



United States Department of Agriculture

OASCR—Final Action Verification —*Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights— 50099-0001-12*



Report 60026-0001-21

October 2019

OFFICE OF INSPECTOR GENERAL



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



DATE: October 29, 2019

FAV
NUMBER: 60026-0001-21

TO: Stanley McMichael
Associate Chief Financial Officer
Office of the Chief Financial Officer

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: OASCR—Final Action Verification—*Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights—50099-0001-12*

The Office of Inspector General (OIG) completed a final action verification of all nine recommendations in Audit Report No. 50099-0001-12, *Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights*.¹ The purpose of our final action verification was to determine if the Office of the Assistant Secretary for Civil Rights (OASCR) and the Office of Procurement and Property Management (OPPM) provided the Office of the Chief Financial Officer (OCFO) with sufficient documentation to support that the management decision reached with OIG was sufficient to close the audit report recommendations.²

In a memorandum dated July 10, 2017, OCFO reported to OASCR that final action was complete for all recommendations in the subject audit report. Based on our review of the documentation in OCFO's files, we concur with this decision for Recommendations 2–9, which all had sufficient documentation to close the recommendation. Table 1 summarizes the actions OASCR and OPPM took with respect to Recommendations 2–9. However, we do not concur with this decision for Recommendation 1. Table 2 provides information on

¹ Audit Report 50099-0001-12, *Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights* (Sept. 2015).

² *Final action* is the completion of all actions that management has, in its management decision, concluded are necessary with respect to the finding and recommendations included in an audit report. *Management decision* is an agreement between agency management and OIG on the action(s) taken or to be taken to address a finding and recommendations cited in an audit report. The management decision must include the agreed-upon dollar amount affecting the recommendations and an estimated completion date unless all corrective action is completed by the time agreement is reached. DR 1720-001, Section 6i, *Audit Follow-up and Management Decision* (Nov. 2, 2011).

Recommendation 1, including the reason why the documentation provided was not sufficient to close the recommendation.

As noted in its response, OCFO agreed to reopen Recommendation 1 in its Audit Follow-up Tracking and Reporting (AFTR) system. OCFO stated that, subsequent to reopening the recommendation, an official memorandum will be prepared and sent to OASCR. The memorandum will explain that Recommendation 1 has been reopened and will remain open until OCFO receives evidence that annual procurement training requirement has been incorporated into the performance plans for the three employees or an explanation for not including the requirement. In addition, the memorandum will convey OCFO's intentions to conduct periodic follow up meetings to track OASCR's progress in implementing the recommendation.

Background

Our report, *Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights*,³ made nine recommendations to help improve OASCR's processes to ensure that the agency followed established Departmental expenditure and accounting guidelines, maintained sufficient documentation when making expenditures, and determined if the improper payments identified need to be addressed, where appropriate.

OIG, OASCR, and OPPM reached management decision on all nine recommendations and documented this acceptance within two separate memoranda: one dated September 23, 2015, and another dated November 30, 2015. In addition, the memoranda detailed corrective actions OASCR and OPPM needed to implement in order to achieve final action for all recommendations.

In accordance with Departmental Regulation 1720-001, OCFO has the responsibility to determine final action for recommendations for which OIG has agreed to management decision.⁴ As such, OCFO determines if agency-provided documentation of implemented corrective actions meets the intent of the recommendations and achieves final action.

Scope and Methodology

The scope of this final action verification was limited to determining whether OASCR's plan of action for all recommendations in the subject report were completed in accordance with the management decisions reached on September 23, 2015, and November 30, 2015. To accomplish our objective, we reviewed documentation of corrective actions OASCR and OPPM implemented and submitted to OCFO. We did not perform internal control testing or make site visits to determine whether the underlying deficiencies that were initially identified

³ Audit Report 50099-0001-12, *Review of Expenditures Made by the Office of the Assistant Secretary for Civil Rights* (Sept. 2015).

⁴ DR 1720-001, Section 7d(1-9), *Audit Follow-up and Management Decision* (Nov, 2, 2011).

had been corrected by OASCR's plan of action. In addition, we did not provide an opinion on the results of the implementation or effectiveness of each recommendation. We conducted this final action verification in accordance with our internal guidance cited in IG-7710, *Non-audit Work*, and *Final Action Verification Guidance and Procedures*. As a result, we did not conduct the final action verification in accordance with the *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States or the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency. However, before we performed the non-audit service, we determined that it would not impair our independence to perform audits, inspections, attestation engagements, or any other future or ongoing reviews of the subject.

Results of Final Action Verification

Recommendations with Sufficient Documentation

We determined that OASCR and OPPM provided sufficient documentation to OCFO of corrective actions implemented to achieve final action for eight recommendations in the subject report (Recommendations 2–9). We detail the actions taken in Table 1.

Table 1. Recommendations With Sufficient Documentation to Achieve Final Action

Rec. No.	Recommendation	Action Taken
2	OASCR needs to consult with the Office of General Counsel (OGC) and, where appropriate, with OPPM's Procurement Operations Division (POD), ⁵ to determine the appropriate legal authority and legal instrument that should have been used for the underlying unauthorized commitments resulting in 130 improper payments, totaling over \$1.94 million, and subsequently determine if those transactions should be ratified or otherwise addressed.	OASCR consulted with OGC to determine the legal authority and legal instrument regarding the 130 improper payments. OGC issued a memorandum on its review.
3	OASCR needs to coordinate with OGC in future agreements to ensure the appropriate legal instrument is used prior to obligating funds.	OASCR established a final rule in the Federal Register detailing the appropriate legal instrument to be used when conducting outreach efforts.

⁵ OPPM's Procurement Operations Division (POD) is OASCR's designated contracting and procurement support office and is responsible for contracting for goods and services requested by OASCR.

4	POD needs to work with the appropriate entities to establish a process for conducting periodic reviews of agency procurement activities exceeding the micro-purchase threshold, to ensure agencies are complying with Departmental policies.	OPPM worked with the appropriate entities to establish a process for conducting periodic reviews of agency procurement activities exceeding the micro-purchase threshold, to ensure agencies are complying with Departmental policies.
5	OASCR needs to notify OCFO and OGC of the potential Antideficiency Act (ADA) violation and take appropriate action based on any determination.	OASCR notified OCFO and OGC of the potential ADA violation. OGC provided a response to OASCR stating there was no further action to take.
6	OASCR needs to establish accounting internal controls related to general ledger (G/L) adjusting entries.	OASCR established a document, <i>Internal Controls over General Ledger Adjustments in the Financial Management Modernization Initiative (FMMI)</i> and provided OCFO with a copy of the G/L documentation template.
7	OASCR needs to research the \$834,000 in G/L adjusting entries identified and make any necessary corrections.	OASCR provided documentation to support that, with the assistance of OCFO, it researched the \$834,000 in G/L adjusting entries. OCFO indicated that no corrections were needed.
8	POD needs to properly ratify, where appropriate, or otherwise address, the nine unauthorized commitments.	OPPM reviewed the documentation for the unauthorized commitments and, where appropriate, ensured compliance with the ratification process or provided a response to address actions found not proper for the procurement process.

9	POD needs to revise its ratification acquisition operating procedure (AOP) to require the contracting officer to notify the appropriate supervisor regarding an unauthorized commitment and properly document the notification in the file.	OPPM revised AOP Number 4, <i>Ratification of Unauthorized Commitment</i> . It states that when contracting personnel learn that an unauthorized commitment has resulted or the vendor is performing services due to the actions of a Government official who lacked the authority to bind the Government, the contracting officer must immediately notify the vendor and the Government employee making the unauthorized commitment and the employee's director/head of the organization to immediately discontinue performance.
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Recommendation without Sufficient Documentation

OASCR did not take proper corrective action and did not provide sufficient documentation to OCFO for Recommendation 1. Although OCFO closed the recommendation, we do not concur that the corrective action implemented achieved final action for this recommendation. We detail the reason for our determination in Table 2. We informed OASCR officials of the results of this final action verification on July 10, 2019.

Table 2. Recommendation Without Sufficient Documentation to Achieve Final Action

Rec. No.	Recommendation	Agreed-upon Action to be Taken	Reason Not Sufficient to Close
1	OASCR needs to train its staff, at least annually, on Federal legal authorities and Departmental policies and procedures regarding proper practices for obligating funds.	OASCR agreed to require procurement staff to take acquisition training in July 2016 and incorporate the annual training requirement into SES and GS-15 staff performance plans.	OASCR did not incorporate the annual training requirement into the performance plans for three of the eight SES and GS-15 staff.

OCFO should reopen Recommendation 1 and obtain the correct documentation to support final action from OASCR. We request that you provide us verification that corrective action was taken to sufficiently achieve final action for this recommendation.

As noted in its response, OCFO agreed to reopen Recommendation 1 in its AFTR system. Subsequent to reopening the recommendation in AFTR, an official memorandum will be

prepared and sent to OASCR. The memorandum will explain that Recommendation 1 has been reopened and will remain open until OCFO receives evidence that annual procurement training requirement has been incorporated into the performance plans for the three employees, or an explanation for not including the requirement. In addition, the memorandum will convey OCFO's intentions to conduct periodic followup meetings to track OASCR's progress in implementing the recommendation. The memorandum to OASCR and the reopening of Recommendation 1 will be completed by November 8, 2019.

cc: Winona L. Scott, Associate Assistant Secretary for Civil Rights



United States
Department of
Agriculture

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

September 24, 2019

TO: Yarisís Rivera-Rojas
Deputy Assistant Inspector General for Audit

FROM: Stanley McMichael /s/
Associate Chief Financial Officer
Fiscal Policy and Planning

SUBJECT: OASCR - Final Action Verification—*Review of Expenditures Made by the
Office of the Assistant Secretary for Civil Rights* - Report #50099-0001-12

We have reviewed the Office of Inspector General (OIG) memorandum dated September 9, 2019 on the subject audit. In response to the draft report the Office of the Chief Financial Officer will reopen Recommendation 1 in our “Audit Follow-up, Tracking and Reporting” system (AFTR), upon receipt of the final (OIG) report. Subsequent to reopening the recommendation in AFTR, an official memorandum will be prepared and sent to the Office of the Assistant Secretary for Civil Rights. The memorandum will explain that Recommendation 1 has been reopened and will remain open until OCFO receives evidence that annual procurement training requirement has been incorporated into the performance plans for the three employees or an explanation for not including.

The memorandum to OASCR and the reopening of Recommendation 1 will be completed by November 8, 2019.

If you have any questions or need additional information, please have a member of your staff contact Annie Walker at (202) 720-9983 or I can be reached at (202) 720-0564.

Attachment

**OASCR - Final Action Verification - Review of Expenditures Made by the Office
of the Assistant Secretary for Civil Rights - Report #50099-0001-12**

Management Response:

- Reopen Recommendation 1 in AFTR, upon receipt of OIG's final report.
- Prepare an official memorandum from the Director of the Internal Control Division to the Associate Assistant Secretary for Civil Rights with the details for reopening Recommendation 1 and request evidence that the performance plans for the three employees have been updated to incorporate the annual training requirement.

Date Corrective Action will be completed: November 8, 2019

Responsible Organization: OCFO, Internal Control Division

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