



U.S. Department of Agriculture
Office of Inspector General



IMPORTANT NOTICE

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Farm and Food Workers Relief Grant Program Use and Monitoring of Funds

Audit Report 01601-0002-22

OIG reviewed the Agricultural Marketing Service's monitoring over grantees' use of funds within the Farm and Food Workers Relief Grant Program.

OBJECTIVE

Our objective was to determine whether AMS adequately monitored the FFWR grantees to ensure funds were used in accordance with program and grant agreement requirements.

REVIEWED

We assessed AMS' controls to monitor FFWR funds between fiscal years 2023 and June 2025. We interviewed relevant AMS grant officials; reviewed applicable laws, regulations, AMS Grants Division General Terms and Conditions, and internal agency guidance; and analyzed grant documentation for a non-statistical sample of grantees.

RECOMMENDS

We recommend AMS: (1) document justification to forgo existing grant monitoring procedures; (2) develop guidance for conducting payment verification and approval reviews; (3) conduct a review of the \$548 million we identified as unsupported costs and pursue recovery for any improper payments; and (4) ensure program risk assessments are conducted and risks continually assessed for future grant programs.

WHAT OIG FOUND

The Agricultural Marketing Service (AMS) administered the Farm and Food Workers Relief Grant Program (FFWR), a program designed to defray worker expenses incurred during the coronavirus pandemic of 2019 by providing a one-time, \$600 payment to eligible agricultural, meatpacking, and certain grocery store workers. AMS awarded more than \$683.9 million in FFWR funds to 14 nonprofit organizations and 1 Tribal entity (grantees) to deliver the program. FFWR funding was available from October 2022 through October 2024 or until all FFWR funds were expended. As of May 1, 2025, AMS disbursed more than \$548 million in FFWR funds to these 15 grantees.

We found that AMS did not adequately monitor FFWR grantees to ensure their awards were used according to program and grant agreement requirements. Specifically, AMS did not provide sufficient evidence to demonstrate how the agency ensured the 15 grantees utilized FFWR funds for authorized purposes before disbursements. According to AMS officials, the agency implemented controls and proactive measures to help grantees safeguard funds to eligible workers. However, AMS did not have adequate oversight and monitoring controls over FFWR grantees' use of funds. As a result, AMS could not sufficiently demonstrate that more than \$548 million in disbursements to grantees complied with grant agreement requirements and were used for authorized purposes. Therefore, we consider these payments to be unsupported costs.

AMS did not concur with our finding, three of the four recommendations, and the associated monetary impact. However, we maintain our conclusion that AMS lacked adequate internal controls to ensure the grantees used FFWR funds for authorized purposes. Despite disagreement, AMS' proposed corrective action for two of the four recommendations met our intent, and we accepted management decision. Further action from AMS is needed before management decision can be reached on the remaining two recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: September 29, 2025

AUDIT

NUMBER: 01601-0002-22

TO: Erin Morris
Administrator
Agricultural Marketing Service

ATTN: Kenneth Robinson
Branch Chief
Internal Control and Audit Branch
Compliance, Audit, Risk and Safety Division
Office of the Administrator
Agricultural Marketing Service

FROM: Yarisis Rivera-Rojas
Acting Assistant Inspector General for Audit

SUBJECT: Farm and Food Workers Relief Grant Program Use and Monitoring of Funds

This report presents the results of our audit of the Farm and Food Workers Relief Grant Program Use and Monitoring of Funds. Your written response to the official draft is included in its entirety at the end of the report. Based on your written response, we accepted management decision for recommendations 1 and 4 in the report. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer (OCFO).

Management decision has not been reached for recommendations 2 and 3. The information needed to reach management decision for these recommendations are described under the relevant OIG Position section following each recommendation. In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned, and timeframes for implementing the recommendations for which management decision has not been reached. Please note that the regulation requires management decision to be reached on all recommendations within 6 months of report issuance, and final action to be completed within 1 year of the date of each management decision.

We appreciate the courtesies and cooperation extended to us by members of your staff during our fieldwork and subsequent discussions. This report contains publicly available information and only publicly available information will be posted to our website (<https://usdaoig.oversight.gov>) in the near future.

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Background and Objective

Background

The U.S. Department of Agriculture’s (USDA) Agricultural Marketing Service (AMS) administers grant programs that support different agricultural opportunities and focus on local and regional food systems, as well as specialty crops, dairy, meat, poultry, and sheep industries. The AMS Farm and Food Workers Relief (FFWR) Grant Program, hereinafter referred to as FFWR, was authorized under the Consolidated Appropriations Act of 2021. The Act provided “grants and loans to small or mid-sized food processors or distributors, seafood processing facilities and processing vessels, farmers markets, producers, or other organizations to respond to the coronavirus disease of 2019 (COVID-19), including for measures to protect workers against COVID–19.”¹ The FFWR awards are segmented into two project types: one for farmworkers and meatpacking workers, and the other for grocery store workers.²

AMS carried out the FFWR by competitively awarding applicants (grantees) with funding for projects that defray worker expenses incurred during the COVID-19 pandemic. AMS’ Grants Division awarded financial assistance grants under the FFWR to 15 grantees who were responsible for issuing a one-time \$600 relief payment to eligible workers nationwide.^{3 4} In total, AMS awarded more than \$683.9 million of FFWR funds to the 15 grantees. The amounts ranged from less than \$10 million to more than \$100 million. As of May 2025, AMS disbursed more than \$548 million of the awarded funds.⁵ As shown in Figure 1, grantees could use program funds for the following two categories.⁶



Figure 1: FFWR funding categories. Figure by the Office of the Inspector General (OIG).

According to AMS officials, grantees submit an AMS Grant Program Worksheet with their payment requests that includes a breakdown of payment amounts by grant budget line item. The

¹ Consolidated Appropriation Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182.

² Of the \$720 million apportioned for FFWR, a maximum of \$20 million was set aside specifically for grocery store workers. AMS set aside \$36 million for administrative expenses. The remaining funds available, less administrative expenses, were available for farm and meatpacking workers.

³ The 15 grantees included 14 nonprofit organizations and 1 Tribal entity.

⁴ Under the FFWR, a worker may receive the one-time \$600 relief payment if they met the eligibility criteria showing that they worked in an eligible front-line job in the U.S. during COVID-19.

⁵ According to an AMS official, the total amount disbursed to grantees includes approximately \$468 million for worker payments and approximately \$80 million for administrative costs.

⁶ For the purposes of this report, administrative costs are defined as salaries, travel, equipment, and any other allowed costs incurred by the grantee separate from the payments to the eligible workers. Because it varies by grantee, the grant documentation details the maximum percentage a grantee can use for administrative costs.

worksheet displays items such as the total number of debit cards ordered at the time of request for worker relief payments, as well as the grantee's salary, travel, and equipment costs.

AMS Post-Award Activities

Federal regulations outline Federal post-award requirements for grantees' internal controls, financial reporting, and monitoring of program performance.⁷ The post-award phase includes implementation of the grant by the Federal agency, reporting progress over the duration of the grant performance period, and completing close-out requirements.

AMS' standard operating procedures (SOPs) for administering its grant programs describe, in part, the agency's process for reviewing and processing payment requests, reviewing and processing Federal financial reports, performing site visits, and collecting source documentation.^{8 9} To administer the FFWR, AMS provided each grantee, as part of their grant agreement, with the Notice of Award and reference to the AMS Grants Division General Terms and Conditions document.¹⁰ In part, the document set forth the following requirements and procedures described in Figure 2.



Figure 2: Grant program terms and conditions. Figure by OIG.

As part of its program monitoring, AMS contracted with a private company in fiscal year (FY) 2022 to develop a database tool to assist the 15 grantees with detecting potential fraud and

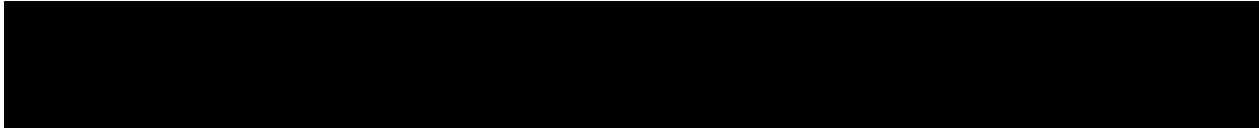
⁷ 2 C.F.R. § 200.

⁸ AMS conducts site visits to review grantees' documentation, provide technical assistance, and ensure compliance with the grant agreement.

⁹ Source documentation is defined as, but not limited to, receipts, canceled checks, paid bills, payrolls, time and attendance records, contracts, invoices, and subaward documents.

¹⁰ AMS Grants Division General Terms and Conditions, updated October 2021. All AMS awards are subject to the terms and conditions, cost principles, and other considerations described.

duplicate payments to eligible workers prior to issuing relief payments.¹¹ The FFWR grantees uploaded information from their worker applications into the contractor's database tool which cross referenced the worker's application information across all other submitted worker applications. The database tool checked each uploaded application for duplicate submissions and assessed the application information for indications of fraud. The contractor also provided AMS with a monthly risk report that summarized the risk of fraud for each FFWR grantee (based on applications submitted through the tool) and categorized the grantees by a fraud score.



Objective

Our objective was to determine whether AMS adequately monitored the FFWR grantees to ensure funds were used in accordance with program and grant agreement requirements.

¹¹ According to AMS officials, in FY 2023, AMS added a second task order for the company to provide forensic accounting, statistical analysis, data analytics, dark web and social media monitoring, ongoing grantee internal control assessments, and recommendations based on emerging and existing threats for the FFWR.

Finding 1: AMS' Post-Award Monitoring of the FFWR Funds Was Inadequate

We found that AMS did not provide sufficient evidence to demonstrate that it adequately monitored the 15 FFWR grantees to ensure they used funds for authorized purposes. This occurred because AMS did not use its existing procedures and did not develop comprehensive guidance to ensure disbursements to FFWR grantees were valid and accurate. Additionally, AMS did not adjust the design of its control measures when oversight risks were identified. As a result, AMS did not sufficiently support that more than \$548 million in grant disbursements were used in accordance with the terms and conditions of the grant agreement.¹² Therefore, we consider these payments to be unsupported costs.

Federal grant regulations require Federal awarding agencies to manage and administer Federal awards to ensure that Federal funding is expended for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the award.¹³

AMS Could Not Sufficiently Support That Grantees' Payment Requests Were Valid Prior to Disbursements

AMS did not adequately document how the grants management specialists (GMS) determined the FFWR grantees' payment requests were reasonable and valid prior to approval. AMS' SOP states that officials may request source documentation from a grantee to ensure the accuracy of the payment request.^{14 15} Further, officials will generally conduct invoice reviews under certain conditions, such as when the recipient is designated as high risk, or as a follow up to a review of the AMS Grant Program Worksheet or site visit.¹⁶ Finally, AMS may conduct site visits to review grantees' documentation, provide technical assistance, and ensure compliance with the grant agreement.

However, AMS did not request source documentation from the grantees to validate the expenses requested for payment on the AMS Grant Program Worksheet, including grantees with a high fraud risk score.¹⁷ Furthermore, AMS did not conduct site visits to review grantee documentation

¹² According to an AMS official, the total amount disbursed to grantees includes approximately \$468 million for worker payments and approximately \$80 million for administrative costs.

¹³ 2 C.F.R. § 200.300.

¹⁴ Source documentation is defined as, but not limited to, invoices, receipts, canceled checks, paid bills, payrolls, time and attendance records, contracts, and subaward documents.

¹⁵ For this report, we are referring to standard form (SF)-270, *Request for Advance/Reimbursement* when we use the terms *payment request*.

¹⁶ According to AMS officials, FFWR grantees are required to submit the "AMS Grant Program Worksheet" to accompany each SF-270 payment request. The worksheet displays an itemized breakdown of expenses and budget categories.

¹⁷ A contractor provided AMS a monthly risk report with fraud scores for each FFWR grantee. We found that AMS did not use that report to determine whether source documentation was required even when a grantee's risk level was high.

and operations, [REDACTED]¹⁸ When we asked why AMS did not implement these controls, one AMS official stated that the collection of source documentation would be considered an audit activity while another stated that performing site visits could be disruptive to the grantee's operations. However, according to Federal regulations, AMS is required to ensure that Federal funds are expended for authorized purposes and should implement controls to fulfill its agency responsibilities.

We reviewed 4 of the 15 FFWR grantees to assess the controls AMS implemented to ensure that payments to grantees were used for authorized purposes.¹⁹ However, we found that the GMS assessment of the grantee's payment request and their decision to approve the payments was not documented. Therefore, we could not determine whether AMS validated the total number of debit cards ordered at the time of the request, salaries, travel, equipment, and other items in the grantees' payment requests. We noted that AMS' SOPs did not detail the analysis its GMS should conduct and document when performing those reviews to ensure completeness, accuracy, or compliance with the grant's general terms and conditions.

We determined that because GMS are not required to document their approval decisions, and FFWR grantees were not instructed to provide supporting documentation for their payment requests, AMS cannot support that its approvals for more than \$548 million in disbursements were used for authorized purposes.

In AMS' written response, dated August 26, 2025, agency officials disagreed with the context of our conclusions described in this section. In summary, AMS officials contend that OIG's methodology was flawed because it relied on a non-representative sample of four grantees that were chosen based on funding levels. AMS officials stated that funding levels are not a strong indicator of differentiation for controls. They further mentioned that OIG's assumption that funds could not be accounted for without source documentation and site visits is unsubstantiated and overlooked other steps AMS took to monitor grantees. Lastly, AMS officials note that OIG was provided with significant documentation to support the steps taken by the agency.

In response to AMS' position, our audit objective was to assess whether AMS adequately monitored the FFWR grantees to ensure funds were used for authorized purposes. Instead of reviewing each grantee's payment requests, we reviewed the control activities AMS established to verify that the grantee's use of funds was valid. An AMS official stated that the controls they used applied to all grantees, which means evidence of these controls should be present regardless of our sample size. However, AMS could not provide documentation to demonstrate how they verified the validity of the payments.

Finally, while AMS provided a large volume of documents, our audit focused on whether those materials sufficiently demonstrated AMS' assurance that the payment requests were valid. The

¹⁸ [REDACTED]

¹⁹ When developing our selection criteria to perform the confirmation testing, we excluded [REDACTED]. Thus, our universe of grantees was reduced from [REDACTED] to [REDACTED].

quality and relevance of the documentation submitted, rather than its quantity, is important. The materials did not clearly demonstrate how AMS verified the grantee's payment requests or the specific review steps performed by GMS prior to approval. Without this level of evidence, OIG could not confirm how AMS' controls reduced the risk of improper payments and noncompliance with the FFWR grant agreement requirements.

AMS Did Not Modify Monitoring [REDACTED]

Notably, AMS did not enhance its internal controls after learning that [REDACTED] of the FFWR grantees had potential deficiencies in the administration of their grants.²⁰ [REDACTED]

[REDACTED] Although AMS FFWR staff were aware of these deficiencies, we found that they did not formally evaluate the occurrence or risk of similar deficiencies with other grantees and did not continuously adjust their overall oversight and monitoring efforts to compensate for risks and potential control weaknesses identified. When we met to discuss AMS' monitoring and oversight controls established for the FFWR, AMS officials provided a written response stating they designed minimally burdensome controls, requirements, and tools to ensure proper use of FFWR funds most vulnerable to fraud. According to AMS, it determined that the \$600 relief payments provided to workers through the FFWR was most susceptible to fraud and hired a contractor to work with the grantees to identify workers ineligible to receive the relief payments.²¹

We recognize that AMS took steps by hiring a contractor to identify the risks of payments to ineligible workers. However, Government internal control standards state that changing conditions often prompt new risks, or changes to existing risks and as part of responding to change, management performs a risk assessment to identify, analyze, and respond to any new, resulting risks.²² AMS should have identified, continuously assessed, and documented all the risks of improper payments faced by the program. [REDACTED]

[REDACTED] As a result, AMS does not have reasonable assurance that its internal controls are designed to respond to new, changing, or existing risks, such as the risks that FFWR grantees did not use grant funds for authorized purposes. Although the FFWR ends in 2025, AMS should ensure a formal risk assessment is documented and develop a process to ensure continuous risk assessment for any future grant programs.

²⁰ [REDACTED]

²¹ Specifically, AMS indicated risks associated with applicants submitting duplicate applications or fraudulent documentation.

²² U.S. Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, GAO-14-740G (Sept. 2014).

In AMS' written response, dated August 26, 2025, agency officials also disagreed with the context of our conclusions described in this section. In summary, AMS officials maintain that the agency used a risk-based approach to design and implement an effective oversight and monitoring strategy for the FFWR. AMS officials stated that the agency responded to complaints, was equipped to apply spot-monitoring, and encouraged grantees to self-report potential fraud, waste, and abuse.

We acknowledge that AMS took some steps to reduce risk to the FFWR. However, we conclude that AMS could have improved their oversight by formally assessing and documenting its risk assessment, and any continuous assessments of risks, such as the risks associated with the deficiencies noted for multiple grantees. Without such documentation to support their decisions and actions, we maintain that AMS does not have reasonable assurance that its internal controls were designed to respond to new, changing, or existing risks.

The following recommendations will further enhance AMS' oversight of its grant programs.

Recommendation 1

Require and document its justification when the agency chooses to forgo its existing agency-wide grant monitoring procedures—such as site visits and risk-based reviews of source documentation.

Agency Response

In its September 22, 2025, response, AMS disagreed with this recommendation and stated, in part, that the agency followed its existing grant monitoring procedures and put additional procedures in place for the FFWR program, including providing resources and controls to FFWR grantees to better monitor and protect the grant funds most vulnerable to fraud. AMS continued that the agency recognizes additional information regarding program-specific monitoring may have been beneficial throughout program implementation. To address the recommendation, AMS stated it will:

- continue to follow the existing monitoring procedures.
- In instances where additional monitoring procedures may be required, AMS will document the program-specific plans, in addition to existing standard operating procedures, at the onset of the grant programs and ensure all staff implementing the grants understand and adhere to the plans and guidance.
- If AMS makes exceptions to the established monitoring procedures, the agency will document the justification.

AMS provided an estimated completion date of October 31, 2025.

OIG Position

We accept management decision for this recommendation. Although AMS disagreed with our recommendation, the proposed actions meet the intent of our recommendation.

Recommendation 2

Develop comprehensive guidance that details the analysis its grant management specialists should perform and document when conducting payment verification and approval reviews.

Agency Response

In its September 22, 2025, response, AMS disagreed with our recommendation stating that the agency has payment verification and approval policies and procedures in place. Specifically, AMS indicated that its SOP included: reviewing payment requests to ensure they are complete, accurate, and in compliance with grant terms; verifying that requested amounts align with approved budget and allowable costs; ensuring all disbursement requests meet guidelines; confirming that drawdowns are made appropriately and within specified timelines; and tracking the financial status of grant awards, such as obligated and disbursed amounts, preventing overpayments or duplicate payments, and detecting potential misuse of funds. In addition, AMS stated that their activities directly aligned with the requirements in 2 CFR 200. Specifically, for FFWR, AMS stated that its verification and review activities aligned with its SOP, which included, in part, the grantee submitting payment requests via email for review by the GMS, each payment request including a worksheet as required, GMS reviewing the pre-submissions and for many, requesting documentation or clarification prior to advising the grantee to submit a clean version into the Payment Management System (PMS), grantees submitting their final payment request to PMS for processing when approved by GMS, and GMS approving the payment in PMS.

To address this recommendation, AMS stated that they will confirm with OCFO that its payment verification and approval procedures comport with 2 CFR 200 and will make any adjustments necessary as circumstances warrant.

OIG Position

We do not accept management decision for this recommendation. AMS' proposed action does not meet the intent of our recommendation. While we acknowledge that AMS' applicable SOPs outline the steps GMS should take to review and process the payment requests, the SOP does not specify how the GMS' review should be documented. In addition, the current review is focused on confirming the calculated total for payment amounts but does not verify the validity of the expenses. AMS ensuring that its current payment verification and approval SOPs meets the guidance established by 2 CFR 200 is a step in the right direction; however, documentation is still needed to ensure the GMS reviews can be validated by others.

To reach management decision for this recommendation, AMS needs to update their existing SOPs or develop new, comprehensive guidance that details the analysis GMS should perform and document to determine the validity of the payment requests.

Recommendation 3

Conduct an assessment of the \$548 million we identified as unsupported costs to ensure the FFWR grantees' past payment requests were used for authorized purposes. Pursue recovery for any determined improper payments.

Agency Response

In its September 22, 2025, response, AMS stated they disagree with this recommendation. AMS stated that the internal controls described in their response to Recommendation 2, as well as those outlined in this response, maintains that the \$548 million identified by OIG had adequate support. Further, AMS recognizes the intent of OIG's recommendation to ensure robust monitoring and oversight, and that the program funds were used appropriately. AMS determined that conducting a full review of the entire \$548 million would not be cost-effective. The administrative burden and costs associated with further validating over 750,000 small-dollar payments would exceed any potential recoveries. Additionally, AMS stated, in part, to mitigate the risk of improper worker payments, which is comprised of 84 percent of the funds under consideration in this audit, they required grantees to review applicant information using a risk-based tool prior to issuing the individual \$600 payments. AMS also stated that its engagement with the contractor was an integral component of program oversight and that these efforts strengthened AMS' fraud prevention and oversight.

To address this recommendation, AMS will instead direct its review efforts toward the portion of funds allocated to the grantee's administrative expenses, where a review can be conducted more efficiently. AMS will implement a risk-based sampling methodology to assess grantee administrative cost claims by reviewing source documentation and invoices, thereby confirming that those expenses were adequately supported.

OIG Position

We do not accept management decision for this recommendation. AMS' proposed action partially meets the intent of our recommendation. AMS proposed implementing a risk-based sampling methodology to assess the grantees' administrative cost claims by reviewing source documentation and invoices to confirm those expenses were adequately supported. While we agree with AMS' approach to confirm the administrative costs were adequately supported, we disagree with the exclusion of more than 80 percent of the grantees' payments to workers. As AMS stated during our audit, the funds used for worker payments were considered most vulnerable to fraud. Thus, AMS should consider using a risk-based sampling methodology to assess the grantees' requests for payments to workers similar to the methodology proposed to assess grantees' administrative costs.

To reach management decision for this recommendation, AMS needs to expand its sampling approach to also cover disbursements to grantees' for payments to workers.

Recommendation 4

For future grant programs, establish a process to conduct a program risk assessment and continually assess risks associated with post-award monitoring activities.

Agency Response

In its September 22, 2025, response, AMS agreed with this recommendation. AMS is finalizing an updated risk-based approach to meet requirements under 2 C.F.R. §200.206 and 2 CFR 200.331(b). AMS will continue to ensure award funds are used efficiently and effectively to achieve program objectives, while assessing risk and safeguarding against fraud, waste, and abuse.

AMS provided an estimated completion date of January 31, 2026.

OIG Position

We accept management decision for this recommendation.

Scope and Methodology

We conducted our audit to determine whether AMS adequately monitored FFWR grantees to ensure funds were used in accordance with program and grant agreement requirements. The scope of our audit covered a review of AMS' FFWR monitoring activities that occurred between FYs 2023 through June 2025. We conducted our fieldwork from September 2024 through August 2025. We discussed the results of our audit with AMS officials on August 22, 2025, updated the report on August 26, 2025, to reflect their feedback and received their written response on September 22, 2025. We included their comments, as appropriate.

To assess whether AMS established adequate controls to monitor FFWR grantees use of funds post-award, we non-statistically selected 4 of the 15 grantees.^{23 24} The grantees were selected based on a variation of their grant award amounts ranging between high, medium, and low.²⁵ We selected two grantees with a high award amount, one grantee with a medium award amount, and one grantee with a low award amount. As of May 1, 2025, AMS disbursed more than \$548 million of the awarded funds.

To accomplish our objective, we:



Reviewed applicable laws, regulations, AMS Grants Division General Terms and Conditions, and AMS' SOPs to gain an understanding of its monitoring of the FFWR.



For select grantees, analyzed the FFWR grant documentation along with relevant correspondence between AMS and FFWR grantees to assess the adequacy of AMS' monitoring controls.



Interviewed AMS Grants Division officials to gain an understanding of the program and to identify the controls established to monitor the use of funds.



Documented AMS' control activities for monitoring FFWR grantees' use of funds and evaluated whether these controls aligned with GAO's *Standards for Internal Control in the Federal Government*.

We assessed internal controls significant to the audit objective. Specifically, we assessed the following components and underlying principles:

²³ The post-award phase includes implementation of the grant by the Federal agency, reporting progress over the duration of the grant performance period, and completing close-out requirements.

²⁴ When developing our selection criteria, we excluded [REDACTED] As result, we excluded [REDACTED] grantees, reducing our universe to [REDACTED] grantees.

²⁵ For grant award amount ranges, we determined and defined a high award amount as more than \$45 million, a medium award amount as less than \$45 million but more than \$10 million, and a low amount as less than \$10 million.

Component	Principle
Control Environment	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
Risk Assessment	Management should identify, analyze, and respond to risks related to achieving the defined objectives.
Risk Assessment	Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
Control Activities	Management should design control activities to achieve objectives and respond to risks.
Control Activities	Management should implement control activities through policies.

We designed our audit work to assess these internal control components and underlying principles; as such, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

Abbreviations

AMS.....	Agricultural Marketing Service
COVID-19.....	coronavirus disease of 2019
FFWR.....	Farm and Food Workers Relief
FY	fiscal year
GAO.....	Government Accountability Office
GMS.....	grants management specialists
OIG	Office of Inspector General
SF	standard form
SOPs.....	standard operating procedures
USDA.....	U.S. Department of Agriculture

Exhibit A: Summary of Monetary Results

Exhibit A summarizes the monetary results for our audit report by finding and recommendation number.

Finding	Recommendation	Description	Amount	Category
1	3	AMS' post-award monitoring of the FFWR funds was inadequate.	\$548,257,947	Unsupported Costs, Recovery Recommended
Total			\$548,257,947	

**Agricultural Marketing Service's
Response to Audit Report**

Date: September 22, 2025

To: Yaris Rivera-Rojas
Acting Assistant Inspector General for Audit

From: Erin Morris
Administrator
Agricultural Marketing Service (AMS)

Subject: OIG Audit 01601-0002-22, Farm and Food Workers Relief Grant Program Use and Monitoring of Funds

This letter responds to the official draft report issued to the USDA Agricultural Marketing Service (AMS) on August 29, 2025, for audit number 01601-0002-22, Farm and Food Workers Relief (FFWR) Grant Program Use and Monitoring of Funds.

AMS appreciates the time OIG spent to conduct this audit of the FFWR Program¹, which ended in May 2025. AMS does not agree with OIG's audit finding and recommendations 1, 2, and 3. As described in our response, AMS has processes in place relative to these recommendations. However, we have identified approaches to address each of OIG's recommendations with a proposed closure date of October 31, 2025, for recommendations 1 and 2 and January 31, 2026, for recommendation 3.

AMS agrees with recommendation 4 and estimates closure of this recommendation no later than January 31, 2026.

AMS will continue to ensure award funds are used efficiently and effectively to achieve program objectives, while assessing risk and safeguarding against fraud, waste, and abuse.

If you have any questions or need additional information regarding this response, please contact Rebecca L. Jaworski, Division Director, Compliance, Audit, Risk and Safety Division.

¹The two remaining open FFWR grants ended operation in May 2025, and all FFWR grantees are going through the final phases of the grant closeout process.

OIG Recommendation 1: Document justification to forgo existing grant monitoring procedures.

AMS Response: AMS disagrees with this recommendation. The Agency followed its existing grant monitoring procedures and put additional procedures in place for the FFWR program. AMS also provided resources and controls to FFWR grantees to better monitor and protect the grant funds most vulnerable to fraud.

However, AMS recognizes additional information regarding program-specific monitoring may have been beneficial throughout program implementation (e.g., regarding when a site visit was conducted and how risk-based reviews were integrated). To address this recommendation, AMS will:

- Continue to follow the existing monitoring procedures.
- In instances where additional monitoring procedures may be required, AMS will document the program-specific plans, in addition to existing standard operating procedures (SOPs), at the onset of our grant programs and ensure all staff implementing the grants understand and adhere to the plans and guidance.
- If AMS makes exceptions to the established monitoring procedures, the Agency will document the justification.

Estimated Completion Date: October 31, 2025

OIG Recommendation 2: Develop guidance for conducting payment verification and approval reviews.

AMS Response: AMS disagrees with this recommendation. AMS has payment verification and approval policies and procedures in place,² Specifically, AMS' SOP includes:

- Reviewing payment requests (SF-270 forms) to ensure they are complete, accurate, and in compliance with grant terms;
- Verifying that requested amounts align with the approved budget and allowable costs;
- Ensuring all disbursement requests meet federal, state, and agency-specific regulations and guidelines;
- Confirming that drawdowns are made appropriately and within specified timelines;
- Tracking the financial status of grant awards, such as obligated and disbursed amounts, preventing overpayments or duplicate payments, and detecting potential misuse of funds.

These activities are directly aligned with requirements in 2 CFR 200. For FFWR specifically, AMS verification and review activities aligned with its SOP, which included the following:

- Grantees submitted payment requests via email for review by Grants Management Specialists.
- Each payment request included a worksheet required by the AMS payment SOP, which detailed the amounts, type of activity and associated budget line item for funds requested.

²AMS provided its procedures for post-award claims reviewing and processing to the OIG.

- Grants Management Specialists reviewed those pre-submissions and for many, requested documentation or clarification prior to advising the grantee to submit a clean version into the Payment Management System (PMS).
- Upon approval by the Grants Management Specialist, grantees submitted their final payment request to PMS for processing.
- The Grants Management Specialist then approves the payment in PMS and that approval is documented within the PMS system.

This process provided oversight while reducing repeat work that would be necessary if payment requests were denied in the PMS system, requiring new resubmission. In addition to our approvals within PMS, our emails serve as internal documentation that the requests were reviewed prior to and approval in PMS.

To address this recommendation, AMS will confirm with the Office of the Chief Financial Officer (OCFO) that its payment verification and approval procedures comport with 2 CFR 200 and will make any adjustments necessary as circumstances warrant.

Estimated Completion Date: October 31, 2025

OIG Recommendation 3: Conduct an assessment of the \$548 million we identified as unsupported costs and pursue recovery for any improper payments.

AMS Response: AMS disagrees with this recommendation. Based on the internal controls described in our response to Recommendation 2, as well as those outlined below, AMS maintains that the \$548 million identified by OIG had adequate support. AMS recognizes the intent of OIG’s recommendation to ensure robust monitoring and oversight, and that the program funds were used appropriately. When AMS was tasked with creating and implementing this program between 2021 and 2024, the Agency was directed to design this program in the least burdensome way for both recipients who received prime awards and beneficiaries who received payments. Further, AMS has determined that conducting a full review of all \$548M would not be cost-effective, particularly with respect to the direct \$600 relief payments to individual workers. The administrative burden and costs associated with further validating over 750,000 small-dollar payments would exceed any potential recoveries³.

To mitigate the risk of improper worker payments, which comprised 84% of the funds under consideration in this audit, AMS required grantees to review applicant information using a risk-based tool prior to issuing the individual \$600 payments. Contrary to OIG’s characterization that the use of a contractor was ancillary to AMS efforts, AMS asserts that contractor engagement was an integral component of program oversight. Expert contractor staff worked under the direction of, and in close collaboration with, AMS personnel, providing specialized capabilities consistent with the U.S. Treasury’s Anti-Fraud Playbook. These efforts strengthened AMS’s fraud prevention and oversight, which include:

³The Payment Integrity Information Act of 2019 PIIA, § 3352 requires agencies to “consider whether expenditures to reduce or recover improper payments would cost more than the amount those expenditures would save in prevented or recovered improper payments, aiming to reduce them to “minimal cost-effective levels” and in general, such an action would significantly increase the burden on grantees.

- Requiring quarterly grantee internal control assessments that used control policy benchmarks that were adjusted in real-time to address new and emerging threats of fraud.
- Enhancing grantee training for subgrantee monitoring and oversight and fraud prevention, detection, mitigation, and response best practices.
- Requiring use of the AMS-developed online tool, a platform for determining risk of duplicate and/or fraudulent applications before grantees made payments.
- Providing innovative technical resources, such as forensic accounting, data analytics, document validation, and dark web monitoring, to give grantees additional tools to meet their oversight and monitoring of activities under § 200.329(a).

Please refer to AMS' information provided in response to recommendation 2 regarding our payment review process for payment requests.

To address this recommendation, AMS will instead direct its review efforts toward the portion of funds allocated to grantee administrative expenses, where a review can be conducted more efficiently. AMS will implement a risk-based sampling methodology to assess grantee administrative cost claims by reviewing source documentation and invoices, thereby confirming that these expenses were adequately supported.

Estimated Completion Date: January 31, 2026

OIG Recommendation 4: Ensure program risk assessments are conducted and risks continually assessed for future grant programs.

AMS Response: AMS agrees with this recommendation. AMS is finalizing an updated risk-based approach to meet requirements under [2 C.F.R. § 200.206](#) and [2 CFR 200.331\(b\)](#). AMS will continue to ensure award funds are used efficiently and effectively to achieve program objectives, while assessing risk and safeguarding against fraud, waste, and abuse.

Estimated Completion Date: January 31, 2026

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