



U.S. Department of Agriculture



**Office of Inspector General
Northeast Region**

Audit Report

Animal and Plant Health Inspection Service's Transfer Authority of Program Funding

**Report No. 33601-03-Hy
April 2008**



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



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REPLY TO

ATTN OF: 33601-03-Hy

TO: Cindy Smith
Administrator
Animal and Plant Health Inspection Service

ATTN: Dr. Gregory Parham
Deputy Administrator
Marketing and Regulatory Programs Business Services

FROM: Robert W. Young /s/
Assistant Inspector General
for Audit

SUBJECT: Animal and Plant Health Inspection Service's Transfer Authority of
Program Funding

This report presents the results of our audit of Animal and Plant Health Inspection Service's (APHIS) transfer authority of program funding. We initiated this audit in response to a request received from Congressman Mike Rogers. Congressman Rogers requested that the Inspector General perform audit work to substantiate allegations that APHIS' Veterinary Services (VS) was inappropriately transferring program funds.

We determined that APHIS is performing transfers in accordance with appropriations language and APHIS guidelines. We observed the transfers are between fund accounts of programs within APHIS-VS. In addition, we determined that APHIS is accurately tracking time and attendance information as submitted by its employees. Based on our testing, we did not find that APHIS was mischarging expenses.

BACKGROUND

APHIS, an agency within the Department of Agriculture, protects and promotes agriculture in the United States by keeping agricultural pests and diseases from entering the country, facilitating agricultural exports, and ensuring science-based standards in agricultural trade. Within APHIS, VS protects and improves the health, quality, and marketability of our Nation's animal products. VS prevents, controls, and/or eliminates animal diseases, and monitors and promotes animal health and productivity.

APHIS receives an annual appropriation from Congress for pest and disease management, including allocations for the emergence of outbreaks. In addition, APHIS receives an annual transfer of funds from the Commodity Credit Corporation to assist in addressing the occurrence of emergency outbreaks that otherwise could not be prevented with the use of the annual appropriation. A substantial portion of APHIS' annual appropriation is received for salaries and expenses, which is used to carryout the mission of the agency. Additional allocations addressed in the appropriation include funding for emergency occurrences, no-year funding, and building and facilities. APHIS disburses these funds to the Area Veterinarian in-charge to carryout program operations in each State.

OBJECTIVE

The objective of this audit was to determine if APHIS-VS' Eastern Region inappropriately shifted funds between program accounts.

SCOPE AND METHODOLOGY

We performed fieldwork between February and March 2008 at the Eastern Regional office in Raleigh, North Carolina, and the area office in Harrisburg, Pennsylvania. To accomplish our objectives, we: (1) interviewed APHIS' budget personnel and administrative officers, (2) analyzed the *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006 and 2007* continuing resolution appropriation to identify if it contained specific language prohibiting the transfer of funds, and (3) reviewed a sample of transactions to identify if funding was inappropriately transferred between program accounts.

To test a sample of transactions, we judgmentally selected four States (Maryland, Maine, Pennsylvania, and Michigan) to determine how the Eastern Region conducts operations. These States were selected to test the consistency of operations in multiple geographic areas of APHIS' Eastern Region. We also performed additional testing at the Harrisburg, Pennsylvania area office, to review adjusted transactions to ensure that the adjustments were made within VS program accounts. Adjustments are required for transactions that are rejected because of invalid accounting information.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objective.

AUDIT RESULTS

Based on our review of the appropriations language and discussions with APHIS officials, we concluded that APHIS has the authority to transfer funds between accounts at the program level. We determined that the transfers performed are in accordance with the appropriations language and APHIS guidelines. Further, nothing came to our attention to cause us to question APHIS' accounting practices. Based on our testing, we did not find that APHIS was mischarging expenses.

Under the authority as described in the appropriations law for fiscal year (FY) 2006 and the continuing resolution for FY 2007, funding is allocated to APHIS noting those funds with specific purposes and does not restrict APHIS from performing transfers between accounts within VS. Therefore, we concluded that APHIS is authorized to disperse funding between accounts within VS.

To verify funding accounts represent those specific to APHIS-VS, we judgmentally selected adjusted transactions from four States within the Eastern Region. For our sample, we determined whether the adjustments were warranted. Adjustments are required for transactions that are rejected because of invalid accounting information. Reasons for rejected transactions include, but are not limited to, invalid accounting codes, unintentional human error, and incorrect travel requests. We were able to trace the corrected transactions to supporting documentation. The adjustments were between VS program accounts.

APHIS accurately records time and attendance information as submitted by its employees. At the Pennsylvania area office, we reviewed documentation to illustrate how an employee's time is recorded. This information is tracked by the employee in a spreadsheet and then entered by the appropriate APHIS official into the time and attendance system. Also, we analyzed all adjustments (i.e., time and attendance and accounting adjustments) completed and submitted to the Eastern Regional office staff during the FY 2007 processing. We observed that these adjustments had a valid reason and were for APHIS-VS program accounts.

We appreciate the courtesies and cooperation extended to us during this audit.