



Controls Over the Market Access Program

Audit Report 07601-0001-21

We determined whether FAS has implemented effective policies and procedures in the Market Access Program to evaluate participant eligibility, select applications, and allocate funding.

OBJECTIVE

Our objectives were to determine whether effective policies and procedures have been implemented in MAP to evaluate participant eligibility, select proposals, and allocate funding.

WHAT OIG FOUND

The Foreign Agricultural Service (FAS) works to improve foreign market access for United States (U.S.) products, build new markets, improve the competitive position of U.S. agriculture in the global marketplace, and provide food aid and technical assistance to foreign countries. FAS programs help U.S. exporters develop and maintain markets for food and agricultural products. FAS administers the Market Access Program (MAP), through which it partners with U.S. agricultural trade associations, cooperatives, State regional trade groups, and small businesses to share the costs of overseas marketing and promotional activities to help build commercial export markets for U.S. agricultural products and commodities.

REVIEWED

We interviewed responsible FAS officials and reviewed applicable Federal regulations; FAS' grant policy documentation; available grant selection documentation, including the NOFOs; and FAS' application eligibility review, application merit review, and selection and funding process for FY 2021.

FAS did not develop and document in the Notice of Funding Opportunity (NOFO) its criteria to make funding determinations and recommend funding levels. Further, FAS did not consistently apply its funding processes to all applicants. Additionally, FAS did not ensure that MAP application reviewers were free from the appearance of a conflict of interest. As a result, FAS cannot support how it consistently, transparently, and fairly recommended and allocated more than \$194 million in fiscal year (FY) 2021 MAP funding.

RECOMMENDS

We recommend that FAS establish oversight controls to periodically review its grant policy to ensure compliance with regulations; ensure that its review and selection processes are developed and described in the NOFO and can be applied to all applicants; and consult with the Office of Ethics to assist with identifying and addressing potential conflicts of interest.

FAS officials generally agreed with our findings and recommendations, and we accepted management decision on all seven recommendations.

**OFFICE OF INSPECTOR GENERAL**

United States Department of Agriculture

**DATE:** July 5, 2023**AUDIT****NUMBER:** 07601-0001-21**TO:** **Daniel Whitley**
Administrator
Foreign Agricultural Service**ATTN:** **Jameika Henderson**
Acting Senior Director
Compliance and Security Division
Foreign Agricultural Service**FROM:** **Janet Sorensen**
Assistant Inspector General for Audit**SUBJECT:** Controls Over the Market Access Program

This report presents the results of the subject review. We included your written response to the official draft in its entirety at the end of the report. In addition to responding to our seven recommendations in your written response, you disagreed with OIG's conclusion that FAS did not have documented processes in place that allowed it to consistently, transparently, and fairly recommend funding for all applications. Although FAS believes it had procedures in place to allocate funding and consistently followed these processes, FAS did not provide any evidence of this assertion throughout the audit. In the absence of supporting documentation, we did not make further edits to the report concerning our conclusion.

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 seven 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 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 (<https://usdaoig.oversight.gov>) in the near future.

Table of Contents

Background and Objectives	2
Finding 1: MAP Grant Review and Funding Process	5
Recommendation 1	13
Recommendation 2	13
Recommendation 3	13
Recommendation 4	14
Recommendation 5	14
Finding 2: Conflict of Interest	15
Recommendation 6	16
Recommendation 7	17
Scope and Methodology.....	18
Abbreviations	20
Exhibit A: Summary of Monetary Results	21
Agency’s Response	22

Background and Objectives

Background

The Foreign Agricultural Service (FAS) works to improve foreign market access for United States (U.S.) products, build new markets, improve the competitive position of U.S. agriculture in the global marketplace, and provide food aid and technical assistance to foreign countries. FAS programs help U.S. exporters develop and maintain markets for food and agricultural products.

FAS administers the Market Access Program (MAP) on behalf of the Commodity Credit Corporation (CCC). According to the FAS website, “FAS partners with U.S. agricultural trade associations, cooperatives, State regional trade groups, and small businesses to share the costs of overseas marketing and promotional activities that help build commercial export markets for U.S. agricultural products and commodities.”¹ MAP provides cost share financial assistance through grants to encourage developing, maintaining, or expanding commercial export markets for U.S. agricultural commodities and products.

The Agriculture Improvement Act of 2018 authorized not less than \$200 million for MAP per fiscal year (FY) from FY 2019 through 2023.² Generally, FAS approves MAP marketing and promotional activities for a single program year, and awardees must implement these activities within the 12-month program year specified in the allocation approval letter.³ To be eligible for MAP, an applicant must (1) be a nonprofit U.S. agricultural trade organization, nonprofit State regional trade group, U.S. agricultural cooperative, or State government agency; and (2) promote eligible commodities and eligible activities.⁴

FAS announces the MAP application period and criteria to apply on its website and via Grants.gov each year. For FY 2021, FAS posted a Notice of Funding Opportunity (NOFO) to Grants.gov on May 8, 2020, with an application deadline of June 26, 2020. The NOFO is required to describe the awarding agency’s criteria for eligibility, application review, and selection. After the FY 2021 MAP application period closed, FAS reviewed MAP applications and approved funding allocations in November 2020. For FY 2021, FAS awarded funding totaling more than \$194 million⁵ to 67 out of 69 applicants.⁶

¹ USDA-FAS, *Market Access Program*, <https://www.fas.usda.gov/programs/market-access-program-map> (last visited Mar. 20, 2023).

² Agricultural Improvement Act of 2018, Pub. L. No. 115-334, 132 Stat. 4615.

³ 7 CFR 1485.11 defines an activity as “a specific foreign market development effort undertaken by a MAP participant.”

⁴ The MAP FY 2021 NOFO states that eligible commodities are “any agricultural commodity or product thereof, excluding tobacco, that is comprised of at least 50 percent by weight, exclusive of added water, of agricultural commodities grown or raised in the United States.” Eligible activities include generic or brand-promotion activities.

⁵ The 2018 Farm Bill authorized FAS to award not less than \$200 million for MAP. FAS awarded more than \$194 million for MAP in FY 2021 due to the President’s February 2020 sequestration order.

⁶ FAS received 69 MAP applications for FY 2021 and issued 67 MAP awards. All 67 FY 2021 MAP awardees participated in MAP, either as a recipient or sub-recipient, in prior years. FAS funded all eligible applications in FY 2021. One applicant did not meet eligibility requirements, and two applicants were combined for one award.

The MAP NOFO describes the four phases of FAS’ review and approval process—sufficiency, divisional, competitive, and final review and allocation decision making (see Figure 1).⁷

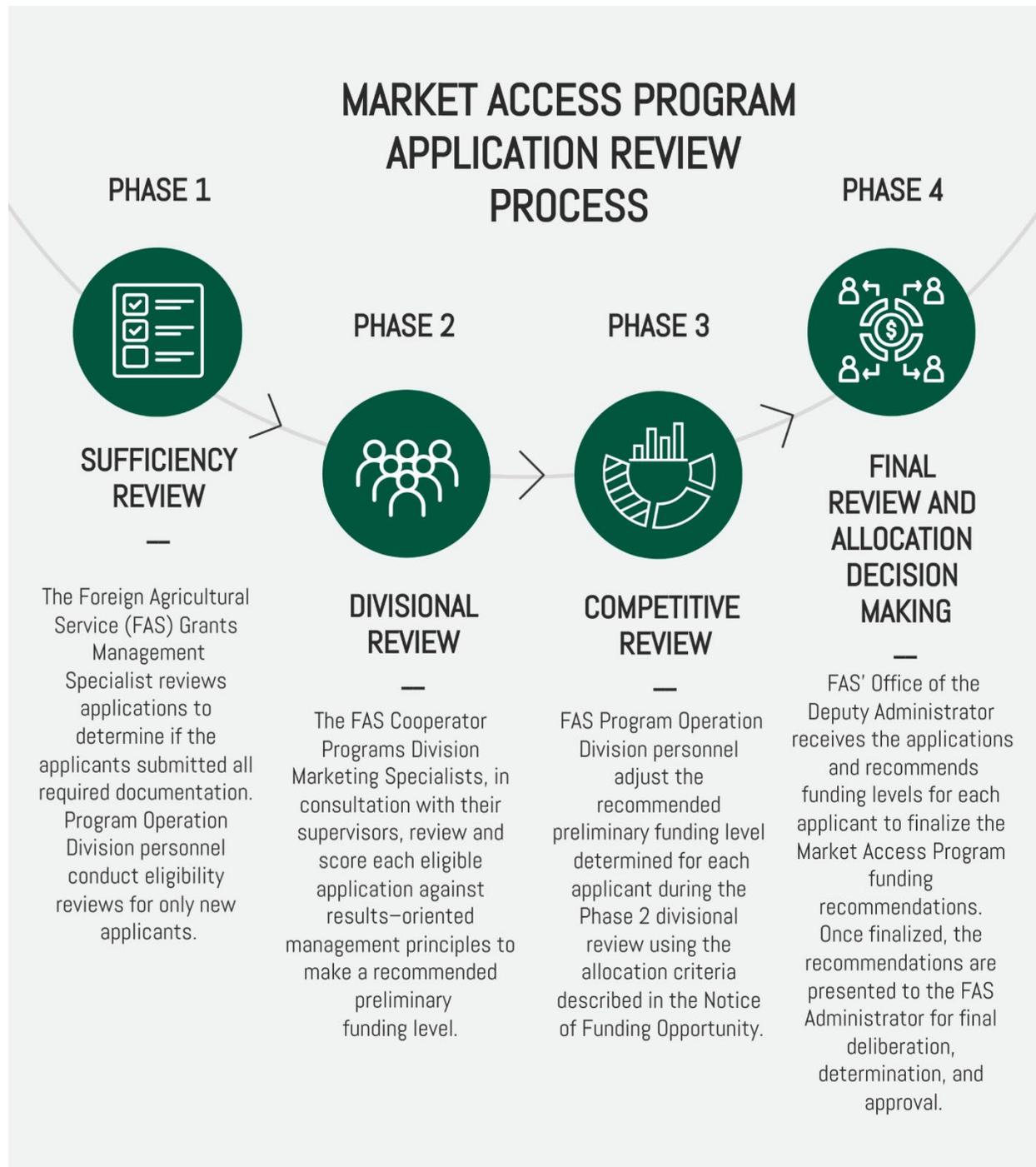


Figure 1: This figure describes the application review process. (Created by OIG)

⁷ FAS FY 2021 MAP NOFO Number 2021-01 (May 2020).

Prior Audits

We audited FAS' control environment and grant management process in prior audits.^{8, 9} In a 2014 audit, we found that FAS did not sufficiently strengthen its control environment before accepting Section 632(a) funds from the United States Agency for International Development. We recommended that FAS fully implement a grants management structure, including finalizing agency regulations and directives.¹⁰ FAS reported that it achieved final action to close the recommendations in January 2022.

In August 2022, we issued an audit report related to FAS' Agricultural Trade Promotion Program (ATP). ATP was a new program modeled after similar market development programs in FAS, such as MAP. During that audit, we concluded that FAS awarded \$300 million in ATP funding to applicants who may not have been the most meritorious, based on the announced criteria and program regulations. As a result, we recommended that FAS approve and implement a written policy to ensure FAS complies with Federal grant requirements and published program regulations when awarding grants. FAS agreed to implement this recommendation by August 2023.

Objectives

We determined whether effective policies and procedures have been implemented in MAP to evaluate participant eligibility, select proposals, and allocate funding.

⁸ Audit Report 50601-0002-16, *Section 632(a) Transfer of Funds from USAID to USDA for Afghanistan*, Feb. 2014.

⁹ Audit Report 07601-0001-24, *Oversight of the Agricultural Trade Promotion Program*, Aug. 2022.

¹⁰ Section 632(a) requires the OIG to perform periodic program and financial audits on the use of transferred funds.

Finding 1: MAP Grant Review and Funding Process

The FAS' MAP grant review and funding process is not transparent to allow applicants to make informed decisions when preparing their application to compete for MAP grant awards. Specifically, FAS did not develop and document in the NOFO its criteria to make funding determinations and recommend funding levels. Additionally, FAS did not develop controls to consistently apply its processes to recommend and allocate MAP funding to all applicants. This occurred because FAS officials administered MAP using historical processes and did not establish oversight controls to periodically evaluate if its grant review and funding recommendation process was transparent to the public and met the competitive standards required to award MAP funds. As a result, FAS cannot support how it consistently, transparently, and fairly recommended and allocated more than \$194 million to 67 MAP applicants.

Regulations state that, in each funding announcement for Federal awards, awarding agencies must include the criteria and processes to evaluate applications.¹¹ This is to make the application process transparent and maximize fairness by allowing applicants to make informed decisions when preparing their applications.¹² Additionally, USDA regulations state that FAS is required to describe the criteria it used to develop funding levels in each program year's MAP NOFO.¹³ Further, the Office of Management and Budget (OMB) requires agencies to design controls to evaluate and monitor program performance effectively, support management decisions, protect program resources, and achieve their objectives.¹⁴ These controls should provide reasonable assurance for decisions made and processes used to help achieve their objectives.¹⁵

Although FAS developed some criteria and grants management processes to administer MAP, FAS needed to develop and describe additional criteria and processes to make determinations and recommend preliminary funding levels during the divisional review phase of its application review process in the MAP NOFO. Additionally, FAS did not consistently apply its processes to all applicants, including new applicants.¹⁶

Divisional Review Phase

During FAS' divisional review, FAS' NOFO requires its marketing specialists, in consultation with their supervisors, to score and recommend preliminary funding levels for each MAP application based on the following evaluation criteria, with the number in parentheses indicating the percentage weights attached to each criterion:

¹¹ 2 C.F.R. § 200.204 (c)(5).

¹² 2 C.F.R. pt. 200 - Appendix I to Part 200.

¹³ 7 C.F.R. § 1485.14 (c).

¹⁴ OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Section III: "Establishing and Operating an Effective System of Internal Control," Circular A-123 (July 15, 2016).

¹⁵ OMB Circular A-123.

¹⁶ New and recent applicants are considered applicants that do not have sufficient historical data to go through the weighted factors.

1. Strategic planning (25%);
2. Program implementation (25%); and
3. Program results and evaluation (50%).

We determined that although FAS scored MAP applications using the weighted application evaluation criteria listed above, FAS did not develop written guidance that documents the processes its staff should follow to recommend preliminary funding levels for each applicant in the NOFO. Further, although required by regulations, FAS did not disclose in the NOFO that its process to recommend preliminary funding levels did not apply to new applicants.¹⁷

FAS’ Process to Recommend Funding Levels During the Divisional Review

During discussions with FAS officials, FAS described its process to recommend preliminary funding levels during its divisional review. FAS described a two-step process. First, after FAS marketing specialists score the merit of applications, the marketing specialists determine whether obligated funds FAS awarded to the applicant in the prior year should be maintained, increased, or decreased.¹⁸ Second, FAS marketing specialists’ supervisors refer to this determination to recommend a preliminary funding amount for each applicant. However, FAS should have documented the criteria to be used by its personnel to make funding determinations and recommend preliminary funding levels. Further, FAS should have described this two-step process in the NOFO.

Step 1: Funding Determinations

FAS’ marketing specialists are required to review, score, and issue funding determinations for each application using the MAP NOFO criteria during the divisional review.¹⁹ Through discussions with FAS officials about its competitive grant award process, we concluded that marketing specialists determined at their discretion, after scoring the application’s merit, whether funding FAS awarded in the prior year should be maintained, increased, or decreased. However, FAS did not describe this process in the NOFO (see Figure 2).

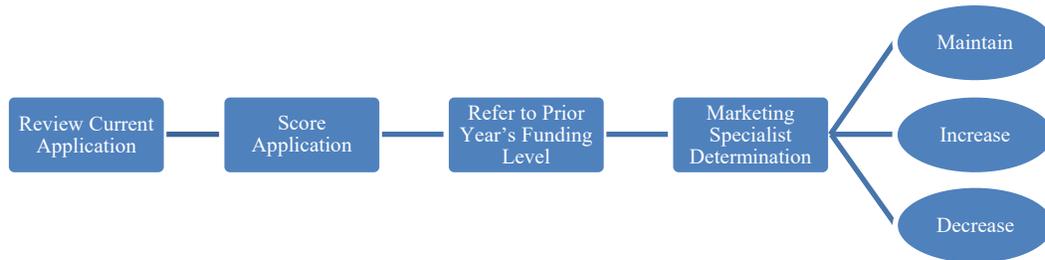


Figure 2: This figure outlines the marketing specialists’ process for making funding determinations. (Created by OIG)

¹⁷ 7 C.F.R. § 1485.14 (a) – (c).

¹⁸ FAS assigns one marketing specialist to review, score, and make a funding determination for each application.

¹⁹ In FY 2021, FAS issued recommendations funding all eligible MAP applicants. According to FAS officials, the agency’s MAP goal is to fund the greatest number of eligible applicants to expand export markets for different U.S. agricultural commodities.

FAS did not document in the NOFO and develop evaluation criteria for its marketing specialists to use to ensure that the determinations (whether to maintain, increase, or decrease funding) were made consistently and based on competitive criteria described in the NOFO.^{20, 21} As a result, by not developing these criteria, FAS cannot support how the determinations made during the divisional review were fair and consistent among marketing specialists, who used their discretion when making funding determinations.

For example, FAS' MAP NOFO states that the purpose of the application review is to identify meritorious applications and recommend an appropriate funding level for each application.²² Based on the score assigned to each application, FAS categorized the merit of each application as follows:²³

- Highly Effective (score 85–100).
- Moderately Effective (score 70–84).
- Adequate (score 50–69).
- Results Not Demonstrated (score 0–49).

However, it is unclear to us how the score that marketing specialists assigned to each application correlated with their determinations to maintain, increase, or decrease the funding received in the prior year after their application review. For example, in FY 2021, FAS' marketing specialists made 72 funding determinations based on their review of 69 MAP applications.²⁴ Application review scores ranged from 94 to 50. We found, in some instances, that applications of lesser quality (moderately effective and adequate) received more-favorable funding determinations than applications marketing specialists categorized as highly effective. For example, one application received a score of 92, or highly effective, and the marketing specialist's funding determination was to maintain last year's funding levels. Another application received a score of 76, or moderately effective, but received a funding determination to increase last year's funding levels. In this instance, an applicant with a lesser score received a more favorable outcome. The following figure (Figure 3) depicts the inconsistencies of FAS' marketing specialists funding determinations based on the merit score they assigned to each application.

²⁰ The FAS MAP FY 2021 NOFO states that "financial assistance under the MAP is made available on a competitive basis."

²¹ 2 C.F.R. § 415.1 (a).

²² 7 C.F.R. § 1485.14 (a) also states that the purpose of the application review is to identify meritorious proposals, recommend an appropriate funding level for each proposal, and submit the proposals and funding recommendations to appropriate officials for decision making.

²³ FAS rating categories are denoted on the reviewer's scorecard and not in the NOFO.

²⁴ In FY 2021, there were 69 MAP applications. However, FAS' divisional review had 72 scorecards associated with the 67 awarded grants because FAS has a scorecard for every applicant, even though some applicants may apply together.

Score	Rating	# of Applicants	Determination Given			
			Maintain	Increase	Decrease	No Determination
85–100	Highly Effective	26	18	8	0	
70–84	Moderately Effective	36	33	2	1	
50–69	Adequate	8	6	0	2	
0–49	Results Not Demonstrated	0	-	-	-	
Not Scored	-	2 ²⁵	1			1
Totals:		72	58	10	3	1

Figure 3: This figure depicts application scores and their corresponding funding determinations. (Created by OIG)

Additionally, we identified inconsistencies with how FAS reviewers determined funding determinations for applications with the same score (see Figure 4).

Score	# of Applicants with the Same Score	Determination Given		
		Maintain	Increase	Decrease
92	3	2	1	-
91	3	2	1	-
87	5	4	1	-
85	8	4	4	-
81	3	2	1	-
76	3	2	1	-
70	8	7	-	1

Figure 4: This figure depicts inconsistencies with funding determinations. (Created by OIG)

When we asked FAS if it developed evaluation criteria for its marketing specialists to determine whether to maintain, increase, or decrease funding for each application, FAS did not provide documentation that included such instructions. Without these criteria, we are unable to determine and concur with how FAS marketing specialists reached their funding determinations. In addition, FAS could not provide documentation to support how its reviewers made these determinations. FAS officials also stated that supervisors conducted supervisory reviews of the marketing specialists’ determinations. However, FAS could not provide documentation to support that these supervisory reviews had occurred. Without the development of criteria to evaluate applications and make funding determinations to maintain, increase, or decrease the prior year’s funding and disclosure

²⁵ FAS funded these applications, even though FAS marketing specialists did not score them as they were new and recent applicants.

of its processes in the NOFO, FAS cannot support how the application review process is transparent, consistent, and fair.

Step 2: Preliminary Funding Level Recommendations

During step two, after FAS marketing specialists determine if the funding the applicant received in the prior year should be increased, decreased, or maintained, FAS stated its marketing specialists’ supervisors recommend a preliminary funding level each application should receive. FAS officials stated that the marketing specialists’ supervisors make this recommendation at their discretion, after analyzing all of the specialists’ determinations and the total budget available. However, regulations require FAS to develop and disclose the evaluation criteria and processes the marketing specialists’ supervisors use to make these preliminary funding recommendations in the NOFO.^{26, 27} Because FAS did not develop criteria for recommending funding levels and disclosing them in the NOFO, it is unclear what factors FAS supervisors considered in formulating the recommended level of funding to be awarded.

Based on our review of FAS’ MAP prior-year award amounts, FY 2021 MAP preliminary funding recommendations, and interviews with FAS officials, we concluded that FAS’ preliminary funding-level recommendations for MAP applicants were based on how much the applicant received in the prior year and the marketing specialists’ supervisors’ discretion as to how much it should receive in the current year.

Figure 5 provides examples of how FAS’ marketing specialists and their supervisors referred to the prior year’s (FY 2020) MAP award amounts to establish preliminary FY 2021 MAP funding-level recommendations at their discretion for applicants during their divisional review.²⁸

Participant	FY 2020 MAP Award Amount	FY 2021 MAP Funding Determination	FY 2021 MAP Preliminary Funding-Level Amount	FY 2021 Applicant Budget Request
Applicant A	\$11,000,000	Maintain	\$11,000,000	\$15,700,000
Applicant B	\$4,800,000	Increase	\$4,900,000	\$9,300,000
Applicant C	\$2,100,000	Maintain	\$2,100,000	\$4,400,000
Applicant D	\$370,000	Decrease	\$340,000	\$550,000

Figure 5: This figure depicts how FAS used a prior year’s MAP award amounts to make funding determinations and establish preliminary funding-level recommendations. The numbers in this figure have been modified to protect the identity of the applicants. (Created by OIG)

FAS officials stated that referring to prior-year funding levels provides helpful context and is indispensable when determining an appropriate funding-level recommendation for

²⁶ 7 C.F.R. § 1485.14 (c).

²⁷ 2 C.F.R. § 200.204 (c)(5).

²⁸ OIG adjusted the amounts listed in the table to protect the identity of MAP applicants.

the current year. Additionally, the FAS FY 2021 MAP NOFO describes that FAS may solicit and consider feedback from other FAS officials when determining an appropriate funding level. However, FAS could not provide us with documentation to support what other criteria, besides prior-year awards and the marketing specialists' discretion, it considered during the divisional review to recommend preliminary funding levels. Further, FAS' MAP NOFO did not describe the assessment of prior-year funding, or any other criteria, as part of the evaluation criteria that FAS would use to determine an appropriate preliminary funding level for each applicant. As a result, MAP applicants lack critical information necessary to prepare their application to maximize their opportunity to compete for MAP grant funding. Without developing criteria and describing the processes that FAS applied to recommend preliminary funding levels in the NOFO, FAS' funding recommendation process is not transparent.

FAS Process to Score and Recommend Funding Differed for New and Recent Applicants During the Divisional Review

We determined that FAS applied a different process to score and recommend funding for new and recent applicants than it did for applicants that previously participated in MAP. According to the NOFO, FAS will make financial assistance provided under MAP available on a competitive basis and will review all applications based on the evaluation criteria described in the NOFO.²⁹

For example, in FY 2021, a previous subrecipient applied for MAP funding as a new standalone applicant.³⁰ However, FAS' marketing specialist did not evaluate and score the new applicant's application according to the application review criteria described in the divisional review phase of the NOFO.³¹ FAS' marketing specialist did not provide a reason on the scorecard for not scoring the new applicant's application. FAS directly assigned the new applicant in FY 2021 a preliminary funding level without evaluating the merit of the new applicant's application and recommending a funding level based on the two-step process previously described above.

This new applicant received its preliminary funding level based on the funding it previously received as a subrecipient of a FY 2020 MAP awardee. However, without reviewing and scoring the merit of the application, it is unclear how FAS can recommend an appropriate funding level to carry out the marketing activities described in a new applicant's application. Additionally, FAS did not have any documentation to support the preliminary funding level it assigned.

Further, FAS did not state in the NOFO that new applicants, including those that were previously subrecipients, would not be subject to the same funding recommendation

²⁹ FAS FY 2021 MAP NOFO Number 2021-01 (May 2020).

³⁰ 7 C.F.R. 1485.14 (a) (2) states that FAS "may require that an applicant participate in the MAP through another MAP Participant or applicant."

³¹ FAS also did not score another application because according to FAS, the second-year applicant needed to develop a MAP history. Additionally, a third application, although scored, received funding based on the new applicant's history in the program as a subrecipient rather than on the merit of the new applicant's application.

process and scoring process as other applicants. FAS should review its divisional review process to score and recommend a preliminary funding level to ensure that all applicants compete for funding under the same criteria described in FAS' NOFO.

Competitive Review Phase

After FAS recommends preliminary funding levels during the divisional review, applicants then, per the NOFO, compete for funding during the competitive review phase. We determined that FAS did not apply the allocation criteria and processes described in the competitive review phase of the NOFO to all applicants. FAS' MAP NOFO stated that FAS makes MAP funding available on a competitive basis. Specifically, during the competitive review phase, FAS applies allocation criteria to adjust the recommended preliminary funding level. The NOFO states that during the competitive review phase, applicants compete for funding based on the following funding allocation criteria, with the number in parentheses indicating the percentage weights attached to each criterion:

1. Past MAP contributions compared to past MAP funding (40%),³²
2. Past U.S. export performance (30%),³³
3. Projected U.S. export goals (15%),³⁴ and
4. Accuracy of past export projections (15%).³⁵

Based on the results of the competitive review, FAS adjusts the preliminary recommended funding levels that marketing specialists recommend during the divisional review phase. However, this competitive process did not apply to all applicants. For example, in FY 2021, five applicants, consisting of new and recent applicants and select others,³⁶ were not subject to the above evaluation criteria and, therefore, did not compete for funds during the competitive review phase. Although FAS awarded funds to these applicants, the applicants were not subject to the competitive factors other applicants were subject to during the competitive review phase. This occurred because FAS based its competitive allocation criteria primarily on historical data only some applicants have, such as 4 years of MAP funding and contributions and 3 years of past values of exports. Further, FAS did not have alternative steps to assess new applicants that lacked historical data. As a result, FAS' competitive review phase process does not appear to be fair and consistent to all applicants.

FAS officials stated that overall, they use a review, selection, and funding process to administer MAP that predates those currently managing the program. Therefore, we recommend FAS

³² Applicant's Contribution Level: The applicant's 4-year-average share of all contributions under MAP compared to the applicant's 4-year-average share of the funding level for all MAP participants.

³³ Past U.S. Export Performance: The applicant's 3-year-average share of the value of U.S. exports promoted by the applicant compared to the applicant's 2-year-average share of the funding level.

³⁴ Projected U.S. Export Goals: The total dollar value of projected U.S. exports of the commodities being promoted by the applicant for the year 2021 compared to the applicant's requested funding level.

³⁵ Accuracy of Past U.S. Export Projections: Specified past year's actual dollar value share of U.S. exports of the commodities being promoted compared against the projection of U.S. exports for that specified year in its applicable application.

³⁶ Two applicants were not subject to weighted factors because FAS determined they could not properly evaluate the applicants within the established criteria because applicants promoted multiple commodities.

establish oversight controls to periodically evaluate its grants management award process to ensure that its evaluation criteria and processes reflect the actions they perform, are fair and transparent to the public, and meet regulations and competitive standards required to award MAP funding.^{37, 38}

Further, we determined that FAS could greatly improve the transparency, fairness, and consistency in FAS' implementation of its processes to score applications and recommend funding during the divisional review phase of MAP if FAS develops and the NOFO fully describes:

1. The evaluation criteria and process FAS marketing specialists apply during the divisional review to make funding determinations to maintain, increase, or decrease the prior year's funding.
2. The evaluation criteria and process FAS applies during the divisional review to make preliminary funding-level recommendations.

Additionally, the design of MAP's application review, selection, and funding process should ensure that FAS applies criteria consistently to all applicants.

With improvement in MAP's design, transparency, and oversight, FAS can reasonably ensure that it establishes a grant program that meets Federal standards for competition and fairness.³⁹ These improvements will help FAS ensure that it is maximizing and properly documenting its efforts to develop, maintain, and expand commercial export markets for U.S. agricultural commodities and products.

FAS issues a NOFO each program year for MAP, and as FAS management stated, FAS has used the same review, selection, and funding determination process since it began administering MAP. Therefore, OIG issued a memorandum to FAS on July 28, 2022, to alert FAS of our audit's preliminary results and allow FAS the opportunity to adjust its processes and controls before issuing the FY 2023 MAP selections and funding allocations. However, FAS stated it would not adjust its process for FY 2023 and would continue to follow its current processes to review and award FY 2023 MAP funds.⁴⁰ Subsequently, in September 2022, FAS stated that it would improve the language in subsequent NOFOs (for FY 2024 and beyond) to better reflect the funding recommendation process and to better capture the factors considered during the divisional review. While improving the language will help improve the transparency of FAS' MAP grant review process, FAS needs to develop criteria to make funding determinations, recommend preliminary funding levels, and establish oversight controls to address the fairness and consistency issues presented in this finding.

³⁷ 2 C.F.R. § 200.205.

³⁸ *Guidance for Grants and Agreements*, 85 Fed. Reg. 49507 (Aug. 13, 2020).

³⁹ 2 C.F.R. § 415.1.

⁴⁰ We did not conduct a review of FAS' FY 2023 MAP processes and, therefore, we cannot conclude what actions FAS may have taken with the FY 2023 MAP selections and funding allocations.

Recommendation 1

Establish oversight controls to ensure that FAS periodically evaluates its application review, selection, and funding process, in accordance with regulations to ensure its evaluation criteria and processes reflect the actions FAS performs comply with regulations and the competitive standards required to award MAP funding.

Agency Response

In its May 19, 2023, response, FAS stated it agreed with this recommendation and it will develop written standard operating procedures for process oversight to ensure it periodically evaluates its application review, selection, and funding processes to ensure compliance with regulations, competitive standards, and agency grants policies governing grants and agreements. FAS provided a completion date of May 19, 2024, for this action.

OIG Position

We accept management decision for this recommendation.

Recommendation 2

Develop criteria to use during the divisional review to make funding determinations and recommend preliminary funding levels.

Agency Response

In its May 19, 2023, response, FAS stated it agreed with this recommendation and it will develop written standard operating procedures to define the criteria marketing specialists and supervisors will use throughout the divisional review process, inclusive of decision-making criteria applicable in the determination of preliminary budget recommendations. FAS provided a completion date of May 19, 2024, for this action.

OIG Position

We accept management decision for this recommendation.

Recommendation 3

Ensure that all of FAS' criteria and processes, including any that are developed, are fully described in the NOFO.

Agency Response

In its May 19, 2023, response, FAS stated it agreed with this recommendation and it will ensure that all application review and funding criteria and processes are fully described in the NOFO. FAS stated its NOFO will include the criteria and processes used by

marketing specialists to determine whether a returning applicant's current funding amount should be maintained, increased, or decreased. The NOFO will also include the criteria and processes used by marketing specialists to review and recommend an initial funding approach for new applicants. Additionally, FAS stated that its NOFO will describe the criteria and processes used to make preliminary funding recommendations for all applicants. Lastly, the NOFO will include the process to ensure that described criteria are applied consistently to all applicants. FAS provided a completion date of May 19, 2024, for this action.

OIG Position

We accept management decision for this recommendation.

Recommendation 4

Revise the description of the competitive grant program in the NOFO to include how all applicants, including new ones and those who promoted multiple commodities, will be evaluated against the application and allocation criteria described in the NOFO. If alternative steps are taken to assess a group of applicants (e.g., new applicants and those who promote multiple commodities), FAS should describe those steps in the NOFO and in its policy and guidance.

Agency Response

In its May 19, 2023, response, FAS stated it agreed with this recommendation and it will ensure that the NOFO describes how both application and allocation criteria are applied to both new applicants and applicants who promote multiple commodities. FAS provided a completion date of May 19, 2024, for this action.

OIG Position

We accept management decision for this recommendation.

Recommendation 5

Revise existing guidance to ensure that reviewer decisions and supervisory reviews during the application review and selection process are properly documented.

Agency Response

In its May 19, 2023, response, FAS stated it agreed with this recommendation and it will ensure that agency grants policies require that reviewer decisions and supervisory reviews during the application review and selection process are properly documented. FAS provided a completion date of May 19, 2024, for this action.

OIG Position

We accept management decision for this recommendation.

Finding 2: Conflict of Interest

FAS did not evaluate if FAS' Cooperator Programs Division marketing specialists' role as reviewer of MAP applications during the divisional review phases created an appearance of a conflict of interest (COI) due to their ongoing professional role with MAP applicants.⁴¹ In addition, FAS did not obtain a COI form for all reviewers, specifically individuals involved in the sufficiency review (Phase 1), competitive review (Phase 3), and final review and allocation decision making (Phase 4) phases of FAS' MAP review and selection process. This occurred because FAS did not establish oversight controls to assess the role of its reviewers to ensure they are free from the appearance of a COI and did not implement sufficient oversight controls to ensure all individuals signed a COI form. As a result, FAS cannot reasonably ensure that the awarding process is objective and free of bias and conflict.

Federal regulations state that proposals are to be evaluated objectively by independent reviewers in accordance with written criteria set forth by the awarding agency.⁴² Additionally, these regulations state that independent reviewers should not include anyone who might appear to have a COI in the role of a reviewer of applications. Further, Federal regulations state that all reviewers will be required to sign a COI form, and when COIs are identified, the reviewer will be recused from the objective review process.⁴³

FAS requires its marketing specialists to sign a COI form before reviewing MAP applications. FAS' Conflict of Interest, Confidentiality, and Non-Disclosure Rules form defines a COI as a situation in which financial or other personal considerations have the potential to compromise or bias the professional judgment and objectivity of the reviewer. By signing the COI form, FAS marketing specialists are certifying that they do not have a real or apparent situation that would compromise their judgment or the objectivity of their review. However, while regulations state that independent reviewers may be from the private sector, another agency, or within the awarding agency, reviewers must not include anyone who might appear to have a COI.⁴⁴

FAS assigned one marketing specialist per application to review and score the merit of each MAP application. However, FAS' marketing specialists regularly work with applicants whose applications they are required to objectively review, score, and recommend for funding. According to the marketing specialist's job responsibilities, the marketing specialists provide advice and guidance to participants; meet with participants at conferences; and participate in strategic planning, international marketing, and board meetings. Interviews with multiple marketing specialists confirmed these job responsibilities. FAS officials stated that they use the same marketing specialists to review applications due to the continuity of knowledge gained after working with the same applicant for an extended time. Based on the ongoing professional relationship between marketing specialists and MAP applicants, this relationship could give the appearance that a COI exists between the marketing specialists and MAP applicants and that the

⁴¹ All 67 FY 2021 MAP awardees previously participated in MAP, either as a recipient or subrecipient, in prior years.

⁴² 2 C.F.R. § 415.1(a)(2).

⁴³ 7 C.F.R. § 1485.14(a)(2).

⁴⁴ 2 C.F.R. § 415.1(a)(2).

marketing specialists were not independent when performing MAP application reviews. However, FAS did not evaluate this relationship.

We issued a memorandum on July 28, 2022, to alert FAS about our concerns regarding the appearance of a COI for marketing specialists who also carry out the role of reviewer of MAP applications. FAS officials stated that the appearance of a conflict is difficult to judge and monitor. FAS officials stated they consulted with USDA's Office of Ethics in April 2020 and March 2022 to understand the general requirements of COIs for Federal employees. However, FAS officials stated that they did not consult with the Office of Ethics to review the specific role of its marketing specialists to determine if there appeared to be a COI between FAS marketing specialists and MAP applicants. Although FAS did not discuss the marketing specialists' role as reviewers with the Office of Ethics, FAS stated that it decided a COI did not exist between marketing specialists and applicants. However, FAS did not provide documentation to support the basis for its determination. We recommend that FAS consult with the Office of Ethics to assist with the decision and, if necessary, identify potential solutions to address any potential, actual, or apparent COI.

Additionally, we found that regulations require all reviewers to sign a COI form; however, FAS only required some MAP reviewers to submit this form.⁴⁵ We reviewed all FY 2021 MAP COI forms FAS officials submitted and concluded that reviewers for three of four review phases did not sign a COI form.^{46, 47} FAS only required marketing specialists and their direct supervisors to sign a COI form because they review and score applications and recommend funding amounts during the divisional review phase.⁴⁸ Although personnel from the Grants Management Division, Program Operations Division, and FAS senior management also reviewed applications and made funding recommendations, FAS did not require them to sign a COI form.⁴⁹ Without controls to ensure all reviewers are free from a COI, FAS cannot reasonably ensure that the awarding process is objective and free of bias and conflict. FAS officials agreed to have all reviewers sign COI forms, including the Grants Management Division, Program Operations Division, and senior management.

Recommendation 6

Consult with the Office of Ethics for assistance with determining whether there could be an actual or apparent COI between its marketing specialists in their role as the independent reviewer of MAP applications and MAP applicants. Based on this consultation, if applicable, address any recommendations provided by the Office of Ethics.

⁴⁵ 7 C.F.R. § 1485.14(a)(2).

⁴⁶ Per the NOFO, FAS conducts the following reviews during its application review and selection process in four phases: (1) sufficiency review; (2) divisional review; (3) competitive review; and (4) final review and allocation decision making.

⁴⁷ One individual from the divisional review did not sign a COI.

⁴⁸ Marketing specialists and their direct supervisors are involved in the divisional review stage. According to the FY 2021 NOFO, during the divisional review, FAS reviews each eligible application against results-oriented management principles and scores and recommends funding for each application using designated criteria.

⁴⁹ Grants management staff review the application for eligibility and completeness during the sufficiency review. In addition, program operations staff and senior management officials assist with determining funding levels during the competitive and final reviews, respectively.

Agency Response

In its May 19, 2023, response, FAS stated it agreed with this recommendation and that on April 7, 2023, it consulted with the Office of Ethics on actual or apparent COI between its marketing specialists in their role as the independent reviewer of MAP applications and MAP applicants. FAS stated that it will ensure that any recommendations provided by the Office of Ethics in response to this consultation have been implemented. FAS provided a completion date of May 19, 2024, for this action.

OIG Position

We accept management decision for this recommendation.

Recommendation 7

Develop and implement oversight controls that require all application reviewers, specifically all of those responsible for scoring, recommending, and approving funding for MAP applications, to sign a COI form.

Agency Response

In its May 19, 2023, response, FAS stated it agreed with this recommendation and it will ensure that all individuals responsible for scoring, recommending, and approving funding for MAP applications are required to sign a COI form. FAS provided a completion date of May 19, 2024, for this action.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

We conducted an audit to determine whether FAS has implemented effective policies and procedures for MAP. The scope of our audit covered grants awarded in FY 2021, and we determined that FAS awarded 67 grants for over \$194 million in funding for this program. We conducted audit fieldwork from April 2021 through March 2023.

We worked with FAS officials throughout the audit and presented the weaknesses we identified to ensure that we correctly understood the agency's policies, procedures, and positions regarding those weaknesses.

To accomplish our audit objectives, we:

- reviewed applicable Federal regulations, such as 2 C.F.R. part 415, *General Program Administrative Regulations*, 2 C.F.R. part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and 7 C.F.R. part 1485, *Grant Agreements for the Development of Foreign Markets for U.S. Agricultural Commodities*, in order to gain sufficient knowledge to evaluate FAS' MAP grant process;
- reviewed FAS' grant policy documentation to identify the internal controls it had in place to ensure it complied with Federal grant and program requirements;
- interviewed FAS officials responsible for administering MAP; and
- reviewed available grant selection documentation, including the NOFOs, application review sheets, decision memoranda, and funding spreadsheets, to determine if FAS complied with the applicable regulations mentioned above throughout the grant process.

Although FAS uses an information system, the Unified Export Strategy system,⁵⁰ to administer MAP, we make no representation regarding the adequacy of this system, or the information generated from it, because evaluating the effectiveness of information systems or information technology controls was not one of the audit's objectives. We did not solely rely upon information from this system to form the basis of our conclusions. Instead, we obtained application documents and interviewed knowledgeable agency officials to support the findings and conclusions. From these efforts, we determined that the information and data reflected in this report were sufficiently reliable for the purposes of this report.

We assessed internal controls that were deemed significant to our audit objectives, including, but not limited to, controls defined in GAO Standards for Internal Control in the Federal Government.⁵¹ For relevant internal control components and underlying principles assessed, see Figure 6 below. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

⁵⁰ The Unified Export Strategy system supports FAS export development programs and provides online application, reimbursement requests, and funding management for promotional activities that are carried out chiefly in cooperation with agricultural trade associations, state–regional trade groups, small businesses, and cooperatives. The system consolidates the budget requests for five programs in a single management information system and allows sharing of information between industry partners and USDA.

⁵¹ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Sept. 2014).

Component	Principle
Control Environment	The oversight body and management should demonstrate a commitment to integrity and ethical values
Control Environment	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives
Risk Assessment	Management should define objectives clearly to enable the identification of risks and define risk tolerances
Control Activities	Management should design control activities to achieve objectives and respond to risks
Control Activities	Management should implement control activities through policies
Control Environment	Management should evaluate performance and hold individuals accountable to their internal control responsibilities
Information and Communication	Management should use quality information to achieve the entity's objectives
Information and Communication	Management should externally communicate the necessary quality information to achieve the entity's objectives

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

Abbreviations

ATP	Agricultural Trade Promotion Program
CCC.....	Commodity Credit Corporation
C.F.R.....	Code of Federal Regulations
COI.....	Conflict of Interest
FAS	Foreign Agricultural Service
FY	fiscal year
GAO.....	Government Accountability Office
MAP	Market Access Program
NOFO.....	Notice of Funding Opportunity
OIG	Office of Inspector General
OMB	Office of Management and Budget
U.S.	United States
USDA.....	United States Department of Agriculture

Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results of our audit report by finding and recommendation number.

Finding	Recommendation	Description	Amount	Category
1	1	FAS did not develop and document in the NOFO its criteria to recommend funding. Additionally, FAS did not consistently apply its processes to recommend and allocate MAP funding to all applicants.	\$194,149,664	Questioned Costs, Recovery Not Recommended
Total			\$194,149,664	

Agency's Response

FAS' Response to Audit Report



United States
Department of
Agriculture

Trade and Foreign
Agricultural
Affairs

Foreign
Agricultural
Service

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TO: Janet Sorensen
Assistant Inspector General for Audit
Office of Inspector General

FROM: Daniel Whitley
Administrator
Foreign Agricultural Service

**DANIEL
WHITLEY**

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Date: 2023.05.19 14:43:32
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SUBJECT: Response to the Office of Inspector General Draft Report “Controls Over the Market Access Program” (07601-0001-21)

The Foreign Agricultural Service (FAS) appreciates this opportunity to respond to the Office of Inspector General’s (OIG) draft audit report on the Market Access Program (MAP). FAS appreciates the care and effort made by the OIG auditors to understand the program and the processes that FAS follows in implementing it, and we value this opportunity to examine those processes to identify opportunities for improvement.

While we agree that FAS can improve its description of the review and funding allocation processes in future Notices of Funding Opportunity (NOFO) to more clearly and transparently communicate to applicants the process by which their funding allocations will be determined, FAS takes some exception to the suggestion in the OIG report that it did not have processes in place that allowed the agency to consistently, transparently, and fairly recommend funding for all applicants. FAS believes that it did have appropriate processes in place to allocate funding and that it consistently followed those processes, but that it failed to clearly communicate those processes to applicants. Nevertheless, FAS appreciates the opportunity to work collaboratively with OIG to examine its MAP processes and welcomes the opportunity to improve the program by more clearly and transparently describing its processes to improve stakeholder understanding and address OIG’s concerns.

As for the seven recommendations contained within the OIG report, FAS’s specific response to each is provided as follows:

Recommendation 1:

Establish oversight controls to ensure that FAS periodically evaluates its application review, selection, and funding process, in accordance with regulations to ensure its evaluation criteria and processes reflect the actions FAS performs comply with regulations and the competitive standards required to award MAP funding.

FAS Response:

We agree with this recommendation. FAS will develop a written Standard Operating Procedure (SOP) for process oversight to ensure we periodically evaluate our application review, selection, and funding processes to ensure they comply with regulations, competitive standards, and agency grants policies governing grants and agreements. This will be developed and in place by May 19, 2024.

Recommendation 2:

Develop criteria to use during the divisional review to make funding determinations and recommend preliminary funding levels.

FAS Response:

We agree with this recommendation. FAS will develop written SOPs to define the criteria marketing specialists and supervisors will use throughout the divisional review process, inclusive of decision-making criteria applicable in the determination of preliminary budget recommendations. These documents will be developed and in place by May 19, 2024.

Recommendation 3:

Ensure that all of FAS' criteria and processes, including any that are developed, are fully described in the NOFO.

FAS Response:

We agree with this recommendation. By May 19, 2024, FAS will ensure that all application review and funding criteria and processes are fully described in the NOFO, including: (1) the criteria and processes used by marketing specialists to determine whether a returning applicant's current funding amount should be maintained, increased, or decreased; (2) the criteria and processes used by marketing specialists to review and recommend an initial funding approach for new applicants; (3) the criteria and processes used to make preliminary funding recommendations for all applicants; and (4) the process to ensure that described criteria are applied consistently to all applicants.

Recommendation 4:

Revise the description of the competitive grant program in the NOFO to include how all applicants, including new ones and those who promoted multiple commodities, will be evaluated against the application and allocation criteria described in the NOFO. If alternative steps are taken to assess a group of applicants (i.e. new applicants and those who promote multiple commodities), FAS should describe those steps in the NOFO and in its policy and guidance.

FAS Response:

We agree with this recommendation. By May 19, 2024, FAS will ensure that the NOFO describes how both application and allocation criteria are applied to both new applicants and applicants who promote multiple commodities.

Recommendation 5:

Revise existing guidance to ensure that reviewer decisions and supervisory reviews during the application review and selection process are properly documented.

FAS Response:

We agree with this recommendation. By May 19, 2024, FAS will ensure that agency grants policies require that reviewer decisions and supervisory reviews during the application review and selection process are properly documented.

Recommendation 6:

Consult with the Office of Ethics for assistance with determining whether there could be an actual or apparent COI between its marketing specialists in their role as the independent reviewer of MAP applications and MAP applicants. Based on this consultation, if applicable, address any recommendations provided by the Office of Ethics.

FAS Response:

We agree with this recommendation. On April 7, 2023, FAS consulted with the Office of Ethics on actual or apparent COI between its marketing specialists in their role as the independent reviewer of MAP applications and MAP applicants. By May 19, 2024, FAS will ensure that any recommendations provided by the Office of Ethics in response to this consultation have been implemented.

Recommendation 7:

Develop and implement oversight controls that require all application reviewers, specifically all those responsible for scoring, recommending, and approving funding for MAP applications, to sign a COI form.

FAS Response:

We agree with this recommendation. By May 19, 2024, FAS will ensure that all individuals responsible for scoring, recommending, and approving funding for MAP applications are required to sign a COI form.

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