, North Carolina, South Carolina, and Virginia to require the 5 [county offices] COs to review the 14 contracts where applicants did not meet FSA's eligibility requirements and take appropriate recovery actions to collect \$119,568 of improper payments made in FYs 2005, 2006, and 2007.	02/26/2008	\$119,568
036010023KC	<i>Hurricane Relief Initiatives: Livestock and Feed Indemnity Programs</i>		
	For each application for which it is determined (under Recommendation 3) that the third-party statements and/or beginning inventory documentation omitted from the application did not meet program requirements, recover resultant overpayments.	03/16/2011	\$860,971

Report #	Recommendation Cited	Management Decision Date	Released Amount
036010028KC	<i>Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments</i>		
	Require the field office in Johnson County, Missouri, to: (1) review all delivery documents submitted by participating owners in support of disbursed matching payments; (2) identify all improperly established dry weight ton equivalents of biomass material eligible for matching payments (i.e., all those not reduced to zero percent moisture); and (3) recover all associated improper payments.	09/20/2012	\$3,352
	Require, through direction to the appropriate State offices, that county offices recover the improperly issued matching payments associated with deliveries of biomass material completed prior to approval of the owners' CHST [collection, harvest, storage, and transportation] applications.	09/20/2012	\$280,142
	Based on the determinations reached regarding scheme or device, initiate appropriate administrative actions including the termination of any violated facility agreements and the recovery of any improperly disbursed matching payments plus interest. Coordinate with OIG Investigations prior to initiating any administrative actions.	09/20/2012	\$95,675
03702000123	<i>2017 Emergency Assistance for Honeybee Claims</i>		
	Require both State offices to review the \$293,801 of miscalculated honeybee payments and take appropriate corrective actions, per FSA instructions.	09/28/2020	\$293,801
	Ensure the State office completes its review of the remaining \$2.37 million in honeybee payments in PY 2017 and takes appropriate corrective actions, per FSA instructions.	09/28/2020	\$2,375,851

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Ensure the State office completes its review of the \$3.30 million payments in PY 2018 and takes appropriate corrective actions, per FSA instructions.	09/28/2020	\$3,303,414
	Review the two ineligible producers' honeybee applications totaling over \$88,000 in gross payments, and take appropriate corrective actions.	09/28/2020	\$88,932
	Require the State office to review the honeybee producer-reported inventories of the 18 honeybee producers with late-filed colony reports, and take appropriate corrective action on questioned costs totaling \$1,102,008.	09/28/2020	\$1,102,008
	Require the State office to review applications and payments in the identified district, and take appropriate corrective action on questioned costs totaling \$3,028,335.	09/28/2020	\$3,028,335
03702000132	<i>Livestock Forage Program</i>		
	Review and recover improper overpayments of \$358,956 due to errors in calculating Livestock Forage Program payments.	09/18/2015	\$358,956
03702000231	<i>Wildfires and Hurricanes Indemnity Program</i>		
	Establish a policy whereby any deviations from established procedures are clearly documented and approved by appropriate levels of management.	09/28/2020	\$98,244,146
500990011SF	<i>Crop Bases on Lands with Conservation Easements</i>		
	Direct FSA's California State office to remove crop bases from the 33 easement-encumbered lands and recover \$1,290,147 in improper payments.	01/15/2009	\$1,290,147

Report #	Recommendation Cited	Management Decision Date	Released Amount
506010015AT	<i>Hurricane Indemnity Program—Integrity of Data Provided by RMA</i> FSA should recover the \$815,612 in [Hurricane Indemnity Program] HIP overpayments that have been identified, and recover any other overpayments resulting from RMA's review of the AIP's [approved insurance providers'] changes to cause of loss and date of damage.	09/30/2010	\$1,061,958 ¹⁵
50703000123	<i>American Recovery and Reinvestment Act Trade Adjustment Assistance for Farmers Program</i> Collect Trade Adjustment Assistance for Farmers Program payments, totaling \$84,000, from those producers whose self-certification was not supported by their records submitted to OIG.	09/10/2014	\$84,000
NIFA			
13601000122	<i>NIFA Formula Grant Programs' Controls Over Fund Allocations to States</i> Develop and implement policy and procedures for effectively performing and reviewing calculations of funding allocations to ensure accuracy.	08/07/2019	\$600,510
	Determine whether \$2,825,604 paid to institutions in the Evans-Allen Research Program and 1890 Extension Program; \$3,633,065 in the Smith-Lever 3(b) and (c) Program; and \$66,103 in the McIntire-Stennis Cooperative Forestry Research Program should be discharged under applicable laws. If the amounts cannot be discharged, seek recovery of overpayments to those institutions.	03/12/2020	\$6,524,772

¹⁵ 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 HIP payments need to be corrected. Direct the approved insurance providers to reverse the changes, and provide FSA a list of these corrections.

Report #	Recommendation Cited	Management Decision Date	Released Amount
NRCS			
10099000123	<i>Controls Over Conservation Innovation Grants [CIG]</i>		
	Obtain and assess missing quarterly and semiannual reports from the 35 CIGs reviewed and determine if \$4,366,090 in CIG funds were paid out appropriately or if funds should be recovered. If CIG funds should be recovered, begin the recovery process.	03/13/2019	\$4,366,090
	Ensure the identified \$1,271,659 of insufficiently supported matching funds is verified and reconciled. NRCS should take appropriate action where applicable.	09/11/2018	\$1,271,659
10601000132	<i>Controls Over the Conservation Stewardship Program [CSP]</i>		
	For the five contracts in which the agricultural operations were not substantially separate from other agricultural operations, require the State Conservationist to (1) coordinate with FSA to determine the proper delineation and (2) determine if the participants engaged in any misrepresentation, scheme, or device for CSP purposes. If the State Conservationist determines the participants engaged in misrepresentation, scheme, or device, terminate the participants' interests in all CSP contracts and determine whether there is cause for consideration of suspension and debarment for the participants. If participants did not engage in misrepresentation, scheme, or device, modify or terminate the contract and deobligate funds, as appropriate.	10/23/2017	\$240,604
	For the remaining six contracts in which the agricultural operations were inconsistently delineated, direct [two States'] State Conservationists to modify and/or terminate the contracts and to deobligate funds, as appropriate.	09/27/2016	\$720,000

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the [two States'] State Conservationists to recover any overpayments and liquidated damages resulting from the modifications or terminations of the contracts on which the participant(s) inconsistently delineated their agricultural operations.	09/21/2018	\$1,740,906
	For each of the 29 contracts on which the participants claimed payment shares inconsistent with their reported member shares of the operation, recover any overpayments and liquidated damages resulting from operational adjustments to, or termination of, the contracts. For any cases in which the State Conservationist determines the participants engaged in any misrepresentation, scheme, or device, recover any overpayments and liquidated damages resulting from termination of the participants' interests in all other CSP contracts.	09/21/2018	\$2,676,920
	Direct the [a State] NRCS office to make operational adjustment modifications to, or cancel, as appropriate, each of the 15 contracts identified as containing incompatible enhancements that occupy, or may occupy, the same space. Deobligate funds for the contracts as appropriate.	09/27/2016	\$1,051,055
	For the 21 contracts for which participants were unable to provide required job sheet documentation to demonstrate effective and timely implementation of enhancements, direct the State Conservationists to make operational adjustment modifications to the contracts and/ or terminate the contracts and deobligate funds, as appropriate.	09/27/2016	\$395,962

Report #	Recommendation Cited	Management Decision Date	Released Amount
	For the 21 contracts for which participants were unable to provide required job sheet documentation to demonstrate effective and timely implementation of enhancements, direct the State Conservationists to recover any overpayments and liquidated damages resulting from operational adjustment modifications to, or termination of, the contracts.	09/05/2018	\$1,093,943
10601000431	<i>NRCS Regional Conservation Partnership Program Controls [RCPP]</i>		
	Obtain and review additional supporting documentation for the questioned \$632,687 in RCPP payments made without adequate documentation and recover any payments that are determined to be ineligible for technical assistance expenses.	09/10/2019	\$632,687
	Request the return of previously issued RCPP technical assistance payments of \$60,357 to partners for ineligible expenses.	11/14/2019	\$36,047
10601000431 (2)	<i>NRCS Regional Conservation Partnership Program Controls—Interim Report</i>		
	NRCS should request the RCPP partner to provide supporting documentation that includes the land and producer information for all previously made payments. NRCS should review any additional documentation provided and, if the partner does not provide the unredacted documentation, then NRCS should request a return of the previous payments.	05/02/2018	\$267,410
10601000531	<i>EQIP [Environmental Quality Incentives Program] Payment Schedules</i>		
	Assess the current EQIP payment schedule process, identify opportunities to make it more manageable and effective, and then make changes to the process as appropriate.	09/24/2019	\$2,161,137,783
	Ensure that the EQIP payment schedule includes necessary components and scenarios to address State and regional needs and exceptions.	09/24/2019	\$31,592

Report #	Recommendation Cited	Management Decision Date	Released Amount
Rural Housing			
04601000141	<i>Single Family Housing Guaranteed Loan Program Appraisals</i>		
	Develop and implement controls for pre-closing technical appraisal reviews to prevent the issuance of conditional commitments for loan guarantees prior to regional agency appraisers' determinations that appraisals are acceptable.	08/25/2020	\$814,604
04601000331	<i>Multi-Family Housing Tenant Eligibility</i>		
	Develop and provide training or guidance to property management on documentation requirements for tenant files, including document retention policies, income calculations, and any adjustments to income.	02/07/2020	\$26,962,764
	Pursue recovery or take other action as appropriate for the \$3,973 in unauthorized assistance and other errors we identified.	02/07/2020	\$3,973

Appendix A.14: Audit Reports that Were Not Publicly Released (as of September 30, 2020)*

OIG published summary information for all of its reports from April 1, 2020, through September 30, 2020; however, one report contained sensitive content that was not publicly released.

*This appendix also is intended to report any inspections or evaluations that were not publicly released. We have no instances of an inspection or evaluation that was closed and not disclosed to the public during this reporting period.

Appendix A.15: Summary of Audit Reports for Which the Department Has Not Returned Comment Within 60 Days of Receipt of the Report

In this reporting period, there were no instances where the Department did not return comment within 60 days of receipt of an audit report.

APPENDIX B: INVESTIGATIONS TABLES

Appendix B.1: Summary of Investigative Activities, April 1, 2020–September 30, 2020^a

Reports Issued: 107	Cases Opened	86
	Cases Referred for Prosecution	49
Impact of Investigations	Indictments	92
	Convictions ^b	199
	Searches	112
	Arrests	257
	Recoveries/Collections ^c	\$4
	Restitutions ^d	\$32.1
Total Dollar Impact (Millions): \$61.6	Fines ^e	\$2
	Asset Forfeitures ^f	\$13.2
	Claims Established ^g	\$9.3
	Cost Avoidance ^h	\$3.4
	Administrative Penalties ⁱ	\$3.0
Administrative Sanctions: 250	Employees	14
	Businesses/Persons	236

^a For information about investigations statistics, please see footnote on page 76.

^b Includes convictions and pretrial diversions. The period of time to obtain court action on an indictment varies widely; therefore, the 199 convictions do not necessarily relate to the 257 arrests or the 92 indictments.

^c Includes money received by USDA or other Government agencies as a result of OIG investigations.

^d Restitutions are court-ordered repayments of money lost through a crime or program abuse.

^e Fines are court-ordered penalties and special assessments.

^f Asset forfeitures are judicial or administrative results.

^g Claims established are agency demands for repayment of USDA benefits.

^h Consists of loans or benefits not granted as the result of an OIG investigation.

ⁱ Includes monetary fines, remedies, or penalties authorized by law and imposed through an administrative process as a result of OIG findings.

Appendix B.2: Indictments and Convictions*

Indictments and Convictions—April 1, 2020–September 30, 2020

Agency	Indictments	Convictions**
AMS	0	1
APHIS	38	8
ARS	0	2
FNS	38	169
FS	0	2
FSA	7	9
FSIS	6	5
NRCS	1	0
RBS	0	0
RHS	0	0
RMA	2	3
Totals	92	199

* For information about investigations statistics, please see footnote on page 76.

** This category includes pretrial diversions.

Appendix B.3: OIG Hotline

Number of Complaints Processed

Type	Number
Employee Misconduct	205
Participant Fraud	6294
Waste/Mismanagement	130
Health/Safety Problem	37
Opinion/Information	92
Bribery	1
Reprisal	0
Total Number of Complaints Received	6759

Disposition of Complaints

Method of Disposition	Number
Referred to OIG Audit or Investigations for Review	191
Referred to Other Law Enforcement Agencies	10
Referred to USDA Agencies for Response	308
Referred to FNS for Tracking	5759
Referred to USDA or Other Agencies for Information—No Response Needed	391
Filed Without Referral—Insufficient Information	56
Referred to State Agencies	44

Appendix B.4: Additional Investigations Information*

In fulfillment of the Inspector General Empowerment Act's (IGEA) 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 referral, and a description of the metrics used for developing the data for such statistical tables.

	Description of Data	Number	Explanation	Source of Data
1	Number of reports issued	107		Number obtained from ARGOS database is routinely reported.
2	Number of people referred to DOJ criminal	376	Number of people referred for prosecution Federally in FY20 second half	Created a report from the database to show cases referred for prosecution during the second half of FY20. Queried each case in the database to determine how many individuals were referred for prosecution and to whom they were referred.
2a	Number of people referred to DOJ civil	23	Of the 376 people reported above, 23 were referred to DOJ for both criminal and civil action.	Same as number 2 above.
3	Number of people referred to State/local authorities	60	Number of people referred to State/local authorities in FY20 second half.	Created a report from the database to show cases referred for prosecution during the second half of FY20. Queried each case in the database to determine how many individuals were referred for prosecution and to whom they were referred.
3a	Number of people referred to State/local authorities as well as Federal authorities	26	Of the 60 people reported above, 26 were referred to both Federal and State/local entities.	Same as number 3 above.

	Description of Data	Number	Explanation	Source of Data
4	Indictments from prior referrals	47	Indictments include other charging mechanisms.	Created a report from the database to show cases that had indictments and/or other charging mechanisms claimed during FY20 second half, regardless of when they were referred.
5	Convictions from prior referrals	193	Convictions include pre-trial diversions.	Created a report from the database to show cases that had convictions and/or pre-trial diversions claimed during FY20 second half, regardless of when they were referred.

* For information about investigations statistics, please see footnote on page 76.

Appendix B.5: OIG Investigations Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated

OIG has two investigations to report:

- » OIG investigated allegations that a former Associate Administrator (Senior Executive Service) offered incentives to an RMA employee with whom he had a romantic relationship in exchange for her making derogatory statements against another RMA employee. The investigation did not substantiate the specific allegation of the purported bribe; however, it substantiated that the Associate Administrator had numerous romantic relationships with other female RMA employees both outside and within his chain of command. The Associate Administrator resigned as a result of the investigation. This case was closed in the second half of FY 2020.
- » Based on a referral from OIG Audit, OIG investigated allegations that a former FS Acquisition Manager (SES) may have violated the post-employment restriction on former officers, employees, and elected officials of the executive and legislative branches. The investigation substantiated that prior to his retirement, the employee was the sole selection authority for FS contracts awarded for air tanker services and to other companies to provide mobile catering and mobile shower facilities. Further, after his retirement he accepted employment with an aviation company which received such contracts. Additionally, he worked as a consultant for a National association representing shower and catering companies. As a result of the OIG investigation, the employee agreed to pay a \$20,000 fine for violating the lifetime and 2-year bans on employment because he had been personally and substantially involved with such contracts as the Acquisition Manager. This case was closed in the second half of FY 2020.

Appendix B.6: Instances of Whistleblower Retaliation

We have no instances to report.

Appendix B.7: 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 B.8: Instances of an Investigation of a Senior Government Employee that Was Closed and Not Disclosed to the Public

OIG has two investigations to report:

- » OIG initiated an investigation of a senior FS official who was alleged to have retaliated against a whistleblower, raising concerns regarding the safety of FS contract MD-87 airtankers used to combat wildfires. While the investigation was ongoing, OIG was notified that the retaliation allegations were being investigated by another Federal agency with primary jurisdiction to investigate retaliation against whistleblowers. As a result, OIG concluded its investigation with respect to the whistleblower retaliation allegation.

- » OIG initiated an investigation into allegations of sexual misconduct against a former FS official. Previously, USDA had conducted its own review of the same official. OIG found that while USDA did not find documented evidence of the former FS official's misconduct, a background investigation for a security clearance in 2016 revealed the possible existence of an affair with a subordinate FS employee. OIG contacted potential witnesses to the alleged misconduct, but the individuals who agreed to speak with OIG advised they had not witnessed the incident. OIG was unable to otherwise substantiate the alleged misconduct.

APPENDIX C: OFFICE OF ANALYTICS AND INNOVATION TABLES

OAI did not issue any surveys or reports this period.

ACRONYMS AND ABBREVIATIONS

ABPP	Advanced Biofuel Payment Program
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
CARES Act	Coronavirus Aid, Relief, and Economic Security
CCC	Commodity Credit Corporation
CFAP	Coronavirus Food Assistance Program
CFC	Cooperative Finance Corporation
CIG	Conservation Innovation Grants
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CoE	Centers of Excellence
COVID-19	coronavirus disease 2019
CSP	Conservation Stewardship Program
CHST	collection, harvest, storage, and transportation
DATA Act	Digital Accountability and Transparency Act
DES	Department of Economic Security
DHS-HSI	U.S. Department of Homeland Security, Homeland Security Investigations
DOJ	U.S. Department of Justice
E-Board	Executive Information Technology Investment Review Board
EBT	electronic benefits transfer
ELAP	Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program
EPA	U.S. Environmental Protection Agency
EQIP	Environmental Quality Incentives Program
FAS	Foreign Agricultural Service
FAV	Final Action Verification
FBI	Federal Bureau of Investigation
FIP	Family Investment Program
FISCAM	Federal Information System Controls Audit Manual
FISMA	Federal Information Security Management Act
FMS	Financial Management Services
FNS	Food and Nutrition Service
FPAC	Farm Production and Conservation

FS	Forest Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
FY	fiscal year
GAO	Government Accountability Office
HHS	U.S. Department of Health and Human Services
HIP	Hurricane Indemnity Program
IA DHS	Iowa Department of Human Services
IPP	inspection program personnel
IRS	Internal Revenue Service
IRS-CI	Internal Revenue Service Criminal Investigation
IT	information technology
JTTF	Joint Terrorism Task Force
LIP	Livestock Indemnity Program
LPDS	Labeling and Program Delivery Staff
MFP	Market Facilitation Program
NAP	Nutrition Assistance Program
NFC	National Finance Center
NIFA	National Institute of Food and Agriculture
NJTTF	National Joint Terrorism Task Force
NRCS	Natural Resources Conservation Service
NVS	National Veterinary Stockpile
OAI	Office of Analytics and Innovation
OASCR	Office of the Assistant Secretary for Civil Rights
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIMB	Program Integrity and Monitoring Branch
PRAC	Pandemic Response Accountability Committee
RCPP	Regional Conservation Partnership Program Controls

RCSD Rankin County (Mississippi) Sheriff's Department
 RHS Rural Housing Service
 RMA Risk Management Agency
 RUS Rural Utilities Service
 SARC Semiannual Report to Congress
 SES Senior Executive Service
 SFHGLP Single Family Housing Guaranteed Loan Program
 SFSP Summer Food Service Program
 SNAP Supplemental Nutrition Assistance Program
 SSA U.S. Social Security Administration
 TANF Temporary Assistance for Needy Families
 U.S. United States
 USDA U.S. Department of Agriculture
 USSS United States Secret Service
 VS Veterinary Services
 WFRP Wildland Fire Response Plans
 WHIP Wildfires and Hurricanes Indemnity Program
 WIC Special Supplemental Nutrition Program for Women, Infants, and Children

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.

MANAGEMENT CHALLENGES	
(1) USDA Needs to Improve Oversight and Accountability for Its Programs	Related material can be found on pages 3–6, 15–20, 49–50, 54–56
(2) IT Security Needs Continuing Improvement	Related material can be found on pages 6, 57
(3) USDA Needs to Strengthen Program Performance and Performance Measures	Related material can be found on pages 15–17, 50
(4) USDA Needs to Strengthen Controls Over Improper Payments and Financial Management	Related material can be found on pages 17, 49–50, 57
(5) USDA Needs to Improve Outreach Efforts	Related material can be found on pages 5–6
(6) Food Safety Inspections Need Improved Controls	Related material can be found on pages 4–6, 51–52
(7) FNS Needs to Strengthen SNAP Management Controls	Related material can be found on page 61

Learn more about USDA OIG
Visit our website: www.usda.gov/oig
Follow us on Twitter: @OIGUSDA

Report Suspected Wrongdoing in USDA Programs

OIG Hotline: www.usda.gov/oig/hotline.htm

Local / Washington, D.C. (202) 690-1622
Outside D.C. (800) 424-9121
TTY (Call Collect) (202) 690-1202

Bribery / Assault
(202) 720-7257 (24 hours)



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

Persons with disabilities who require alternative means of communication for program information (e.g., braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal

Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

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

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

All photographs on the front and back covers are from USDA's Flickr site and are in the public domain. They do not depict any particular audit or investigation.