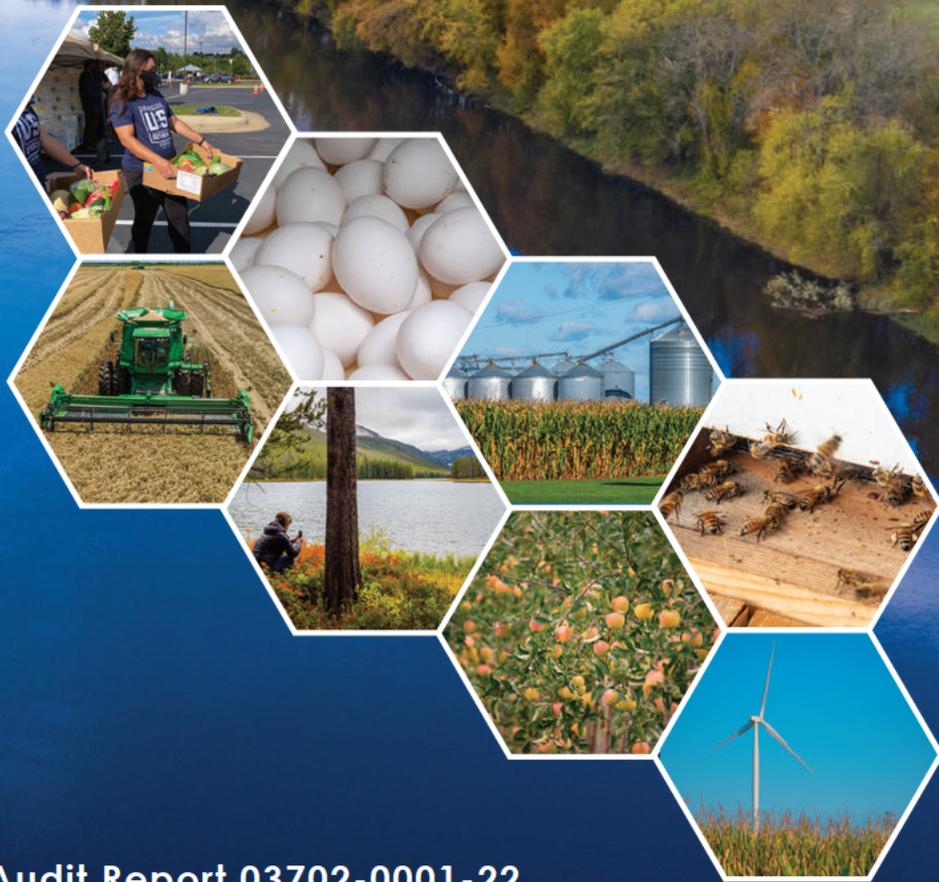


Florida Citrus Recovery Block Grant Program



Audit Report 03702-0001-22

June 2021

OFFICE OF INSPECTOR GENERAL

IMPORTANT NOTICE

This audit report contains sensitive information that has been redacted for public release, due to privacy concerns.

Florida Citrus Recovery Block Grant Program

Audit Report 03702-0001-22

OIG evaluated FSA's and the State of Florida's delivery of the CRBG Program.

OBJECTIVE

We evaluated FSA's and the State of Florida's delivery of the Citrus Recovery Block Grant Program. Specifically, we reviewed: (1) how FSA implemented the payment limitations in the Bipartisan Budget Act; (2) whether grant funds were awarded to eligible producers for eligible purposes; and (3) whether producers received duplicate payments.

REVIEWED

We reviewed laws, policies, the grant agreement, and other relevant guidance; we interviewed FSA national and State personnel and State of Florida officials; analyzed data; and reviewed a non-statistical sample of 39 grant awards, 12 ECP payments, and 10 Tree Assistance Program payments.

RECOMMENDS

We recommend that FSA require the State of Florida to review the more than \$7.5 million in improper payments; complete its internal review of young tree payments; and complete its review of supporting documentation. We recommend that FSA's State office review the duplicate payment and take appropriate action.

WHAT OIG FOUND

Overall, the Farm Service Agency (FSA) and the State of Florida designed an adequate control structure over the block grant program; however, we identified discrepancies with 8 of the 39 grant payments in our sample. Specifically, six payments contained errors due to inaccurate payment calculations for young tree acreage, and two lacked sufficient documentation to support their Part 1 payments for grove rehabilitation. This occurred because the State of Florida's internal review process did not identify these discrepancies prior to paying the producer. Specifically, the young tree acreage calculation, which is complicated and prone to errors, was not treated as high-risk during the review process, and the process of reviewing supporting documentation was not consistently completed. As a result, grant personnel issued eight improper payments, totaling more than \$7.5 million, to Florida citrus producers affected by Hurricane Irma.

We also found 31 grant participants that did not timely apply for the Wildfires and Hurricanes Indemnity Program, which is a prerequisite for the block grant program. As this issue was addressed in a prior OIG audit report, we make no additional recommendations in this report.

Additionally, we found that the Florida FSA State office issued an Emergency Conservation Program (ECP) payment of more than \$50,000 for expenses already paid by the Citrus Recovery Block Grant Program. We informed the FSA national office of this issue and they agreed to work with the Florida State office to review this payment and determine whether collecting the ECP payment from the producer is warranted. We agreed with FSA's proposed actions and questioned the amount of the ECP payment.

FSA concurred with our findings and recommendations and we accepted management decision on all recommendations.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: June 30, 2021

AUDIT

NUMBER: 03702-0001-22

TO: Zach Ducheneaux
Administrator
Farm Service Agency

ATTN: Gary Weishaar
Branch Chief
External Audits and Investigations Division

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: Florida Citrus Recovery Block Grant Program

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 six recommendations in the report, and no further response to this office is necessary. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer (OCFO).

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. For agencies other than OCFO, please follow your internal agency procedures in forwarding final action correspondence to OCFO.

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.

Table of Contents

Background and Objectives	1
Finding 1: FSA Needs to Ensure Accuracy of Payments	4
Recommendation 1	7
Recommendation 2	7
Recommendation 3	7
Recommendation 4	8
Recommendation 5	8
Recommendation 6	9
Scope and Methodology	10
Abbreviations	13
Exhibit A: Summary of Monetary Results	14
Agency’s Response	15

Background and Objectives

Background

The Bipartisan Budget Act of 2018 (BBA) provided the United States Department of Agriculture with \$2.36 billion for disaster assistance to help offset agricultural producers' losses related to hurricanes and wildfires that occurred in calendar year 2017.¹ From this appropriated amount, the Secretary of Agriculture directed the Farm Service Agency (FSA) to provide approximately \$2 billion to eligible producers through the 2017 Wildfires and Hurricanes Indemnity Program (WHIP) and a \$340 million block grant to the State of Florida (Florida). In conjunction with WHIP, this block grant, the Citrus Recovery Block Grant (CRBG) Program, provided aid to Florida citrus producers who suffered losses specifically related to Hurricane Irma.²

Florida designated its Division of Emergency Management (grant personnel) to administer the grant program.³ FSA's Farm Programs Division managed CRBG Program operations by providing technical guidance to Florida for implementing the grant; requiring weekly performance reports; and holding weekly, later monthly, conference calls. Florida was responsible for the overall management of the CRBG Program, including payment disbursements.

The grant agreement between FSA and Florida specified that, in order to be eligible, a farming operation had to be engaged in citrus production in Florida and had to have at least one acre of farmland with 100 citrus trees.⁴ Additionally, producers had to provide grant personnel with a timely WHIP application, evidence of continuing operations, and proof that Federal crop insurance was purchased at a minimum 60 percent coverage level for subsequent crop years 2020 and 2021.^{5, 6}

Producers were not eligible to receive a CRBG Program payment for activities for which they had received a Tree Assistance Program (TAP) payment.⁷ In addition, FSA's Emergency Conservation Program (ECP) and CRBG Program both reimburse for debris removal and irrigation. Producers were not eligible to receive payment from ECP and the CRBG Program for the same activity.

¹ Bipartisan Budget Act of 2018, Pub. L. No. 115-123, div B, subdiv. 1, tit. I, 132 Stat. 64-66.

² The grant agreement defines "producer" as a person, partnership, or legal entity that maintained a farm operation during calendar year 2017.

³ The Division of Emergency Management hired a contractor to process and review producer applications.

⁴ The grant agreement defines citrus as the fruit from the following trees: grapefruit; lemon; lime; mandarin; murcott; pummelo; tangelo; tangerine; tangor; and orange, including but not limited to the following varieties: early/mid-season, late, navel, temple, valencia, hamlin, pineapple, ambersweet, and honeybell.

⁵ Crop years are designated by the calendar year in which the majority of a crop is normally harvested, and may overlap 2 different calendar years. Hurricane Irma hit Florida during September 2017, which was citrus crop year 2018.

⁶ FSA's handbook for WHIP states the sign-up period for WHIP applications ended November 16, 2018.

⁷ TAP provides financial assistance to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters, including disease.

Florida distributes grant payments in three parts. Florida processes and disburses each producer's payments in order by part number. FSA and Florida included young tree acreage in the CRBG Program because many producers had substantial numbers of trees 5 years and younger (referred to as "young trees") that suffered damage due to Hurricane Irma, and relief for this young tree acreage was not available through WHIP.⁸

Part 1 payments reimbursed producers for rehabilitating their citrus groves. Part 1 allowed eligible producers to receive \$385 per acre for up to 15,000 acres if they experienced at least a 20 percent production loss because of Hurricane Irma. Prior to payment, producers had to submit documentation that demonstrated proof of paid rehabilitation expenses equal to the amount of their Part 1 payment.⁹ Producers were required to purchase tree insurance at a minimum 60 percent coverage level for all acreage paid under Part 1. All young trees were potentially eligible for Part 1, grove rehabilitation payments.

Part 2 payments reimbursed producers for future economic losses caused by Hurricane Irma damage. Under Part 2, producers were eligible if they had suffered at least a 40 percent production loss. Florida began distributing these future economic loss payments in March 2019 and, as of December 3, 2020, was still distributing Part 2 payments. Part 2 payments are distributed in three segments: the first provides \$372.75 per acre after grant personnel perform a site inspection; the second provides \$186.38 per acre after the producer submits proof of crop insurance for crop year 2020; and the third provides \$186.38 per acre after the producer submits proof of crop insurance for crop year 2021. Only trees 3 years and older were eligible for Part 2 payments.¹⁰

Part 3 payments will reimburse producers for 2 years of insurance premiums and administrative fees if the producer elects to purchase crop insurance for 4 crop years instead of the required 2 crop years.¹¹ Producers will receive Part 3 reimbursements after submitting proof of insurance for the 2022 and 2023 crop years. Furthermore, these payments are subject to the availability of funds once disbursements under Parts 1 and 2 are complete.

When determining grant payment amounts, grant personnel used information from the producers' approved WHIP applications.¹² This information included a producer's acreage in production, and its expected crop yield, crop type, and actual production for crop year 2018. Grant personnel used the information to determine a producer's percentage of production loss for each crop.¹³ If the producer met the required loss percentage, the payment amount was calculated by multiplying the eligible acreage by the applicable dollar amount.

⁸ Age is determined by the planting date on record with FSA.

⁹ Eligible expenses included replacing destroyed trees with new trees, rehabilitative nutrition, weed management, treatment for disease or pest outbreaks, repairing or replacing irrigation and drainage systems or equipment, and other activities deemed eligible by the State.

¹⁰ 1- and 2-year-old trees do not produce enough fruit to suffer a measurable, future economic loss and were not eligible for Part 2 payment.

¹¹ Producers who purchase crop insurance for crop years 2020 through 2023 will be reimbursed for their crop year 2020 and 2021 producer-paid premiums and administrative fees.

¹² FSA-890, *Wildfires and Hurricanes Indemnity Program Application*.

¹³ The production loss formula is: $1.00 - [\text{Production} \div (\text{Acres} \times \text{Yield})]$. The result is converted to a percentage.

As of December 3, 2020, 980 producers received approval for a grant payment. Part 1 and 2 grant payments to these 980 producers totaled \$274,681,210, which is more than 80 percent of the total block grant award. As of December 3, 2020, Florida had not distributed any Part 3 payments.

Objectives

We evaluated FSA's and Florida's delivery of the CRBG Program. Specifically, we reviewed:

- (1) how FSA implemented the payment limitations set forth in the Bipartisan Budget Act;
- (2) whether grant funds were awarded to eligible producers for eligible purposes; and
- (3) whether producers received duplicate payments from the CRBG Program and other FSA programs.

Overall, FSA and Florida designed an adequate control structure over the block grant program. We found that FSA adequately implemented the payment limitations set forth in the Bipartisan Budget Act and that producers' grant payments did not duplicate any other FSA program payments. However, we identified eight improper CRBG payments and one improper ECP payment that duplicated a CRBG payment.

Finding 1: FSA Needs to Ensure Accuracy of Payments

We identified discrepancies with 8 of the 39 grant payments in our sample. Specifically, six payments contained errors due to inaccurate payment calculations for young tree acreage, and two lacked sufficient documentation to support their grove rehabilitation costs for Part 1 payments.¹⁴ This occurred because Florida’s internal review process did not identify these discrepancies prior to paying the producer. Specifically, the young tree acreage calculation, which is complicated and prone to errors, was not treated as high-risk during the review process, and the process of reviewing supporting documentation was not consistently completed. As a result, grant personnel issued 8 improper payments, totaling more than \$7.5 million, to Florida citrus producers affected by Hurricane Irma.¹⁵

Grant personnel are responsible for determining producer eligibility and providing cash payments directly to eligible producers affected by Hurricane Irma.¹⁶ Florida’s State administrative plan states that staff will conduct a complete review of all submitted applications and supporting documentation and determine eligible payment amounts. Application review procedures require all eligible trees be included in reimbursement calculations. Furthermore, to receive Part 1 payments, producers are required to provide documentation, with the completed application, to demonstrate the recovery costs incurred for rehabilitating the groves.

We found discrepancies with 8 of the 39 files we reviewed to assess whether grant funds were awarded to eligible producers for eligible purposes.¹⁷ Six payments contained inaccurate young tree acreage in the producers’ payment calculations, and two payment files did not contain adequate documentation to support the producers’ grove rehabilitation costs.

Incorrect Acreage Calculations

We identified six payments with inaccurate young tree acreage in the producers’ payment calculations: three payments did not include all eligible young tree acres in the calculations, and three payments added ineligible young tree acres to the calculations.¹⁸

These payment errors occurred because Florida’s internal review process did not treat the manual process of counting young tree acres as high-risk and, therefore, did not catch all errors. To obtain the number of young tree acres, grant personnel reviewed a producer’s detailed acreage report and manually counted eligible acres to include in the payment

¹⁴ “Young trees” are citrus trees 5 years and younger. *Florida CRBG Technical Memorandum* (Feb. 21, 2019).

¹⁵ An improper payment is any payment that should have not been made or that was made in an incorrect amount. In addition, a payment is considered improper if it lacks sufficient documentation. *Appendix C to Office of Management and Budget (OMB) Circular A-123, Requirements for Payment Integrity Improvement*, OMB Memorandum M-18-20 (June 26, 2018).

¹⁶ Federal Award Identification Number: USDA-FSA-2018-001.

¹⁷ At the time of selection, payments to the 39 producers totaled \$133,432,158, which represented 54 percent of the grant funds awarded at that time (\$246,284,404). The amount of sampled payments represents 39 percent of the \$340 million block grant award.

¹⁸ For these six payment calculations, the calculation errors affected two producers’ Part 1 payments only, while the other four errors affected the producers’ Part 1 and Part 2 payments.

calculation.¹⁹ This process is labor-intensive and prone to errors, especially for producers with large operations. Florida's internal review process required a secondary review of each producer's file; however, this review did not ensure all eligible young tree acres were included in a producer's payment calculation. As a result, Florida issued three underpayments totaling \$543,528, and three overpayments totaling \$66,617.

Grant officials agreed that the calculations were incorrect; once we informed them of our identified payment errors, they took action to address vulnerabilities within their internal review process. Grant officials told us that, as a part of updating their internal review process, a staff member was designated to review all applications with young trees to ensure calculations were correct.²⁰ In addition, grant officials said they planned to correct the six questioned payments by either issuing offsets to subsequent Part 2 CRBG Program payments or paying producers the proper amount. We agree with this planned corrective action. However, FSA needs to ensure Florida reviews the improper payments, completes the internal review of all applicants with young trees, and corrects all improper payments.

Insufficient Supporting Documentation

We found two grant files did not contain sufficient documentation to support producers' Part 1 payments for grove rehabilitation costs. In these cases, documentation consisted of a summary document, such as an internal accounting ledger, which listed a description of the cost incurred, invoice date and number, dollar amount of invoice, and payment method. However, these two files did not contain actual invoices, canceled checks, or other documentation to prove costs were incurred for grove rehabilitation expenses.

This occurred because grant personnel did not consistently apply the same standard when assessing producers' documentation for grove rehabilitation cost reimbursement. Grant officials stated that, in most producers' cases, the standard method of documenting grove rehabilitation expenses is through bank statements, copies of canceled checks, and copies of paid invoices. Grant officials stated that some producers had circumstances in which obtaining and reviewing standard supporting documentation was not feasible.²¹ In addition, due to the size of some producers' groves and records, grant personnel streamlined the review process for these producers by accepting other forms of documentation. While we agree that certain situations may warrant a deviation from the standard supporting documentation, every effort should be made to use the standard documentation to promote program consistency and to demonstrate that producers incurred eligible rehabilitation costs under Part 1.

¹⁹ FSA-578, *Report of Commodities, Farm and Tract Detail Listing*.

²⁰ Because of the changes to the internal review process, grant personnel identified two of the improper payments discussed in this finding independent of OIG's review.

²¹ Some producers held contracts with caretaking entities to manage and operate their groves which resulted in documentation, such as caretaking reports, that deviated from the standard method. In some instances, the producer and caretaking entity were owned by the same parent entity. Thus, these producers' proof of expense was a detailed report of expenses incurred and revenues received. Also, in these instances, producers provided bank documents showing net proceeds received.

However, because these two grant files lacked sufficient supporting documentation, we determined that grant personnel issued improper payments to two producers totaling \$6,933,426. Without the consistent application of standards during the application intake process, there is reduced assurance that program funds are being distributed for covered expenses.

Overall, grant officials said documentation received during the application intake process and prior to Part 1 payment was consistent with program requirements. Nonetheless, grant officials said, in the spirit of prudent stewardship of public resources, they revisited all documentation that deviated from the standard method and ensured that standard documents were collected and analyzed where possible. Grant personnel obtained invoices and canceled checks for these two files after we identified the documentation issue. We agree with the action taken and recommend that FSA ensure Florida completes its review of producers' Part 1 documentation for grove rehabilitation costs and take appropriate action as needed.

Florida's review process is an essential control to ensure that all payments are accurately calculated and that all payments are made to eligible producers. Another essential control is consistency in the application review procedure, which is necessary to ensure payments are reimbursing eligible expenses. By taking corrective actions on these eight improper payments, reviewing all grant files with young tree calculations, and revisiting grant files with supporting documentation that deviated from standard documentation, FSA and Florida will strengthen controls over the CRBG Program.

Other Reportable Issues

We also found 31 grant participants that did not timely apply for WHIP, which was a prerequisite for the block grant program. This occurred because FSA placed these producers on WHIP sign-up registers or quasi-registers without documented approval.²² In addition, FSA did not provide grant personnel access to the registers and quasi-registers used by FSA. Therefore, grant personnel had no method to verify that applicants timely applied for WHIP. In a prior audit, the Office of Inspector General (OIG) reported on FSA's use of sign-up registers and quasi-registers without documented approval to do so.²³ As a result, while we questioned the \$78,531,575 awarded to grant participants that were documented on sign-up registers or quasi-registers, we make no recommendations in this report concerning this issue.²⁴

Additionally, we found that the Florida FSA State office issued an ECP payment of more than \$50,000 on a producer's cost-share agreement for expenses already paid by the CRBG

²² FSA county offices were reportedly told that any WHIP applications initiated prior to November 16, 2018, in FSA's Salesforce software, which was being used to administer the program, did not need to be on the sign-up register and these applications could be processed after the deadline. This effectively allowed Salesforce to act as a "quasi-register."

²³ Audit Report 03702-0002-31, *Wildfires and Hurricanes Indemnity Program*, Sep. 2020.

²⁴ In Audit Report 03702-0002-31, OIG recommended that FSA establish a policy whereby any deviations from established procedures are clearly documented and approved by appropriate levels of management. FSA concurred with this recommendation. As of February 22, 2021, the agency had not achieved final action for this recommendation.

Program.²⁵ We informed FSA national officials of this issue and they agreed to work with the Florida FSA State office to review this payment and determine whether collecting the ECP payment from the producer is warranted. We agreed with FSA's proposed actions and questioned the amount of the ECP payment.

Recommendation 1

Require Florida to review the \$543,528 of underpayments and take actions to correct improper payments, as warranted.

Agency Response

According to FSA's calculations, underpayments found by OIG totaled \$543,528. All of the Citrus Recovery Block Grant (FL CRBG) application underpayments in question have been corrected through the FL CRBG internal review process, as of April 16, 2021, and no other actions are required for this recommendation.

OIG Position

We accept FSA's management decision on this recommendation.

Recommendation 2

Require Florida to review the \$66,617 of overpayments and take actions to correct improper payments, as warranted.

Agency Response

The \$66,617 of overpayments have been corrected through the CRBG internal review process and collected back as of April 16, 2021.

OIG Position

We accept FSA's management decision on this recommendation.

Recommendation 3

Ensure Florida completes its internal review of all producers with program reimbursement for young tree acres and takes actions to correct any improper payments, as warranted.

²⁵ Under ECP, cost-sharing reimburses a producer up to 50 or 75 percent of eligible damages.

Agency Response

A full acreage reconciliation of young and mature trees was added to the internal review process for Part 2 and a designated CRBG staff member reviewed all 375 applications with young trees to ensure calculations were correct; this action was completed on April 16, 2021. The outcome of the audit identified overpayments which were made and have since been collected. While underpayments were also identified, additional payments have been issued, as of April 16, 2021, that resolve all underpayments, please see our response to Recommendation 1, and no further action is required.

OIG Position

We accept FSA's management decision on this recommendation.

Recommendation 4

Require Florida to assess the adequacy of supporting documentation for the \$6,933,426 in improper payments made to two producers under Part 1 of the block grant. Take corrective actions for any grant payments that are not supported.

Agency Response

All required source documentation has been obtained, reviewed, and confirmed by CRBG staff as of April 16, 2021. The CRBG staff found no other issues other than the reported audit findings. The CRBG staff considers this to be a closed issue since both over and under payments have been successfully processed.

OIG Position

We accept FSA's management decision on this recommendation.

Recommendation 5

Confirm Florida completes its review of producers' Part 1 supporting documentation. Ensure the State takes corrective action, if warranted, for any producers that cannot provide adequate supporting documentation.

Agency Response

The CRBG staff has completed internal reviews of all Part 1 payments and supporting documentation has been obtained as of April 16, 2021. The documentation has been provided according to CRBG staff and no other actions are required at this time.

OIG Position

We accept FSA's management decision on this recommendation.

Recommendation 6

Require the Florida FSA state office to review the [REDACTED] duplicate ECP payment and take appropriate corrective action.

Agency Response

On April 1, 2021, the FSA Florida State office stated, “Receivable Number ... was established and paid in full. Payment was received by check”. No further action is needed.

OIG Position

We accept FSA’s management decision on this recommendation.

Scope and Methodology

We conducted an audit of FSA's and Florida's delivery of the CRBG Program. We performed fieldwork from August 2019 through December 2020 at the FSA national office in Washington, D.C., the FSA State office in Florida, and the Florida Division of Emergency Management in Tallahassee, Florida.²⁶

Our review covered the administration of the CRBG Program and included program activities from July 18, 2018 through December 3, 2020. As of April 1, 2020, the date of our eligibility sample selection, Florida paid \$246,284,404 in grant payments to 973 approved applicants. To determine how FSA implemented the payment limitations set forth in the BBA, we interviewed FSA officials about their methodology for implementing the BBA's payment limitations.

To determine if grant funds were awarded to eligible producers for eligible purposes, we selected a non-statistical sample of 39 producers who received Part 1 or Part 2 grant payments totaling \$1 million or more as of April 1, 2020. This sample of 39 producers represented 54 percent of grant funds awarded as of April 1, 2020, and the dollar value of our sample was 39 percent of the \$340 million block grant award.

To evaluate whether producers received duplicate payments from the block grant and other FSA programs (TAP and ECP), we selected two samples. For TAP, OIG's Office of Analytics and Innovation (OAI) matched grant applicants to TAP producers who received a TAP payment in calendar years 2017 or 2018. OAI determined that there were 42 matches on both taxpayer identification numbers and farm numbers between the two programs. We non-statistically selected 10 producers for testing based on: (1) higher grant amount and TAP payment amount; (2) match on more than one farm number; and (3) producers that received a TAP payment in both 2017 and 2018. Similarly, for ECP, OAI matched grant applicants to producers who received an ECP payment in calendar years 2017 and 2018 and had identical taxpayer identification numbers. We removed producers who received an ECP payment of less than \$25,000 and then performed a match on farm numbers. We identified 30 matches between grant and ECP producers. We non-statistically selected a sample of 12 producers with larger ECP and grant payment amounts.

We assessed internal controls to satisfy the audit objectives. We identified two internal control components that were significant to our audit objectives: control activities and monitoring.²⁷ Under these two components, we assessed the following control principles: (1) management should design control activities to achieve objectives and respond to risks; (2) management should implement control activities through policies; and (3) management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. However, because our review was limited to these internal control components and their

²⁶ We did not make a site visit to FSA's Florida State office due to COVID-19 travel restrictions.

²⁷ The 5 internal control components and 17 underlying principles are described in a report issued by the Government Accountability Office. GAO-14-704G, *Standards for Internal Control in the Federal Government*, September 2014.

underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

To accomplish our objectives, we:

- Reviewed laws, regulations, policies, procedures, the grant agreement between FSA and Florida, and other published guidance to gain sufficient knowledge of the CRBG Program;
- Interviewed the appropriate FSA national office staff to gain an understanding of the block grant and to determine FSA’s oversight responsibilities;
- Interviewed the appropriate officials at Florida’s Division of Emergency Management to understand how the grant was administered, including their roles and responsibilities, policies, procedures, and processes for determining grant eligibility;
- Analyzed block grant, TAP, and ECP payment data with the assistance of OAI;
- Interviewed the appropriate officials from FSA’s Florida State office to gain an understanding of TAP and ECP;
- Evaluated Florida’s controls over the grant award;
- Reviewed crop insurance data, as of April 16, 2020, that Florida obtained from the Risk Management Agency to ensure producers purchased the appropriate crop insurance coverage;
- Reviewed a non-statistical sample of 39 grant awards to determine if funds were awarded to eligible producers for eligible purposes; and
- Reviewed 10 producers’ TAP files and 12 producers’ ECP files along with their corresponding grant files to determine if the selected producers received duplicate payments.

During the course of our audit, we did not solely rely on or verify information in any agency information system, nor do we make any representation regarding the adequacy of any agency computer system or the information generated from them because evaluating the effectiveness of information system or information technology controls was not one of the engagement objectives. However, we did rely on a prior OIG audit that conducted general and application control testing for Risk Management Agency’s Policy Acceptance Storage System (PASS).^{28, 29} OIG had no reportable control deficiencies related to the PASS. We also relied on the work of specialists from OIG’s OAI for data analytics to match producers between the CRBG Program and FSA’s ECP and TAP. We obtained documentation to ensure these specialists were qualified professionally, competent in the work we relied upon, and met independence standards.

²⁸ Audit Report 05401-0011-11, *Federal Crop Insurance Corporation/Risk Management Agency Financial Statements for Fiscal Years 2019 and 2018*, Nov. 2019.

²⁹ PASS contains insurance data that OIG reviewed to determine if CRBG producers purchased the appropriate insurance coverage.

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 finding and conclusions based on our audit objectives.

Abbreviations

BBA	Balanced Budget Act of 2018
CRBG.....	Citrus Recovery Block Grant Program
ECP	Emergency Conservation Program
FSA	Farm Service Agency
GAO	Government Accountability Office
OAI	Office of Analytics and Innovation
OIG	Office of Inspector General
OMB	Office of Management and Budget
PASS.....	Policy Acceptance Storage System
RMA	Risk Management Agency
TAP	Tree Assistance Program
WHIP	Wildfires and Hurricanes Indemnity Program
USDA.....	United States 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	1	Underpayments to producers due to inaccurate payment calculations.	\$543,528	Underpayments and Over Collections
1	2	Overpayments to producers due to inaccurate payment calculations.	\$66,617	Questioned Costs, Recovery Recommended
1	4	Overpayments to producers due to insufficient documentation	\$6,933,426	Unsupported Costs, Recovery Recommended
1	5	Grant payments to producers who did not submit signed WHIP applications by the established deadline.	\$78,464,958 ³⁰	Questioned Costs, No Recovery Recommended
1	6	Duplicate program payment	████████	Questioned Costs, Recovery Recommended
Total			\$86,008,529³¹	

³⁰ This total is reduced by \$66,617 to reflect the overlapping payment amounts from Recommendations 2 and 5. While we questioned the \$78,464,958 awarded to producers with untimely WHIP applications, we did not make an associated recommendation in this report. As such, these questioned costs are associated with Recommendation 5 for OIG's internal tracking purposes.

³¹ Recommendation 6 has questioned costs that were not publicly released, and, as a result, those questioned costs are omitted from this total.

**Farm Service Agency's
Response to Audit Report**



Farm Production
and Conservation

Farm Service
Agency

1400 Independence
Ave. SW
Washington, DC
20250

DATE: May 13, 2021

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

FROM: Zach Ducheneaux /s/ **Zach Ducheneaux**
Administrator, Farm Service Agency

SUBJECT: Reaching Management Concurrence Regarding USDA OIG Audit
03702-0001-22: Florida Citrus Recovery Block Grant Program for
Recommendations 1-6.

Management decisions have been reached on Recommendations 1 through 6 as follows:

OIG Recommendation 1:

Require Florida to review the \$543,528 of underpayments and take actions to correct improper payments, as warranted.

FSA Response to Recommendation 1:

- According to FSA's calculations, underpayments found by OIG totaled \$543,528.28. All of the Citrus Recovery Block Grant (FL CRBG) application underpayments in question have been corrected through the FL CRBG internal review process, as of April 16, 2021, and no other actions are required for this recommendation.

OIG Recommendation 2

Require Florida to review the \$66,617 of overpayments and take actions to correct improper payments, as warranted.

FSA Response to Recommendation 2:

- The \$66,617 of overpayments have been corrected through the CRBG internal review process and collected back as of April 16, 2021.

OIG Recommendation 3

Ensure Florida completes its internal review of all producers with program reimbursement for young tree acres and takes actions to correct any improper payments, as warranted.

FSA Response to Recommendation 3:

- A full acreage reconciliation of young and mature trees was added to the internal review process for Part 2 and a designated CRBG staff member reviewed all 375 applications with young trees to ensure calculations were correct; this action was completed on April 16, 2021. The outcome of the audit identified overpayments which were made and have since been collected. While underpayments were also identified, additional payments have been issued, as of April 16, 2021, that resolve all underpayments, please see our response to Recommendation 1, and no further action is required.

OIG Recommendation 4

Require Florida to assess the adequacy of supporting documentation for the \$6,933,426 in improper payments made to two producers under Part 1 of the block grant. Take corrective actions for any grant payments that are not supported.

FSA Response to Recommendation 4:

- All required source documentation has been obtained, reviewed, and confirmed by CRBG staff as of April 16, 2021. The CRBG staff found no other issues other than the reported audit findings. The CRBG staff considers this to be a closed issue since both over and under payments have been successfully processed.

OIG Recommendation 5

Confirm Florida completes its review of producers' Part 1 supporting documentation. Ensure the State takes corrective action, if warranted, for any producers that cannot provide adequate supporting documentation.

FSA Response to Recommendation 5:

- The CRBG staff has completed internal reviews of all Part 1 payments and supporting documentation has been obtained as of April 16, 2021. The documentation has been provided according to CRBG staff and no other actions are required at this time

OIG Recommendation 6

Require the Florida FSA state office to review the [REDACTED] duplicate ECP payment and take appropriate corrective action.

FSA Response to Recommendation 6:

On April 1, 2021, the FSA Florida State office confirmed, “Receivable Number 29177074 was established and paid in full. Payment was received by check”. No further action is needed.



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