



United States Department of Agriculture

# 2017 Emergency Assistance for Honeybee Claims



Audit Report 03702-0001-23

September 2020

OFFICE OF INSPECTOR GENERAL

# 2017 Emergency Assistance for Honeybee Claims

## Audit Report 03702-0001-23

OIG reviewed FSA's implementation of emergency assistance for honeybee claims for PY 2017.

### OBJECTIVE

The objectives of this audit were to determine if FSA: (1) approved ELAP applications for honeybee losses for eligible applicants; and (2) accurately calculated payments to ELAP honeybee recipients and applied payment limitations.

### REVIEWED

We reviewed FSA's administration of ELAP at the State and county levels for PY 2017. We performed our work at the FSA National office in Washington, D.C., three FSA State offices, and six FSA county offices. During our audit, we reviewed program regulations, handbooks, and other ELAP-related documentation, as well as PY 2017 data. We also interviewed FSA personnel.

### RECOMMENDS

We recommend FSA State offices review and take appropriate action to address the identified incorrect payment calculations, ineligible honeybee producers, and lack of oversight. We also recommend that FSA require the use of a control to ensure proper review of ELAP. Finally, we recommend that FSA amend FSA Handbook 1-ELAP to provide clear definitions and comprehensive examples for use in training sessions.

### WHAT OIG FOUND

Through the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), the Farm Service Agency (FSA) provides financial assistance to eligible producers of livestock, honeybees, and farm-raised fish in the event of losses due to disease, certain adverse weather events, or other loss conditions. Our audit focused on honeybee producers' applications and payments, since they represented nearly 80 percent of all ELAP commodity payments for program year (PY) 2017.

In two of three States we visited, county officials did not include inventory additions in ELAP payment calculations for 18 of the 60 honeybee applications we reviewed, resulting in more payments than allowed. Further, one of the two States continued its miscalculations in subsequent years. We also questioned payments that FSA approved for two ineligible honeybee producers. At one county office, we found that 18 ELAP applications contained late-filed inventory reports that the county office committee did not review for accuracy, as required. Finally, four out of the five district directors responsible for the counties we reviewed either did not perform the required oversight reviews or did not report the results of these reviews to the State office. As a result, State officials were unaware of the county offices' implementation of ELAP, thus increasing the agency's risk of erroneous payments. For the one State and district that did not conduct the required reviews, we questioned all payments due to a lack of oversight. In total, we questioned costs of over \$10.1 million.

Despite these issues, OIG recognizes FSA's accomplishments in ensuring its staff properly applied payment limitations, as well as in updating policy improvements to the honeybee portion of ELAP and in taking corrective action in response to this audit. The recommendations in this report should assist in furthering those improvements. FSA generally agreed with our recommendations and we accepted management decisions on all 14 recommendations.





United States Department of Agriculture  
Office of Inspector General  
Washington, D.C. 20250



DATE: September 28, 2020

AUDIT  
NUMBER: 03702-0001-23

TO: Richard Fordyce  
Administrator  
Farm Service Agency

ATTN: Gary Weishaar  
Chief  
External Audits and Investigations, FPAC-BC

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: 2017 Emergency Assistance for Honeybee Claims

This report presents the results of the subject review. Your written response to the official draft is included in its entirety at the end of the report. We have incorporated excerpts from your response, and the Office of Inspector General's (OIG) position, into the relevant sections of the report. Based on your written response, we are accepting management decision for all 14 audit recommendations in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<http://www.usda.gov/oig>) in the near future.



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# Background and Objectives

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## Background

The mission of the United States Department of Agriculture’s (USDA) Farm Service Agency (FSA) is to serve the Nation’s farmers and ranchers professionally, efficiently, equitably, and in a manner that is customer-, taxpayer-, and employee-friendly. In pursuit of its mission, FSA works to ensure that the American agriculture industry is competitive by providing farmers and ranchers with financial capital, risk management assistance, and recovery support in times of economic distress or disaster.

The 2008 Farm Bill established the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) to provide financial assistance to eligible producers of livestock, honeybees, and farm-raised fish.<sup>1</sup> FSA provides this assistance to eligible producers who incurred losses due to disease, certain adverse weather events (such as hurricanes), or other loss conditions (such as colony collapse disorder), as determined by the Secretary.<sup>2</sup> The 2014 Farm Bill authorized up to \$20 million for each fiscal year (FY) from 2014 through 2018; however, effective program years (PY) 2017 onward, the Bipartisan Budget Act of 2018 removed the funding cap.<sup>3, 4, 5</sup>

The FSA national office oversees ELAP in accordance with Federal regulations and establishes policies and guidance, which are issued in a series of handbooks.<sup>6</sup> State and county offices relied on the *Livestock Disaster Assistance Program* (1-LDAP) Handbook prior to PY 2019 and the 1- ELAP Handbook thereafter.<sup>7</sup> The FSA State executive director (SED) is responsible for ensuring that county offices follow the ELAP honeybee provisions and that the district director conducts yearly oversight reviews. The district directors have some of the same responsibilities, but they also provide their review results to the SED, including their review of the status of ELAP implementation at the county office.

The FSA county offices, under the direction of the county executive director (CED), are responsible for accepting and processing applications for ELAP honeybee producers. CEDs are required to “take all steps necessary to ensure that program and payment eligibility requirements

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<sup>1</sup> Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-234, 122 Stat. 923 (2008 Farm Bill).

<sup>2</sup> Colony collapse disorder (*Apis mellifera*) is a disorder of honeybees that is of unknown cause and characterized by sudden colony death due to the disappearance of all adult worker bees in a hive while immature bees, the queen bee, and the honey remain.

<sup>3</sup> Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 649 (2014 Farm Bill).

<sup>4</sup> The Bipartisan Budget Act of 2018 made additional amounts available for expenses related to the consequences of the 2017 hurricanes and removed the funding cap (up to \$20 million), allowing more producers to participate in the program. Bipartisan Budget Act of 2018, Pub. L. No. 115-123, 132 Stat. 64 (enacted February 9, 2018).

<sup>5</sup> FSA re-opened and extended PY 2017 ELAP signup until 60 calendar days after the regulations governing ELAP were published in the Federal Register. As a result, PY 2017 ELAP—originally running from October 1, 2016, through September 30, 2017—was now extended through December 3, 2018.

<sup>6</sup> 7 CFR Part 1416, *Emergency Agricultural Disaster Assistance Programs* (Jan. 1, 2017).

<sup>7</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Program for 2011 and Subsequent Years* (May 30, 2018, as amended). USDA FSA, Handbook 1-ELAP, *Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program* (June 20, 2019).

have been met before issuing any payments.”<sup>8</sup> Under the application process, an eligible honeybee producer who has suffered a loss submits a manual application, including a notice of loss, along with supporting documentation, to the county office.<sup>9,10</sup> For honeybee colony or hive losses, the producer must provide proof of both beginning and ending inventories of honeybees immediately after the loss, and documentation supporting that the producer followed best honeybee management practices.<sup>11</sup>

After an FSA county official accepts a honeybee producer’s application, the county office provides the application to the county committee (COC).<sup>12</sup> The COC must approve or disapprove all completed and signed applications, unless approval authority for routine cases is delegated to the CED.<sup>13</sup> A producer’s application includes colony inventories, but FSA allows honeybee producers to submit late-filed colony reports after the due date of January 2 of the program year. To ensure the accuracy of late-filed colony reports, FSA requires the COC to review those colony reports as an additional oversight measure.<sup>14</sup>

FSA’s payment calculations are based on PY inventory amounts, expressed as the equation:

$$PY \text{ inventory amount} = \text{beginning inventory} + \text{inventory additions} - \text{inventory reductions}$$

A honeybee producer’s colony loss is reduced by the normal mortality amount (*PY inventory x 15 percent*).<sup>15</sup> The net colony loss is then multiplied by a payment amount of \$140 and multiplied by a 75 percent payment factor (or 90 percent, depending on honeybee producer certifications).<sup>16</sup> This is the gross payment amount. FSA county officials calculate the gross payment in a payment calculation worksheet, which is then entered in its Common Payment System to determine the net payment amount, and its National Payment System to disburse the net payment.<sup>17</sup>

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<sup>8</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *Prevention of Improper Payments*, Para. 876(E) (Apr. 15, 2014).

<sup>9</sup> The notice of loss can be filed by the participant or participant’s representative by telephone, fax, or email.

<sup>10</sup> A producer is eligible if the producer: (1) suffered an eligible loss on or after October 1, in the program year for which assistance is being requested; (2) suffered losses that are physically located in the county where the eligible adverse weather condition or eligible loss condition occurred; (3) timely filed the application and notice of loss for payment; and (4) either filed beginning inventories on the report of colonies timely or met all late-filed provisions. Eligible producers must also bear some risk in the honeybee operation for commercial use on the beginning date of the loss.

<sup>11</sup> Such documentation could address practices such as proper nutrition for honeybee colonies, preventative treatments for disease, maintenance, and colony management.

<sup>12</sup> Each county committee consists of an elected or appointed chairperson, a vice chairperson, and between one and nine regular members who are farmers and ranchers experienced in local farming practices and FSA programs.

<sup>13</sup> A routine case is an application with verifiable supporting documentation provided by the producer that can be COC-verified through an independent source and used to substantiate the claimed loss.

<sup>14</sup> USDA FSA, Handbook 2-CP, *Acreage and Compliance Determinations* (Sep. 10, 2018, as amended), *Processing Late-Filed FSA-578*, Para. 27(A) (Sep. 10, 2018).

<sup>15</sup> FSA determined the normal mortality rate for honeybees for PY 2017 was 15 percent.

<sup>16</sup> Payments to producers meeting the definition of beginning, socially disadvantaged, or limited resource farmers or ranchers will be based on a 90 percent payment factor.

<sup>17</sup> The National Payment System is a centralized, web-based payment processing application that interfaces with web-based program applications to complete the disbursement process for the program.

For PY 2017, FSA calculated gross payments, but limited those payments to \$125,000, which were then reduced by 6.6 percent, which was the sequestration amount in PY 2017. For example, in PY 2017, if FSA calculated a gross payment of \$135,000, the agency limited the payment to \$125,000 and then reduced that amount by 6.6 percent, which it calculated to be \$116,750 as the maximum payment per honeybee producer. Beginning in PY 2019, the \$125,000 payment limitation was removed, allowing honeybee producers to receive payments closer to the gross payment amount. While the payment limitation was removed, sequestration reductions will still apply. Based on input from FSA's national office, for purposes of this audit report, monetary payment amounts are expressed as gross payment amounts.

## **Objectives**

Our objective was to determine if FSA approved ELAP applications for honeybee losses for eligible applicants. We also determined if FSA accurately calculated payments to ELAP honeybee recipients and applied payment limitations.

During this audit, we determined that FSA accurately applied payment limitations to honeybee producers for the applications and payments we reviewed. Accordingly, there are no findings or recommendations for this objective.

## Section 1: FSA ELAP Payments to Honeybee Producers

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### Finding 1: FSA Needs To Improve ELAP Honeybee Payment Calculations

In two of the three States we visited, county officials did not include honeybee inventory additions in the payment calculations for 18 of the 60 applications we reviewed. This occurred because of oversimplified nationwide ELAP handbook guidance and inaccurate information provided during county office training. Additionally, district director reviews were not sufficient in identifying issues before ELAP honeybee payments were made to the producers. As a result of the miscalculations in the two States, FSA county officials approved \$293,801 more in payments than was allowed. Furthermore, because of inaccurate ELAP honeybee training provided to multiple districts in one State, the remaining \$2.37 million in payments for PY 2017 for this State were also likely miscalculated.

FSA Handbook 1-LDAP requires county officials to include inventory additions when calculating ELAP benefits for honeybee colony losses. County officials calculate the PY inventory using the following formula:

$$PY \text{ inventory amount} = \text{beginning inventory} + \textit{inventory additions} - \textit{inventory reductions}$$

The Office of Inspector General (OIG) selected 31 ELAP honeybee application files for review in three States to determine if county officials calculated payments correctly. At one State, we visited two county offices and found that none of the 13 honeybee producer payments properly accounted for inventory additions.<sup>18</sup> FSA officials at the State office and at both county offices agreed that inventory additions should have been included in the payment calculations.

In order to determine how widespread this issue was, OIG decided to conduct additional reviews on another 29 ELAP honeybee application files in the three States to determine if other county officials excluded all or a portion of inventory additions.<sup>19</sup> We identified the same issue for another five honeybee producers in two States.<sup>20</sup>

In total, for two of the three States in our sample, county officials did not include inventory additions in the payment calculations for 18 of 60 honeybee producers.<sup>21</sup> According to FSA district and county officials, these miscalculations occurred, in part, because the example provided in FSA's handbook did not reflect either the type or the degree of inventory

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<sup>18</sup> We did not identify any errors with inventory reductions during our reviews that would have impacted payment calculations.

<sup>19</sup> During additional reviews, we obtained Form CCC-934, *Emergency Loss Assistance for Honeybees/Farm-Raised Fish Application*, to determine if the honeybee producer reported inventory additions. We also obtained Form CCC-934-1, *Emergency Assistance for Honeybee and Farm-Raised Fish Losses Payment Calculation Worksheet*, to determine if county officials included inventory additions when calculating ELAP honeybee payments. Our additional reviews were limited to only these two forms, and did not look at the entirety of the application file or the process.

<sup>20</sup> The nine ELAP honeybee producers we sampled in a third State did not report inventory additions to county officials; therefore, this issue would not apply.

<sup>21</sup> This includes the State where the error was made on all 13 OIG-selected applications and payments; however, the additional reviews were conducted outside the county offices originally selected.

fluctuations that honeybee producers experience. The handbook provides a simple example of a producer who experiences a single loss and inventory addition; however, the payments we reviewed were more complicated. Rather than reporting just one loss, honeybee producers reported to county officials multiple inventory changes (additions and losses) and loss events on a periodic basis, sometimes every 30 days. Therefore, to prevent future miscalculations, we recommend that the national office update the handbook to provide examples that more accurately reflect the situations honeybee producers experience.

We also determined that county office training conducted in one State in 2017 and 2018—by a county office experienced in ELAP—provided inaccurate information to other FSA county officials on payment calculations for honeybee colony losses. At the training sessions, FSA county officials were instructed to exclude all or a portion of inventory additions in the payment calculation process. FSA county officials considered these excluded additions to be replacements of honeybee inventory losses instead of inventory additions.<sup>22</sup> This misunderstanding led to the excess payments we identified. Therefore, to ensure that county officials understand how to calculate honeybee colony loss payments properly, FSA should develop training that properly instructs county officials on how to apply the correct payment calculation.

Additionally, we found that the district director review would not necessarily identify this issue with the honeybee payment calculations. The FSA handbook states that district director reviews are critical to ensure that: (1) ELAP is administered properly; (2) program weaknesses are identified; and (3) errors are corrected before payments are issued. First, while FSA requires district directors to review the first five ELAP applications<sup>23</sup> in each service center before approval, the district directors are not required to review the payment calculations.<sup>24</sup> As a result, district directors may not identify whether county officials appropriately included inventory additions or reductions. Second, because ELAP includes livestock and farm-raised fish applications, the review may not include any ELAP honeybee applications.<sup>25</sup> Until district directors are required to review the payment calculations and a sampling of the first five ELAP honeybee applications, these reviews may not prevent potential errors in the honeybee portion of ELAP. (See Finding 4 for further discussion of district director reviews.)

Because the county offices did not include inventory additions when calculating PY inventory, the honeybee producers' PY colony inventory was lower, which resulted in higher ELAP honeybee payments. The 18 payments we identified resulted in \$293,801 more in payments than would have been allowed if additions to inventories were included in the calculations.

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<sup>22</sup> Inventory reductions and inventory losses are different—the former occurs through the sale of inventory and the latter occurs as the result of a loss event, such as a hurricane or colony collapse disorder.

<sup>23</sup> District directors are required to review the first five applications in each service center before approval to ensure that: claim forms were submitted by the county office, signature requirements were met, no unapproved State or county forms were used, and supporting data on eligibility are completed and on file.

<sup>24</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *DD Review and Report of Initial CCC-851's or CCC-934's*, Para. 888(C) (Apr. 15, 2014).

<sup>25</sup> We noted that the district director in the affected State conducted reviews of 100 percent of the ELAP honeybee applications in the two county offices we reviewed, which included a review of the ELAP honeybee payments. However, the district director did not note any issues with the ELAP honeybee payments.

Additionally, because county officials were trained improperly in PYs 2017 and 2018, we believe that the following remaining honeybee colony payments in this State were likely miscalculated: payments of over \$2.37 million in PY 2017 and \$3.30 million in PY 2018.

After discussing the miscalculations with FSA national officials, they quickly issued a notice to one of the States, instructing all county offices to review PYs 2017 and 2018 honeybee applications, determine correct inventory additions, and take appropriate actions on potential errors.<sup>26</sup> In addition, the national office directed this same State to review PY 2019 honeybee applications to ensure the payments were correct before disbursement. As of February 26, 2020, this State reported that PY 2019 payments for honeybee colony losses totaled over \$6 million.<sup>27</sup> Had FSA not proactively addressed concerns noted during the audit, the amount at risk for potential errors in PY 2019 may have been much higher. We agree with FSA's targeted corrective actions to address miscalculations. Additionally, because of the potentially widespread nature of this miscalculation, we recommend that FSA clarify its honeybee colony payment calculation guidance and training provided to State and county offices nationwide and improve its district director review process.

## **Recommendation 1**

Require both State offices to review the \$293,801 of miscalculated honeybee payments and take appropriate corrective actions, per FSA instructions.

## **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with this recommendation and targets the review to be complete by January 2021. Below is an update on the status of the reviews by the Georgia (GA) and Texas FSA State offices. On September 9, 2019, the National Office required the GA State Office to conduct a review of 2017 and 2018 ELAP applications for honeybee losses. The GA State Office required all County Offices to revisit the applications and accurately determine "Additions to Inventory Throughout the Program Year". To date, County Offices in GA have completed their reviews of 2017 and 2018 ELAP applications for honeybee losses, including GA's portion of the \$293,801 of miscalculated honeybee payments. After reviewing applications, County Offices revised the automated payment calculation worksheets, CCC-934-1 's, to reflect the revised application data. Subsequently, the payment data was revised in the ELAP Payment Software. Revising the ELAP payment data resulted in overpayments and underpayments and corresponding receivables being established. The underpayments have been issued to producers and the

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<sup>26</sup> USDA FSA, Handbook 7-CP, *Finality Rule and Equitable Relief* (Mar. 14, 2014), and *Equitable Relief and Finality Rule*, Para. 3(A) (Feb. 12, 2014), state that producers may be allowed to keep erroneous payments if the producer had no reason to know or suspect the payment was made in error.

<sup>27</sup> We noted that, because there was no payment limitation in PY 2019, gross payments were limited only by sequestration; therefore, gross payments were over \$5.65 million—much higher than if the payment limitation of \$125,000 still applied.

overpayments will be reviewed for relief based on the finality rule at the next State Office Committee (STC) meeting on September 16, 2020.

FSA clarified on September 22, 2020, that the STC did meet; however, the National Office has not yet received in writing the outcome of that meeting.

The estimated completion date is January 31, 2021.

## **OIG Position**

We accept management decision on this recommendation.

## **Recommendation 2**

Ensure the State office completes its review of the remaining \$2.37 million in honeybee payments in PY 2017 and takes appropriate corrective actions, per FSA instructions.

## **Agency Response**

In its September 16, 2020, response, agency officials stated that:

In April 2020, the GA State Office completed its review of the remaining \$2.37 million in honeybee payments in PY 2017, and is taking appropriate corrective actions, as discussed in Recommendation 1, per FSA National Office's instructions. FSA targets a completion date of all appropriate corrective actions is by January 2021.

The estimated completion date is January 31, 2021.

## **OIG Position**

We accept management decision on this recommendation.

## **Recommendation 3**

Ensure the State office completes its review of the \$3.30 million payments in PY 2018 and takes appropriate corrective actions, per FSA instructions.

## **Agency Response**

In its September 16, 2020, response, agency officials stated that:

In April 2020, the GA State Office completed its review of the \$3.30 million payments in PY 2018 and has taken the appropriate corrective action, as outlined in Recommendation 1, per FSA instructions. FSA targets a completion date of all appropriate corrective actions by January 2021.

The estimated completion date is January 31, 2021.

## **OIG Position**

We accept management decision on this recommendation.

## **Recommendation 4**

Amend FSA Handbook 1-ELAP to provide clear examples similar to those that FSA county officials regularly experience with honeybee applications—for example, multiple loss events, inventory additions, and inventory reductions. In addition, update the handbook to require the district director reviews to include honeybee applications and associated honeybee payment calculation worksheets for accuracy.

## **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with this recommendation. The National Office will provide an amendment to Handbook 1-ELAP to include:

- clear examples of determining beginning inventory and honeybee payments when a producer suffers from several loss events throughout the year, [and]
- a requirement for district director reviews to include honeybee applications and associated payment calculation worksheets for accuracy.

FSA targets the handbook amendment to 1-ELAP to be issued by March 2021.

The estimated completion date is March 31, 2021.

## **OIG Position**

We accept management decision on this recommendation.

## **Recommendation 5**

Develop and present training on proper payment calculations for honeybee claims to all FSA State and county office staff. This training should include any handbook revisions established in response to Recommendation 4.

## **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with this recommendation. FSA will provide National training to State and County office staff after the 1-ELAP amendment is issued. FSA targets National training to be completed by March 2021.

The estimated completion date is March 31, 2021.

## **OIG Position**

We accept management decision on this recommendation.

## Finding 2: FSA Needs To Ensure Honeybee Producers Meet Basic Eligibility Requirements

We found that FSA approved ELAP honeybee applications for two ineligible honeybee producers because the COC did not first determine whether the two producers had risk in their apiary operations.<sup>28</sup> As a result, we question payments totaling over \$88,000 for the two ineligible honeybee producers.

FSA’s handbook defines an eligible honeybee producer as “a producer who has a risk in the honey production, pollination, or honeybee breeding operation for producing honey [...] on the beginning date of the eligible adverse or eligible loss condition.”<sup>29</sup> The handbook allows FSA officials to accept self-certifications and pay producers based on other comparable losses.<sup>30</sup> The handbook also requires county officials to “[...] take all steps necessary to ensure that program and payment eligibility requirements have been met before issuing any payments.”<sup>31</sup>

We found two honeybee producers that did not pay for their own expenses and therefore did not meet the eligibility requirement for risk. The CED indicated concerns that these two honeybee producers’ applications were missing operating expenses for their apiary operations. During our audit, we found that a third producer had paid for the two honeybee producers’ operating expenses.

Despite the CED’s concerns, the district director for the county office in PY 2017 indicated the self-certifications were sufficient and allowable based on provisions for comparable losses. Ultimately, the COC—not the CED—approved the ELAP honeybee applications, but did so without first ensuring basic eligibility requirements were met. According to the two honeybee producers, they operated their apiary operations more independently in subsequent years and planned to provide documentation supporting their own expenses to avoid any similar concerns in the future.

We discussed our concerns with FSA national and State officials. Both FSA officials agreed the honeybee producers did not have a risk in the apiary operation since they did not pay for the expenses. A State official added that the COC and district director can override the CED’s initial determination, but that the COC should have recognized the lack of documentation supporting operating expenses and should not have approved the honeybee producers’ applications. We also discussed our concern with the CED that the FSA handbook does not define “risk” or identify the documents needed to determine the level of risk for a honeybee producer to be eligible for program funds. The CED indicated that, if the handbook defined “risk,” it would have provided solid criteria which the CED could have referenced to the district director when initially discussing concerns over the lack of the honeybee producers’ operating expenses.

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<sup>28</sup> An apiary is a place where bees are kept, such as a collection of hives or colonies of bees.

<sup>29</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *Honeybee Eligibility—Eligible Producer*, Para. 845(A) (Dec. 7, 2015).

<sup>30</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *Acting on Supporting Documentation*, Para. 888(A) (Apr. 15, 2014).

<sup>31</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *Prevention of Improper Payments*, Para. 876(E) (Apr. 15, 2014).

Therefore, we recommend that FSA update the ELAP handbook to clearly define “risk,” as well as identify the documentation needed to support “risk.”

Meeting basic honeybee producer eligibility requirements for program participation is key to ensuring program integrity and preventing payments to ineligible honeybee producers. Because the district director and COC overruled the CED’s concerns and determined that self-certification was sufficient to approve the applications, we question the over \$88,000 in payments related to the two ineligible honeybee producers. Additionally, we recommend that FSA remind the State and county offices of the basic eligibility requirements, including the need for a producer to demonstrate risk in the apiary operation. Eligibility determinations will be more important moving forward because, beginning with PY 2019, FSA removed the \$125,000 payment limitation; therefore, honeybee producers will be able to receive higher ELAP honeybee payments.

### **Recommendation 6**

Review the two ineligible producers’ honeybee applications totaling over \$88,000 in gross payments, and take appropriate corrective actions.

### **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA will review the two honeybee applications and will take appropriate corrective actions. FSA targets the reviews and corrective action to be taken by January 2021.

The estimated completion date is January 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

### **Recommendation 7**

Amend the ELAP handbook to clearly define “risk,” and identify the necessary documents to support a determination that the level of risk needed to be eligible for program funds is met.

### **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 7. FSA will amend 1-ELAP, to provide a clear definition of “risk” and identify the necessary documents to support a determination that the level of risk meets program eligibility requirements. FSA targets a completion date by March 2021.

The estimated completion date is March 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

### **Recommendation 8**

Notify FSA State and county offices of handbook requirements for ensuring honeybee producers meet basic eligibility requirements before applying other criteria.

### **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 8. FSA will provide training to State and County Offices to ensure they are aware of the definition of “risk” and documentation needed to support a determination that the level of risk meets program eligibility requirements. FSA targets a completion date by March 2021.

The estimated completion date is March 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

### **Finding 3: FSA Needs To Ensure That Late-Filed Producer-Reported Honeybee Colony Inventories Are Accurate**

We found that the COC in one county office did not confirm honeybee colony inventories for 18 producers that late-filed their colony reports.<sup>32,33</sup> This occurred because, in the midst of high-volume, post-disaster applications from other FSA programs, the CED did not bring the late-filed reports to the COC for review. In addition, the CED did not employ a compensating control to ensure the reviews occurred. As a result, we questioned payments made to the 18 honeybee producers who late-filed colony reports totaling over \$1.1 million.<sup>34</sup>

FSA's handbook requires that honeybee producers file a colony report of their honeybee inventories at the beginning of the program year. FSA allows producers to submit a colony inventory report later (called late-filed colony reports) in the program year (after January 2); however, the COC must review all late-filed colony reports and process honeybee producers' late-filed colony reports when the colonies "have been verified and determined."<sup>35</sup> FSA's handbook also provides that "county offices shall take all steps necessary to ensure that program and payment eligibility requirements have been met before issuing any payments."<sup>36</sup>

We found that, following a natural disaster, 18 producers submitted colony reports to show their inventories, but only after the disaster occurred, which was late in the program year. Additionally, the CED stated that many of the 18 honeybee producers had never participated in FSA programs before; therefore, FSA could not ensure that the honeybee colony inventory reporting was reasonable. We found that one FSA county office did not ensure that late-filed colony reports for 18 ELAP honeybee applications were reviewed by the COC before issuing payments to honeybee producers. When we read the COC minutes, we noted that there was no discussion or indication that, as required by guidance, the COC reviewed the late-filed colony reports for accuracy. Since the COC is a body of elected representatives experienced in local farming practices and FSA programs, the review process by members of the COC—with decisions made by consensus—is designed to provide assurance that self-certified inventories on the ELAP honeybee applications are accurate.<sup>37</sup>

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<sup>32</sup> Form FSA-578, *Acreage Report*. FSA uses this same form for other programs that involve acreage and crops, but for honeybees under ELAP, the form is used to report the number of colonies.

<sup>33</sup> There was a total of 21 producers in the county, but the COC did not need to review honeybee colony inventory reports for 3 of the 21 honeybee producers because they filed their colony reports timely.

<sup>34</sup> Our sample of 5 producer files found that 4 producers had late-filed colony reports, so we expanded our review to all 21 producers in the county. We identified another 14 producers with late-filed colony reports for a total of 18 producers with late-filed colony reports.

<sup>35</sup> USDA FSA, Handbook 2-CP, *Acreage and Compliance Determinations* (Sep. 10, 2018, as amended), *COC Responsibilities*, Para. 4(C) (Sep. 10, 2018), *Acreage Reporting Dates for NAP Eligibility*, Para. 24(C) (Sep. 10, 2018), and *Processing Late-Filed FSA-578*, Para. 27(A) (Sep. 10, 2018).

<sup>36</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *Prevention of Improper Payments*, Para. 876(E) (Apr. 15, 2014).

<sup>37</sup> During our audit fieldwork, we interviewed the four OIG-selected honeybee producers who late-filed honeybee colony reports for PY 2017 and we reviewed producer records—invoices, receipts, pictures, etc. We determined that the producers maintained commercial honeybee operations. However, due to the timing of our review, we could not determine whether the producer-reported honeybee inventories in PY 2017 were accurate.

FSA county officials stated the late-filed colony reports were not provided to the COC for review because the county was overwhelmed by administering ELAP for two reasons. First, the CED explained that PY 2017 was the first time the county had ever administered ELAP. Second, the CED stated that, due to the hurricanes, the county was overwhelmed with claims submitted for other FSA programs. When OIG inquired whether the CED employed any mechanisms or mitigating controls to ensure the COC reviewed all late-filed colony reports, the CED stated that the county office did not use such controls.

FSA national and State officials confirmed that the COC should have reviewed the late-filed colony reports. An FSA national official stated that the review of late-filed colony reports is a program requirement and a measure of due diligence to ensure the accuracy of producers' reports of honeybee colonies. We found that, in June 2019, FSA indirectly addressed the lack of mitigating controls by creating a new ELAP manual (1-ELAP), which includes an ELAP honeybees checklist (FSA Form CCC-770 ELAP-2).<sup>38</sup> This checklist includes a step to determine that the colony inventory report was filed and recorded according to handbook procedures, which include a COC review of any late-filed colony reports.

Therefore, in order to assist county offices that experience overwhelming honeybee producer response after major disasters, FSA should require the use of the checklist to ensure all necessary program and payment eligibility requirements are met before issuing payments for disaster claims. Based on our review, we recommend that FSA review the 18 ELAP honeybee applications for honeybee producers with late-filed honeybee colony reports and take appropriate corrective action on the questioned costs. The honeybee producers for these 18 applications received a total of over \$1.1 million in payments. By taking corrective action, FSA could address this control issue in time for the next natural disaster and prevent potential errors. Additionally, the reviews of late-filed inventory reports will be more significant moving forward because, as previously noted, beginning with PY 2019, FSA removed the \$125,000 payment limitation; therefore, honeybee producers will be able to receive higher ELAP honeybee payments.

## **Recommendation 9**

Require the State office to review the honeybee producer-reported inventories of the 18 honeybee producers with late-filed colony reports, and take appropriate corrective action on questioned costs totaling \$1,102,008.

## **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 9. The National Office will require the Florida State Office to review the honeybee producer-reported inventories of the 18 honeybee

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<sup>38</sup> USDA FSA, Handbook 1-ELAP, *Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program* (June 20, 2019), *CCC-770 ELAP-2 for Honeybee Losses*, Para. 126(B) (June 20, 2019).

producers with late-filed colony reports, and take appropriate corrective action on questioned costs totaling \$1,102,008. FSA targets a completion date by January 2021.

The estimated completion date is January 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

### **Recommendation 10**

Require FSA county officials to use the ELAP Honeybees Checklist (FSA Form CCC-770 ELAP-2) for all ELAP honeybee applications as a compensating control when confronted with disaster scenarios, such as a hurricane, to ensure county offices process applications in accordance with the handbook.

### **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 10. The National Office will update 1-ELAP handbook to require County Offices to complete form CCC-770 ELAP-2, ELAP Honeybees Checklist, for all honeybee applications, as directed by the State Office, when State and County Offices are confronted with disaster scenarios, such as a hurricane. FSA targets a completion date by March 2021.

The estimated completion date is March 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

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## **Section 2: FSA Oversight of State and County ELAP Honeybee Administration**

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### **Finding 4: FSA Needs To Ensure District Director Reviews Are Conducted and Reported**

We found that four out of the five district directors responsible for the counties we reviewed either did not perform the required district director reviews or did not report the results of these reviews to the SED.<sup>39</sup> This occurred because State offices did not always monitor completion of the district director reviews, and district director review elements were general and did not specify required elements of a “review.” As a result, the SEDs were unaware of the status of the honeybee portion of ELAP and potential weaknesses and issues that may have needed correction. Specifically, in one State and district, OIG questioned \$3 million in honeybee payments due to a lack of district director reviews at 14 of 15 of the county offices in the district.

Each program year, FSA’s handbook requires district directors to review the first five ELAP applications in each service center before approval, which could include livestock, honeybees, and farm-raised fish.<sup>40</sup> Additionally, the handbook requires that district directors provide a written report to the State so the SED is aware of the overall status of the implementation of ELAP in the county offices. The handbook identifies these reviews as critical to ensure that ELAP is administered properly, to identify weaknesses, and to allow corrections before payments are issued.

We determined that district director reviews were not always performed and reported, as required. In one instance, we found that one district director did not conduct the reviews and, therefore, did not report the results to the SED. We also found that three district directors used their initials and tick marks in the files to show they completed reviews of county ELAP applications, including honeybee applications, but the SED did not receive a report on the results of those reviews. Finally, we found that one district director completed the reviews and reported to the SED as required.

We interviewed the district directors responsible for oversight of the honeybee portion of ELAP at the county level. The two district directors who were available for interview stated it was a lack of oversight on their part for not reporting the results of their reviews to the SED. The other three district directors are no longer with the agency. Additionally, because there was no FSA requirement that State offices monitor the completion of district director reviews, the SED did not question the lack of reports or request that the district directors provide their reports. As a result, the SED and district directors omitted a critical oversight measure to ensure program integrity.

In the two States where district director reviews were not reported, one State official explained that they were unaware of the requirement. The other State only required reporting if the county

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<sup>39</sup> One district director was responsible for two county offices; therefore, there were only five district directors responsible for the six selected county offices.

<sup>40</sup> Service centers may include more than one county office in an area.

office had less than five ELAP applications at the time the district director conducted the review. In addition, both FSA State officials indicated their belief that county offices are likely correcting any issues identified during the district director reviews. However, in the absence of district director reviews, the SEDs are lacking valuable insight both into the overall status of the implementation of ELAP in the county office and into potential weaknesses and issues that may have needed correction before payments were issued.

We also noted that the district director review requirements were not clearly defined in the handbook.<sup>41</sup> Instead, FSA established only basic requirements for a district director review. Additionally, FSA Handbook 1-LDAP contains only the general responsibilities of district directors, including the responsibility of ensuring that the COC and CED follow ELAP provisions.<sup>42</sup> However, while the responsibility for “following ELAP provisions” is an umbrella statement that would include all provisions, more specific and established district director review elements may improve understanding of the key controls under review, reporting consistency, and general oversight. One State issued supplemental guidance to its district directors providing a list of specific actions such as reviewing the ELAP application, ELAP payment calculation worksheet, supporting documents, and ELAP payment report; however, there are no such requirements in the handbook used nationwide.

Since none of the issues identified during our audit would have been a specific review element of the district director review process, having a checklist of elements to review would be beneficial. In discussions with FSA national officials, we found that, although FSA updated the ELAP handbook to include a checklist for county offices to use when completing the ELAP application process, it did not require that the district directors use the checklist as part of the district director review process.<sup>43</sup> Our review of the checklist found that there were elements specific to each of the previous findings identified in this report, specifically the questions: “Has beginning inventory been established and updated per procedure?” (Finding 1); “Does the applicant meet the requirements of an eligible producer, as applicable?” (Finding 2); and “Was the acreage [colony] report filed and recorded according to 2-CP?” (Finding 3). Had this checklist been in use as part of the district director review process during the time period covered by our audit, it may have prevented some of the questioned costs identified in this report.

The district director reviews are critical to ensuring the SEDs are aware of the status of ELAP implementation, including honeybee payments, and aware of potential weaknesses and issues that may need correction before possible erroneous payments are made. In PY 2017, one district director was responsible for oversight of seven service centers representing 15 different county offices with payments. State officials indicated the district director completed required reviews at one of the seven service centers (which represented only 1 of the 15 county offices with payments), covering over \$300,000 of the \$4.4 million in payments made in the district. As a

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<sup>41</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *DD Review and Report of Initial CCC-851's or CCC-934's*, Para. 888(C) (Apr. 15, 2014).

<sup>42</sup> USDA FSA, Handbook 1-LDAP, *Livestock Disaster Assistance Programs for 2011 and Subsequent Years* (May 30, 2018, as amended), *DD Responsibilities*, Para. 801(C) (Apr. 15, 2014).

<sup>43</sup> USDA FSA, Handbook 1-ELAP, *Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program* (June 20, 2019), *CCC-770 ELAP-2 for Honeybee Losses*, Para. 126(B) (June 20, 2019).

result, 14 county offices in the district had payments totaling \$4.1 million, for which the district director did not conduct critical oversight reviews to ensure the county offices were properly administering the program before ELAP honeybee payments were made.<sup>44</sup> Since the \$4.1 million in payments included the same county that had the 18 late-filed colony reports, as reported in Finding 3, we reduced the amount of questioned costs in this Finding by \$1,102,008 for a total of \$3,028,335.

An FSA national official indicated that the district director reviews are a requirement to identify and correct potential weaknesses before payments are issued. We determined that, since the district directors did not perform or report these critical control reviews to the SED, there is a lack of assurance that any errors were corrected before payments were issued. Therefore, OIG questions the \$3 million in payments for honeybee producers in the counties that did not receive a district director review. We recommend that FSA strengthen its district director review and reporting process. FSA national officials agreed with district directors' use of the checklist provided in the new ELAP handbook as a guide in completing district director reviews, as it will potentially mitigate issues noted during the audit.<sup>45</sup> We also recommend that FSA require SEDs to monitor the completion of district director reviews to ensure the State timely receives reporting on the counties' implementation of ELAP.

## **Recommendation 11**

Require the State office to review applications and payments in the identified district, and take appropriate corrective action on questioned costs totaling \$3,028,335.

## **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 11. The National Office will require the State Office to review applications and payments in the identified district and take the appropriate corrective action on questioned costs totaling \$3,028,335. FSA targets a completion date by January 2021.

The estimated completion date is January 31, 2021.

## **OIG Position**

We accept management decision on this recommendation.

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<sup>44</sup> Including one OIG-selected county office.

<sup>45</sup> USDA FSA, Handbook 1-ELAP, *Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program* (June 20, 2019).

## **Recommendation 12**

Establish and implement requirements for State offices to monitor completion of district director reviews, and evaluate the results of the reviews to determine overall status of ELAP.

### **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 12 and targets a completion date by March 2021.

In FSA's subsequent email, on September 22, 2020, an official stated that FSA has developed a new internal review process, Internal Review and Documentation Tracking System (IRDTS). Using IRDTS, when district directors do first reviews in the future they will be using an automated and nationally standardized questionnaire, which will collect the data back to the State and national level. This data will not only confirm the results provided when the district directors completed their responses, but the data will tell which district directors have completed their reviews and which ones have not. The system also records when the review is issued to the district director and when the district director completes the review. The target date for when ELAP will utilize IRDTS has not yet been determined.

The estimated completion date is March 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

## **Recommendation 13**

Provide specific guidance for how to report the results of the district director reviews to the SED and the information to be included in those reports.

### **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 13 and targets a completion date by March 2021.

In FSA's subsequent email, on September 22, 2020, an official stated that FSA has developed a new internal review process, IRDTS. Using IRDTS, when district directors do first reviews in the future, they will be using an automated and nationally standardized questionnaire, which will collect the data back to the State and national level. This data will not only confirm the results provided when the district directors completed their responses, but the data will tell which district directors have completed their reviews and which ones have not. The system also records when the review is issued to the district director and when the district director completes the review. The target date for when ELAP will utilize IRDTS has not yet been determined.

The estimated completion date is March 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

### **Recommendation 14**

Amend the ELAP handbook to require district directors to utilize FSA’s newly created checklist (CCC-770 ELAP-2, ELAP Honeybees Checklist) as a guide during their review process.

### **Agency Response**

In its September 16, 2020, response, agency officials stated that:

FSA concurs with recommendation 14. FSA targets a completion date by March 2021.

In FSA’s subsequent email, on September 22, 2020, an official stated that FSA has developed a new internal review process, IRDTS. Using IRDTS, when district directors do first reviews in the future, they will be using an automated and nationally standardized questionnaire, which will collect the data back to the State and national level. This data will not only confirm the results provided when the district directors completed their responses, but the data will tell which district directors have completed their reviews and which ones have not. The system also records when the review is issued to the district director and when the district director completes the review. The target date for when ELAP will utilize IRDTS has not yet been determined.

The estimated completion date is March 31, 2021.

### **OIG Position**

We accept management decision on this recommendation.

## Scope and Methodology

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To accomplish our objectives, we reviewed FSA’s administration of the honeybee portion of ELAP at the State and county levels for PY 2017.<sup>46</sup> We performed our work at the FSA national office in Washington, D.C., three FSA State offices, and six FSA county offices: two in each State. Our fieldwork was performed from September 2018 through April 2020.

We initiated this emergency disaster audit in response to 2017 Hurricanes Harvey, Irma, and Maria. However, we found that over 79 percent of the funding for ELAP was for financial assistance provided to honeybee producers. Additionally, we found that honeybee producer losses included both hurricane and colony collapse disorder losses. We also found that FSA does not document the cause of loss when entering application data into the system. As a result, we adjusted the audit’s scope to incorporate all honeybee losses.

We non-statistically selected States that were affected by 2017 Hurricanes Harvey and Irma and that paid some of the highest net payments when compared to other States nationwide.<sup>47</sup> We non-statistically selected counties that the Federal Emergency Management Agency (FEMA) declared a disaster as a result of those hurricanes and that had the highest payments when compared to other counties in each selected State. We non-statistically selected 31 ELAP honeybee applications and payments that had the highest net payments in each selected county office. Because of issues noted with ELAP honeybee payment calculations (Finding 1), OIG conducted additional limited reviews of 29 ELAP honeybee applications and payments.<sup>48</sup>

For PY 2017, FSA calculated \$65.3 million in gross payments to 3,531 ELAP producers for all ELAP, but that amount was reduced to \$41.3 million in net payments due to sequestration and payment limitations.<sup>49</sup> ELAP honeybee applications and payments to 1,260 honeybee producers totaled \$32.8 million nationwide. The OIG-selected States, county offices, and ELAP honeybee applications and payments in PY 2017 totaled \$12.1 million, \$4.2 million, and \$2.7 million, respectively.

To accomplish our objectives, we:

- Obtained and reviewed program statutes, regulations, handbooks, notices, and other ELAP honeybee-related documentation;
- Interviewed FSA officials and staff at FSA national, State, and county offices;

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<sup>46</sup> FSA re-opened and extended PY 2017 ELAP signup until 60 calendar days after the regulations governing ELAP were published in the Federal Register. As a result, PY 2017 ELAP—originally running from October 1, 2016, through September 30, 2017—was now extended through December 3, 2018.

<sup>47</sup> The three States selected were part of the top four States with the highest FSA net payments for ELAP; however, the fourth State was not impacted by the 2017 hurricanes.

<sup>48</sup> The limited reviews were in the three OIG-selected States, but outside of the original OIG-selected county offices. The review was to verify whether FSA county officials included additions to colony inventories in calculating honeybee payments.

<sup>49</sup> This amount was reduced to \$41.3 million net, due to the sequestration amounts required by the Budget Control Act of 2011 (Budget Control Act of 2011, Pub. L. No. 112-25, 125 Stat. 240) and payment limitations.

- Obtained and reviewed FSA’s PY 2017 ELAP payment data, pulled from FSA’s Common Payment System, covering October 1, 2016, through November 7, 2018;<sup>50</sup>
- Non-statistically selected States and counties, and ELAP honeybee applications and payments, for review using the PY 2017 ELAP payment data;
- For each of the 31 non-statistically selected PY 2017 ELAP honeybee applications and payments, we reviewed the application and notice of loss, honeybee producer eligibility and program requirements, honeybee colony and hive loss information, COC involvement in approving the applications, and honeybee payment calculations;
- Interviewed the 31 producers to obtain input on their apiary operations and requested supporting documentation, as necessary; and
- For each of the additional 29 non-statistically selected PY 2017 ELAP honeybee applications and payments, we performed a limited review of PY 2017 ELAP applications with beginning colony inventories that matched the program year colony inventories to determine whether inventory additions were included in the payment calculation, as required.

During the course of our audit, we obtained data from FSA for use in selecting our non-statistical sample for review. FSA provided nationwide data of PY 2017 ELAP payments as of November 7, 2018, which came from FSA’s Common Payment System. We then relied upon our Office of Analytics and Innovation (OAI) to combine FSA’s PY 2017 ELAP data with FEMA data for disaster-declared States and counties in order to limit our county office selections to those counties declared a disaster as a result of 2017 Hurricanes Harvey, Irma, and Maria. We used this data to non-statistically select 31 ELAP honeybee applications and payments for review. OAI conducted tests of data, relevant to our audit objectives, for reliability and completeness before the audit team selected State and county offices for review and performed other data analysis. OAI also compared ELAP honeybee producers’ beginning colony inventories in FSA’s Crop Acreage Reporting System to ELAP honeybee producers’ program year inventory used to calculate the PY 2017 ELAP honeybee payments from FSA’s Microsoft InfoPath. We used the results to identify the additional 29 PY 2017 ELAP honeybee applications and payments for limited review. Since we relied upon the work of OAI specialists, we obtained documentation to ensure these specialists were qualified professionally, competent in the work we relied upon, and met independence standards.

During the audit, we assessed the reliability of the Common Payment System, Microsoft InfoPath, and National Payment System data by: (1) reviewing existing information about the data and the system that produced them; (2) interviewing agency officials knowledgeable about the data and systems involved in the administration of the honeybee portion of ELAP; and (3) comparing the results of our observations to agency data in the systems reviewed. In addition, for each of the 31 OIG-selected ELAP honeybee applications and payments for review, we successfully traced data from the above systems to source documents. We did not perform any general, application, or user control testing for these systems. Based on our assessment above, we determined that the data were sufficiently reliable for purposes of this report.

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<sup>50</sup> PY 2017 was from October 1, 2016, through December 3, 2018.

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 findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Abbreviations

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CCC.....	Commodity Credit Corporation
CED.....	county executive director
COC .....	County Committee
ELAP.....	Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program
FEMA .....	Federal Emergency Management Agency
FSA .....	Farm Service Agency
FY .....	fiscal year
GA.....	Georgia
IRDTS.....	Internal Review and Documentation Tracking System
LDAP .....	Livestock Disaster Assistance Programs
OAI .....	Office of Analytics and Innovation
OIG .....	Office of Inspector General
PY .....	program year
SED.....	State executive director
STC .....	State Office Committee
USDA.....	U.S. Department of Agriculture

## Exhibit A: Summary of Monetary Results

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

<b>Finding</b>	<b>Recommendation</b>	<b>Description</b>	<b>Amount</b>	<b>Category</b>
<b>1</b>	1	Payments resulting from incorrect payment calculations in two States	\$293,801	Questioned Costs, Recovery Recommended
<b>1</b>	2	Total remaining PY 2017 ELAP honeybee colony payments in one State	\$2,375,851	Questioned Costs, Recovery Recommended
<b>1</b>	3	PY 2018 ELAP honeybee colony payments in one State	\$3,303,414	Questioned Costs, Recovery Recommended
<b>2</b>	6	Payments made to two ineligible honeybee producers	\$88,932	Questioned Costs, Recovery Recommended
<b>3</b>	9	Payments to honeybee producers with late-filed colony reports not reviewed by the COC	\$1,102,008	Questioned Costs, Recovery Recommended
<b>4</b>	11	Payments made in the absence of district director reviews	\$3,028,335	Questioned Costs, Recovery Recommended
<b>Total</b>			<b>\$10,192,341</b>	



**AGENCY'S  
RESPONSE TO AUDIT REPORT**





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and Conservation

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**DATE:** September 16, 2020

**TO:** Gil H. Harden  
Assistant Inspector General for Audit, OIG

**FROM:** Richard Fordyce /s/ Richard Fordyce  
Administrator

**SUBJECT:** OIG Audit 03702-0001-23 -2017 Emergency Assistance for Honeybee  
Claims

OIG's official draft report of the 2017 Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) honeybee audit provides four findings and corresponding OIG recommendations. Listed below are OIG's findings, recommendations and FSA's responses.

#### **OIG FINDING 1: FSA Needs to Improve ELAP Honeybee Payment Calculations**

##### **OIG Recommendation 1:**

Require both State offices to review the \$293,801 of miscalculated honeybee payments and take appropriate corrective actions, per FSA instructions.

##### **FSA Response to Recommendation 1:**

FSA concurs with this recommendation and targets the review to be complete by January 2021. Below is an update on the status of the reviews by the Georgia and Texas FSA State offices.

On September 9, 2019, the National Office required the GA State Office to conduct a review of 2017 and 2018 ELAP applications for honeybee losses. The GA State Office required all County Offices to revisit the applications and accurately determine "Additions to Inventory Throughout the Program Year". To date, County Offices in GA have completed their reviews of 2017 and 2018 ELAP applications for honeybee losses, including GA's portion of the \$293,801 of miscalculated honeybee payments. After reviewing applications, County Offices revised the automated payment calculation worksheets, CCC-934-1's, to reflect the revised application data. Subsequently, the payment data was revised in the ELAP Payment Software. Revising the ELAP payment data resulted in overpayments and underpayments and corresponding receivables being established. The underpayments have been issued to producers and the overpayments will be reviewed for relief based on the finality rule at the next STC meeting on September 16, 2020.

**OIG Recommendation 2:**

Ensure the State office completes its review of the remaining \$2.37 million in honeybee payments in PY 2017 and takes appropriate corrective actions, per FSA instructions.

**FSA Response to Recommendation 2:**

In April 2020, the GA State Office completed its review of the remaining \$2.37 million in honeybee payments in PY 2017, and is taking appropriate corrective actions, as discussed in Recommendation 1, per FSA National Office's instructions. FSA targets a completion date of all appropriate corrective actions is by January 2021.

**OIG Recommendation 3:**

Ensure the State office completes its review of the \$3.30 million payments in PY 2018 and takes appropriate corrective actions, per FSA National Office's instructions.

**FSA Response to Recommendation 3:**

In April 2020, the GA State Office completed its review of the \$3.30 million payments in PY 2018 and has taken the appropriate corrective action, as outlined in Recommendation 1, per FSA instructions. FSA targets a completion date of all appropriate corrective actions by January 2021.

**OIG Recommendation 4:**

Amend FSA Handbook 1-ELAP to provide clear examples similar to those that FSA county officials regularly experience with honeybee applications—for example, multiple loss events, inventory additions, and inventory reductions. In addition, update the handbook to require the district director reviews to include honeybee applications and associated honeybee payment calculation worksheets for accuracy.

**FSA Response to Recommendation 4:**

FSA concurs with this recommendation. The National Office will provide an amendment to Handbook 1-ELAP to include:

- clear examples of determining beginning inventory and honeybee payments when a producer suffers from several loss events throughout the year
- a requirement for district director reviews to include honeybee applications and associated payment calculation worksheets for accuracy.

FSA targets the handbook amendment to 1-ELAP to be issued by March 2021.

**OIG Recommendation 5:**

Develop and present training on proper payment calculations for honeybee claims to all FSA State and county office staff. This training should include any handbook revisions established in response to Recommendation 4.

**FSA Response to Recommendation 5:**

FSA concurs with this recommendation. FSA will provide National training to State and County office staff after the 1-ELAP amendment is issued. FSA targets National training to be completed by March 2021.

**OIG Finding 2: FSA Needs to Ensure Honeybee Producers Meet Basic Eligibility Requirements**

**Recommendation 6:**

Review the two ineligible producers' honeybee applications totaling over \$88,000 in gross payments and take appropriate corrective actions.

**FSA's Response to Recommendation 6:**

FSA will review the two honeybee applications and will take appropriate corrective actions. FSA targets the reviews and corrective action to be taken by January 2021.

**Recommendation 7:**

Amend the ELAP handbook to clearly define "risk," and identify the necessary documents to support a determination that the level of risk needed to be eligible for program funds is met.

**FSA's Response to Recommendation 7:**

FSA concurs with recommendation 7. FSA will amend 1-ELAP, to provide a clear definition of "risk" and identify the necessary documents to support a determination that the level of risk meets program eligibility requirements. FSA targets a completion date by March 2021.

**Recommendation 8:**

Notify FSA State and county offices of handbook requirements for ensuring honeybee producers meet basic eligibility requirements before applying other criteria.

**FSA's Response to Recommendation 8:**

FSA concurs with recommendation 8. FSA will provide training to State and County Offices to ensure they are aware of the definition of "risk" and documentation needed to support a determination that the level of risk meets program eligibility requirements. FSA targets a completion date by March 2021.

**Finding 3: FSA Needs to Ensure that Late-Filed Producer-Reported Honeybee Colony Inventories are Accurate**

**Recommendation 9:**

Require the State office to review the honeybee producer-reported inventories of the 18 honeybee producers with late-filed colony reports and take appropriate corrective action on questioned costs totaling \$1,102,008.

**Response to Recommendation 9:**

FSA concurs with recommendation 9. The National Office will require the Florida State Office to review the honeybee producer-reported inventories of the 18 honeybee producers with late-filed colony reports and take appropriate corrective action on questioned costs totaling \$1,102,008. FSA targets a completion date by January 2021.

**Recommendation 10:**

Require FSA county officials to use the ELAP Honeybees Checklist (FSA Form CCC-770 ELAP-2) for all ELAP honeybee applications as a compensating control when confronted with disaster scenarios, such as a hurricane, to ensure county offices process applications in accordance with the handbook.

**Response to Recommendation 10:**

FSA concurs with recommendation 10. The National Office will update 1-ELAP handbook to require County Offices to complete form CCC-770 ELAP-2, ELAP Honeybees Checklist, for all honeybee applications, as directed by the State Office, when State and County Offices are confronted with disaster scenarios, such as a hurricane. FSA targets a completion date by March 2021.

**Recommendation 11:**

Require the State office to review applications and payments in the identified district and take appropriate corrective action on questioned costs totaling \$3,028,335.

**Response to Recommendation 11:**

FSA concurs with recommendation 11. The National Office will require the State Office to review applications and payments in the identified district and take the appropriate corrective action on questioned costs totaling \$3,028,335. FSA targets a completion date by January 2021.

**Recommendation 12:**

Establish and implement requirements for State offices to monitor completion of district director reviews and evaluate the results of the reviews to determine overall status of ELAP.

**Response to Recommendation 12:**

FSA concurs with recommendation 12 and targets a completion date by March 2021.

**Recommendation 13:**

Provide specific guidance for how to report the results of the district director reviews to the SED and the information to be included in those reports.

**Response to Recommendation 13:**

FSA concurs with recommendation 13 and targets a completion date by March 2021.

**Recommendation 14:**

Amend the ELAP handbook to require district directors to utilize FSA's newly created checklist (CCC-770 ELAP-2, ELAP Honeybees Checklist) as a guide during their review process.

**Response to Recommendation 14:**

FSA concurs with recommendation 14. FSA targets a completion date by March 2021.

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