

OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

First Half October 1, 2020–March 31, 2021



Fiscal Year 2021

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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 March 31, 2021. 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 16 products (i.e., reports and memoranda) that resulted in 46 recommendations and \$23.2 million in questioned/unsupported costs or funds to be put to better use. Our Office of Investigations issued a total of 88 reports and reported 88 indictments, 66 convictions, and 190 arrests, as well as \$201.2 million in recoveries and restitutions. We also received 5,434 complaints through the OIG Hotline.

As of this reporting period, it has been more than a year since the beginning of

the coronavirus disease 2019 (COVID-19) pandemic. As such, OIG has executed its mission in a maximum telework environment throughout this period. Our leadership and staff has overcome the challenges presented by using new technologies and modifications to our business processes while still ensuring the quality and integrity of our work.

OIG continues to work 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 particular, during this reporting period, we released a public USDA COVID-19 procurement dashboard to enhance transparency related to USDA contracts executed to support COVID-19 response and relief. In a separate section of this report, OIG is highlighting its oversight work, and outlining continuing work, related to the COVID-19 pandemic since the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020.

We will soon be entering our fiscal year (FY) 2022 planning period. As we address our oversight portfolio of both ongoing USDA programs as well as new pandemic response initiatives, our approach is to rely on the best available data to conduct risk assessments of USDA programs and activities to prioritize our resources.

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, OIG investigates allegations involving agricultural inspection and food safety. A recent OIG investigation resulted in the sentencing of two former co-owners of a New York meat distribution company.

The co-conspirators were suspected of stamping non-Prime meat products as “USDA Prime” using a counterfeit “USDA Prime” grading shield as well as mislabeling boxes containing non-kosher meat products as kosher. Subsequently, in September 2019, the two co-owners also were charged with conspiracy to commit wire fraud. They pled guilty and criminal forfeiture in the form of money judgments in the amount of \$125,000 was included as a part of their plea agreements. In February 2021, the co-owners were each sentenced to 5 years of probation and ordered to pay fines of \$20,000 each. In addition, both individuals were ordered to pay restitution totaling \$88,424, jointly and severally.

OIG also reviewed USDA’s ongoing efforts to improve its IT security program and practices during FY 2020 by evaluating five cybersecurity framework security functions as well as reviewing corrective action taken to implement OIG’s prior audit recommendations as required by the Federal Information Security Modernization Act of 2014 (FISMA). While USDA continues to take positive steps to improve its IT security posture, many longstanding weaknesses remain. As a result, based on Office of Management and Budget

(OMB) criteria, the Department’s overall score indicates an ineffective level of security. The Department and its agencies must develop and implement an effective plan to mitigate security weaknesses identified in the prior fiscal year recommendations. USDA’s Office of the Chief Information Officer (OCIO) generally concurred with the findings and recommendations in the report.

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

As part of OIG’s goal to ensure that benefits reach those for whom they are intended, we conducted a variety of audits and investigations designed to confirm that recipients are eligible and that payments are calculated properly. For example, OIG investigators work to ensure the integrity of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). An OIG investigation resulted in a recent, final sentencing of three pharmacy operators for defrauding the WIC program. In January 2021, all three were ordered to pay more than \$4 million in restitution, jointly and severally. Our investigation disclosed that the three individuals

purchased Georgia WIC vouchers from low-income recipients, including high-value special infant formula WIC vouchers (i.e., formula vouchers that had to be prescribed by a doctor) from WIC recipients, which the pharmacy operators redeemed for cash. Previously, in December 2019, the three operators were found guilty of 37 counts pertaining to conspiracy, wire fraud, theft of Government funds, and WIC fraud. Subsequently, in November 2020, two operators were each sentenced to 4 years and 6 months in prison, and the third operator was sentenced to 3 years in prison. Each defendant was also sentenced at that time to 2 years of supervised release and ordered to pay a special assessment of \$3,700.

In response to a Congressional request, we also recently reviewed a \$2 million grant issued by the Forest Service (FS) to facilitate an exemption to the Roadless Area Conservation Rule (Roadless Rule) in Alaska’s Tongass National Forest and discovered that the processes FS used to award the grant did not comply with Federal laws and regulations. Specifically, FS modified an existing Cooperative Forestry Assistance Act of 1978 grant between FS and Alaska that is designated for State and private forests, not Federal forests such as the

Tongass National Forest. In addition, modifying this grant did not comply with rules related to competition for discretionary program funding. As a result, we found that stakeholders were unaware that Federal funding was available for the purposes of this grant. FS generally concurred with the findings and recommendations.

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

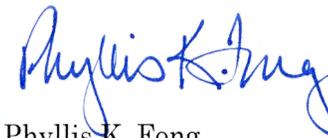
OIG’s work focuses on areas such as improved financial management and accountability, research, real property management, and employee integrity. In response to Congressional requests, OIG reviewed USDA’s Research, Education, and Economics (REE) mission area to assess whether changes in policy and/or processes impacted the publication of scientific reports and other documents or communications and to analyze the impact of any changes in resources, staff, and staff experience levels on the publication of research results. OIG did not identify an instance where any change in policies or processes impacted the publication of USDA research results during FYs 2017–2019. However, OIG could not determine the full impact of changes in

resources, staff, or staff skills. OIG could not determine these changes because REE could not accurately and timely identify or count the number of scientific publications it issued relevant to its stakeholders or across all REE agencies. REE agreed with OIG’s recommendation.

Additionally, we conducted an investigation to determine if a business owner knowingly purchased conventional commodities and resold them as part of the National Organic Program (NOP) at an inflated rate to customers, keeping a portion of the proceeds for himself. The investigation disclosed that the owner of several businesses based in South Dakota profited from the fraudulent distribution and sale of agricultural grain and seed products falsely represented to be organic. In February 2021, the business owner was sentenced to 51 months in Federal prison, followed by 24 months of supervised probation. He also was ordered to pay \$5,682 in restitution and \$343,857 to his private creditors, and he was given a forfeiture judgment of \$15.3 million for defrauding customers by selling and distributing non-organic products as organic.

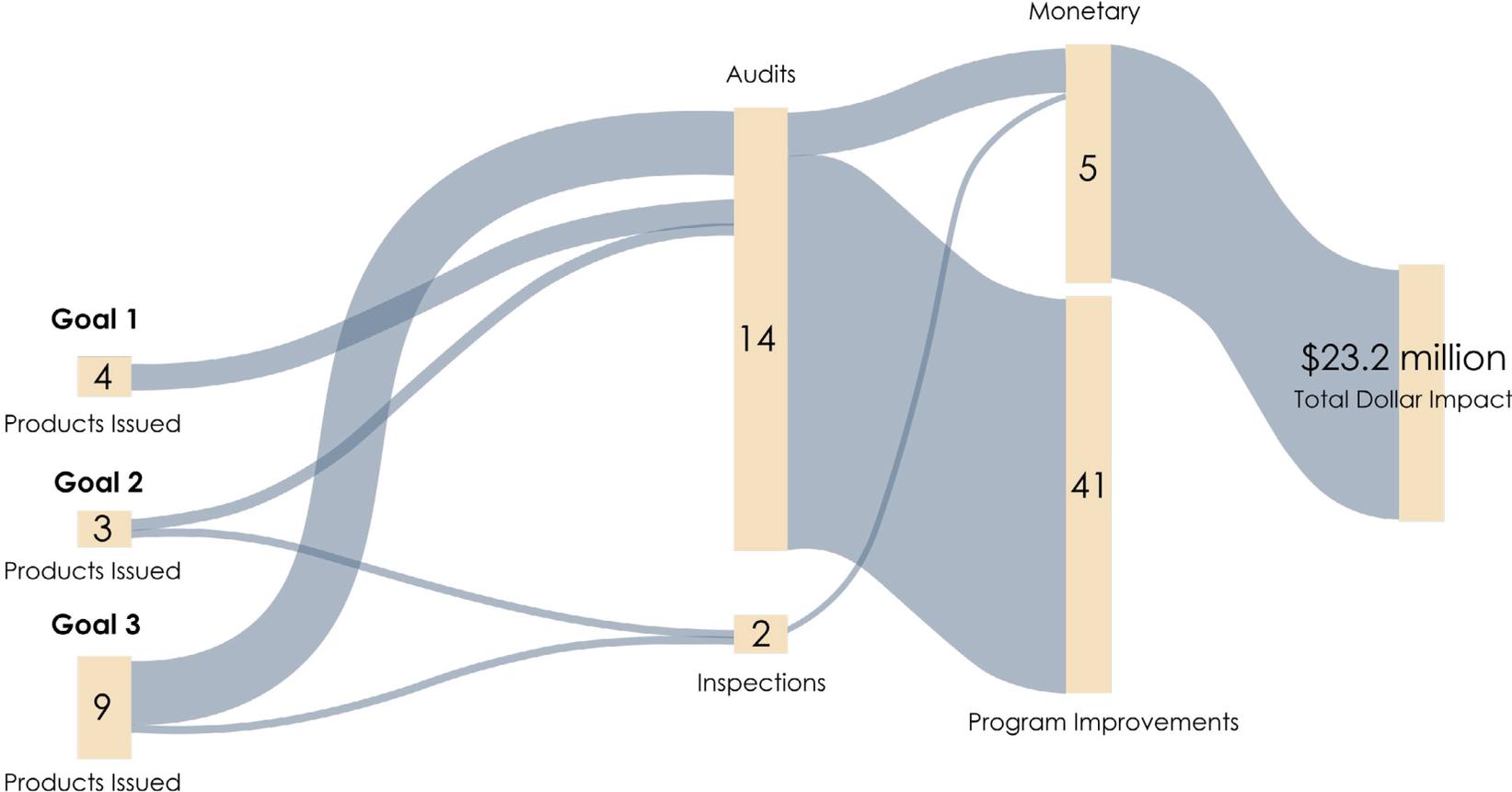
In summary, these accomplishments are the result of the dedicated work of OIG’s professional staff and their commitment to ensuring the efficiency

and effectiveness of USDA programs. We look forward to continuing our collaborative working relationship with Secretary Tom Vilsack as he embarks on a new term at USDA. We also appreciate the aid and support of the USDA management team, as well as interested Congressional Committees and Members of Congress, to ensure that USDA programs are accomplishing their intended missions.



Phyllis K. Fong
Inspector General

Audit Performance Summary



Investigations Performance Summary

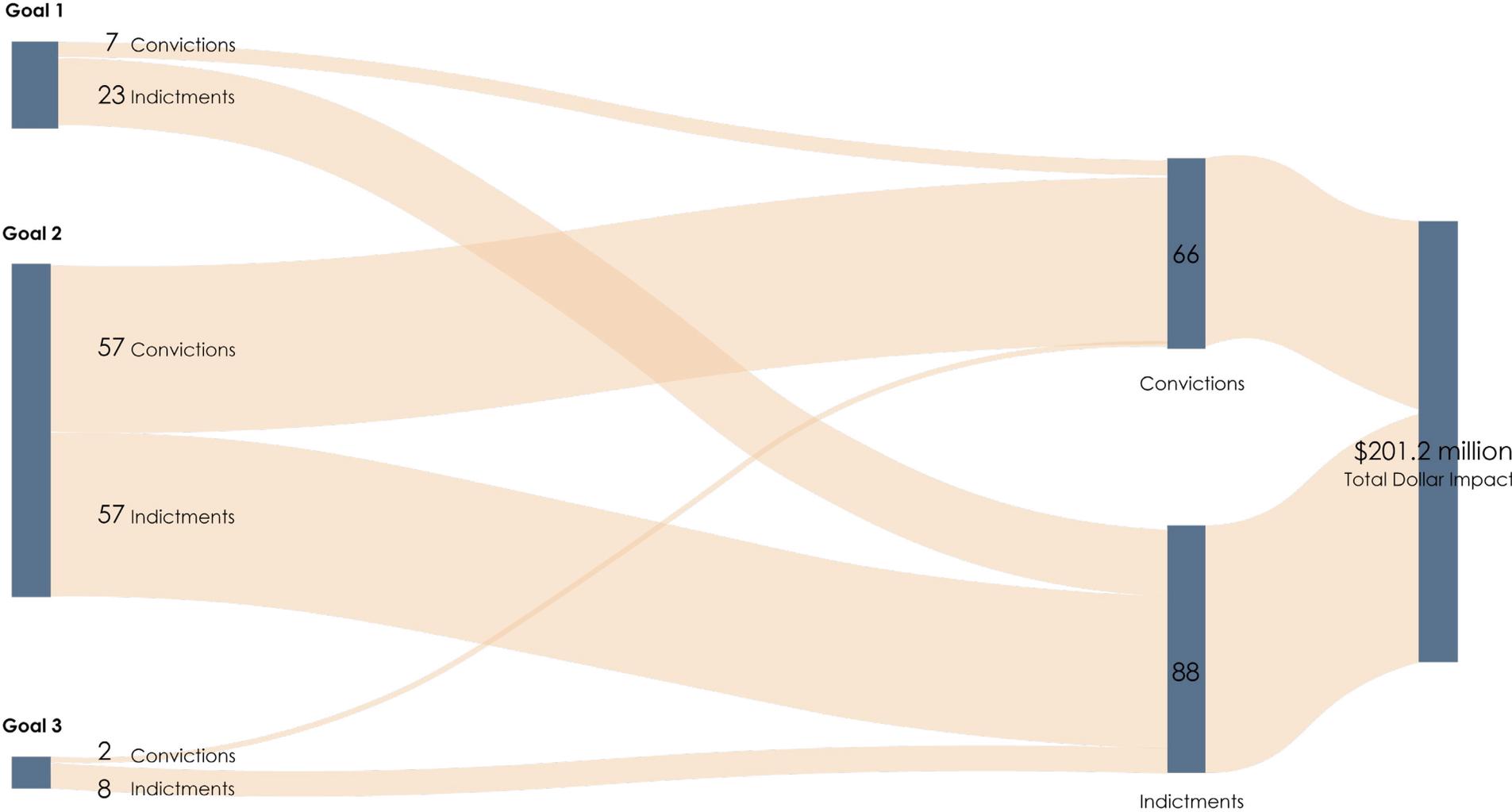


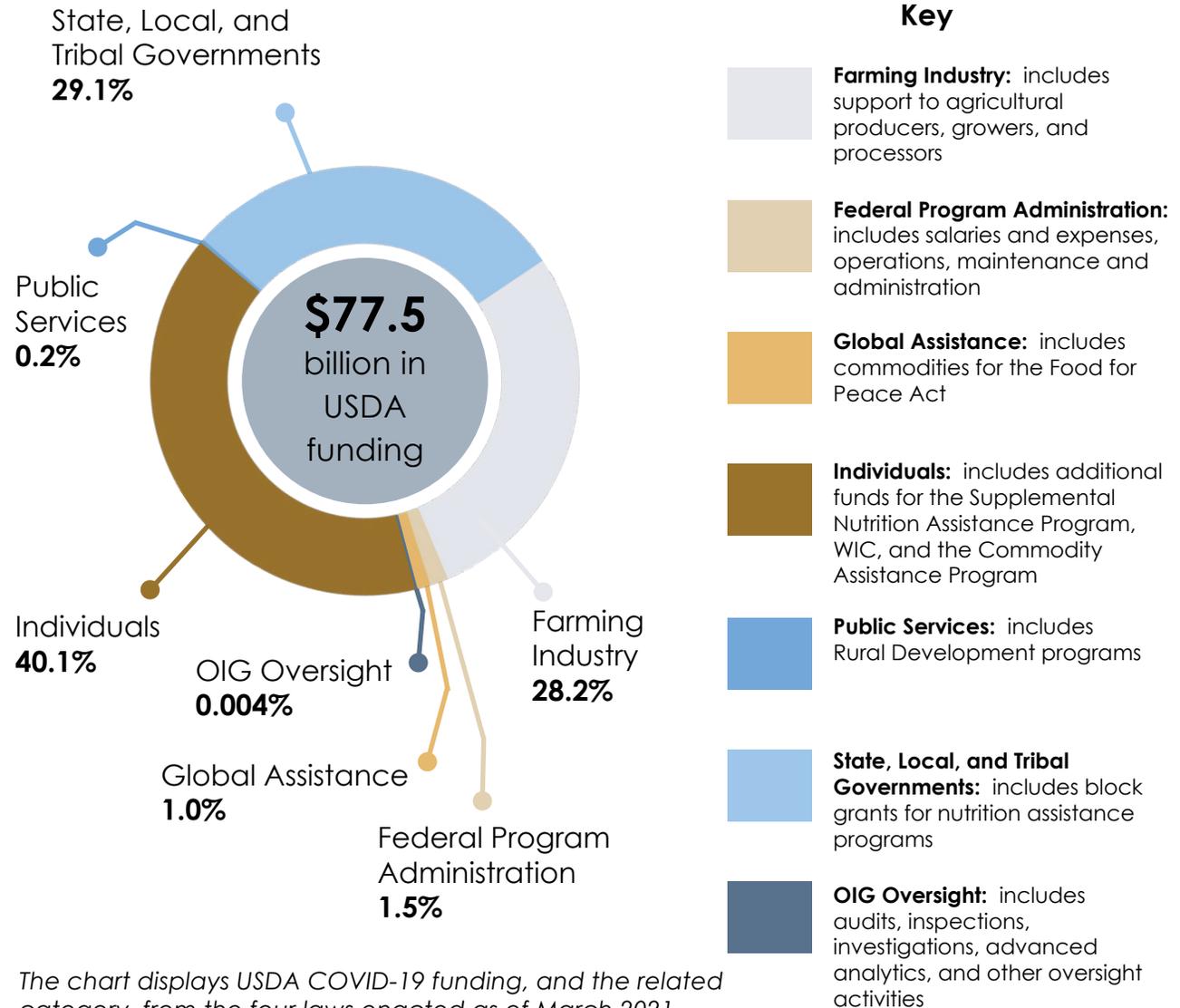
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Pandemic Oversight—First Year Review

The end of our reporting period, March 2021, represented 1 year since the start of the COVID-19 pandemic. Since March 2020, Congress has enacted four public laws in response to the COVID-19 pandemic: the CARES Act; the Families First Coronavirus Response Act (FFCRA); the Coronavirus Response and Relief Supplemental Appropriations Act, 2021; and the American Rescue Plan of 2021. The first two laws, as of January 2021, provided more than \$54.7 billion to USDA for pandemic relief activities, the third law provided more than \$13.3 billion, and the fourth law provided more than \$9.5 billion in additional funding.

Within the CARES Act, OIG received \$750,000 to provide oversight of USDA funding associated with that Act. OIG received no additional oversight funding within FFCRA or the Coronavirus Response and Relief Supplemental Appropriations Act. In the most recent American Rescue Plan of 2021, OIG received an additional \$2.5 million in oversight funds. In summary, OIG received more than



The chart displays USDA COVID-19 funding, and the related category, from the four laws enacted as of March 2021.

\$3.2 million to oversee more than \$77.5 billion in USDA funding related to the COVID-19 response.

Completed Work

Immediately after the passage of the CARES Act, OIG developed the *OIG Plan—Oversight of COVID-19 Funding* that was published in April 2020. Founded on OIG's three mission goals, the plan established OIG's approach, objectives, and associated strategies to oversee funds provided to USDA for COVID-19 response. Using the plan as a guide, 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. OIG is also 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 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. As a member of the PRAC, OIG participated in the issuance of a consolidated *Top Challenges Facing Federal Agencies:*

COVID-19 Emergency Relief and Response Efforts and issued a companion report, *USDA Management Challenges for Pandemic-Related Responsibilities.*

In OIG's *Semiannual Report to Congress Second Half April 1, 2020–September 30, 2020*, we reported on the following projects to assist USDA agencies with their COVID-19 oversight efforts. One of our initial COVID-19 projects was to identify whether recommendations from previous audits could affect internal controls over COVID-19 funding activities for USDA agencies. We identified recommendations for the Food and Nutrition Service (FNS) and FS, and we issued a separate memorandum to each agency (*Potential Risks to the Food and Nutrition Service's Coronavirus Aid Relief; Potential Risks to the Forest Service's Coronavirus Aid Relief*) that highlighted ways to protect the integrity of COVID-19 funding with respect to these prior recommendations.

OIG also issued two COVID-19-related reports. The first report, *USDA Coronavirus Disease 2019 Funding*, identified 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; we also identified key

controls and mechanisms, including applicable IT systems for the identified programs. The second report, *COVID-19: Forest Service Wildland Fire Response Plans*, provided OIG comments on plans that were developed in order to more safely and effectively combat wildland fires during the COVID-19 pandemic. In reviewing the plans, we 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. 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.

In this reporting period, to enhance transparency related to *USDA COVID-19 Related Procurements*, OIG published a publicly available dashboard on its website. The dashboard utilizes public data from the Federal Procurement Data System and the System for Award Management. It is also geocoded, which allows stakeholders to interact with USDA's COVID-19-related procurement actions and focus their searches on specific locales.

Ongoing Work

We anticipate completing most of the following COVID-19-related projects during FY 2021. These projects include:

- An inspection of the Farmers to Families Food Box Program to determine whether the Agricultural Marketing Service (AMS) designed the solicitation according to the requirements of the Federal Acquisition Regulations and departmental guidance and awarded the contracts in accordance with the solicitation requirements. In addition, the inspection will examine what methodology and controls AMS developed and implemented to equitably allocate funding to the contractors and ensure awardees fulfilled the obligations of the contract.
- A review that will examine whether the Farm Service Agency (FSA) provided timely and accurate Coronavirus Food Assistance Program (CFAP) direct payments to eligible recipients.
- An inspection examining the Supplemental Nutrition Assistance Program (SNAP) online purchasing in response to COVID-19. We are reviewing the criteria by which

States and retail food stores were approved to participate in SNAP online purchasing and how the criteria were different than those used in the original demonstration projects. We are also reviewing what impact, if any, that changes to the criteria have on program integrity and what risk management aspects (identification, acceptance, mitigation, and controls) were employed.

- An inspection examining The Emergency Food Assistance Program (TEFAP), administered by FNS, related to funds provided under the FFCRA and CARES acts. We are reviewing the administrative procedures, to include TEFAP flexibilities and exceptions, as well as funds distribution and risk management.
- A review of Rural Business-Cooperative Service (RBS) business and industry guaranteed loan modifications in response to the pandemic. Our examination includes, but is not limited to: implementation and oversight of changes and modifications; outreach to rural businesses, including agribusiness and agricultural producers; amounts and percentages of CARES Act business and industry loans

made to agricultural producers for production; and the amount of CARES Act funds provided to non-agricultural rural businesses in all industry sectors.

- An inspection related to actions the Food Safety and Inspection Service (FSIS) took relating to COVID-19 to ensure the continuation of inspection operations at meat and poultry slaughter and processing establishments. The inspection also reviews how FSIS utilized \$33 million in CARES Act funding. We will be examining actions related to the health and safety of FSIS inspectors working at official establishments, continuity of operations, and sufficiency of resources to implement health and safety standards.
- A pulse survey to obtain information about how FSIS frontline inspectors perceive COVID-19 safety conditions in their work environments.

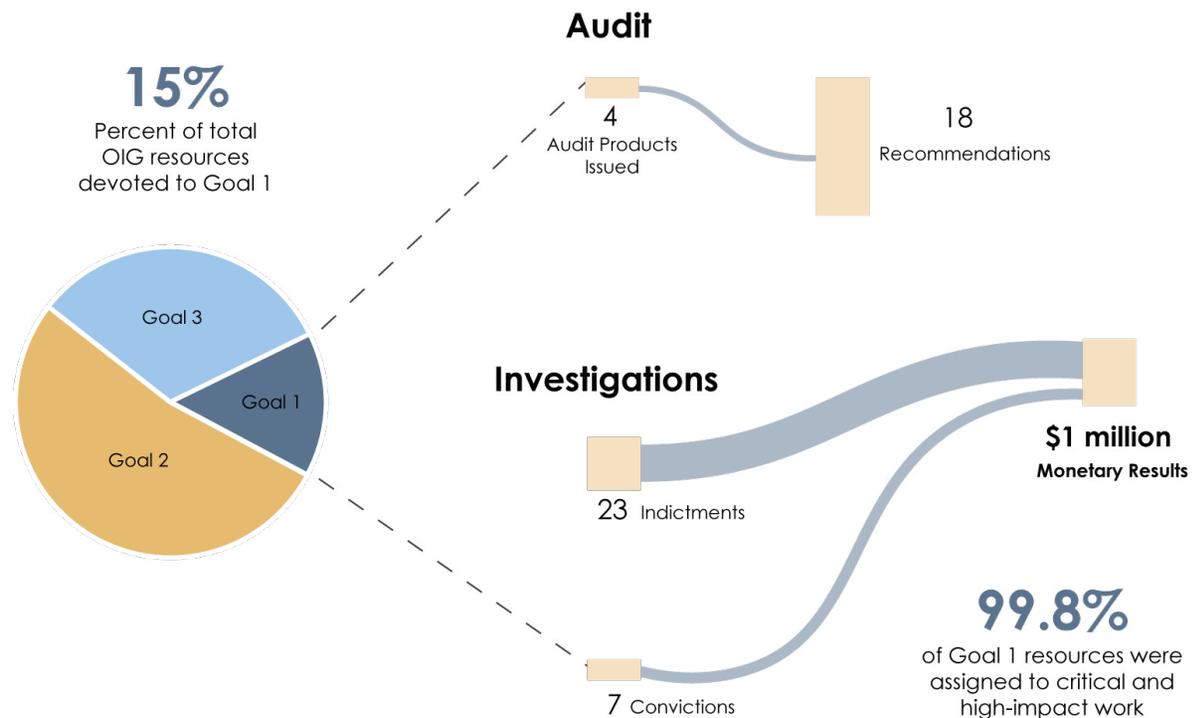
In March 2021, we initiated two additional reviews. One is examining the FS safety and prevention response to COVID-19 and the other is related to FNS' administration of the Pandemic Electronic Benefits Transfer program (P-EBT).

Since the initial passage of the CARES Act, we continue to prioritize the assessment of allegations associated with COVID-19 pandemic relief. Specifically, in coordination with our data analysts, as well as USDA program experts, OIG's investigators are pursuing the identification of various fraud schemes associated with CFAP, which provides assistance to certain agricultural producers whose operations were directly impacted by the pandemic. One such investigation has led to an indictment. In addition, the Office of Investigations issued a series of Fraud Alerts, both internally and Departmentwide, pertaining to both the procurement of personal protective equipment and IT-related phishing and social engineering schemes. Fraud Alerts associated with schemes observed in CFAP were also issued to FSA for its awareness and appropriate action.

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 IT security and management.



Examples of Audit and Investigative Work for Goal 1

U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2020 Federal Information Security Modernization Act

USDA continues to take positive steps to improve its IT security posture, but many longstanding weaknesses remain. OMB establishes standards for an effective level of security and considers “managed and measurable” to be a sufficient level. However, we found the Department’s maturity level to be at the “consistently implemented” level, which indicates an ineffective level of security. In our detailed testing of the 67 FISMA reporting metrics, we found that the Department increased its maturity level for 5 metrics. Seven metrics’ maturity levels were downgraded because of a new requirement related to supply chain risk management and the most recent cyber incidents. The maturity level did not change for 55 metrics.

In FYs 2009–2019, there were 14 outstanding recommendations that remained unresolved. Of those 14, 11 recommendations were completed, and 3 recommendations were scheduled for closure after the date of our report. We also issued nine new recommendations based on security weaknesses identified in FY 2020. The Department and its agencies must develop and implement an effective plan to mitigate security weaknesses identified in the prior fiscal year recommendations. OCIO concurred with the findings and recommendations.

Due to existing security weaknesses identified, we continue to report a material weakness in USDA’s IT security that should be included in the Department’s Federal Managers Financial Integrity Act report. (Audit Report 50503-0003-12)

USDA’s Security Controls Over the Prevention and Mitigation of Ransomware

We audited USDA’s REE mission area to test its ability to prevent, detect, mitigate, and recover from a ransomware attack. Ransomware is a subset of malware, the most common external threat to IT security, which can cause widespread damage and necessitate extensive recovery efforts for most organizations. We requested evidence, including IT and other related organizational policies and procedures, interviewed relevant IT personnel, and compiled evidence related to prevention, detection, mitigation, and recovery from a ransomware attack at the mission area. We found that the mission area did not fully implement Federally mandated controls in other areas relating to ransomware. (Audit Report 50501-0024-12)



Figure 1. *The Animal and Plant Health Inspection Service regulates the exhibition of certain warm-blooded animals, such as this polar bear at a zoo, to ensure their humane treatment. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.*

Followup to Animal and Plant Health Inspection Service's Controls Over Licensing of Animal Exhibitors

Under the Animal Welfare Act (AWA), the Animal and Plant Health Inspection Service (APHIS) regulates the use of certain warm-blooded animals in research, exhibition, and commerce in order to ensure their humane treatment. We reviewed the corrective actions APHIS implemented following a June 2010 OIG audit and evaluated both the agency's controls over the licensing of exhibitors of dangerous animals and the agency's efforts to safeguard both the animals and members of the public who visit exhibitor facilities.

While APHIS implemented corrective actions for six of the seven recommendations from the 2010 audit,

the agency did not fully implement one recommendation. Specifically, APHIS developed a work plan to amend the regulation for defining public barriers and reporting all escapes and attacks involving dangerous animals; however, the plan did not ultimately result in regulatory change and the proposed regulatory change was canceled. We also determined that 24 out of 86 inspections conducted at the 19 exhibitors in our sample were deemed late. As a result, APHIS cannot fully ensure the safety of the animals exhibited or the safety of the public who view those animals. APHIS agreed with our findings and recommendations. (Audit Report 33601-0003-23)

Food Safety and Inspection Service Waiver of Regulatory Requirements

FSIS helps prevent foodborne illness by performing food safety inspection activities at more than 6,000 establishments nationwide, ensuring that inspections align with existing and emerging risks and maximizing domestic and international compliance with food safety policies. The agency also helps ensure safety through a series of policies and regulations that define how establishments can operate to produce a safe and wholesome product. The *Salmonella* Initiative Program (SIP) offers incentives to meat and poultry slaughter establishments to control *Salmonella* in their operations. Specifically, the program grants waivers of certain regulatory requirements with the condition that establishments test for

Figure 2. Food Safety and Inspection Service inspectors examine chickens. The Food Safety and Inspection Service waives certain regulatory requirements with the condition that meat and poultry slaughter establishments test for foodborne illnesses and share all sample results. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Salmonella and other foodborne illnesses and share all sample results with FSIS.

While FSIS project managers received adequate documentation to make their overall waiver assessment conclusions, we found they did not adequately document their analysis of the information used to support their decisions regarding line speed waivers and did not consistently use the FootPrints system for maintaining records.¹ Furthermore, project managers found FootPrints difficult to use. If FSIS does not have ready access to the documentation and analysis used to support waiver decisions, the waiver process loses transparency and diminishes confidence in the FSIS protocol. FSIS concurred with our

recommendations. (Audit Report 24601-0007-31)

General Office Manager is Sentenced to 42 Months in Prison and Ordered to Pay Over a Half Million Dollars in Restitution for Interstate Transfer of Stolen Property—Texas

On January 21, 2021, a general office manager for a veterinary office was sentenced for transferring stolen money across State lines. This investigation was opened to determine if a general office manager, who worked for a veterinary office, was fraudulently creating APHIS-Veterinary Services (VS) animal health lab testing certification reports and export documents in order to ship horses internationally. The

investigation determined that the office manager falsified lab results from an online, cloud-based platform to create fictitious certifications from lab tests already conducted on other animals. The office manager also falsified USDA-VS health certificates by creating false tracking numbers and falsely utilizing the signature of an active USDA-VS veterinarian as the approving official. Additionally, the investigation determined the office manager embezzled money from a veterinary hospital's business accounts to pay for personal items, such as vehicles and personal credit cards.

On December 11, 2019, a Federal grand jury in U.S. District Court, Northern District of Texas, returned an indictment charging the office manager

¹ FootPrints is the main system for all new technology submissions, including waivers. The system provides FSIS with a place to attach and document items such as: the submission from the requestor (the poultry slaughter establishment), all supporting documents, all technical review team's files, and final issuances.



Figure 3. (Left) Meat product stamped with counterfeit “USDA Prime” grade shield stamps. Photo by USDA OIG.



Figure 4. (Right) Counterfeit stamps used to misrepresent the grade of meat as “USDA Prime.” Photo by USDA OIG.

with one count of interstate transfer of stolen property, based on when she electronically transferred stolen money from Texas to Florida in the amount of \$11,614. On May 4, 2020, she pled guilty to the charge.

On January 21, 2021, the manager was sentenced in U.S. District Court, Northern District of Texas. Her sentence included 42 months’ imprisonment and 2 years of supervised release. She was also ordered to pay \$597,299 in restitution.

Former Co-Owners of New York Meat Distributor Sentenced to 5 Years of Probation, \$20,000 Each in Fines, and \$88,424 in Restitution for Conspiracy to Commit Wire Fraud—New York

On February 4, 2021, two former co-owners of a New York meat distributor were sentenced for conspiracy to commit wire fraud.

On March 20, 2014, the OIG Hotline received an anonymous tip that alleged a wholesale meat distributor was stamping non-Prime meat products as “USDA Prime” using a stolen “USDA Prime” grading shield. The tip also alleged the distributor was mislabeling boxes containing non-kosher meat products as kosher. Although the Hotline complaint alleged that the

“USDA Prime” stamp was stolen, the investigation determined that it was counterfeit.

In March 2015, search warrants were executed at two New York storage units. The units contained business records belonging to the meat distributor. Subsequently, in September 2019, the two co-owners were charged with conspiracy to commit wire fraud. They self-surrendered, were arrested, and pled guilty to the charges. Criminal forfeiture in the form of money judgments in the amount of \$125,000 was included as a part of their plea agreements.

On February 4, 2021, in U.S. District Court, Eastern District of New York, the co-owners were each sentenced to 5 years of probation and ordered to pay fines of \$20,000 each. In addition, both individuals were ordered to pay

restitution totaling \$88,424, jointly and severally.

Five Defendants Collectively Sentenced to 749 Months in Prison for Animal Fighting and Various Firearm and Drug Violations—Michigan

On December 7, 2020, in U.S. District Court, Western District of Michigan, an individual was sentenced for multiple charges that included animal fighting, firearm violations, and drug violations.

On November 8, 2017, OIG initiated this investigation based on a request from the U. S. Attorney’s Office, Western District of Michigan, to investigate an allegation related to animal fighting made by a local kennel. This investigation was conducted jointly with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), Federal Bureau of Investigation (FBI), and Michigan State Police (MSP), concerning various firearm and drug violations occurring at kennels operated by the subjects throughout Michigan. During the search of a residence of one of the subjects, ATF, FBI, MSP, and OIG uncovered evidence of narcotics

trafficking and developed information concerning the occupant’s role in an overdose death and subsequent disposal of a body. This investigation determined that five individuals were associated with animal fighting as well as other activities, including possession and distribution of controlled substances.

From February to April 2018, in U.S. District Court, Western District of Michigan, five individuals were indicted by a Federal grand jury for offenses that included possession with intent to distribute crack cocaine, possession with intent to distribute cocaine, felon in possession of a firearm, conspiracy to commit animal fighting ventures, and possession of animals for animal fighting ventures. The investigation in Michigan led to the identification of an individual in North Carolina who conspired to breed, sell, and fight dogs with individuals in Michigan.

On June 22, 2018, in U.S. District Court, Western District of Michigan, an individual pled guilty to conducting an animal fighting venture, and on October 31, 2018, he was sentenced to 46 months in prison and 36 months of

supervised release. He also was ordered to pay a \$2,000 fine. On July 31, 2020, the same individual pled guilty to count one of an indictment that charged him with distribution of Carfentanil, a synthetic opioid. That distribution had resulted in the death of another person. Subsequently, on December 7, 2020, he was sentenced to an additional 360 months in prison, to be served consecutively with his current sentence, and 36 months of supervised release.

From June 27, 2018, to July 2, 2018, in U.S. District Court, Western District of Michigan, the four remaining individuals pled guilty to offenses that included conspiring to commit an animal fighting venture offense, felon in possession of a firearm, and possession with intent to distribute 28 grams or more of cocaine. These individuals were sentenced to a total of 256 months in prison and 216 months of supervised release. They also were ordered to pay \$3,900 in fines and assessments, collectively.

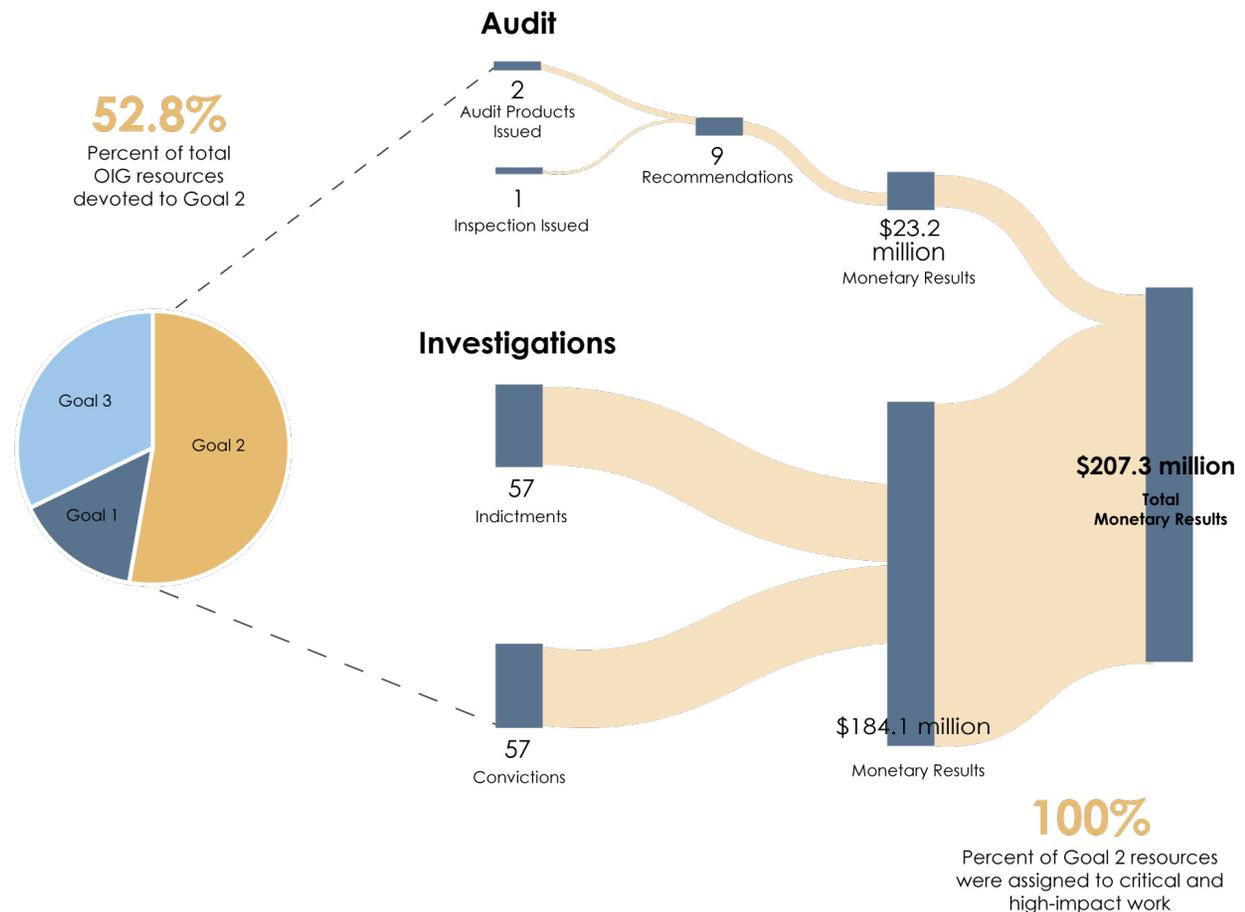
Ongoing Reviews

- Followup on Smuggling, Interdiction, and Trade Compliance Unit (APHIS)
- Controls Over Select Agents (APHIS)
- Cattle Health Program Disease Incident Response (APHIS)
- Animal Care Program Oversight of Dog Breeders (APHIS)
- Regional Forester Authorities for Cost Share Agreements—Inspection (FS)
- COVID-19—Response to the Coronavirus Pandemic (FS)
- COVID-19—Pandemic Response at Establishments (FSIS)
- FY 2021 FISMA (OCIO)
- USDA’s Information Technology Incident Response Consideration (OCIO)
- Security Over USDA Web Applications (USDA)
- Secure Configuration of USDA’s Virtualization Platforms (USDA)

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.



Examples of Audit and Investigative Work for Goal 2

Figure 5. A harbor in the Tongass National Forest. In January 2018, Alaska requested that USDA permanently exempt the Tongass National Forest from the Roadless Rule. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Forest Service Grant for Roadless Area Management in the State of Alaska

In 2001, FS published the Roadless Rule in an effort to sustain the health, diversity, and productivity of the Nation's forests and grasslands. The Roadless Rule prohibited certain activities, including the construction of roads in inventoried roadless areas on National Forest System lands. In response to a Congressional request, we determined: (1) if FS had the proper authority and followed Federal regulations when awarding a \$2 million grant to the State of Alaska; (2) if the funds were used for allowable purposes; (3) if other stakeholders were aware that Federal funding was available for the purpose of the grant; and (4) what considerations, factors, or decisions led FS to award the \$2 million grant.

We found that FS had authority under the National Environmental Policy Act to provide funding to facilitate Alaska's participation in the State-specific rulemaking. However, we determined that the processes FS used to award the \$2 million grant to Alaska did not comply with Federal laws and regulations related to competition for discretionary program funding. Specifically, FS awarded the \$2 million grant by modifying an existing Cooperative Forestry Assistance Act of 1978 grant between FS and Alaska. Because FS awarded the \$2 million to Alaska by modifying an already-existing grant, there was no public notice of the grant, and stakeholders were unaware that Federal funding was available. FS agreed with our recommendations. (Inspection Report 08801-0001-24)

Forest Service Use of Settlement Funds

FS is responsible for overseeing the remediation and restoration of lands damaged by mining activities and wildfires. When the negligent actions of individuals damage FS property, FS enters into a settlement agreement with the responsible parties, then uses the settlement funds to conduct restoration and remediation actions on the affected lands. FS has the authority to invest and retain interest on some funds that are maintained in interest-bearing accounts; however, we found that FS does not have the authority to retain interest earned on settlement funds like other Federal agencies. Considering that restoration projects can take years, or even decades to complete, the loss of interest earnings can lead to long-term losses. For instance, had FS retained



Figure 6. *Damage caused by wildfires. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.*

interest earned on the account balances from active settlements during FYs 2015–2019, FS could have received more than \$7.6 million to supplement ongoing restoration efforts.

Additionally, in 2016, FS allotted \$936,579 of funding and budget authority from an agency-level environmental settlement fund account to a Washington office subaccount without a detailed work plan for use of the funds. If these funds are not allotted back to the agency-level account, they cannot be used for their intended purpose, and FS risks using the funds for purposes that could violate the terms of the settlement agreement. FS agreed with our recommendations. (Audit Report 08601-0011-41)

Agricultural Marketing Service Controls Over the Specialty Crop Block Grant Program

AMS' mission is to facilitate the strategic marketing of the Nation's agricultural products in domestic and international markets. AMS works with a variety of organizations to support rural America and the Nation's agricultural sector by administering programs that improve domestic and international marketing opportunities, including the Specialty Crop Block Grant Program (SCBGP). We evaluated AMS' management controls over SCBGP, specifically the processes AMS used to award and disburse grant funds to the States, as well as AMS' and States' processes to monitor the grants.

We determined that AMS awarded and disbursed SCBGP funds to the States, as required, to enhance the competitiveness

of specialty crops. However, we found that both AMS and the States need to improve their processes used to monitor the grants. We also found that AMS did not effectively oversee States to ensure that funds were expended in accordance with applicable laws and regulations. As a result, AMS cannot provide reasonable assurance that States disbursed more than \$12.5 million in SCBGP project funds in compliance with program requirements.

Further, we found that two of the three States in our sample did not adequately monitor SCBGP projects. Specifically, the two States did not perform risk assessments or conduct reviews of the 20 projects in our sample. As a result, these States may be unable to ensure that their SCBGP projects achieved measurable performance outcomes and

Figure 7. Cacti on a community-supported farm participating in the Agricultural Marketing Service's Specialty Crop Block Grant Program. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



that subrecipients used \$739,355 in project funds in accordance with Federal regulations and AMS' terms and conditions. AMS agreed with our recommendations. (Audit Report 01601-0002-23)

Multiple Defendants Sentenced for a Scheme to Obtain New Producer Status and Defraud the Federal Crop Insurance Corporation of More Than \$3.5 Million—Texas

OIG initiated this investigation based on an allegation that a retired Texas physician obtained crop insurance indemnities in the name of his hired hand in order to maximize insurance loss payments on claims filed with crop insurance providers that were reinsured by the Federal Crop Insurance Corporation (FCIC). OIG's investigation

determined that a Texas insurance agency aided the retired physician and three members of his family, who were also physicians, in the scheme to defraud FCIC, and the Texas insurance agency caused the FCIC to pay indemnities of approximately \$7 million to the retired physician, several members of his family, and a holding company controlled by one of the physicians.

On October 30, 2020, in U.S. District Court, Northern District of Texas, the insurance agency, the agency's president, and the president's father, were sentenced for their roles in the scheme. The investigation resulted in eight judgments totaling more than \$3.5 million in restitution, \$575,000 in fines, \$5,000 in cost of prosecution, \$475 in special assessments, and 2,535 hours of community service. In addition, the investigation resulted

in debarment from participating in USDA programs for the Texas insurance agency, two other insurance agents, and the three Texas physicians.

This investigation was worked jointly with the Risk Management Agency (RMA), Southern Regional Compliance Office.

Former Apartment Complex Manager Sentenced to 60 Months of Probation and Ordered to Pay \$550,000 in Restitution for Defrauding the Farm Labor Housing Program—Florida

OIG initiated this investigation based on information that the manager of a Florida apartment complex allowed undocumented noncitizens to become tenants at the property. The apartment complex received Rural Development

rental subsidies through a program designed to assist agricultural businesses with attracting workers. The program provides payments to owners of approved USDA Farm Labor Housing projects on behalf of low-income tenants who are unable to pay their full rent. In order for workers to qualify for subsidized apartments, they must be employed in agriculture and be eligible to work in the United States.

OIG's investigation determined that, as part of the scheme, the property manager charged these individuals up to \$2,000 each to circumvent Federal requirements for residing in the Rural Development subsidized properties. Furthermore, she knew that some of the residents used false identities, and in some instances provided tenants with false identification information. The property received subsidies totaling approximately \$1.5 million over 5 years. The property manager subsequently confessed to perpetrating the scheme.

On March 25, 2020, in U.S. District Court, Southern District of Florida, the property manager pled guilty to one count of theft of public funds. On December 3, 2020, in the same court, she was sentenced to 60 months of probation and ordered to pay \$550,000 in restitution.

This investigation was worked jointly with the Department of Homeland Security, Homeland Security Investigations, and the Fellsmere Police Department.

Farm Service Agency County Executive Director Sentenced to 36 Months in Prison and Ordered to Pay \$400,534 in Restitution for Kickback Scheme—Florida

OIG initiated this investigation based on complaints received from FSA and the OIG Hotline. The complaint alleged that an FSA County Executive Director (CED) forged documents and improperly added various individuals to farm properties to facilitate their receipt of Livestock Forage Program (LFP) payments. The CED was responsible for administering farm programs in three Florida counties.

OIG's investigation revealed a widespread kickback scheme in which the CED issued and approved fraudulent LFP claims to an array of co-conspirators. In many instances, the CED falsely recorded livestock not owned by the applicants and parcels of farmland that they did not own or control. Several of the co-conspirators paid the CED a cash kickback after they received payments for their fraudulent LFP claims. The scheme led to more than \$360,000 in

LFP payments to the co-conspirators. Many of the participants were public officials, including a county clerk of court, State and local law enforcement officers, a public works employee, and a U.S. Postal Service employee.

On November 16, 2019, in U.S. District Court, Northern District of Florida, the CED and 28 co-conspirators were charged in a 38-count indictment with wire fraud, conspiracy, theft of Government funds, aggravated identity theft, interfering with administration of internal revenue law, and attempt to evade or defeat tax.

On October 29, 2020, the CED pled guilty to numerous counts of identity theft and theft of Government funds as well as conspiracy to commit wire fraud and income tax evasion. He was sentenced to 36 months in prison followed by 36 months of supervised release. The court also ordered him to pay a \$3,700 special assessment and \$400,534 in restitution (\$361,597 to USDA and \$38,937 to the Internal Revenue Service (IRS)).

Of the 29 defendants charged in the initial indictment, 26 entered plea agreements while 2 were acquitted and 1 was convicted pursuant to a jury trial. They were sentenced to terms of probation or supervised release

ranging from 36 to 48 months and ordered to pay joint/several restitution of funds associated with their respective application(s). Six defendants were also sentenced to terms in prison ranging from 12 to 36 months.

Michigan Producer Sentenced to 96 Months in Prison and Ordered to Pay Over \$23.2 Million in Restitution for Bank and Crop Insurance Fraud—Michigan

This investigation stemmed from a bankruptcy fraud matter in the Western District of Michigan. During the bankruptcy fraud investigation, agents from the United States Secret Service (USSS) and the IRS-Criminal Investigation (IRS-CI) uncovered possible crop insurance fraud. Based on the possible crop insurance fraud, the U.S. Attorney's Office referred a large-scale producer in Southwest Michigan to OIG for investigation.

Our investigation disclosed that nine individuals conspired to receive FSA and RMA payments to which they were not entitled. Additionally, these individuals falsified grain audits, assets, pivot sales, and loan applications to obtain more than \$68 million from a private bank.

In February 2021, the last of nine individuals were sentenced to terms ranging from 12 months of probation to 96 months in prison. They also were ordered to pay cumulatively \$32,700 in fines and restitution totaling more than \$23.2 million, jointly and severally. RMA and FSA are seeking administrative disqualifications and debarments of all the individuals and entities involved in the scheme. To date, four individuals have been suspended while one person has been debarred.

The allegations of bankruptcy fraud were investigated by personnel from IRS-CI and USSS.

Two Individuals Sentenced Collectively to 40 Months in Prison and Ordered to Pay More Than \$500,000 in Restitution to the Farm Service Agency—North Dakota

The investigation disclosed that an individual forged employment documents in an effort to obtain an FSA loan. Furthermore, the individual advised FSA employees that she had purchased cattle from private individuals with proceeds from her personal checking account, when in fact she had not. In turn, FSA reimbursed the individual

\$25,800 for the fictitious purchases. The individual also forged numerous signatures on documents to obtain a purported land lease, knowing that the land had been leased to someone else.

The investigation also disclosed that the two individuals knowingly concealed, removed, disposed of, and converted cattle for their own use. The cattle were pledged to FSA as security on a farm loan executed for a producer in the area. The value of the producer's cattle is estimated at \$33,500.

Following two indictments in 2017, on March 19, 2018, one individual was sentenced to 3 years of probation, ordered to pay \$25,800 in restitution to FSA, and debarred from participating in Government programs. The second individual was sentenced to 3 years of probation and ordered to pay \$33,500 in restitution to FSA.

However, on September 4, 2019, both individuals were indicted again for the conversion of mortgaged property for \$451,000 of cattle, calves, and equipment. Arrest warrants were issued the next day. One individual also was indicted for false statements to a Federal officer, and the other was also indicted for making false statements in documents when applying for SNAP, wherein she

indicated she did not have income, and that the father of her children did not live with her. In fact, he did live with her and she had income from her farming operation. One individual was arrested on September 18, 2019, and the other was arrested the following day. Both signed plea agreements.

On March 2, 2021, one individual was sentenced to 40 months of Federal imprisonment, 3 years of supervised release, and ordered to pay \$451,059 in restitution to FSA. On March 3, 2021, the other individual was sentenced to credit for time served and 3 years of supervised probation. The individual was also ordered to pay restitution in the amount of \$61,444, of which \$24,551 was to be paid to the Social Security Administration, \$24,990 to the Department of Housing and Urban Development, and \$11,903 to SNAP.

Former Iowa Employee Sentenced to 33 Months in Prison and Ordered to Pay \$430,019 in Restitution for Fraud—Iowa

An investigation requested by the officials of the Iowa Department of Agriculture and Land Stewardship (IDALS) revealed that a local credit union had notified a divisional Soil and Water Conservation District (SWCD)

commissioner that a credit card account established in the SWCD's name had exceeded the authorized credit limit. SWCDs are legal subdivisions of State Government and work closely with Federal agencies such as USDA's National Resources Conservation Service (NRCS). The division's SWCD officials were unaware a credit card account had been established by the SWCD's conservation assistant. IDALS had hired the conservation assistant on July 27, 2007, and she served in that role until she was placed on paid administrative leave on December 1, 2017. She resigned on December 12, 2017.

The State Auditor who reported the investigation identified \$441,439 of improper and unsupported disbursements and undeposited collections for two divisions of SWCD. The \$436,502 of improper disbursements identified included \$302,215 of improper transactions for one division of SWCD and \$134,287 improperly disbursed from another division's funds.

On March 2, 2020, the former employee was charged with wire fraud. On March 12, 2021, in U.S. District Court, Northern District of Iowa, she was sentenced to 33 months in prison and 3 years of supervised release. She also

was ordered to pay restitution in the amount of \$430,019.

Second Green Energy Businessman Sentenced to 1 Year in Prison and Ordered to Pay More Than \$10.2 Million in Restitution for Conspiracy in the Commission of a Green Energy Biofuel Scheme—Pennsylvania

On November 17, 2020, in U.S. District Court, Eastern District of Pennsylvania, a businessman was sentenced to 12 months and 1 day in prison and 36 months of supervised release. He also was ordered to pay a \$100 special assessment and more than \$10.2 million in total restitution, jointly and severally with a second businessman.

This investigation was initiated after information was provided to law enforcement that a Pennsylvania company was inflating biofuel production numbers related to the Advanced Biofuel Payment Program for grants 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.

On November 15, 2017, in U.S. District Court, Eastern District of Pennsylvania,

the first businessman pled guilty to one count of conspiracy. On May 1, 2019, in U.S. District Court, Eastern District of Pennsylvania, the second businessman was found guilty of conspiracy to commit wire fraud and defraud the United States, wire fraud, filing false tax documents, and obstruction of justice. On August 6, 2020, he was sentenced to 84 months in prison and 36 months of supervised release. He also was ordered to pay a special assessment of \$5,400 and more than \$10.2 million in total restitution, jointly and severally with the above-mentioned businessman.

This was a joint investigation with the U.S. Environmental Protection Agency’s Criminal Investigation Division, U.S. Postal Inspection Service, IRS-CI, and the FBI.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM FRAUD INVESTIGATIONS

A significant portion of OIG’s investigative resources is dedicated to ensuring the integrity of 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 first half of

FY 2021. Below are several examples of SNAP investigations resulting in significant convictions and monetary results.

Two Business Owners Sentenced to a Collective 2 Years in Prison and Ordered to Pay Over \$2 Million in Restitution—Ohio

On March 3, 2021, in United States District Court, Southern District of Ohio, two individuals were sentenced for SNAP and WIC fraud.

This investigation was initiated jointly with the FBI to investigate SNAP fraud, WIC fraud, and money laundering involving businesses operated by two individuals. The investigation disclosed that the two individuals, and others, were engaged in SNAP fraud, WIC fraud, and money laundering activity exceeding \$4 million through their businesses. The two individuals used their businesses to facilitate the criminal activity and launder the criminal proceeds gained from the SNAP and WIC fraud.

One individual was sentenced to 24 months in prison, followed by 3 years of supervised release. He also was ordered to pay restitution in the amount of more than \$2.9 million, jointly and

severally with the second individual, and ordered to forfeit \$244,981 that was previously seized. The second individual was sentenced to 12 months of home confinement and 60 months of supervised release.

Storeowner and Two Sons Collectively Sentenced to 112 Months in Prison and Ordered to Pay \$2.8 Million in Restitution for Supplemental Nutrition Assistance Program Fraud—California

OIG initiated this investigation based on a referral from FNS’ Retailer Investigations Branch (RIB). RIB reported that personnel at a California store were exchanging cash for SNAP benefits conducted via electronic benefits transfer (EBT). The OIG investigation revealed the storeowner and his two sons, who were employed as clerks at the store, each exchanged cash for SNAP benefits using the store’s FNS authorized point-of-sale device. A SNAP recipient was also identified as having exchanged her SNAP benefits for cash at the store. Numerous items of evidence were seized from the store, including more than \$200,000 in cash and log books that documented the trafficking. Additionally,

both of the storeowner's sons admitted to SNAP trafficking.

On January 29, 2018, the SNAP recipient was charged with SNAP trafficking, and on March 21, 2018, she pled no contest and was sentenced to 36 months of summary probation. On May 9, 2018, in California Superior Court, Los Angeles County, the storeowner and his sons were charged via criminal complaint with one count each of conspiracy to defraud another of property, grand theft, and accessing and using computer data to commit fraud. The storeowner and one of his sons were also charged with eight counts of SNAP fraud, and the storeowner's sons were additionally charged with four counts of money laundering.

On March 28, 2018, in California Superior Court, Los Angeles County, the storeowner and one of his sons pled guilty to all counts, and on October 15, 2018, the storeowner's other son pled guilty to all counts. Immediately after they pled guilty, the storeowner was sentenced to 48 months in prison, 116 days in jail as a condition of probation, 60 months of probation, and 500 hours of community service; one of the storeowner's sons was sentenced to 16 months in prison; and another of the storeowner's sons was sentenced to 48 months in prison,

365 days in jail as a condition of probation, and 60 months of probation. On October 6, 2020, in California Superior Court, Los Angeles County, the storeowner and his two sons were ordered to pay more than \$2.8 million in restitution.

Storeowner Enters Non-Prosecution Agreement and Agrees to Pay \$600,000 in Restitution for Supplemental Nutrition Assistance Program Fraud—Idaho

OIG initiated this investigation based on numerous indicators of suspected fraudulent SNAP transactions being conducted at an Idaho store. Further investigation revealed that a civil money penalty of \$29,568 was issued by FNS against the store for the sale of ineligible items. OIG's investigation revealed that there was insufficient customer activity at the store to support the dollar volume of SNAP transactions that was being recorded.

On October 29, 2020, in U.S. District Court, District of Idaho, the owner of the store entered into a non-prosecution agreement (NPA) wherein he agreed to pay \$600,000 in restitution. The NPA stipulates that if the storeowner

fails to pay the restitution amount, the U.S. Department of Justice will file a civil judgment in order to satisfy the debt through the forfeiture of real property owned by the storeowner. As part of the NPA, the storeowner admitted to fraudulently exchanging SNAP benefits for cash and allowing customers to purchase non-approved items with SNAP benefits.

Oregon State Employee Sentenced to 12 Months in Prison and Ordered to Pay \$34,551 in Restitution for Supplemental Nutrition Assistance Program Fraud—Oregon

OIG initiated this investigation regarding an Oregon State employee about allegations of criminal activity, including SNAP fraud. The investigation became a joint investigation with USDA OIG, Homeland Security Investigations, IRS-CI, and the Oregon Department of Human Services. The investigation disclosed that an employee of the Oregon Department of Human Services was involved in fraudulently applying for SNAP benefits. The employee failed to disclose income and other material facts while applying for benefits.

On February 20, 2019, the employee was indicted on three felony counts of SNAP fraud and was arrested a day later. On July 8, 2019, he pled guilty to the three counts of SNAP fraud, one additional felony count of filing a false tax return, and one additional felony count of conspiracy to launder money instruments. As a part of the guilty plea, he agreed to pay \$23,291 in restitution to the Oregon Department of Human Services and \$12,259 to the IRS. He further agreed to the forfeiture of \$37,566.

On January 6, 2021, the employee was sentenced in U.S. District Court, District of Oregon, to 12 months and 1 day in prison, to be followed by 3 years of supervised release. He also was ordered to pay \$500 in fines/assessments and \$34,551 in restitution.

State Employees Sentenced to Prison and Ordered to Pay \$49,432 in Restitution for Defrauding the Supplemental Nutrition Assistance Program—Wisconsin

On January 14, 2021, in U.S. District Court, Eastern District of Wisconsin, a Wisconsin State employee was sentenced to 24 months and 1 day in prison and

24 months of supervised release and ordered to pay \$49,432 in restitution. Previously, on December 1, 2020, another Wisconsin State employee was sentenced to 31 days in prison and 24 months of supervised release and ordered to pay \$49,432 in restitution jointly and severally with the other employee.

OIG initiated this investigation based on information from the Wisconsin Capitol Police indicating two employees of the State of Wisconsin were opening previously closed SNAP benefits cases and mailing EBT cards to false addresses while employed as caseworkers. The investigation determined that the two employees used their access within the State of Wisconsin's benefits database to open benefits cases for at least 13 former recipients and mailed EBT cards to at least six false addresses. The EBT cards associated with these 13 cases were used in approximately 789 transactions totaling approximately \$49,432.

On May 29, 2019, a grand jury for the Eastern District of Wisconsin indicted the two employees on three counts of mail fraud and three counts of aggravated identity theft. On August 28, 2020, the first employee pled guilty to one count of mail fraud and one count of aggravated identify theft. On September 24, 2020, the second employee pled guilty to one

count of mail fraud and one count of aggravated identity theft.

OTHER FNS INVESTIGATIONS

Atlanta Pharmacy Operators Sentenced to Federal Prison for More Than \$4 Million in WIC Fraud Scheme—Georgia

This investigation disclosed that three individuals who operated the pharmacy purchased Georgia WIC vouchers from low-income recipients; specifically, the pharmacy employed drivers to travel throughout the Atlanta metro area and purchase high-value special infant formula WIC vouchers (i.e., formula vouchers that had to be prescribed by a doctor) from WIC recipients, which the pharmacy operators redeemed for cash. The business received approximately \$6.5 million in payments for the WIC vouchers' redemption. During the same time period, however, it had only purchased approximately \$1.3 million in food and infant formula.

On December 10, 2019, the three operators were found guilty of 37 counts pertaining to conspiracy, wire fraud, theft of Government funds, and WIC fraud. Subsequently, on November 24, 2020, two operators were each sentenced to 4 years and 6 months of imprisonment.

The third operator was sentenced to 3 years in prison. Each defendant was also sentenced to 2 years of supervised release and ordered to pay a special assessment of \$3,700.

On January 8, 2021, in the U.S. Attorney's Office for the Northern District of Georgia, all three were ordered to pay restitution in the amount of more than \$4 million, jointly and severally.

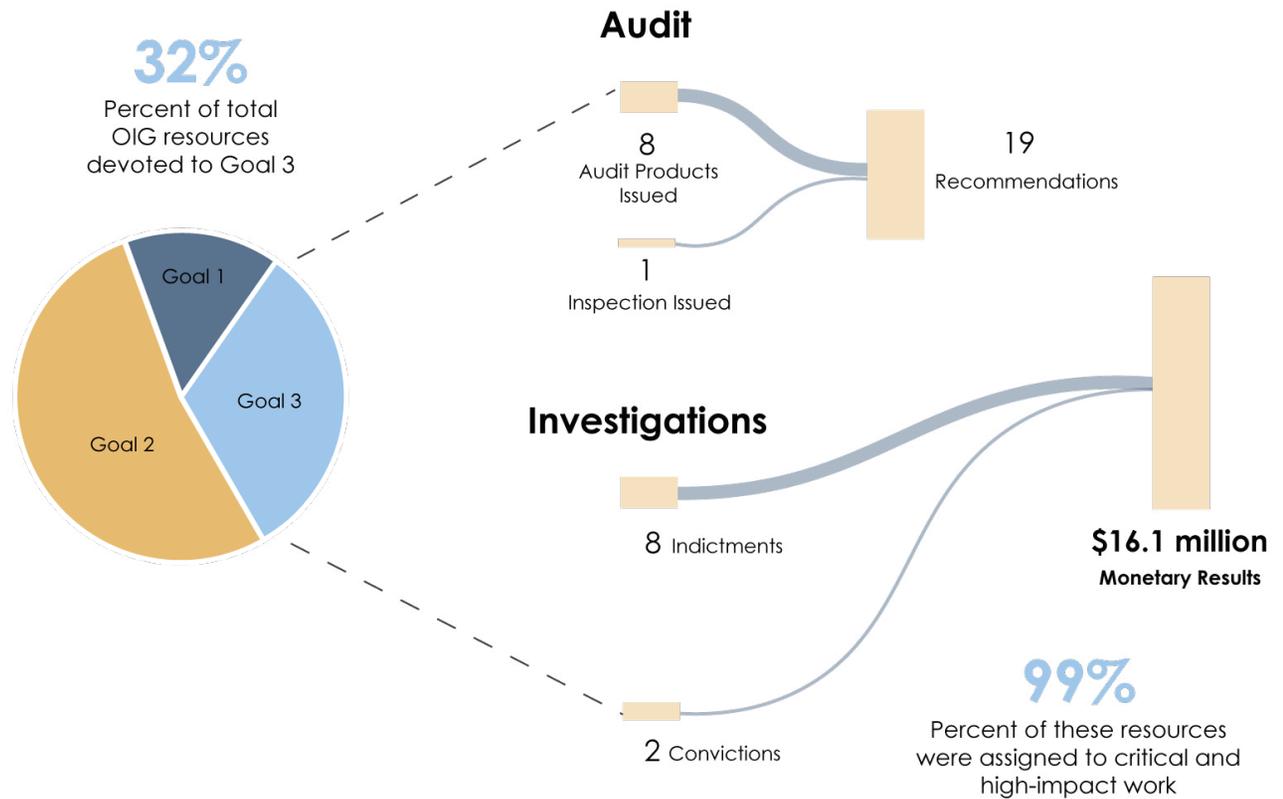
Ongoing Reviews

- 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 (APHIS)
- Oversight of the Agricultural Trade Promotion Program (Foreign Agricultural Service (FAS))
- Controls Over the Market Access Program (FAS)
- COVID-19—SNAP Online Purchasing in Response to Coronavirus Disease 2019 (FNS)
- COVID-19—Oversight of the Emergency Food Assistance Program (FNS)
- COVID-19—Pandemic Electronic Benefits Transfer (FNS)
- Supplemental Nutrition Assistance Program Waiver Process (FNS)
- Florida Citrus Recovery Block Grant Program (FSA)
- 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)
- Beginning Farmers (Multi-Agency)
- Hurricane Disaster Assistance—Emergency Watershed Protection Program (NRCS)
- Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (Section 2501 Program) in Fiscal Years 2018 and 2019 (Office of Partnerships and Public Engagement))
- Apiculture Insurance Program (RMA)
- Whole-Farm Revenue Protection Pilot Program (RMA)
- Prevented Planting (RMA)
- COVID-19—Business and Industry Guaranteed Loan Modifications in Response to the Pandemic (RBS)
- Rural E-Connectivity Pilot Program (Reconnect Program) —Award Process (Rural Utilities Service)

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.



Examples of Audit and Investigative Work for Goal 3

USDA Research Integrity and Capacity

REE mission area agencies are tasked with conducting and delivering foundational and applied research, delivering timely and relevant data and information, and creating and disseminating knowledge. In response to Congressional requests, OIG reviewed USDA's REE mission area to assess whether changes in policy and/or processes impacted the publication of scientific reports and other documents or communications and to analyze the impact of any changes in resources, staff, and staff experience levels on the publication of research results. Our objectives were to: (1) determine how USDA research agencies fulfilled the USDA mission to produce scientific research products; (2) determine whether changes in policy and/or processes impacted the publication of scientific reports, documents, and/or communications during FYs 2017–2019; and (3) analyze the impact of any changes in resources, staff, and staff experience levels on the publication of research results during this period.

We did not identify an instance where any change in policies and/or processes affected the publication of USDA research results during FYs 2017–2019. However, we were unable to fully evaluate the impacts to USDA-funded research publications because we were unable to identify the complete number of REE publications. This occurred because REE did not implement a mechanism to either report publications for all REE agencies or accurately identify all publications resulting from USDA-funded research in any particular subject area. As a result, REE cannot accurately and timely identify or count the number of scientific publications relevant to its stakeholders.

Further, because we were unable to identify publications across all REE agencies, we could not determine the full effect that the changes in resources, staff, and staff experience levels had on the publication of REE research results during FYs 2017–2019. We found that the number of Economic Research Service (ERS) research publications declined due

to staffing losses; however, we could not determine the full impact of the staffing reduction. REE agreed with our recommendation. (Inspection Report 84801-0001-22)

Independent Service Auditor's Report on the National Finance Center's Description of Its Payroll and Personnel System and the Suitability of the Design and Operating Effectiveness of Its Controls for October 1, 2019 to June 30, 2020

We contracted with an independent certified public accounting firm to examine the description of the National Finance Center's (NFC) payroll and personnel system for processing user entities' payroll and human resource transactions throughout the period October 1, 2019, to June 30, 2020, based on the criteria identified in NFC's and OCIO's assertions. The firm determined that NFC's and OCIO's controls were not suitably designed and operating effectively to provide reasonable assurance that the control objectives



Figure 8. The Forest Service is responsible for combating drug activity on National Forest Service lands. In this photo, irrigation piping taps into a stream in a national forest to irrigate marijuana plants. Photo by OIG. This OIG file photo depicts a prior OIG audit; it does not depict the reported compliance review.

would be achieved. (Audit Report 11403-0003-12)

National Drug Control Program Agency Compliance Review for Fiscal Year 2020

FS is responsible for combating illicit drug production and other drug-related activities on National Forest System lands. In FY 2020, FS submitted an alternative report on budget formulation compliance, detailed accounting, and a performance summary concerning FS' drug control activities, which is required to be submitted to the Office of National Drug Control Policy. FS' FY 2020 performance summary identified \$13 million in budget authority related to drug control obligations. Agencies may submit alternative reports when drug-related obligations total less than \$50 million and a detailed

accounting would be an unreasonable burden.

Because we were not required to conduct an attestation review of this report, we do not express a conclusion on the reliability of the assertions made in this report. However, we performed a compliance review. We reviewed FS' FY 2020 report and found that, while FS met the criteria for alternative reporting, the performance summary did not include: (1) the table of prior-year drug control obligations by decision unit and drug control function, and (2) the required assertion regarding the application of drug methodology used to calculate obligations of prior year budgetary resources. (Report 50301-0001-11)

USDA's Consolidated Financial Statements for Fiscal Years 2020 and 2019 Final Report

USDA received an unmodified opinion from OIG's audits of USDA's consolidated financial statements. We determined that the Department's financial statements present fairly its financial position as of September 30, 2020, and 2019, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States. This includes the Department's net costs, changes in net position, and statements of budgetary resources and related notes to the consolidated financial statements.

Our consideration of USDA's internal control over financial reporting identified three significant deficiencies: (1) three USDA agencies need to improve

their overall financial management; (2) USDA needs to improve its IT security and controls, as many long-standing weaknesses remain; and (3) USDA needs to improve its controls over unliquidated obligations. We determined the first two deficiencies are material weaknesses. Additionally, we identified noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), the Antideficiency Act, and the Payment Integrity Act of 2019. The Department concurred with our findings, and we issued no recommendations. (Audit Report 50401-0019-11)

AGENCY FINANCIAL STATEMENTS

In auditing USDA's consolidated financial statements, OIG either performed or oversaw contractors as they performed audits of five USDA agencies' financial statements.

Natural Resources Conservation Service's Financial Statements for Fiscal Years 2020 and 2019

An independent certified public accounting firm audited NRCS' financial statements for the fiscal years ending September 30, 2020, and 2019. NRCS received an unmodified opinion on

the consolidated financial statements, as well as an assessment of NRCS' internal controls over financial reporting and compliance with laws and regulations.

The firm reported that the consolidated financial statements present fairly, in all material respects, NRCS' financial position as of September 30, 2020, and 2019, and its net cost, changes in net position, and budgetary resources and the related notes to the consolidated financial statements in accordance with accounting principles generally accepted in the United States. The independent auditor's report identified three material weaknesses in NRCS' controls over obligations and undelivered orders, controls over expenses, and entity-level controls. The results of the firm's tests of compliance with laws and regulations disclosed instances of noncompliance with FFMIA. NRCS agreed with all findings and recommendations. (Audit Report 10403-0003-11)

Commodity Credit Corporation's Financial Statements for 2020 and 2019

An independent certified public accounting firm audited the Commodity Credit Corporation's (CCC) financial statements for the fiscal years ending September 30, 2020, and 2019.

CCC received an unmodified opinion on the financial statements, as well as an assessment of CCC's internal controls over financial reporting and compliance with laws and regulations.

The firm reported that the financial statements present fairly, in all material respects, CCC's financial position as of September 30, 2020, and 2019, and its net costs, changes in net position, and budgetary resources and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States. The independent auditor's report identified two material weaknesses in CCC's accounting for budgetary transactions and accrued liabilities. The results of the firm's tests of compliance with laws and regulations disclosed instances of noncompliance with FFMIA. The agency agreed with our findings and recommendations. (Audit Report 06403-0003-11)

Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2020 and 2019

The Federal Crop Insurance Corporation/Risk Management Agency (FCIC/RMA) received an unmodified opinion from OIG's audits of FCIC/RMA's

financial statements. We determined that the agency's financial statements present fairly, in all material respects, FCIC/RMA's financial position as of September 30, 2020, and 2019, and were prepared in accordance with accounting principles generally accepted in the United States. This includes the agency's net costs, changes in net position, and statements of budgetary resources and related notes to the financial statements.

We identified one material weakness in FCIC/RMA's controls over estimating losses on insurance claims. Our consideration of compliance with laws and regulations noted no instances of noncompliance. The agency agreed with our finding and recommendations. (Audit Report 05401-0012-11)

Food and Nutrition Service's Financial Statements for Fiscal Years 2020 and 2019

FNS received an unmodified opinion from OIG's audits of FNS' consolidated financial statements. We determined that FNS' financial statements fairly present FNS' financial position as of September 30, 2020, and 2019, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States. This included the agency's net costs,

changes in net position, and statements of budgetary resources and related notes to the financial statements.

Our review of FNS' internal control over financial reporting identified no material weaknesses. However, we found that FNS' high-risk programs did not comply with the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010, and the Improper Payments Elimination and Recovery Improvement Act of 2012. We issued no findings and no recommendations in this report. (Audit Report 27401-0005-11)

Rural Development's Financial Statements for Fiscal Years 2020 and 2019

Rural Development received an unmodified opinion from OIG's audits of Rural Development's consolidated financial statements. We determined that Rural Development's financial statements present fairly its financial position as of September 30, 2020, and 2019, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States. This includes the agency's net costs, changes in net position, and statements of budgetary resources and related notes to the financial statements.

Our consideration of Rural Development's internal control over financial reporting identified no material weaknesses and our consideration of compliance with laws and regulations noted no instances of noncompliance. We issued no findings and no recommendations in this report. (Audit Report 85401-0011-11)

Business Owner Sentenced to 51 Months in Prison and Forfeiture Judgment of More Than \$15.3 Million for Selling and Distributing Non-Organic Products as Organic—South Dakota

This investigation disclosed that the owner of several businesses based in South Dakota profited from the fraudulent distribution and sale of agricultural grain and seed products falsely represented to be organic. The business owner would purchase conventional products from one business account and transfer the commodities to another location. The business owner's second company held an organic handler's certificate, and one of the owner's relatives would market the commodities as organic under the second business' brand. As a result, the commodities were sold at an inflated rate

to customers, and the business owner kept a portion of the proceeds.

Ultimately, the second business' organic handler's certificate was revoked for an unrelated matter, and the business owner and his relative were prohibited from participation in NOP. Eventually the business owner's relative remarried and assumed a different name unknown to NOP. The relative then began a new business, which was granted its own organic handler's certificate. The new business continued to fraudulently purchase conventional commodities and sell them as organic. On May 31, 2018, NOP revoked the organic certificate for all associated entities for the business. The initial complaint calculated the fraud at more than \$70 million.

On February 4, 2020, in the District of South Dakota, the business owner was indicted for 1 count of conspiracy to commit wire fraud, 12 counts of wire fraud, 12 counts of money laundering (furtherance of the scheme), and 17 counts of money laundering (criminally derived proceeds over \$10,000). Furthermore, there is a forfeiture allegation that orders forfeiture of the U.S. properties derived from the scheme.

In February 2021, the business owner was sentenced to 51 months in Federal prison, followed by 24 months of supervised probation. He also was ordered to pay \$5,682 in restitution and \$343,857 to his private creditors, and he was given a forfeiture judgment of \$15.3 million for defrauding customers by selling and distributing non-organic products as organic.

Texas-based Contractor Agreed to Pay \$11 Million to Resolve Kickback and Overcharge Scheme—Texas

On December 16 and 17, 2020, a Texas-based prime contractor agreed to pay nearly \$11 million to resolve criminal and civil investigations relating to kickbacks and overcharges on eight Federally funded Energy Savings Performance Contracts (ESPC) issued by the Navy, Coast Guard, General Services Administration (GSA), USDA, and Department of Veterans Affairs (VA). ESPCs are a type of share-in-savings contract under which agencies use private funds to finance energy conservation measures. ESPCs allow Federal agencies to procure energy savings and facility improvements with no up-front capital costs or special appropriations from Congress. The outcome is the result of a joint

investigation with VA OIG, GSA OIG, Naval Criminal Investigative Service, and Coast Guard Investigative Service.

On February 3, 2017, USDA OIG joined the investigation based on an allegation that the Texas-based prime contractor may have engaged in a bid-altering and kickback scheme involving a multi-million dollar ESPC at a USDA Agricultural Research Service (ARS) facility. The investigation determined that the prime contractor's former senior project manager unlawfully solicited and accepted more than \$2.5 million in bribes and kickbacks associated with ESPCs issued by the various Federal agencies.

As a result, the former senior project manager pled guilty and was sentenced to 36 months of probation and was ordered to forfeit more than \$2.5 million. In addition, the investigation resulted in two presidents of subcontracting companies pleading guilty and the president of a third subcontracting company entering into a pre-trial diversion agreement associated with providing kickbacks in connection with the prime contractor's ESPCs. One president was sentenced to 18 months of prison to be followed by 3 years of supervised release and 400 hours of community service. The president

also was ordered to pay \$218,800 in restitution and a \$4,000 fine. The remaining president was sentenced to 8 months in prison to be followed by 2 years of home confinement and 500 hours of community service. The other president also was ordered to pay \$793,239 in restitution and a \$10,000 fine.

Ongoing Reviews

- Review of Agency Financial Statements for FYs 2021 and 2020 (CCC, FCIC/RMA, NRCS, Rural Development (RD))
- Agriculture and Food Research Initiative (National Institute of Food and Agriculture (NIFA))
- USDA Oversight of Civil Rights Complaints (Office of the Assistant Secretary for Civil Rights)
- USDA’s FY 2021 Digital Accountability and Transparency Act (DATA Act) Compliance Efforts (Office of the Chief Financial Officer (OCFO))
- Independent Service Auditor’s Report on the National Finance Center’s Description of its Payroll and Personnel Systems and the Suitability of the Design and Operating Effectiveness of its Controls for the Period October 1, 2020 Through June 30, 2021 (OCFO)
- 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, 2020 Through June 30, 2021 (OCFO)
- Agreed-Upon Procedures—Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting (OCFO)
- General and Application Controls Work for Financial Statement Audits for FYs 2021 and 2020 (OCFO)
- U.S. Department of Agriculture’s Consolidated Financial Statements for FYs 2021 and 2020 (OCFO)
- Controls Over its Contract Closeout Process (OCFO)
- Independent Service Auditor’s Report on the Description of its Data Center Hosting and Security Systems and the Suitability of the Design and Operating Effectiveness of its Controls for the Period October 1, 2020 Through June 30, 2021 (OCIO)
- Final Action Verification (FAV)—Single Family Housing Guaranteed Loan Program—Liquidation Value Appraisals (Rural Housing Service (RHS))
- FY 2020 Compliance with Improper Payment Requirements (USDA)

Governmentwide Activities

Participation on Committees, Working Groups, and Task Forces

USDA OIG continues to support initiatives sponsored by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Our auditors, data analysts, and investigators actively participate in the following working groups and projects within the Inspector General (IG) community:

Technology Committee

- Emerging Technologies Subcommittee
- Geospatial Data Act Working Group
- Data Analytics Working Group
- OIG Focus Group for the Government Accountability Office’s (GAO) Federal Information System Controls Audit Manual update

Audit Committee

- Audit Peer Review Subcommittee
- Performance Audit Navigator Working Group
- Financial Statement Audit Network Workgroup

Federal Audit Executive Council

- DATA Act Working Group
 - Common Methodology subgroup

Investigations Committee

- Training Committee
- Firearms Working Group
- Small Business Innovation Research Working Group
- Foreign Influence Investigations Working Group
- IG Investigations Academy

Enterprise Risk Management Working Group

Diversity, Equity, and Inclusion Work Group

Pandemic Response Accountability Committee

- GAO, State, and Local Subcommittee
- Data Sharing Working Group
- Investigations COVID-19 Working Group

Across the United States, OIG agents participate in various committees and working groups and collaborate with external Federal, State, and local law enforcement partners, to further the mission of OIG. This is an illustrative sample list of such partnerships:

- Department of Homeland Security, Immigration and Customs Enforcement and Benefit Fraud Task Force
- U.S. Secret Service
 - Organized Fraud Task Force
 - High Tech Crimes Task Force
- U.S. Department of the Treasury Financial Crimes Enforcement Network
 - Regional Review Teams
 - Regional Money Laundering Task Forces
- Federal Bureau of Investigation
 - Joint Terrorism Task Force
 - National Counter Intelligence Task Force
- States’ Attorney’s Office Regional Organized Crime Task Force
- Regional Bankruptcy Fraud Working Groups

- Federal Program Fraud Task Force, The Guardian Project
- U. S. Attorney’s Office
 - Benefit Fraud Task Force
 - Identity and Benefits Fraud Task Force
 - COVID-19 Task Force
- Department of Justice’s Procurement Collusion Strike Force—both OIG investigators and data analysts represent the OIG

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 CIGIE Integrity Committee.

United States Department of Agriculture’s Food Safety and Inspection Service Proposed Rule Prior Label Approval System: Expansion of Generic Label Approval.

In its proposed rule, FSIS discussed certain assessments it had performed on labels used in commerce and found a high level of compliance from the labels it reviewed. Additionally, FSIS mentioned a prior OIG audit report entitled *Controls Over Meat, Poultry, and Egg Product Labels*,

published June 15, 2020 (Audit Report 24601-0002-23), and stated that it did not believe that the report’s findings or FSIS’ responses to the audit affected its proposal.

OIG commented that it disagreed with FSIS’ assessment that the audit’s findings did not affect this proposal. Moreover, OIG noted that in FY 2018, it found that FSIS reviewed 878 generic labels and required modifications to 657 (74 percent) to ensure these labels met requirements. Based on these findings, we questioned FSIS’ conclusion that it found a high level of compliance for generic label requirements. Before publishing the final rule, we suggested FSIS consider other factors such as: (1) requiring FSIS to perform a statistically valid assessment to ensure establishments have achieved a high level of compliance with generic label requirements, and (2) ensuring generic labels would be selected in performing a General [not generic] Labeling Task.

Draft Departmental Regulation on United States Department of Agriculture Defensive Counterintelligence and Insider Threat Programs. OIG reviewed the Departmental Regulation (DR) on USDA Defensive Counterintelligence and Insider Threat Programs and

provided technical comments related to OIG independence regarding certain provisions within the draft DR.

Departmental Regulation, Controlled Unclassified Information Program.

The Department’s internal regulation would establish a program within USDA for managing and safeguarding unclassified information requiring dissemination controls pursuant to, and consistent with, Federal law, regulation, or Governmentwide policy. Executive Order 13556, Controlled Unclassified Information (Nov. 4, 2010) established a Controlled Unclassified Information (CUI) Program for standardizing information management and directed executive agencies to develop tailored CUI policies and to identify an agency office responsible for administering the CUI policy.

The draft regulation would establish a USDA CUI Program Office responsible for implementing the CUI program, including a senior agency official, within USDA’s Office of Homeland Security. The draft regulation also set forth USDA policy for handling, sharing, and destroying CUI in accordance with Governmentwide regulations described in 32 CFR Part 2002. The policy included language recognizing OIG’s independent responsibility over information

maintained by OIG. OIG appreciated such recognition, but recommended a specific reference to the Inspector General Act of 1978, to clarify that such independence is statutorily derived.

Departmental Regulation on Debarment and Suspension.

OIG reviewed the draft DR on Debarment and Suspension prescribing standards for implementing debarment and suspension procedures for all USDA non-procurement and procurement programs or activities. This revised DR was in response to OIG's Implementation of Suspension and Debarment Tools in USDA, published in September 2017 (Audit Report 50016-001-23).

The draft DR is a positive development in USDA's ongoing effort to implement a vigorous Debarment and Suspension program, although we did make several suggestions. First, OIG recommended the DR require agencies to list disqualifications in the System of Award Management, as set forth in Recommendation 1 of Audit Report 50016-001-23.

Second, OIG suggested that the regulation more specifically recognize the role that OIG plays in providing information to USDA about dishonest

and/or nonresponsible individuals and entities. Third, OIG highlighted that additional resources are available to USDA to ensure that a proposed suspension or debarment does not negatively impact any parallel proceeding. Finally, OIG suggested that the revised DR include a procedure that ensures OIG is notified of suspension, debarment, and disqualification decisions.

OIG Participation in Congressional Hearings

February 25, 2021

Subcommittee on Agriculture Oversight Hearing: Office of Inspector General, United States Department of Agriculture; House Appropriations Committee

Witnesses: The Honorable Phyllis Fong, Inspector General; Ann Coffey, Deputy Inspector General; Gil Harden, Assistant Inspector General, Audit; Jenny Rone, Assistant Inspector General, Analytics and Innovation

Inspector General Act Reporting Requirements

IG Act Section	IG Act Description	USDA OIG Reported SARC April 2021
Section 4(a)(2)	Review of Legislation and Regulations	Pages 33–34
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–34
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–34
Section 5(a)(3)	Significant Recommendations from Agency's Previous Reports on Which Corrective Action Has Not Been Completed	Appendix A.10 Pages 55–69
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Appendix B.1 and B.2 Pages 87–88
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 49–53
Section 5(a)(7)	Summary of Significant Reports	Goals 1,2, and 3 Pages 1–34
Section 5(a)(8)	Statistical Table: Questioned Costs	Appendix A.2 Page 46
Section 5(a)(9)	Statistical Table: Recommendations That Funds Be Put to Better Use	Appendix A.3 Page 47
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 54

IG Act Section	IG Act Description	USDA OIG Reported SARC April 2021
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 86
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 71–85
Section 5(a)(11)	Significantly Revised Management Decisions Made During the Reporting Period	Appendix A.8 Page 54
Section 5(a)(12)	Significant Management Decisions with Which the Inspector General is in Disagreement	Appendix A.9 Page 54
Section 5(a)(13)	Information Described Under Section 804(b) of the FFMA of 1996	Appendix A.11 Page 70
Section 5(a)(14) and (15)	Peer Reviews of USDA OIG	Page 38
Section 5(a)(16)	Peer Reviews Conducted by USDA OIG	Page 38
Section 5(a)17 and 5(a)18	Additional Investigations Information	Appendix B.4 Pages 90–91
Section 5(a)19*	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix B.5 Page 92
Section 5(a)(20)*	Instances of Whistleblower Retaliation	Appendix B.6 Page 92
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 92
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 70, 86, and 92

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

- Performance measures,
- Participation on committees, working groups, and task forces,
- Recognition (awards received),
- Program improvement recommendations, and
- Hotline complaint results.

National Defense Authorization Act for FY 2008

Section 845

Contract Audit Reports with Significant Findings

Appendix A.4
Page 48

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.

During this reporting period, OIG received notification from the Environmental Protection Agency

OIG that it planned to initiate its review of OIG’s audit organization. The entrance conference for this review was held on April 9, 2021. We anticipate completion of this review during the next semiannual reporting period.

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 by way of an organizational culture that embraces the value and dignity of all individuals and encourages innovation, trust, and positive change through a diverse and inclusive workforce.

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

We measure our impact by assessing the extent to which our work is focused on the key issues under our three mission goals. These 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 2020 ACTUAL	FY 2021 TARGET	FY 2021 1st HALF ACTUAL
OIG direct resources dedicated to critical-risk and high-impact activities	98.9%	96%	99.6%
Audit recommendations where management decisions are achieved within 1 year	98.8%	95%	100%
Mandatory, Congressional, Secretarial, and Agency requested audits initiated where the findings and recommendations are presented to the auditee within established or agreed-to timeframes (includes verbal commitments)	100%	95%	100%
Closed investigations that resulted in a referral for action to Department of Justice, State, or local law enforcement officials, or relevant administrative authority	96.7%	90%	96.9%
Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result	89.3%	85%	81.5%

OIG Accomplishments for FY 2021, First Half (October 1, 2020–March 31, 2021)

SUMMARY OF AUDIT ACTIVITIES	FY 2021 1st HALF
Number of Final Reports	14
Number of Interim Reports	0
Number of Inspection Reports	2
Number of Final Action Verification Reports	0
Number of Coronavirus Memoranda	0
Number of Final Report Recommendations (39 program improvements/4 monetary)	43
Number of Interim Report Recommendations (0 program improvements/0 monetary)	0
Number of Inspection Report Recommendations (2 program improvements/1 monetary)	3
Total Dollar Impact of Reports at Issuance	\$23,299,946
Questioned/Unsupported Costs	\$12,675,069
Funds to Be Put to Better Use	\$10,624,877
Management Decisions Reached	
Number of Final Reports	12
Number of Final Report Recommendations (58 program improvements/6 monetary)	64

SUMMARY OF AUDIT ACTIVITIES	FY 2021 1st HALF
Number of Interim Reports	0
Number of Interim Report Recommendations (0 program improvements/0 monetary)	0
Number of Inspection Reports	3
Number of Inspection Report Recommendations (3 program improvements/3 monetary)	6
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2021 1st HALF
Reports Issued	88
Indictments	88
Convictions	66
Arrests	190
Administrative Sanctions	54
Total Dollar Impact	\$201,269,262

Recognition of OIG Employees by the Inspector General Community

Council of the Inspectors General on Integrity and Efficiency Awards—Presented in October 2020

Award for Excellence: Audit

USDA OIG Audit Midwestern Region’s EQIP Audit Team. In recognition of the team’s outstanding efforts and rigorous research that identified serious deficiencies in payment calculation methodology for the multibillion dollar Environmental Quality Incentives Program [EQIP].

Award for Excellence: Evaluations

USDA’s Proposal to Reorganize and Relocate ERS and NIFA Inspection Team. In recognition of the extraordinary efforts from the Offices of Audit and Counsel to determine USDA’s authority to realign the

Economic Research Service and relocate the Economic Research Service and the National Institute of Food and Agriculture.

Award for Excellence: Multiple Disciplines

USDA’s Assessment of the State of Oversight Work in the Area of Sexual Harassment and Misconduct in the Federal Government. In recognition of exemplary efforts, across multiple OIG disciplines, conducting an assessment of the state of oversight work in the area of sexual harassment and misconduct in the Federal Government.

Appendix A: Audit Tables

Appendix A.1: Activities and Reports Issued

Summary of Audit Activities, October 1, 2020–March 31, 2021

Reports Issued: 14	Audits and Non-Audit Services Performed by OIG	10
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	4
Management Decisions Made: 64	Number of Reports	12
	Number of Recommendations	64
Total Dollar Impact (Millions) of Management-Decided Reports: \$21,934,196	Total Questioned/Unsupported Costs	\$13,309,319 ^{a,b}
	—Recommended for Recovery	\$634,250
	—Not Recommended for Recovery	\$12,675,069
	Funds to Be Put to Better Use	\$8,624,877

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

^b 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, October 1, 2020–March 31, 2021

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 no Interim Reports during this reporting period.

Summary of Inspection Reports Issued, October 1, 2020–March 31, 2021

Reports Issued: 2	Inspections Performed by OIG	2
Management Decisions Made: 6	Number of Reports	3
	Number of Recommendations	6
Total Dollar Impact of Management-Decided Reports: \$33,697,372	Total Questioned/Unsupported Costs	\$31,697,372
	—Recommended for Recovery	\$0
	—Not Recommended for Recovery	\$31,697,372
	Funds to Be Put to Better Use	\$2,000,000

Summary of FAV Reports Issued, October 1, 2020–March 31, 2021

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 no FAV reports.

Appendix A.2: Inventory of Final Audit and Inspection Reports with Questioned Costs and Loans (October 1, 2020–March 31, 2021)

Category	No.	Questioned Costs and Loans	Unsupported ^a Costs and Loans
Reports for which no management decision had been made by October 1, 2020 ^b	3	\$138,547,647	\$0
Reports which were issued during the reporting period	1	\$12,675,069	\$0
Total Reports with Questioned Costs and Loans	4	\$151,222,716	\$0
Of the 4 reports, those for which management decision was made during the reporting period	3	<i>Recommended for recovery</i>	\$634,250
		<i>Not recommended for recovery</i>	\$44,372,441
		<i>Costs not disallowed</i>	\$0
Of the 4 reports, those for which no management decision has been made by the end of this reporting period	1	\$106,216,025	\$0

^a Unsupported values are included in questioned values.

^b Carried over from previous reporting periods.

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

Category	Number		Dollar Value
Reports for which no management decision had been made by October 1, 2020 ^a	1		\$6,089,279
Reports which were issued during the reporting period	2		\$10,624,877
Total Reports with Recommendations that Funds Be Put to Better Use	3		\$16,714,156
Of the 3 reports, those for which management decision was made during the reporting period	2	<i>Disallowed costs</i>	\$10,624,877
		<i>Costs not disallowed</i>	\$0
Of the 3 reports, those 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 October 1, 2020, through March 31, 2021.

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 41 program improvement recommendations, and management agreed to implement 61 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):

- OCIO needs to prioritize remediation of outstanding vulnerabilities to address security and control deficiencies by implementing an improved patch or upgrade process to address security deficiencies identified by the independent OIG scans and security information and event management.
- Pending Office of the General Counsel [OGC] review, FS needs to cease all payments related to a grant until the agency identifies an appropriate path forward that complies with Federal laws and regulations.
- REE needs to identify and implement a standard mechanism across all REE agencies to enhance both USDA's and the public's ability to identify REE agencies' publications from USDA-funded research by subject areas.

Appendix A.6: Audit and Inspection Reports

OIG issued 14 audit reports, including 4 audits performed by others. OIG also issued two inspection reports. The following is a summary of those audit products by agency:

Audit and Inspection Report Totals

Total Questioned Costs and Loans ^a	\$12,675,069
Total Funds to Be Put to Better Use	\$10,624,877

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

Summary of Audit Reports Released from October 1, 2020–March 31, 2021

Agency Type	Audits Released	Questioned Costs and Loans	Unsupported Costs and Loans	Funds to Be Put to Better Use
Single Agency Audit	10	\$12,675,069	\$0	\$8,624,877
Multi-Agency Audit	4	\$0	\$0	\$0
Total Completed Under Contract	4			
Issued Audits Completed Under the Single Audit Act	0			

Summary of Inspection Reports Released from October 1, 2020–March 31, 2021

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	\$2,000,000
Multi-Agency Audit	0	\$0	\$0	\$0
Total Completed Under Contract	0			

^a Unsupported values are included in the questioned values.

Audit Reports Released and Associated Monetary Values from October 1, 2020–March 31, 2021

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
AMS: Agricultural Marketing Service					
01601-0002-23	PA	10/06/2020	Agricultural Marketing Service Controls Over the Specialty Crop Block Grant Program	\$12,675,069	
Total: 1					
APHIS: Animal and Plant Health Inspection Service					
33601-0003-23	PA	03/12/2021	Followup to Animal and Plant Health Inspection Service's Controls Over Licensing of Animal Exhibitors		
Total: 1					
CCC: Commodity Credit Corporation					
06403-0003-11	FA	11/20/2020	Commodity Credit Corporation's Financial Statements for Fiscal Years 2020 and 2019		
Total: 1					
FNS: Food and Nutrition Service					
27401-0005-11	FA	11/09/2020	Food and Nutrition Service's Financial Statements for Fiscal Years 2020 and 2019		
Total: 1					
FSIS: Food Safety and Inspection Service					
24601-0007-31	PA	03/26/2021	Food Safety and Inspection Service Waiver of Regulatory Requirements		
Total: 1					

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FS: Forest Service					
08601-0011-41	PA	03/24/2021	Forest Service Use of Settlement Funds		\$8,624,877
Total: 1					
Multi-Agency					
50301-0001-11	PA	01/29/2021	National Drug Control Program Agency Compliance Review for Fiscal Year 2020		
50401-0019-11	FA	12/08/2020	U.S. Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2020 and 2019		
50501-0024-12	PA	02/25/2021	USDA's Security Controls Over the Prevention and Mitigation of Ransomware		
50503-0003-12	PA	10/29/2020	U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2020 Federal Information Security Modernization Act		
Total: 4					
NRCS: Natural Resources Conservation Service					
10403-0003-11	FA	11/19/2020	Natural Resources Conservation Service's Financial Statements for Fiscal Years 2020 and 2019		
Total: 1					
OCFO: Office of the Chief Financial Officer					
11403-0003-12	FA	11/04/2020	Independent Service Auditor's Report on the National Finance Center's Description of its Payroll and Personnel System and the Suitability of the Design and Operating Effectiveness of its Controls for October 1, 2019 to June 30, 2020		
Total: 1					

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
RMA: Risk Management Agency					
05401-0012-11	FA	12/08/2020	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2020 and 2019		
Total: 1					
RD: Rural Development					
85401-0011-11	FA	11/09/2020	Rural Development's Financial Statements for Fiscal Years 2020 and 2019		
Total: 1					
Grand Total: 14					

*Performance audits (PA), Financial audits (FA).

Inspection Reports Released and Associated Monetary Values from October 1, 2020–March 31, 2021

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FS: Forest Service					
08801-0001-24	IE	12/15/2020	Forest Service Grant for Roadless Area Management in the State of Alaska		\$2,000,000
Total: 1					
REE: Research, Education, and Economics					
84801-0001-22	IE	12/08/2020	USDA Research Integrity and Capacity		
Total: 1					
Grand Total: 2					

*Inspections and Evaluations (IE).

Appendix A.7: Management Decisions

In this reporting period, there were two instances where management decision was not made within the 6-month limit imposed by Congress.

Consolidated Report of FNS and Selected State Agencies' Controls Over the Summer Food Service Program

OIG determined that additional controls were needed to enhance Summer Food Service Program's (SFSP) efficiency and effectiveness. Specifically, we found that FNS' State SFSP monitoring requirements did not include sufficient guidance for State agencies to ensure the accuracy of sponsor program payments. This occurred because FNS did not adequately update these requirements to reflect the impact of a 2008 statutory program change in the reimbursement process.

For the three recommendations without management decision, OIG generally recommended that FNS revise existing State agency monitoring requirements to correct the control deficiencies identified in the OIG report. OIG did not agree with FNS' planned corrective

actions since these actions would not permanently correct the identified deficiencies. (Audit Report 27601-0005-41)

Wildfires and Hurricanes Indemnity Program

During our review of the 2017 Wildfires and Hurricanes Indemnity Program (WHIP), OIG identified situations where producers provided conflicting information on multiple forms. Depending on which information FSA used to calculate the WHIP payment, this could lead to an inaccurate payment. This occurred because of inadequate guidance and oversight. As a result, OIG questioned more than \$3.7 million in WHIP payments where OIG found conflicting information. 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.

In the one open recommendation, OIG recommended that FSA review the supporting documentation for more than \$3.7 million in WHIP payments made based on conflicting certified information, and take appropriate action on any payments that are determined to be improper. We agree with FSA's

planned actions, and FSA indicated it is in the process of reviewing the amounts questioned by OIG. To reach management decision, FSA needs to complete its review of the questioned payments and provide evidence that the applicable corrective actions have been taken for each payment. Based on FSA's March 29, 2021, response, FSA estimates that a written document to outline and explain its review and associated corrective actions will be completed by June 30, 2021. (Audit Report 03702-0002-31)

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 March 31, 2021, by Agency

Grand Total	Total Number of Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)
	338	58	276	4

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							
01601-0002-23	AMS Controls Over the Specialty Crop Block Grant Program	10/06/2020	3		3		Pending Final Action: 1, 3, 4
Total			3		3		
ARS: Agricultural Research Service							
50501-0024-12	USDA's Security Controls Over the Prevention and Mitigation of Ransomware	02/25/2021	3		3		Pending Final Action: 1, 2, 3
50601-0010-AT	Followup Review on the Security of Biohazardous Material at USDA Laboratories	03/08/2004	1		1		Pending Final Action: 2A
Total			4		4		
APHIS: Animal and Plant Health Inspection Service							
33601-0003-23	Followup to APHIS' Controls Over Licensing of Animal Exhibitors	03/12/2021	4		4		Pending Final Action: 1, 2, 3, 4

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
33701-0001-21	National Veterinary Stockpile Oversight	09/23/2020	4		4		Pending Final Action: 1, 3, 5, 7
50601-0001-32	Controls Over APHIS' Introduction of Genetically Engineered Organisms	09/22/2015	2		2		Pending Final Action: 2, 8
50701-0001-21	USDA Agency Activities for Agroterrorism Prevention, Detection, and Response	09/12/2018	5		5		Pending Final Action: 1, 4, 5, 9, 10
Total			15		15		
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	2		2		Pending Final Action: 4, 10
06403-0002-11	CCC's Financial Statements for FYs 2019 and 2018	11/20/2019	2		2		Pending Final Action: 2, 7
06403-0003-11	CCC's Financial Statements for FYs 2020 and 2019	11/20/2020	3		3		Pending Final Action: 1, 2, 4
Total			10		10		
DM: Departmental Management							
50099-0003-21	USDA's Management Over the Misuse of Government Vehicles	09/18/2018	1		1		Pending Final Action: 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			4		4		
FPAC: Farm Production and Conservation Business Center							
10801-0001-12	Review of an NRCS IT-Related Contract	03/30/2020	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	09/30/2020	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	7		7		Pending Final Action: 1, 2, 3, 4, 9, 10, 11
03601-0004-41	Livestock Indemnity Program	09/28/2020	9	1	8		Pending Collection: 1 Pending Final Action: 2, 3, 4, 5, 6, 7, 8, 9
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	2	2			Pending Collection: 21, 24
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

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
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	1	3	1	Pending Collection: 2 Pending Final Action: 1, 3, 5 Pending Management Decision: 4
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
50703-0001-23	American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program	10/18/2013	1	1			Pending Collection: 9
Total			63	21	41	1	

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
FNS: Food and Nutrition Service							
27004-0001-23	New York's Controls Over SFSP	09/24/2018	3	3			Pending Collection: 5, 6, 8
27004-0001-31	Florida's Controls Over SFSP	08/26/2019	12	4	8		Pending Collection: 9, 11, 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	7	5	2		Pending Collection: 5, 6, 7, 8, 9 Pending Final Action: 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

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27601-0004-22	SNAP Employment and Training Pilot Projects	12/23/2019	2	1	1		Pending Collection: 2 Pending Final Action: 1
27601-0005-41	Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP	09/18/2020	11		8	3	Pending Final Action: 3, 4, 9, 10, 11, 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	1		1		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

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
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
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	6	1	5		Pending Collection: 8 Pending Final Action: 1, 2, 3, 4, 6
Total			98	30	65	3	
FSIS: Food Safety and Inspection Service							
24016-0001-23	FSIS Followup on the 2007 and 2008 Audit Initiatives	06/07/2017	5		5		Pending Final Action: 3, 4, 7, 12, 13

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
24601-0002-22	Cooperative Interstate Shipment Program	12/11/2019	1		1		Pending Final Action: 1
24601-0002-23	Controls Over Meat, Poultry, and Egg Product Labels	06/15/2020	4		4		Pending Final Action: 1, 2, 3, 5
24601-0003-21	Controls Over Imported Meat and Poultry Products	07/01/2020	2		2		Pending Final Action: 1, 3
24601-0007-31	FSIS Waiver of Regulatory Requirements	03/26/2021	2		2		Pending Final Action: 1, 2
24801-0001-41	FSIS Rulemaking Process for the Proposed Rule: Modernization of Swine Slaughter Inspection	06/23/2020	2		2		Pending Final Action: 2, 3
Total			16		16		
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	1		1		Pending Final Action: 1
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			4		4		
FS: Forest Service							
08601-0011-41	FS Use of Settlement Funds	03/24/2021	3		3		Pending Final Action: 1, 2, 3

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
08801-0001-24	FS Grant for Roadless Area Management in the State of Alaska	12/15/2020	2		2		Pending Final Action: 1, 2
Total			5		5		
Multi-Agency							
50024-0015-11	USDA FY 2019 Compliance with Improper Payment Requirements	05/13/2020	4		4		Pending Final Action: FSA: 1, 2, 3 FNS: 4
Total			4		4		
NIFA: National Institute of Food and Agriculture							
13601-0001-22	NIFA Formula Grant Programs' Controls Over Fund Allocations to States	08/07/2019	8	1	7		Pending Collection: 3 Pending Final Action: 1, 2, 7, 8, 9, 10, 11
Total			8	1	7		
NRCS: Natural Resources Conservation Service							
10099-0001-23	Controls Over the Conservation Innovation Grants Program	09/11/2018	6	2	4		Pending Collection: 3, 6 Pending Final Action: 4, 7, 10, 11

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
10401-0009-11	NRCS' Balance Sheet for FY 2017	11/13/2017	1		1		Pending Final Action: 1
10403-0001-11	NRCS' Balance Sheet for FY 2018	11/15/2018	1		1		Pending Final Action: 2
10403-0002-11	NRCS' Financial Statements for FY 2019	11/26/2019	6		6		Pending Final Action: 1, 4, 5, 7, 11, 14
10403-0003-11	NRCS' Financial Statements for FYs 2020 and 2019	11/19/2020	9		9		Pending Final Action: 5, 9, 10, 12, 15, 16, 17, 18, 19
10601-0001-32	Controls Over the Conservation Stewardship Program	09/27/2016	1		1		Pending Final Action: 20
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	2		2		Pending Final Action: 4, 6

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
Total			31	5	26		
OHSEC: Office of Homeland Security							
50701-0002-21	USDA's Controls to Prevent the Unauthorized Access and Transfer of Research Technology	03/30/2020	4		4		Pending Final Action: 1, 2, 3, 4
61701-0001-21	Agroterrorism Prevention, Detection, and Response	03/27/2017	4		4		Pending Final Action: 1, 2, 5, 13
Total			8		8		
OCFO: Office of the Chief Financial Officer							
11601-0001-12	USDA's FY 2019, First Quarter DATA Act Submission	11/08/2019	4		4		Pending Final Action: FSA: 7 NRCS: 3 OCFO: 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
Total			7		7		
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	1		1		Pending Final Action: 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
50501002012(1)	Improper Usage of USDA's IT Resources—Interim Report	06/27/2018	3		3		Pending Final Action: 2, 3, 5
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 Final Action: 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	1		1		Pending Final Action: 1
50503-0003-12	USDA, OCIO, FY 2020 FISMA	10/29/2020	9		9		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9
50801-0001-12	Implementation of the IT Modernization Centers of Excellence Improvements	09/23/2020	2		2		Pending Final Action: 1, 2
Total			36		36		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
REE: Research, Education, and Economics							
84801-0001-22	USDA Research Integrity and Capacity	12/08/2020	1		1		Pending Final Action: 1
Total			1		1		
RMA: Risk Management Agency							
05401-0012-11	Federal Crop Insurance Corporation/RMA's Financial Statements for FYs 2020 and 2019	12/08/2020	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
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 Pasture, Rangeland, and Forage 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			11		11		
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	4	1	3		Pending Collection: 3 Pending Final Action: 5, 8, 9
Total			9	1	8		

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

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

whether financial management systems substantially comply with FFMIA's system requirements.

During the first half of FY 2021, we issued our annual financial statement reports for FY 2020 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 2020. 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

We have not canceled any engagements for this reporting period.

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 72 outstanding recommendations with a potential value of more than \$235.1 million. Monetary amounts listed represent questioned costs and funds that could be put to better use for those recommendations for 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			\$235,134,389
AMS: Agricultural Marketing Service			
01601-0002-23	<i>Agricultural Marketing Service Controls Over the Specialty Crop Block Grant Program</i>		
	Strengthen existing controls over the grant program process, including testing State policies and/or processes during onsite reviews to ensure all States monitor their SCBGP projects.	10/06/2020	\$12,597,287
	Ensure all States create and implement policies and procedures for performing risk assessments and conducting reviews of subrecipients, and provide guidance on the information that must be included. Specifically, the process should include ensuring funds are used in accordance with Federal regulations and AMS' terms and conditions.	10/06/2020	\$77,782

Report #	Recommendation Cited	Management Decision Date	Released Amount
FSA: Farm Service Agency			
03006-0001-TE	<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
03099-0181-TE	<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 [E]xhibit E.)	01/30/2009	\$1,432,622
03601-0003-41	<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
03601-0004-41	<i>Livestock Indemnity Program</i> Review and recover improper overpayments of \$634,250 due to errors in calculating [Livestock Indemnity Program] LIP payments.	03/05/2021	\$634,250
03601-0007-TE	<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
03601-0012-AT	<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
03601-0023-KC	<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
03601-0028-KC	<i>Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments</i>		
	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' [collection, harvest, storage, and transportation] CHST 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
03702-0001-23	<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 [program year] PY 2017 and takes appropriate corrective actions, per FSA instructions.	09/28/2020	\$2,375,851
	Ensure the State office completes its review of the \$3.3 million payments in [program year] 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

Report #	Recommendation Cited	Management Decision Date	Released Amount
	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
03702-0001-32	<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
03702-0002-31	<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
	Assess, confirm, and recover the previously issued improper WHIP payments of \$4,268,395 to program participants.	03/31/2021	\$4,268,395
50099-0011-SF	<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
50601-0015-AT	<i>Hurricane Indemnity Program—Integrity of Data Provided by RMA</i> FSA should recover the \$815,612 in 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 ²
50703-0001-23	<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
FNS: Food and Nutrition Service			
27004-0001-23	<i>New York's Controls Over Summer Food Service Program</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

² 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
27004-0001-31	<i>Florida's Controls Over Summer Food Service Program</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
	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 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
27004-0001-41	<i>California's Controls Over Summer Food Service Program</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

Report #	Recommendation Cited	Management Decision Date	Released Amount
	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
	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
27004-0003-21	<i>Summer Food Service Program 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

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the State agency to review questioned costs of \$34,506 paid to the sponsors in our audit that claimed 9,214 non[-]reimbursable 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 non[-]reimbursable meals identified by our audit. The State agency should recover any amount it determines is unallowable.	03/14/2019	\$33,397
27004-0003-21(1)	<i>Summer Food Service Program—Texas Sponsor Cost—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
27004-0004-21	<i>Texas' Controls Over Summer Food Service Program</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

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the State agency to determine if the four identified sponsors received approximately \$201 in reimbursements for the 53 meals we identified as non[-]reimbursable during site observations. The State agency should recover any reimbursements paid to sponsors for those non[-]reimbursable meals identified by our review.	03/14/2019	\$201
27601-0002-41	<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
27601-0003-10	<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. Require New Mexico HSD review the two identified cases and verify income to determine if payments were improper and warrant establishment of a claim. Require New Mexico HSD review the identified case to determine if payments were improper and warrant establishment of a claim.	09/27/2016 09/27/2016 09/27/2016	\$2,194 \$6,721 \$163

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Require HSD review the two cases identified to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$2,900
27601-0004-22	<i>SNAP Employment and Training Pilot Projects</i> For any State unable to provide adequate substantiation for Recommendation 1, use agency authorities under 2 [CFR] § 200.338 and agency policies over grants to seek recovery of pilot funds, as appropriate.	12/23/2019	\$27,554,632
27601-0005-41	<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
27601-0008-10	<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 [cases that] 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

Report #	Recommendation Cited	Management Decision Date	Released Amount
27601-0011-10	<i>South Carolina's Compliance [with] SNAP Requirements for Participating State Agencies (7 CFR, Part 272)</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
27702-0001-22	<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 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
FS: Forest Service			
08601-0011-41	<i>FS Use of Settlement Funds</i>		
	Work with the Department to pursue legal authority to allow for the retention of interest earned on settlement funds.	03/24/2021	\$7,688,298
	Return the allotted settlement funds from the assigned Washington Office subaccount to the appropriate settlement account.	03/24/2021	\$936,579

Report #	Recommendation Cited	Management Decision Date	Released Amount
08801-0001-24	<i>Forest Service Grant for Roadless Area Management in the State of Alaska</i> Work with OGC to develop and implement a plan to use this funding in compliance with [F]ederal laws and regulations.	12/15/2020	\$2,000,000
NIFA: National Institute of Food and Agriculture			
13601-0001-22	<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
NRCS: Natural Resources Conservation Service			
10099-0001-23	<i>Controls Over Conservation Innovation Grants</i> Obtain and assess missing quarterly and semiannual reports from the 35 CIGs [Conservation Innovation Grants] reviewed and determine if \$4,366,090 in CIG funds [was] 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

Report #	Recommendation Cited	Management Decision Date	Released Amount
10601-0001-32	<p><i>Controls Over the Conservation Stewardship Program</i></p> <p>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.</p>	09/27/2016	\$1,051,055
10601-0004-31	<p><i>NRCS Regional Conservation Partnership Program [RCPP] Controls</i></p> <p>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.</p>	09/10/2019	\$632,687
	<p>Request the return of previously issued RCPP technical assistance payments of \$60,357 to partners for ineligible expenses.</p>	11/14/2019	\$36,047
10601-0004-31(2)	<p><i>NRCS Regional Conservation Partnership Program Controls—Interim Report</i></p> <p>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.</p>	05/02/2018	\$267,410
10601-0005-31	<p><i>Environmental Quality Incentives Program Payment Schedules</i></p> <p>Ensure that the EQIP payment schedule includes necessary components and scenarios to address State and regional needs and exceptions.</p>	09/24/2019	\$31,592

Report #	Recommendation Cited	Management Decision Date	Released Amount
OCIO: Office of the Chief Information Officer			
50801-0001-12	<i>Implementation of the IT Modernization Centers of Excellence Improvements</i>		
	OCIO should seek an Office of the General Counsel (OGC) opinion to determine if an Antideficiency Act violation occurred due to the lack of E-Board concurrence for the [Centers of Excellence] CoE initiative, and, if a violation did occur, take appropriate legal and administrative action.	01/06/2021	\$31,697,371
RHS: Rural Housing Service			
04601-0001-41	<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
04601-0003-31	<i>Multi-Family Housing Tenant Eligibility</i>		
	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 March 31, 2021)*

OIG published summary information for all of its reports from October 1, 2020, through March 31, 2021; however, two reports 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, October 1, 2020–March 31, 2021

Reports Issued: 88	Cases Opened	131
	Cases Referred for Prosecution	90
Impact of Investigations	Indictments	88
	Convictions ^a	66
	Searches	171
	Arrests	190
	Recoveries/Collections ^b	\$488,186
Total Dollar Impact: \$201,269,262	Restitutions ^c	\$45,021,210
	Fines ^d	\$108,459,220
	Asset Forfeitures ^e	\$30,687,029
	Claims Established ^f	\$9,394,464
	Cost Avoidance ^g	\$2,014,118
	Administrative Penalties ^h	\$5,205,035
Administrative Sanctions: 54	Employees	13
	Businesses/Persons	41

^a Includes convictions and pretrial diversions. The period of time to obtain court action on an indictment varies widely; therefore, the 66 convictions do not necessarily relate to the 190 arrests or the 88 indictments.

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

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

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

^e Asset forfeitures are judicial or administrative results.

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

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

^h 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— October 1, 2020–March 31, 2021

Agency	Indictments	Convictions*
AMS	2	4
APHIS	23	4
ARS	0	2
FNS	37	35
FS	3	1
FSA	9	7
FSIS	9	3
Multi-Agency	1	1
NRCS	0	1
OHSEC	2	0
RBS	1	0
RHS	0	2
RMA	1	6
Totals	88	66

* This category includes pretrial diversions.

Appendix B.3: OIG Hotline

Number of Complaints Received

Type	Number
Employee Misconduct	160
Participant Fraud	4,838
Waste/Mismanagement	252
Health/Safety Problem	37
Opinion/Information	145
Bribery	1
Reprisal	1
Total Number of Complaints Received	5,434

Disposition of Complaints

Method of Disposition	Number
Referred to OIG Audit or Investigations for Review	348
Referred to Other Law Enforcement Agencies	5
Referred to USDA Agencies for Response	211
Referred to FNS for Tracking	4,190
Referred to USDA or Other Agencies for Information—No Response Needed	634
Filed Without Referral—Insufficient Information	22
Referred to State Agencies	24
Total Number of Complaints Received	5,434

Appendix B.4: Additional Investigations Information

In fulfillment of the Inspector General Empowerment Act's reporting requirements, the following table shows the number of investigative reports OIG has issued in this reporting period, the number of persons OIG referred to the U.S. Department of Justice (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	88		Number obtained from ARGOS database is routinely reported.
2	Number of people referred to DOJ criminal	168	Number of people referred for prosecution Federally in FY 2021 first half	Created a report from the database to show cases referred for prosecution during the first half of FY 2021. 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	13	Of the 168 people reported above, 13 were referred to DOJ for both criminal and civil action.	Same as number 2 above.
3	Number of people referred to State/local authorities	81	Number of people referred to State/local authorities in FY 2021 first half.	Created a report from the database to show cases referred for prosecution during the first half of FY 2021. Queried each case in the database to determine how many individuals were referred for prosecution and to whom they were referred.

Description of Data	Number	Explanation	Source of Data
3a Number of people referred to State/local authorities	38	Of the 81 people reported above, 38 were referred to both Federal and State/local entities.	Same as number 3 above.
4 Indictments from prior referrals	74	Indictments include other charging mechanisms.	Created a report from the database to show cases that had indictments and/or other charging mechanisms claimed during FY 2021 first half, regardless of when they were referred.
5 Convictions from prior referrals	65	Convictions include pre-trial diversions.	Created a report from the database to show cases that had convictions and/or pre-trial diversions claimed during FY 2021 first half, regardless of when they were referred.

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

Allegations of Misconduct Relating to Ethics and Appropriations Violations

In connection with a Congressional request, OIG initiated an investigation into allegations that a senior Government official violated anti-lobbying provisions with remarks made during a speech, as well as a subsequent press release and linked audio clips from the speech. OIG investigated the ethics allegations and referred the matter to DOJ on December 14, 2017. It was declined on December 18, 2018. OIG also obtained a GAO decision regarding the alleged appropriations violations. GAO found that the speech and press release constituted grassroots lobbying in violation of two Federal anti-lobbying provisions applicable to USDA. Further, GAO advised that USDA determine the costs associated with the prohibited conduct and report it as an Antideficiency Act violation. Consequently, it was

referred to the USDA Office of the Deputy Secretary for review and appropriate action.

Allegations of Misconduct Relating to Misrepresentation, Falsification, and False Statements

The OIG Office of Compliance and Integrity conducted an internal investigation into allegations that an OIG senior Government employee engaged in misrepresentation and falsification regarding an external award nomination. The investigation determined that the OIG senior Government employee used a subordinate employee's name and Government email address, listing them as nominating the senior OIG official for an external award, without the knowledge or consent of the subordinate employee. When confronted during the investigation of falsification and misrepresentation, the employee made false statements. OIG referred all allegations of misconduct to DOJ on February 11, 2020, and all were declined on the same day. The OIG senior Government employee left OIG before any administrative action was completed.

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

We have no instances to report.

Appendix C: Office of Analytics and Innovation Tables

Appendix C.1: Surveys and Reports Issued

OAI released a USDA COVID-19 Procurement-Related Dashboard on its website, which provides transparency and information about USDA procurements and can be filtered by vendor, USDA agency, State, and county, among other elements.

Acronyms and Abbreviations

AMS.....	Agricultural Marketing Service	COVID-19	coronavirus disease 2019	FA	financial audits
APHIS.....	Animal and Plant Health Inspection Service	CUI	controlled unclassified information	FAS	Foreign Agricultural Service
ARS.....	Agricultural Research Service	DATA Act.....	Digital Accountability and Transparency Act	FAV.....	final action verification
ATF.....	Bureau of Alcohol, Tobacco, Firearms and Explosives	DFCS	Division of Family and Children's Services	FBI.....	Federal Bureau of Investigation
AWA.....	Animal Welfare Act	DOJ	U.S. Department of Justice	FCIC	Federal Crop Insurance Corporation
CARES Act.....	Coronavirus Aid, Relief, and Economic Security Act	DOL.....	U.S. Department of Labor	FCIC/RMA	Federal Crop Insurance Corporation/Risk Management Agency
CCC.....	Commodity Credit Corporation	DR.....	Departmental Regulation	FFCRA	Families First Coronavirus Response Act
CED.....	County Executive Director	EBT	electronic benefits transfer	FFMIA	Federal Financial Management Improvement Act of 1996
CFAP.....	Coronavirus Food Assistance Program	EFP.....	Emergency Food Program	FISMA	Federal Information Security Management Act
CIG.....	Conservation Innovation Grant	EQIP	Environmental Quality Incentives Program	FNS	Food and Nutrition Service
CIGIE.....	Council of the Inspectors General on Integrity and Efficiency	ERS.....	Economic Research Service	FS	Forest Service
COC.....	county committee	ESPC.....	Energy Savings Performance Contracts		

FSA	Farm Service Agency	NIFA.....	National Institute of Food and Agriculture	PRAC.....	Pandemic Response Accountability Committee
FSIS	Food Safety and Inspection Service	NOP.....	National Organic Program	PY	program year
FY.....	fiscal year	NPA	non-prosecution agreement	QC	quality control
GAO.....	Government Accountability Office	NRCS.....	Natural Resources Conservation Service	RBS	Rural Business-Cooperative Service
GSA.....	General Services Administration	OCFO.....	Office of the Chief Financial Officer	RCPP	Regional Conservation Partnership Program
HSD.....	Human Services Department	OCIO.....	Office of the Chief Information Officer	RD.....	Rural Development
IDALS.....	Iowa Department of Agriculture and Land Stewardship	OCP	Office of Contracting and Procurement	REE	Research, Education, and Economics
IE.....	inspections and evaluations	OGC	Office of the General Counsel	RHS	Rural Housing Service
IG.....	Inspector General	OHSEC	Office of Homeland Security and Emergency Coordination	RIB	Retailer Investigations Branch
IRS.....	Internal Revenue Service	OIG	Office of Inspector General	RMA	Risk Management Agency
IRS-CI.....	Internal Revenue Service Criminal Investigation	OMB.....	Office of Management and Budget	Roadless Rule.....	Roadless Area Conservation Rule
IT	information technology	P-EBT.....	Pandemic electronic benefits transfer	SARC	Semiannual Report to Congress
LFP	Livestock Forage Program	PA.....	performance audits	SCBGP	Specialty Crop Block Grant Program
LIP	Livestock Indemnity Program				
MSP	Michigan State Police				
NFC	National Finance Center				

SFSP	Summer Food Service Program
SIP	<i>Salmonella</i> Initiative Program
SNAP	Supplemental Nutrition Assistance Program
SWCD.....	Soil and Water Conservation District
TDA.....	Texas Department of Agriculture
TEFAP	The Emergency Food Assistance Program
USDA	U.S. Department of Agriculture
USSS.....	United States Secret Service
VA	U.S. Department of Veterans Affairs
VS	Veterinary Services
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 7, 13–15
(2) IT Security Needs Continuing Improvement	Related material can be found on page 6
(3) USDA Needs to Strengthen Program Performance and Performance Measures	Related material can be found on pages 7, 13–15, 25
(4) USDA Needs to Strengthen Controls Over Improper Payments and Financial Management	Related material can be found on pages 27–28
(5) USDA Needs to Improve Outreach Efforts	Related material can be found on page 31
(6) Food Safety Inspections Need Improved Controls	Related material can be found on pages 7–8
(7) FNS Needs to Strengthen SNAP Management Controls	Related material can be found on pages 3, 23



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