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OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

Second Half April 1, 2021–September 30, 2021



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Message from the Inspector General

This *Semiannual Report to Congress* (SARC) covers the most significant achievements of the U.S. Department of Agriculture's (USDA) Office of Inspector General (OIG) for the 6-month period ending September 30, 2021. 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 completed a significant number of audits, investigations, inspections, data analytics, and other reviews. Our Office of Audit issued 17 reports that resulted in 87 recommendations and more than \$327.1 million in questioned/unsupported costs or funds to be put to better use. Our Office of Investigations (OI) issued a total of 72 reports and reported 129 indictments, 162 convictions, 210 arrests, and more than \$135.2 million in recoveries and restitutions. We also received 5,960 complaints through the OIG Hotline.

As of this reporting period, it has been more than 18 months since the beginning of the coronavirus disease 2019 (COVID-19) pandemic. As such, OIG has executed its mission in a maximum telework environment throughout this period. Our leadership and staff have risen to the challenges presented by using new technologies and modifications to our business processes while still focusing on the quality and integrity of our work.

Pandemic Oversight

OIG continues to provide oversight to USDA agencies to help them deliver the COVID-19 relief efforts as effectively as possible, ensure employee safety, and address any allegations of fraud by those seeking to take improper advantage of these programs. For example, in 2014, USDA's Food and Nutrition Service (FNS) initiated a Supplemental Nutrition Assistance Program (SNAP) Online Purchasing pilot program, which would allow households to make online purchases using SNAP benefits. Expanded in response to COVID-19, this program grew from a pilot program in

6 States with a value of \$18.9 million in March 2020 and expanded to 46 States with a value of more than \$1.5 billion cumulatively by the end of December 2020.

OIG conducted an inspection of this program and found that FNS used the same approval criteria it used during its pilot program when it added additional States and retailers and did not update its risk assessment since creating the pilot in 2014. Without updating its risk assessment to assess new risks in the rapidly evolving e-commerce market, the pilot could be susceptible to fraud and abuse—particularly as FNS rapidly expanded the pilot between March and December 2020. Finally, although FNS had established criteria and program requirements for retailers to be eligible to participate in the pilot, FNS did not establish controls to effectively monitor, evaluate, or document how participating retailers protect SNAP participants' online personal information. FNS generally concurred with our findings and recommendations.

OIG also conducted and published the results of a pulse survey of USDA's Food Safety and Inspection Service (FSIS) inspectors. The survey obtained information about how FSIS frontline inspectors perceived COVID-19 safety in their work environments.

In addition, we were alerted by the Internal Revenue Service (IRS) regarding an individual it was investigating for COVID-19-related tax benefits claim fraud violations. OIG's investigation revealed that the individual was falsely claiming farm property and livestock losses and had filed false applications for the Coronavirus Food Assistance Program (CFAP). The individual later admitted to filing a fraudulent CFAP application and that all his farming activities were fraudulent. The individual was sentenced to serve 30 months in prison, followed by 3 years of supervised release, and was ordered to pay restitution in the amount of \$248,739.

OIG is highlighting its oversight work related to the COVID-19 pandemic in a separate section of this report.

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

OIG's independent audits, investigations, inspections, data analytics, and other reviews focus on issues such as the ongoing challenges of agricultural

inspection activities, the safety of the food supply, homeland security, animal welfare, and information technology (IT) security and management. OIG recently audited USDA's Animal and Plant Health Inspection Service's (APHIS) joint work with the Centers for Disease Control and Prevention (CDC) in administering the Federal Select Agent Program (FSAP). FSAP oversees the possession, use, and transfer of biological select agents and toxins, which have the potential to pose a severe threat to public, animal, or plant health, or to animal or plant products.

We found several areas of FSAP that need improvement. First, the Electronic FSAP system, which APHIS uses to monitor entities' compliance with Federal regulations, did not always include accurate and complete information. As a result, APHIS may not be able to ensure select agents and toxins are adequately secured by registered entities. Second, we identified two deficiencies in APHIS' oversight process: (1) APHIS does not require its inspectors to support "pass" determinations that entities complied with Federal regulations, and (2) APHIS officials did not ensure that entities timely resolved non-compliances identified during prior inspections. Third, from 2017 to 2019, OIG determined that APHIS did not report to Congress 13 losses and 3 releases of select agents or toxins. Without accurate reports, Congress cannot make informed decisions concerning APHIS' oversight of registered entities' handling of

dangerous select agents and toxins. APHIS concurred with our findings and some of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

OIG also investigates violations of the Animal Welfare Act (AWA), which included assisting the U.S. Attorney's Office (USAO) for the Southern District of Georgia after a December 2019 raid by a Georgia Sheriff's Department of an in-progress cockfight. Deputies estimated the attendance at the cockfight to be more than 200 individuals. Subsequently, 41 individuals were charged by the Sheriff's Department. OIG's assistance resulted in a May 20, 2020, Federal grand jury returning an indictment on 38 individuals, 7 of whom received a felony charge and 31 of whom received a misdemeanor charge related to animal fighting.

As of May 4, 2021, 27 individuals have pled guilty to a misdemeanor. There have also been 16 plea agreements, 27 special assessments in the amount of \$500 each, 26 fines in the amount of \$25 each, 3 sentences of 12 months' probation each, and 1 deportation.

In addition, on September 9, 2021, the operator of the cockfighting venue was sentenced to 14 months in prison and 24 months of supervised release. He also was ordered to pay a \$500 fine and forfeit 100.4 acres of property, and is prohibited from owning or keeping any birds or fowl, and attending any events related to birds

or cockfighting. The case against one individual was dismissed.

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

As part of OIG’s goal to ensure that benefits reach those for whom they are intended, we conducted a variety of audits and investigations designed to confirm that recipients are eligible and that payments are calculated properly. As an example, we recently evaluated the USDA Natural Resources Conservation Service’s (NRCS) controls over the Emergency Watershed Protection (EWP) Program relating to hurricane disaster assistance provided in response to Hurricanes Harvey, Irma, and Maria. The EWP Program offers technical and financial assistance to help local communities mitigate imminent hazards to life and property caused by floods, fires, windstorms, and other natural occurrences that impair a watershed. In our review, we found that NRCS did not establish and maintain a database to accurately track EWP Program projects at the national level and that NRCS had no performance measures specific to EWP. Without a database, NRCS is unable to assess, improve, or report on program effectiveness.

We also found that for 15 of 20 sampled Damage Survey Reports (DSR), sponsors did not provide required eligibility

documentation and that all 3 States in OIG’s sample did not submit 60-day or final reports for the sampled DSRs. As a result, OIG questioned NRCS’ oversight of the more than \$239.7 million in EWP project funds. Furthermore, OIG found that State officials did not initiate the closeout process or de-obligate unused funds of more than \$9.5 million for 18 signed cooperative agreements in a timely manner. This could lead to lengthy, unliquidated obligations and potentially prevent the funds from being used on other EWP Program projects. NRCS agreed with our findings and recommendations.

As an example of OIG’s investigative work under Goal 2, we received information that a seed company was intentionally mislabeling seed types and selling the mislabeled seed throughout the United States and to foreign customers. The investigation, which the IRS joined after it was suspected tax fraud and other financial issues may have been involved, revealed that the former general manager of the seed company and his co-conspirators were involved in multiple schemes to defraud customers and a large food and agribusiness company. They directed employees to package substitute seed varieties with false and misleading labels and invoiced the customers under the original terms of their contracts, notwithstanding the unauthorized substitutions.

The former general manager later pled guilty to conspiracy to commit wire fraud and conspiracy to commit money laundering. He was sentenced to 36 months in prison, followed by 3 years of supervised release. Additionally, he was ordered to pay \$8.2 million in restitution (he also agreed to voluntary tax payments amounting to \$2.6 million), and \$7.3 million in forfeiture.

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

OIG’s work focuses on areas such as improved financial management and accountability, research, real property management, and employee integrity. In a recent audit, we concluded that, overall, USDA’s Office of the Assistant Secretary for Civil Rights (OASCR) needs to develop a stronger internal control environment over its civil rights program complaints processing to ensure that complaints are timely and appropriately handled, and that OASCR achieves established goals and objectives. The agency agreed with our findings and some of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

Additionally, we conducted an investigation to determine whether a USDA Agricultural Research Service (ARS) employee committed various crimes against minors. Initially, the

employee was suspected by the Louisiana Bureau of Investigations (LBI) and Homeland Security Investigations (HSI) as being associated with child pornography. OIG, partnering with LBI and HSI, seized the employee's Government-issued computer and cellphone for digital forensic analysis as conducted by HSI. Subsequently, ARS terminated the individual's employment while the investigation was ongoing. On July 26, 2019, LBI and HSI executed a Federal search warrant at the residence of the former employee, at which time he was arrested.

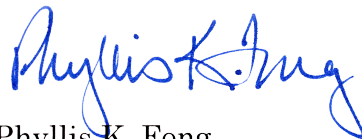
On July 23, 2021, the former ARS employee pled guilty to 1 count of second-degree rape of a victim under the age of 13, 2 counts of molestation of a victim under the age of 13, 20 counts of production of pornography involving juveniles under the age of 13, and 51 counts of possession of pornography involving juveniles under the age of 13.

On July 26, 2021, in the 22nd Judicial District Court of Louisiana, the individual was sentenced to 40 years for the second-degree rape of a victim under the age of 13, 40 years for each count of molestation of a victim under the age of 13, 20 years for each count of production of pornography involving juveniles under the age of 13, and 20 years for each count of possession of pornography involving juveniles under the age of 13.

All sentences were ordered to be served concurrently.

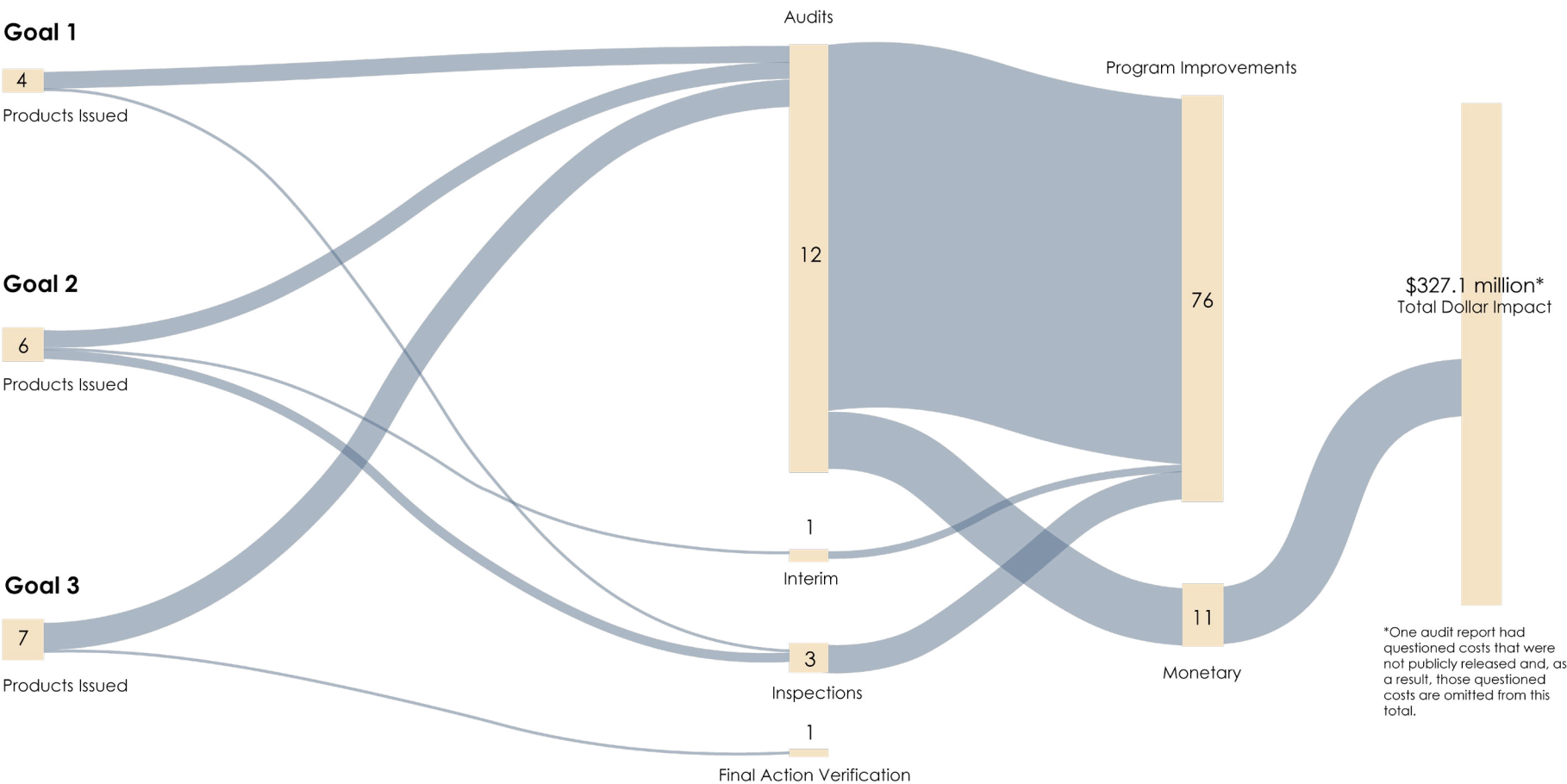
These accomplishments are the result of the dedicated work of OIG's professional staff and their commitment to ensuring the efficiency and effectiveness of USDA programs. We recently issued our *Annual Plan Fiscal Year 2022* where we addressed our oversight portfolio of both ongoing USDA programs as well as new pandemic response initiatives. Our planning approach is to rely on the best available data to conduct risk assessments of USDA programs and activities to prioritize our resources.

We look forward to continuing our collaborative working relationship with Secretary of Agriculture Tom Vilsack and Deputy Secretary Jewel Brnaugh as we pursue our fiscal year (FY) 2022 work. We also appreciate the aid and support of the USDA management team, as well as interested Congressional Committees and Members of Congress, to ensure that USDA programs are accomplishing their intended missions.



Phyllis K. Fong
Inspector General

Audit Performance Summary



Investigations Performance Summary

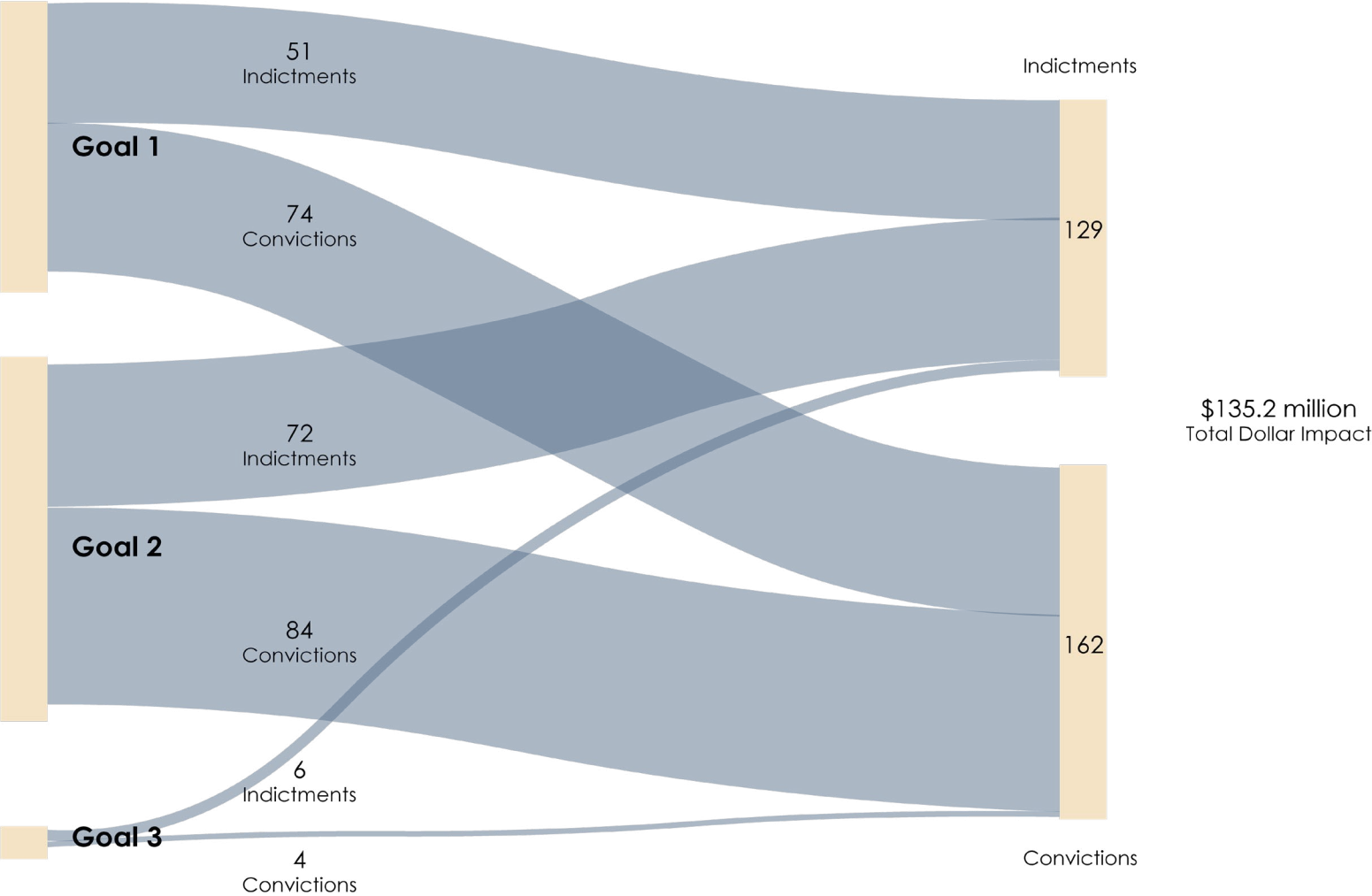


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Pandemic Oversight

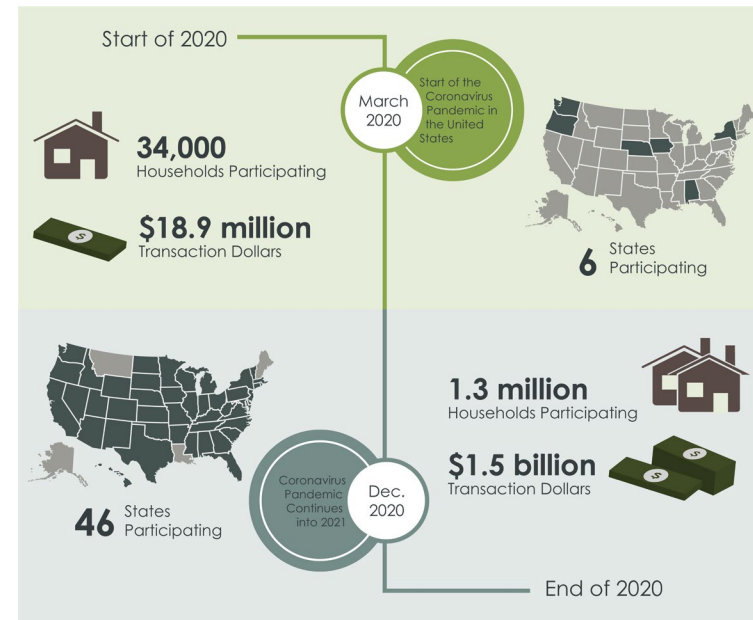
As reported in the *Semiannual Report to Congress, First Half October 1, 2020–March 31, 2021*, OIG received \$3.2 million to oversee the more than \$77.5 billion in USDA funding related to the COVID-19 response.¹ As of the end of FY 2021, these OIG oversight funds have been nearly expended. During this reporting period, OIG completed several engagements and started an additional seven reviews as summarized below.

Completed Work

In response to the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, OIG developed and published the *OIG Plan—Oversight of COVID-19 Funding* in April 2020. This plan was founded on OIG’s three mission goals and established OIG’s

approach, objectives, and associated strategies to oversee the funds provided to USDA for COVID-19 response. Since that time, OIG has provided oversight to USDA agencies to deliver COVID-19 relief efforts while addressing any allegations of fraud by those seeking to take improper advantage of these programs. In addition, OIG continues to work with the Federal oversight community as an active member of the Pandemic Response Accountability Committee. Below are the results of our work this period in ensuring that the more than \$77.5 billion in USDA funding related to COVID-19 response is being effectively delivered to those in need.

Figure 1. The expansion of the Supplemental Nutrition Assistance Program Online Purchasing Pilot in response to the pandemic. This OIG graphic presentation of USDA data appeared in Inspection Report 27801-0003-22.



COVID-19—Supplemental Nutrition Assistance Program Online Purchasing in Response to the Coronavirus Disease 2019

In 2014, USDA’s FNS initiated a SNAP Online Purchasing Pilot (pilot), which would allow households to make online purchases using SNAP benefits. In response to the COVID-19 pandemic,

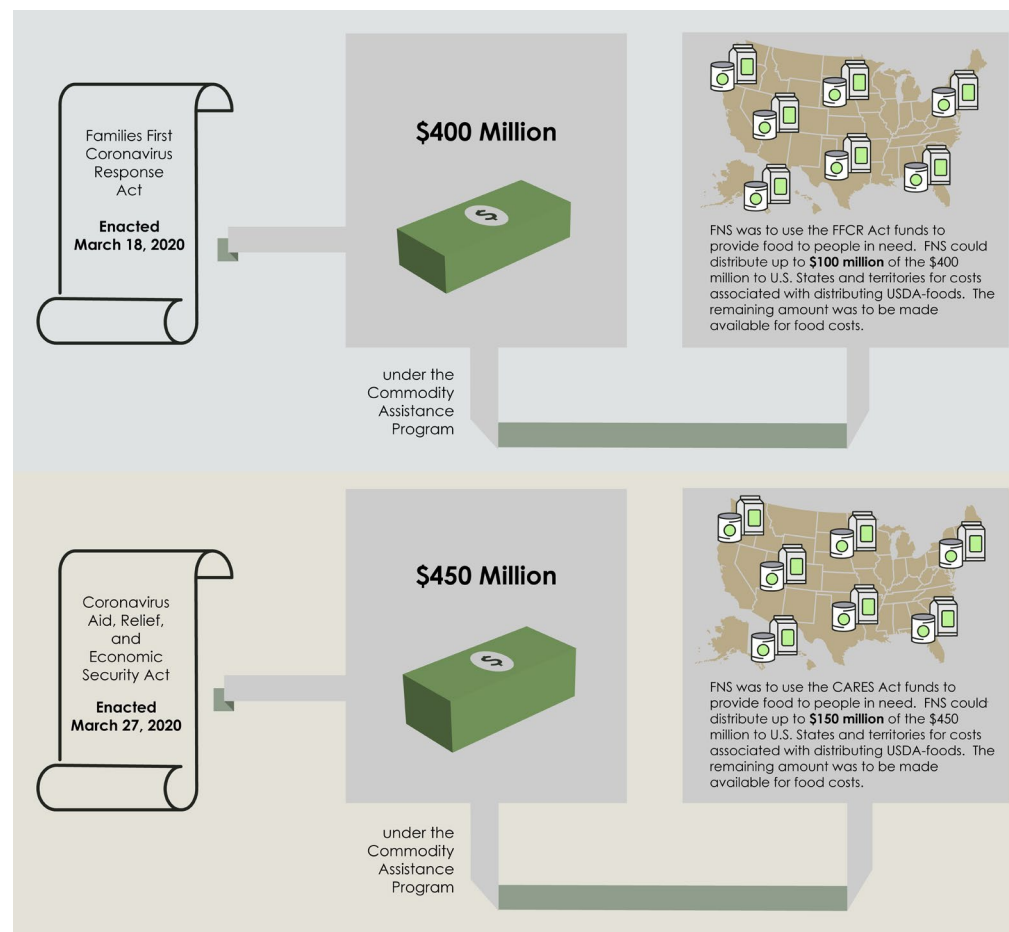
¹ Within the CARES Act and American Rescue Plan of 2021, OIG received \$750,000 and \$2.5 million, respectively, for oversight of USDA funding associated with those Acts.

Figure 2. Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security Act funding for The Emergency Food Assistance Program. This OIG graphic presentation of USDA data appeared in Inspection Report 27801-0001-21(1).

FNS expanded the pilot. Between March and December 2020, the total value of online SNAP purchase transactions increased from more than \$18.9 million to more than \$1.5 billion, cumulatively. We found that FNS used the same approval criteria it used for the original pilot selections when adding additional States and retailers. We also identified that FNS has not updated its risk assessment since creating the pilot in 2014. Without updating its risk assessment to assess new risks in the rapidly evolving e-commerce market, the pilot could be susceptible to fraud and abuse—particularly as FNS rapidly expanded the pilot in 2020.

Finally, although FNS had established criteria and program requirements for retailers to be eligible to participate in the pilot, FNS did not establish controls to effectively monitor, evaluate, or document how participating retailers protect SNAP participants' online personal information. Instead, the agency relied on retailers' assurance and attestation that online retailers will protect the privacy of SNAP participants' information. In order to proactively ensure SNAP participants' personal information is not compromised, sold, shared, or given to any third party without authorization, FNS needs to

better monitor, evaluate, and document retailers' compliance with safeguarding participants' personal information. FNS generally concurred with our findings and recommendations. (Inspection Report 27801-0003-22)



COVID-19—Oversight of the Emergency Food Assistance Program—Interim

The Emergency Food Assistance Program (TEFAP) provides Federally purchased commodities (USDA-foods) to States and territories (States) to

distribute to recipient agencies serving low-income households and individuals. TEFAP also provides administrative funds to cover States' and recipient agencies' costs associated with the processing, storage, and distribution of USDA-foods and foods provided through private donations. In FY 2020, the Families First Coronavirus Response and CARES Acts increased TEFAP funding by \$850 million, with funding totaling more than \$1.2 billion.

Our review found that FNS did not formally evaluate what impact the COVID-19 pandemic could have on the safe and efficient distribution of food assistance to States. This occurred because FNS had not established a formal enterprise risk management process to continuously identify and assess risks related to TEFAP program operations, including changing conditions that could impact the integrity of the program. Without a formal risk management process for TEFAP, there is no assurance FNS periodically reviews and documents its response to the impact of changing conditions on the safe and effective distribution of food assistance to States. With the FY 2020 increase in funding, there is an increase in the potential risk that food assistance may not go to those in need. FNS agreed

with our finding and recommendations. (Inspection Report 27801-0001-21(1))

COVID-19—Business and Industry Guaranteed Loan Modifications in Response to the Pandemic

USDA Rural Development's (RD) mission is to increase economic opportunities and improve the quality of life for Americans in rural areas. The Rural Business-Cooperative Service (RBCS), an agency within the RD mission area, offers programs to help businesses in rural areas grow. Under the RBCS Business and Industry (B&I) Guaranteed Loan Program, private lenders make loans for creating and expanding rural businesses, as well as creating employment opportunities in rural America. On May 22, 2020, USDA announced the B&I CARES Act Guaranteed Loan Program to provide working capital loans to businesses of any size and industry in rural areas of the country.

RBCS used the existing B&I Guaranteed Loan Program structure for approving and servicing guaranteed loans to immediately implement and track the new B&I CARES Act Guaranteed Loan Program. According to RBCS guidance, the agency's goal was to collaborate with guaranteed lenders to help as many

borrowers as possible with the working capital necessary to emerge from the adverse impacts of the pandemic and be positioned to operate successful businesses in rural America.

During the COVID-19 pandemic, there was a lack of access to much-needed capital to support business operations and facilities. To ensure lenders and borrowers were informed of opportunities for assistance, RBCS conducted outreach in multiple forms, including webinars and Federal Register notices.

There were 639 existing B&I guaranteed loans—totaling more than \$2.4 billion—deferred for payment. As of September 1, 2021, there were 10 loans provided to agricultural businesses and producers totaling more than \$55.6 million (6.6 percent) of the \$846.4 million in B&I CARES Act Guaranteed Loan Program funding. There were another 204 loans totaling more than \$790.8 million supporting non-agricultural businesses in rural areas. We made no recommendations in this report. (Inspection Report 34801-0001-23)

Survey of Food Safety and Inspection Service Inspectors' Perceptions of COVID-19 Safety in the Work Environment

We conducted a pulse survey of FSIS inspectors to obtain information about how FSIS frontline inspectors perceive COVID-19 safety in their work environments. The optional survey was emailed to inspectors and contained 52 questions concerning the impact COVID-19 illness had on operations and perceived safety of inspectors' work environments. We found that of the 2,773 responses, 41 percent reported feeling safe at work, a decrease from 58 percent reporting they felt safe prior to the pandemic. Of the inspectors that felt unsafe at work, 72 percent cited COVID-19 as the cause of feeling unsafe. We found that 45 percent of respondents felt their establishment did not inform them when they were exposed to workers confirmed to have COVID-19. However, survey questions also revealed generally that respondents felt that protective equipment supply and enforcement in the workplace increased from the time before the pandemic to the time of the survey. (Analytics and Innovation Report 21-001-01)

Individual Sentenced to 30 Months in Prison and Ordered to Pay \$248,739 in Restitution for COVID-19 Relief Fraud—Georgia

In June 2020, the USAO in the Northern District of Georgia initiated a grand jury investigation into an individual for

potential tax fraud involving COVID-19-related tax benefits.

In April 2020, a claim was filed with the IRS for COVID-19-related tax benefits in the amount of \$1,479,858. A company was listed as a product manufacturer and purported to have approximately 478 employees. This claim was never

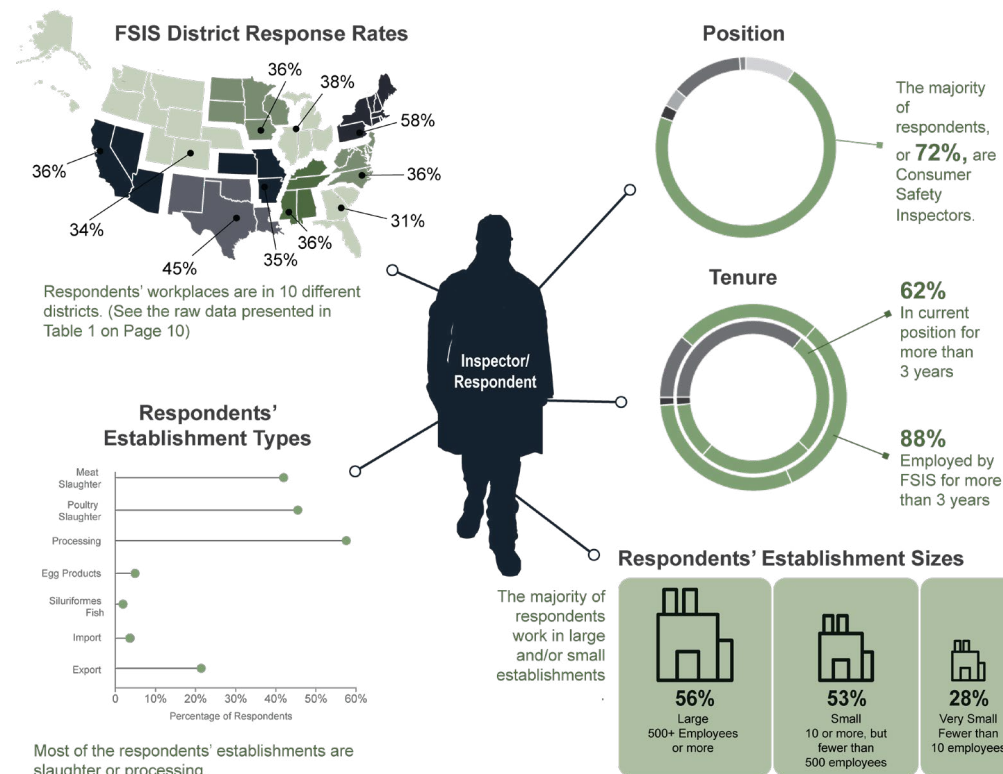


Figure 3. Highlights of respondent demographics from the Food Safety and Inspection Service pulse survey. This OIG graphic presentation of survey results appeared in Analytics and Innovation Report 21-001-01.

paid by the IRS. The individual who owned the company formed it in March 2017. It was listed as a car dealer with a specific Georgia address, but that address was actually a single-family residence owned by the individual. There was no indication that a business operated at the home.

During the investigation, it was discovered that the individual was also falsely claiming farm property and livestock losses, and had filed false applications for CFAP.

On March 18, 2021, the individual entered a guilty plea in the U.S. District Court in the Northern District of Georgia for making a false claim to USDA. On August 3, 2021, the individual was sentenced to 30 months in prison, followed by 3 years of supervised release. The individual was also ordered to pay restitution in the amount of \$248,739.

We continue to prioritize the assessment of allegations associated with COVID-19 pandemic relief. Specifically, in coordination with our data analysts and USDA program experts, OIG's investigators are pursuing the identification of various emerging fraud schemes associated with current and newly introduced assistance programs. In addition, OI continued to issue a

series of Departmentwide Fraud Alerts pertaining to alleged recent schemes to defraud various programs within USDA.

These recent schemes are related to COVID-19 pandemic funding and the programs affected include CFAP 2.0, the Farmers to Families Food Box Program, and the Pandemic Electronic Benefits Transfer Program.

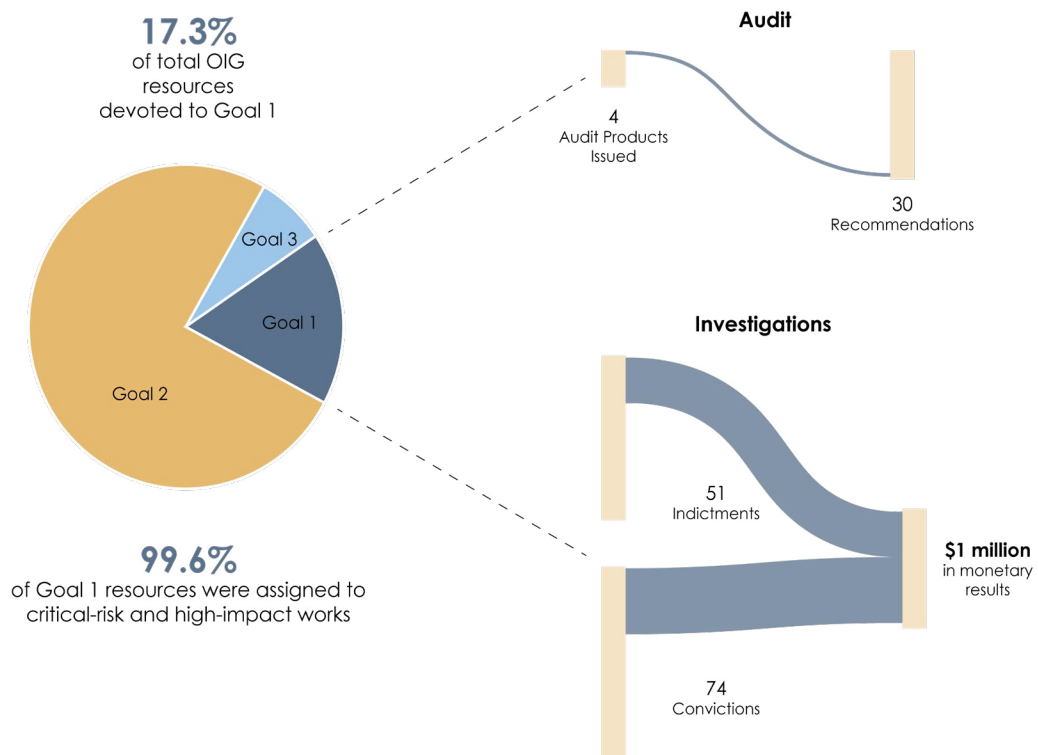
Ongoing Reviews

- COVID-19—Funding Dashboard (USDA)
- COVID-19—Farmers to Families Food Box Program Administration (Agricultural Marketing Service (AMS))
- COVID-19—Oversight of the Emergency Food Assistance Program (FNS)
- COVID-19—Pandemic Electronic Benefits Transfer (FNS)
- COVID-19—Response to the Coronavirus Pandemic at Recreation Sites (Forest Service (FS))
- COVID-19—Coronavirus Food Assistance Program—Direct Support (Farm Service Agency (FSA))
- COVID-19—Pandemic Response at Establishments (FSIS)

Goal 1—Safety and Security

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

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



Examples of Audit and Investigative Work for Goal 1

Figure 4. A USDA Animal and Plant Health Inspection Service Animal Care veterinary medical officer holds a puppy during a visit to a USDA-licensed kennel. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Controls Over Select Agents

The Federal Select Agent Program (FSAP) is jointly administered by CDC and APHIS. FSAP oversees the possession, use, and transfer of biological select agents and toxins, which have the potential to pose a severe threat to public, animal, or plant health, or to animal or plant products.

We found several areas of FSAP that APHIS needs to improve. First, the Electronic FSAP system, which APHIS uses to monitor entities' compliance with Federal regulations, did not always include accurate and complete information. As a result, APHIS may not be able to ensure select agents and toxins are adequately secured by registered entities. Second, we identified two deficiencies in APHIS' oversight process: (1) APHIS does not require its inspectors to support "pass" determinations that entities complied with Federal

regulations, and (2) APHIS officials did not ensure that entities timely resolved non-compliances identified during prior inspections. Third, from 2017 to 2019, OIG determined that APHIS did not report to Congress 13 losses and 3 releases of select agents or toxins. Without accurate reports, Congress cannot make informed decisions concerning APHIS' oversight of registered entities' handling of dangerous select agents and toxins. APHIS concurred with our findings and some of our recommendations, and we continue to work to reach agreement on the outstanding recommendations. (Audit Report 33701-0002-21)

Animal Care Program Oversight of Dog Breeders

APHIS' Animal Care Program is charged with developing and implementing regulations to support the AWA, which

requires all individuals or businesses dealing with animals that the Act covers be licensed or registered with the agency. We previously performed an audit of APHIS' enforcement of the AWA for commercial dog breeders. Our current audit included following up on APHIS' actions in response to recommendations from the previous report, and we found APHIS addressed the previous recommendations.

We identified data reliability issues with reports generated from APHIS' Animal Care Information System (ACIS) database. As a result, APHIS is impeded in its ability to make informed management decisions, identify trends in noncompliant items, and identify how many inspections have been completed. APHIS is working towards migrating away from ACIS and transitioning to new information systems. We also found that APHIS did not consistently address

complaints it received or adequately document the results when the agency follows up with complaints. As a result, some dog breeder facilities may be conducting regulated activity without a USDA license or oversight, and APHIS is not able to ensure the overall health and humane treatment of animals at these facilities. APHIS agreed with our findings and recommendations. (Audit Report 33601-0002-31)

Follow-up on Smuggling Interdiction and Trade Compliance Unit

APHIS' Smuggling Interdiction and Trade Compliance (SITC) Program is responsible for handling smuggling and trade compliance issues to both prevent and detect those issues that impact United States markets. We reviewed the corrective actions the SITC Program implemented following a previous audit. While SITC officials implemented the 13 prior audit recommendations, we determined that 4 were not fully implemented, and 2 were implemented but not followed; therefore, conditions related to these recommendations persist.

We also evaluated SITC's controls related to the identification of prohibited products imported through internet sales. We found that the SITC Program

needs to enhance its controls for searches of prohibited products purchased through internet sales, which could lead to inconsistent instructions on how to complete tasks effectively. In addition, the SITC internet team inconsistently interacted with e-commerce businesses in 2019 and did not request necessary information from 20 of the 22 e-commerce businesses. As a result, SITC could not identify all related internet sales of a previously identified prohibited product that had already entered the United States.

Finally, we found that SITC officers were not consistently inspecting sealed package contents at courier distribution sites. This occurred because SITC management relied on their interpretation of statutory authorities without requesting formal clarification and did not develop a separate policy for these inspections. As a result, this increased potential risk for the Department and brings more uncertainty to its managers and officers. Additionally, this could lead to a loss of public trust. APHIS generally agreed with our findings and recommendations. (Audit Report 33601-0004-23)

USDA's Information Technology Incident Response Consideration

OIG performed an inspection of the Office of the Chief Information Officer (OCIO) to determine whether USDA followed Federal and Departmental incident response guidance. We interviewed OCIO staff to gain an understanding of OCIO's incident handling process and reviewed documentation provided by staff to determine if OCIO's incident handling process complies with applicable laws and regulations. We determined that USDA follows Federal incident response guidance for incident handling; however, OCIO did not follow all Departmental guidance. OCIO agreed with our findings and recommendations. (Inspection Report 88801-0001-12)

Former Business Owner and Business Manager Sentenced to Prison for Forced Labor and Financial Fraud—New Jersey

OIG received a letter from the USAO for the District of New Jersey requesting our involvement in an investigation that included possible violations of the Poultry Products Inspection Act as well as trafficking SNAP benefits. Two live poultry processing facilities, one located in New Jersey and another in New York that accepted SNAP electronic

benefits transfer (EBT), were owned by one individual and managed by another individual. This investigation revealed that undocumented workers at both locations were forced to work up to 15 hours per day without breaks, 7 days per week, and were paid on average less than \$3 per hour. Many of the workers reported that they were not free to leave, and the manager threatened deportation if they attempted to leave or complained. It was further learned that workers were forced to reside in pest-infested accommodations without heat, hot water, or a functioning toilet. Safety equipment, such as masks and gloves, was not provided, and severe work-related injuries and residual medical issues were reported.

On November 28, 2016, both individuals were charged in a criminal complaint. On November 29, 2016, a Federal search warrant was executed at one of the businesses and both individuals were arrested. On January 27, 2020, the former manager pled guilty to a criminal information charging him with harboring aliens for financial gain. On January 29, 2020, the former owner pled guilty to a criminal information charging him with willfully providing false statements in the preparation of tax returns for the tax years 2014 and 2015, and failure to pay payroll taxes.

On July 7, 2021, the former owner was sentenced to 1 year and 1 day in prison, followed by 2 years of supervised release. The former owner was also ordered to pay restitution in the amount of \$335,509 to the U.S. Department of the Treasury for distribution to the IRS, and \$100,000 in restitution to two civilian victims (\$50,000 to each victim). The former manager was sentenced to 3 months in prison, followed by 2 years of supervised release.

This was a joint investigation with the U.S. Department of Labor (DOL) OIG; Department of Homeland Security (DHS), U.S. Immigration and Customs Enforcement (ICE), HSI; Federal Bureau of Investigation (FBI); Internal Revenue Service, Criminal Investigation (IRS-CI); and USDA's FSIS.

Head of Drug Trafficking Organization and Dogfighting Ring Sentenced to 30 Years in Prison, 24 Other Defendants Indicted and Arrested—Florida

The Drug Enforcement Administration (DEA) in Florida was investigating the head of a drug trafficking organization for various Federal drug violations. During the investigation, the DEA discovered that the same individual

owned approximately 40 pitbull-type dogs and engaged in dogfighting on a regular basis. The DEA requested that USDA OIG join the investigation to lead the dogfighting aspect of the case. With the support of several Federal, State, and local agencies, the investigation revealed that this drug trafficking organization, in addition to trafficking illegal narcotics, was heavily involved in fighting dogs throughout Florida, Georgia, and Alabama.

On May 9, 2019, a Federal grand jury in the Northern District of Florida charged 12 defendants with 19 counts of drug trafficking offenses. On May 10, 2019, personnel from the DEA, USDA OIG, HSI, the Bureau of Tobacco, Alcohol, Firearms and Explosives, the U.S. Marshals Service, and several State and local law enforcement agencies arrested these 12 individuals on various Federal drug charges and executed 10 Federal search warrants. Items seized included 3 kilograms of crystal methamphetamine, U.S. currency, 13 firearms, 90 pitbull-type dogs, and a variety of dogfighting training equipment, pedigrees, veterinarian-grade medical supplies, and other dogfighting paraphernalia.



Figure 5. This piece of equipment, a “cat mill,” is often indicative of dog conditioning associated with fighting operations. It functions by suspending a cat, other small animal, or favorite toy just out of reach of a fighting dog, also tethered to the mill, which then chases the bait in circles as defined by the device. Photo by USDA OIG. It does not depict any particular audit or investigation summarized or listed in this report.

On June 4, 2019, a Federal grand jury charged a total of 8 defendants with 83 counts of dogfighting offenses; 4 of these defendants were previously charged in the drug conspiracy. On June 11, 2019, USDA OIG and several Federal, State, and local law enforcement agencies executed four arrest warrants and one search warrant. The remaining four individuals were already in custody on previous drug charges. Ten additional dogs were seized and some were pregnant at the time of seizure, which brought the total number of dogs seized to 107. Of the 107 dogs seized, 21 dogs required some type of specialized veterinary care; 15 dogs were euthanized due to significant health reasons and 92 dogs were adopted.

On September 3, 2019, a Federal grand jury issued a superseding indictment charging an additional eight defendants

with drug trafficking offenses; one of these defendants had been previously charged in the dogfighting indictment. These eight individuals were arrested the week of September 3, 2019, by the DEA and other law enforcement agencies.

The investigation by USDA OIG further revealed that a Bureau of Prisons officer was involved in the dogfighting organization. On December 3, 2019, a Federal grand jury returned a superseding indictment against the Bureau of Prisons officer and an individual previously charged in the drug conspiracy. On December 4, 2019, an arrest operation was conducted by USDA OIG with assistance from other law enforcement agencies.

On June 4, 2021, the main defendant in this investigation was sentenced to 30 years in prison for the drug offenses

charged in the drug conspiracy. In addition, he was sentenced to 5 years in prison for each of the 41 counts of dogfighting, to be served concurrently.

To date, a total of 24 defendants, including the Bureau of Prisons officer, have been indicted and arrested. The Government has dismissed charges against one individual and the remaining defendants have been sentenced or are awaiting sentencing.

Multiple Defendants Sentenced for Roles in Cockfighting Case—Georgia

In December 2019, a Georgia Sheriff’s Department raided an in-progress cockfight. Deputies estimated the attendance at the cockfight to be more than 200 individuals, but they were only able to apprehend 14 at the time.

Subsequently, 41 individuals were charged by the Sheriff's Department.

In February 2020, the USAO for the Southern District of Georgia requested assistance from USDA OIG with the cockfighting case. On May 20, 2020, a Federal grand jury returned an indictment on 38 individuals, 7 of whom received a felony charge and 31 of whom received a misdemeanor charge related to animal fighting. The other three individuals were not Federally charged due to lack of evidence.

As of May 4, 2021, 27 individuals have pled guilty to a misdemeanor. There have also been 16 plea agreements, 27 special assessments in the amount of \$500 each, 26 fines in the amount of \$25 each, 3 sentences of 12 months' probation each, and 1 deportation. The case against one individual was dismissed.

In addition, on September 9, 2021, the operator of the cockfighting venue was sentenced to 14 months in prison and 24 months of supervised release. He also was ordered to pay a \$500 fine and forfeit 100.4 acres of property, and he is prohibited from owning or keeping any birds or fowl, and attending any events related to birds or cockfighting.

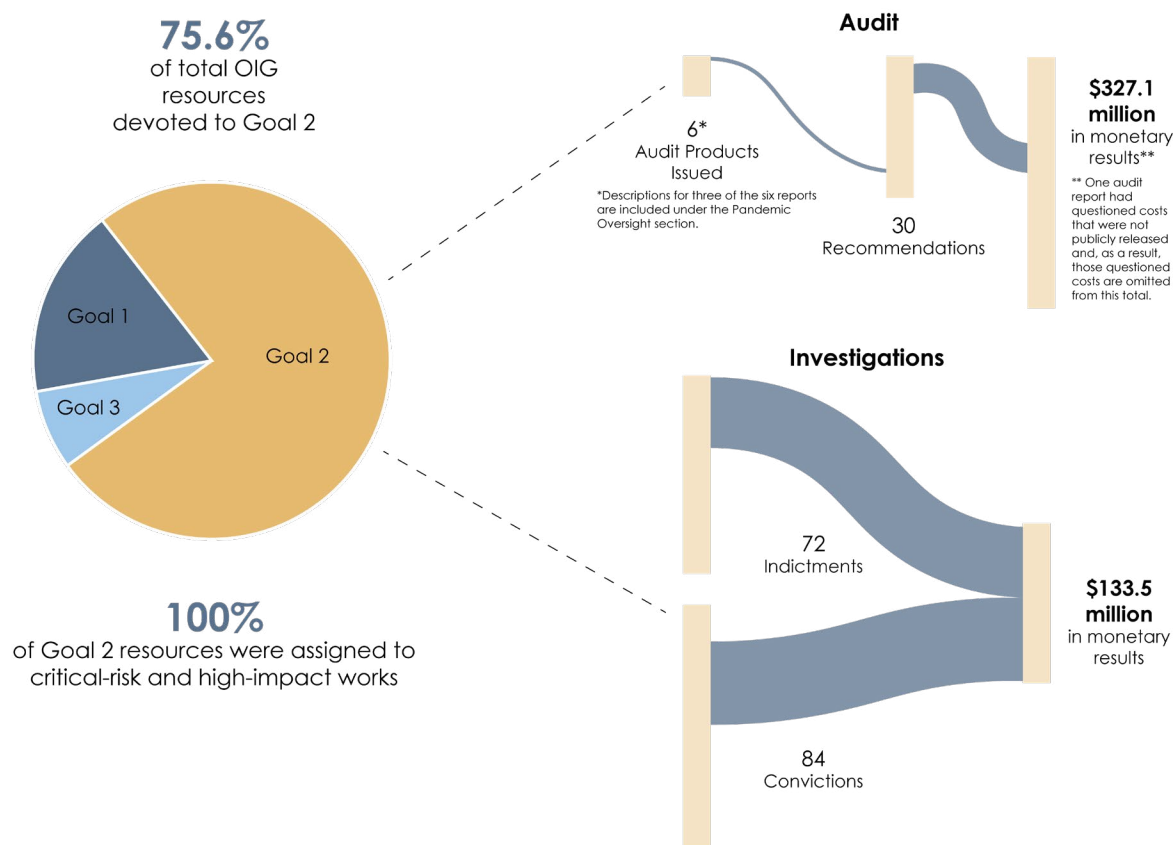
Ongoing Reviews

- Cattle Health Program Disease Incident Response (APHIS)
- Regional Forester Authorities for Cost Share Agreements—Inspection (FS)
- Initiatives to Address Workplace Misconduct (FSIS)
- Departmental Penetration Testing FY 2021 (Multi-Agency)
- FY 2021 Federal Information Security Modernization Act (FISMA) (Multi-Agency)
- Reporting of USDA’s Completeness and Accuracy of Its High Value Assets (Multi-Agency)
- Secure Configuration of USDA’s Virtualization Platforms (Multi-Agency)
- Security Over USDA Web Applications (Multi-Agency)

Goal 2—Integrity of Benefits

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

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



Examples of Audit and Investigative Work for Goal 2

Hurricane Disaster Assistance— Emergency Watershed Protection Program

Through the EWP Program, NRCS offers technical and financial assistance to help local communities mitigate imminent hazards to life and property caused by floods, fires, windstorms, and other natural occurrences that impair a watershed. An OIG audit found that NRCS did not establish and maintain a database to accurately track EWP Program projects at the national level. Without a database, NRCS is unable to assess, improve, or report on program effectiveness.

Additionally, we found that for 15 of 20 sampled DSRs, sponsors did not provide required eligibility documentation and that all 3 States in our sample did not submit 60-day or final reports for our sampled DSRs. As a

Figure 6. A conservation easement boundary marker identifies a floodplain easement participating in USDA's Emergency Watershed Protection Program. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



Figure 7. Agricultural damage from Hurricane Harvey. Through the Emergency Watershed Protection Program, the Natural Resources Conservation Service offers technical and financial assistance to help local communities mitigate imminent hazards to life and property that are caused by natural occurrences—like hurricanes—and impair a watershed. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.





Figure 8. A facility destroyed by Hurricane Maria. In 2018, Congress appropriated \$400 million for the Emergency Conservation Program to address damage caused by Hurricanes Harvey, Irma, and Maria; wildfires occurring in 2017; and other natural disasters. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.

result, we questioned NRCS' oversight of more than \$239.7 million in EWP project funds.

During our review, we found that State officials did not initiate the closeout process or de-obligate unused funds of more than \$9.5 million for 18 signed cooperative agreements in a timely manner. This could lead to lengthy, unliquidated obligations and potentially prevent the funds from being used on other EWP Program projects. We also found that NRCS had no performance measures specific to EWP; without performance measures, NRCS could not assess and report on the EWP Program's effectiveness. NRCS agreed with our findings and recommendations. (Audit Report 10702-0001-23)

Florida Citrus Recovery Block Grant Program

The Citrus Recovery Block Grant Program provided aid to Florida citrus producers who suffered losses specifically related to Hurricane Irma. Overall, our audit found that FSA and the State of Florida designed an adequate control structure over the block grant program; however, we identified discrepancies with 8 of the 39 grant payments in our sample. Specifically, six payments contained errors due to inaccurate payment calculations for young tree acreage, and two lacked sufficient documentation to support their Part 1 payments for grove rehabilitation. As a result, grant personnel issued eight improper payments, totaling more than \$7.5 million, to Florida citrus producers affected by Hurricane Irma.

We also found 31 grant participants that did not timely apply for the Wildfires and Hurricanes Indemnity Program (WHIP), which is a prerequisite for the block grant program. Finally, we found that the Florida FSA State office issued an Emergency Conservation Program (ECP) payment of more than \$50,000 for expenses already paid by the Citrus Recovery Block Grant Program. FSA concurred with our findings and recommendations. (Audit Report 03702-0001-22)

2017 Hurricane Relief Emergency Conservation Program

FSA's ECP assists landowners in restoring land used in agricultural production when damaged by a natural disaster. Congress appropriated \$400 million to ECP to address damage

Figure 9. Destruction to buildings and natural barriers from Hurricane Maria. This photo is from USDA's Flickr account. It does not depict any particular audit or investigation.



caused by Hurricanes Harvey, Irma, and Maria; wildfires occurring in 2017; and other natural disasters.

We found that FSA needs to strengthen its internal controls within the ECP. First, while producers are typically required to apply within the signup period, we found that FSA issued more than \$700,000 in ECP payments for 15 of 40 applications in our sample without properly documenting concurrence or when FSA should not have concurred with waiving the prior approval rule. Second, in all four counties we reviewed, district directors did not sufficiently document or timely review ECP applications. As a result, the county committee may have been presented ineligible applications for approval. Additionally, because we found that FSA did not complete spot checks, FSA could not ensure producers completed

restoration practices on applications totaling more than \$1.9 million. Third, FSA processed cost-share payments for 14 of 40 applications using insufficient documentation, included ineligible costs, or calculated cost-share reimbursements incorrectly. As a result, we identified more than \$557,000 in potential improper payments. FSA generally concurred with our findings and recommendations. (Audit Report 03702-0002-23)

Insurance Agent Sentenced to 86 Months in Prison and Ordered to Pay More Than \$19 Million in Restitution for Crop Insurance Fraud—Kentucky

OIG initiated an investigation into crop insurance fraud in Kentucky after receiving numerous hotline complaints. The investigation revealed that multiple farmers conspired with insurance

adjusters in a widespread fraud case. Several of those farmers have entered into criminal plea agreements and civil settlements with the USAO for the Eastern District of Kentucky.

On November 8, 2019, an insurance agent was indicted for conspiracy to commit wire and mail fraud in connection with false crop insurance claims. On October 29, 2020, he pled guilty to the charge.

On March 5, 2020, a business owner was indicted on one count of conspiracy to defraud the United States and one count of conspiracy to commit money laundering. On May 10, 2021, the business owner pled guilty to one count of conspiracy to defraud the United States.

On September 10, 2021, the insurance agent was sentenced to 86 months in

prison, to be followed by 36 months of supervised release. He also was ordered to pay \$19,206,165 in restitution. On the same date, the business owner was sentenced to 12 months in prison, to be followed by 36 months of supervised release. He also was ordered to pay restitution, which will be determined at a later date.

Former General Manager of Seed Company Sentenced to 36 Months in Prison and Ordered to Pay More Than \$8 Million in Restitution and Forfeit More Than \$7 Million for Fraud and Money Laundering—Oregon

USDA OIG opened this investigation after receiving information that a seed company was intentionally mislabeling seed types and selling the mislabeled seed throughout the United States and to foreign customers. IRS-CI subsequently joined the investigation after it was suspected tax and other financial issues may have been involved. The former general manager of the seed company and his co-conspirators directed employees to package substitute seed varieties with false and misleading labels. They also directed employees to invoice the customers under the original terms of their contracts, notwithstanding

the unauthorized substitutions. As a result of this scheme, the seed company invoiced customers for more than \$1.1 million of grass seed the company never delivered.

The investigation revealed that the former general manager and other co-conspirators were involved in multiple schemes to defraud customers and a large food and agribusiness company. In one scheme, the former general manager directed an accomplice to create a limited liability company (LLC) to pose as an independent grass seed broker. The former general manager and a colleague conspired to route a portion of the seed company's overseas sales through a competing grass seed seller based in Oregon. The seed company would, in turn, add its own mark-up to the sales and kick back outsized commissions to the former general manager through his accomplice's LLC. From December 2018 through August 2019, the former general manager generated more than \$369,000 in fraudulent commissions.

In another scheme, the former general manager conspired with the owner of an independent travel agency to inflate the purported costs of his international business travel. In total, the agent overbilled more than \$500,000 for international airfare, the majority of

which the former general manager ultimately received in kickbacks from the agent.

In the most lucrative fraud scheme, the former manager directed the food and agribusiness' payment of more than \$12 million in "rebates" and "commissions" to entities that were posing as foreign sales partners but were, in fact, fronts for the former general manager's co-conspirators in embezzling those funds. The co-conspirators then transmitted part of their ill-gotten gains from accounts in Hong Kong to real estate investments in Hawaii under the former general manager's control. Years later, the former general manager sold the real estate and wired the proceeds to investment accounts as part of an elaborate money laundering operation.

On February 25, 2021, an information was filed in U.S. District Court, District of Oregon, charging the former general manager with three counts of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering. On March 15, 2021, the former general manager pled guilty to all four felony counts in the information. On March 29, 2021, he deposited \$8,298,546 with the U.S. District Court in response to the court's order to deposit funds, pursuant to his guilty plea.

On June 10, 2021, in the District of Hawaii, a former employee of the food and agribusiness company in China was indicted by a Federal grand jury for conspiracy to commit money laundering. The individual conspired with the seed company's former general manager to launder fraud proceeds, in part through real estate in Hawaii. Included in the indictment was a Federal forfeiture notice notifying the individual that, upon conviction, the USAO would be seeking \$11,627,528 in forfeiture.

On July 7, 2021, the seed company's former general manager was sentenced in U.S. District Court, in the District of Oregon, to 36 months in prison, followed by 3 years of supervised release. Additionally, the former general manager previously paid \$8,298,546 in restitution. He also agreed to voluntary tax payments amounting to \$2.6 million and \$7,735,566 in forfeiture.

Former Executive Director Sentenced to 24 Months in Prison and Ordered to Pay \$325,621 in Restitution for Embezzlement—Maine

This investigation was initiated based on a referral from the U.S. Environmental Protection Agency (EPA) OIG alleging

that the acting executive director of a county planning commission embezzled Federal funds. The county planning commission provided community planning and development services to local communities in Maine and received funds from the EPA and USDA's RD. The investigation revealed that the former acting executive director, who also served as the former treasurer at another not-for-profit organization, embezzled \$325,621 from the two organizations.

According to court records, from June 2015 through April 2019, the former acting executive director embezzled \$325,621 from the two not-for-profit organizations where she had previously been employed. She carried out the scheme by fraudulently transferring funds from one organization to another, then converting the funds to her own use.

On March 2, 2020, the former acting executive director was charged via criminal information. On December 10, 2020, she pled guilty to wire fraud and theft or bribery concerning programs receiving Federal funds.

On May 27, 2021, the former acting executive director was sentenced to 24 months in prison, followed by 3 years

of supervised release. She also was ordered to pay \$325,621 in restitution.

This investigation was conducted jointly with the FBI and the EPA OIG.

Company Owner and Manager Sentenced Collectively to 15 Months in Prison and Ordered to Pay More Than \$250,000 in Restitution for False Income Tax Statements—Minnesota

USDA OIG initiated this investigation to determine if a wholesale feed company, the company's owner, or his son, who also was an employee and manager at the company, deliberately stole ownership of various depositors' grain, violated terms and conditions of the United States Warehouse Act (USWA), and converted any depositor's grain or the company's grain for their own use without notifying the appropriate authorities, such as banks and USDA inspectors.

The investigation disclosed that the owner and the company manager, over a period of several years, received numerous payments and personal items that the company either directly or indirectly paid for. These payments were never claimed on their individual or the company's corporate income tax

returns. In addition, these payments were never reported to the banks that funded the company or to FSA, which had the responsibility for analyzing the company's financial strength on at least an annual basis so it could maintain a good standing and keep its USDA-issued USWA license. The investigation also disclosed that the company manager orchestrated numerous payments to himself from the company's proceeds, even after the company filed for bankruptcy. The manager orchestrated these payments via a scheme in which individuals were used to pass the money back to the company manager instead of to the company's accounts receivable account, which is where the money should have gone after the company filed for bankruptcy.

Pursuant to a pre-indictment plea deal, on December 8, 2020, the son, who was also the company manager, appeared in the U.S. District Court, District of Minnesota, and was charged via information with one count of filing false income tax statements. Subsequently, he pled guilty. On December 17, 2020, the company owner was charged with one count of filing false income tax statements. On the same day, he pled guilty to that charge.

On June 2, 2021, the company manager was sentenced to 6 months in prison, followed by 1 year of supervised release and 40 hours of community service. He also was ordered to pay \$105,266 in restitution. On June 3, 2021, the company owner was sentenced to 9 months in prison, followed by 1 year of supervised release. He also was ordered to pay \$144,881 in restitution.

Individual Sentenced to 36 Months of Probation and Ordered to Pay \$12,735 in Restitution to the Farm Service Agency for Conversion of Collateral—Mississippi

This USDA OIG investigation was conducted to determine if an individual wrongfully disposed of cattle pledged to FSA as security for an operating loan. The investigation determined that the individual, without FSA knowledge or permission, sold 20 head of cattle worth an estimated \$12,735, which were pledged as security. The individual failed to remit the proceeds of the sale to FSA. On November 19, 2019, a Federal Grand Jury in the United States District Court for the Southern District of Mississippi, charged the individual with one count of conversion of collateral. On December 2, 2019, the individual was

arrested and subsequently pled guilty to the charge on March 26, 2021.

On June 30, 2021, the individual was sentenced to 36 months of probation and ordered to pay \$12,735 in restitution to FSA.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM FRAUD INVESTIGATIONS

A significant portion of OIG's investigative resources is dedicated to ensuring the integrity of SNAP by combating the practice of exchanging benefits for currency or other ineligible items. Working closely with FNS, OIG has concluded a number of SNAP-related investigations and prosecutions in the second half of FY 2021. Below are several examples of SNAP investigations resulting in significant convictions and monetary results.

Storeowner and Wife Ordered to Pay \$1.1 Million in Restitution to the Food and Nutrition Service for Supplemental Nutrition Assistance Program Fraud—California

This investigation was initiated as the result of a referral from FNS'

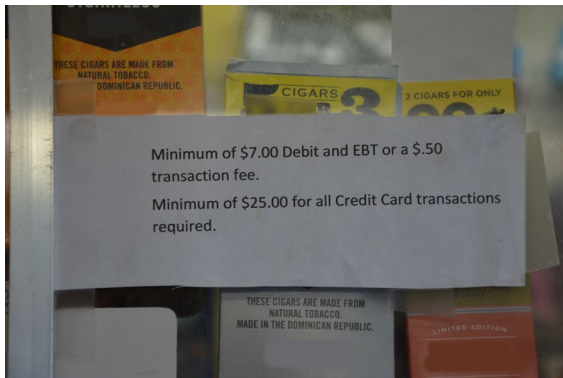


Figure 10. *Retailer's sign depicting an illegal surcharge related to smaller electronic benefits transfer transactions. This photo is from the U.S. Secret Service and has been used with permission. It does not depict any particular audit or investigation summarized or listed in this report.*

Retailer Investigations Branch (RIB). RIB disclosed that the owners and/or employees of a store were alleged to be trafficking SNAP benefits in exchange for cash. The OIG investigation determined that, on several occasions, the storeowner or his wife trafficked SNAP benefits in exchange for cash as well as ineligible items, including alcohol. Five SNAP recipients, who were also customers, admitted to trafficking their SNAP benefits at the store.

The Superior Court of California issued an arrest warrant for the storeowner and his wife; however, prior to being arrested, they fled the State of California. Soon after, both were arrested at their residence in Arizona. DHS' ICE issued an immigration detainer for the storeowner's wife, who is a citizen of Ghana residing illegally in the United States.

After the storeowner and his wife were ordered extradited and transported back to California, the storeowner pled No Contest to one count each of grand theft and SNAP fraud. His wife pled the same to one count of SNAP fraud. On March 12, 2019, the storeowner was sentenced to 3 years and 8 months in county prison. The storeowner's wife was sentenced to 3 years of felony probation. The State did not honor ICE's immigration detainer; therefore, she was released from ICE custody.

On April 16, 2021, after multiple continuations of the restitution hearing, the storeowner was ordered to pay \$1.1 million in restitution to FNS.

Arizona Individual Sentenced to 16 Years in Prison for Unlawful Use of the Supplemental Nutrition Assistance Program and Drug Possession—Arizona

This investigation began when USDA OIG partnered with an Arizona police department and the Arizona Department of Economic Services OIG to investigate SNAP-authorized retailers and other businesses/people in an Arizona city for alleged trafficking of SNAP benefits. As part of this effort, the police department exchanged SNAP benefits and cash for drugs and guns on multiple occasions. During the investigation, the police department exchanged at least \$4,423 in SNAP benefits and \$5,966 in cash for at least 12 guns, many of which were stolen and/or used in the commission of a crime; high-capacity magazines;

Figure 11. *U.S. currency used to exchange for electronic benefits transfer benefits is frequently maintained separate from retail store cash registers where legitimate transactions are conducted. This photo is from the U.S. Secret Service and has been used with permission. It does not depict any particular audit or investigation summarized or listed in this report.*



hollow-point bullets; and Xanax, hashish, methamphetamine, and other drugs.

These transactions occurred with at least 15 different individuals at multiple locations. As a result of this investigation, 20 individuals have been identified as trafficking SNAP benefits and/or exchanging them for guns and/or illegal drugs. Of these 20 individuals, 15 were charged criminally and have been convicted and sentenced for various violations from 2018 to the present. One individual was charged, but the indictment was dismissed.

One of these 15 individuals was indicted on three counts of misconduct involving weapons, one count of unlawful use of food stamps, one count of transportation and/or sale of narcotic drugs, and one count of possession of marijuana for

sale. Subsequently, the individual pled guilty to one count of trafficking in stolen property, two counts of robbery, one count of misconduct involving weapons, one count of unlawful use of food stamps, and one count of transportation and/or sale of narcotic drugs.

On April 22, 2021, in the Superior Court of Arizona, this individual was convicted of one count each of possession of a weapon by a prohibited person, unlawful use of food stamps, and transportation and/or sale of narcotic drugs. He was sentenced to 16 years in prison and ordered to pay \$3,780 in fines.

On August 4, 2021, a second individual was convicted of one count each of possession of a weapon by a prohibited person and transportation and/or sale of narcotic drugs. He was sentenced to 30 months in prison, 60 months of

supervised probation, and 360 hours of community service. He also was ordered to pay \$3,654 in fines and \$35 in assessments. The remaining three individuals in this investigation either have not been charged or not convicted or sentenced.

Store Employee Sentenced to 27 Months in Prison and Ordered to Pay \$351,459 in Restitution for Supplemental Nutrition Assistance Program Fraud and Money Laundering—Pennsylvania

USDA OIG began this joint investigation with the DHS HSI and IRS-CI into a grocery store alleged to be involved in trafficking SNAP benefits. The investigation revealed that two store employees exchanged SNAP benefits for U.S. currency and reproduced counterfeit



Figure 12. Federal agents occasionally discover handwritten notes of illicit transactions at retailer sites where Supplemental Nutrition Assistance Program benefits are exchanged for cash. This photo is from the U.S. Secret Service and has been used with permission. It does not depict any particular audit or investigation summarized or listed in this report.

DVDs. The investigation also revealed that the storeowner was present for most of these transactions. USDA OIG agents, with the assistance of HSI and IRS-CI, executed a Federal search warrant at the grocery store and charged a store employee in a criminal information. Afterwards, the employee pled guilty to SNAP fraud and money laundering.

On April 29, 2021, in U.S. District Court, Western District of Pennsylvania, the employee was sentenced to 27 months in prison, followed by 2 years of supervised release. He also was ordered to pay restitution in the amount of \$351,459.

Two Individuals Sentenced to a Collective 65 Months in Prison and Ordered to Pay More Than \$4 Million for Supplemental Nutrition Assistance Program Fraud—New Jersey

This investigation was initiated based on a review of a New Jersey market's excessive EBT transactions. This New Jersey market became authorized to participate in SNAP in July 2011. On the SNAP application, the storeowner furnished FNS with a notarized affidavit stating that a specific individual, who was previously affiliated with a supermarket (that was permanently disqualified from participating in SNAP in March 2011), would not be involved in the ownership or operation, or share in the profits, of the market under his ownership. The permanent disqualification prohibited the individual

affiliated with the market from further participation in SNAP as an authorized retailer.

The investigation revealed that several transactions were conducted at the storeowner's market with the permanently disqualified individual and his wife, during which SNAP benefits were exchanged for cash at a discount. The permanently disqualified individual and his wife were both charged in a criminal complaint with SNAP fraud, aiding and abetting, and conspiracy to commit wire fraud. The permanently disqualified individual was also charged with one count of conspiracy to launder money. After they were charged, the individual and his wife were arrested and a Federal search warrant was executed at the market. Pursuant to the search warrant, approximately \$2,526 in U.S. currency was seized from the

business. The permanently disqualified individual's wife pled guilty to conspiracy to commit SNAP fraud and the permanently disqualified individual pled guilty to SNAP fraud and conspiracy to launder money.

On May 4, 2021, in U.S. District Court, District of New Jersey, the permanently disqualified individual was sentenced to 41 months in prison, followed by 3 years of supervised release. His wife was sentenced to 24 months in prison, followed by 3 years of supervised release. Both were ordered to pay restitution in the amount of \$4.6 million, jointly and severally.

This was a joint investigation between USDA OIG and DHS HSI.

Food Market Owner Sentenced to 15 Months in Prison and Ordered to Pay More Than \$1.4 Million in Restitution for Federal Food Aid Program Fraud—Iowa

This case was referred to USDA OIG by the FBI and the State of Iowa. The owner of a food market allegedly defrauded Federal food aid programs. The investigation revealed that other beneficiaries' SNAP cards were used to purchase inventory for the owner's store.

The FBI, Iowa State investigators, and USDA OIG conducted search warrants of the market and several of the owner's residences. Evidence and cash were seized at the search locations, and bank accounts were identified that were associated with the fraud.

On February 5, 2021, the market owner signed a plea agreement for one count of conspiracy to commit wire fraud. The market owner also agreed to pay \$550,000 in restitution to USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The market owner also entered into forfeiture agreements for the cash seized at the owner's properties (\$226,928), bank accounts (\$111,928), and three residences.

On July 2, 2021, the market owner was sentenced to 15 months in prison, followed by 3 years of supervised release. The owner also was ordered to pay \$1,445,460 in restitution to WIC and SNAP (\$945,631 for WIC and \$499,829 for SNAP). The higher amount was the result of a successful argument for more restitution from the USAO.

The cash, bank account balances, and proceeds from the sale of homes forfeited by the market owner will be applied to the restitution.

Individual Sentenced to 78 Months in Prison, 36 Months of Supervised Release, and Ordered to Pay More Than \$1 Million in Restitution for Supplemental Nutrition Assistance Program Fraud—Maryland

The Maryland Department of Human Resources OIG reported to USDA OIG a potential fraud scheme in which a group of individuals in the Baltimore area appeared to be creating fictitious SNAP accounts. The investigation, which was conducted jointly with the U.S. Postal Inspection Service, revealed a network of individuals creating SNAP accounts using the personally identifiable information of real identities, many of which belong to licensed medical professionals in the State of Texas.

On July 16, 2020, three Federal search warrants were executed without incident at the residences of an individual and his associates. On February 17, 2021, the individual and a co-conspirator were charged by criminal information with conspiracy to commit wire fraud, aggravated identity theft, and aiding and abetting. On March 5, 2021, the co-conspirator pled guilty to conspiracy to commit wire fraud and aggravated identity theft. On March 22, 2021,

the individual pled guilty to the same charges.

On June 3, 2021, the individual was sentenced to 78 months in prison, followed by 36 months of supervised release. He also was ordered to pay restitution in the amount of more than \$1 million. The co-conspirator's sentencing has been postponed.

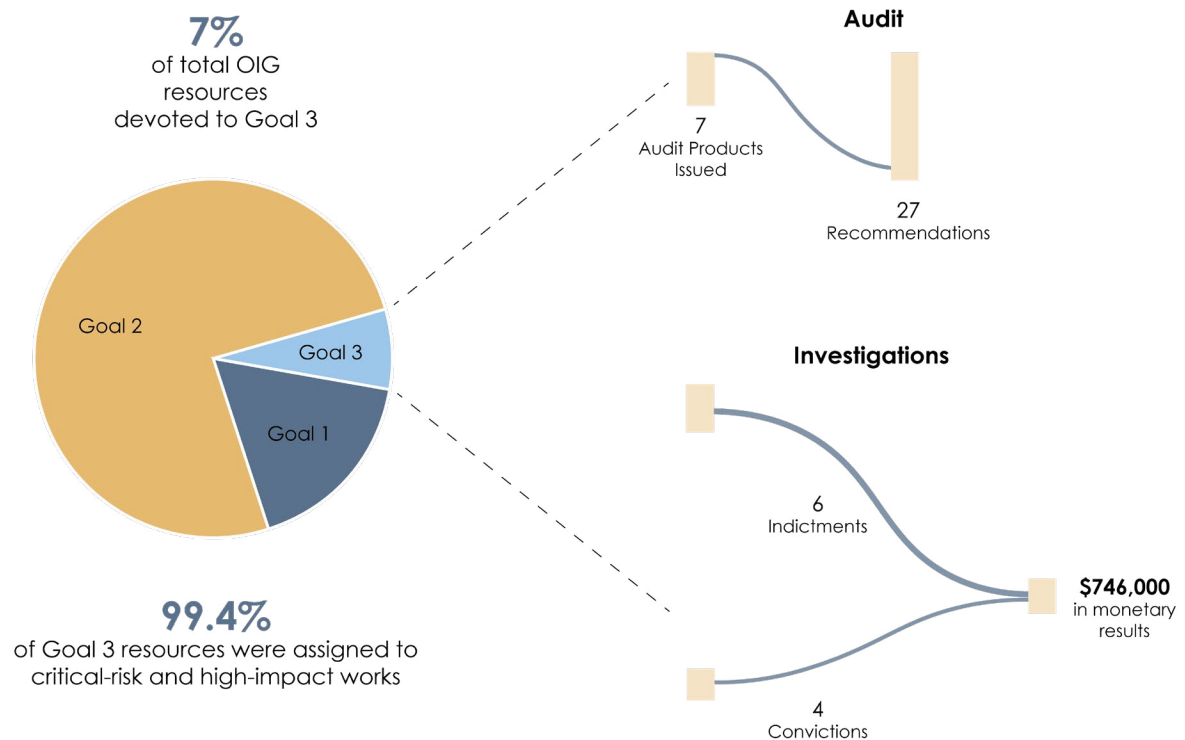
Ongoing Reviews

- Food Purchase and Distribution Program (AMS)
- Plant Pest and Disease Management and Disaster Prevention Program (APHIS)
- Controls Over the Market Access Program (Foreign Agricultural Service (FAS))
- Oversight of the Agricultural Trade Promotion Program (FAS)
- Supplemental Nutrition Assistance Program Waiver Process (FNS)
- Market Facilitation Program (FSA)
- Wildfires and Hurricanes Indemnity Program—Puerto Rico (FSA)
- Conservation Stewardship Program—Participant Control of Land (Multi-Agency)
- Beginning Farmers (Multi-Agency)
- Environmental Quality Incentives Program Payment Schedule—Cost Estimation Process (NRCS)
- Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (Section 2501 Program) in FYs 2018 and 2019 (Office of Partnerships and Public Engagement)
- Prioritization of Direct Loans and Grants for Facilities Providing Substance Use Disorder Services (Rural Housing Service (RHS))
- Apiculture Insurance Program (Risk Management Agency (RMA))
- Whole-Farm Revenue Protection Pilot Program (RMA)
- Prevented Planting Followup (RMA)
- Hemp Crop Provisions (RMA)
- Administration of Water and Waste Program Grants (Rural Utilities Service (RUS))
- Rural E-Connectivity Pilot Program (Reconnect Program)—Award Process (RUS)

Goal 3—Management Improvement Initiatives

Strengthen USDA's ability to achieve results-oriented performance

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



Examples of Audit and Investigative Work for Goal 3

USDA's Fiscal Year 2020 Compliance with Improper Payment Requirements

We found that USDA was not compliant with the Payment Integrity and Information Act of 2019 (PIIA). Specifically, while USDA reported mandatory improper payment information for 15 high-risk programs for FY 2020, 6 of the programs either did not meet annual reduction targets or reported gross improper payment rates of greater than 10 percent. This occurred because some programs' policies and procedures were not followed by staff, and the corrective actions have not yielded the desired results.

Furthermore, we identified an incorrect improper payment rate, erroneous statements, and unsupported statements in the payment integrity section of USDA's Agency Financial Report. These errors reduced the quality of USDA's improper payment reporting and prevented stakeholders from using the report to make informed decisions. We also found that USDA did not issue

any FY 2020 high-dollar overpayment reports, as required by Executive Order 13520. This scope limitation prevented us from answering any of the audit objectives relating to high-dollar overpayment reporting. These issues generally occurred because Office of the Chief Financial Officer (OCFO) officials stated that they experienced staff shortages during FY 2020.

While we identified the above instances of noncompliance, we determined that USDA complied with the PIIA requirements for its only high-priority program in FY 2020. USDA agencies agreed with our findings and recommendations. (Audit Report 50024-0001-24)

USDA Oversight of Civil Rights Complaints

USDA's Office of the Assistant Secretary for Civil Rights (OASCR) is responsible for making final determinations on complaints of discrimination filed by any persons who believe they have been subjected to prohibited discrimination

in a USDA program. We concluded that, overall, OASCR needs to develop a stronger internal control environment over its civil rights program complaints processing to ensure that complaints are timely and appropriately handled, and that OASCR achieves established goals and objectives.

First, OASCR did not timely process civil rights program complaints. Specifically, in FY 2019, OASCR averaged 799 days to process program complaints compared to the 180-day standard. Further, two other agencies that OASCR coordinated with to resolve complaints took more than 220 days and more than 600 days, respectively, to process complaints. We also determined that 9 of 28 complaint determinations and closures were not adequately supported and processed. Additionally, OASCR missed an opportunity to track and measure USDA's progress in achieving the Department's civil rights goals and objectives. Finally, these issues could have been identified and better rectified had OASCR used its strategic plan to measure or assess its progress toward

established goals and objectives relating to program complaints. The agency agreed with our findings and some of our recommendations, and we continue to work to reach agreement on the outstanding recommendations. (Audit Report 60601-0001-21)

Independent Service Auditor's Report on the Financial Management Services' Description of Its Financial Systems and the Suitability of the Design and Operating Effectiveness of Controls for the Period October 1, 2020 through June 30, 2021

An independent certified public accounting firm examined specified controls at USDA's Financial Management Services (FMS), which provided the firm with a description of its financial systems used to process user entities' financial transactions throughout the period October 1, 2020, to June 30, 2021. The firm found that FMS' description fairly presents the financial systems that were designed and implemented throughout the specified period. Also, in the firm's opinion, the described controls were suitably designed and operated effectively to provide reasonable assurance that associated

control objectives would be achieved during the period. The firm made no recommendations in this report. (Audit Report 11403-0006-12)

Independent Service Auditor's Report on the National Finance Center's Description of Its Payroll and Personnel Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2020 through June 30, 2021

An independent certified public accounting firm examined the description of the National Finance Center's (NFC) payroll and personnel systems used to process user entities' payroll and human resource transactions throughout the period October 1, 2020, to June 30, 2021. The firm found that NFC's description fairly presents the financial systems that were designed and implemented throughout the specified period. The firm also determined that NFC's controls were suitably designed and operating effectively to provide reasonable assurance that the control objectives would be achieved. The firm made no recommendations in this report. (Audit Report 11403-0005-12)

Independent Service Auditor's Report on the Office of the Chief Information Officer's Description of Its Payroll and Personnel Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2020 through June 30, 2021

An independent certified public accounting firm examined the description of specified controls of the OCIO's data center hosting and security systems used to process user entities' transactions throughout the period October 1, 2020, to June 30, 2021. The firm found that the description fairly presents OCIO's data center hosting and security systems for processing user entities' transactions that were designed and implemented throughout the specified period. The firm also determined that the described controls were suitably designed and operated effectively to provide reasonable assurance that associated control objectives would be achieved during the period. The firm made no recommendations in this report. (Audit Report 88403-0001-12)

Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to Office of Personnel Management FY 2021

USDA's NFC reports Federal employee benefits and enrollment information to the Office of Personnel Management. Reported information includes headcounts, as well as withholdings and contributions for retirement, health benefits, and life insurance.

In applying agreed-upon audit procedures, OIG identified differences through calculations, analyses, and comparisons. For example, we noted if an employee (and/or annuitant) headcount differed from NFC's by more than 2 percent. To address such differences, NFC stated it implemented programming changes in pay period 4, 2020, and partially corrected the headcount differences. NFC plans to implement additional software changes in pay period 4, 2022, to resolve the remaining differences. Due to payroll processing priorities and the need for continuity of operations during the aftermath of Hurricane Ida, NFC did not have sufficient time to perform detailed research and reconcile other differences by the requested due date.

Our sample document review identified a total of 71 differences for benefits entered into the system by agency personnel officers. Furthermore, we were unable to verify all sampled entries because agency personnel officers were unable to locate the documents covering all of the pay periods selected. We made no recommendations in this report. (Audit Report 11401-0006-31)

FINAL ACTION VERIFICATION REPORTS

In this reporting period, OIG published one final action verification (FAV) report. These reports determine whether the final action documentation the agency provides to OCFO supports the agency's management decision reached with OIG. Our objective with these verifications is to determine whether the documentation the agency provided to OCFO is sufficient to close the recommendations. All FAV reports are considered related to Goal 3: Management Improvement Initiatives.

Final Action Verification—Single Family Housing Guaranteed Loan Program—Liquidation Value Appraisals

OIG completed an FAV of all three recommendations in our September

2018 interim report, *Single Family Housing Guaranteed Loan Program—Liquidation Value Appraisals—Interim Report* (Audit Report 04601-0001-23(1)). OIG also completed an FAV of all six recommendations in our August 2019 final report, *Single Family Housing Guaranteed Loan Program—Liquidation Value Appraisals* (Audit Report 04601-0001-23). OCFO accepted final action for the interim report's recommendations on April 18, 2019, and accepted final action for the final report's recommendations on September 4, 2020. We concur with OCFO's decision to close Recommendations 2 and 3 of the interim report, and all six recommendations of the final report. However, we did not concur with OCFO's decision to close Recommendation 1 of the interim report. OCFO agreed to reopen Recommendation 1. (Report 04026-0001-21)

Former Agricultural Research Service Employee Sentenced to Prison for Child Pornography— Louisiana

This investigation was conducted to determine if a USDA ARS employee committed various crimes against minors. Initially, the employee was a target of the LBI and HSI. Once it was determined he was an ARS employee, USDA

OIG partnered in the investigation. OIG seized his Government-issued computer and cellphone for forensic review, which was conducted by HSI. His employment was terminated by ARS while the investigation was ongoing. On July 26, 2019, LBI and HSI served a Federal search warrant at the former employee's residence and he was arrested.

On July 23, 2021, in the 22nd Judicial District Court of Louisiana, the former employee pled guilty to 1 count of second-degree rape of a victim under the age of 13, 2 counts of molestation of a victim under the age of 13, 20 counts of production of pornography involving juveniles under the age of 13, and 51 counts of possession of pornography involving juveniles under the age of 13.

On July 26, 2021, the individual was sentenced to 40 years for the second-degree rape of a victim under the age of 13, 40 years for each count of molestation of a victim under the age of 13, 20 years for each count of production of pornography involving juveniles under the age of 13, and 20 years for each count of possession of pornography involving juveniles under the age of 13. All sentences were ordered to be served concurrently.

Ongoing Reviews

- Data Product Review Council Review Process (Economic Research Service)
- Review of Agency Financial Statements for FYs 2021 and 2020 (Commodity Credit Corporation (CCC), Federal Crop Insurance Corporation/RMA, NRCS, RD)
- Controls Over Departmental Shared Cost Programs and Working Capital Fund (Multi-Agency)
- Agriculture and Food Research Initiative (National Institute of Food and Agriculture (NIFA))
- USDA’s Digital Accountability and Transparency Act Compliance Efforts for FYs 2020 and 2021 (OCFO)
- USDA’s Consolidated Financial Statements for FYs 2021 and 2020 (OCFO)
- General and Application Controls Work for Financial Statement Audits for FYs 2022 and 2021 (OCFO)
- Government Purchase Card (Office of Contracting and Procurement)
- Uniform Residential Loan Application Project (RHS)

Governmentwide Activities

Participation on Committees, Working Groups, and Task Forces

USDA OIG continues to support initiatives sponsored by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Our auditors, data analysts, and investigators actively participate in the following working groups and projects within the Inspector General (IG) community:

Technology Committee

- Emerging Technologies Subcommittee
- Geospatial Data Act Working Group
- Data Analytics Working Group

Audit Committee

- Audit Peer Review Subcommittee
- Performance Audit Navigator Working Group
- Financial Statement Audit Network Workgroup

Federal Audit Executive Council

- Digital Accountability and Transparency Act (DATA Act) Working Group
 - Common Methodology subgroup

Investigations Committee

- Training Committee
- Firearms Working Group
- Small Business Innovation Research Working Group
- Foreign Influence Investigations Working Group
- IG Investigations Academy

Enterprise Risk Management Working Group

Diversity, Equity, and Inclusion Work Group

- Training and Awareness Sub-Work Group

Pandemic Response Accountability Committee

- Government Accountability Office, State, and Local Subcommittee
- Data Sharing Working Group
- PandemicOversight.gov Transparency Working Group
- Paycheck Protection Program Data Working Group
- Investigations COVID-19 Working Group
- Public Affairs Officers Working Group

Across the United States, OIG agents participate in various committees and working groups and collaborate with external Federal, State, and local law enforcement partners, to further the mission of OIG. This is an illustrative sample list of such partnerships:

- Department of Homeland Security, Immigration and Customs Enforcement and Benefit Fraud Task Force
- U.S. Secret Service

- Organized Fraud Task Force
- High Tech Crimes Task Force
- U.S. Department of the Treasury Financial Crimes Enforcement Network
 - Regional Review Teams
 - Regional Money Laundering Task Forces
- Federal Bureau of Investigation
 - Joint Terrorism Task Force
 - National Counter Intelligence Task Force
- States' Attorney's Office Regional Organized Crime Task Force
- Regional Bankruptcy Fraud Working Groups
- Federal Program Fraud Task Force, The Guardian Project
- U. S. Attorney's Office
 - Benefit Fraud Task Force
 - Identity and Benefits Fraud Task Force
 - COVID-19 Task Force
- U.S Department of Justice's (DOJ) Procurement Collusion Strike Force—both OIG investigators and data analysts represent OIG

Review of Legislation, Regulations, Directives, and Memoranda

Technical Assistance to Congress.

OIG provided technical assistance to Congress through participation in CIGIE, on activities relating to the CIGIE Integrity Committee.

H.R. 2681, Integrity Committee Transparency Act of 2021. H.R. 2681 would amend the IG Act of 1978 by incorporating new reporting requirements for the Integrity Committee of CIGIE. Among other items, the bill would expand the scope of information provided to Congress regarding allegations received and reviewed by the Integrity Committee, including information pertaining to allegations of wrongdoing closed without referral for investigation. OIG reviewed the bill and recommended that the affected OIG(s) also receive the information provided by the Integrity Committee to Congress in order to provide for a more informed dialogue on such matters. Additionally, OIG provided a technical and conforming amendment for consideration.

Proposed USDA Departmental Regulation (DR) on Investigative and Adjudicative Guidelines for LincPass Issuance. The proposed DR would establish policies and procedures for investigating and adjudicating USDA employee eligibility to hold a personal identity verification credential, which in USDA is called the LincPass. Although the requirements of the draft DR applied to all USDA agencies, USDA did include an exception noting OIG's statutory independence and authorities under the IG Act of 1978. OIG acknowledged the Department's inclusion of such language to ensure no infringement upon OIG independence and provided some technical edits to clarify the scope of the exception.

Inspector General Act Reporting Requirements

IG Act Section	IG Act Description	USDA OIG Reported SARC October 2021
Section 4(a)(2)	Review of Legislation and Regulations	Pages 33–34
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–32
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	Goals 1, 2, and 3 Pages 1–32
Section 5(a)(3)	Significant Recommendations from Agency's Previous Reports on Which Corrective Action Has Not Been Completed	Appendix A.10 Pages 58–73
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Appendix B.1 and B.2 Pages 91 and 92
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 51–56
Section 5(a)(7)	Summary of Significant Reports	Goals 1, 2, and 3 Pages 1–32
Section 5(a)(8)	Statistical Table: Questioned Costs	Appendix A.2 Page 48
Section 5(a)(9)	Statistical Table: Recommendations That Funds Be Put to Better Use	Appendix A.3 Page 49
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 57
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 90

IG Act Section	IG Act Description	USDA OIG Reported SARC October 2021
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 75–89
Section 5(a)(11)	Significantly Revised Management Decisions Made During the Reporting Period	Appendix A.8 Page 57
Section 5(a)(12)	Significant Management Decisions with Which the Inspector General is in Disagreement	Appendix A.9 Page 57
Section 5(a)(13)	Information Described Under Section 804(b) of the FFMIA of 1996	Appendix A.11 Page 74
Sections 5(a)(14) and 5(a)(15)	Peer Reviews of USDA OIG	Page 38
Section 5(a)(16)	Peer Reviews Conducted by USDA OIG	Page 38
Sections 5(a)(17) and 5(a)(18)	Additional Investigations Information	Appendix B.4 Pages 94–95
Section 5(a)(19)	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix B.5 Page 96
Section 5(a)(20)	Instances of Whistleblower Retaliation	Appendix B.6 Page 97
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 97
Section 5(a)(22)	Detailed Description of Situations Where an Inspection, Evaluation, or Audit Was Closed and Not Disclosed to the Public; and an Investigation of a Senior Government Employee Was Closed and Not Disclosed to the Public	Appendix A.12, A.14, and B.8 Pages 74, 90, and 97

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, and
- Hotline complaint results.

National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	Appendix A.4 Page 50
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Peer Reviews and Outstanding Recommendations

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the IG 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.

During this reporting period, EPA OIG's peer review of the Office of Audit was ongoing.

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

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

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

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

- Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.
- Strengthen USDA's ability to achieve results-oriented performance.

Impact of OIG 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 and inspections without management decision.

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 2020 ACTUAL	FY 2021 TARGET	FY 2021 2nd HALF ACTUAL	FY 2021 FULL YEAR
OIG direct resources dedicated to critical-risk and high-impact activities	98.9%	96%	99.6%	99.6%
Audit recommendations where management decisions are achieved within 1 year	98.8%	95%	100%	100%
Mandatory, Congressional, Secretarial, and Agency requested audits initiated where the findings and recommendations are presented to the auditee within established or agreed-to timeframes (includes verbal commitments)	100%	95%	100%	100%
Closed investigations that resulted in a referral for action to Department of Justice, State, or local law enforcement officials, or relevant administrative authority	96.7%	90%	100%	99.1%
Closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result	89.3%	85%	94.5%	91%

OIG Accomplishments for FY 2021, Second Half (April 1, 2021–September 30, 2021)²

SUMMARY OF AUDIT ACTIVITIES	FY 2021 2nd HALF
Number of Final Reports	12
Number of Interim Reports	1
Number of Inspection Reports	3
Number of Final Action Verification Reports	1
Number of Coronavirus Memoranda	0
Number of Final Report Recommendations (68 program improvements/11 monetary)	79
Number of Interim Report Recommendations (2 program improvements/0 monetary)	2
Number of Inspection Report Recommendations (6 program improvements/0 monetary)	6
Total Dollar Impact of Reports at Issuance	327,148,980 ³
Questioned/Unsupported Costs	128,646,799 ⁴
Funds to Be Put to Better Use	198,502,181
Management Decisions Reached	
Number of Final Reports	8

² During this period, previously issued Office of Audit reports underwent an internal quality control review. As a result of this review, the number of issued reports, recommendations, and corresponding monetary results changed from previous periods. However, these changes to prior period reports do not impact results from this period's summary of activities.

³ One audit report had questioned costs that were not publicly released and, as a result, those questioned costs are omitted from this total.

⁴ Ibid.

Number of Final Report Recommendations (51 program improvements/16 monetary)	67
Number of Interim Reports	1
Number of Interim Report Recommendations (2 program improvements/0 monetary)	2
Number of Inspection Reports	2
Number of Inspection Report Recommendations (6 program improvements/0 monetary)	6
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2021 2nd HALF
Reports Issued	72
Indictments	129
Convictions	162
Arrests	210
Administrative Sanctions	88
Total Dollar Impact (Millions)	\$135,267,398

OIG Accomplishments for FY 2021, Full Year (October 1, 2020–September 30, 2021)⁵

SUMMARY OF AUDIT ACTIVITIES	FY 2021 FULL YEAR
Number of Final Reports	26
Number of Interim Reports	1
Number of Inspection Reports	5
Number of Final Action Verification Reports	1
Number of Final Report Recommendations (107 program improvements/15 monetary)	122
Number of Interim Report Recommendations (2 program improvements/0 monetary)	2
Number of Inspection Report Recommendations (8 program improvements/1 monetary)	9
Total Dollar Impact of Reports at Issuance	350,448,926 ⁶
Questioned/Unsupported Costs	141,321,868 ⁷
Funds to Be Put to Better Use	209,127,058
Management Decisions Reached	
Number of Final Reports	19
Number of Final Report Recommendations (102 program improvements/20 monetary)	122

⁵ During this period, previously issued Office of Audit reports underwent an internal quality control review. This table has been updated for any changes in the number of reports, recommendations, and corresponding monetary results related to management decisions.

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

⁷ Ibid.

Number of Interim Reports	1
Number of Interim Report Recommendations (2 program improvements/0 monetary)	2
Number of Inspection Reports	5
Number of Inspection Report Recommendations (9 program improvements/3 monetary)	12
SUMMARY OF INVESTIGATIVE ACTIVITIES	FY 2021 FULL YEAR
Reports Issued	160
Indictments	217
Convictions	228
Arrests	400
Administrative Sanctions	142
Total Dollar Impact (Millions)	\$336,536,660

Appendix A: Audit Tables

Appendix A.1: Activities and Reports Issued⁸

Summary of Audit Activities, April 1, 2021–September 30, 2021

Reports Issued: 12	Audits and Non-Audit Services Performed by OIG	9
	Audits Performed Under the Single Audit Act	0
	Audits Performed by Others	3
Management Decisions Made: 67	Number of Reports	8
	Number of Recommendations	67
Total Dollar Impact (Millions) of Management-Decided Reports: \$435,022,023^a	Total Questioned/Unsupported Costs	\$230,430,563 ^{a,b}
	—Recommended for Recovery	\$45,408,200 ^a
	—Not Recommended for Recovery	\$185,022,363
	Funds to Be Put to Better Use	\$204,591,460

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

^b These were the amounts the auditees agreed to at the time of management decision. The recoveries realized could change as auditees implement the agreed-upon corrective action plan and seek recovery of amounts recorded as debts due the U.S. Department of Agriculture.

⁸ During this period, previously issued reports underwent an internal quality control review. As a result of this review, the number of issued reports, recommendations, and corresponding monetary results changed from previous periods. However, these changes to prior period reports do not impact results from this period's summary of activities.

Summary of Interim Reports Issued, April 1, 2021–September 30, 2021

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

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

Summary of Inspection Reports Issued, April 1, 2021–September 30, 2021

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

Summary of FAV Reports Issued, April 1, 2021–September 30, 2021

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 CIGIE. 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 one FAV report. This FAV report is discussed under Goal 3.

Reports Issued: 1	Performed by OIG	1
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Appendix A.2: Inventory of Final Audit Reports with Questioned Costs and Loans (April 1, 2021–September 30, 2021)

Category	No.	Questioned Costs and Loans	Unsupported ^a Costs and Loans
Reports for which no management decision had been made by April 1, 2021 ^b	1	\$106,216,025	\$0
Reports which were issued during the reporting period	3	\$128,646,799 ^c	\$6,933,426
Total Reports with Questioned Costs and Loans	4	\$234,862,824^c	\$6,933,426
Of the 4 reports, those for which management decision was made during the reporting period	4	<i>Recommended for recovery</i>	\$0
		<i>Not recommended for recovery</i>	\$6,933,426
		<i>Costs not disallowed</i>	\$0
Of the 4 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.

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

Appendix A.3: Inventory of Final Audit Reports with Recommendations That Funds Be Put to Better Use

Category	Number		Dollar Value
Reports for which no management decision had been made by April 1, 2021 ^a	1		\$6,089,279
Reports which were issued during the reporting period	1		\$198,502,181
Total Reports with Recommendations That Funds Be Put to Better Use	2		\$204,591,460
Of the 2 reports, that for which management decision was made during the reporting period	2	<i>Disallowed costs</i>	\$204,591,460
		<i>Costs not disallowed</i>	\$0
Of the 2 reports, that for which no management decision has been made by the end of this reporting period	0		\$0

^a Carried over from previous reporting periods.

Appendix A.4: Contract Audit Reports with Significant Findings

OIG is required by the National Defense Authorization Act for FY 2008 to list all contract audit reports issued during the reporting period that contained significant findings. OIG did not issue any such reports from April 1, 2021, through September 30, 2021.

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 76 program improvement recommendations, and management agreed to implement 59 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):

- APHIS should establish oversight controls, such as a tracking report, to monitor the status of registered entities' progress to implement corrective actions. Establish procedures APHIS personnel should take to bring registered entities into compliance when corrective actions have not been timely resolved.
- FNS should establish controls for monitoring, evaluating, and documenting SNAP Online Purchasing Pilot retailers' requirements pertaining to the use of SNAP participants' personal information.
- OCFO should develop and implement procedures that include a schedule of deliverable due dates that satisfies the requirements set forth in Executive Order 13520. In addition, develop and implement a checklist of procedures needed to ensure accurate and timely issuance of high-dollar reports.

Appendix A.6: Audit and Inspection Reports

OIG issued 12 audit reports, including 3 audits performed by others. OIG also issued one interim report and three inspection reports. In addition, OIG issued one FAV report, which does not have monetary results. The following is a summary of those audit products by agency:

Audit Report Totals

Total Funds to Be Put to Better Use	\$198,502,181
Total Questioned Costs and Loans ^a	\$128,646,799 ^b

^a Unsupported values of \$6,933,426 are included in the questioned values.

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

Summary of Audit Reports Released from April 1, 2021–September 30, 2021

Agency Type	Audits Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Audit	11	\$128,646,799 ^b	\$6,933,426	\$198,502,181
Multi-Agency Audit	1	\$0	\$0	\$0
Total Completed Under Contract ^c	3			
Issued Audits Completed Under the Single Audit Act	0			

^a Unsupported values are included in the questioned values.

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

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

Summary of Interim Report Released from April 1, 2021–September 30, 2021

Agency Type	Interim Released	Questioned Costs and Loans ^a	Unsupported Costs and Loans ^a	Funds to Be Put to Better Use
Single Agency Audit	1	\$0	\$0	\$0
Multi-Agency Audit	0	\$0	\$0	\$0
Total Completed Under Contract	0			

^a Unsupported values are included in the questioned values.

Summary of Inspection Reports Released from April 1, 2021–September 30, 2021

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

^a Unsupported values are included in the questioned values.

Audit Reports Released and Associated Monetary Values from April 1, 2021–September 30, 2021

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
APHIS: Animal and Plant Health Inspection Service					
33601-0002-31	PA	06/30/2021	Animal Care Program Oversight of Dog Breeders		
33601-0004-23	PA	09/29/2021	Follow-Up on Smuggling Interdiction and Trade Compliance Program		
33701-0002-21	PA	07/27/2021	Controls Over Select Agents		
Total: 3					
FSA: Farm Service Agency					
03702-0001-22	PA	06/09/2021	Florida Citrus Recovery Block Grant Program	\$85,465,001 ⁹	
03702-0002-23	PA	06/09/2021	2017 Hurricane Relief Emergency Conservation Program	\$1,936,511	
Total: 2					
Multi-Agency					
50024-0001-24	FA	06/07/2021	USDA's Fiscal Year 2020 Compliance with Improper Payment Requirements		
Total: 1					
NRCS: Natural Resources Conservation Service					
10702-0001-23	PA	06/25/2021	Hurricane Disaster Assistance—Emergency Watershed Protection Program	\$41,245,287	\$198,502,181
Total: 1					
OASCR: Office of the Assistant Secretary for Civil Rights					
60601-0001-21	PA	09/22/2021	USDA Oversight of Civil Rights Complaints		
Total: 1					

⁹ This report had questioned costs that were not publicly released and, as a result, those questioned costs are omitted from this total.

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
OCFO: Office of the Chief Financial Officer					
11401-0006-31	FA	09/27/2021	Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management for Fiscal Year 2021		
11403-0005-12	FA	09/20/2021	Independent Service Auditor's Report on the National Finance Center's Description of Its Payroll and Personnel Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2020 through June 30, 2021		
11403-0006-12	FA	09/10/2021	Independent Service Auditor's Report on Financial Management Services' Description of Its Financial Systems and the Suitability of the Design and Operating Effectiveness of Controls for the Period October 1, 2020 through June 30, 2021		
Total: 3					
OCIO: Office of the Chief Information Officer					
88403-0001-12	FA	09/29/2021	Independent Service Auditor's Report on the Office of the Chief Information Officer's Description of Its Data Center Hosting and Security Systems and the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2020 through June 30, 2021		
Total: 1					
Grand Total: 12					

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

Interim Report Released and Associated Monetary Values from April 1, 2021–September 30, 2021

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FNS: Food and Nutrition Service					
27801-0001-21(1)	IE	08/24/2021	COVID-19—Oversight of the Emergency Food Assistance Program—Interim Report		
Total: 1					
Grand Total: 1					

* Inspections and Evaluations (IE).

Inspection Reports Released and Associated Monetary Values from April 1, 2021–September 30, 2021

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
FNS: Food and Nutrition Service					
27801-0003-22	IE	08/25/2021	COVID-19—Supplemental Nutrition Assistance Program Online Purchasing in Response to the Coronavirus Disease 2019		
Total: 1					
OCIO: Office of the Chief Information Officer					
88801-0001-12	IE	05/26/2021	USDA's Information Technology Incident Response Consideration		
Total: 1					

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
RBCS: Rural Business-Cooperative Service					
34801-0001-23	IE	09/27/2021	COVID-19—Business and Industry Guaranteed Loan Modifications in Response to the Pandemic		
Total: 1					
Grand Total: 3					

* Inspections and Evaluations (IE).

Final Action Verification Report Released from April 1, 2021–September 30, 2021

Report Number	Report Type*	Release Date	Title	Questioned Costs and Loans	Funds to Be Put to Better Use
04026-0001-21	FAV	09/24/2021	Final Action Verification— <i>Single Family Housing Guaranteed Loan Program—Liquidation Value Appraisals</i>		
Grand Total: 1					

* 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 were no significantly revised management decisions for this reporting period.

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

There were 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 September 30, 2021, by Agency¹⁰

Grand Total	Total Number of Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)
	260	50	191	19

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
ARS: Agricultural Research Service							
50601-0010-AT	Followup Review on the Security of Biohazardous Material at USDA Laboratories	03/08/2004	1		1		Pending Final Action: 2A
Total			1		1		
APHIS: Animal and Plant Health Inspection Service							
33601-0002-31	Animal Care Program Oversight of Dog Breeders	06/30/2021	3		3		Pending Final Action: 1, 2, 3

¹⁰ During this period, previously issued reports underwent an internal quality control review. This table has been updated for any changes to the unimplemented recommendations.

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
33601-0003-23	Followup to Animal and Plant Health Inspection Service's Controls Over Licensing of Animal Exhibitors	03/12/2021	2		2		Pending Final Action: 1, 2
33601-0004-23	Follow-Up on Smuggling Interdiction and Trade Compliance Program	09/29/2021	13		13		Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13
33701-0001-21	National Veterinary Stockpile Oversight	09/23/2020	2		2		Pending Final Action: 1, 7
33701-0002-21	Controls Over Select Agents	07/27/2021	11		3	8	Pending Final Action: 2, 5, 9 Pending Management Decision: 1, 3, 4, 6, 7, 8, 10, 11
50501-0020-12	Improper Usage of USDA's Information Technology Resources	06/27/2019	1		1		Pending Final Action: 4
50601-0001-32	Controls Over APHIS' Introduction of Genetically Engineered Organisms	09/22/2015	1		1		Pending Final Action: 8

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50701-0001-21	USDA Agency Activities for Agroterrorism Prevention, Detection, and Response	09/12/2018	3		3		Pending Final Action: 1, 4, 5
Total			36		28	8	
CCC: Commodity Credit Corporation							
06401-0005-11	Commodity Credit Corporation's Financial Statements for Fiscal Years 2015 and 2014	02/12/2016	3		3		Pending Final Action: 16, 18, 19
06403-0003-11	Commodity Credit Corporation's Financial Statements for Fiscal Years 2020 and 2019	11/20/2020	1		1		Pending Final Action: 4
Total			4		4		
FPAC: Farm Production and Conservation Business Center							
10801-0001-12	Review of an NRCS IT-Related Contract	03/30/2020	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	Farm Service Agency Payment Limitation Review in Louisiana	05/09/2008	1	1			Pending Collection: 2
03601-0001-22	Farm Service Agency Compliance Activities	07/31/2014	3		3		Pending Final Action: 3, 4, 5

Audit Number	Audit 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	1		1		Pending Final Action: 7
03601-0003-31 (1)	Market Facilitation Program—Interim Report	09/30/2020	5		5		Pending Final Action: 1, 2, 3, 4, 5
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	1	1			Pending Collection: 24

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
03702-0001-22	Florida Citrus Recovery Block Grant Program	06/30/2021	6	3	3		Pending Collection: 2, 4, 6 Pending Final Action: 1, 3, 5
03702-0001-23	2017 Emergency Assistance for Honeybee Claims	09/28/2020	12	6	6		Pending Collection: 1, 2, 3, 6, 9, 11 Pending Final Action: 4, 5, 7, 8, 12, 13
03702-0001-32	FSA Livestock Forage Program	12/10/2014	2	1	1		Pending Collection: 2 Pending Final Action: 10

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
03702-0002-23	2017 Hurricane Relief Emergency Conservation Program	06/09/2021	10	1	9		Pending Collection: 9 Pending Final Action: 1, 2, 3, 4, 5, 6, 7, 8, 10
03702-0002-31	Wildfires and Hurricanes Indemnity Program	09/28/2020	4	2	2		Pending Collection: 2, 4 Pending Final Action: 3, 5
50024-0015-11	U.S. Department of Agriculture's Fiscal Year 2019 Compliance with Improper Payment Requirements	05/13/2020	2		2		Pending Final Action: 1, 2
50099-0011-SF	Natural Resources Conservation Service and Farm Service Agency: Crop Bases on Lands with Conservation Easement—State of California	08/27/2007	1	1			Pending Collection: 2
50601-0003-22	Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS	01/27/2017	1		1		Pending Final Action: 2
50601-0015-AT	Hurricane Indemnity Program—Integrity of Data Provided by RMA	03/31/2010	1	1			Pending Collection: 5

Audit Number	Audit 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: 9
Total			58	24	34		
FNS: Food and Nutrition Service							
27004-0001-23	New York's Controls Over Summer Food Service Programs	09/24/2018	1	1			Pending Collection: 5
27004-0001-31	Florida's Controls Over Summer Food Service Program	08/26/2019	3	3			Pending Collection: 9, 11, 20
27004-0001-41	California's Controls Over Summer Food Service Program	11/05/2018	7	4	3		Pending Collection: 15, 16, 17, 18 Pending Final Action: 1, 10, 20
27004-0003-21	Summer Food Service Program in Texas—Sponsor Costs	03/14/2019	7	5	2		Pending Collection: 5, 6, 7, 8, 9 Pending Final Action: 18, 19

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27004-0003-21 (1)	Summer Food Service Program—Texas Sponsor Cost—Interim Report	09/07/2017	1	1			Pending Collection: 1
27004-0004-21	Texas' Controls Over Summer Food Service Program	03/14/2019	5	2	3		Pending Collection: 10, 17 Pending Final Action: 5, 13, 16
27601-0001-31	FNS: Controls for Authorizing Supplemental Nutrition Assistance Program 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	7	3	4		Pending Collection: 2, 11, 16 Pending Final Action: 5, 9, 14, 18
27601-0005-41	Consolidated Report of FNS and Selected State Agencies' Controls Over [Summer Food Service Program] SFSP	09/18/2020	11		11		Pending Final Action: 3, 4, 5, 6, 7, 9, 10, 11, 13, 14, 15

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
27601-0010-10	Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	08/09/2017	1		1		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	3		3		Pending Final Action: 1, 5, 8
27601-0013-10	Compilation Report of States' Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	12/19/2017	2		2		Pending Final Action: 1, 2
27601-0019-10	Compilation Report of States' Compliance with Requirements for the Issuance and Use of Supplemental Nutrition Assistance Program Benefits (7 CFR, Part 274)	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	1	1			Pending Collection: 8
27801-0001-21(1)	COVID-19—Oversight of the Emergency Food Assistance Program—Interim Report	08/24/2021	2		2		Pending Final Action: 1, 2
27801-0003-22	COVID-19—Supplemental Nutrition Assistance Program Online Purchasing in Response to Coronavirus Disease 2019	08/25/2021	3		3		Pending Final Action: 1, 2, 3

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
Total			61	20	41		
FSIS: Food Safety and Inspection Service							
24016-0001-23	Food Safety and Inspection Service Followup on the 2007 and 2008 Audit Initiatives	06/07/2017	3		3		Pending Final Action: 3, 4, 12
24601-0007-31	FSIS Waiver of Regulatory Requirements	03/26/2021	2		2		Pending Final Action: 1, 2
Total			5		5		
FAS: Foreign Agricultural Service							
07601-0001-22	Private Voluntary Organization Grant Fund Accountability	03/31/2014	1		1		Pending Final Action: 6
07601-0002-23	FAS' Monitoring of the Administration's Trade Agreement Initiatives	12/05/2016	1		1		Pending Final Action: 1
50601-0002-16	Section 632(a) Transfer of Funds from USAID to USDA for Afghanistan	02/06/2014	2		2		Pending Final Action: 1, 2
Total			4		4		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
Multi-Agency							
11601-0001-12	USDA's Fiscal Year 2019, First Quarter DATA Act Submission	11/08/2019	2		2		Pending Final Action: NRCS: 3 OCP: 6
50024-0001-24	USDA's Fiscal Year 2020 Compliance with Improper Payment Requirements	06/07/2021	6		6		Pending Final Action: FSA: 1 FNS: 2 FPAC: 4 OCFO: 3, 5, 6
Total			8		8		
NIFA: National Institute of Food and Agriculture							
13601-0001-22	NIFA Formula Grant Programs' Controls Over Fund Allocations to States	08/07/2019	3		3		Pending Final Action: 8, 10, 11
Total			3		3		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
NRCS: Natural Resources Conservation Service							
10099-0001-23	Controls Over the Conservation Innovation Grants Program	09/11/2018	3	2	1		Pending Collection: 3, 6 Pending Final Action: 7
10403-0003-11	Natural Resources Conservation Service's Financial Statements for Fiscal Years 2020 and 2019	11/19/2020	3		3		Pending Final Action: 9, 10, 18
10601-0001-32	Controls Over the Conservation Stewardship Program	09/27/2016	1		1		Pending Final Action: 20
10601-0004-31	NRCS Regional Conservation Partnership Program Controls	06/28/2018	3	2	1		Pending Collection: 3, 4 Pending Final Action: 2
10601-0004-31 (2)	NRCS Regional Conservation Partnership Program Controls—Interim Report	11/13/2017	1	1			Pending Collection: 2
10601-0005-31	Environmental Quality Incentives Program Payment Schedules	09/24/2019	2		2		Pending Final Action: 4, 6

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
10702-0001-23	Hurricane Disaster Assistance—Emergency Watershed Protection Program	06/25/2021	9	1	8		Pending Collection: 3 Pending Final Action: 1, 2, 4, 5, 6, 7, 8, 9
Total			22	6	16		
OASCR: Office of the Assistant Secretary for Civil Rights							
60601-0001-21	USDA Oversight of Civil Rights Complaints	09/22/2021	21		10	11	Pending Final Action: 1, 5, 6, 7, 11, 14, 17, 18, 19, 21 Pending Management Decision: 2, 3, 4, 8, 9, 10, 12, 13, 15, 16, 20
Total			21		10	11	

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
OCFO: Office of the Chief Financial Officer							
50016-0001-23	Implementation of Suspension and Debarment Tools in the U.S. Department of Agriculture	09/28/2017	3		3		Pending Final Action: 1, 6, 8
Total			3		3		
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
50501-0020-12(1)	Improper Usage of USDA's Information Technology Resources—Interim Report	06/27/2018	2		2		Pending Final Action: 2, 5
50501-0021-12	Data Encryption Controls Over Personally Identifiable Information on USDA Information Technology Systems	08/01/2019	2		2		Pending Final Action: 1, 2
50501-0022-12	Security Over Select USDA Agencies' Networks and Systems FY 2019	09/30/2020	7		7		Pending Final Action: 2, 3, 4, 6, 7, 8, 10
50501-0023-12	U.S. Department of Agriculture's 2020 Compliance with the Geospatial Data Act	09/29/2020	1		1		Pending Final Action: 1

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
50503-0003-12	U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2020 Federal Information Security Modernization Act	10/29/2020	2		2		Pending Final Action: 2, 7
50801-0001-12	Implementation of the IT Modernization Centers of Excellence Improvements	09/23/2020	1		1		Pending Final Action: 1
Total			17		17		
OHSEC: Office of Homeland Security and Emergency Coordination							
61701-0001-21	Agroterrorism Prevention, Detection, and Response	03/27/2017	3		3		Pending Final Action: 1, 2, 13
Total			3		3		
OSDBU: Office of Small and Disadvantaged Business Utilization							
50601-0003-23	Office of Small and Disadvantaged Business Utilization's Controls Over the Eligibility of Contract Recipients	09/28/2018	3		3		Pending Final Action: 1, 2, 3
Total			3		3		
REE: Research, Education, and Economics							
84801-0001-22	USDA Research Integrity and Capacity	12/08/2020	1		1		Pending Final Action: 1
Total			1		1		

Audit Number	Audit Title	Issue Date	Pending Recommendations	Pending Collection (OCFO)	Pending Final Action (OCFO)	Pending Management Decision (OIG)	Recommendation Details
RMA: Risk Management Agency							
05401-0012-11	Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2020 and 2019	12/08/2020	6		6		Pending Final Action: 1, 2, 3, 4, 5, 6
05601-0006-31	Annual Forage Program and Followup on Pasture, Rangeland, and Forage Program Recommendations	07/26/2019	1		1		Pending Final Action: 2
05601-0007-31	Controls Over Crop Insurance Section 508(h) Products	06/30/2020	2		2		Pending Final Action: 1, 2
Total			9		9		

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

The Federal Financial Management Improvement Act (FFMIA) requires agencies to assess annually whether their financial systems comply substantially with: (1) Federal Financial Management System Requirements, (2) applicable Federal accounting standards, and (3) the Standard General Ledger at the transaction level. In addition, 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 2021, we issued our annual financial statement reports for FY 2020 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 2020. 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

We have not canceled any engagements for this reporting period.

Appendix A.13: Reports Without Agency Comment or Unimplemented Recommendations and Potential Cost Savings—Funds to Be Put to Better Use and Questioned Costs¹¹

USDA agencies had 59 outstanding recommendations with a potential value of more than \$406,960,812. Monetary amounts listed represent questioned costs and funds that could be put to better use for those recommendations for 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			\$406,960,812
FSA: Farm Service Agency			
03006-0001-TE	<i>1993 Crop Disaster Payments—Brooks/Jim Hogg Cos., TX</i> Coordinate with OIG Investigations before taking administrative action regarding the cited 27 producers whose eligibility was questioned. Take administrative action to recover payments on cases that are not handled through the legal system.	07/01/2002	\$2,203,261
03099-0181-TE	<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. See [E]xhibit E.)	01/30/2009	\$1,432,622

¹¹ During this period, previously issued reports underwent an internal quality control review. This table has been updated for any changes to the unimplemented monetary results recommendations.

Report #	Recommendation Cited	Management Decision Date	Released Amount
03601-0007-TE	<i>Emergency Feed Program in Texas</i>		
	Instruct the Reeves County [Executive Director] CED to recover the cited ineligible benefits from Producer A (\$30,773) and Producer B (\$21,620).	01/12/2001	\$52,393
	If the COC [County Committee] determines a scheme or device was used to defeat the purpose of the EFP [Emergency Feed Program], instruct the Reeves County [Executive Director] CED to recover the \$70,529 in benefits paid this producer for crop years 1994 and 1995 and cancel the \$12,350 in benefits which otherwise are available for the 1995 crop year. (NOTE: \$30,773 of this amount is also included in Recommendation No. 4.)	01/12/2001	\$52,106
	Instruct the Reeves County [Committee] COC to review the validity of the 1994 EFP [Emergency Feed Program] form CCC-651 for Producer B and determine the eligibility of the producer and the \$32,546 in benefits paid for crop year 1994. (NOTE: \$21,620 of this amount is also included in Recommendation No. 4.)	01/12/2001	\$10,926
03601-0012-AT	<i>Tobacco Transition Payment Program—Quota Holder Payments and Flue-Cured Tobacco Quotas</i>		
	Instruct Kentucky, North Carolina, South Carolina, and Virginia to require the 5 [county offices] COs to review the 14 contracts where applicants did not meet FSA's eligibility requirements and take appropriate recovery actions to collect \$119,568 of improper payments made in FYs 2005, 2006, and 2007.	02/26/2008	\$119,568

Report #	Recommendation Cited	Management Decision Date	Released Amount
03601-0023-KC	<p><i>Hurricane Relief Initiatives: Livestock and Feed Indemnity Programs</i></p> <p>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.</p>	03/16/2011	\$860,971
03601-0028-KC	<p><i>Biomass Crop Assistance Program: Collection, Harvest, Storage, and Transportation Matching Payments</i></p> <p>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.</p>	09/20/2012	\$95,675

Report #	Recommendation Cited	Management Decision Date	Released Amount
03702-0001-22	<i>Florida Citrus Recovery Block Grant Program</i>		
	Require Florida to review the \$66,617 of overpayments and take actions to correct improper payments, as warranted.	06/30/2021	\$66,617
	Require Florida to assess the adequacy of supporting documentation for the \$6,933,426 in improper payments made to two producers under Part 1 of the block grant. Take corrective actions for any grant payments that are not supported.	06/30/2021	\$6,933,426
	Confirm Florida completes its review of producers' Part 1 supporting documentation. Ensure the State takes corrective action, if warranted, for any producers that cannot provide adequate supporting documentation.	06/30/2021	\$78,464,958
	Require the Florida FSA state office to review the [Redacted] duplicate ECP payment and take appropriate corrective action.	06/30/2021	[Redacted]

Report #	Recommendation Cited	Management Decision Date	Released Amount
03702-0001-23	<i>2017 Emergency Assistance for Honeybee Claims</i>		
	Require both State offices to review the \$293,801 of miscalculated honeybee payments and take appropriate corrective actions, per FSA instructions.	09/28/2020	\$293,801
	Ensure the State office completes its review of the remaining \$2.37 million in honeybee payments in [program year] PY 2017 and takes appropriate corrective actions, per FSA instructions.	09/28/2020	\$2,375,851
	Ensure the State office completes its review of the \$3.3 million payments in [program year] PY 2018 and takes appropriate corrective actions, per FSA instructions.	09/28/2020	\$3,303,414
	Review the two ineligible producers' honeybee applications totaling over \$88,000 in gross payments, and take appropriate corrective actions.	09/28/2020	\$88,932
	Require the State office to review the honeybee producer-reported inventories of the 18 honeybee producers with late-filed colony reports, and take appropriate corrective action on questioned costs totaling \$1,102,008.	09/28/2020	\$1,102,008
03702-0001-32	Require the State office to review applications and payments in the identified district, and take appropriate corrective action on questioned costs totaling \$3,028,335.	09/28/2020	\$3,028,335
	<i>Livestock Forage Program</i>		
	Review and recover improper overpayments of \$358,956 due to errors in calculating Livestock Forage Program payments.	09/18/2015	\$358,956

Report #	Recommendation Cited	Management Decision Date	Released Amount
03702-0002-23	<i>2017 Hurricane Relief Emergency Conservation Program</i>		
	Develop and implement a standardized monitoring process to document district director concurrence when FSA grants relief to producers who started their practice before submitting an ECP application. The process should also include reporting to State officials.	06/09/2021	\$661,078
	Establish and implement monitoring procedures in guidance requiring State officials to ensure district directors complete reviews and evaluate the results of the reviews to ensure ECP policies are being followed.	06/09/2021	\$718,755
	Require the State office to review the questionable applications totaling \$556,678, and take appropriate action on any payments that are determined to be improper.	06/09/2021	\$556,678
03702-0002-31	<i>Wildfires and Hurricanes Indemnity Program</i>		
	Assess, confirm, and recover the previously issued improper WHIP payments of \$4,268,395 to program participants.	03/31/2021	\$4,268,395
	Review supporting documentation for the questioned \$3,703,484 in WHIP payments made based on conflicting certified information, and take appropriate action on any payments that are determined to be improper.	07/27/2021	\$3,703,484
50099-0011-SF	<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 recover \$1,290,147 in improper payments.	01/15/2009	\$1,290,147

Report #	Recommendation Cited	Management Decision Date	Released Amount
50601-0015-AT	<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 AIP's [approved insurance provider] changes to cause of loss and date of damage.	09/30/2010	\$1,061,958 ¹²
50703-0001-23	<i>American Recovery and Reinvestment Act Trade Adjustment Assistance for Farmers Program</i> Collect Trade Adjustment Assistance for Farmers Program payments, totaling \$84,000, from those producers whose self-certification was not supported by their records submitted to OIG.	09/10/2014	\$84,000
FNS: Food and Nutrition Service			
27004-0001-23	<i>New York's Controls Over Summer Food Service Program</i> Direct the State agency to work with FNS to confirm the OIG-identified questionable costs (\$18,394) and to recover any disallowed costs from the SFSP sponsors.	09/24/2018	\$18,394

¹² Recommendation 6 in the report was coded to be included in this Recommendation 5 monetary amount. Recommendation 6 reads: RMA should determine whether the 18 policies that OIG identified with unsupported changes and that resulted in \$246,346 in HIP payments need to be corrected. Direct the approved insurance providers to reverse the changes, and provide FSA a list of these corrections.

Report #	Recommendation Cited	Management Decision Date	Released Amount
27004-0001-31	<i>Florida's Controls Over Summer Food Service Program</i>		
	Direct the State agency to review [a sponsor's] unsupported meal claims, which we identified as totaling \$385,301, and recover disallowed reimbursements, as applicable.	08/26/2019	\$385,301
	Direct the State agency to review [a sponsor] for its unsupported reimbursements based on meal count errors, which we identified as totaling \$80,806, and recover disallowed reimbursements, as applicable.	08/26/2019	\$80,806
	Direct the State agency to review and confirm whether the SFSP sponsors received \$2,430 for reimbursements for identified non-reimbursable meals. The State agency should recover any reimbursements paid to sponsors, as applicable.	08/26/2019	\$2,430

Report #	Recommendation Cited	Management Decision Date	Released Amount
27004-0001-41	<i>California's Controls Over Summer Food Service Program</i>		
	Direct the State agency to confirm the sponsor questionable costs totaling \$215,476 identified by OIG, and recover any disallowed costs from the SFSP sponsors.	11/05/2018	\$215,476
	Direct the State agency to confirm the sponsor unsupported costs totaling \$100,536 identified by OIG, and recover any disallowed costs from the SFSP sponsors.	11/05/2018	\$100,536
	Direct the State agency to confirm the sponsor questionable meal claims totaling \$18,923 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	11/05/2018	\$18,923
	Direct the State agency to confirm the sponsor unsupported meal claims totaling \$44,639 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	11/05/2018	\$44,639

Report #	Recommendation Cited	Management Decision Date	Released Amount
27004-0003-21	<i>Summer Food Service Program in Texas—Sponsor Costs</i>		
	Direct the State agency to review questioned costs of \$646,037 related to 217,040 non-reimbursable meals associated with the eight sponsors in our audit and recover costs determined to be unsupported. Where necessary, declare identified sponsors seriously deficient and, if the deficiencies are not fully and permanently corrected, terminate their participation in SFSP.	03/14/2019	\$646,037
	Direct the State agency to review unsupported costs of \$13,705 associated with the eight sponsors in our audit and recover costs determined to be unsupported.	03/14/2019	\$13,705
	Request the State agency to review unallowable costs of \$9,960 associated with the eight sponsors in our audit and recover costs determined to be unsupported.	03/14/2019	\$9,960
	Direct the State agency to review questioned costs of \$34,506 paid to the sponsors in our audit that claimed 9,214 non[-]reimbursable meals and recover costs determined to be unsupported.	03/14/2019	\$34,506
	Direct the State agency to determine if the other nine sponsors claimed \$33,397 in non[-]reimbursable meals identified by our audit. The State agency should recover any amount it determines is unallowable.	03/14/2019	\$33,397
27004-0003-21(1)	<i>Summer Food Service Program—Texas Sponsor Cost—Interim Report</i>		
	Ensure that the Texas Department of Agriculture (TDA) reviews records supporting the \$110,670 paid in program year 2016 to the two sponsors, and recover funds paid to the two sponsors for costs that TDA determines not supported and allowable.	09/07/2017	\$110,670

Report #	Recommendation Cited	Management Decision Date	Released Amount
27004-0004-21	<i>Texas' Controls Over Summer Food Service Program</i>		
	Direct the State agency to review the sponsors' unsupported meals claimed totaling \$28,201 identified by OIG, and recover any disallowed SFSP reimbursements from the sponsors.	03/14/2019	\$28,201
	Direct the State agency to determine if the four identified sponsors received approximately \$201 in reimbursements for the 53 meals we identified as non[-]reimbursable during site observations. The State agency should recover any reimbursements paid to sponsors for those non[-]reimbursable meals identified by our review.	03/14/2019	\$201
27601-0002-41	<i>FNS Quality Control Process for SNAP Error Rate</i>		
	Amend FNS QC [quality control] policies and procedures (including FNS Handbook 310) to require the error tolerance threshold not be applied when calculating the SNAP recipient's reportable error amount until all variances (including those permitted by SNAP policy) have been properly identified and accounted for during the QC process.	04/06/2016	\$5,568,534

Report #	Recommendation Cited	Management Decision Date	Released Amount
27601-0003-10	<i>New Mexico's Compliance with SNAP Certification of Eligible Households Requirements</i>		
	Require New Mexico HSD [Human Services Department] verify enrollment and/or exemption, as applicable, for the four student cases identified, and if it is determined the students were ineligible, require HSD to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$2,194
	Require New Mexico HSD review the two identified cases and verify income to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$6,721
	Require HSD review the two cases identified to determine if payments were improper and warrant establishment of a claim.	09/27/2016	\$2,900
27601-0005-41	<i>Consolidated Report of FNS and Selected State Agencies' Controls Over SFSP</i>		
	Revise guidance to provide instructions to State agencies on how to monitor and verify the sponsors' use of unused reimbursements, including directions for cross-program reviews and sufficient followup, and to define what constitutes an "excessive gap" for unused reimbursement corrective action requirements.	09/18/2020	\$6,089,279

Report #	Recommendation Cited	Management Decision Date	Released Amount
27702-0001-22	<i>Review of FNS' Nutrition Assistance Program Providing Disaster Funding to Puerto Rico [As] a Result of Hurricanes Irma and Maria</i>		
	Require ADSEF [Administration for Socioeconomic Development of the Family] to regularly perform checks against SSA [Social Security Administration] national death information to ensure deceased individuals are not receiving benefits. Review cases identified through the audit and establish claims for overpayments, as appropriate.	10/18/2019	\$1,258,308
NRCS: Natural Resources Conservation Service			
10099-0001-23	<i>Controls Over Conservation Innovation Grants</i>		
	Obtain and assess missing quarterly and semiannual reports from the 35 CIGs [Conservation Innovation Grants] reviewed and determine if \$4,366,090 in CIG funds [was] paid out appropriately or if funds should be recovered. If CIG funds should be recovered, begin the recovery process.	03/13/2019	\$4,366,090
	Ensure the identified \$1,271,659 of insufficiently supported matching funds is verified and reconciled. NRCS should take appropriate action where applicable.	09/11/2018	\$1,271,659
10601-0001-32	<i>Controls Over the Conservation Stewardship Program</i>		
	Direct the [a State] NRCS office to make operational adjustment modifications to, or cancel, as appropriate, each of the 15 contracts identified as containing incompatible enhancements that occupy, or may occupy, the same space. Deobligate funds for the contracts as appropriate.	09/27/2016	\$1,051,055

Report #	Recommendation Cited	Management Decision Date	Released Amount
10601-0004-31	<i>NRCS Regional Conservation Partnership Program [RCPP] 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.	09/10/2019	\$632,687
	Request the return of previously issued RCPP technical assistance payments of \$60,357 to partners for ineligible expenses.	11/14/2019	\$36,047
10601-0004-31 (2)	<i>NRCS Regional Conservation Partnership Program Controls—Interim Report</i>		
	NRCS should request the RCPP partner to provide supporting documentation that includes the land and producer information for all previously made payments. NRCS should review any additional documentation provided and, if the partner does not provide the unredacted documentation, then NRCS should request a return of the previous payments.	05/02/2018	\$267,410
10601-0005-31	<i>Environmental Quality Incentives Program Payment Schedules</i>		
	Ensure that the [Environmental Quality Incentives Program] EQIP payment schedule includes necessary components and scenarios to address State and regional needs and exceptions.	09/24/2019	\$31,592

Report #	Recommendation Cited	Management Decision Date	Released Amount
10702-0001-23	<i>Hurricane Disaster Assistance–Emergency Watershed Protection Program</i>		
	Review the 15 sampled DSRs that were approved for more than \$41.2 million and their subsequent cooperative agreements to confirm eligibility. Collect funds from applicants that are found to be ineligible.	06/25/2021	\$41,245,287
	Develop and implement controls to ensure States timely and accurately submit 60-day and final reports.	06/25/2021	\$198,502,181
OCIO: Office of the Chief Information Officer			
50801-0001-12	<i>Implementation of the IT Modernization Centers of Excellence Improvements</i>		
	OCIO should seek an Office of the General Counsel (OGC) opinion to determine if an Antideficiency Act violation occurred due to the lack of E-Board concurrence for the [Centers of Excellence] CoE initiative, and, if a violation did occur, take appropriate legal and administrative action.	01/06/2021	\$31,697,371

Appendix A.14: Audit Reports That Were Not Publicly Released (as of September 30, 2021)*

OIG published summary information for all of its reports from April 1, 2021, through September 30, 2021; however, seven reports contained sensitive content that was not publicly released.

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

Appendix A.15: Summary of Audit Reports for Which the Department Has Not Returned Comment Within 60 Days of Receipt of the Report

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

Appendix B: Investigations Tables

Appendix B.1: Summary of Investigative Activities, April 1, 2021–September 30, 2021*

Reports Issued: 72	Cases Opened	96
	Cases Referred for Prosecution	96
Impact of Investigations	Indictments	129
	Convictions ^a	162
	Searches	136
	Arrests	210
	Recoveries/Collections ^b	\$153,786
Total Dollar Impact (Millions): \$135,267,398	Restitutions ^c	\$48,271,852
	Fines ^d	\$581,119
	Asset Forfeitures ^e	\$24,453,376
	Claims Established ^f	\$24,870,883
	Cost Avoidance ^g	\$17,827,067
	Administrative Penalties ^h	\$19,109,315
Administrative Sanctions: 88	Employees	10
	Businesses/Persons	78

^a Includes convictions and pretrial diversions. The period of time to obtain court action on an indictment varies widely; therefore, the 162 convictions do not necessarily relate to the 210 arrests or the 129 indictments.

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

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

^d Fines are court-ordered penalties and special assessments.

^e Asset forfeitures are judicial or administrative results.

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

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

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

* This table includes Office of Compliance and Integrity results.

Appendix B.2: Indictments and Convictions

Indictments and Convictions—April 1, 2021–September 30, 2021

Agency	Indictments	Convictions*
AMS	2	2
APHIS	48	71
FNS	45	47
FS	1	4
FSA	6	11
FSIS	9	3
Multi-Agency	7	5
NRCS	2	0
RBCS	0	1
RHS	2	1
RMA	7	17
Totals	129	162

* This category includes pretrial diversions.

Appendix B.3: OIG Hotline

Number of Complaints Received

Type	Number
Employee Misconduct	214
Participant Fraud	5,397
Waste/Mismanagement	191
Health/Safety Problem	35
Opinion/Information	121
Bribery	2
Reprisal	0
Total Number of Complaints Received	5,960

Disposition of Complaints

Method of Disposition	Number
Referred to OIG Audit or Investigations for Review	270
Referred to Other Law Enforcement Agencies	1
Referred to USDA Agencies for Response	229
Referred to FNS for Tracking	4,780
Referred to USDA or Other Agencies for Information—No Response Needed	634
Filed Without Referral—Insufficient Information	28
Referred to State Agencies	18
Total Number of Complaints Received	5,960

Appendix B.4: Additional Investigations Information

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

Description of Data		Number	Explanation	Source of Data
1	Number of reports issued	72		Number obtained from ARGOS database is routinely reported.
2	Number of people referred to DOJ criminal	151	Number of people referred for prosecution Federally in FY 2021 second half.	Created a report from the database to show cases referred for prosecution during the second half of FY 2021. 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	11	Of the 151 people reported above, 7 were referred to DOJ for both criminal and civil action and 4 people were referred to DOJ civil only.	Same as number 2 above.
3	Number of people referred to State/local authorities	55	Number of people referred to State/local authorities in FY 2021 second half.	Created a report from the database to show cases referred for prosecution during the second half of FY 2021. Queried each case in the database to determine how many individuals were referred for prosecution and to whom they were referred.

Description of Data	Number	Explanation	Source of Data
3a Number of people referred to State/local authorities	15	Of the 55 people reported above, 15 were referred to both Federal and State/local entities.	Same as number 3 above.
4 Indictments from prior referrals	74	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 2021 second half, regardless of when they were referred.
5 Convictions from prior referrals	151	Convictions includes pretrial diversions.	Created a report from the database to show cases that had convictions and/or pretrial diversions claimed during FY 2021 second half, regardless of when they were referred.

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

Allegations of Misconduct Relating to Mishandling of Government-Issued Equipment and Non-Compliance with Timekeeping Procedures

The OIG Office of Compliance and Integrity conducted an internal investigation into allegations that an OIG senior Government employee mishandled Government-issued equipment and was non-compliant with timekeeping procedures. The investigation determined that an incident occurred during which the OIG senior Government employee lost physical control of the Government-issued equipment during periodic training, in violation of OIG policy. The investigation also determined

that the senior Government employee instructed subordinate supervisors to perform timekeeping procedures that were inconsistent with agency policy. Digital evidence showed that per the employee's instruction, entries were not submitted into the timekeeping system within the proper timeframe mandated by OIG policy. The senior Government employee received verbal and written counseling by management regarding these incidents of non-compliance with relevant OIG policies.

Allegations of Misconduct Relating to Contracting Violations

OIG initiated an investigation into allegations of misconduct regarding contracting activities within USDA's Office of Homeland Security (OHS), formerly known as USDA's Office of Homeland Security and Emergency Coordination. The investigation revealed that a senior Government employee within OHS accepted bribes, gifts, or gratuities from a contractor and conspired to steer and/or unlawfully award contracts to the contractor and

its subsidiaries. The employee retired while the investigation was ongoing. In May 2021, the former senior Government employee pled guilty to one count of bribery, and on August 10, 2021, was sentenced to 48 months of probation, with the first 180 days to be served in home detention, and was ordered to pay a \$110,000 fine.

Allegations of Misconduct Relating to Unwelcome Physical Contact

OIG initiated an investigation into allegations that a senior Forest Service (FS) official sexually harassed another FS employee. OIG's investigative efforts determined that on multiple occasions in public settings at official events, the senior FS official did engage in non-consensual touching, albeit not sexual in nature, of the Complainant. The investigation was closed with no formal judicial action taken; however, the senior FS official was counseled verbally regarding personal space and subjecting others to unwanted physical touching.

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 Reprisal

OIG investigated allegations that a senior FS official retaliated against an employee who reported an allegation of sexual harassment. Specifically, the Complainant who reported an allegation of sexual harassment thereafter alleged that the senior FS official lowered the Complainant's annual performance evaluation in reprisal for having reported the sexual harassment allegations. OIG's investigation did not substantiate the Complainant's allegation of reprisal.

Appendix C: Office of Analytics and Innovation Tables

Appendix C.1: Surveys and Reports Issued

Survey of Food Safety and Inspection Service Inspectors' Perceptions of COVID-19 Safety in the Work Environment (Analytics and Innovation Report 21-001-01).

Acronyms and Abbreviations

ACIS	Animal Care Information System	COVID-19	coronavirus disease 2019	FAV	Final Action Verification
AMS	Agricultural Marketing Service	DATA Act	Digital Accountability and Transparency Act	FBI	Federal Bureau of Investigation
APHIS	Animal and Plant Health Inspection Service	DEA	Drug Enforcement Administration	FFMIA	Federal Financial Management Improvement Act
ARS	Agricultural Research Service	DHS	Department of Homeland Security	FISMA	Federal Information Security Modernization Act
AWA	Animal Welfare Act	DOJ	U.S. Department of Justice	FMS	Financial Management Services
B&I	Business and Industry	DOL	U.S. Department of Labor	FNS	Food and Nutrition Service
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	DR	Departmental Regulation	FS	Forest Service
CCC	Commodity Credit Corporation	DSR	Damage Survey Report	FSA	Farm Service Agency
CDC	Centers for Disease Control and Prevention	EBT	electronic benefits transfer	FSAP	Federal Select Agent Program
CED	County Executive Director	ECP	Emergency Conservation Program	FSIS	Food Safety and Inspection Service
CFAP	Coronavirus Food Assistance Program	EFP	Emergency Food Program	FY	fiscal year
CIG	Conservation Innovation Grants	EPA	U.S. Environmental Protection Agency	HIP	Hurricane Indemnity Program
CIGIE	Council of the Inspectors General on Integrity and Efficiency	EWP	Emergency Watershed Protection	HSD	Human Services Department
COC	County Committee	FA	financial audit	HSI	Homeland Security Investigations
		FAS	Foreign Agricultural Service	ICE	Immigration and Customs Enforcement

IE.....	inspection and evaluation	OI.....	Office of Investigations	TEFAP	The Emergency Food Assistance Program
IG.....	Inspector General	OIG	Office of Inspector General	USAO.....	U.S. Attorney's Office
IRS.....	Internal Revenue Service	PA.....	performance audit	USDA	U.S. Department of Agriculture
IRS-CI.....	Internal Revenue Service, Criminal Investigation	PIIA	Payment Integrity and Information Act of 2019	USDA-foods	Federally purchased commodities
IT	information technology	PY	program year	USWA	United States Warehouse Act
LBi.....	Louisiana Bureau of Investigations	QC	quality control	WHIP	Wildfires and Hurricanes Indemnity Program
LLC	limited liability company	RBCS.....	Rural Business-Cooperative Service	WIC	Special Supplemental Nutrition Program for Women, Infants, and Children
NFC	National Finance Center	RCPP	Regional Conservation Partnership Program		
NIFA.....	National Institute of Food and Agriculture	RD.....	Rural Development		
NRCS	Natural Resources Conservation Service	RHS	Rural Housing Service		
OASCR.....	Office of the Assistant Secretary for Civil Rights	RIB	Retailer Investigations Branch		
OCFO.....	Office of the Chief Financial Officer	RMA	Risk Management Agency		
OCIO.....	Office of the Chief Information Officer	RUS	Rural Utilities Service		
OCP	Office of Contracting and Procurement	SARC	Semiannual Report to Congress		
OHS	Office of Homeland Security	SFSP	Summer Food Service Program		
OHSEC	Office of Homeland Security and Emergency Coordination	SITC	Smuggling Interdiction and Trade Compliance		
		SNAP	Supplemental Nutrition Assistance Program		
		TDA.....	Texas Department of Agriculture		

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.

In our FY 2021 USDA Management Challenges report, we have consolidated and reduced the previous seven major challenge areas to four: Program Oversight and Accountability; Safety and Security; Program Performance, Results, and Outreach; and Financial Management. We also highlight what OIG considers “key challenge indicators” within the four areas as a means to assist USDA to focus its attention to address the challenges.

2020 Challenge Area	2021 Challenge Area and Indicators	
Program Oversight and Accountability	Program Oversight and Accountability Key Challenge Indicator: Program Process Improvements for Enhanced Integrity Key Challenge Indicator: Accurate Improper Payment Reporting	Related material can be found on pages 3, 8–9, 15–17, 28–29
IT Security	Safety and Security Key Challenge Indicator: Compliance with Information Technology Laws and Regulations	Related material can be found on pages 9, 28–29

<p>Program Performance and Performance Measures</p>	<p>Program Performance, Results, and Outreach</p> <p>Key Challenge Indicator: Program Performance Monitoring</p> <p>Key Challenge Indicator: Data Quality and Integrity to Measure Performance and Impact</p>	<p>Related material can be found on pages 8, 15–16, 28–29</p>
<p>Improper Payments and Financial Management</p>	<p>Program Oversight and Accountability</p> <p>Key Challenge Indicator: Accurate Improper Payment Reporting</p> <p>Financial Management</p> <p>Key Challenge Indicator: Internal Controls and Compliance with Federal Laws and Regulations</p>	<p>Related material can be found on pages 15–16, 28</p>
<p>Outreach Efforts</p>	<p>Program Performance, Results, and Outreach</p> <p>Key Challenge Indicator: Program Performance Monitoring</p> <p>Key Challenge Indicator: Data Quality and Integrity to Measure Performance and Impact</p>	<p>Related material can be found on pages 3–4, 28–29</p>

Food Safety and Inspections	Safety and Security	Related material can be found on pages 4, 13
	Key Challenge Indicator: Improved Processes Related to Food Safety	
SNAP Management Controls	Program Oversight and Accountability	Related material can be found on pages 1–2, 26
	Key Challenge Indicator: Program Process Improvements for Enhanced Integrity	
	Program Performance, Results, and Outreach	
	Key Challenge Indicator: Program Performance Monitoring	

All photographs on the front and back covers do not depict any particular audit or investigation.



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