



United States Department of Agriculture

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



Audit Report 27601-0002-23

May 2020

OFFICE OF INSPECTOR GENERAL

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

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OIG evaluated the control activities established by WIC PIMB.

OBJECTIVE

Our objectives were to evaluate the control activities established by WIC PIMB and whether the controls were effective.

REVIEWED

We reviewed applicable laws and regulations; interviewed relevant FNS officials and WIC PIMB staff; and evaluated PIMB's ongoing projects, noteworthy initiatives, and activities.

RECOMMENDS

We recommend that FNS update and document the roles, responsibilities, and expectations of WIC PIMB and the other units as they relate to improving WIC program integrity, including designating who would lead the oversight efforts. We also recommend that FNS develop and formalize PIMB's activities into policies and procedures that will contribute to FNS' overall efforts to improve WIC program integrity.

WHAT OIG FOUND

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

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

While FNS did not concur with our findings, they agreed with our recommendations, and we accepted management decision on the two recommendations.



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



DATE: May 11, 2020

AUDIT
NUMBER: 27601-0002-23

TO: Pamilyn Miller
Administrator
Food and Nutrition Service

ATTN: David Burr
Acting Director and Chief Financial Officer
Office of Internal Controls, Audits and Investigations
Deputy Administrator for Financial Management/CFO

FROM: Gil H. Harden
Assistant Inspector General for Audit

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

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 the two audit recommendations in the report, and no further response to this office is necessary.

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. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer (OCFO).

Your written response to the official draft report expressed concerns with some aspects of our report. You expressed concerns about the objectives and scope of our audit. After completion of our survey work and receipt of your feedback, in August 2019 we adjusted the audit title and objectives and made revisions to clarify the scope of our work.

Throughout our audit work, you recommended that we develop appropriate metrics for evaluating the National Program Integrity and Monitoring Branch (PIMB). However, it is the agency's responsibility to develop its metrics to evaluate the effectiveness of the branch. Our

professional standards, prohibit such action because it impacts our independence. Specifically, Generally Accepted Government Auditing Standards (GAGAS) state one of many threats to independence includes “management participation threat: the threat that results from an auditor’s taking on the role of management or otherwise performing management functions on behalf of the audited entity, which will lead an auditor to take a position that is not objective.”

Finally, you stated that you provided extensive information and numerous documents to OIG. As discussed in numerous meetings with FNS staff, we assessed all documentation provided and our conclusions with respect to this documentation is fully discussed in Finding 2. Furthermore, you agreed to take action on our recommendation. As per GAGAS, OIG must obtain sufficient and appropriate evidence to support our conclusions. We acknowledge the multiple meetings and documentation that your staff provided. However, the information and documentation evolved and transformed throughout the audit. Thus, the audit team had to adjust to the influx of new information, including obtaining the necessary evidence to support these changes. Therefore, our report includes the facts and conclusions supported with sufficient and appropriate evidence.

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 Food and Nutrition Service (FNS) administers the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at the Federal level. The mission of WIC is to safeguard the health of low-income women, infants, and children up to age 5 who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care. The program is available in all 50 States, the District of Columbia, 33 Indian Tribal Organizations, and 5 U.S. Territories: American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. FNS funds 89 State agencies throughout these locations to provide services at a variety of clinic sites including, but not limited to, county health departments, hospitals, schools, and Indian Health Service facilities.¹

In 1974, the first year WIC was permanently authorized, 88,000 people participated. During fiscal year (FY) 2018, the number of women, infants, and children receiving WIC benefits each month reached approximately 6.87 million.

In 2013, FNS proposed an agency-wide reorganization with the goal of fostering greater coordination among the agency's groups and maximizing the use of agency resources to accomplish the mission-critical goals and objectives of FNS. In FY 2014, as part of the reorganization, FNS established the Program Integrity and Monitoring Branch (PIMB) to oversee WIC integrity initiatives. According to FNS,² program integrity activities are conducted to improve stewardship of Federal dollars by reducing recipient fraud, reducing retailer fraud, ensuring accurate eligibility determinations, and reducing improper payments. For example, according to FNS officials, WIC uses increased training and the management evaluation (ME) process to improve WIC program integrity.

PIMB is a branch within the Supplemental Nutrition and Safety Programs (SNAS) Supplemental Food Programs Division (SFPD). It is comprised of seven employees that play a role in continuously improving WIC monitoring and oversight processes, as well as providing technical assistance to address areas of concern and disseminating information about noteworthy initiatives. When the branch was created, FNS assigned PIMB the following seven functions applicable to WIC only:

1. Provide onsite support to State agencies and FNS regional offices as necessary in identifying and resolving program integrity challenges in the programs of the SFPD.
2. Develop tools and resources for FNS and State agencies for identifying high-risk program vendors, agencies, and/or circumstances.
3. With the other branches of the SFPD, develop tools and systems to evaluate compliance with program requirements by regions, State agencies, and locals.

¹ During the course of the audit OIG was informed on January 15, 2020, the number of Indian Tribal Organizational changed from 34 to 33 and State agencies from 90 to 89.

² USDA-FNS, *Program Integrity*, www.fns.usda.gov/program-integrity.

4. Provide expert advice and coordinate consistent oversight and guidance across supplemental food operations (including national and regional offices) on complex and/or cross program issues, including but not limited to resource management.
5. Facilitate sharing of resources, tools and best practices for program integrity among State and local program operators and other appropriate stakeholders.
6. Provide expert advice and review on audits, investigations, studies and other materials related to program integrity
7. Lead the division in the maintenance of the ME tool and all related ME oversight and analysis activities, as well as State plan guidance development and analysis.

The seven core functions correlate to the strategic priorities specified in FNS' annual agency priority plan. The agency priority plan outlines FNS' priorities, goals, objectives, action plans, and metrics, all of which link to USDA's overall strategic plan. FNS annually assigns PIMB strategic priority activities based on the agency priority plan's goals and objectives. PIMB carries out these strategic activities in conjunction with the seven functions FNS assigned the branch upon its creation.³

In addition to the assigned strategic priority activities, PIMB conducted other activities such as updating the standard operating procedures (SOP) for the nine WIC ME functional areas.⁴ PIMB plans to update the SOPs for the MEs on a rotational basis, subject to management approval. PIMB also provides training to FNS regional offices and WIC State agencies and input on related studies. The branch also addresses and responds to participant and vendor inquiries. The branch is currently leading the efforts to improve how MEs are tracked and stored in order to bring technology that collects State agency vendor data up to standards to increase data analytical capabilities. PIMB is responsible for vendor management and cost containment,⁵ including developing policy, procedures, and guidance, and provides technical assistance to FNS regional offices and WIC State agencies.

Objectives

Our objectives were to evaluate the control activities established by the WIC PIMB and determine if the controls were effective.

³ FNS officials expressed that the tasks outlined in the organizational change plan were meant to be illustrative, not exhaustive. As such, this illustrative list should not be designated as the sole or core functions of WIC PIMB. However, documentation provided by FNS officials did not show or indicate this distinction.

⁴ The nine functional areas included the following: certification eligibility and coordination, organization and management, food delivery, funding and participation, information systems management, monitoring and audits, nutrition services, civil rights, and vendor management.

⁵ According to 7 CFR 246.12 (g) (4), the State agency must establish a vendor peer group system and distinct competitive price criteria and allowable reimbursement levels for each peer group. The State agency must use the competitive price criteria to evaluate the prices a vendor applicant charges for supplemental foods as compared to the prices charged by other vendor applicants and authorized vendors, and must authorize vendors selected from among those that offer the program the most competitive prices.

Section 1: FNS Implementation of PIMB's Controls

Finding 1: FNS Needs to Clearly Define PIMB's Responsibilities

FNS created PIMB in FY 2014 and assigned seven functions to PIMB in its proposal for organizational changes.⁶ However, we found that those functions were performed by multiple units⁷ and did not represent the branch's actual operations and responsibilities. This occurred because FNS did not clearly document the roles, responsibilities, and expectations of PIMB.⁸ As a result, it is difficult to determine a direct correlation between PIMB's supporting activities and how such efforts contributed to any change or improvement in WIC program integrity. FNS was unable to demonstrate how effectively PIMB and the other units were performing the program integrity activities.

According to USDA Departmental Regulation (DR) 1110-002, management is responsible for developing and maintaining internal control to ensure the efficiency and effectiveness of operations.⁹ Furthermore, DR 1110-002 requires USDA agencies to establish, maintain, evaluate, improve, and report on systems of controls. These systems of controls should constitute the full range of controls necessary to assist managers in attaining program objectives.

Although FNS cited the Government Accountability Office's (GAO) *Standards for Internal Control*, which lays out how small entities may operationalize their internal control systems differently than large entities; it missed the documentation requirements.¹⁰ We shared how the standards also specify that documentation is a necessary part of an effective internal control system. In addition, the level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Therefore, management uses judgment in determining the extent of documentation that is needed. Further, documentation is required for the effective design, implementation, and operating effectiveness of an entity's internal control system.¹¹

In order to address our audit objective, we attempted to identify whether PIMB's various activities had changed or improved WIC program integrity since its creation in FY 2014. According to FNS,¹² PIMB was established to oversee WIC oversight processes, as well as provide technical assistance to address areas of concern and disseminate information about noteworthy initiatives. However, we were unable to assess the effectiveness of PIMB's activities

⁶ *Food and Nutrition Service Proposed Organizational Changes 1010 Package* (Oct. 1, 2013).

⁷ The Contract Management Division, Office of Internal Controls, Audits and Investigations, Office of Information Technology, Office of Policy Support, FNS regional offices, and State agencies.

⁸ FNS made statements that the seven functions were meant to be illustrative, not exhaustive. The FY 2013 proposed agency-wide reorganization document, or other documentation provided by FNS officials, did not show or indicate such a distinction.

⁹ *Management's Responsibility for Internal Control*, DR 1110-002 (June 17, 2013).

¹⁰ Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government* (Sept. 2014).

¹¹ GAO, *Standards for Internal Control in the Federal Government* includes minimum documentation requirements as follows: management documents in policies the internal control responsibilities of the organization.

¹² In May 2017, OIG received a Congressional questions for record request. In order to address this request, OIG reached out to FNS for assistance in answering questions specifically regarding PIMB.

because it was not the only party involved in WIC program integrity activities. We found that WIC program integrity activities were performed by various groups; PIMB shared responsibility with the State agencies, regional offices, the Office of Information Technology, and other branches within FNS. When we inquired about PIMB's roles and responsibilities, FNS officials stated all the branches work in coordination with each other on a daily basis and that no single branch serves as the lead for improving WIC program integrity. According to FNS, PIMB takes the lead on some WIC integrity efforts. However, collaboration and involvement with other programs, divisions, branches, and subject matter experts in FNS is essential to accomplishing the mission-critical goal of improving program integrity.

Furthermore, FNS did not clearly outline, in writing, how each separate component of SFPD, including PIMB, contributed to program integrity or how much responsibility each branch or entity had when conducting WIC program integrity assessments. When we asked about the roles and responsibilities of the branch, FNS officials stated that PIMB and the other entities' specific roles and responsibilities for improving program integrity were not documented in writing. We held numerous meetings with FNS officials to discuss the roles and responsibilities of the branch; FNS officials provided OIG with extensive written documentation and resources, including organizational charts, documentation of staff responsibilities, and performance management activities. However, PIMB and the other entities' specific roles and responsibilities for improving program integrity were not formalized in writing. We also found that FNS did not designate an official to lead or be responsible for coordinating, and overseeing all entities' efforts for improving WIC program integrity at the time of PIMB's creation in FY 2014.¹³ Without a clear designation of responsibility for each branch or a designated official in charge, it is difficult to monitor progress for achieving their ultimate goal of improving WIC program integrity.

During an interview at the regional level, FNS officials stated that PIMB provided much-needed support for regional staff and State agencies. For example, regional officials stated that the *Vendor Management Handbook*, which PIMB issued in 2017, increased officials' knowledge on how to implement WIC policy and better prepared them to monitor the State agencies implementation of WIC guidelines. PIMB facilitated the creation of the handbook, which combined multiple previous WIC vendor management guidance, policies, and procedures into one document.¹⁴ However, FNS officials were unable to demonstrate what improvements or changes were observed in WIC program integrity as a result of the newly developed handbook. In addition, FNS documentation did not include any analysis of observations FNS made to determine the impact of its efforts.

PIMB also provided and/or facilitated 38 training sessions between FY 2014 and FY 2018 to participants. OIG reviewed copies of the training sessions given during this 5 year period, and FNS did not provide evidence of how its training led to changes or improvements in the program. Regional officials stated that while the training was not mandatory, the training they chose to take, such as a course on statistics, was helpful for monitoring the vendor management aspect of WIC. Therefore, FNS is unable to determine whether WIC program weaknesses were improved and what, if any, additional training is needed. Without knowing whether weaknesses

¹³ FNS announced on March 29, 2018, that the agency was creating a position for a chief integrity officer. However, we did not evaluate or assess this position, as it was outside the scope of this audit.

¹⁴ These included the policies and procedures developed by FNS from the Code of Federal Regulations (CFR).

were improved or additional training is needed, FNS is unable to direct its resources to improve existing program operations or create new and effective WIC integrity initiatives.

During interviews, FNS officials stated that program integrity was hard to define and emphasized that no single entity was responsible for improving program integrity. While the collective approach is commendable, the lack of clear roles and responsibilities challenges FNS' ability to identify actions that would be more effective in managing the program. FNS officials also stated that while the seven functions were technically still in effect, the functions do not reflect PIMB's current business practices. According to FNS officials, PIMB is currently doing more work than outlined in the seven initial functions, and the functions should be updated for accuracy and to reflect that work. During our review, we also found that PIMB was doing a number of activities not outlined in their seven initial functions. Without clearly defined roles, responsibilities, and expectations, FNS may not know whether PIMB's functions, obligations, and goals relating to program integrity are being met, which has led to inaccurate descriptions of the branch's role within FNS.

In order to assess the effectiveness of FNS efforts to improve WIC program integrity, we believe the agency needs to first define roles and responsibilities and clearly assign a lead who will oversee those efforts. Once those roles are clearly defined, then FNS would be better positioned to establish a baseline of activities and the goals the different parties would work towards.

Recommendation 1

FNS needs to update and document the roles, responsibilities, and expectations of WIC PIMB and the other units as they relate to improving WIC program integrity, including designating who would lead oversight efforts.

Agency Response

In its April 10, 2020, response, FNS stated:

FNS will develop a document that outlines WIC PIMB's primary responsibilities and the strategic partners that are involved in certain aspects of the branch's work. Since the responsibilities and tasks assigned to a branch are dynamic and informed by many factors, including USDA's Strategic Plan, FNS' Agency Priorities Plan, and emerging WIC program integrity issues, this will be a high level document that complements the many other documents that contain more detailed information on WIC PIMB's work.

The estimated completion date is October 1, 2020.

OIG Position

We accept management decision on this recommendation.

Section 2: FNS Implementation of PIMB's Controls

Finding 2: PIMB Needs to Formalize Its Internal Control Activities

We found that PIMB performed several activities to support the improvement of WIC program integrity, such as improving existing processes and performing data analysis. However, PIMB did not have written formal procedures that outlined how its staff was to accomplish these activities. This occurred because FNS considered PIMB as a small unit that did not require formalized procedures. As a result, PIMB could not demonstrate how the completion of those activities benefited WIC program integrity.

According to DR 1110-002, management is responsible for developing and maintaining internal control to ensure the efficiency and effectiveness of operations.¹⁵ Furthermore, the *USDA Management Control Manual* states that management controls are the organization, policies, and procedures used to reasonably ensure that: (1) programs achieve their intended results; (2) resources are used consistently with agency mission; (3) programs are protected from waste, fraud, and mismanagement; and (4) laws and regulations are followed. Management controls are not separate systems and processes; they are the tools used by managers to achieve desired results. An example of management control is documentation of processes and procedures.¹⁶

Although FNS cited GAO *Standards for Internal Control*, which lays out how small entities may operationalize their internal control systems differently than large entities, it did not follow GAO's documentation requirements.¹⁷ We shared how the standards also specify that documentation is a necessary part of an effective internal control system. In addition, the level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Therefore, management uses judgment in determining the extent of documentation that is needed. Further, documentation is required for the effective design, implementation, and operating effectiveness of an entity's internal control system.¹⁸

We reviewed all 15 of PIMB's assigned activities, such as developing uniform indicator measures for identifying WIC integrity issues, automating the process for WIC vendor system validity checks, and conducting trend analyses to identify open findings of completed MEs. We determined that all 15 activities directly related to the initial functions for which PIMB was created. FNS confirmed that each of the tasks related to the needs of FNS and the improvement of WIC. However, we were unable to determine whether PIMB was performing as expected, because there were no standards or expectations with which to compare their actions. Without formally documented procedures, FNS could not monitor or assess the effectiveness of the activities for meeting FNS' overall objectives.

¹⁵ *Management's Responsibility for Internal Control*, DR 1110-002 (June 17, 2013).

¹⁶ *USDA Management Control Manual*, DM 1110-002 (Nov. 29, 2002).

¹⁷ GAO, *Standards for Internal Control in the Federal Government* (September 2014).

¹⁸ GAO, *Standards for Internal Control in the Federal Government* includes minimum documentation requirements as follows: management documents in policies the internal control responsibilities of the organization.

For example, we found that PIMB has an informal process in place for updating ME SOPs.¹⁹ To date, PIMB has updated three of the nine ME SOPs.²⁰ Although PIMB documented its informal process for updating the ME SOPs, it did not convert this process into formalized procedures to include items such as a schedule detailing how often the SOPs would be updated or describing any testing procedures for assessing the effectiveness of each assigned activity. For the other 14 activities we reviewed, we found that PIMB also relied on informal or ad hoc procedures and did not document its informal or ad hoc processes into formalized procedures for carrying out each specific activity.

We spoke with FNS officials about the lack of formalized procedures; they stated that due to the branch's small size, the agency did not need to formalize PIMB's activities into procedures. They referred to GAO's *Standards for Internal Control in the Federal Government* as their reason for not doing so, which states: "Smaller entities may find informal staff meetings effective for communicating quality information, whereas larger entities may need more formal mechanisms—such as written reports, intranet portals, or periodic formal meetings—to communicate with the organization." Although PIMB is small in size, it has large responsibilities and considers itself to be the Federal WIC integrity lead and is supported by other entities. While GAO standards allow a smaller entity such as PIMB to limit the amount of documentation needed to meet these standards, there are minimal documentation requirements for all entities. For example, management is required to develop and maintain documentation of its internal control system.²¹ Whereas GAO allows for freer communication for small units, it does not exempt them from documenting basic procedures.

Furthermore, documentation provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel. In a branch as small as PIMB, if one employee leaves, the organization will lose that employee's knowledge. Therefore, we recommend that FNS establish formal policies or procedures for the branch's activities to ensure that the internal control system is effective.

Recommendation 2

Develop and formalize PIMB's activities into policies or procedures that will contribute to FNS' overall efforts in improving WIC program integrity.

Agency Response

In its April 10, 2020, response, FNS stated:

FNS will develop a document that outlines how decisions related to the documentation of branch activities will be made.

¹⁹ PIMB has an informal process for conducting trend analysis that identified all open ME findings that needed to be closed among the regions, tracking and reporting on the ME closure target cycles, and instructions on how regions are to complete quarterly reports.

²⁰ Vendor Management; Certification Eligibility and Coordination; Funding and Participation.

²¹ OMB, *Management's Responsibility for Enterprise Risk Management and Internal Controls*, Circular A-123, "Section A: Documentation Requirements Second Bullet" (July 2016).

The estimated completion date is October 1, 2020.

OIG Position

We accept management decision on this recommendation.

Scope and Methodology

We conducted fieldwork from May 2018 through June 2019. We began fieldwork at FNS headquarters in Alexandria, Virginia, and conducted fieldwork at two non-statistically selected FNS regional offices: the Southeast Regional Office in Atlanta, Georgia, and Midwest Regional Office in Chicago, Illinois.

PIMB's first activity following its inception in 2014 was to develop the *Vendor Management Handbook*, a comprehensive summary of regulations, policy, and guidance related to WIC vendor management and food delivery. PIMB published the *Vendor Management Handbook* in September 2017. Therefore, to assess the effectiveness of the handbook, we non-statistically selected two of FNS' seven regional offices for review based on whether the regional offices conducted MEs of the vendor management functional area at their State agencies in FY 2018, following PIMB's publication of the *Vendor Management Handbook*.²²

We non-statistically selected the regional offices based on implementation of the vendor management policies and FY 2017 WIC food cost.²³ We reviewed the MEs conducted in FY 2014 through FY 2018 by the regional office for two State agencies from each of the regional offices during our reviews. However, we determined that PIMB does not have any activities at the State agency level, so we did not complete any State agency procedures at the selected State agencies.

To accomplish our objectives, we:

- reviewed applicable laws and regulations and evaluated whether PIMB's operating procedures are consistent with the laws and regulations;
- interviewed FNS national officials, including the PIMB branch chief and six program analysts, in regards to PIMB's responsibilities and activities;
- interviewed FNS regional office staff regarding their interaction with PIMB;
- identified and evaluated PIMB's responsibilities and operating procedures, with regards to the WIC functional area of vendor management and MEs;
- reviewed and evaluated the updates made by PIMB of the ME SOP and the vendor management policies and procedures;
- evaluated the training provided by PIMB to FNS regional office staff and State agency staff;
- evaluated PIMB's management of the ME Tool system and PIMB's analysis of the ME data collected in the ME Tool system;
- evaluated PIMB's management of The Integrity Profile (TIP) system, which houses vendor data input by the State agencies;
- reviewed and evaluated PIMB's analyses of ME data; and

²² Three regional offices conducted MEs of the vendor management functional area in FY 2018: Mid-Atlantic, Midwest, and Southeast. We selected the Midwest and Southeast Regional Offices for review because they each served a State agency with higher FY 2017 food costs than the Mid-Atlantic Regional Office.

²³ We selected the Midwest and Southeast Regional Offices. We non-statistically selected two State agencies for review from each of the two regions selected.

- evaluated PIMB’s ongoing projects and noteworthy initiatives.

During the course of our audit, we did not solely rely on information from any agency information systems. We conducted limited verification of information generated by the FNS national ME Tool and TIP systems and make no representation regarding the adequacy of these systems or the information generated from it because evaluating the effectiveness of the information systems (or information technology controls) was not one of the audit 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, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Abbreviations

DR.....	Departmental Regulation
FNS	Food and Nutrition Service
FY	fiscal year
GAO.....	Government Accountability Office
ME.....	management evaluations
OIG	Office of Inspector General
PIMB.....	Program Integrity and Monitoring Branch
SOP	standard operating procedure
SFPD.....	Supplemental Food Programs Division
TIP.....	The Integrity Profile (TIP) System
USDA.....	U.S. Department of Agriculture
WIC.....	Supplemental Nutrition Program for Women, Infants, and Children

**AGENCY'S
RESPONSE TO AUDIT REPORT**

Food and Nutrition
Service

1320 Braddock Place
Alexandria, VA
22314

DATE: April 10, 2020

AUDIT
NUMBER: 27601-0002-23

TO: Gil H. Harden
Assistant Inspector General for Audit

FROM: Pamilyn Miller /s/
Administrator
Food and Nutrition Service

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

This letter responds to the official draft report for audit number 27601-0002-23, Assessment of Women, Infants, and Children National Program Integrity Monitoring Branch (WIC PIMB). Specifically, the Food and Nutrition Service (FNS) is responding to general concerns with the audit and official draft report, as well as to the two recommendations in the report.

From the time that FNS received the engagement memo for this audit, Agency leadership repeatedly expressed concerns to the Office of the Inspector General (OIG) about the scope and frame of the audit, as well as the lack of clear and appropriate metrics for evaluating a branch (FNS' smallest work unit). The audit sought to examine WIC PIMB's internal controls without meaningfully recognizing that the branch is a part of the Senior Executive-led Supplemental Nutrition and Safety Programs organization. Within this organization there are two divisions, one of which is the Supplemental Food Programs Division (SFPD), led by a Division Director. Under this division there are five branches, each led by a Branch Chief. WIC PIMB is one of those branches.

The layers of management over WIC PIMB ensure that branch work is directed, tracked, and reviewed in a manner that is consistent with OPM guidance on performance management. Key projects are also tracked through FNS' Agency Priority Plan, which ties to USDA's Strategic Plan, and includes formally documented timelines and metrics for success. Additionally, as a part of USDA and FNS, WIC PIMB is subject to USDA- and FNS-wide internal controls. Despite providing this information multiple times in meetings and via documentation requests, the audit scope, plan, and metrics were not improved.

Since FNS is comprehensively committed to integrity across all programs, offices, divisions, and branches, WIC PIMB works with a number of other entities, including other WIC branches, FNS' seven Regional Offices, and support organizations such as FNS' Office of Information Technology and Contracts Management Division.

This collaboration is necessary to achieve FNS' integrity goals for WIC. FNS advised the audit team of this on multiple occasions. The official draft report, however, frames this collaboration as a negative and states that such collaboration made the audit team's work difficult.

Throughout the audit, FNS repeatedly highlighted these key points and recommended that the audit team develop appropriate metrics for evaluating a branch within an agency. We cautioned that, due to the collaborative nature of this work, and the complex and diverse challenges faced by large, federally-funded, State administered programs like WIC, it is impossible to establish a singular link between the activities of one branch and the integrity of a program overall. And, we challenged the audit team to consider other possible metrics. From the methodology used and the official draft report, it is clear that these recommendations were not taken into consideration.

Additionally, FNS provided extensive information in more than 20 meetings with OIG, more than 40 official documentation requests, numerous unofficial requests, and several rounds of comments on draft findings and recommendations. Over the course of the audit, FNS reviewed various audit deliverables and identified many factual errors and misrepresentations of the Agency's position; however, OIG made very few changes or corrections before issuing the official draft report. For these reasons, we cannot concur with findings in the report.

Our sincere hope is that, in the future, FNS and OIG can be strategic partners in the improvement of our programs. We recommend that OIG focus its audit resources on program and operations areas that would complement FNS' institutionalized oversight rigor, and extend the boundaries of oversight reach.

OIG Recommendation 1:

FNS needs to update and document the roles, responsibilities, and expectations of WIC PIMB and the other units as they relate to improving WIC program integrity, including designating who would lead oversight efforts.

FNS Response:

FNS provided extensive documentation that WIC PIMB's roles, responsibilities, and expectations are documented, tracked, and monitored through a process that is consistent with OPM guidance on performance management, FNS' Agency Priority Plan, and section OV4.04 of the GAO's Green Book, which lays out how small entities may operationalize their internal control systems differently than a large entity would. Additionally, WIC PIMB is a branch within FNS, which adheres to USDA DR 1110-002: *Management's Responsibility for Internal Control*.

To respond to this recommendation, FNS will develop a document that outlines WIC PIMB's primary responsibilities and the strategic partners that are involved in certain aspects of the branch's work. Since the responsibilities and tasks assigned to a branch are dynamic and informed by many factors, including USDA's Strategic Plan, FNS' Agency Priorities Plan, and emerging WIC program integrity issues, this will be a high level document that complements the

many other documents that contain more detailed information on WIC PIMB's work.

Estimated Completion Date:

October 1, 2020

OIG Recommendation 2:

Develop and formalize PIMB's activities into policies or procedures that will contribute to FNS' overall efforts in improving WIC program integrity.

FNS Response:

For complex processes that will be repeated, WIC PIMB has developed (and provided to the audit team) standard operating procedures (SOPs) and will continue to do so. For tasks that are singular and do not recur (e.g., resolving a unique issue) or are routine (e.g., responding to an email), developing written SOPs would not be useful. This is consistent with section OV4.04 of the GAO's Green Book, which states that small entities may operationalize their internal control systems differently than a large entity would.

To respond to this recommendation, FNS will develop a document that outlines how decisions related to the documentation of branch activities will be made.

Estimated Completion Date:

October 1, 2020

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