

2010 Explanatory Notes

OFFICE OF INSPECTOR GENERAL

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## OFFICE OF INSPECTOR GENERAL

Purpose Statement

The Office of Inspector General (OIG) was established pursuant to the Inspector General Act of 1978 (5 U.S.C. app. 3). Its activities consist of two broad areas: audits and investigations.

The OIG appropriation funds activities which are authorized by the Inspector General Act of 1978 as amended. This Act expanded and provided specific authorities for the activities of the Office of Inspector General, which had previously been carried out under the general authorities of the Secretary of Agriculture. The Office of Inspector General:

- a. Provides policy direction and conducts, supervises, and coordinates all audits and investigations relating to programs and operations of the Department.
- b. Reviews existing and proposed legislation and regulations and makes recommendations to the Secretary and the Congress regarding the impact such initiatives will have on the economy and efficiency of the Department's programs and operations and the prevention and detection of fraud, waste, and mismanagement in such programs.
- c. Recommends policies for and conducts, supervises, or coordinates other activities in the Department whose purposes are to promote economy and efficiency or prevent and detect fraud, waste, and mismanagement.
- d. Recommends policies for and conducts, supervises, or coordinates relationships between the Department and other Federal, State, and local government agencies in: (1) promoting economy; (2) preventing and detecting fraud, waste, and mismanagement; and (3) identifying and prosecuting individuals and groups involved in fraud, waste, and mismanagement.
- e. Keeps the Secretary and the Congress fully and currently informed about fraud, waste, mismanagement, deficiencies, and other serious problems in Department programs and operations; recommends corrective action; and reports on the progress made in correcting problems.

OIG is headquartered in Washington, D.C., with regional offices in the following cities: Beltsville, Maryland; Atlanta, Georgia; Chicago, Illinois; Temple, Texas; Kansas City, Missouri; and San Francisco, California. As of September 30, 2008, the agency employment totaled 554 permanent full-time employees. There were 109 employees located in the Washington, D.C., metropolitan area and 445 located in the field.

OIG Reports

207099-63-At 3/08	Summer Food Service Program in Atlanta
03601-15-At 9/08	Tobacco Transition Program Payments-Tobacco Assessments
24601-7-KC 11/08	National Residue Program (NRP)
03601-45-Te 11/08	Socially Disadvantaged Farmers and Ranchers
05601-15-Te 9/08	Crop Loss and Quality Adjustments for Aflatoxin-Infected Corn
03099-198-KC 8/08	Inspection of Temporary Domestic Storage Sites for Foreign Food Assistance.

## OFFICE OF INSPECTOR GENERAL

Available Funds and Staff Years  
2008 Actual and Estimated 2009 and 2010

Item	Actual 2008		Estimated 2009		Estimated 2010	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses.....	\$80,052,000	576	\$85,766,000	600	\$88,781,000	600
Disater Supplemental.....	5,000,000		--		--	
Recovery Act.....	--		22,500,000		--	
Rescission.....	-560,364	--		--		--
<b>Total.....</b>	<b>\$84,491,636</b>	<b>576</b>	<b>\$108,266,000</b>	<b>600</b>	<b>\$88,781,000</b>	<b>600</b>
<u>Obligations under other</u>						
<u>USDA appropriations:</u>						
Risk Management Agency						
Audit of Financial						
Statements.....	352,691	--	353,000	--	353,000	--
Rural Utilities Services						
Audit of Financial						
Statements.....	40,000	--	--	--	--	--
Food and Nutrition Services						
Audit of Financial						
Statements.....	1,020,000	--	1,020,000	--	1,020,000	--
Rural Development						
Audit of Financial						
Statements.....	1,000,000	--	1,000,000	--	1,000,000	--
OCFO/WCF Audits.....	800,000	--	800,000	--	800,000	--
OCR.....	97,004	--	100,000	--	100,000	--
Forest Service.....	3,363	--	--	--	--	--
COOP.....	1,877	--	--	--	--	--
APHIS Travel.....	2,250	--	--	--	--	--
<b>Total, Other USDA</b>	<b>3,317,185</b>	<b>--</b>	<b>3,273,000</b>	<b>--</b>	<b>3,273,000</b>	<b>--</b>
<b>Total, Agriculture</b>	<b>87,808,821</b>	<b>576</b>	<b>111,539,000</b>	<b>600</b>	<b>92,054,000</b>	<b>600</b>
<u>Other Federal Funds:</u>						
Dept of Defense.....	--		30,000	--	30,000	
<b>Total, Other Federal Funds.....</b>			<b>30,000</b>		<b>30,000</b>	
<u>Other Funds:</u>						
Sale of Vehicle (Chicago)	6,800		--		--	
<b>Total, Other.....</b>	<b>6,800</b>		<b>--</b>		<b>--</b>	
<b>Total, Office of the Inspector</b>						
General.....	<b>87,815,621</b>	<b>576</b>	<b>111,569,000</b>	<b>600</b>	<b>92,084,000</b>	<b>600</b>

## OFFICE OF INSPECTOR GENERAL

Permanent Positions by Grade and Staff Year Summary  
2008 Actual and Estimated 2009 and 2010

Grade	2008			2009			2010		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Executive Level IV	1	0	1	1	0	1	1	0	1
Senior Executive Service	9	0	9	9	0	9	9	0	9
GS-15.....	15	15	30	15	13	28	15	13	28
GS-14.....	27	57	84	32	55	87	32	51	83
GS-13.....	25	182	207	23	160	183	23	161	184
GS-12.....	11	101	112	16	98	114	18	93	111
GS-11.....	10	43	53	13	44	57	14	43	57
GS-9.....	4	22	26	9	36	45	9	40	49
GS-8.....	4	9	13	10	8	18	10	9	19
GS-7.....	6	21	27	9	24	33	9	24	33
GS-6.....	2	4	6	0	4	4	0	5	5
GS-5.....	2	10	12	2	16	18	3	15	18
GS-4.....	0	0	0	0	3	3	0	3	3
Total Permanent Positions.....	116	464	580	139	461	600	143	457	600
Unfilled Positions end-of-year.....	7	19	26	--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year.....	109	445	554	139	461	600	143	457	600
Staff Year Estimate.....	116	460	576	139	461	600	143	457	600

## OFFICE OF INSPECTOR GENERAL

Size, Composition, and Cost of Motor Vehicle Fleet

The fiscal year (FY) 2010 budget estimate proposes no change in the number of motor vehicles.

The motor vehicles of the Office of Inspector General (OIG) are used for law enforcement purposes. These vehicles, which are issued to criminal investigators, are utilized in the pursuit and prevention of criminal activities, such as fraud in subsidy, price support, benefits, and insurance programs; significant thefts of Government property or funds; bribery; extortion; smuggling; and assaults on employees. In addition, the vehicles are used for investigations involving criminal activity that affects the health and safety of the public, such as meat packers knowingly selling hazardous food products and individuals who tamper with food regulated by USDA. In addition, OIG criminal investigators are poised to provide emergency law enforcement response to USDA declared emergencies and suspected incidents of terrorism affecting USDA regulated industries, as well as USDA programs, operations, personnel, and installations, in coordination with Federal, State, and local law enforcement agencies, as appropriate.

Changes to the motor vehicle fleet. No changes in the motor vehicle fleet are expected in FY 2010.

Replacement of passenger motor vehicles. Any replacements will be funded from within the annual operating costs of the motor vehicle fleet.

Impediments to managing the motor vehicle fleet. There are no identified impediments to managing the motor vehicle fleet in the most cost-effective manner.

Size, Composition, and Annual Cost  
(Dollars in thousands)

Fiscal Year	Number of Vehicles by Type*							Total Vehicles	Annual Operating Cost
	Sedans & Station Wagons	Light 4x2	Trucks 4x4	Medium Trucks	Heavy Trucks	Ambulances	Buses		
FY 2007	83	39	54	--	--	--	--	176	\$947
Change from 2007	0	0	0	--	--	--	--	0	18
FY 2008	83	39	54	--	--	--	--	176	\$965
Change from 2008	0	0	0	--	--	--	--	0	10
FY 2009	83	39	54	--	--	--	--	176	\$975
Change from 2009	0	0	0	--	--	--	--	0	10
FY 2010	83	39	54	--	--	--	--	176	\$985
Change from 2010	0	0	0	--	--	--	--	0	

\*These numbers include vehicles that are owned by the agency and those leased from GSA.

## OFFICE OF INSPECTOR GENERAL

Appropriation Language

For necessary expenses of the Office of Inspector General, including employment pursuant to the Inspector General Act of 1978, [\$85,766,000], \$88,781,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, and including not to exceed \$125,000 for certain confidential operational expenses, including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98.

Lead-off Tabular Statement

Appropriations Act, 2009.....	\$85,766,000
Budget Estimate, 2010.....	<u>88,781,000</u>
Increase in Appropriation.....	<u>3,015,000</u>

Summary of Increases and Decreases

(On basis of appropriation)

<u>Item of Change</u>	2009		<u>Program Changes</u>	2010
	<u>Estimated</u>	<u>Pay Costs</u>		<u>Estimated</u>
Audit and Investigations.....	\$85,766,000	+\$1,759,000	+\$1,256,000	\$88,781,000

Project Statement

(On basis of appropriation)

	<u>2008 Actual</u>		<u>2009 Estimated</u>		<u>Increase or Decrease</u>	<u>2010 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
1. Audit.....	\$38,696,804	294	\$42,025,000	306	\$1,477,000	\$43,502,000	306
2. Investigations.....	40,276,265	282	43,741,000	294	1,538,000	45,279,000	294
Unobligated Balance.....	+518,567						
Total Available or Estimate.....	79,491,636	576	85,766,000	600	<u>3,015,000</u>	<u>88,781,000</u>	<u>600</u>
Rescission.....	+560,364						
Appropriation.....	<u>80,052,000</u>	<u>576</u>	<u>85,766,000</u>	<u>600</u>			

## OFFICE OF INSPECTOR GENERAL

Justification of Increases and Decreases

An increase of \$3,015,000 for the Office of Inspector General consisting of:

- (a) A total increase of \$1,759,000 to fund increased pay cost.

This increase will allow OIG to continue to meet its objective of providing policy direction, supervision, and coordination of audits and investigations relating to USDA programs and operations. This critical increase is needed to support and maintain current staffing levels to meet the demands and statutory requirements of OIG. Approximately 86 percent of OIG's budget supports personnel compensation. OIG can absorb cost increases only by reducing staff, which would result in reduced audit and investigation activities.

- (b) An increase of \$500,000 to support OIG investigations of food safety issues.

OIG has always placed, and will continue in the future to place, its top audit and investigative priority on issues affecting the safety of the American public. The critical nature of these reviews can be seen most recently in our work following the allegations of inhumane and unsafe handling of cattle at a California slaughterhouse. These allegations led the Secretary to impose the largest meat recall in U.S. history and OIG to initiate a coordinated audit and investigative review of activities at the California slaughter facility and similar facilities. This funding request is designed specifically to support our Investigations office in maintaining the expertise and staffing necessary to respond to such time-sensitive, critical-impact investigations.

- (c) An increase of \$500,000 to support OIG audits and investigations of Departmental civil rights issues.

The processing of civil rights complaints within USDA and ensuring equitable treatment of the groups served through USDA programs have been areas of longstanding concern. The inadequate processing of complaints, documented in previous OIG audits, could reduce the public's confidence in USDA's ability to administer its programs fairly and to address civil rights activities. Management of the civil rights program within USDA has been on both the OIG's top management challenges list and the Government Accountability Office's (GAO) high risk list. The need for the Department to quickly implement the stimulus and Farm Bill programs could also potentially lead to more instances of civil rights issues if further progress is not made in addressing longstanding weakness in the Department's handling of civil rights matters. For these reasons we are requesting the funds to support two auditors who will work with other OIG staff to evaluate USDA's controls and progress made to track and process civil rights program complaints and follow up on earlier recommendations made in OIG and GAO reports; and support one investigator who will augment our current Investigations staff's work on cases involving potential discrimination by USDA employees.

- (d) An increase of \$256,000 for necessary training activities.

Funding is needed for basic training programs to ensure that OIG effectively meets professional standards that require certain levels of professional training for auditors and investigators annually; develop a comprehensive OIG management/executive development program to ensure that managers receive training in critical public management disciplines; and address the individual training needs for highly specialized skills, such as statistical techniques used for computer forensics. Under the Inspector General Reform Act, the Inspector General must certify OIG has funds necessary to satisfy all training requirements; this increase is needed to meet this requirement.

## OFFICE OF INSPECTOR GENERAL

Geographic Breakdown of Obligations and Staff Years  
2008 Actual and Estimated 2009 and 2010

	2008		2009		2010	
	Staff Amount	Years	Staff Amount	Years	Staff Amount	Years
California.....	\$9,186,104	67	\$8,720,000	61	\$8,878,000	60
Washington, D.C. ....	15,904,298	116	19,869,000	139	21,159,000	143
Georgia.....	10,557,164	77	10,435,000	73	10,802,000	73
Illinois.....	9,460,315	69	10,006,000	70	10,358,000	70
Maryland.....	10,008,740	73	11,721,000	82	11,986,000	81
Missouri.....	14,533,238	106	17,582,000	123	18,052,000	122
Texas.....	9,323,210	68	7,433,000	52	7,546,000	51
Subtotal,						
Available						
or Estimate.....	78,973,069	576	85,766,000	600	88,781,000	600
Unobligated Balance.....	+518,567					
Total, Available						
or Estimate .....	<u>79,491,636</u>	<u>576</u>	<u>85,766,000</u>	<u>600</u>	<u>88,781,000</u>	<u>600</u>

## OFFICE OF INSPECTOR GENERAL

Classification by Objects  
2008 Actual and Estimated 2009 and 2010

Personnel Compensation:	<u>2008</u>	<u>2009</u>	<u>2010</u>
Washington, D.C. ....	\$7,812,395	\$8,650,000	\$8,952,750
Field.....	44,270,240	49,018,000	50,733,630
11 Total personnel compensation.....	52,082,635	57,668,000	59,686,380
12 Personnel benefits.....	16,806,477	17,153,000	17,753,355
13 Benefits for former personnel.....	26,442	21,000	23,000
	<u>68,915,554</u>	<u>74,842,000</u>	<u>77,462,735</u>
Other Objects:			
21 Travel.....	2,216,524	2,549,515	2,657,918
22 Transportation of things.....	115,472	122,400	126,684
23.1 Rental payments to GSA.....	143,622	152,239	157,568
23.2 Rental payments to others	89,764	95,150	98,480
23.3 Communications, utilities, and miscellaneous charges.....	1,561,893	1,655,607	1,728,553
24 Printing and reproduction.....	126,113	133,680	138,359
25.1 Advisory and assistance services.....	722,914	766,289	793,109
25.2 Other services.....	923,146	978,535	1,012,783
25.3 Purchases of goods and services from Government accounts.....	1,211,091	1,334,035	1,380,727
25.4 Operation and maintenance of facilities.....	1,057,762	1,156,228	1,196,696
25.5 Research and development contracts.....	380,343	403,164	417,274
25.6 Medical care.....	106,618	113,015	116,971
25.7 Operation and maintenance of equipment.....	287,344	304,585	315,245
25.8 Subsistence and support of persons.....	53,309	56,508	58,485
26 Supplies and materials.....	400,491	424,520	439,379
31 Equipment.....	644,227	660,636	661,513
42 Insurance & Indemnities.....	16,500	17,490	18,102
43 Interest & Dividends.....	382	405	419
Total other objects.....	<u>10,057,515</u>	<u>10,924,000</u>	<u>11,318,265</u>
Total direct obligations.....	<u>78,973,069</u>	<u>85,766,000</u>	<u>88,781,000</u>
Position Data:			
Average Salary, ES positions.....	\$151,000	\$152,000	\$155,000
Average Salary, GS positions.....	\$89,000	\$91,000	\$93,000
Average Grade, GS positions.....	11.5	11.6	11.6

## OFFICE OF INSPECTOR GENERAL

## STATUS OF PROGRAM

The Office of Inspector General (OIG) is operationally independent of other agencies of the Department. OIG has the responsibility to (1) supervise, coordinate, and provide policy direction for audit and investigative activities relating to programs and operations of the Department; (2) recommend policies and conduct, supervise, or coordinate other activities of the Department for the purpose of promoting economy and efficiency and preventing and detecting fraud, waste, and mismanagement in its programs and operations; (3) keep the Secretary and Congress informed of fraud and other serious problems, waste, and deficiencies relating to the administration of programs and operations of the Department; and (4) recommend corrective action and report on progress made in obtaining management's agreement to implement such action.

During fiscal year (FY) 2008, OIG issued 275 investigative reports and 64 audit reports. Audit and Investigative results totaled \$557.1 million. OIG investigations resulted in 484 indictments and 732 convictions. The period of time to get court action on an indictment varies widely; therefore, the 732 convictions are not necessarily related to the 484 indictments. Our return on investments is \$9.16 for every dollar invested in OIG since FY 2003 when we started collecting the data.

Audit Monetary Results:

During FY 2008, management decisions were made on 64 audit reports, which include both current and prior year audit reports. At the time of the management decision, the monetary values agreed to by agencies were:

		<u>(in millions)</u>
Questioned and unsupported costs and loans		\$ 31.3
Recommended for recovery	31.3	
Funds to be put to better use		<u>451.1</u>
Total audit monetary results		482.4

Investigative Monetary Results:

		<u>(in millions)</u>
Claims established		\$15.3
Recoveries and collections		8.5
Cost avoidance (USDA program payments not made due to OIG investigations)		3.1
Fines		1.5
Administrative penalties		6.3
Restitutions		<u>40.0</u>
Total investigative monetary results		74.7

The President's Management Agenda for the Federal Government includes expected goals and outcomes to which USDA developed specific goals for the Department to support this overall agenda. OIG developed goals and outcomes that relate to and support those of USDA. OIG's audit and investigatory work for FY 2008 is summarized below in four main challenge areas we have identified for USDA. These areas – (1) safety and security measures to protect public health and resources; (2) integrity of benefits and entitlements programs; (3) USDA's management improvement initiatives, and (4) stewardship of natural

resources – serve as both a roadmap for OIG’s audit and investigatory work and as the main groupings for this Status of Program Report.

**SAFETY, SECURITY, AND PUBLIC HEALTH** - Strengthen USDA’s ability to implement safety and security measures to protect the public health as well as agricultural and Departmental resources.

USDA ensures, as a part of its mission, that the Nation’s commercial supply of imported or domestic meat, poultry, and egg products is safe, wholesome, and correctly labeled. Challenges to this include food-borne illnesses and the unintentional or intentional adulteration of meat and other food products. Protection of America’s animal and plant resources requires that they are safeguarded from exotic invasive pests and that trade issues relative to animal and plant health are resolved. However, the greater challenge is to ensure that the programs are working and properly administered so that the safety risk to those who consume the food products is minimized. The challenge is associated with ensuring a safe, secure, and healthy American agricultural system and economy.

Safety and security over computer and building assets are also a major concern within USDA to ensure accidental or intentional breaches are quickly identified and remedied.

Highlights of current and planned OIG audits, inspections, and investigations, as well as select examples of recent progress accomplished through OIG audits and investigations are described below:

Highlights of Current and Planned Audit Work:

Oversight of the National Organic Program. The audit will determine whether agricultural products marketed as organic meet the requirements of the National Organic Program. The audit will also examine the adequacy and oversight provided by the Agricultural Marketing Service (AMS) personnel and certifying agents to ensure that the program meets its objectives.

Follow-up on Purchase Specifications for Ground Beef. The audit will evaluate the effectiveness of AMS’ oversight of purchasing specification requirements for ground beef provided to the National School Lunch Program and other Federal feeding programs. This will include an assessment of AMS’ controls over suppliers’ production processes, the eligibility of suppliers, conducting microbial sampling, and coordinating with agencies involved in commodity programs.

Controls Over Animal Import Centers. The audit will evaluate the Animal and Plant Health Inspection Service’s (APHIS) controls over the quarantine and tracking of animals at Animal Import Centers and the user fees charged by those facilities.

Follow-up for APHIS Licensing of Animal Exhibitors. This follow-up audit will evaluate controls to deny licenses to applicants who possess wild or exotic animals in violation of State or local laws. The audit will also determine if standards were developed addressing the applicants’ level of experience in handling such animals.

Plant Protection and Quarantine Program. This audit will assess the effectiveness of the plant pest program in detecting and eradicating problematic pests and plants. The audit will also determine whether APHIS facilitates safe trade by monitoring the movement of risky material, protecting against the introduction of pests, and regulating import and export of plants. Finally the audit will verify APHIS’ role in crop biosecurity and emergency management.

Food Emergency Response Network (FERN). FERN is the Nation’s laboratory network for the detection of threats to the food supply. The audit will evaluate FERN to assess capabilities in preventing attacks on the food supply through surveillance, preparing member laboratories to respond to food-related emergencies,

providing and coordinating surge capacity, and assisting in recovery efforts following a threat or emergency.

APHIS Inspection of Breeders. The audit will evaluate the status of APHIS' actions to determine whether its statutory enforcement authority is sufficient to ensure breeders/dealers facilities are in compliance with the Animal Welfare Act. Our review will include an examination of APHIS' procedures for inspections, citing violations and follow-up.

Forest Service Firefighting Succession Plans. The audit will determine whether the Forest Service has adequately planned for the timely replacement of its critical wildfire suppression personnel as retirements increase and fewer of its personnel volunteer for fire suppression duties due to concerns over safety, liability, and other factors.

FSIS State Inspection Programs. This audit will determine if the Food Safety and Inspection Service (FSIS) has adequately implemented mandated provisions contained in the Food, Conservation and Energy Act of 2008 (2008 Farm Bill) related to State inspection programs. The 2008 Farm Bill allows USDA to grant an establishment a Federal mark of inspection for interstate shipment, provided specific criteria are met. The audit will focus on eligibility of establishments, training of inspectors, and qualification for mark of inspection.

Effectiveness of FSIS' Oversight of the Recall by Hallmark-Westland Meat Packing Company (Hallmark). We will evaluate FSIS' oversight of the recall by Hallmark. The audit will assess the effectiveness checks performed by FSIS and by Hallmark. The audit will also assess FSIS' actions to address recommendations from prior recall audits.

FSIS Salmonella Verification Testing Program. Since 2006, FSIS announced changes to its salmonella verification testing, which increased the testing frequency in establishments that exhibit highly variable process control and reduced the sampling frequency at ground beef establishments producing less than 1,000 pounds of product per day. This audit will evaluate the effectiveness of these changes and determine if they are scientifically based.

National Residue Program (NRP) in Non-Cull Cow, Swine, and Poultry Plants. The audit will determine how effective FSIS has been in administering the NRP at cattle slaughter plants. We will further assess the effectiveness of the coordination between the FSIS, the Food and Drug Administration, and the Environmental Protection Agency in regards to the administration of the NRP. Additionally, we will review the implementation status of FSIS corrective actions to our recommendations made in our audit issued November 2008 (24601-7-KC) on FSIS' management controls over pre-slaughter activities.

Assessment of USDA's Controls to Ensure Compliance with Beef Export Requirements. This audit will address Congressional concerns about beef export requirements. Specifically, this audit will assess USDA's controls to ensure exported beef products comply with trade requirements established with importing countries.

Controls over Genetically Engineered Animals and Insects. Our review will determine (1) which USDA agencies have oversight responsibilities for regulating genetically engineered animal and insect research, (2) whether current law and/or USDA regulations provide adequate authority to control genetically engineered animal/insect research, (3) the extent of research activities in the Department and which agencies are involved, and (4) if agencies established sufficient controls to ensure genetically engineered animals/insects are not inadvertently released into the environment.

Rehabilitation of Flood Control Dams. The Watershed Rehabilitation Amendments of 2000 authorized the National Resources Conservation Service (NRCS) to assist local organizations with the rehabilitation of aging dams located in their communities. NRCS performs this function in the Watershed Rehabilitation

Program. As needed, NRCS may provide technical and financial assistance for the planning, designing, and implementing of dam rehabilitation projects located in designated watersheds. The purpose of rehabilitation is to extend the service life of dams and bring them into compliance with current safety and performance standards or to decommission them so they no longer pose a threat to life and property. Our overall objective is to review the adequacy of controls in the NRCS program for rehabilitation of flood control dams.

Highlights of Current and Planned Investigations Work:

Animal Fighting. OIG Investigations has seen an increase in the number of referrals related to animal fighting. Investigations continues to investigate allegations of animal fighting, including dogfighting and cockfighting. Animal fighting presents serious human and animal health risks such as avian influenza, particularly when animals are transported between States or smuggled into the United States for fighting purposes. Further, these investigations will assist in preventing other types of violent crimes associated with these illegal activities such as gambling, illegal drug possession, etc. As part of an ongoing Investigations' initiative, OIG will closely monitor animal fighting activities and develop a link analysis database that will capture vital information pertaining to animal fighting investigations. This information will assist us in identifying organized networks operating throughout the country.

Emergency Response Program (ERP). Within the next year, the Emergency Response Team (ERT), one of the components of the ERP, will meet all training and certification requirements to ensure a constant state of readiness in the event of an agriculture related incident. ERT will continue to partner with other Federal agencies to ensure our interoperability with one another to act as a force multiplier in the event a response is necessary. The ERT will become more operationally proactive and use its highly specialized skills for the benefit of the Department and the public.

Wildland Fire Investigation Team. The Wildland Fire Investigation Team (WFIT) is the second component of OIG's ERP. Public Law 107-203, enacted on July 24, 2002, requires "in the case of each fatality of an officer or employee of the Forest Service that occurs due to wildfire entrapment or burnover, the Inspector General of the Department of Agriculture shall conduct an investigation of the fatality. The investigation shall not rely on, and shall be completely independent of, any investigation of the fatality that is conducted by the Forest Service." OIG currently has one ongoing investigation into the deaths of Forest Service Firefighters resulting from the Esperanza Fire in October 2006.

Within the next year, WFIT will continue to aggressively obtain and pursue the training necessary to maintain their certifications and to stay current with new technology and techniques in their field of expertise. In the event of the tragic loss of a Forest Service employee as the result of a wildfire entrapment or burnover, they will respond to the scene and begin investigative procedures to determine the issues surrounding the death(s).

Selected Examples of Recent Progress – Audit:

Evaluation of FSIS Management Controls over Pre-Slaughter Activities. On January 30, 2008, the Humane Society of the United States (HSUS) released videos that documented egregious abuse of cattle awaiting slaughter at the Hallmark-Westland Meat Packing Company (Hallmark). On February 17, 2008, Hallmark announced a voluntarily recall of approximately 143 million pounds of raw and frozen beef products, the largest recall to date. The release of the HSUS videos led to questions as to how such events could have occurred at a slaughter establishment under inspection by FSIS. OIG performed an audit to determine what inspection controls may have broken down at Hallmark, and whether these events were isolated or systemic.

We determined that there were deliberate actions by Hallmark personnel to bypass required inspections, as well as noncompliance with inspection procedures by FSIS in-plant staff. Management controls did not

detect and/or prevent these incidents. Although we found varying degrees of noncompliance and/or inconsistent implementation of required inspection procedures by FSIS inspectors in other cull establishments reviewed, nothing came to our attention to indicate that unsuitable animals were passed for slaughter at these establishments. We concluded that the events that occurred at Hallmark were not a systemic failure of the inspection processes/system as designed by FSIS. However, we did determine that management controls designed to provide oversight of the inspection processes, as well as organizational controls to demonstrate the sufficiency and competency of its personnel resources, can be strengthened to minimize the chance that events such as those at Hallmark could happen in the future.

We recommended that FSIS reassess the inhumane handling risks associated with cull establishments, establish a process to analyze data for variances in both establishment and inspector performance that could require followup, develop a supportable, risk-based methodology for determining inspection resources and an appropriate supervisory structure, and develop a structured training and development program for both its inspection and management resources. We have also made numerous recommendations for FSIS to strengthen its pre-slaughter inspection processes. FSIS agreed with the findings and recommendations.

USDA's Implementation of the National Strategy for Pandemic Influenza. On November 1, 2005, the President of the United States announced the National Strategy for Pandemic Influenza, a comprehensive approach to addressing the threat of pandemic influenza. The implementation plan included over 300 tasks that were designed to ensure that the Federal Government, along with State and local partners, continue to prepare for a possible outbreak in the United States. It assigned USDA the responsibility for completing 98 of these tasks. Of the 98 tasks, we reviewed 55 that were to be completed by February 2007. Each task was given a measure of performance that was to be completed by a specific date. The measures of performance required USDA to implement and/or revise procedures and coordinate with other Federal agencies to prepare for a possible pandemic.

According to the Homeland Security Council (HSC), USDA met the measures of performance for all the tasks completed through May 2007. We found that USDA took action on each lead task we reviewed; however, it did not test newly developed procedures or assess and evaluate the revised procedures to ensure they worked as designed. Also, USDA did not correctly report the status of two major APHIS functions to the HSC.

APHIS did not fully implement two of the eight recommendations from our prior report, *Oversight of Avian Influenza* (33099-11-Hy, issued June 2006), as of September 2007. The recommendations were intended to strengthen APHIS' ability to respond to an avian influenza outbreak.

We recommended USDA establish a control mechanism to accurately report information on assigned tasks, provide HSC with corrected information for the inaccurately reported tasks, and monitor support tasks and coordinate with HSC. In addition, USDA needs to develop plans for testing the tasks that have not been tested and formalize procedures to update its notification Web site. APHIS agreed with the recommendations.

FSIS Sampling and Testing for *E. coli*. In a memorandum, dated October 5, 2007, the Deputy Secretary requested that OIG determine whether improvements can be made to FSIS' sampling and testing procedures for *Escherichia coli* O157:H7 (*E. coli*) and identify any relative costs and benefits associated with these improvements. We examined the actions FSIS already has in process to improve its *E. coli* sampling and testing program. We also solicited feedback from various stakeholders, including representatives from other USDA agencies, other U.S. Government entities with similar sampling and testing programs, meat industry representatives, colleges and universities that perform *E. coli* research, and the quick-service restaurant industry. We provided our observations and suggestions in a memorandum, dated January 29, 2008. We concluded that while the actions FSIS has in process will improve its testing program, we believe that strengthening the adequacy, timeliness, and effectiveness of other aspects of

FSIS' Hazard Analysis and Critical Control Point verification activities would provide stronger assurance that establishments are properly identifying and controlling their food safety hazard risks.

USDA's Controls Over the Importation and Movement of Live Animals. OIG evaluated the effectiveness of the Department's controls over the importation and movement of live animals. Almost all animals that enter the United States come from Canada or Mexico. However, APHIS does not centrally accumulate or report import noncompliance, and does not have processes in place to collectively analyze noncompliance or follow up with foreign officials to determine if corrective actions are needed.

Additional controls are needed at northern ports-of-entry to obtain stronger assurance that all animal shipments are inspected by APHIS' veterinarians. APHIS has not arranged with U.S. Customs and Border Protection (CBP) to receive notification of incoming live animal shipments, nor has it obtained access to CBP's Automated Targeting System to track animals that have entered the United States.

APHIS cannot demonstrate that all immediate slaughter swine or feeder bovine from Canada arrived at their intended destination and were timely slaughtered. We found that 436 feeder bovine and almost 9,000 immediate slaughter swine (over a 4-month period) could not be verified as slaughtered, as required. APHIS generally agreed with our recommendation.

Follow-up Review of the FSIS' Controls Over Imported Meat and Poultry Products. This audit was conducted at the request of the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the U.S. Senate. Our objectives were to evaluate FSIS' inspection processes for meat and poultry imports to ensure the integrity of the U.S. food supply. We found that FSIS needs to strengthen the agency's controls for assessing the equivalence of foreign countries' food safety systems and for reinspecting meat and poultry products at U.S. ports of entry.

We recommended that FSIS strengthen the agency's methodology for selecting foreign establishments for review, and document the policy for performing onsite audits for new countries and countries that resumed trade with the United States. We also recommended that FSIS determine the number of product inspections needed to provide the appropriate level of protection for the safety and wholesomeness of imported product. FSIS agreed with the findings and recommendations.

Recall Procedures for Adulterated or Contaminated Product. The Deputy Secretary (then Acting Secretary) requested that OIG perform an audit to determine whether improvements could be made to FSIS' protocols for handling recalls and whether FSIS is taking full advantage of its current statutory authorities to address recall situations. We found that FSIS has taken strides to strengthen and improve their investigative and recall procedures and took full advantage of its current authority to address recalls, such as the Topps Meat Company recall. However, FSIS needs to collect and analyze a more representative sample of intact product during an outbreak investigation to be able to conclude whether contamination occurred at the establishment under investigation. In addition, FSIS has not finalized and implemented its draft directive for investigating foodborne illnesses and its revised directive for handling recalls.

We recommended that FSIS develop and implement a science-based sampling protocol to collect and analyze a representative sample of product at an establishment to conclude whether contamination occurred there. We also recommended that FSIS finalize and implement the new directive for investigating foodborne illnesses and the revised directive for handling recalls. FSIS agreed with our recommendations.

Management and Security Over USDA Wireless Connections. We evaluated security controls in place over the use of wireless technology connected to USDA networks. Specifically, we reviewed the controls that the Office of the Chief Information Officer (OCIO) and selected agencies had over wireless devices. We determined that there had been limited planning, coordination, and/or oversight of agency wireless networks. As a result, OCIO could not ensure that wireless security management processes were integrated

with agency strategic and operational planning processes, that wireless communications employed a streamlined configuration management, and/or that wireless technologies had been implemented with the appropriate security measures such as intrusion detection and anti-virus services. These issues were conveyed to the OCIO and agencies during the course of our review. We also noted that a new Chief Information Officer took over during 2007 and several memos clarifying both the OCIO and agencies roles in wireless security have been issued. These actions have helped to strengthen controls over wireless security; however, until they are implemented Department-wide, a material weakness will continue to exist. We recommended that OCIO implement effective policies and procedures over wireless access points, monitoring, physical security, and incident handling, and assume its role regarding oversight and coordination of the USDA agencies. The agencies need to comply with issued guidance and perform periodic scanning. OCIO concurred with the recommendations and has proposed additional corrective actions.

FY 2008 Federal Information Security Management Act Report. Our review determined that the Department has improved its information technology (IT) security oversight in several areas during FY 2008. For example, the oversight of the certification and accreditations has significantly improved. However, a continuing material IT control weakness exists within the Department because of the lack of an effective Department-wide plan. Although improvements were noted, weaknesses still remain in updating software, finding and fixing vulnerabilities, and using standard security settings. With such a large and diverse Department, ensuring that all agencies comply with standards will take time and resources. OCIO is working diligently towards this goal.

#### Selected Examples of Recent Progress – Investigations:

Emergency Response Team. During FY 2008, the ERT enhanced its technical expertise in Hazardous Waste Operations and crime scene processing. The ERT participated in numerous agro-terrorism workshops throughout the country which were sponsored by the Federal Bureau of Investigation (FBI). These workshops allowed Federal, State and local first responders to meet one another and work through various agro-terrorism scenarios. In August 2008, several members of the ERT participated in the Democratic and Republican National Conventions. They were poised and ready to respond in the event an incident occurred. Additionally, the ERT served as a resource to OIG's criminal investigators on numerous occasions during the execution of search warrants related to allegations of animal fighting. During these warrants, the ERT provided specialized evidence collection and worked with veterinarians for such support as testing and depopulation of fighting birds. Also during the past year, the ERT participated in Emergency Support Function #13, on an on-call basis in response to Wildland Fires in California, Tropical Storm Gustav and Hurricane Ike.

Professional Athlete Sentenced and Ordered To Pay \$928,073 in Restitution for Dogfighting. OIG conducted a joint investigation into dogfighting activities that resulted in a professional athlete being sentenced in Virginia Federal Court in December 2007 to 23 months of imprisonment and 36 months of supervised release, and \$928,073 in restitution to fund the cost of caring for pit bulls seized by the U.S. Government. From November 2007 through January 2008, four other individuals were sentenced as co-conspirators, to 3 years of supervised probation and 2, 18, and 21 months in prison, respectively. The three sentenced to prison terms were also given 36 months of supervised release. The investigation disclosed that the five individuals were actively involved in dogfighting activities. Structures designed to breed, house, and fight dogs were found on the professional athlete's property. This investigation was conducted jointly with the Virginia State Police and the Surry County Sheriff's Office.

Joint Investigation Uncovers Dogfighting Ring. In June 2008, a man was sentenced in State Court, Hamilton County, Ohio, to 162 months in prison for dogfighting and both possession of and trafficking in marijuana. The 14-month undercover investigation disclosed that the man was a principal organizer of a dogfighting ring and gambling organization in the Dayton and Cincinnati metropolitan areas and other parts

of Ohio, Kentucky, and Michigan. Judicial action is pending against numerous other defendants charged with similar offenses. This case is being worked jointly with various Federal, State, and local law enforcement entities as part of the Ohio Organized Crime Investigations Commission Taskforce. Additionally, OIG's National Computer Forensic Division (NCFD) provided computer forensics assistance in this case.

Incident Commander (IC) in Thirtymile Fire Is Sentenced. In August 2008, the IC for the Thirtymile Fire was sentenced to 90 days of incarceration, followed by 36 months of probation, and assessed a \$50 penalty. He was also required to submit to a complete mental health, alcohol, and substance abuse evaluation. He must abstain from alcohol during his probationary period and submit to alcohol testing as required. In addition, he is prohibited from seeking firefighter qualifications or engaging in firefighting or fire-line activities. On July 10, 2001, four Forest Service firefighters died after they became entrapped and their fire shelter deployment site was burned over by the Thirtymile Fire in the Chewuch River Canyon, 30 miles north of Winthrop, Washington. The investigation disclosed that the IC failed to order the firefighters off a rock slope where the firefighters had deployed their emergency fire shelters; he subsequently provided false statements to investigators. In April 2008, in the Eastern District of Washington, the former IC pled guilty to two counts of making false statements. This fire led to the passage of Public Law 107-203, which was signed into law on July 24, 2002, requiring OIG to conduct an independent investigation into the death of any Forest Service employee resulting from a burnover or entrapment in a wildland fire.

President of Food Processing Company Sentenced for Sale of Adulterated Foods. In November 2007, the president of a food processing company was sentenced in the Southern District of Florida to 15 months in prison and 36 months supervised release, fined \$5,000, and ordered to pay \$200,000 in restitution to the University of Florida to support its food safety programs. The company president had been charged with a scheme to defraud through the sale of adulterated foods and a scheme to introduce misbranded food into interstate commerce. Poultry and seafood products contaminated with *listeria monocytogenes*, a potentially fatal pathogenic bacterium that can be found in ready-to-eat food products, were misbranded and shipped to several locations throughout the United States and Canada. This case was worked jointly with the Food and Drug Administration's (FDA) Office of Criminal Investigation.

New Jersey Man Convicted in Federal Court for Contaminating Meat. In June 2008, a co-owner of a Jersey City, New Jersey, meat distributing company was sentenced to serve 24 months of probation and fined \$1,000 after pleading guilty in Federal court to holding adulterated meat products for sale. The co-owner had stored approximately 9,000 pounds of goat and beef carcasses in a manner that led to the product becoming adulterated with rodent infestation. The product was destroyed by FSIS before any adulterated meat could reach consumers. This case was worked jointly with FSIS' Office of Program Evaluation, Enforcement and Review.

**INTEGRITY OF BENEFITS AND ENTITLEMENTS PROGRAMS** - Reduce program vulnerabilities and strengthen program integrity in the delivery of benefits to program participants.

USDA works to harness the Nation's agricultural abundance with a goal of ending hunger and improving nutrition and health throughout the country and the world. Benefit and entitlement programs in USDA include many programs that provide payments directly to those individuals or entities in need of support in order to achieve the goals of USDA. These benefit programs, which are extremely high in cost, are also very susceptible to misuse by organized groups and individuals.

In addition, USDA helps rural communities develop, grow, and improve the quality of life by targeting financial and technical resources to areas of greatest need. Programs include those that help build competitive businesses and community facilities and low-to moderate-income housing. Other programs establish and sustain agricultural cooperatives, and provide modern, affordable utilities. Again, there is great potential for misuse of the funds that USDA administers by organizations and individuals. The

challenge is associated with ensuring the integrity of USDA's entitlements and benefits programs, particularly those related to nutrition, farm programs, and rural communities.

Highlights of current and planned OIG audits, inspections, and investigations, as well as select examples of recent progress accomplished through OIG audits and investigations are described below:

Highlights of Current and Planned Audit Work:

USDA Emergency Relief/Disaster Assistance for Natural Disasters. OIG plans to provide both real-time information to the Department, as early efforts are ongoing; and meaningful oversight, as relief and recovery efforts continue in future years. For 2008/2009, OIG will conduct various audits to (1) determine whether USDA has implemented internal control improvements over the distribution of emergency benefits, as recommended by OIG in our audits of USDA's response to the 2005 Gulf Coast hurricanes, and (2) review the efforts of various USDA programs in response to the 2008 hurricanes, Midwest flooding, and other disasters – both in terms of short-term emergency relief and in supporting longer-term rebuilding efforts. This work will be accomplished through a variety of current and planned audits and will cover such emergency relief/disaster assistance programs as the Farm Service Agency's Emergency Conservation Program (ECP), Supplemental Disaster Assistance Programs, and Noninsured Crop Disaster Assistance Program; NRCS' Emergency Watershed Protection (EWP) Program; the Risk Management Agency's (RMA) Crop Insurance Programs; the Rural Housing Service's (RHS) grant, loan, and Emergency Rental Assistance Programs; and the Food and Nutrition Service (FNS) commodity distribution and Disaster Supplemental Nutrition Assistance Program.

Midwest Disaster Assistance Programs. The audit will cover assistance provided under FSA's ECP and NRCS's EWP Program in response to the 2008 floods in the Midwestern United States. The preliminary audit objectives are to (1) follow up on corrective actions taken on prior audit findings and recommendations related to ECP and EWP, (2) assess the systems and processes that ensure the accountability of funds earmarked for disaster assistance, and (3) assess any waivers or revised procedures applicable to the programs and determine impact on the accountability and propriety of payments. *(Additional disaster-related assistance audits are shown under Goal 3)*

Vendor Monitoring in the Special Supplemental Program for Women, Infants, and Children (WIC). This audit will evaluate vendor monitoring in the WIC Program to assess implementation of new regulations and corrective actions regarding improper payments.

Child and Adult Care Food Program (CACFP) Followup on National Report. This audit will determine what actions FNS has taken on recommendations identified in OIG's 1999 consolidated audit of CACFP abuses, and evaluate their effectiveness.

FSA and NRCS Methods to Assess Integrity of Programs. FSA has developed a comprehensive compliance system that replaces prior compliance efforts associated with individual production adjustment, price support, and conservation programs. NRCS has a status review process to assess conservation compliance on wetlands and highly erodible land. Both agencies have taken different approaches in that NRCS looks at about 20,000 non-statistically sampled tracts while FSA now looks at about 3,800 statistically selected producers each year. The audit objective would be to evaluate the effectiveness of the different approaches and results obtained by the agencies, including the evaluation of NRCS compliance activities for efficiency and effectiveness.

FSA Implementation of the Average Crop Revenue Election (ACRE) Program. ACRE is a new program enacted under the 2008 Farm Bill. This audit will evaluate FSA's implementation of ACRE, to include reviews of controls established by FSA to ensure (1) ACRE State revenue guarantees and actual revenues are accurate and in accordance with the law, (2) ACRE planted acreage limitations are met, (3) ACRE eligibility conditions regarding actual yield requirements are met, and (4) ACRE scenarios are not such that

allow producers to change operations to get around the newly-reduced income and payment limitations. In addition, the audit will evaluate FSA and RMA efforts to coordinate acreage and production data collection so as to improve efficiencies and reduce producers' duplicative reporting burdens.

Pasture, Rangeland, and Forage (PRF) Loss Program. The objectives of the audit are to determine whether RMA effectively implemented the PRF Pilot Program and the adequacy of RMA's controls in the PRF Pilot Program to minimize program losses and to ensure program integrity, including preventing producers from receiving improper indemnity payments for acres enrolled in FSA and NRCS programs. As part of the latter objective, we also plan to evaluate RMA's controls to communicate and coordinate PRF Pilot Program information with other Departmental agencies to ensure that the agencies can properly administer their programs.

Use of National Agricultural Statistics Service County Average Yields for the Group Risk Protection Plans of Insurance. We are conducting a review to evaluate the National Agricultural Statistics Service's (NASS) establishment of average yields and the use of such yields by USDA agencies to administer programs and determine program benefits. In conducting our audit, we identified problems in counties where RMA offered Group Risk Protection (GRP) and Group Risk Income Protection (GRIP) insurance plans that do not specify irrigated or non-irrigated practices. For some county crop programs, RMA offered GRP/GRIP insurance plans based on a blended yield because it believed it did not have sufficient NASS production and acreage data to establish the insurance coverage by practice. This program design could result in insureds receiving an indemnity payment even though a normal crop is produced. In one county alone, we determined that GRIP insureds of irrigated and non-irrigated corn acres could receive indemnities for as much as \$35 million for the 2008 crop year. This occurred because the blended yield was impacted by a wide disparity between the irrigated and non-irrigated yield (138 bushels per acre), as well as a sizeable change in irrigated to non-irrigated acreage. In addition, we noted that four insureds broke out, or sobusted, about 6,800 acres of highly erodible land to participate in the program, as designed. We identified 513 additional GRP/GRIP county crop programs offered in 15 States and 376 counties that are potentially at risk of producers taking advantage of disparities between irrigated and non-irrigated yields.

Establishment of Average Yields. The audit will assess whether the processes used by NASS to establish county average production yields provide accurate and reliable information and a reasonable basis for administering the affected programs, establishing program benefits, and reporting production of commodities. In addition, the audit will assess whether the methodologies and processes used for determining average yields are consistently applied, reliable, accurate, and statistically sound and if the internal controls established by NASS are sufficient to ensure that the information collected and analyzed is safeguarded against unauthorized disclosure and use.

Effectiveness and Enforcement of Debarment and Suspension Regulations in USDA. The overall objective of the audit is to assess USDA agencies' awareness and use of suspension and debarment regulations. Specifically, we will determine if regulations are being effectively utilized and enforced in situations where warranted so that government programs are protected from harm and dollar losses due to irresponsible parties and habitual abusers.

Rural Rental Housing (RRH) Project Maintenance Costs/Inspection Procedures. The objectives of the audit are to determine if RHS has adequate internal controls to ensure that owners and management agents accurately report the financial operations of RRH projects. We will also determine if RHS' inspection procedures adequately identify and resolve maintenance issues at RRH projects, including health and safety hazards.

Rural Utilities Service Broadband Loan Programs. We determined that problems identified in our 2005 report—loans being issued to suburban and exurban communities and loans being issued where other providers already provide access—have not been resolved. The 2008 Farm Bill has redefined the term "rural area" and has specified when loans may be issued to areas with preexisting service, but sufficient

time has not passed for OIG to evaluate the impact of this new legislation. We remain concerned that the majority of Rural Utilities Service (RUS) program funds have not been utilized in expanding broadband service to the neediest of rural areas where no prior service exists.

RMA's Catastrophic Risk Protection Program (CAT). The farmer pays an administrative fee for CAT coverage, \$100 per county and per crop, and in return can receive a payment equal to 55 percent of the estimated market price of the crop on losses in excess of 50 percent of the normal yield. Private companies generally encourage sales of these policies by paying agents a commission based on the imputed premium. Therefore, if an agent sells a CAT policy on a large operation, the administrative fee will only be \$100 per county but the imputed premium may be \$300,000 or more. Recent data runs indicate that on those policies when agents switch from buy-up to CAT (coverage in excess of CAT which is 55 percent of the established price of commodity on crop losses in excess of 50 percent), there is an increase of 238 percent in the reported acreage. We will determine whether agents are switching buy-up policies to CAT policies and also increasing the reported acreage. We will review the management controls for the CAT Program to recommend additional controls needed to prevent these types of policy changes. We will then quantify the commissions and administrative reimbursements to the agents and approved insurance providers for CAT policies based on the changes.

RMA's Oversight of Approved Insurance Providers' (AIP) Quality Control (QC) Reviews. Our overall objective is to assess the effectiveness of RMA's oversight activities over AIP' QC reviews and the AIPs' compliance with the QC review processes, as prescribed by the Standard Reinsurance Agreement (SRA) in preventing or detecting program abuse, waste, and improper payments. Specifically, we will: (1) identify and gain an understanding of the actions planned and/or implemented by RMA to address our audit findings and recommendations in our prior report and to evaluate whether these actions satisfactorily address the issues presented in the report; (2) identify and assess AIPs' QC programs in place and whether consistent and reliable QC reviews are conducted, in accordance with requirements of Appendix IV of the SRA, and whether these activities are effective in identifying and correcting causes of errors or improper payments in their individual program delivery operations; and, (3) assess RMA's National Program Operations Reviews in monitoring and evaluating the AIPs' QC performance and whether these reviews are effective in identifying and correcting systemic deficiencies in individual AIP QC review process.

#### Highlights of Current and Planned Investigations Work:

Natural Disasters. Due to the significant amount of monies allocated by USDA for disaster relief, OIG Investigations will continue to monitor FSA and RMA disaster relief efforts as a result of natural disasters, including drought and flooding. As part of this effort, Investigations will ensure accountability for USDA disaster assistance funds and enhanced integrity in the delivery of benefits by identifying criminal activity in the programs that OIG will pursue through investigative efforts. Investigations Southwest Regional office continues to participate on the Hurricane Katrina and Rita Task Forces to identify and prosecute fraud identified in the disaster assistance programs resulting from those natural disasters.

FNS Program Investigations. OIG Investigations is working with State and local law enforcement entities that have a joint interest, to investigate violations involving the WIC/Infant formula, CACFP, and the Supplemental Nutrition Assistance Program. (SNAP). The WIC/Infant formula investigations often involve stolen infant formula that is relabeled and sold by unscrupulous wholesalers and retailers. The CACFP cases involve entities fraudulently over-reporting numbers of individuals receiving benefits at their respective facilities.

EBT/SNAP Initiative. As part of an ongoing initiative, OIG continues to devote significant resources to monitor and investigate retailers who circumvent the Electronic Benefit Transfer (EBT) security controls by trafficking food stamp benefits and fraudulently obtaining new equipment and/or illegally moving existing EBT machines to unauthorized locations. Additionally, OIG is creating a Link Analysis Database

that will capture vital information regarding EBT trafficking investigations to identify organized fraud networks operating on a large scale throughout the country.

Research Misconduct. In November 2008, USDA published a proposed rule in the Federal Register identifying how allegations of research misconduct would be handled and investigated. USDA provides substantial monies to research institutions to conduct research, which may be beneficial to the agriculture infrastructure. OIG Investigations is responsible for receiving and investigating these allegations when appropriate. We anticipate that we will be focusing our investigative resources to address these allegations.

#### Selected Examples of Recent Progress – Audit:

Summer Food Service Program in Georgia. OIG evaluated the FNS' and the Georgia State agency's administration of the Summer Food Service Program. We found that two private nonprofit sponsors operating the program in Georgia received excess reimbursement of more than \$215,000. The sponsors increased their reimbursement by (1) block-claiming (claiming the same number of meals for three or more consecutive days), (2) claiming more meals than allowed at approved sites, (3) operating more than the allowed number of sites, and (4) claiming meals that were not kept refrigerated at the temperature required for food safety. In addition, for 2005 and 2006, the State agency that oversees the program declared 24 private nonprofit sponsors as problematic and 16 sponsors as seriously deficient in program administration. However, the State was not enforcing its own policy to remove sponsors from the program if their operations were found to be seriously deficient. FNS also had not ensured that corrective actions were taken on problems noted during its reviews of the program.

We recommended that FNS (1) establish controls to follow up on all reviews of sponsors to ensure corrective actions have been implemented, (2) instruct the State agency to evaluate the conditions disclosed during this audit and determine whether the two sponsors warrant removal from the program, and (3) require the State agency to initiate steps to recover \$215,000 in questionable reimbursements received by the sponsors. FNS generally agreed with the recommendations. [27099-63-At, issued March 31, 2008]

Colorado State Agency Oversight of EBT Operations. In 2006, FNS officials in Denver, Colorado, informed OIG of multimillion dollar discrepancies and unexplained over-issuances caused by the failure of its new automated SNAP eligibility system to operate properly. As a result, OIG initiated this audit as part of a multi-year plan to provide a comprehensive assessment of the adequacy of the controls over EBT on a national basis and to evaluate the effectiveness of FNS' oversight efforts. Although the audit did not disclose any deficiencies with the EBT system itself, the Colorado State agency's management of the SNAP needs significant improvement. The State agency needs to improve controls for issuing SNAP benefits and establishing claims through its automated system. In addition, OIG identified deficiencies in controls that the State agency established to oversee and secure its EBT system. For example, the State agency did not use available EBT management reports to monitor program operations for improper activity. It also did not establish units to assist in the prosecution of trafficking by SNAP recipients. Deficiencies in issuing benefits and EBT system security were also noted. FNS agreed to take corrective action to address the 20 recommendations in the report.

SNAP Employment and Training (E&T) Program. OIG evaluated FNS' controls over the SNAP E&T Program and whether FNS adequately assessed the program's performance. We concluded that FNS had established sufficient monitoring procedures over the administration of the program; however, FNS had not established performance measures to determine the success of the program as required by the Government Performance and Results Act. Therefore, it cannot know whether its program, with \$110 million in annual expenditures, is meeting its goals or achieving results. We also found that a county manager in North Carolina modified the hours employees actually worked to the hours budgeted without the employees' knowledge which caused different Federal programs to be either overcharged or undercharged expenses for operating their programs. Further, the North Carolina State agency had not reconciled FY 2005 funds for the E&T Program, and, therefore, could not determine whether Federal funds totaling more than \$212,000

needed to be deobligated. FNS agreed to implement regulations that will require standardized State reporting on the effectiveness of E&T Programs. It also agreed to direct the North Carolina State agency to prohibit altering employees' timesheets and to reconcile its accounts.

SNAP Administrative Costs – New Jersey. OIG performed an audit to determine the accuracy and allowability of SNAP's administrative costs in the State of New Jersey. The New Jersey State agency needs to improve its controls over how costs are allocated to the program. Each county welfare agency in New Jersey has staff that is assigned to different work units that provide assistance to applicants for welfare programs, including the SNAP. Administrative costs are either allocated for each unit based on an approved method—one of which being a statistical random moment time study—or distributed based on employee personnel activity reports that should reflect actual activity for each employee. The three counties in our review did not ensure employees' salaries were charged to the correct work units and two counties did not ensure that all employees were included in the sample universe prior to making sample selections for the random moment time studies. County staff misunderstood instructions from the State agency relating to requirements for the random moment time studies. As a result, there was no assurance that costs were appropriately and equitably charged to the SNAP. FNS and the State agency agreed with our recommendations to implement a corrective action plan to ensure costs are properly allocated to benefiting programs and to train staff on proper cost allocation.

Crop Loss and Quality Adjustments for Aflatoxin-Infected Corn. Through AIPs, RMA insures corn producers against losses caused by aflatoxin (a fungus). In 2005, AIPs paid \$17.5 million to Texas producers for aflatoxin-infected corn (\$27 million total nationwide). This audit examined if aflatoxin-related payments to Texas producers were reasonable. Overall, we concluded that AIPs did not use reasonable rates to calculate producers' losses; in effect, paying them more than their infected corn was worth. Further, although RMA revised its procedures in 2007 for AIPs to determine payments, we maintain that the new requirements will not ensure that AIPs calculate producers' actual losses and appropriate payments.

AIPs accepted extremely low values for infected corn as demonstrated by the producers later selling their infected corn for between 5 to 28 times the values accepted by AIPs. Since RMA insures producers for the difference between the value of their infected corn and a preestablished value for uninfected corn, the low values accepted by AIPs resulted in much higher insurance payouts. In total, we questioned nearly \$16 million that was paid based on unreasonably low rates (i.e., below 0.25 per bushel). As of December 10, 2008, we are working with RMA officials to obtain audit resolution.

Inspection of Temporary Domestic Storage Sites for Foreign Food Assistance. The audit assessed FSA's port examination process, which was implemented to (1) improve storage conditions for USDA commodities awaiting shipment as foreign food aid and (2) help ensure USDA-purchased food is wholesome when shipped.

We determined FSA's port examination process was not sufficient to guarantee the quality of food exported to other countries. We found the port examinations were inconsistent, because FSA's procedures did not include comprehensive guidance. FSA also did not adequately follow up and confirm whether facilities corrected deficiencies noted during examinations.

In response to the audit, FSA plans to create a United States Warehouse Act (USWA) license for port facilities and add the requirement that only USWA licensed port facilities may be used in handling government food assistance commodities. FSA also plans to revise its examination procedures to provide comprehensive guidance for examiners.

Tobacco Transition Program Payments--Tobacco Assessments. The Tobacco Transition Payment Program (TTPP) is a 10-year, \$10 billion transitional payment program administered by FSA for tobacco quota holders and producers of tobacco. TTPP is funded by assessments levied and collected by FSA against

tobacco manufacturers and importers of tobacco products based on volumes of domestic tobacco sales as reported to FSA by the manufacturers and importers.

The objective of our audit was to determine whether FSA established controls adequate to ensure tobacco manufacturers and importers are properly assessed, and payments (assessments and penalties) timely submitted. We concluded that FSA controls were generally adequate to ensure FSA levied and collected the assessments. However, we did find that 90 entities that filed required reports with FSA did not pay their \$58.3 million in levied assessments. The Commodity Credit Corporation (CCC) funded the nonpaying entities' shares of the TTPP payments, and FSA has referred these nonpaying entities to the Department of Justice for debt collection. We also found that the Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB) provides FSA data to identify companies for assessment, the Internal Revenue Code of 1986 limits the use of such tax data, and FSA has been unable to pursue collection of assessments against an additional 62 manufacturers and importers that have not reported to FSA their volumes of domestic sales (nonreporting entities).

FSA agreed to work with the Department's Office of the General Counsel (OGC) to take legal action, as necessary, to enforce collection of assessments and penalties from nonpaying and nonreporting entities. In addition, FSA is working with TTB to achieve an official Memorandum of Understanding that will allow FSA to use TTB's data to calculate and levy assessments against non-reporting entities. [03601-15-At, issued September 4, 2008]

Methodology for Establishing National/Regional Loan Rates for USDA's Pulse Crop Loan Program. This audit was initiated in response to a hotline complaint alleging FSA used incorrect posted county prices (PCP) to determine marketing assistance loan (MAL) repayment rates and loan deficiency payment (LDP) rates for dry peas, resulting in excessive payments to pea growers and dramatic increases in planted acres of dry peas. The audit objectives were to determine whether the MAL rates and repayment rates established by FSA for the 2002 through 2006 crops of dry peas, lentils, and chickpeas (pulse crops) were in conformance with the authorizing legislation and resulted in excessive program costs for pulse crops, particularly dry peas. MALs and LDPs for pulse crops were made available for the first time under the 2002 Farm Bill.

We found that FSA generally used proper PCPs and repayment rates as prescribed by law and met Congress' goal of making pulse crops an attractive option for producers. Initially, based on its analysis of available production and price data, FSA had concluded that loan rates set by Congress under the 2002 Farm Bill reflected food quality (U.S. No. 1 grade) dry peas and lentils, rather than feed grade dry peas and U.S. No. 3 grade lentils. Therefore, for 2002, FSA applied discounts to the established loan rates for lower quality dry peas and lentils. Industry officials objected to the discounts, stating their belief that, by implementing the discounts, USDA did not adhere to the congressional intent of establishing MALs and LDPs for pulse crops. Congress, in the "Consolidated Appropriations Resolution, 2003" (the 2003 Act), mandated that pulse crop loan rates and loan repayment rates be based on feed grade dry peas and U.S. No. 3 grade lentils, effectively terminating FSA's loan discount schedule.

Implementation of the 2003 Act resulted in dry pea loan rates greater than the loan repayment rates. For crop year 2003, we determined dry pea producers received approximately \$14 million in LDPs and marketing loan gains that would not have been paid had Congress not stipulated the loan rates were based on feed grade dry peas. We also determined planted acres for pulse crops increased significantly since the inception of the 2002 Farm Bill and the 2003 Act. The 2008 Farm Bill has since set lower pulse crop loan rates for crop years 2009 through 2012. We made no recommendations.

Controls over Guaranteed Farm Loan Interest Rates and Interest Assistance. We conducted this audit to evaluate FSA's controls over the guaranteed farm loan interest rates charged by lenders and interest assistance provided to borrowers. We found FSA did not have effective controls to ensure lenders' interest rates met program requirements. For FSA's portfolio of 56,000 guaranteed farm loans valued at

\$12.1 billion, Federal regulations require interest rates not exceed the rates lenders charge their "average agricultural loan customers" ("average rate"). Neither FSA personnel nor any of the five lenders we reviewed could clearly articulate a methodology that demonstrated such compliance. Using lenders' self-described rate-setting methodologies, we calculated that, for 28 of the 71 guaranteed loans reviewed, lenders charged interest rates up to 2.25 percent above their average rate. We estimate the 28 borrowers could have saved approximately \$277,000 over the life of the loans, had the lenders limited the guaranteed loan interest rates to the OIG-calculated average rates. Also, FSA's oversight review process did not include procedures to evaluate interest rates charged by lenders.

In response to the audit, FSA generally agreed to simplify and clarify its interest rate requirements, issue guidance to its loan approving officials for assessing compliance with such requirements, issue instructions to lenders to clarify their responsibilities for adhering to interest rate requirements, require lenders to provide evidence that interest rates meet program requirements, and seek legal advice to formulate corrective actions for the audit-identified cases in which lenders potentially charged interest rates higher than allowed by regulations. FSA also decided to develop an automated system to help evaluate and monitor interest rates. FSA will outline a specific interest rate review process, use the automated system to identify trends, and take appropriate actions to correct any identified deficiencies.

#### Selected Examples of Recent Progress – Investigations:

Prison Sentences and Millions of Dollars in Restitutions and Forfeitures for SNAP Fraud. In July 2008, the owner of a Newark, New Jersey, grocery store was sentenced in Federal court to serve 43 months in prison, followed by 36 months of probation upon release, and was ordered to pay restitution of \$1,482,864 to USDA for discounting EBT benefits for cash. The owner was arrested in June 2000 and shortly thereafter fled to the Dominican Republic until 2007, when she was extradited to the United States to face the charges. In October 2006, three other individuals connected with this case were ordered to pay a total of \$1.1 million in restitution for their role in committing SNAP trafficking by discounting large amounts of EBT benefits for cash. One individual received 21 months in prison, and the other two received probation for a term of 36 months each. This case was worked jointly with the U.S. Secret Service.

In conjunction with the U.S. Attorney's Office for the Southern District of New York, in the fall of 2006, OIG initiated a large-scale investigation of SNAP trafficking. As a result, in April 2007, two grocery store owners and their employees were charged with violations of Federal law including SNAP trafficking and theft of government funds. Also, more than \$1.1 million in cash and property associated with the fraud were seized and forfeited to the government. In January 2008, the owner of one store pled guilty and the owner of the other store was found guilty at trial. In June and July 2008, the grocery store owners received sentences of 57 months of imprisonment and restitution of \$442,352, and 37 months of imprisonment and \$1,471,248 in restitution, respectively. In addition, their employees pled guilty and received sentences ranging from probation to imprisonment and restitution.

Sentences Are Obtained for Two Infant Formula Cases. OIG investigates cases involving stolen infant formula, which is the main product purchased with WIC vouchers. Intelligence from a variety of law enforcement sources has revealed that such crimes may be widespread throughout the Nation. The formula is stolen from large retail stores, often by members of organized shoplifting rings, who resell it to smaller grocery stores or warehouses dealing in stolen goods. Once stolen, infant formula is no longer part of the retail process and there is no guarantee that it is safe or healthy for America's infants.

In December 2007, five members of two organized crime organizations in Georgia received sentences in Federal prison ranging from 27 to 60 months for conspiracy, 42 to 65 months for interstate transportation of stolen property, and 36 months of supervised release. The OIG investigation disclosed that a total of approximately \$6.48 million worth of infant formula and razors was shoplifted in the Atlanta metro area

and then transported in rental trucks to New York. This investigation was conducted jointly with FDA and the Atlanta Police Department.

In October 2007, a Federal court in the Southern District of Ohio sentenced a store owner to 97 months of imprisonment, 36 months of probation, forfeiture of \$1.5 million, and additional forfeiture of \$791,025 in seized currency after a guilty plea for money laundering and conspiracy. The investigation disclosed that the store owner utilized his wholesale business to store and distribute pseudoephedrine (a decongestant) and other stolen/fraudulently obtained items, including infant formula, baby products, personal hygiene products, and cigarettes. This was a joint investigation with the Drug Enforcement Administration, the U.S. Secret Service, the FBI, and State and local law enforcement.

Long Prison Sentences and Restitutions Ordered for Fraud in Feeding Programs. In May 2008, a Texas church pastor was sentenced in Federal court for fraudulently participating in the Summer Food Service Program (SFSP). The OIG investigation disclosed that, from April 2003 to April 2006, the church pastor illegally obtained \$586,347 in SFSP benefits, formed five corporations and one business entity, which he used to launder the illegally obtained benefits, a portion of which was used to purchase a residence and two vehicles. The pastor was sentenced to serve 235 months in prison, followed by 36 months of supervised release, and was ordered to pay \$544,649 in restitution, jointly and severally with the business interests. The court also ordered forfeiture of the pastor's residence and two vehicles. This investigation was conducted jointly with the Department of Homeland Security's U.S. Immigration and Customs Enforcement and the Internal Revenue Service (IRS) Criminal Investigation.

In July 2008, the executive director of a sponsoring organization in North Carolina, and her daughter were sentenced in Federal court for defrauding the CACFP and IRS. The investigation disclosed that, between October 2002 and March 2005, the sponsoring organization falsified documents to illegally obtain \$777,902 in CACFP reimbursements. In addition, the executive director and her daughter failed to pay taxes on the illegally obtained funds deposited into their personal bank accounts. The executive director was sentenced to serve 57 months in prison, followed by 36 months of supervised release, and was ordered to pay \$1,191,749 in restitution to the North Carolina Health and Human Services and IRS. Her daughter was sentenced to 90 days of home confinement, 5 years of probation, and 200 hours of community service, and was ordered to pay a \$3,000 fine and \$49,134 in restitution to IRS. This investigation was conducted jointly with IRS Criminal Investigations.

Two North Carolina Men Convicted and Ordered to Forfeit \$4.5 Million for Conspiracy in FSA's Tobacco Program. In October 2007, a Federal court held two North Carolina men jointly and severally liable for a \$4.5 million forfeiture judgment. The two North Carolina men were found guilty of conspiracy to structure financial transactions to avoid filing Currency Transaction Reports (CTRs) and to commit fraud regarding the FSA Burley Tobacco Marketing Program. The men used an extensive network of accomplices, family, and friends to conduct more than \$4.5 million in transactions, using increments under \$10,000 to avoid filing the required CTR reports. It was determined that both men intentionally engaged in fraudulent actions regarding the improper identification of tobacco grown under this FSA program. This investigation was conducted jointly with the IRS, the FBI, and the Tennessee Bureau of Investigation.

MANAGEMENT IMPROVEMENT INITIATIVES - Support USDA in implementing its management improvement initiatives.

To strengthen management through more efficient program operations that offer improved customer service, OIG works with USDA agencies to ensure that the following conform to the President's Management Agenda: (1) improve human capital and real property management; (2) improve financial management; (3) expand electronic government; (4) eliminate improper payments; and (5) enhance research and development criteria as it pertains to programs and agencies within USDA.

Highlights of current and planned OIG audits and investigations, as well as select examples of recent progress accomplished through OIG audits and investigations are described below:

Highlights of Current and Planned Audit Work:

The overall objective of our audit is to evaluate the Forest Services' strategic planning for aerial resources needed to support its firefighting program. Specifically, we will evaluate the program to: (1) determine the optimal number and mix of firefighting aircraft; (2) employ accurate cost data and relevant measures to continually assess aircraft performance; and (3) constantly improve the effectiveness of the firefighting aviation program by replacing inefficient, ineffective, unsafe, and obsolescent aircraft. We also plan to evaluate the Forest Services' management of the Working Capital Fund aircraft reserve account created to fund the replacement of existing aircraft.

Management and Oversight of the Packers and Stockyards Program – Follow-up This audit will evaluate the Grain Inspection, Packers and Stockyards Administration's management and oversight of the Packers and Stockyards Program to ensure anti-competitive and unfair practices in the livestock and poultry markets are accurately and effectively examined, reported, and resolved. The audit will also followup on recommendations from our January 2006 audit (30601-1-Hy) to ensure proper implementation.

Monitoring the Implementation of the 2008 Farm Bill. We continue to monitor program agency implementation of the 2008 Farm Bill. We have initiated audit work where appropriate, such as our review of the Socially Disadvantaged Farmers and Ranchers (see Audit 03601-49-Te, below). We will review significant program changes and new programs after program agencies identify program implementation.

Socially Disadvantaged Farmers and Ranchers. This audit is mandated by the 2008 Farm Bill. The objective of the audit is to determine whether decisions to implement foreclosure proceedings with respect to socially disadvantaged borrowers were consistent and in conformity with the applicable laws and regulations governing loan foreclosures. The audit covers FSA direct farm ownership loans, farm operating loans, and emergency loans that had restructure and/or foreclosure decisions in FYs 2003-2007.

Peanut Pricing for FSA Program Purposes The audit objectives are to evaluate the processes used in gathering the peanut market price data used to establish MAL repayment rates, LDP rates and counter-cyclical payment rates for peanuts, and to determine if the established rates are based on reliable and consistent market price data.

Highlights of Current and Planned Investigations Work:

National Computer Forensics Division (NCFD). OIG's NCFD is now recognized within USDA as a leader and trusted resource in the area of computer forensics. As an authority in the investigation and analysis of network intrusions and attacks on USDA networks, the NCFD ensures that a thorough and accurate analysis of any network compromise is accomplished by analyzing compromised servers, firewall logs, Intrusion Detection System (IDS) logs, and IP traffic logs. The NCFD continues to provide support, training and advice on evidence collection and analysis to USDA agencies.

OIG's use of the NCFD has risen steadily over the last few years due to increases in the types of cases. Cases we anticipate working in the future include the analysis of multiple-site, networked, and stand-alone workstations seized during the investigation of animal cruelty, farm program fraud, and SNAP fraud investigations. We have also seen a continued increase in the number of requests to acquire and analyze various email systems to discover and provide documentation of past communication between subjects involved in either employee misconduct or other criminal activities.

Participation on President's Council for Integrity and Efficiency Information Technology (PCIE IT) Investigations Subcommittee. The NCFD is an active participant in the PCIE IT Committee's Investigations Subcommittee and the Working Group on Computer Forensics. NCFD will participate in a

training session co-sponsored by the PCIE IT Committee and Department of Justice's (DOJ) Computer Crimes and Intellectual Property Section. The Subcommittee is currently reviewing Encryption Key Escrow policies within each participating agency to help establish a best-practices document related to key escrow. The Subcommittee is also reviewing the possibility of developing a computer forensics lab certification for all OIG forensic labs.

Participation in Regional Procurement Fraud Task Forces. The USDA OIG is a member of the National Procurement Fraud Task Force, formed by DOJ in October 2006, as a partnership among Federal agencies charged with the investigation and prosecution of illegal acts in connection with government contracting and grant activities. The task force has worked to better allocate resources and improve coordination in procurement and grant fraud cases and otherwise to accelerate investigations and prosecutions. During this period, the task force has developed training programs on procurement and forensic auditing. At the regional level, OIG Investigations field offices participate on Procurement Fraud Task Forces initiated by the local U.S. Attorneys' Offices.

Suspension and Debarment. On December 12, 2008, the Federal Acquisition Regulation Business Ethics Rule went into effect. This rule allows the suspension and debarment of a contractor who knowingly fails to provide notification to OIG of criminal violations, violations of the False Claims Act or significant overpayments. OIG Investigations is responsible for receiving those notifications and coordinating action with the appropriate entities at DOJ, and has recently posted an electronic form on the OIG and USDA Web sites for contractors to report such fraud.

#### Selected Examples of Recent Progress – Audit:

FYs 2008 and 2007 Financial Statement Audits. The USDA Consolidated Financial Statements audit report, reclassified USDA Special Purpose Financial Statements audit report, the Rural Development (RD) agencies, CCC, Forest Service, FNS, and RMA/Federal Crop Insurance Corporation Financial Statement audit reports were issued with unqualified opinions for FY 2008. The Office of Management and Budget requested that NRCS receive a financial statement audit in FY 2008. This audit resulted in a disclaimer of opinion; however, the errors were determined not to be material to the Consolidated financial statements, taken as a whole. The Consolidated Financial Statements audit report and RD FY 2007 had qualified opinions. The qualified opinions were a result of significant revisions made to RD's credit reform processes related to the Single-Family Housing cash flow model and subsidy re-estimates during FY 2007.

The internal control reports over financial reporting identified two and eight significant deficiencies for the consolidated USDA and stand alone entities, respectively, all of which were deemed to be material weaknesses. No other significant deficiencies were reported in the consolidated internal control report; however, the stand alone entities reported 21 significant deficiencies. Additionally, the reports on compliance and other matters identified three and ten instances of noncompliance for the consolidated USDA and stand alone entities, respectively. (Multiple Audit Report Nos., issued November 2008)

Hurricane Relief Initiatives: Emergency Conservation Program. In 2005, successive hurricanes devastated farmland throughout the Gulf Coast. FSA's ECP helps producers rehabilitate farmland damaged by natural disasters. To provide relief to the producers affected by the 2005 hurricanes, FSA State offices were authorized to increase ECP approval limits and to waive pre-approval onsite inspections (of the extent of damage). Our audit objectives were to evaluate the implementation of ECP and the impact of administrative rule modifications in Louisiana and Mississippi.

Overall, we concluded that the flexibility provided to the States allowed them to better facilitate the producers' timely recovery from hurricane damage. We did, however, find that FSA county level personnel approved applications from both their fellow employees and their superiors, which was not allowed by procedure. Also, although FSA replaced its pre-approval onsite inspections with post-approval spot checks of 25 percent of approved applications, the spot checks did not always provide reasonable assurance that

claimed costs were commensurate with the work or services performed; e.g., once debris had been removed, it was difficult to gauge the extent or location of the original damage and, therefore, the actual expenditures required to rehabilitate the land.

We recommended that FSA review all employee and county committee applications not approved by the appropriate level, remind its State and county office employees of relevant approval authority rules, and develop guidance to limit pre-approval onsite inspection waivers for those types of ECP projects that FSA determines are least capable of being evaluated after rehabilitation work has been performed. FSA agreed to take the recommended corrective actions.

Implementation of Renewable Energy Programs in USDA. Renewable energy initiatives at USDA was emphasized through the Energy Policy Act of 2005, the President's Advanced Energy Initiative in 2006, and the Energy Independence and Security Act signed in December 2007. The overall objective of the audit was to evaluate USDA's efforts to emphasize renewable energy activities as directed by existing legislation and the President's Initiative. Individual audits were conducted in RUS, Forest Service, Agricultural Research Service, Cooperative State Research, Education and Extension Service, and Rural Business-Cooperative Service. We found that USDA agencies funded many worthwhile projects that had a positive impact in the renewable energy area. However, we identified several issues that, if addressed, could improve USDA's efforts in reducing the Nation's dependence on foreign oil and in powering its homes and businesses with renewable energy sources. We found that USDA does not have a renewable energy strategy for all agencies and programs within the Department. Additionally, although renewable energy funding was used for intended purposes, procedures are needed to prevent duplicate funding from occurring. Enhancements are also needed to the Department's Web-based system to promote renewable energy programs.

Foreign Agricultural Service's Export Credit Guarantee Program. The audit objective was to identify and evaluate controls over the review, approval, and monitoring processes of the Export Credit Guarantee Program. Program integrity, default rates, and administrative costs were also reviewed. In FY 2007, the Foreign Agricultural Service (FAS) processed 941 loan guarantee applications valued at \$1.4 billion.

We found that the premium structure of the loan guarantee program did not include a risk factor for the financial soundness of foreign banks. FAS officials agreed with the finding and recommendations.

#### Selected Examples of Recent Progress – Investigations:

##### Computer Forensic Investigations

Former USDA Employee Sentenced for Computer Fraud. In May 2008, a former FSA employee in Missouri was sentenced in Federal court to serve 60 months of probation and was ordered to pay \$35,207 in restitution and a \$100 special assessment. OIG's NCFD was responsible for the computer forensics analysis in this case, which determined that the former employee used her government computer to embezzle approximately \$35,207 in FSA program payments over an 18 month period, by issuing FSA payments in the names of inactive or deceased producers. The woman then deposited the funds electronically into her personal bank account.

During the past year, the NCFD provided onsite assistance for 7 search warrants, and analysis for 30 cases involving criminal activity (5 involving employee misconduct), and network intrusions resulting in 8,258 Gigabytes (GB) or 9.5 Terabytes (TB) of evidence. To put this into perspective, a byte is the unit most computers use to represent a character such as a letter, number, or typographic symbol. A GB is roughly a billion bytes and a TB is a thousand GB's. Currently, the average personal computer hard drive size ranges from 60 GB to 250GB in size. However, due to technological advances, we anticipate that the hard drive ranges will increase to 500GB in size.

Wife of Montana Sheriff Sentenced for Embezzlement. In January 2008, a former employee of the Montana Department of Public Health and Human Services, who is also the wife of a Montana county sheriff, was sentenced in the District of Montana to serve 54 months in prison, followed by 36 months probation, and was ordered to pay \$206,233 in restitution to the Montana Department of Public Health and Human Services. The investigation disclosed that over a 10-year period, the former employee embezzled \$22,377 in SNAP and \$183,856 in Temporary Assistance for Needy Family (TANF) benefits. The former employee opened and maintained numerous fictitious case files, and had the SNAP and TANF benefits mailed to post office boxes she held in the fictitious names.

Former Forest Service Employee Sentenced for Embezzlement. In November 2007, a former Forest Service employee was sentenced in the District of Oregon to serve 21 months in prison and 36 months of supervised release and was ordered to pay restitution of \$642,319. The OIG investigation disclosed that the employee embezzled at least \$642,319 from the Forest Service and used the funds for personal use, including gambling. The individual's employment with the Forest Service was terminated in August 2007. This case was conducted jointly with IRS Criminal Investigation.

Former Indiana County Employee Sentenced for Possession of Child Pornography. In December 2007, a former employee with Allen County's Indiana Soil and Water Conservation District (SWCD) was sentenced in Allen County Superior Court to 24 months of probation for possession of child pornography. As part of the sentencing, the judge ordered the former employee to undergo counseling, have no unsupervised visits with children under the age of 18, and to register as a sex offender in the State of Indiana. The former employee confessed to using SWCD-owned computers to upload and download child pornography images to and from the Internet while he was working in the USDA Service Center. The former employee also confessed to posting child pornography images to a photo album on a popular Internet site, using a computer at his new place of employment to access the images, and downloading child pornography images to one of his personally owned computers.

Former State Employee Sentenced for Fraudulently Receiving Government Benefits. In October 2007, a former State of Maine employee was sentenced in Federal court in the District of Maine to 12 months in prison, and ordered to pay restitution of \$120,917 and a \$400 court fee for providing false statements to government agencies to fraudulently receive benefits. The judge also ordered that the individual be deported to Canada upon her release from prison. The individual previously pled guilty in June 2007 to two counts of submitting false documentation and making false statements to obtain SNAP and other benefits. This investigation was conducted jointly with the U.S. Department of Health and Human Services OIG.

NATURAL RESOURCES - Increase the efficiency and effectiveness with which USDA manages and exercises stewardship over natural resources.

The administration of national forests and grasslands, including restoration and health of the watershed and sustainable forest ecosystem management, is a major concern. USDA conservation activities on public and private lands are through cooperative efforts with State, Tribal and local governments, as well as conservation districts, non-governmental organizations, private land managers, and local interests. Our goal is to work with USDA agencies to maintain healthy watersheds, high quality soils and sustainable ecosystems; to enhance soil quality to maintain productive working croplands; and to protect forests and grasslands and enhance the wildlife habitat these areas foster.

Highlights of current and planned OIG audits, inspections, and investigations, as well as select examples of recent progress accomplished through OIG audits and investigations are described below:

Highlights of Current and Planned Audit Work:

Oversight and Control of Forest Service Activities. The audit will determine whether the Forest Service has implemented an adequate system of internal controls to ensure the agency is accountable for the efficient and effective delivery of its programs.

Evaluating Forest Service Processes to Obtain and Grant Rights of Way and Easements. The audit will determine if the Forest Service is both properly obtaining rights-of-way and easements (ROW&E) necessary to manage Federal lands and granting and modifying ROW&E in accordance with laws and regulations and the best interests of the Forest Service. The audit will also determine if the Forest Service has adequately planned for how changing land use patterns and the use of ROW&E will affect the Forest Service mission areas.

Environmental Quality Incentives Program (EQIP) – 2008 Farm Bill. EQIP was reauthorized in the 2008 Farm Bill to provide a voluntary conservation program for farmers and ranchers that promotes agricultural production and environmental quality as compatible national goals. EQIP offers financial and technical help to assist eligible participants install or implement structural and management practices on eligible agricultural land. The objective of this audit will be to review the 2008 Farm Bill changes to the EQIP program and impact, if any, on previous audit recommendations. Our examination will include a review of how NRCS implements a new EQIP objective to assist producers to make beneficial, cost effective changes to production systems; and how NRCS limits payments to a producer, where payments may not exceed 100 percent of forgone income by the producer.

Highlights of Current and Planned Investigations Work:

Investigations have no significant activity under this goal.

Selected Examples of Recent Progress – Audit:

Logging Projects in the Giant Sequoia National Monument. This audit was conducted at the request of several U.S. Congressmen in response to allegations of the Forest Services' misconduct and mismanagement. Our review did not substantiate the six allegations presented or related concerns pertaining to the Forest Services' actions at the Giant Sequoia National Monument. We concluded that the Forest Service complied with applicable regulations, policies, laws, and agreements that were in effect at the time. We twice visited and directly observed the entire project area. On one visit we were accompanied by the Forest Service personnel, and on the other, by members of a private environmental group. We consulted with OGC on the legality of the Forest Services' actions. We found no evidence that the Forest Service was not in compliance with laws and regulations.

Wetlands Reserve Program (WRP) Wetlands Restoration and Compliance. The audit assessed NRCS' administration of wetlands restoration under WRP. We examined how the agency (1) ensured accurate and allowable payments for restoration, (2) monitored for compliance, and (3) selected applicants for enrollment.

We found that NRCS violated the Anti-Deficiency Act. Specifically, NRCS incurred obligations in 38 States for new easements and restoration work with expired funds. An opinion from OGC stated that NRCS improperly obligated 1996 Farm Bill funds after its authority to do so had ceased to exist because of the 2002 Farm Bill. We recommended that NRCS adjust the WRP accounts to cure the violation. Accordingly, NRCS is deobligating approximately \$78 million in open obligations from the 1996 Farm Bill.

We also found that NRCS did not monitor restoration sites to ensure WRP compliance (134 of 153 in our sample). The number of restoration sites exceeded the number of NRCS employees available to monitor

them. As a result, many of the sites were not kept to the required restoration standards (37 of 92 we visited). We recommended that NRCS implement a monitoring system that prioritized WRP easements and optimized resources for monitoring. NRCS agreed and has implemented a risk-based monitoring system for WRP easements.

## OFFICE OF INSPECTOR GENERAL

Summary of Budget and Performance  
Statement of Goals and Objectives

OIG Strategic Goal	OIG Objectives	Programs that Contribute	Key Outcome
OIG Goal 1: Strengthen USDA's ability to implement safety and security measures to protect the public health as well as agricultural and Departmental resources.	<p><u>Objective 1:</u> Continuously monitor and assess risks in USDA programs and operations to identify those critical to the achievement of our goals.</p> <p><u>Objective 2:</u> Target resources to address those critical risks.</p>	Audit/ Investigations	<u>Key Outcome 1:</u> Definition of criteria to establish priorities in terms of dollars; level of Congressional, Departmental, or public interest; risk factors; or other concerns.
OIG Goal #2: Reduce program vulnerabilities and strengthen program integrity in the delivery of benefits to program participants.	<p><u>Objective 1:</u> Continuously monitor and assess risks in USDA programs and operations to identify those critical to the achievement of our goals.</p> <p><u>Objective 2:</u> Target resources to address those critical risks.</p>	Audit/ Investigations	<u>Key Outcome 2:</u> Evaluation of: (1) the results of peer reviews and quality assurance and internal reviews, (2) the public perception of OIG's effectiveness via media exposure, and (3) the findings of benchmark studies of our accomplishments in comparison to the IG community, in order to assess OIG's progress in achieving its goals.

OIG Strategic Goal	OIG Objectives	Programs that Contribute	Key Outcome
<p>OIG Goal #3: Support USDA in implementing its management improvement initiatives.</p>	<p><u>Objective 1:</u> Continuously monitor and assess risks in USDA programs and operations to identify those critical to the achievement of our goals.</p> <p><u>Objective 2:</u> Target resources to address those critical risks.</p>	<p>Audit/ Investigations</p>	<p><u>Key Outcome 3:</u> Establishment of prevention and detection methods to reduce program losses through trend analysis.</p> <p>Continuous evaluation of our technological and physical resources to aid USDA in facing new technology-based and information security challenges.</p>

<p>OIG Goal #4: Increase the efficiency and effectiveness with which USDA manages and exercises stewardship over natural resources.</p>	<p><u>Objective 1:</u> Continuously monitor and assess risks in USDA programs and operations to identify those critical to the achievement of our goals.</p> <p><u>Objective 2:</u> Target resources to address those critical risks.</p>	<p>Audit/ Investigations</p>	<p><u>Key Outcome 4:</u> Development of self-assessments and other tools for USDA agencies to identify fraud, waste, and abuse in internal and program operations.</p>
<p>OIG Strategic Goal</p>	<p>OIG Objectives</p>	<p>Programs that Contribute</p>	<p>Key Outcome</p>
<p>OIG Goal #5: Strive for a highly qualified diverse workforce with the tools and training necessary to continuously enhance OIG's ability to fulfill its mission and communicate its accomplishments.</p>	<p><u>Objective 3:</u> Increase quality and frequency of communication and information sharing with USDA agencies and other organizations.</p>	<p>Management/ Counsel/ Audit/ Investigations</p>	<p><u>Key Outcome 5:</u> Utilization of self-assessment tools, such as surveys, to continually measure the impact of our human capital efforts and organizational progress.</p> <p>Achievement of human capital development goals by improving our recruitment, hiring, and training of a diversified skilled workforce.</p>

## OFFICE OF INSPECTOR GENERAL

Selected Accomplishments Expected at the FY 2010 Proposed Resource Level:

Annually, OIG identifies the most significant USDA programs for audit and allocates resources to these areas. OIG's proposed current and planned audits/investigations for 2010 includes: agricultural inspection activities; information technology security; vulnerabilities of Farm Bill programs; disaster relief efforts; crop insurance, deficiency, and indemnity payments investigations; and Food and Nutrition Services program investigations.

Summary of Budget and Performance  
Key Performance Outcomes and Measures

OIG Goals.

- Strategic Goal 1: Strengthen USDA's ability to implement safety and security measures to protect the public health as well as agricultural and Departmental resources.
- Strategic Goal 2: Reduce program vulnerabilities and strengthen program integrity in the delivery of benefits to program participants.
- Strategic Goal 3: Support USDA in implementing its management improvement initiatives.
- Strategic Goal 4: Increase the efficiency and effectiveness with which USDA manages and exercises stewardship over natural resources.
- Strategic Goal 5: Strive for a highly qualified diverse workforce with the tools and training to continuously enhance OIG's ability to fulfill its mission and communicate its accomplishments.

Key Outcomes:

- Definition of criteria to establish priorities in terms of dollars; level of Congressional, Departmental, or public interest; risk factors; or other concerns.
- Evaluation of: (1) the results of peer reviews and quality assurance and internal reviews, (2) the public perception of OIG's effectiveness via the media exposure, and (3) the findings of benchmark studies of our accomplishments in comparison to the IG community, in order to assess OIG's progress in achieving its goals.
- Establishment of prevention and detection methods to reduce program losses through trend analysis.
- Continuous evaluation of our technological and physical resources to aid USDA in facing new technology-based and information security challenges.
- Development of self-assessments and other tools for USDA agencies to identify fraud, waste, and abuse in internal and program operations.
- Utilization of self-assessment tools, such as surveys, to continually measure the impact of our human capital efforts and organizational progress.
- Achievement of human capital development goals by improving our recruitment, hiring, and training of a diversified skilled workforce.

Long-term Performance Measures: OIG focuses on the most important issues that face USDA. Through coordinated audits, investigations, and other reviews, OIG addresses the areas of highest risk and provides insight and support to USDA program agencies. Our concerted efforts focus heavily on prevention, including reviewing controls and advising Departmental officials of recommended improvements needed in agency programs and operations. To determine how we are doing and where we go next, we will continue to meet periodically with stakeholders, particularly USDA management officials, U.S. attorneys, and Congressional representatives and staff to obtain feedback on our work. However, our work follows

several stages of decision-making and implementation in order to ultimately influence change. These stages are:

- Are we doing the most important work?
- Are our recommendations and actions encouraging response?
- Has the response to our work been implemented?
- Has the response had the desired improvement effect?
- How does this improvement manifest itself as progress toward OIG's and USDA's goals?

Key Performance Measures:

Performance Measure 1: Percentage of OIG direct resources dedicated to critical-risk or high-impact activities.

Performance Measure 2: Percentage of audit or inspection recommendations where management decisions are achieved within 1 year of report issuance.

Performance Measure 3: Percentage of audits initiated where the findings and recommendations are presented to the auditee within established timeframes.

Performance Measure 4: Percentage of closed investigations that resulted in a referral for action to the Department of Justice, State/local law enforcement officials, or relevant administrative authority.

Performance Measure 5: Percentage of closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary results.

Key Performance Measures and Targets:

Performance Measure	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Target	2010 Target
Performance Measure No. 1 Percentage of OIG direct resources dedicated to critical-risk or high-impact activities.	92%	91%	92%	95%	90%	90%
Performance Measure No. 2 Percentage of audit or inspection recommendations where management decisions are achieved within 1 year of report issuance.	87%	94%	85%	84%	85%	85%

<b>Performance Measure</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Target</b>	<b>2010 Target</b>
<b>Performance Measure No. 3</b>  Percentage of audits initiated where the findings and recommendations are presented to the auditee within established timeframe.	N/A	N/A	N/A	92%	85%	85%
<b>Performance Measure No. 4</b>  Percentage of closed investigations that resulted in a referral of action to the Department of Justice, State/local enforcement officials, or relevant administrative authority.	N/A	N/A	N/A	70%	70%	70%
<b>Performance Measure No. 5</b>  Percentage of closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary results.	68%	59%	68%	65%	65%	65%

## OFFICE OF INSPECTOR GENERAL

Summary of Budget and PerformanceFull Cost by Strategic Goal

(Dollars in thousands unless noted)

Strategic Goal 1: Strengthen USDA's ability to implement safety and security measures to protect the public health as well as agricultural and Departmental resources.

	<u>2008</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>
Program Items			
Audit	\$5,031	\$7,018	\$7,265
Investigations	<u>6,041</u>	<u>6,562</u>	<u>6,792</u>
Total Costs	11,072	13,580	14,057
FTEs	81	93	93
Performance Measures – Audit/Investigations			
Number of Audits That Fall Under Goal 1	10	12	12
Number of Days Charged	5,542	7,480	7,539
Auditor Cost Per Day (\$)	\$914	\$938	\$964
Dollar Expenditure for Goal 1	\$5,064	\$7,018	\$7,265
Number of Investigations That Fall Under Goal 1	37	50	50
Number of Days Charged	2,970	3,120	3,145
Investigator Cost Per Day (\$)	\$2,048	\$2,103	\$2,160
Dollar Expenditure for Goal 1	\$6,081	\$6,562	\$6,792
Performance Measures:			
Percentage of OIG direct resources dedicated to critical-risk or high-impact activities.	90%	90%	90%
Percentage of audit or inspection recommendations where management decisions are achieved within 1 year of report issuance.	67%	85%	85%
Percentage of Mandatory, Congressional and requested audits completed within requested timeframes.	100%	85%	85%
Percentage of inspections delivered within timeframes agreed to with relevant stakeholders.	80%	N/A	N/A
Percentage of closed investigations that resulted in a referral for action to the Department of Justice, State/local law enforcement officials, or relevant administrative authority.	70%	70%	70%
Percentage of closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.	66%	65%	65%

Strategic Goal 2: Reduce program vulnerabilities and strengthen program integrity in the delivery of benefits to program participants.

	<u>2008</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>
Program Items			
Audit	\$13,157	\$9,624	\$9,962
Investigations	<u>26,179</u>	<u>28,432</u>	<u>29,431</u>
Total Costs	39,336	38,056	39,393
FTEs	290	255	255
Performance Measures – Audit/Investigations			
Number of Audits That Fall Under Goal 2	26	20	20
Number of Days Charged	14,496	10,257	10,338
Auditor Cost Per Day (\$)	\$914	\$938	\$964
Dollar Expenditures for Goal 2	\$13,243	\$9,624	\$9,962
Number of Investigations That Fall Under Goal 2	192	191	191
Number of Days Charged	12,869	13,520	13,627
Investigator Cost Per day (\$)	\$2,048	\$2,103	\$2,160
Dollar Expenditures for Goal 2	\$26,352	\$28,432	\$29,431
Performance Measures:			
Percentage of OIG direct resources dedicated to critical-risk or high-impact activities.	90%	90%	90%
Percentage of audit or inspection recommendations where management decisions are achieved within 1 year of report issuance.	85%	85%	85%
Percentage of Mandatory, Congressional and requested audits completed within requested timeframes.	86%	85%	85%
Percentage of inspections delivered within timeframes agreed to with relevant stakeholders.	80%	80%	80%
Percentage of closed investigations that resulted in a referral for action to the Department of Justice, State/local law enforcement officials, or relevant administrative authority.	93%	93%	93%
Percentage of closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.	76%	65%	65%

## Strategic Goal 3: Support USDA in implementing its management improvement initiatives.

	<u>2008</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>
<b>Program Items</b>			
Audit	\$17,414	\$22,609	\$23,404
Investigations	<u>7,652</u>	<u>8,311</u>	<u>8,603</u>
Total Costs	25,066	30,920	32,007
FTEs	186	209	209
<b>Performance Measures – Audit/Investigations</b>			
Number of Audits That Fall Under Goal 3	25	26	26
Number of Days Charged	19,186	24,097	24,288
Auditor Cost Per Day (\$)	\$914	\$938	\$964
Dollar Expenditures for Goal 3	\$17,528	\$22,609	\$23,404
Number of Investigations That Fall Under Goal 3	53	38	38
Number of Days Charged	3,762	3,952	3,983
Investigator Cost per Day (\$)	\$2,048	\$2,103	\$2,160
Dollar Expenditures for Goal 3	\$7,703	\$8,311	\$8,603
<b>Performance Measures:</b>			
Percentage of OIG direct resources dedicated to critical-risk or high-impact activities.	90%	90%	90%
Percentage of audit or inspection recommendations where management decisions are achieved within 1 year of report issuance.	95%	85%	85%
Percentage of Mandatory, Congressional and requested audits completed within requested timeframes.	93%	85%	85%
Percentage of inspections delivered within timeframes agreed to with relevant stakeholders.	80%	80%	80%
Percentage of closed investigations that resulted in a referral for action to the Department of Justice, State/local law enforcement officials, or relevant administrative authority.	93%	93%	93%
Percentage of closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.	70%	65%	65%

Strategic Goal 4: Increase the efficiency and effectiveness with which USDA manages and exercises stewardship over natural resources.

	<u>2008</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>2010</u> <u>Amount</u>
Program Items			
Audit	\$3,096	\$2,774	\$2,871
Investigations	403	436	453
Total Costs	3,499	3,210	3,324
FTEs	23	23	23
Performance Measures -- Audit/Investigations			
Number of Audits That Fall Under Goal 4	3	3	3
Number of Days Charged	3,411	2,956	2,980
Auditor Cost Per Day (\$)	\$914	\$938	\$964
Dollar Expenditures for Goal 4	\$3,116	\$2,774	\$2,871
Number of Investigations That Fall Under Goal 4	1	1	1
Number of Days Charged	198	208	210
Investigator Cost per Day (\$)	\$2,048	\$2,103	\$2,160
Dollar Expenditures for Goal 4	\$405	\$437	\$453
Performance Measures:			
(1) Percentage of OIG direct resources dedicated to critical-risk or high-impact activities.	90%	90%	90%
(2) Percentage of audit or inspection recommendations where management decisions are achieved within 1 year of report issuance.	100%	85%	85%
Percentage of Mandatory, Congressional and requested audits completed within requested timeframes.	N/A	85%	85%
Percentage of inspections delivered within timeframes agreed to with relevant stakeholders.	80%	80%	80%
Percentage of closed investigations that resulted in a referral for action to the Department of Justice, State/local law enforcement officials, or relevant administrative authority.	80%	80%	80%
(6) Percentage of closed investigations that resulted in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result.	20%	65%	65%
Total for All Strategic Goals:	<u>\$78,973</u>	<u>\$85,766</u>	<u>\$88,781</u>
FTEs	576	600	600