U.S. Department of Agriculture
Office of Inspector General

Management Challenges

August 2010

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

MEMORANDUM FOR THE SECRETARY

FROM: Phyllis K. Fong /signed/ AUG 30 2010
Inspector General

SUBJECT: Management Challenges

The Reports Consolidation Act of 2000 requires the Department of Agriculture (USDA), Office of Inspector General, to identify and report annually on the most serious management challenges USDA and its agencies face.

To identify Departmental challenges, we routinely examine issued audit reports where corrective actions have yet to be taken, assess ongoing investigative and audit work to identify significant vulnerabilities, and analyze new programs and activities that could pose significant challenges due to their range and complexity. We discussed our current challenges with USDA officials and considered all comments received.

Last year and in years prior, we reported on major challenges that we believed were the most significant management issues facing USDA. We identified no new challenges and so this year's Departmental challenges remain at ten. Last year, we also began reporting on emerging issues that have the potential to develop into Departmental challenges. One emerging issue reported last year, the National Organic Program, has become a sub-element under Challenge 2, based on findings identified in our audit report issued in March 2010. In addition, we added new sub-elements under Challenge 1 on coordination between Federal agencies to prevent residue from entering the food supply. Under Challenge 2, we added sub-elements on the Standard Reinsurance Agreement and on the Group Risk Plan and the Group Risk Income Protection program.

We removed sub-elements reported under three of this year's challenges: Challenge 2 on Internal Controls, Challenge 4 on Civil Rights, and Challenge 6 on Global Trade. Explanations of agency actions taken that prompted us to remove these sub-elements are reflected on page 3 of this report.

Under emerging issues, we have removed sections referenced last year for Human Capital Resources about workforce in the Food and Nutrition Service and the Natural Resources Conservation Service. Actions were taken or are in process by these agencies to resolve staffing resource issues. We have also removed as an emerging issue the implementation of the 2008 Farm Bill (Public Law 110-246) since most of the provisions have been implemented by the Department and its agencies.

We look forward to working with the Department to address these management challenges. If you have any questions or would like to discuss these issues, please contact me at (202) 720-8001 or Deputy Inspector General David Gray at (202) 720-7431. You or members of your staff may also contact either Mr. Gil H. Harden, Assistant Inspector General for Audit, at (202) 720-6945, or Ms. Karen Ellis, Assistant Inspector General for Investigations, at (202) 720-3306.

Attachment:
Major USDA Management Challenges

cc:
Subcabinet Officials
Agency Administrators

OFFICE OF INSPECTOR GENERAL
MAJOR USDA MANAGEMENT CHALLENGES
(August 2010)

Current Challenges - Synopsis

(1) Interagency Communication, Coordination, and Program Integration Need Improvement

- Integrate the information management systems used to implement the crop insurance and farm programs.
- Increase organizational communication and understanding among the agencies that administer the farm, crop insurance, and conservation programs.
- Increase communication and coordination on issues related to agricultural inspection policies and procedures.
- Improve coordination among Federal agencies to prevent residues from entering the food supply.

(2) Implementation of Strong, Integrated, Internal Control Systems Still Needed

- Develop Rural Housing Service's controls over administering disaster housing assistance programs to ensure aid is provided to those within officially designated disaster areas and to avoid duplicating benefits.
- Strengthen quality control and perform required reconciliation of producer/policyholder data in the Federal Crop Insurance Program.
- Fulfill contractual obligations under standard reinsurance agreements.
- Improve verification under the Group Risk Plan and Group Risk Income Protection programs.
- Prepare complete, accurate, financial statements without extensive manual procedures and adjustments.
- Improve Forest Service's and Natural Resources Conservation Service's internal controls and management accountability in order to effectively manage resources, measure progress towards goals and objectives, and accurately report accomplishments.
- Strengthen oversight of the National Organic Program.

(3) Continuing Improvements Needed in Information Technology (IT) Security

- Emphasize security program planning, and management oversight and monitoring.
- Establish an internal control program throughout a system's lifecycle.
- Identify, test, and mitigate IT security vulnerabilities (risk assessments).
- Improve access controls.
- Implement appropriate application and system software change controls.
- Develop disaster contingency (service continuity) plans.
- Address computing problems and mitigate the impact to users.

(4) Departmental Efforts and Initiatives in Homeland Security Need To Be Maintained

- Implement commodity inventory systems that provide critical homeland security features.
- Continue to strengthen controls over select agents and toxins.
- Continue to coordinate with the Department of Homeland Security to implement effective control systems that ensure the safety and security of agricultural products entering the country.
- Continue to strengthen ability to respond to avian influenza outbreaks.
- Strengthen controls over live animal imports.

(5) Material Weaknesses Persist in Civil Rights Control Structure and Environment

- Develop a plan to process complaints timely and effectively.
- Ensure the integrity of complaint data in the system.

(6) USDA Needs To Develop a Proactive, Integrated Strategy To Help American Producers Meet the Global Trade Challenge

- Continue to strengthen genetically engineered organism field testing controls to prevent inadvertent genetic mixing with agricultural crops for export.
- Develop a global market strategy.

(7) Better Forest Service Management and Community Action Needed To Improve the Health of the National Forests and To Reduce the Cost of Fighting Fires

- Develop new methods to improve forest health.
- Establish procedures to better respond to wildland fire threats.

(8) Improved Controls Needed for Food Safety Inspection Systems

- Complete corrective actions on prior recommendations.
- Develop a time-phased plan to finish assessing the food safety system control plans developed by USDA-inspected facilities and their production processes, including a review program for periodic reassessment.
- Improve the accuracy of data available in the systems.
- Continue to develop and implement a strategy for training inspectors.

(9) Implementation of Renewable Energy Programs at USDA

- Develop and implement a viable and comprehensive renewable energy strategy for USDA's agencies and programs.

(10) Implementation of the American Recovery and Reinvestment Act of 2009

- Provide timely and effective oversight of USDA Recovery Act monies and activities.

Challenges Removed From the Fiscal Year 2009 List

No Departmental management challenges were removed from this year's list. All those currently listed remain as challenges; however, actions taken by agencies to address the challenges have been noted in the individual narratives.

USDA has made progress in addressing issues identified under the following Departmental management challenges.

Challenge (2) Implementation of Strong, Integrated Internal Control Systems Still Needed

Capitalize on Farm Service Agency Compliance Activities To Improve Program Integrity. Beginning with the 2007 crop year, the Farm Service Agency (FSA) implemented a new statistical compliance review and spot-check selection process. This included storing the results in a database, analyzing the compliance review results, and issuing a summary report. FSA specialists from each program area then analyze this report to identify any discrepancies and weaknesses, trends of noncompliance, areas of concern, and any corrective actions that may be needed. FSA acknowledges that it may need to adjust or enhance the statistical compliance review and spot-check selection process. For example, in order to ensure that the sample of producers draws from all program areas, FSA may need to work with a statistician to adjust the producer selection process. OIG plans to initiate an audit in FY 2011 to evaluate the new compliance review procedures.

Challenge (5) Material Weaknesses Persist in Civil Rights Control Structure and Environment

Develop Procedures To Control and Monitor Case File Documentation and Organization. The Office of the Assistant Secretary for Civil Rights (OASCR) developed standard operating procedures to control and monitor case file documentation and organization, including procedures to record which OASCR divisions or units are responsible for documents in the file folder. We will evaluate the effectiveness of these corrective actions in future followup audit work.

Challenge (6) USDA Needs To Develop a Proactive Integrated Strategy To Help American Producers Meet the Global Trade Challenge

Strengthen Trade Promotion Operations. Management decision for all recommendations has been reached. During future followup audit work, we will evaluate the adequacy of the corrective actions implemented by USDA's Foreign Agricultural Service.

EMERGING ISSUES

We have included potential areas of concern (emerging issues) that may develop into challenges in upcoming years. Some potential areas identified encompass all components of USDA, while others may be specific to our existing management challenges.

- **Enforcement of Suspension and Debarment Regulations in USDA Agencies.** During our current audit of the enforcement of suspension and debarment regulations in USDA agencies, we have identified several concerns. With the exception of a few agencies, the Department is generally not using suspension and debarment regulations to protect the Government from habitual abusers of Federal programs, even though the use of suspension and debarment regulations has long been required for both procurement transactions[1] and nonprocurement transactions.[2] USDA has excluded many of its programs from the suspension and debarment regulations. However, we have noted that USDA issued an interim rule in the Federal Register on May 25, 2010, that reduces the number of program exclusions. Because suspension and debarment is a critical tool for ensuring program integrity, USDA needs to implement controls to ensure its effective implementation.

- **Amendments to the Improper Payments Information Act (IPIA) of 2002 and Implementation of Executive Order (E.O.) 13520on Reducing Improper Payments.**[3] In fiscal year (FY) 2008, we removed the implementation of IPIA as a Departmental management challenge because of significant actions being taken by USDA agencies. We are now classifying it as an emerging issue. On July 22, 2010, the President signed the Improper Payments Elimination and Recovery Act of 2010 (P.L. 111-204), a bill to amend the IPIA of 2002. The Act expands the requirements for identifying programs and activities susceptible to improper payments by requiring the head of each Federal agency to review and identify agency programs and activities that may be susceptible to significant improper payments. Agencies must perform their first review in the year after the Act was signed, and then conduct at least one review every 3 fiscal years thereafter. The Act also requires Inspectors General to determine if their respective Federal agencies are complying with its requirements and to report accordingly each fiscal year to the heads of the agencies.

  In addition, E.O. 13520 was issued November 2009 to assist Federal agencies in reducing and preventing improper payments through increased transparency and improved agency accountability. Along with other requirements, E.O. 13520 obliges that Federal agencies with high-priority or risk-susceptible programs name accountable officers for improper payments; monitor any such programs; establish goals for reducing improper payments; issue an annual Accountable Official report; and report high-dollar improper payments on a quarterly basis to the appropriate Inspector General (IG). IGs are required to review the reports and provide recommendations, if any, for modifying the agency's methodology, improper payment reduction plans, corrective action plans, or internal controls. We are

[1] Federal Acquisition Regulations, 48 *Code of Federal Regulations* (CFR) 9.4.
[2] Executive Order 12549, "Debarment and Suspension," February 18, 1986.
[3] Executive Order 13520, "Reducing Improper Payments and Eliminating Waste in Federal Programs," November 23, 2009.

currently reviewing USDA's first annual Accountable Official report and quarterly high-dollar improper payment report submitted to us on June 25, 2010, and July 1, 2010, respectively.

- **Availability of Human Capital Resources To Handle Agency Program Requirements.** Program changes occur annually due to new laws, such as the 2008 Farm Bill and the American Recovery and Reinvestment Act of 2009 (Recovery Act); changes in priorities; the occurrence of disasters; and the implementation of new initiatives. Each program change requires an experienced and skilled staff to ensure that the programs operate efficiently and effectively. During the next few years, as the 2008 Farm Bill and the Recovery Act are being implemented—and when the 2012 Farm Bill is enacted—there will be increased pressure on staff. Under the 2008 Farm Bill, new programs require policies, regulations, and changes to management information and program delivery systems to ensure that each is properly implemented and that program benefits are timely and accurately disbursed. The Recovery Act mandated that funds are to be disbursed promptly to those areas showing the greatest need. Program changes mandated by these laws—as well as by E.O. 13520 for reducing improper payments—continue to occur at a time when a large percentage of USDA's experienced and skilled staff is becoming eligible to retire. Between 2004 and 2010, USDA's workforce declined by 4 percent. As of May 2010, 158 of the 302 Senior Executive Service staff, or 52 percent, were eligible to retire. Another 8,683 General Schedule (GS)-11 to GS-15 employees, or 34 percent of the employees in that grade range, are also eligible to retire. Specific concerns follow.

    - **Food Safety Inspector Staffing and Retention.** Recent recalls and Congressional hearings have called attention to the Food Safety and Inspection Service's (FSIS) inspector staffing levels. There may be a public perception that there are not enough FSIS inspectors on staff, and USDA acknowledged in testimony to Congress that there are areas where inspector retention is difficult. Although this is not a new issue, it is one that is likely to persist, especially given FSIS' increasing role and potential budget constraints. In January 2009, FSIS received approval to start a "pay for performance" test project for 2,800 FSIS employees, including all General Schedule, non-bargaining unit employees within FSIS, such as public health veterinarians. This is a 5-year pilot project aimed at addressing FSIS' growing list of advanced public health functions in addition to its traditional responsibility for inspecting meat, poultry, and processed egg products. These functions include food defense, biosecurity, and public-health science.

    - **Workforce Succession Planning for Firefighters.** We determined that the Forest Service (FS) does not have a national plan to manage its future firefighting workforce needs. Like many other Federal agencies, FS has a workforce with a significant proportion of employees who are currently eligible to retire or will be eligible in the near future. This is increasingly true for fire-suppression activities. In 2009, approximately 26 percent of the critical firefighters were eligible to retire, with 64 and 86 percent becoming eligible in the next 5 and 10 years, respectively. In addition, the average age of those qualified to hold these critical firefighter positions is nearly 50 years. Given that many positions have a mandatory retirement age of 57, this means that FS will soon lose a significant number of critically qualified firefighters.[4] The agency already relies on employing retired personnel to perform many needed tasks.

FS' fire training program will not provide for future needs. Because training proceeds at an employee-determined pace, it takes employees longer than necessary to qualify for critical firefighting positions. FS estimates that with focused training, trainees could qualify in 11 years for three groupings of critical incident management positions. However, trainees are averaging 23 years to qualify for these positions, 12 years longer than optimal. With an average age of 45 and suboptimal training progress, many trainees will be almost eligible to retire by the time they qualify for the positions for which they are being trained. These problems are complicated by the fact that the rate of participation of FS employees in fire suppression activities has been declining.

FS has recognized the urgency of this matter along with the ongoing challenges it faces in its ability to maintain a viable workforce necessary for wildland fire management. In response to our audit *Forest Service's Firefighting Succession Planning Process* (08601-54-SF, March 2010), FS agreed that it cannot continue to manage large fires as it has in the past; the agency plans to develop a new firefighting business model and to address its challenges through a multifaceted approach of strategic planning, intra-agency and interagency efforts, and other measures that will evolve with the changing nature of wildland fire management.

- **Availability of Human Capital Resources To Handle Increasing Farm Service Agency (FSA) Program Requirements.** FSA has a human capital plan in place, but it has not been updated to address the agency's changing circumstances. FSA is challenged by continuing and deepening budget constraints and, as reported by FSA officials, the number of permanent on-board employees is at a record low (down 16 percent in the last 7 years). Meanwhile, FSA is implementing new farm programs required by the 2008 Farm Bill. FSA's ability to deliver its programs may be seriously compromised if the retirement-eligible employees depart before significant numbers of new employees are brought on board and trained to provide all required services. This is particularly evident in the field offices where farm programs and loans are delivered to farmers and ranchers. FSA stated that its retirement eligibility rate is currently at 20.5 percent, with an additional 24 percent eligible for retirement within the next 3 to 5 years. This may result in the loss of almost 45 percent of existing FSA employees by FY 2015. If one-third of the eligible employees retire during the next 5 years, the expected attrition from retirement alone will result in an additional 15 percent on top of the 16 percent workforce reduction already taken due to budget constraints. FSA officials have stated that it needs a comprehensive workforce succession plan to ensure continued delivery of critical programs.

[4] Personnel in any of FS' job series may qualify to hold any fire position, which is considered a collateral duty. However, some staff work in positions with a mandatory retirement age of 57 while others do not.

- **Natural Resources Conservation Service (NRCS) Conservation Performance Goals.** Under its Conservation Effects Assessment Project (CEAP), NRCS has adopted outcome-based performance measures to quantify the environmental benefits of conservation practices by private producers and landowners participating in its conservation programs. However, until CEAP is fully implemented, NRCS does not have timely and accurate information to effectively measure the accomplishments of its conservation activities and of the agency's strategic goals. In its 2006 and 2008 Program Assessment Rating Tools, the Office of Management and Budget (OMB) identified NRCS' Conservation Security Program as "Results Not Demonstrated" in large part because it is difficult to estimate the environmental benefits from the program's activities that provide incentives for producers to achieve benefits greater than minimum standards. Although the new Conservation Stewardship Program—which replaced the Conservation Security Program—performance has not been evaluated, we anticipate that it may receive the same rating for the same reason, given the absence of outcome-based performance measures. In our joint review (50601-10-HQ, November 2006) with the U.S. Environmental Protection Agency regarding the Chesapeake Bay Program, we recommended that USDA expedite developing and implementing CEAP.[5] However, as recently as March 2010, NRCS leadership continues to assess the specific direction needed to accomplish this goal.

[5] The Chesapeake Bay program is a regional partnership of State and Federal agencies, academic institutions, and nongovernment organizations.

CHALLENGE 1: INTERAGENCY COMMUNICATION, COORDINATION, AND PROGRAM INTEGRATION NEED IMPROVEMENT

SUMMARY: USDA's work crosses jurisdictional lines within the Department and throughout the Government. USDA's challenge is to develop and foster a unified approach to accomplishing the Department's mission; the various agencies of the Department must understand and appreciate the interrelationships of their programs and work together to create a cohesive and integrated system of program administration that is greater than the sum of its individual parts. Such an approach would increase organizational communication and provide a continuum of information, thus streamlining operations, reducing expenditures, and improving program efficiency, compliance, and integrity. This approach would enable USDA to speak with one voice and would be in line with USDA's management initiatives in the strategic plan, which emphasize results based on teamwork across agencies.

OIG AUDIT/INVESTIGATION ACTIONS:

USDA Can Improve Crop Insurance and Farm Program Integrity and Efficiency Through Integration of Agencies' Information Management Systems. Since 1998, FSA has used crop production data managed by the Risk Management Agency (RMA) and downloaded by FSA to administer crop disaster programs. Further, FSA continues to use RMA's production data under the Supplemental Revenue Assistance Payments (SURE) program, established by the 2008 Farm Bill as the successor to previous "ad hoc" crop disaster programs.

Prior OIG audits of crop disaster programs showed that FSA and RMA need to reconcile and redefine their data to better meet FSA's needs for administering crop disaster programs. For example, FSA relied on RMA-supplied data to administer the Hurricane Indemnity Program (HIP), a hurricane-related crop indemnity program that was implemented in 2006. Under HIP, eligible producers who received a crop insurance indemnity for crop losses attributed to the 2005 hurricanes (based on producer-reported causes of loss and dates of damage) were eligible to receive HIP payments equal to 30 percent of the crop insurance indemnity.

HIP payments were based on RMA data downloaded weekly by FSA. Our audit, *Hurricane Indemnity Program—Integrity of Data Provided by the Risk Management Agency* (50601-15-At, March 2010), found that after HIP was announced, some approved insurance providers (AIP) changed producers' causes of loss or dates of damage and resubmitted the information to RMA, which was then downloaded by FSA for HIP. This action resulted in some producers becoming eligible for HIP payments who otherwise would have been denied. These improper payments could have been reduced if RMA's information had been fully reconciled and integrated with FSA's program operating systems. To strengthen controls in future data-sharing efforts, both agencies should take proactive steps to protect the integrity of data sent and received, which includes implementing controls such as data mining and periodic reconciliation.

The Agricultural Risk Protection Act of 2000 (ARPA) required RMA and FSA, beginning with the 2001 crop year, to annually reconcile data received by the agencies from producers. In our September 2003 report (50099-12-KC) on the implementation of ARPA, we stated that RMA and FSA's first data reconciliation effort (for the 2001 crop year) was thwarted by differences in the agencies' data definitions, such as "producer" vs. "insured" and "farm" vs. "unit." The attempted data reconciliation identified hundreds of thousands of disparate records between the two agencies—a number too great to be addressed successfully. The agencies have not since attempted another data reconciliation, and RMA and FSA have not completed the legislatively mandated annual data reconciliation for a single year.

After ARPA was enacted, section 10706 of the Farm Security and Rural Investment Act of 2002 (also known as the 2002 Farm Bill) directed the Secretary of Agriculture to develop a comprehensive information management system (CIMS) to be used in implementing the programs administered by RMA and FSA. Under section 10706, all current RMA and FSA information is to be combined, reconciled, redefined, and reformatted so that the agencies can use the information management system. It was the sense of Congress that CIMS, developed for RMA and FSA, would demonstrate substantial efficiencies and serve as a first step toward broader, Departmentwide integration—laying valuable groundwork for further modernizing USDA's IT systems and incorporating those systems into CIMS.

CIMS, in and of itself, is not intended as a process for reconciling data collected by RMA and by FSA from producers. CIMS only reconciles the data elements used to collect information from producers—i.e., showing how a single piece of information collected by one agency relates to a similar piece of information collected by the other agency. Moreover, CIMS currently is not integrated into the agencies' program administration; CIMS stands alone as a subsystem whose operations do not interface with the agencies' program operating systems. There remains much to be done in reconciling and integrating agencies' producer data in order to improve program integrity and efficiency.

USDA Can Reduce Improper Payments in Conservation and Farm Programs Through Improved Communication and Coordination Among Agencies. Past audit work has identified the need for agencies to better communicate with other agencies in order to coordinate information essential to properly administer programs.

Our audit of FSA's Hurricane Indemnity Program (50601-15-At, March 2010) found that it took more than 2½ years for RMA to provide FSA with corrected crop insurance information after RMA was made aware that AIPs had altered producers' information. Specifically, AIPs had changed producers' causes of loss or dates of damage and resubmitted the information to RMA so that the revised data would be downloaded to FSA—an action that resulted in some producers who would otherwise have been ineligible for HIP payments becoming eligible.

FSA first reported to RMA in August 2006 that the RMA data had been changed for HIP purposes. By February 2007, RMA had verified with at least one AIP that some of the changes were unsupported. However, it was not until May 2008 that RMA submitted the work order for data warehousing and data mining that was used to generate (for AIP review) lists of changes in causes of loss or dates of damage affecting HIP eligibility. In addition, it was not until April 2009 that RMA provided FSA with a final and verified list/download of eligible HIP producers.

RMA was aware that its information on causes of loss and dates of damage was affecting FSA's HIP activities. However, RMA did little to ensure that FSA received the correct, necessary data in a timely manner to ensure the integrity of FSA's program payments.

Our audit of the Natural Resources Conservation Service's (NRCS) Conservation Security Program (CSP) (10601-4-KC, June 2009) concluded NRCS did not have sufficient processes in place to coordinate with, and use the data of, other USDA agencies in order to validate information provided by applicants for program benefits. When implementing the program, NRCS tried to maximize its limited resources by relying on producer certifications and self-assessments to determine producers' eligibility. By doing so, NRCS trusted the applicants to provide accurate information for this complex program. Although FSA records were readily available, NRCS did not use them before approving contracts to substantiate key producer-supplied information, such as applicants' control of land and agricultural operation delineations.[6] As a result, NRCS awarded contracts for up to 10 years of payments to applicants who certified to erroneous information about their operations. With better interagency communication, NRCS could have avoided a significant number of improper payments.

Improved Communication Can Enhance Agricultural Inspection Activities. Selected agricultural inspection activities were transferred from USDA to the Department of Homeland Security's (DHS) U.S. Customs and Border Protection (CBP). In 2003, CBP assumed responsibility for inspecting agricultural goods arriving at U.S. ports while the USDA's Animal and Plant Health Inspection Service (APHIS) retained responsibility for agricultural policies and procedures. In a joint February 2007 audit (*Review of Customs and Border Protection's Agriculture Inspection Activities*, OIG-07-32), DHS-OIG and USDA-OIG focused on transition issues and problems previously identified by USDA-OIG.

In the joint audit, we found that APHIS had not developed an Agricultural Quarantine Inspection Monitoring **(**AQIM) process for incoming rail cargo. (Sampling for AQIM helps APHIS predict potential future risks of the entry for agriculture pests and diseases.) Although APHIS officials had agreed with the need for a risk assessment process in our report *Safeguards to Prevent Entry of Prohibited Pests and Diseases into the United States* (33601-3-Ch, February 2003), they cited operational difficulties, such as the inability to timely obtain cargo manifests, as barriers to developing a workable AQIM system.

Also, APHIS policies on Transportation and Exportation (T&E) shipment permits were not consistent. The agency's *Airport and Maritime Operations Manual*, issued in April 2004, allowed agriculture specialists to use their own judgment and allow some T&E shipments to enter without APHIS-issued permits. The APHIS *Manual for Agriculture Clearance*, issued in June 2005, required transit permits for all T&E shipments. Other APHIS policies allowed some exceptions. For example, APHIS' *Fruit and Vegetable Manual*, issued in November 2005, stated that some T&E shipments could enter without permits.

APHIS guidelines provide that all seized material should be sealed and properly labeled with the flight number or vessel name and the country of origin for later examination and identification of pests and diseases. Only one of the three airports that OIG visited labeled and bagged all seized

[6] A "delineation" is a producer's description of his/her operation.

Quarantine Material Interceptions.[7] Without labeling and sealing the seized agricultural products in containers or bags, the port may not be able to use the products in risk assessments to identify the pests' source.

Resolving these issues requires USDA and CBP to coordinate the development of policies, procedures, and systems to improve the effectiveness of agriculture inspection activities at ports of entry into the United States.

USDA Can Improve Coordination Among Federal Agencies To Prevent Residue From Entering the Food Supply. One public food safety issue facing the United States is contamination with residual veterinary drugs, pesticides, and heavy metals in cattle presented for slaughter and thus potentially in beef consumed by the public. Through the National Residue Program (NRP), FSIS tests samples of meat processed through slaughter plants for residue and then compares results to tolerances established by the Food and Drug Administration (FDA) and the Environmental Protection Agency (EPA).

Our audit report *FSIS National Residue Program for Cattle* (24601-08-KC, March 2010) showed that NRP is not accomplishing its mission of monitoring the food supply for harmful residues. Federal agencies have not established thresholds for many dangerous substances, such as copper, which has resulted in meat with these substances being commercially distributed.

To address these serious shortcomings, Federal agencies need to take steps to improve coordination. Mechanisms such as the Surveillance Advisory Team (SAT) and the Interagency Residue Control Group (IRCG) have been in place for some time for NRP members to communicate and coordinate. However, we found a wide range of problems with these mechanisms: not all agencies were equally committed to SAT and IRCG; essential participants were not required to attend; and no single agency had the authority to ensure that necessary actions were taken to deal with disagreements. Due to problems with how SAT and IRCG were established and were functioning, we identified four issues relating to coordination between FSIS, EPA, and FDA. Specifically, the three agencies need to: (1) expand the list of substances for which they test, (2) improve their methodology for sampling hazardous residues, (3) determine more efficient ways of approving newer methods of testing for drug residues, and (4) collaborate to set tolerances for additional residues.

We concluded that the steps these Federal agencies take to coordinate their efforts should ensure that NRP is effectively accomplishing its objective of ensuring that adulterated meat is not entering the U.S. food supply.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: CIMS provides a single, centralized repository of RMA and FSA information for use by authorized agencies and private industry partners to meet their program administration data needs. Thus far, FSA, RMA, AIPs, and contractors have access to CIMS and are testing its applications.

[7] The quarantined materials are regulated plant or animal products that are confiscated from baggage, cargo, mail, aircraft, or vessels because of prohibition, permit denial, pest risk, or abandonment.

In December 2007, USDA published routine uses for CIMS in order to share crop and production data with AIPs. AIPs were provided access through CIMS to certain insured producer information in order to develop information services to be used by the AIPs' associated agents and loss adjusters. Before accessing CIMS, each AIP and its employees must sign non-disclosure statements requiring them to properly use and handle the data. AIPs can use their CIMS access to reduce costs associated with collecting information by gathering FSA data electronically rather than obtaining it in person from USDA's county offices. AIPs will also be able to identify inconsistencies between information reported to both RMA and FSA programs. AIPs have begun developing processes and software that allow AIPs, their agents, and associated loss adjusters to access FSA's data directly.

On a weekly basis, CIMS loads the current nationwide producer and crop acreage information from RMA and FSA. This includes the entire body of information from 2006 to the present—new entries for the week, previous entries that have been updated, and previous entries that are unchanged. The CIMS process builds "data marts" (data warehouses) of differences between RMA and FSA producer-reported data on entity/business type and crop acreage. CIMS makes these differences available to the responsible program authority for reconciliation using current program authorities, processes, and procedures. Testing of these "comparison" or "discrepancy" reports continues in 2010, and such reports will be modified, or additional reports generated, as needed.

RMA and FSA state that they are working to incorporate more data into CIMS and its applications and to agree to common reporting requirements for various data elements. CIMS data are based on processed FSA and RMA data from the previous week. RMA data are only for crops that have been insured through the Federal Crop Insurance Program. RMA data for nursery, aquaculture, livestock, and adjusted gross revenue are not included. In the long term, NRCS will be invited to participate in CIMS. The success of the CIMS effort depends on a unified, integrated approach to program administration, information collection, and systems development.

FSA reports that in the third quarter of FY 2008, the three agencies began working towards a single acreage reporting process for insured producers. This process will be beneficial both to producers, who will no longer have to report information to multiple agencies, and to the agencies, which will no longer have to reconcile different sets of data (since only one dataset will be maintained). The single acreage reporting process is scheduled to be completed during FY 2012.

In response to our audit of CSP, NRCS agreed to access and rely on FSA records to substantiate applicants' control of land and agricultural operation delineations. This action will resolve the problem of applicants providing inconsistent information when conducting business with multiple USDA agencies.

With regard to the need to integrate interagency communication and coordination, NRCS and FSA report that they meet quarterly in order to improve communication; coordinate issues and opportunities that they share as conservation agencies; and ensure that one agency's actions do not adversely affect the other's programs. FSA reports that before it issues directives to field offices regarding programs that are related to both FSA and NRCS, it obtains NRCS' authorization on all procedures. FSA also reports that the Tri-Agency Geospatial Data Management Group—composed of FSA, NRCS, and RMA—meets once a month to identify and resolve geospatial data issues. RMA reports that it will continue to stress to its offices that they follow the procedures in Handbook 4-RM, *Federal Crop Insurance Corporation Program Integrity*. This handbook provides procedures and guidance to FSA State and county offices, RMA, and insurance providers for improving Federal Crop Insurance Program compliance and integrity as required by ARPA.

In response to the joint DHS and USDA audit of CBP's agricultural inspection activities, APHIS updated its *Manual for Agricultural Clearance* to allow CBP to establish local procedures for properly labeling and packaging seized agricultural products. APHIS also provided a detailed training course for CBP on various aspects of the manual.

In response to OIG's audit of NRP for cattle, FSIS agreed to work with the affected Federal agencies to accomplish NRP's mission. Since NRP is a collaborative effort, FSIS will draft and propose several improvements for EPA and FDA to consider.

ACTIONS NEEDED TO ADDRESS THE CHALLENGE: Top Departmental leadership is critical to effecting the cultural changes necessary to the success of a unified approach to USDA program administration. The Department must foster improved interagency communication and data sharing/integration in order to increase efficiency and to preclude agencies from inadvertently working at odds with one another. While the Department's actions to foster improved communication and data sharing are incomplete, RMA, NRCS, and FSA report incremental achievement of progressive milestones in their submissions to the USDA Major Management Challenges Report.

Farm Programs. To prevent errors and irregularities in one program from affecting program payments in another:

- RMA, FSA, and NRCS should implement CIMS to better share program data and to eliminate duplicate reporting by producers.

- RMA and FSA should implement a more effective data reconciliation process, as mandated by ARPA. Even if CIMS is implemented, validity checks—i.e., data reconciliation—should be employed in that system to identify apparent discrepancies in related data, and steps should be taken to resolve such discrepancies. The agencies' deployment of "comparison" or "discrepancy" reports through CIMS will be a first step to data reconciliation. To be effective, however, procedures must be developed to identify and reconcile such discrepancies on a routine basis.

- In designing the software they use for program administration, RMA, FSA, and NRCS should incorporate data mining techniques that detect data anomalies and prevent potential improper payments. In addition, these techniques should be incorporated from the very beginning of the software development process so that the agencies can detect and address any anomalies as soon as possible. (RMA estimates that the use of data mining techniques saved the agency a potential $1.9 billion from crop years 2001 through 2009. NRCS can also benefit from data mining in its direct administration of conservation programs.) However, until CIMS is fully implemented and integrated, such data mining is only peripheral to, and not a routine part of, agencies' program administration. To preclude improper payments, data mining should be incorporated and implemented when programs start.

- NRCS, FSA, and RMA should continue to integrate interagency communication and coordination in their program activities to ensure that one agency's actions do not adversely affect another's programs.

Inspection of Agricultural Commodities. To assist CBP in improving the inspection of agricultural products:

- APHIS should develop and provide to CBP a system of risk assessment for rail cargo.

- APHIS should clarify the requirements for using T&E permits and develop methods for CBP to efficiently verify that required permits are obtained.

National Residue Program for Cattle. Although FSIS has agreed to draft and propose changes to how Federal agencies coordinate, it needs to do this by building consensus with FDA and EPA. Without a consensus, FDA and EPA, as independent agencies, can choose to reject FSIS' proposals. FSIS expects to provide these proposals to FDA and EPA by March 2011. These proposals include:

- updating the memorandum of understanding that established SAT and IRCG;
- drafting a charter governing SAT and IRCG operations;
- developing a process for elevating issues identified by SAT and IRCG to executive-level officials for appropriate action;
- developing plans to ensure NRP has the resources needed to test for all substances identified as high-risk;
- developing plans through SAT for periodically reviewing FSIS' sampling methods;
- developing a plan to establish policies for handling hazardous substances with no tolerances; and
- working with FDA to develop a process for expedited approval of new testing methodologies.

CHALLENGE 2: IMPLEMENTATION OF STRONG, INTEGRATED INTERNAL CONTROL SYSTEMS STILL NEEDED

SUMMARY: OMB Circular No. A-123, *Management's Responsibility for Internal Control*, was revised in 2006. The circular requires that agencies and individual Federal managers take systematic and proactive measures to develop and implement appropriate, cost-effective internal controls. USDA agencies have a history of reacting to individual control issues rather than addressing the overall weaknesses of their internal control systems. Some of the internal control weaknesses identified by OIG and discussed below are specific to individual agencies, while others represent Departmentwide weaknesses.

Rural Housing Service Needs To Improve Controls Over Housing Assistance Provided to Victims of National Disasters. We reviewed the response of Rural Development's Rural Housing Service (RHS) to Hurricanes Katrina and Rita and found that the agency needed to improve controls over the disaster assistance it was providing to victims in its multifamily and single-family housing programs. While RHS should be commended for its quick response to these disasters, we found that the agency lacked internal controls to safeguard the assistance it provides for such disasters. We found cases where victims participating in the multifamily housing program received duplicate aid from multiple sources, including other Federal agencies and private charitable organizations. We also found cases in the single-family housing program where RHS was funding repairs to residences for damage that was not hurricane-related. Since RHS receives limited funding for disasters, it is critical that the agency provide funds to only those victims adversely impacted by disasters. We noted in our audit of funds provided for single-family housing that sufficient funds were not available to accommodate all victims' requests.

RHS agreed to the corrective actions we recommended. However, due to the inability of various Federal agencies—including RHS and agencies outside of USDA—to work towards a common goal of sharing disaster benefit information in the future through computer matching, the actions that RHS has taken to date for its multifamily housing program have not resolved the conditions that we found in the aftermath of the Katrina and Rita hurricanes. RHS has expressed a willingness to collaborate with OIG to enhance the cooperation between the various Federal agencies that are impacted by this issue. For the single-family housing program, we are currently conducting additional audit work to follow up on the corrective actions that RHS has taken in response to our previous recommendations.

Longstanding Issues Remain Uncorrected in Federal Crop Insurance Programs Regarding Quality Control Issues and Reconciliation of Data. For the 2009 crop year, indemnity payments totaled approximately $9 billion, liability amounts insured totaled $91 billion, and Government subsidies of insurance premiums totaled approximately $5.4 billion. To ensure quality and integrity in its programs, RMA relies on a number of complementary and/or independent control systems; these include quality control reviews by approved insurance providers (AIP) and compliance activities by its own staff.

Our audits and investigations have reported the need for RMA to strengthen its quality assurance and compliance activities in order to ensure program requirements are met. We have found through our audits and investigations that there is no reliable quality control review system to evaluate private-sector delivery of the Federal Crop Insurance Program. Also, beginning with the 2001 crop year, ARPA required that RMA and FSA reconcile producer-derived information at least annually in order to identify and address any discrepancies.

RMA has not attempted to reconcile RMA and FSA data since crop year 2001. RMA believes that the development of CIMS, jointly with FSA, will meet ARPA's reconciliation requirements. However, USDA's Office of the General Counsel (OGC) opined that it does not know if CIMS will fulfill these requirements. Moreover, because only current information will be loaded into CIMS, the system will not assist RMA in reconciling past data, i.e., data from the 2001 crop year through the time when CIMS is fully implemented. Full implementation of CIMS (e.g., common land unit, common producer reporting, and single acreage reports) is anticipated by 2012. However, we believe that, without a firm commitment and Departmental oversight, the date for CIMS implementation may continue to be pushed back.

An AIP Did Not Fulfill Its Contractual Obligations Under the Standard Reinsurance Agreement. In 2005, Hurricanes Katrina, Rita, and Wilma struck Florida, resulting in more than $275 million in nursery claims from policies reinsured under RMA's Nursery Crop Insurance Program, which is part of the Federal Crop Insurance Program. RMA administers the Federal Crop Insurance Program through cooperative financial assistance agreements, known as the Standard Reinsurance Agreement (SRA), with AIPs. Under this contractual obligation, AIPs assume primary responsibility for underwriting policies and adjusting losses. Specifically, the AIP's underwriting responsibilities include determining producers' eligibility, the risk involved to insure crops, and the amount of coverage. When losses occur, AIPs are required to verify the extent of damage and determine the appropriate losses under the insured's policy. At all phases of the insurance process—underwriting policies, adjusting claims for losses, and reporting indemnities to RMA—our audit (05099-28-At, March 2009) found one particular AIP did not fulfill the contractual obligations to which it had agreed under SRA. The total errors identified during this review resulted in erroneous payments of more than $16.6 million.

RMA's Compliance Activities Can Be Strengthened To Improve Compliance and Integrity in the Federal Crop Insurance Program. Although RMA has taken steps to improve its program compliance and integrity activities, its organizational structure does not provide the environment necessary to support and sustain effective controls because the agency lacks a comprehensive, systematic, and well-defined strategy for improving the integrity of the Federal Crop Insurance Program. Our audit (05601-11-At, September 2009) found that RMA has not developed such a strategy because it focuses primarily on program delivery (i.e., providing and expanding crop insurance coverage for farmers). Different units within RMA play an important role in ensuring the integrity of the program, but there is no defined strategy for coordinating all compliance-related tasks, or for ensuring that they are completed.

A comprehensive strategy is essential because it will help RMA identify its greatest vulnerabilities and allocate its resources accordingly. In our discussions with RMA officials, they frequently stated that they could not accomplish various compliance-related goals—even ones mandated by Congress—because they lacked the resources they needed. A strategy is a highly effective—indeed, essential—tool for determining how limited resources can efficiently and effectively be used to accomplish the best possible results. Without a formal understanding of the problems, risks, and threats a program faces—a fundamental element of a comprehensive strategy—RMA's compliance activities are piecemeal and fragmented, focusing on individual policy errors rather than on systemic problems with the program or with insurance products.

AIPs Are Not Adequately Verifying Acreage Insured Under the Group Risk Plan (GRP) and the Group Risk Income Protection (GRIP) Programs. As part of administering GRP and GRIP policies, AIPs must perform acreage report field reviews—actual physical inspections—of a percentage of policies for crops they insure in order to verify the acreage that producers have reported. Despite the fact that the acreage report field reviews are AIPs' only opportunity to physically verify the acreage for which they have accepted liability, we found that some AIPs are not adequately performing required reviews.

For more traditional insurance products, RMA has established a number of management controls to ensure that indemnities are paid only to producers who have suffered an actual loss. In contrast, GRP and GRIP policies are streamlined insurance products, and they lack many of these controls. For GRP and GRIP, unlike some other insurance products, AIPs are not required to verify any of the producers' data at signup or before accepting the insurance policy. For each crop year after signup, producers with GRP and GRIP policies only need to self-certify on their acreage reports the acreage they have planted. For GRP and GRIP, producers are not required to file a loss claim, and there is no loss adjustment process. In contrast, for more traditional insurance products, producers are required to file a loss claim and, as part of the loss adjustment process, AIPs are required to verify information provided by producers before issuing any indemnity payments. However, with GRP and GRIP, AIPs' only opportunity to verify that producers have accurately self-certified their acreage is the acreage report field reviews.

However, our audit of GRP and GRIP to evaluate the adequacy of management controls to ensure program integrity (05601-14-Te, March 2010) found that the four AIPs reviewed were not adequately performing these acreage report field reviews. All four AIPs failed to perform the reviews within the required 120 days after producers submitted their acreage reports. One AIP failed to perform field reviews of producers insured under GRIP policies at all. Three AIPs did not physically inspect the crops insured, but simply performed a paper review against other available records. Three AIPs did not follow RMA's prescribed procedures for sampling policies for the acreage report field review. As a result, these four AIPs accepted $4.4 billion in liability for GRP and GRIP policies with reduced assurance that producers had correctly reported the acreages they planted.

Agencies Need To Improve Their Response to Audit Recommendations. USDA agencies continue to improve their timeliness in developing and implementing corrective action plans in response to audit recommendations, but more timely actions need to be taken. The Government Accountability Office's (GAO) website lists 69 reports with open recommendations for USDA. As of July 25, 2010, this includes 10 reports released in FY 2010 and 59 reports released in prior years, with the oldest GAO audit having been open since FY 2002. As of July 23, 2010, there were 13 audit reports for which OIG and the agencies had not reached management decision on the actions necessary to address the recommendations within the required 6-month time period. Based on records maintained by the Office of the Chief Financial Officer (OCFO), as of July 21, 2010, there were 80 audits where agencies had not completed final action within 1 year of agreeing to implement corrective actions. Developing and implementing effective corrective actions in response to audit recommendations is a key component to enhancing agency internal control systems. Many GAO and OIG findings deal directly with weaknesses in agencies' internal control structures.

Improved Controls Needed Over USDA Financial Processes. Improvements in internal controls over financial management systems and processes are needed in USDA to ensure that timely, accurate financial data are available to managers administering and operating USDA programs and to OMB. Control weaknesses continue to impair the utility of USDA's financial information. For the past 6 years, OIG's audits of USDA's financial statements have disclosed significant deficiencies in two areas: (1) overall financial management across USDA, and (2) IT security and controls. In FY 2009, these items were reported—for the second year in a row—as material weaknesses for the Department. In addition, we reported two instances of noncompliance with laws and regulations. For the FY 2009 statements, in accordance with generally accepted accounting principles, USDA received an unqualified opinion on its consolidated balance sheet, statements of net cost, changes in net position, and budgetary resources.

In FY 2009, NRCS received its second full stand-alone financial statement audit and—for the second year in a row—received a disclaimer of opinion; however, the errors were determined not to be material to USDA's consolidated financial statements. Agency stand-alone financial audits for FY 2009 identified 7 material weaknesses and 17 significant deficiencies. Although USDA has made improvements to its financial process, this area nonetheless continues to represent a management challenge to the Department.

FS Needs To Better Ensure Adequate Oversight of Internal Controls. OIG's work has detected multiple issues with FS' internal controls. FS needs better controls to manage contracted labor crews, enable monitoring and management of critical firefighter positions, and improve the justifications for acquisition of capital assets (specifically, aircraft).

NRCS Needs To Significantly Strengthen Its Policy, Processes, and Procedures. We continue to find significant deficiencies in NRCS' management controls over its programs—from producer eligibility approval to producer compliance with conservation provisions—as well as over its administrative activities. Starting after the 2002 Farm Bill, NRCS took more direct responsibility for implementing and administering its conservation programs. In 2002, the Secretary of Agriculture gave NRCS additional responsibilities to implement newly mandated conservation programs that deliver significantly more financial assistance to producers. However, NRCS has yet to establish the necessary management controls and processes to effectively administer and manage these new programs.

We attribute these deficiencies to the agency's decentralized organizational structure and lack of an integrated compliance strategy. NRCS delegates broad authority to its field units—State, area, and district offices—without having an adequate system of oversight, monitoring, and review controls to ensure that policies established by senior management are followed. We have identified significant control deficiencies in three of our most recent audits of NRCS programs: the Farm and Ranch Lands Protection Program, Rehabilitation of Flood Control Dams Program, and the Conservation Security Program. In each of these areas, we found a significant number of instances where NRCS' State and local staff either did not comply with established procedures or relied on other parties—including producers/landowners—to ensure compliance.

Our audit of NRCS' Farm and Ranch Lands Protection Program (10099-6-SF, July 2009) found that NRCS had not implemented an effective management control system to monitor the compliance of nongovernmental organizations (NGO) with program rules and to ensure that landowners are treated equitably. In general, NRCS assumed that participating NGOs followed the rules, rather than taking steps to ensure that they actually did so. Of the nine NGOs we reviewed, we found that one used landowner funds—in violation of program regulations—to pay its share of the purchase price for its four Farm and Ranch Lands Protection Program easements. The NGO misrepresented the source of its funds by certifying that it had not obtained the money from landowners, when in fact it had.

Our audit of NRCS Rehabilitation of Flood Control Dams Program (10601-1-At, July 2009) found a number of problems with NRCS' internal processes for administering the program. NRCS did not always work with the relevant State agencies to assess and rehabilitate high-hazard dams. Instead, NRCS selected dams for assessment as volunteered by their owners, regardless of the dams' hazard class or how close they were to the end of their planned design life. The agency did not prioritize the assessment and rehabilitation of high-hazard dams (i.e., those that posed the greatest risk to public safety). Overall, 6 years after the rehabilitation program was initiated, NRCS had not assessed 1,345 of 1,711 high-hazard dams (79 percent), and had spent $10.1 million to assess and rehabilitate low-hazard and significant-hazard dams, i.e., dams whose failures were not likely to result in the loss of human life. OIG maintains that this allocation of resources does not conform to Congress' mandate and is not in the public's best interest.

Our audit of NRCS' Conservation Security Program (10601-4-KC, June 2009) found cases where NRCS permitted producers to misrepresent their farm operations to obtain additional payments from multiple CSP contracts and, thereby, to receive CSP benefits in excess of payment limitation levels. NRCS did not verify producers' agricultural operations against comparable, readily available data that the producers had provided to FSA. Instead, NRCS relied solely on producers' own certifications of their operations. As a result, NRCS overpaid participants in FYs 2006 and 2007 and was scheduled to make additional overpayments over the remaining years of the contracts.

Oversight of the National Organic Program (NOP) Needs Strengthening The Organic Foods Production Act of 1990 required USDA to develop national standards for organically produced agricultural products to assure consumers that agricultural products marketed as organic meet consistent standards. The Act also required USDA to establish an organic certification program based on the recommendations of a National Organic Standards Board. We believe that NOP officials need to further improve program administration and strengthen their management controls to ensure more effective enforcement of program requirements when serious violations are found, such as the marketing of organic product by operations while they are suspended from the program. In addition, NOP officials need to strengthen their oversight of certifying agents and organic operations to ensure that organic products are consistently and uniformly meeting NOP standards. AMS agreed with the report's 14 recommendations to improve program administration and internal controls.

Because producers can charge more for organic foods, there is an incentive for them to mislabel non-organic foods as organic. Since NOP is a relatively new program and understanding of its regulations is limited, there is potential for increased fraud or misrepresentation.

OIG AUDIT/INVESTIGATION ACTIONS:

- OIG audit work has identified weaknesses in RHS' internal controls when the agency is providing assistance during national disasters. Such events create significant challenges for the agency, both in providing assistance to victims and in ensuring that only disaster-impacted individuals receive assistance. We are working with RHS to identify internal control processes that can ensure that victims of disasters receive the help they need while at the same time safeguarding limited disaster funding from fraud and abuse.

- Our audit work has disclosed that RMA lacks an effective quality control review system to evaluate private-sector delivery of the Federal Crop Insurance Program. We are currently evaluating the quality control review system that AIPs have in place.

- Our audit work has disclosed that AIPs are not adequately performing acreage report field reviews, which are the only opportunity to verify that producers have accurately self-certified their acreage.

- Our audit work demonstrated that one particular AIP failed to follow RMA's policies and procedures while underwriting nursery crop insurance policies, adjusting resulting losses, and reporting loss data to RMA as required by the Standard Reinsurance Agreement.

- OIG continues to work with USDA agencies to reach management decision on actions needed to address our audit recommendations. One of our primary goals is to ensure that the actions to which the agency and OIG agree are achievable within the required 1-year period.

- We continue to focus our audits on the management control structure within FS. OIG audits, along with GAO audits and special reviews from outside contractors, have found that FS' management has not implemented effective corrective action on reported problems. Some of these issues have been cited in multiple reports for over a decade, but FS is still studying and evaluating their solutions.

- We found that NOP officials did not incorporate periodic residue testing of organic products into NOP regulations. We found that NOP reviewers did not make required on-site assessments and did not identify inconsistencies in the implementation of NOP regulations, reducing assurance that products labeled as organic are meeting a uniform standard. We also found that NOP officials did not properly approve and manage the California State Organic Program.

OIG has several open investigations concerning NOP. The cases involve using liquid fertilizers and other non-organic products by organic producers.

We are planning an audit to evaluate the process that NOP uses to determine which non-organic substances are permitted in USDA-certified organic products.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS:

- RHS is developing procedures to monitor field office actions following disasters and has also agreed to obtain guidance from USDA's OGC to ensure that limited funds for disasters are spent on only disaster-related expenditures.

- USDA continues to strengthen its financial management process. OCFO has worked closely with agencies to improve control measures in order to mitigate errors in financial data and to improve the Department's financial systems.

- RMA has been conducting operational reviews of AIPs' compliance activities and is developing a "rolling" program error rate.[8] RMA plans to complete a review of all AIPs once every 3 years. These operational reviews are to assess each company's compliance with Appendix IV (quality control) along with other SRA provisions. RMA has developed its review guide and completed the third round of these national program operation reviews for the 2007 reinsurance year. RMA believes that these reviews will provide the first overall program error rate.

- In response to the sanction authority conferred by ARPA, RMA issued a final rule on its expanded sanction authority on December 18, 2008; the rule became effective on January 20, 2009.

- RMA designated an oversight representative to monitor one AIP's activities, including corrective actions described in our audit report.

[8] The "rolling" program error rate is the error rate for the most recent 3-year period. Every year, 4 of the 12 AIPs are reviewed for errors. After 3 years, all 12 have been reviewed and RMA can determine an overall program error rate. After 4 years, the data from AIPs that were reviewed in years 2, 3, and 4 are averaged to determine the overall program error rate. After 5 years, the data from years 3, 4, and 5 are averaged, and so forth.

- On April 30, 2010, OCFO established a Departmental goal for agencies to achieve final action on all audit recommendations that have not been implemented within the required or agreed timeframe. OCFO forwarded a transmittal letter to all agencies that have unimplemented recommendations, tasking them with closing their agencies' "late" audits by June 30, 2010. As of July 21, 2010, OCFO reported that incremental progress is being made and that five late audits were closed during the April – June timeframe. OCFO is continuing to work with the program officials responsible for completing corrective action.

- FS has reemphasized its management review process in order to assess its operations and to provide management with information on how the agency's internal controls are operating. The size and complexity of the FS operation will require a long-term commitment by agency management.

- We found that AMS officials had made improvements to NOP since our prior audit and had implemented corrective actions for 8 of the 10 recommendations issued in our prior audit report. Members of the National Organic Standards Board stated that AMS' implementation of the protocol for resolving conflicts with the Board had improved the relationship between the Board and AMS. In addition, during our 2010 audit, NOP officials completed restructuring their complaint handling process and established procedures for receiving, tracking, and processing complaints. In 2009, the NOP budget increased to $3.87 million and staff increased to 16 positions. A $3.1 million budget increase in 2010 will enable the program to grow to 31 staff members by the end of the year. As a result of the significant increases in resources at its disposal, NOP anticipates addressing all OIG recommendations made in FY 2010.

  As a result of the OIG investigations of NOP cases, USDA has issued new guidance to its certifiers concerning liquid fertilizers and is continuing to improve its regulations and their enforcement.

ACTIONS NEEDED TO ADDRESS THE CHALLENGE:

- RHS needs to pursue computer matching agreements with other agencies that provide disaster response and relief. To date, RHS has completed one memorandum of understanding (MOU) with the Department of Housing and Urban Development (HUD) authorizing computer matching between the two agencies. However, this MOU was limited to disaster assistance provided during the previous disasters (Hurricanes Katrina and Rita) and does not apply to future disasters. RHS also needs to complete new procedures to monitor and control assistance in response to disasters.

- RMA needs to continue its effort to establish a consistent and comprehensive review process for all reinsured companies to use. RMA also needs to implement a system to evaluate the overall effectiveness and reliability of quality control reviews performed by the companies.

- RMA needs to ensure that AIPs follow RMA’s policies and procedures while underwriting nursery crop insurance policies, adjusting resulting losses, and reporting loss data to RMA.

- RMA should develop a comprehensive, systematic, and well-defined strategy for its compliance-related efforts, to include the organizational structure needed to support the strategy.

- RMA needs to conduct and document an overall risk assessment of program operations to identify major program vulnerabilities and to focus, coordinate, and prioritize resources on high-risk areas.

- RMA needs to notify AIPs in writing that they are required to physically verify crops they have insured under GRP/GRIP as part of their acreage report field reviews.

- USDA and its agencies need to ensure that their proposed management actions address audit recommendations and are structured so that they can be achieved within agreed-upon timeframes.

- USDA agencies need to continue improving their financial systems so that the data produced allows for the preparation of complete and accurate financial statements without the need for extensive manual procedures and adjustments.

- FS and NRCS both need to improve their management controls in order to effectively manage resources, measure progress towards goals and objectives, and accurately report accomplishments.

- NOP officials need to further improve program administration and strengthen oversight of certifying agents and certified organic operations.

CHALLENGE 3: CONTINUING IMPROVEMENTS NEEDED IN INFORMATION TECHNOLOGY SECURITY

SUMMARY: USDA depends on information technology to efficiently and effectively deliver its programs and provide meaningful and reliable financial reporting. Managing and securing USDA's vast array of networks and IT resources is a major challenge coupled with significant risk. Despite progress, the Department's systems and networks continue to be vulnerable. Since FY 2003, the Department has consistently received a grade of "F" on the *Report Card on Computer Security at Federal Departments and Agencies* published by the House Committee on Oversight and Government Reform. Audits of the Department's systems have continued to identify weaknesses that could seriously jeopardize operations and compromise the confidentiality, integrity, or availability of sensitive information.

OIG AUDIT/INVESTIGATION ACTIONS: OIG continues to conduct IT security audits to monitor agencies' compliance with Federal mandates, and we continue to perform investigations of IT security breaches involving such activities as IT intrusions and equipment thefts. Our audits of compliance with the Federal Information Security Management Act (FISMA) of 2002 and financial statement-related IT audit work on International Technology Services general controls have found that, despite strong guidance provided by the Office of the Chief Information Officer (OCIO), agencies' implementation of IT security requirements continues to be problematic. We found inaccurate systems inventories; inadequate security plans, disaster recovery plans, and risk assessments; noncompliance with certification and accreditation requirements; inadequate change controls, patch management, Privacy Act implementation, and incident response; and nonperformance of vulnerability scans. Although agencies have accelerated efforts to comply with Federal information security requirements, IT management and security continues to be a material weakness within USDA.

GAO conducted a review of FSA's IT systems, *Information Technology: Agriculture Needs to Strengthen Management Practices for Stabilizing and Modernizing Its Farm Program Delivery Systems* (GAO-08-657, May 2008). GAO reported that interruptions of service experienced during FY 2007 were caused by varying factors including aging equipment, inability to monitor network performance, poor training of personnel, inadequate testing of payment delivery systems, and lack of a backup site if an interruption occurred. FSA was aware that, if not corrected, some of these factors may continue to cause service interruptions. GAO further stated that USDA and FSA have drafted a remediation plan and have started to address these issues.

At a hearing before the House Agriculture Committee's Subcommittee on *Department Operations, Oversight, Nutrition, and Forestry* in March 2010, FSA stated that "outdated hardware remains one of the most pressing concerns," and that modernization efforts will continue through 2013. In addition, FSA noted that "these hardware systems pose a significant risk of critical failure." FSA further stated that it "is now running some hardware which has been actively deployed since 1984 (26 years) with the life extension made possible by the migration to slightly newer systems . . . hardware is operating well beyond their end-of-life by any reputable technology standard." OCIO concurred, stating, "While we are making progress, a great deal of work remains to be done."

OIG's National Computer Forensic Division continues to work closely with USDA's OCIO Cyber Security concerning Data at Rest encryption and its impact on law enforcement operations.[9] In recent years, the Federal Government has mandated that agencies implement policies and procedures to safeguard personally identifiable information and sensitive data. These policies are a result of OMB Memorandum M-06-16, issued on June 23, 2006, which states that all Data at Rest must be secured through encryption and other safeguards. This effort has made access to Government data even more challenging during an investigation. OIG's National Computer Forensic Division is working with OCIO Cyber Security to ensure that OIG investigators will have access to encryption/decryption keys in a manner that requires very little, if any, agency involvement.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: Although improvements have been made in the Department's IT security in the last decade, many longstanding weaknesses remain. Since 2001, we have reported material weaknesses in the design and effectiveness of the Department's overall IT security program. USDA is a large and complex organization composed of 29 separate agencies and staff offices, each with its own IT infrastructure. In its response to our audit of FY 2009 compliance with FISMA (50501-15-FM, November 2009), OCIO noted: "USDA is committed to improving and maintaining a world-class information security program based on risk management principles that protect the confidentiality, integrity, and availability of its information systems and data." OCIO stated that it is planning and developing the corrective action necessary to address the 14 recommendations contained in the 2009 FISMA audit report. Further, OCIO stated that several efforts are underway to improve the management and security of IT resources, including establishing an Agriculture Security Operations Center. OIG has not yet tested the implementation of these corrective actions.

ACTIONS NEEDED TO ADDRESS THE CHALLENGE: In order to mitigate the continuing material weaknesses, we recommend that the Department coordinate with all of its agencies to determine the overall risks, and then, based on priority, develop and implement a time-phased plan to systematically mitigate identified risks. With agency cooperation and acceptance, improvements could be achieved in compliance with required standards, plan of action and milestones reporting, risk-level characterization, certification and accreditation processes, Privacy Act implementation and encryption, and configuration management.

In addition, agency-level managers should continue to consider IT security a top priority and demonstrate greater commitment and attention to ensuring compliance with Federally mandated IT security requirements to reduce the level of vulnerability. Specifically, agencies need to ensure that the requirements of OMB Circular No. A-130, *Management of Federal Information Resources*, are fully met.

[9] Data at Rest is a term that refers to either: (1) all data in computer storage while excluding data that are traversing a network or temporarily residing in computer memory to be read or updated, (2) archival or reference files that are changed rarely or never, or (3) data that are subject to regular but not constant change.

CHALLENGE 4: DEPARTMENTAL EFFORTS AND INITIATIVES IN HOMELAND SECURITY NEED TO BE MAINTAINED

SUMMARY: Continuing concern about potential terrorist threats added new dimensions to USDA's missions and priorities—in particular, the Department's missions to ensure the safety and abundance of the Nation's food supply from the farm to the table and to protect the health of American agriculture from the introduction of foreign animal and plant pests and diseases. The National Strategy for Homeland Security provides a framework for prioritizing the use of Federal resources based on the highest threats and risks. Critical mission areas are defined as intelligence and warning, border and transportation security, domestic counterterrorism, protecting critical infrastructure and key assets, defending against catastrophic threats, and emergency preparedness and response.

For FY 2010, USDA homeland security missions were funded at over $233 million. Activities related to homeland security are conducted by programs under APHIS, FSIS, and the National Institute of Food and Agriculture (NIFA).[10] Many of the activities are mandated under the Public Health and Bioterrorism Preparedness and Response Act of 2002—for example, enhancing the capability to respond in a timely manner to bioterrorist threats to the food and agricultural system and developing an agricultural bioterrorism early warning surveillance system.[11] A majority of the funding goes to surveillance activities, including APHIS' Plant and Animal Health Monitoring and NIFA's Regional Diagnostic Network.

USDA agencies must continue to work together to develop a better understanding of changing risks and threats. USDA must continue to foster effective coordination and communication across agency and other Department lines to ensure effective implementation of ongoing and future homeland security initiatives. For example, the Department is coordinating and monitoring efforts to implement the animal and plant disease diagnostic and reporting networks required by Homeland Security Presidential Directive 9.

OIG AUDIT/INVESTIGATION ACTIONS: Building on its earlier progress, USDA must continue its efforts to identify its assets, conduct thorough security risk assessments, and establish appropriate safeguards to prevent or detect deliberate acts to contaminate the food supply, disrupt or destroy American agriculture, or harm U.S. citizens. At the same time, USDA and DHS must continue to address weaknesses in their border inspection activities that guard against the unintentional introduction of pests, diseases, and contaminants on imported products.

Commodity Inventories. In our February 2004 audit of homeland security issues regarding USDA commodity inventories (50099-13-KC), OIG reported that FSA needs to conduct vulnerability and risk assessments to determine the appropriate levels of protection for these agricultural commodities. We also reported that FSA needs to formulate clear directions on food safety and security for the commodities that it manages, handles, transports, stores, and distributes. FSA agreed with our recommendations, and has taken action on all but one recommendation. For this recommendation, FSA is waiting for the Web-based supply chain

[10] Formerly the Cooperative State Research, Education, and Extension Service.
[11] Public Law 107-188, enacted June 12, 2002.

management system (WBSCM) to “go live” in order to evaluate if bulk commodities should be included.

Select Agents and Toxins. In June 2005, OIG issued an audit report (33601-2-At) of APHIS’ overall implementation of regulations governing the possession, use, and transfer of biological agents and toxins that could pose a severe threat to animal and plant health or to animal products. A subsequent audit (33601-3-At, January 2006) evaluated whether controls were in place at field locations where select agents and toxins are used or stored. We reported that APHIS did not implement controls over permits that were compatible with requirements of the listed agents and toxins program. Final action on our recommendations has been achieved for both audits, and, due to the sensitive nature of the select agents program, we initiated a followup audit (33701-1-At) in April 2010 to evaluate these corrective actions.

Agriculture Quarantine Inspection Activities. OIG audits conducted prior to APHIS’ inspection duties being transferred to DHS disclosed serious control weaknesses at American borders and ports of entry for agricultural products. Although the inspection function at borders and ports of entry was transferred, APHIS retained functions such as quarantine, risk analysis, destruction and re-exportation, user fees, and adjudication of violations. In February 2007, USDA-OIG and DHS-OIG issued a report assessing how well CBP: (1) communicated and cooperated with USDA on issues relating to agricultural inspection policies and procedures, (2) complied with established procedures for agricultural inspections of passengers and cargo, and (3) tracked agricultural inspection activities. The audit also reviewed whether CBP had taken corrective action on issues that were reported by USDA before APHIS’ inspection responsibilities were transferred. We were able to resolve many of the prior issues and recommendations, but we found other issues had not been fully addressed.

In May 2006, GAO reported that CBP and APHIS continued to experience difficulty with sharing information such as key changes in policy and urgent inspection alerts. GAO recommended that DHS and USDA work together to establish processes and procedures for sharing urgent information, assessing inspection effectiveness, and identifying major risks posed by foreign pests and diseases at ports of entry. GAO also recommended developing and implementing a national staffing model to ensure that agriculture staffing levels at each port were sufficient to meet those risks. As of July 2010, these recommendations remain open.

Avian Influenza. In June 2007, GAO reported that although USDA has made strides in preparing for potential outbreaks of highly pathogenic avian influenza (HPAI), better planning at the Federal and State levels could improve response. For example, USDA was not planning for DHS to assume the lead role if there was an outbreak among poultry serious enough to warrant a Presidential declaration of an emergency. However, such declarations are within the President’s authority, and require DHS to assume responsibility for directing the response. In addition, States’ plans lacked important components to facilitate containing avian influenza (AI). GAO recommended that DHS and USDA develop an MOU that describes how they will work together in the event of a Presidential emergency declaration. USDA, in consultation with other Federal agencies and the poultry industry, should identify the capability needed to respond to a probable scenario for an HPAI outbreak. As of July 2010, these recommendations remain open.

Importation and Movement of Live Animals. In our audit of USDA's controls over the importation and movement of live animals (50601-12-Ch, March 2008), we concluded that APHIS' controls over live animal imports need to be strengthened to prevent, detect, and address the entry of live animals that do not meet import requirements. APHIS relies on country of origin health certificates' attesting to animal health and other import requirements, but the agency does not have adequate processes in place to determine whether individual issues it identifies represent larger, systemic problems.

APHIS does not have effective systems or controls for approving and/or tracking live animals into the United States. APHIS does not always reconcile or follow up on discrepancies in the number of animals arriving at their final destinations as compared to those approved for entry into the United States. Therefore, APHIS cannot always demonstrate that all restricted animals are slaughtered as required. APHIS needs to provide its procedures and implementation date for entering and analyzing instances of noncompliance and rejections regarding imported animals at all ports of entry using the agency's live animal tracking information system. APHIS needs to provide procedures describing how APHIS and CBP will work together to ensure that animal shipments are properly inspected at the northern border. APHIS needs to provide the procedures for monitoring and reconciling imported cattle, the disease risk analysis for restricted imported swine, and import protocol for cattle imported from Mexico. Finally APHIS needs to provide evidence of manual and automated application controls identified in our audit report.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS:

In FY 2008, the Department developed standard operating procedures for performing inspections and conducted security training for inspectors regarding select agents (i.e., biological agents determined to have the potential to pose a severe threat to animal or plant health, or to animal or plant products). In FY 2009, the Department implemented an annual Compliance Inspection Program for all agriculture registered entities. In FY 2009, APHIS continued to implement its strategic plan to include detailed goals, objectives, and activities for addressing AI from FY 2009 through FY 2012. The agency finalized cooperative agreements with Iowa State University to produce a manual detailing the live bird marketing system. APHIS also completed risk assessments for pasteurized liquid eggs. In 2008, APHIS also revised guidance related to internal (State-Federal) communication of foreign animal disease outbreaks and indicated the specific responsibilities of the State animal health official, the Federal area veterinarian in charge, the foreign animal disease diagnostician, diagnostic laboratories, and Federal regional offices and headquarters.

In FY 2009, APHIS collected data on Canadian cattle import discrepancies and implemented resolution as needed. APHIS also implemented instructions that provided details on how it will communicate with the Canadian Border Services Agency. In FY 2008, the Department strengthened controls over live animal imports. APHIS updated health certificate requirements for horses imported from Canada, developed a protocol for moving Canadian cattle through the United States to Mexico, and also issued an alert on "Inspection Procedures for Bovines from Canada at Canadian Land Border Ports of Entry."

In response to our audit of homeland security issues relating to USDA commodity inventories, FSA has, since 2005, collaborated with DHS, FDA, and the Federal Bureau of Investigation, as well as with private industry and State governments, in the Strategic Partnership Program Agroterrorism (SPPA) Initiative to: (1) conduct risk assessments for the various sectors with which FSA is involved, (2) identify sector-specific vulnerabilities through critical infrastructure/key resource assessments, and (3) develop sector-specific mitigation strategies to reduce the threat of attack. To date, SPPA Initiative risk assessments have been conducted for sectors including the export and country grain-elevator sectors, the processed commodity sector, and the sugar beet sector. FSA will continue to monitor these sectors as required. Each of the risk assessments will be reviewed with the industry on a biennial basis to check on progress in implementing mitigation practices. FSA has used the results of the completed assessments to formulate action plans for food safety and security, and to establish safeguard requirements for the commodities that it manages, handles, transports, stores, and distributes. In FY 2008, FSA completed security clearances for current employees involved in assessing risk and managing inventory. A process is in place to ensure that future employees will have the appropriate security clearances. FSA developed action plans and tactical procedures to use when a safety issue is raised regarding a USDA-purchased commodity for food assistance programs, or when national disasters affect the Nation's food supply.

In response to our *Select Agent Audit, Phase II* (33601-3-At, January 2006), APHIS completed the re-inspections of registered entities to ensure compliance with regulations regarding security over select agents. APHIS also completed the joint APHIS-Centers for Disease Control and Prevention (CDC) inspection checklist to verify that entities have reviewed security plans annually and have updated their plans as needed based on tests and drills. Finally, the joint APHIS-CDC checklist addressed our concerns over select agent inventory controls.

In response to the President's National Strategy for Pandemic Influenza, APHIS developed its *National Avian Influenza Preparedness and Response Plan* to address the threat of AI. APHIS has characterized it as a "living document," subject to revision, that establishes a comprehensive approach to manage an outbreak of HPAI on a large commercial poultry operation. APHIS is also coordinating and establishing AI surveillance networks with other Federal entities and with State and private entities. In addition, APHIS is working with Federal and State cooperators in developing strategies for monitoring migratory birds, as well as working internationally to provide outreach, education, and technical assistance. APHIS clarified actions that employees should take to obtain and administer vaccines and antivirals necessary in the event of a culling operation for HPAI. The agency has performed and documented an analysis that identifies gaps in sampling surveillance. On June 29, 2007, APHIS issued the *National Avian Influenza Surveillance Plan*, which includes goals, objectives, data collection and analysis methodologies, surveillance results reporting, and surveillance programs assessment.

In order to ensure the accuracy of information reported to the Homeland Security Council (HSC), APHIS requires first-line supervisor clearance prior to submission. APHIS provided HSC with corrected information for the tasks that APHIS had reported incorrectly. APHIS has proposed to HSC—and HSC has accepted the proposal to use QuickPlace to track all future action items for all Departments.[12] This will allow HSC to monitor its lead action items and the actions for which it is responsible as a support agency. Initially, HSC will make this a voluntary system.

[12] QuickPlace is a central Web-based repository that is accessible by authorized users to collaborate, share ideas, and document and track project tasks.

To ensure that USDA’s interests are considered appropriately, APHIS will report completed action items for which it is assigned support functions. APHIS agreed that testing is essential to assess readiness. APHIS provided evidence of the tests of actual. APHIS formalized its procedures to update its notification website.

In response to our review of the importation and movement of live animals, APHIS agreed to compile and analyze information on all health certificate issues, track policy noncompliance to assess trends, and issue instructions to CBP on requirements for Canadian horses imported under a temporary authorization. APHIS also agreed to (1) establish a new protocol for inspections at Mexican ports of entry to amend the import documents to reflect only those animals that were allowed into the United States; (2) issue instructions to reconcile USDA seals; and (3) issue instructions on the inventory, control, and use of USDA seals. Finally, APHIS agreed to update the list of slaughter establishments approved to receive imported animals, standardize the process for alert of pending re-inspections, complete a port operations manual, and amend procedures to include a port facility checklist to improve oversight of port operations.

ACTIONS NEEDED TO ADDRESS THE CHALLENGE:

Commodity Inventories. FSA needs to implement commodity inventory systems that provide critical homeland security features, such as timely and effective reporting of significant details about inventory changes. FSA reports that USDA has joined forces with the U.S. Agency for International Development and the U.S. Department of Transportation’s Maritime Administration to implement WBSCM with procurement, order delivery, and finance functionalities, including inventory management for all processed commodities. The build phase began in August 2008. However, FSA expects that it will not decide whether to include bulk commodities (e.g., grains) in WBSCM until 2011. (While the first phase of implementation occurred on June 30, 2010, full implementation is not projected to go live with the processed commodity procurement function until winter 2011, and FSA needs to allow the Commodity Operations staff an opportunity to use the system and applications in the production environment for a few months before making this determination.)

Select Agents and Toxins. Management decision and final action have been reached on two audits concerning select agents and toxins. A followup audit started in May 2010, which is evaluating the adequacy of APHIS’ corrective actions.

Agriculture Quarantine and Inspection Activities. USDA and DHS need to work together to strengthen controls and communication, develop the necessary processes and procedures to assess inspection effectiveness, identify major risks posed by foreign pests and diseases at ports of entry, and ensure that staffing levels at ports are sufficient to meet risks.

AI Surveillance Activities. DHS and USDA need to develop an MOU that describes how they will work together in the event of a Presidential emergency declaration. USDA, in consultation with other Federal agencies and the poultry industry, should identify the capability needed to respond to a probable scenario for an HPAI outbreak.

Importation and Movement of Live Animals. APHIS needs to provide its procedures for entering and analyzing instances of problems through its live animal tracking information system; develop an automated system to track problems with imported animals; and provide procedures describing how APHIS will coordinate with CBP officials at the northern border to ensure that all animal shipments are properly inspected. APHIS needs to provide procedures for monitoring and reconciling imported cattle, the disease risk analysis for restricted imported swine, and the import protocol for cattle imported from Mexico. In addition, APHIS needs to provide its procedures for analyzing rejected animals at the Mexican border and the date that the agency's live animal information system is implemented. Finally, APHIS needs to provide its instructions regarding the inventory of USDA seals, and a summary of seal inventory conducted in 2009.

CHALLENGE 5: MATERIAL WEAKNESSES PERSIST IN CIVIL RIGHTS CONTROL STRUCTURE AND ENVIRONMENT

SUMMARY: In 2005, OIG removed the challenge for civil rights from the list of management challenges facing the Department. The premise behind the challenge was that complaints had not been addressed in a timely manner, and there had been a backlog of old complaints. Two reports issued in 2005 documented that the Office of the Assistant Secretary for Civil Rights (OASCR) had developed 13 initiatives to address these longstanding problems, including the backlog. In a report issued in May 2007, however, OIG found that although OASCR's processing time to complete a case has fallen from 3 years in 1997 to slightly under 1.5 years in 2006, OASCR's efforts had not been sufficient to ensure that employee civil rights complaints were effectively tracked and timely processed. This could reduce the public's confidence in USDA's ability to administer civil rights programs. As a result, OIG reinstated this challenge in 2007. In a memorandum to all USDA employees, dated April 21, 2009, the Secretary of Agriculture stated that civil rights is one of his top priorities. He noted that more than 14,000 complaints have been filed since the decade began, and approximately 3,000 have yet to be processed. The Secretary is committed to taking action to improve USDA's record on civil rights.

OIG AUDIT/INVESTIGATION ACTIONS: In our most recent audit report, issued in May 2007, we found that material weaknesses persisted in OASCR's control structure. Specifically, OASCR had not (1) established the necessary framework to monitor complaint processing and to intervene when established timeframes were not met, and (2) sufficiently strengthened its controls over entering and validating data in its information system. As a result, OASCR cannot effectively track and timely process employees' civil rights complaints.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: We found that, in 2006, OASCR's processing time to complete a case averaged about 1.5 years (504 days), which represented a significant improvement over the processing time of 3 years reported in 1997. In February 2005, OASCR began implementation of the Civil Rights Enterprise System (CRES), a Web-based application that allows USDA agencies and OASCR to use one automated system for processing and tracking equal employment opportunity (EEO) complaints at both the informal and formal stages.[13] In a report issued in 2000, we reported that OASCR had its tracking system and the agencies had their own systems, with OASCR tracking EEO complaints that were not in the agencies' systems, and the agencies having complaints that were not in OASCR's system. Prior to implementing CRES, agencies did not have a system to track informal EEO complaints.

On May 14, 2008, GAO officials testified about their assessment of USDA's progress in addressing long-standing civil rights issues. GAO's testimony focused on OASCR's continuing problems in resolving discrimination complaints, the accuracy of its reports on minority participation in USDA programs, and the adequacy of its strategic planning process in assessing performance progress and gaps. A GAO official testified again on April 29, 2009, reiterating GAO's prior assessments of OASCR's difficulties in resolving discrimination complaints. GAO did acknowledge, however, that the current Secretary of Agriculture is committed to

[13] In addition to tracking EEO complaints, CRES also tracks program complaints and alternative dispute resolution matters.

improving the management of civil rights at USDA and that the Secretary pledged to dedicate the resources necessary to achieve this improvement. The Assistant Secretary for Civil Rights (ASCR) also testified and presented his plan for addressing GAO's prior recommendations. The plan included many of the actions detailed in the Secretary's memorandum of April 21, 2009, on a new civil rights era for USDA. As part of the Secretary's civil rights initiative, a Departmental EEO task force was established, which consisted of all agency resolving officials and those employees designated to serve with them.

The Secretary's April 21, 2009, memorandum and the ASCR's April 29, 2009, testimony outlined initial steps to improve EEO, civil rights, and program delivery in USDA. Proposed actions include obtaining an independent external analysis of program delivery; creating a task force to conduct a review of a sample of program civil rights complaints; placing top priority on processing complaints; temporarily suspending foreclosures to afford the Department time to review loans involving possible discriminatory conduct; and requiring OASCR to design and implement management controls to ensure that complaints are handled in a consistent manner within specific timeframes.

Effective July 13, 2009, the Secretary announced his strategy to resolve all open EEO complaints in the Department through the use of Alternative Dispute Resolution. The Secretary charged each Under and Assistant Secretary with the responsibility of resolving all open EEO complaints by way of a Departmental "Complaint Resolution Initiative" over a 60-day period. The initiative authorizes use and application of the full range of remedies available "without a finding of discrimination or admission of wrongdoing (no fault) in all administrative and Federal court processes."

We plan on evaluating USDA's progress with regard to resolving civil rights complaints under Title VI of the Civil Rights Act of 1964, which prohibits discrimination in programs and activities receiving Federal financial assistance.

ACTIONS NEEDED TO ADDRESS THE CHALLENGE: OASCR should develop a detailed formal plan to process employment complaints timely and effectively in collaboration with agencies. OASCR should also implement a monitoring framework to track the processing of complaints so that the agency can intervene when timeframes are not being met. To strengthen controls over the entry and validation of data in CRES, OASCR needs to identify the business rules and implement a plan for testing and applying these rules. In addition, OASCR needs to implement a process for validating the accuracy of information entered in CRES.

CHALLENGE 6: USDA NEEDS TO DEVELOP A PROACTIVE, INTEGRATED STRATEGY TO HELP AMERICAN PRODUCERS MEET THE GLOBAL TRADE CHALLENGE

SUMMARY: Increasing export opportunities for U.S. agriculture is listed as one of USDA's strategic goals in the Department's three most recent strategic plans, and as one of the items in the Department's list of priorities for the coming years.[14] Over the past several years, the total dollar amount of U.S. agricultural exports has increased significantly due to adverse weather conditions in other major agricultural production areas, a decline in the value of the U.S. dollar, and increased income in developing countries (such as China and India) for food purchases. Expanding global markets should increase demand for agricultural products and, therefore, lead to greater economic stability and prosperity for America's producers. In January 2010, the President announced a National Export Initiative to coordinate Federal efforts to help rebuild the economy by increasing export opportunities. In March 2010, the Department issued a two-page synopsis that provides a roadmap for expanding U.S. agricultural exports and improving global food security.

In our audit *Foreign Agricultural Service: Implementation of the Trade Title of the 2002 Farm Bill and the 2002 President's Management Agenda* (50601-12-At, March 2007), we reported that the Department had not implemented a process to integrate its current country-specific marketing strategies into a focused global strategy to more effectively respond to changing trends in global markets. In addition, the Department needs to develop a global trade strategy to address the increased export opportunities and competition in global markets. We are reviewing the Department's response to our audit recommendations. Although the Department announced its global market strategy in March 2010, the strategy does not include mechanisms related to exporting genetically engineered (GE) crops, timeframes, milestones, or performance measures to track results. The Department is drafting a more comprehensive document. Therefore, we will continue to include this issue as a major management challenge.

The share of U.S. crop land devoted to cultivating biotechnology-derived or GE crops has consistently grown. In 2009, American producers planted around 158 million acres with GE crops, or 48 percent of the total global biotechnology-derived acreage. This achievement was spurred by a growing market for ethanol using GE corn. For agricultural commodities such as soybeans and corn, U.S. production has largely become GE-based. For 2009, GE corn constituted 85 percent of the corn planted, GE cotton constituted 88 percent of the cotton planted, and GE soybeans constituted 91 percent of the soybeans planted. American farmers continue to face increasing competition from GE crops grown abroad. Between 1996 and 2008, worldwide growth in GE-planted acreage increased approximately 80-fold. The number of countries planting GE crops held steady at 25 from 2008 to 2009.

[14] The three strategic plans are for FYs 2002 through 2007, FYs 2007 through 2010, and FYs 2010 through 2015.

Recognizing the increasing reliance of American agriculture on the global trade market and the increasing importance of GE crops to the American agricultural sector, the 2002 Farm Bill mandated a number of general and specific trade initiatives in these areas. The 2002 legislation required a long-range agricultural global market strategy building on the policies of the 1996 Farm Bill, which established an "agricultural export promotion strategy" to take into account new market opportunities for agricultural products. The 2002 Farm Bill also included specific provisions on biotechnology—developing a biotechnology and agricultural trade program, funding biotechnology use in developing countries, and educating consumers about the benefits and safety of these products. The 2008 Farm Bill still includes most of the 2002 Farm Bill provisions dealing with biotechnology; however, the 2008 Farm Bill repealed the biotechnology and agricultural trade program and the program to fund public education on the benefits of agricultural biotechnology.

Because of the concern that GE traits—particularly, regulated or non-approved traits—may inadvertently appear in agricultural commodities sold to foreign markets, the need for strengthened monitoring of field trials is critical. The Department has faced a number of legal challenges on biotechnology issues. In July 2007, in response to the legal challenges, the Department issued a draft programmatic environmental impact statement as mandated under the National Environmental Policy Act, accompanied with a request for comments on its proposed rule. The Department received thousands of comments in response; consequently, it is taking longer than anticipated to incorporate these comments into the final procedures. As of July 15, 2010, the programmatic environmental impact statement has not been finalized.

USDA faces significant challenges not only in monitoring field trials to preclude inadvertent release to other crop production, but also in overcoming trade barriers in well-established markets, educating the domestic and international public about the safety concerns and benefits of biotechnology, coordinating the regulatory frameworks for GE crops, conducting outreach efforts about the safety of GE crops, and cultivating new markets.

To meet these challenges, USDA must balance several goals, such as (1) developing, expanding, and implementing business processes to formulate marketing strategies at a worldwide level; (2) maintaining adequate accountability for GE regulated and non-regulated crops; and (3) educating the public as to the health and safety of the American food supply, particularly agricultural biotechnology.

OIG AUDIT/INVESTIGATION ACTIONS:

Strengthening Controls Over Field Trials. Our review of USDA's monitoring of regulated GE crops, *Animal and Plant Health Inspection Service Controls over Issuance of Genetically Engineered Organism Release Permits* (50601-8-Te, December 2005) evaluated how USDA issued genetically engineered organism (GEO) release notifications and permits, which are required to ship or field test regulated GEOs. We found that the Department needs to strengthen its controls over the entire process, from how it handles permit and notification applications to how it oversees the devitalization (i.e., the procedure rendering plants or plant products incapable of germination, growth, or further reproduction) of GE crops under approved notifications and permits. We have agreed to management decision on all recommendations in the audit report.

For many of these recommendations, our agreement was based on the Department's interim actions. The Department's long-term corrective action is to issue revised regulations for GE field releases in a final rule in the *Code of Federal Regulations* and to issue policies and procedures in a revised users' guide. The Department is currently considering the large number of comments that were received in response to the proposed rule. The release of the final rule and associated environmental impact statement can proceed once these comments have been thoroughly considered.

Implementation of the Trade Title of the 2002 Farm Bill. During this review, we found that the Department had implemented most of the 2002 Farm Bill amendments relating to trade programs, except that it had not developed a business process to ensure that the Global Market Strategy requirements of the 2002 Farm Bill are being met. Specifically, the Department needed to coordinate its resources and programs with other Departments to identify opportunities for agricultural exports and to remove trade barriers.

Export of Genetically Engineered Crops. Our audit report, *USDA's Role in the Export of Genetically Engineered Agricultural Commodities* (50601-14-Te, February 2009) found that USDA did not have a coordinated, comprehensive strategy to address the challenges that U.S. producers face when exporting GE commodities. We concluded that an effective export strategy would need to include elements such as (1) a clear purpose, scope, and methodology; (2) a statement of the problems; (3) desired goals and outcome-related performance measures and resources; and (4) well-integrated internal and external partner accomplishments. In section 7505 of the 2002 Farm Bill, USDA was required to implement a program that offered grants to establish biotechnology for developing countries. The 2008 Farm Bill extended the authority to appropriate such sums as may be necessary to carry out programs for each fiscal year through 2012.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: The Department has stated that it is eliminating the current notification-and-permit system in favor of a multi-category permit system and that the proposed system needs to be published in the *Federal Register* before being finalized. The Department agreed to implement interim corrective actions to clarify reporting requirements and to complete work on the management information system so it can record necessary information such as the specific location of each field site and the dates of significant events.

With respect to implementing the trade title of the 2002 Farm Bill, the Department stated that it has undertaken several initiatives to support a USDA global strategy. Specifically, the Foreign Agricultural Service (FAS) initiated a comprehensive reorganization to enhance the competitiveness of U.S. agricultural producers and to be in line with USDA's strategic objectives. Starting in 2006, FAS introduced a process to develop an integrated strategy to synthesize not only priorities from within the agency and the Department, but also from external stakeholders, such as private companies, non-Government entities, other Governments, and multilateral organizations.

With the announcement of the National Export Initiative, the Department issued a two-page synopsis that provides a roadmap for expanding U.S. agricultural exports and improving global food security in March 2010. The purpose of the global market strategy is to improve collaboration among USDA agencies and to help agencies set priorities for international staffing, foreign assistance, and agricultural research. We agreed that the Department could develop an integrated global market strategy to include guidelines and strategies for promoting the export of U.S. GE crops. We are reviewing the Department's response to the open recommendations. Although the Department announced its global market strategy, we still have concerns about the document since it does not include provisions related to the export of GE crops, timeframes, milestones, or performance measures to track results. We relayed these concerns to FAS officials, who responded that our concerns may be addressed in the more comprehensive document implementing the strategy.

ACTIONS NEEDED TO ADDRESS THE CHALLENGE: In its response to our 2002 Farm Bill Trade Title report, FAS expressed general disagreement with the conclusions reached, citing the use of questionable data and "misunderstandings or misrepresentations" of the export strategies used to make funding decisions for market access programs. USDA should, in consultation with Congress, analyze and reassess its strategic goals and marketing strategies as a whole in order to regain—to the extent possible—U.S. competitiveness in global agricultural exports. To better promote the export of agricultural crops, USDA needs to develop a coordinated and consolidated global market strategy, including guidelines and strategies to deal with countries reluctant to import GE crops and to open new markets willing to import American agricultural products, particularly high-value and processed products. The Department is developing an integrated strategy, but in order for that strategy to be effective, it needs to incorporate country, regional, and global levels.

To strengthen USDA's oversight of regulated GE crops, the Department needs to expeditiously issue the final rule implementing many of our audit recommendations. We continue to monitor that process and, where appropriate, provide feedback on pending regulations. The Department also needs to complete work on the management information system and ensure that it is capable of recording necessary information related to field sites, including the specific location of each field site and the dates of significant events.

CHALLENGE 7: BETTER FOREST SERVICE MANAGEMENT AND COMMUNITY ACTION NEEDED TO IMPROVE THE HEALTH OF THE NATIONAL FORESTS AND TO REDUCE THE COST OF FIGHTING FIRES

SUMMARY: In recent years, the average costs to fight wildfires have exceeded more than $1 billion per year. FS efforts to contain firefighting costs are affected by several issues: climate change, an increase in hazardous fuels occurring on Federal lands, and population growth in rural communities in the wildland urban interface (WUI).[15] Addressing these key issues is critical if FS is going to be successful in reducing both the severity of wildland fires and the cost of fighting them. An additional challenge facing FS is fire safety—as the intensity of fires increases and as the agency is called upon to suppress fires in urban areas, the danger to firefighters has increased.

OIG AUDIT/INVESTIGATION ACTIONS: Our audit of *Forest Service Large Fire Suppression Costs* (08601-44-SF, November 2006) identified that the major cost driver for fire suppression has been unregulated development in the WUI. Improperly planned and unregulated growth in the WUI significantly increases the risks these communities face from wildfires. Because of the increased risk, FS must spend more money to prevent wildfires from reaching these areas and more money to protect the communities when wildfires do reach them. If not for the threat to the WUI, FS could use less expensive fire-suppression tactics, such as letting some fires burn out naturally. It is critical that FS work with local communities to ensure that private landowners take steps to reduce the risk of fire on private property adjacent to Federal land. In addition, FS needs to modify policies that unduly restrict the use of fire to reduce hazardous fuels on its land. We also found that the agency lacked effective cost-containment controls. Managers' and incident commanders' decisions and oversight were neither tracked nor evaluated. Agency performance measures and reporting mechanisms did not allow FS management to assess the effectiveness of its wildfire suppression cost-containment efforts. Cost-containment reviews had limited effectiveness because they were not conducted often enough, were not routinely summarized and reported to other units, or did not sufficiently address large cost drivers.

Our audit of *FS' Implementation of the Healthy Forest Initiative* (08601-6-At, September 2006), evaluated the agency's efforts to reduce hazardous fuels on Federal land. Deteriorating forest health has resulted in the unnaturally heavy accumulation of hazardous fuels. While FS' 2009 budget for hazardous fuels reduction was $297 million, hazardous fuels are accumulating at an estimated rate of three times faster than they can be treated. Traditionally, FS has allocated hazardous fuel reduction funds based in part on historical allocations and greatest number of acres treated. However, these factors do not necessarily address areas that may have the most risk of major wildfires. For example, treating high-risk areas may cost more for fewer acres, but it may also do more to reduce the potential for catastrophic fires than treating a large number of low-risk acres. FS needs to change its funding approach for fuel-reduction projects to recognize the potential risk to forest resources and private property. This will help ensure that the limited funds are better targeted to reduce the potential for catastrophic fires.

[15] The WUI is the area where structures and other human development meet or intermingle with undeveloped wildland.

Other audits that we have recently completed related to fire-suppression activities concluded that FS needed to improve its controls over the use of firefighting contract crews and the use of Emergency Equipment Rental Agreements (EERAs). The audit related to contract crews concluded that significant improvements were needed in their safety training. Our review of EERAs found that by using a combination of best practices, FS can lower costs for equipment and supplies it obtains through the EERA process. Our audit of *FS' Air Safety Program* (08601-48-SF, February 2008) determined the agency needed to make improvements in its program. Primarily, FS needed to develop and implement an airworthiness assessment, inspection, and maintenance program geared towards the particular demands of the firefighting flight environment. Our audit of *FS' Plan for Replacement of Firefighting Aerial Resources* (08601-53-SF, July 2009) concluded that the agency needed to strengthen both its justification for acquiring aerial resources and its ability to collect funds to repair and replace them once procured. Our most recent audit of *FS Contracted Labor Crews* (08001-2-At, March 2010) evaluated the use of contracted firefighting labor to meet agency firefighting needs during severe fire seasons. Over the years, FS has frequently relied on contracted labor crews, in addition to its own firefighting resources, to deal with increasingly severe wildland fire seasons. Our audit found that FS' reliance on contracted labor crews did not necessarily include adequate planning and cost analyses. FS needs to consider a mix of various firefighting resources (i.e., numbers of firefighting crews, types of crews, etc.) that could achieve a more effective and efficient plan for fire suppression.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: In response to audit recommendations, FS has implemented policies and procedures designed to contain wildfire-suppression expenditures and to increase accountability for suppression operations. In 2009, FS completed implementation of all audit recommendations from our Healthy Forest Initiative audit (08601-6-At, September 2006). FS has developed new strategic performance measures and increased its emphasis on cost accountability. Also, FS has increased the level of management oversight of large fires and initiated significant changes in its wildfire cost-containment reviews. The agency has implemented a formal training program for personnel who conduct cost-containment reviews, with a focus on cost drivers and the impact of fire-suppression strategies. In 2008, FS worked with other land management agencies to establish an interagency set of standards for reviewing the costs of large wildfires. Incident commanders now have performance standards that assess whether the tactics employed represented cost-effective use of resources. FS is also placing more emphasis on managing fires for multiple objectives. In addition, FS' practices allow managers to switch between suppression tactics and wildland fire use as each situation evolves. In the past, once a suppression strategy was chosen, the manager was not allowed to change strategy even if the situation warranted doing so. FS is developing a fire program system to allocate resources more economically and a LANDFIRE system to provide data to target fire and resource projects more effectively.[16]

ACTIONS NEEDED TO ADDRESS THE CHALLENGE: Top Department and FS management officials need to work with Congress and other land management agencies to find ways to convince State and local governments to enact and enforce firewise building and zoning

[16] LANDFIRE, also known as the Landscape Fire and Resource Management Planning Tools Project, is a 5-year, multi-partner project to produce consistent and comprehensive maps and data describing vegetation, wildland fuel, and fire regimes across the United States. It is a joint project involving FS' wildland fire management programs and the U.S. Department of the Interior.

codes in areas threatened by wildland fire. FS also needs to work with other land management agencies and State and local governments to conduct hazardous fuels reduction projects in those areas where they will have the greatest impact on reducing risk. FS also needs to continue to improve its internal controls over wildland fire expenditures and the delivery of systems to help managers improve cost-containment decisions. FS needs to ensure that it directs its human and physical resources to effectively address the changing environment of forest health and the expanding WUI.

CHALLENGE 8: IMPROVED CONTROLS NEEDED FOR FOOD SAFETY INSPECTION SYSTEMS

SUMMARY: Due to ongoing occurrences of food-borne illness and food contamination, the safety of the Nation's food supply and the adequacy of Federal inspection systems is a major concern for consumers, Congress, and other stakeholders. FSIS must demonstrate that its information and data systems, management controls, and inspection processes are adequate to support its assessments of the adequacy of slaughter and processing hazard controls and production processes.

Since 1998, Federal meat and poultry inspection regulations have required establishments to implement the Hazard Analysis and Critical Control Point (HACCP) system. Under HACCP, each slaughter and processing establishment is responsible for designing a food safety system that complies with sanitation standards and procedures, HACCP requirements, and pathogen reduction requirements. FSIS is responsible for verifying that each establishment's food safety system is operating in compliance with the regulations and in a way that will result in safe and wholesome products. As its next step to modernize the inspection process, FSIS is moving towards a risk-based inspection system, and the agency has stated that HACCP is the foundation of this initiative.

Since 2000, OIG has recommended that FSIS implement a system of oversight for establishments' HACCP plans. In response, FSIS initiated food safety assessments to evaluate these controls. OIG has reported that FSIS did not have an effective management control structure that would ensure that adequate systems and processes were in place to accumulate, review, and analyze available data to monitor and assess compliance with HACCP and inspection requirements. We have recommended that FSIS develop a written, time-phased plan for completing its reviews of HACCP plans—including periodic reassessments—and establish a strategy for hiring and training staff. We also have made numerous recommendations to improve FSIS' IT systems, inspection oversight, and data quality.

In 2007, the Senate Budget Committee asked OIG to assess FSIS' export certification process because of concerns regarding the trade impact of exported U.S. beef product rejected by foreign countries. Our resulting audit, *Assessment of USDA's Controls to Ensure Compliance with Beef Export Requirements* (50601-06-Hy, July 2009), found that FSIS needs to strengthen its oversight by analyzing the reasons why foreign countries reject U.S. beef products when these products are presented for re-entry into the United States. We also found that FSIS must ensure that supervisors thoroughly assess the export duties of inspection personnel.

OIG AUDIT/INVESTIGATION ACTIONS: OIG issued a series of food safety audits in 2000 that assessed the effectiveness of FSIS' meat and poultry inspection program under HACCP. We concluded that while FSIS had taken positive steps in implementing the science-based HACCP, the agency needed to have a more aggressive presence in the inspection and verification process. In our assessment, FSIS had reduced its oversight below what was necessary to protect the consumer. The conditions that we noted in our 2003 review (24601-2-KC) of the ConAgra recall—18 million pounds of ground beef and beef products suspected of being contaminated with *E. coli* O157:H7— again led us to question the adequacy of establishments' HACCP plans and FSIS' oversight and verification programs to identify and control hazards in the production process.

In our 2004 audit (24501-01-FM) of application controls for the Performance-Based Inspection System (PBIS)—a software application designed by FSIS to manage its HACCP inspection assignments, specific inspection procedures, and data reporting—we evaluated the adequacy and effectiveness of FSIS' controls over the input, processing, and output of PBIS data. We found that FSIS had not implemented adequate controls to ensure the integrity of PBIS data and concluded that this could ultimately affect the agency's ability to adequately manage its inspection activities.

In response to OIG audit recommendations—and to recommendations made in GAO reports issued over the years—FSIS developed a management control system to provide assurance that the agency is accomplishing its mission of protecting consumers from unsafe and unwholesome food. A key component of FSIS' management control system is the In-Plant Performance System (IPPS), which was established to strengthen supervision and to improve inspector accountability. Our 2006 audit of IPPS (24601-06-Ch) found that FSIS' policies and procedures were generally adequate and that the system improved supervision and inspector accountability. However, we did find that the review process could be strengthened in the areas of written guidance and management oversight; not all inspection activities identified as critical had been assessed.

In 2007, GAO designated Federal oversight of food safety as a high-risk area because of its importance to the economy and public health and safety. Any food contamination could undermine consumer confidence in the Government's ability to ensure the safety of the U.S. food supply, as well as cause severe economic consequences. GAO stated its belief that the current fragmented Federal system—15 agencies collectively administering at least 30 laws related to food safety—had caused inconsistent oversight, ineffective coordination, and inefficient use of resources.

In FSIS' February 2007 proposal to proceed with risk-based inspection, the agency based risk assessments of processing establishments predominantly on data contained in its information systems. In May 2007, Public Law 110-28 prevented FSIS from using funds to implement risk-based inspection in any location until OIG studied the program and FSIS addressed any issues identified.[17] Our report *Issues Impacting the Development of Risk-Based Inspection at Meat and Poultry Processing Establishments* (24601-07-Hy, December 2007) found that the data were limited. We also questioned whether FSIS had the systems in place to provide reasonable assurance that risk can be timely or fully assessed, given that FSIS lacks current, comprehensive assessments of establishments' food safety systems.

Throughout this review, we discussed our concerns and provided recommendations to FSIS so that the agency could immediately initiate actions to address weaknesses we identified. The concerns related to FSIS' (1) assessments of establishments' food safety systems, (2) security

[17] Public Law 110-28, §6102, U.S. Troop Readiness, Veteran's Care, Katrina Recovery, and Iraq Accountability Appropriations Act 2007, enacted May 25, 2007.

over IT resources and application controls, (3) data management infrastructure and analyses, and (4) management control structure.

In January 2008, the Humane Society of the United States publicly released videotapes that documented the egregious abuse of cattle awaiting slaughter at a California slaughter establishment. In February 2008, that slaughter establishment voluntarily recalled approximately 143 million pounds of raw and frozen beef products, the largest recall to date. The videotapes led Congress, USDA, and the public to question how such events could have occurred at a slaughter establishment under inspection by FSIS, and whether these events were isolated or systemic. Our review *Evaluation of FSIS Management Controls over Pre-Slaughter Activities* (24601-0007-KC, November 2008) found deliberate actions by slaughterhouse personnel to bypass required inspections, as well as noncompliance with required inspection procedures by FSIS in-plant staff. Management controls did not detect or prevent these incidents. We reviewed other cull establishments and found shortcomings, but nothing indicated that unsuitable animals were passed for slaughter. We concluded that although there was no systemic failure of the inspection system as designed by FSIS, controls could be strengthened to provide oversight of the inspection processes and to demonstrate the sufficiency and competency of FSIS personnel resources. An investigation to determine whether there were violations of the Federal Meat Inspection Act is ongoing.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: FSIS has taken action on several recommendations. The agency has determined how food safety assessment results will be used in estimating establishment risk, and conducted analyses to support the data windows (i.e., periods of time) selected for assessing an establishment's ability to control risk. FSIS has developed a method for incorporating the results of food safety assessment-related data. FSIS also developed and implemented procedures to ensure that sufficient, timely followup work is performed in response to findings in food safety assessments. FSIS has developed and implemented the criteria for prioritizing the scheduling of food safety assessments. FSIS instituted appropriate oversight and control over developing critical IT systems that are needed to support risk-based inspection. FSIS continued its efforts to complete a comprehensive, agencywide examination of its information needs, establish a process for periodically reassessing these needs, and resolve prior audit recommendations.

FSIS implemented a management control system to provide multilayered oversight of its inspection activities. FSIS has focused on strengthening supervisory oversight of its in-plant inspection personnel through the use of IPPS. FSIS has also recently implemented AssuranceNet.[18] FSIS established written procedures and guidance for AssuranceNet to ensure the most effective use of its data and to allow the system to work within a larger management control structure. FSIS also revised its guidance to strengthen how AssuranceNet monitors the IPPS process.

FSIS agreed to continue its expedited efforts to resolve and achieve final action on OIG recommendations. FSIS noted that the Program Evaluation and Improvement Staff in the agency's Office of Program Evaluation, Enforcement and Review—which liaises with OIG and GAO—implemented a new system to notify FSIS programs monthly of their obligations to

[18] AssuranceNet is a Web-based system that pulls inspection data from five databases to facilitate analyses.

(1) respond to and take final action on OIG recommendations, (2) track the results, and (3) produce a variety of reports for FSIS' management and USDA's OCFO. The Program Evaluation and Improvement Staff added the maintenance of this system to its own management controls.

FSIS is realigning its systems with the Public Health Information Consolidation Project to better integrate the numerous applications that collect information regarding the agency's primary activities of ensuring the safety of meat, poultry, and egg products. The project will use a Web-based system design to augment and replace current IT systems used to support mission-critical FSIS functions, such as inspection and surveillance. Some of the FSIS mission-critical applications contained in the project include the Public Health Information System (PHIS), AssuranceNet, and laboratory systems. The major modules of PHIS include Domestic Products, Imported Products, Exported Products, and Modeling and Analysis.

PHIS is being developed in part to predict hazards and vulnerabilities, to communicate or report analysis results, and to target resources to prevent or mitigate the risk of foodborne illness and threats to the food supply. Another planned benefit of PHIS is the ability to exchange data with key external stakeholders such as CBP. Currently, FSIS has no electronic connection with CBP or other stakeholders, but such interfaces will be essential in the future in order for the agency to perform its mission satisfactorily and to operate within the law. Other key goals of PHIS are to build a domestic inspection module for use by both field inspectors and Headquarters staff, and to build predictive models to analyze real-time data. PHIS is scheduled to be implemented by October 2010.

FSIS established a process to analyze available data for anomalies or variances in both establishment and inspector performance for additional follow up with the Data Analysis and Integration Group's quarterly humane handling alert. FSIS also strengthened its pre-slaughter inspection processes and controls over the movement and tracking of animals from antemortem inspection, to slaughter, and through proper disposal. FSIS strengthened residue testing procedures and specified risk materials verification activities. This was accomplished by (1) issuing notices and revising directives about verifying establishments' identification records, (2) reconciling livestock numbers between antemortem inspection and slaughter, (3) tagging instructions for livestock determined to be "U.S. suspect" or "U.S. condemned," and (4) observing animals both at rest and in motion during antemortem inspections.

The Office of Data Integration and Food Protection's Data Analysis and Integration Group analyzed noncompliance rates for humane handling inspection procedures at dairy cow establishments as compared to establishments that slaughter other market classes of cattle.

To address the issues identified in the audit of controls to ensure compliance with beef export requirements, FSIS identified the data to be recorded and analyzed regarding beef products rejected by foreign countries and presented for re-entry into the United States, and analyzed the information to identify potential areas of improvement. FSIS also implemented procedures to ensure that district managers confirm and certify that frontline supervisors assess all export performance elements for all employees performing export duties. FSIS revised instructions to clarify the responses that supervisors should use when assessing individual performance elements.

ACTION NEEDED TO ADDRESS THE CHALLENGE: As FSIS moves forward with developing and implementing a risk-based inspection program, the agency should ensure that components of the selected algorithm are thoroughly documented and evaluated—with limitations mitigated—and are transparent (i.e., clear and understandable) to all stakeholders. In various sections of our December 2007 report on the risk-based inspection system (24601-07-Hy), we recommended actions aimed at strengthening FSIS' training programs for its supervisory and inspection personnel.

FSIS reports that it has implemented the recommendations made concerning food safety assessments. OIG will start a followup audit in Fall 2010 to evaluate the adequacy of the agency's corrective actions.

FSIS needs to develop a supportable, risk-based methodology for determining the inspection resources needed at establishments and the appropriate supervisory structure. FSIS also needs a structured training and development program for both its inspection and management staff. Supervisory and management oversight of in-plant performance needs to be strengthened to ensure that on-site evaluations are thorough and are conducted when required.

FSIS needs to implement procedures to ensure the completeness and consistent recording of the data captured. PHIS' implementation should accomplish this.

CHALLENGE 9: IMPLEMENTATION OF RENEWABLE ENERGY PROGRAMS AT USDA

SUMMARY: USDA promotes renewable energy production by providing leadership in research, development, and sustainability of renewable energy and energy efficiency. The Department's activities help to reduce America's greenhouse gas emissions and dependence on foreign oil. Sustainable renewable energy is a global challenge for the 21st century. In conjunction with other Federal Departments and agencies, USDA is at the forefront of governmental research and production to develop viable solutions to meet an increasing worldwide demand for energy. Existing legislation and the former President's Advanced Energy Initiative of 2006 called upon USDA to create and support new energy options for all Americans. President Obama's May 5, 2009, Biofuels Directive emphasizes this necessary engagement to support new energy alternatives for all Americans.

The Department answered the call by investing almost $2 billion into renewable energy projects. USDA agencies funded many worthwhile projects that have had positive impacts for renewable energy. Our audit report *Implementation of Renewable Energy Programs in USDA* (50601-13-Ch, August 2008) identified several issues that, if addressed, can improve USDA's efforts in reducing the Nation's dependence on foreign oil and in powering its homes and businesses with renewable energy. The most significant issue is that the Department has not developed a comprehensive strategy to implement renewable energy activities in USDA. The Department is continuing to develop its comprehensive 5-year strategy for FYs 2010 to 2015.

The successful research, commercialization, marketing, and outreach of renewable energy activities by the Federal Government can greatly assist the Nation's overall effort to be less dependent on foreign oil while creating a cleaner environment. Another benefit is the economic stimulus created in rural communities where most renewable energy resources, opportunities, and jobs exist. The Secretary of Agriculture chairs the USDA Energy Council, which is responsible for the implementation of renewable energy within the Department. Given the emphasis on renewable energy, USDA funding for related activities will rise from $1.6 billion (allocated for FYs 2003 to 2007) to an estimated $3.6 billion for the current Farm Bill period (FYs 2008 to 2012).

The Recovery Act does not authorize specific funding for renewable energy projects. However, Recovery Act funds may be used to finance renewable energy projects within the traditional context of USDA's Business and Industry Guaranteed Loan Program. Further information on USDA's Recovery Act activities appears under Challenge 10, Implementation of the American Recovery and Reinvestment Act of 2009.

USDA's effective implementation of renewable energy programs within the Department can strengthen the Nation's security and defense as well as assist in economic growth and the health of its citizens.

OIG AUDIT/INVESTIGATION ACTIONS: OIG conducted a number of renewable energy audits on USDA programs. Individual audits were conducted in the Agricultural Research Service (ARS); the Cooperative State Research, Education, and Extension Service (now the National Institute of Food and Agriculture); Rural Development's Rural Business-Cooperative

Service and Rural Utilities Service; the Natural Resources and Conservation Service; the Forest Service, and the Farm Service Agency. We also performed work at the Departmental level and summarized all of these reports into one Departmentwide consolidated report (50601-0013-Ch, August 2008).

We found that USDA agencies funded many worthwhile projects that had a positive impact for renewable energy. However, we also found that most agencies lacked a renewable energy strategy and that USDA had also not developed a comprehensive, Departmentwide renewable energy strategy. Such strategies should include program goals for agency managers, detailed courses of action to accomplish those goals, and measures to evaluate performance. Without strategies that include all USDA's agencies and programs, agency managers independently determine funding priorities, develop selection criteria, and assess the impact of renewable energy projects. Consequently, agency managers for programs that had not received funds directly appropriated for renewable energy activities may have not placed sufficient emphasis on energy projects. Program managers had not analyzed proposed energy-related projects to identify those that could provide the most benefit for funds expended (i.e., the greatest return on investment).

OIG also found that there are at least six agencies within the Department with programs that fund similar renewable energy projects. We concluded that duplication of funding and efforts could have occurred without the Department's knowledge.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: In March 2008, the Department issued a strategy to address the research, education, and extension services portions of its renewable energy efforts. This strategy, however, did not address other renewable energy activities, primarily renewable energy's commercialization. In March 2010, the Office of the Chief Financial Officer accepted the Department's corrective actions to implement a comprehensive, Departmentwide strategy.

To address this, ARS now has a comprehensive strategy for its Bioenergy National Program which can be viewed on ARS' website (www.ars.usda.gov/bioenergy). This strategy is consistent with Departmental objectives. Agency line managers and program leaders use different assessment tools to ensure that research relevance, quality, and performance are maintained at high levels. Input, planning, and implementation activities are intended to define and guide the research path, but assessments reveal how well programmatic goals are being met, whether any deviations from plans have been warranted and proved productive, and how future research can focus on unmet needs for innovation.

In order to ensure timely and effective implementation of programs, progress is being monitored through 2012, through the addition of performance data for the energy cross-cut budget. USDA's Strategic Plan for FY 2010-2015 included language specific to renewable energy work. Each mission area was also tasked with producing its own strategic plan as well as a separate plan for energy. Further, FS has also produced a Bioenergy and Biobased Products Research Strategic Direction document.

However, it is too early to assess the effectiveness of these corrective actions.

ACTION NEEDED TO ADDRESS THE CHALLENGE: USDA needs to ensure that procedures and controls are established to effectively and timely implement the comprehensive strategy for all of its renewable energy programs. Once in place, USDA needs to monitor the strategy's progress to ensure it continues to be timely and effective. The Department also needs to establish internal controls to ensure that renewable energy research is not duplicated and that it meets the needs of the current marketplace (i.e., the research is not outdated). USDA needs to ensure that limited renewable energy funds go to fund projects where the primary selection criterion for investment is that the project yields the highest amount of renewable energy per dollar spent (along with secondary criteria). Additionally, USDA should analyze each project's projected outcome versus its actual outcome.

CHALLENGE 10: IMPLEMENTATION OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

SUMMARY: The Recovery Act includes measures to modernize our Nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need. USDA received $28 billion in funding under the Recovery Act in a number of areas, including farm loans, watershed programs, supplemental nutrition assistance, housing, rural business, water and waste disposal, broadband, infrastructure improvements and maintenance, and wildland fire management. USDA's challenge is to implement its Recovery Act-funded programs in a timely, effective, and transparent manner with the proper control and oversight to ensure programs' integrity and accountability. USDA must also be vigilant to ensure that program participants meet eligibility guidelines and comply with program requirements. If these challenges are not met, the public may have reduced confidence in USDA's ability to implement programs intended to stimulate local economies and create jobs, as well as in the Department's ability to protect and restore the environment.

OIG AUDIT/INVESTIGATION ACTIONS: Through our audit and investigative programs, we have developed a number of actions, both short-term and long-term, to enable us to provide timely and effective oversight of the Recovery Act monies expended by USDA programs. We may make adjustments to our action plans as agencies develop, implement, and administer Recovery Act programs.

Upon the enactment of the Recovery Act in 2009, we conducted immediate outreach to the Department—including meetings with the top levels of relevant USDA agencies—both to highlight our efforts and to solicit these agencies' input about where our efforts would be most effective.

Audit Program: The overall objectives of our audit oversight of USDA Recovery Act monies are to ensure that: (1) USDA Recovery Act-related programs are timely and effectively implemented; (2) proper internal control procedures are established; (3) eligibility guidelines are met by program participants; (4) program requirements are complied with by participants; (5) effective compliance operations are established by agencies; and (6) performance measure results and accomplishments claimed by Recovery Act-related programs are fully supported.

We are conducting our audit work in multiple phases to parallel USDA's implementation of Recovery Act-related programs. As needed, we will evaluate whether to expand the scope of our audits—both in-process and planned—of programs receiving Recovery Act funding. Audit work is currently being, or will be, performed to:

- Monitor the development of USDA agency program guidance and requirements, including eligibility requirements, for distributing Recovery Act funding to program participants;

- Evaluate internal control systems used to ensure that program objectives are achieved, that program participants fully meet eligibility requirements, and that payments are accurately computed;

- Determine if funding recipients comply with all eligibility criteria;

- Evaluate USDA compliance activities in relation to Recovery Act funding requirements; and

- Ensure that all reported program performance measures and accomplishments are fully supported.

We are issuing audit reports as appropriate. Since speed is a priority, we have focused on issuing short-turnaround reports—known as "fast reports"—that can later be rolled up into consolidated reports. We have emphasized notifying agency managers of problems as quickly as possible so that agencies can take immediate corrective action. As of August 24, 2010, OIG has issued 41 fast reports and 6 consolidated reports. We have also issued nine other audit reports addressing Recovery Act programs. In total, we have made 50 recommendations to USDA agency officials regarding Recovery Act work.

The audit reports issued to date—including "fast reports"—have dealt primarily with internal control issues. Specifically, they have examined control issues relating to internal management reviews, separation of duties, loan underwriting reviews, loan-to-debt ratio requirements, loan collateral, loan origination processes, project prioritization, asset appraisals, contracting, and reporting requirements. Effective controls are needed in these areas to help ensure that Recovery Act funds are used for their intended purposes, that recipients of funds meet eligibility requirements, and that recipients timely and accurately submit Recovery Act-required reports. In general, USDA agencies have agreed with OIG's recommendations and have initiated corrective action to improve their internal controls.

During the second half of FY 2009, the Recovery Accountability and Transparency Board (Board) referred 17 instances of suspicious USDA contract activity to OIG. These referrals involved 21 contracts awarded to FS for capital improvement and maintenance work. We performed audit and investigative work regarding each referral and issued 12 reports to FS' Chief. Although we identified various administrative issues that needed to be addressed, we did not find any fraud, waste, or abuse that warranted criminal investigation.

Investigative Program: The overall objective of our investigative efforts is to ensure the integrity of the implementation of Recovery Act-funded USDA programs by: (1) timely identification of fraud within those programs; (2) swift and efficient investigations of fraud; (3) prosecutions, where warranted; (4) agency administrative action, where necessary; and (5) effective and efficient whistleblower investigation.

OIG's Office of Investigations is undertaking a number of activities in multiple phases, both to identify fraud as it occurs and to expedite investigating and prosecuting fraud to the extent possible. Specifically, in the investigations area we are performing work to:

- Identify and investigate fraudulent activity occurring within the USDA agency programs receiving Recovery Act funding, including those whistleblower allegations reported as set forth in the Recovery Act;

- Develop solid evidence of any fraudulent activity;

- Coordinate with the U.S. Attorney's Offices and State Attorney Generals' Offices to prosecute violators and to seek asset forfeiture when appropriate; and

- Seek administrative sanctions, including suspension and debarment.

We are initiating investigative reports and will issue them upon completion of our investigations or as requested by the U.S. Attorney's Office. In situations where suspension and debarment proceedings are appropriate, we will coordinate with agency managers to ensure that immediate action is taken. As required under the Recovery Act, we are also reporting data on whistleblower complaints.

As of August 24, 2010, OIG staff had received two Recovery Act-related whistleblower complaints, both of which were referred for investigation. In addition, OIG has received 30 hotline complaints related to the Recovery Act and 16 Board referrals involving Recovery Act participants or programs. (These 16 referrals are in addition to the 17 contracting-related Board referrals mentioned earlier.) Currently, 18 hotline complaints and 5 Board referrals are under review. We currently have four open investigations.

Training and Outreach: OIG has been very active in providing training and outreach to USDA agency staff, and State and local officials regarding Recovery Act internal controls, fraud awareness, and the channels available to report wrongdoing in Recovery Act programs. As of August 24, 2010, OIG had participated in or conducted 31 training and outreach sessions that provided information and guidance to more than 4,900 individuals, including USDA staff, State and local officials, and other Federal employees.

Efforts with the Inspector General Community: As a member of the Recovery Accountability and Transparency Board, we coordinate with other Inspectors General to conduct oversight of Recovery Act funds in order to prevent fraud, waste, and abuse. We have initiated a number of reviews to look at contracting and transparency issues referred to us by Board staff. For example, we undertook the lead on a Board project to examine the effectiveness of Department and agency processes for Recovery Act data quality reviews. Recovery Act recipients are required to provide quarterly reports on their use of Recovery Act funds. These reports include almost 100 data elements—such as type and amount of award, project description, number of jobs created, etc. Before recipient reports are made available on the Recovery Act website, Federal agencies are to perform data quality reviews of the information and notify recipients of data errors or omissions that—in their view—need to be corrected. This audit reviewed the policies and procedures developed by agencies in relation to ensuring the quality of data reported by Recovery Act award recipients. Six Federal Offices of Inspector General participated in this audit.

We found that agencies had issued policies and general procedures that followed OMB guidance. However, the level of effort and the methodologies that the various agencies used to implement this guidance differed significantly. Those agencies included in our review that had effective control systems identified material omissions and significant errors; those agencies that did not implement effective controls allowed material omissions and significant errors to go undetected.

We also performed reviews of recipient-reported data in the Governmentwide data collection system for all Recovery Act recipients with data available in agency-owned systems. We found that because the agency-owned systems were legacy systems—developed prior to the Recovery Act—the data fields and naming conventions were not consistent with the Governmentwide system. As a result, matching data to ensure accuracy and consistency was difficult, and in some instances, impossible.

We recommended that the Recovery Board pursue discussions with the appropriate entities the feasibility and cost/benefit of establishing a uniform, consistent Governmentwide award numbering system; issue guidance addressing material omissions and significant error limits, and establish mandatory logic checks of data reported by Recovery Act recipients.

DEPARTMENTAL/AGENCY ACCOMPLISHMENTS/PLANS: USDA has taken steps to implement the Recovery Act in a manner that is transparent, effective, and efficient. In testimony before Congress in March 2009, the Secretary noted that because of the extent to which USDA affects the life of every American, every day, the funds that the Recovery Act provided to the Department will play a significant role in stimulating our Nation's economy. Accordingly, the Secretary has put management oversight in place throughout USDA to focus efforts on handling contracts and grants in a way that meets the expectations of the President and the taxpayers.

To oversee the implementation of the Recovery Act, the Secretary established the Department of Agriculture Recovery Team. Headed by the Office of the Secretary, the team includes representatives from all mission areas that received funding under the Recovery Act. Members of the team meet as necessary multiple times each week and report to the Secretary on a weekly basis. The team is working to identify all actions that need to be taken in order to quickly and responsibly expend the money provided in the Recovery Act, including identifying projects that can receive funds and establishing accountability systems for mitigating potential implementation risks.

USDA intends to follow the guidance established by OMB, which will enable the Department to demonstrate to the public that taxpayer dollars are being invested in initiatives and strategies that make a difference in their communities and across the country. To facilitate transparency and accountability, USDA maintains a website (http://www.usda.gov/recovery) dedicated to the Recovery Act. This website provides specific information as USDA's efforts to implement the Act proceed.

In April 2009, USDA launched an innovative new online geospatial mapping function to show exactly where and how USDA is spending every dollar of Recovery Act funding across the Nation. USDA also entered a partnership with HUD so that Recovery Act-funded HUD projects will be featured on the map. By launching its Recovery Act website and mapping function, and by publishing a progress report, USDA has demonstrated its intent to deliver a Government that is open and transparent, and one that is responsive and accountable to the American people.

ACTIONS NEEDED TO ADDRESS THE CHALLENGE: As USDA continues to implement the Recovery Act, Departmental leadership will need to remain vigilant in making sure that USDA's efforts are timely, effective, and transparent. Agency leaders must also: (1) implement proper controls and oversight to ensure accountability; (2) distribute funding to participants that meet eligibility guidelines; (3) validate that participants properly comply with program requirements; and (4) ensure the program performance measures and accomplishments are fully supported. These efforts will serve to ensure the proper use of the $28 billion in Recovery Act funds that USDA received.

ACRONYMS USED IN THIS DOCUMENT

AI	avian influenza
AIP	approved insurance provider
APHIS	Animal and Plant Health Inspection Service
AQIM	Agricultural Quarantine Inspection Monitoring
ARPA	Agricultural Risk Protection Act of 2000
ASCR	Assistant Secretary for Civil Rights
Board	Recovery Accountability and Transparency Board
CBP	Customs and Border Protection
CDC	Centers for Disease Control and Prevention
CEAP	Conservation Effects Assessment Project
CFR	Code of Federal Regulations
CIMS	comprehensive information management system
CR	Civil Rights
CRES	Civil Rights Enterprise System
CSP	Conservation Security Program
DHS	Department of Homeland Security
EEO	equal employment opportunity
EERA	Emergency Equipment Rental Agreement
E.O.	Executive Order
EPA	Environmental Protection Agency
FAS	Foreign Agricultural Service
FDA	Food and Drug Administration
FISMA	Federal Information Security Management Act of 2002
FS	Forest Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
FY	fiscal year
GAO	Government Accountability Office
GE	genetically engineered
GEO	genetically engineered organism
GRIP	Group Risk Income Protection [program]
GRP	Group Risk Plan
HACCP	Hazard Analysis and Critical Control Point
HIP	Hurricane Indemnity Program
HPAI	highly pathogenic avian influenza
HSC	Homeland Security Council
HUD	Department of Housing and Urban Development
IPIA	Improper Payments Information Act of 2002
IPPS	In-Plant Performance System
IRCG	Interagency Residue Control Group
IT	information technology
MOU	Memorandum of Understanding
NGO	nongovernmental organizations
NOP	National Organic Program
NRCS	Natural Resources Conservation Service
NRP	National Residue Program
OASCR	Office of the Assistant Secretary for Civil Rights
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
PHIS	Public Health Information System
PBIS	Performance-Based Inspection System
Recovery Act	American Reinvestment and Recovery Act of 2009
Response Plan	National Avian Influenza Preparedness and Response Plan
RHS	Rural Housing Service
RMA	Risk Management Agency
SAT	Surveillance Advisory Team
SPPA	Strategic Partnership Program Agroterrorism Initiative
SRA	standard reinsurance agreement
SURE	Supplemental Revenue Assistance Payments [Program]
T&E	Transportation and Exportation
USDA	U.S. Department of Agriculture
WBSCM	Web-based supply chain management system
WUI	wildland urban interface