



United States Department of Agriculture

OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

First Half

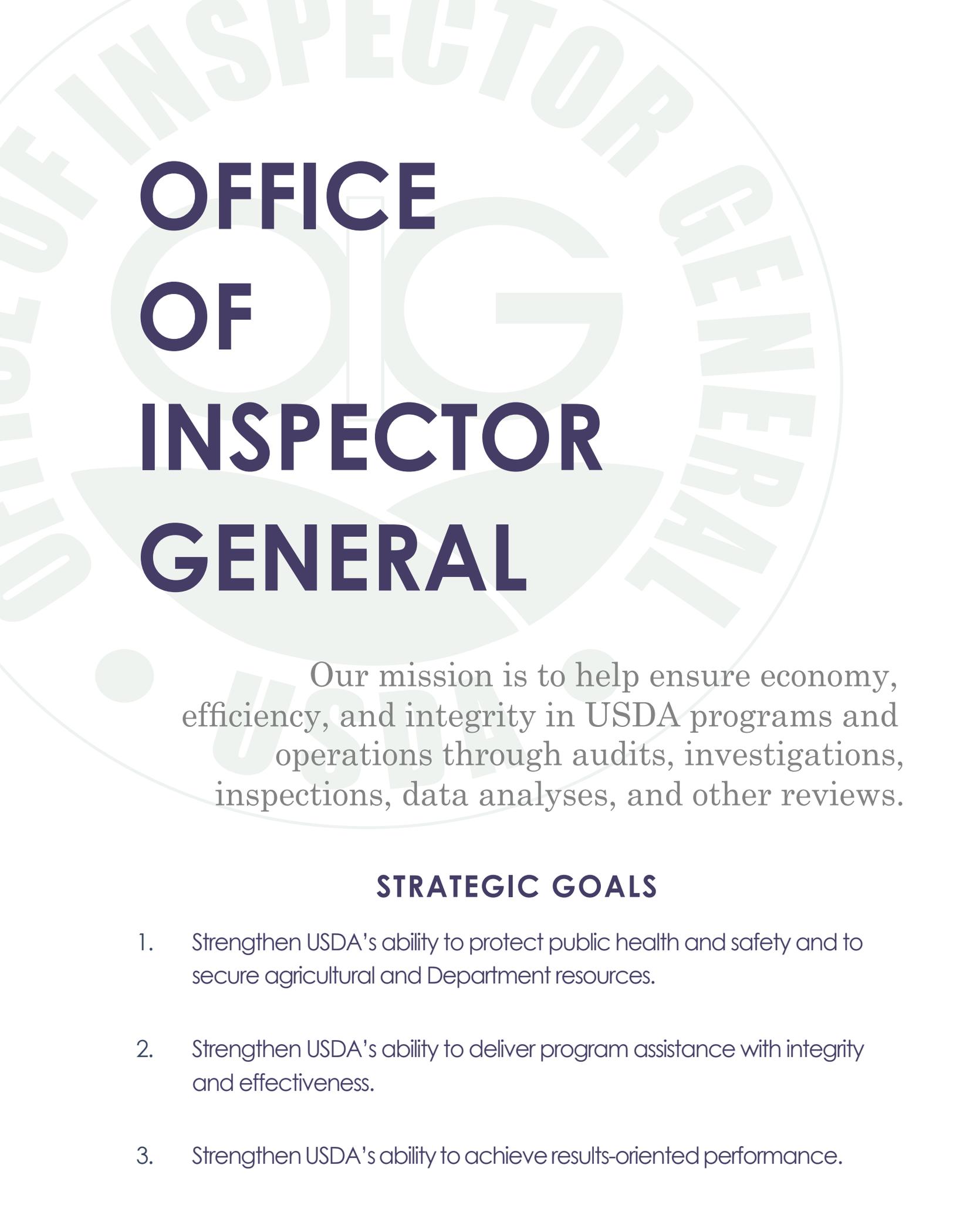
October 1, 2019–March 31, 2020



Fiscal Year 2020

Number 83

May 2020



OFFICE OF INSPECTOR GENERAL

Our mission is to help ensure economy, efficiency, and integrity in USDA programs and operations through audits, investigations, inspections, data analyses, and other reviews.

STRATEGIC GOALS

1. Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.
2. Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.
3. Strengthen USDA's ability to 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 March 31, 2020. 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.

In this period, we have completed a significant number of audits, investigations, inspections, data analyses, and other reviews. Our Office of Audit issued a total of 28 reports that resulted in 100 recommendations and more than \$57.9 million in questioned/unsupported costs or funds to be put to better use.¹ Our Office of Investigations issued a total of 106 reports² and reported 202 indictments, 146 convictions, and 147 arrests, as well as \$85.1 million in recoveries and restitutions. We also received 6,692 complaints through the OIG Hotline.

As this reporting period came to an end, the COVID-19 pandemic was gaining momentum and affecting virtually every aspect of daily life. At the Federal level, pandemic response activities began to take center stage with the passage of several pandemic relief measures. In particular, the Families First Coronavirus Response Act (March 18, 2020) and the Coronavirus Aid, Relief, and Economic Security Act (March 27, 2020) provided more than \$35 billion to USDA to fund programs to address nutrition assistance, relief for farmers, aid to rural communities, and others affected by the pandemic. OIG has started to work with USDA agencies and with the Federal oversight community to help USDA deliver these relief programs as effectively as possible and to address any allegations of fraud by those seeking to take improper advantage of these programs. We will report on our activities in future SARCs; in the meantime, our website has current information on OIG COVID-related activities and can be accessed at https://www.usda.gov/oig/webdocs/OIG_COVID19_OversightPlan.pdf.

¹ One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

² This total includes results for the Office of Compliance and Integrity (OCI).

Goal 1—Safety and Security—Strengthen USDA’s Ability to Protect Public Health and Safety and to Secure Agricultural and Department Resources

OIG’s independent audits, investigations, inspections, data analyses, 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. As part of this work, we reviewed USDA’s efforts to improve its IT security posture. The Department continues to take positive steps, but many longstanding weaknesses remain. Based on Office of Management and Budget (OMB) criteria for effective levels of IT security, the Department’s overall score indicates an ineffective level. In our detailed testing of the 67 Federal Information Security Modernization Act (FISMA) Reporting Metrics, we found the Department increased its maturity level for 22 metrics. One metric’s maturity level was downgraded because of a new requirement related to supply chain risk management, and the maturity level did not change for 44 metrics. In fiscal years (FY) 2009–2018, OIG made a total of 75 recommendations for improving the overall security of USDA’s systems—71 recommendations are completed and 4 recommendations are scheduled for closure. We have also issued three new recommendations based on security weaknesses identified in FY 2019, including one recommendation that was reopened.

Additionally, a recent OIG investigation led to the sentencing of Texas meat company executives who sold uninspected and adulterated beef to Federal prisons. Our agents found that these meat processing plant executives conspired to violate the Federal Meat Inspection Act by processing, after hours, more than 770,000 pounds of ground beef that had not been inspected by the Food Safety and Inspection Service (FSIS). The meat processing plant was paid \$1 million for the misbranded product, which it shipped to multiple Federal Bureau of Prison facilities throughout the United States. On February 14, 2020, in U.S. District Court, Northern District of Texas, the owner of the meat processing plant was sentenced to 46 months in prison and 36 months of supervised release, while the meat processing plant manager was sentenced to 42 months in prison and 12 months of supervised release.

Goal 2—Integrity of Benefits—Strengthen USDA’s Ability to Deliver Program Assistance with Integrity and Effectiveness

Much of OIG’s resources are dedicated to ensuring that USDA program funds are reaching the intended beneficiaries. For example, we reviewed the timeliness of

the disbursement and use of disaster nutrition assistance funding in Puerto Rico. In September 2017, Hurricane Irma and Hurricane Maria devastated Puerto Rico—the survivors suffered power loss, extensive property damage, displacement, and food insecurity. The Food and Nutrition Service (FNS) provided some disaster nutrition assistance. However, because Puerto Rico does not have the legislative authority to operate a disaster nutrition assistance program (NAP), Congress passed disaster relief legislation, granting it \$1.27 billion in supplemental nutrition assistance funding in October 2017. FNS and Puerto Rico’s Administration for Socioeconomic Development of the Family (ADSEF) disbursed this funding from March 2018 to March 2019.

OIG reviewed FNS’ oversight and how Puerto Rico’s ADSEF used these funds. We found that FNS and ADSEF were not able to distribute essential disaster nutrition grant funding to survivors in Puerto Rico until 6 months after the hurricanes. Since Puerto Rico was unable to operate a disaster NAP, FNS and ADSEF were unable to adequately plan before the hurricanes. We also found that neither FNS nor ADSEF effectively coordinated with other agencies to quickly distribute the disaster grant funding to hurricane survivors. Finally, we found that ADSEF’s eligibility system did not always accurately determine benefits for households. Of the 4,805,234 regular benefit issuances between March and September 2018, we found 8,655 overpayments totaling more than \$1.4 million and 8,907 underpayments totaling more than \$1.5 million. In addition, of the 1,343,814 recipients as of August 2018, we found 6,341 recipients who were deceased, which caused us to question more than \$1.2 million in total monthly benefits. FNS concurred with our recommendations.

Additionally, on June 6, 2019, Public Law No. 116-20 provided an additional disaster assistance nutrition grant to Puerto Rico, totaling \$600 million, in response to these same hurricanes. On June 28, 2019, OIG received a Congressional request to determine why the distribution of the additional disaster assistance was reportedly delayed. We found that ADSEF issued benefits 53 days (36 working days) after the bill was signed into law. Additionally, FNS’ guidance and assistance was clear and timely during the planning of the grant. While we found that FNS was timely in the distribution of the \$600 million disaster nutrition grant to Puerto Rico, opportunities exist for FNS and ADSEF to distribute disaster nutrition assistance even more timely in the event of future disasters. OIG did not make additional recommendations in this inspection report since the previously mentioned audit presented recommendations that would address the overall timeliness issue related to Puerto Rico disaster nutrition assistance delivery. FNS and OIG reached management decision on all recommendations from the previously mentioned report on March 31, 2020.

OIG also investigates those alleged to have committed fraud while participating in programs intended to support the Nation's farms. One recent OIG investigation resulted in a Louisiana farmer being sentenced for defrauding various entities, including the Commodity Credit Corporation. During the 2015 crop year, the farmer used at least 13 farming entities, in which he held either sole or partial ownership interest, to certify farming acreage. On several loan applications, he over or understated the amount of crops he produced and claimed collateral crops that he sold or did not possess. As a result of his scheme, the farmer defrauded these entities of \$16.9 million. On November 7, 2019, in U.S. District Court, Western District of Louisiana, a farmer was sentenced to 120 months in prison, followed by 36 months of supervised release. He was also ordered to pay a \$200 special assessment and \$18 million in restitution.

Goal 3—Management Improvement Initiatives—Strengthen USDA's Ability to Achieve Results-Oriented Performance

OIG's audits, investigations, inspections, data analyses, and other reviews focus on areas such as improved financial management and accountability, research, real property management, and employee integrity. Due to a recent investigation into employee wrongdoing, a former director with FS' Office of Acquisition Management agreed to pay the United States \$20,000 to resolve allegations of violations of ethical restrictions on former officers, employees, and selected officials of the executive and legislative branches of the United States. As acquisitions director from 2005 to 2010, the former employee served as FS' source selection authority for a contract involving air tanker fire suppression services. Under ethics statutes, and as source selection authority, the former employee was subject to a lifetime ban after separating from Government service from being personally and substantially involved with the company that was awarded the contract. During the course of the investigation, OIG learned that the former FS official was hired in 2012 as the chief executive officer of the company that was awarded the contract. Further, OIG found he negotiated with FS to provide additional equipment and air tanker services paid out of funds allocated under the contract.

We also reviewed a contract with a vendor to provide the Natural Resources Conservation Service (NRCS) with computer systems services. In October 2018, USDA underwent a reorganization. As a result, changes in contract-monitoring staff occurred and it was unclear whether the IT-related functions covered by the contract were still relevant to the new organization. In response to reported concerns regarding the contract's performance, OIG initiated an inspection

and found that the contractor did not meet the deliverable requirements of NRCS' IT contract. This occurred due to both a poorly written performance work statement and various contract oversight challenges posed by the reorganization. As a result, NRCS paid for services that neither met its requirements nor resulted in any tangible benefit to the Government. The agency concurred with our finding and recommendation.

Finally, I want to note that OIG has been working in a virtual environment since mid-March due to the COVID pandemic. At this time we do not know how long this will continue, nor can we predict the full impact on our activities and results. Like so many other Federal offices, we have had to find new ways to do our work, and I am immensely proud of the dedication and creativity of every member of the OIG staff. At a time when so many depend on USDA for assistance and sustenance, we are committed to working closely with Secretary Sonny Perdue, Deputy Secretary Stephen Censky, and key Congressional Committees and Members to ensure effective program delivery.



Phyllis K. Fong
Inspector General

REPORTS

28
reports issued

GOAL 1
Safety and
Security

4

Final
Reports



GOAL 2
Integrity of
Benefits

6

Final
Reports



GOAL 3
Management
Improvement Initiatives

18

Final
Reports



8 audits
3 inspections
7 final action verifications

93 program improvements

7 monetary
(6 audits, 1 inspection)

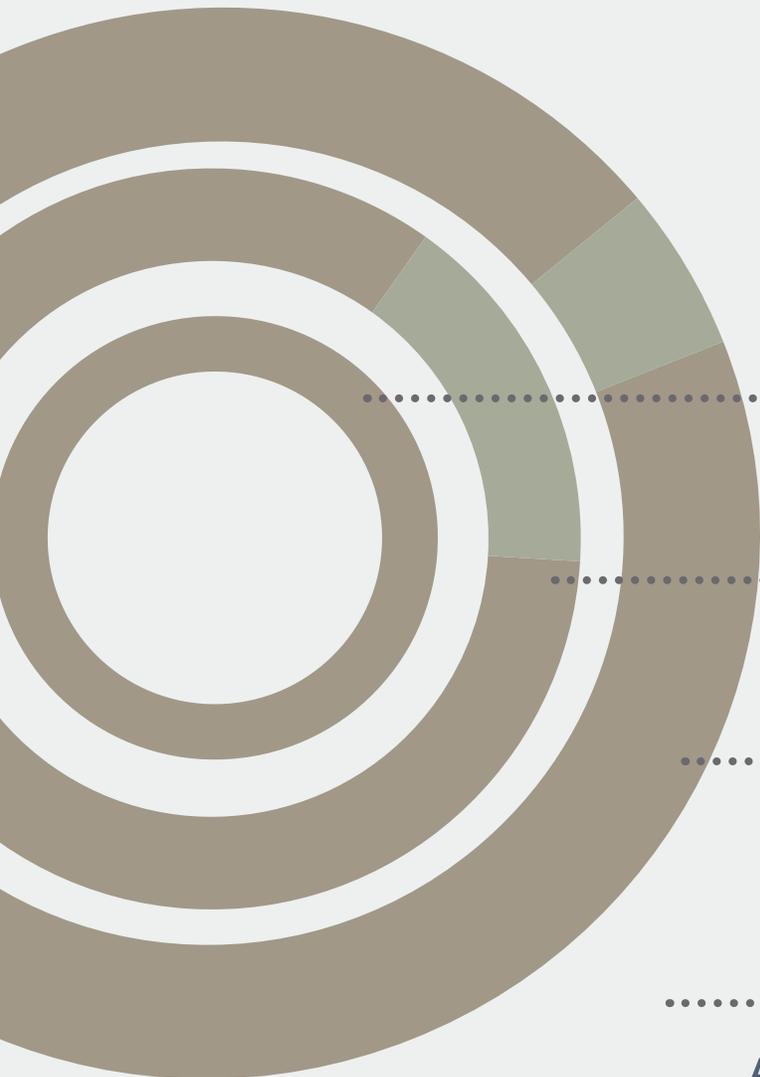
100 recommendations

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

ACTIVITIES SUMMARY

RECOMMENDATIONS AT REPORT ISSUANCE

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.



GOAL 1

29 program improvements
0 monetary

GOAL 2

26 program improvements
5 monetary

GOAL 3

38 program improvements
2 monetary
(1 audit, 1 inspection)

AUDIT TOTAL DOLLAR IMPACT

\$57.9 million*

(refer to page 69 for number breakdown)

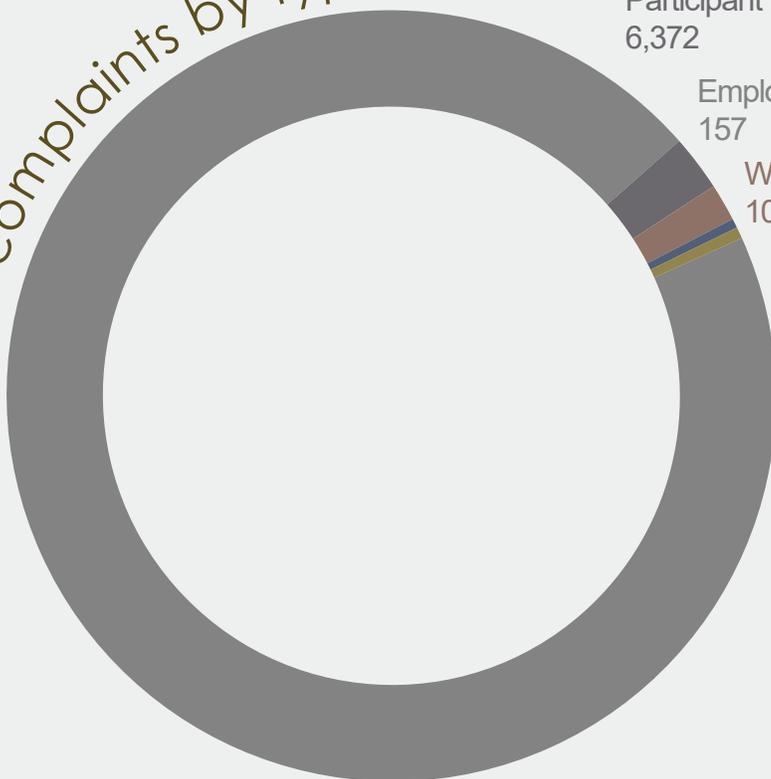
* One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.



Hotline Complaints

During this reporting period, the Hotline received **6,692** complaints, including allegations of participant fraud, employee misconduct, mismanagement, safety issues, bribery, reprisal, and opinions about USDA programs.

hotline complaints by type



Participant Fraud:
6,372

Employee Misconduct:
157

Waste / Mismanagement:
105

Opinion / Information:
26

Other, including health
and safety issues:
32

See Table B.3, page 121
for details

ACTIVITIES SUMMARY



202

INDICTMENTS



146

CONVICTIONS



147

ARRESTS



106

REPORTS ISSUED

INVESTIGATIONS TOTAL DOLLAR IMPACT

\$85.1 million

(refer to page 69 for number breakdown)

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GOAL 1

SAFETY AND SECURITY

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

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

15.3% of total direct resources devoted to Goal 1

100% of these resources assigned to critical-risk and high-impact work

AUDIT



4 reports issued



29 recommendations

INVESTIGATIONS



70% of closed cases resulted in action



16 indictments



8 convictions

\$1.1 million in monetary results

USDA Program Highlights in Support of Goal 1

Improve the Safety and Security of:

Departmental Resources

- Information Technology
- Research Technology

Public Health and Agriculture

- Cooperative Interstate Shipment Program
- Storage and Handling for International Food Assistance Programs
- Animal Welfare and Protection
- Food Supply

Animal and Plant Health Inspection Service's Wildlife Services employees take measures to protect this pasture land from livestock depredation. 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 Sciences Work for Goal 1

USDA, Office of the Chief Information Officer, FY 2019 FISMA

USDA continues to take positive steps to improve its IT security posture, but many longstanding weaknesses remain. Based on OMB’s criteria for effective levels of IT security, the Department’s overall score indicates an ineffective level. We found the Department’s maturity level to be at the “Defined” level, which is below OMB’s acceptable level of “Managed and Measurable.” In our detailed testing of the 67 FISMA Reporting Metrics, we found the Department increased its maturity level for 22 metrics. One metric’s maturity level was downgraded because of a new requirement related to supply chain risk management, and the maturity level did not change for 44 metrics.

In FYs 2009–2018, OIG made 75 recommendations for improving the overall security of USDA’s systems—71 recommendations are completed, and 4 recommendations are scheduled for closure. We have also issued

A computer server center in rural Kentucky.

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



three new recommendations based on security weaknesses identified in FY 2019, including one recommendation that was reopened because the implemented remediation was ineffective. The Department and its agencies must also develop and implement an effective plan to mitigate security weaknesses identified in recommendations from the prior fiscal years. The Office of the Chief Information Officer (OCIO) generally agreed with our recommendations.

Due to existing security weaknesses identified, we continue to report a material weakness in USDA's IT security that should be included in the Department's Federal Managers' Financial Integrity Act report (FMFIA). (Audit Report 50503-0002-12)³

Cooperative Interstate Shipment Program

FSIS' Cooperative Interstate Shipment (CIS) Program provides the opportunity for eligible State-inspected establishments with 25 or fewer employees located in participating States to ship meat and poultry products across State lines and export them to foreign countries. FSIS monitors a participating State's ability to administer and enforce Federal standards under a CIS Program primarily through onsite verification visits of establishments selected for the program. While FSIS personnel conducting these visits concluded that establishments selected for the CIS Program were in compliance with CIS Program requirements, we found that the onsite verification reports did not always contain the information needed for external reviewers to evaluate program compliance. As a result, external reviewers may not fully understand what onsite FSIS reviewers assessed to verify State and establishment compliance with the program. Regarding our objective of determining whether FSIS is providing adequate enforcement and outreach, we had no reportable findings. We found that FSIS' enforcement and outreach for the CIS Program was adequate. FSIS generally agreed with our finding and we reached agreement on how to address the report's recommendation. (Audit Report 24601-0002-22)

Agricultural Marketing Service's Storage and Handling of Commodities for International Food Assistance Programs

The Agricultural Marketing Service (AMS) administers the Export Food Aid Commodity (EFAC) Program to provide U.S.-produced commodities for export food aid on behalf of the U.S. Agency for International Development (USAID) and the Foreign Agricultural Service (FAS). Commodities are

³ 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.

stored at licensed warehouses prior to shipping. USAID and FAS coordinate with private voluntary organizations to receive these commodities overseas to provide life-saving food assistance to the most vulnerable around the world. During FYs 2015–2018, USDA procured approximately 14.4 billion pounds of commodities for international food assistance programs, valued at more than \$2.2 billion.

In our review, we found that warehouse operators did not consistently apply sanitation and safety standards to safeguard export food aid. Secondly, we determined that almost 1.7 million pounds of export food aid were reported as losses during storage and handling, and that a portion of these losses could have been minimized if EFAC Program guidance allowed for a more cost-effective method to repair damaged EFAC bags. Lastly, we found that AMS did not ensure EFAC license violations were resolved in a timely manner.

If the issues we identified are not mitigated, AMS' export food aid could continue to be stored in unsanitary or unsafe conditions, leaving commodities susceptible to loss, damage, and contamination, or risk potential injury to workers. Further, by not being able to quickly repair bags damaged in storage and handling, more commodities than necessary could continue to be discarded, resulting in AMS' inability to deliver the amount of food aid it intends to provide its recipients. AMS officials concurred with our recommendations. (Audit Report 01601-0002-41)

USDA's Controls to Prevent the Unauthorized Access and Transfer of Research Technology

In order to help the Department secure its assets and best achieve its mission, OIG performed an audit of USDA's controls to prevent the unauthorized access to, and transfer of, USDA-funded research technology to foreign countries. We reviewed relevant laws, regulations, policies, and procedures related to approving foreign nationals for collaboration on USDA-funded research. We also examined evidence, including IT and other related organizational policies and procedures. We identified weaknesses and recommended that USDA agencies take specific actions to correct those weaknesses. Because this report contains sensitive information, it was fully redacted when released to the public. (Audit Report 50701-0002-21)

Maryland Resident Convicted of Animal Cruelty

On October 29, 2019, in the Circuit Court of Maryland, Anne Arundel County, a Maryland man pled guilty to four counts of animal cruelty and was





The U.S. Department of Agriculture is responsible for shipping foreign aid commodities, such as grain. Factors such as pests, improper handling, unhygienic practices, or broken pallets can lead to ripped or open bags and cause commodity contamination and spillage.

These photos were taken by USDA OIG.

sentenced to 111 months in prison, followed by 60 months of supervised release. Additionally, the man was ordered to pay a \$45 fine and \$237 in restitution. OIG's investigation was initiated based on information obtained from the Anne Arundel County Police Department indicating that the man possessed dogfighting videos and was training dogs for fighting. On April 9, 2019, a search warrant was executed at his residence. As a result of the search warrant, the man was arrested on one felony count of aggravated cruelty to an animal, one felony count of dogfighting, one felony count of possession and training a dog for a dogfight, and one felony count of providing premises for a dogfight. The animals were taken into care by animal control personnel.

Texas Meat Company Executives Sentenced for Selling Uninspected and Adulterated Beef to Federal Prisons

On February 14, 2020, in U.S. District Court, Northern District of Texas, the owner of a meat processing plant was sentenced to 46 months in prison and 36 months of supervised release. The meat processing plant manager was sentenced to 42 months in prison and 12 months of supervised release. On September 24, 2019, the two meat processing plant executives pled guilty to conspiracy to violate the Federal Meat Inspection Act for their roles in the after-hours processing of more than 770,000 pounds of non-inspected ground beef. The conspirators used meat that had been shipped to various prisons and returned because it arrived unfrozen; they then added unauthorized animal parts, repackaged the adulterated beef without the knowledge and approval of FSIS, and shipped it to multiple Federal Bureau of Prison facilities throughout the United States. As a result of the shipments, the meat processing plant was paid \$1 million for the misbranded product. This investigation was worked jointly with FSIS and the U.S. Department of Justice (DOJ) OIG.

Participation on Committees, Working Groups, and Task Forces

Council of the Inspectors General on Integrity and Efficiency Technology Committee. USDA OIG is a member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Technology Committee; its mission is to facilitate effective IT audits, evaluations, and investigations and to provide a vehicle for the expression of the Inspector General (IG) community’s perspective on Governmentwide IT operations. OIG auditors discussed changes and provided input on draft IT policies and guidelines for the Federal Government, including the FY 2020 FISMA metrics and various IT-related data calls. Our auditors are also participating on the newly formed Emerging Technologies Committee.

Federal Bureau of Investigation Regional Joint Terrorism Task Force. In Oregon, Illinois, and Washington, OIG agents participate in various assignments with the Federal Bureau of Investigation’s (FBI) Regional Joint Terrorism Task Force (JTTF). These efforts assist in the prevention, deterrence, and investigation of terrorist acts that affect the United States. In addition, the agents’ participation facilitates information sharing between FBI JTTF and OIG.

FBI National Joint Terrorism Task Force. In Washington, D.C., OIG shares information with the FBI’s National Joint Terrorism Task Force (NJTTF). This effort continues to provide a seamless association between the criminal investigative and the intelligence communities. OIG has been successful in collaborating with the FBI and NJTTF’s partner agencies since our initial membership pre-September 11, 2001. OIG liaises with analysts, case agents, and State and local law enforcement officers on issues of domestic and international concern on cases initiated both by USDA OIG and partner agencies.

U.S. Marshals Service Fugitive Task Forces. OIG agents in Arizona, Georgia, Minnesota, and North Dakota continue their participation on the 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. Overall, this joint effort improves public safety and reduces violent crime. OIG participation focuses on agriculture-related homeland security concerns and threats.

Animal Protection Task Forces. OIG agents throughout California continue to actively participate in groups involved in the protection of animal welfare. Representatives focus their efforts on preventing animal cruelty and incidents in which animals could be utilized for illegal criminal activity.

Environmental Crimes. In New Jersey, an OIG agent participates in the U.S. Environmental Protection Agency’s Environmental Crimes Taskforce, while, in Oregon, an OIG agent participates on the Oregon “Green Team” for Environmental Crimes. In Washington, D.C., executive-level managers coordinate with DOJ’s Environment and Natural Resources Division leadership to address common concerns in this arena.

ONGOING REVIEWS

- » International food aid—export commodity quality assurance procedures (AMS),
- » Animal Care Program oversight of dog breeders (Animal and Plant Health Inspection Service (APHIS)),
- » Followup on controls over licensing of animal exhibitors (APHIS),
- » Followup on smuggling, interdiction, and trade compliance unit (APHIS),
- » National veterinary stockpile oversight (APHIS),
- » Controls over select agents (APHIS),
- » Cattle Health Program oversight (APHIS),
- » Controls over meat, poultry, and egg product labels (FSIS),
- » Waiver of regulatory requirements (FSIS),
- » Controls over imported meat and poultry products (FSIS),
- » FY 2020 FISMA (OCIO), and
- » Security over select agencies' networks and systems FY 2019 (USDA).

Eggs in a container. The Food Safety and Inspection Service ensures that the Nation's commercial supply of meat, poultry, and egg products is correctly labeled and packaged, wholesome, and unadulterated. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



A close-up photograph of green leafy vegetables, likely chard or spinach, with prominent veins and a slightly crinkled texture. The leaves are a vibrant green color and fill the entire background of the page.

GOAL 2

INTEGRITY OF BENEFITS

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

OIG conducts audits, investigations, inspections, data analyses, 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.

47.4% of total direct resources devoted to Goal 2

99.7% of these resources assigned to critical-risk and high-impact work

AUDIT



6
reports issued



31
recommendations

\$57.2 million
in monetary results

INVESTIGATIONS



88.5%
of closed cases
resulted in
action



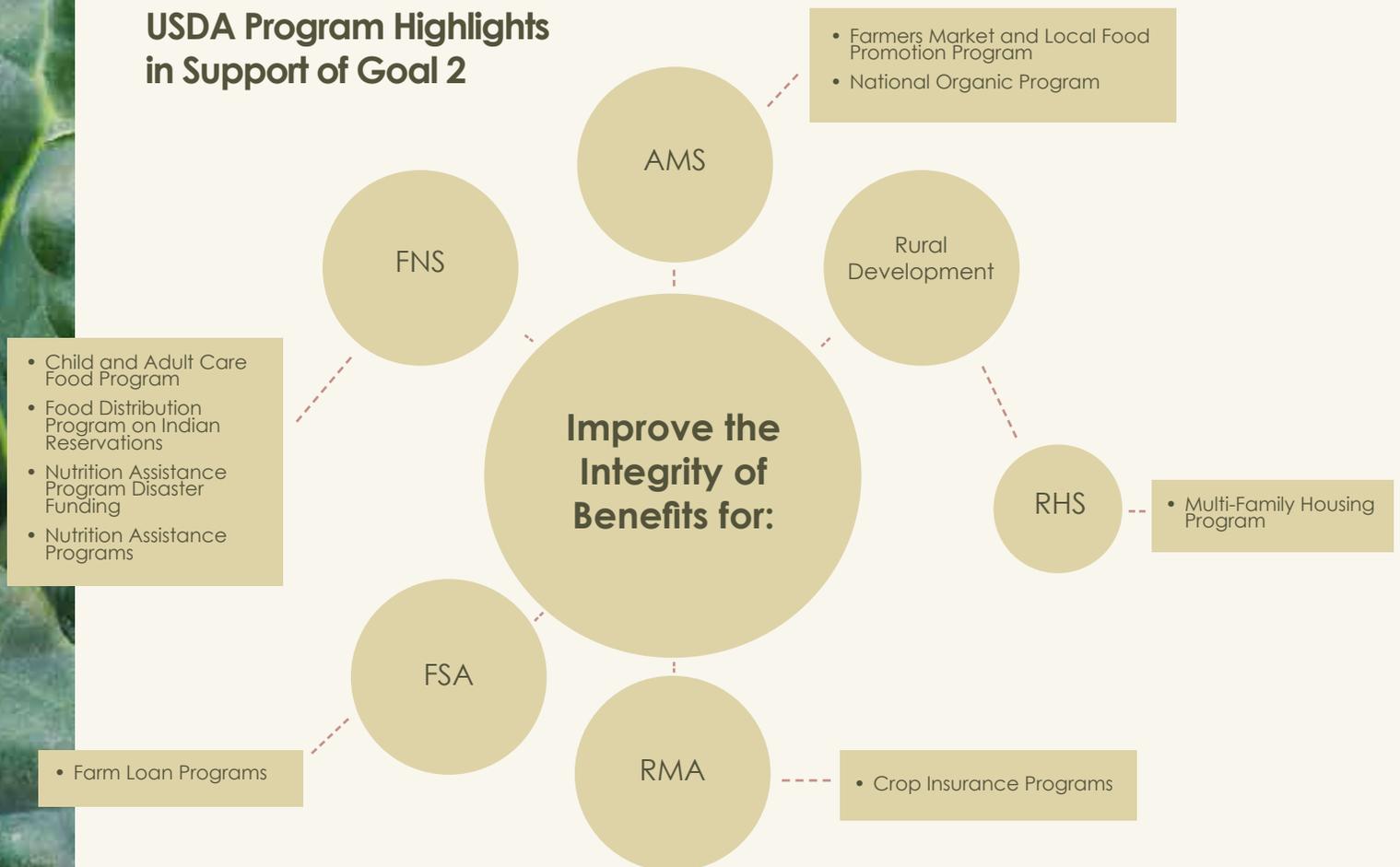
179
indictments



135
convictions

\$83.2 million
in monetary results

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



Kale at a farmers market. 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, Investigative, and Data Sciences Work for Goal 2

OVERSIGHT OF PUERTO RICO DISASTER NUTRITION ASSISTANCE

Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria

In September 2017, Hurricane Irma and Hurricane Maria devastated Puerto Rico—the survivors suffered power loss, extensive property damage, displacement, and food insecurity. FNS provided some disaster nutrition assistance; however, because Puerto Rico does not have the legislative authority to operate a disaster NAP, Congress passed disaster relief legislation, granting it \$1.27 billion in supplemental nutrition assistance funding in October 2017.

OIG reviewed FNS' oversight and how Puerto Rico's ADSEF used these funds. We found that FNS and ADSEF were not able to distribute essential disaster nutrition grant funding to survivors in Puerto Rico until 6 months after the hurricanes. Since Puerto Rico was unable to operate a disaster NAP, FNS and ADSEF were unable to adequately plan before the hurricanes. We also found that neither FNS nor ADSEF effectively coordinated with other agencies to quickly distribute the disaster grant funding to hurricane survivors.

Finally, we found that ADSEF's eligibility system did not always accurately determine benefits for households. Of the 4,805,234 regular benefit issuances between March and September 2018, we found 8,655 overpayments totaling more than \$1.4 million and 8,907 underpayments totaling more than \$1.5 million. In addition, of the 1,343,814 recipients as of August 2018, we found 6,341 recipients who were deceased, which caused us to question more than \$1.2 million in total monthly benefits. FNS concurred with our recommendations. (Audit Report 27702-0001-22)

Timeliness of the Disbursement of the \$600 Million Disaster Nutrition Assistance Grant to Puerto Rico

FNS is the Federal agency responsible for administering the Supplemental Nutrition Assistance Program (SNAP) in all 50 States, the District of Columbia, Guam, and the Virgin Islands. In Puerto Rico, FNS provides and oversees annual funding through a NAP block grant, which is administered





A U.S. Customs and Border Protection agent conducts a mission to deliver food and water to those affected by Hurricane Maria.

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

by Puerto Rico's ADSEF. Following Hurricanes Irma and Maria in 2017, Congress passed disaster relief legislation granting Puerto Rico \$1.27 billion in supplemental nutrition assistance funding. FNS and ADSEF disbursed this funding from March 2018 to March 2019. On June 6, 2019, Public Law No. 116-20 provided an additional disaster assistance nutrition grant to Puerto Rico, totaling \$600 million, in response to these same hurricanes.

On June 28, 2019, OIG received a Congressional request to determine why the distribution of the additional \$600 million disaster assistance was reportedly delayed. We found that Puerto Rico’s ADSEF issued benefits 53 days (36 working days) after the bill was signed into law. Additionally, FNS’ guidance and assistance was clear and timely during the planning of the grant. While we found that FNS was timely in the distribution of the \$600 million disaster nutrition grant to Puerto Rico, opportunities exist for FNS and ADSEF to distribute disaster nutrition assistance even more timely in the event of future disasters. During the previously mentioned audit of this same program, OIG made recommendations to FNS related to opportunities to accelerate the delivery of any future disaster nutrition assistance in Puerto Rico. As the recommendations from that report would address the overall timeliness issue related to Puerto Rico disaster nutrition assistance delivery, OIG did not make additional recommendations in this inspection report. FNS and OIG reached management decision on all recommendations from the previously mentioned report on March 31, 2020. (Inspection Report 27801-0002-22)⁴

SNAP Employment and Training Pilot Projects

USDA’s SNAP is a critical safety net for many families and individuals in financial need. SNAP is the largest of USDA’s domestic nutrition assistance programs and is administered by FNS. In accordance with the 2014 Farm Bill, FNS awarded grants in FY 2018 to 10 State agencies to develop, implement, and evaluate innovative SNAP employment and training (E&T) pilot projects intended to test and determine the most effective ways to help SNAP recipients gain and retain employment—thereby reducing their need for public assistance.

The 2014 Farm Bill required the 10 State agencies receiving E&T pilot program grants to maintain the same level of funding in their regular E&T programs as in FY 2013 and not to replace this funding with Federal funding for the pilot projects. However, OIG found that 6 of the 10 States spent almost \$38.7 million less on their regular programs from FYs 2015–2017 than their FY 2013 funding levels. FNS did not identify this issue because it only reviewed States’ annual E&T plans—not the actual E&T expenditures. As a result, States may have replaced almost \$27.6 million of State funds with Federal funds. FNS concurred with our recommendations. (Audit Report 27601-0004-22)

⁴ Although OIG presents this inspection in Goal 2 alongside other oversight work related to Puerto Rico, the inspection’s results are included in Goal 3 statistics because its objective focused on a management improvement initiative.





Nationwide Implementation of the Special Supplemental Nutrition Program for Women, Infants, and Children Electronic Benefits Transfer

FNS' Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is administered by 90 State agencies. WIC provides Federal grants for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and postpartum women and for infants and children up to the age of 5 who are found to be at nutritional risk. State agencies issue benefits via either paper checks/vouchers or by electronic benefits transfer (EBT). However, all State agencies have been mandated to implement EBT for WIC by October 1, 2020.

We identified 25 State agencies that may not be able to implement EBT for WIC by the statutorily-mandated deadline of October 1, 2020. This occurred because the State agencies experienced various challenges and setbacks, such as difficulty and delays in obtaining contractor support for implementing a management information system or EBT system. Although FNS officials provided adequate monitoring and guidance, they had a limited role in the implementation of EBT for WIC, as the State agencies are responsible for the coordination and management of EBT. FNS also has not developed guidance for those State agencies that may not meet the deadline and will need to seek an exemption. As a result, WIC participants and vendors may be negatively impacted in those States that have not implemented EBT. In addition, participants may have less flexibility regarding how they may purchase WIC foods. FNS officials stated that 13 of the 25 State agencies would likely meet the deadline to implement EBT for WIC, but they did not provide additional documentation to confirm the level of progress those States have achieved. FNS agreed with our recommendations. (Audit Report 27601-0003-23)

Food Distribution Program on Indian Reservations

The Food Distribution Program on Indian Reservations (FDPIR) provides USDA food assistance to income-eligible households living on Indian reservations and American Indian households residing in approved areas near reservations. FNS administers FDPIR at the Federal level; locally, it is administered by either an Indian Tribal Organization (ITO) or a State agency.

Our audit determined that neither of the two ITOs we reviewed fully complied with Federal regulations and FNS requirements. Specifically, we identified noncompliance in the ITOs' program administration and eligibility

determinations. This occurred, in part, because FNS Southwest Regional Office (SWRO) officials—who were responsible for ITO oversight—lacked specific documented procedures to escalate to the FNS national office ITO noncompliance with certain Federal regulations and FNS requirements. For example, we identified that, for one ITO, not all required parties had signed and dated its Federal-State Agreement and Plan of Operation. Furthermore, neither ITO timely submitted its required reports. We also found that although FNS requires ITOs to complete annual operations reviews, SWRO officials neither routinely obtain nor evaluate them. Lastly, one ITO’s case files did not always contain reasonable documentation to adequately support FDPIR eligibility determinations.

While we did not identify any specific misuse of administrative funds or excessive claims for damaged, spoiled, or lost food during our audit, any instance of ITO noncompliance increases the risk that ineligible participants will receive program benefits; administrative funds will be misused; and claims for damaged, spoiled, or lost food will increase. FNS officials concurred with our findings and recommendations. (Audit Report 27601-0001-21)

Multi-Family Housing Tenant Eligibility

From FYs 2016–2018, the Rural Housing Service (RHS) provided more than \$2.9 billion in rental assistance payments on behalf of low-income tenants residing in approximately 14,000 multi-family housing (MFH) apartment complexes. In order to ensure the eligibility of tenants residing in these apartments, property management must verify and document tenant eligibility in the tenant’s file.

Our review found that 11 of 100 selected MFH tenant certification files from the selected States contained either inadequate documentation, errors in calculations, or both. This occurred because MFH property management did not always ensure all required documents were retained and all calculations were correct. As a result, we could not confirm the eligibility of 2 tenants and, based on our statistical sample, estimated that approximately 74,652 tenants received a total of approximately \$26.9 million in inaccurate rental assistance. We also found that RHS did not complete triennial supervisory reviews timely for 1,503 out of 14,388 properties—38 properties went 10 years without review—due to issues with the reports State offices were using to track the reviews. Finally, we found that out of 624,424 total MFH tenants, records for 5,585 tenants had data quality issues related to identifying information for the heads of household. Erroneous data

can impair the agency's efforts to verify tenant eligibility and implement recently authorized wage matching capabilities. RHS concurred with our recommendations. (Audit Report 04601-0003-31)

AMS Oversight of the Farmers Market and Local Food Promotion Program

AMS' Farmers Market and Local Food Promotion Program (FMLFPP) provides a competitive grants process to expand access to locally-produced agriculture products and to develop new market opportunities for farmers, ranchers, and local/regional food businesses. We found that AMS officials effectively conducted program outreach and appeared cognizant of grant requirements. Additionally, during our site visits, grant recipients successfully worked with AMS on grant objectives.

Local produce for sale at a farmers market.

This photo was taken by USDA OIG.



However, none of the 40 grants we tested, including 18 site visits, for FYs 2015–2017 fully complied with grant terms and conditions or Federal grant regulations. We found that:

- » AMS did not maintain sufficient documentation for any of the 40 pre-award decisions, and 3 of the 18 grant recipients we visited did not maintain sufficient records post-award;
- » 4 of the 18 grant recipients we visited submitted unsupported requests for advances or reimbursements;
- » 11 of the 18 grant recipients we visited were not aware of suspension and debarment policies; and
- » 1 fiscal sponsor we visited did not appropriately document or perform sponsor oversight responsibilities.

AMS did not identify or address these issues because it did not conduct adequate documentation reviews and did not have an official policy in place for conducting onsite reviews of grant recipients. As a result, AMS did not ensure that FMLFPP grant recipients effectively used Federal funding to achieve the objectives outlined in their grant agreements.

AMS officials agreed with our recommendations and stated that they began conducting recurring site visits during the FY 2019 grant cycle. AMS officials also stated that ezFedGrants, a web-based grants management system, will help address insufficient documentation. As of October 2019, AMS is only using this system for the post-award process and not the pre-award process. (Audit Report 01601-0001-24)

FARM FRAUD INVESTIGATIONS

Second Texas Borrower Sentenced in Loan Scheme with Previously Sentenced USDA Employee

An OIG investigation determined that, from 2011 through 2016, a Farm Service Agency (FSA) farm loan officer made multiple loans to unqualified borrowers with whom she had personal relationships. These loans totaled at least \$166,696, \$65,000 of which was diverted to the loan officer. On June 27, 2017, FSA terminated the farm loan officer’s employment with the agency. On December 6, 2017, in U.S. District Court, Western District of Texas, the former farm loan officer and two FSA borrowers were charged with conspiracy to commit wire fraud, wire fraud, and false statements in a

multi-count indictment. On March 29, 2018, and April 26, 2018, respectively, the two FSA borrowers entered guilty pleas to the charge of making false statements. On June 28, 2018, the former farm loan officer entered a guilty plea to the charge of making false statements. On December 4, 2018, the first FSA borrower who pled guilty was sentenced to 5 months in prison and 60 months of supervised release. This borrower was also ordered to pay \$142,962 in restitution, jointly and severally, with the former FSA farm loan officer. On April 8, 2019, the former farm loan officer was sentenced to 24 months in prison, followed by 60 months of supervised release. The former farm loan officer was also ordered to pay a \$100 special assessment and \$166,744 in restitution, jointly and severally, with the two FSA borrowers. On October 2, 2019, in U.S. District Court, Western District of Texas, the second FSA borrower was sentenced to 6 months in prison, 60 months of supervised release, and 200 hours of community service. The borrower was also ordered to pay a \$100 special assessment fee and \$15,782 in restitution. The investigation was worked jointly with the FBI.

Louisiana Farmer Sentenced for Role in Large Fraud Scheme

On November 7, 2019, in U.S. District Court, Western District of Louisiana, a farmer was sentenced to 120 months in prison, followed by 36 months of supervised release. He was also ordered to pay a \$200 special assessment and \$18 million in restitution. A joint investigation with the FBI, the Internal Revenue Service Criminal Investigation (IRS-CI), and the Federal Deposit Insurance Corporation (FDIC) OIG was initiated when the Louisiana State FSA Office notified USDA OIG that approximately \$5.5 million worth of grain—pledged as collateral for 16 certified farm-stored marketing assistance loans secured by a Louisiana farmer—was missing from grain bins. The farmer, who was an FSA county committee member and an owner, operator, and manager of multiple farms in Louisiana and Arkansas, farmed approximately 22,000 acres of cropland. During the 2015 crop year, the farmer used at least 13 farming entities, in which he held either sole or partial ownership interest, to certify farming acreage. On several loan applications, the farmer over or understated the amount of crops he produced. Additionally, he claimed collateral crops that he sold or did not possess. As a result of his scheme, the farmer defrauded \$16.9 million from various entities, including the Commodity Credit Corporation (CCC), FDIC-insured banks, private lenders, and seed and chemical dealers. On July 15, 2019, the farmer pled guilty to a bill of information in which he was charged with two counts of making false statements to CCC.



Mississippi Borrower Sentenced for Conversion of Collateral

On December 11, 2019, in U.S. District Court, Northern District of Mississippi, a farmer was sentenced to 36 months of probation. The farmer was also ordered to pay a \$100 special assessment and \$149,884 in restitution. On October 31, 2016, OIG initiated an investigation in order to determine if a Mississippi farmer disposed of the soybeans used to secure an FSA operating loan he received in 2015. OIG's investigation revealed that the farmer illegally sold 27,321 bushels of soybeans that were mortgaged to FSA, then converted the proceeds, totaling \$274,673, to his personal use. On September 19, 2018, the farmer was charged in an indictment with seven counts of conversion of mortgaged property and, on May 21, 2019, he pled guilty to one count of conversion of mortgaged property.

The Farm Service Agency's farm loan programs offer opportunities to farmers, ranchers, and producers to start, improve, or strengthen their operations. When fraud occurs in these programs, money does not go to eligible recipients.

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



Additional Missouri Farmer Sentenced in Large National Organic Program Fraud Scheme

On October 28, 2019, in U.S. District Court, Northern District of Iowa, a farmer was sentenced to 22 months in prison, followed by 36 months of supervised release. He was also ordered to pay a \$100 special assessment and \$100,000 fine and forfeit \$1 million. From 2007 to 2014, USDA’s National Organic Program (NOP) received several complaints from customers who had purchased organic grain from a grain broker headquartered in Ossian, Iowa. In July 2014, NOP referred these complaints to OIG for investigation. Customers of this broker alleged that when they tested the grain they received for genetically modified organisms (GMO), the results were indicative of GMO traits, which would cause the grain to be ineligible for organic certification under NOP standards.

OIG’s investigation revealed that, from at least 2010 to 2017, the grain broker marketed and sold grain labeled as “certified organic”; however, that grain contained GMO traits. An analysis of the grain broker’s records revealed that the farmer sold more organic soybeans and corn to the open market than his certified organic acres could physically produce. At two grain storage facilities associated with the grain broker, truckloads of non-organic grain were offloaded into and out of their grain bins, then shipped to customers who believed they were purchasing organic grain. The farmer was also a partner in multiple other businesses associated with this scheme to mislabel non-organic grain as “organic.” The farmer’s bank records revealed that he profited from this scheme over many years, and in an investigative interview, he admitted to his knowledge of the scheme. Additionally, the farmer admitted he applied unapproved substances to organic fields. The farmer was the fifth individual who pled guilty in the case.





CROP INSURANCE INVESTIGATIONS

Kansas Farmer Sentenced for Making False Statements

On February 10, 2020, in U.S. District Court, District of Kansas, a farmer was sentenced to 30 months in prison, followed by 24 months of supervised release. He was also ordered to pay a \$200 special assessment, \$885,076 in a personal forfeiture money judgment, and \$604,303 in restitution. The Risk Management Agency (RMA) referred this case to OIG based on a referral it received from an approved insurance provider reinsured by FCIC. The referral alleged that the farmer withheld crop production records related to his crop insurance claims. OIG's investigation confirmed the farmer withheld crop production records by selling his crops to buyers not reported on his claims and selling his production yields in the names of other individuals. As a result of these false statements to the approved insurance provider, the farmer received \$604,303 in Federal crop insurance indemnity payments and claimed an additional \$1.5 million in indemnity payments to which he was not entitled. The investigation further revealed that the farmer made a false statement in his Chapter 11 bankruptcy proceedings by failing to disclose transfers totaling \$470,000 to another individual within 3 months of his bankruptcy petition. On October 21, 2019, the farmer pled guilty via a bill of information to one count of making false statements in connection with his Federal crop insurance benefits and one count of bankruptcy fraud.

Former Illinois Producer's Probation Revoked

On January 9, 2020, in U.S. District Court, Central District of Illinois, a farmer's probation was revoked, and he was sentenced to 364 days in prison. In May 2011, the farmer was the subject of an investigation that revealed he made false statements to USDA when, while filing a Federal crop insurance claim, he underreported the number of bushels of corn he produced. As a result of this investigation, on December 15, 2016, the farmer was sentenced to 36 months of probation and ordered to pay \$300,759 in restitution for making false statements. Additionally, during the term of probation, the farmer was barred from participating in any USDA programs. At a hearing on January 9, 2020, the farmer admitted he violated his probation by participating in the Federal Crop Insurance Program; he had received monetary benefits from USDA programs through his sister's company. He also admitted to violating three other provisions of his probation.

North Dakota Farmer Sentenced for Scheme to Avoid Payment Limitations and Crop Insurance Fraud

On November 19, 2019, in U.S. District Court, District of North Dakota, a farmer was sentenced to 12 months of probation. He was also ordered to pay a \$25 special assessment and \$240,874 in restitution. Finally, he was debarred from participating in any Government programs for 12 months. The farmer previously pled guilty to a criminal bill of information in which he was charged with making false certificates or writings. On March 12, 2013, OIG initiated this investigation in order to determine if the farmer violated FSA payment limitation provisions by altering Government documents, using other farm entity names and participants, or creating farm entity names for the purpose of receiving FSA program payments. OIG's investigation revealed that the farmer obtained powers of attorney for several of his employees and added them to his farming operation as producers, which allowed him to circumvent FSA payment limitations. The investigation also determined that, from crop years 2010 through 2013, the farmer misrepresented his farming interests to RMA and obtained crop insurance payments to which he was not entitled.

SNAP INVESTIGATIONS

A significant portion of OIG's investigative resources are dedicated to ensuring the integrity of SNAP by combating the practice of exchanging benefits for currency or other ineligible items. Working closely with FNS, OIG has concluded a number of SNAP-related investigations and prosecutions in the first half of FY 2020. Below are several examples of SNAP investigations involving retailers that resulted in significant convictions and monetary results.

New Jersey Storeowner Extradited from Mexico and Sentenced for SNAP Trafficking

On November 14, 2019, in U.S. District Court, District of New Jersey, a New Jersey storeowner was sentenced to 37 months in prison, followed by 36 months of supervised release. The storeowner was also ordered to pay a \$100 special assessment, a fine of \$50,000, and \$754,425 in restitution. OIG's investigation revealed the owner of the grocery store exchanged SNAP benefits for U.S. currency on multiple occasions. On August 29, 2018, the storeowner was charged in a criminal complaint, and on September 19, 2018, he was indicted. With the assistance of USMS, the storeowner was apprehended in Waco, Texas. On October 31, 2018, the storeowner made an initial appearance in U.S. District Court, District of



An electronic benefits transfer card for use in the Supplemental Nutrition Assistance Program.

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

New Jersey, and was released on \$200,000 bond. On January 29, 2019, an arrest warrant was issued for the storeowner for violating the conditions of his release. With the assistance of USMS, the storeowner was identified as having fled to Mexico City, Mexico. Working with Interpol, OIG and USMS were able to determine that the storeowner was travelling from Mexico, through Brazil, and destined for Jordan. The storeowner was prevented from entering Brazil and then returned to Mexico. Mexican

authorities extradited the storeowner back to the United States and into the custody of USMS. On July 25, 2019, the storeowner pled guilty to one count of SNAP trafficking.

Michigan Store Manager Sentenced for Role in SNAP Trafficking

In February 2020, the manager of a Warren, Michigan, retail establishment was sentenced in U.S. District Court, Eastern District of Michigan, to 24 months in prison and 24 months of supervised release. He was also ordered to pay a \$341,360 monetary judgment for his role in a long-running SNAP trafficking operation. The store had been authorized to accept SNAP benefits since 2010 and averaged monthly redemptions of \$9,000 to \$12,000; however, the manager had previously been disqualified from SNAP participation by FNS personnel on two prior occasions. Between October 2014 and September 2016, the store exchanged approximately \$18,000 in SNAP benefits for \$7,600 in cash. In September 2016, with the cooperation of the U.S. Department of Homeland Security's U.S. Immigration and Customs Enforcement, Homeland Security Investigations (HSI), agents from OIG and Michigan State Police detectives served a search warrant at the retail establishment location. They seized more than \$20,000 in U.S. currency, EBT cards, and other business records. HSI personnel seized an additional \$25,000 relinquished by the store manager as purportedly associated with the purchase of stolen merchandise.

Michigan Retailer Sentenced to Supervised Release and Ordered to Pay Restitution for SNAP Fraud

In November 2019, in U.S. District Court, Eastern District of Michigan, an individual was sentenced to 36 months of supervised release. He was also ordered to pay a \$200 special assessment, a \$500 fine, and \$15,000 in restitution for trafficking SNAP benefits. OIG's investigation was conducted to determine if the owner and employees of a Detroit produce store and another Detroit company conspired to purchase benefits. From October 2011 through August 2013, the produce store exchanged SNAP benefits for credit payments and subsequently purchased SNAP benefits for currency. In September 2018, the produce storeowners were charged with one count of Government program fraud of \$5,000 or more and one count of aiding and abetting. In November 2018, each of the produce storeowners pled guilty to the one count of Government program fraud of \$5,000 or more. During May and July 2019, two produce store co-owners were each sentenced to 1 day time served and 36 months

of supervised release. They were also ordered to pay a \$100 fine and \$500,000 in restitution. One of the produce store co-owners was also ordered to complete 150 hours of community service. Both of the store co-owners made a full restitution payment to FNS prior to sentencing. Additionally, in June and July 2019, co-conspirators who used SNAP cards to conduct illegal transactions at the produce store pled guilty to related charges. One of the co-conspirators also pled guilty to being a felon in possession of a firearm. In September 2019, a co-conspirator was sentenced to 1 day in prison and 24 months of supervised release. This co-conspirator was also ordered to pay \$55,078 in restitution. In November 2019, a second co-conspirator was sentenced to 36 months of supervised release. He was also fined \$700 and ordered to pay \$15,000 in restitution. This investigation was worked jointly with the Michigan State Police-Bridge Card Enforcement Team and HSI.

California Retailer Guilty of Making a False Statement to Accept SNAP Benefits

On January 27, 2020, in U.S. District Court, Eastern District of California, a former FNS-authorized retailer was sentenced to 21 months in prison, followed by 36 months of supervised release, for making a materially false statement on his SNAP application. He was ordered to pay a \$100 special assessment and a money judgment of \$57,000. This investigation was initiated after it was discovered that the retailer was not eligible to participate in SNAP due to a prior felony conviction that he omitted from his SNAP application. He was subsequently authorized by FNS to accept SNAP benefits. From March 2015 through June 2018, the retailer redeemed \$368,867 in SNAP benefits. On October 11, 2018, the retailer was indicted on one count of making a materially false statement. In January 2018, FNS issued a charge letter for trafficking to the retailer and permanently disqualified the owner as a SNAP retailer on March 16, 2018.

Southern Ohio Food Delivery Company Employees Sentenced for SNAP Trafficking Conspiracy

In December 2019, in U.S. District Court, Southern District of Ohio, a food delivery company owner was sentenced to 14 months in prison, followed by 36 months of supervised release and 20 hours of community service. He was also ordered to successfully complete an alcohol/drug treatment program and pay \$639,779 in restitution. In January 2017, following the receipt of two complaints, OIG began investigating allegations that personal EBT card information was stolen from individuals and benefits were removed from their respective EBT cards without their authorization. The food sales

company identified as the focus of this activity engaged in door-to-door retail sales of beef, pork, poultry, and seafood products. During the course of sales operations, the company's representatives engaged in the illicit extension of SNAP EBT card credit and the illegal gathering, collection, and use of SNAP EBT recipient card information. Their actions included accessing personal information and subsequently removing SNAP benefits from recipients' accounts. In May 2018, seven individuals involved in this investigation, including the owner of the food sales company, were charged in a multi-count indictment. The charges included conspiracy, conspiracy to commit money laundering, SNAP fraud, and wire fraud. Additionally, multiple forfeiture allegation counts related to four individual business bank accounts, one investment account, and one luxury vehicle were listed in the indictment. Between December 19, 2018, and August 1, 2019, all seven co-defendants entered guilty pleas to charges of either conspiracy to defraud the United States or unauthorized use of Federal food stamp access devices. Between April and November 2019, the six employees of the food sales company received sentences totaling 24 months and 1 day in prison, 48 months of supervised release, 96 months of supervised probation, and 160 hours of community service. They were also ordered to pay a total of \$3.5 million in fees and restitution.

Michigan Retailer and Retail Employee Sentenced for Roles in SNAP Trafficking

In November 2019, in U.S. District Court, Eastern District of Michigan, one owner of a small snack shop in Flint, Michigan, was sentenced to 4 months of home confinement, followed by 24 months of probation. The owner was also ordered to pay restitution of \$1.1 million. On the same day, one of the store's employees was sentenced to 4 months in prison and 24 months of probation. He was ordered to pay restitution of \$233,247. The employee was also ordered to sell two motorcycles and remit the proceeds of those sales towards restitution. This sentencing followed February 2019 proceedings, during which each individual entered a guilty plea to charges of both SNAP trafficking and filing a false tax return. This investigation was conducted jointly with IRS-CI and the Genesee County, Michigan, Sheriff's Department.

In February 2014, the initial investigation revealed that storeowners and employees purchased SNAP benefits in exchange for cash. Subsequent search warrants and related interviews yielded additional evidence of SNAP trafficking. Previously, in March 2018, in U.S. District Court, Eastern District of Michigan, an additional storeowner pled guilty to one count of

SNAP fraud. As part of the plea agreement, that storeowner acknowledged his role in a conspiracy responsible for \$984,926 in SNAP fraud from 2009 to 2014, and he accepted responsibility for \$96,801 in income tax fraud resulting from his failure to report income derived from the operation of the store. In March 2019, that storeowner was sentenced to 12 months and 1 day in prison, followed by 24 months of supervised release. He was also ordered to pay \$1 million in restitution and forfeit more than \$80,000 in cash and other assets that were seized during the investigation. As a result of the investigation and information provided by that store owner, FNS permanently disqualified the store as a SNAP retailer.

Texas Woman Defrauds SNAP and Sends Explosives to President and Governor

On November 18, 2019, in U.S. District Court, Southern District of Texas, a SNAP recipient was sentenced to 120 months in prison, followed by 36 months of supervised release, for the transportation of explosives with the intent to kill, injure, and intimidate. She was also ordered to pay a \$100 special assessment and \$9,700 in restitution to SNAP. OIG initiated this investigation at the request of the U.S. Attorney's Office (USAO), Southern District of Texas, to determine if a SNAP recipient falsified eligibility information in order to receive benefits. At the time OIG initiated the investigation, the SNAP recipient was under investigation for sending explosive devices to elected officials, including the President of the United States and the Governor of Texas. On November 9, 2017, the SNAP recipient was indicted for transportation of explosives with intent to kill or injure, SNAP fraud, and bankruptcy fraud. On June 5, 2018, she pled guilty to one count of transportation of explosives with the intent to kill or injure. This investigation was conducted jointly with the FBI, U.S. Secret Service (USSS), U.S. Postal Inspection Service, U.S. Social Security Administration (SSA) OIG, and the Texas Rangers.

Florida State Employee Sentenced for Using EBT Cards Returned by SNAP Recipients

On December 10, 2019, in Florida's Fourth Judicial Circuit Court, a Florida Department of Children and Families (DCF) State employee was sentenced to 2 days in prison and 24 months of probation. The employee was also ordered to pay \$8,466 in restitution to DCF. In September 2019, after being charged in a five-count bill of information with organized fraud and public assistance fraud, the employee pled guilty. This investigation, conducted jointly with the Jacksonville Sheriff's Office, revealed that the employee, without



Fall apples at a farmers market. This market is located in an urban neighborhood where it may be a challenge for some to reach a grocery store and carry purchases home; the market accepts Supplemental Nutrition Assistance Program benefits using electronic benefit transfer cards.

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

authorization, used EBT cards returned to DCF by SNAP recipients for her own gain. DCF received a complaint from a SNAP recipient who surrendered her EBT card to DCF before moving to another State. The SNAP recipient noticed that SNAP benefits continued to be loaded and used on her account. DCF identified other EBT cards that had been surrendered to that particular

DCF office. OIG obtained evidence from various stores that revealed the DCF employee and others used the benefits from the surrendered EBT cards.

Missouri Individual Sentenced for Utilizing Numerous False Identities to Receive Benefits

On March 4, 2020, in U.S. District Court, Eastern District of Missouri, an individual was sentenced to 48 months in prison and 36 months of supervised release. The individual was also ordered to pay a \$500 special assessment fee and \$87,119 in restitution. OIG's investigation determined that the individual fraudulently received SNAP benefits by using numerous false identities. Between January 1, 2015, and August 31, 2018, the individual created at least 23 fictitious eligibility (household) units with the Missouri Department of Social Services and obtained \$68,390 worth of SNAP benefits illegally. The individual used at least 56 social security numbers that belonged to other people to create the fictitious household units used to obtain the SNAP benefits. The investigation also determined that the individual illegally received \$18,729 worth of Supplemental Security Income (SSI) benefits between May 1, 2016, and August 31, 2018. On February 21, 2019, the individual was indicted on one count of illegally acquiring SNAP benefits, one count of theft of Government funds pertaining to illegally acquiring SNAP benefits, one count of theft of Government funds by illegally obtaining SSI benefits, one count of making a false statement to SSA, three counts of aggravated identity theft, and three counts of fraud in connection with identity theft. On November 26, 2019, the individual pled guilty to one count of aggravated identity theft, one count of identity theft, two counts of theft of Government funds, and one count of making a false statement to SSA.

Missouri Individual Sentenced for Exchanging Methamphetamines for SNAP Benefits

On March 10, 2020, in U.S. District Court, Western District of Missouri, an individual was sentenced to 144 months in prison and 60 months of supervised release. The individual was also ordered to pay \$2,106 in restitution. This investigation was initiated after a referral from the Vernon County Sheriff's Office in Milo, Missouri. During a search warrant of a residence belonging to two individuals, law enforcement discovered methamphetamine, three firearms, and several EBT cards that were not issued to the those individuals. OIG's investigation determined that, between January and August 2018, the individuals conspired to exchange methamphetamine for SNAP benefits. OIG and the Vernon County Sheriff's Office subsequently interviewed several of the authorized SNAP recipients

who admitted to exchanging their SNAP benefits for methamphetamine. In May 2019, the two individuals were indicted on nine counts of wire fraud. Each of the two individuals was also indicted on single counts of possession with intent to distribute a controlled substance, possession of a firearm in relation to a drug trafficking crime, and being a felon in possession of a firearm. Both individuals pled guilty to one count of wire fraud, one count of possession with intent to distribute a controlled substance, and one count of possession of a firearm in furtherance of a drug trafficking offense. The second of the two individuals is awaiting sentencing.

Oregon Man Found Guilty of Buying SNAP Benefits and Other Felony Charges

On October 29, 2019, in Multnomah County Circuit Court, an Oregon resident was sentenced to 44 months in prison and 24 months of supervised release for unauthorized use of SNAP benefits, unauthorized use of a vehicle, identity theft, and possession of a stolen vehicle. This joint investigation with the Portland Police Bureau was opened in November 2018. OIG and the Portland Police Bureau developed information and evidence that the man was using another person's EBT card. He was arrested on other charges on December 14, 2018, and during questioning admitted to buying SNAP benefits for half their value. On December 21, 2018, he was indicted in Multnomah County Circuit Court on 18 felony counts, including 6 felony counts relating to SNAP fraud.

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

Although FNS funds SNAP, the program is administered by the States, who are responsible for determining whether applicants are eligible for SNAP benefits, administering those benefits, and performing quality control to ensure that eligibility decisions are accurate. In addition, FNS requires that the States' quality control processes measure whether benefits are correctly awarded and accurately report error rates, free from bias, in making eligibility decisions. In return, FNS reimburses States for a portion of their administrative expenses, including expenses for providing quality control. FNS also 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.

To date, this investigation determined that Alaska, Virginia, and Wisconsin contracted the services of a quality control consultant to reduce their State's SNAP benefits determination error rates. The consultant trained quality

control workers to review error cases and determine that benefit decisions were “correct” rather than finding errors. As a result, the error rates reported to FNS underreported the number of errors identified by quality control reviewers, thereby resulting in each State receiving FNS performance bonuses to which it was not entitled.

In 2017, the cited State agencies entered into settlement agreements in which they agreed to pay approximately \$2.4 million, \$7.1 million, and \$6.9 million, respectively, to resolve allegations they violated the False Claims Act in their administration of SNAP. In June 2019, the consultant agreed to pay

The Child and Adult Care Food Program provides afterschool meals to children.

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



the United States \$751,571 to resolve allegations that she violated the False Claims Act by causing States to submit false quality control data regarding their management of SNAP. On December 20, 2019, the Texas Health and Human Services Commission agreed to pay the United States \$15.2 million to resolve allegations that it violated the False Claims Act in its administration of SNAP. The investigation was conducted by: USDA OIG; DOJ, Civil Division, Commercial Litigation Branch; USAO, Western District of Wisconsin; and USAO, Eastern District of Washington.

OTHER FNS INVESTIGATIONS

Former New York School Officials Sentenced for Conspiracy to Commit Mail and Wire Fraud

An OIG investigation revealed that the former executive director and former assistant executive director of a private school defrauded the At-Risk Afterschool Meals component of USDA's Child and Adult Care Food Program. The two former officials falsely submitted claims for reimbursement for after-school meals that were not served. On May 17, 2017, USDA OIG, FBI, and New York City Department of Investigation agents arrested the former executive director at the airport in Newark, New Jersey, after learning that he had reserved a flight to Ukraine with no return flight plans. On August 10, 2017, in U.S. District Court, Eastern District of New York, the two former officials were indicted on charges of conspiracy to commit mail and wire fraud. On March 30, 2018, they both pled guilty to the charges of conspiracy to commit mail and wire fraud.

On October 25, 2019, the former executive director was sentenced to 24 months in prison, followed by 36 months of supervised release. He was also required to perform 1,000 hours of community service and ordered to pay a special assessment of \$100, a fine of \$150,000, and restitution in the amount of \$3.2 million. The sentencing of the former assistant executive director is pending.

Arkansas Man Sentenced to Prison for Role in Stealing USDA Funds Intended to Feed Hungry Children

On February 28, 2020, in U.S. District Court, Eastern District of Arkansas, an Arkansas man was sentenced to 30 months in prison and 24 months of supervised release. He was also ordered to pay a \$100 special assessment and \$1.2 million in restitution. As a sponsor for the At-Risk Afterschool component of the Child and Adult Care Food Program, he falsely claimed to the State of Arkansas that he fed as many as 1,699 children daily at

13 feeding sites located throughout Arkansas. These sites included schools, residential properties (including his home), and a church. He grossly inflated claims, which resulted in his receiving payments totaling approximately \$1.2 million of USDA program funds intended to feed children in need.

Testimonies

House Committee on Appropriations, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. On February 11, 2020, IG Phyllis K. Fong and other OIG officials testified on our recent oversight of USDA. The IG noted that OIG conducts audits and investigations to detect and prevent fraud and abuse in USDA's programs and operations. In FYs 2015–2019, OIG received appropriations totaling approximately \$485.3 million. During this period, those audits and investigations had a total potential dollar impact of \$4.8 billion, resulting in cost savings and recoveries of \$9.89 for every dollar invested. During this same period, OIG made 985 audit recommendations to improve USDA programs. Our investigations work in that same 5-year period resulted in 2,948 convictions. The IG further discussed a number of recent important audits and investigations that were related to our three mission-oriented strategic goals.

Participation on Committees, Working Groups, and Task Forces

Advanced Data Analytics Working Groups. OIG's Office of Data Sciences (ODS) staff participate in the Interagency Fraud and Risk Data Mining Group, the Grant Fraud Working Group, and the 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 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 in these communities. As part of this effort, the OIGs for the U.S. Department of the Interior, the U.S. Department of Health and Human Services, and USDA simultaneously conducted audit fieldwork for Departmental programs for Tribes in Oklahoma. Specifically, USDA OIG reviewed the Food Distribution Program on Indian Reservations, as described earlier under this goal. All of these OIGs completed their respective fieldwork and issued separate audit reports. The CIGIE working group determined that there was no need for a consolidated report, and no further work will be performed in this area.

Bridge Card Enforcement Team. OIG agents continue to work with the Bridge Card Enforcement Team to investigate criminal SNAP and WIC violations. Team members include the Michigan State Police, IRS-CI, the FBI, and HSI. From October 2019 to March 2020, our teamwork resulted in two arrests and one search warrant being conducted. Additionally, during the same reporting period, the USAO for the Eastern and Western Districts of Michigan and the State of Michigan Attorney General's Office have pursued multiple criminal prosecutions, resulting in six guilty pleas, seven convictions, and more than \$3.2 million in court-ordered fines and restitution.

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 first half of FY 2020, Talon operations were conducted in 14 States, resulting in 57 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.

Identity Theft Task Forces and Working Groups. OIG agents actively participate in task forces and working groups to combat identity theft. The agents meet periodically with their Federal and State law enforcement partners to discuss previous identity theft investigations, current trends, leads, and other related topics geared toward combating identity theft, as well as de-confliction and collaboration on investigations. The States represented in these efforts include Florida, Idaho, and Pennsylvania.

Electronic Crimes and Organized Crime Task Forces. In California, OIG agents from the Diamond Bar office continue to actively participate on the USSS High Tech Crimes Task Force for SNAP investigations. Additionally, OIG agents participate in the Arizona Electronic Crimes Task Force and the New Hampshire Financial Fraud and Cybercrime Working Group. In Illinois, OIG agents work with the Cook County State's Attorney's Office Regional Organized Crime Task Force to investigate criminal SNAP and WIC violations. In Utah, an OIG agent participates in the FBI's Public Corruption Task Force, while in Florida, an OIG agent is embedded with the USSS South Florida Organized Fraud Task Force.

Benefits Fraud Task Forces and Councils. In Florida, one of our agents actively participates in the Government Housing Operations Special Task Force focusing on fraud in public housing, and another agent participates in the Jacksonville Sheriff's Office 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 of 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 the 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.

Review of Legislation, Regulations, Directives, and Memoranda

85 Federal Register 4064, FNS' Proposed Rule on Streamlining Program Requirements and Improving Integrity in the Summer Food Service Program. OIG reviewed the proposed rule and had a comment regarding adding a definition. The proposed rule would allow State agencies to exercise discretion to allow school food authorities in good standing in the National School Lunch Program, School Breakfast Program, or the Child and Adult Care Food Program to apply to the Summer Food Service Program (SFSP) as experienced sponsors, rather than as new sponsors. OIG commented on the proposal, noting that the background section of the proposed rule contained an explanation as to what "in good standing" meant, but it was not found in the rule itself. In order to avoid confusion and provide general clarity for both State agencies and sponsors, OIG recommended that a definition of "in good standing" be included in the definitions section of the proposed rule itself.

ONGOING REVIEWS

- » Controls over Specialty Crop Block Grant Program (AMS),
- » Food Purchase and Distribution Program (AMS),
- » Plant Pest and Disease Management and Disaster Prevention Program grants (APHIS),
- » Livestock Indemnity Program (FSA),
- » 2017 emergency assistance for honeybee claims (FSA),
- » 2017 Hurricane Relief Emergency Conservation Program (FSA),
- » Wildfires and Hurricanes Indemnity Program (FSA),
- » Market Facilitation Program (FSA),
- » Florida Citrus Recovery Block Grant Program (FSA),
- » SNAP waiver process (FNS),
- » Oversight of the Agricultural Trade Promotion Program (FAS),
- » Use of settlement funds (FS),
- » Grant for roadless area management in the State of Alaska (FS),
- » Hurricane Disaster Assistance—Emergency Watershed Protection Program (Natural Resources Conservation Service (NRCS)),
- » Section 2501 Program grants awarded FY 2018 (Office of Partnerships and Public Engagement),
- » Single Family Housing guaranteed loan program—appraisals (RHS), and
- » 2018 and 2019 trade mitigation packages (USDA).

Apiaries house honeybees in Georgia. After Hurricane Michael, the Farm Service Agency created programs to help farms like this one receive assistance following the natural disaster. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.





GOAL 3

MANAGEMENT IMPROVEMENT INITIATIVES

Strengthen USDA's ability to achieve results-oriented performance

OIG conducts audits, investigations, inspections, data analyses, 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.

37.3% of total direct resources devoted to Goal 3

96.5% of these resources assigned to critical-risk and high-impact work

AUDIT



18 reports issued
(including 8 audits, 3 inspections, and 7 final action verification reports)



40 recommendations

\$0.7 million* in monetary results

*One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

INVESTIGATIONS



7 indictments

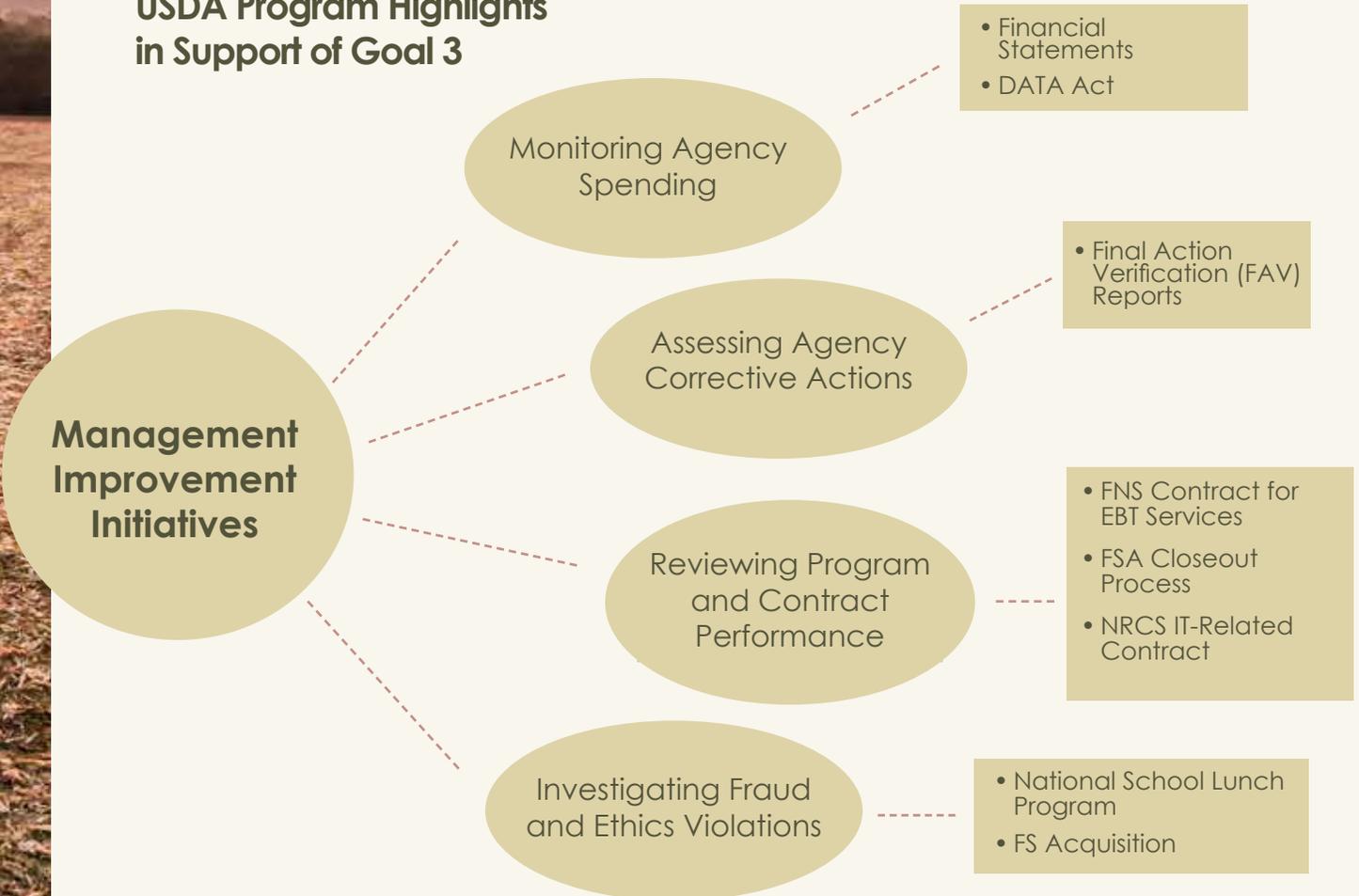
76.5% of closed cases resulted in action



3 convictions

\$0.8 million in monetary results

USDA Program Highlights in Support of Goal 3



Crop rotation on a corn field. 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, Investigative, and Data Sciences Work for Goal 3

Review of an NRCS IT-Related Contract

USDA's NRCS initiated a contract with a vendor to provide the agency with computer systems services. In October 2018, USDA underwent a reorganization. As part of the reorganization, FSA, NRCS, and RMA realigned into USDA's new FPAC mission area. As a result, changes in contract-monitoring staff occurred and it was unclear whether the IT-related functions covered by the contract were still relevant to the new organization.

OIG received concerns regarding the contractor's successful fulfillment of the deliverable requirements of the NRCS IT contract. In response to these reported concerns, OIG initiated an inspection to determine whether the contractor successfully fulfilled the requirements of the contract.

We found that the contractor did not meet the deliverable requirements of NRCS' IT contract. This occurred due to both a poorly written performance work statement and various contract oversight challenges posed by the reorganization and subsequent development of FPAC. As a result, NRCS paid for services that neither met its requirements nor resulted in any tangible benefit to the Government. FPAC concurred with our finding and recommendation. (Inspection Report 10801-0001-12)

FSA's Controls Over its Contract Closeout Process

FSA's mission is to equitably serve all farmers, ranchers, and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans. In FYs 2016–2018, FSA obligated more than \$508 million for various contracted products and support services. In May 2017, USDA established a new mission area called Farm Production and Conservation (FPAC). USDA also established a business center within FPAC (FPAC-BC), and in October 2018, FSA transferred responsibility for most of its contracts to FPAC-BC.

We reviewed six closed contracts and found that all six contracts were not closed out timely, with delays ranging from 3 days to more than 5 years. This occurred because neither FSA nor FPAC-BC made it a high priority to close out contracts, nor did they have a mechanism in place to track when contracts needed to be closed out and funds deobligated. As a result, \$738,907 in funds were not timely deobligated.

A cow on a farm visited by a Farm Service Agency loan officer. The Farm Service Agency's farm loan programs offer opportunities to farmers and ranchers by providing access to credit. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



We also found that both FSA and FPAC-BC did not monitor the contract closeout process adequately because neither entity conducted supervisory nor management reviews. In addition, the files for all six of the contracts we reviewed were missing required Federal Acquisition Regulation documentation and the files for five of the six contracts we reviewed lacked a standardized checklist used to ensure that contracts were properly closed out. Lastly, for the three contracts we reviewed that required contractor performance evaluations, there was no evidence that the evaluations were completed in the Contractor Performance Assessment Reporting System. FPAC-BC agreed with our findings and recommendations. (Audit Report 03601-0003-41)

Contract for SNAP EBT Services at Farmers Markets and Direct Marketing Farmers

OIG performed an inspection of a contract for SNAP EBT services at farmers markets and direct marketing farmers to address specific questions raised in a Congressional request. In response to the request, we assessed actions taken by FNS to award a contract to provide electronic payment software to support the use of SNAP EBT services at farmers markets and direct marketing farmers. We reviewed relevant laws, regulations, policies, and procedures related to awarding the contract. This inspection was conducted in accordance with CIGIE's *Quality Standards for Inspection and Evaluation*. Because this report contains sensitive information, it was fully redacted when released to the public. (Inspection Report 27801-0001-22)

USDA's FY 2019, First Quarter DATA Act Submission

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires that USDA submit to the U.S. Department of the Treasury certain Federal contract, loan, and grant spending information for Federal programs so that taxpayers and policy makers can more effectively track Federal spending. OIGs are responsible for reviewing a sample of the spending data submitted by their agency and submitting to Congress a publicly available report assessing the completeness, timeliness, quality, and accuracy of the sampled data.

We found that while USDA transmitted its first quarter DATA Act submission to the U.S. Department of the Treasury's DATA Act Broker on March 20, 2019, its submission was not complete and contained records that were not accurate, timely, or of good quality. We also found USDA agencies and offices did not consistently implement or use the Governmentwide

financial data standards. As a result, the intended users of the data, as outlined by the DATA Act, do not have reliable or searchable USDA spending data available on USAspending.gov related to financial assistance and program awards. Departmental and agency officials agreed with most of our recommendations, and we continue to work to reach agreement on the outstanding recommendations. (Audit Report 11601-0001-12)

USDA’s Consolidated Financial Statements for FYs 2019 and 2018

USDA received an unmodified opinion from the OIG audit of USDA’s consolidated financial statements. We determined that the Department’s financial statements present fairly USDA’s financial position as of September 30, 2019, and 2018, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States. This includes the agency’s net costs, changes in net position, and statements of budgetary resources and related notes to the consolidated financial statements.

Our consideration of USDA’s internal control over financial reporting identified three significant deficiencies: (1) improvements are needed by two of USDA’s component agencies in their overall financial management; (2) USDA needs to improve its IT security and controls, as many longstanding weaknesses remain; and (3) USDA needs to improve its controls over unliquidated obligations. We determined the first two deficiencies are material weaknesses. Additionally, our review of compliance with laws and regulations identified noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), the Antideficiency Act, and the Improper Payments Elimination and Recovery Act of 2010, as amended. The Department concurred with our findings. (Audit Report 50401-0018-11)

AGENCY FINANCIAL STATEMENTS

In auditing USDA’s consolidated financial statements, OIG either performed or oversaw contractors as they performed audits of five USDA agencies’ financial statements.

CCC’s Financial Statements for FYs 2019 and 2018

An independent certified public accounting (CPA) firm audited CCC’s consolidated financial statements in its agency financial report for the fiscal years ending September 30, 2019, and 2018. CCC received an unmodified opinion on the financial statements, as well as an assessment of CCC’s internal controls over financial reporting and compliance with laws and



The Natural Resources Conservation Service helps provide funding to farmers and landowners for conservation projects that will help with issues such as soil erosion, like this pivot irrigation system.

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

regulations. The accounting firm reported that the financial statements present fairly, in all material respects, CCC's financial position as of September 30, 2019, and 2018, and its net costs, changes in net position, and statements of budgetary resources and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States. The independent auditor's report identified two weaknesses in CCC's accounting for budgetary transactions and accounting estimates. The accounting firm considered these two deficiencies to be material weaknesses. The results of the firm's tests of compliance with laws and regulations disclosed instances of noncompliance related to the Antideficiency Act and with FFMIA. CCC agreed with the findings presented in the auditor's report. (Audit Report 06403-0002-11)

FCIC/RMA's Financial Statements for FYs 2019 and 2018

FCIC/RMA received an unmodified opinion from OIG's audit of FCIC/RMA's financial statements. We determined that the agency's financial statements present fairly FCIC/RMA's financial position as of September 30, 2019, and 2018, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States. This includes the agency's net costs, changes in net position, and statements of budgetary resources and related notes to the financial statements.

Our consideration of FCIC/RMA's internal control over financial reporting identified no material weaknesses and our consideration of compliance with laws and regulations noted no instances of noncompliance. (Audit Report 05401-0011-11)

FNS' Financial Statements for FYs 2019 and 2018

FNS received an unmodified opinion from OIG's audit of FNS' consolidated financial statements. We determined that the agency's financial statements present fairly FNS' financial position as of September 30, 2019, and 2018, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States. This included the agency's net costs, changes in net position, and statements of budgetary resources and related notes to the financial statements.

Our review of FNS' internal control over financial reporting identified no material weaknesses. However, our review of compliance with laws and regulations identified that FNS' high-risk programs were not compliant with the requirements of the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010, and the Improper Payments Elimination and Recovery Improvement Act of 2012. Additionally, this report recognizes that the U.S. Government Accountability Office (GAO) cited FNS for a potential Antideficiency Act violation with regard to the early payment of February 2019 benefits for SNAP. FNS, in consultation with USDA's Office of the General Counsel, maintains that the agency complied with all provisions of law that are associated with the Antideficiency Act. (Audit Report 27401-0004-11)

NRCS' Financial Statements for FY 2019

An independent CPA firm audited NRCS' financial statements as of September 30, 2019. NRCS received an unmodified opinion on the financial

statements, as well as an assessment of NRCS' internal controls over financial reporting and compliance with laws and regulations.

The accounting firm reported that the financial statements present fairly, in all material respects, NRCS' financial position for the fiscal year ending September 30, 2019, and its net cost, changes in net position, and statements of budgetary resources, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States. The independent auditor's report identified three deficiencies considered material weaknesses: (1) accounting and controls over obligations and undelivered orders; (2) accounting controls over expenses and related accruals; and (3) entity level controls. The results of the firm's tests of compliance with laws and regulations disclosed instances of noncompliance with FFMIA. NRCS concurred with the findings. (Audit Report 10403-0002-11)

Rural Development's Financial Statements for FYs 2019 and 2018

Rural Development received an unmodified opinion from OIG's audit of the agency's consolidated financial statements. We determined that the agency's financial statements present fairly Rural Development's financial position as of September 30, 2019, and 2018, in all material respects, and were prepared in accordance with accounting principles generally accepted in the United States. This includes the agency's net costs, changes in net position, and statements of budgetary resources and related notes to the financial statements.

Our consideration of Rural Development's internal control over financial reporting identified no material weaknesses and our consideration of compliance with laws and regulations noted no instances of noncompliance. (Audit Report 85401-0010-11)

FINAL ACTION VERIFICATION REPORTS

In this reporting period, OIG published seven 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. All FAV reports are considered related to Goal 3: Management Improvement Initiatives.



The Forest Service uses aircraft to drop flame retardant chemicals on forest fires.

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

FNS—Healthy Hunger Free Kids Act of 2010—Controls Over Food Service Account Revenue

OIG completed an FAV of all four recommendations in our report, *Healthy Hunger-Free Kids Act of 2010—Controls Over Food Service Account Revenue* (Audit Report 27601-0001-22). In a memorandum dated July 5, 2018, OCFO reported to FNS that it closed all of the recommendations, and we concur with this decision. (Report 27026-0001-24)

FS—Next Generation and Legacy Air Tanker Contract Awards

OIG completed an FAV of all five recommendations in our report, *Audit of Forest Service's Next Generation and Legacy Airtanker Contract Awards* (Audit Report 08099-0001-12). In a memorandum dated May 24, 2018, OCFO reported to FS that it closed all recommendations. We concur with OCFO's determination that corrective actions for Recommendations 2, 3, and 4 were adequate and sufficient to

support final action. However, we do not concur with this decision for Recommendations 1 and 5. OCFO agreed to reopen Recommendations 1 and 5. (Report 08026-0001-24)

FSIS—Ground Turkey Inspection and Safety Protocols

OIG completed an FAV of all eight recommendations in our report, *Food Safety and Inspection Service Ground Turkey Inspection and Safety Protocols* (Audit Report 24601-0004-31). In a memorandum dated July 5, 2018, OCFO reported to FSIS that it closed all recommendations. We concur with this decision for Recommendations 1, 2, 3, 4, 5, 7, and 8. However, we do not concur with this decision for Recommendation 6. OCFO agreed to reopen Recommendation 6. (Report 24026-0002-22)

FSIS—Implementation of the Public Health Information System for Domestic Inspection

OIG completed an FAV of all eight recommendations in our report, *Implementation of the Public Health Information System for Domestic Inspection* (Audit Report 24601-0001-23). In a memorandum dated July 16, 2018, OCFO reported to FSIS that it closed all eight recommendations, and we concur with this decision. (Report 24026-0001-22)

NRCS—Wetland Conservation Provisions in the Prairie Pothole Region

OIG completed an FAV of the two recommendations in our January 19, 2017 report, *Natural Resources Conservation Services Wetland Conservation Provisions in the Prairie Pothole Region* (Audit Report 10601-0003-31). In a memorandum dated June 13, 2017, OCFO reported to NRCS that it closed all of the recommendations, and we concur with this decision. (Report 10026-0001-21)

Office of the Assistant Secretary for Civil Rights—Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights

OIG completed an FAV of all nine recommendations in our report, *Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights* (Audit Report 50099-0001-12). In a memorandum dated July 10, 2017, OCFO reported to the Office of the Assistant Secretary for Civil Rights (OASCR) that it closed all recommendations.



We concur with OCFO's determination that corrective actions for Recommendations 2–9 were adequate and sufficient to support final action. However, we do not concur with the decision for Recommendation 1. OCFO agreed to reopen Recommendation 1. (Report 60026-0001-21)

OCIO—Management and Security Over USDA's Universal Telecommunication Network

OIG completed an FAV of all 21 recommendations in our report, *Management and Security Over USDA's Universal Telecommunication Network* (Audit Report 88501-0002-12). In a memorandum dated July 19, 2018, OCFO reported to OCIO that it closed all 21 recommendations, and we concur with this decision. (Report 88026-0001-41)

Idaho Woman Pleads Guilty to Theft of National School Lunch Program Resources

On December 11, 2019, an Idaho woman appeared in the Sixth Judicial District Court, Franklin County, and pled guilty to one misdemeanor count of petit theft. She was ordered to pay \$9,436 in restitution. OIG initiated the investigation after a referral from the Idaho Department of Education alleging that she used her position as food service director to purchase food for personal use through the National School Lunch Program. The investigation concluded that, from May 2017 through February 2019, the food service director made \$9,436 in personal purchases and did not reimburse the school district. On September 27, 2019, a criminal complaint was filed in the Sixth Judicial District Court charging her with one felony count of grand theft by embezzlement.

Former FS Acquisitions Director Signs Settlement Agreement to Resolve Ethics Violations

On January 8, 2020, a former director with FS' Office of Acquisition Management agreed to pay the United States \$20,000 to resolve allegations of violations of ethical restrictions on former officers, employees, and selected officials of the executive and legislative branches of the United States. As acquisitions director from 2005 to 2010, the former employee served as FS' source selection authority for a contract involving air tanker fire suppression services. Under ethics statutes, and as source selection authority, the former employee was subject to a lifetime ban after separating from Government service from being personally and substantially involved

with the company that was awarded the contract. During the course of the investigation, OIG learned that the former FS official was hired in 2012 as the chief executive officer of the company awarded the contract. Further, OIG found he negotiated with FS to provide additional equipment and air tanker services paid out of funds allocated under the contract.

Participation on Committees, Working Groups, and Task Forces

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.

Digital Accountability and Transparency Act Working Group and Common Methodology Subgroup. OIG auditors continue to participate in both the Federal Audit Executive Council DATA Act working group and the common methodology subgroup. The subgroup: is developing a common audit methodology to disseminate across the IG community for the FY 2021 DATA Act compliance audits; 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 Audit Peer Review Subcommittee. An OIG auditor is a member of this subcommittee, which is responsible for maintaining the CIGIE Audit Peer Review Schedule, managing requests for extensions and substitutions, coordinating among dispute resolution panels, and answering questions on how to perform peer reviews of other IG offices.

CIGIE Geospatial Data Act Working Group. The Geospatial Data Act requires specific IGs to conduct an audit of the respective agency's Geospatial Data Act compliance not less than every 2 years. Recognizing the need for collaboration and a consistent Governmentwide approach, OIG's IT Audit Operations helped found and lead the CIGIE Geospatial Data Act Working Group in order to assist covered agency IGs with developing a consensus approach for the inaugural audit requirements. The approach was adopted by the covered agency IGs and communicated to Congress through CIGIE. The inaugural Geospatial Data Act audits are due October 4, 2020.

Federal OIG Focus Group for GAO's Federal Information System Controls Audit Manual Update. An OIG auditor participates on the Federal OIG Focus Group for GAO's Federal Information System Controls

Audit Manual (FISCAM) Update. The purpose of this group is to determine the best approach for updating GAO's 2009 FISCAM guidance (GAO-09-232G) to better serve the needs of the audit community in performing information system control audits.

CIGIE Internal Controls Working Group. An OIG auditor participates with the CIGIE Internal Controls Working Group. The group's purpose is to aid OIGs in the transition to complying with the changes in the 2018 Revision to the Government Auditing Standards.

Security, Information Sharing, and Management Committees.

Across the United States, OIG agents participate in various committees and working groups to further the mission of OIG and to collaborate with external law enforcement partners. In Arizona, Connecticut, Illinois, Iowa, Kansas, Kentucky, Maine, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oregon, Pennsylvania, Rhode Island, South Dakota, and Washington, OIG participates in teams coordinated by the various USAOs. The primary purpose of this collaboration is to review all suspicious reports that affect a specific geographic jurisdiction, identify individuals who may be engaged in criminal activities, and coordinate and disseminate leads to appropriate agencies for followup. The composition of these teams generally includes representatives from law enforcement and various regulatory agencies. Coordination among the respective agencies results in improved communication and more efficient resource allocation.

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 promotes contracts and grants. 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.

Review of Legislation, Regulations, Directives, and Memoranda

H.R. 135, Elijah E. Cummings Federal Employee Antidiscrimination Act of 2019. OIG reviewed H.R. 135 and proposed a comment regarding use of the term “head of the agency” in one provision of the bill. The provision required the head of each agency’s equal employment opportunity program to report directly to the head of the agency. OIG proposed language to address instances where an agency’s subcomponent maintains its own distinct office and reporting structure for its equal employment opportunity program. We believed including such language would be in line with the well-established practice, as referenced in Equal Employment Opportunity Commission Management Directive 110, of recognizing subcomponent agency heads as the “head of the agency” for the purposes of carrying out related agency authorities and responsibilities.

S. 2618, Bonuses for Cost-Cutters Act of 2019. OIG reviewed S. 2618 and provided comments regarding provisions that could appear to impede IG independence, and a recommendation regarding clarifying a definition. Specifically, certain provisions in the bill could appear to put the IG in a policymaking and program operating role, regarding certain agency appropriations expenditures. We explained that the IG Act prohibits IGs from exercising any such program operating responsibilities. If an IG were to engage in such activities, it might call into question the IG’s ability to provide oversight regarding the agency’s relevant actions. Additionally, we recommended that the bill clarify the definition of terms regarding surplus salaries and expenses funds.

ONGOING REVIEWS

- » FAV—Plant Protection and Quarantine Preclearance Offshore Program (APHIS),
- » Review of agency financial statements for FYs 2020 and 2019 (CCC, FCIC/RMA, FNS, NRCS, Rural Development),
- » Review of the consolidated financial statements for FYs 2020 and 2019 (USDA),
- » Assessment of WIC’s Program Integrity Monitoring Branch activities (FNS),
- » Consolidated report of FNS and selected State agencies’ controls over SFSP (FNS),
- » Rulemaking process for the proposed rule—modernization of swine slaughter inspection (FSIS),
- » USDA oversight of civil rights complaints (OASCR),
- » Agreed-upon procedures—employee benefits, withholdings, contributions, and supplemental semiannual headcount reporting submitted to the Office of Personnel Management FY 2020 (OCFO),
- » USDA’s FY 2019 compliance with improper payment requirements (OCFO),
- » Implementation of the IT modernization Centers of Excellence improvements (OCFO),
- » Report on National Finance Center’s description of its payroll/personnel systems and the suitability of the design and operating effectiveness of its controls October 1, 2019, through June 30, 2020 (OCFO),
- » Independent service auditor’s report on Financial Management Services’ description of its financial systems and the suitability of the design and operating effectiveness of its controls October 1, 2019, through June 30, 2020 (OCFO),

- » USDA research integrity and capacity (Research, Education, and Economics),
- » Duplication of housing assistance programs (RHS),
- » Controls over crop insurance Section 508(h) products (RMA),
- » Financial management of Section 313a guarantees for bonds and notes (Rural Utilities Service (RUS)),
- » FY 2020 compliance with the Geospatial Data Act (USDA),
- » General and application controls work for financial statement audits for FYs 2020 and 2019 (USDA), and
- » Security controls over the prevention and mitigation of ransomware (USDA).

A worker in Texas loads a truck containing nutritious food for the Summer Food Service Program. The food will be provided to students in rural schools closed due to COVID-19. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

IG Act Section	IG Act Description	USDA OIG Reported SARC March 2020
Section 4(a)(2)	Review of Legislation and Regulations	Pages 40, 59
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1-62
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1-62
Section 5(a)(3)	Significant Recommendations from Agency's Previous Reports on Which Corrective Action Has Not Been Completed	Appendix A.10 Pages 86-100
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Appendix B.1 and B.2 Pages 119-120
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 77-82
Section 5(a)(7)	Summary of Significant Reports	Goals 1, 2, and 3 Pages 1-62
Section 5(a)(8)	Statistical Table: Questioned Costs	Appendix A.2 Page 73
Section 5(a)(9)	Statistical Table: Recommendations that Funds Be Put To Better Use	Appendix A.3 Page 74
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 83
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 118
Section 5(a)(10) (C)	Reports Without Agency Comments or Unimplemented Recommendations and Potential Costs Savings—Funds to Be Put To Better Use and Questioned Costs	Appendix A.13 Pages 103-116
Section 5(a)(11)	Significantly Revised Management Decisions Made During the Reporting Period	Appendix A.8 Page 84
Section 5(a)(12)	Significant Management Decisions with Which the Inspector General is in Disagreement	Appendix A.9 Page 85
Section 5(a)(13)	Information Described Under Section 804(b) of the FFMIA of 1996	Appendix A.11 Page 101
Section 5(a)(14) and (15)	Peer Reviews of USDA OIG	Page 65
Section 5(a)(16)	Peer Reviews Conducted by USDA OIG	Page 65

IG Act Section	IG Act Description	USDA OIG Reported SARC March 2020
Section 5(a)(17) and (18)	Additional Investigations Information	Appendix B.4 Pages 122-123
Section 5(a)(19)	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix B.5 Page 124
Section 5(a)(20)	Instances of Whistleblower Retaliation	Appendix B.6 Page 124
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 124
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, B.8, and C Pages 102, 117, 125, and 126

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

- » Performance measures;
- » Participation on committees, working groups, and task forces;
- » Recognition (awards received);
- » Program improvement recommendations;
- » Hotline complaint results.

National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	Appendix A.4 Page 75
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PEER REVIEWS AND OUTSTANDING RECOMMENDATIONS

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

Audit

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 (DOL) OIG conducted an external peer review of USDA OIG’s system of internal safeguards and management procedures for the investigative function for the period ending April 2019. That peer review was completed and DOL OIG issued its final report, dated November 1, 2019. DOL OIG determined that USDA OIG was compliant with the quality standards established by CIGIE and the other applicable guidelines and statutes cited. No findings or deficiencies were identified.

In addition to reporting a rating of “compliant,” the peer review team identified three best practices attributed to our investigative operations, as follows: (1) robust understanding of the agency’s evidentiary policies and procedures with maintenance of a comprehensive logging system; (2) Technical Crimes Division’s administrative requirements and digital media analysis processes exceeded industry standards; and (3) two offices visited maintained meticulous logs on their firearms and technical equipment.

Peer Reviews Conducted by USDA OIG

During the current reporting period, USDA OIG did not conduct 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 audits, investigations, inspections, data analyses, and other reviews. We accomplish our mission by fostering an organizational culture that embraces the value and dignity of all individuals and encourages innovation, trust, and positive change through a diverse and inclusive workforce.

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

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

- » Strengthen USDA’s ability to protect public health and safety and to secure agricultural and Department resources.
- » Strengthen USDA’s ability to deliver program assistance with integrity and effectiveness.
- » Strengthen USDA’s ability to achieve results-oriented performance.⁵

Impact of OIG Audit, Inspection, and Investigative Work on Department Programs

We also measure our impact by tracking the outcomes of our audits, inspections, 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 and inspections, we present:

- » Reports issued;
- » Management decisions made (number of reports and recommendations);
- » Total dollar impact of reports (questioned costs and funds to be put to better use) at issuance and at the time of management decision;
- » Program improvement recommendations; and
- » Audits without management decision.

⁵ OIG’s *Five-Year Strategic Mission and Diversity and Inclusion Plan—Fiscal Years 2020–2024* can be found at https://www.usda.gov/oig/webdocs/USDA_OIG_2020_Five_Year_Plan.pdf. OIG’s *FY 2020 Annual Plan* can be found at https://www.usda.gov/oig/webdocs/2020_Annual_Plan_508.pdf.

For investigations, we present:

- » Reports issued;
- » 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 2019 ACTUAL	FY 2020 TARGET	FY 2020 1st Half ACTUAL
OIG direct resources dedicated to critical-risk and high-impact activities.	97.1%	96%	98.6%
Audit recommendations where management decisions are achieved within 1 year.	100%	95%	98.2%
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%
Closed investigations that resulted in a referral for action to Department of Justice, State, or local law enforcement officials, or relevant administrative authority.	97.6%	90%	96.5%
Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.	88.6%	85%	86.8%

OIG ACCOMPLISHMENTS FOR FY 2020, FIRST HALF (OCTOBER 1, 2019–MARCH 31, 2020)

SUMMARY OF AUDIT ACTIVITIES	FY 2020 1st Half
Number of Final Reports	18
Number of Inspection Reports	3
Number of Final Action Verification Reports	7
Number of Final Report Recommendations (93 program improvements/6 monetary)	99
Number of Inspection Report Recommendations (0 program improvements/1 monetary)	1
<hr/>	
Total Dollar Impact of Reports at Issuance (Millions)	\$57.9
Questioned / Unsupported Costs	\$57.2 ⁶
Funds to Be Put to Better Use	\$0.7
<hr/>	
Management Decisions Reached	
Number of Final Reports	17
Number of Final Report Recommendations (97 program improvements/10 monetary)	107
Number of Inspection Reports	2
Number of Inspection Report Recommendations (5 program improvements/1 monetary)	6
<hr/>	
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2020 1st Half
Reports Issued	106 ⁷
Indictments	202
Convictions	146
Arrests	147
Administrative Sanctions	164
Total Dollar Impact (Millions)	\$85.1

⁶ One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

⁷ This total includes results from OCL.

RECOGNITION OF OIG EMPLOYEES BY THE INSPECTOR GENERAL COMMUNITY

CIGIE Awards—Presented in October 2019

Award for Excellence: Audit

Agroterrorism Preparedness—In recognition of the team’s outstanding efforts performing two detailed audits that recommended significant improvements to USDA’s emergency preparedness for agroterrorism prevention, detection, and response.

Award for Excellence: Investigations

Allegations of Sexual Assault—In recognition of exemplary dedication and investigative expediency associated with allegations of sexual assault against female staff members by a Government Schedule (GS)-15 USDA, Agricultural Research Service (ARS) Research Chemist.

Operation Stampede—In recognition of the coordinated efforts by Federal, State, and local agencies to successfully investigate one of the largest SNAP fraud schemes in U.S. history.

Award for Excellence: Multiple Disciplines

Government Purchase Card Audit—In recognition of extraordinary efforts across the CIGIE community and multiple disciplines to identify the highest-risk purchase card transactions and recommend controls over improper purchases.

APPENDIX A: AUDIT TABLES

Appendix A.1: Activities and Reports Issued

Summary of Audit Activities, October 1, 2019–March 31, 2020

Reports Issued: 18	Audits Performed by OIG	15
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	3
Management Decisions Made: 107	Number of Reports	17
	Number of Recommendations	107
Total Dollar Impact (Millions) of Management-Decided Reports: \$65.1	Total Questioned/Unsupported Costs	\$64.4 ^{a,b}
	—Recommended for Recovery	\$35.4
	—Not Recommended for Recovery	\$29.0
	Funds to Be Put to Better Use	\$0.7

^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, October 1, 2019–March 31, 2020

OIG issued three Inspection Reports during this reporting period.

Reports Issued: 3	Inspections Performed by OIG	3
Management Decisions Made: 2	Number of Reports	2
	Number of Recommendations	6
Total Dollar Impact (Millions) of Management-Decided Reports: \$0 ⁸	Total Questioned/Unsupported Costs	\$0 ⁹
	—Recommended for Recovery	\$0
	—Not Recommended for Recovery	\$0 ¹⁰
	Funds to Be Put to Better Use	\$0

⁸ One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

⁹ Ibid.

¹⁰ Ibid.

Summary of FAV Reports Issued, October 1, 2019– March 31, 2020

FAV reports determine whether the final action documentation the agency provides to OCFO supports the agency’s management decision reached with OIG. These verifications are not performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, or the *Quality Standards for Inspection and Evaluation*, issued by the Council of the Inspectors General on Integrity and Efficiency. Our objective in performing these verifications is to determine whether the documentation the agency provided to OCFO is sufficient to close the recommendations.

In this reporting period, OIG issued seven FAV reports. Of the seven FAV reports issued, three had recommendations that OCFO had not properly closed. OCFO agreed to open the recommendations to correct the issues identified. These FAV reports are discussed under Goal 3.

Appendix A.2: Inventory of Final Audit and Inspection Reports with Questioned Costs and Loans (October 1, 2019–March 31, 2020)

Category	No.	Questioned Costs and Loans	Unsupported ^a Costs and Loans
Reports for which no management decision had been made by October 1, 2019 ^b	2	\$7,794,016	\$632,687
Reports which were issued during the reporting period	4	\$57,235,568 ¹¹	\$0
Total reports with Questioned Costs and Loans	6	\$65,029,584	\$632,687
Of the 6 reports, those for which management decision was made during the reporting period	6	Recommended for recovery	\$35,373,770
		Not recommended for recovery	\$29,019,165 ¹²
		Costs not disallowed	\$636,649
Of the 6 reports, those for which no management decision has been made by the end of this reporting period	0	\$0	\$0

^a Unsupported values are included in questioned values.

^b Carried over from previous reporting periods.

¹¹ One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

¹² Ibid.

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 October 1, 2019 ^a	0	\$0	
Reports which were issued during the reporting period	1	\$738,907	
Total reports with recommendations that Funds Be Put to Better Use	1	\$738,907	
Of the 1 report, those for which management decision was made during the reporting period	1	Disallowed costs	\$738,907
		Costs not disallowed	\$0
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 October 1, 2019, through March 31, 2020.

Appendix A.5: Program Improvement Recommendations

A number of our audit and inspection 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 93 program improvement recommendations, and management agreed to implement 102 recommendations that were issued this period or earlier. Examples of those recommendations issued during this reporting period include the following (see the main text of this report for a summary of the audits that prompted these recommendations):

- » FNS and Puerto Rico's ADSEF should evaluate opportunities to leverage other agencies' data and resources to assist in delivering disaster nutrition assistance for future disasters, including coordinating with the Federal Emergency Management Agency to qualify households for disaster nutrition assistance.
- » AMS should incorporate specific language into the EFAC licensing agreement that will establish minimum standards for sanitation procedures at EFAC facilities. This language should ensure that: (1) facilities are cleaned on a daily basis when USDA commodities are stored; and (2) warehouse operators maintain written records of the sanitation activity documenting what and when cleaning activities were performed.
- » FSIS should amend FSIS Directive 5740.1, *Cooperative Interstate Shipment Program*, to instruct the selected establishment coordinators to prepare written documentation of their onsite verification visits. This documentation should include, at a minimum, a brief overview of review procedures performed for each of the eight compliance areas and a description of the analyses conducted.

Appendix A.6: Reports Issued (Audits, Inspections, and FAVs)

OIG issued 18 audit reports, including 3 performed by others. OIG also issued 3 inspection reports. OIG issued 7 FAV reports, which do not have monetary results. The following is a summary of those audit products by agency:

Audit and Inspection Report Totals

Total Funds to Be Put to Better Use	\$738,907
Total Reports with Questioned Costs and Loans ^a	\$57,235,568 ¹³

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

Summary of Audit Reports Released from October 1, 2019–March 31, 2020

Agency Type	Audits Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Audit	15	\$57,235,568	\$0	\$738,907
Multi-Agency Audit	3	\$0	\$0	\$0
Total Completed Under Contract ^b	3	\$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.

¹³ One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

Summary of Inspection Reports Released from October 1, 2019– March 31, 2020

Agency Type	Interim Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Inspection	3	\$0 ¹⁴	\$0	\$0
Multi-Agency Inspection	0	\$0	\$0	\$0
Total Completed Under Contract	0	\$0	\$0	\$0

^a Unsupported values are included in the questioned values.

¹⁴ One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

Audit Reports Released and Associated Monetary Values from October 1, 2019–March 31, 2020

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
AMS: Agricultural Marketing Service					
01601-0001-24	PA	03/19/2020	AMS Oversight of FMLFPP		
01601-0002-41	PA	12/18/2019	AMS Storage and Handling of Commodities for International Food Assistance Programs		
Total: 2					
CCC: Commodity Credit Corporation					
06403-0002-11	FA	11/20/2019	CCC's Financial Statements for FYs 2019 and 2018		
Total: 1					
FSA: Farm Service Agency					
03601-0003-41	PA	03/27/2020	FSA's Controls Over its Contract Closeout Process		\$738,907
Total: 1					
FNS: Food and Nutrition Service					
27401-0004-11	FA	11/15/2019	FNS' Financial Statements for FYs 2019 and 2018		
27601-0001-21	PA	02/04/2020	FDPIR		
27601-0003-23	PA	12/26/2019	Nationwide Implementation of WIC EBT		
27601-0004-22	PA	12/23/2019	SNAP E&T Pilot Projects	\$27,554,632	
27702-0001-22	PA	10/18/2019	Review of FNS' NAP Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria	\$2,714,199	
Total: 5					
FSIS: Food Safety and Inspection Service					
24601-0002-22	PA	12/11/2019	CIS Program		
Total: 1					

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
Multi-Agency					
50401-000-18-11	FA	11/22/2019	USDA's Consolidated Financial Statements for FYs 2019 and 2018		
50503-0002-12	PA	10/30/2019	USDA, OCIO, FY 2019 FISMA		
50701-0002-21	PA	3/30/2020	USDA's Controls to Prevent the Unauthorized Access and Transfer of Research Technology		
Total: 3					
NCRS: Natural Resources Conservation Service					
10403-0002-11	FA	11/26/2019	NRCS' Financial Statements for FY 2019		
Total: 1					
OCFO: Office of the Chief Financial Officer					
11601-0001-12	PA	11/08/2019	USDA's FY 2019, First Quarter DATA Act Submission		
Total: 1					
RMA: Risk Management Agency					
05401-0011-11	FA	11/08/2019	FCIC/RMA's Financial Statements for FYs 2019 and 2018		
Total: 1					
RD: Rural Development					
85401-0010-11	FA	11/08/2019	Rural Development's Financial Statements for FYs 2019 and 2018		
Total: 1					
RHS: Rural Housing Service					
04601-0003-31	PA	02/07/2020	MFH Tenant Eligibility	\$26,966,737	
Total: 1					
Grand Total: 18				\$57,235,568	\$738,907

* Performance audits (PA) and financial audits (FA).

Inspection Reports Released and Associated Monetary Values from October 1, 2019–March 31, 2020

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FNS: Food and Nutrition Service					
27801-0001-22	IE	03/31/2020	Contract For SNAP EBT Services at Farmers Markets and Direct Marketing Farmers		
27801-0002-22	IE	2/27/2020	Timeliness of the Disbursement of the \$600 Million Disaster Nutrition Assistance Grant to Puerto Rico		
Total: 2					
NRCS: Natural Resources Conservation Service					
10801-0001-12	IE	3/30/2020	Review of an NRCS IT-Related Contract	\$0 ¹⁵	
Total: 1					
Grand Total: 3					

* Inspections and Evaluations (IE).

¹⁵ One inspection report had questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

FAV Reports Released from October 1, 2019–March 31, 2020

Report Number	Report Type*	Release Date	Title
FNS: Food and Nutrition Service			
27026-0001-24	FAV	02/12/2020	Healthy Hunger-Free Kids Act of 2010— Controls over Food Service Account Revenue
Total: 1			
FSIS: Food Safety and Inspection Service			
24026-0001-22	FAV	12/13/2019	Implementation of the Public Health Information System for Domestic Inspection
24026-0002-22	FAV	02/24/2020	Audit of FSIS Ground Turkey Inspection and Safety Protocols
Total: 2			
FS: Forest Service			
08026-0001-24	FAV	12/17/2019	Audit of FS' Next Generation and Legacy Air Tanker Contract Awards—08099-0001-12
Total: 1			
NRCS: Natural Resources Conservation Service			
10026-0001-21	FAV	12/20/2019	NRCS Wetland Conservation Provisions in the Prairie Pothole Region
Total: 1			
OASCR: Office of the Assistant Secretary for Civil Rights			
60026-0001-21	FAV	10/29/2019	Review of Expenditures Made by OASCR—50099-0001-12
Total: 1			
OCIO: Office of the Chief Information Officer			
88026-0001-41	FAV	01/27/2020	Management and Security Over USDA's Universal Telecommunication Network
Total: 1			
Grand Total: 7			

* Final Action Verification (FAV).

Appendix A.7: Management Decisions

In this reporting period, there were no instances where management decision was not made within the 6-month limit imposed by Congress.

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 and Inspection Reports with Recommendations Pending Corrective Action for Period Ending March 31, 2020, by Agency

Grand Total	Total Number of Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)
	408	67	340	1

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
AMS: Agricultural Marketing Service							
01601-0001-24	AMS Oversight of FMLFPP	03/10/2020	3		3		Pending Final Action: 1, 2, 3
01601-0002-41	AMS Storage and Handling of Commodities for International Food Assistance Programs	12/18/2019	6		6		Pending Final Action: 1, 4, 5, 6, 7, 8
03601-0002-41	AMS Commodity Purchases for International Food Assistance Programs	09/26/2018	1		1		Pending Final Action: 4
Total			10		10		
ARS: Agricultural Research Service							
50601-0006-TE	Controls Over Plant Variety Protection and Germplasm Storage	03/04/2004	3		3		Pending Final Action: 5A, 6A, 9A

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50601-0010-AT	Followup Review on the Security of Biohazardous Material at USDA Laboratories	03/08/2004	1		1		Pending Final Action: 2A
Total			4		4		
APHIS: Animal and Plant Health Inspection Service							
33099-0001-23	Texas Boll Weevil Eradication Foundation Cooperative Agreement	05/31/2018	5		5		Pending Final Action: 1, 2, 4, 5, 6
33601-0001-41	Oversight of Research Facilities	12/09/2014	1		1		Pending Final Action: 15
50601-0001-32	Controls Over APHIS' Introduction of Genetically Engineered Organisms	09/22/2015	2		2		Pending Final Action: 2, 8
50601-0008-TE	APHIS Controls Over Issuance of Genetically Engineered Organism Release Permits	12/08/2005	3		3		Pending Final Action: 1A, 2A, 3A
Total			11		11		
CCC: Commodity Credit Corporation							
06401-0005-11	CCC's Financial Statements for FYs 2015 and 2014	02/12/2016	3		3		Pending Final Action: 16, 18, 19
06403-0001-11	CCC's Financial Statements for FY 2018	11/09/2018	9		9		Pending Final Action: 1, 2, 3, 4, 5, 7, 8, 9, 10

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
06403-0002-11	CCC's Financial Statements for FYs 2019 and 2018	11/20/2019	4		4		Pending Final Action: 2, 4, 6, 7
Total			16		16		
DM: Departmental Management							
50099-0003-21	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
50099-0001-12	Review of Expenditures Made by OASCR	09/14/2015	1		1		Pending Final Action: 1
50601-0003-23	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
Total			16		16		
FPAC: Farm Production and Conservation							
10801-0001-12	Review of an NRCS IT-Related Contract*	3/30/2020	1		1		Pending Final Action: 1
Total			1		1		
FSA: Farm Service Agency							
03006-0001-TE	1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX	01/02/1996	1	1			Pending Collection: 1A
03099-0181-TE	FSA Payment Limitation Review in Louisiana	05/09/2008	1	1			Pending Collection: 2
03601-0001-22	FSA Compliance Activities	07/31/2014	5		5		Pending Final Action: 1, 2, 3, 4, 5

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
03601-0002-22	Economic Adjustment Assistance to Users of Upland Cotton	07/31/2014	1		1		Pending Final Action: 5
03601-0002-31	Agricultural Risk Coverage and Price Loss Coverage Programs	09/20/2018	2		2		Pending Final Action: 3, 7
03601-0003-41	FSA's Controls Over its Contract Closeout Process	03/27/2020	12		12		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
03601-0007-TE	Emergency Feed Program in Texas	09/18/1996	3	3			Pending Collection: 4A, 5B, 6A
03601-0012-AT	Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas	09/26/2007	1	1			Pending Collection: 2
03601-0023-KC	Hurricane Relief Initiative: Livestock Indemnity and Feed Indemnity Programs	02/02/2009	1	1			Pending Collection: 4
03601-0028-KC	Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments Program	05/30/2012	3	3			Pending Collection: 16, 21, 24
03702-0001-32	FSA Livestock Forage Program	12/10/2014	2	1	1		Pending Collection: 2 Pending Final Action: 10

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50099-0011-SF	NRCS and FSA: Crop Bases on Lands with Conservation Easement—State of California	08/27/2007	1	1			Pending Collection: 2
50601-0015-AT	Hurricane Indemnity Program—Integrity of Data Provided by RMA	03/31/2010	1	1			Pending Collection: 5
Total			34	13	21		
FNS: Food and Nutrition Service							
27004-0001-23	New York's Controls Over SFSP	09/24/2018	13	6	7		Pending Collection: 5, 6, 7, 8, 9, 15 Pending Final Action: 1, 3, 10, 11, 12, 14, 17
27004-0001-31	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
27004-0001-41	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

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27004-0003-21	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
27004-0003-21(1)	SFSP—Texas Sponsor Cost— Interim Report	09/07/2017	1	1			Pending Collection: 1
27004-0004-21	Texas' Controls Over SFSP	03/14/2019	13	3	10		Pending Collection: 10, 11, 17 Pending Final Action: 1, 2, 5, 7, 8, 9, 12, 13, 15, 16
27601-0001-21	FDPIR	02/04/2020	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
27601-0001-31	FNS: Controls for Authorizing SNAP Retailers	07/31/2013	3		3		Pending Final Action: 9, 10, 11
27601-0002-41	FNS Quality Control Process for SNAP Error Rate	09/23/2015	1		1		Pending Final Action: 11
27601-0003-10	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
27601-0003-23	Nationwide Implementation of WIC EBT	12/26/2019	2		2		Pending Final Action: 1, 2

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27601-0004-22	SNAP E&T Pilot Projects	12/23/2019	2	1	1		Pending Collection: 2 Pending Final Action: 1
27601-0004-41	FNS Controls Over SFSP	03/27/2018	1		1		Pending Final Action: 3
27601-0008-10	Georgia's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	06/14/2017	1	1			Pending Collection: 4
27601-0010-10	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
27601-0011-10	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
27601-0012-10	Washington's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	09/28/2017	2		2		Pending Final Action: 6, 7

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27601-0013-10	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
27601-0019-10	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
27702-0001-22	Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria	10/18/2019	8	2	6		Pending Collection: 7, 8 Pending Final Action: 1, 2, 3, 4, 5, 6
Total			126	36	90		
FSIS: Food Safety and Inspection Service							
24016-0001-23	FSIS Followup on the 2007 and 2008 Audit Initiatives	06/07/2017	6		6		Pending Final Action: 3, 4, 7, 12, 13, 17
24601-0002-22	CIS Program	12/11/2019	1		1		Pending Final Action: 1
24601-0003-22	FSIS' Compliance with Written Recall Procedures	03/26/2019	2		2		Pending Final Action: 1, 2
24601-0004-31	FSIS Ground Turkey Inspection and Safety Protocols	07/29/2015	1		1		Pending Final Action: 6

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50601-0006-HY	Assessment of USDA's Controls to Ensure Compliance with Beef Export Requirements	07/15/2009	1		1		Pending Final Action: 2
Total			11		11		
FAS: Foreign Agricultural Service							
07601-0001-22	Private Voluntary Organization Grant Fund Accountability	03/31/2014	4		4		Pending Final Action: 1, 2, 6, 10
07601-0001-41	FAS' Export Credit Guarantee Program	07/13/2018	2		2		Pending Final Action: 1, 2
07601-0002-23	FAS' Monitoring of the Administration's Trade Agreement Initiatives	12/05/2016	5		5		Pending Final Action: 1, 2, 3, 5, 6
50601-0001-22	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
50601-0002-16	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			17		17		

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
FS: Forest Service							
08016-0001-23	Review of FS Controls Over Explosives and Magazines	12/01/2017	4		4		Pending Final Action: 4, 6, 7, 8
Total			4		4		
Multi-agency							
50024-0014-11	USDA's FY 2018 Compliance with Improper Payment Requirements	05/31/2019	3		3		Pending Final Action: FSA: 1, 2 OCFO: 3
50601-0003-22	Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS	01/27/2017	1		1		Pending Final Action: FSA: 2
50701-0001-21	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
50701-0002-21	USDA's Controls to Prevent the Unauthorized Access and Transfer of Research Technology	3/30/2020	15		15		Pending Final Action: ARS: 11, 13, 15 FS: 5, 6, 7, 8, 9, 10, 12, 14 OHSEC: 1, 2, 3, 4

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50703-0001-23	American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program	10/18/2013	1	1			Pending Collection: FSA: 9
Total			29	1	28		
NIFA: National Institute of Food & Agriculture							
13601-0001-22	NIFA Formula Grant Programs' Controls Over Fund Allocations to States	08/07/2019	11	2	9		Pending Collection: 2, 3 Pending Final Action: 1, 4, 5, 6, 7, 8, 9, 10, 11
Total			11	2	9		
NRCS: Natural Resources Conservation Service							
10099-0001-23	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
10401-0009-11	NRCS' Balance Sheet for FY 2017	11/13/2017	2		2		Pending Final Action: 1, 3
10403-0001-11	NRCS' Balance Sheet for FY 2018	11/15/2018	1		1		Pending Final Action: 2
10403-0002-11	NRCS' Financial Statements for Fiscal Year for FY 2019	11/26/2019	11		11		Pending Final Action: 1, 3, 4, 5, 6, 7, 8, 9, 11, 13, 14

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
10601-0001-32	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
10601-0002-31	NRCS Conservation Easement Compliance	07/30/2014	3		3		Pending Final Action: 1, 5, 10
10601-0004-31	NRCS Regional Conservation Partnership Program Controls	06/28/2018	4	2	2		Pending Collection: 3, 4 Pending Final Action: 1, 2
10601-0004-31(2)	NRCS Regional Conservation Partnership Program Controls—Interim Report	11/13/2017	2	1	1		Pending Collection: 2 Pending Final Action: 1
10601-0005-31	EQIP Payment Schedules	09/24/2019	6	2	4		Pending Collection: 1, 4 Pending Final Action: 2, 3, 5, 6
10601-0006-31	NRCS Equitable Relief	09/18/2019	2		2		Pending Final Action: 1, 2
10601-0007-31	ACEP—Application Process and Selection Priorities	09/26/2019	1		1		Pending Final Action: 1
Total			53	12	41		

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
OHSEC: Office of Homeland Security							
61701-0001-21	Agroterrorism Prevention, Detection, and Response	03/27/2017	4		4		Pending Final Action: 1, 2, 5, 13
Total			4		4		
OCFO: Office of the Chief Financial Officer							
11601-0001-12	USDA's FY 2019, First Quarter DATA Act Submission	11/8/2019	12		11	1	Pending Final Action: AMS: 2 ARS: 8 FNS: 12 FS: 9 FSA: 7 NRCS: 3 OCE: 4 OCFO: 1, 10, 11 OCP: 6 Pending Management Decision: 5
50016-0001-23	Implementation of Suspension and Debarment Tools in USDA	09/28/2017	3		3		Pending Final Action: 1, 6, 8
50401-0013-11	USDA's Consolidated Balance Sheet for FY 2017	11/15/2017	1		1		Pending Final Action: 1
Total			16		15	1	

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
OCIO: Office of the Chief Information Officer							
50501-0017-12	Security Over Select USDA Agencies' Networks and Systems	09/28/2018	2		2		Pending Final Action: 1, 3
50501-0018-12	USDA, OCIO, FY 2018 FISMA	10/12/2018	4		4		Pending Final Action: OBPA: 1 OCIO: 6, 7, 8
50501-0020-12	Improper Usage of USDA's IT Resources	06/27/2019	6		6		Pending Final Action: APHIS: 4 ARS: 3 FS: 5 OCIO: 2, 6 OHRM: 1
50501-0020-12(1)	Improper Usage of USDA's IT Resources—Interim Report	06/27/2018	6		6		Pending Final Action: 1, 2, 3, 5, 6, 7
50501-0021-12	Data Encryption Controls Over Personally Identifiable Information on USDA IT	08/01/2019	2		2		Pending Final Action: 1, 2
50503-0002-12	USDA, OCIO, FY 2019 FISMA	10/30/2019	3		3		Pending Final Action: 1, 2, 3
Total			23		23		

Report Number	Report Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
RMA: Risk Management Agency							
05601-0003-22	Actual Revenue History Underwriting for Sweet Cherries	04/09/2018	1		1		Pending Final Action: 3
05601-0005-31	RMA's Utilization of Contracted Data Mining Results	12/19/2017	1		1		Pending Final Action: 2
05601-0006-31	Annual Forage Program and Followup on PRF Program Recommendations	07/26/2019	2		2		Pending Final Action: 1, 2
Total			4		4		
RHS: Rural Housing Service							
04601-0001-23	Single Family Housing Guaranteed Loan Program—Liquidation Value Appraisals	08/12/2019	6	1	5		Pending Collection: 1 Pending Final Action: 2, 3, 4, 5, 6
04601-0003-31	Multi-Family Housing Tenant Eligibility	02/07/2020	10	2	8		Pending Collection: 1, 3 Pending Final Action: 2, 4, 5, 6, 7, 8, 9, 10
Total			16	3	13		
RUS: Rural Utilities Service							
09601-0002-41	Infrastructure Funding for Substantially Underserved Trust Areas	06/27/2019	2		2		Pending Final Action: 1, 2
Total			2		2		

* Indicates an inspection.

Appendix A.11: Information Described Under Section 804(b) of FFMIA of 1996

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, 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 2020, we issued our annual financial statement reports for FY 2019 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 2019. The Department continues to move forward with remediation plans to achieve compliance for longstanding Departmentwide weaknesses related to applicable accounting standards, the U.S. Standard General Ledger, and FISMA.

Appendix A.12: Canceled Audits

Agency	Date Closed	Title of Report	Reason for Cancellation
FNS	03/26/2020	Child Nutrition Program Dual Participation	OIG canceled this audit due to the coronavirus outbreak and its impact on FNS resources.
FSIS	11/27/2019	Implementation of the Public Health Information System Export Module	OIG canceled this audit because, at the time, the Public Health Information System export module did not collect enough information for OIG to successfully perform an audit.
RMA	1/29/2020	RMA's Controls over Multiple Peril Crop Insurance Policies with Additional Coverage for Hail	OIG canceled this audit after corroborating RMA's conclusions that the Federal Crop Insurance Act does not contain any provisions authorizing RMA to regulate the purchase of private crop insurance policies.

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

USDA agencies had 74 outstanding recommendations with a potential value of more than \$2.2 billion. Monetary amounts listed represent questioned costs and funds that could be put to better use for those recommendations which management decision has been reached, but 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			\$2,274,672,695
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.	09/7/17	\$110,670
27601000310	<i>New Mexico's Compliance with SNAP Certification of Eligible Households Requirements</i>		
	Require New Mexico HSD [Human Services Department] [to] 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.	09/27/16	\$2,194
	Require New Mexico HSD [to] review the two identified cases and verify income to determine if payments were improper and warrant establishment of a claim.	09/27/16	\$6,721

Report #	Recommendation Cited	Management Decision Date	Released Amount
	Require New Mexico HSD [to] review the identified case to determine if payments were improper and warrant establishment of a claim.	09/27/16	\$163
	Require HSD [to] review the two cases identified to determine if payments were improper and warrant establishment of a claim.	09/27/16	\$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.	04/6/16	\$5,568,534
27601000422	<i>SNAP Employment and Training Pilot Projects</i>		
	For any State unable to provide adequate substantiation for Recommendation 1, use agency authorities under 2 CFR § 200.338 and agency policies over grants to seek recovery of pilot funds, as appropriate.	12/23/19	\$27,554,632
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.	06/14/17	\$1,427
27601001010	<i>Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)</i>		
	Require [Pennsylvania] DHS [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.	08/09/17	\$969

Report #	Recommendation Cited	Management Decision Date	Released Amount
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.	09/14/17	\$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.	09/14/17	\$24,254
2700400123	<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.	09/24/18	\$18,394
	Direct the State agency to confirm the OIG-identified unsupported costs (\$48,157) and to recover any disallowed costs from the SFSP sponsors.	09/24/18	\$48,157
	Direct the State agency to confirm the OIG-identified questionable reimbursements (\$630) and to recover any disallowed reimbursements from the SFSP sponsors.	09/24/18	\$630
	Direct the State agency to confirm the OIG-identified questionable meal reimbursements (\$2,911) and recover any disallowed reimbursements from the SFSP sponsors.	09/24/18	\$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.	09/24/18	\$26,037
	Direct the State agency to recover SFSP funds in the amount of \$260 for questionable reimbursements for overclaimed meals.	09/24/18	\$260

Report #	Recommendation Cited	Management Decision Date	Released Amount
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.	08/26/19	\$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.	08/26/19	\$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.	08/26/19	\$27,063
	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.	08/26/19	\$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.	08/26/19	\$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.	11/05/18	\$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.	11/05/18	\$100,536

Report #	Recommendation Cited	Management Decision Date	Released Amount
	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.	11/05/18	\$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.	11/05/18	\$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.	11/05/18	\$430
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.	03/14/19	\$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.	03/14/19	\$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.	03/14/19	\$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.	03/14/19	\$34,506

Report #	Recommendation Cited	Management Decision Date	Released Amount
	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.	03/14/19	\$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.	03/14/19	\$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.	03/14/19	\$253,369
	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.	03/14/19	\$201
27702000122	<i>Review of FNS' Nutrition Assistance Program Providing Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria</i>		
	Require ADSEF to regularly perform checks against SSA national death information to ensure deceased individuals are not receiving benefits. Review cases identified through the audit and establish claims for overpayments, as appropriate.	10/18/19	\$1,258,308
	Require ADSEF to review all active cases that have been through the retroactive/claims module since April 2014 and correct any inaccurate case data including benefit amounts, household size, and net income.	10/18/19	\$1,455,891

Report #	Recommendation Cited	Management Decision Date	Released Amount
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.	07/01/02	\$2,203,261
036010007E	<i>Emergency Feed Program in Texas</i>		
	Instruct the Reeves County Executive Director [CED] to recover the cited ineligible benefits from Producer A (\$30,773) and Producer B (\$21,620).	01/12/01	\$52,393
	(5b) If the County Committee determines a scheme or device was used to defeat the purpose of the Emergency Feed Program, instruct the Reeves CED to recover the \$70,529 in benefits paid this producer for crop years 1994 and 1995 and cancel the \$12,350 in benefits which otherwise are available for the 1995 crop year. (NOTE: \$30,773 of this amount is also included in Recommendation 4.)	01/12/01	\$52,106
	Instruct the Reeves County Committee to review the validity of the 1994 Emergency Feed Program form CCC-651 for Producer B and determine the eligibility of the producer and the \$32,546 in benefits paid for crop year 1994. (NOTE: \$21,620 of this amount is also included in Recommendation 4.)	01/12/01	\$10,926
500990011SF	<i>Crop Bases on Lands with Conservation Easements</i>		
	Direct FSA's California State office to remove crop bases from the 33 easement-encumbered lands and to recover \$1,290,147 in improper payments.	01/15/09	\$1,290,147

Report #	Recommendation Cited	Management Decision Date	Released Amount
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 five COs [county offices] 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.	02/26/08	\$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.)	01/30/09	\$1,432,622
036010023KC	<i>Hurricane Relief Initiatives: Livestock and Feed Indemnity Programs</i>		
	For each application for which it is determined (under Recommendation 3) that the third-party statements and/or beginning inventory documentation omitted from the application did not meet program requirements, recover resultant overpayments.	03/16/11	\$860,971
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.	09/30/10	\$1,061,958

Report #	Recommendation Cited	Management Decision Date	Released Amount
036010028KC	<i>Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments</i>		
	Require the field office in Johnson County, Missouri, to: (1) review all delivery documents submitted by participating owners in support of disbursed matching payments; (2) identify all improperly established dry weight ton equivalents of biomass material eligible for matching payments (i.e., all those not reduced to zero percent moisture); and (3) recover all associated improper payments.	09/20/12	\$3,352
	Require, through direction to the appropriate State offices, that county offices recover the improperly issued matching payments associated with deliveries of biomass material completed prior to approval of the owners' collecting, harvesting, storing, and transporting applications.	09/20/12	\$280,142
	Based on the determinations reached regarding scheme or device, initiate appropriate administrative actions including the termination of any violated facility agreements and the recovery of any improperly disbursed matching payments plus interest. Coordinate with OIG Investigations prior to initiating any administrative actions.	09/20/12	\$95,675
50703000123	<i>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.	09/10/14	\$84,000
03702000132	<i>Livestock Forage Program</i>		
	Review and recover improper overpayments of \$358,956 due to errors in calculating Livestock Forage Program payments.	09/18/15	\$358,956
03601000341	<i>FSA's Controls Over its Contract Closeout</i>		
	Establish a process that ensures contracts are timely closed out and any remaining funds deobligated.	03/27/20	\$738,907

Report #	Recommendation Cited	Management Decision Date	Released Amount
NIFA			
13601000122	<i>NIFA Formula Grant Programs' Controls Over Fund Allocations to States</i>		
	Determine whether \$2,825,604 paid to institutions in the Evans-Allen Research Program and 1890 Extension Program; \$3,633,065 in the Smith-Lever 3(b) and (c) Program; and \$66,103 in the McIntire-Stennis Cooperative Forestry Research Program should be discharged under applicable laws. If the amounts cannot be discharged, seek recovery of overpayments to those institutions.	03/12/20	\$6,524,772
	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.	03/13/19	\$4,366,090
	Ensure the identified \$1,271,659 of insufficiently supported matching funds is verified and reconciled. NRCS should take appropriate action where applicable.	09/11/18	\$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.	09/11/18	\$7,891,453

Report #	Recommendation Cited	Management Decision Date	Released Amount
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.	10/23/17	\$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.	09/27/16	\$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.	09/21/18	\$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.	09/21/18	\$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.	09/27/16	\$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.	07/19/18	\$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.	09/27/16	\$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.	09/05/18	\$1,093,943

Report #	Recommendation Cited	Management Decision Date	Released Amount
10601000431 (2)	<i>NRCS Regional Conservation Partnership Program Controls [RCPP]</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.	05/2/18	\$267,410
10601000431	<i>NRCS Regional Conservation Partnership Program Controls</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.	09/10/19	\$632,687
	Request the return of previously issued RCPP technical assistance payments of \$60,357 to partners for ineligible expenses.	11/14/19	\$36,047
10601000531	<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.	09/24/19	\$2,161,137,783
	Ensure that the EQIP payment schedule includes necessary components and scenarios to address State and regional needs and exceptions.	09/24/19	\$31,592
Rural Housing			
04601000123	<i>Single Family Housing Guaranteed Loan Program—Liquidation Value Appraisals</i>		
	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.	08/12/19	\$2,149,674

Report #	Recommendation Cited	Management Decision Date	Released Amount
	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.	08/12/19	\$6,449,227
04601000331	<i>Multi-Family Housing Tenant Eligibility</i>		
	Develop and provide training or guidance to property management on documentation requirements for tenant files, including document retention policies, income calculations, and any adjustments to income.	02/27/20	\$26,962,764
	Pursue recovery or take other action as appropriate for the \$3,973 in unauthorized assistance and other errors we identified.	08/12/19	\$3,973

Appendix A.14: Audits and Inspections that Were Not Publicly Released (as of March 31, 2020)

OIG published summary information for all of its reports from October 1, 2019, through March 31, 2020; however, two reports contained sensitive content that was not publicly released.

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, October 1, 2019–March 31, 2020

Reports Issued: 106^a	Cases Opened	90
	Cases Referred for Prosecution	92
Impact of Investigations	Indictments	202
	Convictions ^b	146
	Searches	115
	Arrests	147
Total Dollar Impact (Millions): \$85.1	Recoveries/Collections ^c	\$9.1
	Restitutions ^d	\$43.0
	Fines ^e	\$1.0
	Asset Forfeitures ^f	\$8.5
	Claims Established ^g	\$15.4
	Cost Avoidance ^h	\$7.2
	Administrative Penalties ⁱ	\$0.9
Administrative Sanctions: 164	Employees	18
	Businesses/Persons	146

^a This total includes results for OCI.

^b Includes convictions and pretrial diversions. The period of time to obtain court action on an indictment varies widely; therefore, the 146 convictions do not necessarily relate to the 147 arrests or the 202 indictments.

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

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

^e Fines are court-ordered penalties and include special assessments.

^f Asset forfeitures are judicial or administrative results and continue to fluctuate through the life of the process.

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

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

ⁱ Includes monetary fines, penalties, or other monetary remedies authorized by law and sometimes imposed through an administrative process as a result of OIG findings.

Appendix B.2: Indictments and Convictions

Indictments and Convictions—October 1, 2019–March 31, 2020

Agency	Indictments	Convictions*
AMS	3	5
APHIS	12	6
ARS	1	1
FNS	113	94
FS	5	2
FSA	40	24
FSIS	2	2
NRCS	0	1
OCIO	0	0
OIG	0	0
RBS	1	0
RHS	1	0
RMA	24	11
Total	202	146

*This category includes pretrial diversions.

Appendix B.3: OIG Hotline

Number of Complaints Received

Type	Number
Employee Misconduct	157
Participant Fraud	6,372
Waste/Mismanagement	105
Health/Safety Problem	31
Opinion/Information	26
Bribery	1
Reprisal	0
Total Number of Complaints Received	6,692

Disposition of Complaints

Method of Disposition	Number
Referred to OIG Audit or Investigations for Review	134
Referred to Other Law Enforcement Agencies	1
Referred to USDA Agencies for Response	219
Referred to FNS for Tracking	6,143
Referred to USDA or Other Agencies for Information—No Response Needed	174
Filled Without Referral—Insufficient Information	13
Referred to State Agencies	8
Total Number of Complaints	6,692

Appendix B.4: Additional Investigations Information

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

Description of Data	Number	Explanation	Source of Data
1 Number of reports issued	106 ¹⁶		Number obtained from ARGOS database is routinely reported.
2 Number of people referred to DOJ—criminal	179	Number of people referred for prosecution Federally in FY 2020 first half.	Created a report from the database to show cases referred for prosecution during the first half of FY 2020. Queried each case 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	21	Of the 179 people reported above, 21 were referred to DOJ for both criminal and civil action.	Same as number 2 above.
3 Number of people referred to State/local authorities	37	Number of people referred to State/local authorities in FY 2020 first half.	Created a report from the database to show cases referred for prosecution during the first half of FY 2020. Queried each case in the database to determine how many individuals were referred for prosecution and to whom they were referred.
3a Number of people referred to State/local authorities	14	Of the 37 people reported above, 14 were referred to both Federal and State entities.	Same as number 3 above.

¹⁶ This total includes results for OCI.

Description of Data	Number	Explanation	Source of Data
4 Indictments from prior referrals	154	Indictments include other charging mechanisms.	Created a report from the database to show cases that had indictments and/or other charging mechanisms claimed during FY 2020 first half, regardless of when they were referred.
5 Convictions from prior referrals	135	Convictions includes pre-trial diversions.	Created a report from the database to show cases that had convictions and/or pre-trial diversions claimed during FY 2020 first 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

Allegations of Misconduct Relating to Favoritism and Pre-Selection by a Senior Government Official

OIG's Office of Compliance and Integrity conducted an internal investigation into allegations involving favoritism and pre-selection by a senior government official. The senior government official served as the hiring manager for a particular OIG vacancy announcement and was alleged to have shown favoritism to a specific applicant by providing that applicant with key information about the position while failing to provide the same information to other applicants. Additionally, the senior government official was alleged to have pre-selected the same applicant based on a previous professional relationship. The allegations were not substantiated.

APPENDIX C: OFFICE OF DATA SCIENCES TABLES

ODS Reports Issued During the Period but Not Disclosed to the Public

The IGEA requires that OIG report on each inspection, evaluation, and audit conducted by the office that is closed during the reporting period and was not disclosed to the public. During the current reporting period, OIG had one data analysis project that was closed but not disclosed to the public:

Data Analysis Memorandum

Data Analysis: Virgin Islands Disaster Supplemental Nutrition Assistance Program; February 26, 2020.

ACRONYMS AND ABBREVIATIONS

Abbreviation	Full Name
ACEP	Agriculture Conservation Easement Program
ADSEF	Administration for Socioeconomic Development of the Family
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
CCC	Commodity Credit Corporation
CED	county executive director
CFR	Code of Federal Regulations
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIS	Cooperative Interstate Shipment
CIG	Conservation Innovation Grants
CO	county office
CPA	certified public accounting
CSP	Conservation Stewardship Program
DATA Act	Digital Accountability and Transparency Act of 2014
DCF	Florida Department of Children and Families
DHS	Department of Human Services
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
EBT	electronic benefits transfer
EFAC	Export Food Aid Commodity
E&T	employment and training
EQIP	Environmental Quality Incentives Program
FA	financial audit
FAS	Foreign Agricultural Service
FAV	final action verification
FBI	Federal Bureau of Investigation
FCIC	Federal Crop Insurance Corporation
FDIC	Federal Deposit Insurance Corporation

FDPiR Food Distribution Program on Indian Reservations
 FFMIA Federal Financial Management Improvement Act of 1996
 FISCAM Federal Information System Controls Audit Manual
 FISMA Federal Information Security Management Act of 2002
 FMFIA Federal Managers' Financial Integrity Act
 FMLFPP Farmers Market and Local Food Promotion Program
 FNS Food and Nutrition Service
 FOIA Freedom of Information Act
 FPAC Farm Production and Conservation
 FPAC-BC Farm Production and Conservation-Business Center
 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
 GMO genetically modified organism
 GS government schedule
 HIP Hurricane Indemnity Program
 HSI Homeland Security Investigations
 HSD Human Services Department
 IG Inspector General
 IGEA The Inspector General Empowerment Act
 IRS-CI Internal Revenue Service-Criminal Investigation
 IT information technology
 ITO Indian Tribal Organization
 JTTF Joint Terrorism Task Force
 MFH Multi-family Housing
 NAP Nutrition Assistance Program
 NIFA National Institute of Food and Agriculture
 NJTTF National Joint Terrorism Task Force

NOP	National Organic Program
NRCS	Natural Resources Conservation Service
OASCR	Office of the Assistant Secretary for Civil Rights
OCFO	Office of the Chief Financial Officer
OCI	Office of Compliance and Integrity
OCIO	Office of the Chief Information Officer
ODS	Office of Data Sciences
OIG	Office of Inspector General
OMB	Office of Management and Budget
PA	performance audit
PRF	Pasture, Rangeland, and Forage
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	Semiannual Report to Congress
SC DSS	South Carolina Department of Social Services
SFSP	Summer Food Service Program
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSI	Social Security Income
SWRO	Southwest Regional Office
TDA	Texas Department of Agriculture
USAID	U.S. Agency for International Development
USAO	U.S. Attorney's Office
USDA	U.S. Department of Agriculture
USMS	U.S. Marshals Service
USSS	U.S. Secret Service
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 fraud, waste, abuse, and mismanagement, where a failure to perform well could seriously affect the ability of an agency or the Federal Government to achieve its mission or goals, according to the Government Performance and Results Modernization Act of 2010.

MANAGEMENT CHALLENGES	
(1) USDA Needs to Improve Oversight and Accountability for its Programs	Related material can be found on pages 4, 5, 13–15, 17–20, 45, 47–48
(2) IT Security Needs Continuous Improvement	Related material can be found on pages 3–5
(3) USDA Needs to Strengthen Program Performance and Performance Measures	Related material can be found on pages 13, 17–18
(4) USDA Needs to Strengthen Controls Over Improper Payments and Financial Management	Related material can be found on pages 13, 48–51
(5) USDA Needs to Improve Outreach Efforts	Related material can be found on pages 41, 60
(6) Food Safety Inspections Need Improved Controls	Related material can be found on page 4
(7) FNS Needs to Strengthen SNAP Management Controls	Related material can be found on pages 13–17, 41

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