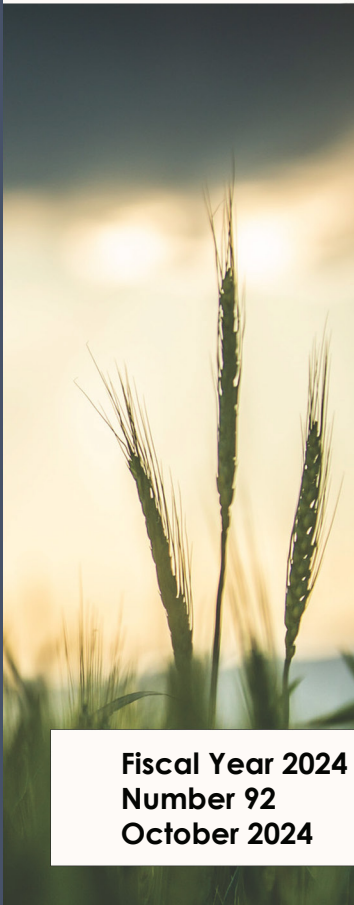




U.S. Department of Agriculture  
Office of Inspector General

# SEMIANNUAL REPORT TO CONGRESS

Second Half April 1, 2024–September 30, 2024

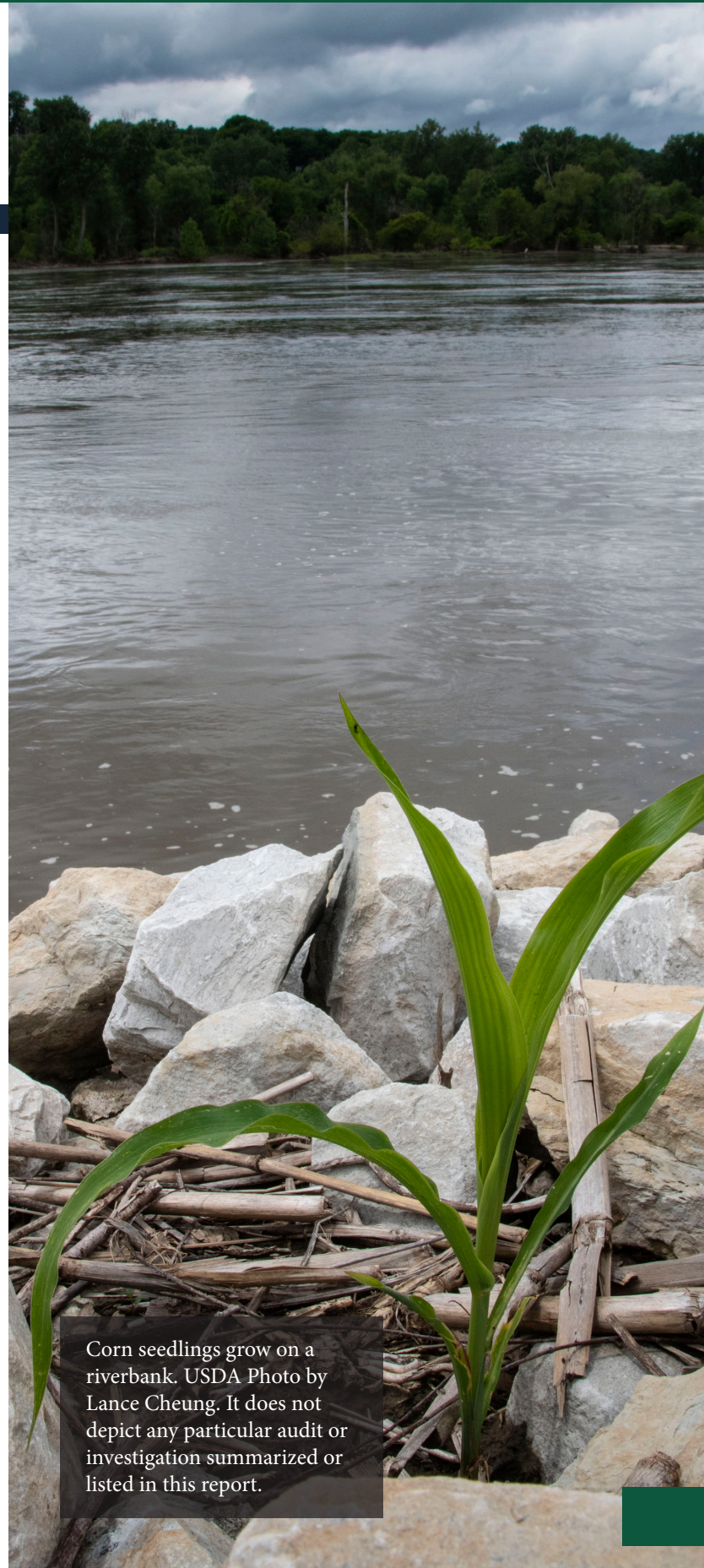


Fiscal Year 2024  
Number 92  
October 2024



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Corn seedlings grow on a riverbank. USDA Photo by Lance Cheung. It does not depict any particular audit or investigation summarized or listed in this report.



# Message from the Inspector General

I am pleased to highlight the work conducted by the U.S. Department of Agriculture’s (USDA) Office of Inspector General (OIG) in this *Semiannual Report to Congress* for the 6-month period ending September 30, 2024. As a mission-driven organization, the work we conducted was led by the goals laid out in our [Five-Year Strategic Mission and Diversity and Inclusion Plan—Fiscal Years 2020–2024](#):

- Goal 1—Strengthen USDA’s ability to protect public health and safety and to secure agricultural and Department resources,
- Goal 2—Strengthen USDA’s ability to deliver program assistance with integrity and effectiveness, and
- Goal 3—Strengthen USDA’s ability to achieve results-oriented performance.

Our team at OIG works toward these goals daily through audits, investigations, inspections, data analytics, and reviews of the vast array of USDA’s programs. In an effort to ensure the economy, efficiency, and integrity of all USDA programs and operations, we also provide critical oversight of various programs and operations that received supplemental funding through the [Infrastructure Investment and Jobs Act](#) (IIJA), the [Inflation Reduction Act of 2022](#) (IRA), and the four public laws related to the pandemic response: [Families First Coronavirus Response Act](#); the [Coronavirus Aid, Relief, and Economic Security Act](#); the [Coronavirus Response and Relief Supplemental Appropriations Act, 2021](#); and the [American Rescue Plan Act of 2021](#).

In this period, our oversight efforts resulted in more than \$669.1 million in total monetary impact from audits and investigations. Our Office of Audit issued 18 products and made 62 recommendations to improve USDA programs and operations with more than \$610.7 million in questioned costs and funds that could be put to better use. Our Office of Investigations issued 109 reports and obtained 101 indictments, 164 arrests, and 59 convictions, resulting in more than \$58 million in restitutions and recoveries. We also processed 6,303 complaints through the OIG Hotline. In addition, our Office of Analytics and Innovation provided analytics support to 57 audits, inspections, and investigations.

The following sections highlight our oversight work and accomplishments for this reporting period.

## Strategic Goal 1—Safety, Security, and Public Health

OIG’s work under this strategic goal focuses on the safety, security, and public health aspects of USDA programs and operations.

For example, OIG reviewed and analyzed USDA vulnerability scans of default credentials and followed up on a related prior audit recommendation. We also reviewed and evaluated the Department’s related policies and procedures, and we interviewed responsible USDA officials. OIG made three recommendations to the Office of the Chief Information Officer (OCIO) and reached management decision on each of them.

We also conducted critical investigations to support this goal. In one instance, five Georgia men were sentenced to prison for their roles in a large-scale dogfighting operation in which 96 dogs were rescued. As a result, the five men were sentenced to a combined total of 115 months in prison. Two of those implicated in the dogfighting operation also were sentenced in connection with a drug-trafficking conspiracy.

## Strategic Goal 2—Integrity of Benefits

Our oversight under this goal focuses on the integrity of benefits provided by USDA programs.

One audit focused on the Whole-Farm Revenue Protection Pilot Program (WFRP). In this audit, we reviewed whether the Risk Management Agency’s (RMA) and selected approved insurance providers’ oversight of WFRP was sufficient to ensure that approved revenues, liabilities, and indemnity payments were accurate. We concluded that RMA’s oversight of WFRP activities for insurance year 2019 was not sufficient to ensure that more than \$185.5 million in indemnities paid was accurately determined. OIG made one recommendation to RMA and reached management decision on it.



## SEMIANNUAL REPORT TO CONGRESS APRIL 1, 2024–SEPTEMBER 30, 2024

We also conducted investigations to determine the integrity of benefits issued by USDA programs. In one investigation, an individual in Florida was indicted for crimes related to wire fraud and money laundering, then sentenced to 51 months in prison, 3 years of supervised release, and ordered to forfeit more than \$7 million. The individual defrauded funds from the USDA Rural Business-Cooperative Service (RBS), Business and Industry Guaranteed Loan Program.

### Strategic Goal 3—Management Improvement Initiatives

OIG's work under this strategic goal focuses on strengthening USDA's ability to achieve results-oriented performance via oversight of USDA's financial management, accountability, outreach activities, and employee misconduct.

For example, OIG evaluated the Foreign Agricultural Service's (FAS) controls over agreement funding for the McGovern-Dole International Food for Education and Child Nutrition Program. We found FAS did not oversee its McGovern-Dole Program agreements or demonstrate how it met statutory provisions to ensure recipients properly expended program funds for authorized purposes. Further, FAS did not review and approve recipients' advance payment requests to assess "rollover" funds, which allow recipients to retain unused portions of advance payments for future periods. Additionally, as of fiscal year (FY) 2022, FAS did not close out and de-obligate \$19.9 million for 32 McGovern-Dole Program agreements that ended 1 to more than 11 years earlier; funds could be used for other new or ongoing McGovern-Dole Program projects. As a result, FAS lacks assurance that recipients properly expended more than \$99.2 million in funds for authorized purposes, and that more than \$67.7 million in funds earmarked for local and regional commodity procurements was properly obligated and expended in accordance with the statutory requirements. FAS agreed with our 10 recommendations, and we reached management decision on all recommendations in the report.

In one investigation, three Texas residents were sentenced for their roles in a bribery scheme involving USDA. One individual, a USDA Rural Development (RD) loan specialist, steered Single Family Housing Repair Loans and Grants towards two co-conspirators in exchange for kickbacks totaling over \$45,000. Each of the individuals pled guilty

in May 2024. One of the individuals was sentenced to 16 months in prison, while the other two received 8 and 6 months in Federal prison, respectively. Each must also serve 3 years of supervised release following their sentences.

### Infrastructure Investment and Jobs Act Oversight

In this reporting period, we continued to provide oversight of projects and programs funded by the \$5.5 billion that IIJA provided to the Forest Service (FS) to reduce wildfire risk; restore healthy, productive forests; and improve environmental, recreational, and economic infrastructure. For example, we conducted an inspection of FS' funding from IIJA, Division J for Hazardous Fuels Management activities. During the inspection, we determined that FS did not separately track FYs 2022 and 2023 IIJA, Division J Hazardous Fuels Management funds. As a result, FS could not accurately report how much it spent for FYs 2022 and 2023 Hazardous Fuels Management, resulting in \$205.6 million in questioned costs.

Additionally, we found that FS did not fully document its rationale for prioritizing and selecting projects. As such, FS' decision-making process is not transparent, resulting in reduced assurance that the most critical projects were selected. FS agreed with our two recommendations, and we reached management decision on both recommendations in the report.

### Inflation Reduction Act Oversight

IRA authorized USDA \$3.1 billion to provide relief to distressed borrowers with certain Farm Service Agency (FSA) direct loans, guaranteed loans, or both, whose agricultural operations were at financial risk. We evaluated FSA's internal controls designed and established to respond to risks it identified related to consistent and accurate reviews of assistance applications and reducing improper payments of the IRA Section 22006 Extraordinary Measures Assistance program funds.

Based on our review, we found that FSA identified and documented 11 risks to the IRA Section 22006 Extraordinary Measures Assistance program. Specifically, we determined, and FSA agreed, that 5 of the 11 risks were directly related to our objective. Overall, we concluded that FSA designed and established internal



# SEMIANNUAL REPORT TO CONGRESS

## APRIL 1, 2024–SEPTEMBER 30, 2024

controls to respond to the five risks identified related to (1) consistent and accurate reviews of applications for assistance and (2) reducing improper payments of IRA Section 22006 Extraordinary Measures Assistance program funds. In response to these risks, FSA designed and established 23 internal controls. This review is part of our ongoing efforts to provide transparency and accountability for programs specifically related to IIJA and IRA funds. OIG made no recommendations in this report.

### COVID-19 Oversight

OIG continues to provide oversight to help ensure that coronavirus disease 2019 (COVID-19) relief program funds are used appropriately and to address allegations of fraud related to these programs. For example, in one investigation, a Kansas individual was sentenced to 30 months in prison, followed by 3 years of supervised release, and was ordered to pay more than \$2.8 million in restitution. The individual submitted loan documents that falsely listed or inflated cattle, prepaid expenses, machinery, and equipment to receive \$2.7 million in loans. Later, the individual claimed cattle they did not own on Coronavirus Food Assistance Program (CFAP) applications and received more than \$89,000. This was a joint investigation with the Federal Bureau of Investigation (FBI).

subsequent objectives; promoting effective oversight of USDA programs; strengthening relationships and confidence with stakeholders; leveraging the strength of a diverse and engaged workforce with a people-centric culture; and embracing continuous improvement and optimizing enterprise resources.

These achievements are directly attributed to the dedicated work of OIG staff and their collaboration with key OIG partners to ensure the efficiency and effectiveness of USDA programs and operations. We deeply appreciate our productive working relationship with Secretary of Agriculture Tom Vilsack, Deputy Secretary Xochitl Torres Small, and their expert staff. We also look forward to continuing our collaborative working relationships with Congressional Committees and Members of Congress to ensure the success of USDA programs in fulfilling their intended missions.

Phyllis K. Fong  
Inspector General

### Other Noteworthy Initiatives

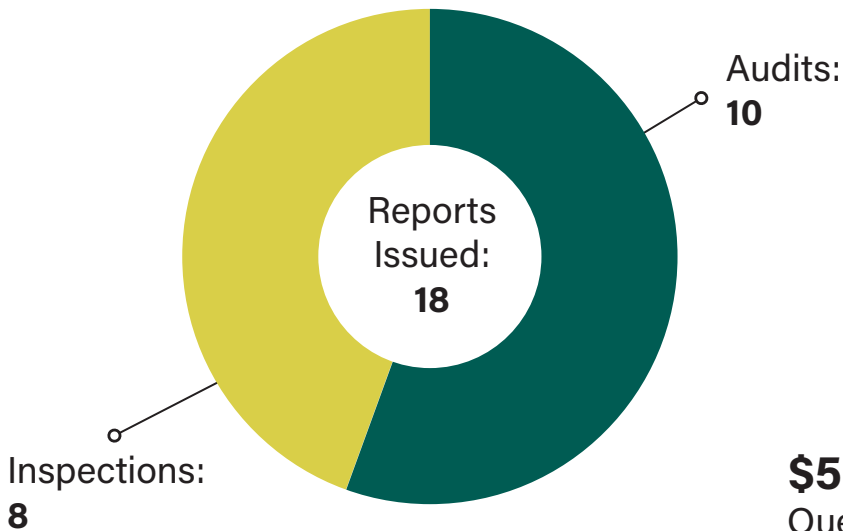
Another significant accomplishment this reporting period was the issuance of OIG's [2024 USDA Top Management Challenges](#) report. This report summarizes significant management and performance challenges facing the Department, highlighting three major areas: Ensuring Safety and Security, Providing Benefits, and Delivering Efficient Programs. This year we noted one additional emerging challenge: Climate Impact. This report is intended to aid the Department with improving program performance and operations.

On a similar note, I'm proud to announce we also released the [USDA OIG Strategic Plan—Fiscal Years 2025–2029](#). This plan serves as a roadmap for our future as we continue our mission to promote economy, efficiency, and integrity in USDA programs and operations. We will continue to reference our strategic plan as we build our annual plans and management challenges reports moving forward. Our work will center around our four new goals and their



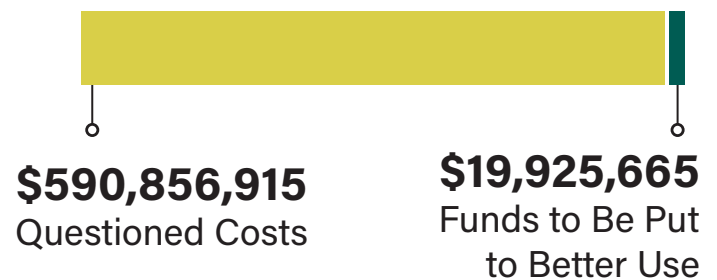
# SEMIANNUAL REPORT TO CONGRESS APRIL 1, 2024–SEPTEMBER 30, 2024

## Statistical Highlights



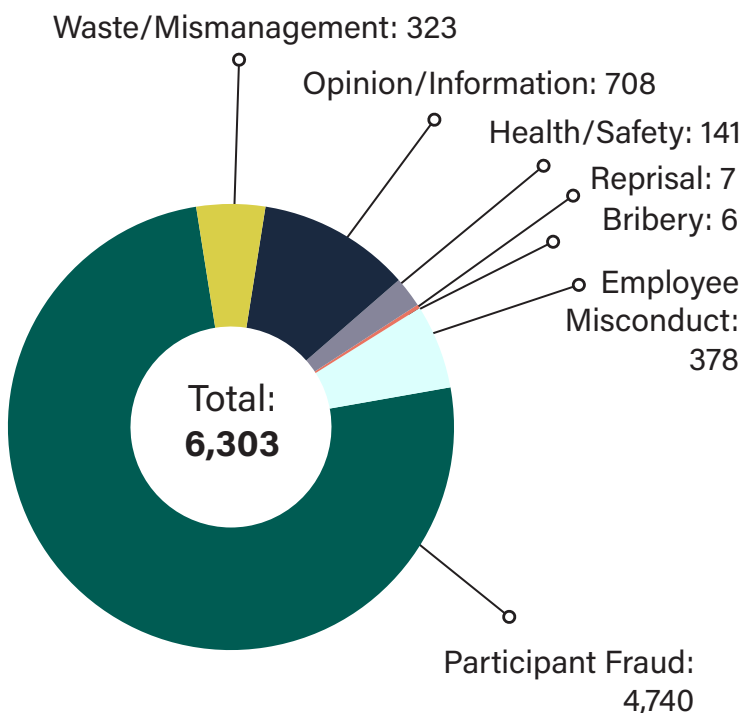
### Audit Activities

Total Monetary Impact:  
**\$610,782,580**



## Investigations Activities

### Hotline Complaints Processed



### Impact: Criminal Prosecutions

Reports Issued: **109**



Recoveries/Collections	\$5,826,700
Restitutions	\$25,738,972
Fines	\$1,539,726
Other Monetary Remedy	\$789,007
Asset Forfeitures	\$24,357,912
Claims Established	\$67,002
Cost Avoidance	\$28,342
Administrative Penalties	\$0
Special Assessments	\$4,925

Total Monetary Impact:  
**\$58,352,587**



A farmer harvests a soybean field. USDA/ Farm Production and Conservation photo by Preston Keres. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

## Goal 1: Safety and Security

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

**O**IG 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 the safety of the food supply, animal welfare, and information technology (IT) security and management. When applicable, the titles in this and the following goals are hyperlinked to the complete OIG reports and U.S. Department of Justice (DOJ) press releases issued between April 1, 2024, and September 30, 2024, and are published on [USDA OIG's website](#).

### **USDA's Management of Default Credentials**

OIG reviewed and analyzed USDA default credentials vulnerability scans and followed up on a related prior audit recommendation. We also reviewed and evaluated the Department's policies and procedures, and we interviewed responsible USDA officials. OIG made three recommendations to OCIO and reached management

decision on each of them. (Inspection Report 50801-0012-12)

### **U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2024 Federal Information Security Modernization Act**

An independent certified public accounting firm was engaged to review USDA's ongoing efforts to improve its IT security program and practices during FY 2024 as required by the Federal Information Security Modernization Act (FISMA). We made 26 recommendations to OCIO and related agencies, and we reached management decision on all of them. (Audit Report 50503-0013-12)

### **Fiscal Year 2023 Quarter 3 Security Evaluation**

OIG reviewed FS to determine the likely level of sophistication an attacker would need to compromise selected USDA systems or data. OIG made one



## Goal 1: Safety and Security



Per USDA, the Department continues to modernize and consolidate its information technology infrastructure and services to improve efficiency, effectiveness, security, and customer experience. Photo by Lance Cheung. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

recommendation to FS and reached management decision on it. (Inspection Report 50801-0009-12)

### **Fiscal Year 2023 Quarter 4 Security Evaluation**

OIG determined whether FSA employees would recognize and respond to phishing email. OIG made three recommendations to OCIO and reached management decision on each of them. (Inspection Report 50801-0011-12)

### **USDA Preventative Measures and Enforcement Remedies for Child Labor Violations in USDA Contracts**

OIG reviewed the Office of Contracting and Procurement's (OCP) procurement authority to prevent and respond to reported child labor violations in FY 2023. OIG made no recommendations in this report. (Inspection Report 96801-0001-21)

### **Five Georgia Men Sentenced to Federal Prison for Participating in a Dogfighting Operation**

Five Georgia men have been sentenced to prison for their roles in a large-scale dogfighting operation. The 96 dogs rescued from the operation were discovered during searches conducted as part of an investigation into a drug trafficking conspiracy spanning several counties. As a result, the five men were sentenced to a combined total of 115 months in prison. Two of those implicated in the dogfighting operation also were sentenced in connection with the drug-trafficking conspiracy. This was a joint investigation with the U.S. Marshals Service (USMS), the Drug Enforcement Administration (DEA), the U.S. Postal Inspection Service (USPIS), the Georgia Bureau of Investigation, and local law enforcement.

### **Indiana Man Sentenced to Federal Prison for His Role in a Dogfighting Conspiracy**

An Indiana man was sentenced to 12 months in prison as the result of a multi-agency animal fighting investigation. This investigation began when a van was stopped by local law enforcement in Mississippi for a traffic violation. Inside the van officers discovered multiple dogs with injuries consistent with dogfighting. Based on information developed during that investigation, OIG conducted searches at 26 locations across Indiana, seizing 82 dogs, over 2 kilograms of illicit drugs, 45 firearms, and various items of dogfighting paraphernalia. This was a joint investigation with the FBI and the Indiana Gaming Commission.



## Goal 1: Safety and Security

### Ongoing Reviews

- Animal Care Program Oversight of Dog Breeder Inspections (Animal and Plant Health Inspection Service (APHIS))
- Controls Over Hawaii Pre-Departure Agriculture Inspections (APHIS)
- Midwest Area Facility Condition and Security (Agricultural Research Service (ARS))
- Northeast Area Facility's Condition and Security (ARS)
- Cooperative Interstate Shipment Program (Food Safety and Inspection Service)
- Administration of USDA's Information Technology Regulations and Policies (Multi-Agency)
- Food Distribution Program on Indian Reservations and Commodity Supplemental Food Program (Multi-Agency)
- Fiscal Year 2024 Quarter 2 Security Evaluation (Multi-Agency)
- Review of Inventory and Information Security Controls for Excessing IT Equipment (Multi-Agency)
- USDA's Implementation of the National Bio and Agro-Defense Facility (Multi-Agency)
- USDA's Management of Password Security (Multi-Agency)
- USDA's Security Controls Over Industrial Control Systems (Multi-Agency)



Courtesy Photo/Adobe Stock



Two vibrant strawberries. Photo by USDA. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

## Goal 2: Integrity of Benefits

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

**O**IG 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.

### Whole-Farm Revenue Protection Pilot Program

OIG reviewed whether RMA's and selected approved insurance providers' oversight of the WFRP was sufficient to ensure that approved revenues, liabilities, and indemnity payments were accurate. OIG made one recommendation to RMA and reached management decision on it. (Audit Report 05601-0005-22)

Questioned costs - \$185,583,993  
Unsupported costs - \$0  
Funds to be put to better use - \$0

### **Florida Individual Sentenced to 51 Months in Prison and Over \$7 Million in Restitution for Complex Loan Fraud Scheme**

An individual was sentenced to 51 months in prison followed by 3 years of supervised release and ordered to pay over \$7 million in restitution for conspiring to defraud USDA of RBS guaranteed loan funds. While the individual's spouse was serving a prison sentence for a previous fraud conviction, the individual conspired with the spouse to impersonate two separate businesses and submit a fraudulent loan application to USDA. The loan application was approved based on the misrepresentations and the individuals received over \$7 million for a falsified project. This was a joint investigation with the FBI.

### **Tennessee Man Sentenced to Over 3 Years in Federal Prison for Crop Insurance Fraud**

A Tennessee man was sentenced to 42 months in prison, followed by 3 years of supervised release, and was ordered



## Goal 2: Integrity of Benefits

to pay \$3.5 million in restitution for defrauding the Federal Crop Insurance Program between 2016 and 2022. In addition, the man agreed to pay RMA over \$5 million to resolve other outstanding issues. The man was previously convicted in 2016 for crop insurance fraud and had agreed to a 5-year exclusion from the Federal Crop Insurance Program; however, while that case was being resolved he developed a second scheme wherein members of his family applied for and received crop insurance for tobacco that belonged to him. A review of insurance policies obtained by family members on behalf of the man revealed indemnity losses exceeding \$8 million. As a result of this investigation, four family members entered into a voluntary 7-year debarment from USDA programs. This was a joint investigation with the FBI and RMA.

### **New York Man Sentenced to Prison for Stealing Over \$900,000 in Federal Funds**

A New York man was sentenced to 18 months in prison for stealing over \$900,000 in Federal funds from a program that helped struggling farmers pay off their loans. The man admitted that FSA sent him a check for \$972,564 to pay off a Federally guaranteed farm loan on which he had defaulted. Instead, he used the money to pay personal

expenses and fund real estate investments. This was a joint investigation with the FBI.

### **Kansas Individual Sentenced to 30 Months in Prison and Ordered to Pay Over \$2 Million in Restitution for Multiple Fraud Schemes**

A Kansas individual was sentenced to 30 months in prison, followed by 3 years of supervised release, and was ordered to pay more than \$2.8 million in restitution. The individual submitted loan documents that falsely listed or inflated cattle, prepaid expenses, machinery, and equipment to receive \$2.7 million in loans. Later, the individual claimed cattle they did not own on CFAP applications and received more than \$89,000. This was a joint investigation with the FBI.

### **Fifth Manager Sentenced in Scheme to Defraud Midwest Livestock Producers**

An Iowa man who defrauded pork producers while working as the regional manager of an Iowa livestock dealer was sentenced to 6 months in prison after pleading guilty to one count of wire fraud. The man, who oversaw livestock buying stations in Iowa, Minnesota, and South Dakota, is



Whole Farm Revenue Protection provides protection for all commodities on a farm under one insurance policy. USDA Photo by Lance Cheung. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.



## Goal 2: Integrity of Benefits



Organic leeks sold at a farmers market. USDA Photo by Lance Cheung. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

the fifth manager of the livestock dealer sentenced in the scheme. This was a joint investigation with the FBI.

### Supplemental Nutrition Assistance Program Investigations

#### Tennessee Man Sentenced for SNAP Fraud and Identity Theft

A Tennessee man was sentenced to 104 months in Federal prison in connection with a years-long scheme of filing false applications for Supplemental Nutrition Assistance Program (SNAP) benefits and then selling them to members of the community. The man used the personally identifiable information of over 100 people to fraudulently obtain SNAP benefits for more than 3 years. This was a joint investigation with USPIIS and the Tennessee Department of Human Services OIG.

#### Florida Man Sentenced to Federal Prison for Aggravated Identity Theft

A Florida man was sentenced to 2 years and 1 day in prison, followed by 1 year of supervised release, for aggravated identity theft and false representation of a

Social Security number. During the COVID-19 pandemic, the man applied for and received unemployment insurance and Pandemic Emergency Unemployment Compensation under the other person's identity. He also used the false identity to apply for and receive SNAP benefits. This was a joint investigation with Homeland Security Investigations (HSI), U.S. Department of Labor (DOL) OIG, and SSA OIG.

#### Ohio Woman Sentenced to Federal Prison for Social Security Number Fraud

An Ohio woman was sentenced to 2 years in prison and ordered to pay a total of more than \$190,000 in restitution to USDA, the Social Security Administration (SSA), and the Ohio Department of Job and Family Services. Beginning in 2010, the woman used the stolen identity of a deceased child to avoid a pending criminal prosecution and to obtain thousands of dollars in Government benefits, including more than \$19,000 in SNAP benefits. This was a joint investigation with SSA OIG, Ohio Bureau of Motor Vehicles Investigations, DOL OIG, USPIIS, and USMS.

#### Ohio Individual Sentenced to 21 Months in Prison and Restitution of More Than \$80,000 for Theft of Benefits Intended for Vulnerable Families

An Ohio community leader was sentenced to 21 months in prison followed by 3 years of supervised release and ordered to pay restitution totaling more than \$80,000. The individual received various forms of public assistance for which he was not eligible based on his income, including SNAP benefits; Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits; Medicaid; and Temporary Assistance for Needy Families funds. The individual failed to disclose paid employment as well as his ownership of several businesses. This was a joint investigation with the FBI, HSI, and U.S. Customs and Border Protection.

#### New York Storeowner Sentenced to Prison and Restitution of \$160,000 for Role in SNAP Fraud Scheme

A New York storeowner was sentenced to time served (1 day) and 3 years of supervised release for exchanging cash and controlled substances for SNAP benefits. Previously, the storeowner agreed to a consent order to pay restitution of \$160,000. During an investigation of a separate New York storeowner, OIG was made aware that an associate of that storeowner exchanged cash and marijuana for SNAP benefits. During a search, law enforcement found approximately 500 pounds of marijuana hidden throughout the second store. This was a joint investigation with USMS and the New York City Police Department.



## Goal 2: Integrity of Benefits

### **Rhode Island Man Sentenced to Prison for Illegal Acquisition of SNAP Benefits, Unlawful Possession of a Firearm**

A Rhode Island man was sentenced to 2 years in prison and over \$200,000 in restitution for conspiring to submit fraudulent applications for SNAP benefits. The individual and others used stolen identities to apply for benefits and received the electronic benefits transfer (EBT) cards at multiple addresses. The individual sold some of the EBT cards and used others to make purchases. During a search of the individual's residence, several EBT cards were located as well as a firearm. This was a joint investigation with the Rhode Island Office of Internal Audit—Fraud Detection and Prevention Unit.

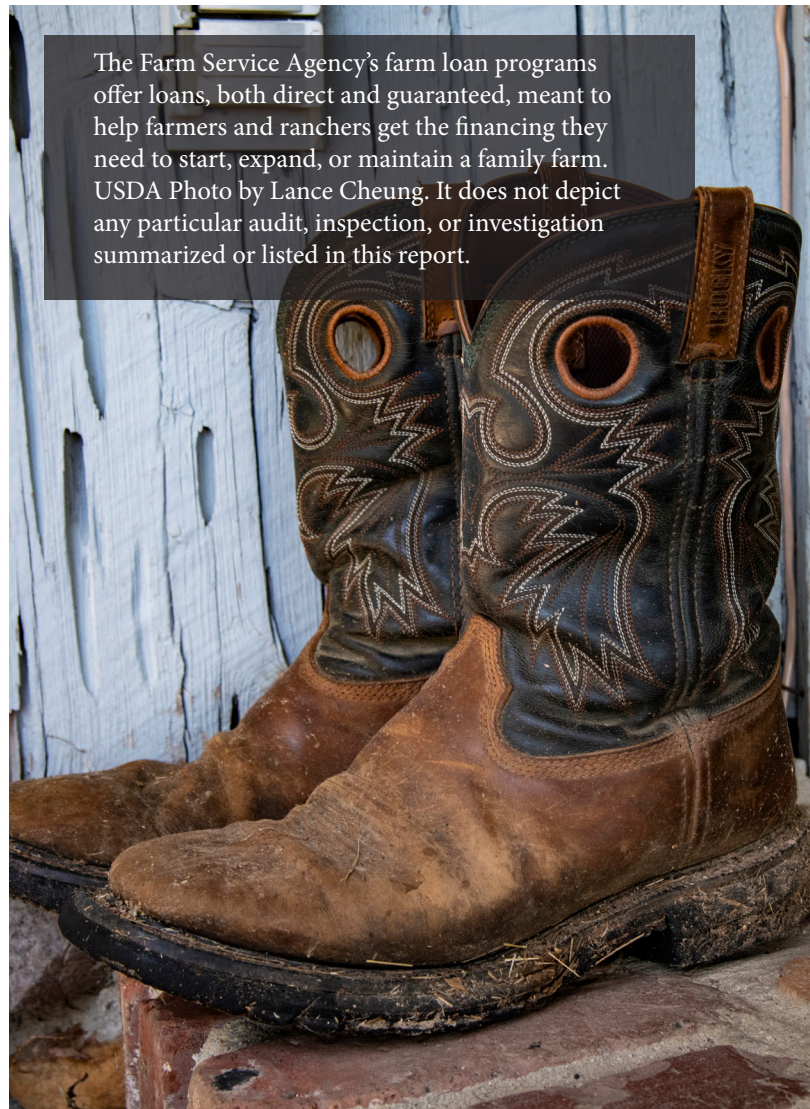
### **Ohio Man Sentenced to Prison After Pleading Guilty to Filing False Tax Returns and Wire Fraud**

An Ohio man was sentenced to 30 months in prison after pleading guilty to filing false tax returns and wire fraud that defrauded educational and Government entities. He was also fined more than \$797,000 and ordered to pay restitution to the following: over \$223,000 to USDA, over \$14,000 to U.S. Department of Education, and over \$43,000 to various schools. The man falsified applications to receive student aid for his children at multiple schools. Additionally, he admitted to submitting a false application for his convenience store to become an authorized SNAP retailer. The application falsely stated that his spouse was the sole owner of the convenience store and that there were no other owners, even though he was the true owner of the business. He was disqualified as a program retailer due to his prior conviction for SNAP fraud in 2004. This was a joint investigation with the Internal Revenue Service, Criminal Investigations (IRS-CI) and the Department of Education OIG.

## **Other Food and Nutrition Service Investigations**

### **Owner of Illinois Child Care Centers Sentenced to Four Years in Prison for Fraudulently Obtaining More Than \$3.3 Million in State Subsidies**

The owner of Chicago-area childcare centers was sentenced to 4 years in prison for scheming to fraudulently obtain more than \$3.3 million in State of Illinois subsidies designed to help low-income families afford childcare. The owner also was ordered to pay restitution of more than \$3.3 million. Additionally, the owner conspired with other individuals to submit fraudulent applications for USDA Child and Adult Care Feeding Program funds. Four additional individuals were recently sentenced for their



The Farm Service Agency's farm loan programs offer loans, both direct and guaranteed, meant to help farmers and ranchers get the financing they need to start, expand, or maintain a family farm. USDA Photo by Lance Cheung. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.

roles in the fraud scheme. Collectively, they received 66 months of probation and were ordered to pay restitution of more than \$2 million. This was a joint investigation with the FBI and IRS-CI.

### **Pennsylvania Businessman Sentenced to One Year in Prison for Evading \$148,000 in Taxes**

A Pennsylvania man was sentenced to 1 year in prison, fined \$50,000, and ordered to pay more than \$148,000 in restitution. The man operated a fraud scheme which involved inflating the cost of janitorial services at USDA-funded non-profit locations across Philadelphia. The man also failed to file tax returns on the profits from the inflated work orders. This was a joint investigation with IRS-CI.



## Goal 2: Integrity of Benefits

### Inflation Reduction Act Reviews

#### IRA—Oversight of the Inflation Reduction Act for Distressed Borrowers With Direct Loans That Took Extraordinary Measures to Avoid Delinquency

OIG evaluated the internal controls that FSA designed and established to respond to risks it identified related to (1) consistent and accurate reviews of applications for assistance and (2) reducing improper payments of the IRA Section 22006 Extraordinary Measures Assistance program funds. We made no recommendations in this report. (Audit Report 03601-0001-21)

### Ongoing Reviews

- Farm and Food Workers Relief Grant Program Use and Monitoring of Funds (Agricultural Marketing Service (AMS))
- Highly Pathogenic Avian Influenza Indemnification Payment Process for Recurring Outbreaks (APHIS)
- Child and Adult Care Food Program Meal Reimbursement Claims Process for Child Care Centers (Food and Nutrition Service (FNS))
- SNAP: Disbursement of SNAP Benefits Using the EBT System (FNS)
- IJIA—Collaborative Aquatic Landscape Restoration Program (FS)
- Eligibility of Conservation Reserve Program Climate-Smart Practice Incentive Payments (FSA)
- IRA—Discrimination Financial Assistance Program (Multi-Agency)
- Incurred Cost Performance Audits—Recipients of Grants from the National Institute of Food and Agriculture for Fiscal Year 2023—Consolidated Report (National Institute of Food and Agriculture)
- Meat and Poultry Processing Expansion Program—Oversight of Grant Recipients' Use of Funds (RBS)
- Assessment of RMA's Oversight for High Loss Value Ratio Claims—Almonds (RMA)



USDA Food Safety Inspection Service inspector at a poultry processing facility checking for cleanliness and testing poultry for the avian influenza virus. USDA Photo. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.



According to the Forest Service, treatments that reduce hazardous fuels make wildfires easier to manage and contain while improving the long-term health of the forest. USDA Photo by Lance Cheung. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.



## Goal 3: Management Improvement Initiatives

Strengthen USDA's ability to achieve results-oriented performance.

**O**IG conducts audits, investigations, inspections, data analytics, and other reviews that focus on areas such as 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.

### Foreign Agricultural Service's Controls Over McGovern-Dole International Food for Education Program Funding

OIG evaluated FAS' controls over agreement funding for the McGovern-Dole International Food for Education and Child Nutrition Program. OIG made 10 recommendations to FAS and reached management decision on all of them. (Audit Report 07601-0002-41)  
Questioned costs - \$167,032,922  
Unsupported costs - \$0  
Funds to be put to better use - \$19,925,665

### USDA Climate Hubs: Enhancing Working Lands' Resilience and Productivity

OIG assessed whether the USDA Climate Hubs developed performance measures to achieve the goal of enhancing working lands' resilience and productivity. OIG made four recommendations to the Farm Production and Conservation mission area and reached management decision on all of them. (Inspection Report 50801-0001-22)

## Mandatory and Financial Reviews

### USDA's Compliance with Improper Payment Requirements for FY 2023

OIG reviewed USDA's compliance with improper payment and high-dollar overpayment requirements for FY 2023. OIG made six recommendations to FSA, FNS, and the Office of the Chief Financial Officer (OCFO) and reached management decision on three of them. (Audit Report 50024-0004-24)



## Goal 3: Management Improvement Initiatives

### **USDA's Compliance with the Geospatial Data Act for FY 2024**

OIG reviewed USDA's compliance with the covered agency responsibilities specific to subsection 759(a) of the Geospatial Data Act. OIG made one recommendation to OCIO and reached management decision on it. (Audit Report 50501-0027-12)

### **Agreed-Upon Procedures—Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management for Fiscal Year 2024**

OIG performed agreed-upon procedures to assist the U.S. Office of Personnel Management in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions, as well as enrollment information reported by the National Finance Center (NFC). We made no recommendations in this report. (Audit Report 11301-0002-23)

### **Independent Service Auditor's Report on Management of Financial Management Services' Description of Its Financial Systems and the Suitability of Design and Operating Effectiveness of Controls for the Period October 1, 2023, through June 30, 2024**

An independent certified public accounting firm presented the results of the System and Organization Controls 1 Type 2 examination for the Financial Management Services' description of its financial systems used to process user entities' financial transactions throughout the period October 1, 2023, to June 30, 2024. We made no recommendations in this report. (Audit Report 11303-0006-12)

### **Independent Service Auditor's Report on the National Finance Center's Description of Its Payroll/Personnel System and on the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2023, through June 30, 2024**

An independent certified public accounting firm presented the results of the System and Organization Controls 1 Type 2 examination for NFC's description of its payroll and personnel systems used to process user entities' payroll and human resource transactions throughout the period October 1, 2023, to June 30, 2024. We made no recommendations in this report. (Audit Report 11303-0005-12)

### **Independent Service Auditor's Report on the Office of the Chief Information Officer's Description of Its Application Hosting and Security Systems and on the Suitability of the Design and Operating Effectiveness of Its Controls for the Period October 1, 2023, through June 30, 2024**

An independent certified public accounting firm presented the results of the System and Organization Controls 1 Type 2 examination for the OCIO's description of its data center hosting and security systems used to process user entities' transactions throughout the period October 1, 2023, to June 30, 2024. We made no recommendations in this report. (Audit Report 88303-0003-12)

### **Former USDA Employee Ordered to Pay Restitution of More Than \$2,000**

A former FS biologist was ordered to pay more than \$2,000 in restitution. As part of the plea agreement, the individual also agreed to a permanent bar from Federal employment. The former USDA employee stole over \$10,000 of Government property. The items were removed from an FS facility after normal operating hours with the assistance of a USDA employee and their spouse. In addition to the physical property, over 20 years' worth of research data and related files were removed from the Government facility. FS management estimated it would require staff from 3 to 5 years to locate and remap the lost data points.

### **USDA Loan Specialist and Contractors Sent to Prison for Roles in Loan Bribery Scheme**

Three Texas residents were sentenced for their roles in a bribery scheme involving USDA. One man, a USDA RD loan specialist, steered Single Family Housing Repair Loans and Grants toward two contractors in exchange for kickbacks totaling over \$45,000. Each of the individuals pleaded guilty. The USDA loan specialist was sentenced to 16 months in prison, while the contractors were sentenced to 14 months in prison, collectively. Each must also serve 3 years of supervised release following their sentences. This was a joint investigation with the FBI, DEA, HSI, and IRS-CI.



## Goal 3: Management Improvement Initiatives

### Infrastructure Investment and Jobs Act Reviews

#### IIJA – Hazardous Fuels Management

OIG conducted oversight of FS' funding from IIJA, Division J for Hazardous Fuels Management activities. OIG made two recommendations to FS and reached management decision on both. (Inspection Report 08801-0001-21)  
Questioned costs - \$205,600,000  
Unsupported costs - \$0  
Funds to be put to better use - \$0

#### IIJA—Community Wildfire Defense Grant Program for At-Risk Communities

OIG conducted integrated oversight of FS' implementation of the Community Wildfire Defense Grant Program. OIG made two recommendations to FS and reached management decision on one of them. (Inspection Report 08801-0002-24)  
Questioned costs - \$32,640,000  
Unsupported costs - \$0  
Funds to be put to better use - \$0

#### IIJA—Watershed and Flood Prevention Operations

OIG determined whether the Natural Resources Conservation Service (NRCS) timely submitted a spend plan for Watershed and Flood Prevention Operations funds and accurately reported IIJA data to the public. We also determined the methodology NRCS used for selecting projects for funding. OIG made three recommendations to NRCS and reached management decision on all of them. (Inspection Report 10801-0001-24)

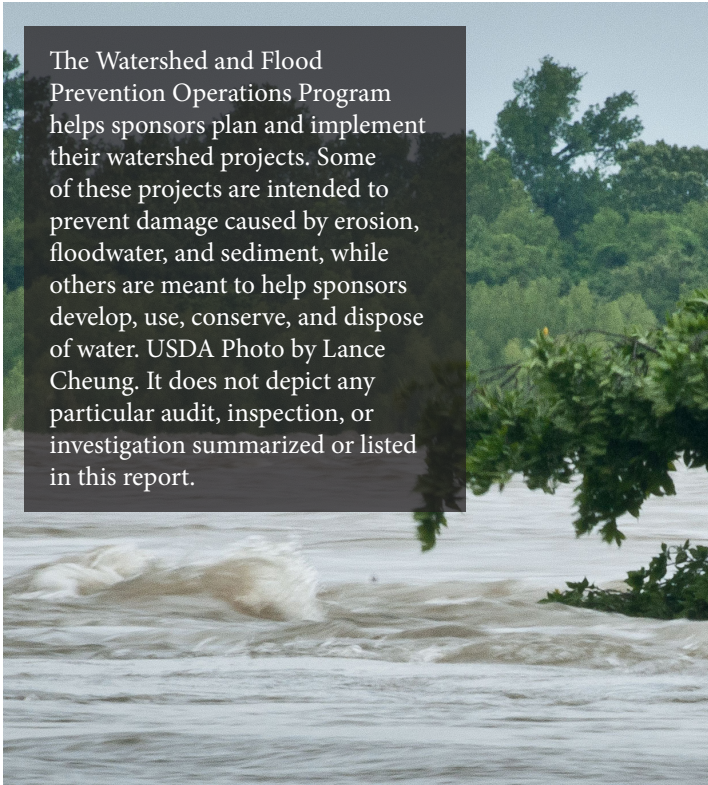
### Single Audits

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 C.F.R. part 200 (Uniform Guidance), requires that non-Federal entities that expend \$750,000 or more in Federal awards within the entity's fiscal year must obtain an annual independent financial audit, referred to as a "single audit." Non-Federal entities subject to the Uniform Guidance are States, local governments, Indian tribes, nonprofit organizations, and institutions of higher education, such as universities and colleges. The Uniform Guidance also requires that these non-Federal entities and their auditors upload the audit

report and other relevant documents (reporting package) to the Federal Audit Clearinghouse (FAC).

To ensure the single audit reporting packages comply with the reporting requirements in the Uniform Guidance, we conduct desk reviews on all reporting packages for which the Department is the cognizant agency. Specifically, we examine each selected entity's financial statements audit report and data collection form uploaded to FAC. The purpose of a desk review is to determine compliance with single audit reporting standards, identify any quality issues that may warrant revisions to the reporting package and/or follow-up audit work, and identify any potential need for quality control reviews of an auditing firm. A desk review is not designed to evaluate the adequacy of the audit work performed or examine the associated audit documentation.

During this period, we performed 53 desk reviews. These single audits covered \$4.8 billion in total Federal expenditures, including \$2.3 billion related to the Department's expenditures. We determined that 2 of the 53 reporting packages did not fully meet Federal reporting requirements. For the deficiencies identified, we required the selected entity to resubmit their reporting packages with corrections or correct the deficiencies in future reporting. We will consider these two entities when planning our selection of quality control reviews later this fiscal year.



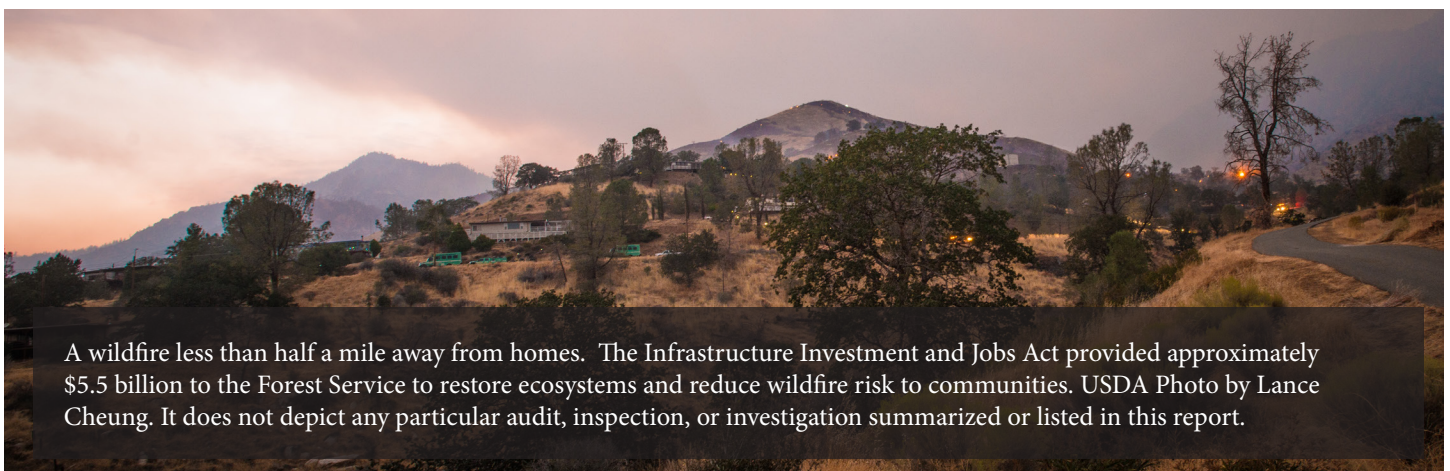
The Watershed and Flood Prevention Operations Program helps sponsors plan and implement their watershed projects. Some of these projects are intended to prevent damage caused by erosion, floodwater, and sediment, while others are meant to help sponsors develop, use, conserve, and dispose of water. USDA Photo by Lance Cheung. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.



## Goal 3: Management Improvement Initiatives

### Ongoing Reviews

- Review of Agency Financial Statements for Fiscal Years 2024 and 2023 (Commodity Credit Corporation, Federal Crop Insurance Corporation/RMA, NRCS, RD)
- Final Action Verification—Summer Food Program (FNS)
- Preparedness for the Fiscal Year 2026 Thrifty Food Rate Change (FNS)
- SNAP Fraud Risk Assessments (FNS)
- Assessment of Pre-Season Procurement Awards (FS)
- IIJA—Financial Assistance to Facilities That Purchase and Process Byproducts from Ecosystem Restoration Projects—Inspection (FS)
- IIJA—Firefighting Workforce Training (FS)
- IIJA—Implementation of Federal Wildland Firefighter Salary Requirements and the Conversion of Employees (FS)
- IIJA—Legacy Road and Trail Remediation Program—Region 3 (FS)
- IIJA—Legacy Road and Trail Remediation Program—Region 6 (FS)
- IIJA—Legacy Road and Trail Remediation Program Capping Report on Implementation by Regions 3 and 6 (FS)
- IIJA—Restoration Projects on Federal Land (FS)
- IIJA—Strategic Approach to IIJA Funded Programs (FS)
- IIJA—Summary of IIJA Issues and Management Challenges Faced by the Forest Service (FS)
- USDA Compliance with Anti-Gag Provisions (Multi-Agency)
- Partnership for Climate-Smart Commodities—Performance Measures and Monitoring (NRCS)
- Equal Employment Opportunity Complaint—Final Agency Action Process (Office of the Assistant Secretary for Civil Rights (OASCR))
- USDA Actions to Address Program Discrimination (OASCR)
- USDA’s Consolidated Financial Statements for Fiscal Years 2024 and 2023 (OCFO)
- Controls Over USDA’s Completion of Contractor Performance Assessment Reporting System Requirements (OCP)
- Performance Measures Associated with the 2022 National Drug Control Strategy (RD)
- Uniform Residential Loan Application Project (Rural Housing Service)
- Accessibility of Specialty Crop Insurance Policies (RMA)
- IIJA—Broadband ReConnect Program—Inspection Report (Rural Utilities Service)
- IIJA—FS Firefighter Pulse Survey
- Broadband Data Stroll Version II



A wildfire less than half a mile away from homes. The Infrastructure Investment and Jobs Act provided approximately \$5.5 billion to the Forest Service to restore ecosystems and reduce wildfire risk to communities. USDA Photo by Lance Cheung. It does not depict any particular audit, inspection, or investigation summarized or listed in this report.



## Peer Reviews and Other Reviews

### External Peer Review of USDA's OIG Audit Division

In September 2023, the U.S. Postal Service OIG issued its final report on the peer review it conducted on USDA OIG's Office of Audit. USDA OIG received a grade of "pass," the best evaluation an audit organization can receive. The report included no recommendations.

### External Peer Review of USDA's OIG Investigations Division

In June 2019, the 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.

The 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 the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and other applicable guidelines and statutes cited. No findings or deficiencies were identified.



### PEER-REVIEW ACTIVITIES

### Peer Review Conducted by USDA OIG

During the current reporting period, USDA OIG Office of Investigations conducted a peer review of the Treasury Inspector General for Tax Administration (TIGTA). The review determined that TIGTA was in compliance with the Quality Standards for Investigations as established by CIGIE.

There are no outstanding recommendations from any report on a peer review conducted by USDA OIG of another OIG's audit organization.

## Review of Legislation, Regulations, Directives, and Memoranda

Pursuant to the Inspector General Act of 1978, one of the duties and responsibilities of the Inspector General is to review existing and proposed legislation and regulations relating to the agency's programs and operations and to make recommendations concerning the impact of such legislation or regulations on (1) the economy and efficiency in the administration of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in such programs and operations. As such, OIG reviews proposed legislation and regulations that we identify or are sent to us for review through USDA. OIG also participates in review of legislative items that may affect the Inspector General community at large, through participation in CIGIE activities. OIG also responds to Congressional requests for technical assistance and input as requested.

During this reporting period, OIG reviewed nine legislative/regulatory items and provided input on six of those items. Specifically, OIG reviewed five legislative proposals and provided comments on two of these items: a proposal regarding Federal funding for research and a proposal regarding oversight of Government spending. We also reviewed four internal USDA regulations/policies and provided comments on all four of them. We also provided input to Congress regarding an inquiry about OIG's oversight work involving anti-harassment programs and sexual harassment prevention. Additionally, we provided input on CIGIE's Pandemic Response Accountability Committee, *Blueprint for Enhanced Program Integrity*, Chapter 2; we reviewed a Government Accountability Office (GAO) guidance document and responded to a GAO questionnaire; and we reviewed one Office of Management and Budget Circular.



## Assessing Performance Results

Our mission is to promote economy, efficiency, and integrity of USDA programs and operations through audits, investigations, 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 Audits, Inspections, Investigations, and Analytics Work on Department Programs

We also measure our impact by tracking the outcomes of our audits, inspections, investigations, and analytics work. Many of these measures are codified in the Inspector General 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
- Reports without corrective action.

For investigations, we present:






- Reports issued,
- Indictments,
- Convictions,
- Arrests,
- Total dollar impact (recoveries, restitutions, fines, and asset forfeiture),
- Administrative sanctions, and
- OIG Hotline complaints.

For analytics, we present data analytics projects issued.



## Assessing Performance Results

### Performance Results Under Our Strategic Goals

Performance Measures		FY 2023 Actual	FY 2024 Target	FY 2024 1st Half Actual	FY 2024 2nd Half Actual	FY 2024 Full Year Actual
	OIG direct resources dedicated to critical-risk or high-impact activities	98.2%	96%	99.9%	99.7%	99.8%
	Audit recommendations where management decisions are achieved within 1 year	100%	95%	100%	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%	100%
	Closed investigations that resulted in a referral for action to DOJ, State, or local law enforcement officials, or a relevant administrative authority	100%	90%	100%	100%	100%
	Closed investigations that resulted in an indictment, conviction, or civil suit or settlement, judgment, administrative action, or monetary result	93.4%	85%	92.8%	94.1%	93.5%

Note: Unless we are reporting exact numbers, our general practice is to round numbers down to prevent overstating our results.



## Assessing Performance Results

### OIG Accomplishments for FY 2024, Second Half (April 1, 2024–September 30, 2024)

Summary of Audit Activities	FY 2024 2 <sup>nd</sup> Half
Number of Final Reports	10
Number of Final Report Recommendations	44
Number of Inspection Reports*	8
Number of Inspection Report Recommendations	18
Number of Interim Reports	0
Number of Interim Report Recommendations	0
Number of Final Action Verification Reports	0
Total Dollar Impact of Reports at Issuance	\$610,782,580.00
Questioned/Unsupported Costs	\$590,856,915.00
Funds to Be Put to Better Use	\$19,925,665.00
<b>Management Decisions Reached</b>	
Number of Final Reports	5
Number of Final Recommendations	39
Number of Inspection Reports	6
Number of Inspection Report Recommendations	16
Number of Interim Reports	0
Number of Interim Report Recommendations	0
<b>Summary of Investigative Activities</b>	
Reports Issued	109
Indictments	101
Convictions	59
Arrests	164
Administrative Sanctions	49
Total Dollar Impact	\$58,352,587.93
<b>Summary of Analytics and Innovation Activities</b>	
Number of Data Analytics Projects	0

\* Informational reports are classified as Inspections based on professional standards followed.



## Assessing Performance Results

### OIG Accomplishments for FY 2024, Full Year (October 1, 2023-September 30, 2024)

Summary of Audit Activities	FY 2024 Full Year
Number of Final Reports	23
Number of Final Report Recommendations	57
Number of Inspection Reports*	17
Number of Inspection Report Recommendations	21
Number of Interim Reports	1
Number of Interim Report Recommendations	3
Number of Final Action Verification Reports	1
Total Dollar Impact of Reports at Issuance	\$1,705,440,919.00
Questioned/Unsupported Costs	\$1,685,515,254.00
Funds to Be Put to Better Use	\$19,925,665.00
<b>Management Decisions Reached</b>	
Number of Final Reports	11
Number of Final Recommendations	73
Number of Inspection Reports	10
Number of Inspection Report Recommendations	32
Number of Interim Reports	1
Number of Interim Report Recommendations	3
<b>Summary of Investigative Activities</b>	
Reports Issued	186
Indictments	257
Convictions	145
Arrests	383
Administrative Sanctions	82
Total Dollar Impact	\$247,689,076.43
<b>Summary of Analytics and Innovation Activities</b>	
Number of Data Analytics Projects	0

\* Informational reports are classified as Inspections based on professional standards followed.



## APPENDIX 1

# Reports with Corrective Actions That Have Not Been Completed by September 30, 2024, by Agency

This appendix provides a summary of audit, inspection, or interim audit reports issued by OIG prior to April 1, 2024, with recommendations that have corrective actions that were not completed by September 30, 2024. Corrective actions are recommendations that are pending final action, collection, or management decision and the Department had not taken corrective action to close them in its records. A link to each report shows the detail for each recommendation on OIG's website.

### **FNS: Food and Nutrition Service**

27601-0003-10

[New Mexico's Compliance with SNAP Certification of Eligible Households Requirements](#)

Issue Date: 09/27/2016

Recommendation No. 2

Potential Cost Savings: \$2,194

Recommendation No. 11

Potential Cost Savings: \$6,721

Recommendation No. 16

Potential Cost Savings: \$2,900

Recommendation Nos. 5, 9, 14, 18

Potential Cost Savings: N/A

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27702-0001-22

[Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria](#)

Issue Date: 10/18/2019

Recommendation No. 8

Potential Cost Savings: \$1,258,308

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27801-0003-22

[COVID-19—Supplemental Nutrition Assistance Program Online Purchasing in Response to Coronavirus Disease 2019](#)

Issue Date: 08/25/2021

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

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### **FS: Forest Service**

50801-0009-12(1)

[Fiscal Year 2023 Quarter 3 Security Evaluation – Interim Report](#)

Issue Date: 01/17/2024

Recommendation No. 3

Potential Cost Savings: N/A

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### **FSA: Farm Service Agency**

03099-0181-TE

[Farm Service Agency Payment Limitation Review in Louisiana](#)

Issue Date: 05/08/2008

Recommendation No. 2

Potential Cost Savings: \$1,432,622

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03601-0003-31

[Market Facilitation Program](#)

Issue Date: 03/09/2022

Recommendation No. 1

Potential Cost Savings: \$57,199,419

Recommendation Nos. 2, 4

Potential Cost Savings: N/A

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03601-0003-31 (1)

[Market Facilitation Program—Interim Report](#)

Issue Date: 09/30/2020

Recommendation No. 2

Potential Cost Savings: N/A

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03702-0001-23

[2017 Emergency Assistance for Honeybee Claims](#)

Issue Date: 09/28/2020

Recommendation No. 11

Potential Cost Savings: \$3,028,335

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03702-0002-23

[2017 Hurricane Relief Emergency Conservation Program](#)

Issue Date: 06/09/2021

Recommendation No. 1

Potential Cost Savings: \$661,078

Recommendation No. 3

Potential Cost Savings: \$718,755

Recommendation Nos. 4, 5

Potential Cost Savings: N/A

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03702-0002-31

[Wildfires and Hurricanes Indemnity Program](#)

Issue Date: 09/28/2020

Recommendation No. 2

Potential Cost Savings: \$4,268,395

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03702-0003-31

[Wildfires and Hurricanes Indemnity Program—Puerto Rico](#)

Issue Date: 03/24/2023

Recommendation No. 1

Potential Cost Savings: \$157,212,092

Recommendation No. 4

Potential Cost Savings: \$15,681,325

Recommendation No. 2

Potential Cost Savings: N/A

03801-0001-31

[COVID-19 – Coronavirus Food Assistance Program – Direct Support](#)

Issue Date: 09/25/2023

Recommendation No. 1

Potential Cost Savings: \$1,286,786

50024-0003-24

[USDA's Compliance with Improper Payment Requirements for Fiscal Year 2022](#)

Issue Date: 05/22/2023

Recommendation No. 2

Potential Cost Savings: N/A

50401-0022-11

[USDA's Consolidated Financial Statements for Fiscal Years 2023 and 2022](#)

Issue Date: 01/16/2024

Recommendation No. 1

Potential Cost Savings: N/A

50601-0003-22

[Coordination of USDA Farm Program Compliance—FSA, RMA, and NRCS](#)

Issue Date: 01/27/2017

Recommendation No. 2

Potential Cost Savings: N/A

50601-0010-31

[Beginning Farmers](#)

Issue Date: 09/26/2022

Recommendation No. 1

Potential Cost Savings: N/A

50601-0015-AT

[Hurricane Indemnity Program—Integrity of Data Provided by RMA](#)

Issue Date: 03/31/2010

Recommendation No. 5

Potential Cost Savings: \$1,061,958<sup>1</sup>

50703-0001-23

[American Recovery and Reinvestment Act, Trade Adjustment Assistance for Farmers Program](#)

Issue Date: 10/18/2013

Recommendation No. 9

Potential Cost Savings: \$84,000

**NIFA: National Institute of Food and Agriculture**

13601-0002-22

[Agriculture and Food Research Initiative](#)

Issue Date: 06/26/2023

Recommendation No. 5

Potential Cost Savings: \$18,543

Recommendation No. 4

Potential Cost Savings: N/A

**OASCR: Office of the Assistant Secretary for Civil Rights**

60601-0001-21

[USDA Oversight of Civil Rights Complaints](#)

Issue Date: 09/22/2021

Recommendation No. 2

Potential Cost Savings: N/A

**OC: Office of Communications**

50801-0002-12

[Security Over USDA Web Applications](#)

Issue Date: 10/27/2021

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

**OCFO: Office of the Chief Financial Officer**

50601-0004-23

[USDA's Controls Over Departmental Shared Cost Programs and Working Capital Fund](#)

Issue Date: 03/14/2024

Recommendation Nos. 3, 4

Potential Cost Savings: N/A

**OCIO: Office of the Chief Information Officer**

50501-0020-12(1)

[Improper Usage of USDA's Information Technology Resources—Interim Report](#)

Issue Date: 06/26/2018

Recommendation No. 2

Potential Cost Savings: N/A

<sup>1</sup> 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 [Hurricane Indemnity Program] payments need to be corrected. Direct the approved insurance providers to reverse the changes, and provide FSA a list of these corrections.



## APPENDIX 1

50801-0007-12

[USDA's Compliance with Binding Operational Directives 19-02 and 22-01](#)

Issue Date: 08/17/2023

Recommendation Nos. 1, 2, 3, 4

Potential Cost Savings: N/A

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**OPPE: Office of Partnerships and Public Engagement**

91601-0001-21

[Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program \(2501 Program\) in Fiscal Years 2018 and 2019](#)

Issue Date: 11/10/2021

Recommendation No.16

Potential Cost Savings: N/A

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**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](#)

Issue Date: 09/28/2018

Recommendation Nos. 2, 3

Potential Cost Savings: N/A

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**RBS: Rural Business-Cooperative Service**

34601-0001-21

[Controls Over the Meat and Poultry Processing Expansion Program Award Process \(Phase 1\)](#)

Issue Date: 03/05/2024

Recommendation Nos. 1, 2

Potential Cost Savings: N/A

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**RD: Rural Development**

85401-0014-11

[Rural Development's Financial Statements for Fiscal Years 2023 and 2022](#)

Issue Date: 11/08/2023

Recommendation No. 1

Potential Cost Savings: N/A

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**RMA: Risk Management Agency**

05601-0002-41

[RMA Apiculture Pilot Insurance Program](#)

Issue Date: 05/09/2023

Recommendation No. 3

Potential Cost Savings: \$1,082,604

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05601-0008-31

[Prevented Planting Followup](#)

Issue Date: 02/09/2024

Recommendation No. 1

Potential Cost Savings: \$1,087,545,244

Recommendation No. 2

Potential Cost Savings: N/A



## APPENDIX 2

### Summary of Management Decisions Made During the Reporting Period for Reports Issued During a Previous Reporting Period

This appendix provides a summary of audit, inspection, or interim audit reports issued by OIG prior to April 1, 2024, with all recommendations that reached management decision between April 1, 2024, and September 30, 2024. OIG reached management decision on one recommendation for one audit report issued during a previous reporting period. A link to that report shows the detail for the recommendation on [OIG's website](#).

#### **Rural Development**

85401-0014-11

[Rural Development's Financial Statements For Fiscal Years 2023 and 2022](#)

Issue date: 11/08/2023

Recommendation No. 1



## APPENDIX 3

### Reports That Were Closed and Not Disclosed to the Public as of September 30, 2024

OIG published summary information for all its reports from April 1, 2024, through September 30, 2024; however, seven reports contained sensitive content that was not publicly released.

This appendix is also intended to report any audits, inspections, evaluations, or data analytics products that were not publicly released. We have one audit that was closed or canceled and not disclosed to the public during this reporting period.

Agency	Date Closed	Title of Report	Reason for Cancellation
AMS	09/23/2024	Farm and Food Worker Relief Grant Program—Program Service Areas—Informational Report	Results from this report were rolled into an ongoing audit within the Farm and Food Worker Relief Grant Program.

## APPENDIX 4

### Contract Audit Reports with Significant Findings

OIG is required by the National Defense Authorization Act for Fiscal Year 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, 2024, through September 30, 2024.



## APPENDIX 5

### Information Described Under Section 804(b) of the Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 (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 U.S. Standard General Ledger at the transaction level. In addition, FISMA requires each agency to report significant information security deficiencies, relating to financial management systems, as a lack of substantial compliance with FFMIA. FFMIA also requires auditors to report in their annual Chief Financial Officer's Act financial statement audit reports whether financial management systems substantially comply with FFMIA's system requirements.

During the first half of FY 2024, we issued our annual financial statement reports for FY 2023 and addressed USDA's compliance with FFMIA. The Department reported that it was not compliant with Federal Financial Management System Requirements, applicable Federal accounting standards, U.S. Standard General Ledger at the transaction level, and FISMA requirements. As noted in its management's discussion and analysis in the Department's annual agency financial report, USDA continues its work to meet FFMIA and FISMA objectives. 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 2023. 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 6

### Additional Investigations Metrics

In fulfillment of the Inspector General 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 this statistical table.

Metric	Description of the Metric	April 1, 2024–September 30, 2024 Results
Investigative Reports Issued	Number of investigative reports issued on OIG investigations during the reporting period.	109 Reports
Total Number of Persons Referred to DOJ for Criminal Prosecution	Number of individuals and organizations formally referred to DOJ for criminal and civil prosecutorial decisions.	56 individuals (Criminal only) 3 individuals (Civil only) 1 individual (Criminal and Civil)
Total Number of Persons Referred to State and Local Prosecuting Authorities	Number of individuals and organizations formally referred to State and local prosecuting authorities for prosecutorial decisions during the reporting period.	*20 individuals
Indictments, Criminal Informations, and Other Charging Mechanisms That Resulted from Prior Referral to Prosecuting Authorities	Number of indictments and/or other charging mechanisms claimed during the reporting period, that had been referred for prosecution prior to FY 2024.	59 individuals

\* OIG referred three individuals to both DOJ and State and local prosecutors.



## APPENDIX 7

# OIG Investigations Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated

### **Allegation of Misconduct Relating to Abuse of Leave and Participation in Unauthorized Activities**

OIG's Office of Investigations conducted an investigation of a USDA senior Government employee regarding allegations that they represented themselves as an FS employee while engaged in unapproved activities. The investigation determined that the senior Government employee engaged in various ethics violations and made false statements to their supervisor. The senior Government employee resigned prior to the completion of the investigation. This case was referred to DOJ on January 26, 2023, and was declined for prosecution by DOJ on the same day. This case was closed on July 8, 2024.



## APPENDIX 8

### Instances of an Investigation of a Senior Government Employee That Was Closed and Not Disclosed to the Public

We have no instances to report.

## APPENDIX 9

### Instances of Whistleblower Retaliation

We have no instances to report.

## APPENDIX 10

### 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 11

### Inspector General Act Reporting Requirements

IG Act Section	IG Act Description	USDA OIG Reported SARC September 2024
Section 404(a)(2)	Review of Legislation and Regulations	Page 14
Section 405(a)(1)	Significant Problems, Abuses, and Deficiencies	Goals 1, 2 and 3 Pages 2–13
Section 405(a)(2)	Recommendations Made Before the Reporting Period for Which Corrective Action Has Not Been Completed	Appendix 1 Pages 19–21
Section 405(a)(3)	Significant Investigations Closed	Goals 1, 2, and 3 Pages 2–13
Section 405(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	Statistical Highlights Page 1
Section 405(a)(5)	Reports Issued During the Reporting Period	Goals 1,2, and 3 Pages 2–13
Section 405(a)(6)	Management Decision Made on Reports Issued in a Prior Reporting Period	Appendix 2 Page 22
Section 405(a)(7)	Information Described Under Section 804(b) of the FFMA of 1996	Appendix 5 Page 24
Section 405(a)(8)	Peer Reviews of USDA OIG	Page 14
Section 405(a)(9)	Outstanding Recommendations from Any Peer Review	Page 14
Section 405(a)(10)	Peer Reviews Conducted by USDA OIG	Page 14
Section 405(a)(11)(12)	Statistical Tables Pertaining to OIG Investigations and a Description of the Metrics Used for Developing the Tables	Appendix 6 Page 25
Section 405(a)(13)	Report on Each OIG Investigation Involving a Senior Government Employee Where Allegations of Misconduct Were Substantiated	Appendix 7 Page 26
Section 405(a)(14)	Instances of Whistleblower Retaliation	Appendix 9 Page 27
Section 405(a)(15)	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 10 Page 27
Section 405(a)(16)(A)	Detailed Description of Situations Where an Inspection, Evaluation, or Audit Was Closed and Not Disclosed to the Public	Appendix 3 Page 23
Section 405(a)(16)(B)	Investigation of a Senior Government Employee That Was Closed and Not Disclosed to the Public	Appendix 8 Page 27



## APPENDIX 11

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

- Performance measures,
- Hotline complaint results.

### National Defense Authorization Act for FY 2008

Section 845	Contract Audit Reports with Significant Findings	Appendix 4 Page 23
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## 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 [2023 USDA Management Challenges report](#) we highlighted three major challenges: Ensuring Safety and Security, Providing Benefits, and Delivering Efficient Programs. We also highlighted what OIG considers “key challenge indicators” within the three areas to assist USDA to focus its attention to address the challenges.

2023 Challenge Area and Indicators	
<b>Ensuring Safety and Security</b>  Key Challenge Indicator: Food Safety  Key Challenge Indicator: Animal and Plant Health  Key Challenge Indicator: Cybersecurity and Information Technology	   Related material can be found on page 2-3
<b>Providing Benefits</b>  Key Challenge Indicator: Food and Nutrition Assistance Programs  Key Challenge Indicator: Grants Oversight  Key Challenge Indicator: Outreach	  Related material can be found on pages 5, 10, 12
<b>Delivering Efficient Programs</b>  Key Challenge Indicator: Financial Reporting  Key Challenge Indicator: Data Integrity	  Related material can be found on page 10-11



## ACRONYMS AND ABBREVIATIONS

AMS .....	Agricultural Marketing Service
APHIS.....	Animal and Plant Health Inspection Service
ARS .....	Agricultural Research Service
CFAP .....	Coronavirus Food Assistance Program
CIGIE.....	Council of the Inspectors General on Integrity and Efficiency
COVID-19 .....	coronavirus disease 2019
DEA.....	Drug Enforcement Administration
DOJ .....	U.S. Department of Justice
DOL.....	U.S. Department of Labor
EBT.....	electronic benefits transfer
FAC.....	Federal Audit Clearinghouse
FAS.....	Foreign Agricultural Service
FBI.....	Federal Bureau of Investigation
FFMIA .....	Federal Financial Management Improvement Act
FISMA .....	Federal Information Security Modernization Act
FNS .....	Food and Nutrition Service
FS.....	Forest Service
FSA.....	Farm Service Agency
FY.....	fiscal year
GAO .....	Government Accountability Office
HSI .....	Homeland Security Investigations
IJA .....	Infrastructure Investment and Jobs Act
IRA .....	Inflation Reduction Act
IRS-CI .....	Internal Revenue Service, Criminal Investigations
IT.....	information technology
NFC .....	National Finance Center
NRCS.....	Natural Resources Conservation Service
OASCR.....	Office of the Assistant Secretary for Civil Rights
OCFO .....	Office of the Chief Financial Officer
OCIO .....	Office of the Chief Information Officer
OCPC.....	Office of Contracting and Procurement



## ACRONYMS AND ABBREVIATIONS

OIG .....	Office of Inspector General
RBS .....	Rural Business-Cooperative Service
RD .....	Rural Development
ReConnect Program.....	Rural eConnectivity Pilot Program
RMA.....	Risk Management Agency
SARC .....	Semiannual Report to Congress
SNAP.....	Supplemental Nutrition Assistance Program
SSA.....	Social Security Administration
TIGTA .....	Treasury Inspector General for Tax Administration
USDA.....	U.S. Department of Agriculture
USMS .....	U.S. Marshals Service
USPIS .....	U.S. Postal Inspection Service
WFRP .....	Whole-Farm Revenue Protection Pilot Program
WIC.....	Special Supplemental Nutrition Assistance Program for Women, Infants, and Children

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