

**UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL
OIG PLAN—OVERSIGHT OF COVID19 FUNDING
APRIL 2020**

Introduction

As part of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (CARES Act), which was signed on March 27, 2020, the Department of Agriculture’s (USDA) Office of Inspector General (OIG) received \$750,000¹ to provide oversight of USDA funding received in the CARES Act.

The funding available to OIG will be used to provide oversight of the more than \$35.8 billion provided to USDA for relief efforts through the Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178 (FFCR Act) and CARES Act, which are collectively referred to as COVID19 funding in this document.

The FFCR Act provided the following funding to USDA agencies and programs:

- \$500 million, available until September 30, 2021, to the Food and Nutrition Service’s (FNS) “...Supplemental Nutrition Program for Women, Infants, and Children for use in the emergency...”;
- \$100 million, available until September 30, 2021, to FNS’ “...Supplemental Nutrition Assistance Programs (SNAP) for grants to the Commonwealth of the Northern Mariana Islands, Puerto Rico, and American Samoa for nutrition assistance...”; and
- \$400 million, available until September 30, 2021, to FNS’ “...Commodity Assistance Program (CAP) for the emergency food assistance program, the Secretary may use up to \$100 million for costs associated with the distribution of commodities...”

The CARES Act provided the following funding to USDA offices, agencies, and programs:

- \$9.5 billion, available until expended, “...for ‘Office of the Secretary’...to prevent, prepare for, and respond to coronavirus by providing support for agricultural producers impacted by coronavirus, including producers of specialty crops, producers that supply local food systems, including farmers markets, restaurants, and schools, and livestock producers, including dairy producers...”;
- \$55 million, available until September 30, 2021, to the Animal and Plant Health Inspection Service “...for ‘Salaries and Expenses’...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for necessary

¹ This OIG funding is available until September 30, 2021.

expenses for salary costs associated with the Agriculture Quarantine and Inspection Program...”;

- \$45 million, available until September 30, 2021, to the Agricultural Marketing Service “...for ‘Marketing Services’...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including necessary expenses for salary costs associated with commodity grading, inspection, and audit activities...”;
- \$33 million, available until September 30, 2021, to the Food Safety and Inspection Service “...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for support of temporary and intermittent workers, relocation of inspectors, and...costs of overtime inspectors under the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act...”;
- \$3 million, available until September 30, 2021, to the Farm Service Agency “...for ‘Salaries and Expenses’...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including necessary expenses to hire temporary staff and overtime expenses...”;
- \$20.5 million, available until September 30, 2021, to the Rural Business-Cooperative Service “...for ‘Rural Business Program Account’... to be used to prevent, prepare for, and respond to coronavirus, for the cost of loans for rural business development programs authorized by section 310B and described in subsection (g) of section 310B of the Consolidated Farm and Rural Development Act...”;
- \$25 million, available until expended, to the Rural Utilities Service “...for ‘Distance Learning, Telemedicine, and Broadband Program’... to prevent, prepare for, and respond to coronavirus, domestically or internationally, for telemedicine and distance learning services in rural areas...”;
- \$8.8 billion, available until September 30, 2021, to FNS “...for ‘Child Nutrition Programs’...to prevent, prepare for, and respond to coronavirus, domestically or internationally...”;
- \$15.81 billion, available until September 30, 2021, to FNS “...for SNAP...to prevent, prepare for, and respond to coronavirus, domestically or internationally...:
 - \$15.51 billion shall be placed in a contingency reserve to be allocated as the Secretary deems necessary to support participation should cost or participation exceed budget estimates to prevent, prepare for, and respond to coronavirus...;

- \$100 million shall be for the food distribution program on Indian reservations program...to prevent, prepare for, and respond to coronavirus, of which
 - \$50 million shall be for facility improvements and equipment upgrades and
 - \$50 million shall be for the costs relating to additional food purchases...
 - \$200 million...shall be available for the Secretary of Agriculture to provide grants to the Commonwealth of the Northern Mariana Islands, Puerto Rico, and American Samoa for nutrition assistance to prevent, prepare for, and respond to coronavirus, domestically or internationally...”;
- \$450 million, available until September 30, 2021, to FNS “...for CAP...to prevent, prepare for, and respond to coronavirus, domestically or internationally, for the emergency food assistance program...the Secretary may use up to \$150 million for costs associated with the distribution of commodities...”;
- \$4 million, available until September 30, 2021, to the Foreign Agricultural Service “...for ‘Salaries and Expenses’...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including necessary expenses to relocate employees and their dependents back from overseas posts”;
- \$3 million, available until September 30, 2021, to the Forest Service (FS) “...for ‘Forest and Rangeland Research’...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for the reestablishment of abandoned or failed experiments associated with employee restrictions due to the coronavirus outbreak...”;
- \$34 million, available until September 30, 2021, to FS “for ‘National Forest System’ to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for cleaning and disinfecting of public recreation amenities and for personal protective equipment and baseline health testing for first responders...”;
- \$26.8 million, available until September 30, 2021, to FS “...for ‘Capital Improvement and Maintenance’...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for janitorial services...”; and
- \$7 million, available until September 30, 2021, to FS “...for ‘Wildland Fire Management’...to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for personal protective equipment and baseline health testing for first responders.”

OIG's Approach to Oversight

This plan is founded on OIG's mission goals:

- Goal 1: Strengthen USDA's ability to protect public health and safety and to secure agricultural and Department resources.
- Goal 2: Strengthen USDA's ability to deliver program assistance with integrity and effectiveness.
- Goal 3: Strengthen USDA's ability to achieve results-oriented performance.

OIG will utilize, holistically, strategies and tactics to enable timely and effective oversight of USDA COVID19 funded programs and activities. As a first step, and working collaboratively across the OIG mission areas of Audit, Investigations, and Data Sciences, OIG will prioritize its oversight efforts to the USDA COVID19 funded programs and activities of highest risk. In doing so, OIG will utilize data and other evidence (e.g., level of program funding, historical error rates and improper payment data, known control weaknesses, and allegations/complaints received) to conduct risk assessments and prioritize resources.

The overall objectives of OIG's plan for USDA COVID19 assistance oversight are to ensure the following:

- USDA's funds for assistance are timely and effectively distributed and used appropriately;
- Adequate and proper internal control procedures are established, including any additional internal controls to prevent fraud, waste, and abuse;²
- Program participants meet eligibility guidelines;
- Program participants properly comply with program requirements;
- Agencies establish effective compliance operations;
- Detection and deterrence of fraud, waste and abuse; and
- Investigation of allegations of criminality and serious administrative misconduct.

Below is a brief summary of the strategies and tactical actions that OIG mission areas currently plan to take with respect to OIG's oversight of USDA COVID19 funded programs and activities. Work that is completed under this plan will be reported in our Semiannual Reports

² If the adequacy of internal controls was previously assessed during a prior program audit, OIG will ascertain if there have been any substantive changes to the control environment and plan its internal control review and testing accordingly.

to Congress, as appropriate. This plan will be further refined as OIG performs its oversight activities and gains additional data-driven insight.

Strategy

In order to appropriately prioritize OIG's efforts, OIG's Offices of Audit and Data Sciences will conduct a risk assessment of the USDA programs that provide COVID19 assistance, as detailed in the Introduction section above, to identify those programs which warrant coverage. OIG will plan its audit work by considering the following risk criteria:

- Dollar value of funding for the program (materiality);
- Error rate/improper payment data/default rate associated with regular funding;
- Timing of disbursements (i.e., will funds be processed quickly to recipients or extended over a period of time?);
- Agency implementation of new or enhanced controls or a control structure specifically for COVID19 funding;
- Prior audit history that is relevant to the use of COVID19 funds;
- Number of open recommendations relevant to COVID19 program areas and how long the recommendations have been open;
- Existence of open recommendations that address issues or controls over program vulnerabilities regarding improper payments or fraud; and
- Any known fraud or assessment of high susceptibility for fraud in the program receiving COVID19 funding.

Utilizing this data-driven approach to identify trends, vulnerabilities, and weaknesses within USDA will assist in focusing investigative activities to : (1) timely identify potential fraud and/or mismanagement within programs receiving COVID19 funding; (2) swiftly and efficiently investigate potential fraud and/or mismanagement; (3) coordinate with U.S. Attorney and State Attorney General Offices to pursue prosecution of violators of COVID19 related Federal relief programs and seek civil remedies and/or asset forfeiture, when warranted; and, (4) seek agency administrative sanctions, including personnel action, suspension and/or debarment, where appropriate.

OIG will also coordinate with other oversight entities including: the Government Accountability Office (GAO), to avoid duplicative efforts regarding OIG's and GAO's planned activities; and the Pandemic Response Accountability Committee, to ensure access to award and recipient reporting data, per the CARES Act, for use in OIG COVID19 related analytics business-intelligence tools.

Tactical Actions

Each of the mission areas of Audit, Investigations, and Data Sciences plan specific activities that will collectively support the achievement of the overall COVID19 oversight objective and strategy. Current plans are summarized below.

Audit work will be performed to:

- Highlight prior audit recommendations that could strengthen the effective and efficient delivery of COVID19 funding;
- Evaluate and perform limited tests of the internal control systems³ for programs newly created through COVID19 funding to ensure: (1) funds are distributed timely; (2) program participants meet eligibility requirements; and, (3) payments are accurately computed;
- Evaluate and perform limited tests of the internal control systems for existing programs funded through COVID19 funding to ensure: (1) existing program requirements ensure funds are distributed timely; (2) program participants meet eligibility requirements; and, (3) payments are accurately computed; and
- Perform final action verifications (FAV)⁴ of prior audit recommendations for the selected agencies and programs that received COVID19 funding.

The Office of Investigations will undertake a number of proactive activities to both identify potential fraud as it occurs and to expedite, to the extent possible, any subsequent investigation and/or prosecution. These activities include:

- Continuing active participation on various task forces at the national and regional levels to identify potential fraud schemes and working collaboratively with other Federal and State investigators and prosecutors;
- Liaising with various USDA agencies to identify potentially fraudulent activities and coordinating with USDA agencies' compliance and investigations units to identify and jointly investigate violations, as appropriate;
- Managing the various OIG allegation intake mechanisms (e.g., OIG Hotline, referrals from law enforcement partners, etc.) for receiving complaints of fraud and other misconduct, and modifying the complaint adjudication process (e.g.,

³ OIG may use data analytics and sampling to evaluate program delivery and compliance.

⁴ FAVs determine whether the final action documentation the agency provides to the Office of the Chief Financial Officer supports the agency's management decision reached with OIG. Final action is the completion of all actions that management has concluded, in its management decision, 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.

establishment of specific COVID19 tracking codes), as appropriate, to separately identify, track, and report complaints regarding COVID19 fraud;

- Assessing allegations from OIG complaint intake mechanisms, referrals from USDA agencies, and potential fraud identified in OIG's audit reports, relating to USDA programs that receive COVID19 funding, and, when appropriate, opening criminal, civil, and/or administrative investigations; and
- Providing Office of Data Sciences (ODS) with possible fraud indicators to assist in proactively identifying anomalies in COVID19 related data which could be flagged for additional investigative consideration.

Due to the nature of the relief funds provided, there is frequently a delay between the time of disbursement and when allegations of fraud and/or mismanagement begin to be reported. Based on historical experience, investigations involving COVID19 funding fraud can include potentially false statements or false certifications to obtain funds and/or false documents submitted for reimbursement from a USDA agency, as well as a range of other potential misconduct. OIG investigations can result in criminal and/or civil prosecution, asset forfeiture, and agency administrative sanctions, such as personnel action, suspension, and/or debarment.

ODS will execute the following activities related to OIG's oversight of USDA COVID19 assistance:

- Develop business intelligence products to help identify relevant anomalies, patterns, and trends (e.g., anomalies in assistance spending, patterns or trends related to place of performance, and/or recipient characteristics) for current oversight activities, as well as planning and tactical decision-making for future work;
- Provide statistical sampling, computer matching, and other data analysis activities for audits and investigations;
- Conduct custom diagnostic or predictive analytics projects (modeling) to support audit findings and recommendations and/or in support of fraud and/or mismanagement investigations and litigation; and
- Perform research, data mining, and link analyses in support of active investigations

Approved



PHYLLIS K. FONG
Inspector General