



United States Department of Agriculture

AMS Storage and Handling of Commodities for International Food Assistance Programs



Audit Report 01601-0002-41

December 2019

OFFICE OF INSPECTOR GENERAL

AMS Storage and Handling of Commodities for International Food Assistance Programs

Audit Report 01601-0002-41

OIG reviewed AMS' oversight of the storage and handling of U.S.-produced commodities for international food aid programs.

OBJECTIVE

Our objectives were to evaluate AMS' oversight of the storage and handling of commodities for international food aid programs to ensure: (1) licensed EFAC operators applied consistent standards to maintain safe and sanitary storage conditions and (2) follow-up was conducted and corrective actions were taken by AMS when warehouse operators were noncompliant with requirements.

REVIEWED

We reviewed pertinent laws, regulations, policies, and procedures; warehouse examination reports and vessel loading observation damage reports; and pest control activity documentation. We conducted site visits to EFAC-licensed facilities and interviewed AMS officials, warehouse examiners, and warehouse operators.

RECOMMENDS

We recommend that AMS revise and incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for sanitation practices, pest control procedures, and the condition of pallets and dunnage used at EFAC facilities; update the guidance for repairing packaged commodities; develop policies and procedures that establish roles, responsibilities, and timeframes for following up with EFAC licensees after violations; establish a method to track license violations; and designate the appropriate resources to oversee compliance issues.

WHAT OIG FOUND

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) administers the Export Food Aid Commodity (EFAC) program to provide U.S.-produced commodities for export food aid on behalf of the U.S. Agency for International Development (USAID) and the Foreign Agricultural Service (FAS). Commodities are stored at licensed warehouses prior to shipping. USAID and FAS coordinate with private voluntary organizations to receive these commodities overseas to provide life-saving food assistance to the most vulnerable around the world. During fiscal years 2015–2018, USDA procured over 6.5 million metric tons (approximately 14.4 billion pounds) of commodities for international food assistance programs, valued at over \$2.2 billion.

In our review, we found that warehouse operators did not consistently apply sanitation and safety standards to safeguard export food aid. Secondly, we determined that 759 metric tons (almost 1.7 million pounds) of export food aid were reported as losses during storage and handling, and that a portion of these losses could have been minimized if EFAC program guidance allowed for a more cost-effective method to repair damaged EFAC bags. Lastly, we found that AMS did not ensure EFAC license violations were resolved in a timely manner.

If the issues we identified are not mitigated, AMS' export food aid could continue to be stored in unsanitary or unsafe conditions, leaving commodities susceptible to loss, damage, and contamination; or risk potential injury to workers. Further, by not being able to quickly repair bags damaged in storage and handling, more commodities than necessary could continue to be discarded, resulting in AMS continuing to under-deliver the amount of food aid it intends to provide its recipients.

AMS officials concurred with our 10 recommendations.



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: December 18, 2019

AUDIT
NUMBER: 01601-0002-41

TO: Bruce Summers
Administrator
Agricultural Marketing Service

ATTN: Frank Woods
Chief, Internal Audits
Compliance Safety & Security Division

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: AMS Storage and Handling of Commodities for International Food Assistance
Programs

This report presents the results of the subject review. Your written response to the official draft is included in its entirety at the end of the report. We have incorporated excerpts from your response, and the Office of Inspector General's (OIG) position, into the relevant sections of the report. Based on your written response, we are accepting management decision for all 10 audit recommendations in the report, and no further response to this office is necessary. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer (OCFO).

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

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.

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Background and Objectives

Background

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) administers programs that create domestic and international marketing opportunities for U.S. producers of food, fiber, and specialty crops. In September 2017, the USDA Secretary announced the realignment of a number of offices and programs within the Department.¹ Under this announcement, AMS assumed responsibility for the International Food Aid component of the Commodity Procurement Program, the U.S. Warehouse Act (USWA), and Commodity Credit Corporation (CCC) warehousing and commodity management activities from the Farm Service Agency.

AMS' International Procurement Division (IPD) manages procurements of U.S.-produced commodities for export food aid on behalf of the U.S. Agency for International Development (USAID) and the Foreign Agricultural Service (FAS). Commodities are stored at licensed warehouses prior to shipping. USAID and FAS coordinate with private voluntary organizations to receive these commodities overseas to provide life-saving food assistance to the most vulnerable around the world.²

The current food aid programs originate from Public Law 83-480 (P.L. 480), which was enacted in 1954. P.L. 480 has been amended several times and is now commonly known as the Food for Peace Act (FFPA). FFPA originally utilized donations from a surplus of Government-owned crops which had been accumulated under USDA commodity price support programs. One of the original goals of FFPA was to support humanitarian and geopolitical missions in foreign countries.

Since the passage of the 1985 Farm Bill (P.L. 99-198, S.1104), USDA agencies have supported these goals by procuring food products such as oil, wheat, and sorghum from qualified vendors in the United States for distribution by several international food assistance programs.³ During fiscal years (FY) 2015–2018, USDA procured over 6.5 million metric tons (approximately 14.4 billion pounds) of commodities for international food assistance programs, valued at over \$2.2 billion.

USWA authorizes the Secretary to license warehouse operators to store agricultural products.⁴ Application for a license is voluntary; however, warehouse operators that apply must meet USDA standards established by USWA. To store and handle commodities for international food

¹ USDA Press, *Secretary Perdue Announces USDA Improvements for Customer Service & Efficiency*, Release No. 0104.17 (Sept. 7, 2017), <https://www.usda.gov/media/press-releases/2017/09/07/secretary-perdue-announces-usda-improvements-customer-service>.

² Private voluntary organizations include both U.S.-based and indigenous private voluntary organizations, cooperative development organizations, and non-governmental organizations, unless otherwise specified.

³ Programs include the Food for Progress Program, the McGovern Dole International Food and Education and Child Nutrition Program, and the Food for Peace Program, which all provide food assistance around the world.

⁴ 7 U.S.C. §242

aid, warehouse operators are required to obtain an Export Food Aid Commodity (EFAC) license. The Warehouse and Commodity Management Division (WCMD), under AMS' Fair Trade Practices Program, administers the USWA and CCC storage agreements. WCMD is divided into the Licensing Branch, which issues licenses and handles compliance issues, and the Examination Branch, which is responsible for the examinations (inspections) of the licensed facilities.

The EFAC Licensing Agreement for warehouse operators lists the qualifications and duties of licensees. Following the issuance of an EFAC license, covered facilities are subject to periodic, unannounced examinations conducted by AMS warehouse examiners to verify that safety and sanitation conditions outlined in the licensing agreement are upheld. These examinations include reviews of warehouse records; pest management and control activities; and the housekeeping, safety, and security of goods in the care and custody of the licensee. During these visits, warehouse examiners review conditions and document their findings on a prescribed warehouse examination form.⁵ Warehouse examiners subsequently inform warehouse management of the results of their reviews and will issue reports requiring corrective action if discrepancies are noted.

To ship overseas, EFAC is transferred from warehouses to seagoing vessels⁶ by placing the commodity either: (1) directly into the hold of seagoing vessels, or (2) into shipping containers that are subsequently sealed and placed onto seagoing vessels. This process is conducted under the supervision of a vessel loading observation (VLO) contractor.⁷ After the loading process is complete, the VLO contractor certifies the quantity of commodity loaded and documents any damages or losses to commodity that occurred during this process.

Objectives

Our objectives were to evaluate AMS' oversight of the storage and handling of commodities for international food aid programs to ensure: (1) licensed EFAC operators applied consistent standards to maintain safe and sanitary storage conditions and (2) follow-up was conducted and corrective actions were taken by AMS when warehouse operators were noncompliant with requirements.

⁵ Form WA-580, *Port Facility Inspection Checklist* (Mar. 27, 2006).

⁶ Seagoing vessels are constructed to travel across the sea, not just near a coast or on rivers.

⁷ A VLO contractor is an employee of a private-sector firm who ensures that only clean and undamaged EFAC cargo is loaded onto seagoing vessels.

Section 1: Warehouse Sanitation and Safety

Finding 1: Warehouse Operators Did Not Consistently Apply Sanitation and Safety Standards

Warehouse operators did not consistently apply sanitation and safety standards to safeguard export food aid. During our review, we observed instances where warehouse operators stored export food aid in: (1) unsanitary facilities, (2) facilities with evidence of rodent harborage or other pests, and (3) conditions that could impact worker safety. This occurred because the current language in the EFAC Licensing Agreement is too broad and can therefore be left open for interpretation, leading to discrepancies in the application of standards by operators. If warehouse operators do not consistently apply sanitation and safety standards, export food aid could continue to be stored in unsanitary or unsafe conditions, leaving commodities susceptible to loss, damage, and contamination; or risk potential injury to workers.

To store and handle export food aid, warehouse operators must certify that they will operate licensed facilities in accordance with the USDA EFAC Licensing Agreement. This agreement requires licensees to “exercise, at all times, such care in regard to EFAC as a reasonably prudent owner would exercise under the same circumstances and conditions and not handle and/or store such products in a manner that would cause or contribute to product loss, damage, or contamination.”⁸ Specifically, the agreement requires warehouse operators to:

- Maintain “a reasonably clean facility at all times, free of materials that could create a hazard or interfere with the handling of EFAC, and provide a safe environment in and around the storage and/or handling facility;”
- Maintain “a comprehensive pest control program that keeps the facility free of insects, rodents, birds, and any other pests that may adversely affect the condition of EFAC;” and
- Store EFAC with “proper dunnage and pallets that are suitable for proper storage.”⁹

To ensure compliance with the agreement, AMS warehouse examiners perform unannounced visits to licensed facilities to inspect conditions and document violations of the agreement on warehouse examination reports, which is communicated to warehouse operators via the WA-125 Memorandum of Adjustments form.

In our review,¹⁰ we found that while some warehouse operators maintained adequate storage conditions, we observed other facilities where: (1) EFAC was stored in unsanitary conditions, (2) licensees did not maintain sufficient documentation of pest control activities performed, and

⁸ WA-502, *Licensing Agreement for Export Food Aid Commodity Warehouse Operators* (Apr. 3, 2012).

⁹ “Dunnage” is defined as the packing material such as boards, blocks, planks, or plastic bracing used in supporting and securing packages for shipping and handling. According to AMS personnel, dunnage is used between pallets to help secure pallets and prevent damage when loading and off-loading commodity with forklifts.

¹⁰ We reviewed documentation for eight EFAC licensees who were in the program during our fieldwork as of May 2019 and had EFAC activities in the previous 6 months. In addition, we visited these eight facilities to observe sanitation and safety conditions. See the Scope and Methodology section for more details.

(3) EFAC was stored on unsuitable pallets that could damage product or potentially injure workers. Specific details of the concerns we noted during our review are described below.

Warehouse Sanitation

In our review of prior warehouse examination reports,¹¹ we determined that six of the eight licensees stored EFAC in facilities with sanitation issues. For these 6 licensees, AMS warehouse examiners reported 69 sanitation issues, which included instances of trash, unused equipment, or spilled commodity on warehouse grounds and/or premises; and general housekeeping issues. During our site visits, we observed the same conditions identified in the examination reports.

When we discussed our observations with AMS warehouse examiners, they informed us that warehouse cleanliness has been a challenge for some licensees. While some warehouse operators maintained thorough sanitation practices at their facilities, others did not make it a priority. For example, during a facility walkthrough, we observed spilled commodity that was left on the floor throughout the warehouse. Such spillage can attract rodents and other pests, which could contaminate the stored commodity. Figure 1 shows our observation of product spillage that had been left on the warehouse floor; we observed this spillage during a site visit.



Figure 1. Commodity spillage on the warehouse floor. Photo by USDA OIG.

When we spoke with the warehouse operator about the issue, he stated that he believed the facility was clean and provided the AMS warehouse examiner with a written response stating that it was cleaned every other day. Despite what the warehouse operator stated, the conditions we observed put export food aid at risk for pest infestation or contamination. We also questioned the stated frequency or thoroughness of the sanitation practices because we also

¹¹ We reviewed 148 warehouse examination reports conducted during FYs 2015–2018, for the 8 licensees that actively stored EFAC during our fieldwork.

observed spilled commodity (a type of bean) left on the warehouse floor so long that it had begun to sprout.¹² Figure 2, shows the observed beans that had sprouted on the warehouse floor.



Figure 2. Commodity (a type of bean) left on the warehouse floor that had sprouted.
Photo by USDA OIG.

Although the licensing agreement provides general guidance for maintaining a “reasonably clean facility,” it does not specify when or how often a facility should be cleaned, nor does it require warehouse operators to maintain documentation of the sanitation activities performed for the AMS warehouse examiner to verify.

To improve consistency of sanitation practices, AMS needs to incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for sanitation procedures at EFAC facilities. This language should ensure that: (1) facilities are cleaned on a daily basis when USDA commodities are stored and handled and (2) warehouse operators maintain written records of the sanitation activity, documenting what was performed and when.

Pest Control Activities

In our review of the warehouse examination reports, we determined that six of eight licensees stored EFAC in facilities with pest issues. For these 6 licensees, AMS warehouse examiners reported 41 pest control deficiencies, which included actual observance of pests or insects during warehouse examinations; improperly maintained doors, windows, and entry points; and having inadequate pest control services. During our site visits, we observed pests or evidence of pests, including chewed-open bags, rodent feces or dead rodents, birds, and plumage. Figure 3 shows a chewed-open bag with fresh rodent feces around stored EFAC.

¹² Depending on conditions, such as amounts of moisture and sunlight, beans can take several days or even weeks to sprout.



Figure 3. A chewed-open bag with fresh rodent feces around stored EFAC.
Photo by USDA OIG.

Since AMS warehouse examiners do not have a constant presence at EFAC-licensed facilities, they must rely on records that are maintained at each site to ensure warehouse operators employ proper pest control practices. However, without sufficient records of pest control activities, warehouse examiners cannot properly evaluate the sufficiency of warehouse pest control programs.

Although the EFAC Licensing Agreement currently requires licensees to maintain a comprehensive pest control program, the document does not describe what specific records must be obtained to satisfy this requirement. We spoke with AMS warehouse examiners and they believed, at a minimum, pest control plans should include: (1) service reports that provide specific information about pest control services rendered and the number, types, and locations of pest control devices/chemicals used; (2) activity logs that document the number and location of pests captured by the pest control company; and (3) pest sighting logs for facility staff to document observed pest activity. We evaluated documentation supporting pest control activities for the eight licensees and determined that only one licensee had all of the documentation examiners needed to properly evaluate the effectiveness of the program.

Without additional information that outlines how a pest control program should be maintained, EFAC warehouse operators will continue to be unaware of the records AMS warehouse examiners need to evaluate pest control programs. To improve consistency of the documentation that licensees maintain for pest mitigation, AMS should incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for the required documentation for an effective pest control program.

EFAC Stored on Unsuitable Pallets or Without Dunnage

During our site visits, we observed EFAC stored in conditions that could impact worker safety or lead to product loss or contamination. Specifically, we observed commodities stored on pallets that: (1) were broken with protruding nails or splinters; (2) did not have dunnage to prevent product slippage; or (3) were unclean and contained product from previous shipments.

Individual bags of EFAC typically weigh 110 pounds and are placed on pallets that may contain a total of 30 to 50 bags. During storage at the facility, four or five pallets of EFAC are stacked on top of each other, to a height up to 20 feet. The use of pallets keeps the product off warehouse floors and allows stacked product to be easily transferred with a forklift. The use of damaged pallets or lack of dunnage could result in damaged commodity bags or reduce the structural integrity of stacked EFAC. If the stacked commodity collapsed, it could cause serious injury to workers. Furthermore, pallets left uncleaned directly affect the sanitation conditions of the facility because it can attract pests, which would lead to product loss through contamination. Figure 4 shows an example of EFAC we observed that was stored on an unclean, broken pallet without the use of dunnage.



Figure 4. EFAC stored on an unclean, broken pallet without the use of dunnage.
Photo by USDA OIG.

When we spoke with AMS warehouse examiners about the issue, they informed us that they would often identify EFAC stored on pallets that were similar to the conditions we observed, but the warehouse operators would claim it was adequate, despite obvious safety and sanitation issues. The examiners we spoke with agreed that the ambiguity of the pallet and dunnage requirements leave room for interpretation and should be clarified.

To further reduce the loss of EFAC and increase the safety of persons in close proximity to stacked pallets, AMS should include provisions in the EFAC Licensing Agreement that define the condition of the pallets used, and the appropriateness or frequency of the use of dunnage.

The EFAC Licensing Agreement has not been assessed since the program was established in 2012 to ensure that the program was operating as intended. Performing periodic reviews of guidance is important because if standards are not applied consistently, export food aid is susceptible to loss, damage, or contamination.

AMS officials agreed with our findings and stated that since assuming responsibility for the program from the Farm Service Agency in 2017, they were planning to review the licensing agreement in the near future. Therefore, to improve the consistency of sanitation and safety standards applied by warehouse operators to safeguard export food aid, AMS needs to perform a review of the EFAC Licensing Agreement and make revisions to the licensing agreement as necessary to: (1) ensure uniformity in the application of standards and (2) identify deficiencies and areas of improvement.

Recommendation 1

Perform a review of the EFAC Licensing Agreement and make revisions to the licensing agreement as necessary to: (1) ensure uniformity in the application of standards and (2) identify deficiencies and areas of improvement.

Agency Response

AMS will form a team of commodity warehouse examiners and warehouse licensing experts to review the current EFAC Licensing Agreement. Revisions to the licensing agreement will address enforcement specifications to ensure uniformity in the application of standards, and clearly rectify deficiencies and address areas of improvement. AMS will consult with internal customers, as well as receive legal approval from the Office of the General Counsel (OGC), in making changes to the EFAC Licensing Agreement before publication in the Federal Register. The estimated completion date is June 30, 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Recommendation 2

Incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for sanitation procedures at EFAC facilities. This language should ensure that: (1) facilities are cleaned on a daily basis when USDA commodities are stored and (2) warehouse operators maintain written records of the sanitation activity documenting what and when cleaning activities were performed.

Agency Response

AMS will form a team of commodity warehouse examiners and warehouse licensing experts to incorporate specific language that will establish minimum standards for sanitation procedures in the EFAC Licensing Agreement. Program participants will be required to clean facilities daily when USDA commodities are stored. Warehouse operators will be required to maintain written records of the sanitation activity documenting what and when cleaning activities were performed. Those records will be inspected as part of any warehouse examination. AMS will consult with internal customers, as well as receive legal approval from OGC, in making changes to the EFAC Licensing Agreement before publication in the Federal Register. The estimated completion date is June 30, 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Recommendation 3

Incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for required documentation that demonstrates an effective pest control program.

Agency Response

AMS will form a team of commodity warehouse examiners and warehouse licensing experts to incorporate specific language that will establish minimum standards for required documentation that demonstrates an effective pest control program in the EFAC Licensing Agreement. Program participants will be required to have an effective pest control program in warehouse facilities when USDA commodities are stored. Warehouse operators will be required to document the implemented, effective pest control program, including what and when the pest control activities were performed. Those records will be inspected as part of any warehouse examination. AMS will consult with internal customers, as well as receive legal approval from OGC, in making changes to the EFAC Licensing Agreement before publication in the Federal Register. The estimated completion date is June 30, 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Recommendation 4

Incorporate specific language into the EFAC Licensing Agreement that will define the condition of the pallets used and the appropriateness or frequency of the use of dunnage.

Agency Response

AMS will form a team of commodity warehouse examiners and warehouse licensing experts to incorporate specific language that will define the condition of the pallets used and the appropriateness or frequency of the use of dunnage in the EFAC Licensing Agreement. Program participants will be required to replace damaged pallets and dunnage in warehouse facilities when USDA commodities are stored. Warehouse operators will be required to document replacement of damaged pallets and dunnage. Those records will be inspected as part of any warehouse examination. AMS will consult with internal customers, as well as receive legal approval from OGC, in making changes to the EFAC Licensing Agreement before publication in the Federal Register. The estimated completion date is June 30, 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Finding 2: AMS Had Not Reviewed the Guidance for EFAC Bag Repair

In FYs 2015–2018, 759 metric tons (almost 1.7 million pounds) of export food aid were reported as losses in the storage and handling of EFAC.¹³ However, a portion of these losses could have been minimized if EFAC program guidance allowed for a more cost-effective method to repair damaged EFAC bags.¹⁴ This occurred because AMS had not reviewed the guidance to allow for other viable bag repair methods to reduce product loss. As a result, more EFAC than necessary was discarded, thereby under-delivering the amount of food aid for its intended recipients. In addition, by not being able to quickly repair bags damaged in storage and handling, further product spillage could negatively affect the sanitation conditions of EFAC facilities, increasing the risk of product contamination.

USDA transports EFAC to its final destination in bags made from either paper or woven polypropylene material. Inadvertent damage to these bags, such as rips and tears, can occur in storage and during transport. One of AMS’ objectives in its FY 2014–2018 strategic plan is to “continue to strive for new efficiencies, improvements, and cost savings in key functions and processes.”¹⁵ However, AMS had not reviewed the EFAC program’s methods of bag repair for packaged commodities since assuming responsibility for the program from the Farm Service Agency in September 2017. The guidance currently applied to repairing woven polypropylene bags, issued in May 2002, states that “bags with small punctures that permit the commodity to flow from the bag may be recoopered [i.e., repaired] by sewing or stitching” and “bags with a significant tear or hole must be rejected or re-bagged.”¹⁶

During our visits to six EFAC-licensed facilities, we observed multiple instances of stored commodity in EFAC bags that had small tears or holes.^{17, 18} When we discussed this issue with AMS warehouse examiners, they stated that this damage typically occurs through: (1) the mishandling of EFAC cargo by handlers in the unloading process, (2) forklift tongs inadvertently piercing bags, and (3) quality control testing.¹⁹ Figure 5 shows an example of one of the small tears that we observed on EFAC woven polypropylene bags in storage.

¹³ For FYs 2015–2018, USDA procured over 6.5 million metric tons (approximately 14.4 billion pounds) of commodities for export food aid.

¹⁴ Another option to repair damaged prepackaged commodity bags is food-grade tape. Food-grade tape is a pressure-sensitive adhesive made of materials that are recognized as safe for food by the Food and Drug Administration. However, the use of food-grade tape is currently not an allowable option to repair EFAC bags.

¹⁵ *Agricultural Marketing Service FY 2014–2018 Strategic Plan*.

¹⁶ USDA Export Operations Directive-110, *Recoopering Packaged Commodities for Food Aid Programs* (May 10, 2002).

¹⁷ We performed site visits at six EFAC-licensed facilities that stored export food aid in woven polypropylene bags. These facilities stored and handled packaged EFAC, such as rice, corn, and beans.

¹⁸ Our universe included eight EFAC licensees that actively stored EFAC. Of the eight facilities we visited, two facilities did not store bagged commodities.

¹⁹ For example, USDA’s Federal Grain Inspection Service conducts quality control testing by sampling commodity, which creates small holes in bags.



Figure 5. A small tear in an EFAC woven polypropylene bag in storage.
Photo by USDA OIG.

In addition, one AMS warehouse examiner added that small tears in bags can become larger from further handling of the product or the weight that each packaged commodity must bear when stacked on top of one another on pallets. For example, Figure 6, below, shows a tear in a woven polypropylene bag, which allowed commodity (rice) to spill onto the warehouse floor.



Figure 6. A tear in an EFAC woven polypropylene bag which allowed rice to spill onto the warehouse floor. *Photo by USDA OIG.*

We reviewed EFAC damage reports for FYs 2015–2018 and found that almost 1.7 million pounds of commodities were reported as losses.²⁰ Although AMS has methods in place to repair EFAC bags through stitching or repackaging, we found that some warehouse operators believed that these methods were not practical or cost-effective because of the labor costs involved. Accordingly, they opted to discard bags of commodities rather than salvage the product. The guidance does not discuss the use of other methods to repair EFAC bags; VLO contractors interpreted this guidance literally—that only re-stitching or re-bagging was allowed, and that other repair methods, such as food-grade tape, were prohibited. At each of the sites we visited, both warehouse operators and examiners concurred that a change in the guidance to allow for the use of food-grade tape would be beneficial, as it would provide a quick and cost-effective remedy to stop spillage, which would help reduce sanitation issues and unnecessary waste.

Furthermore, the guidance to repair damage to EFAC bags was issued over 17 years ago and should be reassessed. AMS recently assumed responsibility for the EFAC program from the Farm Service Agency in 2017 and has not yet assessed the program to identify improvements needed or new efficiencies to utilize. We spoke with AMS officials at WCMD, IPD, and the Contract Reconciliation Division, and they all agreed that the guidance was outdated and were willing to review and consider other methods for bag repair.

EFAC is sent overseas to help reduce hunger and malnutrition in countries in need. Renewed efforts to minimize waste would result in AMS delivering more of its intended amount of export food aid to program recipients. Therefore, AMS should: (1) review the guidance for repairing packaged commodities for food aid programs to consider alternative methods for bag repair, such as the use of food-grade tape, and if viable, incorporate them into the updated guidance; and (2) distribute any updated guidance to AMS staff, EFAC-licensed warehouse operators, and VLO contractors.

Recommendation 5

Review the guidance for repairing packaged commodities for food aid programs to consider alternative methods for bag repair, such as the use of food-grade tape, and if viable, update the guidance to incorporate additional methods.

Agency Response

The International Procurement Division will work with USAID, FAS, and WCMD to update and re-issue guidance for re-coopering commodities and repairing damaged packaging at U.S. load ports, warehouses, and transload facilities. Revisions to the licensing agreement will include enforcement language placing more accountability on the operators of said facilities for the repair of damaged packaging. The estimated completion date is June 30, 2020.

²⁰ For FYs 2015–2018, the total loss of EFAC was 1,670,275 pounds. Of this total, 1,093,290 pounds (65.5 percent) were packaged in woven polypropylene bags and 576,985 pounds (34.5 percent) were packaged in paper bags. Vegetable oil was not included in the product loss total as it is a liquid and therefore packaged in tin cans.

OIG Position

We accept AMS' management decision on this recommendation.

Recommendation 6

Distribute any updated guidance to AMS staff, EFAC-licensed warehouse operators, and VLO contractors.

Agency Response

When the updated document on recovering commodities and repairing damaged packaging at U.S. load ports, warehouses, and transload facilities is finalized, it will be distributed to the industry via a variety of methods including special notice issued by Gov Delivery, notification by the Government listserv subscription, and direct email. The estimated completion date is June 30, 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Section 2: AMS Follow-Up and Corrective Actions

Finding 3: AMS Did Not Resolve EFAC License Violations in a Timely Manner

AMS warehouse examiners are responsible for inspecting EFAC-licensed facilities to ensure that license holders are operating in accordance with the licensing agreement. However, we found that once license violations were identified, AMS neither ensured that issues were resolved timely nor initiated corrective actions to address continued noncompliance. For six of the eight active EFAC licensees,²¹ AMS warehouse examiners documented repeated violations on consecutive examinations, with one issue taking over 26 months to resolve. This occurred because AMS did not have formal policies or procedures in place to follow up with EFAC licensees and track repeated violations to ensure that corrective actions were taken in a timely manner. As a result, AMS risks exposing export food aid to unfit storage conditions for extensive amounts of time, leaving it susceptible to contamination and product loss.²²

The EFAC Licensing Agreement for warehouse operators gives the agency authority to apply corrective actions, such as suspension or revocation of a license, and take necessary means to protect export food aid “if the licensee fails to: perform services required by [the EFAC Licensing Agreement]; maintain control of the facility; provide a safe work environment; or ensure adequate security or protection of stored or handled EFAC from tampering or adulteration.”²³

AMS warehouse examiners document violations of the licensing agreement, such as warehouse cleanliness issues, identification of pests, or inadequate pallets, on the Port Facility Inspection Checklist (WA-580) during their inspections of EFAC facilities. AMS warehouse examiners communicate the issues identified for corrective action to the warehouse operator on a Memorandum of Adjustments Form (WA-125). Once this WA-125 is received, warehouse operators then have 15 days to address each violation or to provide a corrective action plan. However, we found that AMS does not track the status of WA-125s to ensure that warehouse operators resolved identified issues timely or initiated corrective actions, when necessary.

In our review of prior warehouse examination reports, we found that six of the eight facilities had repeated violations on three or more consecutive examinations.^{24, 25} Of the six facilities identified, three facilities had repeated violations that ranged from 9 to 16 consecutive

²¹ These eight EFAC license holders had stored and handled EFAC in the previous 6 months of our audit fieldwork. See our Scope and Methodology section for more details.

²² In March 2019, one facility we reviewed had discarded over 100,000 pounds of EFAC cargo due to rodent infestation.

²³ WA-502, *Licensing Agreement for Export Food Aid Commodity Warehouse Operators* (Apr. 3, 2012).

²⁴ We reviewed 148 prior warehouse examination reports conducted during FYs 2015–2018 on eight active EFAC-licensed facilities to determine if identified issues were resolved in a timely manner.

²⁵ The WA-580 includes all the violations identified by the warehouse examiner for every inspection conducted, whereas the WA-125 is provided to the warehouse operator initially, but may not be reissued in a subsequent examination report if the violation has not yet been resolved. Therefore, we reviewed the WA-580 checklists to determine if violations were repeated on consecutive examinations.

examinations. For these three facilities, it took from 6 to 26 months for AMS to ensure violations were resolved by the licensee from when the violations were first identified. Despite these lengthy timeframes for corrective action, only one EFAC licensee was suspended by AMS.²⁶ Table 1, below, shows the number and type of repeated violations for the three facilities during consecutive warehouse examinations.

Table 1. Number of Repeated Violations, by Type, on Consecutive Warehouse Examinations for FYs 2015–2018

Type of License Violation	Number of Repeated Violations by:		
	Licensee A	Licensee B	Licensee C
Structure Not Properly Maintained		13	10
Weeds, clutter, trash, unused equipment, or spilled commodities	9		16
Inadequate /unclean pallets			3
Storage areas not kept dry			7
Pests or insects	4		4
Doors, windows and entry points are not maintained to discourage bird entry	8		
Warehouse not inspected for rodent activity and infestation on a routine and frequent basis		6	

When we spoke to WCMD officials about this issue, we learned that there are currently no AMS internal policies or procedures on whether or how they follow up with EFAC licensees after violations have been identified. Furthermore, WCMD officials informed us that several years ago, a compliance officer was responsible for tracking the status of WA-125s to determine if the issues were resolved timely or if corrective actions needed to be initiated on repeat violations. When this individual retired, the functions of the position were informally assumed by other WCMD staff; however, this position was never filled and no additional resources were allocated to this function. A WCMD official informed us that because of this, there were “duplication of efforts” from different levels or “some compliance issues could slip through the cracks.”

If follow-up is not conducted timely and appropriate corrective actions are not taken, AMS risks exposing export food aid to unfit storage conditions for extensive amounts of time, leaving it susceptible to contamination and product loss. For instance, at one EFAC facility we visited, referred to as “Licensee A,” over 100,000 pounds of export food aid was contaminated by a rodent infestation and subsequently discarded prior to shipment.²⁷ We initially visited Licensee A’s facility in October 2018 and found several sanitation issues, such as spillage throughout the warehouse floor, sludge on the ground, and evidence of rodent infestation. Although the warehouse examiner had initially identified these issues in July 2018 and issued

²⁶ Licensee C had a history of reoccurring violations over a 26 month period and was eventually suspended (see Table 1 for violations).

²⁷ This facility is referenced as “Licensee A” in Table 1.

multiple WA-125 forms noting these issues prior to our visit, the warehouse operator had not initiated any corrective actions. We performed a followup site visit to Licensee A's facility in March 2019 and found that the issues with the facility had escalated. For example, there was overt evidence of rodent infestation (e.g., rodent feces on the warehouse floor, chewed open bags, and a rat carcass near the commodities). While unloading the pallet at the facility, a live rat's nest was uncovered and the contaminated product had to be discarded.

The product loss at this facility could have been prevented if AMS had followed up on the warehouse violations and taken the appropriate corrective actions in a timely manner. Since July 2018, the warehouse examiner had reported this same issue in 14 subsequent examinations. After the EFAC was lost, AMS took action to rectify the situation by requiring the warehouse operator to provide detailed records of sanitation and pest control activities. Despite the warehouse operator's compliance with AMS' requests, it is imperative that AMS continues to monitor the warehouse operator's progress to ensure that improvements are being made. If not, AMS should consider the suspension or revocation of the warehouse operator's EFAC license.

AMS officials agreed with our concerns and stated they are currently developing internal standard operating procedures for compliance issues. In addition, they stated that a recruitment announcement for a compliance officer position is in progress.

Therefore, to ensure adequate oversight of the EFAC program and safeguard export food aid from further contamination and loss, AMS should: (1) develop policies and procedures that establish roles, responsibilities, and timeframes for following up with EFAC licensees after violations are identified; (2) establish a method to track license violations to ensure that they are addressed timely and appropriate corrective actions are initiated for repeated violations; (3) designate the appropriate resource that will be responsible for overseeing compliance issues, including follow-up with EFAC licensees to ensure resolution on license violations or initiation of appropriate corrective actions, when necessary; and (4) continue to monitor progress with EFAC Licensee A, and, if significant improvements are not made within a reasonable timeframe, consider initiating corrective action, such as suspending the license.

Recommendation 7

Develop policies and procedures that establish roles, responsibilities, and timeframes for following up with EFAC licensees after violations are identified.

Agency Response

AMS has hired a GS-13 Senior Compliance Officer within WCMD responsible for warehouse compliance and enforcement, including developing policies and standard operating procedures and policies that establish the roles, responsibilities, and timeframes for following up with EFAC licensees after violations are identified. The estimated completion date is April 30, 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Recommendation 8

Establish a method to track license violations to ensure they are addressed timely and appropriate corrective actions are initiated for repeated violations.

Agency Response

AMS has hired a GS-13 Senior Compliance Officer within WCMD responsible for warehouse compliance and enforcement, including establishing a method to track license violations to ensure they are addressed timely and appropriate corrective actions are initiated for repeated violations. The individual in the compliance position will closely coordinate with supervisors of warehouse examiners to expedite followup examinations and ensure corrective actions are implemented. The estimated completion date is April 30, 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Recommendation 9

Designate the appropriate resource that will be responsible for overseeing compliance issues, including follow-up with EFAC licensees to ensure resolution on license violations or initiation of appropriate corrective actions, as necessary.

Agency Response

AMS has hired a GS-13 senior Compliance Officer within WCMD responsible for warehouse compliance and enforcement, including follow-up with EFAC licensees to ensure resolution on license violations or initiation of appropriate corrective actions, as necessary. This was completed in November 2019.

OIG Position

We accept AMS' management decision on this recommendation.

Recommendation 10

Continue to monitor progress with EFAC Licensee A, and, if significant improvements are not made within a reasonable timeframe, consider initiating corrective actions, such as suspension or revocation of its license.

Agency Response

AMS has determined that all previous violations of Licensee A found during the audit period were corrected and administratively closed. A separate, unrelated violation, not a reoccurrence, was issued on October 29, 2019. A letter of reprimand was sent to the warehouse operator asking for an immediate correction or appropriate corrective action plan to be submitted by November 13, 2019. Licensee A submitted a timely corrective action plan stating that the violation will be corrected by November 22, 2019. WCMD staff will inspect Licensee A's warehouse the week of November 25, 2019, to verify compliance against the corrective plan assertion. Suspension of license will be initiated if not responsive. The estimated completion date for a year of continuous monitoring is in November 2020.

OIG Position

We accept AMS' management decision on this recommendation.

Scope and Methodology

We conducted an audit of AMS' administration of the EFAC program. The scope of our audit work covered program activities from FYs 2015 through 2018 and site observations from October 2018 through April 2019. We began our audit in August 2018 at the AMS National Office in Washington, D.C., and completed our fieldwork in June 2019. We performed fieldwork at WCMD in Kansas City, Missouri, and at eight non-statistically selected EFAC-licensed facilities storing export food aid in Florida, Illinois, Louisiana, and Texas.

To determine our sample for review, we considered storage and handling activities for EFAC and the status of the EFAC licensees during the course of our audit.²⁸ Based on these factors, we non-statistically selected eight EFAC licensees who were in the program during our fieldwork as of May 2019 and had EFAC activities in the previous 6 months. In addition, we conducted site visits at these eight facilities to observe the storage and handling of EFAC.

To accomplish our objectives, we:

- Reviewed pertinent laws, regulations, policies, procedures, and guidance to gain an understanding of the program. This included USWA, Federal regulations governing agency warehouse storage and inspection requirements for international food assistance programs, USDA directives, and the EFAC Licensing Agreement.
- Interviewed AMS officials, including staff at WCMD's Examination and Licensing branches, IPD, and Contract Reconciliation Division to gain an understanding of the EFAC program.
- Interviewed AMS warehouse examiners and warehouse operators managing EFAC-licensed facilities to gain their perspectives and understanding of the licensing requirements.
- Reviewed 148 prior warehouse examination reports conducted during FYs 2015–2018 on the eight active EFAC-licensed facilities to determine frequently identified issues by AMS warehouse examiners and identify repeated violations.
- Conducted site visits at the eight active licensed facilities to observe safety and sanitation conditions for storing and handling EFAC.
- Reviewed pest control activity documentation from the eight active EFAC warehouses to properly evaluate the sufficiency of existing warehouse pest control programs.
- Analyzed vessel loading observation damage reports from FYs 2015–2018 to determine the total amount of commodities that was discarded due to contamination or damaged EFAC bags.

²⁸ As of March 2019, there were 16 EFAC-licensed facilities nationwide; however, only 8 facilities had stored EFAC in the previous 6 months. The remaining facilities did not have any storage activity in the previous 6 months.

- Reviewed contract procurement reports from FYs 2015–2018 to determine the amount of commodities procured for international food assistance programs and the total value of the commodities.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Abbreviations

AMS	Agricultural Marketing Service
CCC	Commodity Credit Corporation
EFAC	export food aid commodity
FAS	Foreign Agricultural Service
FFPA	Food for Peace Act
FY	fiscal year
IPD	International Procurement Division
OGC	Office of the General Counsel
OIG	Office of Inspector General
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USWA	U.S. Warehouse Act
VLO	vessel loading observation
WCMD	Warehouse and Commodity Management Division

**AGENCY'S
RESPONSE TO AUDIT REPORT**



1400 Independence Avenue, SW
Room 3071-S, STOP 0201
Washington, D.C. 20250-0201

DATE: November 27, 2019

TO: Gil H. Harden
Assistant Inspector General for Audit
Office of Inspector General

FROM: Bruce Summers /s/
Administrator

SUBJECT: Agricultural Marketing Service (AMS) Response to Office of Inspector General
Audit #01601-0002-41: AMS Storage and Handling of Commodities for
International Food Assistance

We have reviewed the subject audit report and agree with the recommendations. Our detailed response, including actions to be taken to address the recommendations, is attached.

If you have any questions or need further information, please contact Frank Woods, Internal Audits Branch Chief, at 202-720-8836.

Attachment

**Agricultural Marketing Service (AMS) Response to Office of Inspector General (OIG)
Audit #01601-0002-41: AMS Storage and Handling of Commodities for International Food
Assistance**

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) Fair Trade Practices Program and Commodity Procurement Program agree with the OIG findings and recommendations in the *AMS Storage and Handling of Commodities for International Food Assistance, Audit #01601-0002-41*. Please find AMS' responses to OIG's recommendations below.

AMS recognizes the seriousness of the findings and recommendations in this audit. Immediately after meeting with OIG on October 24, 2019, our Warehouse and Commodity Management Division (WCMD) initiated actions to address the identified compliance issues with the Export Food Aid Commodity (EFAC) licensed facilities. Specifically, WCMD personnel conducted unscheduled warehouse inspections of the EFAC licensees referred to in the report as licensees A, B, and C. These inspections took place on October 29, October 29 and October 30, respectively.

Through these inspections, WCMD determined that all previous violations of Licensee A found during the audit period were corrected and administratively closed. The WCMD inspector issued a separate, unrelated violation, not a reoccurrence, to the facility during the inspection conducted on October 29, 2019. WCMD then issued a letter of reprimand to the warehouse operator on November 4, 2019 that requested appropriate corrective action be taken to address the violation no later than November 13, 2019. Licensee A submitted a timely corrective action plan stating that the violation will be corrected by November 22, 2019. WCMD staff will inspect Licensee A warehouse the week of November 25, 2019 to verify compliance against the corrective plan assertion. Licensees B and C were examined and found to be in compliance.

AMS is also taking immediate steps to improve the compliance and enforcement program within WCMD to ensure that inspection deficiencies are addressed and resolved within required timeframes, and that swift and appropriate enforcement action is taken if they are not. WCMD has developed and documented an interim compliance process and is implementing a corrective action plan that will lead to further development and finalization of the compliance process. The plan includes steps to:

- address each of the recommendations included in the audit report by specific deadlines,
- ensure the development of an effective internal compliance and enforcement program for the EFAC licensing program that is clearly documented through policies and standard operating procedures,
- improve communication and collaboration between WCMD and the Commodity Procurement Program for the effective management of the EFAC function,
- set a clear expectation of compliance by EFAC warehouse operators, and
- continually assess and improve the compliance and enforcement function. A GS-13 compliance officer has been hired and will start official duties on December 9, 2019. The compliance officer will be responsible for leading continued implementation of this plan in conjunction with WCMD and other Agency leadership.

Finding 1: Warehouse Operators Did Not Consistently Apply Sanitation and Safety Standards

Recommendation 1

Perform a review of the EFAC Licensing Agreement and make revisions to the licensing agreement as necessary to: (1) ensure uniformity in the application of standards, and (2) identify deficiencies and areas of improvement.

Agency Response:

AMS will form a team of commodity warehouse examiner and warehouse licensing experts to review the current EFAC licensing agreement. Revisions to the licensing agreement will address enforcement specifications to ensure uniformity in the application of standards, and clearly rectify deficiencies and address areas of improvement. AMS will consult with internal customers, as well as receive legal approval from the Office of the General Counsel (OGC), in making changes to the EFAC Licensing Agreement before publication in the Federal Register.

Estimated Completion Date: June 30, 2020

Recommendation 2

Incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for sanitation procedures at EFAC facilities. This language should ensure that: (1) facilities are cleaned on a daily basis when USDA commodities are stored, and (2) warehouse operators maintain written records of the sanitation activity documenting what and when cleaning activities were performed.

Agency Response:

AMS will form a team of commodity warehouse examiner and warehouse licensing experts to incorporate specific language that will establish minimum standards for sanitation procedures in the EFAC licensing agreement. Program participants will be required to clean facilities daily when USDA commodities are stored. Warehouse operators will be required to maintain written records of the sanitation activity documenting what and when cleaning activities were performed. Those records will be inspected as part of any warehouse examination. AMS will consult with internal customers, as well as receive legal approval from the OGC, in making changes to the EFAC Licensing Agreement before publication in the Federal Register.

Estimated Completion Date: June 30, 2020

Recommendation 3

Incorporate specific language into the EFAC Licensing Agreement that will establish minimum standards for required documentation that demonstrates an effective pest control program.

Agency Response:

AMS will form a team of commodity warehouse examiner and warehouse licensing experts to incorporate specific language that will establish minimum standards for required documentation that demonstrates an effective pest control program in the EFAC Licensing Agreement. Program participants will be required to have an effective pest control program in warehouse facilities when USDA commodities are stored. Warehouse operators will be required to document the implemented, effective pest control program, including what and when the pest control activities were performed. Those records will be inspected as part of any warehouse examination. AMS will consult with internal customers, as well as receive legal approval from the OGC, in making changes to the EFAC Licensing Agreement before publication in the Federal Register.

Estimated Completion Date: June 30, 2020

Recommendation 4

Incorporate specific language into the EFAC Licensing Agreement that will define the condition of the pallets used, and the appropriateness or frequency of the use of dunnage.

Agency Response:

AMS will form a team of commodity warehouse examiner and warehouse licensing experts to incorporate specific language that will define the condition of the pallets used, and the appropriateness or frequency of the use of dunnage in the EFAC Licensing Agreement. Program participants will be required to replace damaged pallets and dunnage in warehouse facilities when USDA commodities are stored. Warehouse operators will be required to document replacement of damaged pallets and dunnage. Those records will be inspected as part of any warehouse examination. AMS will consult with internal customers, as well as receive legal approval from the OGC, in making changes to the EFAC Licensing Agreement before publication in the Federal Register.

Estimated Completion Date: June 30, 2020

Finding 2: AMS Had Not Reviewed the Guidance for EFAC Bag Repair

Recommendation 5

Review the guidance for repairing packaged commodities for food aid programs to consider alternative methods for bag repair, such as the use of food-grade tape, and if viable, update the guidance to incorporate additional methods.

Agency Response:

The International Procurement Division will work with the U.S. Agency for International Development, the Foreign Agricultural Service, and WCMD to update and re-issue guidance for the re-coopering of commodities and repair of damaged packaging at U.S. load ports, warehouses, and transload facilities. Revisions to the licensing agreement will include enforcement language

placing more accountability on the operators of said facilities for the repair of damaged packaging.

Estimated Completion Date: June 30, 2020

Recommendation 6

Distribute any updated guidance to AMS staff, EFAC-licensed warehouse operators, and VLO contractors.

Agency Response:

When the updated document on re-coopering of commodities and repair of damaged packaging at U.S. load ports, warehouses, and transload facilities is finalized, it will be distributed to the industry via a variety of methods including special notice issued by Gov Delivery, notification by the Government list serve subscription, and direct email.

Estimated Completion Date: June 30, 2020

Finding 3: AMS Did Not Resolve EFAC License Violations in a Timely Manner

Recommendation 7

Develop policies and procedures that establish roles, responsibilities, and timeframes for following up with EFAC licensees after violations are identified.

Agency Response:

AMS has hired a GS-13 Senior Compliance Officer within WCMD responsible for warehouse compliance and enforcement, including developing policies and standard operating procedures and policies that establish the roles, responsibilities, and timeframes for following up with EFAC licensees after violations are identified.

Estimated Completion Date: April 30, 2020

Recommendation 8

Establish a method to track license violations to ensure they are addressed timely and appropriate corrective actions are initiated for repeated violations.

Agency Response:

AMS has hired a GS-13 Senior Compliance Officer within WCMD responsible for warehouse compliance and enforcement, including establishing a method to track license violations to ensure they are addressed timely and appropriate corrective actions are initiated for repeated violations. The individual in the compliance position will closely coordinate with supervisors of warehouse examiners to expedite follow-up examinations and ensure corrective actions are implemented.

Estimated Completion Date: April 30, 2020

Recommendation 9

Designate the appropriate resource that will be responsible for overseeing compliance issues, including follow-up with EFAC licensees to ensure resolution on license violations or initiation of appropriate corrective actions, as necessary.

Agency Response:

AMS has hired a GS-13 senior Compliance Officer within WCMD responsible for warehouse compliance and enforcement, including follow-up with EFAC licensees to ensure resolution on license violations or initiation of appropriate corrective actions, as necessary.

Estimated Completion Date: Completed November 2019

Recommendation 10

Continue to monitor progress with EFAC Licensee A, and if significant improvements are not made within a reasonable timeframe, consider initiating corrective actions, such as suspension or revocation of its license.

Agency Response:

AMS has determined that all previous violations of Licensee A found during the audit period were corrected and administratively closed. A separate, unrelated violation, not a reoccurrence, was issued on October 29, 2019. A letter of reprimand was sent to the warehouse operator asking for an immediate correction or appropriate corrective action plan to be submitted by November 13, 2019. Licensee A submitted a timely corrective action plan stating that the violation will be corrected by November 22, 2019. WCMD staff will inspect Licensee A warehouse the week of November 25, 2019 to verify compliance against the corrective plan assertion. Suspension of license will be initiated if not responsive.

Estimated Completion Date: November 2020 (full year of continuous monitoring)

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