

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL

STATEMENT OF THE HONORABLE PHYLLIS K. FONG
INSPECTOR GENERAL

Before the
Subcommittee on Agriculture, Rural Development, Food and Drug
Administration, and Related Agencies

Committee on Appropriations

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Good morning, Chairwoman DeLauro, Ranking Member Kingston, and Members of the Subcommittee. Thank you for the opportunity to testify about the Office of Inspector General's (OIG) Fiscal Year 2011 Budget Request and provide information about our recent audit and investigative work. My testimony today will summarize a number of the most important oversight projects and investigations we performed in fiscal year (FY) 2009 and 2010 to date.

During this period, we issued a total of 78 audit reports regarding Department of Agriculture (USDA) programs and operations. We obtained \$131 million in potential monetary results by reaching management decision with USDA on our recommendations. In that time period, we reported 866 convictions and \$179 million in potential monetary results as a result of OIG investigations.¹

I will begin my testimony with an overview of our work to assess and improve the Department's Recovery Act programs and operations, cover our most significant recent audit and investigative activities, and conclude with a summary of the President's FY 2011 Budget Request for OIG.

OIG Oversight of USDA's Recovery Act Activities

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided USDA with \$28 billion in additional funding for an array of programs and activities. Among the USDA programs funded by the Recovery Act are farm loans, watershed protection, nutrition assistance, wildfire management, capital improvements and maintenance, and rural development. With the Subcommittee's leadership, the Recovery Act also provided OIG with \$22.5 million to oversee the USDA programs funded by the Act; these funds are available through FY 2013.

In response to this call for additional oversight, in 2009 OIG modified its audit and investigative programs, added staff to handle the additional workload, and reprioritized its current work. Along with expanding the scope of audits already in process, we added 54 additional audits that were specifically designed to address Recovery Act programs.

Our approach to auditing Recovery Act-funded programs involves three phases that will be implemented over the next several years. In the first phase, we are reviewing USDA agencies'

¹ Audit monetary impacts are derived from funds put to better use and questioned/unsupported costs, as established by Congress in the Inspector General Act of 1978. The components of our investigative monetary results include fines, recoveries, restitutions, claims established, and administrative penalties, among others.

documented internal control procedures relating to Recovery Act programs. In the second phase, through field reviews, we are evaluating program delivery, reviewing participants' eligibility, and ensuring Recovery Act funds are being used for their intended purposes. In the third phase, we will evaluate program performance measures and how accomplishments and results are reported by USDA agencies.

As of April 1, 2010, we have issued 12 audits regarding the Department's Recovery Act programs and operations. Our audits addressed USDA's internal controls over loan and grant processing, management of the Supplemental Nutrition Assistance Program (SNAP), actions taken in response to prior audit recommendations, aquaculture grants, and Forest Service (FS) contracting and grants management. We have also issued another six audits relevant to USDA's Recovery Act activities that were in process when the Act was passed. These audits examined programs that subsequently received Recovery Act funding, such as the rehabilitation of flood control dams, broadband loans and grants, nutrition assistance, and rural development. At present, we have 34 Recovery Act audits in process, with 10 additional audits scheduled to start in the coming months.

We have also developed a new reporting process to provide USDA agency managers with prompt feedback regarding the use of Recovery Act funds; these "fast reports" convey issues to program managers as soon as they are identified. Fast reports are then consolidated and issued in a formal audit report at a later date. As of April 1, 2010, we have issued 30 fast reports addressing matters such as business and industry loans, contract issuance and management, Recovery Act reporting, housing loans, nutrition assistance, farm operating loans, water and waste disposal grants and loans, and floodplain easements. For example, the fast report we issued concerning SNAP found the budgetary estimate for SNAP had increased significantly since the original estimate included in the Food and Nutrition Service's (FNS) Recovery Act Plan. The change was not consistently or timely reported on Recovery.gov and associated agency websites.² The Department agreed to work with the Office of Management and Budget (OMB) and the Recovery Board to establish a process for changing estimates reported on these public websites.

Our Investigation Division has been working to ensure the integrity of Recovery Act programs by investigating allegations of potential fraud, preparing to conduct investigations, and implementing a

² The original estimate totaled more than \$19.8 billion through fiscal year 2013. This amount increased to \$65.8 billion through fiscal year 2019 when estimated for the fiscal year 2011 budget.

whistleblower allegation program. To accomplish these goals, we developed a two phase approach. As part of the first phase, we are increasing fraud awareness training for Federal, State, and local officials involved in the disbursement and administration of Recovery Act funding from USDA.

In the second phase, we are assessing complaints and referrals OIG has received to ascertain if criminal investigations should be opened. As of April 9, 2010, OIG has received 31 referrals relating to USDA Recovery Act contract awards and 20 complaints to our hotline. Our goal is to expeditiously evaluate any concerns raised about USDA's Recovery Act activities and expenditures, and ascertain if there is potential criminal activity or, alternatively, administrative issues. As of April 9, 2010, we have identified no criminal activity in our reviews of Recovery Act referrals and complaints.

Goal 1: Strengthen USDA's Safety and Security Measures for Public Health

One of OIG's most important goals is to protect public health and ensure the wholesomeness of the food reaching both U.S. consumers and consumers in foreign markets. In FY 2009 and the first half of FY 2010, we completed several important oversight projects related to food safety. We also completed work related to other USDA activities potentially affecting public safety, such as assessing the ongoing rehabilitation of aging dams throughout the country.

Evaluating Food Safety Controls Prior to Slaughter of Cattle

In 2008, when videos came to light documenting the abuse of cattle awaiting slaughter at a meat packing company in Chino, California, the Food Safety and Inspection Service (FSIS) oversaw the company's recall of approximately 143 million pounds of raw and frozen beef products—the largest recall in U.S. history. OIG's audit of conditions at the slaughter facility determined there was not a systemic failure of FSIS' inspection process, but that plant personnel acted deliberately to bypass required inspections.

OIG investigators continue to work closely with the U.S. Attorney's Office and FSIS to investigate the events that took place at this facility. Meanwhile, in 2009, OIG audit's work on this beef recall led to three major audits concerning the quality of beef processed in the United States.

Evaluating the Recall

Given the unprecedented size and scope of this beef recall, OIG evaluated whether FSIS effectively oversaw the recall, verifying if the packing company contacted beef distributors, retrieved the potentially contaminated meat, and properly disposed of it. We also assessed whether FSIS had implemented corrective actions in response to recommendations OIG made in two prior reports on the agency's recall process.

While FSIS had generally taken appropriate actions in response to our prior recommendations, we found that FSIS needs to improve how it evaluates the success of its recalls. To determine if a recall has been successful, FSIS samples and follows up with distributors who have received potentially adulterated beef. The agency, however, had no procedures to replace sampled distributors who were found not to have actually purchased any of the recalled beef. The size and completeness of the sample is important because FSIS depends on statistical projections to support its overall conclusions concerning a recall's effectiveness.

In this recall, 41 percent of the companies FSIS contacted had not received the recalled product and therefore should not have been used to evaluate the recall—some were out of business, some did not sell meat at all, and others never purchased any of the recalled beef. We also found that FSIS needs to implement written procedures to ensure that all of its district offices follow a standardized and statistically valid process for evaluating recalls. FSIS agreed with OIG's recommendations to strengthen agency procedures to evaluate recalls.

Evaluating Controls over Residues in Cattle

Another public food safety issue facing the United States is the contamination of meat with residual veterinary drugs, pesticides, and heavy metals. "Residue" of this sort finds its way into the food supply when producers bring animals to slaughter plants while they have antibiotics or other drugs in their system. When the animals are slaughtered, traces of the drugs remain in these animals' meat when shipped to meat processors and retail supermarkets, and eventually purchased by consumers. In cooperation with the Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA), FSIS inspectors are required to sample and test animal carcasses to verify that beef is not contaminated with harmful residue.

Our March 2010 report found that the National Residue Program is not accomplishing its mission of monitoring the food supply for harmful residues. For example, FSIS, FDA, and EPA have not established thresholds for many dangerous substances (e.g., copper or dioxin), which has resulted in meat with these substances being distributed in commerce. To address these serious shortcomings in the National Residue Program, FSIS, EPA, and FDA need to take steps to improve how they coordinate with one another.

Acting on its own initiative, FSIS can strengthen the National Residue Program by requiring slaughter plants to increase their controls when processing dairy cattle and bob veal calves. Our analysis shows that plants handling these animals were responsible for over 90 percent of residue violations. The agency can also do more to focus on repeat violators—producers who have a history of bringing to slaughter animals with residue in their system. FSIS agreed with our findings and recommendations.

Purchasing Ground Beef for Federal Nutrition Assistance Programs

The Agricultural Marketing Service (AMS) purchases ground beef products for use in Federal nutrition programs. Our newly-released audit found that the agency had significantly improved its procedures to ensure that contracted ground beef suppliers comply with purchasing requirements. However, our audit found that further improvements are still needed. AMS has not made a formal determination as to whether ground beef suppliers should be required to obtain bonding or insurance to safeguard the Department against possible monetary losses resulting from major product recalls. The agency needs to strengthen its criteria to hold suppliers accountable for their non-conformances, and to properly track non-conformances to ensure that ground beef suppliers meet eligibility requirements for continued program participation. In addition, AMS needed to strengthen its controls over the selection of product samples for laboratory testing and the laboratory testing process itself. This would provide increased assurance that ground beef products purchased for Federal programs meet quality and safety standards. AMS officials agreed with OIG's findings and recommendations.

Overseeing the National Organic Program

The public's interest in environmental concerns and food produced with fewer pesticides and chemicals has led to increased focus on USDA's National Organic Program. Over the past decade, the organic industry has grown between 14 and 21 percent annually. In 2008, it sold more than \$24.6

billion in agricultural products. Administered by AMS, the National Organic Program is responsible for ensuring that when consumers purchase foods labeled “USDA Organic,” those foods meet uniform standards.

Our recent audit of the National Organic Program found that program officials need to improve their process for handling complaints and taking appropriate enforcement actions. For example, AMS did not take enforcement action against a farming operation that marketed nonorganic mint under USDA’s organic label for two years. Other farming operations continued to improperly market their products as organic while AMS considered enforcement action, which in some cases took as long as 32 months.

Organic products must originate from farms or operations certified by agents accredited by USDA. These certifying agents grant organic certification upon determining that an operation’s procedures comply with regulations. We found that AMS did not ensure that its certifying agents consistently enforced the requirements of the organic program so that products labeled as organic meet a uniform standard. AMS officials agreed with OIG’s findings and recommendations.

OIG has also investigated criminal schemes to defraud the National Organic Program. In February 2010, as a result of a joint investigation involving OIG agents, the owner of an organic commodities company in Texas was sentenced to 24 months imprisonment and ordered to pay \$520,000 for falsely certifying that conventionally grown crops (grain sorghum, beans) were organic.

Rehabilitating Aging Dams to Address Public Safety

Since the 1940s, the Natural Resources Conservation Service (NRCS) has assisted in the construction of more than 11,000 dams, many of which have reached (or will soon reach) the end of their planned design lives and need rehabilitation. Congress appropriated over \$159 million from FYs 2002 to 2007 to assist dam owners in rehabilitating these structures, most of which are owned by local governments and utilities.

Our 2009 audit found that instead of first coordinating with State dam agencies, NRCS selected dams for assessment as they were volunteered by their owners, regardless of the potential threat to life and property or their proximity to the end of the planned design life. Six years after the program was initiated, NRCS had not assessed 1,345 of 1,711 high-hazard dams (79 percent), and has spent \$10.1

million to assess and rehabilitate lower hazard dams. (The failure of a lower hazard dam is unlikely to result in loss of life.) NRCS lacks authority to compel owners to take any particular action, even in the case of a dangerous high-hazard dam. NRCS officials agreed with OIG's findings and recommendations.

OIG Investigations: Food Safety

OIG considers investigations involving food safety our highest priority due to the potential impact on the health and well-being of the American public. In our food safety investigations we typically see various schemes such as product tampering, adulteration, the falsification of documents, smuggling, and inhumane slaughter. Within the last year, we completed a number of noteworthy food safety investigations as illustrated by the following two cases.

The first involves a Texas food company that schemed to defraud several Middle Eastern food companies as well as the U.S. military, which relies on these companies to provide food to its troops in Iraq and Afghanistan. The owner of this food company forged USDA export certificates and Halal certificates, and directed his employees to wipe expiration dates off the products and stamp new dates on them. In July 2009, the owner pled guilty to charges that he conspired to defraud the Government. He was sentenced to serve 24 months in jail and ordered to pay \$3.9 million in restitution to the Federal Government.

The second significant OIG food safety investigation involved the seizure of smuggled duck and other meat/poultry products aboard cargo ships at Port Elizabeth, New Jersey. The importer attempted to illegally bring the products into the United States by not listing them on the ship's manifest, thereby avoiding USDA inspection. A multi-agency investigation found that the food products originated from China, which was prohibited from exporting poultry to the U.S. The owner of the American import company ultimately pled guilty to conspiracy in February 2010. To date, this investigation has resulted in Federal fines in excess of \$6.7 million being imposed on several companies and their owners.

Animal Fighting Investigations

Animal fighting is a crime that has gained national attention recently due to several high profile investigations. OIG has been involved in investigating animal fighting for several years because of

the effect these activities have on animal health, as well as human public health and safety concerns. The animals used in these illegal activities can introduce diseases into the United States. Individuals participating in animal fighting operations are also often implicated in illegal activities involving firearms, drugs, contraband, gambling and, in some instances, public corruption. In FY 2009 and the first half of FY 2010, our animal fighting investigations resulted in 405 individuals being convicted and monetary results of approximately \$223,000.

An OIG investigation disclosed that the former sheriff in Luray, Virginia, was accepting campaign contributions to protect an illegal cockfighting and gambling operation at the local sportsman's club. He was also using his position to conduct other improper activities, such as misusing inmate labor for personal gain. Due to OIG's investigation, the sheriff resigned from his position and was ultimately sentenced in December 2009 to 19 months imprisonment, 2 years of supervised release, forfeiture of \$75,000 to the Federal Government, and approximately \$5,000 in other monetary penalties. The sportsman's club was also fined and several associated individuals received prison terms ranging up to 18 months.

It may be of interest to the Subcommittee that one of OIG's animal fighting investigations has broader implications and could establish a precedent regarding the First Amendment to the Constitution. OIG and several other enforcement agencies³ jointly investigated a Virginia man suspected of selling dogfighting videos across State lines in violation of a 1999 Federal law prohibiting depictions of cruelty to animals. Our investigation disclosed that the man was in possession of dog fighting books, videotapes, and other dog fighting paraphernalia. In one of the first trials of an individual prosecuted under the 1999 Federal law, the man was convicted on three counts of selling depictions of animal cruelty. In July 2008, the U.S. Court of Appeals for the Third Circuit overturned the man's conviction, finding that the 1999 law violated First Amendment freedom of speech rights. The Department of Justice, thereafter, asked the Supreme Court to review the case; the Court accepted and oral arguments were presented in October 2009. A decision is expected sometime this year.

³ The U.S. Postal Inspection Service and the State police departments of Virginia and Pennsylvania.

Goal 2: Strengthening USDA's Program Integrity and Improving the Delivery of Benefits

OIG has also completed a number of projects intended to ensure that USDA programs are reaching the people who most need and are eligible for program benefits. These projects range from audits verifying the accuracy of payments made to farmers to investigations resulting in the prosecution of individuals who defraud SNAP.

Determining the Accuracy of Financial Assistance to Peanut Producers

From 2002 through 2007, the Farm Service Agency (FSA) provided more than \$1 billion in financial assistance to peanut producers. FSA determines how much assistance is needed based on weekly average peanut prices published by the National Agricultural Statistics Service (NASS). Even very small changes in peanut prices can result in significant changes in the amount of assistance provided—a penny one way or the other equals roughly \$33 million a year. Our March 2009 audit found that NASS' peanut prices are not based on reliable market data. Since there is no public commodity market for peanuts, NASS solicits price data from peanut buyers. Their participation is voluntary and confidential by law, and NASS does not verify the data they provide. Without mandatory and verifiable price reporting, FSA has no assurance that its program payment rates depending on NASS' published prices correspond to a true market price. FSA officials generally agreed with OIG's recommendations.

Improving USDA's 2008 Disaster Relief Response

The Disaster Relief and Recovery Supplemental Appropriations Act of 2008 provided USDA with extensive supplemental funding for disaster relief assistance to individuals and communities affected by the hurricanes and flooding in the Midwest and South (primarily) that year. Due to the initiative of this Subcommittee and your counterparts in the Senate, the Act provided OIG with \$5 million in supplemental no-year funding for oversight of the Department's emergency relief activities.

Our disaster relief oversight program has focused on whether USDA agencies have implemented the internal control improvements regarding emergency benefits that OIG recommended after assessing their response to the 2005 Gulf Coast hurricanes. That experience demonstrated that management controls regarding emergency assistance eligibility and program oversight are vital to prevent the waste or misuse of USDA disaster funding. OIG's audit program for USDA disaster relief activities programs is assessing the Department's short-term emergency relief assistance and its longer-term

rebuilding efforts. We are currently reviewing aspects of USDA 2008 disaster relief operations such as the Emergency Watershed Protection Program and the Emergency Conservation Program.

Ensuring that All Farm Loan Recipients are Treated Fairly

A provision in the 2008 Farm Bill required OIG to review how FSA was processing foreclosures to “socially disadvantaged” farmers (i.e., women and minorities) to ensure that all loan recipients were being treated fairly, and in conformity with the law. By analyzing FSA’s actions at critical points in the foreclosure process, we found that FSA generally followed its established process in servicing and foreclosing loans to socially disadvantaged borrowers and that the agency’s decisions conformed to applicable laws and regulations. We did find a few instances where FSA did not technically conform to prescribed timeframes for some policies and procedures; however, there was no statistically significant difference between how socially disadvantaged borrowers were treated compared to the rest of the population.

OIG Investigations: USDA Benefit and Farm Programs

Ensuring the integrity of benefits provided by USDA programs is the hallmark of the investigative work we do. OIG investigations of criminal activity in USDA’s largest program—SNAP—resulted in 250 convictions and over \$44 million in monetary results in FY 2009. I would like to highlight for the Subcommittee several noteworthy OIG investigations regarding USDA benefit programs that achieved significant sentencings and/or restitution orders in FY 2009.

- An Illinois store owner and employee conspired with at least five additional retail grocery stores to illegally exchange SNAP benefits for cash. Together, the owner and his employee were sentenced to 83 months of incarceration and ordered to pay \$6.3 million in restitution to USDA.
- An Oklahoma entity receiving Child and Adult Care Food Program benefits made false statements and claims on monthly meal reimbursement records to fraudulently obtain additional meal reimbursements. The director was sentenced to 41 months imprisonment and ordered to pay \$1.6 million restitution to the U.S Government.
- Kentucky business owners fraudulently used the same collateral to secure two bank loans guaranteed by USDA’s Rural Business Cooperative Service. In February 2009,

the owners pled guilty to bank fraud, wire fraud, and money laundering, and were sentenced to 27 months and 30 months imprisonment, respectively. They were ordered to pay \$4.5 million in restitution to USDA and two other entities.

In FY 2009, OIG also completed several investigations into fraudulent activities involving FSA and Risk Management Agency (RMA) programs. These are some of the most complex investigations we conduct, as they often involve large monetary amounts and voluminous documentation. In this area, OIG found that:

- A Florida farming entity received over \$1 million in fraudulent crop insurance payments. The OIG investigation resulted in the corporation being ordered in March 2009 to pay \$1.1 million in restitution to USDA. The farmer was ordered to pay in excess of \$460,000 in taxes and penalties to the IRS.
- A Missouri farmer made false statements to obtain loans, convert collateral, and commit bank fraud. In September 2009, the farmer pled guilty to all charges and was sentenced to nine months incarceration and ordered to pay \$550,000 to the Federal Government.

Goal 3: OIG Work in Support of USDA's Management Improvement Initiatives

OIG continuously monitors risks to USDA programs to assist the Department in identifying and correcting programmatic concerns, and to improve overall Department management.

Enhancing the Integrity of the Federal Crop Insurance Program

RMA oversees private companies that sell crop insurance policies to American farmers. The total liability for this insurance has increased markedly in recent years—from 2005 to 2009, total liability increased from \$35 billion to approximately \$91 billion. OIG found that RMA needs to take a number of steps to strengthen its oversight of this industry. Above all, it needs a comprehensive, systematic, and well-defined strategy for improving the integrity of the crop insurance program, including a strategy that coordinates the various activities being conducted by the different RMA divisions. In order to use RMA's limited compliance resources as effectively as possible, the strategy should focus those resources on program vulnerabilities, which we recommended RMA determine by performing a risk assessment. We identified steps RMA can take to strengthen its oversight of the

crop insurance companies that are responsible for much of the day-to-day operations of the program. Such steps include improving the agency's review of large insurance claims and holding the private insurance companies responsible when RMA finds that they made errors while processing claims. We continue to work with RMA officials on corrective actions to address OIG's recommendations.

Strengthening the Security of USDA Information Technology

Over the last decade, USDA has improved its information technology (IT) security, but many longstanding weaknesses remain. In 2009, the Department implemented its Cyber Security Assessment and Management System to provide it with current agency security information and enhance the Department's oversight capabilities. USDA still needs to take steps to address a number of security weaknesses, such as developing a Department-wide plan for addressing IT security vulnerabilities, updating software, addressing vulnerabilities, deploying both encryption and the Federal Desktop Core Configuration, and using standard security settings. With such a large and diverse Department, ensuring that all agencies comply with these standards will take time and resources. The Office of the Chief Information Officer is continuing to work towards these goals.

Financial Statements for Fiscal Years 2008 and 2009

Pursuant to the Chief Financial Officers Act of 1990 and OMB guidance, Federal OIGs are responsible for annual audits of Departmental and agency financial statements to obtain reasonable assurance that the financial statements are free of material misstatements. USDA's FY 2008 and 2009 consolidated financial statements received an unqualified opinion, as did the FY 2008 and 2009 financial statements for five other USDA entities.⁴

OIG Investigations

In order to promote integrity of Departmental operations and activities, OIG has responsibility to investigate incidents of severe misconduct and potential criminal activity by USDA personnel. The following OIG investigations involving former USDA personnel resulted in sentencings in FY 2009:

- A former FS employee in Wisconsin was found to have misused purchase card convenience checks and misappropriated almost \$320,000 over a 4 year period. In May 2009, she was

⁴ Rural Development, Commodity Credit Corporation, Forest Service, Food and Nutrition Service, and Federal Crop Insurance Corporation.

sentenced to 12 months incarceration and ordered to pay \$320,000 in restitution to the Federal Government.

- In December 2009, a former FSIS employee was sentenced in the Southern District of Mississippi to 11 months in prison and 3 years of probation for threatening and pointing an assault rifle at OIG agents. OIG agents had been sent to interview the former employee after he made threatening phone calls to the FSIS Regional Director. The individual pled guilty to one count of assaulting, resisting, or impeding Federal employees.

Goal 4: Improving USDA's Stewardship of Natural Resources

USDA provides leadership to help America's private land owners and managers conserve their soil, water, and other natural resources. Our goal in auditing these activities is to increase the efficiency and effectiveness with which USDA exercises stewardship over natural resources.

Encouraging Farmers and Ranchers to Become Good Stewards of the Land

NRCS' Conservation Security Program (CSP) provides financial assistance to producers who meet the very highest standards of conservation and environmental management. OIG assessed NRCS' CSP administration for one fiscal year in which the agency was authorized \$259 million in financial assistance for prior year contracts and new signups for conservation practices, as well as technical assistance to develop conservation plans. Of the approximately 4,400 contracts for the new signups with first year payments totaling \$51 million, we sampled 75 contracts that totaled \$11.8 million. We found that half (38 of 75) were given to participants who did not qualify for the program. NRCS relied on applicants to provide accurate information, but did not confirm key information that would help verify producer qualifications. Agency officials agreed with OIG's recommendations and we continue to work with NRCS on appropriate corrective actions.

Forest Service

Employing approximately 30,000 employees and overseeing 193 million acres comprising 175 National Forests and Grasslands, FS is USDA's largest agency. While FS is not within the Subcommittee's funding jurisdiction, our recent FS oversight work is worth briefly mentioning because OIG devotes substantial resources to the agency's operations. We have recently issued 3 significant audits on 1) the purchase and maintenance of aircraft for FS wildland firefighting

activities, 2) FS plans to replace critical fire personnel as they retire, and 3) the agency's use of contracted labor crews to fight fires.

OIG Investigations: Forest Service

Whenever an FS employee is killed by a wildfire entrapment or burnover, OIG is required by law to conduct an independent investigation.⁵ Thus, when five FS firefighters fighting the Esperanza Fire died due to a burnover in October 2006, OIG investigated the circumstances of their deaths. Our Wildland Fire Investigation Team (WFIT) found that there was no evidence of misconduct or unauthorized agency actions involved in the fatalities.

OIG's FY 2011 Budget Request

Before concluding, I would like to comment on the President's FY 2011 budget request for OIG. We are sincerely grateful for the support of the Administration and of the Congress—particularly the Members of this Subcommittee—during this budget process. Your ongoing support and interest in our work has enabled us to consistently provide constructive oversight for a wide array of USDA's extensive programs and operations.

Over the last five fiscal years, the total appropriation available for OIG was approximately \$413 million. The potential dollar impact of OIG's audits and investigations for this same period was \$1.36 billion, resulting in cost savings and recoveries of approximately \$3.29 for every dollar invested in our oversight work.

We respectfully ask that you support the President's FY 2011 request of \$90.3 million for OIG. This appropriation would be an increase of \$1.6 million over our FY10 level, and would provide:

- \$1 million for 2011 mandatory pay costs;
- \$162 thousand to support investigator training, which includes required Federal law enforcement training, training peer counselors for Critical Incident Stress Management, and continuing legal training to maintain the current professional standards set for OIG staff;

⁵ 7 U.S.C. 2270(b).

- \$394 thousand to support the Council of Inspectors General on Integrity and Efficiency (CIGIE, or the Council).

Pay cost increases are needed to maintain current staffing levels to enable OIG to carry out important oversight work in areas such as food safety, program integrity, and Departmental management. Approximately 86 percent of OIG's budget is dedicated to personnel compensation. The remaining 14 percent is expended for contract services and rental fees (7 percent); travel (5 percent); and supplies, equipment, and telecommunications (2 percent). This leaves very limited flexibility to OIG managers to absorb mandatory pay increases.

The President's request provides funds to support CIGIE, which is an organization of 69 Federal IGs established by the Congress via the IG Reform Act of 2008.⁶ As authorized by the Congress, the Council's mission is to address integrity, economy, and effectiveness issues that transcend individual agencies, and increase the professionalism of the IG workforce. USDA OIG is a member of the Council and serves as its first elected Chair. To fund CIGIE's activities and responsibilities and fulfill its legislative mission under the IG Reform Act, the Administration has included \$394,000 in the budgets of 15 OIGs, including USDA OIG. Your support for this request is essential to funding this newly established Council.

We would be pleased to provide the Subcommittee's Members and staff with any additional information you may require to fully consider the President's FY 2011 budget request for our office.

This concludes my written statement. I want to again thank the Chair and the Subcommittee for the opportunity to testify today. We welcome any questions you may have.

⁶ P.L. 110-409.