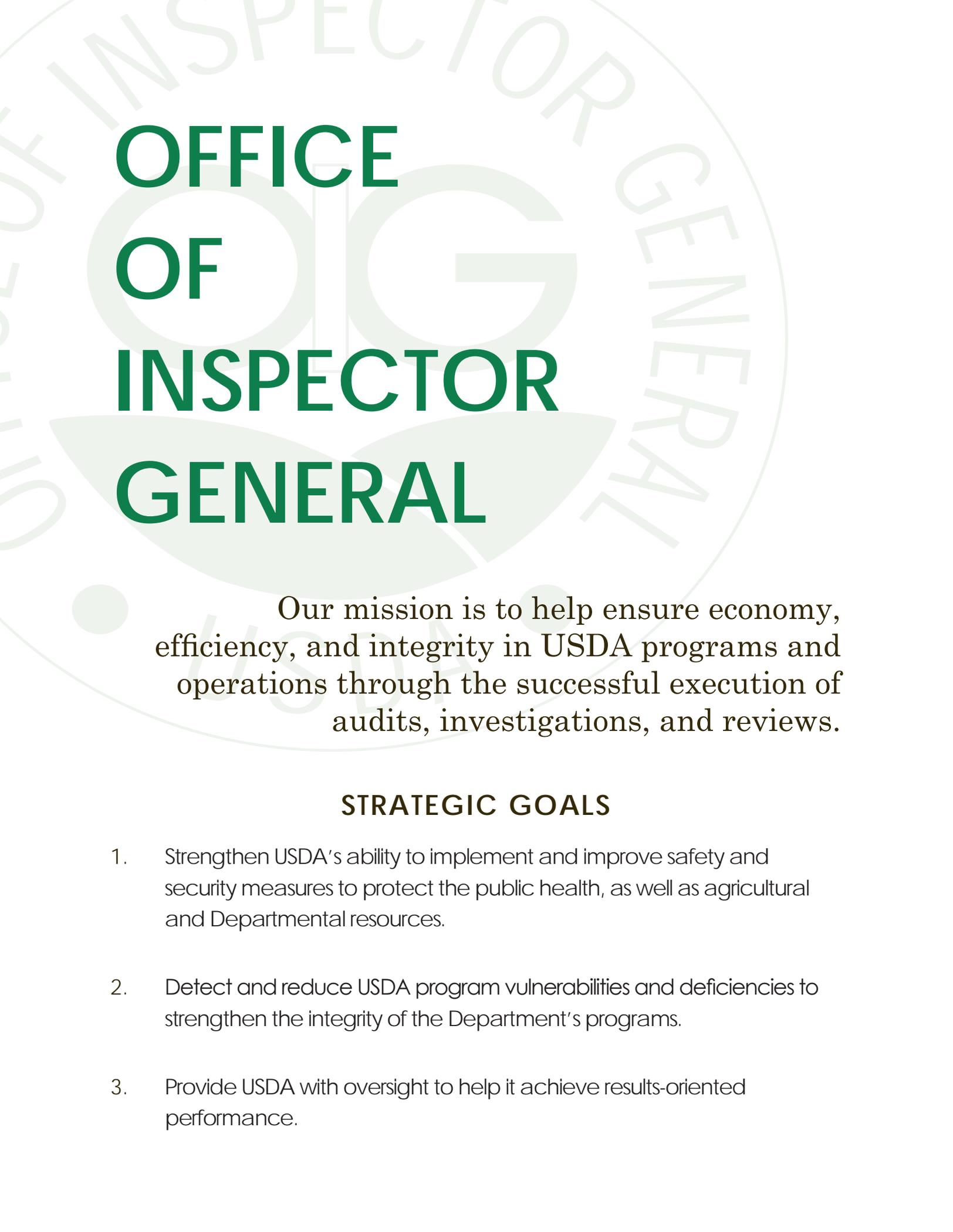




United States Department of Agriculture



OFFICE OF INSPECTOR GENERAL



OFFICE OF INSPECTOR GENERAL

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

STRATEGIC GOALS

1. Strengthen USDA's ability to implement and improve safety and security measures to protect the public health, as well as agricultural and Departmental resources.
2. Detect and reduce USDA program vulnerabilities and deficiencies to strengthen the integrity of the Department's programs.
3. Provide USDA with oversight to help it achieve results-oriented performance.

Message from the INSPECTOR GENERAL

This *Semiannual Report to Congress* covers the 6-month period ending September 30, 2017, and summarizes the most significant accomplishments of the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG). During this period, our office has worked extensively with the Department, Congress, and other Federal agencies to safeguard the integrity and efficiency of USDA programs and investigate those who allegedly abuse them.

During this reporting period, our Office of Audit issued 30 reviews that resulted in 183 recommendations and \$95 million in questioned/unsupported costs or funds to be put to better use. Our Office of Investigations reported 354 arrests, 261 indictments, and 271 convictions, as well as \$102.7 million in recoveries and restitutions. We also received 7,803 complaints through our OIG hotline.

Our activities are described according to our strategic goals, as outlined in the *OIG Annual Plan—Fiscal Year 2017*. 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—Among the highlights of this reporting period is a report assessing whether the Food Safety and Inspection Service (FSIS) has sufficient controls in place to ensure allergens are properly disclosed on product labels. Our report details how the agency can improve its current approach to regulating undisclosed allergens by being more consistent in how it completes verification tasks and considering additional ways to indicate which production plants use ingredients containing allergens. FSIS can also improve its approach by thoroughly addressing the possibility for cross-contact between products containing different allergens on the same production floor and better documenting how FSIS controls data concerning complaints about undisclosed allergens.

A recent investigation involving a large-scale cockfighting facility resulted in multiple individuals being charged, arrested, and convicted of interstate animal fighting and an illegal gambling conspiracy. In total, 10 individuals were indicted and 9 were sentenced (1 passed away) to 80 months in prison, 36 months of probation, and \$969,108 in various monetary fines and forfeiture orders. As part of their guilty pleas, the brothers who owned the 8,000 square foot facility that hosted cockfights for more than 30 years agreed to pay for its complete destruction (See photograph on page 9).

Goal 2—Integrity of Benefits—OIG recently completed an audit of the Intermediary Relending Program (IRP), a business program designed to enhance economic activity and employment in rural communities. We found that one Rural Development (RD) State office is allowing intermediaries to use long-term debt instruments as their intermediary contribution for the purposes of scoring and funding projects. We also found that an intermediary transferred non-IRP loans into an IRP portfolio in exchange for cash. Lastly, we found that one RD State office did not require its intermediaries to submit approved administrative cost budgets annually. The Rural Business-Cooperative Service (RBS) concurred with most of our recommendations to develop a process to oversee the use of revolved funds and revise relevant program regulations.

A multi-part OIG investigation of a sponsor in the Child and Adult Care Food Program (CACFP) found that the sponsor was stealing USDA funds intended to feed hungry children. An Arkansas man was recruited by his mother-in-law, an Arkansas Department of Human Services employee, to participate as a sponsor in the At-Risk Afterschool component of CACFP. Witnesses stated that one site only fed a few children per day, while no children were fed at the second site. Because of the fraudulent claims, the sponsor received approximately \$666,428 in USDA funds that were intended to feed children in need. Investigators have pursued additional related cases, which combined with this case have resulted in 5 individuals being sentenced to 174 months in prison, 156 months of probation, and being ordered to pay \$10.9 million in restitution.

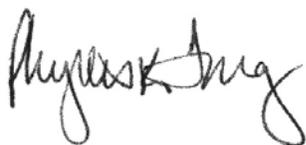
Goal 3—Management Improvement Initiatives—OIG has also been conducting a multi-State investigation of false claims stemming from the Supplemental Nutrition

Assistance Program (SNAP) benefit error rates. Although the Food and Nutrition Service (FNS) funds SNAP, the program is administered by the States, which are responsible for determining whether applicants are eligible for SNAP benefits, administering those benefits, and performing quality control to ensure that their eligibility decisions are accurate. Since April, this investigation has resulted in Virginia, Wisconsin, and Alaska agreeing to pay more than \$16.7 million to resolve allegations that they violated the False Claims Act. These States used the services of a quality control consultant to reduce their SNAP benefits determination error rates. The consultant trained quality control workers to review error cases and find that benefits decisions were “correct” rather than finding errors. As a result, these three States reported error rates to FNS that understated the true number of errors.

We have also recently completed an audit of how the Forest Service (FS) contracts with companies to supply the aircraft it needs to fight forest fires. We found that the contracts issued against basic ordering agreements for “call when needed” air tanker services were not being placed by the designated FS contracting officer, but were instead placed by the National Interagency Coordination Center (NICC) dispatchers who did not possess a contract warrant. With NICC dispatchers issuing contracts against these agreements, unwarranted individuals bound the government to the contracts and could have authorized the contractor to operate outside the bounds of the contract.

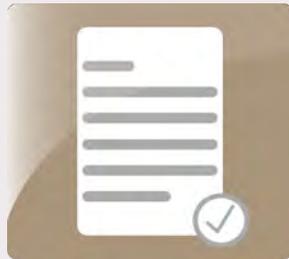
These accomplishments are the result of the dedicated work of OIG’s professional staff and their commitment to our mission. In addition, we would like to thank USDA’s staff for their coordination and cooperation with our audits and investigations. We also wish to acknowledge the interest and support of USDA Secretary Sonny Perdue, as well as key 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

A handwritten signature in black ink, appearing to read 'Phyllis K. Fong', written in a cursive style.

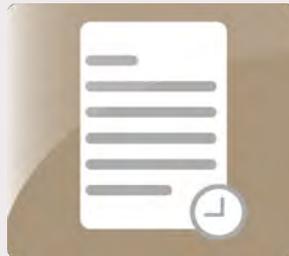
Inspector General

REPORTS



25

FINAL REPORTS



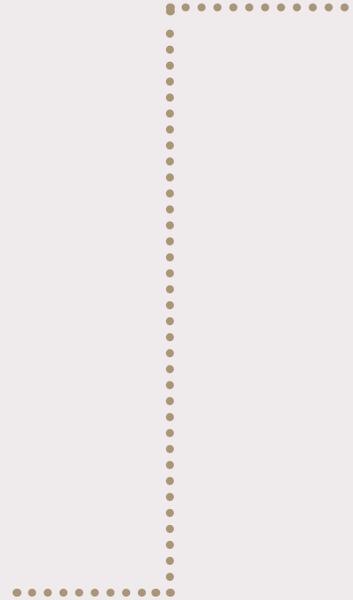
5

INTERIM REPORTS



183

REPORT RECOMMENDATIONS



ACTIVITIES SUMMARY



24 MANAGEMENT DECISIONS
REACHED

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 to the economy, efficiency, and effectiveness of USDA's programs and operations.



15 Monetary
(13 Final Report Recommendations, 2 Interim)

157 Program Improvements
(142 Final Report Recommendations, 15 Interim)

AUDIT TOTAL DOLLAR IMPACT

\$95 million



120

REPORTS ISSUED



261

INDICTMENTS



271

CONVICTIONS



354

ARRESTS



ACTIVITIES SUMMARY

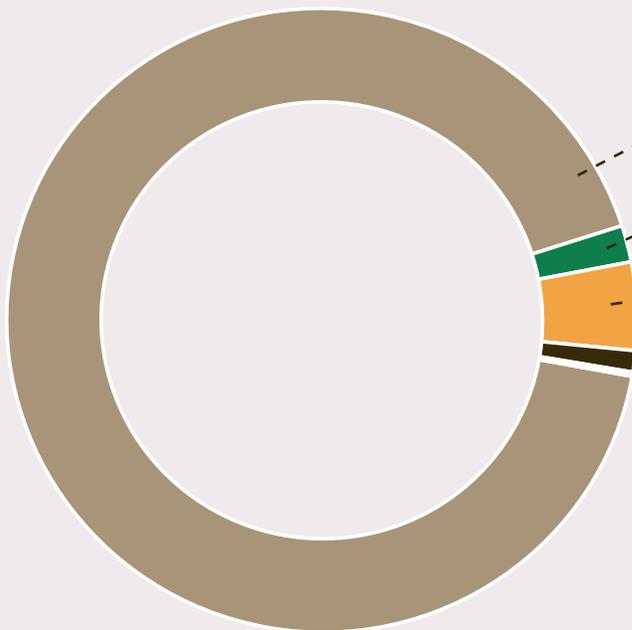


Hotline Complaints

During this reporting period, the Hotline received 7,803 complaints, including allegations of participant fraud, employee misconduct, mismanagement, safety issues, bribery, reprisal, and opinions about USDA programs.

7,803

HOTLINE COMPLAINTS BY TYPE



Participant Fraud: 7,196

Waste Mismanagement: 148

Employee Misconduct: 356

Opinion/Information: 86

Other: 17

See Table B.3, page 123 for details

INVESTIGATIONS TOTAL DOLLAR IMPACT

\$102.7 million

TABLE OF CONTENTS

Goal 1	1
Goal 2	15
Goal 3	45
Inspector General Act Reporting Requirements	65
Assessing the Impact of OIG	68
Peer Reviews and Outstanding Recommendations	70
Performance Results Under Our Strategic Goals	71
OIG Accomplishments for FY 2017, Second Half (April 1, 2017— September 30, 2017)	72
OIG Accomplishments for FY 2017, Full Year (October 1, 2016— September 30, 2017)	73
Appendix A: Audit Tables.	74
Appendix A.1: Activities and Reports Issued	74
Appendix A.2: Inventory of Final Audit Reports with Questioned Costs and Loans (April 1, 2017—September 30, 2017)	76
Appendix A.2: Inventory of Interim Audit Reports with Questioned Costs and Loans (April 1, 2017—September 30, 2017)	77
Appendix A.3: Inventory of Final Audit Reports with Recommendations that Funds Be Put to Better Use	78
Appendix A.4: Contract Audit Reports with Significant Findings. . .	79
Appendix A.5: Program Improvement Recommendations	79
Appendix A.6: Audit Reports and Non-Audit Services	80
Appendix A.7: Management Decisions	86
Appendix A.8: Significantly Revised Management Decisions Made During the Reporting Period	87
Appendix A.9: Significant Management Decisions with which the Inspector General is in Disagreement	87
Appendix A.10: List of OIG Audit Reports with Recommendations Pending Corrective Action for Period Ending September 30, 2017, by Agency	88
Appendix A.11: Information Described Under Section 804(b) of the Federal Financial Management Improvement Act	107

Appendix A.12: Canceled Audits.	108
Appendix A.13: Reports without Agency Comment or Unimplemented Recommendations and Potential Cost Savings.	109
Appendix A.14: Audit Reports that Were Not Publically Released (as of September 30, 2017).	119
Appendix A.15: Summary of Audit Reports for which the Department has not Returned Comment within 60 Days of Receipt of the Report	120
Appendix B: Investigative Reports.	121
Appendix B: Investigations Tables	121
Appendix B.2: Indictments and Convictions.	122
Appendix B.3: OIG Hotline.	123
Appendix B.4: Additional Investigations Information	124
Appendix B.5: OIG Investigations Involving a Senior Government Employee Where Allegations of Misconduct were Substantiated .	126
Appendix B.6: Instances of Whistleblower Retaliation	127
Appendix B.7: Attempts by Department to Interfere with OIG Independence Including Budget Constraints and Incidents Where the Department Restricted or Significantly Delayed Access to Information	128
Appendix B.8: Instances of an Investigation of a Senior Government Employee that was Closed and Not Disclosed to the Public	129
Appendix C: Freedom of Information Act (FOIA) Activities	130
Acronyms and Abbreviations	131



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

SUMMARY

For the second half of FY 2017:

12.9% of total direct resources were devoted to Goal 1
98.3% of these resources were assigned to critical-risk and high-impact work

INVESTIGATIONS



64.7% of investigative cases resulted in action

approx. **\$160,000**
in monetary results

26
Indictments



38
Convictions



AUDIT

6
Audit Reports
Issued



43
Recommendations

Examples of Audit and Investigative Work for Goal 1

FSIS' Controls over Declaring Allergens on Product Labels

FSIS regulates food ingredients used in the production of meat, poultry, and egg products, including verifying the accuracy of labels and ingredients statements. OIG assessed whether FSIS has sufficient controls in place to ensure allergens are properly disclosed on product labels. We found that FSIS inspectors currently perform reviews designed to determine whether products are mislabeled and contain undeclared allergens. When the agency finds that a processing plant has released food with an undeclared allergen, FSIS requests a recall. Our report details how the agency can improve its current approach to regulating undisclosed allergens. For example, FSIS needs to be more consistent in how it completes verification tasks; consider additional ways to indicate which production plants use ingredients containing allergens; thoroughly address the possibility for cross-contact between products containing different allergens on the same production floor; and better document how FSIS controls data from consumer complaints about undisclosed allergens.

Overall, OIG commends FSIS for taking steps to address undeclared allergens as a food safety concern. FSIS agreed with our findings and recommendations to collaborate with stakeholders to develop a more robust approach to preventing food allergen illnesses, as well as recommendations to help FSIS improve how it currently verifies that labels accurately disclose allergen presence in food products. (Audit Report 24601-0005-31)

FSIS Followup on the 2007 and 2008 Audit Initiatives

In response to a Congressional request outlining concerns regarding inhumane handling incidents at livestock slaughter establishments, OIG reviewed FSIS' controls to ensure that adequately trained inspectors were properly performing humane-handling activities. OIG incorporated its review of these concerns into an ongoing review of how FSIS responded to 47 recommendations made in two prior reports. These recommendations involved improvements in how FSIS oversees the inspection process, how it collects critical information, and how it schedules food safety assessments.

In our review, OIG found that FSIS had procedures in place to ensure trained inspectors were completing humane-handling requirements. However, based on our review of the effectiveness of the corrective actions

implemented for the 47 prior recommendations, we found that, for 14 of these recommendations, FSIS did not always follow corrective actions it designed to prevent reported conditions from recurring. FSIS officials were either not effectively monitoring or did not hold their staff accountable when these actions did not correct the problems identified. As a result, the deficiencies identified for these 14 recommendations continue to exist.

While we did not identify issues relating to the safety or wholesomeness of products FSIS inspects, FSIS must continue its efforts to support a comprehensive, timely, and reliable food safety inspection program. FSIS generally agreed to take corrective actions based on our recommendations to implement a process to ensure that the agency is completing required humane handling verification tasks at slaughter establishments and that it can support the training and the time spent to perform these tasks. We accepted management decision on 12 of the 18 recommendations and are working with the agency to resolve the remaining recommendations. (Audit Report 24016-0001-23)

FSIS' Equivalency Assessments of Exporting Countries

Federal legislation requires foreign countries that export meat, poultry, and egg products to the United States to establish and maintain systems equivalent to the U.S. inspection system. FSIS is responsible for ensuring these products meet all safety standards applied to foods produced in the United States. OIG found that equivalent countries (which are countries that export food products and have maintained food safety systems with an equivalent level of public health protection) were not consistently audited in compliance with the agency policy, and that policies and procedures did not contain sufficient guidance for conducting ongoing equivalency verification audits.

First, we found that FSIS did not consistently audit equivalent countries because officials did not follow policies and procedures when selecting countries for ongoing equivalence verification audits. Next, we found that FSIS officials had not consistently performed, completed, or documented audit procedures when conducting ongoing equivalence verification audits of foreign countries' food safety systems. We also found FSIS did not have an adequate policy to monitor, classify, evaluate, or determine the equivalence of individual sanitary measures. Lastly, we found that FSIS does not obtain details identifying the actual date or reason why certified foreign establishments were removed from the program after they were deemed ineligible to export product to the United States. Furthermore, we found that



The National Organic Program (NOP) is a regulatory program housed within the Agricultural Marketing Service. NOP develops national standards for organically produced agricultural products.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

FSIS procedures for conducting ongoing equivalency verification audits did not include corrective actions in response to prior audit recommendations. Specifically, FSIS did not incorporate new procedures into agency guidance. FSIS initially implemented corrective actions by updating its management control manual, but these procedures were not incorporated into subsequent guidance issued in 2015. FSIS generally agreed to take corrective actions based on our recommendations to strengthen its oversight of the equivalence process and revise its guidance and management control manual for conducting ongoing equivalence verification audits. We were able to reach agreement on five of the eight recommendations. We worked with the agency to resolve the remaining recommendations shortly after issuing the final report. (Audit Report 24601-0002-21)

National Organic Program—International Trade Arrangements and Agreements

USDA's National Organic Program (NOP) is housed within the Agricultural Marketing Service (AMS) and is responsible for developing national standards for organically produced agricultural products. Our audit evaluated AMS' controls over the approval and oversight of NOP's agreements for international trade and the import of organic products. We found that AMS needs to strengthen its controls over the approval and oversight of international trade arrangements and agreements for the import of organic products into the United States. We concluded that AMS' process for determining the equivalency of organic standards lacked transparency. NOP officials maintained documentation of the process



The photo above shows one of the dams OIG reviewed. According to FS, the agency is responsible for approximately 3,200 dams on FS lands (approximately 1,500 FS owned and approximately 1,700 non-FS owned dams on FS lands). We found that FS continues to lack an effective control structure for validating that required plans are maintained for dams and that necessary inspections of dams are regularly performed to identify any deficiencies affecting their safety.

Photo by OIG.

to resolve differences between foreign and USDA organic standards, but they did not have a methodology to disclose the results of that process to stakeholders. Further, we concluded that AMS was unable to provide reasonable assurance that NOP-required documents were reviewed at U.S. ports-of-entry to verify that imported agricultural products labeled as organic were from certified organic foreign farms and businesses that produce and sell organic products.

Imported agricultural products, whether organic or conventional, are sometimes fumigated at U.S. ports-of-entry to prevent prohibited pests from entering the United States. AMS has not established and implemented controls at U.S. ports-of-entry to identify, track, and ensure that organic products treated with non-organic sprays are not sold, labeled, or represented as organic. AMS officials concurred with our findings and recommendations to document the resolution of organic standard variances and obtain assistance from outside agencies for reviewing and verifying NOP-required import documents, as well as identifying and tracking treated imported organic products. (Audit Report 01601-0001-21)

FS Deferred Maintenance

While FS implemented corrective actions from prior OIG audits to address its deferred maintenance backlog, we found that FS has not been able to reduce its longstanding deferred maintenance backlog below \$5 billion and lacked an overall strategy to overcome its resource limitations. Deferred maintenance is defined as repairs that were not performed when they should have been or were delayed until a future period. OIG reviewed whether FS' controls over its deferred maintenance were adequate to mitigate threats to public health and safety.

We found that \$195 million of FS' deferred maintenance relates to a backlog of over 3,000 buildings that FS plans to decommission, but the associated impediments have not been addressed. In addition, FS did not develop and



During fieldwork, OIG found buildings with deferred maintenance that had structural issues, mold growth, and widespread rodent droppings.

Photos by OIG.

implement effective alternative methods for addressing these areas. During our fieldwork, we found buildings with deferred maintenance that had structural issues, mold growth, widespread rodent droppings, or other issues, including 20 buildings with health and safety concerns that necessitated their closure. Likewise, we found that FS continues to lack an effective control structure for validating that required plans are maintained for dams and that necessary inspections of dams are regularly performed to identify any deficiencies affecting their safety. Finally, we determined that FS did not report its deferred maintenance accurately and consistently because written guidance and training was not available for the responsible agency officials. FS generally agreed with our findings and recommendations to implement an overall strategy to reduce its deferred maintenance backlog and to take steps to reduce the number of assets in its portfolio, better ensure health and safety while maintenance is deferred, improve oversight of dams, and strengthen its reporting of deferred maintenance costs. (Audit Report 08601-0004-31)

Continuous Diagnostics and Mitigation Program Assessment

The Continuous Diagnostics and Mitigation (CDM) program provides Federal departments and agencies with capabilities and tools that identify cybersecurity risks on an ongoing basis, prioritize these risks based upon potential impacts, and enable cybersecurity personnel to mitigate the most significant problems first. Congress established the CDM program to provide adequate, risk-based, and cost-effective cybersecurity and more efficiently allocate cybersecurity resources. OIG contracted with a private IT consulting firm to independently assess the implementation of CDM within USDA and to recommend best practices. This assessment was performed as a non-audit service and therefore Government Auditing Standards were not applied. (Report 50501-0013-12)

Virginia Cockfighting Facility Destroyed as a Result of Subjects' Plea

Five individuals in Virginia and Kentucky were arrested, charged, and convicted of interstate animal fighting and an illegal gambling conspiracy, which we reported in the first half of FY 2015, in a joint investigation with the Virginia Department of Alcoholic Beverage Control. Each of those five individuals was sentenced to a term of imprisonment, supervised release, and ordered to pay up to \$905,208 in restitution or forfeiture of currency or property constituting proceeds traceable to the crimes. In August 2016, five additional co-conspirators were charged with violations involving interstate animal fighting and illegal gambling. In January 2017, pursuant to a guilty



OIG found pens used to hold the roosters prior to their fights. Each section of the fighting facility had a holding area like this for the roosters, according to an OIG Special Agent assigned to the Investigation. There were 20 sections in the facility.

Photo by OIG.



This photo shows two “drag pits” that were part of the stadium, said an OIG special agent assigned to the investigation. “Drag pits are the smaller arenas that birds are taken to in order to finish fights. They start in the main pit where the birds can be watched by spectators. After the birds are grievously injured during the fight, they are no longer entertaining for the spectators to watch. The fights still have to be finished so a winner can be declared, so the birds are brought to these smaller pits to finish the fight while fresh birds are brought into the main pit.”

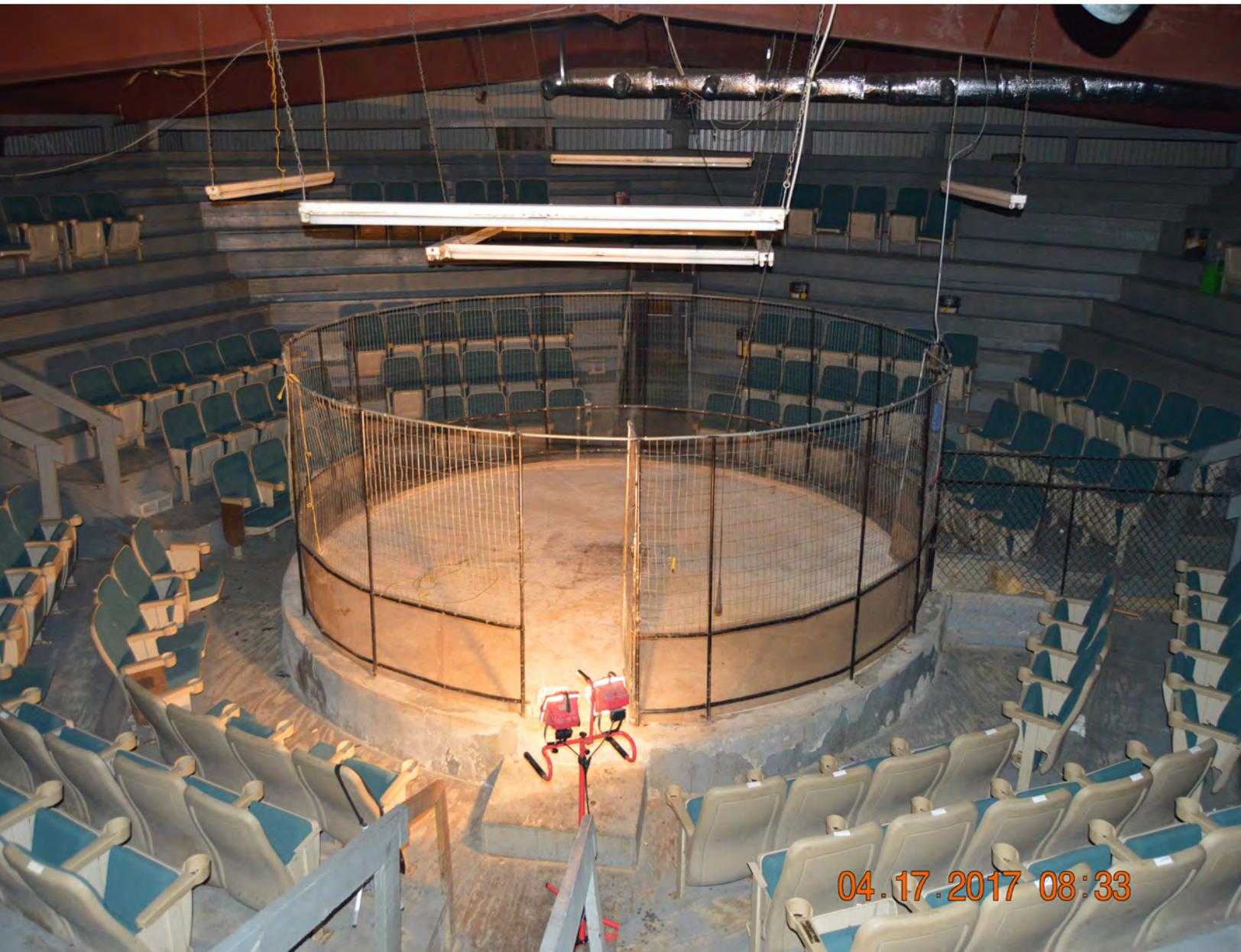
Photo by OIG.



“This photo I would call a ‘derby kit,’” said an OIG special agent assigned to the investigation. It includes “gaffs and knives to affix to a rooster’s feet, along with sharpening stones, medicinal supplements, antibiotics, wax string, and moleskin to affix the knives on the bird’s heels.”

Photo by OIG.

plea involving three felony violations, which included allowing a minor to be present at a cockfight, narcotics distribution, and animal fighting conspiracy, one conspirator was sentenced to serve 24 months in prison to be followed by 36 months on supervised release. In the first half of FY 2017, one conspirator



As a result of OIG's efforts, this 30 year old cockfighting ring was destroyed at the owners' expense.

Photo by OIG.

passed away, one conspirator pled guilty, and the final two—the brothers who owned the facility—were scheduled for trial in April 2017. On June 8, 2017, in U.S. District Court, Western District of Virginia, the two brothers pled guilty to conspiracy to cause others to attend a cockfight and were each sentenced to serve 12 months' probation. As part of their guilty pleas, the brothers agreed to forfeit \$100,000 and pay for the complete destruction of the 8,000-square-foot facility in which they had hosted cockfights for more than 30 years. The facility was destroyed at their expense. Profits made from the salvage of the building were sent directly to the court.

Idaho Resident Guilty of Exhibition of Cockfights

When the Gooding County Sheriff's Office responded to a noise complaint, officers discovered a cockfighting operation in progress in Jerome, Idaho. They identified the organizer of the event, and he was arrested. As a result of further investigation and interviews by OIG, the cockfight organizer pled guilty to one misdemeanor count of exhibition of cockfights on July 11, 2017, at the District Court of the 5th Judicial District of the State of Idaho, and was sentenced to 83 days in jail, a \$100 fine, and was released to the custody of the U.S. Immigration and Customs Enforcement (ICE) for deportation. An indictment was filed on August 9, 2017, in U.S. District Court, District of Idaho, charging this man with one count of using a false statement in an immigration matter and one count of false use of a Social Security number. He was arraigned on these charges on August 23, 2017.

Oregon Resident Pleads Guilty to the Illegal Smuggling and Selling of Carnivorous Plants

A Portland resident was sentenced for smuggling protected pitcher plants (*Nepenthes villosa*) from a supplier in Malaysia, in violation of the Lacey Act, and then selling the plants. On August 7, 2017, in U.S. District Court, District of Oregon, he was sentenced to 6 months' home confinement, 36 months' supervised release, and ordered to pay a \$100 court fine. These shipments were falsely labeled, not properly declared, and did not possess the required phytosanitary certificates. It was further revealed that he received 36 undeclared shipments of these carnivorous plants from multiple sources in 7 countries. The U.S. Fish and Wildlife Service (FWS) and OIG then served a search warrant at his Portland residence that led to the seizure of an additional 215 plants. On February 21, 2017, he was

This pitcher plant was seized by OIG special agents during the search warrant of a Portland, Oregon, residence. It is illegal to possess and sell this carnivorous plant because it is a protected species under the Endangered Species Act.

Photo by OIG.



charged via a bill of information with violating the Lacey Act. Pursuant to a plea agreement entered on May 1, 2017, he pled guilty to this violation. This joint investigation with Customs and Border Protection (CBP), Animal and Plant Health Inspection Service (APHIS), FWS, and OIG was initiated in November 2013 when APHIS and CBP intercepted the imported plants.

Participation on Committees, Working Groups, and Task Forces

Animal Protection Task Forces and Pest Risk Committees.

OIG special agents continue to actively participate in the Central California Animal Fighting Working Group along with agents from the Federal Bureau of Investigation (FBI), Bureau of Tobacco, Firearms, and Explosives, Drug Enforcement Administration (DEA), U.S. Postal Inspection Service, and Homeland Security Investigations (HSI). Agents in the San Bernardino area are members of the local animal cruelty task force. Additionally, in Minnesota, OIG participates in the Minnesota Pest Risk Committee consisting of Federal, State, and local representatives who focus on the efforts used in Minnesota to intercept and control invasive plants, insects, and animals that are detrimental to Minnesota.

Human Trafficking. OIG investigators in Minnesota participate on a human trafficking task force. This group consists of a variety of individuals who serve the communities around the State and work with the victims impacted by human trafficking for labor or sexual purposes. Meetings are held to discuss issues affecting the victims and perpetrators of this crime, what is being done to combat it, and cases where a successful result was obtained. In Virginia, our agent is supporting the Hampton Roads Human Trafficking Task Force spearheaded by HSI. In New Jersey, an OIG agent participates in District of New Jersey Anti-Human Trafficking Coordination Team. OIG agents in Minnesota also participate on the Federal multi-agency victim/witness task force made up of Federal agency members who work for and protect crime victims and witnesses in the criminal justice process.

Environmental Crimes. In New Jersey and Colorado, our agents participate in the Federal environmental crimes task force. Also in Colorado, our agent participates in the Cactus Smuggling Working Group. In the Western District of Washington, our agents participate in the environmental crimes working group.

FBI Joint Terrorism Task Forces. A Washington, D.C.-based OIG special agent is assigned to the FBI's National Joint Terrorism Task Force (JTTF). In Portland, Oregon, as well as Oakland and Sacramento, California, OIG agents are members of the FBI's Regional JTTF. In Seattle, Washington, an OIG agent is a member of the Inland Northwest Intelligence Office through the JTTF. The JTTF agents work with other task force entities to provide OIG and other USDA agencies critical information

regarding individuals or groups that may have connections to terrorist activity or may provide support for terrorist activity against the United States, its citizens (domestic and abroad), or the U.S. food supply.

Anti-Terrorism and Public Safety Councils. In many judicial districts, including the Northern District of Illinois, the Eastern District of Michigan, and in the States of Iowa, Minnesota, North Dakota, and 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 prevent, disrupt, and prosecute terrorism through intelligence-sharing, training, strategic planning, policy review, and problem-solving. Also in Minnesota, OIG participates in the Arrowhead Cross Infrastructure Public Safety Group, consisting of regional law enforcement and emergency response providers. Led by the FBI field office in Duluth, Minnesota, it meets monthly for training sessions and the sharing of information on various terrorist organizations as well as related topics such as crisis response scenarios.

U.S. Marshals Service Fugitive Task Forces. OIG agents in Arizona, California, Michigan, Minnesota, and North Dakota participate on the U.S. Marshals Service Fugitive Task Force established under the Presidential Protection Act of 2000. The primary mission of these task forces is to investigate and arrest, as part of joint law enforcement operations, persons who have active Federal and State warrants for their arrest. In addition to providing assistance in locating fugitives, these task forces also provide help in serving warrants. Overall, this joint effort results in the improving public safety and reducing violent crime. For example, in San Diego, California, OIG participates in the regional fugitive task force. Each participating agency agrees to refer cases for investigation by the regional fugitive task force. Targeted crimes primarily include violent crimes against persons, weapons offenses, felony drug offenses, failure to register as a sex offender, crimes committed by subjects who have a criminal history involving violent crimes, felony drug offenses, and weapons offenses.

ONGOING REVIEWS

- » commodity purchases for international food assistance programs (Farm Service Agency (FSA)),
- » drug enforcement on national forest system lands (FS),
- » review of controls over explosives and magazines (FS),
- » oversight of the new poultry inspection system (FSIS),
- » FY 2017 Federal Information Security Modernization Act (Office of the Chief Information Officer (OCIO)),
- » continuous diagnostics and mitigation program assessment—2017 2nd half (OCIO),
- » reviewing the integrity of USDA scientific research programs (Agricultural Research Service (ARS), Economic Research Service, FS, Natural Resources Conservation Service (NRCS), and Office of the Chief Scientist), and
- » agency activities for agroterrorism prevention, detection, and response (APHIS, ARS, FSIS).

Detect and reduce USDA program vulnerabilities and deficiencies to strengthen the integrity of the Department's programs

SUMMARY

For the second half of FY 2017:

47.5% of total direct resources were devoted to Goal 2

99.4% of these resources were assigned to critical-risk and high-impact work

INVESTIGATIONS



76.9% of investigative cases resulted in action

\$81.9 million in monetary results

232 Indictments



225 Convictions



AUDIT

5

Audit Reports Issued



4

Interim Reports Issued



100% of audit recommendations under Goal 2 resulted in a management decision within 1 year

Examples of Audit and Investigative Work for Goal 2

Intermediary Relending Program

IRP, a business program run by RBS, is designed to enhance economic activity and employment in rural communities. A 2010 audit of IRP found that intermediaries were noncompliant with program requirements for making and relending loans with their revolving funds. Following the audit, RBS updated its IRP regulations effective September 2014. In a recent followup audit, we assessed whether RBS' corrective actions were effective in eliminating or reducing previously identified issues. Our review determined RBS had not eliminated all reported weaknesses from the 2010 audit. Specifically, we found that three of the six intermediaries we reviewed did not promptly relend their IRP revolved funds and maintained excessive cash balances. Furthermore, the intermediaries we reviewed did not sufficiently document why ultimate recipients did not finance their proposed projects through commercial credit or other programs. As a result, RBS needs additional controls to correct these recurring program weaknesses.

We identified additional concerns. First, we found that one RD State office is allowing intermediaries to use long-term debt instruments as their intermediary contribution for the purposes of scoring and funding projects. Next, we found that an intermediary transferred non-IRP loans into an IRP portfolio in exchange for cash. Lastly, we found that one RD State office did not require its intermediaries to submit approved administrative cost budgets annually. RBS concurred with most of our recommendations to develop a process to oversee the use of revolved funds and revise relevant program regulations. In addition, RBS agreed to provide training on the credit elsewhere provision, revise instructions so a debt instrument cannot be used as intermediary contribution, clarify that removing cash from the revolving loan fund requires RD's national office approval, and stress that an approved budget is required from intermediaries. We reached management decisions for 11 of the 12 recommendations, but further action from the agency is needed before management decision can be reached for the remaining recommendation. (Audit Report 34601-0001-22)

IRP

This program provides 1 percent low-interest loans to local organizations (intermediaries) that re-lend to businesses to improve economic conditions and create jobs in rural communities.

Farm Fraud Investigations

Missouri Dairy Farmer Sells Over \$120,000 in Mortgaged Collateral

A Missouri dairy farmer illegally converted \$120,544 worth of livestock and mortgaged dairy/farm equipment that was used to secure his FSA loan. In U.S. District Court, Eastern District of Missouri, on April 18, 2017, the farmer pled guilty to conversion of mortgaged property and was sentenced to 2 weekends at a Bureau of Prisons designated facility, 12 months of home confinement, 120 hours of community service, and 60 months of probation. He was also ordered to pay restitution of \$120,544 to FSA as well as a special assessment.

Texas Realtor Conspires with Borrowers to Falsify Loan Documents

A real estate broker provided false statements to lenders as part of a scheme to obtain \$815,209 in mortgage loan approvals for six unqualified borrowers on residential properties in and around Austin, Texas. Four of the six borrowers were approved under the Rural Development Guaranteed

A dairy cow.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Loan Program. The realtor received approximately \$27,000 in commission payments from the fraudulent loans. The realtor pled guilty to securing execution of documents by deception on April 19, 2017, in the 390th District Court in Travis County, Texas, and paid restitution of \$57,462. Additionally, he was sentenced to 12 months in prison, which was reduced to 24 months' probation, and was ordered to forfeit his mortgage broker license.

Oregon Company Manager Pleads Guilty to Conversion of Property

On September 14, 2017, a company manager was sentenced in U.S. District Court, District of Oregon, to pay a \$500 fine and a \$25 assessment pursuant to his guilty plea to one count of conversion of property involving a Commodity Credit Corporation (CCC) loan application he completed in February 2016. This was his second CCC loan. In January 2016, he claimed that he had 35,000 bushels of soft winter wheat stored as collateral. The January 2016 loan was for \$106,050; the February 2016 loan was for \$212,100. He then sold the majority of the collateral he actually possessed without the authorization or approval of FSA. In an effort to conceal the sale, he intentionally sold the collateral using the corporate entity. He used the proceeds from the sale of the collateral in an effort to pay off a \$250,000 debt he owed to another company. On May 19, 2017, he was charged via a bill of information with one count of conversion of property and pled guilty to that count on June 16, 2017.

Wisconsin Farmer Sentenced in Wisconsin for Crop Insurance Fraud

A Wisconsin farmer was sentenced to 6 months in prison followed by 6 months of home confinement and was ordered to pay \$23,788 in restitution and a \$2,100 fine on April 27, 2017, in U.S. District Court, Eastern District of Wisconsin. Additionally, he was ordered to serve 24 months of supervised release after the completion of his confinement. OIG initiated this investigation to determine whether this farmer submitted false documents, statements, information, or representations to a crop insurance company to bolster his crop insurance indemnity payments between 2008 and 2013. Our investigation determined that on numerous occasions between 2008 and 2013, he provided false and inaccurate information to a crop insurance company that resulted in an increase in his indemnity payments. Our investigation also showed that he submitted numerous false crop reports to various FSA county offices throughout Wisconsin, which the insurance company often relied upon to calculate crop insurance indemnity payments.

This investigation also disclosed that, due to his poor farming practices on some tracts of land, the yields were reduced. The reduced yields resulted in larger indemnity payments. The fraudulent claims attributed to false reporting exceeding \$630,000, most of which had not yet been paid to him. On May 27, 2015, he was indicted on three counts of wire fraud and five counts of crop insurance fraud related to his scheme to defraud the crop insurance program. On November 22, 2016, pursuant to a signed plea deal, he pled guilty to a one-count bill of information charging him with filing false statements to bolster his crop insurance payments. Under the plea agreement, he agreed to be debarred from certain FSA programs through March 14, 2018.

Two Connecticut Individuals Found Guilty of Charges Relating to Bank and Wire Fraud

The Foreign Agricultural Service (FAS) administers the Export Credit Guarantee Program (GSM-102) on behalf of CCC, which issues the credit guarantees. GSM-102 guarantees credit extended by the private banking sector in the United States (or, less commonly, by the U.S. exporter) to approved foreign banks using dollar-denominated, irrevocable letters of credit for purchases of U.S. food and agricultural products by foreign buyers. OIG initiated this investigation based on a referral from FAS regarding a participant in the program. The referral was a result of a partial audit of a participant in GSM-102. The audit revealed that other companies registered in GSM-102 might have used bills of lading provided to support shipments of commodities issued in or about October 2008. The investigation determined that two individuals controlled numerous entities participating in GSM-102. The entities acquired copies of shipping documents from various sources and used them to secure loans from U.S. financial institutions to foreign banks guaranteed under GSM-102. The individuals conspired to defraud various U.S. financial institutions by means of materially false and fraudulent pretenses, including presenting false and altered bills of lading in connection with transactions guaranteed under GSM-102. Trial in U.S. District Court, District of Connecticut, began on October 5, 2016. The jury found the individuals guilty of charges relating to bank fraud and wire fraud. One of the individuals was sentenced to 15 months in prison, followed by 36 months of supervised release, and was ordered to forfeit \$1.5 million on June 13, 2017. The other individual was sentenced to 5 months in prison, followed by 36 months of supervised release (the first 5 months of which he will serve on home confinement), ordered to perform 300 hours of community service, and to forfeit \$63,509. On September 11, 2017, in U.S. District Court,



While corn, hay, soybeans, and potatoes are the most produced crops in Wisconsin, sunflowers also grow in the State and are prolific in the Midwest.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

District of Connecticut, joint and several restitution orders were issued for the two men who were already sentenced. The defendants were ordered to pay \$18.8 million in restitution, with \$18.5 million payable to USDA and \$305,743 payable to a private bank. The court had not previously finalized the amount of joint and several restitution that the two men were required to pay due to an outstanding issue regarding the attorneys' fees for the victim bank.

Two Mississippi Individuals Sentenced in Theft of Federally Insured Soybeans

When soybeans were stolen from a farmer's grain bins located in Mississippi, transported across the State line to Tennessee, then sold, OIG investigated whether the farmer's former employee and a co-conspirator had stolen the soybeans from the farmer's grain bins. OIG's investigation determined that the former employee and his co-conspirator stole approximately 12,300 bushels of soybeans (worth \$196,500) insured by USDA's Risk Management Agency. The man was indicted on counts of transportation of stolen goods across State lines, money laundering, and conspiracy. He pled guilty to the transportation of stolen goods charge, was sentenced to 51 months in prison, and ordered to pay \$196,500 in restitution on August 15, 2017, in U.S. District Court, Northern District of Mississippi.

Missouri Farmer Ordered to Pay \$143,300 in Restitution for Conversion of Mortgaged Cattle

A Missouri man was sentenced to 60 months of probation and ordered to pay \$143,300 in restitution after pleading guilty to criminal conversion on August 17, 2017, in U.S. District Court, Western District of Missouri. This man had dairy/beef cows and farm equipment securing two FSA loans that totaled approximately \$162,000. Thereafter, an FSA county office became aware that this man had moved to North Dakota and left his remaining dairy/beef herd with another farmer. A site visit conducted by FSA showed that most of the cows and farm equipment securing the FSA loans were gone. FSA also determined that the Missouri man did not own some of the farm equipment he listed on his security agreement, and he had entered into private leasing agreements on 53 dairy cows without disclosing the agreements to FSA. OIG began this investigation when the Missouri State FSA referred the conversion case to OIG.

SFSP

Audits of FNS Programs

Good nutrition is essential for learning in school. SFSP provides an opportunity to continue a child's physical and social development while providing nutritious meals during long vacation periods from school. It helps children return to school ready to learn.

Reviews of States' Compliance with Summer Food Service Program Requirements

The Summer Food Service Program (SFSP) provides nutritious meals to children from needy areas during the summer months when schools are closed. Locally, sponsors manage officials at sites that provide the meals to children. Sponsors include public or private nonprofit organizations. In FY 2016, SFSP provided roughly \$472 million to serve approximately 153 million meals to needy children at more than 47,000 sites. FNS, the Federal awarding agency, is responsible for oversight and for establishing internal controls to ensure States administer and monitor SFSP as intended. In FY 2016, SFSP reimbursements were over \$158 million collectively in four States: California, Florida, New York, and Texas.

Given the size and mission of SFSP, OIG initiated multiple audits simultaneously in these four States. Our objectives were to (1) assess whether FNS had adequate controls in place to reasonably ensure compliance with SFSP regulations and other requirements; (2) evaluate the adequacy of controls over SFSP sponsors in those States; and (3) determine if selected sponsors and sites are in compliance with program requirements. In this reporting period, we published four interim reports based on our ongoing audits. We expect to issue final reports from these reviews in the next reporting cycle.

California’s Controls over Summer Food Service Program— Interim Report

OIG reviewed California’s controls over FNS’ SFSP, as well as the sponsors’ compliance with food safety requirements. We found an SFSP site in California violated State food safety requirements by allowing children to place their unpackaged food and open cups of milk at “share tables” for others to take and consume. This occurred because site staff stated they were unaware of program requirements, even though the sponsor provided site staff with training. As a result, the site put children at risk of exposure to contaminated food and therefore contagious illnesses.

FNS is responsible for oversight and for establishing internal controls to ensure States administer and monitor SFSP as intended. Ultimately, the sponsors’ sites provide the free meals to children. These meals may be self-prepared or vended. Sites must ensure proper sanitation and health standards conform to all applicable State and local laws and regulations. The site’s sponsor stated that it explicitly addressed these food safety requirements during the SFSP site training. After our site visit, the sponsor informed us the site was now fully aware of the requirements, and it would ensure the site met the requirements in subsequent sponsor reviews. Given the risk of food contamination, on June 28, 2017, we notified the California Department of Education (CDE) of the problems we identified at the site. CDE informed us that it plans to conduct an unannounced visit at the site to confirm that the sponsor has corrected this food safety issue at the site. FNS agreed with our finding and recommendations to follow up with CDE to ensure the site corrected the health and safety deficiency and complies with the State’s food safety requirements. Also, FNS agreed to re-emphasize with CDE the importance of all current sponsors and sites meeting State and local food safety requirements. (Audit Report 27004-0001-41(1))

Florida’s Controls Over Summer Food Service Program— Interim Report

Three SFSP sponsor sites in Florida violated food safety requirements by serving children foods not kept at temperatures that the Florida Administrative Code defines as safe. At two sites, staff left meat and cheese sandwiches to thaw or stand on counters for reportedly 3 hours and did not temperature check the food as required. The third site accepted a hot food delivery without checking its temperature. When we requested a food temperature check, the thermometer showed the food was at an unsafe temperature. This occurred because site staff were not adequately

prioritizing food safety and thermometer use among their multiple responsibilities to monitor and serve children meals at SFSP sites. As a result, the sites risked serving contaminated food to children and exposing them to potential food-borne illnesses.

Federal regulations require sponsors to ensure State and local health standards are met in the storage, preparation, and serving of SFSP food. The Florida Administrative Code requires all potentially hazardous food to be kept at safe temperatures, 41°F or below and 140°F or above, except during necessary periods of preparation and service. We discussed the identified deficiencies with sponsor officials, Florida’s program administrators, and FNS officials responsible for oversight. All agreed with our finding and recommendations for FNS to follow up to ensure Florida officials re-emphasize food safety guidance, require the three sponsors to submit corrective action plans, and monitor their corrections. (Audit Report 27004-0001-31(1))

At two of the Florida SFSP locations reviewed, OIG found that staff left meat and cheese sandwiches to thaw or stand on counters for reportedly 3 hours.

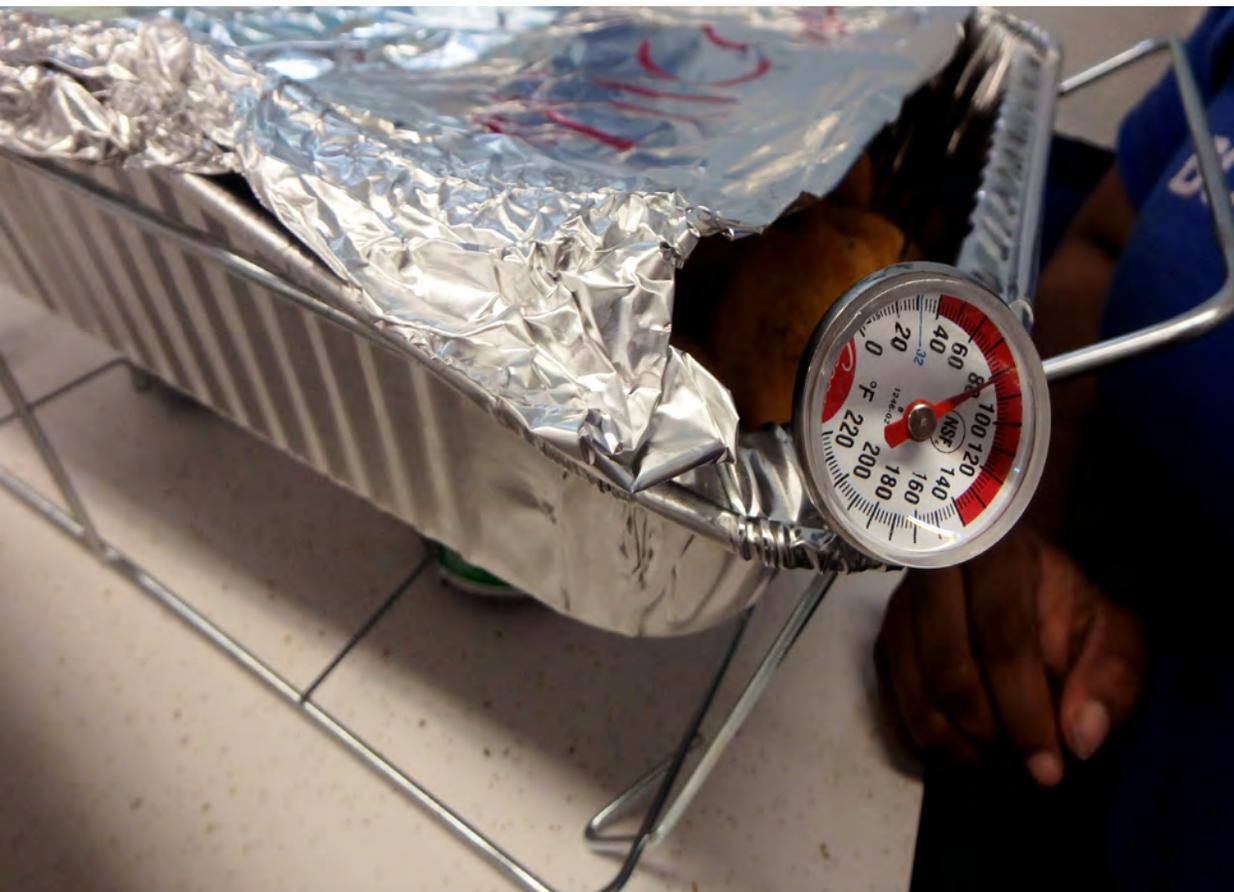
Photo by OIG.



Texas Controls Over Summer Food Service Program—Interim Report

OIG reviewed Texas' controls over SFSP as well as sponsors' compliance with food safety requirements. We found that a site approved to serve meals to children did not have proper equipment available to maintain adequate food temperatures. The site held hot food in plastic coolers for more than 3 hours before serving lunch. As a result, this site's personnel risked serving contaminated food to children. Federal regulations require that meals not prepared at the food service sites be delivered no earlier than 1 hour prior to the beginning of meal service unless the site has adequate facilities for holding hot or cold meals within the required temperatures.

Texas' State food safety regulations require that hot food be held at 135°F or above before and during meal service. Although thermometers were available at the site, site staff did not use them to verify or ensure meals were at the correct temperature before or during meal service. Texas Department of Agriculture (TDA) officials agreed the site was out of compliance with State and local food safety requirements and agreed to require the sponsor



At a Florida SFSP site, OIG found that the food temperature was not safe.

Photo by OIG.

to submit a corrective action plan to correct the deficiencies. FNS officials concurred with our findings and recommendations to follow up with TDA officials to ensure they require the sponsor to submit an action plan to correct food and storage temperature-requirement deficiencies identified during our site visit, and to ensure that all its sites are in compliance with State and local food safety requirements. (Audit Report 27004-0004-21(1))

Summer Food Service Program in Texas—Sponsor Costs Interim Report

OIG is currently evaluating the adequacy of TDA's oversight of sponsor claims to SFSP in Texas and sponsor compliance with program regulations and policies related to the reimbursement of sponsor claims. TDA provides Federal reimbursement to participating sponsors to cover the cost of preparing and serving meals as well as administrative costs related to program activities. In our interim report, we identified two Texas SFSP sponsors that did not provide all documentation to support reimbursements received for claims paid to them for meals served in program year 2016. The claims amounted to more than \$110,000. Federal regulations require sponsors to maintain documents to support the costs and meals associated with all SFSP claims for 3 years.

We sent two memoranda, with set deadlines, to TDA requesting documentation from sponsors to support program year 2016 reimbursements. TDA made additional requests to the two sponsors for records to substantiate the more than \$110,000 paid to them by TDA in program year 2016. Neither sponsor complied with our deadlines or TDA's additional requests for documentation. As a result, in June 2017, TDA officials notified the sponsors that they were seriously deficient in the management of SFSP. The sponsors did send in the records to TDA, but not until June 20, 2017. Because the records were not accessible at the time of our requests, we do not plan to review the records as part of our audit. FNS officials concurred with our findings and recommendations to ensure TDA reviews records supporting the more than \$110,000 paid in program year 2016 to the two sponsors and recovers any unsubstantiated amounts. We also recommended that FNS determine whether the sponsors declared seriously deficient should be deferred, or begin the process of terminating the sponsors from participation in SFSP. (Audit Report 27004-0003-21(1))

Review of States' Compliance with SNAP Regulations

As the largest program within USDA and one of the largest programs in the Federal Government, SNAP presents a unique challenge for its program managers. Given its size, taxpayer-funded assistance may not always be delivered or used as intended. To assist with our work, OIG contracted with an independent certified public accounting (CPA) firm to conduct agreed-upon procedure engagements to assess whether States are complying with SNAP requirements. The firm's assessment consisted of two parts: assess the States' policies, procedures, and processes; and assess their compliance through review of active case files. Five States were selected for review—Georgia, Nebraska, Pennsylvania, South Carolina, and Washington—and a separate report was issued at the completion of work in each State. Nebraska's report was issued during the last reporting period. During this reporting period, we issued reports based on the work completed in Georgia, Pennsylvania, South Carolina, and Washington. A consolidated report to summarize the work performed by the firm related to these five States should be issued during the next reporting period.

Georgia's Requirements for Participating State Agencies

In the first part of the review, the contract CPA firm disclosed that Georgia did not always comply with SNAP regulations related to nondiscrimination compliance, the Prisoner Verification System (PVS), and the Deceased Matching System. Specifically, the firm disclosed that Georgia did not always maintain evidence that discrimination complaints were processed in a timely manner; did not provide complainants either a letter of acknowledgement or a decision letter; and did not maintain evidence that an independent verification was performed for PVS matches nor provide households notice of match results. Further, Georgia did not maintain evidence that an independent verification was performed for deceased matches and did not provide households notice of match results. In the second part, the firm disclosed that Georgia did not maintain evidence that an independent verification was performed for PVS matches and did not provide the household notice of match results. FNS concurred with the findings and recommendations. (Audit Report 27601-0008-10)

Pennsylvania's Requirements for Participating State Agencies

In the first part of the review, the contract CPA firm disclosed that Pennsylvania did not always comply with SNAP regulations related to nondiscrimination compliance, PVS, and the Income and Eligibility Verification System. Specifically, the firm disclosed that FNS' Civil Rights Division did not send a letter of acknowledgement to a complainant in a timely manner, and Pennsylvania's Department of Human Services did not provide households notice of PVS match results and continued to include individuals incarcerated for over 30 days in a SNAP household. In the second part, the firm disclosed that Pennsylvania DHS did not maintain evidence that action was taken on an Income and Eligibility Verification System check within 45 days of receipt of the information. FNS concurred with the findings and recommendations. (Audit Report 27601-0010-10)

South Carolina's Requirements for Participating State Agencies

In the first part of the review, the contract CPA firm reported that FNS did not process South Carolina's discrimination complaints within established timeframes; did not produce or maintain an approved Automated Data Processing/Client Integrity Systems model plan; and did not properly implement a compliant PVS or Deceased Matching System as required. In the second part, the firm disclosed that South Carolina did not perform a PVS match at the time of application or recertification for 97 cases and did not perform a Deceased Matching System match at the time of application or at least once during the year for 93 cases. FNS concurred with the findings and recommendations. (Audit Report 27601-0011-10)

Washington's Requirements for Participating State Agencies

In the first part of the review, the contract CPA firm reported that Washington did not always comply with SNAP regulations related to nondiscrimination compliance, PVS, and the Systematic Alien Verification for Entitlements (SAVE) program. Specifically, the firm disclosed that Washington did not send acknowledgement and decision letters related to two discrimination complaints; implement a SAVE program in accordance with the 2014 Farm Bill requirements; or perform PVS matches in accordance with Federal regulation requirements in three areas. In the second part, the firm disclosed that Washington did not use the information obtained through the SAVE program to verify the validity of documentation of alien status presented by an applicant for five cases. FNS concurred with the findings and recommendations. (Audit Report 27601-0012-10)





A pallet of disaster food boxes is loaded for delivery to those in need in Houston, Texas, in September 2017.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

SNAP FRAUD INVESTIGATIONS

A significant portion of OIG's investigative resources are dedicated to ensuring the integrity of SNAP by combating the practice of exchanging benefits for currency or other ineligible items. Working closely with FNS, OIG has concluded a number of SNAP-related investigations and prosecutions in the second half of FY 2017. Below are several examples of SNAP investigations resulting in significant convictions and monetary results.

Utah Store Owners Plead Guilty to SNAP Fraud

OIG agents discovered a West Valley City, Utah, store was potentially trafficking SNAP benefits. As a result, OIG began an investigation in August 2015 and, on March 30, 2016, search warrants were served on the business and each of the owners' residences. Agents seized \$25,000 from the business bank account, an additional \$25,000 in cash, and more than \$10,000 in gift cards. The store owners were charged on August 18, 2016, via a bill of information with 14 felony counts of public assistance fraud, 2 felony counts of tax evasion, 2 felony counts of failure to file taxes, and 1 felony count of pattern of unlawful activity. On July 7, 2017, the store owners pled guilty to two counts of public assistance fraud. On September 8, 2017, in 3rd District Court, State of Utah, the owners were sentenced to time served and ordered to pay \$70,000 in restitution to FNS. As a result of this investigation, the Utah Department of Workforce Services was able to reclaim approximately \$65,000 and obtain over \$70,000 in cost avoidance from more than 70 SNAP recipients involved in exchanging SNAP benefits for cash.

Florida Store Owner Convicted of Trafficking SNAP Benefits

The owner of a convenience store in Orlando, Florida, pled guilty to one count of wire fraud and on August 9, 2017, was sentenced to 33 months in prison, 36 months of supervised release, and ordered to pay \$2.8 million in restitution. A joint investigation with the Orange County Sheriff's Office and HSI disclosed the owner gave customers cash in exchange for their SNAP benefits. He also transferred his business to a straw owner and obtained a new FNS authorization number. Shortly thereafter, the store was administratively removed from SNAP participation due to trafficking.

Two Sentenced for SNAP Trafficking in Illinois

Two store employees were each sentenced to 36 months in prison and ordered to pay \$3 million in restitution jointly and severally to FNS on July 5, 2017, in U.S. District Court, Northern District of Illinois. Our investigation



**We Welcome
SNAP
Benefits**



A common sign retailers use to show their participation in SNAP. SNAP is the largest program in the domestic hunger safety net.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

disclosed that two store employees exchanged SNAP benefits for cash. The Chicago Police Department and the United States Secret Service worked jointly with OIG on this case.

Rhode Island Man Sentenced to Prison for Providing False Information at Sentencing

In the first half of FY 2017, we reported that on October 28, 2016, in U.S. District Court, District of Rhode Island, a store owner was sentenced to 60 months' probation with the condition that he would serve 730 days of "intermittent confinement" at a specified detention facility and pay \$1.2 million in restitution. This sentencing was a result of our joint investigation with the FBI that determined the store owner was trafficking SNAP benefits. On March 1, 2017, FNS Retailer Investigations Branch notified OIG that the store owner might have provided false information at his sentencing. Further investigation resulted in the filing of a motion to revoke the store owner's sentence of probation. On June 30, 2017, the store owner's probationary sentence was rescinded, and he was sentenced to 31 months in prison.

New York Store Owner Imprisoned for SNAP Trafficking/ Narcotics Violations

Two Harlem, New York, stores engaged in numerous SNAP trafficking transactions during which SNAP benefits were exchanged for cigarettes and “K2” (synthetic marijuana) between February 2013 and October 2015. In October 2015, multiple search warrants were executed at the stores. The owner of one of the stores, who was also a clerk at the other store, was arrested and charged in a criminal complaint with narcotics violations and conspiracy related to the exchange of SNAP benefits for “K2” and cigarettes in September 2016. On April 28, 2017, he was sentenced to 13 months in prison, followed by 36 months’ supervised release, and was ordered to pay \$357,682 in restitution in U.S. District Court, Southern District of New York.

Maryland Family Involved in SNAP Fraud

Our joint investigation with the FBI revealed that a husband, wife, and their two daughters exchanged more than \$3.7 million in SNAP benefits for U.S. currency using at least four convenience stores in Baltimore, Maryland. On August 11, 2016, in U.S. District Court, District of Maryland, the father and one of his daughters were charged with fraudulently redeeming more than \$3.7 million in SNAP benefits. On May 19, 2017, pursuant to a guilty plea, the father was sentenced to 46 months in prison, followed by 36 months of supervised release, and was ordered to pay \$3.7 million in restitution. On July 7, 2017, the daughter was sentenced to 4 months in prison and was ordered to pay \$194,506 in restitution. OIG initiated this investigation based on information provided to the OIG Hotline.

West Virginia Store Exchanging SNAP Benefits for Cash and Controlled Substances

A store owner pled guilty to engaging in an organized criminal enterprise and unauthorized use, transfer, acquisition, or possession of benefits on April 3, 2017, in Circuit Court of Cabell County, West Virginia. He also pled guilty on behalf of his corporation to unauthorized use, transfer, acquisition, or possession of benefits. On April 4, 2017, he was sentenced to 10 years in prison and was ordered to pay a \$25,000 fine. A store employee who previously pled guilty to engaging in an organized criminal enterprise was sentenced to 10 years in prison.

On April 3, 2017, a second store owner pled guilty to conspiracy to commit benefit fraud; engaging in an organized criminal enterprise; recruiting members for an organized criminal enterprise; unauthorized use, transfer,

acquisition, or possession of benefits; delivery of a controlled substance; and, agreed to forfeiture. On the same date, the second store owner was sentenced to 16 to 20 years in prison and was ordered to pay a \$25,000 fine. A second store employee who previously pled guilty to delivery of a controlled substance and attempting to commit a felony was sentenced to 2 to 18 years in prison. On May 18, 2017, the corporation was ordered to pay a \$250,000 fine. This joint investigation with the Huntington, West Virginia, Police Department was initiated after we received complaints that the owners of the store were exchanging SNAP benefits for unauthorized items. In September 2016, OIG and the police department executed five search warrants of the business, residences, and vehicles. This investigation also revealed that the majority of the store's inventory was obtained through SNAP fraud and retail theft.

Pennsylvania Storeowner and Street Vendor Conspired to Defraud SNAP of \$1.1 Million

The owner of a Philadelphia market was sentenced on May 8, 2017, to 42 months in prison, followed by 36 months of supervised release. On the same date, a street vendor who conspired with the owner to defraud SNAP was sentenced to time served and 36 months' supervised release. Restitution of \$1.1 million was ordered to be paid jointly and severally by the defendants. During the course of this joint investigation with HSI, multiple transactions occurred during which SNAP benefits were exchanged for U.S. currency. The owner and street vendor were charged with SNAP fraud, wire fraud, conspiracy, and aiding and abetting on January 17, 2015, in U.S. District Court, Eastern District of Pennsylvania. OIG and HSI arrested both men, and conducted search warrants at the store as well as the vending table and storage van operated by the street vendor on April 3, 2015. The street vendor pled guilty on November 30, 2015. The store owner was found guilty at trial on January 12, 2017.

Kentucky Store Owner Sentenced to Over 5 Years in Prison for SNAP Trafficking

Our investigation determined that a Kentucky store owner engaged in purchasing electronic benefits transfer (EBT) cards for cash and using the SNAP cards to shop at other establishments. A search warrant executed at this store discovered 74 SNAP cards located near the register in the store. The store owner was charged with one count of conspiracy, one count of food stamp fraud, and four counts of money laundering on December 10, 2015. After her arrest, she was released pending trial. Following her release, she

OIG, the U.S. Secret Service, and the Los Angeles County District Attorney's Office, Bureau of Investigations, executed a search warrant at the store, as well as an arrest warrant on March 1, 2017. "Guns were seized during the search warrant at the store as evidence of illegal weapons trafficking," said an OIG special agent assigned to the investigation.

Photo by OIG.



threatened government witnesses and was subsequently arrested again and ordered to remain in custody until her trial date of January 9, 2017. She was convicted on all six counts of the indictment in a jury trial on January 12, 2017, in U.S. District Court, Eastern District of Kentucky. On August 3, 2017, she was sentenced to 65 months in prison and was ordered to pay \$408,979 in restitution.

California Storeowner Sentenced for His Role in Trafficking SNAP Benefits

An OIG investigation revealed that the owner of a Los Angeles SNAP authorized retail store was trafficking SNAP benefits in exchange for cash. In June 2016, OIG was contacted by FNS regarding possible SNAP trafficking at the store location. OIG, USSS, and the Los Angeles County District Attorney's Office, Bureau of Investigations, executed a search warrant at the store and an arrest warrant for the store owner on March 1, 2017. During the search, numerous items pointing to SNAP fraud were seized as evidence. USSS administratively seized approximately \$43,000 in U.S. currency and seized multiple guns as evidence of illegal weapons trafficking. During the search, the owner admitted to providing EBT recipients cash in exchange for their SNAP benefits and to illegally purchasing and selling guns at the store. Following the search, the owner was arrested pursuant to a felony warrant and booked into custody at the Los Angeles County Sheriff's Department. On March 2, 2017, a felony

complaint was filed against the man, charging him with 1 count of grand theft, 13 counts of money laundering, and 7 counts of transferring a handgun without a license. The complaint alleged an estimated loss of approximately \$1 million, which carried an aggravated white-collar crime penalty enhancement. The store owner was sentenced to 56 months in prison after he pled no contest to one count of grand theft, one count of money laundering, and one count of transferring a handgun without a license on August 11, 2017, in the Superior Court of California for the County of Los Angeles. The amount of restitution he is responsible for paying will be determined at an upcoming hearing.

Florida Couple Sentenced to Prison for SNAP Benefits Trafficking

A joint investigation with the Orange County Sheriff's Office and HSI disclosed that husband and wife owners of a convenience store in Orlando, Florida, and their employees exchanged cash for SNAP benefits. The owners pled guilty to wire fraud on June 19, 2017, in U.S. District Court, Middle District of Florida, and were sentenced to 24 and 12 months in prison, respectively, followed by 24 months of supervised release for trafficking SNAP benefits. The husband and wife were also ordered to pay joint restitution of \$825,064.



"We found this handgun near the register during a February 2014 search warrant we performed at the store," said an OIG special agent assigned to the investigation.

Photo by OIG.

Other SNAP Fraud Investigations

Missouri Drug Dealer Charged With Accepting EBT Cards in Exchange for Drugs

During the course of a search warrant at a Missouri woman's residence, the local sheriff's office found several EBT cards, methamphetamines, three pounds of marijuana, and cash. It was later determined that the woman was a drug dealer who was accepting EBT cards in exchange for drugs. In U.S. District Court, Western District of Missouri, she was charged with 10 counts of conspiracy to commit wire fraud and possession of methamphetamines with intent to distribute. She was sentenced to 102 months in prison, 60 months of supervised release, and was ordered to pay \$477 in restitution on May 16, 2017.

Iowa Undocumented Aliens Convicted of Using False Identities to Obtain SNAP Benefits

A husband and wife were sentenced for their use of false identities to obtain Federal benefits, including SNAP. In April 2017, in U.S. District Court, Northern District of Iowa, the husband was sentenced to 8 months in prison, followed by 36 months' probation, and his wife was sentenced to 36 months' probation. The two were ordered to pay \$35,088 in restitution jointly and severally. Both subjects were convicted of theft of government funds over \$10,000 and the misuse of a Social Security number (SSN) charge, which is an aggravated felony. Although the wife received probation, she was mandated to incarceration on the aggravated felony charge. Both subjects will remain in custody until they are deported per immigration policy. This matter was referred to our agency by the State of Iowa as a SNAP recipient fraud case. The investigation determined that the husband and wife worked in the State of Iowa for over 10 years under false identities. From 2011 to 2014, they submitted SNAP and other government benefit applications using actual identities for their children. They intentionally withheld disclosing nearly \$65,000 in income they were making under their false identities. Our investigation determined that their misleading applications resulted in the issuance of \$28,374 in fraudulent program payments. The husband and wife were charged with unlawful use of identification documents, misuse of a Social Security number, false claim to U.S. citizenship, and theft of government funds in October 2016. They both pled guilty in December 2016 to misuse of a SSN and theft of government funds. This joint investigation was worked with Iowa's Department of Inspections and Appeals and HSI, who will address various immigration violations.

Florida Group Sells Stolen Identities in Exchange for SNAP Benefits

Four Florida residents were arrested and charged in U.S. District Court, Southern District of Florida, with offenses including aggravated identity theft, possession of 15 or more unauthorized access devices, and conspiracy to possess 100 grams or more of heroin with the intent to distribute. This group of individuals sold stolen Personally Identifiable Information in exchange for SNAP benefits. During the joint investigation with the FBI, USSS, Drug Enforcement Administration, Broward County Sheriff's Office, and Fort Lauderdale Police Department, dozens of stolen identities were sold/purchased using SNAP benefits and one of the subjects served as an intermediary for purchases of heroin. From June to August 2017, the subjects were sentenced to terms ranging from 36 to 54 months in prison, followed by supervised release ranging from 36 to 48 months. All four were ordered to pay special assessments ranging from \$200 to \$400. There were no other monetary penalties ordered. The investigation focused on a group in south Florida associated with a variety of criminal activities including counterfeiting, tax fraud, and the distribution of controlled substances.

Georgia Convenience Store Owners Sentenced for SNAP Fraud and Identity Theft

On August 3, 2017, in U.S. District Court, Northern District of Georgia, two convenience store owners were sentenced for SNAP fraud and identity theft following a joint investigation by OIG and the Georgia Department of Human Services. The convenience stores owned by a brother and sister were using stolen identities to apply for SNAP benefits. The subjects directed Georgia Department of Human Services to mail hundreds of EBT cards to addresses they controlled. The benefits were loaded on EBT cards, and they swiped the fraudulent EBT cards at their convenience stores. The investigation linked \$395,000 of those funds to 321 fraudulent SNAP recipient accounts. The brother and sister were sentenced to serve 45 and 6 months in prison, respectively, and 36 months each of supervised release. Additionally, they were ordered to pay \$395,388 in restitution, jointly and severally. The brother was also convicted of aggravated identity theft, which carries a mandatory 24-month consecutive sentence. This investigation was initiated after an internal audit by the Georgia Department of Human Services detected possible fraudulent activity relating to large numbers of EBT cards being sent to the same addresses.

Other FNS Investigations

Arkansas Sponsor Sentenced for Stealing USDA Funds Intended to Feed Hungry Children

An Arkansas man was recruited by his mother-in-law, an Arkansas Department of Human Services employee, to participate as a sponsor in the At-Risk Afterschool component of CACFP. The employee's responsibilities



Hurricane Harvey has affected the Houston Independent Schools District to such a degree that it has waived its school meal fees to families for this school year. The storm caused widespread family relocations, income disruptions, and food insecurity for children. These meals are provided in part by FNS.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

included processing applications from sponsors, determining their eligibility to participate in the feeding programs, and approving payments for meal reimbursement. The sponsor falsely claimed that he fed as many as 800 children per day at his two sites. Witnesses stated that one site only fed a few children per day, while no children were fed at his second site. Because of the fraudulent claims, the sponsor received approximately \$666,428 in USDA funds that were intended to feed children in need. Out of the money deposited into his bank account by the Arkansas Department of Human Services, the sponsor withdrew approximately \$533,000 in cash. The sponsor subsequently made cash payments to his mother-in-law from each payment he received from the Arkansas Department of Human Services. The sponsor was charged with wire fraud and was sentenced to 30 months in prison, 36 months' supervised release, and ordered to pay \$666,428 in restitution and a \$2,000 special assessment on April 28, 2017, in U.S. District Court, Eastern District of Arkansas. This case is part of a larger scheme detailed and associated with the following three cases.

Arkansas Feeding Sponsor Creates Fictitious Feeding Sites

A sponsor for the Arkansas Department of Human Services At-Risk Afterschool component of CACFP listed two sites where he said children would be fed. The first site was an automotive repair facility, and the second site was a fictitious address. The sponsor submitted claims to the Arkansas Department of Human Services that falsely represented an average daily attendance ranging from 165 to 275 children. The sponsor admitted that no children were fed at either site. Additionally, the investigation determined the sponsor's aunt worked for the Arkansas Department of Human Services and approved his feeding program applications. As a result, the sponsor fraudulently received a total of \$333,137, of which he withdrew approximately \$325,736 in cash, and paid his aunt's husband who also owned the automotive repair facility. The sponsor was charged with conspiracy to commit wire fraud. On May 16, 2017, he was sentenced to 36 months' probation, 100 hours of community service, and ordered to pay \$333,137 in restitution and a \$100 special assessment in U.S. District Court, Eastern District of Arkansas.

Former State of Arkansas Employee Sentenced in Scheme to Steal USDA Funds

A former State of Arkansas employee responsible for processing applications for the At-Risk Afterschool component of CACFP and SFSP from sponsors who applied to participate in feeding programs pled guilty to one count of

bribery and one count of conspiracy to commit wire fraud. Our investigation determined that feeding program sponsors bribed the employee to ensure their applications were approved. Some sponsors would claim that hundreds of children were fed at their sites when few or no children were actually fed. On July 17, 2017, the former employee was sentenced to 108 months in prison, 36 months' probation, and was ordered to pay \$9.7 million in restitution and a \$200 special assessment. The restitution ordered is to be paid jointly and severally with any other person who has been or will be convicted on an offense for which restitution to the same victim on the same loss is ordered.

Two Arkansas Residents Sentenced in Child and Adult Care Feeding Program Fraud

Two Arkansas residents pled guilty to conspiracy to commit wire fraud. One woman operated an At-Risk Afterschool Feeding Program component of CACFP, and from September 2011 to December 2012, received \$253,817 from this program. During this time, the second woman was an Arkansas Department of Human Services employee responsible for reviewing and approving the co-conspirator's feeding site. The women were each sentenced to 18 months in prison, followed by 24 months' supervised release, and ordered to pay \$253,817 in restitution, jointly and severally on August 18, 2017, in U.S. District Court, Eastern District of Arkansas. Our investigation determined that the two women conspired to create the fictitious organization with the intention of splitting the money received from the program. It was not determined whether any children were fed with the money received by the two defendants.

GOVERNMENT-WIDE ACTIVITIES—GOAL 2

Testimonies

SNAP Quality Control Process. On September 14, 2017, Assistant Inspector General (AIG) for Audit, Gil Harden, testified before the Senate Committee on Agriculture on FNS' SNAP quality control (QC) process. AIG Harden testified how FNS uses this QC process to establish an overall error rate for SNAP, but a 2015 OIG audit found that this error rate was unreliable and understated improper payments issued as part of this program. AIG for Investigations, Ann Coffey, discussed an ongoing OIG investigation into State efforts to improperly reduce their error rates, using a third-party QC consultant. To date, 3 States have paid \$16.7 million to resolve allegations that they violated the False Claims Act.

Note: See the write-up on Multi-State Investigation into SNAP Benefit Error Rates Leads to False Claims Act Violations under Goal 3, Employee Misconduct.

Participation on Committees, Working Groups, and Task Forces

Operation Talon. OIG began Operation Talon in 1997 to apprehend fugitive felons who are also receiving, or who have received, SNAP benefits in violation of 7 U.S.C. Sec. 2015(k). Operation Talon has led to the arrests of thousands of fugitive felons since its inception. In the second half of FY 2017, Talon operations were conducted in 10 States, resulting in 102 arrests. OIG combines forces with Federal, State, and local law enforcement agencies to arrest fugitives for offenses such as arson, assault, drug charges, offenses against family and children, robbery, sex crimes, and weapons violations.

Bridge Card Enforcement Team. OIG investigators continue to work with this team to investigate criminal SNAP and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) violations in the state of Michigan. Team members include the Michigan State Police and Internal Revenue Service-Criminal Investigation. During this reporting period, we also worked with the FBI and HSI. Since 2007, our teamwork has resulted in 193 arrests and 314 search warrants. 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, resulting in 193 guilty pleas, lengthy prison terms, and over \$47.5 million in court ordered fines and restitution.

Money Laundering Task Forces. OIG investigators in Pennsylvania participate on the USSS Money Laundering Task Force with representatives of Federal, State, and local law enforcement as well as the U.S. Attorney's Offices. This task force works on various types of fraud cases—all of which involve money laundering—to assist participating agencies in the investigation and prosecution of the fraud. The wide range of jurisdiction allows the task force to prosecute each case more effectively.

Electronic Crimes, Rural Crimes, and Organized Crime Task Forces.

In Colorado, our agent is a member of the securities fraud working group, and the Colorado County investigations fraud working group. In Arizona, our agents participate in the Arizona Electronic Crimes Task Force and the International Association of Financial Crime Investigators. In California, OIG's Diamond Bar office participates in the USSS high tech crimes task force for SNAP investigations, while in Sacramento, agents participate in the SNAP fraud joint investigations group consisting of OIG, the FBI, and county human services officials. In both Arizona and California, OIG agents are members of the Organized Retail Crime Association. In the California cities of Diamond Bar, Fresno, Oakland, and Sacramento, OIG agents participate in the California Rural Crime Prevention Task Force, which takes place at the county level. Additionally, our agents in Illinois participate in the Cook County State's Attorney's Office regional organized crime task force. OIG investigators work with this team to investigate criminal SNAP and WIC violations. Team members include the Illinois State's Attorney's Office, Illinois State Police, Chicago Police Department, USSS, HSI, and numerous other State and local law enforcement agencies that serve the citizens of Cook County, Illinois.

Bankruptcy Fraud and Identity Theft Working Groups. In Kansas and Missouri, OIG agents participate in the bankruptcy fraud working groups in their areas. These groups consist of agents from various Federal law enforcement agencies and U.S. Attorney's Offices to investigate bankruptcy fraud and to be a force multiplier in ongoing cases. OIG agents in Kansas, Missouri, and New Hampshire are part of an identity theft working group. This group consists of Federal and State law enforcement agencies who meet periodically to discuss previous identity theft investigations as well as de-confliction and collaboration on current investigations. They also jointly identify and discuss current trends, leads, and other identity theft-related topics geared toward combating identity theft. OIG agents in Florida also participate in the South Florida identity theft strike force.

Social Services Fraud/Welfare Fraud Working Groups. OIG agents participate in social services (or welfare) fraud working groups in Arizona, California, Colorado, and Idaho. These groups consist of the FBI, and OIG representatives from Departments of Labor, Health and Human Services (HHS), Housing and Urban Development (HUD), USDA, Veterans Affairs (VA), as well as the Social Security Administration (SSA). In Idaho, the Social Services Fraud Working Group targets social service crimes, including Medicare, Medicaid, Social Security program fraud, identity theft, SNAP, workers' compensation, voucher fraud, mental disability, threats to law enforcement officers, insurance fraud, missing person/body cases, employment theft, bankruptcy fraud, tax evasion, DEA diversion, VA fraud, HUD fraud, passport fraud, and social service fugitive felons. In Colorado and Arizona, the welfare fraud joint investigations group combines the assistance of city, county, and State authorities with Federal authorities, including the OIGs of HUD, SSA, and USDA as well as the FBI. The goal of this group is to use combined efforts to combat fraud in large-scale social services, supplemental security income, Medicaid, SNAP, and housing. In Florida, our agents participate in the government housing operations special task force, which detects and investigates housing fraud by combining the resources of multiple agencies and jurisdictions. OIG investigators in Minnesota participate on the FBI's multi-agency mortgage fraud task force. With representatives of Federal, State, and local law enforcement, these task forces are strategically placed in locations identified as high-threat 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.

ONGOING REVIEWS

- » agriculture risk coverage and price loss coverage programs (FSA),
- » controls over originating and closing single family housing direct loans (Rural Housing Service (RHS)),
- » single family housing guaranteed loan program—liquidation value appraisals (RHS),
- » indemnity payments to pistachio producers (Risk Management Agency (RMA)),
- » underwriting (RMA),
- » controls over conservation innovation grants (NRCS),
- » environmental quality incentives program payment schedules (NRCS),
- » formula grant program controls over fund allocations to States (National Institute of Food and Agriculture (NIFA)),
- » controls over Summer Food Service Program—California, Florida, New York, and Texas (FNS),
- » Summer Food Service Program in Texas—Sponsor Costs (FNS),
- » compilation report of States’ compliance with SNAP requirements for participating State agencies (FNS)
- » Texas boll weevil eradication foundation grant (APHIS), and
- » advanced biofuel payments program (RBS).



USDA's National Institute of Food and Agriculture participated in the 4th USA Science and Engineering Festival at the Walter E. Washington Convention Center, in Washington, D.C., in April 2016. The agency's mission is to "[i]nvest in and advance agricultural research, education, and extension to solve societal challenges."

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

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

SUMMARY

For the second half of FY 2017:

39.5% of total direct resources were devoted to Goal 3

98% of these resources were assigned to critical-risk and high-impact work

INVESTIGATIONS



73.9% of investigative cases resulted in action*

approx. **\$20.7 million** in monetary results

3

Indictments



8

Convictions



AUDIT

14

Audit Reports Issued



1

Interim Report Issued



98.4% of audit recommendations under Goal 3 resulted in a management decision within 1 year

Examples of Audit and Investigative Work for Goal 3

FS' Next Generation and Legacy Air Tanker Contract Awards

FS contracts with companies to supply the aircraft it needs to fight forest fires. OIG reviewed how FS' Acquisition Management issued these contracts. We found that the contracts issued against basic ordering agreements for "call when needed" air tanker services were not being placed by the designated FS contracting officer, but were instead placed by NICC dispatchers who did not possess a contract warrant. Additionally, we could not determine how or whether FS properly competed the contracts because FS could not provide evidence to support the competition of the contract, or that the contract files contained the appropriate documentation as required by the Federal Acquisition Regulation (FAR). With NICC dispatchers issuing contracts against these agreements, unwarranted individuals bound the government to the contracts and could have authorized the contractor to operate outside the bounds of the contract.

We also found that FS entered incorrect data into the Federal Procurement Data System (FPDS). Specifically, FS entered the actual amounts paid to the vendors into FPDS, rather than the amounts obligated by the contract action as required. As a result, Congress and Executive Branch agencies do not have reliable FPDS obligation data concerning FS air tanker contracts. Finally, we found that FS did not include flight rate costs in its contracts because the agency did not know the actual flight hours that would be covered by the period of the contract. As a result, FS did not establish a flight rate cost obligation to properly budget for the projected costs and is at risk of violating the Anti-Deficiency Act should the costs exceed the available funds. FS generally concurred with our findings and recommendations to reevaluate the best method for acquiring the "call when needed" air tanker services, revise its reporting procedures to ensure that information entered in FPDS is correct, and implement an appropriate method for recording the estimated flight hour costs within each air tanker contract and contract modification. (Audit Report 08099-0001-12)

USDA's FY 2016 Compliance with Improper Payment Requirements

OIG reviewed USDA's FY 2016 Agency Financial Report and accompanying information to determine whether the agency was compliant with improper payment requirements. We found USDA did not comply with improper

payment requirements as set forth by the Improper Payments Information Act of 2002, as amended, for a sixth consecutive year. USDA reported improper payment information for 18 programs identified as susceptible to significant improper payments (high-risk). OIG found that USDA complied with three of the six requirements for handling and reporting improper payments, which were (1) publishing improper payment information in the FY 2016 Agency Financial Report, (2) conducting risk assessments for each program or activity, and (3) publishing programmatic corrective action plans in the Agency Financial Report. However, 9 of USDA's 18 high-risk programs did not comply with one or more of the following requirements: (4) publishing an improper payment estimate, (5) meeting annual reduction targets, and (6) publishing gross improper payment rates of less than 10 percent. We also found instances where information related to other improper payment activities was incomplete or inaccurate.

We determined that it is critical for the Office of the Chief Financial Officer (OCFO) and senior officials for each noncompliant component agency to set aggressive goals to help USDA achieve compliance with the Improper Payments Information Act of 2002, as amended. The Department generally agreed with our findings and recommendations to take steps to ensure its mandated actions are completed to meet improper payment requirements and implement controls to ensure reported improper payments accurately reflect USDA's progress. (Audit Report 50024-0011-11)

USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act)—Readiness Review

The DATA Act requires each Federal agency to report financial and payment information in accordance with prescribed data standards by May 2017. That information will be published on the public website USASpending.gov for taxpayers and policymakers who track Federal spending. OIG reviewed USDA's efforts to achieve readiness for this data submission. This is our second report on the Department's readiness for its May submission date. In the first report, we described USDA's effort to complete Steps 1 through 4 of the DATA Act Implementation Playbook. In this report, we describe the work done to complete Steps 5 through 8. A future report will review USDA's compliance with the DATA Act requirements.

Overall, we found USDA addressed all eight steps of the Playbook, including implementing processes, systems, and controls for reporting financial and payment data in accordance with DATA Act requirements. OIG acknowledges USDA's efforts to reach this milestone, especially

given the vast amounts and varying types of data it handles. USDA, however, did not resolve gaps in its data. This occurred, in part, because OCFO and two agencies did not effectively communicate the agencies' data extraction progress. As a result, OCFO was unaware of some impediments USDA agencies faced as they worked to meet the DATA Act reporting deadline. Although OCFO generally concurred with the recommendation to ensure that it is apprised of agencies' progress as well as impediments to meeting deadlines for future OCFO-led USDA-wide programs or projects, we were unable to reach agreement. We are working with OCFO to resolve this recommendation. (Audit Report 11601-0001-23)

USDA WebTA Expense Reimbursement

OIG reviewed OCFO's controls over claims for reimbursement made through USDA's time and attendance software system. Specifically, OIG reviewed a non-statistical sample of 47 FY 2016 WebTA expense reimbursements from FSA and found that 6 of those reimbursements, totaling \$22,652, contained the wrong reimbursement amount. OCFO did not have adequate controls in place to monitor WebTA transactions for questionable expense reimbursement requests. FSA employees used the wrong transaction code when submitting their requests, and the National Finance Center (NFC) rejected those requests. NFC manually corrected the transaction code errors, but it inadvertently changed the associated amounts of reimbursement. OCFO was unaware of the errors because it did not have ready access to the WebTA data. OCFO needs an adequate process in place to obtain, review, and assess WebTA data so that any questionable reimbursements can be flagged and any additional errors can be mitigated. We also found that OCFO has no guidance in place for local travel reimbursements. Although we did not find instances of misuse with the 47 sampled transactions, the possibility for inadvertent misuse may occur due to the lack of guidance. Specific guidance would assist agencies in using WebTA properly and limit improper reimbursements. OCFO generally agreed with the issues identified in our findings; however, additional actions are required by the agency to reach agreement on the outstanding recommendations. (Audit Report 50601-0007-31)

Departmental Oversight of Final Action on OIG Audit Recommendations

OCFO oversees USDA agencies' audit followup on corrective actions in response to OIG recommendations under Departmental Regulation 1720 001. We reviewed Departmental controls over final action on OIG audit

recommendations and Departmental resources provided to achieve final action. Our review found that OCFO needed to strengthen its controls over the final action process and its monitoring of pending collection recommendations. Specifically, OCFO did not follow its Standard Operating Procedures and omitted a second level review of final action determinations. Of the 98 closed recommendations we reviewed, 9 were missing final action documentation. We found no indication in those nine recommendations that OCFO had performed a second level review. Furthermore, OCFO officials confirmed that the agency no longer performed second level reviews. We also found that OCFO did not maintain current claim balances for 12 of 14 pending collection recommendations because OCFO did not have specific oversight procedures to monitor and assess them.

In addition, we found that OCFO needed to ensure its audit tracking system would be capable of producing reliable and meaningful data and that it would meet the system security requirements. OCFO's current tracking system, the Management Initiatives Tracking System (MITS), is unreliable and ineffective for monitoring, tracking, and reporting corrective action status on OIG recommendations. OCFO and agency liaisons were unable to effectively monitor and track corrective action status due to programming glitches that led to inaccurate MITS data on estimated completion dates, audit numbers, and recommendation details. Lastly, MITS' current security authorization package is expired; therefore, it does not meet security requirements. OCFO agreed with our findings and recommendations to resume second level review of final action determination for OIG recommendations and establish a procedure to monitor agencies' tracking and reporting of collection activities. OCFO also agreed to examine the programming deficiencies in its audit tracking system to ensure reliability of data output and to obtain authorization to operate it. (Audit Report 11601-0001-41)

NRCS Regional Conservation Partnership Program Controls— Interim Report

NRCS is responsible for working in close relation with farmers, ranchers, and private forest landowners. The 2014 Farm Bill created the Regional Conservation Partnership Program (RCPP), which provides partner-driven opportunities with producers to address natural resource objectives such as restoration and sustainable use. OIG reviewed NRCS' interpretation and actions regarding the funding provisions for RCPP and found that NRCS may have misapplied the provisions. This occurred because the agency did not seek formal legal guidance clarifying the requirements of the legislation. As a result, NRCS may be in violation of the 2014 Farm Bill

and the Anti-Deficiency Act. NRCS officials concurred with our finding and recommendations to obtain an Office of the General Counsel (OGC) legal opinion on the RCPP funding provisions and, based on the OGC opinion, to review the covered program funds obligated and/or expended to date under RCPP for any Anti-Deficiency Act violations. (Audit Report 10601-0004-31(1))

Implementation of Suspension and Debarment Tools in USDA

OIG reviewed USDA's implementation of prior audit recommendations and oversight of the Department's suspension and debarment program. We found that since our last audit issued in 2010, OCFO implemented a comprehensive set of suspension and debarment tools and has an active referral process. While OCFO implemented a majority of the 27 recommendations, we found 5 that were not effectively implemented and a sixth recommendation had yet to reach final action. This occurred because OCFO felt the alternate corrective actions it implemented for three recommendations were sufficient. For the other three recommendations, OCFO did not exercise its authority to assist with the effective implementation of one agency's suspension and debarment guidance. As a result, USDA has not fully complied with the Executive Order (issued in 1986) to implement a comprehensive suspension and debarment program that protects Federal resources.

We also found that while OCFO provided USDA agencies and offices with the necessary suspension and debarment tools, 12 USDA agencies had not fully implemented their suspension and debarment programs. This occurred because OCFO's controls did not include defined program roles and responsibilities for Suspension and Debarment Council members or a policy to elevate issues when agencies did not comply with requirements. This included three agencies that had not considered suspension and debarment for parties convicted of fraud or bribery. As a result, USDA agencies did not always pursue discretionary government-wide debarment or mandatory permanent debarment from USDA programs. OCFO generally agreed with our findings and recommendations to develop and implement plans to comply with prior 2010 audit recommendations. Further, OCFO agreed to amend Departmental regulations and issue a reminder to define roles and clarify allowable suspension and debarment actions and develop a process to identify noncompliant agencies. (Audit Report 50016-0001-23)

Suspension and Debarment

Suspension and debarment are discretionary or statutory administrative actions taken by Federal agencies to protect the government by excluding persons and entities who are not presently responsible from participating in Federal programs or activities.

Watersheds

FS manages over 193 million acres of forests and grasslands, which encompass watersheds that supply approximately 20 percent of the United States' clean water. These watersheds provide water for domestic, agricultural, industrial, and recreational uses, and are a crucial habitat for threatened, endangered, and sensitive aquatic species.

FS' Watershed Management

FS issued the Watershed Condition Framework in 2011 to create a cohesive strategy for prioritizing and performing restoration work on watersheds throughout the agency's forests and grasslands. However, staff in Washington, D.C., did not develop and implement management controls to adequately oversee developed and executed plans for restoration activities. Washington Office staff did not ensure those decisions were reviewed and approved appropriately, and they did not develop an official means for storing plans and approvals. In addition, Washington Office staff did not develop methods to track activities and costs for completion or accuracy. Without sufficient management controls, FS cannot demonstrate that the framework is implemented as intended. FS, therefore, does not have an appropriate level of assurance that the watersheds managed by the agency are efficiently maintained or improved.

Additionally, FS' methodology for measuring and reporting its performance towards watershed restoration in its annual performance reports did not accurately portray the number of watersheds that actually moved into an improved condition class. Rather, FS counted the number of watersheds in which all restoration projects were completed. However, using this methodology does not communicate accurate data to stakeholders. FS officials concurred with our findings and recommendations to develop and implement controls for reviewing and approving framework plans and monitoring costs and projects' status. Further, FS agreed that the agency should obtain appropriate approval to revise the watershed key performance indicator to ensure accurate reports of restoration efforts and outcomes in annual performance reports. (Audit Report 08001-0001-21)

FS' Plan for Addressing Climate Change

FS reported that the agency is meeting USDA's strategic goals for developing forests and grasslands that are more resilient to climate change. However, we found that the performance measure FS used to reach that conclusion did not adequately demonstrate accomplishments toward climate change adaptation and mitigation in agency-managed lands. The measure was output-based and only quantified FS compliance with its own strategy because the data and resources needed to assess outcomes were not readily available. The agency's reporting tool (the Climate Change Performance Scorecard) did not dependably reflect FS progress because responders did not provide sufficient supplementary information that described the agency's accomplishments. FS did not issue clear guidance and direction

to the national forests for completing the scorecard, and regional offices did not adequately verify the national forests' answers when reviewing the scorecards. National forests inconsistently documented considerations for addressing climate change when planning projects because guidance did not provide specific instructions on when those considerations should be documented.

Without outcome-based performance measures and adequate documentation, FS lacks transparency and accountability, limiting assurance that national forests are implementing climate change actions as the agency expects. Consequently, FS risks not taking actions necessary to achieve its goals and the Department's goals of making the Nation's forests and grasslands more resilient to climate change. Due to the findings discussed in this report, we were unable to determine whether FS actually met the Department's strategic goals for climate change. Although we have not been able to reach management decision, FS generally agreed with our recommendations, but expressed concerns over the design of the review and is awaiting approval for its corrective actions. (Audit Report 08601-0005-41)

FS' Secure Rural Schools Program

The Secure Rural Schools (SRS) program has been in place since 2000, but FS has not issued regulations to clarify the program's statutory requirements. FS has been reluctant to draft regulations because of the program's impermanence even though Congress has repeatedly reauthorized SRS since its inception. Without regulations, program participants may be unaware of their responsibilities or misinterpret appropriate use of SRS funds, which may leave funds vulnerable to misuse.

Title II funds are to be used for projects to benefit national forests based on recommendations from community-based resource advisory committees (RACs). Prospective RAC members must meet several statutory and Department mandated requirements to be appointed and then recommend projects; however, we found that 52 of 117 RACs did not have sufficient membership to review projects. FS does not have SRS-specific written procedures or bylaws to account for the unique aspects and complexities of SRS to help streamline the appointment process. If RACs do not have sufficient membership to recommend projects, funds cannot be obligated for those projects. At the end of FY 2014, over \$9 million of Title II funds were forfeited and unavailable for use. For calendar years 2013 and 2014, 60 percent and 71 percent of counties that received such funds did not submit certifications of Title III expenditures as required. FS lacked procedures to

ensure certification reports were submitted and to follow up with counties that had not submitted reports. As a result, FS has limited assurance that Title III funds are used for intended purposes and that unobligated funds will be returned to the Treasury as required. FS generally concurred with our findings and recommendations. If SRS is reauthorized, FS agreed to obtain a legal opinion from OGC concerning the need to issue SRS program regulations and ensure guidance reflects statutory requirements. Also, FS agreed to work with the Department to streamline the RAC member appointment process and establish procedures to ensure submission of counties' Title III certification reports. (Audit Report 08601-0006-41)

APHIS Must Develop Uniform Inspection Procedures for Marine Mammals

APHIS' Animal Care program enforces the Animal Welfare Act (AWA) for captive marine mammals. We reviewed APHIS' procedures for monitoring facilities that display captive marine mammals under AWA and found that APHIS could make improvements in enforcement and inspection to ensure compliance with the AWA. We identified an orca enclosure that may not meet minimum horizontal dimension space requirements because of the unique configuration of the pool. Inspections are not always uniformly completed or adequately documented because of insufficient guidance; this reduces assurance that those exhibitors comply with the AWA. Through an agreement, APHIS is to notify the National Oceanic and Atmospheric Administration (NOAA) of discrepancies in the inventory of captive marine mammals. However, APHIS did not compare the NOAA inventory with the current inventory to identify discrepancies. As a result, NOAA cannot use the APHIS inspection process as an additional method to validate its inventory of captive marine mammals.

APHIS regulations do not describe detailed requirements for barriers and shade or supply guidance for enforcement of requirements. Inspectors may use their own discretion to interpret the regulations. Such ambiguity causes inconsistent inspections and could lead to health and safety issues for the animals and the public. APHIS generally agreed with our findings and recommendations to develop uniform procedures for inspections and reports and ensure that all observations are recorded in the databases as well as clarify regulations for space determinations, appropriate barriers, and shade provisions to ensure consistent implementation. Further, APHIS agreed to follow the agreement with NOAA, or revise as appropriate. (Audit Report 33601-0001-31)

Food, Nutrition, and Consumer Services FY 2015 Firm-Fixed-Price Contract Award Price Reasonableness Determinations

OIG reviewed whether Food, Nutrition, and Consumer Services (FNCS) complied with Federal Acquisition Regulation (FAR) guidelines when awarding firm-fixed-price contracts. We found FNCS did not consistently comply with FAR requirements in determining price reasonableness when awarding FY 2015 firm-fixed-price contracts. FNCS contract files did not consistently contain the fair and reasonable price determinations, or the support for the determinations. Additionally, FNCS did not properly maintain contract file records. We found 3 of the 50 contracts in our sample totaling \$5.4 million did not have a determination from the contracting officer stating the price was fair and reasonable prior to awarding the contract. Additionally, 25 of the 50 contract files totaling \$38.4 million included a fair and reasonable price determination statement, but did not include the supporting documentation for the statement as required by the FAR.

Finally, for 10 of the 50 contracts sampled, the fair and reasonable determination supporting documentation was not included in the contract file. However, FNCS was eventually able to provide the information to support the fair and reasonable determination. The FAR requires a central control and, if needed, a locator system for contract file maintenance to be established to ensure the ability to promptly locate any contract files. We found that documentation was not located in the contract file because FNCS had not implemented a formalized contract review process, and it did not have an effective contract filing system to track and maintain contract file documentation. As a result, FNCS could be paying for goods and services at prices that are not fair and reasonable and therefore may not represent the best value to the Government. FNCS agreed with our recommendations to formalize procedures and implement a sufficient contract file management system to track and maintain its contract files. In addition, FNCS agreed to formalize procedures and implement an internal file review process to verify contracting staff are making a fair and reasonable price determination and maintaining adequate documentation to support the determination.
(Audit Report 81099-0001-12)

Statement of Standards for Attestation Engagement No. 18 Report on Controls at NFC for October 1, 2016, to July 31, 2017

OIG contracted with an independent CPA firm to examine specified controls at USDA's National Finance Center (NFC). NFC provided the firm with a description of its payroll/personnel and application hosting systems for

the period from October 1, 2016, through July 31, 2017. The firm found that NFC's description fairly presents, in all material aspects, the payroll/ personnel processing and application hosting systems NFC designed and implemented throughout the specified period. Also, in the firm's opinion, the described controls were suitably designed and operated effectively to provide reasonable assurance that associated control objectives would be achieved during the period, if user entities effectively applied controls complementary to the design of NFC's controls. No recommendations were made. (Audit Report 11401-0003-12)

Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management

USDA's NFC reports Federal employee benefits and enrollment information to the Office of Personnel Management (OPM). Reported information includes headcounts, as well as withholding and contributions for retirement, health benefits, and life insurance. Additionally, NFC withholds employees' Combined Federal Campaign (CFC) contributions and distributes them to Principal Combined Fund Organizations. In applying agreed-upon audit procedures, we identified differences through calculations, analyses, and comparisons. For instance, we again identified headcounts for the Civil Service Retirement System and the Federal Employees Retirement System that differed from NFC's by more than 2 percent. In general, NFC states that it has initiated corrective actions that it will implement as soon as possible. NFC is targeting implementation by the March 2018 Semiannual Headcount Report.

Additionally, we identified CFC deductions for employees at duty stations with no CFC campaign or attributed to the wrong CFC campaign, sometimes because CFC used an incorrect pledge form. We also noted some instances where Principal Combined Fund Organizations' addresses and banking information in NFC's system differed from those deemed correct by OPM. Generally, NFC attributed most CFC differences to manual processes and human error. NFC noted a low error rate overall, and that it was responsible for very few of these differences. Our sample document review found 139 differences for benefits entered into the system by agency personnel officers. Furthermore, we were unable to verify all sampled entries because agency personnel officers were unable to locate the documents covering all the pay periods selected. We did not make any recommendations in this report. (Audit Report 11401-0002-31)

Fiscal Year 2016 Executive Order 13520, Reducing Improper Payments, High Dollar Overpayments Review

OIG reviewed the accuracy, completeness, and timeliness of the Department's high-dollar overpayments reports for FY 2016. Our analysis of these reports found USDA maintained the quality of its high-dollar overpayments reports for FY 2016. Specifically, we noted no overall declines in the accuracy,



Seasoned and cubed butternut squash ready for the oven at an elementary school.

This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

completeness, and timeliness of the Department's reporting. Also, the number of component agencies with reporting errors decreased from four in FY 2015 to two in FY 2016. Lastly, the Department improved the timeliness of its reporting to OIG; only one quarterly report of four was delayed compared to three the prior year. Though overall quality was sustained, OIG found some instances in which agencies made reporting errors. FSA and CCC reported an overpayment amount three times when it needed reporting only once and, in another instance, reported incorrect recovery information. Furthermore, RMA reported three overpayments more than a year late. We considered these reporting errors to be inadvertent and infrequent. As a result, we are not making any recommendation, but we did stress the need for continued vigilance for accurate, complete, and timely reporting of high-dollar overpayments reports. (Audit Report 50024-0012-11)

Additional Investigative Work

Former NRCS Contract Specialist in Arkansas Awarded Contract to Wife

A former contract specialist for NRCS awarded a \$22,500 contract to a local company in which he and his wife had a direct financial interest. The former employee pled guilty to one count of conflict of interest. On May 8, 2017, in U.S. District Court, Eastern District of Arkansas, he was sentenced to serve 36 months' probation, 100 hours of community service, and was assessed a \$10,000 fine.

Idaho FS Employee Caught in Burglary

An Idaho FS employee was sentenced in Boise County District Court, Idaho, to 30 days in jail, 100 hours of community service, and a \$1,000 fine on May 15, 2017. This sentence followed her guilty plea to one misdemeanor count of unlawful entry. The FS employee violated State law on October 20, 2016, when she entered a privately owned structure under a special use permit within the Boise National Forest with the intent to steal several items. On March 21, 2017, she was charged in a criminal complaint with one felony count of burglary.

Multi-State Investigation into SNAP Benefit Error Rates Leads to False Claims Act Violations

Although FNS funds SNAP, it is administered by the States who are responsible for determining whether applicants are eligible for SNAP benefits, administering those benefits, and performing quality

control to ensure that their eligibility decisions are accurate. In addition, FNS requires that the States' quality control processes (1) measure whether benefits are correctly awarded; and (2) accurately report error rates, free from bias, in making eligibility decisions. In return, FNS reimburses States for a portion of their administrative expenses, including expenses for providing quality control. FNS also pays performance bonuses to States that reported the lowest and most improved error rates each year, and imposes monetary sanctions on States with high error rates.

A recent, ongoing investigation into this quality control process has resulted in the following outcomes:

- » On April 10, 2017, the State of Virginia, Department of Social Services, agreed to pay \$7.2 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.
- » On April 12, 2017, the Wisconsin Department of Health Services agreed to pay \$7.0 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.
- » On September 15, 2017, the Alaska Department of Health and Social Services agreed to pay \$2.5 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.

Alaska, Virginia, and Wisconsin used the services of a quality control consultant to reduce their SNAP benefits determination error rates. The consultant trained quality control workers to review error cases and find that benefits decisions were "correct" rather than finding errors. As a result, the error rates reported to FNS underreported the number of errors identified by quality control, thereby resulting in each State receiving FNS performance bonuses to which they were not entitled. The settlements were the result of an investigation conducted by OIG; the U.S. Department of Justice, Civil Division, Commercial Litigation Branch; the U.S. Attorney's Office, Western District of Wisconsin; and, the U.S. Attorney's Office, Eastern District of Washington.

Our investigative work on the SNAP quality control process differs from audit work previously conducted in this area. The investigation thus far

has demonstrated the need for FNS to strengthen management controls and oversight of its program. As a result, we have reported it under Goal 3.

South Carolina FSA County Executive Director Sentenced for Fraudulent Payments Received

An FSA County Executive Director was involved with authorizing approximately \$161,604 in fraudulent payments from the Emergency Conservation Program to family members not entitled to such payments. The county executive director was charged with conspiracy, theft of government money, and wire fraud on March 1, 2016, in U.S. District Court, District of South Carolina. The director later pled guilty before moving to withdraw her guilty plea. On February 9, 2017, her motion to withdraw her guilty plea was denied and she was sentenced to 27 months in prison followed by 60 months of supervised probation and was ordered to pay \$146,401 in restitution. She voluntarily retired from FSA before the case was completed and brought to trial. Her husband was convicted at trial and his motion requesting a new trial was denied. On May 9, 2017, he was sentenced to 46 months in prison, followed by 36 months of supervised release. He was also ordered to pay \$146,401 in restitution jointly and severally with his wife.

Delaware State Employees Conspire to Defraud SNAP

On April 24, 2017, in Delaware Superior Court, a former Delaware Health and Social Services employee (DHSS) was sentenced to 12 months' probation and ordered to pay a \$200 fine. Previously, DHSS identified numerous State-wide public assistance files with the recipients' addresses listed as homeless individuals using a Delaware State Service Center location as their mailing address. After the Delaware Attorney General's Office received information from DHSS regarding fraudulent case files being created, seven former DHSS employees were sentenced to terms that included prison, probation, and community service, and were ordered to repay \$781,152 in restitution collectively. Upon further investigation by the Delaware agencies, seven DHSS employees were identified as opening approximately 84 fraudulent cases that generated over \$1 million in fraudulent SNAP, Medicaid, and Temporary Assistance for Needy Families (TANF) benefits. One additional DHSS employee was identified as using the benefits generated by some of the fraudulent cases. OIG, the Delaware Department of Justice, and the Wilmington Police Department executed a search warrant at the home of one of the individuals involved. That individual's residence was identified as

an address where fictitious SNAP benefits cards and TANF checks were being sent via U.S. mail. All DHSS employees charged in this matter have been terminated from their employment with the State.

Participation on Committees, Working Groups, and Task Forces

Public Corruption Teams. In Massachusetts, an OIG agent participates in the U.S. Attorney’s Office Government Fraud Initiative, and in South Florida OIG agents are active members in the South Florida Organized Fraud Task Force. In Idaho, our agent participates in The Guardian Project. The mission of this project is to coordinate and synchronize law enforcement efforts between the FBI and various OIGs committed to serving Native Americans. This project joins forces, shares assets and responsibilities, and promotes contracts and grants. Ultimately, the project’s goal is to investigate and prosecute those who may seek to exploit Federal funds set aside for Native American communities. In the National Capital area, an OIG agent is a member of the small business innovation research investigations working group, spearheaded by the National Science Foundation OIG.

Data Analytics Working Group. OIG Office of Data Sciences is a member of this Council of the Inspectors General on Integrity and Efficiency (CIGIE) group. It was created to promote collaboration in the area of data analytics across the IG community. In June 2017, the Data Analytics Working Group hosted a forum with over 300 attendees to share information and best practices. The work group is also developing a community of practice to help identify solutions to individual agency challenges.

Data Act Working Group. Our Office of Audit and Office of Data Sciences participates in the Data Act Working Group that was created in response to the May 2014 DATA Act (which requires three bi-annual IG reviews beginning in 2016). Federal agencies were not required to submit spending data in compliance with the DATA Act until May 2017. As a result, IGs were not able to report in FY 2016 on the spending data submitted under the DATA Act, as this information would not exist until 2017. For this reason, CIGIE developed an approach to address the reporting date anomaly. The revised plan is for the IGs to provide Congress with the first required reports in November 2017, 1 year later than the due date in the statute. Subsequent reports will follow on a 2-year cycle, to be issued in November 2019 and November 2021, respectively. The IG community established a working group to coordinate with the Government Accountability Office, develop an audit methodology, and identify tools for the required analyses. These reviews assess the completeness, timeliness, quality, and accuracy of spending data submitted by Federal agencies, and each Federal agency’s

implementation and use of data standards established by Treasury and the Office of Management and Budget.

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

Review of Legislation, Regulations, Directives, and Memoranda

S. 585, Dr. Chris Kirkpatrick Whistleblower Protection Act of 2017.

This bill would, among other things, mandate discipline for supervisors who are determined to have retaliated against whistleblowers. OIG was supportive of the bill, but provided several substantive comments. First, OIG noted that the provision requiring mandatory discipline for supervisors who are found to have retaliated was unclear as to coverage and applicability; we suggested the provisions more clearly explain the applicability to particular supervisors and agencies. In addition, as to supervisors who are employed within OIGs, we suggested that the bill provide that Inspectors General (rather than other Departmental or agency officials) make any determinations regarding retaliation and impose discipline. OIGs are independent and objective entities within establishments and are provided with a measure of statutory independence in personnel actions.

S. 582, Office of Special Counsel Reauthorization Act of 2017. This bill would, among other things, impose requirements to educate new Federal employees on whistleblower rights, require training for supervisors on handling of whistleblower complaints, and mandate discipline for supervisors who have retaliated against employees. OIG noted its general support for the bill, but provided several comments. First, OIG noted that the provision requiring mandatory discipline for supervisors who are determined to have retaliated was unclear. In addition, OIG commented that, as to supervisors who are employed within OIGs, the bill should provide that the Inspectors General (rather than other Departmental or agency officials) make any determinations regarding retaliation and impose discipline. OIGs are independent and objective entities within establishments and are provided with a measure of statutory independence in personnel actions.

S. 218, Social Security Fraud Prevention Act of 2017. S. 218 would prohibit Federal agencies from mailing Social Security numbers unless

agency heads determined it was necessary, or unless the agency had issued regulations authorizing such mailing. OIG expressed a concern that the bill should explicitly authorize OIGs (rather than their related Department heads) to make these determinations, with respect to OIG operations, because of OIG's unique independence requirements and law enforcement operational needs. OIG also noted that we currently have safeguards in place regarding mailing of Social Security numbers. Further, OIG suggested that the term "mail" be clarified to expressly address whether commercial delivery services would be restricted under the proposed legislation.

Draft and Proposed Rules—Administrative Leave, Investigative Leave, Notice Leave, and Weather and Safety Leave. OIG provided comments to the Office of Management and Budget and OPM regarding the draft proposed rule, and on the proposed rule implementing the Administrative Leave Act of 2016, Public Law 114-328 (December 23, 2016). While the rules appeared to generally conform to the statute, we suggested several clarifications regarding terms and procedures in the rules. First, we suggested that OPM consider clarifying the definition of "agency" for purposes of administrative leave, to conform to the existing definitions of "agency" in other regulations regarding other leave categories (annual and sick leave). Further, we suggested that OPM clarify what "other matters" might allow for the granting of such leave; that OPM provide some examples or further explanation of "baseline factors" that agencies must consider when making investigative leave determinations; and that OPM provide some guidance on the contents of required notices to employees placed on investigative leave.

ONGOING REVIEWS

- » agency financial statements for FYs 2017 and 2016 (FNS, RD, RMA),
- » agency financial statements for FY 2017 (USDA, CCC, NRCS),
- » utilization of contracted data mining results (RMA),
- » pre-award controls over service contracts (FS),
- » initiatives to address workplace misconduct (FS),
- » regional conservation partnership program controls (NRCS),
- » 2017 compliance with the DATA Act (AMS, APHIS, ARS, FNS, FS, FSA, FSIS, NRCS, RHS, and OCFO),
- » controls over Summer Food Service Program (FNS),
- » controls over inspection of exported grain (Grain Inspection, Packers and Stockyards Administration (GIPSA)),
- » CIGIE Purchase Card Initiative—USDA’s controls over purchase card use (Office of Procurement and Property Management (OPPM)),
- » USDA’s management over the use of government vehicles (APHIS, FS, OPPM), and
- » controls over the eligibility of contract recipients (Office of Small and Disadvantaged Business Utilization).

INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

IG Act Section	IG Act Description	USDA OIG Reported SARC September 2017
Section 4(a)(2)	Review of Legislation and Regulations	Pages 62-63
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1-64
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1-64
Section 5(a)(3)	Significant Recommendations from Agency's Previous Reports on which Corrective Action has not been Completed	Appendix A.10 Pages 88-106
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Appendix B.1 and B.2 Pages 121-122
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 80-85
Section 5(a)(7)	Summary of Significant Reports	Goals 1, 2, and 3 Pages 1-64
Section 5(a)(8)	Statistical Table: Questioned Costs	Appendix A.2 Pages 76-77
Section 5(a)(9)	Statistical Table: Recommendations that Funds be Put to Better Use	Appendix A.3 Page 78
Section 5(a)(10)(A)	Summary of Audit Reports Issued before the Commencement of the Reporting Period for which No Management Decision Has Been Made	Appendix A.7 Page 86
Section 5(a)(10)(B)*	Summary of Audit Reports for which the Department has not Returned Comment within 60 Days of Receipt of the Report	Appendix A.15 Page 120
Section 5(a)(10)(C)*	Summary of Audit Reports for which there are Outstanding Unimplemented Recommendations, Including Aggregate Potential Cost Savings of those Recommendations	Appendix A.13 Pages 109-118
Section 5(a)(11)	Significantly Revised Management Decisions Made During the Reporting Period	Appendix A.8 Page 87

IG Act Section	IG Act Description	USDA OIG Reported SARC September 2017
Section 5(a)(12)	Significant Management Decisions with which the Inspector General is in Disagreement	Appendix A.9 Page 87
Section 5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996	Appendix A.11 Page 107
Section 5(a)(14) and (15)	Peer Reviews of USDA OIG	Page 70
Section 5(a)(16)	Peer Reviews Conducted by USDA OIG	Page 70
Section 5(a)17 and 5(a)18*	Statistical tables showing the number of investigative reports; number of persons referred to the Department of Justice (DOJ) for criminal prosecution; number of persons referred to State/local authorities for criminal prosecution; number of indictments/criminal information as a result of OIG referral; a description of the metrics used for developing the data for such statistical tables.	Appendix B.4 Pages 124-125
Section 5(a)19*	Report on each OIG investigation involving a senior Government employee where allegations of misconduct were substantiated.	Appendix B.5 Page 126
Section 5(a)(20)*	Instances of whistleblower retaliation.	Appendix B.6 Page 127
Section 5(a)(21)*	Attempts by the Department to interfere with OIG independence including budget constraints and incidents where the Department restricted or significantly delayed access to information.	Appendix B.7 Page 128
Section 5(a)(22)*	Detailed description of situations where an inspection, evaluation, or audit was closed and not disclosed to the public; and an investigation of a senior Government employee was closed and not disclosed to the public.	Appendix A.12, A.14, and B.8 Pages 108, 119, and 120

*The starred requirements were enacted pursuant to the Inspector General Empowerment Act, which amended the IG Act, on December 16, 2016.

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 79

ASSESSING THE IMPACT OF OIG

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

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.
- » Detect and reduce USDA program vulnerabilities and deficiencies to strengthen the integrity of the Department's programs.
- » 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 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.

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, there were no peer reviews conducted of USDA OIG's audit organization. USDA received a grade of pass—the best evaluation an audit organization can receive—in the most recent report on its peer review conducted by the U.S. Department of Health and Human Services OIG in December 2015. In that report, there were no recommendations and no letter of comment.

Investigations

In October 2016, the U.S. Department of Housing and Urban Development (HUD) OIG issued its final report on the peer review it conducted of USDA OIG Office of Investigations. The report found that USDA OIG was compliant with the Quality Standards for Investigations established by CIGIE. HUD OIG issued a letter of observations offering two suggestions for USDA OIG's consideration.

Peer Reviews Conducted by USDA OIG

During the current reporting period, USDA OIG did not conduct a peer review of another OIG's audit organization. However, in June 2016, USDA OIG conducted a peer review of the U.S. Agency for International Development (USAID) OIG's audit organization. In total, we issued 13 recommendations, all of which were resolved by USAID OIG, including those recommendations issued in the letter of comment.

PERFORMANCE RESULTS UNDER OUR STRATEGIC GOALS

PERFORMANCE MEASURES	FY 2016 ACTUAL	FY 2017 TARGET	FY 2017 2nd Half ACTUAL	FY 2017 FULL YEAR
OIG direct resources dedicated to critical-risk and high- impact activities.	97.5%	96%	98.7%	98.7%
Audit recommendations where management decisions are achieved within 1 year.	100%	95%	99.4%	99.6%
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%	95%	100%	100%
Closed investigations that resulted in a referral for action to Department of Justice, State, or local law enforcement officials, or relevant administrative authority.	91.5%	85%	88.9%	89.8%
Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.	78.6%	80%	75.7%	76.3%

OIG ACCOMPLISHMENTS FOR FY 2017, SECOND HALF (APRIL 1, 2017—SEPTEMBER 30, 2017)

SUMMARY OF AUDIT ACTIVITIES	FY 2017 2nd Half
Number of Final Reports	25
Number of Interim Reports	5
Number of Final Report Recommendations (157 program improvements/12 monetary)	169
Number of Interim Report Recommendations (12 program improvement/2 monetary)	14
Total Dollar Impact of Final and Interim Reports at Issuance (Millions)	
Questioned / Unsupported Costs	\$85.9
Funds to Be Put to Better Use	\$9.1
Management Decisions Reached	
Number of Final Reports	18
Number of Final Report Recommendations (142 program improvements/13 monetary)	155
Number of Interim Reports	6
Number of Interim Report Recommendations (15 program improvements/2 monetary)	17
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2017 2nd Half
Reports Issued	120
Indictments	261
Convictions	271
Arrests	354
Administrative Sanctions	194
Total Dollar Impact (Millions)	\$102.7

OIG ACCOMPLISHMENTS FOR FY 2017, FULL YEAR (OCTOBER 1, 2016—SEPTEMBER 30, 2017)

SUMMARY OF AUDIT ACTIVITIES	FY 2017 FULL YEAR
Number of Final Reports	47
Number of Interim Reports	8
Number of Final Report Recommendations (236 program improvement/21 monetary)	257
Number of Interim Report Recommendations (16 program improvement/3 monetary)	19
<hr/>	
Total Dollar Impact of Final and Interim Reports at Issuance (Millions)	\$95.0
Questioned/Unsupported Costs	\$85.9
Funds to Be Put to Better Use	\$9.1
<hr/>	
Management Decisions Reached	
Number of Final Reports	36
Number of Final Report Recommendations (219 program improvements/22 monetary)	241
Number of Interim Reports	7
Number of Interim Report Recommendations (16 program improvements/3 monetary)	19
<hr/>	
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2017 FULL YEAR
Reports Issued	292
Indictments	498
Convictions	518
Arrests	898
Administrative Sanctions	761
Total Dollar Impact (Millions)	\$293.2

APPENDIX A: AUDIT TABLES

Appendix A.1: Activities and Reports Issued

Summary of Audit Activities, April 1, 2017—September 30, 2017

Reports Issued: 25	Audits Performed by OIG	19
	Audits Performed Under the Single Audit Act	0
	Audits and Non-Audit Services Performed by Others	6 ^a
Management Decisions Made: 155	Number of Reports	18
	Number of Recommendations	155
Total Dollar Impact (Millions) of Management-Decided Reports: \$207.1	Total Questioned/Unsupported Costs	\$86.6 ^{b,c}
	—Recommended for Recovery	\$4
	—Not Recommended for Recovery	\$82.6
	Funds to Be Put to Better Use	\$120.5

^a One of these 25 was performed as a non-audit service, which is not covered by Government Auditing Standards.

^b These were the amounts the auditees agreed to at the time of management decision.

^c The recoveries realized could change as auditees implement the agreed-upon corrective action plan and see recovery of amounts recorded as debts due the Department of Agriculture.

Summary of Interim Reports Issued, April 1, 2017—September 30, 2017

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 5 Interim Reports during this reporting period.

Reports Issued: 5	Audits Performed by OIG	5
	Audits Performed under the Single Audit Act	0
	Audits Performed by Others	0
Management Decisions Made: 17	Number of Reports	6
	Number of Recommendations	17
Total Dollar Impact (Millions) of Management-Decided Reports: \$0.1	Total Questioned/Unsupported Costs	\$0.1
	—Recommended for Recovery	\$0.1
	—Not Recommended for Recovery	\$0
	Funds to Be Put to Better Use	\$0

Appendix A.2: Inventory of Final Audit Reports with Questioned Costs and Loans (April 1, 2017—September 30, 2017)

Category	No.	Questioned Costs and Loan	Unsupported Costs and Loans ^a	
Reports for which no management decision had been made by April 1, 2017. ^b	3	\$12,237,253	\$7,316,969	
Reports which were issued during the reporting period.	6	\$85,758,467	\$0	
Total Reports with Questioned Costs and Loans	9	\$97,995,720	\$7,316,969	
Of the 9 reports, those for which management decision was made during the reporting period.	7	Recommended for recovery	\$3,954,590	\$0
		Not recommended for recovery	\$82,679,703	\$0
		Costs not disallowed	\$994,299	\$0
Of the 9 reports, those for which no management decision has been made by the end of this reporting period.	2	\$10,367,128	\$7,316,969	

^a Unsupported values are included in questioned values.
^b Carried over from previous reporting periods.

Appendix A.2: Inventory of Interim Audit Reports with Questioned Costs and Loans (April 1, 2017—September 30, 2017)

Category	No.	Questioned Costs and Loan	Unsupported Costs and Loans ^a	
Reports for which no management decision had been made by April 1, 2017. ^b	0	\$0		\$0
Reports which were issued during the reporting period.	2	\$110,946		\$0
Total reports with Questioned Costs and Loans	2	\$110,946		\$0
Of the 2 reports, those for which management decision was made during the reporting period.	2	Recommended for recovery	\$110,670	\$0
		Not recommended for recovery	\$276	\$0
		Costs not disallowed	\$0	\$0
Of the 2 reports, those for which no management decision has been made by the end of this reporting period.	0	\$0		\$0

^a Unsupported values are included in questioned values.
^b Carried over from previous reporting periods.

Appendix A.3: Inventory of Final 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 April 1, 2017. ^a	2	\$115,589,227	
Reports which were issued during the reporting period.	1	\$9,058,922	
Total reports with recommendations that Funds Be Put to Better Use	3	\$124,648,149	
Of the 3 reports, those for which management decision was made during the reporting period.	2	Disallowed costs	\$120,458,578
		Costs not disallowed	\$0
Of the 3 reports, those for which no management decision has been made by the end of this reporting period.	1	\$4,189,571	

^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 April 1, 2017, through September 30, 2017.

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 157 program improvement recommendations, and management agreed to implement 142 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):

- » FS should identify and implement an appropriate method for recording the estimated flight hours for each air tanker contract, as well as a method to adjust the estimated flight hour cost obligations to match the actual expenditure for the flight hours incurred via contract modification.
- » AMS should, prior to issuance of future U.S. equivalence determination letters, develop and implement a procedure to document and disclose the final resolution of all foreign country organic standards identified as having differences from USDA organic standards.
- » FNS should ensure that the Texas Department of Agriculture (TDA) officials require the sponsor to submit an action plan to correct food storage and temperature requirement deficiencies identified during our site visit.

Appendix A.6: Audit Reports and Non-Audit Services

OIG issued 25 audit reports, including 6 performed by others. One of the six reports performed by others was a non-audit service. During this same period, five interim reports were issued. The following is a summary of those audit products by agency:

Audit Report Totals

Total Funds to Be Put to Better Use	\$9,058,922
Total Reports with Questioned Costs and Loans ^a	\$85,758,467

^a Unsupported values of \$0 are included in the questioned values.

Summary of Audit Reports Released from April 1, 2017 through September 30, 2017

Agency Type	Audits Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Audit	20	\$85,758,467	\$0	\$9,058,922
Multi-Agency Audit	5	\$0	\$0	\$0
Total Completed Under Contract ^b	6	\$29,574	\$0	\$0
Issued Audits Completed Under The Single Audit Act	0	\$0	\$0	\$0

^a Unsupported values are included in the questioned values.

^b Audits performed by others, which are included in single agency total.

Summary of Interim Reports Released from April 1, 2017 through September 30, 2017

Agency Type	Interim Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Audit	5	\$110,946	\$0	\$0
Multi-Agency Audit	0	\$0	\$0	\$0
Total Completed Under Contract	0	\$0	\$0	\$0
Issued Audits Completed Under The Single Audit Act	0	\$0	\$0	\$0

^a Unsupported values are included in the questioned values.

Audit Reports Released and Associated Monetary Values from April 1, 2017 through September 30, 2017

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
AMS: Agricultural Marketing Service					
01601-0001-21	PA	09/13/17	National Organic Program International Trade Arrangements		
Total: 1					
APHIS: Animal and Plant Health Inspection Service					
33601-0001-31	PA	05/30/17	APHIS: Animal Welfare Act – Marine Mammals (cetaceans)		
Total: 1					
FNCS: Food, Nutrition, and Consumer Services					
81099-0001-12	PA	08/30/17	Audit of Food, Nutrition, and Consumer Services FY 15 Firm Fixed Price Contract Award Price Reasonableness Determinations	\$43,814,036	
Total: 1					
FNS: Food and Nutrition Service					
27601-0008-10	PA	06/14/17	Georgia’s Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	\$2,396	
27601-0010-10	PA	08/09/17	Pennsylvania’s Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	\$969	

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
27601-0011-10	PA	09/14/17	South Carolina's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	\$26,209	
27601-0012-10	PA	09/28/17	Washington's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)		
Total: 4					
FSIS: Food Safety and Inspection Service					
24016-0001-23	PA	06/07/17	Food Safety and Inspection Service Follow-up on the 2007 and 2008 Audit Initiatives		
24601-0002-21	PA	09/27/17	Evaluation of FSIS' Equivalency Assessments of Exporting Countries		
24601-0005-31	PA	06/12/17	Food Safety and Inspection Service's Controls over Declaring Allergens on Product Labels		
Total: 3					
FS: Forest Service					
08001-0001-21	PA	07/13/17	Forest Service Watershed Management		
08099-0001-12	PA	07/07/17	Audit of Forest Service's Next Generation and Legacy Air Tanker Contract Awards	\$38,864,698	
08601-0004-31	PA	05/22/17	Forest Service Deferred Maintenance		

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
08601-0005-41	PA	08/07/17	FS' Plan for Addressing Climate Change		
08601-0006-41	PA	08/10/17	FS' Secure Rural Schools Program		\$9,058,922
Total: 5					
Multi-agency					
50016-0001-23	PA	09/28/17	Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture		
50024-0011-11	FA	05/05/17	USDA's Fiscal Year 2016 Compliance with Improper Payment Requirements		
50024-0012-11	FA	09/27/17	Fiscal Year 2016 Executive Order 13520, Reducing Improper Payments High Dollar Overpayment Review		
50501-0013-12	NAS	04/20/17	Continuous Diagnostics and Mitigation (CDM) Program Assessment—Option Year 2		
50601-0007-31	PA	09/28/17	USDA WebTA Expense Reimbursement		
Total: 5					
OCFO: Office of the Chief Financial Officer					
11401-0002-31	FA	09/28/17	Agreed-upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Report		

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
11401-0003-12	FA	09/22/17	Statement of Standards for Attestation Engagement No.18 Report on Controls at National Finance Center October 1, 2016 to July 31, 2017		
11601-0001-23	PA	09/28/17	USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act)—Readiness Review		
11601-0001-41	PA	09/06/17	Departmental Oversight of Final Action on OIG Audit Recommendations		
Total: 4					
RBS: Rural Business—Cooperative Service					
34601-0001-22	PA	04/21/17	Intermediary Relending Program	\$3,050,159	
Total: 1					
Grand Total: 25				\$85,758,467	\$9,058,922
*Performance Audits (PA), Financial Audits (FA), Non-Audit Service (NAS).					

Interim Reports Released and Associated Monetary Values from April 1, 2017 through September 30, 2017

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FNS: Food And Nutrition Service					
27004-0001-31(1)	PA	09/29/17	Florida's Controls over Summer Food Service Program		
27004-0001-41(1)	PA	09/20/17	California's Controls over Summer Food Service Program		
27004-0003-21(1)	PA	09/07/17	Summer Food Service Program in Texas-Sponsor Costs	\$110,670	
27004-0004-21(1)	PA	09/28/17	Texas' Controls over Summer Food Service Program	\$276	
Total: 4					
NRCS: Natural Resources Conservation Service					
10601-0004-31(1)	PA	06/08/17	NRCS Regional Conservation Partnership Program Controls		
Grand Total: 5				\$110,946	\$0
Performance Audits (PA)					

Appendix A.7: Management Decisions

The following audit did not have a management decision made within 60 days or the 6-month limit imposed by Congress.

Audit Report Previously Reported but Not Yet Resolved

Agency	Date Issued	Title of Report	Total Value at Issuance (in dollars)	Amount with No Management Decision (in dollars)
NRCS	09/27/16	Controls over the Conservation Stewardship Program (10601-0001-32)	\$11,506,540	\$7,557,573
Total Previously Reported But Not Yet Resolved: 1				

Audits without Management Decision—Narrative for New Entries

There are no new entries to report.

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 September 30, 2017, by Agency

Grand Total	Total Number of Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)
	519	19	463	37

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
AMS: Agricultural Marketing Service							
01601000121	National Organic Program—International Trade Arrangements and Agreements	09/13/2017	9		9		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9
01601000141	AMS Procurement and Inspection of Fruits and Vegetables	02/16/2016	11		11		Pending Final Action: 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
01601000232	National Organic Program—Organic Milk Operations	07/15/2013	1		1		Pending Final Action: 2
Total			21		21		
ARS: Agricultural Research Service							
02007000131	U.S. Meat Animal Research Center Review	09/30/2016	5		5		Pending Final Action: 1, 2, 3, 4, 5

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
50601000112	Research, Education, and Economics' Compliance with Contractor Past Performance Reporting Requirements	03/23/2016	2		2		Pending Final Action: 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	Followup Review on the Security of Biohazardous Material at USDA Laboratories	07/27/2005	1		1		Pending Final Action: 2
Total			14		14		
APHIS: Animal and Plant Health Inspection Service							
33601000131	APHIS: Animal Welfare Act—Marine Mammals (Cetaceans)	05/30/2017	4		4		Pending Final Action: 1, 4, 5, 6
33601000141	Oversight of Research Facilities	12/09/2014	1		1		Pending Final Action: 15
50601000132	Controls over APHIS' Introduction of Genetically Engineered Organisms	09/22/2015	3		3		Pending Final Action: 2, 3, 8

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
506010008TE	APHIS Controls over Issuance of Genetically Engineered Organism Release Permits	12/08/2005	3		3		Pending Final Action: 1, 2, 3
Total			11		11		
CCC: Commodity Credit Corporation							
06401000511	Commodity Credit Corporation's Financial Statements for Fiscal Years 2015 and 2014	02/12/2016	19		19		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19
06401000611	Commodity Credit Corporation's Balance Sheet for Fiscal Year 2016	11/22/2016	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
064010020FM	Commodity Credit Corporation's Financial Statements for Fiscal Years 2005 and 2004	11/09/2005	1		1		Pending Final Action: 12
Total			26		26		
FSA: Farm Service Agency							
030060001TE	1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX	01/02/1996	1	1			Pending Collection: 1A
030990181TE	Farm Service Agency Payment Limitation Review in Louisiana	05/09/2008	1	1			Pending Collection: 2

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
03501000112	Review of Farm Service Agency's Initiative to Modernize and Innovate the Delivery of Agricultural Systems (MIDAS)	05/26/2015	1		1		Pending Final Action: 3
03601000122	Farm Service Agency Compliance Activities	07/31/2014	5		5		Pending Final Action: 1, 2, 3, 4, 5
03601000222	Economic Adjustment Assistance to Users of Upland Cotton	07/31/2014	3		3		Pending Final Action: 4, 5, 7
03601000322	Farm Service Agency Microloan Program	09/23/2015	3		3		Pending Final Action: 1, 2, 3
036010007TE	Emergency Feed Program in Texas	09/18/1996	3	3			Pending Collection: 4A, 5B, 6A
036010012AT	Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas	09/26/2007	2	2			Pending Collection: 2, 6
036010018CH	Farm Service Agency Farm Loan Security	08/10/2010	1		1		Pending Final Action: 2
036010023KC	Hurricane Relief Initiative: Livestock Indemnity and Feed Indemnity Programs	02/02/2009	1	1			Pending Collection: 4

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
036010028KC	Biomass Crop Assistance Program: Collection, Harvest, Storage and Transportation Matching Payments Program	05/30/2012	3	3			Pending Collection: 16, 21, 24
03702000132	Farm Service Agency Livestock Forage Program	12/10/2014	10	2	8		Pending Collection: 2, 4 Pending Final Action: 1, 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
506010015AT	Hurricane Indemnity Program—Integrity of Data Provided by the Risk Management Agency	03/31/2010	1	1			Pending Collection: 5
Total			37	16	21		
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

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
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
27004000131(1)	Florida's Controls Over Summer Food Service Program	09/29/2017	3		3		Pending Final Action: 1, 2, 3
27004000141(1)	California Controls Over Summer Food Service Program (Interim Report)	09/21/2017	2		2		Pending Final Action: 1, 2
27004000321(1)	Summer Food Service Program Texas Sponsor Cost Interim Report	09/07/2017	2		2		Pending Final Action: 1, 2
27004000421(1)	Texas Controls over Summer Food Service Program	09/28/2017	5		5		Pending Final Action: 1, 2, 3, 4, 5
270990049TE	Food Stamp Program for Hurricanes Katrina and Rita	09/04/2007	1		1		Pending Final Action: 1
27601000110	Compliance with SNAP Certification of Eligible Households Requirements	07/26/2016	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 7
27601000123	National School Lunch Program Food Service Management Company Contracts	01/03/2013	2		2		Pending Final Action: 7, 13

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
27601000131	FNS: Controls for Authorizing Supplemental Nutrition Assistance Program Retailers	07/31/2013	5		5		Pending Final Action: 4, 9, 10, 11, 20
27601000231	FNS Controls over SNAP Benefits for Able-Bodied Adults without Dependents	09/29/2016	2		2		Pending Final Action: 1, 2
27601000241	FNS Quality Control Process for Snap Error Rate	09/23/2015	3		3		Pending Final Action: 1, 11, 14
27601000310	New Mexico SNAP Determination of Eligibility	09/27/2016	18		18		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18
27601000322	SNAP Administrative Costs	09/29/2016	13		13		Pending Final Action: 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14
27601000410	Michigan's Compliance with SNAP Certification of Eligible Households Requirements	10/25/2016	10		10		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
27601000510	Kentucky's Compliance with SNAP Certification of Eligible Households Requirements	01/09/2017	3		3		Pending Final Action: 2, 5, 7

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
27601000610	Missouri's Compliance with SNAP Certification of Eligible Households Requirements	09/13/2016	14		14		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14
27601000710	Compilation Report of States' Compliance with SNAP Certification of Eligible Households Requirements (7 C.F.R., Part 273)	03/27/2017	5		5		Pending Final Action: 1, 2, 3, 4, 5
27601000810	Georgia's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	06/14/2017	9		9		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9
27601000910	Nebraska's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	03/29/2017	3		3		Pending Final Action: 1, 2, 3
27601001010	Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	08/09/2017	5		5		Pending Final Action: 1, 2, 3, 4, 5

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
27601001110	South Carolina's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	09/14/2017	9		9		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9
27601001210	Washington's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)	09/28/2017	8		8		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8
27901000213	Detecting Potential SNAP Trafficking Using Data Analysis	01/09/2017	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 7
5060100014AT	Effectiveness and Enforcement of Suspension and Debarment Regulations in the U.S. Department of Agriculture	08/16/2010	1		1		Pending Final Action: 11
81099000112	Audit of Food, Nutrition, and Consumer Services' Fiscal Year 2015 Firm Fixed Price Contract Award Price Reasonableness Determinations	08/30/2017	3		3		Pending Final Action: 1, 2, 3
Total			142		142		

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
FSIS: Food Safety and Inspection Service							
24016000123	FSIS Followup on the 2007 and 2008 Audit Initiatives	06/07/2017	18		12	6	Pending Management Decision: 2, 9, 10, 11, 12, 13 Pending Final Action: 1, 3, 4, 5, 6, 7, 8, 14, 15, 16, 17, 18
24601000123	Implementation of the Public Health Information System for Domestic Inspection	08/18/2015	3		3		Pending Final Action: 1, 4, 5
24601000221	Evaluation of FSIS' Equivalency Assessments of Exporting Countries	09/27/2017	8		5	3	Pending Final Action: 1, 2, 3, 5, 6 Pending Management Decision: 4, 7, 8
24601000431	FSIS Ground Turkey Inspection and Safety Protocols	07/29/2015	1		1		Pending Final Action: 8
24601000531	FSIS Controls over Detecting Allergens on Product Labels	06/12/2017	12		12		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
50099000221	FSIS' Process for Handling Vehicle Misuse Complaints	03/27/2017	1		1		Pending Final Action: 2

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
506010006HY	Assessment of USDA's Controls to Ensure Compliance with Beef Export Requirements	07/15/2009	1		1		Pending Final Action: 2
Total			44		35	9	
FAS: Foreign Agricultural Service							
07601000122	Private Voluntary Organization Grant Fund Accountability	03/31/2014	5		5		Pending Final Action: 1, 2, 6, 9, 10
07601000223	FAS' Monitoring of the Administration's Trade Agreement Initiatives	12/05/2016	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
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
50601000216	Section 632 (a) Transfer of Funds from USAID to USDA for Afghanistan	02/06/2014	2		2		Pending Final Action: 1, 2
Total			17		17		
FS: Forest Service							
08001000121	Forest Service Watershed Management	07/13/2017	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 7

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
08099000112	Audit of Forest Service's Next Generation and Legacy Air Tanker Contract Awards	07/07/2017	5		5		Pending Final Action: 1, 2, 3, 4, 5
08601000431	Forest Service Deferred Maintenance	05/22/2017	14		14		Pending Final Action: 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15
08601000541	Forest Service's Plan for Addressing Climate Change	08/07/2017	10			10	Pending Management Decision: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
08601000641	Secure Rural Schools Program	08/11/2017	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
Total			42		32	10	
Multi-agency							
50024000911	USDA's Fiscal Year 2015 Compliance with Improper Payments Requirements	05/13/2016	1		1		Pending Final Action: NRCS: 1
50024001111	USDA's Fiscal Year 2016 Compliance with Improper Payments Requirements	05/05/2017	2		2		Pending Final Action: FSA: 1 FNS: 2

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
50501000512	CIGIE Cloud Computing Initiative Status of Cloud Computing Environment within USDA (OCIO/ NRCS/ RMA)	09/26/2014	3		3		Pending Final Action: OCIO: 3, 7, RMA: 5
50601000221	Hispanic and Women Farmers and Ranchers Claim Resolution Process	03/31/2016	1		1		Pending Final Action: RD: 2
50601000322	Coordination of USDA Farm Program Compliance— Farm Service Agency, Risk Management Agency, and Natural Resources Conservation Service	01/27/2017	7		7		Pending Final Action: FFAS: 1, FSA: 2, 4, 5 NRCS: 2, 5 RMA: 2, 3, 4, 5, 6, 7
50601000431	USDA's Response to Antibiotic Resistance	03/30/2016	8		8		Pending Final Action: APHIS: 7, 8, 9, 19 ARS: 3, 11, 12, 17
50703000123	American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program	10/18/2013	1	1			Pending Collection: FSA: 9
Total			23	1	22		

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
NRCS: Natural Resources Conservation Service							
10601000123	NRCS Controls over Land Valuations for Conservation Easements	09/28/2015	1		1		Pending Final Action: 6
10601000132	Controls over the Conservation Stewardship Program	09/27/2016	21		7	14	Pending Management Decision: 1, 2, 3, 4, 5, 7, 8, 9, 16, 17, 18, 21, 22, 26 Pending Final Action: 6, 11, 13, 14, 15, 20, 25
10601000231	NRCS Conservation Easement Compliance	07/30/2014	3		3		Pending Final Action: 1, 5, 10
Total			25		11	14	
OHSEC: Office of Homeland Security and Emergency Coordination							
61701000121	Agroterrorism Prevention, Detection, and Response	03/27/2017	13		13		Pending Final Action: 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14
Total			13		13		
OCFO: Office of the Chief Financial Officer							
11601000123	USDA Implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act)—Readiness Review	09/28/2017	1			1	Pending Management Decision: 1

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
11601000141	Departmental Oversight of Final Action on OIG Audit Recommendations	09/06/2017	11		11		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
50016000123	Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture	09/28/2017	9		9		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9
50401001111	Department of Agriculture's Consolidated Balance Sheet for Fiscal Year 2016	12/06/2016	2		2		Pending Final Action: 1, 2
50601000731	USDA WebTA Expense Reimbursement	09/28/2017	3		1	2	Pending Management Decision: 1, 2 Pending Final Action: 3
Total			26		23	3	
OCIO: Office of the Chief Information Officer							
505010001IT	USDA's Management and Security over Wireless Handheld Devices	08/15/2011	2		2		Pending Final Action: 1, 2

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
50501000212	USDA, OCIO, FY 2011 Federal Information Security Management Act	11/15/2011	3		3		Pending Final Action: 1, 4, 5
5050100021T	USDA, OCIO, FY 2010 Federal Information Security Management Act	11/15/2010	4		4		Pending Final Action: 3, 6, 14, 19
50501000312	USDA, Office of the Chief Information Officer, FY 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, FY 2013 Federal Information Security Management Act	11/26/2013	2		2		Pending Final Action: 2, 4
50501000612	USDA, Office of the Chief Information Officer, FY 2014 Federal Information Security Management Act	11/12/2014	1		1		Pending Final Action: 2
50501000812	USDA, Office of the Chief Information Officer, FY 2015 Federal Information Security Management Act	11/07/2015	4		4		Pending Final Action: 1, 2, 3, 4

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
50501001212	USDA, Office of the Chief Information Officer, FY 2016 Federal Information Security Management Act	11/10/2016	3		3		Pending Final Action: 1, 2, 3
50501001212 (2)	Security Protocols and Connections for USDA's Public-Facing Websites	11/09/2016	3		3		Pending Final Action: 1, 2, 3
505010015FM	USDA, Office of the Chief Information Officer, FY 2009 Federal Information Security Management Act	11/18/2009	1		1		Pending Final Action: 8
88401000112	Audit of the Office of the Chief Information Officer's FY's 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 Telecommunications Networks	07/17/2014	1		1		Pending Final Action: 5
Total			33		33		
RMA: Risk Management Agency							
056010015TE	Crop Loss and Quality Adjustments for Aflatoxin-Infected Corn	09/30/2008	1	1			Pending Collection: 1
Total			1	1			

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
RD: Rural Development							
04601000122 (1)	Rural Housing Service's Controls over Originating and Closing Single Family Housing Direct Loans— Interim Report	12/22/2016	2		2		Pending Final Action: 1, 2
04601000131	Single Family Housing Direct Loan Servicing and Payment Subsidy Recapture	07/18/2014	1		1		Pending Final Action: 10
04601000231	Rural Development Single Family Housing Direct Loan Program Credit Reporting	03/28/2016	5		5		Pending Final Action: 1, 2, 4, 5, 8
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	7		7		Pending Final Action: 1, 2, 5, 6, 7, 8, 9
09601000141	RUS—Energy Efficiency and Conservation Loan Program	09/19/2016	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 7
34001000121	Rural Energy for America Program	08/08/2016	2		2		Pending Final Action: 8, 9

Audit Number	Audit Title	Issue Date	Total Pending Recommendations	Total Pending Collection (OCFO)	Total Pending Final Action (OCFO)	Total Pending Management Decision (OIG)	Recommendation Detail
34601000122	Intermediary Relending Program	04/21/2017	10		9	1	Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8 10 Pending Management Decision: 9
34601000131	Rural Business-Cooperative Service Grant Program Duplication	03/25/2014	1		1		Pending Final Action: 1
346010006AT	Rural Business-Cooperative Service's Intermediary Relending Program	06/25/2010	1	1			Pending Collection: 1
85401000511	Rural Development Financial Statement for FY 2015 and 2014	11/12/2015	1		1		Pending Final Action: 1
85401000611	Rural Development's Financial Statements for Fiscal Years 2016 and 2015	11/08/2016	1		1		Pending Final Action: 1
Total			44	1	42	1	

Appendix A.11: Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act (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, the Federal Information Security Modernization Act (FISMA) requires each agency to report significant information security deficiencies, relating to financial management systems, as a lack of substantial compliance with FFMIA. FFMIA also requires auditors to report in their annual Chief Financial Officer's Act financial statement audit reports whether financial management systems substantially comply with FFMIA's system requirements.

During FY 2017, USDA evaluated its financial management systems to assess compliance with FFMIA. The Department reported that it was not compliant with Federal Financial Management System Requirements, applicable accounting standards, U.S. Standard General Ledger at the transaction level, and FISMA requirements. As noted in its Management's Discussion and Analysis in the Department's annual Agency Financial Report, USDA continues its work to meet FFMIA and FISMA objectives. OIG concurs with the Department's assessment and discussed the noncompliance issues in OIG's report on the Department's Consolidated Balance Sheet for FY 2016. 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.

Appendix A.12: Canceled Audits

We have not canceled and not publically disclosed any audits for this reporting period.

Appendix A.13: Reports without Agency Comment or Unimplemented Recommendations and Potential Cost Savings—Funds To Be Put To Better Use and Questioned Costs

USDA agencies had 33 outstanding recommendations with a potential value of \$90.1 million. Monetary amounts listed represent questioned costs and funds that could be put to better use for those recommendations where management decision has been reached, but which remain unimplemented. With the exception of audits issued from 1992 to 1996, the cited reports can be viewed on OIG’s website: <https://www.usda.gov/oig>.

Report #	Recommendation Cited	Management Decision Date	Released Amount
TOTAL			\$90,118,116
AMS: Agricultural Marketing Service			
01601000141	<i>AMS Procurement and Inspection of Fruits and Vegetables</i>		
	Complete the closeout process for the 2,198 completed contracts cited in the finding, and deobligate \$19,652,098 in funds associated with those contracts.	02/16/16	\$19,652,098
	Require Officers-in-Charge to obtain documentation and include a narrative in the purchase order folder that supports AMS’ trace-back determination. Also, ensure that documentation is maintained in the purchase order file.	02/16/16	\$34,730,512

Report #	Recommendation Cited	Management Decision Date	Released Amount
FNS: Food and Nutrition Service			
27601000123	<i>National School Lunch Program—Food Service Management Companies and Cost-Reimbursable Contracts</i>		
	Instruct the State agency to assist two School Food Authorities (SFA) in recovering \$1,400 in uncredited rebates from their contracted Food Service Management Company (FSMC). Also, conduct a review of all SFAs that contracted with this FSMC to determine if other SFAs are owed additional purchase rebates.	03/26/13	\$1,400
27601000410	<i>Michigan's Compliance with SNAP Certification of Eligible Households Requirements</i>		
	Require Michigan DHHS to thoroughly review the five identified cases to determine if payments were improper and warrant establishment of a claim.	10/25/16	\$12,517
27601000810	<i>Georgia's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)</i>		
	Require GA DFCS to review the 2 identified cases who potentially received benefits while incarcerated for over 30 days and determine if payments were improper and warrant establishment of a claim.	6/14/2017	\$1,427
	Require GA DFCS to review the four identified cases where benefits were issued after the deceased individual's date of death and determine if payments were improper and warrant the establishment of a claim, and if the results of the review provide evidence of significant non-compliance and improper payment, ask the State to consider expansion of the review over the remaining 4,195 cases that received a DMS match.	6/14/2017	\$969

Report #	Recommendation Cited	Management Decision Date	Released Amount
27601001010	<i>Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 C.F.R., Part 272)</i>		
	Require PA DHS to provide guidance and/or training to case workers and new employees to ensure compliance with 7 C.F.R. §272.13 Prisoner Verification System (PVS) requirements, with emphasis on the requirements associated with providing notice to the households of PVS match results and establishment of claims for individuals who have been incarcerated for over 30 days.	08/09/17	\$969
81099000112	<i>Audit of Food, Nutrition, and Consumer Services FY15 Firm Fixed Price Contract Award Price Reasonableness Determinations</i>		
	Formalize procedures and implement a sufficient contract file management system to track and maintain the Food, Nutrition, and Consumer Services (FNCS) contract files.	08/30/17	\$43,814,036
FSA: Farm Service Agency			
030060001TE	<i>1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX</i>		
	Coordinate with OIG Investigations before taking administrative action regarding the cited 27 producers whose eligibility we questioned. Take administrative action to recover payments on cases that are not handled through the legal system.	07/01/02	\$2,203,261

Report #	Recommendation Cited	Management Decision Date	Released Amount
036010007TE	<i>Emergency Feed Program in Texas</i>		
	Instruct the Reeves County Executive Director (CED) to recover the cited ineligible benefits from Producer A (\$30,773) and Producer B (\$21,620).	01/12/01	\$52,393
	(5b) If the County Committee determines a scheme or device was used to defeat the purpose of the Emergency Feed Program, instruct the Reeves CED to recover the \$70,529 in benefits paid this producer for crop years 1994 and 1995 and cancel the \$12,350 in benefits which otherwise are available for the 1995 crop year. (NOTE: \$30,773 of this amount is also included in Recommendation No. 4.)	01/12/01	\$52,106
	Instruct the Reeves County Committee to review the validity of the 1994 Emergency Feed Program form CCC-651 for Producer B and determine the eligibility of the producer and the \$32,546 in benefits paid for crop year 1994. (NOTE: \$21,620 of this amount is also included in Recommendation No. 4.)	01/12/01	\$10,926
500990011SF	<i>Crop Bases on Lands with Conservation Easements</i>		
	Direct FSA's California State office to remove crop bases from the 33 easement-encumbered lands and to recover \$1,290,147 in improper payments.	01/15/09	\$1,290,147
	Direct the California FSA State office to remove crop bases from Grassland Reserve Program easement-encumbered lands and to recover \$20,818 in improper payments from producers who received farm subsidy payments.	01/15/09	\$20,818

Report #	Recommendation Cited	Management Decision Date	Released Amount
036010012AT	<i>Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas</i>		
	If an adverse determination is made for Recommendation 1, collect program payments subject to limitation for each year for which a scheme or device was adopted and for the subsequent year. (The producers' payments subject to limitation totaled over \$1.4 million for the 2000 through 2002 crop years.)	02/26/08	\$119,568
	For each application for which it is determined (under Recommendation 3) that the third-party statements and/or beginning inventory documentation omitted from the application did not meet program requirements, recover resultant overpayments.	03/18/09	\$26,992
030990181TE	<i>Farm Service Agency Payment Limitation Review in Louisiana</i>		
	If an adverse determination is made for Recommendation 1, collect program payments subject to limitation for each year for which a scheme or device was adopted and for the subsequent year. (The producers' payments subject to limitation totaled over \$1.4 million for the 2000 through 2002 crop years.)	01/30/09	\$1,432,622
036010023KC	<i>Hurricane Relief Initiatives: Livestock and Feed Indemnity Programs</i>		
	For each application for which it is determined (under Recommendation 3) that the third-party statements and/or beginning inventory documentation omitted from the application did not meet program requirements, recover resultant overpayments.	03/16/11	\$860,971

Report #	Recommendation Cited	Management Decision Date	Released Amount
506010015AT	<i>Hurricane Indemnity Program—Integrity of Data Provided by RMA</i>		
	FSA should recover the \$815,612 in Hurricane Indemnity Program overpayments that have been identified, and recover any other overpayments resulting from RMA’s review of the approved insurance providers’ changes to cause of loss and date of damage. [following shown as rec 06 in report, but coded as part of rec 05.] RMA should determine whether the 18 policies that OIG identified with unsupported changes and that resulted in \$246,346 in HIP payments need to be corrected. Direct the approved insurance providers to reverse the changes, and provide FSA a list of these corrections.	09/30/10	\$1,061,958
036010028KC	<i>Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments</i>		
	Require the field office in Johnson County, Missouri, to (1) review all delivery documents submitted by participating owners in support of disbursed matching payments; (2) identify all improperly established dry weight ton equivalents of biomass material eligible for matching payments (i.e., all those not reduced to zero percent moisture); and (3) recover all associated improper payments.	09/20/12	\$3,352

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Require, through direction to the appropriate State offices, that county offices recover the improperly issued matching payments associated with deliveries of biomass material completed prior to approval of the owners' collecting, harvesting, storing, and transporting applications.	09/20/12	\$280,142
	Based on the determinations reached regarding scheme or device, initiate appropriate administrative actions including the termination of any violated facility agreements and the recovery of any improperly disbursed matching payments plus interest. Coordinate with OIG Investigations prior to initiating any administrative actions.	09/20/12	\$95,675
50703000123	<i>Trade Adjustment Assistance for Farmers Program Phase II</i>		
	Collect Trade Adjustment Assistance for Farmers (TAAF) Program payments, totaling \$84,000, from those producers whose self-certification was not supported by their records submitted to OIG.	09/10/14	\$84,000
03702000132	<i>Livestock Forage Program</i>		
	Review and recover improper overpayments of \$358,956 due to errors in calculating Livestock Forage Program (LFP) payments.	09/18/15	\$358,956
	Determine whether the producer falsely certified claimed livestock on the 2010 and 2011 LFP applications. If it is determined that the producer falsely certified livestock on the 2010 and 2011 applications, recover improper payments of \$67,838 and take action as deemed necessary and appropriate. If it is determined that the producer did not falsely certify livestock on the 2010 and 2011 applications, recover any identified improper payments based on ineligible livestock.	09/18/15	\$67,838

Report #	Recommendation Cited	Management Decision Date	Released Amount
NRCS: Natural Resources Conservation Service			
10601000132	<i>Controls over the Conservation Stewardship Program</i>		
	For the remaining six contracts in which the agricultural operations were inconsistently delineated, direct the Arkansas and Oklahoma State Conservationists to modify and/or terminate the contracts and to deobligate funds, as appropriate.	09/27/16	\$720,000
	For each of the 29 contracts on which the participants claimed payment shares inconsistent with their reported member shares of the operation, if the State Conservationist determines the participants engaged in any misrepresentation, scheme, or device to avoid payment limitation, terminate the participants' interests in all CSP contracts and deobligate funds, as appropriate. Also, determine whether there is cause for consideration of suspension and debarment for the participants.	09/27/16	\$1,781,950
	Direct the Arkansas State NRCS office to make operational adjustment modifications to, or cancel, as appropriate, each of the 15 contracts identified as containing incompatible enhancements that occupy, or may occupy, the same space. Deobligate funds for the contracts as appropriate.	09/27/16	\$1,051,055
RBS: Rural Business-Cooperative Service			
346010006AT	<i>Rural Business-Cooperative Service's Intermediary Re-Lending Program</i>		
	Recover \$7.9 million from intermediaries that made loans to borrowers for ineligible purposes, amounts, and non-rural areas.	03/02/12	\$7,909,538

Report #	Recommendation Cited	Management Decision Date	Released Amount
50601000221	<i>Hispanic and Women Farmers and Ranchers Claim Resolution Process</i>		
	Rural Development officials need to appoint a qualified Contracting Officer's Representative (COR) to review the prior COR's activities and the contractor's performance measurements to ensure that the contract was executed in accordance with its terms and conditions (not including the approximately \$144,000 that was overpaid to the contractor for not identifying prior participants during claims administration). This should include assuring that deliverables were in compliance with contract terms, ensuring that the contractor performed requirements of the contract, reviewing certification of invoices for payment, and reviewing all other duties and responsibilities assigned in the COR's Designation Letter. If the appointed COR identifies any discrepancies, work with the Contracting Officer to ensure appropriate actions are taken to meet regulations, including any penalties that may be assessed.	03/31/16	\$144,011
RHS: Rural Housing Service			
04601000231	<i>Rural Development Single Family Housing Direct Loan Program Credit Reporting</i>		
	Review the status of the \$130,951 in Rural Development funds obligated to HUD for Credit Alert Verification Reporting System costs and deobligate any excess balance.	03/28/16	\$130,951
04601000122(1)	<i>Rural Housing Service's Controls over Originating and Closing Single Family Housing</i>		
	Credit the borrower's outstanding loan balance by \$11,343 plus interest accrued for the payment provided to the contractor.	12/22/16	\$11,343

Report #	Recommendation Cited	Management Decision Date	Released Amount
RMA: Risk Management Agency			
056010015TE	<i>Crop Loss and Quality Adjustments for Aflatoxin-Infected Corn</i>		
	Issue administrative findings to recover the improper payments resulting from the approximately \$15,951,016 in calendar year 2005 aflatoxin-infected corn claims for Texas that were calculated using market values of \$.25 or less per bushel.	09/20/12	\$15,951,016

Appendix A.14: Audit Reports that Were Not Publically Released (as of September 30, 2017)*

We have no reports that were not publically released for this reporting period.

* This appendix is also intended to report any inspections or evaluations that were not publically released. We have no instances of an inspection or evaluation that was closed and not disclosed to the public during this reporting period.

Appendix A.15: Summary of Audit Reports for which the Department has not Returned Comment within 60 Days of Receipt of the Report

In this reporting period, there were no instances where the Department did not return comment within 60 days of receipt of an audit report.

APPENDIX B: INVESTIGATIVE REPORTS

Appendix B: Investigations Tables

Appendix B.1: Summary of Investigative Activities, April 1, 2017—September 30, 2017

Reports Issued: 120	Cases Opened	132
	Cases Referred for Prosecution	120
Impact of Investigations	Indictments	261
	Convictions ^a	271
	Searches	180
	Arrests	354
Total Dollar Impact (Millions): \$102.7	Recoveries/Collections ^b	\$.66
	Restitutions ^c	\$72.03
	Fines ^d	\$.69
	Asset Forfeitures ^e	\$11.8
	Claims Established ^f	\$17.31
	Cost Avoidance ^g	\$.17
	Administrative Penalties ^h	\$.06
Administrative Sanctions: 194	Employees	17
	Businesses/Persons	177

^a Includes convictions and pretrial diversions. The period of time to obtain court action on an indictment varies widely; therefore, the 271 convictions do not necessarily relate to the 354 arrests or the 261 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

Indictments and Convictions—April 1, 2017–September 30, 2017

Agency	Indictments	Convictions*
AMS	1	0
APHIS	30	33
FAS	0	2
FNS	212	204
FS	3	4
FSA	5	12
FSIS	2	4
NRCS	0	1
RBS	4	2
RHS	2	5
RMA	2	4
Totals	261	271

* This category includes pretrial diversions.

Appendix B.3: OIG Hotline

Number of Complaints Received

Type	Number
Employee Misconduct	356
Participant Fraud	7,196
Waste/Mismanagement	148
Health/Safety Problem	15
Opinion/Information	86
Bribery	1
Reprisal	1
Total Number of Complaints Received	7,803

Disposition of Complaints

Method of Disposition	Number
Referred to OIG Audit or Investigations for Review	110
Referred to Other Law Enforcement Agencies	2
Referred to USDA Agencies for Response	328
Referred to FNS for Tracking	6,857
Referred to USDA or Other Agencies for Information—No Response Needed	441
Filed Without Referral—Insufficient Information	37
Referred to State Agencies	28

Appendix B.4: Additional Investigations Information

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

	Description of Data	Number	Explanation	Source of Data
1	Number of reports issued	120		This is a number routinely reported in our quarterly reporting.
2	Number of people referred to DOJ	178	Referred for prosecution federally in FY 2017 second half.	Created a report from the database to show cases referred for prosecution during the second half of FY 2017. Queried each case in the database to determine how many individuals were referred and to whom they were referred.
2a		9	Of the 178 people reported above, 9 were referred to DOJ for both criminal and civil action.	
2b		4	Of the 178 people reported above, 4 were referred for DOJ civil action only.	

3	Number of people referred to State/local authorities	45	Referred for criminal prosecution to State/local authorities in FY 2017 second half.	Created a report from the database to show cases referred for prosecution during the second half of FY 2017. Queried each case in the database to determine how many individuals were referred and to whom they were referred.
3a		13	Of the 178 people referred to DOJ and the 45 people referred to state/local authorities above, 13 people were referred to both Federal and State entities.	
4	Indictments from prior referrals	176	Indictments include other charging mechanisms.	Created a report from the database to show cases which had indictments and/or convictions claimed during the second half of FY 2017, regardless of when they were referred.
5	Convictions from prior referrals	273	Convictions include pre-trial diversions.	Created a report from the database to show cases which had indictments and/or convictions claimed during the second half of FY 2017, regardless of when they were referred.

Appendix B.5: OIG Investigations Involving a Senior Government Employee where Allegations of Misconduct were Substantiated

We have no instances of OIG investigations involving a senior Government employee where allegations of misconduct were substantiated during this reporting period.

Appendix B.6: Instances of Whistleblower Retaliation

We have no instances of whistleblower retaliation during this reporting period.

Appendix B.7: Attempts by Department to Interfere with OIG Independence Including Budget Constraints and Incidents Where the Department Restricted or Significantly Delayed Access to Information

We have no instances of the Department interfering with OIG independence that caused budget constraints or restricted or significantly delayed access to information during this reporting period.

Appendix B.8: Instances of an Investigation of a Senior Government Employee that was Closed and Not Disclosed to the Public

Allegation of Misconduct Relating to the Privacy Act

The OIG Office of Compliance and Integrity conducted an internal inquiry into an allegation of a potential Privacy Act violation by an OIG senior Government employee. It was alleged that the OIG senior Government employee improperly disclosed information regarding a subordinate's performance to an outside Government agency. While it was determined that contact and limited disclosure to the outside Government agency occurred, a Privacy Act violation was not substantiated.

APPENDIX C: FREEDOM OF INFORMATION ACT (FOIA) ACTIVITIES

FOIA and Privacy Act Requests April 1, 2017–September 30, 2017

Data on OIG's activities pertaining to FOIA for the most recent fiscal year can be found in the comprehensive USDA Annual FOIA Reports on USDA's webpage.

<https://www.dm.usda.gov/foia/reading.htm#reports>

ACRONYMS AND ABBREVIATIONS

AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
ATO	authority to operate
AWA	Animal Welfare Act
CACFP	Child and Adult Care Food Program
CBP	Customs and Border Protection
CDE	California Department of Education
CCC	Commodity Credit Corporation
CDM	Continuous Diagnostic and Mitigation
CFC	Combined Federal Campaign
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COR	Contracting Officer's Representative
CPA	Certified Public Accountant
DATA Act	Digital Accountability and Transparency Act of 2014
DEA	Drug Enforcement Administration
DHSS	Delaware Health and Social Services
EBT	electronic benefit transfer
FAR	Federal Acquisition Regulation
FAS	Foreign Agricultural Service
FBI	Federal Bureau of Investigation
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Modernization Act
FNCS	Food, Nutrition, and Consumer Services
FNS	Food and Nutrition Service
FOIA	Freedom of Information Act
FPDS	Federal Procurement Data System
FS	Forest Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
FWS	U.S. Fish and Wildlife Service

FY fiscal year

GIPSA Grain Inspection, Packers and Stockyards Administration

GSM-102 Export Credit Guarantee Program

HSI Homeland Security Investigations

HUD U.S. Department of Housing and Urban Development

IGEA Inspector General Empowerment Act

JTF Joint Terrorism Task Force

ICE U.S. Immigration and Customs Enforcement

IG Inspector General

IRP Intermediary Relending Program

IT information technology

LFP Livestock Forage Program

MIITS Management Initiatives Tracking System

NFC National Finance Center

NIFA National Institute of Food and Agriculture

NICC National Interagency Coordination Center

NOAA National Oceanic and Atmospheric Administration

NOP National Organic Program

NRCS Natural Resources Conservation Service

OCFO Office of the Chief Financial Officer

OCIO Office of the Chief Information Officer

OIG Office of Inspector General

OPM Office of Personnel Management

OPPM Office of Procurement and Property Management

OSC Office of Special Counsel

PVS Prisoner Verification System

QC quality control

RAC Resource Advisory Committee

RBS Rural Business-Cooperative Service

RCPP Regional Conservation Partnership Program

RD Rural Development

RHS	Rural Housing Service
RMA	Risk Management Agency
SAVE	Systematic Alien Verification for Entitlements
SFA	school food authority
SFSP	Summer Food Service Program
SNAP	Supplemental Nutrition Assistance Program
SRS	Secure Rural Schools
SSA	Social Security Administration
SSN	Social Security number
TAAF	Trade Adjustment Assistance for Farmers
TANF	Temporary Assistance for Needy Families
TDA	Texas Department of Agriculture
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USSS	U.S. Secret Service
VA	U.S. Department of Veterans Affairs
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children

USDA MANAGEMENT CHALLENGES

What are management challenges?

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

1. USDA Needs to Improve Oversight and Accountability for its Programs: Pages 4-5, 16, 47-51, 54
2. Information Technology Security Needs Continuous Improvement: Page 7
3. USDA Needs to Strengthen Program Performance and Performance Measures: Pages 6-7, 46, 52-53
4. USDA Needs to Strengthen Controls Over Improper Payments and Financial Management: Pages 46-47, 56-57
5. USDA Needs to Improve Outreach Efforts: Pages 21-25
6. Food Safety Inspections Need Improved Controls: Pages 2-4
7. FNS Needs to Strengthen SNAP Management Controls: Pages 26-27

Learn more about USDA OIG

Visit our website: www.usda.gov/oig/index.htm

Follow us on Twitter: @OIGUSDA

How to Report Suspected Wrongdoing in USDA Programs

Fraud, Waste, and Abuse

File complaint online: www.usda.gov/oig/hotline.htm

Monday–Friday, 9:00 a.m.– 3:00 p.m. ET

In Washington, DC 202-690-1622

Outside DC 800-424-9121

TDD (Call Collect) 202-690-1202

Bribes or Gratuities

202-720-7257 (24 hours)



In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET

Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.