



SEMIANNUAL REPORT TO CONGRESS

First Half October 1, 2022–March 31, 2023



Fiscal Year 2023

Number 89

May 2023



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Message from the Inspector General

I am pleased to present the *Semiannual Report to Congress* highlighting the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG) activities for the 6-month period ending March 31, 2023. Our office worked with the Department, Congress, and other Federal agencies to accomplish our mission of ensuring the economy, efficiency, and integrity of USDA programs and operations. We accomplished our mission through audits, investigations, inspections, data analytics, and reviews.

In this period, our oversight work resulted in monetary results totaling more than \$492.4 million. Our Office of Audit issued 17 reports and made 34 recommendations to improve USDA programs and operations. We also identified more than \$448.9 million in questioned costs and funds that could be put to better use. Our Office of Investigations reported 140 indictments, 183 arrests, and 117 convictions, resulting in more than \$43.4 million in restitutions and recoveries. We also processed 11,979 complaints through the OIG Hotline. In addition, our Office of Analytics and Innovation leveraged analytics techniques in 38 of our audits and investigations.

Our work is grounded by the three mission goals articulated in the [Five-Year Strategic Mission and Diversity and Inclusion Plan—Fiscal Years 2020–2024](#): Goal 1—Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources; Goal 2—Strengthen USDA's ability to deliver program assistance with integrity and effectiveness; and Goal 3—Strengthen USDA's ability to achieve results-oriented performance. In addition to our regular oversight activities, we continued oversight activities associated with the funding USDA received to address the coronavirus disease 2019 (COVID-19) pandemic, infrastructure investments, and Inflation Reduction Act of 2022 (IRA).

The Infrastructure Investment and Jobs Act (IIJA), signed into law November 15, 2021, provided USDA more than \$8.3 billion in funding. More than \$2.9 billion is directed toward broadband loans and grants, watershed and flood prevention operations, and a new bioproduct pilot program using agricultural commodities. IIJA also provided more than \$5.4 billion for forestry programs designed to reduce wildland fire risks and restore ecosystems. OIG received

more than \$27.1 million in multi-year and no-year funds to provide oversight of the forestry programs. In addition, OIG's fiscal year (FY) 2023 annual appropriation specifically included \$1.5 million for non-forestry IJA oversight. OIG currently has six ongoing engagements for oversight of IJA-related activities, which include reviews of several Forest Service (FS) program areas, including road and trail remediation, aquatic landscape restoration, community wildlife defense grants for at-risk communities, hazardous fuels management, and restoration projects on Federal and non-Federal land. A review of the National Institute of Food and Agriculture's (NIFA) Bioproduct Pilot Program is also currently underway.

IRA, signed into law on August 16, 2022, provided USDA with more than \$44 billion for conservation, rural development, agricultural development, and forestry programs. OIG did not receive any funding for oversight through this legislation; however, we will monitor USDA's implementation of the Act, assess risks in planning oversight work, and address any related allegations of fraud related to these programs. For example, the Natural Resources Conservation Service's (NRCS) Environmental Quality Incentives Program (EQIP) received IRA funding. The Office of Audit already had ongoing work to evaluate EQIP, including its methodology for cost estimation, and ensure applicable corrective actions taken in response to prior audit recommendations remain effective. We also are working to evaluate EQIP's payment schedule process, including its methodology for cost estimation, and ensure applicable corrective actions taken in response to prior audit recommendations remain effective. In addition, we issued memoranda to four agencies that received IRA funds summarizing prior OIG and Government Accountability Office (GAO) audit work in those programs.

This report highlights, by strategic goal, our oversight results of USDA programs and operations, COVID-19 funding, infrastructure-related, and inflation reduction-related initiatives.

Strategic Goal 1—Safety, Security, and Public Health

OIG's work under this strategic goal focuses on activities impacting public health, including animal and plant



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health and welfare; efforts to ensure that the Department is effectively protecting consumers and the Nation's agricultural resources; and security and management of the Department's information technology (IT) resources.

For example, we evaluated the Animal and Plant Health Inspection Service's (APHIS) oversight of response activities related to cattle disease incidents for the tuberculosis, brucellosis, and bovine spongiform encephalopathy programs.

We found that APHIS did not adequately manage identified risks to its animal disease tracing capabilities; therefore, APHIS' ability to timely and effectively respond to cattle disease incidents may be adversely impacted, and cattle producers' business operations may also be affected. We also found that, since FY 2017, APHIS did not properly track and account for its Animal Health program umbrella cooperative agreement funding. Additionally, APHIS did not use appraisers to determine the fair market value of cattle destroyed due to tuberculosis.

We also found APHIS did not provide sufficient documentation to support more than \$613,000 for 17 of the 29 payments we reviewed. APHIS agreed with our recommendations, and we accepted management decision for each of the nine audit recommendations in the report.

Our recent investigative work revealed that seven members of an Alabama family were operating a large-scale cockfighting arena and massive fighting-bird breeding businesses. Illegal cockfighting events were held at the venue, which included an arena with stadium-style seating for approximately 150 people. The illegal derbies involved a series of cockfights in which at least two or more roosters fought each other, each with a sharp blade attached to its leg. The seven family members were sentenced collectively to 66 months in prison, 4 years of probation, and 2 years of home detention for their roles in operating the cockfighting pit and fighting-bird breeding businesses. They also conspired to violate the Animal Welfare Act and to operate an illegal gambling business. This case was investigated jointly with Homeland Security Investigations and with assistance from the U.S. Postal Inspection Service, a State law enforcement agency, and a county sheriff's office.

Strategic Goal 2—Integrity of Benefits

Our oversight focus within this goal includes assessing internal controls and identifying risk indicators that support both OIG's and USDA's ability to detect and prevent program abuse and criminal activity. We conducted a variety of audits, investigations, and data analytics work designed to help ensure benefits reach those for whom they are intended and increase transparency of program operations.

For example, OIG evaluated the Farm Service Agency's (FSA) administration and oversight of the 2017 Wildfires and Hurricanes Indemnity Program (WHIP) in Puerto Rico. OIG found that all 37 prices FSA established in Puerto Rico for tree, bush, and vine losses were inaccurate, not adequately supported, or both. As a result, FSA issued more than \$157 million in questioned payments for tree, bush, and vine losses in Puerto Rico. Additionally, FSA Puerto Rico officials did not use the correct actual production value when calculating WHIP payment amounts for producers who had insured production losses, which resulted in more than \$15.6 million in questioned costs and FSA having reduced assurance that the net payments for all insured production losses paid for 1,521 producer applications in Puerto Rico were accurate. Finally, we found that an FSA county committee member approved a State committee member's WHIP application without oversight from personnel at the State office or national office level. OIG made five recommendations to FSA and reached management decision on all but one of them.

As part of OIG's IRA-related oversight responsibilities, we issued an informational report, a new OIG product, as part of our ongoing audit of EQIP's payment schedule process. While providing general information, we also highlighted funding and program changes within EQIP.

A recent investigation resulted in an educational institution in New York admitting in Federal court that it was involved in several overlapping frauds, including a multi-million-dollar scheme to wrongfully obtain funds designated to feed needy schoolchildren. The school entered into a 3-year deferred prosecution agreement with the Government and agreed to pay \$5 million in penalties, in addition to more than \$3 million in restitution it had already paid.

OIG also published a data story product related to this goal. The purpose of a data story is to enhance the transparency of significant USDA programs using data analytics and visualizations while integrating data storytelling methods. The data story focuses on USDA's Coronavirus Food Assistance Program (CFAP) and illustrates how the CFAP 1 and CFAP 2 programs evolved. OIG did not make any recommendations.

Strategic Goal 3—Management Improvement Initiatives

To strengthen USDA's ability to achieve results-oriented performance, we focus our oversight activities on financial management, accountability, outreach activities, and employee misconduct. In addition, we perform oversight activities related to infrastructure and IRA initiatives.



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We recently conducted an inspection to review USDA Government cardholder transactions for improper or erroneous purchases. USDA has more than 11,000 cardholders who use commercial credit cards (purchase cards) to procure and purchase needed supplies and services.

During our review of 200 sampled transactions, we found that 71 were missing required documentation needed for properly approving purchases; 72 were made using open market vendors/non-mandatory sources and not a Federal mandatory source; 4 were part of a split-purchase pattern engaged in by 4 independent cardholders; and 4 erroneously paid sales taxes, and the cardholders did not attempt to recover the sales tax paid. Office of Contracting and Procurement (OCP) generally agreed with our findings and recommendations, and we accepted management decision on three of four recommendations.

As part of our IRA-related oversight activities, we reviewed the results of prior OIG and GAO engagements that were relevant to funding USDA received for IRA-related initiatives. We issued four memoranda in January 2023 that analyzed the results of our prior work related to Rural Development (RD), FSA, FS, and NRCS programs. While we issued no recommendations, identifying areas in which OIG reported past weaknesses and recommendations may provide these agencies insight to maintain or further strengthen existing controls for programs receiving IRA funding. We will continue monitoring USDA's implementation of the Act and address any related allegations of fraud related to these programs. We also continued to develop products for IJJA-related data products like those developed for COVID-19 initiatives and continued work on implementing a proactive strategy to investigate allegations of contract fraud and other instances of potential fraud related to IJJA programs.

In closing, the reported accomplishments are the result of the dedicated work of OIG's professional staff and their commitment to ensuring the efficiency and effectiveness of USDA programs. We look forward to continuing our collaborative working relationship with Secretary of Agriculture Tom Vilsack and USDA's management team, as well as interested Congressional Committees and Members of Congress, to ensure that USDA programs are accomplishing their intended missions.

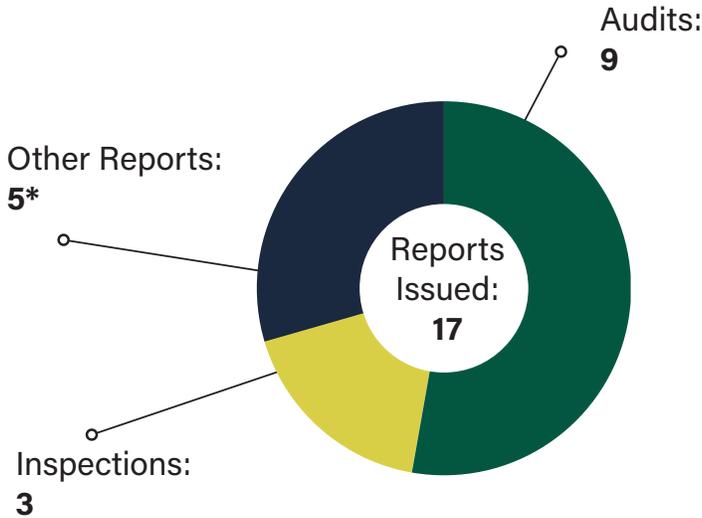
Phyllis K. Fong
Inspector General

New Report Format and Design

As part of the [James M. Inhofe National Defense Authorization Act for Fiscal Year 2023](#), Title LII, Inspector General Independence and Empowerment Matters, covers several matters concerning Inspector General independence, authorities, and responsibilities. Included in those provisions at Subtitle G, Section 5237, are changes to the semiannual reporting process, which are meant to streamline and simplify the related requirements in Section 5 of the Inspector General (IG) Act. We therefore have revamped our Semiannual Report to Congress (SARC) to a more streamlined version containing hyperlinks to relevant information, as appropriate.



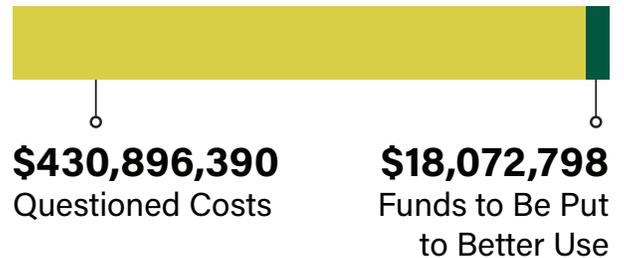
Statistical Highlights



*The other reports consist of four Inflation Reduction Act memoranda and one informational report.

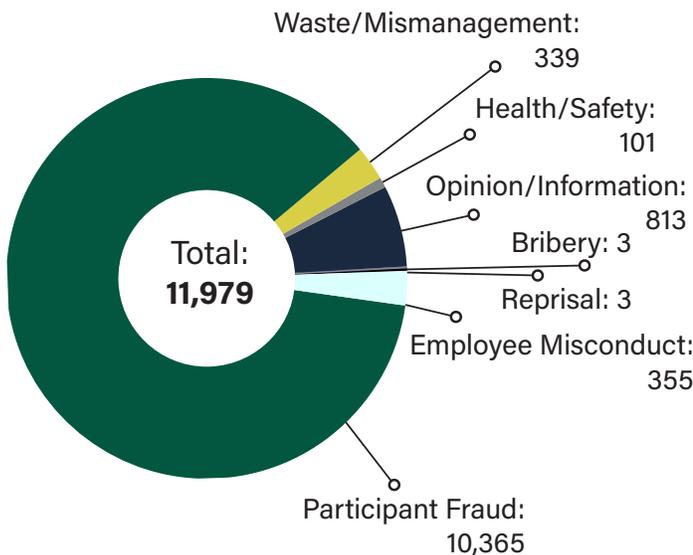
Audit Activities

Monetary Impact Total:
\$448,969,188



Investigation Activities

Hotline Complaints Processed



Impact: Criminal Prosecutions

Reports Issued: 71



Recoveries/Collections	\$695,788
Restitutions	\$28,174,767
Fines	\$6,685,508
Other Monetary Remedies	\$355
Asset Forfeitures	\$7,819,707
Claims Established	\$0
Cost Avoidance	\$44,652
Administrative Penalties	\$140
Special Assessments	\$26,075

Total Monetary Impact:
\$43,446,992



The Animal and Plant Health Inspection Service's Cattle Health Program protects and improves the quality, productivity, and economic viability of the U.S. cattle industry. Photo from USDA's Flickr account. It does not depict any particular audit or investigation summarized or listed in this report.

Goal 1: Safety and Security

Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.

OIG provides independent audits, investigations, inspections, data analytics, and other reviews to help USDA and the American people meet critical challenges in safety, security, public health, and animal welfare. Our work focuses on issues such as the ongoing challenges of the safety of the food supply, animal welfare, and IT security and management. The titles in this and following goals are hyperlinked to the complete OIG reports and U.S. Department of Justice (DOJ) press releases issued between October 1, 2022, and March 31, 2023, and published on [USDA OIG's website](#).

Cattle Health Program Disease Incident Response

OIG evaluated APHIS' oversight of response activities related to cattle disease incidents for the tuberculosis, brucellosis, and bovine spongiform encephalopathy programs. OIG made nine recommendations to APHIS and reached management decision on each of them. (Audit Report 33601-0003-41)

- Questioned Costs: \$613,227
 - ◆ Supported: \$613,227

- ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$18,072,798

Security Testing of a Selected USDA Network

OIG performed an inspection of the Office of the Chief Financial Officer (OCFO) National Finance Center (NFC) to determine how NFC prevents, detects, and resolves security vulnerabilities and the degree of sophistication an attacker needs to compromise USDA systems or data. OIG made three recommendations to OCFO and reached management decision on each of them. (Inspection Report 50801-0004-12)

Nebraska Beef, Ltd., and 2 Former Employees Sentenced for USDA Violations

Nebraska Beef, Ltd., an Omaha, Nebraska, food processing company, was sentenced to 1 year of probation and ordered to pay a \$200,000 fine for false representation relating to agricultural grading records. Nebraska Beef also paid a \$550,000 fine as part of a civil settlement with the



Goal 1: Safety and Security

Government. Previously, in May 2022, a former employee of Nebraska Beef was sentenced to 6 months of probation and ordered to pay a \$1,000 fine. In September 2022, the former chief financial officer was sentenced to 2 years of probation for false representation relating to agricultural grading records, and fined \$1,000.

Seven Alabama Residents Sentenced for Felony Violations of the Animal Welfare Act, Ending One of the Largest Cockfighting Operations in the Country

Seven Alabama residents, all members of the same family, were sentenced based on their roles operating a large-scale cockfighting arena and massive fighting-bird breeding businesses, and for conspiring to violate the Animal Welfare Act and to operate an illegal gambling business.

Maryland Livestock Brokers Sentenced To 30 Months' Imprisonment for Exporting Dairy Cattle Through Fraudulent Health Certificates

Two Maryland residents were each sentenced to 30 months in prison for a conspiracy to defraud and commit offenses against the United States. Collectively, they were ordered to pay more than \$1.9 million in fines and forfeiture.

Baton Rouge [Louisiana] Man Sentenced for Animal Fighting Venture Crimes

A Louisiana man was sentenced to 12 months and 1 day in prison for possessing dogs for the purpose of using them in an animal fighting venture.

Livestock Dealer and Four of Its Managers Sentenced in Widespread Pig Fraud Scheme

An Iowa corporation was sentenced in Federal court to 5 years of probation, fined \$196,000, and ordered to pay more than \$3 million in restitution to livestock producers and farmers. Four high-level managers also were sentenced for their part in the case. OIG and the Federal Bureau of Investigations uncovered the wide-ranging scheme to defraud livestock producers throughout the Midwest that spanned nearly 2 decades and caused over \$3 million in loss.

North Carolina Dog Fighters Sentenced to Federal Prison

Two North Carolina residents were sentenced to 16 months and 6 months in prison, respectively, for violations of the Animal Welfare Act for engaging in dogfighting and related criminal conduct. In addition, each will serve 2 years of supervised release.



Fighting scars can be found on the face, front legs, hind ends, and thighs of dogs used for dogfighting. Heavy chains can be used to build strength. Photo by USDA OIG. It does not depict any particular audit or investigation summarized or listed in this report.

Ongoing Reviews

- Wildlife Services' Role in Administering the Mexican Wolf Recovery Program (APHIS)
- COVID-19—Response to the Coronavirus Pandemic at Recreation Sites (FS)
- Security Over USDA Mobile Applications (Multi-Agency)
- Security Testing of a Selected USDA Network (Fiscal Year 2023) (Multi-Agency)
- USDA, Office of the Chief Information Officer, Fiscal Year 2023 Federal Information Security Modernization Act (Multi-Agency)
- USDA's Compliance with Binding Operational Directives 19-02 and 22-01 (Multi-Agency)



The Animal and Plant Health Inspection Service safeguards the United States' agriculture and natural resources against the entry, establishment, and spread of economically and environmentally significant pests, and facilitates the safe trade of agricultural products. Photo by Scott Bauer from USDA's Flickr account. It does not depict any particular audit or investigation summarized or listed in this report.

Goal 2: Integrity of Benefits

Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.

OIG conducts audits, investigations, inspections, data analytics, and other reviews to help ensure or restore integrity in various USDA benefit and entitlement programs, including a variety of programs that provide payments directly and indirectly to individuals and entities. Some of the programs are among the largest in the Federal Government and support nutrition, farm production, and rural development.

Wildfires and Hurricanes Indemnity Program—Puerto Rico

We evaluated FSA's administration and oversight of the WHIP in Puerto Rico. OIG made five recommendations to FSA and reached management decision on each of them. (Audit Report 03702-0003-31)

- Questioned Costs: \$172,893,417
 - ◆ Supported: \$172,893,417
 - ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$0

Farm Service Agency's Conservation Reserve Program Payment Calculations

We reviewed the process FSA used to calculate Conservation Reserve Program payments, incentives, and adjustments for October 1, 2020, through March 31, 2022. OIG made no recommendations in this report. (Inspection Report 03801-0001-24)

Environmental Quality Incentives Program

As part of OIG's oversight responsibility, we issued an informational report, a new OIG product, about EQIP as part of our ongoing audit of its payment schedule process.¹ While providing general information, we also highlighted funding and program changes within EQIP. OIG made no recommendations in this report. (Informational Report 10601-0008-31(IN1))

Supplemental Nutrition Assistance Program Waiver Process

We evaluated the FNS policies and procedures for administration of SNAP waivers to determine whether

¹ *Environmental Quality Incentives Program Payment Schedule—Cost Estimation Process* (Audit 10610-0008-31, in progress).



Goal 2: Integrity of Benefits

FNS has adequate controls to ensure the SNAP waiver process complies with requirements. OIG made two recommendations to FNS and reached management decision on each of them. (Audit Report 27601-0006-41)

Plant Pest and Disease Management and Disaster Prevention Program

OIG reviewed APHIS' management of the Plant Pest and Disease Management and Disaster Prevention Program funds and projects. OIG made four recommendations to APHIS and reached management decision on each of them. (Audit Report 33601-0001-21)

- Questioned Costs: \$123,424,774
 - ◆ Supported: \$123,424,774
 - ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$0

USDA Coronavirus Food Assistance Program Data Story

This [data story](#) is the second in a series and focuses on USDA's CFAP. This product utilized data analytics, visualizations, and data storytelling methods to enhance transparency as to how the CFAP 1 and CFAP 2 programs evolved over time. OIG did not make any recommendations. (Analytics and Innovation Report 22- 033-01)

North Carolina Man Sentenced for Making a False Statement to Federal Representative

A North Carolina man was sentenced to 1 year in prison, followed by 3 years of supervised release, for lying to USDA regarding the coal he pledged as collateral for a \$9 million USDA-backed business loan. He also was sentenced to pay more than \$1.3 million in restitution and a \$25,000 fine.

Birmingham [Alabama] Store Manager Sentenced for Wire Fraud and Tax Fraud

A Federal judge sentenced a manager of a Birmingham grocery store to 46 months in prison, followed by 3 years of supervised release, for wire fraud and tax fraud. The manager also was ordered to pay restitution of \$847,001 to the Internal Revenue Service and more than \$4.7 million to USDA.

East Bay [California] Convenience Store Owner Sentenced to More Than Three Years in Prison for Role in Food Stamp Fraud Conspiracies

A California store owner was sentenced to 37 months in prison for his role in multiple schemes to defraud Government benefits programs through the unlawful trafficking of Federal SNAP benefits. In addition to the



The 2017 Wildfires and Hurricanes Indemnity Program provided payments to eligible producers to offset losses from hurricanes and wildfires, such as damage from Hurricane Maria. Photo from USDA's Flickr account by Puerto Rico Department of Agriculture. It does not depict any particular audit or investigation summarized or listed in this report.

prison term, the store owner was ordered to serve 3 years of supervised release, to begin after his release from prison, and to pay a fine of \$15,000.

Convenience Store Owner, Worker, Sentenced to Prison for Defrauding Federal Food Stamp Program

A Connecticut store owner was sentenced to 1 year and 1 day in prison and 3 years of supervised release for SNAP fraud offenses. He also was ordered to pay a \$5,000 fine and has paid \$211,208 restitution in full. The storeowner's father was sentenced to 2 months in prison, 2 years of supervised release, and fined \$2,500.



Goal 2: Integrity of Benefits



**We Welcome
SNAP
Benefits**



The Supplemental Nutrition Assistance Program, the largest Federal nutrition program, was designed to increase the food purchasing power of eligible, low-income households and help them obtain a more nutritious diet. Photo from USDA's Flickr account. It does not depict any particular audit or investigation summarized or listed in this report.

[Georgia Man Sentenced to Federal Prison for Using Stolen Identities to Obtain Food Stamps and Attempt to Purchase a Luxury Vehicle](#)

A Georgia man was sentenced to 24 months in Federal prison and 1 year of supervised release for using stolen identities to fraudulently obtain SNAP benefits and an attempt to purchase a luxury vehicle worth nearly \$80,000. He used an adult victim's personal information to submit an application to the Oregon Department of Human Services, which was approved, and he received \$1,152 in food stamps.

[Brooklyn \[New York\] Yeshiva Admits to Pervasive Program and Benefit Fraud Conspiracy](#)

An educational institution entered into a 3-year deferred prosecution agreement with the Government after admitting in Federal court that it was involved in several overlapping frauds, including a multi-million-dollar scheme to wrongfully obtain funds designated to feed needy schoolchildren. As part of this agreement, the school

agreed to pay \$5 million in penalties, in addition to more than \$3 million in restitution it had already paid, to resolve the investigation into the school's fraudulent conduct.

[Final Defendant Sentenced for Role in Conspiracy to Defraud U.S. Department of Agriculture](#)

Two Florida residents were sentenced to Federal prison for conspiracy to defraud and to make false statements to USDA relating to SNAP. In addition, the court ordered restitution to USDA for more than \$654,000. Another Florida resident was previously sentenced for their role in this case.

Other information related to this case:

- [Second Defendant Sentenced for Role in Conspiracy to Defraud U.S. Department of Agriculture](#)
- [Tampa \[Florida\] Man Sentenced for Role in Conspiracy to Defraud U.S. Department of Agriculture](#)

[Michigan Farmer Agrees to \\$1.2 Million Settlement to Resolve Allegations of Federal Crop Insurance and Farm Benefit Program Fraud](#)

A Michigan farmer and a related business agreed to pay \$1.2 million to resolve allegations that they violated the False Claims Act by causing the submission of fraudulent claims for Federal crop insurance and Federal farm benefit payments. This settlement resolves civil claims the United States brought against the defendants in a December 2021 lawsuit.

[Texas Woman Sentenced for Fraud and Money Laundering Conspiracies Targeting Federally Funded Meal Programs for Underprivileged Youth](#)

A Texas woman was sentenced to 36 months in prison for conspiracy to commit mail and wire fraud and conspiracy to commit money laundering in the Child and Adult Care Feeding Program and the Summer Food Service Program. In addition, the court ordered restitution to USDA in the amount of \$1.5 million and forfeiture of more than \$427,000.



Goal 2: Integrity of Benefits



Ongoing Reviews

- COVID-19—Farmers to Families Food Box Program Administration (Agricultural Marketing Service (AMS))
- Food Purchase and Distribution Program (AMS)
- Controls Over the Market Access Program (Foreign Agricultural Service (FAS))
- COVID-19—Pandemic Electronic Benefits Transfer (FNS)
- COVID-19—Coronavirus Food Assistance Program—Direct Support (FSA)
- Conservation Stewardship Program—Participant Control of Land (Multi-Agency)
- USDA Agency Coordination of Organic Crop Information (Multi-Agency)
- Environmental Quality Incentives Program Payment Schedule—Cost Estimation Process (NRCS)
- Apiculture Insurance Program (Risk Management Agency (RMA))
- Hemp Crop Provisions (RMA)
- Prevented Planting Followup (RMA)
- Whole-Farm Revenue Protection Pilot Program (RMA)
- Controls Over the Meat and Poultry Processing Expansion Program Award Process (Phase 1) (Rural Business-Cooperative Service (RBCS))
- Administration of Water and Waste Program Grants (Rural Utilities Service (RUS))
- Rural eConnectivity Pilot Program (ReConnect Program)—Award Process (RUS)

Various schemes are used to defraud crop insurance, including the selling of tobacco at market after filing a crop insurance claim and receiving payment. Photo by USDA OIG. It does not depict any particular audit or investigation summarized or listed in this report.



This electronic card reader using a wireless connection allows consumers to use the USDA Food and Nutrition Service's Supplemental Nutrition Assistance Program electronic benefits transfer cards. Photo by Lance Cheung from USDA's Flickr account. It does not depict any particular audit or investigation summarized or listed in this report.



Goal 3: Management Improvement Initiatives

Strengthen USDA's ability to achieve results-oriented performance.

OIG conducts audits, investigations, inspections, data analytics, and other reviews that focus on areas such as improved financial management and accountability, property management, employee integrity, and the Government Performance and Results Act. The effectiveness and efficiency with which USDA manages its assets are critical to its success.

Government Purchase Card

OIG reviewed USDA cardholder transactions for improper or erroneous purchases. OIG made four recommendations to OCP and reached management decision on three of them. (Inspection Report 96801-0001-22)

- Questioned Costs: \$133,964,972
 - ◆ Supported: \$133,964,972
 - ◆ Unsupported: \$0
- Funds to Be Put to Better Use: \$0

USDA and Agency Financial Statements

OIG audited USDA's consolidated financial statements for FYs 2022 and 2021. In auditing USDA's consolidated financial statements, OIG also either performed or oversaw contractors as they performed audits of four USDA agencies' financial statements. The Department and all four agencies received an unmodified opinion from the audits of their consolidated financial statements. We or the independent certified financial accounting firm determined that the consolidated financial statements present fairly the Department's or agency's financial position as of September 30, 2022 and 2021, in all material respects and were prepared in accordance with United States of America generally accepted accounting principles. This includes the agency's net costs, changes in net position, and statements of budgetary resources and related notes to the consolidated financial statements.



Goal 3: Management Improvement Initiatives

[USDA's Consolidated Financial Statements for Fiscal Years 2022 and 2021](#)

OIG audited USDA's consolidated financial statements for FYs 2022 and 2021. OIG made no recommendations in this report. (Audit Report 50401-0021-11)

[Natural Resources Conservation Service's Financial Statements for Fiscal Years 2022 and 2021](#)

An independent certified public accounting firm was engaged to audit the financial statements of NRCS as of September 30, 2022, and 2021 and for the fiscal years there ended. We made six recommendations to NRCS and reached management decision on each of them. (Audit Report 10403-0005-11)

[Commodity Credit Corporation's Financial Statements for Fiscal Years 2022 and 2021](#)

An independent certified public accounting firm was engaged to audit the financial statements of Commodity Credit Corporation (CCC) as of September 30, 2022, and 2021 and for the fiscal years there ended. We made one recommendation to CCC and reached management decision on it. (Audit Report 60403-0005-11)

[Rural Development's Financial Statements for Fiscal Years 2022 and 2021](#)

OIG audited RD consolidated financial statements for FYs 2022 and 2021. OIG made no recommendations in this report. (Audit Report 85401-0013-11)

[Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2022 and 2021](#)

OIG audited the Federal Crop Insurance Corporation/Risk Management Agency (FCIC/RMA) financial statements for FYs 2022 and 2021. OIG made no recommendations in this report. (Audit Report 05401-0014-11)

Inflation Reduction Act Reviews

As part of OIG's oversight responsibility, we reviewed the results of prior OIG and GAO engagements that were relevant to the funding provided by IRA. Identifying areas in which OIG reported past weaknesses and recommendations may provide insight to maintain or further strengthen existing controls for programs receiving IRA funding to the following agencies:

- [Rural Development](#)
- [Farm Service Agency](#)
- [Forest Service](#)
- [Natural Resources Conservation Service](#)

OIG made no recommendations in these memoranda.



Courtesy photo/AdobeStock



Goal 3: Management Improvement Initiatives

Ongoing Reviews

- Review of Agency Financial Statements for Fiscal Years 2023 and 2022 (CCC, FCIC/RMA, NRCS, RD)
- Implementation of the Domestic Hemp Production Program (AMS)
- National Organic Program—Informational Report on Strengthening Organic Enforcement (AMS)
- Controls Over McGovern-Dole Food for Education Program Funding (FAS)
- IIJA—Capital Improvement and Maintenance—Legacy Road and Trail Remediation Program (FS)
- IIJA—Collaborative Aquatic Landscape Restoration Program (FS)
- IIJA—Community Wildfire Defense Grant Program for At-Risk Communities (FS)
- IIJA—Hazardous Fuels Management (FS)
- IIJA—Restoration Projects on Federal/Non-Federal Land (FS)
- Controls Over Departmental Shared Cost Programs and Working Capital Fund (Multi-Agency)
- USDA’s Compliance with Improper Payment Requirements for Fiscal Year 2022 (Multi-Agency)
- Agriculture and Food Research Initiative (NIFA)
- IIJA—Bioproduct Pilot Program (NIFA)
- Agreed-Upon Procedures—Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management for Fiscal Year 2023 (OCFO)
- General and Application Controls Work for Financial Statement Audits for Fiscal Years 2023 and 2022 (OCFO)
- Independent Service Auditor’s Report on Financial Management Services’ Description of Its Financial Systems and the Suitability of the Design and Operating Effectiveness of Controls for the Period October 1, 2022, through June 30, 2023 (OCFO)
- Independent Service Auditor’s Report on National Finance Center’s Description of Its Payroll and Personnel Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2022, through June 30, 2023 (OCFO)
- Independent Service Auditor’s Report on the OCIO’s Description of Its Data Center Hosting and Security Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2022, through June 30, 2023 (Office of the Chief Information Officer (OCIO))
- USDA’s Consolidated Financial Statements for Fiscal Years 2023 and 2022 (OCFO)
- Uniform Residential Loan Application Project (Rural Housing Service (RHS))
- Distance Learning and Telemedicine (RUS)



Courtesy photo/AdobeStock



Peer Reviews and Other Reviews

Peer Reviews and Outstanding Recommendations

External Peer Review of USDA OIG's Office of Audit

In December 2022, the U.S. Environmental Protection Agency OIG issued its final report on the peer review it conducted on USDA OIG's Office of Audit. USDA OIG received a grade of "pass with deficiencies." All recommendations resulting from that peer review have been fully implemented.

During this reporting period, the U.S. Postal Service OIG notified us that their peer review of USDA OIG's Office of Audit would begin on or about April 1, 2023.

External Peer Review of USDA OIG's Office of Investigations

In June 2019, the U.S. Department of Labor (DOL) OIG conducted an external peer review of USDA OIG's system of internal safeguards and management procedures for the investigative function for the period ending April 2019.

The peer review was completed and DOL OIG issued its final report, dated November 1, 2019. DOL OIG determined that USDA OIG was compliant with the quality standards established by Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the other applicable guidelines and statutes cited. No findings or deficiencies were identified.



PEER-REVIEW ACTIVITIES

Peer Review Conducted by USDA OIG

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

Review of Legislation, Regulations, Directives, and Memoranda

Pursuant to the IG Act of 1978, one of the duties and responsibilities of the IG is to review existing and proposed legislation and regulations relating to the agency's programs and operations and to make recommendations concerning the impact of such legislation or regulations on (1) the economy and efficiency in the administration of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in such programs and operations. As such, OIG reviews proposed legislation and regulations that we identify or are sent to us for review through USDA. OIG also participates in review of legislative items that may affect the IG community at large, through participation in CIGIE activities. OIG also responds to Congressional requests for technical assistance and input as requested. Overall, during this reporting period, OIG reviewed eight legislative proposals and provided input on two items. The comments related to the following: technical assistance to Congress on activities related to SNAP and technical assistance to CIGIE regarding a proposal to establish a CIGIE permanent data and analytics capability for the IG community. Additionally, we reviewed one regulatory item for review and did not provide comment.



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Assessing Performance Results

Assessing the Impact of OIG

Our mission is to promote economy, efficiency, and integrity of USDA programs and operations through the audits, investigations, inspections, data analytics, and reviews. We accomplish our mission by way of an organizational culture that embraces the value and dignity of all individuals and encourages innovation, trust, and positive change through a diverse and inclusive workforce.

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

We measure our impact by assessing the extent to which our work is focused on the key issues under our three mission goals. These goals are:

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

Impact of OIG Audits, Inspections, Investigations, and Analytics Work on Department Programs

We also measure our impact by tracking the outcomes of our audits, inspections, investigations, and analytics work. Many of these measures are codified in the IG Act of 1978, as amended. The following pages present a statistical overview of OIG's accomplishments this period.

For audits and inspections, we present:

- Reports issued,
- Management decisions made (number of reports and recommendations),
- Total dollar impact of reports (questioned costs and funds to be put to better use) at issuance, and
- Reports without corrective action.

For investigations, we present:

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

For analytics, we present: data analytics projects issued.



Assessing Performance Results

Performance Results Under Our Strategic Goals

Performance Measures	FY 2022 ACTUAL	FY 2023 TARGET	FY 2023 1ST HALF ACTUAL
 <p>OIG direct resources dedicated to critical-risk and high-impact activities</p>	99.5%	96%	99.5%
 <p>Audit recommendations where management decisions are achieved within 1 year</p>	100%	95%	100%
 <p>Mandatory, Congressional, Secretarial, and Agency requested audits initiated where the findings and recommendations are presented to the auditee within established or agreed-to timeframes (includes verbal commitments)</p>	100%	95%	100%
 <p>Closed investigations that resulted in a referral for action to DOJ, State, or local law enforcement officials, or a relevant administrative authority</p>	98.3%	90%	100%
 <p>Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result</p>	91.1%	85%	93.4%

Note: Unless we are reporting exact numbers, our general practice is to round numbers down to prevent overstating our results.



Assessing Performance Results

OIG Accomplishments for FY 2023, First Half (October 1, 2022-March 31, 2023)

Summary of Audit Activities	FY 2023 1st Half
Number of Final Reports	9
Number of Interim Reports	0
Number of Inspection Reports	3
Number of Final Action Verification Reports	0
Number of Inflation Reduction Act Memoranda	4
Number of Informational Reports	1
Number of Final Report Recommendations	27
Number of Interim Report Recommendations	0
Number of Inspection Report Recommendations	7
Total Dollar Impact of Reports at Issuance	
	\$448,969,188
Questioned/Unsupported Costs	\$430,896,390
Funds to Be Put to Better Use	\$18,072,798
Management Decisions Reached	
Number of Final Reports	8
Number of Final Report Recommendations	37
Number of Inspection Reports	1
Number of Inspection Report Recommendations	3



Assessing Performance Results

Summary of Investigative Activities	FY 2023 1st Half
Reports Issued	71
Indictments	140
Convictions	117
Arrests	183
Administrative Sanctions	64
Total Dollar Impact	\$43,446,992

Summary of Analytics and Innovation Activities	FY 2023 1st Half
Number of Data Analytics Projects	1

Recognition of OIG Employees by the Inspector General Community

Council of the Inspectors General on Integrity and Efficiency Awards— Presented in October 2022

Audit Award for Excellence

Trade Mitigation and Market Facilitation Program Team. In recognition of the team's extraordinary efforts to review \$28 billion in aid to America's farmers and ranchers.

Investigations Award for Excellence

Federal Crop Insurance Investigation Team. In recognition of the outstanding dedication, perseverance, and teamwork in connection with one of the largest Federal Crop Insurance Program investigations in U.S. history.

Multiple Disciplines Award for Excellence

SNAP Program Quality Control Process Review Team. In recognition of the audit and investigation of states that used consulting services to improve error rates associated with USDA's SNAP.



Reports With Corrective Actions That Have Not Been Completed by March 31, 2023, by Agency

This appendix provides a summary of audit, inspection, or interim audit reports issued by OIG prior to October 1, 2022, with recommendations that have corrective actions that were not completed by March 31, 2023. Corrective actions that are not complete are recommendations that are pending final action, collection, or management decision and the Department had not taken corrective action to close them in its records. A link to each report shows the detail for each recommendation on OIG’s website.

APHIS: Animal and Plant Health Inspection Service

33601-0002-31

[Animal Care Program Oversight of Dog Breeders](#)

Issue Date: June 30, 2021

Recommendation No. 1

Potential Cost Savings: N/A

33601-0004-23

[Follow-Up on Smuggling Interdiction and Trade Compliance Program](#)

Issue Date: September 29, 2021

Recommendation Nos. 3, 8

Potential Cost Savings: N/A

33701-0001-21

[National Veterinary Stockpile Oversight](#)

Issue Date: September 23, 2020

Recommendation No. 7

Potential Cost Savings: N/A

33701-0002-21

[Controls Over Select Agents](#)

Issue Date: July 27, 2021

Recommendation Nos. 8, 9, 10

Potential Cost Savings: N/A

50601-0001-32

[Controls Over APHIS’ Introduction of Genetically Engineered Organisms](#)

Issue Date: September 22, 2015

Recommendation No. 8

Potential Cost Savings: N/A

50701-0001-21

[USDA Agency Activities for Agroterrorism Prevention, Detection, and Response](#)

Issue Date: September 12, 2018

Recommendation No. 4

Potential Cost Savings: N/A

CCC: Commodity Credit Corporation

06403-0004-11

[Commodity Credit Corporation’s Financial Statements for Fiscal Years 2021 and 2020](#)

Issue Date: November 15, 2021

Recommendation No. 7

Potential Cost Savings: N/A

ERS: Economic Research Service

14801-0001-24

[Economic Research Service’s Data Product Review Council Review Process](#)

Issue Date: September 28, 2022

Recommendation Nos. 1, 2, 3

Potential Cost Savings: N/A

FAS: Foreign Agricultural Service

07601-0001-24

[Oversight of the Agricultural Trade Promotion Program](#)

Issue Date: August 29, 2022

Recommendation No. 1

Potential Cost Savings: \$300,000,000

Recommendation Nos. 2, 3

Potential Cost Savings: N/A

FNS: Food and Nutrition Service

27004-0004-21

[Texas’ Controls Over Summer Food Service Program](#)

Issue Date: March 14, 2019

Recommendation No. 17

Potential Cost Savings: \$201

Recommendation No. 5

Potential Cost Savings: N/A

27601-0001-31

[FNS: Controls for Authorizing Supplemental Nutrition Assistance Program Retailers](#)

Issue Date: July 31, 2013

Recommendation No. 10

Potential Cost Savings: N/A

27601-0003-10

[New Mexico’s Compliance with SNAP Certification of Eligible Households Requirements](#)

Issue Date: September 27, 2016

Recommendation No. 2

Potential Cost Savings: \$2,194

Recommendation No. 11

Potential Cost Savings: \$6,721



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Recommendation No. 16
Potential Cost Savings: \$2,900
Recommendation Nos. 5, 9, 14, 18
Potential Cost Savings: N/A

27601-0005-41
[Consolidated Report of FNS and Selected State Agencies' Controls Over \[Summer Food Service Program\] SFSP](#)

Issue Date: September 18, 2020
Recommendation No. 11
Potential Cost Savings: \$6,089,279
Recommendation Nos. 3, 4, 5, 6, 7, 9, 10, 13, 15
Potential Cost Savings: N/A

27601-0013-10
[Compilation Report of States' Compliance with SNAP Requirements for Participating State Agencies \(7 CFR, Part 272\)](#)

Issue Date: December 19, 2017
Recommendation No. 1
Potential Cost Savings: N/A

27601-0019-10
[Compilation Report of States' Compliance with Requirements for the Issuance and Use of Supplemental Nutrition Assistance Program Benefits \(7 CFR, Part 274\)](#)

Issue Date: September 28, 2018
Recommendation No. 3
Potential Cost Savings: N/A

27702-0001-22
[Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria](#)

Issue Date: October 18, 2019
Recommendation No. 8
Potential Cost Savings: \$1,258,308

27801-0001-21
[COVID-19—Oversight of the Emergency Food Assistance Program—Final Report](#)

Issue Date: August 18, 2022
Recommendation Nos. 1, 3, 4
Potential Cost Savings: N/A

27801-0001-21 (1)
[COVID-19—Oversight of the Emergency Food Assistance Program—Interim Report](#)

Issue Date: August 24, 2021
Recommendation No. 2
Potential Cost Savings: N/A

27801-0003-22
[COVID-19—Supplemental Nutrition Assistance Program Online Purchasing in Response to Coronavirus Disease 2019](#)

Issue Date: August 25, 2021
Recommendation Nos. 1, 2
Potential Cost Savings: N/A

FPAC: Farm Production and Conservation Business Center
10801-0001-12
[Review of an NRCS IT-Related Contract](#)

Issue Date: March 30, 2020
Recommendation No. 1
Potential Cost Savings: N/A

FSA: Farm Service Agency
03006-0001-TE
[1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX](#)

Issue Date: January 2, 1996
Recommendation No. 1A
Potential Cost Savings: \$2,203,261

03099-0181-TE
[Farm Service Agency Payment Limitation Review in Louisiana](#)

Issue Date: May 9, 2008
Recommendation No. 2
Potential Cost Savings: \$1,432,622

03601-0001-22
[Farm Service Agency Compliance Activities](#)

Issue Date: July 31, 2014
Recommendation Nos. 3, 5
Potential Cost Savings: N/A

03601-0003-31
[Market Facilitation Program](#)

Issue Date: March 9, 2022
Recommendation No. 1
Potential Cost Savings: \$57,199,419
Recommendation No. 2
Potential Cost Savings: \$7,992
Recommendation No. 4
Potential Cost Savings: N/A

03601-0003-31 (1)
[Market Facilitation Program—Interim Report](#)

Issue Date: September 30, 2020
Recommendation No. 2
Potential Cost Savings: N/A

03601-0007-TE
[Emergency Feed Program in Texas](#)
Issue Date: September 18, 1996



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Recommendation No. 5B
Potential Cost Savings: \$52,106

03601-0012-AT
[Farm Service Agency: Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas](#)

Issue Date: September 26, 2007
Recommendation No. 2
Potential Cost Savings: \$119,568

03601-0023-KC
[Farm Service Agency Hurricane Relief Initiatives: Livestock Indemnity and Feed Indemnity Programs](#)

Issue Date: February 2, 2009
Recommendation No. 4
Potential Cost Savings: \$860,971

03702-0001-23
[2017 Emergency Assistance for Honeybee Claims](#)

Issue Date: September 28, 2020
Recommendation No. 6
Potential Cost Savings: \$88,932
Recommendation No. 9
Potential Cost Savings: \$1,102,008
Recommendation No. 11
Potential Cost Savings: \$3,028,335
Recommendation Nos. 8, 12, 13
Potential Cost Savings: N/A

03702-0001-32
[Farm Service Agency: Livestock Forage Program](#)

Issue Date: December 10, 2014
Recommendation No. 10
Potential Cost Savings: N/A

03702-0002-23
[2017 Hurricane Relief Emergency Conservation Program](#)

Issue Date: June 9, 2021
Recommendation No. 1
Potential Cost Savings: \$661,078
Recommendation No. 3
Potential Cost Savings: \$718,755
Recommendation No. 9
Potential Cost Savings: \$556,678
Recommendation Nos. 4, 5, 6, 8
Potential Cost Savings: N/A

03702-0002-31
[Wildfires and Hurricanes Indemnity Program](#)

Issue Date: September 28, 2020

Recommendation No. 2
Potential Cost Savings: \$4,268,395

50099-0011-SF
[Natural Resources Conservation Service and Farm Service Agency: Crop Bases on Lands with Conservation Easement—State of California](#)

Issue Date: August 27, 2007
Recommendation No. 2
Potential Cost Savings: \$1,290,147

50601-0003-22
[Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS](#)

Issue Date: January 27, 2017
Recommendation No. 2
Potential Cost Savings: N/A

50601-0010-31
[Beginning Farmers](#)
Issue Date: September 26, 2022
Recommendation No. 1
Potential Cost Savings: N/A

50601-0015-AT
[Hurricane Indemnity Program—Integrity of Data Provided by RMA](#)

Issue Date: March 31, 2010
Recommendation No. 5
Potential Cost Savings: \$1,061,958¹

50703-0001-23
[American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program](#)

Issue Date: October 18, 2013
Recommendation No. 9
Potential Cost Savings: \$84,000

FSIS: Food Safety and Inspection Service

24016-0001-23
[Food Safety and Inspection Service Followup on the 2007 and 2008 Audit Initiatives](#)

Issue Date: June 7, 2021
Recommendation Nos. 3, 12
Potential Cost Savings: N/A

24801-0001-23
[COVID-19—Food Safety and Inspection Service Pandemic Response at Establishments](#)

Issue Date: July 26, 2022

² Recommendation 6 in the report was coded to be included in this Recommendation 5 monetary amount. Recommendation 6 reads: RMA should determine whether the 18 policies that OIG identified with unsupported changes and that resulted in \$246,346 in Hurricanes Indemnity Program payments need to be corrected. Direct the approved insurance providers to reverse the changes, and provide FSA a list of these corrections.



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Recommendation No. 1
Potential Cost Savings: N/A

NIFA: National Institute of Food and Agriculture
13601-0001-22
[NIFA Formula Grant Programs' Controls Over Fund Allocations to States](#)

Issue Date: August 7, 2019
Recommendation Nos. 8, 10, 11
Potential Cost Savings: N/A

NRCS: Natural Resources Conservation Service
10099-0001-23
[Controls Over Conservation Innovation Grants Program](#)

Issue Date: September 11, 2018
Recommendation No. 6
Potential Cost Savings: \$1,271,659

10403-0003-11
[Natural Resources Conservation Service's Financial Statements for Fiscal Years 2020 and 2019](#)

Issue Date: November 19, 2020
Recommendation No. 9
Potential Cost Savings: N/A

10403-0004-11
[Natural Resources Conservation Service's Financial Statements for Fiscal Years 2021 and 2020](#)

Issue Date: November 15, 2021
Recommendation Nos. 5, 6, 7, 9
Potential Cost Savings: N/A

10601-0004-31
[NRCS Regional Conservation Partnership Program Controls](#)

Issue Date: June 28, 2018
Recommendation No. 3
Potential Cost Savings: \$632,687

10702-0001-23
[Hurricane Disaster Assistance—Emergency Watershed Protection Program](#)

Issue Date: June 25, 2021
Recommendation No. 3
Potential Cost Savings: \$41,245,287
Recommendation No. 6
Potential Cost Savings: \$198,502,181²
Recommendation No. 8
Potential Cost Savings: N/A

11601-0001-12
[USDA's Fiscal Year 2019, First Quarter DATA Act Submission](#)

Issue Date: November 8, 2019
Recommendation No. 3
Potential Cost Savings: N/A

OASCR: Office of the Assistant Secretary of Civil Rights
60601-0001-21
[USDA Oversight of Civil Rights Complaints](#)

Issue Date: September 22, 2021
Recommendation Nos. 1, 2, 4, 6, 8, 13, 14, 15, 17, 18, 20
Potential Cost Savings: N/A

OCFO: Office of the Chief Financial Officer
50401-0020-11
[USDA's Consolidated Financial Statements for Fiscal Years 2021 and 2020](#)

Issue Date: November 15, 2021
Recommendation No. 1
Potential Cost Savings: N/A

OCIO: Office of the Chief Information Officer
50501-0017-12
[Security Over Select USDA Agencies' Networks and Systems FY 2019](#)

Issue Date: September 28, 2018
Recommendation Nos. 1, 3
Potential Cost Savings: N/A

50501-0020-12(1)
[Improper Usage of USDA's Information Technology Resources—Interim Report](#)

Issue Date: June 27, 2018
Recommendation Nos. 2, 5
Potential Cost Savings: N/A

50501-0021-12
[Data Encryption Controls Over Personally Identifiable Information on USDA Information Technology Systems](#)

Issue Date: August 1, 2019
Recommendation Nos. 1, 2
Potential Cost Savings: N/A

50501-0022-12
[Security Over Select USDA Agencies' Networks and Systems FY 2019](#)

Issue Date: September 30, 2020
Recommendation Nos. 4, 6, 10
Potential Cost Savings: N/A

50501-0023-12
[U.S. Department of Agriculture's 2020 Compliance with the Geospatial Data Act](#)

Issue Date: September 29, 2020
Recommendation No. 1
Potential Cost Savings: N/A

³ Texas, Florida, and Puerto Rico were collectively allocated a total sum of more than \$239.7 million for approved Damage Survey Reports. This amount of \$198.5 million is the \$239.7 million minus the \$41.2 million we questioned in Finding 2, which was questioned due to sponsor eligibility.



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50501-0026-12
[USDA's Compliance with the Geospatial Data Act for Fiscal Year 2022](#)

Issue Date: September 26, 2022
Recommendation Nos. 1, 2, 4, 5, 6
Potential Cost Savings: N/A

50503-0005-12
[U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2021 Federal Information Security Modernization Act](#)

Issue Date: October 29, 2021
Recommendation Nos. 3, 4, 8
Potential Cost Savings: N/A

50503-0009-12
[U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2022 Federal Information Security Modernization Act](#)

Issue Date: September 27, 2022
Recommendation Nos. 2, 7
Potential Cost Savings: N/A

50801-0002-12
[Security Over USDA Web Applications](#)

Issue Date: October 27, 2021
Recommendation Nos. 1, 2
Potential Cost Savings: N/A

50801-0003-12
[Secure Configuration of USDA's Virtualization Platforms](#)

Issue Date: August 18, 2022
Recommendation Nos. 1, 2
Potential Cost Savings: N/A

OCP: Office of Contracting and Procurement
11601-0002-12
[USDA's Digital Accountability and Transparency Act Compliance Efforts for Fiscal Years 2020 and 2021](#)

Issue Date: November 3, 2021
Recommendation No. 2
Potential Cost Savings: N/A

OPPE: Office of Partnerships and Public Engagement
91601-0001-21
[Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program \(2501 Program\) in Fiscal Years 2018 and 2019](#)

Issue Date: November 10, 2021
Recommendation No. 5
Potential Cost Savings: \$23,958,536
Recommendation Nos. 3, 4, 6, 12, 13, 14, 15, 16
Potential Cost Savings: N/A

OSDBU: Office of Small and Disadvantaged Business Utilization

50601-0003-23
[Office of Small and Disadvantaged Business Utilization's Controls Over the Eligibility of Contract Recipients](#)

Issue Date: September 28, 2018
Recommendation Nos. 1, 2, 3
Potential Cost Savings: N/A

REE: Research, Education, and Economics
84801-0001-22

[USDA Research Integrity and Capacity](#)

Issue Date: December 8, 2020
Recommendation No. 1
Potential Cost Savings: N/A

RMA: Risk Management Agency

05601-0007-31
[Controls Over Crop Insurance Section 508\(h\) Products](#)

Issue Date: June 30, 2020
Recommendation Nos. 1, 2
Potential Cost Savings: N/A



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Summary of Management Decisions Made During the Reporting Period for Reports Issued During a Previous Reporting Period

This appendix provides a summary of audit, inspection, or interim audit reports issued by OIG prior to October 1, 2022, with all recommendations that reached management decision between October 1, 2022, and March 31, 2023. OIG reached management decision on 14 recommendations for 3 audit, inspection, or interim reports issued during a previous reporting period. A link to each report shows the detail for each recommendation on OIG's website.

Multi-Agency

50024-0002-24

[USDA's Compliance with Improper Payment Requirements for Fiscal Year 2021](#)

Issue Date: June 28, 2022

OCFO Recommendation No. 2

OCFO: Office of the Chief Financial Officer

50501-0026-12

[USDA's Compliance with the Geospatial Data Act for Fiscal Year 2022](#)

Issue Date: September 26, 2022

Recommendation Nos. 1, 2, 3, 4, 5, 6

50503-0009-12

[U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2022 Federal Information Security Modernization Act](#)

Issue Date: September 27, 2022

Recommendation Nos. 1, 2, 3, 4, 5, 6, 7

Courtesy photo/AdobeStock





APPENDIX 3

Reports That Were Not Issued to the Public as of March 31, 2023

OIG published summary information for all its reports issued from October 1, 2022, through March 31, 2023; however, two reports contained sensitive content that was not publicly released.

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

APPENDIX 4

Contract Audit Reports with Significant Findings

OIG is required by the National Defense Authorization Act for Fiscal Year 2008 to list all contract audit reports issued during the reporting period that contained significant findings. OIG did not issue any such reports from October 1, 2022, through March 31, 2023.



Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to assess annually whether their financial systems comply substantially with: (1) Federal Financial Management System Requirements, (2) applicable Federal accounting standards, and (3) the U.S. Standard General Ledger at the transaction level. In addition, the Federal Information Security Modernization Act (FISMA) requires each agency to report significant information security deficiencies, relating to financial management systems, as a lack of substantial compliance with FFMIA. FFMIA also requires auditors to report in their annual Chief Financial Officer's Act financial statement audit reports whether financial management systems substantially comply with FFMIA's system requirements.

During the first half of FY 2023, we issued our annual financial statement reports for FY 2022 and addressed USDA's compliance with FFMIA. The Department reported that it was not compliant with Federal Financial Management System Requirements, applicable Federal accounting standards, U.S. Standard General Ledger at the transaction level, and FISMA requirements. As noted in its management's discussion and analysis in the Department's annual agency financial report, USDA continues its work to meet FFMIA and FISMA objectives. We concurred with the Department's assessment and discussed the compliance issues in our audit report on the Department's consolidated financial statements for FY 2022. The Department continues to move forward with remediation plans to achieve compliance for longstanding Departmentwide weaknesses related to applicable accounting standards, the U.S. Standard General Ledger, and FISMA.



Financial Statements



Additional Investigations Metrics

In fulfillment of the Inspector General Empowerment Act’s reporting requirements, the following table shows the number of investigative reports OIG has issued in this reporting period, the number of persons OIG referred to DOJ for criminal prosecution, the number of persons OIG referred to State/local authorities for criminal prosecution, the number of indictments/criminal informations that resulted from OIG referrals, and a description of the metrics used for developing the data for this statistical table.

Metric	Description of the Metric	October 1, 2022–March 31, 2023 Results
Investigative Reports Issued	Number of investigative reports issued on OIG investigations during the reporting period.	71 Reports
Total Number of Persons Referred to DOJ for Criminal Prosecution	Number of individuals and organizations formally referred to DOJ for criminal and civil prosecutorial decisions.	75 individuals Criminal only 5 individuals Civil only 5 individuals both Criminal and Civil
Total Number of Persons Referred to State and Local Prosecuting Authorities	Number of individuals and organizations formally referred to State and local prosecuting authorities for prosecutorial decisions during the reporting period.	*85 individuals
Indictments, Criminal Informations, and Other Charging Mechanisms That Resulted from Prior Referral to Prosecuting Authorities	Number of indictments and/or other charging mechanisms claimed during the reporting period, regardless of when they were referred.	74 individuals

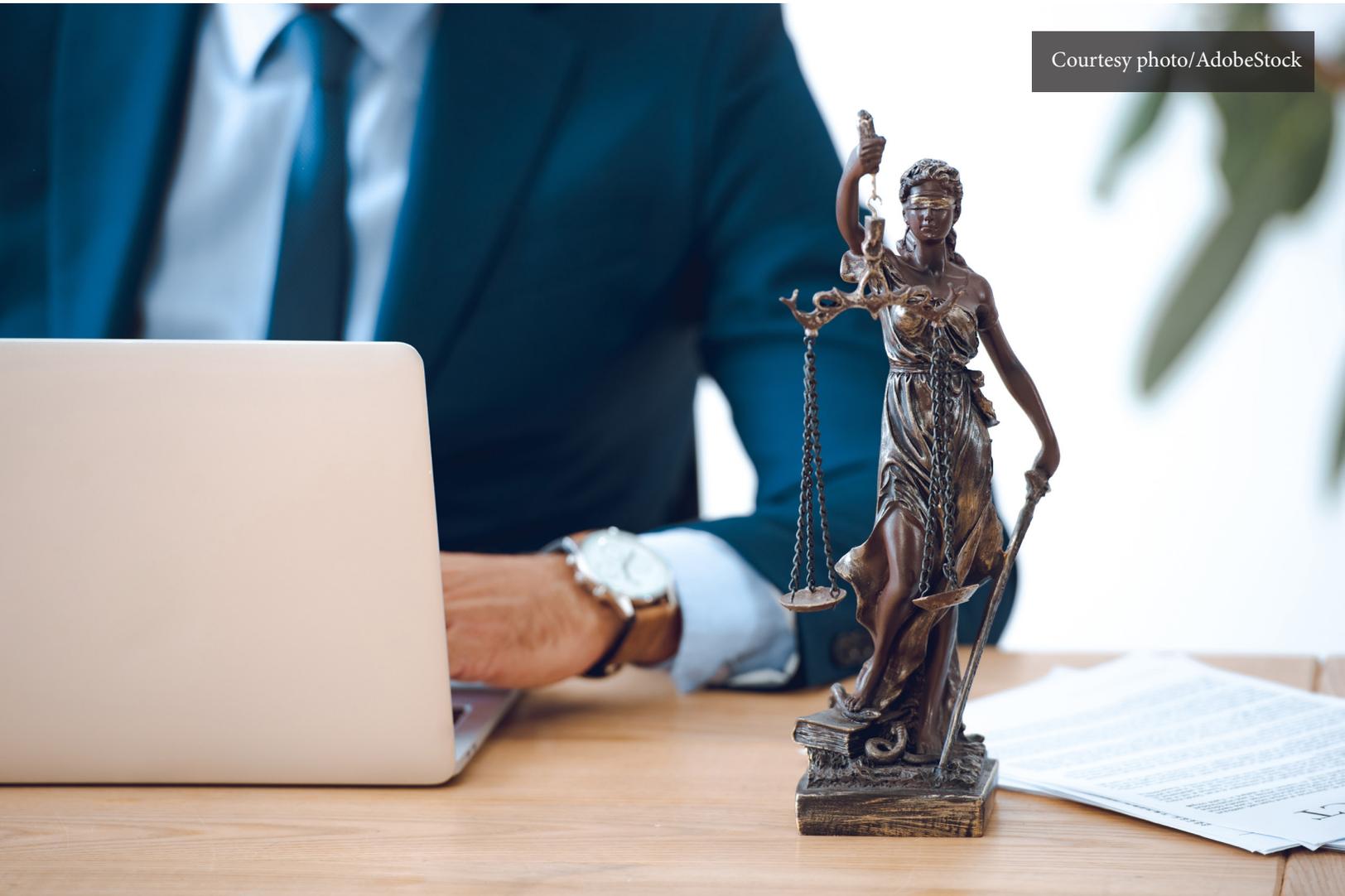
* 15 individuals were referred to both DOJ and State and local prosecutors.



OIG Investigations Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated

We have no instances to report.

Courtesy photo/AdobeStock





APPENDIX 8

Instances of an Investigation of a Senior Government Employee That Was Closed and Not Disclosed to the Public

We have no instances to report.

APPENDIX 9

Instances of Whistleblower Retaliation

We have no instances to report.

APPENDIX 10

Attempts by Department to Interfere with OIG Independence Including Budget Constraints and Incidents Where the Department Restricted or Significantly Delayed Access to Information

We have no instances to report.



Inspector General Act Reporting Requirements

IG Act Section	IG Act Description	USDA OIG Reported SARC April 2023
Section 4(a)(2)	Review of Legislation and Regulations	Page 11
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 2-10
Section 5(a)(2)	Recommendations Made Before the Reporting Period for Which Corrective Action Has Not Been Completed	Appendix 1 Pages 16-20
Section 5(a)(3)	Significant Investigations Closed	Goals 1 and 2 Pages 2-7
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Statistical Highlights Page 1
Section 5(a)(5)	Reports Issued During the Reporting Period	Goals 1, 2, and 3 Pages 2-10
Section 5(a)(6)	Management Decision Made on Reports Issued in a Prior Reporting Period	Appendix 2 Page 21
Section 5(a)(7)	Information Described Under Section 804(b) of the FFMIA of 1996	Appendix 5 Page 23
Section 5(a)(8)(A) and 5(a)(8)(B)	Peer Reviews of USDA OIG	Page 11
Section 5(a)(9)	Outstanding Recommendations from Any Peer Review	Page 11
Section 5(a)(10)	Peer Reviews Conducted by USDA OIG	Page 11
Section 5(a)(11) and 5(a)(12)	Statistical Table: Additional Investigations Metrics	Appendix 6 Page 24
Section 5(a)(13)(A)(B)	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix 7 Page 25
Sections 5(a)(14)	Instances of Whistleblower Retaliation	Appendix 9 Page 26
Section 5(a)(15)	Attempts by the Department to Interfere with OIG Independence, Including Budget Constraints and Incidents Where the Department Restricted or Significantly Delayed Access to Information	Appendix 10 Page 26



APPENDIX 11

IG Act Section	IG Act Description	USDA OIG Reported SARC April 2023
Sections 5(a)(16)(A)	Detailed Description of Situations Where an Inspection, Evaluation, or Audit Was Closed and Not Disclosed to the Public	Appendix 3 Page 22
Section 5(a)(16)(B)	Investigation of a Senior Government Employee Was Closed and Not Disclosed to the Public	Appendix 8 Page 26

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

- Performance measures,
- Recognition, awards received, and
- Hotline complaint results.

National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	Appendix 4 Page 22
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What Are Management Challenges?

Management challenges are agency programs or management functions with greater vulnerability to fraud, waste, abuse, and mismanagement, where a failure to perform well could seriously affect the ability of an agency or the Federal Government to achieve its mission or goals, according to the Government Performance and Results Modernization Act of 2010.

In our [FY 2022 USDA Management Challenges](#) report, we highlight four major challenges: Program Oversight and Accountability; Safety and Security; Program Performance, Results, and Outreach; and Financial Management. We also highlight what OIG considers “key challenge indicators” within the four areas to assist USDA to focus its attention to address the challenges.

<p>Program Oversight and Accountability</p> <p>Key Challenge Indicator: Program Process Improvements for Enhanced Integrity</p> <p>Key Challenge Indicator:</p> <p>Accurate Improper Payment Reporting</p>	<p>Related material can be found on pages 2, 4-5, 8-9</p>
<p>Safety and Security</p> <p>Key Challenge Indicator:</p> <p>Compliance with Information Technology Laws and Regulations</p> <p>Key Challenge Indicator:</p> <p>Improved Processes Related to Food Safety</p>	<p>Related material can be found on page 2</p>
<p>Program Performance, Results, and Outreach</p> <p>Key Challenge Indicator:</p> <p>Program Performance Monitoring</p> <p>Key Challenge Indicator:</p> <p>Data Quality and Integrity to Measure Performance and Impact</p>	<p>Related material can be found on page 5</p>
<p>Financial Management</p> <p>Key Challenge Indicator:</p> <p>Internal Controls and Compliance with Federal Laws and Regulations</p>	<p>Related material can be found on pages 8-9</p>



ACRONYMS AND ABBREVIATIONS

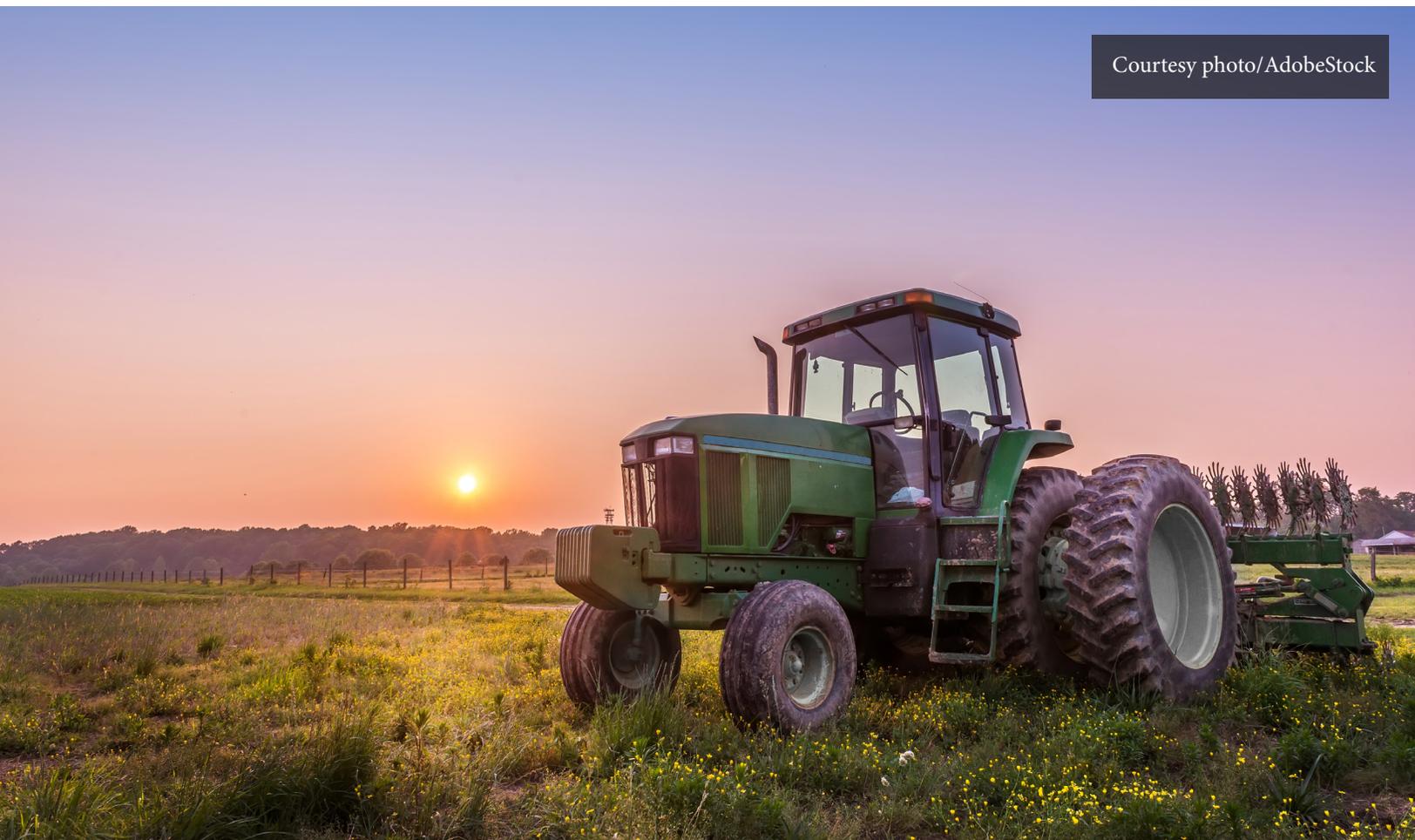
AMS.....	Agricultural Marketing Service
APHIS.....	Animal and Plant Health Inspection Service
CCC.....	Commodity Credit Corporation
CFAP.....	Coronavirus Food Assistance Program
CIGIE.....	Council of the Inspectors General on Integrity and Efficiency
COVID-19.....	coronavirus disease 2019
DOJ.....	U.S. Department of Justice
DOL.....	U.S. Department of Labor
EQIP.....	Environmental Quality Incentives Program
ERS.....	Economic Research Service
FAS.....	Foreign Agricultural Service
FCIC.....	Federal Crop Insurance Corporation
FFMIA.....	Federal Financial Management Improvement Act
FISMA.....	Federal Information Security Modernization Act
FNS.....	Food and Nutrition Service
FPAC.....	Farm Production and Conservation Business Center
FS.....	Forest Service
FSA.....	Farm Service Agency
FSIS.....	Food Safety and Inspection Service
FY.....	fiscal year
GAO.....	Government Accountability Office
IG.....	Inspector General
IIJA.....	Infrastructure Investment and Jobs Act
IRA.....	Inflation Reduction Act
IT.....	information technology
NFC.....	National Finance Center
NIFA.....	National Institute of Food and Agriculture
NRCS.....	Natural Resources Conservation Service
OCFO.....	Office of the Chief Financial Officer
OCIO.....	Office of the Chief Information Officer
OCP.....	Office of Contracting and Procurement



ACRONYMS AND ABBREVIATIONS

OIG	Office of Inspector General
OPPE	Office of Partnerships and Public Engagement
OSDBU	Office of Small and Disadvantaged Business Utilization
RBCS	Rural Business-Cooperative Service
RD	Rural Development
REE	Research, Education, and Economics
RHS	Rural Housing Service
RMA	Risk Management Agency
RUS	Rural Utilities Service
SARC	Semiannual Report to Congress
SNAP	Supplemental Nutrition Assistance Program
USDA	U.S. Department of Agriculture
WHIP	Wildfires and Hurricanes Indemnity Program

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