



United States Department of Agriculture

OFFICE OF INSPECTOR GENERAL

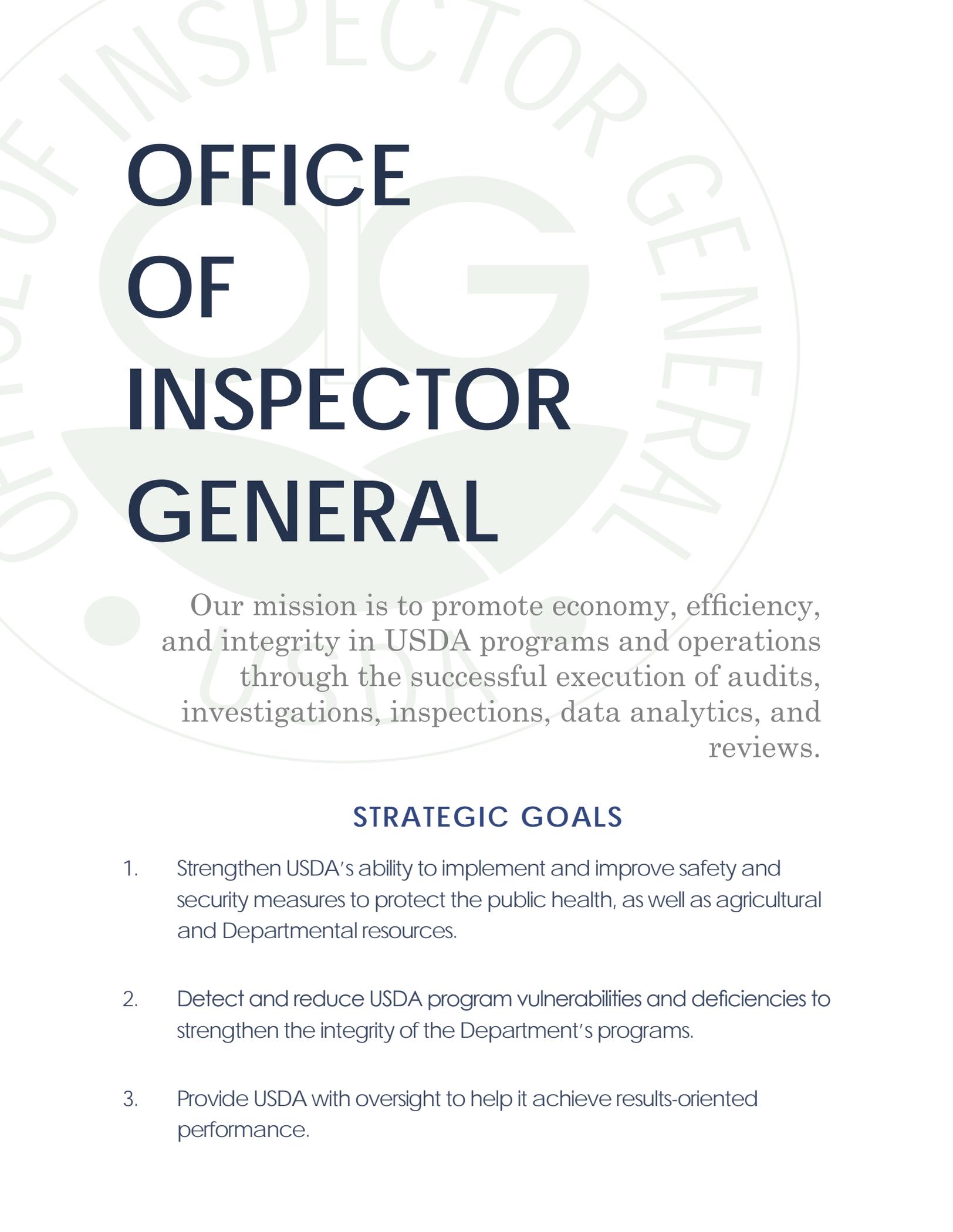
Semiannual Report to Congress

Second Half

April 1, 2019–September 30, 2019



Fiscal Year 2019
Number 82
November 2019



OFFICE OF INSPECTOR GENERAL

Our mission is to promote economy, efficiency, and integrity in USDA programs and operations through the successful execution of audits, investigations, inspections, data analytics, 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* (SARC) covers the most significant achievements of the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG) for the 6-month period ending September 30, 2019. Our office has worked extensively with the Department, Congress, and other Federal agencies to accomplish our mission of ensuring the economy, efficiency, and integrity of the Department's programs and operations through the successful execution of audits, investigations, and reviews.

While OIG, like other Federal agencies, was significantly affected by the 35-day partial Government shutdown in December 2018 and January 2019, we have nevertheless completed a significant number of projects in the second half of this fiscal year. In this period, our Office of Audit issued 22 reports that resulted in 79 recommendations and \$2.2 billion in questioned/unsupported costs or funds to be put to better use. Our Office of Investigations reported 209 indictments, 202 convictions, and 249 arrests, as well as \$215.3 million in recoveries and restitutions. We also received 9,359 complaints through the OIG Hotline during this period.

Goal 1—Safety and Security—Strengthen USDA's Ability to Implement and Improve Safety and Security Measures to Protect the Public Health, as well as Agricultural and Departmental Resources

OIG's independent audits, investigations, inspections, data analytics, and other reviews focus on issues such as the ongoing challenges of agricultural inspection activities, the safety of the food supply, homeland security, animal welfare, and information technology (IT) security and management. To that end, we recently reviewed how USDA's Agriculture Security Operations Center, a part of the Office of the Chief Information Officer (OCIO), detects and investigates cases of potential IT misuse. Of 36 improper IT use incidents, we found that 28 (approximately 78 percent) were not referred to agencies' human resources (HR) officials. Of these 28 incidents, 19 (approximately 68 percent) also were not referred to supervisors for potential action. Without guidance clearly communicating roles and responsibilities, instances of improper IT use may go unnoticed or unresolved by key parties in the resolution process. Additionally, without appropriate tracking, repeat offenders may be able to continually misuse USDA's IT resources, wasting those resources and exposing USDA networks to increased risk of malware and other internet-based threats. USDA and the agencies involved generally concurred with our recommendations.

In response to Congressional concerns related to the Forest Service's (FS) work environment, OIG's Office of Data Sciences (ODS) led a multidisciplinary research project with other OIG components to identify work done by the oversight community related to sexual harassment and misconduct and ways to measure progress in this area. OIG provided FS leadership with the results of this research that included identified standards, guidance, and best practices to assist FS in its continued efforts to address workplace concerns and improve its work environment.

OIG investigates allegations of animal fighting. A recent investigation, initiated as a result of information received from the Drug Enforcement Administration (DEA), led our agents to execute search warrants in New Jersey, and later in Illinois, Indiana, New Mexico, and the District of Columbia. The investigation resulted in 10 people being charged and convicted of various animal fighting offenses and 98 dogs being rescued. Altogether over the course of this investigation and prosecution, individuals have collectively been sentenced to more than 250 months in prison and ordered to pay special assessment fees and fines totaling \$22,400.

Goal 2—Integrity of Benefits—Detect and Reduce USDA Program Vulnerabilities and Deficiencies to Strengthen the Integrity of the Department’s Programs

Much of OIG’s audit and investigative resources are dedicated to ensuring that USDA program funds are reaching those for whom they are intended. For example, OIG investigates those alleged to have committed fraud while participating in programs intended to feed those in need. A recent joint investigation with the U.S. Secret Service (USSS) and Internal Revenue Service’s Criminal Investigation Division (IRS-CID) determined a Florida Child Care Food Program (CCFP) sponsoring organization was defrauding the program. The sponsoring organization managed more than 200 childcare centers across Florida, and its executive director and owner conspired to inflate free and reduced-price lunch applications in connection with CCFP. On June 26, 2019, in U.S. District Court, Southern District of Florida, the owner of the sponsoring organization was sentenced to 120 months in prison and 36 months of supervised release and ordered to pay \$13.2 million in restitution jointly and severally with her co-defendants.

OIG has recently completed an audit of the Natural Resources Conservation Service’s (NRCS) Environmental Quality Incentives Program (EQIP), which provides producers with financial and technical assistance to implement conservation projects. To administer the program, NRCS developed a payment schedule method to compensate producers based on nationwide estimates. We found, however, that component cost estimates used in regional payment schedules were not always current and cost-effective. Because NRCS relied on outdated and inaccurate component prices to calculate payment schedules, we questioned more than \$2.1 billion obligated for fiscal years (FY) 2016–2017. NRCS generally agreed with our recommendations.

Goal 3—Management Improvement Initiatives—Provide USDA with Oversight to Help It Achieve Results-Oriented Performance

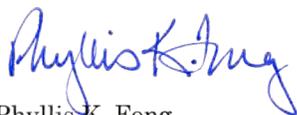
OIG’s audits, investigations, inspections, data analytics, and other reviews focus on areas such as improved financial management and accountability, research, real property management, and employee integrity. In response to a Congressional request, we reviewed USDA’s legal and budgetary authority to execute the realignment of the Economic Research Service (ERS) under the Office of the Chief Economist (OCE) and the relocation of ERS and National Institute of Food and Agriculture (NIFA) offices. Our inspection also sought to determine USDA’s adherence to any established procedures relating to agency realignment and relocation and procedures associated with cost benefit analyses (including factors such as staff recruitment and retention, access to agency services, and cost efficiencies).

The Reorganization Plan No. 2 of 1953 provides the Department with the legal authority to realign ERS under OCE and relocate ERS and NIFA offices. However, while the General Provisions of the Consolidated Appropriations Act, 2018 (Omnibus Act) provides certain budgetary authorities to the Department, there are established limitations on such authorities to realign or relocate offices. Further, the Department has not obtained Congressional approval, as required by Section 717(a) of the Omnibus Act, and has not complied with the reporting deadline requirement in Section 753 of the Omnibus Act. We did not identify any other procedures applicable to agency realignments and relocations in order to be able to determine the Department's adherence, including any procedures associated with cost benefit analyses for the actions within the scope of our review.

As noted in its response, the Department respectfully disagreed with OIG's questioning of USDA's budget authority regarding the relocation of ERS and NIFA. The Department stated that its actions comply fully with all applicable laws and that the budgetary provisions cited in the report requiring committee approval are unconstitutional. In addition, the response stated that the views of all three branches of Government support the Department's position. However, the Department's current position regarding the applicability of the committee approval provisions is not consistent with prior positions taken by the Department. To ensure consistent treatment going forward, this change should be communicated to leaders at the Sub-Cabinet and Agency levels. We accepted the Department's management decisions for four of the report's five recommendations.

As a result of a recent investigation into employee wrongdoing, a Food and Nutrition Service (FNS) employee was sentenced in U.S. District Court, District of Colorado, to 60 days in prison and 100 hours of community service and a \$2,000 fine. The investigation determined that the FNS employee, who was also a U.S. Air Force reservist, used various Air Force General Services Administration (GSA)-issued fleet maintenance credit cards to provide fuel for his private vehicles for several years. The employee was charged with 40 counts of theft of Government funds. After being suspended from his FNS position, the employee resigned.

Without the dedicated work and commitment of OIG's professional staff, these accomplishments would not have been possible. We would also like to thank USDA's staff for their cooperation and assistance with our oversight work. Finally, we value the interest and support of USDA Secretary Sonny Perdue and Deputy Secretary Stephen Censky, as well as key Congressional Committees and Members of Congress. Our work owes its success to their commitment and support.



Phyllis K. Fong

Inspector General

REPORTS

22
final reports
issued

GOAL 1
Safety and
Security

3

Final
Reports



GOAL 2
Integrity of
Benefits

10

Final
Reports



GOAL 3
Management
Improvement Initiatives

9

Final
Reports



(including 1 inspection
and 4 final action
verification reports)

65 program improvements

14 monetary

79 recommendations

Effective
recommendations
encourage improvements
in the conduct and efficiency
of Government programs and
operations.

ACTIVITIES SUMMARY

RECOMMENDATIONS AT REPORT ISSUANCE

GOAL 1

8 program improvements
0 monetary

GOAL 2

49 program improvements
14 monetary

GOAL 3

8 program improvements
0 monetary

While many recommendations involve monetary amounts, others play a critical role in protecting our country's safety, security, and public health and contribute considerably to the economy, efficiency, and effectiveness of USDA's programs and operations.

AUDIT TOTAL DOLLAR IMPACT

\$2.2 billion

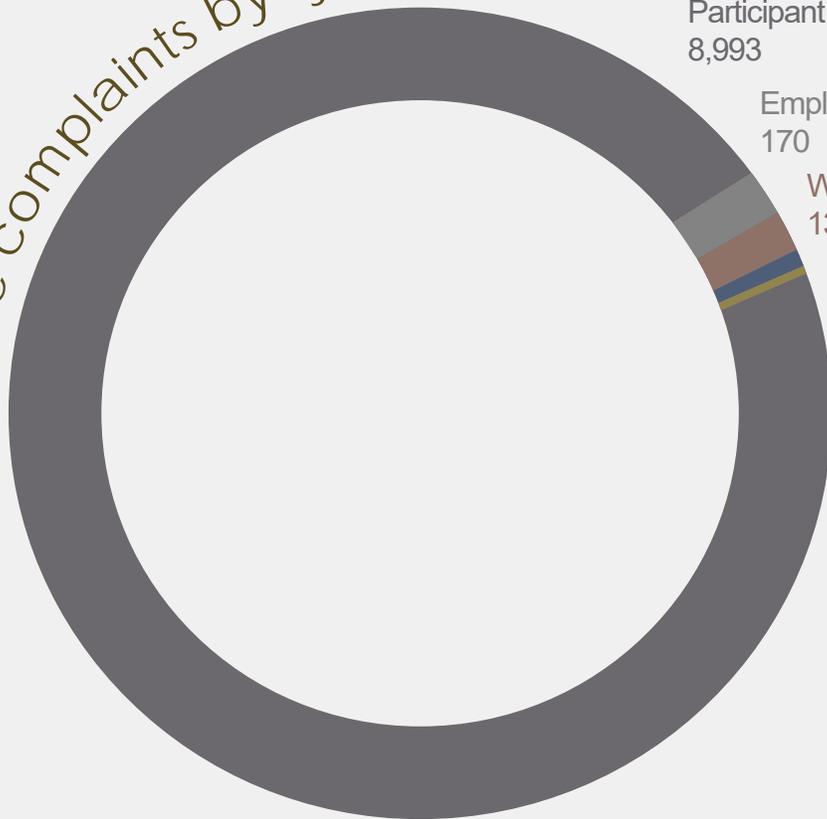
(refer to p. 65 for number breakdown)



Hotline Complaints

During this reporting period, the Hotline received **9,359** complaints, including allegations of participant fraud, employee misconduct, mismanagement, safety issues, bribery, reprisal, and opinions about USDA programs.

hotline complaints by type



Participant Fraud:
8,993

Employee Misconduct:
170

Waste / Mismanagement:
139

Opinion / Information:
32

Other, including health
and safety issues:
25

See Table B.3, page 113
for details

ACTIVITIES SUMMARY



209

INDICTMENTS



202

CONVICTIONS



249

ARRESTS



95

REPORTS ISSUED

INVESTIGATIONS TOTAL DOLLAR IMPACT

\$215.3 million

(refer to p. 65 for number breakdown)

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GOAL 1 SAFETY AND SECURITY

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

OIG provides independent audits, investigations, and other reviews to help USDA and the American people meet critical challenges in safety, security, and public health. Our work focuses on issues such as the ongoing challenges of agricultural inspection activities, the safety of the food supply, homeland security, and information technology security and management.

16.6% of total direct resources devoted to Goal 1

91.1% of these resources assigned to critical-risk and high-impact work

AUDIT



3 reports issued



8 recommendations

INVESTIGATIONS



48 indictments

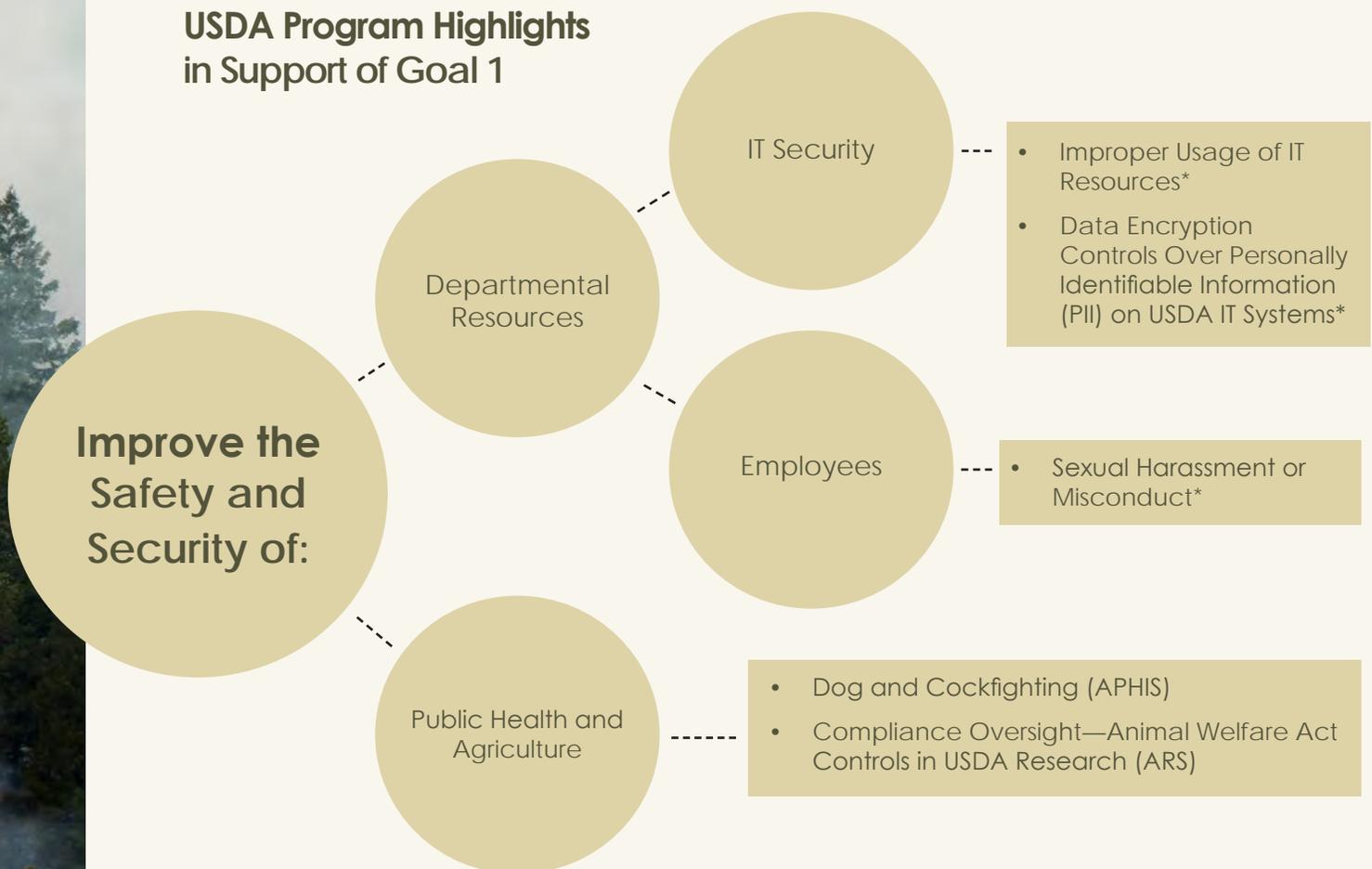
80% of closed cases resulted in action



15 convictions

\$241,006 in monetary results

USDA Program Highlights in Support of Goal 1



*Represents cross-agency activity or review

A helicopter pilot releases a full load of water during the Beaver Creek fire in Idaho. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

GOAL 1—SAFETY AND SECURITY

Examples of Audit, Investigative, and Data Analytics Work for Goal 1

Improper Usage of USDA's IT Resources

The National Institute of Standards and Technology defines improper usage as any incident in which an authorized user violates an organization's acceptable usage policies. While USDA's Agriculture Security Operations Center, a part of OCIO, detects and investigates cases of potential IT misuse, USDA agencies' supervisors and HR personnel serve as a first line of defense in tracking, addressing, and preventing repeat incidents. Of 36 improper IT use incidents, we found that 28 (approximately 78 percent) were not referred to agencies' HR officials. Of these 28 incidents, 19 (approximately

Fiber optic cables at a data center in rural Tennessee.

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



68 percent) also were not referred to supervisors for potential action. This occurred because neither USDA nor its agencies have sufficient improper usage policies in place to direct agency personnel on how or when to involve HR and supervisors in the remediation process.

Without guidance clearly communicating roles and responsibilities, IT security personnel, supervisors, and HR may not resolve instances of IT improper use. Additionally, without appropriate tracking, repeat offenders may be able to continually misuse USDA IT resources, wasting those resources and exposing USDA networks to increased risk of malware and other internet-based threats. OCIO, the Office of Human Resources Management, and the agencies generally concurred with our recommendations.

Data Encryption Controls Over Personally Identifiable Information on USDA IT Systems

USDA is responsible for adhering to privacy laws and regulations pertaining to the storage and use of personally identifiable information (PII) of its customers and employees. OIG performed this audit of agency systems to provide an overall assessment of the encryption controls in place. We assessed seven USDA agencies' encryption security postures to determine if they protected and encrypted PII data appropriately. We reviewed applicable laws, regulations, agency policies, and industry best practices in order to gain sufficient knowledge to evaluate USDA's and its agencies' encryption security postures. In addition, we interviewed relevant IT personnel and compiled information related to the encryption practices at each agency. We found that the Department and agencies did not fully implement federally mandated controls. USDA generally agreed with our recommendations.

Animal Welfare Act Controls to Prevent Mistreatment of Animals Used for Researching Parasitic Diseases

OIG initiated an audit to determine if the Agricultural Research Service (ARS) complied with Animal Welfare Act (AWA) requirements when using animals to perform parasitic disease research. Following significant attention in the media on ARS' use of cats in parasitic research, ARS issued a press release on April 2, 2019, stating that it had discontinued the use of cats to research Toxoplasmosis, a parasitic disease. Any remaining cats in ARS' possession were scheduled to be put up for adoption.

As of August 2019, ARS had 13 ongoing parasitic disease research projects involving 9 different types of live animals. This research is being performed



A microscope at an Agricultural Research Service laboratory.

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

with animals not subject to AWA requirements. Accordingly, we did not assess ARS' internal controls to adhere to AWA requirements and did not determine if these internal controls prevented AWA violations. Therefore, we did not make any recommendations to ARS in this report.

Assessment of the State of Oversight Work in the Area of Sexual Harassment and Misconduct in the Federal Government

In response to Congressional concerns related to FS' work environment, in July 2019, OIG completed a multi-disciplinary, collaborative project including members from OIG's Offices of Data Sciences, Audit, Investigations, Counsel, Compliance and Integrity, and Diversity and Conflict Resolution. The objective of this project was to identify the universe of work done in the last 5 years (2013–2018) by the oversight community (including OIGs and the Government Accountability Office (GAO)) related to sexual harassment and misconduct. OIG performed this project to help identify standards, guidance, or best practices that agencies—including FS—can use to measure progress in this area. OIG provided FS leadership with the results of this research to assist FS in its continued efforts to address workplace concerns and improve its work environment.

Final Defendants Sentenced in Multi-State Animal Fighting Investigation

Between April 4 and July 3, 2019, in U.S. District Court, District of New Jersey, 4 individuals were sentenced collectively to 126 months in prison and ordered to pay special assessment fees. Additionally, one of the individuals was ordered to pay a fine of \$9,000. The individuals were convicted of charges including: sponsoring or exhibiting a dog in an animal fighting venture; possessing a dog intended for use in an animal fighting venture; and conspiracy to buy, sell, receive, transport, deliver, and possess dogs intended for use in an animal fighting venture. This investigation was initiated as a result of information received from the DEA which, during the course of a narcotics-related investigation, developed evidence that indicated the existence of an animal fighting ring. Search warrants executed at a Vineland, New Jersey, location resulted in the identification and seizure of six pit-bull terriers and associated animal fighting paraphernalia. On June 1, 2016, 10 additional search warrants were executed in Illinois, Indiana, New Jersey, New Mexico, and the District of Columbia. The investigation resulted in 10 people being charged and convicted and 98 dogs being rescued. Altogether, over the course of this investigation and prosecution, individuals have been sentenced to more than 250 months in prison collectively and ordered to pay special assessment fees and fines totaling \$22,400.

Nebraska Rancher Sentenced for Involvement in Cockfighting

On April 24, 2019, in U.S. District Court, District of Nebraska, a citizen of Mexico, illegally residing in Nebraska, was sentenced to 16 months in prison and 24 months of supervised release and ordered to pay a \$100 special assessment fee for his involvement in animal fighting. In August 2018, Homeland Security Investigations (HSI) contacted USDA OIG regarding alleged cockfighting activity discovered during an ongoing immigration and money laundering investigation. HSI received information alleging that three men were involved in buying, selling, training, and fighting roosters on a Nebraska ranch owned by one of the men. On August 8, 2018, during the execution of a search warrant at the ranch, gamecocks and evidence of cockfighting were discovered. The Mexican citizen was charged with one count of participation in an animal fighting venture and, on January 16, 2019, he pled guilty. He is to be deported after completion of his prison term and release in 2020. Two additional individuals are facing criminal charges unrelated to animal fighting.

Participation on Committees, Working Groups, and Task Forces

Federal Audit Executive Council Technology Committee. OIG auditors are members of the Federal Audit Executive Council Technology Committee, which discusses changes and provides feedback and input on draft IT policies and guidelines for the Federal Government, including: FY 2019 Federal Information Security Modernization Act (FISMA) metrics; the Office of Management and Budget’s (OMB) proposed Identity, Credential, and Access Management policy; and the Department of Homeland Security’s Federal Incident Notification Guidelines.

Animal Protection Task Forces and Pest Risk Committees. OIG agents continue to participate actively in the Central California Animal Fighting Working Group along with agents from the Federal Bureau of Investigation (FBI), Bureau of Alcohol, Tobacco, Firearms, and Explosives, DEA, U.S. Postal Inspection Service, and HSI, as well as State and local law enforcement partners. Agents in Sacramento, California, are members of their local Animal Cruelty Task Force. Additionally, in Minnesota, OIG continues to participate in the Minnesota Pest Risk Committee, which is composed of Federal, State, and local representatives who focus on the efforts employed in Minnesota to intercept and control invasive plants, insects, and animals.

Human Trafficking and Crime Suppression. OIG agents in Minnesota participate on the Federal multi-agency victim and witness task force made up of Federal agency members who protect crime victims and witnesses in the criminal justice process. Agents in Southern Ohio participate with other regional law enforcement officers to investigate crimes affecting multiple jurisdictions. In San Bernardino County, California, our agents actively participate in the rural crimes task force.

Environmental Crimes. In Colorado, New Jersey, North Carolina, and Washington, our agents continue to participate in Federal environmental crimes task forces and working groups. In Oregon, our agent participates in the environmental crimes working group, commonly known as the “Green Team.”

FBI Joint Terrorism Task Forces. In California, Kentucky, Ohio, and Oregon, OIG agents are members of the FBI’s Regional Joint Terrorism Task

Force (JTTF). Working with other task force entities, JTTF agents provide OIG and other USDA agencies with critical information, as appropriate, 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. In Seattle, Washington, an OIG agent is a member of the Inland Northwest Intelligence Officers through the JTTF. An OIG agent in Chicago, Illinois, currently works part-time with the JTTF in an effort to assist in the prevention, deterrence, and investigation of terrorist acts that affect the United States. In addition, the agent's participation also facilitates liaison and information sharing between the JTTF and OIG associated with agriculture-related homeland security concerns and threats.

Anti-Terrorism/Counter-Terrorism Advisory Councils. In Minnesota, OIG actively participates in the Arrowhead Counter-Terrorism Task Force. The FBI leads this group of regional law enforcement and emergency response providers, which meets monthly for training sessions while sharing information on various terrorist organizations. These activities are designed to better enable the disruption, prevention, and prosecution of terrorism offenses. OIG participation focuses upon agriculture-related homeland security concerns and threats.

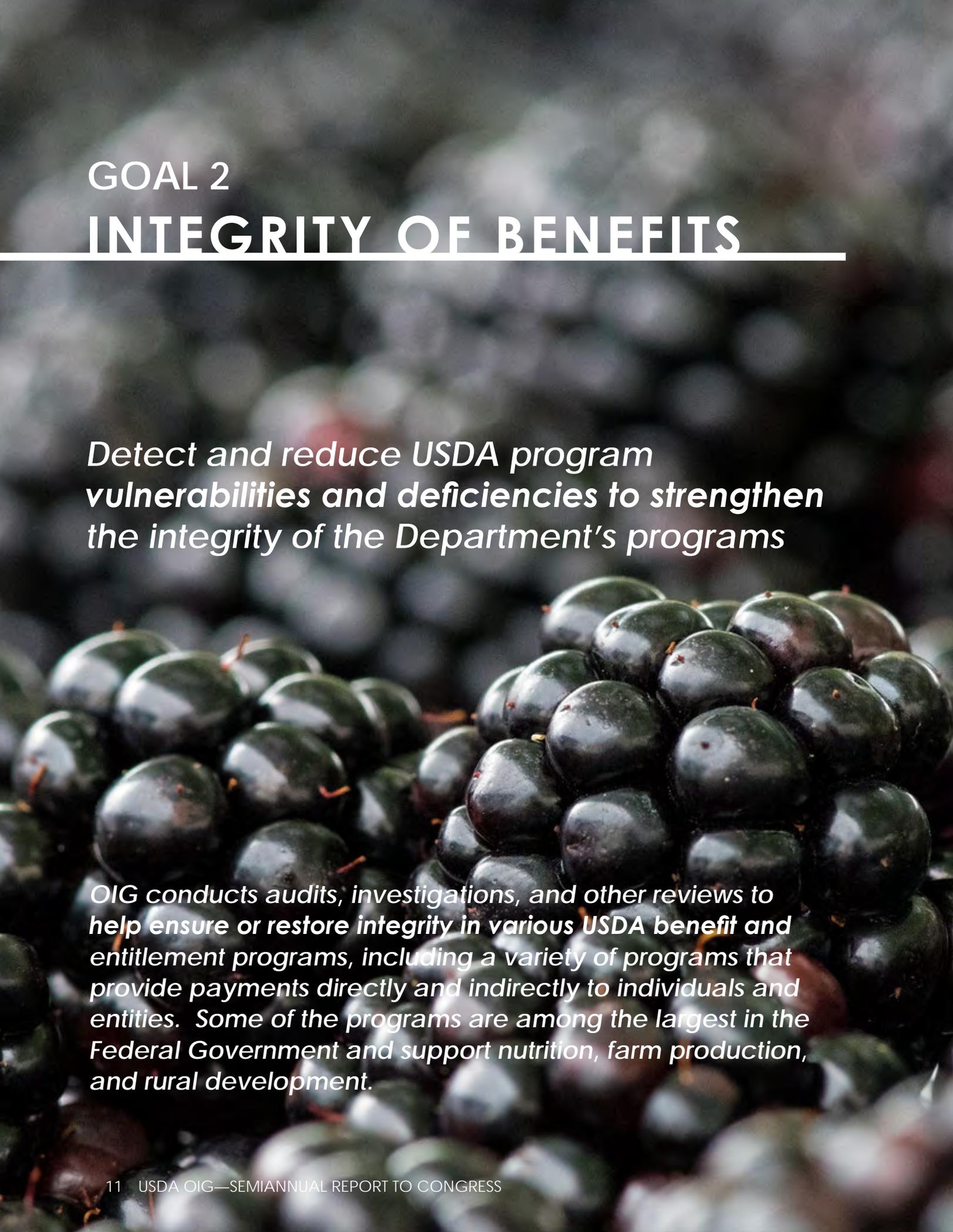
U.S. Marshals Service Fugitive Task Forces. OIG agents in Georgia, Michigan, Minnesota, North Dakota, and Ohio continue their participation on U.S. Marshals Service (USMS) Fugitive Task Forces, which were established under the Presidential Protection Act of 2000. Their primary mission is to investigate and arrest, as part of joint law enforcement operations, persons who have active Federal and State warrants. In Arizona, our agent is a task force officer with the USMS Violent Offender Fugitive Task Force that, in addition to providing assistance in locating fugitives, also provides assistance in serving warrants. Overall, this joint effort improves public safety and reduces violent crime. OIG participation focuses upon agriculture-related homeland security concerns and threats.

ONGOING REVIEWS

- » Controls over imported meat and poultry products (Food Safety and Inspection Service (FSIS)),
- » Cooperative Interstate Shipment Program (FSIS),
- » Controls over meat, poultry, and egg product labels (FSIS),
- » Storage and handling of commodities for international food assistance programs (Agricultural Marketing Service (AMS)),
- » National Veterinary Stockpile oversight (Animal and Plant Health Inspection Service (APHIS)),
- » Controls over select agents (APHIS),
- » Followup to controls over licensing of animal exhibitors (APHIS),
- » Followup on smuggling, interdiction, and trade compliance unit (APHIS),
- » Animal Care Program oversight of dog breeders (APHIS),
- » FY 2019 Federal Information Security Modernization Act (OCIO),
- » FY 2020 Federal Information Security Modernization Act (OCIO),
- » Controls to prevent the unauthorized transfer of research technology (USDA), and
- » Security over select USDA agencies' networks and systems FY 2019 (USDA).







GOAL 2

INTEGRITY OF BENEFITS

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

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

45.4% of total direct resources devoted to Goal 2

99.8% of these resources assigned to critical-risk and high-impact work

AUDIT



10
reports issued



63
recommendations

\$2.2 billion
in monetary results

INVESTIGATIONS



94%
of closed cases
resulted in
action



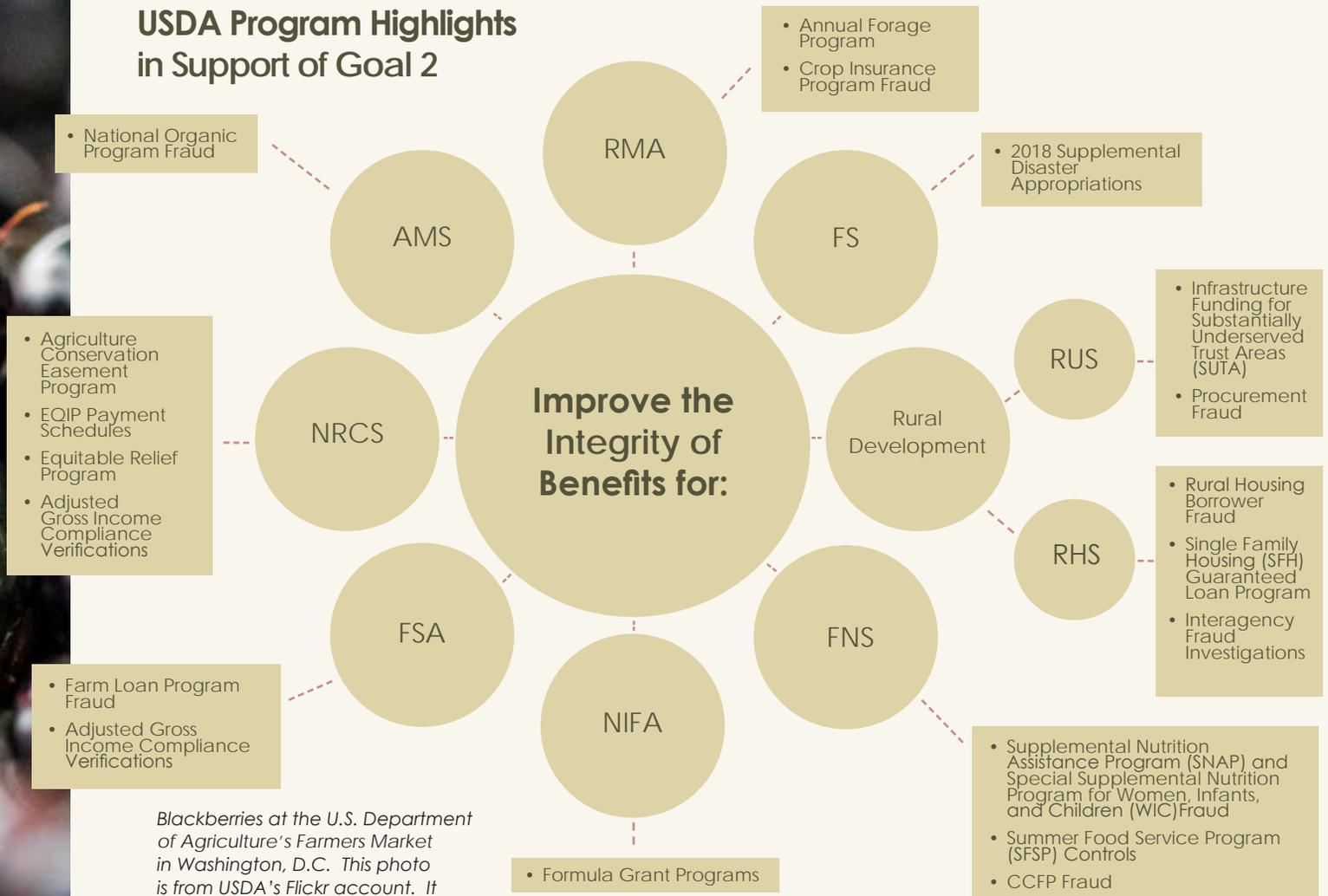
154
indictments



184
convictions

\$215.1 million
in monetary results

**USDA Program Highlights
in Support of Goal 2**



Blackberries at the U.S. Department of Agriculture's Farmers Market in Washington, D.C. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

GOAL 2—INTEGRITY OF BENEFITS

Examples of Audit and Investigative Work for Goal 2

EQIP Payment Schedules

USDA's NRCS administers EQIP, which provides producers with financial and technical assistance to implement conservation projects. To administer the program, NRCS developed a payment schedule method to compensate producers based on nationwide estimates.

We found that NRCS appears to be meeting the payment statutory limits. While OIG did not question the quality of the conservation practices implemented, we found that NRCS' use of EQIP payment schedules did not consistently represent the producers' cost to implement conservation practices. Furthermore, OIG found that component cost estimates used in regional payment schedules were not always current and cost-effective. NRCS has not always prioritized controls for updating component prices at both the national and State levels; because NRCS relied on outdated and inaccurate component prices to calculate payment schedules, we questioned more than \$2.1 billion obligated for FYs 2016–2017.

Additionally, NRCS improperly overpaid EQIP producers \$30,416 by certifying ineligible practices and paying for services not received; NRCS underpaid EQIP producers \$1,176 by using a component that did not meet technical specifications to calculate producer compensation. This occurred because NRCS field and State personnel lacked appropriate training, as well as complete and accurate EQIP payment schedules. Moreover, NRCS did not provide sufficient oversight at the State and national levels to detect and correct EQIP payment issues. NRCS generally agreed with our recommendations.

NRCS Equitable Relief

The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) sets forth provisions for NRCS program participants to request equitable relief (ER) when NRCS identifies noncompliance with one or more requirements of a covered conservation program. ER provisions provide eligible program participants with relief from negative consequences when NRCS determines that the participants put forth a good faith effort to comply with program or contractual requirements.

With assistance from the Environmental Quality Incentives Program, producers can implement conservation projects, such as this underground drip irrigation system, which uses a sand media filtration tank system. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.





A soil health demonstration event features a rain simulator that showers water on different soils. Natural Resources Conservation Service programs and initiatives can help protect against soil erosion and improve soil health.

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

Although we found that NRCS generally processed individual ER requests in accordance with the 2002 Farm Bill, we identified 19 ER requests that were not included in NRCS' repository, the Appeals and ER database. In addition, we found that the database contained inaccurate information, such as monetary amounts granted and approval dates, for 8 of the 65 ER requests we reviewed. This occurred because NRCS lacked adequate internal controls to ensure that all ER cases were entered accurately into the database and subsequently reported to Congress. As a result, NRCS misreported ER information to Congress during calendar years 2015–2017 and may continue to misreport information annually regarding ER requests by U.S. agricultural producers participating in Federal conservation programs. NRCS generally agreed with our finding and recommendations.



Brushwood on a floodplain easement. The Natural Resources Conservation Service operates easement programs like the Agricultural Conservation Easement Program. These programs help landowners, land trusts, and other entities protect, restore, and enhance wetlands, grasslands, and working farms and ranches through conservation.

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

Agriculture Conservation Easement Program—Application Process and Selection Priorities

NRCS works with farmers, ranchers, and private forest landowners to identify and address natural resource objectives across the Nation. The Agriculture Conservation Easement Program (ACEP) combined three former NRCS easement programs and provides financial and technical assistance to help conserve agricultural lands and wetlands. Each easement application is ranked and selected based on unique factors.

We found that NRCS did not consistently maintain sufficient supporting documentation for 52 of 71 sampled applications in a manner that allowed it to be readily available for examination. This occurred because NRCS' guidance was unclear as to what supporting documentation was required to be retained in each easement case file. As a result, we were unable to fully evaluate the ranking scores for the approved applications, which totaled more than \$26.5 million of approximately \$51.4 million

in FY 2017 and 2018 obligations. Furthermore, without adequate documentation, there is reduced assurance that applications were accurately ranked and selected. NRCS generally agreed with our recommendation.

Annual Forage Program and Followup on Pasture, Rangeland, and Forage Program Recommendations

OIG performed this audit to review the Annual Forage insurance plan and to follow up on two prior OIG reports on the Pasture, Rangeland, and Forage (PRF) insurance plan. We determined that although the Risk Management Agency (RMA) made appropriate changes to the PRF insurance plan based

A producer insured his nonirrigated land in the Annual Forage insurance plan, including this field, with a developed yield of 1.78 tons per acre in crop year 2018, which far exceeded the land's potential productivity per acre of 0.6 tons based on the soil suitability maps that NRCS develops.

Photo by OIG.



on prior recommendations, further improvements are needed in both the PRF and Annual Forage insurance plans.

First, we determined that rain gauges in two States provided suspicious rainfall readings. These readings led to producers in one State receiving at least \$8.5 million more in Annual Forage indemnity payments than they should have received for crop year 2017. RMA needs to work with the National Oceanic and Atmospheric Administration to ensure the rainfall measurements used to calculate indemnity payments for Annual Forage and PRF insurance plans are accurate and consistent with readings from other gauges in the area.

Within the scope of our review, we also found that the county base values used to calculate indemnity payments exceeded the production capability of the land. This resulted in producers receiving high or disproportionate Annual Forage indemnities. RMA was aware of these weaknesses based on prior reviews. Although RMA addressed most of the county-based value limitations in the PRF insurance plan, the agency needs to ensure these vulnerabilities are also addressed in the Annual Forage insurance plan. RMA generally agreed with our recommendations.

Adjusted Gross Income Compliance Verification Process

The Agricultural Act of 2014 established that participants whose average adjusted gross income (AGI) exceeds \$900,000 are not eligible to receive payments or benefits from most programs administered by USDA's Farm Service Agency (FSA) and NRCS. FSA has the administrative responsibilities for collecting and maintaining program participants' data, and NRCS has access to that information for collecting improper payments.

We reviewed FSA's compliance with income verification process requirements and found that FSA State offices did not consistently follow FSA's AGI handbook instructions for ensuring required elements are included in certification statements and all required documentation is included in the participants' compliance review file. This occurred because the FSA State officials responsible for conducting the AGI compliance reviews have not received formal training regarding this process and its requirements. Further, we found that NRCS is not accurately and timely identifying improper payments made to AGI participants whose income exceeds the AGI limit. This occurred due to weaknesses in the internal controls designed to identify AGI ineligible participants in FSA's eligibility system. Additionally, NRCS only identifies and collects improper payments

on an annual basis. The agency does not update the system to reflect program participants' eligibility status in real time. FSA and NRCS agreed with our findings and recommendations.

Florida's Controls Over the Summer Food Service Program

The Summer Food Service Program (SFSP) provides nutritious meals for children in low-income areas when school is not in session. Florida's State agency, the Florida Department of Agriculture and Consumer Services, oversees and reimburses sponsors for serving FNS' SFSP meals. In Florida, during the summer of FY 2016, SFSP provided more than \$40.9 million to serve meals and snacks to children at more than 4,200 sites.

We sampled and reviewed five Florida SFSP sponsors, and we found that all five sponsors did not always comply with program regulations and that the State agency's review process was not robust enough to correct the following issues:

- » Due to an application process that needs improvement, the State agency accepted two incomplete SFSP sponsor applications and allowed four sponsors to improperly add additional sites;
- » None of the five sponsors we reviewed fully complied with SFSP regulations. As a result, in 2016, the sponsors overclaimed \$467,693 in unsupported or inaccurate reimbursements and allocated \$27,063 in questionable costs;
- » Four of the five sponsors claimed reimbursement for meals that violated program requirements—80 percent of the meals served at 11 of the 25 sites we reviewed were questionable; and
- » Despite the State agency's investment of more than \$3.3 million in outreach efforts from 2014 through 2017, none of the five sponsors consistently ensured that all sites complied with FNS requirements and guidance related to outreach.

The issues we identified could impair program integrity and interfere with SFSP's effectiveness in providing nutrition to needy children during the summer months. FNS generally concurred with our recommendations.



A firefighter works to suppress the Big Windy Complex Wildlands fire in Oregon.

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

FS' Controls Over its 2018 Supplemental Disaster Appropriations

In response to hurricanes, wildfires, and other natural disasters, the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2018 provided \$84.3 billion in emergency supplemental appropriations. FS received approximately \$119.8 million of the \$84.3 billion to conduct restoration and repair activities, ongoing assessments, and mitigation work on public and private lands. FS allocated these funds among six of its geographic regions and the International Institute of Tropical Forestry.

OIG reviewed FS' controls over its 2018 supplemental disaster appropriations disbursed in FYs 2018 and 2019. Our review did not identify any instance where FS improperly used its supplemental disaster funds to identify damage caused by the 2017 hurricanes and fires. However, we found that Regions 5 and 8 inconsistently applied FS' direction on OMB's requirement for grantees to expend all obligated funds within 24 months. Specifically,

Region 5 concluded that OMB’s requirement did not apply to interagency agreements, while Region 8 determined that it did. This occurred because FS did not clarify to its regions whether the requirement was applicable to all agreements. As a result, unless FS clarifies its guidance or obtains a waiver from OMB, important disaster relief projects based on interagency agreements could be interrupted or delayed, as the recipients may be required to return unspent disaster relief funds at the end of 24 months—regardless of whether their disaster relief projects are complete. FS generally agreed with our finding and recommendations.

A single-family home paid for with the assistance of a Rural Development home loan.

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



Single Family Housing Guaranteed Loan Program— Liquidation Value Appraisals

The Rural Housing Service (RHS), an agency within the Rural Development mission area, administers the Single Family Housing (SFH) Guaranteed Loan Program. This program is designed to provide low- and moderate-income persons in rural areas with an opportunity to own decent, safe, and sanitary dwellings. The program reduces a private lender's risk of loss because, if a borrower defaults, the Federal Government will reimburse up to 90 percent of the original loan amount to the lender.

We found that Rural Development's Customer Service Center (CSC)—charged with monitoring lenders' performance—generally had sufficient controls over liquidation value appraisals to safeguard the Guaranteed Loan Program against overstated loss claims, and the corrective actions taken to address recommendations from a prior audit of this program were sufficient.

However, due to processing errors, we found that CSC made inaccurate loss claim payments of almost \$62,370 to lenders in our sample, resulting in an estimated \$2.1 million in potential inaccurate payments across all affected loans. This occurred because CSC lacked sufficient controls to ensure that incorrect liquidation value appraisal amounts documented in the Guaranteed Loan System were corrected when identified. We also found that CSC did not follow up on the payment of future recovery due, potentially resulting in lenders' noncompliance in timely reimbursing \$6.4 million in loss claim payments. This occurred because CSC did not have an effective process to determine the timeliness of loss claim submissions, nor to timely follow up with lenders on the status of real estate owned properties and future recovery collections. RHS generally agreed with our recommendations.

Infrastructure Funding for Substantially Underserved Trust Areas

The Rural Utilities Service (RUS) and Rural Development administer rural infrastructure programs that provide assistance to Native American governments and communities, also known as Substantially Underserved Trust Areas (SUTA). OIG concluded that RUS has adequate controls in place regarding its implementation of the SUTA provisions and did not identify any instances of ineligible applicants receiving benefits designated for SUTAs.

OIG also identified areas where RUS and Rural Development can better track their efforts to meet this vital goal of providing assistance to Native American governments and communities in trust areas. Specifically, we

found that RUS' application system does not track: (1) the number of loans and grants made specifically to Native American communities in SUTAs; or (2) whether SUTA provisions were applied to these loans and grants. Additionally, in two States we reviewed, Rural Development officials did not document their outreach activities to SUTAs in their designated system of record.

According to RUS, implementing SUTA provisions is critical to its broader efforts to make all programs more accessible to tribal governments and communities. RUS and Rural Development can more easily demonstrate progress in making loans and grants to SUTAs and demonstrate that outreach was conducted in a timely and equitable manner by improving their ability to track activities in their information systems. RUS generally agreed with our finding and recommendations.

NIFA's Formula Grant Programs' Controls Over Fund Allocations to States

NIFA administers capacity grant programs that help research institutions carry out agricultural research to solve societal challenges. To do so, participating institutions receive capacity grants—noncompetitive awards based on predetermined formulas by the legislative branch. We found that NIFA needs to strengthen its controls, including addressing assessments, for six of the nine capacity grant programs we focused on for FY 2015. We found that misallocated capacity grant funds and an improperly granted waiver resulted in approximately \$7.1 million in questioned costs, spread across five grant programs. This included \$3.6 million in potential Antideficiency Act violations.

NIFA also needs to ensure that its funding distributions accurately reflect and fulfill the purposes of its programs. For example, we found that NIFA's funding distribution for one program that provides nutrition education to low-income individuals was established by law based upon outdated poverty demographics that need revising to reflect current needs. Additionally, States were not appropriately made aware of the opportunity to direct funding to eligible historically black land-grant colleges and universities, known as 1890 institutions. As a result, the 1890 institutions were not considered for a share of \$28 million in FY 2015 funding.

Because of these issues, NIFA may not be allocating capacity grant funds effectively to achieve its programs' goals. NIFA generally concurred with most of our recommendations.





One National Institute of Food and Agriculture grant recipient picks up organic waste, such as these spoiled nectarines and carrots, from a food distributor. This material is used for compost in the grant recipient's 4-acre organic community-supported garden and farm, which is in a low-income urban community.

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

Insurance Agents, Farmers, Agricultural Producers, Insurance Adjusters, and Tobacco Warehouse Owners Plead Guilty to Crop Insurance Fraud

On July 30, 2019, in U.S. District Court, Eastern District of Kentucky, a producer was sentenced to 60 months in prison and 48 months of supervised release and was ordered to pay a \$100 special assessment fee and a \$5,000 fine for growing 6,791 marijuana plants. The producer illegally grew marijuana plants on his property. He then committed crop insurance fraud involving a scheme with the main insurance agent/co-conspirator with whom the subject falsified crop hail policies and hid production. In addition, the subject used his son as a straw farmer for crop insurance fraud. Our ongoing joint investigation with the FBI, IRS-CID, RMA, and the Kentucky

Department of Insurance was initiated after numerous hotline complaints were received alleging crop insurance fraud involving agricultural producers, insurance agents, insurance adjusters, and tobacco warehouse owners. On December 9, 2015, six search warrants were executed in central Kentucky at a tobacco warehouse, an insurance company, and various residences. To date, as a result of OIG's investigation, 11 producers have entered into civil settlement agreements associated with crop insurance fraud in exchange for their cooperation with the investigation and testimony, in addition to repaying more than \$200,000. An additional producer entered into an administrative agreement to repay RMA \$28,279 for crop insurance proceeds received fraudulently. On September 11, 2018, a crop insurance agent who also worked in the subject tobacco warehouse was sentenced to 60 months in prison and ordered to pay \$1.6 million in restitution to RMA after pleading guilty to conspiring to submit false insurance claims and receipts. On November 19, 2018, and August 19, 2019, two additional producers pled guilty to more than \$2 million of crop insurance fraud. The producers are currently awaiting sentencing.

Mortgage Servicing Company President Sentenced For Conspiracy and Wire Fraud

On April 23, 2019, in U.S. District Court, District of Massachusetts, the president of a mortgage servicing company was sentenced to 32 months in prison and ordered to pay a \$700 special assessment fee and \$2.5 million in restitution. This investigation was conducted jointly with the U.S. Department of Housing and Urban Development (HUD) OIG, the U.S. Department of Veterans Affairs (VA) OIG, and the FBI. The investigation revealed that the president and his company defrauded the Government National Mortgage Association (Ginnie Mae), which guarantees the timely payment of principal and interest to investors in bonds backed by Government-sponsored mortgage loans, such as those offered by the Federal Housing Administration, VA, and USDA. Specifically, the company president misappropriated, for his personal and business uses, approximately \$2.5 million in payments and loan payoffs that he collected from borrowers. He also attempted to cover up his scheme by providing false reports to Ginnie Mae about the status of the loans his company was servicing. On August 16, 2016, a criminal bill of information charged the company's accountant with making false statements, and on August 17, 2016, the company president was charged with conspiracy and wire fraud, charges to which both pled guilty. The accountant was sentenced to 12 months of supervised probation and was ordered to pay a \$25 special assessment fee and \$108,241 in restitution.

Four Farmers Sentenced in National Organic Program Scheme

On August 16, 2019, in U.S. District Court, Northern District of Iowa, four farmers were sentenced as part of a large conspiracy involving fraudulent organic grain sales. The scheme involved sales of nonorganic grain as organic through multiple companies and co-conspirators. The nonorganic grain came from nonorganic fields, was sprayed with unauthorized chemicals, or was purchased from nonorganic growers, which are violations of National Organic Program requirements that crops sold as organic must be grown on a certified organic farm and handled at a certified organic facility. The primary subject, a farmer who sold the grain to the public, was sentenced to 122 months in prison and 36 months of supervised release and ordered to pay a \$100 special

Tomatoes inspected by the Agriculture Marketing Service at the Terminal Market in Chicago. The Agriculture Marketing Service's National Organic Program has regulatory oversight responsibilities for the organic standards and accreditation of organic certifying agents.

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





Rural Development provides assistance, such as loans, to help rural communities address water and waste issues. Here, a valve is opened to vent a pipeline, ensuring it is full and properly supplying the community with water.

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

assessment fee, \$205,604 in restitution to the Federal Crop Insurance Corporation, and a \$128.1 million monetary judgement. As part of his plea, he also voluntarily agreed to be excluded from all Government programs for life. Another farmer was sentenced to 24 months in prison and 36 months of supervised release and ordered to pay a \$100 special assessment fee and a \$1 million monetary judgement. A third farmer was sentenced to 20 months in prison and 36 months of supervised release and ordered to pay a \$100 special assessment fee and a \$1 million monetary judgement. A fourth farmer was sentenced to 3 months in prison and 36 months of supervised release and ordered to pay a \$100 special assessment fee and a \$1 million monetary judgement. The investigation is ongoing and further sentencings are pending.

Kansas FSA Borrower Convicted on Conversion and Bank Fraud Charges

On May 8, 2019, in U.S. District Court, District of Kansas, an FSA borrower was sentenced to 36 months of supervised release and ordered to pay a \$200 special assessment fee. Our investigation determined that the borrower, who had an operating loan secured by crops and equipment, forged FSA officials' signatures on checks in order to avoid making payments to creditors. The borrower forged endorsing signatures on 41 grain checks, then subsequently deposited approximately \$820,000 into bank accounts in his name without remitting any of the proceeds back to FSA or a private financing company. He later admitted to OIG that he forged the endorsing signatures, deposited the checks into his bank accounts, and moved grain to another grain storage facility, where he received payment. Because the borrower did not disclose to the operator of the grain storage facility the security interest of FSA and the private financing company in the grain, checks were issued in his name only. The FSA borrower was indicted on one count of criminal conversion and six counts of bank fraud. On January 8, 2019, he pled guilty to one count of each charge.

Illinois Water District President Sentenced for Theft of Property Pledged to USDA

On June 12, 2019, in U.S. District Court, Northern District of Illinois, the former president of an Illinois water district was sentenced to 12 months and 1 day in prison and ordered to pay restitution of \$1,460. This sentencing followed a plea agreement in which the former water district president pled guilty to 2 counts of a 19-count indictment. OIG's investigation determined that he used his official position as board president to commit financial improprieties. The water district had received a \$2.8 million loan from Rural Development in June 2005 to construct a water utility system but failed to make a single loan payment for at least 5 years. During foreclosure proceedings, Rural Development discovered suspicious financial practices by the president and subsequently referred this information to OIG. Our investigation, conducted jointly with IRS-CID, determined that the president had converted to his own use water district property in the form of cash water payments and bank account funds.

Former FSA Employee Sentenced in Loan Scheme

On April 18, 2019, in U.S. District Court, Western District of Texas, a former FSA employee was sentenced to 24 months in prison and 60 months of supervised release and ordered to pay a \$100 special assessment fee and

\$166,744 in restitution jointly and severally with her co-conspirators. This investigation determined the former FSA farm loan officer conspired to make FSA micro-loans and farm operating loans to unqualified borrowers in order to receive payoffs after the loans closed and funds were disbursed. In her capacity as the acting farm loan manager, she made multiple loans totaling at least \$166,696 to unqualified borrowers with whom she had personal relationships. Of those loan funds, the borrowers diverted approximately \$65,000 back to her. The FSA employee was removed from her Federal position in June 2017, and in November 2017, a criminal complaint was filed and she was arrested. In December 2017, she and the two borrowers were charged in a multi-count indictment with wire fraud and false statements on the loan applications in question. On December 13, 2018, one of the borrowers was sentenced to 5 months in prison and 60 months of supervised release and was ordered to pay \$142,961 in restitution jointly and severally with the FSA employee. Sentencing of the other FSA borrower is pending. This investigation was worked jointly with the FBI.

Iowa Farmer Sentenced for Illegal Cattle Sales

On May 20, 2019, in U.S. District Court, Southern District of Iowa, a farmer was sentenced to 60 months of probation and ordered to pay a \$200 special assessment fee and \$91,826 in restitution. The FSA State office referred this allegation to OIG in December of 2017 after the farmer defaulted on two FSA-guaranteed loans for which he had pledged approximately 100 head of cattle as collateral. Farm visits by FSA personnel and the local sheriff's office determined that his cattle were missing. OIG's investigation disclosed that he sold 110 head of cattle without FSA's knowledge or approval. The local sheriff's office executed a search warrant at the farmer's residence and discovered that the farmer used the funds he received from the cattle sales for personal use. In April 2018, the farmer was indicted on one count each of conversion of mortgaged property and theft of Government property, and in October 2018, he pled guilty to all charges. This investigation was worked jointly with the Des Moines County Sheriff's Office.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM INVESTIGATIONS

A significant portion of OIG's investigative resources are dedicated to ensuring the integrity of the Supplemental Nutrition Assistance Program (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 2019. Below are several examples of SNAP investigations resulting in significant convictions and monetary results.

RETAILER FRAUD

Three Arkansas Family Members Sentenced for Their Role in SNAP Fraud

On June 27, 2019, in U.S. District Court, Western District of Arkansas, three family members who committed SNAP fraud at four convenience stores in Arkansas were sentenced. One family member was sentenced to 16 months in prison and 36 months of supervised release and ordered to pay a \$300 special assessment fee and \$567,144 in restitution. Another family member was sentenced to 16 months in prison and 36 months of supervised release and ordered to pay a \$300 special assessment fee and \$549,858 in restitution. The last family member was sentenced to 36 months of probation and ordered to pay a \$100 special assessment fee and \$54,162 in restitution. Our investigation determined that between November 1, 2012, and January 26, 2016, the three individuals conspired with SNAP benefits recipients to commit SNAP fraud. The three family members were charged on December 19, 2018, with SNAP trafficking, conspiracy, money laundering, and making a false statement on a tax return. They pled guilty to those charges the same day. This investigation was conducted jointly with the FBI, IRS-CID, and the Fort Smith Police Department.

Michigan Retailers Conspire to Defraud Food Assistance Program

On June 27, 2019, in U.S. District Court, Eastern District of Michigan, the owner of a meat and poultry specialty store in Detroit who conspired with two others to commit SNAP fraud was sentenced to 1 day in prison and 24 months of supervised release and ordered to pay a \$100 special assessment fee, a \$2,500 fine, and approximately \$1.5 million in restitution. The investigation determined that the storeowner conspired with another retailer and other individuals to conduct and conceal fraudulent SNAP transactions using the point-of-sale device in the meat and poultry store; he also exchanged SNAP benefits for cash with customers in the store. On September 13, 2018, the owner of the meat and poultry store was charged with one count of program fraud of \$5,000 or more. He pled guilty to the charge on October 16, 2018. On June 25, 2019, the owner of the other store pled guilty to one count of program fraud and is awaiting sentencing. A third co-conspirator was indicted on February 22, 2019, pled guilty on March 28,



Supplemental Nutrition Assistance Program participants can use their benefits to shop at grocery stores and farmers markets for healthy food, such as this produce at a grocery store in Virginia.

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

2019, and is awaiting sentencing. This investigation was worked jointly with the Michigan Bridge Card Enforcement Team.

Ohio Mobile Meat Delivery Company Owner and Employees Implicated in SNAP Fraud Scheme

Between April 10 and August 23, 2019, in U.S. District Court, Southern District of Ohio, five food sales company employees received sentences ranging from 12 months of supervised probation to 24 months in prison, 20 hours of community service to 36 months of supervised release, and \$400 to \$3.5 million in restitution. These sentencing followed their guilty pleas between December 2018 and May 2019. This investigation began in January 2017 following the receipt of two complaints from individuals indicating their personal SNAP electronic benefits transfer (EBT) account



information had been hacked and benefits removed from their respective EBT accounts without authorization. The allegations were related to a mobile business that sold various meat products door-to-door. In January 2018, OIG agents executed search and seizure warrants related to the OIG-led joint investigation, which was named “Operation Arctic Meat.” With the assistance of the USSS, the Ohio Department of Public Safety Investigative Unit, and the Cincinnati Police Department, OIG executed 39 search warrants on various media devices and vehicles along with 6 bank seizure warrants. In May 2018, seven individuals, including the owner of the mobile meat company, were indicted on charges of conspiracy to commit money laundering, SNAP fraud, and wire fraud. Additionally, the indictment included multiple forfeiture allegation counts related to four individual business bank accounts, one investment account, and a 2011 BMW automobile. The owner of the food sales company pled guilty to felony conspiracy charges in August 2019. Her sentencing is pending.

Michigan Retailer Pleads Guilty to Defrauding SNAP and the Special Supplemental Nutrition Program for Women, Infants, and Children

On May 14, 2019, in U.S. District Court, Eastern District of Michigan, a storeowner was sentenced to 12 months and 1 day in prison and 12 months of supervised release and was ordered to pay a \$100 special assessment fee and \$1.3 million in restitution. This investigation was conducted to determine if the owner and employees of a Detroit grocery store were trafficking SNAP and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits. The investigation disclosed that the storeowner and manager exchanged SNAP and WIC benefits for cash and ineligible items. On July 6, 2018, the owner was charged via a bill of information with one count of theft of Government property of \$1,000 or more. This investigation was conducted jointly with the Michigan State Police Bridge Card Enforcement Team and the FBI.

Guam Storeowners Sentenced for Unlawfully Redeeming SNAP Benefits

On August 16, 2019, in U.S. District Court, District of Guam, the owners of a food market were each sentenced to 12 months and 1 day in prison and 36 months of probation and ordered to pay a \$100 special assessment fee and \$490,000 in restitution. On February 21, 2019, the owners pled guilty to one count each of unauthorized use of SNAP benefits and aiding and abetting. This guilty plea followed their November 8, 2017, indictment in which the

storeowner and his wife were charged with wire fraud and unauthorized use of SNAP benefits. This investigation was initiated in August 2012 to determine whether a store in Guam illegally obtained and redeemed SNAP benefits. OIG's investigation revealed that the storeowner and his wife allowed customers to purchase items on credit and use their SNAP benefits to pay off their credit balances at the beginning of the next month. They also charged higher prices to SNAP recipients who purchased merchandise on credit and charged them a late fee if they failed to pay their credit balances at the beginning of the following month. The practice of accepting SNAP benefits as payment on credit accounts or loans violates program requirements. Nevertheless, these transactions accounted for 90 percent of the store's sales. This investigation was worked jointly with the FBI.

OTHER SNAP FRAUD INVESTIGATIONS

Former Mississippi State Employee Sentenced for Extorting Storeowners

On April 16, 2019, in U.S. District Court, Southern District of Mississippi, a former official for the Mississippi Department of Human Services was sentenced to 39 months in prison and 36 months of supervised release and ordered to pay a \$100 special assessment fee and \$28,375 in restitution to the victims. The investigation determined that the former employee misused his position to extort \$28,375 from the owners of FNS-authorized stores that were under investigation for SNAP fraud. This sentencing followed the former employee's December 2018 indictment and subsequent conviction of one count of extortion under color of official right.

Former Health Care Employee Sentenced in Identity Theft Scheme

On April 10, 2019, in U.S. District Court, Northern District of Texas, an individual was sentenced to 42 months in prison and 24 months of supervised release and ordered to pay an \$800 special assessment fee, a monetary judgement of \$15,562, and \$44,438 in restitution. An investigation by HHS OIG revealed that a former health care employee violated the Health Insurance Portability and Accountability Act by stealing more than 1,500 identities and using some of those identities to obtain SNAP benefits from the State of Florida. She was charged in a two-count indictment with aggravated identity theft and wrongful disclosure of health information. Once contacted by HHS OIG, we investigated and found that she used 104 identities to obtain more than \$40,000 in fraudulent SNAP benefits from the Florida Department of Families and Children. In 2016, she was charged

in a three-count superseding indictment alleging: one count of aggravated identity theft; one count of theft of wrongful disclosure of health information; and one count of aiding and abetting food stamp benefit fraud. She also received a notice of criminal forfeiture for \$92,609. In 2017, she was again charged in a second superseding indictment alleging an additional seven counts of identity theft and one count of aggravated identity theft.

Individual Sentenced to Prison for Defrauding Multiple Federal Programs

On May 9, 2019, in U.S. District Court, Southern District of Ohio, an individual was sentenced to 21 months in prison and 36 months of supervised release and ordered to complete 40 hours of community service. She was also ordered to pay a \$600 fine, \$1,800 in restitution to HUD, \$32,499 in restitution to USDA, and \$327,367 in restitution to the IRS. This investigation was conducted at the request of the U.S. Attorney's Office (USAO) in order to determine if the individual submitted false statements to obtain SNAP benefits to which she was not entitled. This investigation was worked jointly with the Federal Housing Finance Administration (FHFA) OIG, HHS OIG, HUD, and IRS-CID. The investigation determined that although the woman operated two separate residential appraisal businesses and lived extravagantly, she submitted false statements to obtain \$32,499 in SNAP benefits from 2011 to 2015. The investigation further determined that she submitted false documents to FHFA, HUD, and IRS. On March 29, 2018, the SNAP recipient was charged via a 15-count indictment with false statements, making a false document, bank fraud, and aiding and assisting in the preparation of a fraudulent tax return. Rather than complying with the summons ordering her appearance in court, she twice presented falsified documents to the court that first claimed that she was hospitalized, and later incapacitated from the hospitalization, thus preventing her appearance. During this time, further investigation revealed that the hospital stay and the supporting doctor's documentation were false. Though she claimed to be indigent, she was living in an exclusive gated community in Florida and driving a luxury vehicle. In May 2018, she was charged in a 16-count superseding indictment with the above violations, as well as violations related to submitting false documents concerning her failure to appear before the court. On January 29, 2019, she was charged via a bill of information with one count of misprision of a felony regarding her false statements to the court. She subsequently pled guilty to misprision of a felony as well as three counts of false statements and two counts of aiding and assisting in the preparation of a fraudulent tax return.

Wisconsin State Employee Sentenced for Stealing PII and Creating EBT Cards

On May 31, 2019, in U.S. District Court, Western District of Wisconsin, a Wisconsin Department of Health Services employee was sentenced to 1 day in prison and 3 months to be served in transitional housing and ordered to pay restitution of \$2,972 jointly and severally with his wife. On October 11, 2018, he and his wife were charged in a 16-count indictment with stealing Federal funds and aggravated identity theft. On January 31, 2019, his wife pled guilty to four counts of theft of public money and, on April 15, 2019, she was sentenced to time served and ordered to pay a \$500 special assessment fee. The investigation revealed that the Wisconsin Department of Health Services employee used his position to steal numerous SNAP recipients' personal information and create and activate fraudulent EBT cards. He conspired with his wife to use these fraudulent EBT cards for their own personal benefit.

OTHER FNS INVESTIGATIONS

Arkansas Feeding Program Sponsor Sentenced

On September 17, 2019, in U.S. District Court, Eastern District of Arkansas, a feeding program sponsor was sentenced to 36 months of probation and ordered to pay \$178,287 in restitution after pleading guilty to misprision of felony for her role in defrauding FNS' At-Risk Afterschool component of the Child and Adult Care Food Program and SFSP. She and her co-conspirators inflated the average daily attendance of children at multiple feeding sites across Arkansas. Additionally, the feeding program sponsor conspired with a State of Arkansas employee by knowingly submitting false reimbursement claims. After she was reimbursed, she paid the employee's husband up to 50 percent of the claims. During her period of participation in the At-Risk Afterschool and SFSP, the sponsor fraudulently received \$364,393.

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

On June 17, 2019, a consultant agreed to pay the United States \$751,571 to resolve allegations that she violated the False Claims Act by causing States to submit false quality control data relating to their management of SNAP. Although FNS funds SNAP, it 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 eligibility decisions are accurate. In addition, FNS requires





The Supplemental Nutrition Assistance Program helps low-income individuals and families receive needed nutrition. Program recipients can use their benefits to shop at locations like grocery stores and farmers markets for nutritious food.

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

that the States' quality control processes: (1) measure whether benefits are awarded correctly; and (2) report accurately 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 paid performance bonuses to States that reported the lowest and most improved error rates each year and imposed monetary sanctions on States with high error rates.

Previous investigative activity determined that Virginia, Wisconsin, and Alaska 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" instead of finding errors. As a result, the error rates reported to FNS underreported the number of errors identified by quality control, thereby resulting in States receiving FNS performance bonuses to which they were not entitled. In 2017, the State agencies entered into settlement agreements in which they agreed to pay approximately \$7.1 million, \$6.9 million, and \$2.4 million, respectively, to resolve allegations they violated the False Claims Act in their administration of SNAP. The

settlement with the consultant was the result of an investigation conducted by USDA OIG; the U.S. Department of Justice, Civil Division, Commercial Litigation Branch; USAO, Western District of Wisconsin; and USAO, Eastern District of Washington.

Executive Director and Chief Executive Officer of Sponsor Organization and Owner of Catering Company Imprisoned for Defrauding CCFP

On June 26, 2019, in U.S. District Court, Southern District of Florida, the owner of a CCFP sponsoring organization was sentenced to 120 months in prison and 36 months of supervised release and ordered to pay \$13.2 million in restitution jointly and severally with her co-defendants. This sentence followed her February 2019 guilty plea to conspiracy to commit wire fraud, wire fraud, conspiracy to commit money laundering, and four counts of money laundering. Also on June 26, the owner of a catering company was sentenced to 97 months in prison and 24 months of supervised release and ordered to pay \$12.9 million in restitution jointly and severally after a jury found him guilty of conspiracy to commit wire fraud and bribery concerning a program receiving Federal funds.

Our joint investigation with USSS and IRS-CID determined that the pair defrauded CCFP. The sponsoring organization managed more than 200 unaffiliated childcare centers across Florida, and its executive director and owner conspired to falsify and inflate free and reduced-price lunch applications in connection with CCFP. In addition, from 2012 through 2016, the owner of the CCFP sponsoring organization conspired with the owner of the catering company to rig the bid process for meal catering by making materially false and fraudulent representations to CCFP in order to ensure the catering company received lucrative contract awards. The sponsoring organization knowingly and willfully accepted kickbacks from the catering company in exchange for using false and fraudulent meal pricing, bid details, and inflated monthly reimbursement claims for contracts at participating CCFP centers that the sponsoring organization managed. On April 27, 2018, the program coordinator of the sponsoring organization pled guilty to conspiracy to commit wire fraud. She was sentenced subsequently on August 10, 2018, to 84 months in prison and 36 months of supervised release and ordered to pay \$3.9 million in restitution jointly and severally.

Utah Livestock Bidder Sentenced after Bidding for Cattle Online with No Intention of Paying

On September 11, 2019, in U.S. District Court, District of Utah, a fraudulent livestock bidder was sentenced to 60 months of supervised release and ordered to pay \$140,473 in restitution. This investigation was initiated on March 13, 2018, upon receipt of a hotline complaint from AMS' Packers and Stockyards Division. The complaint alleged that a livestock company/dealer failed to remit payment for livestock that the dealer won at online auctions. OIG's investigation determined the bidder set up several fictitious companies and illegally registered those companies to bid for cattle through online auctions that occurred in at least eight different States. In a subsequent interview, the bidder stated that he never intended to buy any livestock; he devised the scheme because he was bored. Overall, the bidder won 10 auctions after placing winning bids totaling more than \$1.4 million. On March 19, 2019, he was charged via a bill of information with one count of felony false statements to which he subsequently pled guilty on May 22, 2019.

Participation on Committees, Working Groups, and Task Forces

Advanced Data Analytics Working Groups. OIG’s ODS staff participate in the Interagency Fraud and Risk Data Mining Group, the Grant Fraud Working Group, and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Data Analytics Working Group. These groups provide a forum to share ideas, knowledge, and best practices relating to the use of advanced data analytics tools and techniques in support of accomplishing the OIG oversight mission.

American Indian/Alaskan Native Working Group. CIGIE has established a working group involving OIGs that review Federal programs serving American Indian and Alaskan Native communities. This collaborative effort was initiated after several OIGs found significant weaknesses affecting programs serving these communities. Currently, the U.S. Department of the Interior, HHS, and USDA OIGs are simultaneously conducting audits of Departmental programs serving tribes in Oklahoma. Specifically, USDA OIG is reviewing the Food Distribution Program on Indian Reservations. All of these OIGs plan to complete their respective work, issue separate audit reports, and then determine if a consolidated report is appropriate.

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 2019, Talon operations were conducted in 8 States, resulting in 66 arrests. OIG combines forces with Federal, State, and local law enforcement agencies to arrest fugitives for offenses such as arson, assault, drug crimes, offenses against family and children, robbery, sex crimes, and weapons violations.

Bridge Card Enforcement Team. OIG agents continue to work with this team to investigate criminal SNAP and WIC violations. Team members include the Michigan State Police and IRS-CID. During this reporting period, we also worked with the FBI and HSI. Since 2007 to the present, our teamwork has resulted in 197 arrests and 323 search warrants. The USAOs for the Eastern and Western Districts of Michigan and the Michigan Attorney General’s Office have pursued multiple criminal prosecutions, resulting in 225 guilty pleas, lengthy prison terms, and more than \$56.8 million in court-ordered fines and restitution.

Benefits Fraud Task Forces and Councils. In Florida, one of our agents actively participates in the Government Housing Operations Special Task Force (GHOST) focusing on fraud in public housing, and another agent participates in the Jacksonville Sheriff Office’s SNAP Task Force. Similarly, in Pennsylvania, OIG participates in the State Food and Agricultural Council meetings hosted by Rural Development. In New York, the Special Agent-in-Charge works alongside FNS in the SNAP Working Group and, in California, agents participate in a SNAP Fraud Joint Investigations Group consisting of the FBI and local county social service authorities. In Rhode Island, agents actively participate in the Rhode Island Benefit Fraud Task Force hosted by the USAO for the District of Rhode Island. In California and Oregon, OIG agents participate in the Pacific Northwest Document Benefit Fraud Task Force and are active members in the California Welfare Fraud Investigators Association. OIG agents in North Carolina and Florida are also involved in their local document benefit fraud task forces. In Arizona, an OIG agent is similarly involved in the Welfare Fraud Investigations Group co-sponsored by the Attorney General’s Office and USAO for the District of Arizona. In Colorado, Idaho, Oregon, and Utah, OIG agents are active members of the Welfare Fraud Councils and Public Assistance Working Groups dedicated to upholding the integrity and spirit of public assistance programs’ rules and regulations.

Identity Fraud Task Forces. In Florida, Kansas, Missouri, and New Hampshire, OIG agents provide support to the Identity Theft Strike Force and the Identity Theft Working Group. Additionally, an OIG agent in western Pennsylvania participates in the Identity and Benefits Fraud Task Force. These groups help identify trends and leads towards combating identity theft as well as encouraging de-confliction and collaboration on investigations.

Money Laundering Task Forces. Along with representatives of Federal, State, and local law enforcement, and several USAOs, OIG agents participate on money laundering task forces in Arizona, Connecticut, Iowa, Kentucky, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, North Carolina, North and South Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, and Washington. The focus of these task forces is the money laundering aspects of various types of fraud investigations. They were formed to facilitate interagency cooperation in the assessment of fraud indicators and to provide mutual support with manpower, intelligence, and technology. In New York, an agent is an active member of the Long Island Financial Fraud Association Working Group. In Arizona, an

agent participates in the International Association of Financial Crimes Investigators. In Northern Ohio, OIG participates in the USSS' Financial Crimes Task Force, which combines Federal, State, and local law enforcement resources to investigate all types of financial fraud. The wide range of jurisdictions allows the task forces to prosecute each investigation more effectively. In Missouri and Ohio, OIG agents participate in the USAO-sponsored bankruptcy fraud working group composed of Federal, State, and local law enforcement agencies. An OIG agent in Colorado participates in the Securities Fraud Working Group.

Electronic Crimes and Organized Crime Task Forces. In California, OIG agents from the Diamond Bar office participate in the USSS High Tech Crimes Task Force for SNAP Investigations. In Sacramento, OIG agents participate in the Northern California Organized Retail Crime Association. In Arizona, agents participate in the Organized Retail Crime Association, the Electronic Crimes Task Force, and the Hot Spot Liquor Task Force. Each of these task forces targets different aspects of crime in Arizona. In Florida, OIG agents participate in the South Florida Organized Fraud Task Force and, in Illinois, agents actively participate in the Cook County State Attorney's Office Regional Organized Crime Task Force. OIG agents work with this team to investigate criminal SNAP and WIC violations. Team members include the Illinois State 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. An OIG agent in New Hampshire participates in the Financial Fraud Cybercrime Working Group headed by USSS, and an OIG agent in Georgia is OIG's representative at the Regional Organized Crime Information Center and participates in the Atlanta Metropol Fraud Group and the Georgia Department of Human Services' At-Risk Adult Crime Tactics Group.

Review of Legislation, Regulations, Directives, and Memoranda

FNS Proposed Rule on Revision of Categorical Eligibility in SNAP. In the proposed rule, FNS noted that Federal auditing organizations/agencies, including GAO and OIG, had raised program integrity concerns regarding categorical eligibility, and they specifically referred to OIG's audit report on *FNS Quality Control Process for SNAP Error Rate* (Audit Report 27601-0002-41 (September 2015)). OIG commented that the proposed rule would appear to eliminate the problem created when applicants are deemed categorically eligible for SNAP simply because they received or are eligible to receive a

nominal benefit from another Federal program. OIG raised questions regarding FNS' assumption that Temporary Assistance for Needy Family (TANF) programs would have "meaningful eligibility determinations" if the benefits being provided are "substantial and ongoing." OIG further commented that a State could provide non-cash TANF benefits that could be "substantial and ongoing," but still not have eligibility requirements similar to SNAP's. Finally, OIG noted that the removal of a limit on an applicant's gross income for certain non-cash programs could weaken internal controls and may result in inconsistent eligibility standards.

ONGOING REVIEWS

- » Use of settlement funds (FS),
- » 2017 Hurricane Relief Emergency Conservation Program (FSA),
- » Livestock Indemnity Program (FSA),
- » Wildfires and Hurricanes Indemnity Program (FSA),
- » Florida Citrus Recovery Block Grant Program (FSA),
- » 2017 emergency assistance for honeybee claims (FSA),
- » Hurricane disaster assistance—Emergency Watershed Protection Program (NRCS),
- » Controls over multiple peril crop insurance policies with additional coverage for hail (RMA),
- » Multi-family housing tenant eligibility (RHS),
- » SFH Guaranteed Loan Program—appraisal process (RHS),
- » Review of internal controls over the delivery of Nutrition Assistance Program disaster funding to Puerto Rico as a result of Hurricanes Irma and Maria (FNS),
- » Food Distribution Program on Indian Reservations (FNS),
- » Nationwide implementation of WIC EBT (FNS),
- » SNAP employment and training pilot projects (FNS),
- » SNAP waiver process (FNS),
- » Oversight of the Farmer’s Market and Local Food Promotion Program (AMS),
- » Controls over Specialty Crop Block Grant Program (AMS),

- » Plant Pest and Disease Management and Disaster Prevention Program grants (APHIS),
- » Market Facilitation Program (FSA and OCE),
- » Section 2501 Program grants awarded FY 2018 (Departmental Management (DM)), and
- » Oversight of the Agricultural Trade Program (Foreign Agricultural Service (FAS)).

GOAL 3

MANAGEMENT IMPROVEMENT INITIATIVES

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

OIG conducts audits, investigations, and other reviews that focus on areas such as improved financial management and accountability, property management, employee integrity, and the Government Performance and Results Act. The effectiveness and efficiency with which USDA manages its assets are critical. USDA depends on IT to efficiently and effectively deliver its programs and provide meaningful and reliable financial reporting. While our work related to IT security is reported under Goal 1, other IT work, primarily related to financial reporting, is reported under Goal 3.

38.0% of total direct resources devoted to Goal 3

94.1% of these resources assigned to critical-risk and high-impact work

AUDIT



9 reports issued (including 1 inspection and 4 final action verification reports)



8 recommendations (including 5 from inspection reports)

INVESTIGATIONS



7 indictments

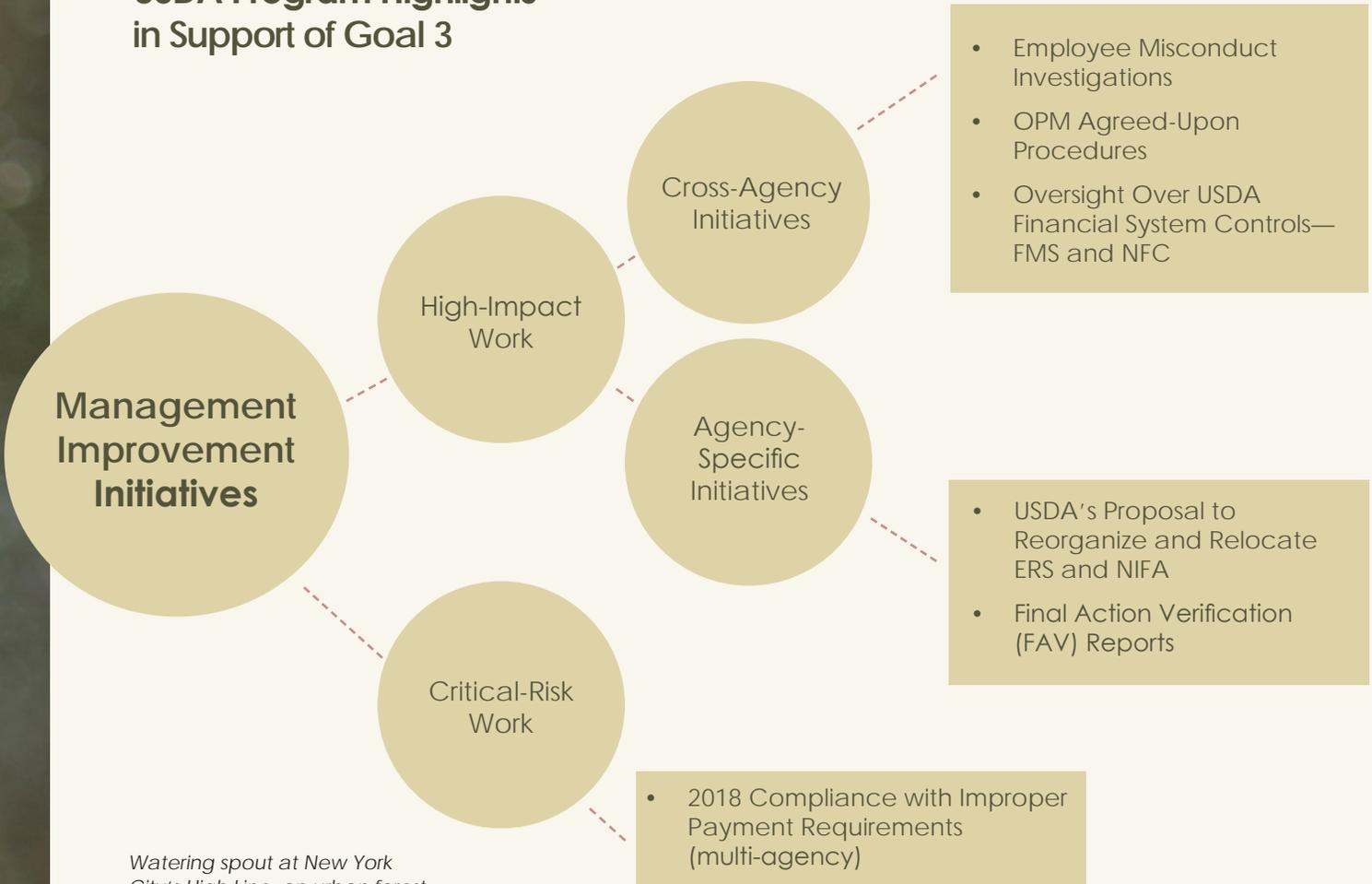
66% of closed cases resulted in action



3 convictions

\$4,154 in monetary results

USDA Program Highlights in Support of Goal 3



Watering spout at New York City’s High Line, an urban forest funded by the Forest Service. This photo is from USDA’s Flickr account. It does not depict any particular audit or investigation.

GOAL 3—MANAGEMENT IMPROVEMENT INITIATIVES

Examples of Audit and Investigative Work for Goal 3

USDA’s Proposal to Reorganize and Relocate ERS and NIFA

On August 9, 2018, USDA announced a proposal to: (1) realign ERS under OCE, which reports to the Office of the Secretary; and (2) relocate ERS and NIFA offices. In response to a Congressional request, we initiated an inspection of the Department’s legal and budgetary authority to execute these actions, and to determine the Department’s adherence to any established procedures relating to agency realignment and relocation and procedures associated with cost benefit analyses (including factors such as staff recruitment and retention, access to agency services, and cost efficiencies).

The Reorganization Plan No. 2 of 1953 provides the Department with the legal authority to realign ERS under OCE and relocate ERS and NIFA offices. However, while the General Provisions of the Consolidated Appropriations Act, 2018 (Omnibus Act) provides certain budgetary authorities to the Department, there are established limitations on such authorities to realign or relocate offices. Further, the Department has not obtained Congressional approval, as required by Section 717(a) of the Omnibus Act, and has not complied with the reporting deadline requirement in Section 753 of the Omnibus Act.

Lastly, the Department has a Departmental Regulation (DR) regarding realignment and relocation, DR-1010-01, “Organization Planning, Review, and Approval,” but stated it was not applicable in this case. We recommended that the Department evaluate the need to clarify this regulation to ensure the same procedures are followed when considering organizational changes, regardless of the agency or office proposing the change. We did not identify any other procedures applicable to agency realignments and relocations in order to be able to determine the Department’s adherence, including any procedures associated with cost benefit analyses for the actions within the scope of our review.

As noted in its response, the Department respectfully disagreed with OIG’s questioning of USDA’s budget authority regarding the relocation of ERS and NIFA. The Department stated that its actions comply fully with all applicable laws and that the budgetary provisions cited in the report requiring committee approval are unconstitutional. In addition, the response stated that the views of all three branches of Government support the Department’s position.

However, the Department's current position regarding the applicability of the committee approval provisions is not consistent with prior positions taken by the Department. To ensure consistent treatment going forward, this change should be communicated to leaders at the Sub-Cabinet and Agency levels. We accepted the Department's management decisions for four of the report's five recommendations.

FY 2018 Compliance with Improper Payment Requirements

USDA has been making progress towards fully complying with improper payment requirements as set forth by the Improper Payments Information Act of 2002, as amended. In its eighth year of reporting, we noted that

The mission of the National Institute of Food and Agriculture is to invest in and advance agricultural research, education, and extension to solve societal challenges. Here, rows of young strawberry plants grow at a grant recipient's 4-acre organic community-supported garden and farm in a low-income urban community.

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



USDA identified nine programs as susceptible to significant improper payments (high-risk) in FY 2018, which is one less than the year before. Additionally, five of USDA's nine high-risk programs were fully compliant in FY 2018, compared to three the year before. Furthermore, USDA substantially complied with four of the six improper payment requirements in FY 2018 compared to three the year before. For the high-priority programs, no issues were noted in our evaluation of USDA's reported actions to prevent and recover improper payments and the quality of improper payment estimates and methodologies used.

However, USDA continued to report noncompliance with improper payment requirements. OIG found that four of USDA's nine high-risk programs did not comply with one or both of the following requirements— meeting annual reduction targets or achieving gross improper payment rates of less than 10 percent. This occurred because the programs' corrective actions have not yielded the desired results.

We also found that USDA maintained the quality of its high-dollar overpayments reports for FY 2018. Specifically, we noted no critical declines in the accuracy, completeness, or timeliness of USDA's reporting. Though overall quality was sustained, we identified instances of duplicate and incomplete reporting in two of USDA's published quarterly high-dollar overpayments reports. While USDA maintained its overall reporting quality, we stress continued vigilance to prevent and eliminate reporting errors. The Department generally agreed with our findings and recommendations.

Statement on Standards for Attestation Engagement No. 18 Report on Controls at Financial Management Services for October 1, 2018, to June 30, 2019

An independent certified public accounting (CPA) firm examined specified controls at USDA's Financial Management Services (FMS), which provided the firm with a description of its financial systems used to process user entities' financial transactions throughout the period October 1, 2018, to June 30, 2019. The firm found that FMS' description fairly presents, in all material aspects, the financial systems that were 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 FMS' controls. The firm made no recommendations in this report.

Statement of Standards for Attestation Engagement Number 18, Report on Controls at National Finance Center for October 1, 2018, to July 31, 2019

An independent CPA firm examined specified controls at USDA's National Finance Center (NFC), which provided the firm with a description of its financial systems used to process user entities' financial transactions throughout the period October 1, 2018, to July 31, 2019. The firm found that NFC's description fairly presents, in all material aspects, the financial systems that were 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. The firm made no recommendations in this report.

Office of Personnel Management Agreed-Upon Procedures

NFC reports Federal employee benefits and enrollment information to the Office of Personnel Management (OPM) for about 100 Federal agencies. OIG assists OPM in assessing reported information; this information includes headcounts, as well as withholdings and contributions for retirement, health benefits, and life insurance.

In applying agreed-upon audit procedures, OIG identified differences through calculations, analyses, and comparisons. For example, OIG noted an employee (and/or annuitant) headcount that differed from NFC's by more than 2 percent. To address this difference, NFC is planning to take corrective actions with the goal of having the corrections in place by the March 2020 Semiannual Headcount Report. OIG also identified differences greater than 5 percent between our calculated amounts and the amounts NFC reported on the Retirement and Insurance Transfer System. NFC provided reasons for the differences. Thus, we did not make any recommendations.

FINAL ACTION VERIFICATION REPORTS

In this reporting period, OIG published four final action verification (FAV) reports. These reports determine whether the final action documentation the agency provides to the Office of the Chief Financial Officer (OCFO) supports the agency's management decision reached with OIG. Our objective with these verifications is to determine whether the documentation the agency provided to OCFO is sufficient to close the recommendations.



Taco sauce, reduced fat/reduced salt cheese, carrot sticks, and cucumber slices are some of the side selections at an elementary school cafeteria. The Food and Nutrition Service administers several programs that provide nutritious food to children, including the National School Lunch Program and the School Breakfast Program.

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

ARS U.S. Meat Animal Research Center Review

OIG determined that ARS provided sufficient documentation to OCFO to close the five recommendations we made in our September 30, 2016, audit report, *ARS—U.S. Meat Animal Research Center Review* (Audit Report 02026-0001-23). In a memorandum dated August 1, 2018, OCFO reported to ARS that it closed all of the recommendations. We concur with this decision.

FNS National School Lunch and School Breakfast Programs

OIG completed a FAV of all 10 recommendations in our April 28, 2015, report, *FNS National School Lunch and School Breakfast Programs* (Audit Report 27601-0001-41). In a memorandum dated June 21, 2016,



Flames from a prescribed "burn out" operation to help stop the main fire in the Big Windy Complex Wildlands Fire. The Forest Service performs hazardous fuels reduction.

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

OCFO reported to FNS that it closed all of the recommendations, and we concur with this decision.

FNS Controls Over SNAP Benefits for Able-Bodied Adults Without Dependents

OIG completed a FAV of all five recommendations in our September 29, 2016, report, *FNS Controls Over SNAP Benefits For Able-Bodied Adults Without Dependents* (Audit Report 27601-0002-31). In a memorandum dated July 5, 2018, OCFO reported to FNS that it closed all of the recommendations, and we concur with this decision.

FS Wildland Fire Activities—Hazardous Fuels Reduction

OIG completed a FAV of all 11 recommendations in our July 29, 2016, report, *FS Wildland Fire Activities—Hazardous Fuels Reduction* (Audit Report 08601-0004-41). In a memorandum dated September 6, 2017, OCFO reported to FS that it closed all of the recommendations, and we concur with this decision.

FNS Employee Sentenced for Stealing Federal Property

On June 14, 2019, in U.S. District Court, District of Colorado, a former FNS employee was sentenced to 60 days in prison and 100 hours of community service and a \$2,000 fine. The sentencing followed his April 2, 2019, guilty plea to 40 counts of theft of Government property. This investigation was initiated on September 13, 2017, after USDA OIG received notification from GSA OIG that it was conducting a joint investigation with the U.S. Air Force Office of Special Investigations into allegations that an FNS employee in Denver, Colorado, misused his GSA-issued fleet maintenance credit card. The investigation determined that the FNS employee, who was also an Air Force reservist, used various Air Force GSA-issued fleet maintenance credit cards to provide fuel for his private vehicles for several years. On November 15, 2018, the employee was charged with 40 counts of theft of Government funds. After being suspended from his FNS position in December 2018, the employee resigned in February 2019.

Participation on Committees, Working Groups, and Task Forces

Digital Accountability and Transparency Act Working Group and Common Methodology Subgroup. OIG auditors continue to participate in both the Federal Audit Executive Council Digital Accountability and Transparency Act (DATA Act) working group and the common methodology subgroup. The subgroup: developed a common audit methodology that was disseminated across the IG community for the FY 2019 DATA Act compliance audit; continues to monitor the Governmentwide methodology; and addresses questions from the IG community as they arise. Also, as part of the IG community, OIG coordinates its DATA Act work with GAO. Some of the recent discussions include considerations for updates to the Governmentwide DATA Act policy and the ongoing and planned GAO reviews.

CIGIE Internal Controls Working Group. An OIG auditor participates in the CIGIE Internal Controls Working Group. The purpose of this group is to aid OIGs as they implement the changes in the 2018 Revision to the Generally Accepted Government Auditing Standards.

Security, Information Sharing, and Management Committees. In Oregon and Washington, OIG agents are active members of the Contract Procurement Working Group. In Pennsylvania, agents participate on a Federal facility security committee and in the Philadelphia Crime Sharing Conference. In New Jersey and New York, an agent participates in the Federal OIG forum. In the Eastern District of Pennsylvania, an agent participates in the law enforcement executive meetings to discuss and share issues affecting the OIG community and the entire law enforcement community. In California, OIG agents participate in the Western Region IG Council, the Bay Area Federal Law Enforcement Executive Association, and the San Francisco Federal Executive Board. In the Central and Eastern Districts of California and the District of Oregon, agents are members of the USAO's "Head Fed" groups. Additionally, agents participate in the California Chapter of the Association of the Inspectors General, the Northwest Council of Inspectors General, the Rocky Mountain Inspector General Council, and the Rocky Mountain Special Agents-in-Charge Association. Within CIGIE and the Federal law enforcement community, an agent is on the CIGIE Firearms Working Group and several agents are adjunct instructors for the IG academy. Within the OIG community, OIG agents participate in the Policy Working Group Committee, the Law Enforcement Coordinating Committee, the Technical Advisory Committee, and the Peer Support

Committee. Additionally, three OIG agents from Maryland and one OIG agent from headquarters in Washington, D.C., participate in the Small Business Innovations Research Investigations Working Group spearheaded by the National Science Foundation OIG.

Public Corruption Teams. An OIG agent in Salt Lake City, Utah, is a member of the FBI's public corruption task force. The task force investigates matters involving individuals in elected, appointed, and other Government positions. In Idaho, an OIG agent participates in the Guardian Project, which coordinates law enforcement efforts between agencies whose departments have a significant financial commitment in Native American communities. This project joins forces, shares assets and responsibilities, and investigates allegations concerning contract and grant fraud. Ultimately, the goal is to investigate, uncover, prove, and prosecute those crimes as a deterrent to those who might seek to exploit the people living in Montana's Native American communities.

Financial Statement Audit Network Workgroup. OIG auditors are members of the Financial Statement Audit Network (FSAN) workgroup, whose main purpose is to provide the audit community with a forum to share ideas, knowledge, and experience concerning Federal financial statement audits. Through coordination with FSAN, OIG hosts the annual CIGIE/ GAO Financial Statement Audit Conference.

OIG auditors also reviewed: CIGIE's Draft Guide for Annual OIG Improper Payments Elimination and Recovery Act of 2010 (IPERA) reviews; CIGIE's Audit Peer Review Guide and Appendices; OMB's draft bulletin for Audit Requirements for Federal Financial Statements (previously 19-01, now 19-03); OMB's draft update for A-136, Financial Reporting Requirements; and Treasury's 2-4700 draft update for Federal Entity Reporting Requirement.

Review of Legislation, Regulations, Directives, and Memoranda

Technical Assistance to Congress. OIG provided technical assistance to Congress on items relating to cybersecurity and OIG reporting to Congress, such as frequency of reports and disclosure of sensitive information.

ONGOING REVIEWS

- » Controls over contract closeout process (FSA),
- » Review of records management phase 1 contract (NRCS),
- » Financial statements for FY 2019 (NRCS),
- » Financial statements for FYs 2019 and 2018 (Commodity Credit Corporation (CCC), FCIC/RMA, FNS, and Rural Development),
- » Consolidated financial statements for FYs 2019 and 2018 (USDA),
- » General and application controls work for financial statement audits FYs 2020 and 2019 (USDA),
- » Controls over crop insurance 508(h) products (RMA),
- » Assessment of WIC's Program Integrity and Monitoring Branch activities (FNS),
- » Consolidated report of agency and selected State agencies' controls over SFSP (FNS),
- » Contract for SNAP EBT services at farmers market and direct marketing farmers (FNS),
- » Timeliness of the disbursement of the \$600 million disaster Nutrition Assistance Grant to Puerto Rico (FNS),
- » Rulemaking process for the proposed rule on the modernization of swine slaughter inspection (FSIS),
- » Oversight of civil rights complaints (USDA),
- » 2019 compliance with the DATA Act (USDA), and

- » FAVs:
 - » Audit of next generation and legacy air tanker contract awards (FS),
 - » Implementation of the Public Health Information System for domestic inspection (FSIS),
 - » Inspection and safety protocols of ground turkey (FSIS),
 - » Review of expenditures made by the Office of the Assistant Secretary for Civil Rights (OASCR), and
 - » Management and security over USDA’s universal telecommunication network (OCIO).





INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

IG Act Section	IG Act Description	USDA OIG Reported SARC October 2019
Section 4(a)(2)	Review of Legislation and Regulations	Page 41–42, 55
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–58
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–58
Section 5(a)(3)	Significant Recommendations from Agency’s Previous Reports on Which Corrective Action Has Not Been Completed	Appendix A.10 Pages 80–92
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Appendix B.1 and B.2 Pages 111–112
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 73–76
Section 5(a)(7)	Summary of Significant Reports	Goals 1, 2, and 3 Pages 1–58
Section 5(a)(8)	Statistical Table: Questioned Costs	Appendix A.2 Page 69
Section 5(a)(9)	Statistical Table: Recommendations that Funds Be Put to Better Use	Appendix A.3 Page 70
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 77
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 110
Section 5(a)(10)(C)	Reports Without Agency Comments or Unimplemented Recommendations and Cost Savings—Funds To Be Put To Better Use and Questioned Costs	Appendix A.13 Pages 95–108
Section 5(a)(11)	Significantly Revised Management Decisions Made During the Reporting Period	Appendix A.8 Page 78
Section 5(a)(12)	Significant Management Decisions with Which the Inspector General is in Disagreement	Appendix A.9 Page 79

Section 5(a)(13)	Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996 (FFMIA)	Appendix A.11 Page 93
Section 5(a)(14) and (15)	Peer Reviews of USDA OIG	Page 61
Section 5(a)(16)	Peer Reviews Conducted by USDA OIG	Page 61
Section 5(a)17 and 5(a) 18	Additional Investigations Information	Appendix B.4 Pages 114–115
Section 5(a)19	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix B.5 Page 116
Section 5(a)(20)	Instances of Whistleblower Retaliation	Appendix B.6 Page 116
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 117
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 94, 109, and 118

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

- » Performance measures,
- » Participation on committees, working groups, and task forces,
- » Program improvement recommendations, and
- » Hotline complaint results.¹

National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	Appendix A.4 Page 71
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¹ In previous SARC's, OIG reported Freedom of Information Act (FOIA) activities in a separate appendix. Data on OIG's FOIA activities for the most recent fiscal year may now be found in the comprehensive USDA annual FOIA reports on USDA's webpage (<https://www.dm.usda.gov/foia/reading.htm#reports>).

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

In August 2018, the U.S. Treasury IG for Tax Administration issued its final report on the peer review it conducted of USDA OIG’s Office of Audit. USDA OIG received a grade of “pass”—the best evaluation an audit organization can receive. That report included no recommendations and no letter of comment.

Investigations

In June 2019, the U.S. Department of Labor OIG conducted an external peer review of the USDA OIG’s system of internal safeguards and management procedures for the investigative function for the period ending April 2019. That peer review, which has been preliminarily completed, found USDA OIG to be compliant and did not identify any findings or deficiencies. Issuance of a final report is anticipated in early FY 2020.

Peer Reviews Conducted by USDA OIG

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

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.

PERFORMANCE RESULTS UNDER OUR STRATEGIC GOALS

PERFORMANCE MEASURES	FY 2018 ACTUAL	FY 2019 TARGET	FY 2019 2nd Half ACTUAL	FY 2019 FULL YEAR
OIG direct resources dedicated to critical-risk and high-impact activities	98.2%	96%	96.2%	97.1%
Audit recommendations where management decisions are achieved within 1 year	94.8%	95%	100%	100%
Mandatory, Congressional, Secretarial, and Agency-requested audits initiated where the findings and recommendations are presented to the auditee within established or agreed-to timeframes (includes verbal commitments)	100%	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	91.9%	85%	97.3%	97.6%
Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result	88.4%	80%	88.8%	88.6%

OIG ACCOMPLISHMENTS FOR FY 2019, SECOND HALF (APRIL 1, 2019–SEPTEMBER 30, 2019)

SUMMARY OF AUDIT ACTIVITIES	FY 2019 2nd Half
Number of Final Audit Reports	17
Number of Inspection Reports	1
Number of Final Report Recommendations (60 program improvements/14 monetary)	74
Number of Inspection Report Recommendations (5 program improvements/0 monetary)	5
Number of FAV Reports	4
<hr/>	
Total Dollar Impact of Reports at Issuance (Millions)	\$2,220.4
Questioned / Unsupported Costs (Millions)	\$2,214.0
Funds to Be Put to Better Use (Millions)	\$6.4
<hr/>	
Management Decisions Reached	
Number of Final Reports	14
Number of Final Report Recommendations (89 program improvements/17 monetary)	106
<hr/>	
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2019 2nd Half
Reports Issued	95
Indictments	209
Convictions	202
Arrests	249
Administrative Sanctions	349
Total Dollar Impact (Millions)	\$215.3

OIG ACCOMPLISHMENTS FOR FY 2019, FULL YEAR (OCTOBER 1, 2018–SEPTEMBER 30, 2019)

SUMMARY OF AUDIT ACTIVITIES	FY 2019 Full Year
Number of Final Audit Reports	33
Number of Inspection Reports	1
Number of Final Report Recommendations (156 program improvements/29 monetary)	185
Number of Inspection Report Recommendations (5 program improvements/0 monetary)	5
Number of FAV Reports	4
Total Dollar Impact of Reports at Issuance (Millions)	\$2,222.8
Questioned / Unsupported Costs (Millions)	\$2,215.4
Funds to Be Put to Better Use (Millions)	\$7.4
Management Decisions Reached	
Number of Final Reports	26
Number of Final Report Recommendations (158 program improvements/30 monetary)	188
Number of Interim Reports	1
Number of Interim Report Recommendations (7 program improvements/0 monetary)	7
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2019 Full Year
Reports Issued	163
Indictments	384
Convictions	451
Arrests	469
Administrative Sanctions	469
Total Dollar Impact (Millions)	\$289.1

APPENDIX A: AUDIT TABLES

Appendix A.1: Activities and Reports Issued

Summary of Audit Activities, April 1, 2019–September 30, 2019

Reports Issued: 17	Audits Performed by OIG	15
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	2
Management Decisions Made: 106	Number of Reports	14
	Number of Recommendations	106
Total Dollar Impact (Millions) of Management-Decided Reports: \$2,209.8	Total Questioned/Unsupported Costs	\$2,207.2 ^{a,b}
	—Recommended for Recovery	\$0.9
	—Not Recommended for Recovery	\$2,206.3
	Funds to Be Put to Better Use	\$2.6

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

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

Summary of Inspection Reports Issued, April 1, 2019–September 30, 2019

OIG issued 1 Inspection Report during this reporting period.

Reports Issued: 1	Inspections Performed by OIG	1
Management Decisions Made: 0	Number of Reports	0
	Number of Recommendations	0
Total Dollar Impact (Millions) of Management-Decided Reports: \$0	Total Questioned/Unsupported Costs	0
	—Recommended for Recovery	0
	—Not Recommended for Recovery	0
	Funds to Be Put to Better Use	0

Summary of FAV Reports Issued, April 1, 2019– September 30, 2019

FAV reports determine whether the final action documentation the agency provides to OCFO supports the agency’s management decision reached with OIG. Our objective with these verifications is to determine whether the documentation the agency provided to OCFO is sufficient to close the recommendations.

Reports Issued: 4

Performed by OIG

4

Appendix A.2: Inventory of Final Audit Reports with Questioned Costs and Loans (April 1, 2019–September 30, 2019)

Category	No.	Questioned Costs and Loans	Unsupported ^a Costs and Loans
Reports for which no management decision had been made by April 1, 2019 ^b	2	\$1,045,924	\$776,083
Reports which were issued during the reporting period	5	\$2,213,980,210	\$466,107
Total Reports with Questioned Costs and Loans	7	\$2,215,026,134	\$1,242,190
Of the 7 reports, those for which management decision was made during the reporting period	5	Recommended for recovery	\$873,097
		Not recommended for recovery	\$2,206,359,021
		Costs not disallowed	\$0
Of the 7 reports, those for which no management decision has been made by the end of this reporting period	2	\$7,794,016	\$632,687

^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, 2019 ^a	0	\$0	
Reports which were issued during the reporting period	1	\$6,449,227	
Total Reports with Recommendations that Funds Be Put to Better Use	1	\$6,449,227	
Of the 1 report, those for which management decision was made during the reporting period	1	Disallowed costs	\$2,561,137
		Costs not disallowed	\$3,888,090
Of the 1 report, those for which no management decision has been made by the end of this reporting period	0	\$0	

^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, 2019, through September 30, 2019.

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 65 program improvement recommendations, and management agreed to implement 89 recommendations that were issued this period or earlier. Examples of such 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):

- » Office of Human Resources Management, in coordination with OCIO, needs to define improper usage activity and develop and implement a process, documented via policy, for ensuring all parties (supervisors, HR personnel, and agencies' IT and incident handling teams) are properly notified of improper usage incidents.
- » In the new online application system for broadband grants and loans within the Telecommunications Programs area, RUS should incorporate the ability to identify and track loans and grants made to Native American communities in SUTAs and document whether SUTA provisions were applied to these loans and grants.
- » In accordance with OMB guidance, within 90 days of the determination of noncompliance with improper payment requirements, FSA should submit a plan to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Reform, and OMB describing the actions that the agency will take to make the Livestock Forage Program compliant.

Appendix A.6: Audit Reports

OIG issued 17 audit reports, including 2 performed by others. The following is a summary of those audit products by agency:

Audit Report Totals

Total Funds to Be Put to Better Use	\$6,449,227
Total Reports with Questioned Costs and Loans ^a	\$2,213,980,210

^a Unsupported values of \$466,107 are included in the questioned values.

Summary of Audit Reports Released from April 1, 2019–September 30, 2019

Agency Type	Audits Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Audit	13	\$2,213,980,210	\$466,107	\$6,449,227
Multi-Agency Audit	4	\$0	\$0	\$0
Total Completed Under Contract ^b	2	\$0	\$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 Inspection Reports Released from April 1, 2019–September 30, 2019

Agency Type	Inspections Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Audit	1	\$0	\$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, 2019–September 30, 2019

Report Number	Report Type	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
ARS: Agricultural Research Service					
02601-0001-24	PA	09/30/2019	ARS' AWA Controls to Prevent Mistreatment of Animals Used For Researching Parasitic Diseases		
Total: 1					
FNS: Food and Nutrition Service					
27004-0001-31	PA	08/26/2019	Florida's Controls Over SFSP	\$495,907	
Total: 1					
FS: Forest Service					
08702-0001-41	PA	09/05/2019	FS' Controls Over its 2018 Supplemental Disaster Appropriations		
Total: 1					
Multi-Agency					
50024-0014-11	PA	05/31/2019	USDA's FY 2018 Compliance with Improper Payment Requirements		
50024-0003-22	PA	06/24/2019	AGI Compliance Verification Process		
50501-0020-12	PA	06/27/2019	Improper Usage of USDA IT Resources		
50501-0021-12	PA	08/01/2019	Data Encryption Controls Over PII on USDA IT Systems		
Total: 4					
NIFA: National Institute of Food and Agriculture					
13601-0001-22	PA	08/07/019	NIFA Formula Grant Programs' Controls Over Fund Allocations to States	\$7,125,282	
Total: 1					
NRCS: Natural Resources Conservation Service					
10601-0006-31	PA	09/18/2019	NRCS ER		

Report Number	Report Type	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
10601-0005-31	PA	09/24/2019	EQIP Payment Schedules	\$2,161,169,375	
10601-0007-31	PA	09/26/2019	ACEP—Application Process and Selection Priorities		
Total: 3					
OCFO: Office of Chief Financial Officer					
11403-0002-12	FA	09/19/2019	Statement on Standards for Attestation Engagement No. 18 Report on Controls at FMS for October 1, 2018, to June 30, 2019		
11403-0001-12	FA	09/25/2019	Statement on Standards for Attestation Engagement No. 18 Report on Controls at NFC for October 1, 2018, to July 31, 2019		
11401-0004-31	FA	09/27/2019	Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to OPM FY 2019		
Total: 3					
RMA: Risk Management Agency					
05601-0006-31	PA	07/26/2019	Annual Forage Program and Followup on PRF Program Recommendations	\$43,039,972	
Total: 1					
RHS: Rural Housing Service					
04601-0001-23	PA	08/12/2019	SFH Guaranteed Loan Program—Liquidation Value Appraisals	\$2,149,674	\$6,449,227
Total: 1					

Report Number	Report Type	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
RUS: Rural Utilities Service					
09601-0002-31	PA	06/27/2019	Infrastructure Funding for SUTAs		
Total: 1					
Grand Total: 17				\$2,213,980,210	\$6,449,227

*Performance Audits (PA), Financial Audits (FA).

Inspection Reports Released and Associated Monetary Values from April 1, 2019–September 30, 2019

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
DM: Departmental Management					
91801-0001-23	IE	08/01/2019	USDA's Proposal to Reorganize and Relocate ERS and NIFA		
Total: 1					
Grand Total: 1					

*Inspections & Evaluations (IE).

FAV Reports Released from April 1, 2019–September 30, 2019

Report Number	Report Type*	Release Date	Title
02026-0001-23	FAV	07/23/2019	FAV—ARS—U.S. Meat Animal Research Center Review
27026-0001-41	FAV	09/26/2019	FAV—FNS—Controls Over SNAP Benefits for Able-Bodied Adults Without Dependents
27026-0001-31	FAV	09/30/2019	FAV—FNS—National School Lunch and School Breakfast Programs
08026-0001-31	FAV	09/27/2019	FAV—FS—Wildland Fire Activities Hazardous Fuels Reduction
Grand Total: 4			

* Final Action Verification (FAV) report.

Appendix A.7: Management Decisions

The following audit did not have management decisions made within the 6-month limit imposed by Congress.

Audit Reports 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	06/28/2018	NRCS Regional Conservation Partnership Program Controls	\$668,734	\$36,047
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

There are no significantly revised management decisions for this reporting period.

Appendix A.9: Significant Management Decisions with Which the IG is in Disagreement

There are no significant management decisions the IG is in disagreement with for this reporting period.

Appendix A.10: List of OIG Audit Reports with Recommendations Pending Corrective Action for Period Ending September 30, 2019, by Agency

Grand Total	Total Number of Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)
	351	61	282	8

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
AMS: Agricultural Marketing Service							
03601000241	AMS Commodity Purchases for International Food Assistance Programs	09/26/2018	2		2		Pending Final Action: 4, 6
30601000121	Controls Over Inspection of Exported Grain	12/13/2018	1		1		Pending Final Action: 2
Total			3		3		
ARS: Agricultural Research Service							
506010006TE	Controls Over Plant Variety Protection and Germplasm Storage	02/10/2006	3		3		Pending Final Action: 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			4		4		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
APHIS: Animal and Plant Health Inspection Service							
33099000123	Texas Boll Weevil Eradication Foundation Cooperative Agreement	05/31/2018	6	1	5		Pending Collection: 3 Pending Final Action: 1, 2, 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	2		2		Pending Final Action: 2, 8
506010008TE	APHIS Controls Over Issuance of Genetically Engineered Organism Release Permits	12/08/2005	3		3		Pending Final Action: 1, 2, 3
Total			12	1	11		
CCC: Commodity Credit Corporation							
06401000511	CCC's Financial Statements for FYs 2015 and 2014	02/12/2016	3		3		Pending Final Action: 16, 18, 19
06403000111	CCC's Financial Statements for FY 2018	11/09/2018	10		10		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Total			13		13		
DM: Departmental Management							
50099000321	USDA's Management Over the Misuse of Government Vehicles	09/18/2018	12		12		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50601000323	Office of Small and Disadvantaged Business Utilization's Controls Over the Eligibility of Contract Recipients	09/28/2018	3		3		Pending Final Action: 1, 2, 3
91801000123	USDA's Proposal to Reorganize and Relocate ERS and NIFA	08/01/2019	5		4	1	Pending Final Action: 1, 2, 3, 5 Pending Management Decision: 4
Total			20		19	1	
FSA: Farm Service Agency							
030060001TE	1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX	01/02/1996	1	1			Pending Collection: 1A
030990181TE	FSA Payment Limitation Review in Louisiana	05/09/2008	1	1			Pending Collection: 2
03601000122	FSA 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	1		1		Pending Final Action: 5
03601000231	Agricultural Risk Coverage and Price Loss Coverage Programs	09/20/2018	5		5		Final Action: 1, 2, 3, 6, 7

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
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	1	1			Pending Collection: 2
036010023KC	Hurricane Relief Initiative: Livestock Indemnity and Feed Indemnity Programs	02/02/2009	1	1			Pending Collection: 4
036010028KC	Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments Program	05/30/2012	3	3			Pending Collection: 16, 21, 24
03702000132	FSA Livestock Forage Program	12/10/2014	2	1	1		Pending Collection: 2 Pending Final Action: 10
500990011SF	NRCS and FSA: Crop Bases on Lands with Conservation Easement—State of California	08/27/2007	1	1			Pending Collection: 2
506010015AT	Hurricane Indemnity Program—Integrity of Data Provided by RMA	03/31/2010	1	1			Pending Collection: 5
Total			25	13	12		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
FNS: Food and Nutrition Service							
27004000123	New York's Controls Over SFSP	09/24/2018	18	6	12		Pending Collection: 5, 6, 7, 8, 9, 15 Pending Final Action: 1, 2, 3, 4, 10, 11, 12, 13, 14, 16, 17, 18
27004000131	Florida's Controls Over SFSP	08/26/2019	23	5	18		Pending Collection: 9, 11, 14, 20, 21 Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 10, 13, 15, 16, 17, 18, 19, 22, 23, 24
27004000141	California's Controls Over SFSP	11/05/2018	9	5	4		Pending Collection: 15, 16, 17, 18, 25 Pending Final Action: 1, 9, 10, 20
27004000321	SFSP in Texas—Sponsor Costs	03/14/2019	19	5	14		Pending Collection: 5, 6, 7, 8, 9 Pending Final Action: 1, 2, 3, 4, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19
27004000321(1)	SFSP—Texas Sponsor Cost—Interim Report	09/07/2017	2	1	1		Pending Collection: 1 Pending Final Action: 2

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27004000421	Texas' Controls Over SFSP	03/14/2019	17	3	14		Pending Collection: 10, 11, 17 Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16
27601000131	FNS: Controls for Authorizing SNAP Retailers	07/31/2013	3		3		Pending Final Action: 9, 10, 11
27601000241	FNS Quality Control Process for SNAP Error Rate	09/23/2015	2		2		Pending Final Action: 1, 11
27601000310	New Mexico's Compliance with SNAP Certification of Eligible Households Requirements	09/27/2016	8	4	4		Pending Collection: 2, 11, 13, 16 Pending Final Action: 5, 9, 14, 18
27601000441	FNS Controls Over SFSP	03/27/2018	1		1		Pending Final Action: 3
27601000810	Georgia's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	06/14/2017	2	1	1		Pending Collection: 4 Pending Final Action: 3
27601001010	Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	08/09/2017	2	1	1		Pending Collection: 2 Pending Final Action: 1

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27601001110	South Carolina's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	09/14/2017	5	2	3		Pending Collection: 4, 7 Pending Final Action: 1, 5, 8
27601001210	Washington's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	09/28/2017	3		3		Pending Final Action: 1, 6, 7
27601001310	Compilation Report of States' Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	12/19/2017	4		4		Pending Final Action: 1, 2, 3, 5
27601001910	Compilation Report of States' Compliance With Requirements for the Issuance and Use of SNAP Benefits (7 CFR Part 274)	09/28/2018	3		3		Pending Final Action: 1, 2, 3
Total			121	33	88		
FSIS: Food Safety and Inspection Service							
24016000123	FSIS Followup on the 2007 and 2008 Audit Initiatives	06/07/2017	6		6		Pending Final Action: 3, 4, 7, 12, 13, 17
24601000322	FSIS' Compliance with Written Recall Procedures	03/26/2019	2		2		Pending Final Action: 1, 2

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
506010006HY	Assessment of USDA's Controls to Ensure Compliance with Beef Export Requirements	07/15/2009	1		1		Pending Final Action: 2
Total			9		9		
FAS: Foreign Agricultural Service							
07601000122	Private Voluntary Organization Grant Fund Accountability	03/31/2014	4		4		Pending Final Action: 1, 2, 6, 10
07601000141	FAS' Export Credit Guarantee Program	07/13/2018	2		2		Pending Final Action: 1, 2
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 U.S. Agency for International Development to USDA for Afghanistan	02/06/2014	2		2		Pending Final Action: 1, 2
Total			18		18		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
FS: Forest Service							
08016000123	Review of FS Controls Over Explosives and Magazines	12/01/2017	4		4		Pending Final Action: 4, 6, 7, 8
08601000841	FS Initiatives to Address Workplace Misconduct	02/11/2019	3		3		Pending Final Action: 2, 3, 4
08601000941	FS Controls Over its Contract Closeout Process	12/18/2018	4		4		Pending Final Action: 1, 5, 6, 7
08702000141	FS' Controls Over Its 2018 Supplemental Disaster Appropriations	09/05/2019	2		2		Pending Final Action: 1, 2
Total			13		13		
Multi-agency							
50601000322	Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS	01/27/2017	1		1		Pending Final Action: FSA, NRCS, RMA: 2
50701000121	USDA Agency Activities for Agroterrorism Prevention, Detection, and Response	09/12/2018	9		9		Pending Final Action: APHIS: 1, 4, 5, 9, 10 ARS: 2, 6, 7, 11
50703000123	American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program	10/18/2013	1	1			Pending Collection: FSA: 9
50024000322	AGI Compliance Verification Process	06/24/2019	1		1		Pending Final Action: 2

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50024001411	USDA's FY 2018 Compliance with Improper Payment Requirements	05/31/2019	3		3		Pending Final Action: FSA: 1, 2 OCFO: 3
Total			15	1	14		
NIFA: National Institute of Food and Agriculture							
13601000122	NIFA Formula Grant Programs' Controls Over Fund Allocations to States	08/07/2019	11	1	7	3	Pending Collection: 2 Pending Final Action: 1, 5, 7, 8, 9, 10, 11 Pending Management Decision: 3, 4, 6
Total			11	1	7	3	
NRCS: Natural Resources Conservation Service							
10099000123	Controls Over the CIG Program	09/11/2018	13	3	10		Pending Collection: 3, 6, 9 Pending Final Action: 1, 2, 4, 5, 7, 8, 10, 11, 12, 13
10401000911	NRCS' Balance Sheet for FY 2017	11/13/2017	2		2		Pending Final Action: 1, 3
10403000111	NRCS' Balance Sheet for FY 2018	11/15/2018	1		1		Pending Final Action: 2
10601000132	Controls Over the Conservation Stewardship Program	09/27/2016	8	4	4		Pending Collection: 7, 16, 21, 26 Pending Final Action: 5, 6, 20, 25

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
10601000231	NRCS Conservation Easement Compliance	07/30/2014	3		3		Pending Final Action: 1, 5, 10
10601000431	NRCS Regional Conservation Partnership Program Controls	06/28/2018	4		3	1	Pending Final Action: 1, 2, 3 Pending Management Decision: 4
10601000431(2)	NRCS Regional Conservation Partnership Program Controls—Interim Report	11/13/2017	2	1	1		Pending Collection: 2 Pending Final Action: 1
10601000531	EQIP Payment Schedules	09/24/2019	6	2	4		Pending Collection: 1, 4 Pending Final Action: 2, 3, 5, 6
10601000631	NRCS ER	09/18/2019	2		2		Pending Final Action: 1, 2
10601000731	ACEP—Application Process and Selection Priorities	09/26/2019	1		1		Pending Final Action: 1
Total			42	10	31	1	
OHSEC: Office of Homeland Security							
61701000121	Agroterrorism Prevention, Detection, and Response	03/27/2017	4		4		Pending Final Action: 1, 2, 5, 13
Total			4		4		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
OCFO: Office of the Chief Financial Officer							
50016000123	Implementation of Suspension and Debarment Tools in USDA	09/28/2017	3		3		Pending Final Action: 1, 6, 8
50401001311	USDA's Consolidated Balance Sheet for FY 2017	11/15/2017	1		1		Pending Final Action: 1
Total			4		4		
OCIO: Office of the Chief Information Officer							
50501001712	Security Over Select USDA Agencies' Networks and Systems	09/28/2018	3		3		Pending Final Action: 1, 2, 3
50501001812	USDA, OCIO, FY 2018 FISMA	10/12/2018	4		4		Pending Final Action: OBPA: 1 OCIO: 6, 7, 8
50501002012(1)	Improper Usage of USDA's IT Resources	06/27/2018	7		7		Pending Final Action: 1, 2, 3, 4, 5, 6, 7
50501002012	Improper Usage of USDA's IT Resources	06/27/2019	6		6		Pending Final Action: APHIS: 4 ARS: 3 FS: 5 OCIO: 2, 6 Office of Human Resources Management: 1

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50501002112	Data Encryption Controls Over PII on USDA IT	08/01/2019	2			2	Pending Management Decision: 1, 2
Total			22		20	2	
RMA: Risk Management Agency							
05601000322	Actual Revenue History Underwriting for Sweet Cherries	04/09/2018	1		1		Pending Final Action: 3
05601000531	RMA's Utilization of Contracted Data Mining Results	12/19/2017	2		2		Pending Final Action: 1, 2
05601-0006-31	Annual Forage Program and Followup on PRF Program Recommendations	07/26/2019	3	1	2		Pending Collection: 4 Pending Final Action: 1, 2
Total			6	1	5		
RHS: Rural Housing Service							
04601000123	SFH Guaranteed Loan Program—Liquidation Value Appraisals	08/12/2019	6	1	5		Pending Collection: 1 Pending Final Action: 2, 3, 4, 5, 6
Total			6	1	5		
RUS: Rural Development							
09601000241	Infrastructure Funding for SUTAs	06/27/2019	3		2	1	Pending Final Action: 1, 2 Pending Management Decision: 3
Total			3		2	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) of 1996 requires agencies to assess annually whether their financial systems comply substantially with: (1) Federal Financial Management System Requirements; (2) applicable Federal accounting standards; and (3) the U.S. Standard General Ledger at the transaction level. In addition, the Federal Information Security Modernization Act (FISMA) requires each agency to report significant information security deficiencies relating to financial management systems as a lack of substantial compliance with FFMIA. FFMIA also requires auditors to report in their annual Chief Financial Officer's Act financial statement audit reports whether financial management systems substantially comply with FFMIA's system requirements.

During the first half of FY 2019, we issued our annual financial statement reports for FY 2018 and addressed USDA's 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 to work to meet FFMIA and FISMA objectives. We concurred with the Department's assessment and discussed the compliance issues in our audit report on the Department's Consolidated Financial Statements for FY 2018. 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 U.S. Standard General Ledger.

Appendix A.12: Canceled Audits

We have not canceled any audits during 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

We have no reports without agency comment for this reporting period. USDA agencies had 69 outstanding recommendations with a potential value of \$2.2 billion. 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			\$2,245,642,650
APHIS			
33099000123	<i>Texas Boll Weevil Eradication Foundation [TBWEF] Cooperative Agreement</i>		
	Collect the \$1,472 from TBWEF in FY 2015 Federal funding that TBWEF used on expenses incurred in FY 2014.	05/31/2018	\$1,472
FNS			
27004000321(1)	<i>SFSP—Texas Sponsor Audit Interim Report</i>		
	Ensure that the Texas Department of Agriculture (TDA) reviews records supporting the \$110,670 paid in program year 2016 to the two sponsors, and recover funds paid to the two sponsors for costs that TDA determines not supported and allowable.	09/07/2017	\$110,670

Report #	Recommendation Cited	Management Decision Date	Released Amount
27601000310	<i>New Mexico's Compliance with SNAP Certification of Eligible Households Requirements</i>		
	Require New Mexico HSD [Human Services Department] verify enrollment and/or exemption, as applicable, for the four student cases identified, and if it is determined the students were ineligible, require HSD to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$2,194
	Require New Mexico HSD review the two identified cases and verify income to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$6,721
	Require New Mexico HSD review the identified case to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$163
	Require HSD review the two cases identified to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$2,900
27601000241	<i>FNS Quality Control Process for SNAP Error Rate</i>		
Amend FNS QC [quality control] policies and procedures (including FNS Handbook 310) to require the error tolerance threshold not be applied when calculating the SNAP recipient's reportable error amount until all variances (including those permitted by SNAP policy) have been properly identified and accounted for during the QC process.	04/06/2016	\$5,568,534	
27601000810	<i>Georgia's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)</i>		
Require Georgia Division of Family and Children Services to review the two identified individuals who potentially received benefits while incarcerated for over 30 days and determine if payments were improper and warrant establishment of a claim.	06/14/2017	\$1,427	

Report #	Recommendation Cited	Management Decision Date	Released Amount
27601001010	<i>Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)</i>		
	Require PA . . . [Department of Human Services] to review the three identified cases that received benefits while incarcerated for over 30 days and determine if payments were improper and warrant establishment of a claim.	08/09/2017	\$969
27601001110	<i>South Carolina's Compliance with SNAP Requirements For Participating State Agencies (7 CFR)</i>		
	Require South Carolina Department of Social Services (SC DSS) to review the 10 cases where individuals may have been incarcerated for over 30 days and included in a SNAP household to determine if payments were improper and warrant the establishment of a claim.	09/14/2017	\$1,955
	Require SC DSS to review the seven cases identified where an individual who may have been deceased was issued benefits to determine if payments were improper and warrant the establishment of a claim.	09/14/2017	\$24,254
27004000123	<i>New York's Controls Over SFSP</i>		
	Direct the State agency to work with FNS to confirm the OIG-identified questionable costs (\$18,394) and to recover any disallowed costs from the SFSP sponsors.	09/24/2018	\$18,394

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the State agency to confirm the OIG-identified unsupported costs (\$48,157) and to recover any disallowed costs from the SFSP sponsors.	09/24/2018	\$48,157
	Direct the State agency to confirm the OIG-identified questionable reimbursements (\$630) and to recover any disallowed reimbursements from the SFSP sponsors.	09/24/2018	\$630
	Direct the State agency to confirm the OIG-identified questionable meal reimbursements (\$2,911) and recover any disallowed reimbursements from the SFSP sponsors.	09/24/2018	\$2,911
	Direct the State agency to work with FNS to take action to correct Sponsor E's status and to recover any disallowed reimbursements (totaling \$26,037) from the SFSP sponsor.	09/24/2018	\$26,037
	Direct the State agency to recover SFSP funds in the amount of \$260 for questionable reimbursements for overclaimed meals.	09/24/2018	\$260
27004000131	<i>Florida's Controls Over SFSP</i>		
	Direct the State agency to review Sponsor E's unsupported meal claims, which we identified as totaling \$385,301, and recover disallowed reimbursements, as applicable.	08/26/2019	\$385,301
	Direct the State agency to review Sponsor C for its unsupported reimbursements based on meal count errors, which we identified as totaling \$80,806, and recover disallowed reimbursements, as applicable.	08/26/2019	\$80,806
	Direct the State agency to review Sponsor A's and D's questioned costs, which we identified as totaling \$27,063, and replenish the disallowed costs to the program, as applicable.	08/26/2019	\$27,063

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the State agency to review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. The State agency should recover any reimbursements paid to sponsors, as applicable.	08/26/2019	\$2,430
	Direct the State agency to review whether the SFSP sponsors received \$307 for reimbursements that should have been disallowed during State agency site reviews in 2016. The State agency should recover any reimbursements paid to sponsors, as applicable.	08/26/2019	\$307
27004000141	<i>California's Controls Over SFSP</i>		
	Direct the State agency to confirm the sponsor questionable costs totaling \$214,441 identified by OIG, and recover any disallowed costs from the SFSP sponsors.	11/05/2018	\$214,441
	Direct the State agency to confirm the sponsor unsupported costs totaling \$100,536 identified by OIG, and recover any disallowed costs from the SFSP sponsors.	11/05/2018	\$100,536
	Direct the State agency to confirm the sponsor questionable meal claims totaling \$18,923 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	11/05/2018	\$18,923
	Direct the State agency to confirm the sponsor unsupported meal claims totaling \$42,860 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	11/05/2018	\$42,860
	Direct the State agency to confirm whether the sponsors claimed any of the OIG-identified questionable, non-reimbursable meals counted by the sites. If the sponsor claimed these meals, direct the State agency to recover the \$430 in questionable meal claims.	11/05/2018	\$430

Report #	Recommendation Cited	Management Decision Date	Released Amount
27004000321	<i>SFSP in Texas—Sponsor Costs</i>		
	Direct the State agency to review questioned costs of \$646,037 related to 217,040 non-reimbursable meals associated with the eight sponsors in our audit and recover costs determined to be unsupported. Where necessary, declare identified sponsors seriously deficient and, if the deficiencies are not fully and permanently corrected, terminate their participation in SFSP.	03/14/2019	\$646,037
	Direct the State agency to review unsupported costs of \$13,705 associated with the eight sponsors in our audit and recover costs determined to be unsupported.	03/14/2019	\$13,705
	Request the State agency to review unallowable costs of \$9,960 associated with the eight sponsors in our audit and recover costs determined to be unsupported.	03/14/2019	\$9,960
	Direct the State agency to review questioned costs of \$34,506 paid to the sponsors in our audit that claimed 9,214 nonreimbursable meals and recover costs determined to be unsupported.	03/14/2019	\$34,506
	Direct the State agency to determine if the other nine sponsors claimed \$33,397 in nonreimbursable meals identified by our audit. The State agency should recover any amount it determines is unallowable.	03/14/2019	\$33,397
27004000421	<i>Texas' Controls Over SFSP</i>		
	Direct the State agency to review the sponsors' unsupported meals claimed totaling \$28,201 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	03/14/2019	\$28,201
	Direct the State agency to review the sponsors' questionable costs totaling \$253,369 identified by OIG, and recover any disallowed expenditures from the sponsors.	03/14/2019	\$253,369

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Direct the State agency to determine if the four identified sponsors received approximately \$201 in reimbursements for the 53 meals we identified as nonreimbursable during site observations. The State agency should recover any reimbursements paid to sponsors for those nonreimbursable meals identified by our review.	03/14/2019	\$201
FS			
08601000941	<i>FS Controls Over its Contract Closeout Process</i>		
	Develop and implement a mechanism to nationally track FS' contract closeout and deobligation status.	03/14/2019	\$984,423
FSA			
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 was questioned. Take administrative action to recover payments on cases that are not handled through the legal system.	07/01/2002	\$2,203,261
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).	01/12/2001	\$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.)	01/12/2001	\$52,106

Report #	Recommendation Cited	Management Decision Date	Released Amount
	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.)	01/12/2001	\$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.	01/15/2009	\$1,290,147
036010012AT	<i>Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas</i>		
	Instruct Kentucky, North Carolina, South Carolina, and Virginia to require the 5 [county offices] COs to review the 14 contracts where applicants did not meet FSA's eligibility requirements and take appropriate recovery actions to collect \$119,568 of improper payments made in FYs 2005, 2006, and 2007.	02/26/2008	\$119,568
030990181TE	<i>FSA 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.)	01/30/2009	\$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.	03/16/2011	\$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 [HIP] 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 Recommendation 6 in report, but coded as part of Recommendation 5). 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.	09/30/2010	\$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.	09/20/2012	\$3,352

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Require, through direction to the appropriate State offices, that [COs] 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.	09/20/2012	\$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.	09/20/2012	\$95,675
50703000123	<i>American Recovery and Reinvestment Act Trade Adjustment Assistance for Farmers Program</i>		
	Collect Trade Adjustment Assistance for Farmers Program payments, totaling \$84,000, from those producers whose self-certification was not supported by their records submitted to OIG.	09/10/2014	\$84,000
03702000132	<i>Livestock Forage Program</i>		
	Review and recover improper overpayments of \$358,956 due to errors in calculating Livestock Forage Program payments.	09/18/2015	\$358,956
NIFA			
13601000122	<i>NIFA Formula Grant Programs' Controls Over Fund Allocations to States</i>		
	Develop and implement policy and procedures for effectively performing and reviewing calculations of funding allocations to ensure accuracy.	08/07/2019	\$600,510
NRCS			
10099000123	<i>Controls Over Conservation Innovation Grants [CIG]</i>		
	Obtain and assess missing quarterly and semiannual reports from the 35 CIGs reviewed and determine if \$4,366,090 in CIG funds were paid out appropriately or if funds should be recovered. If CIG funds should be recovered, begin the recovery process.	03/13/2019	\$4,366,090

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Ensure the identified \$1,271,659 of insufficiently supported matching funds is verified and reconciled. NRCS should take appropriate action where applicable.	09/11/2018	\$1,271,659
	Ensure the December 2018 report to Congress includes CIG project funding and results from the State awarded CIGs, to include current year and historical data omitted from prior reports, including but not limited to the 129 CIG State awarded projects we identified totaling \$8.2 million.	09/11/2018	\$7,891,453
10601000132	<i>Controls Over the Conservation Stewardship Program [CSP]</i>		
	For the five contracts in which the agricultural operations were not substantially separate from other agricultural operations, require the State Conservationist to (1) coordinate with FSA to determine the proper delineation and (2) determine if the participants engaged in any misrepresentation, scheme, or device for CSP purposes. If the State Conservationist determines the participants engaged in misrepresentation, scheme, or device, terminate the participants' interests in all CSP contracts and determine whether there is cause for consideration of suspension and debarment for the participants. If participants did not engage in misrepresentation, scheme, or device, modify or terminate the contract and deobligate funds, as appropriate.	10/23/2017	\$240,604
	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.	09/27/2016	\$720,000
	Direct the Arkansas and Oklahoma State Conservationists to recover any overpayments and liquidated damages resulting from the modifications or terminations of the contracts on which the participant(s) inconsistently delineated their agricultural operations.	09/21/2018	\$1,740,906

Report #	Recommendation Cited	Management Decision Date	Released Amount
	For each of the 29 contracts on which the participants claimed payment shares inconsistent with their reported member shares of the operation, recover any overpayments and liquidated damages resulting from operational adjustments to, or termination of, the contracts. For any cases in which the State Conservationist determines the participants engaged in any misrepresentation, scheme, or device, recover any overpayments and liquidated damages resulting from termination of the participants' interests in all other CSP contracts.	09/21/2018	\$2,676,920
	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.	09/27/2016	\$1,051,055
	Require the Arkansas State NRCS Office to recover any improper payments on each contract NRCS has determined (under Recommendation 20) includes incompatible enhancements that occupy the same space.	07/19/2018	\$1,805,200
	For the 21 contracts for which participants were unable to provide required job sheet documentation to demonstrate effective and timely implementation of enhancements, direct the State Conservationists to make operational adjustment modifications to the contracts and/or terminate the contracts and deobligate funds, as appropriate.	09/27/2016	\$395,962
	For the 21 contracts for which participants were unable to provide required job sheet documentation to demonstrate effective and timely implementation of enhancements, direct the State Conservationists to recover any overpayments and liquidated damages resulting from operational adjustment modifications to, or termination of, the contracts.	09/05/2018	\$1,093,943

Report #	Recommendation Cited	Management Decision Date	Released Amount
1060100431	<i>NRCS Regional Conservation Partnership Program Controls [RCPP]</i>		
	Obtain and review additional supporting documentation for the questioned \$632,687 in RCPP payments made without adequate documentation and recover any payments that are determined to be ineligible for technical assistance expenses.	09/10/2019	\$632,687
1060100431(2)	<i>NRCS Regional Conservation Partnership Program Controls</i>		
	NRCS should request the RCPP partner to provide supporting documentation that includes the land and producer information for all previously made payments. NRCS should review any additional documentation provided and, if the partner does not provide the unredacted documentation, then NRCS should request a return of the previous payments.	05/02/2018	\$267,410
1060100531	<i>EQIP Payment Schedules</i>		
	Assess the current EQIP payment schedule process, identify opportunities to make it more manageable and effective, and then make changes to the process as appropriate.	09/24/2019	\$2,161,137,783
	Ensure that the EQIP payment schedule includes necessary components and scenarios to address State and regional needs and exceptions.	09/24/2019	\$31,592
RHS			
04601000123	<i>SFH Guaranteed Loan Program—Liquidation Value Appraisals</i>		
	Verify the appraisal amounts entered in GLS [Guaranteed Loan System] by the lenders for the 2,068 loans in our universe and take action to address the potential inaccuracies of \$2.1 million.	08/12/2019	\$2,149,674
	Determine which loans, from the universe of 2,068, have outstanding future recovery funds due to Rural Development from the estimated \$6.4 million and follow up, as necessary.	08/12/2019	\$6,449,227

Report #	Recommendation Cited	Management Decision Date	Released Amount
RMA			
05601000631	<i>Annual Forage Program and Followup on PRF Program</i>	07/26/2019	\$34,519,354
	Verify the appraisal amounts entered in GLS by the lenders for the 2,068 loans in our universe and take action to address the potential inaccuracies of \$2.1 million.		

Appendix A.14: Audit Reports That Were Not Publicly Released (as of September 30, 2019)*

OIG did not issue any such reports from April 1, 2019, through September 30, 2019.

* This appendix is also intended to report any inspections or evaluations that were not publicly 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: INVESTIGATIONS TABLES

Appendix B.1: Summary of Investigative Activities, April 1, 2019–September 30, 2019

	Investigations Opened	130
Reports Issued: 95	Investigations Referred for Prosecution	90
Impact of Investigations	Indictments	209
	Convictions ^a	202
	Searches	123
	Arrests	249
Total Dollar Impact (Millions): \$215.3	Recoveries/Collections ^b	\$11.3
	Restitutions ^c	\$30.2
	Fines ^d	\$129.5
	Asset Forfeitures ^e	\$39.6
	Claims Established ^f	\$2.3
	Cost Avoidance ^g	\$2.4
	Administrative Penalties ^h	\$0.0
Administrative Sanctions: 349	Employees	12
	Businesses/Persons	337

^a Includes convictions and pretrial diversions. The period of time to obtain court action on an indictment varies widely; therefore, the 202 convictions do not necessarily relate to the 249 arrests or the 209 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. This includes Program Fraud Civil Remedies Act and other monetary remedies.

^d Fines are court-ordered penalties as well as court-ordered special assessments.

^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. This number is smaller than can be reflected in one decimal point.

Appendix B.2: Indictments and Convictions

Indictments and Convictions—April 1, 2019–September 30, 2019

Agency	Indictments	Convictions*
AMS	3	5
APHIS	46	13
ARS	9	2
FAS	1	0
FNS	117	158
FS	2	2
FSA	9	9
FSIS	6	1
NRCS	3	0
Multi-Agency	2	0
NIFA	0	0
RBS	7	2
RHS	0	4
RMA	4	6
Totals	209	202

*This category includes pretrial diversions.

Appendix B.3: OIG Hotline

Number of Complaints Received

Type	Number
Employee Misconduct	170
Participant Fraud	8,993
Waste/Mismanagement	139
Health/Safety Problem	23
Opinion/Information	32
Bribery	2
Reprisal	0
Total Number of Complaints Received	9,359

Disposition of Complaints

Method of Disposition	Number
Referred to OIG Audit or Investigations for Review	135
Referred to Other Law Enforcement Agencies	0
Referred to USDA Agencies for Response	222
Referred to FNS for Tracking	8,749
Referred to USDA or Other Agencies for Information—No Response Needed	219
Filled Without Referral—Insufficient Information	23
Referred to State Agencies	11

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 the Department of Justice (DOJ) for criminal prosecution, the number of persons OIG referred to State/local authorities for criminal prosecution, the number of indictments/criminal informations that resulted from OIG 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	95		Number obtained from ARGOS database is routinely reported.
2 Number of people referred to DOJ—criminal	149	Number of people referred for prosecution federally in FY 2019 second half.	Created a report from the database to show investigations referred for prosecution during the second half of FY 2019. Queried each investigation in the database to determine how many individuals were referred for prosecution and to whom they were referred.
2a Number of people referred to DOJ—civil	17	Of the 149 people reported above, 9 were referred to DOJ for both criminal and civil action, while an additional 8 were referred to DOJ civil only.	Same as number 2, above.
3 Number of people referred to State/local authorities	64	Number of people referred to State/local authorities in FY 2019 second half.	Created a report from the database to show investigations referred for prosecution during the second half of FY 2019. Queried each investigation in the database to determine how many individuals were referred for prosecution and to whom they were referred.

Description of Data	Number	Explanation	Source of Data
3a Number of people referred to State/local authorities	14	Of the 64 people reported above, 14 were referred to both Federal and State entities.	Same as number 3, above.
4 Indictments from prior referrals	145	Indictments include other charging mechanisms.	Created a report from the database to show investigations that had indictments and/or other charging mechanisms claimed during FY 2019 second half, regardless of when they were referred.
5 Convictions from prior referrals	191	Convictions include pretrial diversions.	Created a report from the database to show investigations that had convictions and/or pretrial diversions claimed during FY 2019 second half, 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 to report.

Appendix B.6: Instances of Whistleblower Retaliation

We have no instances to report.

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 to report.

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

We have no instances to report.

APPENDIX C: OFFICE OF DATA SCIENCES TABLES

Appendix C.1: Surveys and Reports Issued

Assessment of the State of Oversight Work in the Area of Sexual Harassment and Misconduct in the Federal Government, July 2, 2019.

ACRONYMS AND ABBREVIATIONS

2002 Farm Bill	The Farm Security and Rural Investment Act of 2002
ACEP	Agriculture Conservation Easement Program
AGI	adjusted gross income
AIP	approved insurance provider
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
AWA	Animal Welfare Act
CCC	Commodity Credit Corporation
CCFP	Child Care Food Program
CED	County Executive Director
CIG	Conservation Innovation Grants
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CO	county office
CPA	certified public accounting
CSC	Customer Service Center
CSP	Conservation Stewardship Program
DEA	Drug Enforcement Administration
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
DR	Departmental Regulation
EBT	electronic benefits transfer
EQIP	Environmental Quality Incentives Program
ER	equitable relief
ERS	Economic Research Service
FA	financial audit
FAS	Foreign Agricultural Service
FAV	Final Action Verification
FBI	Federal Bureau of Investigation

FHFA	Federal Housing Finance Administration
FFMIA	Federal Financial Management Improvement Act of 1996
FISMA	Federal Information Security Management Act of 2002
FMS	Financial Management Services
FNS	Food and Nutrition Service
FOIA	Freedom of Information Act
FS	Forest Service
FSA	Farm Service Agency
FSAN	Financial Statement Audit Network
FSIS	Food Safety and Inspection Service
FY	fiscal year
GAO	Government Accountability Office
Ginnie Mae	Government National Mortgage Association
GHOST	Government Housing Operations Special Task Force
GLS	Guaranteed Loan System
GSA	General Services Administration
HHS	U.S. Department of Health and Human Services
HIP	Hurricane Indemnity Program
HR	human resources
HSD	Human Services Department
HSI	Homeland Security Investigations
HUD	U.S. Department of Housing and Urban Development
IG	Inspector General
IGEA	Inspector General Empowerment Act
IPERA	Improper Payments Elimination and Recovery Act of 2010
IRS-CID	Internal Revenue Service-Criminal Investigation Division
IT	information technology
JTTF	Joint Terrorism Task Force
NFC	National Finance Center

NIFA	National Institute of Food and Agriculture
NRCS	Natural Resources Conservation Service
OASCR	Office of the Assistant Secretary for Civil Rights
OCE	Office of the Chief Economist
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
ODS	Office of Data Sciences
OIG	Office of Inspector General
OMB	Office of Management and Budget
Omnibus Act	Consolidated Appropriations Act, 2018
OPM	Office of Personnel Management
PA	performance audit
PII	personally identifiable information
PLC	Price Loss Coverage
PRF	Pasture, Rangeland, and Forage
PVS	Prisoner Verification System
QC	quality control
RBS	Rural Business-Cooperative Service
RCPP	Regional Conservation Partnership Program
RHS	Rural Housing Service
RMA	Risk Management Agency
RUS	Rural Utilities Service
SARC	<i>Semiannual Report to Congress</i>
SC DSS	South Carolina Department of Social Services
SFH	Single Family Housing
SFSP	Summer Food Service Program
SNAP	Supplemental Nutrition Assistance Program
SUTA	Substantially Underserved Trust Areas
TANF	Temporary Assistance for Needy Families

TBWEF	Texas Boll Weevil Eradication Foundation
TDA	Texas Department of Agriculture
USAO	U.S. Attorney's Office
USDA	U.S. Department of Agriculture
USMS	U.S. Marshals Service
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 13–23, 47–48
2. Information Technology Security Needs Continuous Improvement: Pages 3–4, 9
3. USDA Needs to Strengthen Program Performance and Performance Measures: Pages 13–23
4. USDA Needs to Strengthen Controls Over Improper Payments and Financial Management: Pages 13–15, 18–21, 48–49
5. USDA Needs to Improve Outreach Efforts: Pages 22–23, 44, 56
6. Food Safety Inspections Need Improved Controls: Page 9
7. FNS Needs to Strengthen SNAP Management Controls: Pages 29–35, 43

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