



OFFICE OF INSPECTOR GENERAL  
U. S. DEPARTMENT OF AGRICULTURE

# 2023 USDA Management Challenges






UNITED STATES DEPARTMENT OF AGRICULTURE  
OFFICE OF INSPECTOR GENERAL  
Washington D.C. 20250



DATE: September 12, 2023

TO: Honorable Thomas J. Vilsack  
Secretary

FROM: Phyllis K. Fong   
Inspector General

SUBJECT: 2023 USDA Management Challenges

In accordance with the Reports Consolidation Act of 2000, the U.S. Department of Agriculture (USDA) Office of Inspector General is issuing the 2023 USDA Management Challenges report. This annual publication summarizes what we consider the most significant management and performance challenges facing the Department. The report is organized into three major challenge areas—Ensuring Safety and Security, Providing Benefits, and Delivering Efficient Programs. It is intended to aid the Department with improving program performance and operations.

We would like to close by expressing our appreciation to you and the Deputy Secretary for your ongoing support of our work and your commitment to excellence at USDA. We look forward to working with the Department to address these management challenges.

If you have any questions or would like to discuss these management challenges and related key challenge indicators, please contact me (202-720-8001). You or your staff may also contact Analytics and Innovation's Acting Assistant Inspector General, Craig Goscha (816-926-7644).

Attachment

cc:

Subcabinet Officials  
Agency Administrator



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# Introduction and Approach

The Office of Inspector General (OIG) provides oversight to U.S. Department of Agriculture (USDA) programs and operations to help ensure the effective delivery of USDA programs to the public and American agriculture. USDA is comprised of 29 agencies and offices with nearly 100,000 employees at more than 4,500 locations across the country and abroad. These agencies and offices provide specific services to the American people regarding research, marketing and regulatory programs, farm and foreign agriculture, food safety, rural development, natural resources, and other areas based on public policy, the best available science, and effective management. In accordance with the [Reports Consolidation Act of 2000](#), we are reporting what we consider to be the most significant management and performance challenges facing the Department.

Our report is organized into three major challenge areas—Ensuring Safety and Security, Providing Benefits, and Delivering Efficient Programs—which represent areas where OIG believes USDA could improve its efforts to achieve overall excellence for the Department. Each major challenge area contains “key challenge indicators” that can assist USDA when addressing the challenges.<sup>1</sup> This approach should aid Departmental leadership by providing areas to address and resolve both broad and unique challenges that may affect multiple

and specific agencies. It also provides the Secretary and other policymakers with a more streamlined report to improve clarity and give significant information greater prominence.

This report is primarily based on information gained from our audits, investigations, and other work in providing oversight of USDA’s programs and operations from June 1, 2020, through June 30, 2023.

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<sup>1</sup> Key challenge indicators are areas of focus that are derived from our findings and can help the Department address the challenges more effectively.

# Challenge 1: Ensuring Safety and Security



USDA is responsible for the overall program administration in many areas of food processing and food distribution. From inspecting domestic products, imports, and exports to conducting risk assessments and educating the public about the importance of food safety, USDA plays a role in ensuring public health and safety.

USDA services include safety- and security-related programs and initiatives, such as enhancing public health and well-being by protecting the public from foodborne illness

and ensuring that the Nation's meat, poultry, and egg products are safe, wholesome, and correctly packaged; ensuring the health and care of animals and plants; and supervising and coordinating the design, acquisition, maintenance, use, and disposal of information technology (IT) by USDA agencies.


The next section summarizes USDA's management challenges, and its progress, in the areas of food safety, animal and plant welfare, and cybersecurity and IT.

## Food Safety

The Food Safety and Inspection Service (FSIS) is responsible for protecting the public's health by ensuring that meat, poultry, and egg products are safe, wholesome, and properly labeled. Approximately 9,000 FSIS employees at more than 6,600 regulated establishments ensure food safety through the authorities of the [Federal Meat Inspection Act](#), the [Poultry Products Inspection Act](#), and the [Egg Products](#)

[Inspection Act](#), as well as humane animal handling through the [Humane Methods of Slaughter Act](#).

FSIS works with Federal, State, and local food safety partners to address emerging pathogens, detect foodborne hazards, and prevent foodborne illness. In calendar year 2022, FSIS issued 68 total recalls (46 percent product contamination,



U.S. Department of Agriculture Shell Egg Graders perform sanitation pre-op inspections to ensure the shell egg processing machines are properly cleaned before starting the day's operation. Photo by Preston Keres from USDA's Flickr account. It does not depict any particular audit or investigation.

26 percent misbranding, 22 percent unreported allergies) and 23 public health alerts. For fiscal year (FY) 2023, the proposed budget for FSIS was \$1.4 billion, with proposed discretionary funding of \$1.2 billion, an increase of \$150.4 million from the 2022 Annualized Continuing Resolution.

During this time, USDA has made progress in improving its oversight of food safety. All the food safety-related recommendations we made between June 2020-2023 have been closed. However, [Federal Oversight of Food Safety](#) was added to the Government Accountability Office's (GAO) [high-risk](#)

[list in 2007](#). In recent years, GAO has made recommendations to reduce fragmentation in Federal food safety oversight.



USDA's challenge will be to remain vigilant and proactive in ensuring that American consumers receive wholesome foods. To maintain the confidence of consumers, Congress, and other stakeholders, USDA's food safety agencies should continue to improve their inspection strategies and technology systems and provide consistent, documented applications of statutes and regulations.

## Example Report Summary

To ensure labels are truthful and not misleading, FSIS' Labeling and Program Delivery Staff review label applications and either approve product labels or request changes. FSIS also has inspection program personnel at each establishment who are responsible for verifying that labels and related files (i.e., labeling records) meet requirements. We reviewed label application packages for FY 2018 in our 2020 report, *Controls Over Meat, Poultry, and Egg Product Labels*, to ensure that the labels FSIS approved were accurate and supported. While we found that FSIS' controls over its approval of labels were generally effective, we also found that it needs to document its review and approval process for required labels and improve establishments' compliance with generic label requirements. FSIS provided its response to our findings and agreed with our recommendations.

## USDA OIG Highlighted Work Issued June 2020–2023: Food Safety

[COVID-19—Food Safety and Inspection Service Pandemic Response at Establishments](#) (Report 24801-0001-23, issued 7/26/22)\*

[Controls Over Imported Meat and Poultry Products](#) (Report 24601-0003-21, issued 7/1/20)\*

[FSIS Rulemaking Process for the Proposed Rule: Modernization of Swine Slaughter Inspection](#) (Report 24801-0001-41, issued 6/23/20)\*

[Controls Over Meat, Poultry, and Egg Product Labels](#) (Report 24601-0002-23, issued 6/15/20)\*

Recommendation Progress\*\*  
OIG issued 4 audit products with 13 recommendations. All recommendations are closed.

\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.

## USDA OIG Highlighted Investigations Closed June 2020-2023: Food Safety



OIG closed approximately 29 investigations related to food safety during this period, obtaining 15 administrative, 28 criminal, and 19 civil outcomes,<sup>2</sup> and more than \$11 million in monetary results. When OIG receives allegations involving food safety, we thoroughly review these complaints and respond.

[Former Brooklyn \[New York\] Business Owners Plead Guilty in Scheme to Sell Misbranded Beef Products](#)

[New Oxford \[Pennsylvania\] Veterinarian Sentenced for Defrauding the U.S. Department of Agriculture](#)

[Former USDA Animal Inspector Sentenced for Accepting Bribes](#)

[Braymer \[Missouri\] Man Sentenced to 32 Years for Cattle Fraud Scheme That Led to Murders](#)

[Nebraska Beef, Ltd. and 2 Former Employees Sentenced for USDA Violations](#)

[Maryland Livestock Brokers Sentenced to 30 Months' Imprisonment for Exporting Dairy Cattle Through Fraudulent Health Certificates](#)



Cattle on a farm. Photo by Lance Cheung from USDA's Flickr account. It does not depict any particular audit or investigation.

<sup>2</sup> Includes convictions and diversions.

## Animal and Plant Health

The Animal and Plant Health Inspection Service (APHIS) protects the health of U.S. agriculture and natural resources against invasive pests and diseases, regulates genetically engineered crops, administers the Animal Welfare Act (AWA) and the Horse Protection Act, and helps people and wildlife coexist. APHIS also certifies the health of U.S. agricultural exports and resolves sanitary (animal) and phytosanitary (plant) issues to open, expand, and maintain markets for U.S. plant and animal products. It is responsible for protecting 900 million acres of farmland, facilitating the movement of \$177 billion worth of U.S. agricultural goods, and keeping 21.6 million Americans employed in agriculture-related industries.

According to [APHIS' 2021 Impact Report](#), keeping U.S. agriculture healthy intersects with some of the most pressing issues of our time: zoonotic diseases (diseases that move between animals and people), public health, climate change, global population growth, and food security. In FY 2023, APHIS received more than \$1.4 billion to carry out its mission. Of that amount, \$1.1 billion is to protect agriculture from pests and diseases, address sanitary and phytosanitary trade concerns, and enforce animal care legislation. APHIS' [Fiscal](#)

### [Years 2023-2027 Strategic Plan](#)

highlights its role in eradicating plant and animal diseases; innovating with new technologies to safeguard agricultural health, ensure animal welfare, and manage wildlife conflict; and responding to zoonotic and emerging diseases.



OIG's work found that APHIS also faces challenges with data integrity, regulatory compliance, and emergency preparedness. U.S. agriculture has evolved rapidly over the years, and public interest in animal welfare has increased. As such, APHIS must adapt to the increased use of analytics to support decision and policy making, strengthen and deploy monitoring and protocols in response to changes in domestic pest and disease occurrences, and prepare adequately for potential disease outbreaks. We also continue to investigate allegations related to animal welfare, including dogfighting and cockfighting. The provisions of AWA were designed to protect animals from being used in illegal fighting ventures, which often entail other forms of criminal activity. OIG continues to work vigorously with our Federal, State, and local partners to resolve AWA allegations and ensure the individuals participating in this type of animal cruelty are brought to justice.



Spotted Lanternfly specimens at an Animal and Plant Health Inspection Service field office. The Spotted Lanternfly is a destructive insect that feeds on a wide range of fruit, ornamental, and hardwood trees, including grapes, apples, walnut, and oak; a serious threat to the United States' agriculture and natural resources. Photo by Preston Keres from USDA's Flickr account. It does not depict any particular audit or investigation.



USDA OIG Highlighted Work  
Issued June 2020–2023:  
Plant and Animal Health

[Plant Pest and Disease Management and Disaster Prevention Program](#) (Report 33601-0001-21, issued 1/3/23)

[Cattle Health Program Disease Incident Response](#) (Report 33601-0003-41, issued 11/28/22)

[Follow-up on Smuggling Interdiction and Trade Compliance Program](#) (Report 33601-0004-23, issued 9/29/21)\*

[Controls Over Select Agents](#) (Report 33701-0002-21, issued 7/27/21)\*

[Animal Care Program Oversight of Dog Breeders](#) (Report 33601-0002-31, issued 6/30/21)\*

[Follow-Up to Animal and Plant Health Inspection Service's Controls Over Licensing of Animal Exhibitors](#) (Report 33601-0003-23, issued 3/12/21)\*

[National Veterinary Stockpile Oversight](#) (Report 33701-0001-21, issued 9/23/20)\*

Recommendation Progress\*\*  
OIG issued 7 audit products with 52 recommendations, 11 of which remain open.

Example Report  
Summary



In the first finding of our 2022 report, *Cattle Health Program Disease Incident Response*, we found that APHIS did not adequately manage identified risks to its animal disease tracing capabilities. This occurred because APHIS did not sufficiently analyze the risks' significance to determine what mitigating actions APHIS or its cooperators should take. As a result, APHIS' ability to timely and effectively respond to cattle disease incidents may be adversely impacted—potentially slowing the tracing process and increasing the likelihood of disease spread. Additionally, cattle producers' business operations may be affected. We recommended that APHIS analyze animal disease traceability risks by estimating the risks' significance and, based on the results, determine what actions are necessary to mitigate the risks. APHIS agreed with our recommendations.

OIG closed approximately 43 investigations involving plant and animal health during this time, obtaining 32 administrative and 181 criminal outcomes and more than \$2 million in monetary results.

\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.

USDA OIG Highlighted  
Investigations Closed  
June 2020–2023:  
Plant and Animal Health



[Crossville \[Tennessee\] Man Convicted of Drug Conspiracy and Other Crimes](#)

[Lead Defendant in Dog-Fighting Operation Sentenced to Federal Prison](#)

[Drug Trafficking and Dogfighting Ringleader Sentenced to 30 Years in Prison](#)

[Final Defendants Sentenced in Federal Dog Fighting Case](#)

[Kent County \[Delaware\] Man Sentenced to Incarceration for Drugs, Gun and Dog Fighting](#)

[Pallett Recycling Company to Pay \\$100,000 Fine and Former Owner Sentenced for Environmental Crime](#)

[“Chicken Joe” Sentenced to 16 Months in Prison for Conspiring to Run an Animal Fighting Operation](#)

A variety of rangeland plants thrive and grow taller than average in this valley floor where soil water collects from the nearby hillside runoff. The U.S. Department of Agriculture was able to help this area thrive by aiding in the reduction of the grasshopper population. Photo by Lance Cheung from USDA's Flickr account. It does not depict any particular audit or investigation.

# Cybersecurity and Information Technology

To provide benefits and services to the American public, USDA must efficiently manage vast amounts of data. The Office of the Chief Information Officer (OCIO) supports USDA's mission through innovative, secure, and cost-effective IT solutions and services. According to the [Federal IT Dashboard](#), the Department plans to spend more than \$3.1 billion on IT-related initiatives in FY 2023. Members of the public apply for and access many USDA programs, benefits, and other services through online or mobile portals, which can require the transfer of sensitive information. In addition, USDA employees must be able to access, use, and communicate this information reliably and timely.

The Office of Management and Budget (OMB) establishes standards for an effective level of security and considers "Managed and Measurable" to be a sufficient level. However, our work has found consistent weaknesses with IT-related initiatives since the [Federal Information Security Modernization Act of 2014](#) (FISMA) was enacted. Specifically, USDA has not reached the "Managed and Measurable" level for the scope of this report. We found the Department's maturity level remained at the "Consistently Implemented" level for this timeframe, which indicates an ineffective level of security based on OMB's criteria. The Department and its agencies must develop and implement an effective plan to mitigate security weaknesses identified in the prior fiscal year recommendations. The Department thus faces a significant challenge in safeguarding information by protecting the security, confidentiality, and integrity of its IT infrastructure, even as it allows authorized

users to access and use this information.

Furthermore, GAO has [designated cybersecurity as a Governmentwide high-risk area](#) since 1997. GAO expanded this high-risk area in 2003 to include protection of critical cyber infrastructure and again in 2015 to include protecting the privacy of personally identifiable information.

We have issued additional IT security-related reports, which have been redacted due to sensitive content and are being withheld from public release due to concerns about the risk of circumvention of law. OIG's Office of Investigations also conducts reviews in this area.



Courtesy Photo/AdobeStock.

USDA OIG Highlighted Work  
Issued June 2020–2023:  
Cybersecurity and Information  
Technology

[Security Testing of a Selected USDA Network](#) (50801-0004-12, issued 12/15/22)\*

[U.S. Department of Agriculture, Office of Chief Information Officer, Fiscal Year 2022 Federal Information Security Modernization Act](#) (50503-0009-12, issued 9/27/22)

[Secure Configuration of USDA's Virtualization Platforms](#) (50801-0003-12, issued 8/18/22)

[U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2021 Federal Information Security Modernization Act](#) (50503-0005-12, issued 10/29/21)\*

[Security Over USDA Web Applications](#) (50801-0002-12, issued 10/27/21)

[USDA's Information Technology Incident Response Consideration](#) (88801-0001-12, issued 6/2/21)\*

[USDA's Security Controls Over the Prevention and Mitigation of Ransomware](#) (50501-0024-12, issued 2/25/21)\*

[U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2020 Federal Information Security Modernization Act](#) (50503-0003-12, issued 10/29/20)\*

[Security Over Select USDA Agencies' Networks and Systems FY 2019](#)

(50501-0022-12 issued 9/30/20)



[Implementation of the IT Modernization Centers of Excellence Improvements](#)

(50801-0001-12, issued 9/23/20)\*

Recommendation Progress\*\*  
OIG issued 10 audit products with 63 recommendations, 8 of which remain open.

## Example Report Summary

According to the *U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2022 Federal Information Security Modernization Act Audit*, we found that USDA continues to take positive steps to improve its IT security posture, but many weaknesses remain. Out of 25 previously open recommendations identified during FY 2020 and FY 2021 FISMA performance audits, we determined USDA successfully closed 8 recommendations during our fieldwork that ended on June 30, 2022. We have also issued seven new recommendations based on security weaknesses identified in FY 2022. OCIO concurred with all the findings and recommendations in this report.

## USDA OIG Highlighted Investigations Closed June 2020-2023: Cybersecurity and Information Technology

OIG closed two investigations involving cybersecurity and IT during this time, obtaining one administrative outcome.

No press releases are available for these cases.

\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.

## Challenge 2: Providing Benefits



USDA manages more than 300 programs that provide a variety of services to the American public. Many of these programs provide essential services, such as disaster assistance (\$563 million), crop insurance (\$13.2 billion), nutrition assistance programs (\$146.7 billion), farm commodity programs (\$9.1 billion), and more. Collectively, these programs account for over 80 percent of USDA's FY 2023 funding.

Effective oversight and monitoring of USDA's programs and operations are vital. This oversight ensures that funds reach those for whom they are intended and that programs are efficient, produce reliable results, and comply with applicable laws and regulations. Program integrity and proper stewardship

of resources are significant responsibilities of the Department; ineffective oversight and accountability can negatively impact consumer confidence in USDA programs.

Due to the impact of these programs and the large funding amounts involved, the Department must employ efficient processes within its programs and provide effective oversight to ensure program integrity. These actions help mitigate instances of fraud, waste, and abuse and ensure benefits reach those for whom they are intended. The following sections summarize USDA's challenges and progress with integrity of benefits related to food and nutrition programs and grant oversight.

## Food and Nutrition Assistance Programs

Food and nutrition assistance programs play significant roles in combating food insecurity and reducing hunger for children, low-income families, Tribal Nations, and the elderly. The Food and Nutrition Service (FNS) administers 16 Federal nutrition assistance programs, including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Supplemental Nutrition Assistance Program (SNAP); and school meals.

The onset of the coronavirus disease 2019 (COVID-19) pandemic generated



Organic carrots sold at a farmers' market that uses a token system for people who want to use debit and the U.S. Department of Agriculture's Food and Nutrition Service Electronic Benefits Transfer card. USDA Photo by Lance Cheung from USDA's Flickr account. It does not depict any particular audit or investigation.

many changes to USDA's food and nutrition assistance programs. Congress passed several laws to combat the impacts of COVID-19, including the [Families First Coronavirus Response Act](#) (FFCRA), the [Coronavirus Aid, Relief, and Economic Security](#) (CARES) Act, and the [American Rescue Plan Act of 2021](#). These acts provided significant funding to expand the scope and coverage of existing USDA benefits programs through greater administrative flexibilities. USDA also implemented temporary programs, such as the Farmers to Families Food Box Program and the Pandemic Electronic Benefits Transfer program, to make benefits even more accessible during the COVID-19 pandemic.

In FY 2023, FNS was expected to receive \$146.7 billion out of the Department's projected \$209.3 billion total outlays, accounting for 73 percent of the

Department's funding. Since a high percentage of USDA's total funding is awarded to FNS for food and nutrition assistance programs, FNS must safeguard the integrity of its program funds and ensure the programs are delivered and used as intended. However, our work has found that the Department continues to face challenges with nutrition program administration and oversight, especially with the implementation of new pandemic-related programs that increased participation and introduced program flexibilities. Based on our investigative monetary results, USDA loses millions of dollars every year to fraud and crime associated with SNAP and other FNS food and nutrition assistance programs. Since these programs are vital to Americans, FNS must strengthen its oversight of these programs and remain vigilant against fraud, waste, and abuse.



Courtesy Photo/AdobeStock.

## Example Report Summary

In our inspection report of The Emergency Food Assistance Program (TEFAP), we reviewed the flexibilities FNS made available to the State agencies during the pandemic and whether FNS' oversight of State agencies and Eligible Recipient Agencies (ERA) were properly accounting for and using the program's administrative funds correctly. We found that State agencies did not always request flexibilities in writing, as required by Federal regulation; FNS regional office personnel did not ensure they provided written approval of the State agencies' requests prior to implementation, as directed by the FNS National Office; FNS approved a State agency's request to implement an unallowable flexibility; and management evaluation reviewers did not support their determinations of State agency and ERA compliance or non-compliance with Federal and FNS program requirements in their workpapers. We recommended that FNS establish and implement written procedures for its TEFAP State plan amendment process; work with the regional offices to confirm that TEFAP State plans reflect current operations and are approved in writing; perform a review of the TEFAP program-specific management evaluation module to provide clear instructions for retaining documentation; and provide management evaluation reviewers with training. FNS agreed with our findings and recommendations.

## USDA OIG Highlighted Work Issued June 2020–2023: Food and Nutrition Programs



### [Supplemental Nutrition Assistance Program Waiver Process](#)

(27601-0006-41, issued 1/3/23)

### [COVID-19—Oversight of the Emergency Food Assistance Program—Final Report](#)

(27801-0001-21, issued 8/18/22)\*

### [COVID-19—Farmers to Families Food Box Program Administration—Interim Report](#)

(01801-0001-22(1), issued 6/24/22)\*

### [COVID-19—Oversight of the Emergency Food Assistance Program—Interim Report](#)

(27801-0001-21(1), issued 8/25/21)

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

[Disease 2019](#) (27801-0003-22, issued 8/25/21)

### [Consolidated Report of FNS and Selected State Agencies' Controls Over \[Summer Food Service Program\] SFSP](#)

(27601-0005-41, issued 9/18/20)

Recommendation Progress\*\*  
OIG issued 8 audit products with 28 recommendations, 17 of which remain open.

\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.

## USDA OIG Highlighted Investigations Closed June 2020-2023: Food and Nutrition Programs

OIG closed approximately 452 investigations related to food and nutrition programs during this time, obtaining 1,096 administrative, 1,485 criminal, and 5 civil outcomes and more than \$192 million in monetary results. These programs were created to provide food and nutrition to those who truly need this assistance. OIG will continue to dedicate investigative resources and work with our law enforcement and prosecutorial partners to protect the integrity of these programs.

[Final Defendant Sentenced to Prison in All About Giving Fraud](#)

[Director of Not-For-Profit in Henderson \[North Carolina\] Sentenced for Theft of Federal Funds](#)

[Brookdale \[New York\] Hospital Agrees to Civil Settlement to Resolve Allegations That Former Employees Defrauded a Federally Funded Nutrition Program](#)

[Texas Woman Sentenced for Fraud and Money Laundering Conspiracies Targeting Federally Funded Meal Programs for Underprivileged Youth](#)

[Guam Seafood Store Owner Sentenced to 21 Months Imprisonment for Food Stamp Fraud](#)

[East Bay \[California\] Convenience Store Owner Sentenced to More Than 3 Years in Prison for Role in Food Stamp Fraud Conspiracies](#)

[Convenience Store Owner, Worker, Sentenced to Prison for Defrauding Federal Food Stamp Program](#)

[Brooklyn \[New York\] Yeshiva Admits to Pervasive Program and Benefit Fraud Conspiracy](#)

[Final Defendant Sentenced for Role in Conspiracy to Defraud U.S. Department of Agriculture](#)



Courtesy Photo/AdobeStock.



## Grants Oversight

USDA distributes and oversees billions of dollars in grants each fiscal year. [According to USASpending.gov](#), in FY 2022 USDA obligated more than \$57 billion for grants that were used for numerous purposes, including disaster relief, block grants, and market development programs. USDA must ensure grants are used for the purposes identified in the grant award and within specific limitations and regulations. Further, the timely receipt of accurate financial records and performance reports from grantees is necessary for agencies to ensure grant funds are properly spent and intended results are achieved. Federal agencies are required to follow OMB guidance to award, monitor, and assess the success of grants.<sup>3</sup> This guidance provides consistent and uniform Governmentwide policies and procedures for management of the agencies' grants and agreements.

Correspondingly, the 2021 [Infrastructure Investment and Jobs Act](#) (IIJA) provided USDA more than \$8.3 billion in funding to

improve the Nation's energy, broadband access, transportation, and other infrastructure projects.

[The Inflation Reduction Act](#) provided the Natural Resources Conservation Service with \$19.5 billion in additional funds over 5 years for its existing conservation programs. Also, the American Rescue Plan Act provided additional relief to address the continued impact of COVID-19 on the economy, public health, State and local governments, individuals, and businesses.

OIG's oversight work has identified weaknesses in USDA's management of grant processes. While some weaknesses were related to internal controls, others were related to criminal acts such as theft or misuse of funds. Any weaknesses in these processes can lead to misspent funds and ineffective programs. As the number of grants increases, it is imperative that USDA address weaknesses in the grant award and monitoring process to ensure grant funds are used fairly, correctly, and transparently.



Debris in a flooded area following a hurricane. Photo by Lance Cheung from USDA's Flickr account. It does not depict any particular audit or investigation.

<sup>3</sup> 2 C.F.R. § 200.

## Example Report Summary

Our FY 2022 report *Oversight of the Agricultural Trade Promotion Program* (ATP) reviewed the process that the Foreign Agricultural Service (FAS) used to award \$300 million in ATP funding during FY 2019. We found that FAS awarded \$300 million in ATP funding to applicants who may not have been the most meritorious based on the announced criteria and program regulations. This occurred because FAS did not make establishing controls over its grant programs a priority even though FAS agreed to do so in response to recommendations OIG made in 2014. Additionally, FAS did not maintain sufficient documentation about the reviews performed on applications and

the selections made, which impaired our ability to fully evaluate those reviews and selections. FAS officials explained ATP was developed very quickly. FAS officials stated that the best way to develop the new program quickly was to model it on similar market development programs that were already in use and to use analysis that had recently been conducted for these same potential applicants. However, we identified control weaknesses and significant deviations from established internal controls and processes that call into question the merit of the awards made. FAS agreed to implement our recommendations.



Container ships docked at a terminal. USDA photo by Lance Cheung from USDA's Flickr account. It does not depict any particular audit or investigation.

## USDA OIG Highlighted Work Issued June 2020–2023: Grants Oversight

[Wildfires and Hurricanes Indemnity Program—Puerto Rico](#) (03702-0003-31, issued 3/24/23)

[Oversight of the Agricultural Trade Promotion Program](#) (07601-0001-24, issued 8/29/22)

[Florida Citrus Recovery Block Grant Program](#) (03702-0001-22, issued 6/30/21)\*

[Hurricane Disaster Assistance—Emergency Watershed Protection Program](#) (10702-0001-23, issued 6/25/21)

[2017 Hurricane Relief Emergency Conservation Program](#) (03702-0002-23, issued 6/9/21)

[Forest Service Grant for Roadless Area Management in the State of Alaska](#) (08801-0001-24, issued 12/15/20)\*

[Agricultural Marketing Service Controls Over the Specialty Crop Block Grant Program](#) (01601-0002-23, issued 10/6/20)\*

Recommendation Progress\*\*  
OIG issued 7 audit products with 40 recommendations, 17 of which remain open.

Citrus nursery operations. Maintaining a clean supply of citrus plants for homeowners and commercial producers is a key component of the U.S. Department of Agriculture Animal and Plant Health Inspection Service citrus disease program. USDA photo by Timothy Riley from USDA's Flickr account. It does not depict any particular audit or investigation.

\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.

## USDA OIG Highlighted Investigations Closed June 2020-2023: Grants Oversight



OIG closed approximately 16 investigations involving grant fraud during this time, obtaining 13 administrative and 13 criminal outcomes and more than \$6 million in monetary results. Grant funds are awarded for a specific “public purpose” and grantees must use those funds as agreed and within certain parameters, to include the granting agency’s guidelines. Common grant fraud risks include misappropriation and/or misuse of funds, theft of Government funds, misrepresentation to obtain the funds, and unreported conflicts of interest to guarantee receipt of the funds.

[Husband and Wife Sentenced in Scheme to Defraud the United States](#)

[Newport Woman Pleads Guilty to Wire Fraud and Stealing from Federally Funded Program](#)



## Outreach

The Department has prioritized outreach efforts in its [Strategic Plan Fiscal Years 2022–2026](#). For example, USDA plans to prioritize upholding civil rights and building trust with underserved communities, including Tribal Nations, through equitable and inclusive customer service and actions. The Department also plans to design, implement, and administer programs in a way that increases access and program participation for underserved communities. Additionally, the Department intends to ensure USDA investments and services are directed to underserved communities, using data to understand who benefits from USDA programs and services.

Our prior work shows that to implement effective, efficient agricultural programs that also reach underrepresented groups, USDA must improve its outreach efforts, including performance management, oversight of award and complaints processes, and data collection. While USDA has made progress in this area, the Department must continue to increase access to underserved and hard-to-reach populations, remove barriers to participation, and improve the delivery of its programs.

## Example Report Summary



A 2021 OIG audit reviewed and evaluated the Office of Partnerships and Public Engagement (OPPE) policies, procedures, and internal controls related to the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program's (2501 Program) grant management process and the 2501 Program grants awarded in FYs 2018 and 2019. Additionally, we reviewed the implementation of recommendations from prior audits.

We found that 6 of the 18 applications we reviewed were not eligible to receive grant funds; as a result, OPPE awarded a total of more than \$1.1 million in grant funds to 3 of the 6 ineligible entities. We also determined that the independent review panel did not follow established guidance and did not apply a consistent methodology to award points; as a result, OPPE cannot ensure it awarded FYs 2018 and 2019 grants—totaling more than \$25 million—to the worthiest applicants. In addition, we determined that program personnel did not follow procedures OPPE established to monitor and evaluate grantee performance effectively; as a result, OPPE cannot assess whether it achieved the objectives of the 2501 Program and whether program resources are protected. Finally, we determined that OPPE did not establish a performance plan and set performance goals and indicators to measure and assess its progress towards achieving the 2501 Program's purpose. OPPE agreed with our recommendations.



○ USDA OIG Highlighted Work Issued June 2020–2023: Outreach

[Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program \(2501 Program\) in Fiscal Years 2018 and 2019](#) (91601-0001-21, issued 11/10/21)

[USDA Oversight of Civil Rights Complaints](#) (60601-0001-21, issued 9/22/21)

[Market Facilitation Program—Interim Report](#) (03601-0003-31(1), issued 9/30/20)

Recommendation Progress\*\*  
OIG issued 3 audit products with 42 recommendations, 15 of which remain open.

○ USDA OIG Highlighted Investigations Closed June 2020–2023: Outreach

OIG conducted approximately four investigations involving fraud against programs benefiting underrepresented groups during this time, obtaining more than \$11 million in monetary results.

[Seven Defendants Sentenced to Federal Prison in \\$11.5 Million Fraud Case](#)

\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.

# Challenge 3: Delivering Efficient Programs



The effectiveness and efficiency with which USDA manages its assets are critical. With such a diverse portfolio of programs, the Department must execute well-designed programs to ensure diligent oversight of Federal funds. However, USDA has the continuing challenge of designing, developing, and implementing programs that reliably achieve their intended results. Monitoring program performance is also essential to ensure that USDA programs and benefits are delivered effectively and are accessible to all the communities USDA serves. To accomplish this goal, the Department must have sufficient controls to

ensure the data used to evaluate program performance, measure impact, and make evidence-based decisions are complete, timely, and accurate. In addition, since USDA received significant additional funding through FFCRA, the CARES Act, the American Rescue Plan Act, IIJA, and the Inflation Reduction Act to implement its various responsibilities, the Department needs to remain more vigilant than ever in its efforts to strengthen financial management. The following section summarizes USDA's challenges and progress in the areas of financial reporting and data integrity.

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## Financial Reporting

Financial reporting serves as the foundation for responsible fiscal management and transparency. Accurate and comprehensive financial reporting allows USDA to account for its financial activities, expenditures, and revenue sources, demonstrating accountability and responsible stewardship of public funds. It enables the agency to assess the effectiveness and efficiency of its programs, facilitating data-driven decision-making to optimize resource allocation and program outcomes. Additionally, financial reporting ensures compliance with relevant laws, regulations, and accounting standards, reducing the risk of legal and financial repercussions. Transparent financial reporting also fosters trust and confidence among stakeholders, including

the public, Congress, and other Government agencies, reinforcing USDA's credibility and commitment to supporting American agriculture, rural communities, and food security.

As required by law, OIG either conducts or oversees audits of the financial statements for the Department and four component agencies annually to determine if the statements are fairly presented in accordance with generally accepted accounting principles. In addition, OIG reviews internal controls over financial reporting and tests compliance with applicable laws and regulations. These financial statements account for USDA's costs and revenues, assets and liabilities,

and other information. In addition, the [Payment Integrity Information Act of 2019](#) (PIIA) collectively requires agencies to periodically review all programs and activities to identify those susceptible to significant improper payments.<sup>4</sup> An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Not all improper payments are fraudulent, and not all improper payments represent a loss to the Government. However, all improper payments can affect the integrity of Government programs and compromise the public's trust in the Federal Government.

Although USDA has addressed longstanding deficiencies with financial reporting, it continues to face challenges reaching full compliance with Federal requirements for improper payments. As USDA works to address improper payments and improve the quality of its financial reporting, we continue to emphasize the importance of complying with improper payment and financial reporting requirements, especially those related to improper payment information. If USDA addresses key weaknesses, the public can be more confident that USDA conscientiously and effectively accounts for, uses, and recovers taxpayer dollars.



Courtesy Photo/AdobeStock.

<sup>4</sup> The Payment Integrity Information Act of 2019, Pub. L. No. 116-117 (2020), repealed the Improper Payments Information Act of 2002, Pub. L. No. 107-300; Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111-204; and the Improper Payments Elimination and Recovery Improvement Act of 2012, Pub. L. No. 112-248.

## Example Report Summary

Our review of compliance with laws and regulations identified noncompliance with PIIA. We found that USDA was not compliant with four of the six PIIA requirements for FY 2022. Specifically, 4 of the 14 reporting Phase 2 programs and 1 Phase 1 program did not fully comply with PIIA requirements. Four Phase 2 programs did not meet the PIIA compliance requirements on at least two of the following: reduction targets, corrective action plans, or improper payment rate of less than 10 percent. We also found that USDA did not ensure that one Phase 1 program completed an FY 2022 risk assessment, as required by PIIA, and reporting in the accompanying materials incorrectly stated that the program did not need to complete an FY 2022 risk assessment. The agency agreed with our recommendations.

## USDA OIG Highlighted Work Issued June 2020–2023: Financial Reporting

[USDA's Compliance with Improper Payment Requirements for Fiscal Year 2022](#) (50024-0003-24, issued 5/22/23)

[USDA's Consolidated Financial Statements for Fiscal Years 2022 and 2021](#) (50401-0021-11, issued 11/14/22)\*

[Commodity Credit Corporation's Financial Statements for Fiscal Years 2022 and 2021](#) (06403-0005-11, issued 11/9/22)

[Natural Resources Conservation Service's Financial Statements for Fiscal Years 2022 and 2021](#) (10403-0005-11, issued 11/9/22)

[USDA's Compliance with Improper Payment Requirements for Fiscal Year 2021](#) (50024-0002-24, issued 6/28/22)\*



[USDA's Consolidated Financial Statements for Fiscal Years 2021 and 2020](#) (50401-0020-11, issued 11/15/21)

[Commodity Credit Corporation's Financial Statements for Fiscal Years 2021 and 2020](#) (06403-0004-11, issued 11/15/21)\*

[Natural Resources Conservation Service's Financial Statements for Fiscal Years 2021 and 2020](#) (10403-0004-11, issued 11/15/21)

[Rural Development's Financial Statements for Fiscal Years 2021 and 2020](#) (85401-0012-11, issued 11/9/21)\*

[Forest Service Use of Settlement Funds](#) (08601-0011-41, issued 3/24/21)\*

[U.S. Department of Agriculture's Consolidated Financial Statements for Fiscal Years 2020 and 2019](#) (50401-0019-11, issued 12/14/20)\*

[Commodity Credit Corporation's Financial Statements for Fiscal Years 2020 and 2019](#) (06403-0003-11, issued 12/8/20)\*

[Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2020 and 2019](#) (05401-0012-11, issued 12/8/20)\*

Recommendation Progress\*\*  
OIG issued 13 products with 50 recommendations, 16 of which remain open.

\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.



## Data Integrity

USDA creates and manages multitudes of data across hundreds of applications and data stores. They are used for numerous purposes, including research, program initiatives, policymaking, and financial transparency. These data allow the Department to innovate, measure progress and success, make evidence-based decisions, and improve the delivery of services and programs. According to USDA's [data strategy](#), the Department has an opportunity to harness its vast data assets strategically to improve internal decision-making and efficient use of resources, maximize the impact of citizen-facing programs, and provide the public and private industry with easy access to data that can solve national problems and drive innovation.

However, USDA has faced challenges with maintaining its data integrity. For example, we published four reports that found issues with maintaining complete and accurate payment information, keeping consistent records, and reporting accurate and timely data, which leads to further challenges for USDA in reaching its goal of becoming a facts-based, data-driven organization.

## Example Report Summary



As stated in the executive summary of *USDA's Compliance with the Geospatial Data Act for Fiscal Year 2022*, the purpose of the Geospatial Data Act (GDA) is to minimize duplication of geospatial activities across agencies and improve collaboration, reduce waste, codify previous executive actions, and give Congress an oversight role for the Federal Government's multibillion-dollar investments in geospatial data. Within USDA's OCIO, the Enterprise Geospatial Management Office (EGMO) oversees, coordinates, and facilitates USDA's implementation of geospatial policies, directives, requirements, and data management.

Although we recognize that USDA has made progress toward complying with certain aspects of the GDA, we found that it was not compliant with 6 of the 13 covered agency responsibilities. Additionally, we determined that the designated oversight entity, EGMO, did not have an accurate inventory of geospatial assets. As a result, USDA agencies inconsistently implemented the GDA. Without consistency, USDA is not completely fulfilling its role of improving Federal management, coordination, and utilization of geospatial data, which can negatively impact mission-critical business requirements of the Department's infrastructure and emergency response capabilities nationwide. OCIO generally concurred with our six recommendations.

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USDA OIG Highlighted Work  
Issued June 2020–2023:  
Data Integrity



[USDA's Compliance with the Geospatial Data Act for Fiscal Year 2022](#) (50501-0026-12, issued 9/30/22)

[USDA's Digital Accountability and Transparency Act Compliance Efforts for Fiscal Years 2020 and 2021](#) (11601-0002-12, issued 11/3/21)\*

[U.S. Department of Agriculture's 2020 Compliance with the Geospatial Data Act](#) (50501-0023-12, issued 9/29/20)\*

[2017 Emergency Assistance for Honeybee Claims](#) (03702-0001-23, issued 9/28/20)

Recommendation Progress\*\*  
OIG issued 4 audit products with 33 recommendations, 11 of which remain open.

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\* Indicates that all recommendations in the report are closed.

\*\* Indicates that the report recommendation statuses are up to date as of July 31, 2023.

# Acronyms and Abbreviations

2501 Program.....	Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program	OMB .....	Office of Management and Budget
APHIS.....	Animal and Plant Health Inspection Service	OPPE.....	Office of Partnerships and Public Engagement
ATP .....	Agricultural Trade Program	PIIA.....	Payment Integrity Information Act of 2019
AWA.....	Animal Welfare Act	SNAP .....	Supplemental Nutrition Assistance Program
CARES .....	Coronavirus Aid, Relief, and Economic Security	TEFAP .....	The Emergency Food Assistance Program
C.F.R.....	Code of Federal Regulations	USDA.....	U.S. Department of Agriculture
COVID-19 .....	coronavirus disease 2019	WIC.....	Special Supplemental Nutrition Program for Women, Infants, and Children
EGMO.....	Enterprise Geospatial Management Office		
ERA .....	Eligible Recipient Agencies		
FAS.....	Foreign Agricultural Service		
FFCRA.....	Families First Coronavirus Response Act		
FISMA.....	Federal Information Security Modernization Act of 2014		
FNS .....	Food and Nutrition Service		
FSIS.....	Food Safety and Inspection Service		
FY .....	fiscal year		
GAO.....	Government Accountability Office		
GDA.....	Geospatial Data Act		
IIJA.....	Infrastructure Investment and Jobs Act		
IT .....	information technology		
OCIO .....	Office of the Chief Information Officer		
OIG .....	Office of Inspector General		

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