



United States Department of Agriculture

OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

First Half

October 1, 2015-March 31, 2016



Fiscal Year 2016

Number 75

May 2016

KEY OIG ACCOMPLISHMENTS IN THIS REPORTING PERIOD (October 1, 2015–March 31, 2016)

Reports Issued

Number of Final Reports	23
Number of Interim Reports	1
Number of Final Report Recommendations (121 program improvements / 17 monetary)	138
Number of Interim Report Recommendations (2 program improvements / 0 monetary)	2

Total Dollar Impact of Reports at Issuance (Millions)	\$87.4
Questioned/Unsupported Costs	\$41.4
Funds To Be Put to Better Use	\$46.0

Management Decisions Reached

Number of Final Reports	19
Number of Interim Reports	1
Number of Final Report Recommendations (129 program improvements / 15 monetary)	144
Number of Interim Report Recommendations (2 program improvements / 0 monetary)	2

Reports Issued **149**

Impact of Investigations

Indictments	315
Convictions	254
Arrests	602

Total Dollar Impact (Millions) **\$58.4**

Administrative Sanctions **490**

Management Challenge

Related material can be found on pages:

1) USDA Needs to Improve Oversight and Accountability for its Programs	1-3, 22-24
2) Information Technology Security Needs Continuing Improvement	9, 19-20
3) USDA Needs to Strengthen Program Performance and Performance Measures	2-3, 8-9, 23
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Message from the Inspector General

This *Semiannual Report to Congress* covers the reporting period October 1, 2015 to March 31, 2016, and summarizes the most significant accomplishments of the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG). During the past 6 months, OIG completed 24 audits that resulted in \$87.4 million in questioned/unsupported costs or funds put to better use. OIG investigations resulted in 602 arrests, 315 indictments, and 254 convictions, as well as \$58.4 million in recoveries and restitutions. We also received 3,163 complaints on our OIG hotline.

Our activities are described according to our strategic goals, as outlined in OIG's *Annual Plan—Fiscal Year 2016*. The highlights of these activities, as discussed below, demonstrate OIG's ongoing commitment to promote economy, efficiency, and effectiveness in USDA's programs and operations, as well as prevent and detect fraud and abuse.

Goal 1—Safety and Security—Strengthen USDA's ability to implement and improve safety and security measures to protect the public health, as well as agricultural and Departmental resources

Among the highlights this reporting period is a Food Safety Inspection Service (FSIS) case that resulted in significant sentences for corporate owners and management personnel of a meat export warehouse. This investigation revealed that the Iowa warehouse was misbranding meat as "halal" and misrepresenting it when exporting it overseas. This case resulted in almost \$1 million in monetary forfeiture, restitution, and fines, and the indictment and conviction of four people and two corporations.

In audit work relating to this goal, OIG found that USDA agencies face challenges in coordinating, collaborating, and managing their response to growing antibiotic resistance in livestock. Specifically, we found that various agency budgets were not developed to properly address the necessary cross-cutting collaboration. Some agencies are experiencing problems filling key technical positions that require specialized knowledge. USDA also does not have a well-developed central communication platform for distributing a unified, scientifically sound antibiotic-resistance message. Finally, we found that the agencies' performance goals and objectives related to antibiotic resistance are not well-defined in their strategic plans. We concluded that agencies need specific measureable outcomes to assess the effectiveness of this initiative. USDA generally agreed with our findings and recommendations.

Goal 2—Integrity of Benefits—Reduce program vulnerabilities and strengthen program integrity in the delivery of program assistance

An investigation revealed that a North Carolina tobacco producer sold crops in the names of others, then reported on insurance claim forms that the crops were lost due to natural disasters. The producer also placed crops and insurance policies in the names of conspirators to boost the amount of money he could collect on the insurance claims. The producer received more than \$1 million that was derived from hidden or underreported crop production and overstated crop acreages. He was sentenced to 132 months in prison to be followed by 36 months of supervised release; he was also ordered to pay over \$2.5 million in restitution and forfeit over \$2.7 million.

We also completed an interim review of how the Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) generated a universe of producers for use in the calendar years 2012–2015 Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) compliance reviews. We found that the two agencies could improve the completeness of this sample and, thus, how well they are ensuring compliance with these conservation requirements. For these compliance reviews, NRCS requested a universe of data from FSA that included records from only one FSA program. This request did not account for producers participating

in other FSA programs or any NRCS programs subject to HELC and WC provisions. For the 2015 random compliance sample, FSA used data from the National Payment Services; however, this dataset omitted data from 10 States. Since not all producers subject to the random compliance reviews were included in the data universe, NRCS could not effectively verify that the results of its random sample reviews accurately reflect producer compliance with HELC and WC provisions. The agencies agreed to our findings and recommendations.

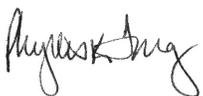
Goal 3—Management Improvement Initiatives—Provide USDA with oversight to help it achieve results-oriented performance

This year, USDA, along with two component agencies (the Commodity Credit Corporation (CCC) and NRCS) faced significant challenges to ensure accurate presentation of their financial statements. The audit of CCC's financial statements for fiscal year (FY) 2015 resulted in a disclaimer of opinion on the financial statements. The accounting firm involved reported that CCC was unable to provide adequate evidence to support a significant number of transactions and account balances. This problem occurred due to inadequate processes and controls to support transactions and estimates; inadequate records to support the accounting for transactions in accordance with generally accepted accounting principles; and financial management system limitations.

Similarly, OIG was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and therefore did not express an opinion on USDA's consolidated financial statements for FY 2015. As a result, the report contains a disclaimer of opinion for FY 2015. OIG's review of USDA's internal controls over financial reporting identified four significant deficiencies, two of which are material weaknesses. Also, this report includes a finding related to USDA's lack of substantial compliance with the Federal Financial Management Improvement Act (FFMIA), and a finding related to violations of the Anti-Deficiency Act. USDA concurred with our findings and generally agreed with our recommendations.

On the investigative side, a significant employee integrity investigation resulted in a former FSA employee being sentenced to 8 months of home detention and electronic monitoring, followed by 36 months of probation, and ordered to serve 40 hours community service. For approximately one year, the employee processed 16 loans in her husband's name and directed the loan proceeds to a personal bank account. The investigation disclosed that the employee used \$108,334 in loan proceeds for personal shopping trips, a trip to Cancun, Mexico, a wedding, and college education expenses. The employee resigned her position with FSA in June 2015.

These accomplishments are the result of the dedicated work of OIG's professional staff and their commitment to our mission. We also wish to acknowledge USDA Secretary Thomas J. Vilsack, as well as interested Congressional Committees and Members of Congress. Our success, in large part, is due to their commitment and continued support of this Office.



Phyllis K. Fong
Inspector General

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Goal 1: Safety and Security

Strengthen USDA's ability to implement and improve safety and security measures to protect the public health, as well as agricultural and Departmental resources

To help USDA and the American people meet critical challenges in safety, security, and public health, OIG continues to provide independent audits and investigations in these areas. Our work focuses on such issues as the ongoing challenges of agricultural inspection activities, the safety of the food supply, information technology (IT) security and management, and homeland security. USDA continues to face significant risks from cyber-security attacks directed at its IT infrastructure, whether conducted by terrorists seeking to destroy unique databases or criminal enterprises seeking economic gain.¹

In the first half of fiscal year (FY) 2016, we devoted 14.3 percent of our total direct resources to Goal 1, with 100 percent of these resources assigned to critical-risk and high-impact work. A total of 80 percent of our investigative cases under Goal 1 resulted in criminal, civil, or administrative action. OIG's investigations under Goal 1 yielded 29 indictments, 22 convictions, and approximately \$2 million in monetary results during this reporting period. Furthermore, OIG issued four audit reports under Goal 1 during this reporting period. We also have significant ongoing work related to food safety. (See page 7 for a list of ongoing reviews.)

Management Challenges Addressed Under Goal 1

- USDA Needs to Improve Oversight and Accountability for its Programs (Challenge 1)
- USDA Needs to Strengthen Program Performance and Performance Measures (Challenge 3)
- Food Safety Inspections Need Improved Controls (Challenge 6)

Examples of Audit and Investigative Work for Goal 1

Evaluation of USDA's Process Verified Programs (PVP)

The Agricultural Marketing Service (AMS) designed PVP to facilitate the marketing of agricultural products. Companies with AMS-approved PVPs are able to make marketing claims associated with their products, such as age, source, feeding practices, or processing claims. However, we found that AMS used a segmented process and did not clearly define which companies' claims may use the USDA name and PVP shield in their product marketing. For example, AMS issued a PVP certificate for the "tenderness guaranteed" claim to a poultry company, even though AMS staff did not review it. AMS also issued a PVP certificate for the "cage-free" claim used by two poultry companies, even though it did not meet agency policy because it is a common

industry practice to allow broiler chickens to grow without cages. We also found AMS developed the "Never Ever 3" claim without sufficient evidence to ensure that feed did not include animal protein. The "Never Ever 3" claim is important in the marketing of cattle because it allows companies to prove that they have "never ever" given their livestock items such as antibiotics, growth stimulants, or animal byproducts. Finally, we found that AMS did not maintain documentation to support the decision it made to approve approximately 189 PVP process points, as well as to support an unknown number of denied PVP applications. AMS generally agreed with our findings. (Audit Report 50601-0002-23)

¹ Beginning in FY 2016, we are including work associated with IT security in Goal 1. Previously, this work was included in Goal 3.

AMS Procurement and Inspection of Fruits and Vegetables

AMS' Commodity Procurement Staff purchases fruits, vegetables, meat, poultry, eggs, and fish from farmers and companies located in the United States. These products are then provided to meet the needs of domestic nutrition assistance programs, including the child nutrition programs. OIG reviewed this procurement program and found that 1,190 of 2,303 completed contracts issued by the Commodity Procurement Staff during FYs 2011-2013 were not closed out as required, causing AMS not to direct \$19.6 million to other uses. We also found that AMS could not provide assurance that commodities in 29 of 97 sampled purchase orders were of domestic origin as required by the Buy American Act. Additionally, AMS could not ensure that products for nutrition assistance programs met standards for USDA purchases because the Specialty Crop Inspection Division did not consistently conduct periodic file reviews and quality assessments. Our review disclosed incorrect, incomplete, and missing purchase order documentation. Finally, we found that AMS had not reviewed the Quality Assurance Program since its development in the 1970s, and OIG found inconsistencies in the frequency of inspector rotation, maintenance of program documentation, and annual reporting. AMS agreed with our findings and recommendations. (Audit Report 01601-0001-41)

Adequacy of Controls to Prevent the Release of Sensitive Technology

The Agricultural Research Service (ARS) conducts scientific research to solve technical agricultural issues and collaborates with scientists from other organizations and countries to expedite research results to the private sector. Occasionally, research involves select agents and toxins (microorganisms or substances that can be manipulated to cause harm), and ARS must follow Dual-Use Research of Concern (DURC) policy to assess its research and manage the release of information. DURC can provide research results that, if misapplied, pose a significant threat to the public,



The mission of AMS is to facilitate the competitive and efficient marketing of domestic agricultural products, including fruits and vegetables.

agriculture, environment, or national security. ARS must also follow export requirements when releasing information and technology to foreign nationals.

OIG previously reported in 2005 that ARS did not have adequate controls to prevent the improper transfer of sensitive (dual-use) technology. ARS agreed to implement the 11 audit recommendations to strengthen its controls. However, OIG found that ARS only issued informal guidance and did not strengthen its controls as recommended. OIG's current audit found that ARS did not assess all its research for DURC risk and limited regular monitoring to projects using select agents listed in DURC policy. Despite this weakness, OIG found that the nine projects reviewed did not release potential DURC information to the public. However, because of the dynamic nature of science, the possibility exists for a project to produce DURC results. ARS also did not track all non-Government scientists in its database, did not fully examine their background for criminal activity, and did not obtain export licenses prior to sharing its information and technology with foreign nationals. The agency agreed with our findings and recommendations. (Audit Report 02601-0001-21)

USDA's Response to Antibiotic Resistance

In September 2014, the President signed an executive order directing key Federal departments and agencies to take action to control the rise of antibiotic-resistant bacteria. USDA, along with other Federal departments, shares responsibilities for addressing the goals established in the National Action Plan for Combating Antibiotic-Resistant Bacteria. However, OIG found that USDA agencies face challenges in coordinating, collaborating, and managing their response to growing antibiotic resistance in livestock. The Department could more effectively and efficiently manage its limited resources for addressing antibiotic resistance issues over multiple years, especially budgetary funding and staffing. Specifically, we found that various agency budgets were not developed that properly addressed the cross-cutting collaboration that is needed for this initiative. We found some agencies are experiencing problems filling key positions that require specialized knowledge such as bio-informaticists, who specialize in whole-genome sequencing. If the agencies do not address these budgetary impediments and staffing challenges, the Department may not fully address its antibiotic resistance goals.

We also found that USDA does not have a well-developed central communication platform for distributing a unified, scientifically sound antibiotic resistance message. Finally, we found that the agencies' performance goals and objectives related to antibiotic resistance are not well-defined in their strategic plans because antibiotic resistance was not a priority when the agencies developed their plans. Therefore, the performance measures and outcomes were not specific enough to determine the progress of each agency. Since antibiotic resistance was not a goal defined in the strategic plans, it does not have a specific measureable outcome to assess the effectiveness of this initiative. The agencies generally agreed with our findings and recommendations. (Audit Report 50601-0004-31)

Former Dairy Farm Employee Sentenced for Contaminating Milk

OIG conducted an investigation to determine if a Mississippi man, formerly employed at a dairy farm, tampered with a consumer product by adding corrosive chemicals to a tank of milk that belonged to his former employer. The investigation determined that the former employee intentionally added the corrosive chemicals and the contaminated milk was subsequently destroyed. In December 2014, the former dairy farm employee was charged with tampering with consumer products in U.S. District Court, Southern District of Mississippi. The former employee subsequently entered a guilty plea and in January 2016, was sentenced to 18 months in prison and 12 months of supervised release, and ordered to pay restitution in the amount of \$1,000.

Iowa Company and its Owners Guilty of Misbranding and Exporting Meat Products

OIG received a referral from the USDA Food Safety and Inspection Service (FSIS), Office of Investigation, Enforcement, and Audit, alleging that a company misbranded and then exported meat products. It was determined that the owners and management personnel associated with a meat export warehouse in Iowa were, in fact, counterfeiting USDA certificates and misbranding meat. OIG personnel and investigators from the Internal Revenue Service, Criminal Investigation (IRS-CI), determined that the subject company had engaged in a long-term pattern of exporting and certifying meat as "halal" (a term designating meat that is religiously slaughtered) when in fact the product was either kosher or traditionally slaughtered. In October 2014, the owner of the corporation was indicted on charges of conspiracy to make false statements, selling misbranded meat, mail and wire fraud, causing false statements to be made on export applications, money laundering, and conspiracy to commit money laundering. The indictment also contained a forfeiture allegation for \$184,000 for proceeds and property involved in the offenses. In December 2014, two of the corporate entities owned by the subjects and two corporate officers were named in a 92-count indictment filed in U.S. District Court, Northern District of Iowa. The

indictment included charges of conspiracy to make and use false statements on export applications, selling misbranded meat, wire fraud, conspiracy to commit money laundering, money laundering, and two forfeiture allegations (one for each corporation) related to the corporate entities in the amount of \$600,000 jointly and severally.

In March 2016, in U.S. District Court, Northern District of Iowa, the remaining two corporate officers of the meat export warehouse were sentenced. The first was sentenced to 12 months and 1 day in prison and ordered to pay a \$30,000 fine and a \$100 special assessment. He will be required to serve 36 months of supervised release after the prison term and to comply with the terms of a separate consent decree entered into with FSIS. As part of that agreement and his plea agreement, he was required to divest his interest in the company and to no longer be associated with the company's management or operations. The second corporate officer was sentenced to 36 months of probation and ordered to pay a \$5,000 fine and a \$50 special assessment. As part of his conditions of probation, he was ordered to comply with the terms of a separate consent decree entered into with FSIS. As part of the consent decree and his plea agreement, he will be permitted to continue as the owner and operator of the company. The consent decree imposes several requirements on the company with regard to imposing corrective actions to guard against future violations. In July 2015, at the conclusion of a jury trial, the founder/owner of the meat export warehouse was found guilty. In March 2016, he was sentenced to 24 months in prison and 36 months of probation, ordered to forfeit \$185,000, and ordered to pay a \$60,000 fine, \$17,000 in prosecution costs, and a \$1,500 special assessment fee. In February 2016, one corporation was sentenced to 60 months of probation, ordered to pay a \$20,000 fine and a \$400 special assessment fee, and ordered to forfeit \$600,000 jointly and severally with the other corporation. The other associated corporation was sentenced to 60 months of probation, ordered to pay a \$60,000 fine and a \$400 special assessment, and ordered to forfeit \$600,000 jointly and severally with the first corporation. As a special condition of

probation, both corporations are required to abide by all terms of a consent decree entered into with FSIS.

Meat Processing Plant Owners and Employees Sentenced in Scheme to Circumvent USDA Inspection Procedures

In December 2013, FSIS shared information with OIG that a California meat processing plant was processing diseased cattle for human consumption and averting regulatory inspections by FSIS. Eventually, those involved admitted to switching uninspected cancer eye cattle with inspected, healthy cattle as part of a scheme to circumvent USDA inspection procedures. The two owners of the meat processing plant and two employees were criminally charged. In August 2014, in U.S. District Court, Northern District of California, one owner was charged with conspiracy to distribute adulterated, misbranded, and uninspected meat conspiracy to commit mail fraud, distribution of adulterated, misbranded, and uninspected meat, including aiding and abetting, conspiracy to commit mail fraud, mail fraud, and criminal forfeiture. In February 2015, he pled guilty to conspiracy to distribute adulterated, misbranded, and uninspected meat. In February 2016, he was sentenced to 12 months and 1 day in prison, followed by 24 months of supervised release (12 months of which are to be served in a re-entry center). He also entered into settlement agreements with nearly all of the victims, and satisfied restitution for all the victims.

The two former employees of the meat processing plant were also charged in August 2014 with various counts of conspiracy to distribute adulterated, misbranded, and uninspected meat, conspiracy to commit mail fraud, distribution of adulterated, misbranded, and uninspected meat including aiding and abetting, and criminal forfeiture. In October 2014, one employee pled guilty to distributing adulterated, misbranded, and uninspected meat and in November 2014, the other employee pled guilty to conspiracy to distribute adulterated, misbranded, and uninspected meat. In March 2016, one employee was sentenced to 36 months' probation with a condition that 6 months be served as home

detention, while the second employee was sentenced to 3 months in prison, to be followed by 24 months of supervised release, conditions of which include 3 months of home confinement, and ordered to pay a \$1,000 fine.

Lastly, the second owner was charged in August 2014 via a separate bill of information with distributing adulterated, misbranded, and uninspected meat. In March 2016, he was sentenced to 3 months in prison, followed by 12 months of supervised release, with a condition that 3 months be served as home detention. He was also sentenced to 50 hours of community service and is scheduled for a hearing in May 2016 to determine restitution. This case was worked with the assistance of FSIS investigators.

Owner of Wood Company Guilty of Violating the Plant Protection Act

From June 2012 through September 2013, a California wood pallet company applied a counterfeit stamp to wood pallets, certifying that the pallets had been heat treated and fumigated to ensure the pallets were disease- and insect-free. Pursuant to the Plant Protection Act, USDA requires the phytosanitary treatment (usually heat treatment) of wood packing material used in international commerce. The requirement is to prevent plant pests and diseases from entering the U.S. and other countries in wood packaging materials. In September 2005, USDA began requiring heat treatment of wood packing material that is transported in international commerce. Wood packing materials that carry products transported within the U.S. are not required to be heat treated. In July 2015, via a bill of information, the wood pallet company was charged with a felony count of using a false writing or document. The owner of the company was charged with using a counterfeit stamp in violation of the Plant Protection Act. In January 2016, the owner was sentenced in U.S. District Court, Southern District of California, to 5 years' probation and ordered to pay a \$50,000 fine, plus a \$25 special assessment. The wood pallet company was sentenced to 5 years' probation and ordered to pay a \$50,000 fine, plus a \$400 special assessment for the use of a counterfeit stamp.

Joint Investigation Results in Seven Convictions for Animal Fighting Scheme

In October 2015, in U.S. District Court, Middle District of Georgia, three of seven members of a dogfighting ring were sentenced for their participation in an interstate animal fighting scheme. Collectively, the seven men received sentences ranging from probation to 35 months in prison. All who received prison terms were also sentenced to 36 months of supervised release. Additionally, the seven men were ordered to pay a joint restitution of \$73,378. The sentencing of these individuals represented the culmination of a 5-year investigation into a dogfighting ring based in Albany, Georgia. Previously, in May 2015, the four additional conspirators were sentenced for the same offense. During the investigation, more than 130 pit bull terriers were seized and forfeited.

Government-wide Activities—Goal 1

Participation on Committees, Working Groups, and Task Forces

U.S. Department of Justice (DOJ) Task Force to Combat Wildlife Trafficking: OIG is a member of the DOJ Task Force which has developed an extensive implementation framework for the National Strategy for Combating Wildlife Trafficking. The task force focuses on three strategic priorities: strengthen enforcement; reduce demand for illegally traded wildlife; and build international cooperation, commitment, and public-private partnerships. OIG is the primary USDA law enforcement entity with jurisdiction over cases involving international wildlife trafficking related to agriculture.

U.S. Marshals Service Fugitive Task Forces: OIG agents in California, Minnesota, North Dakota, and Ohio participate on U.S. Marshals Service Regional Fugitive Task Forces, which were established under the Presidential Threat Protection Act of 2000. The purpose of these task forces is to locate and apprehend the most dangerous fugitives and assist in high-profile investigations. In addition to providing assistance in locating fugitives, these task forces also provide help in serving warrants. Overall, this joint effort results in improving public safety and reducing violent crime.

Anti-Terrorism Advisory Councils: In many judicial districts, including the Northern District of Illinois, the Northern and Southern Districts of Iowa, Eastern District of Michigan, the District of Minnesota, the District of North Dakota, and the District of South Dakota, OIG participates on Anti-Terrorism Advisory Councils. These councils are umbrella organizations which include local, State, and Federal agencies and private-sector security representatives who work with the U.S. Attorney's Offices for their geographic areas to disrupt, prevent, and prosecute acts of terrorism through intelligence-sharing, training, strategic planning, policy review, and problem-solving.

FBI (Federal Bureau of Investigation) Joint Terrorism Task Forces: An OIG special agent is assigned to the FBI's National Joint Terrorism Task Force and an OIG special agent in Portland, Oregon, is a member of the FBI's Regional Joint Terrorism Task Force. These agents work with other task force entities to provide OIG and other USDA agencies critical information, as appropriate, regarding individuals or groups that may have connections to terrorist activity or may provide support for terrorist activity against the U.S., its citizens (domestic and abroad), or the United States food supply. The agent assigned to the National Joint Terrorism Task Force is coordinating with FSIS, the FBI, and the Office of the Director of National Intelligence to develop an unclassified tactical information and instructional product. This product is intended to provide clear guidance to law enforcement, public safety first responders (e.g., fire and emergency medical services), and selected private sector affiliates at all levels as to the recommended protocols, policies, and procedures to be followed in the event of an attack, or planned attack, against the U.S. food supply, the food chain, or USDA-regulated industries.

H.R. 4361, the Federal Information Systems Safeguards Act of 2016: OIG provided comments, through the Council of the Inspectors General on Integrity and Efficiency (CIGIE), on H.R. 4361, the Federal Information Systems Safeguards Act of 2016, which would amend the Federal Information Security Management Act. Language in the bill provided agency heads with "sole and exclusive authority" to take any action with respect to IT systems under their control, in order to remedy current or future security weaknesses and risks. We felt that this raised potential legal and operational issues. As such, we provided comments to CIGIE, raising (1) IG independence issues, and (2) technical limitations the agency heads may encounter.

Ongoing Reviews

- National Organic Program international trade arrangements (AMS),
- U.S. Meat Animal Research Center (ARS),
- follow-up on 2007 and 2008 audit initiatives (FSIS),
- evaluation of equivalency assessments of exporting countries (FSIS),
- controls over declaring allergens on product labels (FSIS),
- deferred maintenance (Forest Service (FS)),
- FY 2016 Federal Information Security Modernization Act (FISMA) audit (Office of the Chief Information Officer (OCIO)), and
- agro-terrorism prevention, detection, and response (Office of Homeland Security and Emergency Coordination (OHSEC)).

Goal 2: Integrity of Benefits

Reduce program vulnerabilities and strengthen program integrity in the delivery of program assistance

OIG conducts audits and investigations to ensure or restore integrity in various USDA benefit and entitlement programs, including a variety of programs that provide payments directly and indirectly to individuals or entities. Some of these programs are among the largest in the Federal Government. The Supplemental Nutrition Assistance Program (SNAP) alone accounts for approximately \$84 billion (40 percent) of USDA's FY 2016 budget, while about \$40 billion is allocated to USDA farm programs, the second largest category after nutrition assistance. The intended beneficiaries of these programs include the working poor, hurricane and other disaster victims, school children, farmers, and other rural citizens. These programs support nutrition, farm production, and rural development.

In the first half of FY 2016, we devoted 49.3 percent of our total direct resources to Goal 2, with 96 percent of these resources under Goal 2 assigned to critical/high-impact work. A total of 100 percent of our audit recommendations under Goal 2 resulted in a management decision within 1 year, and 79 percent of our investigative cases resulted in criminal, civil, or administrative action during this reporting period. OIG issued one audit and one interim report under Goal 2 during this reporting period. OIG's investigations under Goal 2 yielded 274 indictments, 228 convictions, and \$56.2 million in monetary results during this reporting period.

Management Challenges Addressed under Goal 2

- Information Technology Security Needs Continuing Improvement (Challenge 2)
- USDA Needs to Strengthen Program Performance and Performance Measures (Challenge 3)
- FNS Needs to Strengthen SNAP Management Controls (Challenge 7)

Examples of Audit and Investigative Work for Goal 2



Multiple agencies within USDA have joint responsibility for carrying out HELC and WC provisions for reducing soil loss on erosion-prone lands and to protect wetlands.

USDA Monitoring of Highly Erodible Land and Wetland Conservation Violations—Interim Report

The Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) did not successfully generate a comprehensive universe for use in the calendar years 2012–2015 Highly Erodible Land Conservation (HELC) and wetland conservation (WC) compliance reviews. Neither NRCS nor FSA has developed adequate guidance to determine the responsibilities of each agency in this process, and instead relied on informal communications such as emails and unwritten agreements. For the calendar years 2012–2015 compliance reviews, NRCS requested a universe of data from FSA that included records from only one FSA program. This request did not account for producers participating in other FSA programs or any NRCS programs subject to HELC and WC provisions. For the calendar year 2015 random

compliance sample, FSA used data from the National Payment Services; however, this dataset omitted data from 10 States and produced duplicate and invalid records.

Because not all producers subject to the random compliance reviews were included in the data universe, NRCS cannot effectively verify that the results of its random sample reviews accurately reflect producer compliance with HELC and WC provisions. The 2014 Farm Bill made changes to the provisions governing compliance reviews that will necessitate NRCS and FSA collaboration with the Risk Management Agency (RMA) on compliance reviews beginning in 2016. The agencies agreed with our findings and recommendations to collectively draft a memorandum of understanding outlining the responsibilities of each agency to complete its compliance reviews. (Audit Report 50601-0005-31(1))

Rural Development (RD) Single Family Housing Direct Loan Program Credit Reporting

We found that, although RD timely reported borrower statuses to the credit bureaus, approximately 30,000 borrower accounts with a total outstanding balance of almost \$1 billion were either transmitted inaccurately or improperly excluded from reporting. These actions did not comply with the Debt Collection Improvement Act of 1996 and the Fair Credit Reporting Act. This occurred because RD does not have a process to thoroughly examine the data prior to transmission to credit bureaus or to determine whether actions taken within the loan servicing system affected credit reporting. As a result, the credit bureaus were not provided information for almost \$80 million of Federal debt and relied on inaccurate information to calculate borrower credit reports and scores, which can impair decision-makers' abilities to predict credit risks and potentially cause material harm to affected borrowers in an approximately \$16 billion portfolio of loans.

We also found that the agency transmitted borrower data to the U.S. Department of Housing and Urban Development (HUD) Credit Alert Verification Reporting System over a year after the

required computer matching agreement expired in February 2013 and did not maintain documentation to support these transmissions. This occurred because RD did not monitor the credit reporting process to ensure that information was only transmitted under active agreements. As a result, RD could not determine how many records were transmitted to HUD after the agreement lapsed and whether its borrowers' personally identifiable information was properly protected. The agency also obligated over \$130,000 to pay HUD for database costs in June 2013 and September 2014, without active computer matching or interconnection security agreements. RD concurred with our findings and recommendations. (Audit Report 04601-0002-31)

Tobacco Company President Pleads Guilty to Theft and Tax Fraud

Our joint investigation with IRS-CI and the Tobacco Tax Bureau revealed that the president of a Virginia tobacco company submitted fraudulent tax returns and underreported sales volume in order to pay less in taxes. The sales volume reported to USDA was higher than the sales volume reported to the Tobacco Tax Bureau. Thus, there were two sets of reporting documents with differing sales reported. In January 2016, in U.S. District Court, Western District of Virginia, the tobacco company president pled guilty and was sentenced to 60 months in prison and 36 months of supervised release, and was ordered to pay \$4.7 million in restitution as well as forfeit over \$1 million in U.S. currency or property. The company agreed in a civil settlement to pay the Federal Government over \$6 million.

Community Health Center Chief Executive Officer Convicted for Attempting to Defraud \$2 Million from RD's Community Facilities Loan Program

A Wyoming woman, who was the chief executive officer of a local community health center, was charged with three counts each of felony forgery and felony possession of forged writings and one felony count of false written statements to obtain property or credit. The woman provided numerous forgeries, including the signature of a senior assistant

in the Wyoming Attorney General's Office, in an attempt to secure a loan from the RD Community Facilities Loan Program. In November 2014, the woman was charged with 6 counts of possession of forged writings, 17 counts of forgery, 1 count of unauthorized use of personal identifying information, and 4 counts of false written statements to obtain property or credit. In November 2015, in the Third Judicial District, Rock Springs Circuit Court, Wyoming, the woman was sentenced to 36 to 60 months in prison and ordered to pay \$295 in fees and fines. The local community health center was not in operation at the time the woman applied for the Community Facilities loan and RD did not provide any money towards the operation of this community health center.

Tobacco Producer Sentenced to 11 Years in Prison

A joint investigation with IRS-CI and the RMA Special Investigation Branch disclosed that a North Carolina tobacco producer conspired with others to defraud the Federal Crop Insurance Program. The tobacco producer raised crops, sold them in the names of others, and then reported on insurance claim forms that the crops were lost due to natural disasters. He also placed crops and insurance policies in the names of conspirators to boost the amount of money he could collect on the insurance claims. The producer received more than \$1 million that was derived from hidden or underreported crop production and overstated crop acreages, all on Federal crop insurance documents. The tobacco producer went to trial in August 2015, but pled guilty following jury selection. In January 2016, he was sentenced in U.S. District Court, Eastern District of North Carolina, to 132 months in prison to be followed by 36 months of supervised release. He was ordered to pay over \$2.5 million in restitution to various Federal programs and to a specific bank, and ordered to forfeit over \$2.7 million.

Tobacco Farmer Convicted in Crop Insurance Fraud Investigation

From 2009 to 2011, a Kentucky tobacco farmer intentionally overstated crop damage on crop

insurance claim forms, resulting in a loss to the Government of more than \$700,000. The investigation was initiated based on information that the farmer had falsified his planting dates in documents submitted to both RMA and FSA. During the investigation, OIG determined that his crops were not planted at the times that he had claimed to RMA and FSA. Further investigation disclosed the farmer, his family members, and several business associates conspired to defraud the Federal Crop Insurance Program and the FSA Supplemental Revenue Assistance Payment Program.

In February 2016, in U.S. District Court, Western District of Kentucky, the farmer was sentenced to 8 months in prison followed by 36 months of supervised release, and was ordered to pay \$711,958 in restitution. In addition, after being charged via a bill of information, he pled guilty to one count of making a false statement as part of a scheme to defraud the Federal Crop Insurance Program.

Additional Subjects Sentenced in Southwest Michigan Crop Insurance Fraud Investigation

In October 2015, in U.S. District Court, Western District of Michigan, two individuals connected with a scheme to commit crop insurance fraud on a large farming operation in Decatur were each sentenced to 12 months of probation, ordered to perform 200 hours of community service, and were each fined \$10,100. Our investigation, which resulted from information uncovered by the U.S. Secret Service and IRS-CI agents investigating bankruptcy fraud by the producer, discovered that individuals associated with the farm had made false and fictitious claims in regard to the farming operation and the bankruptcy. In March 2015, the two individuals who were sentenced in October 2015 and another man were charged with conspiracy; concealment of assets; false oaths and claims; bankruptcy fraud; false, fictitious, or fraudulent claims; false statements, false declarations before the Court; and bank fraud. The three individuals pled guilty in May 2015 to various charges, including conspiracy to commit bankruptcy fraud and making false, fictitious, or fraudulent claims. A fourth defendant in the case was sentenced in May 2015 to 20 months in prison and

20 months of supervised release, 8 of which will be served as home detention. She was ordered to pay \$184,500 in restitution. We received assistance from RMA investigators and RMA-Special Investigations Branch on this case.

Supplemental Nutrition Assistance Program (SNAP) Retailer Investigations

A significant portion of OIG's investigative resources is dedicated to ensuring the integrity of SNAP by combating the practice of exchanging benefits for currency or other ineligible items. Working closely with the Food and Nutrition Service (FNS), OIG has concluded the following SNAP-related investigations and prosecutions in the first half of FY 2016:

Guam Store Owner Sentenced for Role in SNAP Fraud

Our investigation revealed that from 2011 through August 2013, a store owner defrauded USDA by allowing SNAP recipients to pay off store credit accounts and allowing them to purchase ineligible items with their SNAP benefits. In October 2015, in U.S. District Court, District of Guam, the store owner was sentenced to 8 months of house arrest, followed by 5 years of probation, and ordered to pay \$400,000 in restitution. This sentencing was subsequent to her guilty plea to one count of unauthorized use of food stamps. Our investigation was conducted jointly with the FBI.

State of Washington SNAP Integrity Survey

A SNAP Integrity Survey investigation was conducted as part of OIG's SNAP Initiative and involved approximately 260 retail stores in the State of Washington. This joint operation was conducted with FNS—Retail Investigations Branch; the Washington State Department of Social and Health Services—Office of Fraud and Accountability; the Everett Police Department; the U.S. Marshals Service; and the Department of Justice United States Attorney's Office—Western District of Washington. We determined that SNAP benefits were exchanged for U.S. currency and/or ineligible items in 26 of the 260 stores we surveyed. During the execution of numerous search and arrest warrants, approximately \$1.1 million in U.S. currency was seized by the Department of Justice. One of the store owners was charged with three felonies, including delivery

of a controlled substance, attempted trafficking in stolen property, and trafficking in SNAP benefits. In November 2015, in Snohomish County Superior Court, Washington, the store owner was sentenced to 16 months in prison and ordered to pay \$5,600 in assessments, fees, and fines for his role involving drug possession, trafficking in stolen property, and exchanging SNAP benefits for U.S. currency.

Illinois Brothers Sentenced for SNAP Fraud

During the course of our investigation of one store owned by brothers, we determined that they owned a second store in which they were trafficking in SNAP benefits. In October 2013, three store employees were indicted for SNAP fraud as they had engaged in exchanging U.S. currency for SNAP benefits. In October 2014, the two owners, as well as two additional employees, were indicted for conspiracy to illegally acquire SNAP benefits. The two owners were also charged with aiding and assisting in the preparation of false tax returns and trafficking in counterfeit goods. Five store employees were sentenced to prison terms ranging from 30 to 90 days, followed by 24 to 36 months of supervised release. They were also ordered to pay a total of \$3,300 in fines and \$3,473 in restitution. In May 2015, the two owners pled guilty to conspiracy to illegally acquiring more than \$1.6 million in SNAP benefits, aiding and assisting in the preparation of false tax returns, and trafficking in counterfeit goods. In October 2015, in U.S. District Court, Southern District of Illinois, the two owners were each sentenced to 85 months in prison, followed by 36 months of supervised release. Both were

ordered to pay \$12,500 in fines and over \$1.6 million in restitution.

Kansas City Store Owner, Spouse, and Third Individual Sentenced for SNAP Fraud

OIG received a referral after the FNS—Retail Investigations Branch identified possible trafficking transactions for U.S. currency and other ineligible items inside a Kansas City store. In October 2013, as part of an Organized Crime Drug Enforcement Task Force K2 (synthetic marijuana), the store was identified as part of this investigation. This Federal and State task force then conducted a search warrant on the store premises and a related storage facility. Substantial amounts of K2 were found and the storeowner was arrested on State drug charges. In May 2014, the storeowner, his wife, and a third individual were indicted for conspiracy to commit SNAP fraud and wire fraud. In November 2014, all three individuals were charged in a superseding indictment with conspiracy to commit SNAP fraud, SNAP fraud, and wire fraud. The storeowner was also charged with two counts of aggravated identity theft. In April 2015, the third individual pled guilty to conspiracy to commit SNAP fraud, and aiding and abetting to commit SNAP fraud. In June 2015, this individual was sentenced to time served and 24 months of probation, and was ordered to pay \$4,534 in restitution. In June 2015, the storeowner pled guilty to conspiracy to commit SNAP fraud, conspiracy to commit wire fraud, and aggravated identity theft. In November 2015, in U.S. District Court, District of Kansas, the storeowner was sentenced to 57 months in prison, followed by 36 months of supervised release, and ordered to pay \$227,722 in restitution. His wife pled guilty to conspiracy to commit wire fraud and will be sentenced in May 2016.

Pennsylvania Store Owners Unlawfully Redeemed More Than \$2.1 Million in SNAP Benefits

OIG's investigation revealed that the owners of a grocery store illegally traded SNAP benefits for U.S. currency on multiple occasions between 2012 and 2013. In March 2015, in U.S. District Court, Eastern

District of Pennsylvania, both owners and a store clerk were charged with conspiracy to commit wire fraud and SNAP benefit fraud. In September 2015, the first owner was sentenced to 18 months in prison, followed by 36 months of supervised release, and ordered to pay \$209,000 in restitution. In October 2015, the second store owner was sentenced to 30 months in prison and ordered to pay over \$1.39 million in restitution. The store clerk was sentenced to 6 months' home detention and ordered to pay \$807,431 in restitution. This investigation was conducted jointly with the U.S. Department of Homeland Security—Homeland Security Investigations.

Long Island Store Owners and Employees Convicted of SNAP Trafficking

In November 2015, in U.S. District Court, Eastern District of New York, a store owner was sentenced to 30 months in prison, followed by 36 months of supervised release, and ordered to pay \$818,316 in restitution. During the course of our investigation, a total of five former store owners and employees working at three related stores exchanged SNAP benefits for U.S. currency at a discount. In April 2014, the storeowners and employees were charged with conspiracy to commit SNAP fraud. In May 2014, the five men were arrested and subsequently released on bond, with the exception of one store employee, who was detained based on immigration issues. In October 2014, one of the storeowners pled guilty to conspiracy to commit SNAP fraud. In December 2014, the remaining four men pled guilty to the same charge. In March 2015, an additional man was charged with conspiracy to commit wire fraud for his role in directing the exchange of SNAP benefits for U.S. currency at a discount at one of the stores. On the same date, he was arrested at John F. Kennedy International Airport upon re-entering the U.S. from the Middle East. In December 2015, he subsequently pled guilty to the charges against him. In May 2015, one additional store employee was sentenced to 18 months in prison, followed by 36 months of supervised release, and ordered to pay \$132,000 in restitution. Sentencing dates are pending for the remaining four defendants.

Store Owner Convicted of Assault on an OIG Agent

In October 2015, in U.S. District Court, Northern District of Ohio, a Youngstown, Ohio, store owner was sentenced to 84 months in prison for brandishing a firearm at OIG special agents and other law enforcement personnel during the execution of a SNAP trafficking-related search warrant at his residence. Additionally, the Court ordered the store owner to serve an additional 10 months in prison for possession of a firearm in connection with the assault on law enforcement personnel. In March 2016, the storeowner and 29 SNAP recipients were indicted on charges of conspiracy to commit food stamp fraud and food stamp fraud.

\$1.8 Million Restitution Ordered in Michigan SNAP Trafficking Investigation

In October 2015, the owner of a store in Hamtramck, Michigan, was sentenced in U.S. District Court, Eastern District of Michigan, to 15 months in prison, followed by 24 months of supervised release, and ordered to pay over \$1.8 million in restitution. The investigation disclosed SNAP redemptions at the retailer had been as high as \$235,000 per month, which was significantly greater than other similarly sized grocery stores. In March 2015, the store owner pled guilty to conspiracy and money laundering. The store employee, who conducted SNAP trafficking transactions, entered into a pretrial diversion agreement.

Coordinated Investigation Results in \$1.5 Million Restitution Order

Our investigation determined that a store located in Dearborn, Michigan, averaged approximately \$53,000 in SNAP redemptions a month while comparable stores in the same geographical area redeemed approximately \$4,700 per month. Through a series of transactions, investigators were able to establish a pattern of activity whereby the store owner and an employee would exchange SNAP benefits for U.S. currency and ineligible items. In April 2014, the owner and an employee were indicted on charges of SNAP and wire fraud and ultimately pled guilty to both charges. In

October 2015, in U.S. District Court, Eastern District of Michigan, the store employee was sentenced to 5 months in prison, followed by 24 months of probation, and ordered to pay \$500,000 in restitution. In January 2016, the store owner was sentenced to 12 months and 1 day in prison, followed by 24 months of probation, and ordered to pay \$1.5 million in restitution. This investigation was a cooperative effort between OIG, IRS-CI, and Michigan State Police.

Other SNAP Fraud Investigations

Mexican National Sentenced for Identity Theft

Beginning in 1979, a Mexican national began using the identity of a Phoenix, Arizona, man. He changed his name to the victim's name and assumed his identity in order to obtain SNAP benefits, Medicaid, Social Security benefits, voting privileges, a driver's license, and a U.S. passport. Based on this false information, the man's wife and daughter also received benefits to which they were not entitled. In October 2014, he was indicted for aggravated identity theft, making false statements to obtain a passport, SNAP benefits, Medicaid benefits, and voter registration. Additionally, he was charged with making false statements to a Federal agent, misusing a Social Security number to obtain a Kansas driver's license, and fraudulently attempting to obtain Social Security benefits. In December 2014, the man was arrested and, in August 2015, he pled guilty to unlawful disclosure of a Social Security number, possession of unlawfully obtained identification documents, and illegal re-entry into the U.S. after denial of admission. In October 2015, in U.S. District Court, District of Kansas, the man was sentenced to time served and 36 months of supervised release. Upon completion of his sentence, he is subject to deportation. This investigation was worked jointly with U.S. Department of Homeland Security—Homeland Security Investigations.

Three South Florida Individuals Sentenced to Prison for Identity Theft Scheme

Three women used stolen personally identifiable information from more than 800 people to submit fraudulent tax returns seeking \$1.5 million in refunds. During the investigation, the leader of the group (a convicted felon) was found to be in possession of a firearm. It was also determined that she fraudulently obtained Housing Assistance Program and SNAP benefits. In January 2015, she pled guilty to a variety of offenses, including unlawful possession of a firearm, possession of unauthorized access devices, conspiracy to commit wire fraud, aggravated identity theft, theft of public money, and making a false statement. In

January 2016, she was sentenced to 94 months in prison, followed by 36 months of supervised release. Her two co-conspirators each pled guilty to aggravated identity theft and conspiracy to commit wire fraud. Respectively, in January and February 2016, they were sentenced to prison terms ranging from 33 to 36 months, followed by 36 months of supervised release. The three were also ordered to pay joint restitution of \$947,297. This was a joint investigation with IRS-CI, the Palm Beach County Sheriff's Office, and HUD OIG.

Two Individuals Sentenced in SNAP Fraud and Prescription Narcotics Investigation

Beginning in 2014, OIG, U.S. Department of Health and Human Services Office of Inspector General (HHS OIG), and the Ohio Organized Crime Investigations Commission Task Force 13–2, of which OIG is a member, conducted an investigation targeting SNAP benefit trafficking and a variety of criminal offenses involving prescription narcotics throughout Ohio and Kentucky. The investigation identified a criminal enterprise responsible for creating and filling 62 counterfeit prescriptions at 25 different pharmacies throughout the Dayton, Ohio area, totaling 5,760 controlled prescription pills. OIG became involved as the subjects were accepting SNAP benefits as payment for the counterfeit prescriptions and controlled narcotics. As a result of our investigation, multiple subjects were charged between November 2014 and May 2015. In February 2016, in U.S. District Court, Southern District of Ohio, the remaining two subjects charged in this investigation were sentenced to 34 and 21 months in prison, respectively, and 36 months of supervised release for conspiracy to possess and distribute controlled substances. In August 2015, the primary subject pled guilty and was sentenced to 52 months in prison and 60 months' probation, ordered to pay \$449 in restitution, and received a lifetime disqualification from SNAP. Lastly, between September 2015 and January 2016, four other subjects were sentenced to prison terms ranging from 15 to 24 months, and a probation period of 36 months.

Other FNS Investigations

Convicted Child Care Feeding Program Figure Guilty of Violating Supervised Release Conditions

In November 2015, as a result of a violation of supervised release (VOSR), in U.S. District Court, Eastern District of New York, the husband of a child development center owner was sentenced to 2 weeks in prison, followed by 36 months of supervised release, and ordered to perform 880 hours of community service working in a soup kitchen. In December 2014, he was cited with a VOSR-related charge of failure to forfeit property/remit proceeds in accordance with his sentence. At the request of the judge, a financial investigation was conducted by the U.S. Attorney's Office, OIG, IRS-CI, and U.S. Probation and Pretrial Services. The child development center had participated in the FNS' Child and Adult Care Feeding Program since 2002 and collected reimbursements for meals served, totaling approximately \$13.2 million. The VOSR charge stems from a conviction of the husband where he and his wife were charged with theft and bribery concerning programs receiving Federal funds. The husband was originally sentenced to 36 months of probation, to include 12 months of home confinement with electronic monitoring, and was ordered to perform 300 hours of community service. In addition, he was ordered to pay restitution (jointly and severally with his wife) of over \$2.2 million, a \$7,000 fine, and a \$100 special assessment. In addition, the couple was ordered to forfeit \$3 million. On October 1, 2013, the owner (wife) was sentenced to 57 months in prison, followed by 36 months of supervised release, 300 hours of community service, and was ordered to pay restitution (jointly and severally with her husband) in the amount of over \$2.2 million, a fine in the amount of \$100,000, and a \$100 special assessment.

Arkansas Individual Sentenced in Summer Food Service Program Scheme

In March 2016, in U.S. District Court, Eastern District of Arkansas, a woman who participated in FNS' Summer Food Service Program was sentenced to 63 months in prison, followed by 36 months of supervised release, and ordered to pay over \$3.6 million in restitution jointly and severally with any other person who has been or will be convicted of an offense for which restitution to the same victim on the same loss is ordered. The woman operated a Summer Food Service Program and an at-risk after-school program, and conspired with employees of the Arkansas Department of Human Services (DHS) in a scheme to fraudulently obtain program funds intended to feed children in low-income areas. This investigation determined that the defendant submitted claims for more meals than she actually served. The Arkansas DHS employees approved her program applications, which facilitated the payment of these fraudulent and inflated claims. Subsequently, she completed the scheme by paying bribes to the Arkansas DHS employees. She pled guilty to one count of wire fraud. The remaining subjects in the case are scheduled to stand trial later this year.

Government-wide Activities—Goal 2

Participation on Committees, Working Groups, Task Forces, and Other Activities

Mortgage Fraud Task Force: OIG investigators in Minnesota continue to participate on the FBI's multi-agency Mortgage Fraud Task Force. With representatives from Federal, State, and local law enforcement agencies, these task forces are strategically placed in locations identified as high-risk areas for mortgage fraud. This multiagency model seeks to identify the source of the fraud and find the most effective way to prosecute each case. Additionally, agents in South Florida participate in the Government Housing Operations Special Task Force. Essentially, this task force is a collaborative effort between the Palm Beach County Sheriff's Office, USDA OIG, HUD OIG, and the Social Security Administration OIG to investigate public assistance fraud. It started with a focus on public housing and HUD/Section 8 benefits, but expanded to include SNAP retailer and recipient fraud, as well as Social Security Supplemental Security Income fraud. It was recently re-designated as the Public Assistance Fraud Task Force.

Bridge Card Enforcement Team: OIG investigators continue to work with this team to investigate criminal activities associated with SNAP and the Special Supplemental Nutrition Program for Women, Infants, and Children. Team members include the Michigan State Police and IRS-CI investigators. During this reporting period, we also worked with the FBI and Immigrations and Customs Enforcement-Homeland Security Investigation. Since 2007, our teamwork has resulted in 181 arrests and 290 search warrants served. The U.S. Attorney's Offices for the Eastern and Western Districts of Michigan and the Michigan Attorney General's Office have pursued multiple criminal prosecutions, so far resulting in 174 guilty pleas and sentences (some with lengthy incarceration periods), and over \$36 million in court-ordered fines and restitution. The U.S. Attorney's Offices have initiated forfeitures totaling over \$5.4 million.

Bankruptcy Fraud Task Forces: OIG investigators in the District of Kansas and the Western District of Missouri participate in these task forces, along with agents from the Postal Inspection Service, IRS-CI, the FBI, the U.S. Department of Labor OIG, and HHS OIG. Additionally, OIG investigators also participate in the white collar fraud working groups in Kansas and Missouri.

Suspicious Activity Reports (SAR) Review Teams: OIG investigators across the country participate on SAR Review Teams, which are coordinated by the U.S. Department of Justice through the U.S. Attorney's Offices. The primary purposes of a SAR Review Team are to systematically review all SARs that affect a specific geographic jurisdiction, identify individuals who may be engaged in criminal activities, and coordinate and disseminate leads to appropriate agencies for follow-up. The composition of these teams includes representatives from law enforcement and various regulatory agencies. Coordination among the respective agencies results in improved communication and more efficient resource allocation.

Office of Government Ethics (OGE) Proposed Rule to Revise Portions of the Standards of Ethical Conduct for Executive Branch Employees: OIG provided comments to OGE on its proposed rule to revise portions of the Standards of Ethical Conduct for Executive Branch Employees that govern the solicitation and acceptance of gifts from outside sources. We made note of one provision that may merit clarification before the rule is final. OGE's proposed rule included an example clarifying that the exclusion to the definition of "gift" for "modest items of food and refreshment" does not allow for the acceptance of alcohol. Without taking a position on the rule itself, OIG recommended that OGE consider providing further clarification and examples of how to implement this proposed provision. In

particular, OGE could address whether employees would need to know (or need to inquire) ahead of time whether alcohol will be served at a particular event, and whether an employee's attendance at an event would be prohibited even if the employee does not accept alcohol.

U.S. Equal Employment Opportunity Commission (EEOC) Proposed Enforcement Guidance on Retaliation and Related Issues:

In January 2016, EEOC circulated a draft update of guidance in the EEOC Compliance Manual regarding complaints of retaliation and related issues. OIG reviewed and provided EEOC with several comments regarding the draft guidance. The draft included a discussion of how an employee's complaints to someone other than his or her employer (e.g., union officials, co-workers, attorneys) can constitute "opposition" to perceived employment discrimination. OIG recommended that EEOC consider citing cases that highlight attorney contact as "opposition" in this context, similar to how it cited cases to support its position that disclosures to other outside individuals are "opposition." OIG also suggested that the discussion regarding EEOC's determination that the "but for" causation standard (used in proving retaliation cases in private-sector and State and local government cases) is not applicable to Federal-sector cases and should be given more prominence in the guidance. Finally, OIG suggested that EEOC consider revising how it identified, described, and indexed the examples and factual scenarios used in the guidance so they would be easier to find, and help clarify the context and proper application of each example.

H.R. 653, the Freedom of Information Act (FOIA) Oversight and Implementation Act of 2016:

OIG reviewed and provided comments to the Office of Management and Budget (OMB) regarding H.R. 653, which would, among other things, require OIGs to review agency compliance with FOIA requirements every 2 years and would require OMB to operate a single FOIA portal for requests Government-wide. OIG expressed

concerns regarding the OIG review requirement and noted that such a review would require significant resources given the volume of USDA FOIA requests. We also noted that the review would be somewhat duplicative of other publicly available reports.

2015 Draft OMB Federal Information Security Modernization Act (FISMA) Report:

USDA OIG provided comments to OMB on the draft of its annual FISMA report. The draft report provides information on Federal cybersecurity incidents, ongoing efforts to mitigate and prevent future incidents, and agencies' progress in implementing cybersecurity policies and programs to protect their systems, networks, and data. We had questions regarding certain calculations and provided revised numbers for accuracy.

H.R. 4180/S. 2133, Fraud Reduction and Data Analytics Act of 2015:

USDA OIG provided comments on S. 2133 and its counterpart, H.R. 4180, the Fraud Reduction and Data Analytics Act of 2015. The bill seeks to improve Federal agency controls to assess and mitigate fraud risks, and to move forward agencies' development of data analytics to identify and respond to fraud and improper payments. While OIG supported the bill's overall purpose, we offered recommendations on certain provisions. Specifically, we recommended clarification on the proposed bill's applicability to OIG data analytic efforts, and on whether the bill's reporting requirements apply to OIGs. Additionally, we recommended consultation with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) or individual OIGs on the bill's content. Further, we recommended greater clarification on: (1) how the proposed "Federal interagency library of data analytics and data sets" would be structured, (2) what types of "data sets" it would contain, and (3) whether the library would be subject to existing Privacy Act provisions, including relevant Computer Matching Act provisions.

Ongoing Reviews

- controls over SNAP benefits for able-bodied adults without dependents (FNS),
- SNAP administrative costs (FNS),
- detecting potential SNAP trafficking using data analysis (FNS),
- coordination of USDA farm program compliance (FSA, RMA, NRCS),
- formula grant program controls over fund allocations to States (National Institute of Food and Agriculture (NIFA)),
- wetland conservation provisions in the Prairie Pothole Region (NRCS),
- Risk Management Agency underwriting (RMA),
- Rural Energy for America Program (RBS),
- Intermediary Relending Program (RBS),
- Energy Efficiency and Conservation Loan Program (Rural Utilities Service (RUS)),
- New Hampshire's compliance with SNAP certification of eligible households requirements (FNS),
- New Mexico's compliance with SNAP certification of eligible households requirements (FNS),
- USDA monitoring of highly erodible land and wetland conservation violations (NRCS, FSA, RMA), and
- controls over originating and closing Single Family Housing direct loans (Rural Housing Service (RHS)).

Goal 3: Management Improvement Initiatives

Provide USDA with oversight to help it achieve results-oriented performance

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

In the first half of FY 2016, we devoted 36.4 percent of our total direct resources to Goal 3, with 96.9 percent of these resources assigned to critical/high-impact work. A total of 100 percent of our audit recommendations under Goal 3 resulted in management decisions within 1 year, and 75 percent of our investigative cases resulted in criminal, civil, or administrative action during this reporting period. OIG issued 18 reports under Goal 3 during this reporting period (OIG issued four management letters to accompany the financial statement audits and one closing package for the Department's consolidated financial statement audit). OIG's investigations under Goal 3 yielded 12 indictments, 4 convictions, and \$258,684 in monetary results during this reporting period.

Management Challenges Addressed under Goal 3

- USDA Needs to Improve Oversight and Accountability for its Programs (Challenge 1)
- Information Technology Security Needs Continuing Improvement (Challenge 2)
- USDA Needs to Strengthen Program Performance and Performance Measures (Challenge 3)
- USDA Needs to Strengthen Controls over Improper Payments and Financial Management (Challenge 4)
- USDA Needs to Improve Outreach Efforts (Challenge 5)

Examples of Audit and Investigative Work for Goal 3

USDA Office of the Chief Information Officer (OCIO) FY 2015 FISMA

FISMA requires each agency to obtain an independent evaluation of its information security program and practices to determine its effectiveness. The evaluations are to be performed by the agency's Inspector General or an independent evaluator. On an annual basis, OIG conducts an independent evaluation of USDA's IT security program and practices as required to assess the status of USDA's security posture. In FY 2015, OIG found that although USDA continues to improve the security posture of its IT infrastructure and associated data, many longstanding weaknesses remain. In FYs 2009-2014, OIG made 57 recommendations for improving the overall security of USDA's systems, but agreed-upon corrective actions have been implemented for only 31 recommendations. Security weaknesses still exist in 3 of the 31 recommendations where final action was accepted by USDA's Office of the Chief

Financial Officer (OCFO). We noted that OCIO is taking positive steps to improve its security posture, such as improving its incident response and risk management framework. However, the agencies included in this review have not implemented all of the requirements for security training, remote access management, and contingency planning. It is now critical that agencies create and implement agency-specific procedures to ensure compliance with USDA policy and improve the Department's future security posture.

OIG continues to report weaknesses in USDA's IT security. The Department has not: (1) performed an assessment of the skills, knowledge, and resources needed to effectively implement an Information Security Continuous Monitoring (ISCM) Strategic Plan; (2) defined or formally documented within the ISCM Strategic Plan the organization's process for collecting and considering lessons learned to improve ISCM processes; and (3) developed policies

and procedures for remote access and teleworking that comply with National Institute of Standards and Technology guidance. OCIO agreed with our recommendations. (Audit Report 50501-0008-12)

USDA's Financial Management

This year, USDA, along with two component agencies (CCC and NRCS), faced significant challenges to ensure accurate presentation of their financial statements.

USDA's Consolidated Financial Statements for FYs 2015 and 2014

OIG was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and therefore did not express an opinion on USDA's consolidated financial statements for FY 2015. As a result, the report contains a disclaimer of opinion for FY 2015. OIG's review of USDA's internal controls over financial reporting identified four significant deficiencies, two of which are material weaknesses. Specifically, four of USDA's component agencies need to make further improvements to their internal controls over financial reporting. Also, USDA needs to improve its IT security and control, as many long-standing weaknesses remain. Moreover, USDA needs to improve its controls over financial reporting, as our review again disclosed deficiencies related to obligations and abnormal year-end balances. Additionally, this finding shows that real property costs were not always properly classified. The final significant deficiency we identified relates to deviations in IT controls over one financial system. Also, this report includes a finding related to USDA's lack of substantial compliance with FFMIA, and a finding related to violations of the Anti-Deficiency Act. The Department concurred with our findings and generally agreed with our recommendations to provide additional oversight and ensure that real property is accounted for properly, and to improve controls over one financial system. (Audit Report 50401-0009-11)

In addition to auditing USDA's consolidated financial statements, OIG either performed or oversaw contractors as they performed audits of five USDA agencies' financial statements, as well as USDA's special purpose financial statements:

RD's Financial Statements for Fiscal Years 2015 and 2014

RD received an unmodified opinion on its financial statements for FYs 2015 and 2014. Our consideration of RD's internal control over financial reporting identified one material weakness in its credit reform subsidy model design and review. Also our consideration of compliance with laws and regulations noted an instance of noncompliance with the Digital Accountability and Transparency Act of 2014. (Audit Report 85401-0005-11)

CCC's Financial Statements for FYs 2015 and 2014

An independent certified public accounting firm audited CCC's financial statements for FY 2015. The accounting firm report contains a disclaimer of opinion on the financial statements, as well as an assessment of CCC's internal controls over financial reporting and compliance with laws and regulations. A second independent certified public accounting firm audited CCC's consolidated financial statements for FY 2014 and expressed an unmodified opinion on the financial statements. For FY 2015, the accounting firm reported that CCC was unable to provide adequate evidential matter in support of a significant number of transactions and account balances, as presented in CCC's

consolidated financial statements for FY 2015. This problem occurred due to inadequate processes and controls to support transactions and estimates, inadequate records to support the accounting for transactions in accordance with generally accepted accounting principles, and financial management system limitations. The financial statement line items affected by the lack of adequate evidential matter included, but were not limited to, recoveries of prior year unpaid obligations, spending authority, obligations incurred, direct loans and loan guarantees, accrued liabilities, deposit and trust liabilities, resources payable to the U.S. Treasury, environmental and disposal liabilities, other liabilities, and gross costs. (Audit Report 06401-0005-11)

Federal Crop Insurance Corporation/Risk Management Agency's (FCIC/RMA) Financial Statements for Fiscal Years 2015 and 2014

OIG determined that FCIC/RMA's financial statements fairly present, in all material respects, its financial position as of September 30, 2015, and were prepared in accordance with generally accepted accounting principles. This includes the agency's net costs, changes in net position, statement of budgetary resources, and related notes to the financial statements. The accompanying financial statements as of September 30, 2014, were audited by other auditors whose report on those statements was unmodified. FCIC/RMA's internal control over financial reporting identified one deficiency, which is a material weakness. Specifically, FCIC/RMA needs to improve its controls over the review of estimated loss calculations. Our review identified an error in the program code used in the calculations, which resulted in a material misstatement in the financial statements and required adjustments. Our testing of FCIC/RMA's compliance with applicable laws and regulations did not identify exceptions. FCIC/RMA concurred with our finding and recommendation, and stated that it will develop corrective action plans with milestones to address the finding. (Audit Report 05401-0005-11)

NRCS' Financial Statements for Fiscal Year 2015

An independent certified public accounting firm audited NRCS' financial statements for FY 2015. The accounting firm report contains a disclaimer of opinion on the financial statements, as well as an assessment of NRCS' internal controls over financial reporting and compliance with laws and regulations. The independent auditor's report identified three deficiencies that were considered to be material weaknesses: (1) weaknesses in NRCS' accounting and controls over obligations and undelivered orders, (2) controls over financial operations, and (3) accounting and controls over transactions related to the Grassland Reserve Program. The results of these tests of compliance with laws and regulations disclosed instances of noncompliance with FFMIA and the Improper Payments Information Act, as amended by the Improper Payment Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Act of 2012. NRCS concurred with the findings. (Audit Report 10401-0005-11)

FNS' Financial Statements for Fiscal Years 2015 and 2014

FNS received an unmodified opinion from OIG's audit of FNS' comparative financial statements. We determined that the agency's financial statements for FYs 2015 and 2014 present fairly, in all material respects, FNS' financial position as of September 30, 2015 and 2014, and they conform with generally accepted accounting principles. This includes the agency's net costs, changes in net position, and statements of budgetary resources. Our consideration of FNS' internal control over financial reporting identified no significant deficiencies or material weaknesses. However, our consideration of compliance with laws and regulations identified that FNS' high-risk programs were not compliant with the requirements of the Improper Payments Information Act, as amended by the Improper Payment Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Act of 2012. (Audit Report 27401-0005-21)

Other Examples of Audit and Investigative Work for Goal 3

RMA Crop Insurance Compliance Case Management

OIG determined that RMA has not developed an overall formal strategy for supervising and overseeing the compliance case management activities of its regional compliance offices (RCO). Specifically, we found that RMA's national office was not fully utilizing the Compliance Activities and Results System's (CARS) capabilities to identify key performance indicators and generate reports to monitor and oversee compliance activities. RMA uploads compliance case documentation into CARS to track compliance cases, case policies, and disputes regarding compliance with crop insurance guidelines. We found that RCOs were not following procedures or performing effective secondary reviews. Some RCOs were maintaining paper files, even though CARS is now RMA's system of record, and some cases established within CARS were not related to compliance issues. As a result, RMA is unable to effectively measure its performance to ensure the integrity of the Federal Crop Insurance Program.

In addition, we determined that RMA needs to clarify guidance for determining "reasonable expectation" of receiving water when irrigating a crop. Without clear guidance, RMA will continue to pay millions of dollars for irrigated crop losses, even though there were no reasonable expectations of receiving water. Over \$21.6 million in indemnities was paid in crop year 2014 without RMA issuing clarifying guidance. RMA generally agreed with our recommendations. (Audit Report 05601-0004-31)

FS Firefighting Cost Share Agreements with Non-Federal Entities

Along with local and State authorities, FS is responsible for helping protect forests nationwide from wildfire. Since 1991, FS' average annual fire suppression costs have doubled from an average of about \$580 million (FYs 1991–2000) to \$1.2 billion (FYs 2001–2010). In California, FS has taken responsibility for protecting almost 2.8 million acres of private land, exchanging land that is inexpensive

to protect for land that is more difficult to protect, and therefore more expensive to protect (such as residential areas near forests). In the process, FS costs and responsibilities have multiplied. We found that FS had not comprehensively reviewed fire protection boundaries to determine if such exchanges distribute costs equitably to all parties, and if any lands exchanged share similar risks and costs to protect, as mandated by the fire protection agreement. FS began taking corrective action during our audit.

OIG also found that local cooperators (local firefighters) used indirect cost rates for firefighting activities that may have been excessive and unreasonable. FS did not safeguard its assets by establishing policies and procedures to review indirect cost rates charged by local cooperators. As a result, we questioned over \$4.5 million in administrative costs paid to nine cooperators in California. In addition, FS overpaid \$6.5 million to Colorado State University for unallowable administrative costs during a 4-year period. Although FS identified the issue and ceased future overpayments, it has not recovered the overpayments. The agency agreed with our recommendations, and we reached management decisions on seven of the eight recommendations. (Audit Report 08601-0002- 41)



As part of its mission to sustain the health, diversity, and productivity of the nation's forests and grasslands, FS protects these areas from unwarranted wildland fire.

Department's Controls over Prioritizing and Funding Agricultural Research

The Under Secretary for Research, Education, and Economics (REE) serves as USDA's chief scientist and is responsible for ensuring that USDA's research, education, and extension activities are coordinated and integrated across agencies and disciplines. The Office of the Chief Scientist (OCS) was established in March 2010 to assist the chief scientist in identifying and prioritizing Department-wide agricultural research needs and funding, and to coordinate the research programs and activities of the Department. We found the three principal USDA agricultural research agencies (ARS, NIFA, and FS) have their own agency-specific strategic planning and budget processes that provide for prioritization and funding of agricultural research in accordance with Congressional mandates and the Department's strategic goals and objectives. To assist in fulfilling her responsibilities, the chief scientist developed a Research, Education, and Economics Action Plan in 2012 to identify, prioritize, and coordinate Department-wide agricultural research needs. We commend the chief scientist for the creation of the action plan, as it provides a foundation for prioritizing research across USDA's agencies. However, the plan's effectiveness could be improved by establishing a system of internal controls surrounding its implementation and maintenance. Further, OCS needs to implement a formalized structure for monitoring and tracking responsible agencies' significant research accomplishments in support of the plan's priority research areas. We attribute the lack of proper staffing as the primary reason for the absence of a system of controls within OCS. OCS agreed with our findings and recommendations. (Audit Report 50601-0002-22)

Office of Procurement and Property Management's (OPPM) Oversight of Contractor Past Performance Reporting Requirements

In September 2010, OPPM released a procurement advisory officially establishing the Contractor Performance Assessment Reporting System (CPARS) as the system used to collect, maintain, and disseminate contractor performance evaluations.

We found that OPPM's Procurement Policy Division (PPD) did not sufficiently oversee USDA's CPARS compliance. The current oversight procedures require OPPM PPD to generate a report from a contract database containing all CPARS required contracts, provide it to each of the contracting activities within USDA, and receive feedback from the contracting activities on any missing or unresolved evaluations. However, OPPM PPD relied on an alternative tracking database, which was incomplete and, although the reports were distributed to the appropriate contracting activities, they did not contain data for all applicable contracts. Additionally, OPPM did not require a formal feedback process for missing or unresolved evaluations. As a result of these procedures not being adhered to, OPPM PPD does not have assurance that the generated CPARS reports were complete and accurate. Additionally, current, complete, and accurate information on contractor performance is not available for other agencies and departments to use when evaluating potential contractors. OPPM agreed with our findings and recommendations and has begun updating its procedures based on our recommendations. (Audit Report 89099-0001-12)

REE Compliance with Contractor Past Performance Reporting Requirements

In a similar review, using the OPPM procurement advisory establishing CPARS, we found that the REE mission area did not always enter or complete contractor past performance evaluations in CPARS as required. This occurred because the REE Head of the Contracting Activity Designee (HCAD) office did not follow an aspect of an Acquisition & Property Division alert that requires HCAD to receive explanations and corrective actions for overdue CPARS evaluations and because of staffing issues faced by REE's Business Service Center Acquisition Branch while working through the CPARS backlog. As a result, contracting officials did not have complete, timely, and accurate information on contractor performance to make informed decisions when awarding new Federal contracts. Thus, the Federal Government could not be assured that it was doing business with companies that delivered quality

goods and services on time and within budget. REE agreed with our recommendations, and we are working with the agency to reach management decision on two recommendations. (Audit Report 50601-0001-12)

Hispanic and Women Farmers and Ranchers Claim Resolution Process

In 2008, Congress directed that all pending claims and class actions brought against USDA by socially disadvantaged farmers or ranchers, including Hispanics and women, be resolved in an expeditious and just manner. As part of this process, a settlement fund of \$1.33 billion was established for eligible Hispanic and women farmers and ranchers. The Department contracted with a company specializing in claims resolution to resolve these pending claims. The company distributed claims forms, as well as received, processed, adjudicated, and paid claims, while USDA oversaw the contract. Overall, we concluded that the contractor executed a strong process to ensure that funds were paid to eligible Hispanic and women farmers. Our tests did identify minor errors in the processing and adjudication of claims, but those errors did not materially affect the process. We concluded that claimants who received an award were likely eligible. Further, we determined that USDA's Procurement Operations Division,

within OPPM, needed stronger management controls to ensure the claims process was implemented according to the terms and conditions of the contract. Specifically, the contractor did not timely remove ineligible claimants, referred to as prior participants, from the claims process, resulting in overpayments to the contractor of over \$144,000. In addition, the Department appointed a contracting officer's representative (COR) who was not qualified to oversee this contract, and USDA did not adequately supervise the representative. The Department generally agreed with our findings and recommendations to appoint a qualified COR, who was tasked with reviewing the prior representative's activities and the contractor's performance measures to ensure that the contract was administered correctly. (Audit Report 50601-0002-21)

FSA Employee Sentenced for Embezzlement

In October 2015, in U.S. District Court, District of Minnesota, a former FSA employee was sentenced to 8 months of home detention and electronic monitoring, followed by 36 months of probation, and ordered to serve 40 hours' community service. Our investigation of this FSA employee determined that from December 2013 through November 2014, without agency authorization and without her husband's knowledge, the employee processed 16 loans in her husband's name and directed the loan proceeds be deposited into a personal bank account. Furthermore, on seven occasions, the employee utilized another employee's computer username to process the loans. In order to conceal the loan fraud scheme, the employee did not maintain the loan documents in a manner typical of the office, whereby others would have access. The investigation disclosed that the employee used \$108,334 in loan proceeds for personal shopping trips, a trip to Cancun, Mexico, a wedding, and college education expenses. In May 2015, the employee was indicted on 16 counts of theft of public money and 7 counts of computer fraud. In June 2015, she pled guilty on all counts and provided \$86,596 to the court in furtherance of restitution. She also resigned from her position with FSA in June 2015.



The Food, Conservation, and Energy Act of 2008 directed USDA to expeditiously resolve all pending claims and class actions by socially disadvantaged farmers or ranchers, including Hispanics and women.

Government-wide Activities—Goal 3

Testimonies

The House Committee on Appropriations' Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. On February 12, 2016, Inspector General Phyllis Fong testified on OIG's recent oversight of USDA programs. She stated that the effective delivery of USDA programs is a challenge that requires a sustained focus on excellent management at all levels of the Department. The highest policy levels of the Department have shown leadership and commitment in this area; however, at the individual agency level, implementation and follow-through has been uneven, specifically in the areas of cyber security, improper payments, financial management, IT investments, and procurement. Inspector General Fong noted that OIG's work in FY 2015 garnered potential monetary results totaling over \$1.24 billion with 38 audit reports issued, 205 recommendations made, and 817 criminal convictions obtained.

Participation on Committees, Working Groups, and Task Forces

Financial Statement Audit Network Workgroup. OIG auditors are members of this workgroup, whose main purpose is to provide the audit community with a forum to share ideas, knowledge, and experience concerning Federal financial statement audits.

Ongoing Reviews

- Animal Welfare Act—marine mammals (Cetaceans) (Animal and Plant Health Inspection Services (APHIS)),
- FY 2015 firm fixed price contract award price reasonableness determinations (Food, Nutrition, and Consumer Services),
- monitoring of the Administration's trade agreement initiatives (Foreign Agricultural Service (FAS)),
- watershed management (FS),
- wildland fire activities—hazardous fuels reduction (FS),
- plan for addressing climate change (FS),
- Secure Rural Schools Program (FS),
- USDA's FY 2015 Compliance with Improper Payment Requirements (CCC, FNS, FS, FSA, NRCS, OCFO, RD, and RMA),
- consolidated financial statements for FYs 2016 and 2015 (USDA)
- reviews of agency financial statements for FYs 2016 and 2015 (CCC, FCIC, FNS, NRCS, and RD),
- FY 2015 Executive Order 13520, Reducing Improper Payments High Dollar Overpayment Review (CCC, FNS, FS, FSA, NRCS, OCFO, RD, and RMA),
- process for handling vehicle misuse complaints (FSIS, OPPM),
- controls over the Conservation Stewardship Program (NRCS),
- Statement on Standards for Attestation Engagement No. 16, Report on Controls at the National Finance Center for October 1, 2015 to July 2016 (OCFO),
- FY 2016 classification management (OHSEC), and
- next generation and legacy air tanker contract awards (FS).

Inspector General (IG) Act Reporting Requirements

IG Act Section	IG Act Description	USDA OIG Reported SARC March 2016
Section 4(a)(2)	Review of Legislation and Regulations	Page 6, 16-17
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1-25
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1-25
Section 5(a)(3)	Significant Recommendations from Agency's Previous Reports on which Corrective Action has not been Completed	Appendix A.10 Pages 43-53
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Appendix B.1 and B.2 Pages 55-56
Section 5(a)(5)	Matters Reported to the Head of the Agency	n/a
Section 5(a)(6)	Reports Issued During the Reporting Period	Appendix A.6 Pages 37-39
Section 5(a)(7)	Summary of Significant Reports	Goals 1, 2, and 3 Pages 1-25
Section 5(a)(8)	Statistical Table: Questioned Costs	Appendix A.2 Page 33
Section 5(a)(9)	Statistical Table: Recommendations that Funds be Put to Better Use	Appendix A.3 Page 34
Section 5(a)(10)	Summary of Audit Reports Issued before the Commencement of the Reporting Period for which No Management Decision Has Been Made	Appendix A.7 Pages 40-41
Section 5(a)(11)	Significant Revised Management Decisions Made During the Reporting Period	Appendix A.8 Page 42
Section 5(a)(12)	Significant Management Decisions with which the Inspector General is in Disagreement	Appendix A.9 Page 42
Section 5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	Appendix A.11 Page 54
Section 5(a)(14) and (15)	Peer Reviews of USDA OIG	Page 27
Section 5(a)(16)	Peer Reviews Performed by USDA OIG	Page 27

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

- performance measures,
- participation on committees, working groups, and task forces,
- recognition (awards received),
- program improvement recommendations,
- Freedom of Information Act (FOIA) results, and
- hotline complaint results.

National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	Appendix A.4 Page 35
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Peer Reviews and Outstanding Recommendations

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the Inspector General Act of 1978 to require OIG to include in its semiannual reports any peer review results provided or received during the relevant reporting period. Peer reviews are required every 3 years. In compliance with the Act, we provide the following information.

Audit

During the current reporting period, the U.S. Department of Health and Human Services (HHS) OIG conducted a peer review of USDA OIG's audit organization. USDA OIG received a grade of pass, the best evaluation an audit organization can receive. In that report, there were no recommendations, including no letter of comment.

Investigations

During this reporting period, there were no peer reviews conducted of USDA OIG Investigations.

Peer Reviews Performed by USDA OIG

There are no outstanding recommendations from any report (or from any letter of comment accompanying any report) on a peer review conducted by USDA OIG of another OIG's audit or investigative organization for the current reporting period.

During this reporting period, USDA OIG is conducting an external peer review of the U.S. Agency for International Development OIG's audit organization. We anticipate completion of this review during the next semiannual reporting period.

Additionally, USDA OIG Investigations did not initiate or conduct an external peer review during this reporting period.

Assessing the Impact of OIG

Measuring Progress against the OIG Strategic Plan

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

- Strengthen USDA's ability to implement and improve safety and security measures to protect the public health, as well as agricultural and Departmental resources.
- Reduce program vulnerabilities and strengthen program integrity in the delivery of program assistance.
- Provide USDA with oversight to help it achieve results-oriented performance.

Impact of OIG Audit and Investigative Work on Department Programs

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

For audits, we present:

- reports issued,
- management decisions made (number of reports and recommendations),
- total dollar impact of reports (questioned costs and funds to be put to better use) at issuance and at the time of management decision,
- program improvement recommendations, and
- audits without management decision.

For investigations, we present:

- indictments,
- convictions,
- arrests,
- total dollar impact (recoveries, restitutions, fines, and asset forfeiture),
- administrative sanctions, and
- OIG Hotline complaints.

Performance Results under Our Strategic Goals

Performance Measures	FY 2015 Actual	FY 2016 Target	FY 2016 1st Half Actual
OIG direct resources dedicated to critical-risk and high-impact activities.	96.7%	94%	96.9%
Audit recommendations where management decisions are achieved within 1 year.	90.9%	92%	100%
Mandatory, Congressional, Secretarial, and Agency requested audits initiated where the findings and recommendations are presented to the auditee within established or agreed-to timeframes (includes verbal commitments).	100%	90%	100%
Closed investigations that resulted in a referral for action to DOJ, State, or local law enforcement officials, or relevant administrative authority.	88.9%	75%	91.4%
Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.	82.3%	70%	78.4%

OIG Accomplishments for FY 2016, 1st Half (October 1, 2015—March 31, 2016)

Summary of Audit Activities	FY 2016 1st Half
Reports Issued	
Number of Final Reports	23
Number of Interim Reports	1
Number of Final Report Recommendations (121 program improvement/17 monetary)	138
Number of Interim Report Recommendations	2
Total Dollar Impact of Reports at Issuance (Millions)	\$87.4
Questioned/Unsupported Costs	\$41.4
Funds to Be Put to Better Use	\$46.0
Management Decisions Reached	
Number of Final Reports	19
Number of Final Report Recommendations (129 program improvements/15 monetary)	144
Number of Interim Reports	1
Number of Interim Report Recommendations (2 program improvements/0 monetary)	2

Summary of Investigative Activities	FY 2016 1st Half
Reports Issued	149
Impact of Investigations	
Indictments	315
Convictions	254
Arrests	602
Total Dollar Impact (Millions)	\$58.4
Administrative Sanctions	490

Recognition of OIG Employees by IG Community

Council of the Inspectors General on Integrity and Efficiency (CIGIE) Awards (presented in October 2015)

Barry R. Snyder Joint Award

In recognition of significant contributions made through a cooperative effort in support of the mission of the CIGIE.

CIGIE's Cloud Computing Initiative: Audit

In recognition of outstanding achievements in improving the integrity, efficiency, and effectiveness of executive branch agencies' operations in the critical realm of cloud computing.

Gaston L. Gianni, Jr., Better Government Award

In recognition of efforts, accomplishments, or actions that have enhanced the public's confidence and exemplified the highest ideals of Government service.

Wright County Egg Investigative Team: Investigations

In recognition of the extraordinary investigative efforts and interagency cooperation to prosecute violators of food safety standards and practices that resulted in a nationwide outbreak of *salmonellosis* that led to a recall of millions of eggs.

Award for Excellence: USDA Outreach Audit Team

In recognition for outstanding efforts to ensure that USDA assistance improves the viability of small and beginning farmers and ranchers, and access to USDA programs for historically underserved communities.

Award for Excellence: North Dakota Crop Insurance Fraud Investigative Team

In recognition of outstanding efforts to bring to justice brothers who committed fraud against USDA's crop insurance program.

Award for Excellence: Office of Counsel

In recognition of the Office of Counsel's significant contributions to CIGIE through the provision of legal counsel and services for 6 years.

Appendix A: Audit Tables

Appendix A.1 Activities and Reports Issued

Summary of Audit Activities, October 1, 2015—March 31, 2016

Reports Issued: 23	Audits Performed by OIG	19
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	4
Management Decisions Made: 144	Number of Reports	19
	Number of Recommendations	144
Total Dollar Impact (Millions) of Management-Decided Reports: \$78.9 million	Total Questioned/Unsupported Costs	\$37.5 ^{a, b}
	—Recommended for Recovery	\$0
	—Not Recommended for Recovery	\$37.5
	Funds to Be Put to Better Use	\$41.4
^a These were the amounts the auditees agreed to at the time of management decision.		
^b The recoveries realized could change as auditees implement the agreed-upon corrective action plan and seek recovery of amounts recorded as debts due USDA.		

Summary of Interim Reports Issued, October 1, 2015—March 31, 2016

OIG uses interim reports to alert management to immediate issues during the course of an ongoing audit assignment. Typically, they report on one issue or finding requiring management's attention. OIG issued one interim report during this reporting period.

Reports Issued: 1	Audits Performed by OIG	1
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	0
Management Decisions Made: 2	Number of Reports	1
	Number of Recommendations	2
Total Dollar Impact (Millions) of Management-Decided Reports: \$0 million	Total Questioned/Unsupported Costs	\$0
	—Recommended for Recovery	\$0
	—Not Recommended for Recovery	\$0
	Funds to Be Put to Better Use	\$0

Appendix A.2
Inventory of Audit Reports with Questioned Costs and Loans
(October 1, 2015—March 31, 2016)

Category	Number	Questioned Costs and Loans		Unsupported ^a Costs and Loans
Reports for which no management decision had been made by March 31, 2016. ^b	4	\$188,016,188		\$0
Reports which were issued during the reporting period.	3	\$41,417,677		\$0
Total reports with Questioned Costs and Loans	7	\$229,433,865		\$0
Of the seven reports, those for which management decision was made during the reporting period.	4	<i>Recommended for recovery</i>	\$27,719	\$0
		<i>Not recommended for recovery</i>	\$37,470,269	\$0
		<i>Costs not disallowed</i>	\$0	\$0
Of the seven reports, those for which no management decision has been made by the end of this reporting period.	3	\$191,935,877		\$0
^a Unsupported values are included in questioned values.				
^b Carried over from previous reporting periods.				

Appendix A.3

Inventory of Audit Reports with Recommendations that Funds Be Put to Better Use

Category	Number	Dollar Value	
Reports for which no management decision had been made by March 31, 2016. ^a	0	\$0	
Reports which were issued during the reporting period.	4	\$46,033,953	
Total reports with recommendations that Funds Be Put to Better Use	4	\$46,033,953	
Of the four reports, those for which management decision was made during the reporting period.	3	<i>Disallowed costs</i>	\$41,449,570
		<i>Costs not disallowed</i>	\$0
Of the four reports, those for which no management decision has been made by the end of this reporting period.	1	\$4,584,383	
^a Carried over from previous reporting periods.			

Appendix A.4

Contract Audit Reports with Significant Findings

OIG is required by the National Defense Authorization Act for FY 2008 to list all contract audit reports issued during the reporting period that contained significant findings. OIG did not issue any such reports from October 1, 2015 through March 31, 2016.

Appendix A.5

Program Improvement Recommendations

A number of our audit recommendations are not monetarily quantifiable. However, their impact can be immeasurable in terms of safety, security, and public health. They also contribute considerably toward economy, efficiency, and effectiveness in USDA's programs and operations. During this reporting period, we issued 121 program improvement recommendations, and management agreed to implement a total of 144 recommendations that were issued this period or earlier. Examples of those recommendations issued during this reporting period include the following (see the main text of this report for a summary of the audits that prompted these recommendations):

- AMS should develop and implement the procedures and oversight necessary to ensure a well-defined documentation process for approving and denying Process Verified Program (PVP) applications. Those procedures should require, at a minimum, that AMS document all PVP requests, the actions taken on those requests, the reasons for those actions, and all decisions made.
- ARS should incorporate the Federal policy on identifying, evaluating, approving, and monitoring Dual-Use Research of Concern (DURC) results in research projects.
- RMA should document and implement a formal strategy for fully utilizing the Compliance Activities and Results System (CARS) for improving RMA's national office's oversight of its Regional Compliance Offices (RCO) and consistency across its compliance case management process.

Appendix A.6 Audit Reports and Non-Audit Services

OIG issued 23 audit reports, including 4 performed by others. During this same period, one interim report was issued. No reports were issued for non-audit services. The following is a summary of those audit products by agency:

Audit Report Totals	
Total Funds to Be Put to Better Use	\$46,033,953
Total Questioned Costs and Loans ^a	\$41,417,677
^a Unsupported values of \$0 are included in the questioned values.	

Summary of Audit Reports Released from October 1, 2015 through March 31, 2016

Agency Type	Audits Released	Questioned Costs and Loans^a	Unsupported Costs and Loans^a	Funds to Be Put to Better Use
Single Agency Audit	15	\$41,273,666	\$0	\$46,033,953
Multi-Agency Audit	8	\$144,011	\$0	\$0
Total Completed Under Contract ^b	4			
Issued Audits Completed Under the Single Audit Act	0			
^a Unsupported values are included in the questioned values.				
^b Audits performed by others are included with single agency audits released.				

Summary of Interim Reports Released from October 1, 2015 through March 31, 2016

Agency Type	Audits Released	Questioned Costs and Loans^a	Unsupported Costs and Loans^a	Funds to be Put to Better Use
Single Agency Audit	0	\$0	\$0	\$0
Multi-Agency Audit	1	\$0	\$0	\$0
Total Completed Under Contract	0			
Issued Audits Completed Under the Single Audit Act	0			
^a Unsupported values are included in the questioned values.				

Audit Reports Released and Associated Monetary Values from October 1, 2015 through March 31, 2016

Totals by Agency	Report Number	Report Type ^a	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
Agricultural Marketing Service: 1	01601-0001-41	PA	02/16/16	AMS Procurement and Inspection of Fruits and Vegetables	\$34,730,513	\$19,652,098
Agricultural Research Service: 1	02601-0001-21	PA	03/21/16	Adequacy of Controls to Prevent the Release of Sensitive Technology		
Commodity Credit Corporation (for Financial Statement Audits Only): 2	06401-0005-11	FA	02/12/16	Commodity Credit Corporation's Financial Statements for Fiscal Years 2015 and 2014		
	06401-0007-11	FA	03/29/16	Commodity Credit Corporation's Financial Statement Audit Management Letter		
Food and Nutrition Service: 2	27401-0005-21	FA	11/05/15	Food and Nutrition Service Fiscal Years 2015 and 2014 Financial Statements Audit		
	27401-0006-21	FA	12/07/15	Food and Nutrition Service Fiscal Years 2015 and 2014 Financial Statements Audit Management Letter		
Forest Service: 1	08601-0002-41	PA	12/24/15	FS Firefighting Cost Share Agreements with Non-Federal Entities	\$6,543,153	\$4,584,383
Multi-Agency: 8	50401-0009-11	FA	02/12/16	Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2015 and 2014		
	50401-0010-11	FA	02/12/16	Department of Agriculture's Closing Package Financial Statements for Fiscal Years 2015 and 2014		
	50501-0008-12	PA	11/10/15	Fiscal Year 2015 Federal Information Security Management Act Audit		
	50601-0001-12	PA	03/23/16	Research, Education, and Economics Compliance with Contractor Past Performance Reporting Requirements		
	50601-0002-21	PA	03/31/16	Hispanic and Women Farmers and Ranchers Claim Resolution Process	\$144,011	
	50601-0002-22	PA	02/24/16	Department's Controls Over Prioritizing and Funding Agricultural Research		
	50601-0002-23	PA	12/09/15	Evaluation of USDA's Process Verified Programs		
	50601-0004-31	PA	03/30/16	USDA's Response to Antibiotic Resistance		
Natural Resources Conservation Service: 2	10401-0005-11	FA	11/10/15	Natural Resources Conservation Service's Financial Statements for Fiscal Year 2015		
	10401-0006-11	FA	03/08/16	Natural Resources Conservation Service's Financial Statement Audit Management Letter		

Totals by Agency	Report Number	Report Type ^a	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
Office of Procurement And Property Management: 1	89099-0001-12	PA	03/21/16	OPPM's Oversight of Contractor Past Performance Reporting Requirements		
Risk Management Agency: 3	05401-0005-11	FA	11/10/15	Federal Crop Insurance Corporation / Risk Management Agency's Financial Statements for Fiscal Years 2015 and 2014		
	05401-0006-11	FA	01/04/16	Federal Crop Insurance Corporation's Financial Statements for Fiscal Years 2015 and 2014—Management Letter		
	05601-0004-31	PA	12/15/15	RMA: Crop Insurance Compliance Case Management		\$21,666,521
Rural Development (Financial Statements Only): 1	85401-0005-11	FA	11/12/15	Rural Development's Financial Statements for Fiscal Years 2015 and 2014		
Rural Housing Service: 1	04601-0002-31	PA	03/28/16	Rural Development Single Family Housing Direct Loan Program Credit Reporting		\$130,951
Grand Total: 23					\$41,417,677	\$46,033,953

^aPerformance audits (PA), financial audits (FA), and non-audit services (NAS)

Interim Reports Released and Associated Monetary Values from October 1, 2015 through March 31, 2016

Totals by Agency	Report Number	Report Type	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
Multi-Agency: 1	50601-0005-31(1)	PA	03/02/16	USDA Monitoring of Highly Erodible Land and Wetland Conservation Violations		
Total: 1						

Appendix A.7 Management Decisions

In total, OIG has two audits without management decision.

Audit Reports Previously Reported But Not Yet Resolved

Agency	Report Number	Date Issued	Title	Total Value at Issuance (in dollars)	Amount With No Management Decision (in dollars)
FNS	27601-0002-41	09/23/15	FNS Quality Control Process for SNAP Error Rate	\$184,047,864	\$184,047,864
NRCS	10601-0001-23	09/28/15	NRCS Controls over Land Valuations for Conservation Easements	\$1,344,860	\$1,344,860
Total Previously Reported But Not Yet Resolved: 2					

Audits without Management Decision

In total, OIG has two audits without management decision that were issued prior to the start of this reporting period. Details are provided below:

FNS Quality Control Process for SNAP Error Rate

OIG found that States weakened the quality control (QC) process by using third-party consultants and error review committees to mitigate individual QC-identified errors, rather than improving eligibility determinations. QC staffs also treated error cases non-uniformly. Further, States' QC reviews did not meet SNAP regulatory requirements and Federal oversight of State QC was inadequate. Finally, FNS' Broad-Based Categorical Eligibility policy to determine eligibility was not consistent with SNAP regulations. Thus, FNS' QC process understated SNAP's error rate. We accepted management decision for 13 of the 19 recommendations. We are working with FNS to reach agreement on the remaining six recommendations. (Audit Report 27601-0002-41)

NRCS' Controls over Land Valuations for Conservation Easements

We found that NRCS' control environment for land valuation and payment processes did not meet GAO standards for internal controls. For example, NRCS did not require management to ensure its staff's compliance with program requirements related to valuation and payment for conservation easements. As a result, NRCS was unable to prevent program officials from paying for insufficiently supported easements valued at over \$43 million. We accepted management decisions for 9 of the report's 10 recommendations. For the recommendation without management decision, we found (in one State) that NRCS State officials improperly closed two of the eight Farm and Ranch Lands Protection Program conservation easements using landowner-obtained appraisals. These actions were contrary to the cooperative agreement signed by NRCS and the cooperating entity (e.g., local government) prohibiting landowners from approving the appraiser. As a result, NRCS paid approximately \$1.3 million for conservation easements based on higher land values indicated by landowner-obtained appraisals. We recommended that NRCS establish the value of the two questioned easements and recover the \$1.3 million in improper payments, if necessary. NRCS stated that it needs to obtain new appraisals for the two easements in question and, therefore, it could not provide the values it established for the easements and the improper payments collected or the total claims and receivables established for the improper payments. NRCS anticipated the action would be completed by April 1, 2016. (Audit Report 10601-0001-23)

On February 2, 2016, we requested that NRCS provide OIG a status update on this recommendation and provide a justification for any of the questioned amounts not recovered. On February 19, 2016, NRCS stated that the deadline to obtain the updated appraisals is April 1, 2016. NRCS will provide the values it establishes for the two questioned easements after the appraisals are completed, reviewed, and approved. NRCS stated that it is anticipated that the appraisals will support the original payment amounts.

Appendix A.8

Significantly Revised Management Decisions Made During the Reporting Period

We have no significantly revised management decisions for this reporting period.

Appendix A.9

Significant Management Decisions with which the Inspector General is in Disagreement

We have no significant management decisions with which the Inspector General is in disagreement for this reporting period.

Appendix A.10

List of OIG Audit Reports with Recommendations Pending Corrective Action for Period Ending March 31, 2016, by Agency

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
GRAND TOTAL			452	21	392	39	
AMS: Agricultural Marketing Service							
01601000232	National Organic Program—Organic Milk Operations	07/15/2013	1		1		Pending Final Action: 2
01099000121	Oversight of the Beef Research and Promotion Board's Activities	03/29/2013	1		1		Pending Final Action: 1
01601000141	AMS Procurement and Inspection of Fruits and Vegetables	02/16/2016	12		12		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
50601000123	USDA Controls over Shell Egg Inspections	11/30/2012	1		1		Pending Final Action: 7
50601000223	Evaluation of USDA's Process Verified Programs	12/09/2015	10		10		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Total			25		25		
ARS: Agricultural Research Service							
02601000121	Adequacy of Controls to Prevent the Release of Sensitive Technology	03/21/2016	21		21		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21
50601000112	Research, Education, and Economics' Compliance with Contractor Past Performance Reporting Requirements	03/23/2016	2			2	Pending Management Decisions: 1, 2
506010006TE	Controls over Plant Variety Protection and Germplasm Storage	02/10/2006	6		6		Pending Final Action: 1, 2, 3, 5, 6, 9
506010010AT	Follow-up Review on the Security of Biohazardous Material at USDA Laboratories	07/27/2005	1		1		Pending Final Action: 2
Total			30		28	2	
APHIS: Animal and Plant Health Inspection Service							
33601000141	Oversight of Research Facilities	12/09/2014	1		1		Pending Final Action: 15

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
506010008TE	Controls over APHIS Issuance of Genetically Engineered Organisms Release Permits	12/08/2005	3		3		Pending Final Action: 1, 2, 3
506010016TE	Controls over Genetically Engineered Animal and Insect Research	05/31/2011	1		1		Pending Final Action: 2
33601000123	Plant Protection and Quarantine Pre-Clearance Offshore Program	09/24/2014	8		8		Pending Final Action: 1, 4, 5, 6, 10, 11, 12, 13
33601000241	APHIS Wildlife Services—Wildlife Damage Management	09/08/2015	2		2		Pending Final Action: 3, 6
50601000132	Controls over APHIS' Introduction of Genetically Engineered Organisms	09/22/2015	13		13		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13
Total			28		28		
CCC: Commodity Credit Corporation							
06401000511	Commodity Credit Corporation's Financial Statements for Fiscal Years 2015 and 2014	02/12/2016	19			19	Pending Management Decision: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19
0640120FM	CCC's Financial Statements for Fiscal Years 2005 and 2004	11/09/2005	1		1		Pending Final Action: 12
Total			20		1	19	
DM: Departmental Management							
50024000113	Review of the Department's U.S. Bank Purchase Card and Convenience Check Data	03/13/2015	2		2		Pending Final Action: 1, 3
50024000413	Review of the Department's Fleet Charge Card Data	09/02/2015	5		5		Pending Final Action: 2, 3, 4, 5, 6
89099000112	OPPM's Oversight of Contractor Past Performance Reporting Requirements	03/21/2016	2		2		Pending Final Action: 1, 2
Total			9		9		

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
FSA: Farm Service Agency							
030060001TE	1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX	01/02/1996	1	1			Pending Collection: 1A
030060002SF	Disaster Assistance Program—1994—Fresno County, CA	03/29/1996	1	1			Pending Collection: 4
030990181TE	Farm Service Agency Payment Limitation Review in Louisiana	05/08/2008	1	1			Pending Collection: 2
506010015AT	Hurricane Indemnity Program—Integrity of Data Provided by the Risk Management Agency	03/31/2010	1	1			Pending Collection: 5
036010012AT	Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas	09/26/2007	2	2			Pending Collection: 2, 6
03702000132	Farm Service Agency Livestock Forage Program	12/10/2014	10	2	8		Pending Collection: 2, 4, 3, 5, 6, 7, 8, 9, 10
500990011SF	Natural Resources Conservation Service and Farm Service Agency: Crop Bases on Lands with Conservation Easement—State of California	08/27/2007	2	2			Pending Collection: 2, 6
036010007TE	Emergency Feed Program in Texas	09/18/1996	3	3			Pending Collection: 4A, 5B, 6A
036010028KC	Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments Program	05/30/2012	3	3			Pending Collection: 16, 21, 24
03501000112	Review of Farm Service Agency's Initiative to Modernize and Innovate the Delivery of Agricultural Systems (MIDAS)	05/26/2015	3		3		Pending Final Action: 1, 3, 4
03601000122	Farm Service Agency Compliance Activities	07/31/2014	9		9		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9
03601000222	Economic Adjustment Assistance to Users of Upland Cotton	07/31/2014	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 7

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
03601000322	Farm Service Agency Microloan Program	09/23/2015	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 7
036010018CH	Farm Service Agency Farm Loan Security	08/10/2010	1		1		Pending Final Action: 2
036010023KC	Hurricane Relief Initiatives: Livestock Indemnity and Feed Indemnity Programs	02/02/2009	1		1		Pending Final Action: 4
50601000212	Farm and Foreign Agricultural Services Compliance with Contractor Past Performance Reporting Requirements	09/24/2015	3		3		Pending Final Action: 1, 2, 3
Total			55	16	39		
FNS: Food and Nutrition Service							
27002001113	Analysis of FNS' Supplemental Nutrition Assistance Program Fraud Prevention and Detection Efforts	09/28/2012	1		1		Pending Final Action: 3
27004000122	State Agencies' Food Costs for the Food and Nutrition Service's Special Supplemental Nutrition Program for Women, Infants, and Children	09/25/2014	1		1		Pending Final Action: 6
270990049TE	Disaster Food Stamp Program for Hurricanes Katrina and Rita—Louisiana, Mississippi, and Texas	09/04/2007	1		1		Pending Final Action: 1
27601000122	Healthy, Hunger-Free Kids Act of 2010—Controls over Food Service Account Revenue	09/28/2015	4		4		Pending Final Action: 1, 2, 3, 4
27601000123	National School Lunch Program—Food Service Management Company Contracts	01/03/2013	8		8		Pending Final Action: 1, 2, 7, 8, 11, 12, 13, 15
27601000131	FNS: Controls for Authorizing Supplemental Nutrition Assistance Program Retailers	07/31/2013	9		9		Pending Final Action: 4, 9, 10, 11, 12, 15, 17, 18, 20
27601000141	National School Lunch and School Breakfast Programs	04/28/2015	4		4		Pending Final Action: 2, 3, 4, 9

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
27601000241	FNS Quality Control Process for SNAP Error Rate	09/23/2015	19		13	6	Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15 Pending Management Decision: 11, 12, 16, 17, 18, 19
276010012SF	Review of Management Controls for the Child and Adult Care Food Program	11/18/2011	2		2		Pending Final Action: 1, 2
276010016AT	Food Stamp Employment and Training Program	03/31/2008	1		1		Pending Final Action: 1
5060100014AT	Effectiveness and Enforcement of Suspension and Debarment Regulations in U.S. Department of Agriculture	08/16/2010	2		2		Pending Final Action: 11, 12
Total			52		46	6	
FSIS: Food Safety and Inspection Service							
24601000123	Implementation of the Public Health Information System for Domestic Inspection	08/18/2015	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 8
24601000141	FSIS—Inspection and Enforcement Activities at Swine Slaughter Plants	05/09/2013	3		3		Pending Final Action: 3, 8, 9
24601000431	FSIS Ground Turkey Inspection and Safety Protocols	07/29/2015	5		5		Pending Final Action: 2, 3, 4, 6, 8
5060106HY	Assessment of USDA's Controls to Ensure Compliance with Beef Export Requirements	07/15/2009	1		1		Pending Final Action: 2
Total			16		16		
FAS: Foreign Agricultural Service							
07601000122	Private Voluntary Organization Grant Fund Accountability	03/31/2014	6		6		Pending Final Action: 1, 2, 6, 9, 10, 11
50601000122	Effectiveness of FAS' Recent Efforts to Implement Measurable Strategies Aligned to the Department's Trade Promotion and Policy Goals	03/28/2013	4		4		Pending Final Action: 1, 3, 4, 5

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
50601000216	Section 632 (a) Transfer of Funds from USAID to USDA for Afghanistan	02/06/2014	2		2		Pending Final Action: 1, 2
Total			12		12		
FS: Forest Service							
08601000131	FS Oversight and Compliance Activities	03/12/2015	4		4		Pending Final Action: 1, 2, 4, 5
08601000241	FS Firefighting Cost-Share Agreements with Non-Federal Entities	12/24/2015	8		7	1	Pending Final Action: 1, 2, 3, 4, 5, 6, 7 Pending Management Decision: 8
08601000331	FS: Controls over the Stewardship Contracting Process for Land Management of National Forests	09/24/2015	4		4		Pending Final Action: 1, 2, 5, 6
086010055SF	Forest Service Administration of Special Use Program	06/16/2011	1		1		Pending Final Action: 17
Total			17		16	1	
Multi-Agency							
50601000231	FSIS' and AMS' Field-Level Workforce Challenges	07/31/2013	7		7		Pending Final Action: FSIS: 2, 3, 4 AMS: 8, 9, 10, 11
50703000123	American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program	10/18/2013	4	1	3		Pending Collection: FSA: 9 Pending Final Action: FSA: 11, 12, 13
50024000811	USDA's Fiscal Year 2014 Compliance with Improper Payment Requirements	05/15/2015	5		5		Pending Final Action: FNS: 1, 2, 3 OCFO: 4 FSA: 5
50099000112	Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights	09/14/2015	8		8		Pending Final Action: OASCR: 1, 2, 3, 5, 6, 7 OPPM: 4, 8

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
50501000512	CIGIE Cloud Computing Initiative—Status of Cloud—Computing Environment within the USDA	09/26/2014	3		3		Pending Final Action: OCIO: 3, 7 RMA: 5
50601000222	Department's Controls over Prioritizing and Funding of Agricultural Research	02/24/2016	3		3		Pending Final Action: 1, 2, 3
50601000331	USDA Beginning Farmers and Ranchers Program	05/13/2015	1		1		Pending Final Action: 1
50601000431	USDA's Response to Antibiotic Resistance	03/30/2016	19		19		Pending Final Action: FSIS: 4, 5, 6, 13, 14, 18 APHIS: 7, 8, 9, 15, 16, 19 OCS: 10 ARS: 1, 2, 3, 11, 12, 17
50601000531(1)	USDA Monitoring of Highly Erodible Land and Wetland Conservation Violations—Interim Report	03/02/2016	2		2		Pending Final Action: 1, 2
Total			52	1	51		
NRCS: Natural Resources Conservation Service							
106010004KC	Natural Resources Conservation Service's Conservation Security Program	06/25/2009	2	2			Pending Collection: 8, 9
10099000131	NRCS' Administration of Easement Programs in Wyoming	09/27/2013	3		3		Pending Final Action: 1, 2, 7
10401000311	NRCS' Financial Statements for Fiscal Year 2013	12/09/2013	1		1		Pending Final Action: 3
10401000411	NRCS' Financial Statements for Fiscal Year 2014	11/1/2014	2		2		Pending Final Action: 1, 5
10401000511	NRCS' Financial Statements for Fiscal Year 2015	11/10/2015	5			5	Pending Management Decision: 1, 2, 3, 4, 5
10601000123	NRCS Controls over Land Valuations for Conservation Easements	09/28/2015	5		4	1	Pending Final Action: 1, 2, 8, 9 Pending Management Decision: 6

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
10601000231	NRCS Conservation Easement Compliance	07/30/2014	7		7		Pending Final Action: 1, 2, 4, 5, 6, 10, 11
Total			25	2	17	6	
OHSEO: Office of Homeland Security and Emergency Operations							
61701000132	Classification Management	09/27/2013	11		11		Pending Final Action: 1, 2, 3, 4, 9, 10, 11, 12, 15, 16, 17
Total			11		11		
OCFO: Office of the Chief Financial Officer							
50024000511	USDA Improper Payments Elimination and Recovery Act of 2010 Compliance Review for Fiscal Year 2013	04/15/2014	1		1		Pending Final Action: 2
50099000123	USDA's Controls over Economy Act Transfers and Greenbook Program Charges	09/18/2014	1		1		Pending Final Action: 10
50401000711	Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2014 and 2013	12/18/2014	1		1		Pending Final Action: 1
50401000311	Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2012 and 2011	11/15/2012	1		1		Pending Final Action: 1
50401000911	USDA Consolidated Financial Statement for Fiscal Years 2015 and 2014	02/12/2016	5		0	5	Pending Management Decision: 1, 2, 3, 4, 5
Total			9		4	5	
OCIO: Office of the Chief Information Officer							
50501000112	USDA's Configuration, Management, and Security over Domain Name System Servers	04/19/2012	1		1		Pending Final Action: 3
505010001IT	USDA's Management and Security over Wireless Handheld Devices	08/15/2011	2		2		Pending Final Action: 1, 2
50501000212	Fiscal Year 2011 Federal Information Security Management Act	11/15/2011	5		5		Pending Final Action: 1, 3, 4, 5, 6

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
505010002IT	Fiscal Year 2010 Federal Information Security Management Act	11/15/2010	8		8		Pending Final Action: 3, 4, 5, 6, 10, 14, 18, 19
50501000312	USDA, Office of the Chief Information Officer, Fiscal Year 2012 Federal Information Security Management Act	11/15/2012	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
50501000412	USDA, Office of the Chief Information Officer, Fiscal Year 2013 Federal Information Security Management Act	11/26/2013	2		2		Pending Final Action: 2, 4
50501000612	USDA, Office of the Chief Information Officer, Fiscal Year 2014 Federal Information Security Management Act	11/07/2014	1		1		Pending Final Action: 2
50501000812	USDA, OCIO, Fiscal Year 2015 Federal Information Security Management Act	11/10/2015	4		4		Pending Final Action: 1, 2, 3, 4
505010015FM	Fiscal Year 2009 Federal Information Security Management Act	11/18/2009	2		2		Pending Final Action: 8, 9
88401000112	Audit of the Office of the Chief Information Officer's Fiscal Years 2010 and 2011 Funding Received for Security Enhancements	08/02/2012	3		3		Pending Final Action: 1, 2, 4
88501000212	Management and Security over USDA's Universal Telecommunications Networks	07/17/2014	2		2		Pending Final Action: 4, 5
Total			36		36		
RMA: Risk Management Agency							
056010015TE	Crop Loss and Quality Adjustments for Aflatoxin—Infected Corn	09/30/2008	1	1			Pending Collection: 1
05401000511	FCIC/RMA Financial Statements for Fiscal Years 2015 and 2014	11/10/2015	1		1		Pending Final Action: 1
05601000122	Risk Management Agency National Program Operations Reviews	04/30/2015	4		4		Pending Final Action: 1, 2, 3, 4
05601000131	RMA: Controls over Prevented Planting	09/03/2013	2		2		Pending Final Action: 1, 2

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
05601000431	RMA: Crop Insurance Compliance Case Management	12/15/2015	5		5		Pending Final Action: 1, 2, 3, 4, 5
Total			13	1	12		
RD: Rural Development							
346010006AT	Rural Business Cooperative Service's Intermediary Relending Program	06/25/2010	1	1			Pending Collection: 1
04601000131	Rural Development: Single Family Housing Direct Loan Servicing and Payment Subsidy Recapture	07/18/2014	4		4		Pending Final Action: 6, 7, 9, 10
046010018CH	Rural Development's Project Cost and Inspection Procedures for the Rural Rental Housing Program	09/27/2012	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
04901000113	Review of Rural Rental Housing's Tenant and Owner Data Using Data Analytics	09/24/2015	8		8		Pending Final Action: 1, 3, 4, 5, 6, 7, 8, 9
09703000132	American Recovery and Reinvestment Act of 2009—Broadband Initiatives Program—Pre-Approval Controls	03/29/2013	1		1		Pending Final Action: 3
09703000232	American Recovery and Reinvestment Act of 2009—Broadband Initiatives Program—Post-Award Controls	08/22/2013	1		1		Pending Final Action: 3
34601000131	Rural Development: Rural Business—Cooperative Service Grant Programs—Duplication	03/25/2014	2		2		Pending Final Action: 1, 2
346010015TE	Rural Development, Rural Business Cooperative Service (RBS), National Report on the Business and Industry Loan Program	09/30/2003	4		4		Pending Final Action: 1, 2, 5, 9
34703000132	American Recovery and Reinvestment Act—Business and Industry Guaranteed Loans—Phase 3	03/29/2013	1		1		Pending Final Action: 2
347030002TE	American Recovery and Reinvestment Act—Business and Industry Guaranteed Loans, Phase 2	02/13/2012	2		2		Pending Final Action: 2, 4
50601000221	Hispanic and Women Farmers and Ranchers Claim Resolution Process	03/31/2016	2		2		Pending Final Action: 1, 2

Report Number	Audit Title	Issue Date	Total Pending				Recommendation Detail
			Recommendations	Collection (OCFO)	Final Action (OCFO)	Management Decision (OIG)	
85401000511	Rural Development Financial Statements for Fiscal Years 2015 and 2014	11/12/2015	1		1		Pending Final Action: 1
Total			33	1	32		
RHS: Rural Housing Service							
04601000231	Rural Development Single Family Housing Direct Loan Program Credit Reporting	03/28/2016	9		9		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9
Total			9		9		

Appendix A.11

Information Described Under Section 804(b) of FFMIA

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

For FY 2015, USDA reported that it was not substantially compliant with FFMIA with regards to Federal Financial Management System Requirements, accounting standards, the Standard General Ledger at the transaction level, and FISMA requirements. OIG concurs with the Department's assessment and discussed the noncompliance issues in OIG's report on the Department's Consolidated Financial Statements for FYs 2015 and 2014. Although the Department continues to move forward with remediation plans to achieve compliance for longstanding Department-wide weaknesses related to systems security, noncompliance with accounting standards, and the Standard General Ledger, it assessed the timeframes and plans to achieve compliance in all areas by the end of FY 2017.

Appendix B: Investigation Tables

Appendix B.1

Summary of Investigative Activities, October 1, 2015—March 31, 2016

Reports Issued: 149	Cases Opened	221
	Cases Referred for Prosecution	125
Impact of Investigations	Indictments	315
	Convictions ^a	254
	Searches	164
	Arrests	602
Total Dollar Impact (Millions): 58.4	Recoveries/Collections ^b	\$1.03
	Restitutions ^c	\$44.3
	Fines ^d	\$0.67
	Asset Forfeitures ^e	\$6.80
	Claims Established ^f	\$3.21
	Cost Avoidance ^g	\$0.84
	Administrative Penalties ^h	\$1.52
Administrative Sanctions: 490	Employees	10
	Businesses/Persons	480

^a Includes convictions and pretrial diversions. The period of time to obtain court action on an indictment varies widely; therefore, the 254 convictions do not necessarily relate to the 602 arrests or the 315 indictments.

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

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

^d Fines are court-ordered penalties.

^e Asset forfeitures are judicial or administrative results.

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

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

^h Includes monetary fines or penalties authorized by law and imposed through an administrative process as a result of OIG findings.

Appendix B.2 Indictments and Convictions

From October 1, 2015 through March 31, 2016, OIG completed 149 investigations. We referred 125 cases to Federal, State, and local prosecutors for their decision.

During the reporting period, our investigations led to 315 indictments and 254 convictions. The period of time to obtain court action on an indictment varies widely. Therefore, the 254 convictions do not necessarily relate to the 315 indictments. Fines, recoveries/collections, restitutions, claims established, cost avoidance, and administrative penalties resulting from our investigations totaled approximately \$58.4 million. The following is a breakdown, by agency, of indictments and convictions for the reporting period.

Indictments and Convictions—October 1, 2015—March 31, 2016

Agency	Indictments	Convictions ^a
AMS	2	3
APHIS	29	9
FAS	1	1
FNS	243	193
FS	4	3
FSA	19	17
FSIS	0	9
GIPSA	1	0
NRCS	0	1
RBS	8	0
RHS	5	5
RMA	3	13
Totals	315	254

^aThis category includes pretrial diversions.

Appendix B.3 OIG Hotline

The OIG Hotline serves as a national intake point for reports from both employees and the general public of suspected incidents of fraud, waste, mismanagement, and abuse in USDA programs and operations. During this reporting period, the Hotline received 3,163 complaints, which included allegations of participant fraud, employee misconduct, and mismanagement, as well as opinions about USDA programs. The following tables are a summary of the Hotline complaints for the first half of FY 2016.

Complaints Received	
Type	Number
Employee Misconduct	157
Participant Fraud	2,799
Waste/Mismanagement	157
Health/Safety Problem	16
Opinion/Information	34
Bribery	0
Reprisal	0
Total Complaints Received	3,163

Disposition of Complaints	
Method of Disposition	Number
Referred to OIG Audit or Investigations for Review	70
Referred to Other Law Enforcement Agencies	2
Referred to USDA Agencies for Response	308
Referred to FNS for Tracking	2,534
Referred to USDA or Other Agencies for Information—No Response Needed	224
Filled Without Referral—Insufficient Information	20
Referred to State Agencies	5

Appendix C: Freedom of Information Act (FOIA) Activities

FOIA and Privacy Act (PA) Requests October 1, 2015—March 31, 2016

Categories	Type	Number
FOIA/PA Requests Received/ Processed	FOIA/PA Requests Received	33
	Granted	2
	Partially Granted	16
	Not Granted	29
	Total FOIA/PA Requests Processed	47^a
Reasons for Denial	No Records Available	8
	Referred to Other Agencies	2
	Requests Denied in Full Exemption 5	3
	Requests Denied in Full Exemption 7(A)	4
	Requests Denied in Full Exemption 7(C)	2
	Request Withdrawn	6
	Fee-Related	0
	Not a Proper FOIA Request	4
	Not an Agency Record	0
	Duplicate Request	0
	Other	0
Requests for OIG Reports from Congress and Other Government Agencies	Received	1
	Processed	1
Appeals	Appeals Received	5
	Appeals Processed	6
	Completely Upheld	4
	Partially Reversed	1
	Completely Reversed	0
	Requests Withdrawn	0
	Other	1

^a The total number of FOIA/PA requests processed includes requests received from prior reporting periods.

Acronyms and Abbreviations

Abbreviation	Full Name
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
CARS	Compliance Activities and Results System
CCC	Commodity Credit Corporation
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COR	contracting officer's representative
CPARS	Contractor Performance Assessment Reporting System
DHS	Department of Human Services
DOJ	Department of Justice
DURC	Dual-Use Research of Concern
EEOC	Equal Employment Opportunity Commission
FA	financial audits
FAS	Foreign Agricultural Service
FBI	Federal Bureau of Investigation
FCIC/RMA	Federal Crop Insurance Corporation/Risk Management Agency
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Modernization Act
FNS	Food and Nutrition Service
FOIA	Freedom of Information Act
FS	Forest Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
FY	fiscal year
GAO	Government Accountability Office
HCAD	Head of the Contracting Activity Designee
HELIC	Highly Erodible Land Conservation
HHS	Health and Human Services
HUD	Housing and Urban Development
IG	Inspector General
IRS-CI	Internal Revenue Service-Criminal Investigation
ISCM	Information Security Continuous Monitoring
IT	information technology
K2	synthetic marijuana
MIDAS	Modernize and Innovate the Delivery of Agricultural Systems
NAS	non-audit services
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
OCS	Office of the Chief Scientist
OGE	Office of Government Ethics

OHSECOffice of Homeland Security and Emergency Coordination
OIGOffice of Inspector General
OMBOffice of Management and Budget
OPPM.....Office of Procurement and Property Management
PA.....performance audits
PPDProcurement Policy Division
PVPProcess Verified Programs
QC.....quality control
RBS.....Rural Business-Cooperative Service
RCOregional compliance offices
RD.....Rural Development
REE.....Research, Education, and Economics
RHS.....Rural Housing Service
RMA.....Risk Management Agency
RUS.....Rural Utilities Service
SAR.....Suspicious Activity Reports
SNAPSupplemental Nutrition Assistance Program
USDA.....United States Department of Agriculture
VOSR.....Violation of Supervised Release
WC.....Wetlands Conservation

Examples of Program Improvement Recommendations Management Agreed to During This Reporting Period (129 Total)

- AMS should develop and implement the procedures and oversight necessary to ensure a well-defined documentation process for approving and denying Process Verified Program (PVP) applications. Those procedures should require, at a minimum, that AMS document all PVP requests, the actions taken on those requests, the reasons for those actions, and all decisions made.
- ARS should incorporate the Federal policy on identifying, evaluating, approving, and monitoring Dual-Use Research of Concern (DURC) results in research projects.
- RMA should document and implement a formal strategy for fully utilizing the Compliance Activities and Results System (CARS) for improving RMA's national office's oversight of its Regional Compliance Offices (RCO) and consistency across its compliance case management process.

OIG'S MISSION

Our mission is to help ensure economy, efficiency, and integrity in USDA programs and operations through the successful execution of audits, investigations, and reviews.

OIG STRATEGIC GOALS

We have focused nearly all of our audit and investigative direct resources on our three goals:

- Strengthen USDA's ability to implement and improve safety and security measures to protect the public health, as well as agricultural and Departmental resources.
- Reduce program vulnerabilities and strengthen program integrity in the delivery of program assistance.
- Provide USDA with oversight to help it achieve results-oriented performance.

To learn more about OIG, visit our website at
www.usda.gov/oig/index.htm

How To Report Suspected Wrongdoing in USDA Programs

Fraud, Waste, and Abuse

File complaint online: www.usda.gov/oig/hotline.htm
Click on Submit a Complaint

Telephone: 800-424-9121
Fax: 202-690-2474

Bribes or Gratuities

202-720-7257 (24 hours a day)



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