

2019 President's Budget
Office of Inspector General

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OFFICE OF INSPECTOR GENERAL

Purpose Statement

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

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

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

OIG is headquartered in Washington, D.C., with regional offices in the following cities: Beltsville, Maryland; Atlanta, Georgia; Chicago, Illinois; Temple, Texas; Kansas City, Missouri; and Oakland, California. As of September 30, 2017, OIG had 454 permanent full-time employees, including 85 employees located in the Washington, D.C., metropolitan area and 369 located in the field.

OFFICE OF INSPECTOR GENERAL

Available Funds and Staff Years (SYs)
(Dollars in thousands)

| Item | <u>2016 Actual</u> | | <u>2017 Actual</u> | | <u>2018 Estimate</u> | | <u>2019 President's Budget</u> | |
|---|--------------------|-----|--------------------|-----|----------------------|-----|--------------------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Salaries and Expenses: | | | | | | | | |
| Discretionary | | | | | | | | |
| Appropriations..... | \$95,738 | 492 | \$98,208 | 475 | \$97,541 | 482 | \$87,436 | 432 |
| Lapsing | | | | | | | | |
| Balances..... | -1,049 | - | -2,426 | - | - | - | - | - |
| Total | | | | | | | | |
| Obligations..... | 94,689 | 492 | 95,782 | 475 | 97,541 | 482 | 87,436 | 432 |
| <u>Obligations under other USDA appropriations:</u> | | | | | | | | |
| Risk Management Agency: | | | | | | | | |
| Audit of Financial Statements..... | 450 | - | 492 | - | 475 | - | 475 | - |
| Food and Nutrition Services | | | | | | | | |
| Audit of Financial Statements..... | 610 | - | 558 | - | 750 | - | 750 | - |
| Rural Development | | | | | | | | |
| Audit of Financial Statements..... | 825 | - | 723 | - | 750 | - | 750 | - |
| Forest Service | | | | | | | | |
| Audit of Financial Statements..... | 124 | - | 239 | - | 400 | - | 400 | - |
| OCFO/WCF Audits..... | 545 | - | 567 | - | 650 | - | 650 | - |
| Council of the Inspectors General on | | | | | | | | |
| Integrity and Efficiency (CIGIE) | | | | | | | | |
| (Legal Services)..... | - | - | - | - | - | - | - | - |
| Total, Other USDA..... | 2,554 | - | 2,579 | - | 3,025 | - | 3,025 | - |
| Total, | | | | | | | | |
| OIG..... | 97,243 | 492 | 98,361 | 475 | 100,566 | 482 | 90,461 | 432 |

OFFICE OF INSPECTOR GENERAL

Permanent Positions by Grade and Staff Year

| Item | <u>2016 Actual</u> | | | <u>2017 Actual</u> | | | <u>2018 Estimate</u> | | | <u>2019 President's Budget</u> | | |
|---|--------------------|------|-------|--------------------|-------|-------|----------------------|-------|-------|--------------------------------|-------|-------|
| | D.C. | Fied | Total | D.C. | Field | Total | D.C. | Field | Total | D.C. | Field | Total |
| ES..... | 1 | - | 1 | 1 | - | 1 | 1 | - | 1 | 1 | - | 1 |
| SES..... | 9 | - | 9 | 9 | - | 9 | 9 | - | 9 | 9 | - | 9 |
| GS-15..... | 12 | 13 | 25 | 11 | 12 | 23 | 11 | 12 | 23 | 9 | 10 | 19 |
| GS-14..... | 33 | 56 | 89 | 29 | 51 | 80 | 28 | 51 | 79 | 25 | 45 | 70 |
| GS-13..... | 22 | 135 | 157 | 20 | 120 | 140 | 20 | 123 | 143 | 18 | 110 | 128 |
| GS-12..... | 9 | 101 | 110 | 8 | 91 | 99 | 8 | 92 | 100 | 8 | 82 | 90 |
| GS-11..... | 5 | 47 | 52 | 5 | 42 | 47 | 5 | 43 | 48 | 5 | 39 | 44 |
| GS-9..... | 12 | 20 | 32 | 11 | 18 | 29 | 11 | 18 | 29 | 9 | 16 | 25 |
| GS-8..... | 2 | 10 | 12 | 2 | 9 | 11 | 2 | 9 | 11 | 2 | 8 | 10 |
| GS-7..... | 4 | 25 | 29 | 4 | 23 | 27 | 3 | 23 | 26 | 3 | 21 | 24 |
| GS-6..... | 3 | 1 | 4 | 3 | 1 | 4 | 3 | 1 | 4 | 3 | 1 | 4 |
| GS-5..... | 6 | 4 | 10 | 5 | 4 | 9 | 5 | 3 | 8 | 5 | 2 | 7 |
| GS-4..... | - | 1 | 1 | - | 1 | 1 | - | 1 | 1 | - | 1 | 1 |
| Total Perm. Positions..... | 118 | 413 | 531 | 108 | 372 | 480 | 106 | 376 | 482 | 97 | 335 | 432 |
| Unfilled, EOY.. Total, Perm. Full-Time Employment, EOY..... | 27 | 17 | 44 | 6 | 20 | 26 | - | - | - | - | - | - |
| | 91 | 396 | 487 | 102 | 352 | 454 | 106 | 376 | 482 | 97 | 335 | 432 |
| Staff Year Est.. | 96 | 396 | 492 | 106 | 369 | 475 | 106 | 376 | 482 | 97 | 335 | 432 |

OFFICE OF INSPECTOR GENERAL

Motor Vehicle Fleet

Size, Composition, and Cost of Motor Vehicle Fleet

The 2019 President’s Budget proposes replacing 19 passenger motor vehicles.

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

Changes to the motor vehicle fleet. There will be a reduction of twenty four motor vehicles from FY 2018.

Replacement of passenger motor vehicles. Two 4x4 vehicles will be replaced by two 4x4 vehicles, two 4x2 vehicles will be replaced with two 4x2 vehicles, eleven sedan/station wagons will be replaced by eleven sedan/station wagons, three minivans will be replaced with three minivans and one 4x4 vehicle will be replaced by one minivan.

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

Size, Composition, and Annual Operating Costs of Vehicle Fleet

| Fiscal Year | Number of Vehicles by Type * | | | | | | | Annual Operating Costs (\$ in 000) ** | |
|-------------|------------------------------|------------------------------|-----|----------------------|------------|-------|---------------------|---------------------------------------|--------------------------|
| | Sedans and Station Wagons | Light Trucks, SUVs, and Vans | | Medium Duty Vehicles | Ambulances | Buses | Heavy Duty Vehicles | | Total Number of Vehicles |
| | | 4x2 | 4x4 | | | | | | |
| 2016 | 83 | 65 | 14 | - | - | - | - | 162 | \$1,150 |
| Change | -17 | -48 | +50 | - | - | - | - | -15 | -396 |
| 2017 | 66 | 17 | 64 | - | - | - | - | 147 | 754 |
| Change | - | - | - | - | - | - | - | - | - |
| 2018 | 66 | 17 | 64 | - | - | - | - | 147 | 754 |
| Change | -11 | -2 | -11 | - | - | - | - | -24 | -123 |
| 2019 | 55 | 15 | 53 | - | - | - | - | 123 | 631 |

*Numbers include vehicles owned by the agency and leased from commercial sources or GSA.

**Excludes acquisition costs and gains from sale of vehicles as shown in FAST.

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Statement of Proposed Purchase of Passenger Motor Vehicles

| Fiscal Year | Net Active Fleet, SOY | Disposals | Acquisitions | | | Net Active Fleet, EOY |
|-------------|-----------------------|-----------|--------------|--------------------|-------|-----------------------|
| | | | Replacements | Additions to Fleet | Total | |
| 2016 | 83 | - | 3 | - | 3 | 83 |
| 2017 | 83 | -17 | 8 | - | 8 | 66 |
| 2018 | 66 | - | 8 | - | 8 | 66 |
| 2019 | 66 | -11 | 19 | - | 19 | 55 |

OFFICE OF INSPECTOR GENERAL

Shared Funding Projects
(Dollars in thousands)

| | <u>2016</u> <u>Actual</u> | <u>2017</u> <u>Actual</u> | <u>2018</u> <u>Estimate</u> | <u>2019</u> <u>President's</u> <u>Budget</u> |
|--|------------------------------|------------------------------|--------------------------------|--|
| Working Capital Fund: | | | | |
| Administration: | | | | |
| HR Enterprise System Management Systems..... | \$3 | \$3 | \$4 | \$6 |
| Material Management Service Center..... | 47 | 35 | 27 | 28 |
| Procurement Operations Division..... | 2 | 2 | 2 | 2 |
| Mail and Reproduction Management Services..... | 80 | 96 | 96 | 98 |
| Integrated Procurement System..... | 115 | 114 | 78 | 79 |
| Subtotal..... | 246 | 250 | 207 | 213 |
| Communications: | | | | |
| Creative Media & Broadcast Center..... | 3 | 5 | 2 | 2 |
| Correspondence Management: | | | | |
| Office of the Executive Secretariat..... | 13 | 15 | 13 | 14 |
| Finance and Management: | | | | |
| National Finance Center..... | 135 | 139 | 148 | 148 |
| Financial Management Support Services..... | 413 | 340 | 352 | 359 |
| Subtotal..... | 564 | 479 | 500 | 507 |
| Information Technology: | | | | |
| NITC/USDA..... | 370 | 284 | 306 | 306 |
| Client Technology Services..... | 77 | 120 | 117 | 117 |
| Enterprise Network Services..... | 135 | 607 | 322 | 552 |
| Subtotal..... | 582 | 1,011 | 745 | 975 |
| Total, Working Capital Fund..... | 1,392 | 1,760 | 1,467 | 1,711 |
| Departmental Shared Cost Programs: | | | | |
| 1890's USDA Initiatives..... | \$16 | \$19 | \$16 | \$16 |
| Classified National Security Information..... | 30 | 30 | 22 | 22 |
| Continuity of Operations Planning..... | 10 | 10 | 9 | 9 |
| Emergency Operations Center..... | 12 | 12 | 10 | 10 |
| Facility and Infrastructure Review and Assessment..... | 2 | 2 | 2 | 2 |
| Faith-Based Initiatives and Neighborhood Partnerships..... | 2 | 2 | 2 | 2 |
| Hispanic-Serving Institutions National Program..... | 8 | 10 | 9 | 9 |
| Human Resources Transformation..... | 8 | 8 | 8 | 8 |
| Identity and Access Management (HSPD-12)..... | 34 | 34 | 29 | 29 |
| Medical Services..... | 10 | 9 | 10 | 10 |
| People's Garden..... | 3 | 3 | 3 | 3 |
| Personnel Security Branch (was PDSD)..... | 44 | 45 | 28 | 28 |
| Pre-authorizing Funding..... | 18 | 17 | 16 | 16 |
| Retirement Processor/Web Application..... | 3 | 3 | 3 | 3 |
| TARGET Center..... | 7 | 8 | 6 | 6 |

OFFICE OF INSPECTOR GENERAL

Shared Funding Projects
(Dollars in thousands)

| | <u>2016</u> <u>Actual</u> | <u>2017</u> <u>Actual</u> | <u>2018</u> <u>Estimate</u> | 2019 <u>President's</u> <u>Budget</u> |
|--|------------------------------|------------------------------|--------------------------------|---|
| USDA 1994 Program..... | 3 | 4 | 3 | 3 |
| Virtual University..... | 10 | 10 | 9 | 9 |
| Total, Departmental Shared Cost Programs..... | 220 | 226 | 185 | 185 |
| E-Gov: | | | | |
| Budget Formulation and Execution Line of Business..... | 1 | 1 | 1 | 1 |
| Enterprise Human Resources Integration..... | 10 | 10 | 9 | 9 |
| E-Training..... | 11 | - | - | - |
| Financial Management Line of Business..... | 1 | - | - | - |
| Human Resources Line of Business..... | 1 | 1 | 1 | 1 |
| Integrated Acquisition Environment..... | 8 | 4 | 4 | 4 |
| FOIA..... | - | - | - | 2 |
| Total, E-Gov..... | 32 | 16 | 15 | 17 |
| Agency Total..... | 1,644 | 2,002 | 1,667 | 1,913 |

OFFICE OF INSPECTOR GENERAL

Salaries and Expenses

Appropriations Language and Explanation of Changes

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Office of Inspector General, including employment pursuant to the Inspector General Act of 1978, [~~\$97,541,000~~] \$87,436,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, and including not to exceed \$125,000 for certain confidential operational expenses, including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98.

IG Reform Act of 2008

As directed by Section 8, Submission of Budget Request to Congress, of the Inspector General Reform Act of 2008 (P.L. 110-409), USDA is providing additional information regarding the OIG budget request. The OIG request for FY 2019 is \$87,436,000. Of this amount, \$192,359 is to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

Lead-off Tabular Statement

| | |
|--|---------------------------|
| Budget Estimate, 2019..... | \$87,436,000 |
| 2018 Annualized Continuing Resolution..... | <u>97,541,000</u> |
| Change in Appropriation..... | <u><u>-10,105,000</u></u> |

OFFICE OF INSPECTOR GENERAL

Project Statements
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

| Program | <u>2016 Actual</u> | | <u>2017 Actual</u> | | <u>2018 Estimate</u> | | <u>Inc. or Dec.</u> | | <u>2019 President's Budget</u> | |
|-------------------------------|--------------------|-----|--------------------|-----|----------------------|-----|---------------------|-----|--------------------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Discretionary Appropriations: | | | | | | | | | | |
| Audit..... | \$46,912 | 251 | \$48,122 | 242 | \$47,795 | 246 | -4,951 | -26 | \$42,844 | 220 |
| Investigations..... | 48,826 | 241 | 50,086 | 233 | 49,746 | 236 | -5,154 | -24 | \$44,592 | 212 |
| Total Available..... | 95,738 | 492 | 98,208 | 475 | 97,541 | 482 | -10,105 | -50 | 87,436 | 432 |
| Lapsing Balances..... | -1,049 | - | -2,426 | - | - | - | - | - | - | - |
| Total Obligations..... | 94,689 | 492 | 95,782 | 475 | 97,541 | 482 | -10,105 | -50 | 87,436 | 432 |

Project Statements
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

| Program | <u>2016 Actual</u> | | <u>2017 Actual</u> | | <u>2018 Estimate</u> | | <u>Inc. or Dec.</u> | | <u>2019 President's Budget</u> | |
|----------------------------|--------------------|-----|--------------------|-----|----------------------|-----|---------------------|-----|--------------------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| Discretionary Obligations: | | | | | | | | | | |
| Audit..... | \$46,398 | 251 | \$46,933 | 242 | \$47,795 | 246 | -4,951 | -26 | \$42,844 | 220 |
| Investigations..... | 48,291 | 241 | 48,849 | 233 | 49,746 | 236 | -5,154 | -24 | \$44,592 | 212 |
| Total Obligations..... | 94,689 | 492 | 95,782 | 475 | 97,541 | 482 | -10,105 | -50 | 87,436 | 432 |
| Lapsing Balances..... | +1,049 | - | +2,426 | - | - | - | - | - | - | - |
| Total Available..... | 95,738 | 492 | 98,208 | 475 | 97,541 | 482 | -10,105 | -50 | 87,436 | 432 |
| Total Appropriation..... | 95,738 | 492 | 98,208 | 475 | 97,541 | 482 | -10,105 | -50 | 87,436 | 432 |

OFFICE OF INSPECTOR GENERAL

Justification of Increases and Decreases

- (1) A decrease of \$10,105,000 and 50 staff years (\$97,541,000 and 482 staff years available in FY 2018).

Base funds will allow the Office of Inspector General (OIG) to conduct and supervise audits and investigations to prevent and detect fraud, waste, and abuse and to improve the effectiveness of United States Department of Agriculture (USDA) programs and operations. As the law enforcement arm of USDA, OIG also investigates criminal activity involving the Department's programs and personnel.

The funding change is requested for the following items:

- a. A decrease of \$10,105,000 and 50 staff years for mission support of audits and investigations.

The agency would absorb the decrease in funding by reducing 50 staff years (10 percent of staff) through attrition and/or VERA/VSIP. OIG's staffing cost is roughly \$203,000 per staff year. This cost includes labor (salary and benefits), space, travel, training, and other overhead costs such as supplies and equipment.

Examples of future audit work OIG would have to cancel or postpone can best be seen in issues covered in OIG's recent work. In the area of safety and security, this includes follow up work to assess the Food Safety and Inspection Service's (FSIS) implementation of recommendations related to risk-based inspection and pre-slaughter activities and FSIS' controls over declaring allergens on product labels. The work also includes the Agricultural Research Service's oversight of the U.S. Meat and Animal Research Center and USDA's oversight and coordination of efforts to prevent, detect, and respond to Agroterrorism. Under the strategic goal of program integrity, this work includes an assessment of USDA's coordination of farm program compliance and the Natural Resources Conservation Service's oversight of wetland conservation compliance in the Prairie Pothole Region. The work also includes the Food and Nutrition Service's (FNS) controls to improve the use of administrative funds for the Supplemental Nutrition Assistance Program (SNAP), FNS and States' implementation of SNAP provisions regarding Able-Bodied Adults without Dependents, and follow up work to assess the Rural Business-Cooperative Service's implementation of prior recommendations to improve the administration of the Intermediary Relending Program. The estimated number of audits to be performed would decrease from 48 in FY 2018, to 40 in FY 2019.

The impact on our Investigations program would be similar. To the greatest extent possible, we would have to focus our limited investigative resources on matters that we are statutorily required to investigate and matters that pose an immediate threat to the well-being of the American public, as well as animal and plant health. This will have an adverse impact on the number and type of program integrity cases OIG could undertake. For example, OIG may have to decline to investigate allegations of SNAP fraud and major farm program fraud (farm loan and crop insurance). The estimated number of investigations to be performed would decrease from 323 in FY 2018, to 271 in FY 2019.

OFFICE OF INSPECTOR GENERAL

Geographic Breakdown of Obligations and Staff Years
(Dollars in thousands and Staff Years (SYs))

| State/Territory | <u>2016 Actual</u> | | <u>2017 Actual</u> | | <u>2018 Estimate</u> | | <u>2019 President's Budget</u> | |
|---------------------------|--------------------|-----|--------------------|-----|----------------------|-----|--------------------------------|-----|
| | Amount | SYs | Amount | SYs | Amount | SYs | Amount | SYs |
| California..... | \$11,547 | 60 | \$11,494 | 57 | \$11,926 | 59 | \$10,691 | 53 |
| Georgia..... | 12,702 | 66 | 11,091 | 55 | 13,204 | 65 | 11,836 | 58 |
| Illinois..... | 10,008 | 51 | 10,486 | 52 | 10,223 | 51 | 9,163 | 45 |
| Maryland..... | 12,702 | 64 | 13,913 | 69 | 13,204 | 65 | 11,837 | 59 |
| Missouri..... | 19,631 | 102 | 20,164 | 100 | 20,232 | 100 | 18,136 | 90 |
| Texas..... | 10,393 | 53 | 10,486 | 52 | 10,649 | 53 | 9,546 | 47 |
| District of Columbia..... | 17,706 | 96 | 18,148 | 90 | 18,103 | 89 | 16,227 | 80 |
| Obligations..... | 94,689 | 492 | 95,782 | 475 | 97,541 | 482 | 87,436 | 432 |
| Lapsing Balances..... | 1,049 | - | 2,426 | - | - | - | - | - |
| Total, Available..... | 95,738 | 492 | 98,208 | 475 | 97,541 | 482 | 87,436 | 432 |

OFFICE OF INSPECTOR GENERAL

Classification by Objects
(Dollars in thousands)

| | <u>2016</u> <u>Actual</u> | <u>2017</u> <u>Actual</u> | <u>2018</u> <u>Estimate</u> | <u>2019</u> <u>President's</u> <u>Budget</u> |
|---|------------------------------|------------------------------|--------------------------------|--|
| Personnel Compensation: | | | | |
| Washington D.C..... | \$8,541 | \$8,404 | \$9,056 | \$8,118 |
| Field..... | 43,487 | 42,807 | 44,085 | 39,517 |
| 11 Total personnel compensation..... | 52,028 | 51,211 | 53,141 | 47,635 |
| 12 Personal benefits..... | 22,547 | 20,872 | 21,658 | 19,414 |
| 13.0 Benefits for former personnel..... | 12 | - | 10 | - |
| Total, personnel comp. and benefits..... | 74,587 | 72,083 | 74,809 | 67,049 |
| Other Objects: | | | | |
| 21.0 Travel and transportation of persons..... | 3,098 | 1,849 | 3,000 | 2,650 |
| 22.0 Transportation of things..... | 80 | 67 | 107 | 107 |
| 23.1 Rental payments to GSA..... | 5,029 | 5,013 | 5,100 | 4,900 |
| 23.2 Rental payments to others..... | 358 | 504 | 500 | 449 |
| 23.3 Communications, utilities, and misc. charges... | 948 | 1,215 | 1,800 | 1,500 |
| 24.0 Printing and reproduction..... | 18 | 36 | 107 | 107 |
| 25.1 Advisory and assistance services..... | 1,355 | 1,486 | 1,500 | 1,153 |
| 25.2 Other services from non-Federal sources..... | 522 | 498 | 500 | 483 |
| 25.3 Other purchases of goods and services from Federal sources..... | 722 | 361 | 667 | 667 |
| 25.4 Operation and maintenance of facilities..... | 3,957 | 6,909 | 4,222 | 3,723 |
| 25.5 Research and development contracts..... | 696 | 542 | 643 | 643 |
| 25.6 Medical care..... | 1,166 | 1,498 | 1,500 | 978 |
| 25.7 Operation and maintenance of equipment..... | 899 | 997 | 830 | 830 |
| 25.8 Subsistence and support of persons..... | 19 | 25 | 15 | 15 |
| 26.0 Supplies and materials..... | 505 | 478 | 476 | 476 |
| 31.0 Equipment..... | 693 | 2,155 | 1,607 | 1,548 |
| 42.0 Insurance & Indemnities..... | 37 | 66 | 158 | 158 |
| Total, Other Objects..... | 20,102 | 23,699 | 22,732 | 20,387 |
| 99.9 Total, new obligations..... | 94,689 | 95,782 | 97,541 | 87,436 |
| DHS Building Security (included in 25.1)..... | \$612 | \$636 | \$640 | \$640 |
| Position Data: | | | | |
| Average Salary (dollars), ES Position..... | \$174,000 | \$168,000 | \$170,000 | \$160,000 |
| Average Salary (dollars), GS Position..... | \$96,500 | \$103,100 | \$105,000 | \$92,400 |
| Average Grade/Step, GS Position..... | 12.9 | 12.10 | 12.10 | 12.5 |

OFFICE OF INSPECTOR GENERAL

Status of Programs

The Office of Inspector General (OIG) operates independently from the other agencies within the Department. OIG has the responsibility to: (1) provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to programs and operations of the Department; (2) review existing and proposed legislation and regulations relating to the Department's programs and operations, and make recommendations concerning the impact of such on the economy and efficiency, and the prevention and detection of fraud and abuse in the Department's programs and operations; (3) recommend policies and conduct, supervise, or coordinate other activities of the Department for the purpose of promoting economy and efficiency, and preventing and detecting fraud and abuse in the Department's programs and operations; (4) recommend policies for, and to conduct, supervise, or coordinate relationships between the Department and other Federal agencies, State and local governmental agencies, and non-governmental entities with respect to the promotion of economy and efficiency, detection of fraud and abuse, and the identification and prosecution of participants in such fraud or abuse; and (5) keep the Secretary and Congress informed of fraud and other serious problems, abuses and deficiencies relating to the administration of programs and operations of the Department, recommend corrective action, and report on progress made in implementing such corrective action.

During fiscal year (FY) 2017, OIG issued 292 investigative reports, 47 audit reports, and 8 interim audit reports. Audit and investigative results totaled \$388.2 million. OIG investigations resulted in 498 indictments and 518 convictions. The period of time to obtain results following an indictment varies widely; therefore, the 518 convictions are not necessarily related to the 498 indictments. Our return on investment was \$3.95 for every dollar invested in OIG in 2017.

Audit Monetary Results: During FY 2017, management decisions were made on 36 audit reports and 7 interim audit reports, which included both current and prior year audit reports. At the time of report issuance, the monetary values agreed to by agencies were:

| | <u>(in millions)</u> |
|--|----------------------|
| Questioned and unsupported costs and loans | \$85.9 |
| Funds to be put to better use | <u>9.1</u> |
| Total audit monetary results | \$95.0 |

Investigative Monetary Results:

| | <u>(in millions)</u> |
|---|----------------------|
| Claims established | \$22.0 |
| Recoveries and collections | 2.6 |
| Cost avoidance (USDA program payments not made due to OIG investigations) | 51.5 |
| Fines | 1.7 |
| Administrative penalties | 0.2 |
| Asset forfeitures | 22.5 |
| Restitution | <u>192.7</u> |
| Total investigative monetary results | \$293.2 |

OIG's audit and investigative work for 2017 is summarized under three strategic goals identified for the U.S. Department of Agriculture (USDA): (1) safety and security measures to protect public health and resources; (2) integrity of benefits and entitlements programs; and (3) USDA's management improvement initiatives. These strategic goals serve as both an outline of OIG's audit and investigatory work and as the main groupings for this Status of Programs Report.

SAFETY AND SECURITY—Strengthen USDA's ability to implement and improve safety and security measures to protect the public health, as well as agricultural and Departmental resources.

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

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Safety and security over computer and building assets is also important to ensure accidental or intentional breaches are quickly identified and remedied. In cooperation with other appropriate law enforcement and regulatory agencies, OIG responds to specific threats made against USDA employees in the performance of their official duties.

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

Highlights of Current and Planned Audit Work:

Drug Enforcement on National Forest Lands: OIG's objectives will be to evaluate the effectiveness of controls over the detection and eradication of the marijuana grown on National Forest System lands. We will also evaluate the effectiveness of the rehabilitation methods Forest Service uses on impacted lands. Finally, we will evaluate the Forest Service's strategy for reducing health and safety risks and protecting the Nation's natural resources.

USDA Agency Activities for Agroterrorism Prevention, Detection, and Response: OIG will determine if USDA agencies have developed plans and initiated actions to prevent, detect, and respond to agroterrorism threats or attacks.

Improper Usage of USDA's Information Technology Resources: OIG will determine whether effective controls are in place to prevent improper usage of USDA's information technology resources.

Highlights of Current and Planned Investigations Work:

Food Safety and Defense: OIG's most critical work involves protecting the safety of America's food supply, from farm to table. Among the specific tasks OIG will concentrate on in regard to this goal are:

- **Food Safety Issues:** OIG will continue to investigate individuals who engage in criminal behavior that endangers the wholesomeness of the food supply.
- **Smuggling of Prohibited Items:** OIG continues to investigate allegations received involving the smuggling into the U.S. of prohibited poultry, meat, or other items that pose a threat to American agriculture and the safety of American consumers. Among the potential dangers caused by smuggled goods is the introduction of foreign plant and animal pests which have no natural enemies in the U.S. (e.g., the emerald ash borer and the Asian long-horned beetle), which can result in the devastating destruction of native species. OIG will also investigate smuggling and other improprieties involving the export of adulterated or unsafe poultry, meat, and other USDA-regulated items.

Homeland Security: OIG has an essential role in working with other governmental agencies to protect our Nation's agricultural resources from harm.

Threats to USDA Employees and Facilities: OIG investigates threats against or harm done to USDA and employees in the course of performing their official duties, and works with other cognizant Department and law enforcement agencies to proactively protect our employees and facilities.

Selected Examples of Recent Progress—Audit:

Forest Service Deferred Maintenance: While the Forest Service implemented corrective actions from prior OIG audits to address its deferred maintenance backlog, we found that the Forest Service has not been able to reduce its longstanding deferred maintenance backlog below \$5 billion and lacked an overall strategy to overcome its resource limitations. Specifically, we found that \$195 million of the Forest Service's deferred maintenance relates to a backlog of over 3,000 buildings that the Forest Service plans to decommission, but the associated impediments have not been addressed. In addition, the Forest Service did not develop and implement effective alternative methods for addressing these areas. We found buildings with deferred maintenance that had structural issues, mold growths, widespread rodent droppings, or other issues, including 20 buildings with health and safety concerns that necessitated their closure. Likewise, we found that the Forest Service continues to lack an effective control structure

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for validating that required plans are maintained for dams and that necessary inspections of dams are performed regularly to identify any deficiencies affecting their safety. Finally, we determined that the Forest Service did not report its deferred maintenance accurately and consistently because written guidance and training was not available for the responsible agency officials. The Forest Service generally agreed with our findings and recommendations.

Agroterrorism Prevention, Detection, and Response: Agroterrorism is a threat to national security and could result in increased human illnesses and deaths, widespread destruction of crops and livestock, and significant economic loss to the Nation's farmers and ranchers. OIG found that the Office of Homeland Security and Emergency Coordination (OHSEC) had not adequately overseen and coordinated USDA's efforts to prevent, detect, and respond to agroterrorism. Also, OHSEC did not demonstrate that USDA complied with Homeland Security Presidential Directive 9 (HSPD-9) requirements to defend the agriculture and food system against terrorist attacks, major disasters, and other emergencies. Additionally, OHSEC led USDA's efforts to develop and publish a 2015 Sector Specific Plan, but that effort resulted in limited representation of USDA's efforts to secure the Nation's agriculture and food supply. We concluded that OHSEC did not gather information from all appropriate USDA agencies and did not maintain any evidence to support the material in the 2015 plan or to assist with preparing the next plan. Thus, for the next 4 years, USDA may be unable to rely on this plan to guide security and resilience efforts since it may not focus on the sector's critical needs. OHSEC has agreed with all findings and recommendations.

Food Safety and Inspection Service's Controls over Declaring Allergens: Food Safety and Inspection Service (FSIS) regulates food ingredients used in the production of meat, poultry, and egg products, including verifying the accuracy of labels and ingredients statements. OIG found that FSIS inspectors currently perform reviews designed to determine whether products are mislabeled and contain undeclared allergens. When the agency finds that a processing plant has released food with an undeclared allergen, FSIS requests a recall. Our report details how the agency can improve its current approach to regulating undisclosed allergens. For example, FSIS needs to be more consistent in how it completes verification tasks; consider additional ways to indicate which production plants use ingredients containing allergens; thoroughly address the possibility for cross-contact between products containing different allergens on the same production floor; and better document how FSIS controls data from consumer complaints about undisclosed allergens. Overall, OIG commends FSIS for taking steps to address undeclared allergens as a food safety concern. FSIS agreed with our findings and recommendations.

USDA Office of the Chief Information Officer FY 2017 Federal Information Security Modernization Act: The Federal Information Security Modernization Act (FISMA) requires each agency to obtain an independent evaluation of its information security program and practices to determine its effectiveness. In FY 2017, OIG found that 26 of the 27 open recommendations that OIG made in prior FISMA reports are overdue. Our testing also identified that weaknesses still exist in five areas of review where OIG had already made recommendations that were subsequently closed by the Office of Chief Information Officer (OCIO). Due to existing security weaknesses identified, OIG continues to report a material weakness in USDA's security program that should be included in the Department's Federal Managers Financial Integrity Act report. As such, OIG did not make any new recommendations based on our work performed for this audit because the recommendations made in the prior FISMA reports address these security weaknesses. OCIO agreed with our findings and stated it has developed corrective actions and project plans to address prior year recommendations.

Selected Examples of Recent Progress—Investigations:

Virginia and Kentucky Cockfighting Ring: In a multi-year joint investigation with the Virginia Department of Alcoholic Beverage Control, five individuals in Virginia and Kentucky were charged, arrested, and convicted in 2015 of interstate animal fighting and an illegal gambling conspiracy. Each of those five individuals was sentenced to a term of imprisonment, supervised release, and ordered to pay up to \$905,208 in restitution or forfeiture of currency or property constituting proceeds traceable to the crimes. In August 2016, five additional co-conspirators were charged with violations involving interstate animal fighting and illegal gambling. In January 2017, pursuant to a guilty plea involving three felony violations, which included allowing a minor to be present at a cockfight, narcotics distribution, and animal fighting conspiracy, one conspirator was sentenced to serve 24 months in prison to be followed by 36 months on supervised release. One conspirator passed away, one conspirator pled guilty, and the final two—the brothers who owned the facility—were scheduled for trial in April 2017. In June 2017, in U.S. District Court, Western District of Virginia, the two brothers pled guilty to conspiracy to cause others to attend a cockfight and were each sentenced to serve 12 months' probation. As part of their guilty pleas, two conspirators agreed to forfeit \$100,000 and pay for the complete destruction of the 8,000 square foot facility in which they had

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hosted cockfights for more than 30 years. The facility was destroyed at their expense. Profits made from the salvage of the building were sent directly to the court.

Dogfighting in Ohio: In August 2017, in U.S. District Court, Southern District of Ohio, an individual was sentenced to 6 months in prison, 3 years' post-release control, and a prohibition on possession/harboring any canines. The investigation determined that a criminal gang was raising American Pit Bull Terriers and fighting them in Michigan and Ohio. One gang leader was identified as having an extensive criminal history, including Federal drug trafficking and dog fighting convictions in Ohio. Evidence seized via search warrants included 45 dogs, dog-fighting tools, firearms, and narcotics. Further judicial proceedings in this case are pending.

Smuggling of Prohibited Items—Lacey Act: In August 2017, in U.S. District Court, District of Oregon, a Portland resident was sentenced for the smuggling and the subsequent selling of protected pitcher plants (*Nepenthes villosa*), from a supplier in Malaysia, in violation of the Lacey Act. He was sentenced to 6 months' home confinement, 36 months' supervised release, and ordered to pay a \$100 court fine. This joint investigation with Customs and Border Protection (CBP), Animal and Plant Health Inspection Service (APHIS), U.S. Fish and Wildlife Service (USFWS), and OIG was initiated in November 2013, when APHIS and CBP intercepted the imported plants. These shipments were falsely labeled, not properly declared, and did not possess the required phytosanitary certificates. It was further revealed that he received 36 undeclared shipments of these carnivorous plants from multiple sources in 7 countries. A subsequent search warrant served by USFWS and OIG at his residence led to the seizure of an additional 215 plants. In February 2017, he was charged via a bill of information with violating the Lacey Act. Pursuant to a plea agreement entered in May 2017, he pled guilty to said violation.

INTEGRITY OF BENEFITS—Detect and reduce USDA program vulnerabilities and deficiencies to strengthen the integrity of the Department's programs.

USDA works to harness the Nation's agricultural abundance with a goal of ending hunger and improving nutrition and health throughout the country and the world. Benefit and entitlement programs in USDA include many programs that provide payments directly to those individuals or entities in need of support and receive substantial levels of funding, but they are also susceptible to misuse by organized groups and individuals.

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

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

Highlights of Current and Planned Audit Work:

States' Controls over the Summer Food Service Program: OIG will complete work to determine whether States have adequate controls in place to ensure the Summer Food Service Program (SFSP) is operating under program requirements. We will be assessing SFSP in the following four States: California, Florida, New York, and Texas. Specifically, our objective will be: (1) to evaluate the adequacy of selected State agency controls over SFSP; and (2) to determine if selected sponsors and distribution sites comply with program requirements.

Agriculture Risk Coverage and Price Loss Coverage Program: OIG will evaluate the Farm Service Agency's (FSA) implementation of the Agriculture Risk Coverage and Price Loss Coverage programs, as required by provisions in the Agricultural Act of 2014. Specifically, we plan to determine the adequacy of FSA's controls over these programs, including the calculation of base acres and program payments.

Indemnity Payments to Pistachio Producers: OIG will determine if (1) producers accurately reported actual production on insured pistachio harvests, (2) pistachio crop insurance claims were adjusted in accordance with Risk Management Agency (RMA) procedures, and (3) accurate indemnity payments were made.

Highlights of Current and Planned Investigations Work:

OIG continues to investigate the most significant criminal violations involving benefits/entitlement fraud in the wide array of programs administered by USDA. We will focus our investigative efforts on fraud involving the following programs:

Food and Nutrition Service Nutrition Assistance and Food Service Programs: OIG will continue to use investigative resources to focus on the Supplemental Nutrition Assistance Program (SNAP) fraud. We will leverage financial information and other analytical tools to explore trends in fraudulent SNAP activities by electronic benefit transfer (EBT), to determine vulnerabilities, critical risks, and gaps in program controls. OIG will continue to work closely with Food and Nutrition Service (FNS), as well as State and local law enforcement entities that have a joint interest in investigating these violations. Additionally, our work will focus on alleged criminal activity in other food and nutrition programs, such as the National School Lunch Program, SFSP, and the Child and Adult Care Feeding Programs.

FSA and RMA Programs: OIG continues to investigate individuals allegedly providing false information to illegally obtain monies through FSA and RMA programs. OIG will allocate resources as needed to investigate potential fraud in FSA and RMA programs.

Selected Examples of Recent Progress—Audit:

Natural Resources Conservation Service (NRCS) Wetland Conservation in the Prairie Pothole Region: After receiving a complaint concerning recent changes in how NRCS makes wetland determinations, OIG reviewed determinations made in the “prairie pothole region” (Iowa, Minnesota, North Dakota, and South Dakota). We found that, in response to a backlog of requests for wetland determinations, NRCS made significant changes in its process that allowed producers to drain and farm more wetlands. The process for making this change was not carried out in a transparent manner. NRCS generally agreed with our findings and recommendations.

USDA’s Review of States Compliance with the SNAP Certification of Eligible Household Requirements: To assist with our work, OIG contracted with an independent certified public accounting firm to conduct agreed-upon procedure engagements to assess whether the five selected States (Georgia, Nebraska, Pennsylvania, South Carolina, and Washington) complied with SNAP requirements. The accounting firm disclosed that the States did not always comply with SNAP regulations related to Prisoner Verification System, Deceased Matching System, nondiscrimination compliance, Income and Eligibility Verification System, untimely processing of discrimination complaints, and the Systematic Alien Verification for Entitlements Program. FNS concurred with the findings and recommendations.

Rural Development Intermediary Relending Program: Intermediary Relending Program (IRP), a business program run by Rural Business-Cooperative Service (RBS), is designed to enhance economic activity and employment in rural communities. A prior audit of IRP found that intermediaries were noncompliant with program requirements for making and relending loans with their revolving funds. Following the audit, RBS updated its IRP regulations; however, OIG’s recent review determined RBS had not eliminated all reported weaknesses from the prior audit. Specifically, we found that three of the six intermediaries we reviewed did not promptly relend their IRP revolved funds and maintained excessive cash balances. Furthermore, the intermediaries we reviewed did not sufficiently document why ultimate recipients did not finance their proposed projects through commercial credit or other programs. As a result, RBS needs additional controls to correct these recurring program weaknesses. RBS generally agreed with our findings and recommendations.

Selected Examples of Recent Progress—Investigations:

Investigations involving allegations of program fraud in agencies such as Rural Development (RD), Foreign Agricultural Service (FAS), FSA, RMA, and FNS comprise over 90 percent of our investigative portfolio.

FAS—Bank and Wire Fraud: OIG initiated this investigation based on a referral from FAS regarding a participant in the Export Credit Guarantee Program (GSM-102). GSM-102 guarantees credit extended by the private banking sector in the U.S. (or, less commonly, by the U.S. exporter) to approved foreign banks using dollar-denominated, irrevocable letters of credit for purchases of U.S. food and agricultural products by foreign buyers. FAS administers the program on behalf of the Commodity Credit Corporation (CCC), which issues the credit guarantees. The referral

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was a result of a partial audit of a participant in GSM-102. The audit revealed that other companies registered in GSM-102 might have used bills of lading provided to support shipments of commodities issued in or about October 2008. The investigation determined that two individuals controlled numerous entities participating in GSM-102. The entities acquired copies of shipping documents from various sources and used them to secure loans from U.S. financial institutions to foreign banks guaranteed under GSM-102. The individuals conspired to defraud various U.S. financial institutions by means of materially false and fraudulent pretenses, including presenting false and altered bills of lading in connection with transactions guaranteed under GSM-102. The trial in U.S. District Court, District of Connecticut, began in October 2016 and lasted until November 2016. In November 2016, the jury found the individuals guilty of charges relating to bank fraud and wire fraud. In June 2017, one of the individuals was sentenced to 15 months in prison, followed by 36 months of supervised release, and was ordered to forfeit \$1.5 million. The other individual was sentenced to 5 months in prison, followed by 36 months of supervised release (the first months of which he will serve on home confinement), ordered to perform 300 hours of community service, and to forfeit \$63,509. In September 2017, in U.S. District Court, District of Connecticut, joint and several restitution orders were issued for the two men who were already sentenced. The defendants were ordered to pay \$18.8 million in restitution, with \$18.5 million payable to USDA and \$305,743 payable to a private bank.

FSA—Conversion: In October 2016, in U.S. District Court, Northern District of Iowa, an FSA borrower was sentenced to 6 months in prison, 24 months' supervised release, and ordered to pay \$137,682 in restitution for his role in selling grain that had been pledged as security on FSA loans. The investigation disclosed that, between December 2014 and September 2015, the borrower sold over 102,000 bushels of corn, thereby receiving \$332,803; however, he failed to apply proceeds from the sale to his FSA loans in accordance with the loan agreement. In May 2016, the producer was indicted on one count of conversion of mortgaged property and subsequently pled guilty in July 2016. During the course of the investigation the borrower's program payments, including Agriculture Risk Coverage and Price Loss Coverage payments, were applied to offset his debt to the agency.

RMA—Crop Insurance Fraud: In December 2016, in U.S. District Court, Western District of Kentucky, two brothers who jointly operated multiple farming operations each pled guilty to one count of aiding and abetting crop insurance fraud. From 2009 through 2012, the defendants and other family members received approximately \$6.5 million in RMA crop insurance indemnities. OIG's investigation disclosed that they perpetrated a scheme to defraud the Federal crop insurance program through submission of applications containing falsified statements and reports. They also farmed with other producers in the area and conspired to hide shares in the jointly produced crops. One brother was sentenced to 4 months in prison, followed by 24 months of supervised release, and ordered to pay a \$250,000 fine as well as reimbursement of the cost of his incarceration and prosecution. The other brother was sentenced to 1 day in prison, 6 months of in-home confinement, and 24 months of supervised release. He was also assessed a \$250,000 fine, reimbursement of the cost of in-home confinement, and reimbursement of the cost of prosecution. Prior to sentencing, the brothers paid a combined total of \$2.2 million in restitution to the Federal Crop Insurance Corporation (FCIC).

RD—False Statements: A real estate broker and his wife provided false statements to lenders as part of a scheme to obtain \$815,209 in mortgage loan approvals for six unqualified borrowers on residential properties in and around Austin, Texas. Four of the six borrowers were approved under the RD Guaranteed Loan Program. The realtor received commission payments from the fraudulent loans totaling approximately \$27,000. In April 2017, in the 390th District Court in Travis County, Austin, Texas, the realtor pled guilty to securing execution of documents by deception, and paid restitution of \$57,462. Additionally, he was sentenced to 12 months in prison, which was reduced to 24 months' probation, and was ordered to forfeit his mortgage broker license.

FSA—False Statements: A Missouri farmer engaged in a three-part fraud scheme that caused a loss of \$293,772. The farmer sold approximately 114 head of his FSA-mortgaged cattle—valued at approximately \$138,452—without remitting the proceeds to FSA. The farmer also removed ear tags from 646 head of cattle that were owned by others and had been placed in his care to graze. The farmer then commingled these cattle with his own cattle and sold \$124,000 worth of cattle that did not belong to him. Additionally, the farmer made false statements to his insurance company by claiming the cattle had died. As a result, he received \$31,320. The farmer entered a guilty plea to one count of fraud using property mortgaged to a farm credit agency. Subsequently, in October 2016, he was sentenced in U.S. District Court, Western District of Missouri, to 24 months in prison, 36 months' probation, and ordered to pay \$262,450 in restitution.

FSA—Conversion: In September 2017, a company manager was sentenced in U.S. District Court, District of Oregon, to pay a \$500 fine and a \$25 assessment pursuant to his guilty plea to one count of conversion of property

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involving a CCC loan application he completed in February of 2016. This was his second CCC loan. In January 2016, he claimed that he had 35,000 bushels of soft winter wheat stored as collateral. The January 2016 loan was for \$106,050 and the February 2016 loan was for \$212,100. He then sold the majority of the collateral he actually possessed without the authorization or approval of FSA. In an effort to conceal the sale, he intentionally sold the collateral using the corporate entity. He used the proceeds from the sale of the collateral in an effort to pay off a \$250,000 debt he owed to another company. In May 2017, he was charged via a bill of information with one count of conversion of property and pled guilty to that count in June 2017.

Investigations has completed several related investigations involving SFSP and the Child and Adult Care Feeding Program (CACFP).

FNS—Related Investigation of CACFP--Theft:

- A former State of Arkansas employee responsible for processing applications for the At-Risk Afterschool component of CACFP and SFSP from sponsors who applied to participate in feeding programs pled guilty to one count of bribery and one count of conspiracy to commit wire fraud. Our investigation determined that feeding program sponsors bribed the employee to ensure their applications were approved. Some sponsors would claim that hundreds of children were fed at their sites when few or no children were actually fed. In July 2017, the former employee was sentenced to 108 months in prison, 36 months' probation, and was ordered to pay \$9.7 million in restitution and a \$200 special assessment. The restitution ordered is to be paid jointly and severally with any other person who has been or will be convicted on an offense for which restitution to the same victim on the same loss is ordered.
- An Arkansas man was recruited by his mother-in-law, an Arkansas Department of Human Services (DHS) employee, to participate as a sponsor in the At-Risk Afterschool component of the CACFP. The DHS employee's responsibilities included processing applications from sponsors, determining their eligibility to participate in the feeding programs, and approving payments for meal reimbursement. As part of the scheme, the number of children fed at the sponsor's sites would be inflated. This sponsor falsely claimed that he fed as many as 800 children per day at his two sites. Witnesses stated that one site only fed a few children per day, while no children were fed at his second site. Because of the fraudulent claims, the sponsor received approximately \$666,428 in USDA funds that were intended to feed children in need. From the money DHS deposited into his bank account, the sponsor withdrew approximately \$533,000 in cash. The sponsor subsequently made cash payments to his mother-in-law from each payment he received from DHS. The sponsor was charged with wire fraud and, in April 2017, in U.S. District Court, Eastern District of Arkansas, he was sentenced to 30 months in prison, 36 months' supervised release, and ordered to pay \$666,428 in restitution and a \$2,000 special assessment.
- A sponsor for the Arkansas DHS At-Risk Afterschool component of CACFP listed two sites where children would be fed. The first site was an automotive repair facility and the second site was a fictitious address. The sponsor submitted claims to DHS that falsely represented an average daily attendance of children to be fed ranging from 165 to 275. The sponsor admitted that no children were fed at either site. Additionally, the investigation determined the sponsor's aunt worked for DHS and approved his feeding program applications. As a result, the sponsor fraudulently received a total of \$333,137. He withdrew approximately \$325,736 in cash, and paid his aunt's husband who also owned the automotive repair facility. The sponsor was charged with conspiracy to commit wire fraud. In May 2017, he was sentenced in U.S. District Court, Eastern District of Arkansas, to 36 months' probation, 100 hours of community service, and ordered to pay \$333,137 in restitution and a \$100 special assessment.

SNAP EBT—Trafficking Fraud:

A significant portion of OIG's investigative resources is dedicated to ensuring the integrity of SNAP. In FY 2017, our investigative work in SNAP resulted in 380 convictions and \$99.7 million in monetary results.

Ohio Man and Recipients Sentenced for SNAP Trafficking: In February 2017, in U.S. District Court, Northern District of Ohio, an owner of a store was sentenced to 33 months in prison and ordered to pay \$2.5 million in restitution for SNAP fraud. As part of this investigation, 29 SNAP recipients were charged with SNAP fraud and were sentenced to a combined total of 22 months in prison, 78 years of probation, and ordered to pay \$214,000 in restitution to FNS. Our investigation disclosed that the store owner was trafficking SNAP benefits. During the

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execution of a search warrant at the store owner's residence, he pointed a firearm at OIG agents and local law enforcement officers. The store owner was also convicted in 2015 of assault on a Federal officer and possession of a firearm in connection with a violent felony. He was sentenced to 84 months in prison for the assault/firearms conviction.

Fugitive Arrested and Sentenced for SNAP Trafficking: In December 2016, in U.S. District Court, Northern District of Ohio, a longtime fugitive was sentenced to 54 months in prison and ordered to pay \$3.2 million in restitution to FNS for stealing, more than two decades ago, millions in SNAP benefits. In 1991, our investigation revealed that the subject was engaged in SNAP fraud. In 1994, he pled guilty to food stamp fraud and tax charges, but did not appear for his sentencing. It was later discovered that he fled to the Middle East. He was a fugitive until 2016, when he was arrested in Jerusalem and returned to the United States.

Salesperson Facilitates SNAP Fraud: In January 2017, in U.S. District Court, Eastern District of New York, a former account executive for a third party processor was sentenced to 21 months in prison, to be followed by 36 months' supervised release, and was ordered to pay \$1.5 million in restitution. This man had been employed as an account executive for a third party processor of EBT cards. As an account executive, he sold EBT terminals to stores authorized to participate in SNAP in and around New York City. However, our investigation revealed that he was also selling EBT terminals to stores not authorized to participate in SNAP. Between April 2012 and September 2014, he provided EBT terminals to approximately 50 unauthorized stores that used the terminals to redeem SNAP benefits totaling approximately \$6.5 million. In September 2014, he was arrested by OIG agents with assistance from the U.S. Marshals Service. He was released on a \$75,000 secured bond. Also in September 2014, a total of 26 search warrants were executed at his home office and 25 stores that were using unauthorized EBT terminals purchased from him. Eight of the stores where search warrants were executed also exchanged SNAP benefits for U.S. currency and ineligible items during the course of our investigation. In January 2015, he was indicted for theft of Government funds, wire fraud, and a criminal forfeiture allegation. In July 2016, he pled guilty to one count of wire fraud.

Florida Storeowner Convicted of Trafficking SNAP Benefits: In August 2017, the owner of a convenience store in Orlando, Florida, pled guilty to one count of wire fraud. A joint investigation with the Orange County Sheriff's Office and Homeland Security Investigations (HSI) disclosed the owner gave customers cash in exchange for their benefits. He also transferred his business to a straw owner and obtained a new FNS authorization number. Shortly thereafter, the store was administratively removed from SNAP participation due to the trafficking. He was sentenced to 33 months in prison, 36 months of supervised release, and ordered to pay \$2.8 million in restitution.

Pennsylvania Storeowner and Street Vendor Conspire to Defraud SNAP: The owner of a Philadelphia market was sentenced in May 2017, to 42 months in prison, followed by 36 months of supervised release. On the same date, a street vendor who conspired with the owner to defraud SNAP was sentenced to time served and 36 months' supervised release. Restitution for \$1.1 million was ordered to be paid jointly and severally by the men. During the course of this joint investigation with HSI, multiple transactions occurred during which SNAP benefits were exchanged for U.S. currency. The owner and street vendor were charged with SNAP fraud, wire fraud, conspiracy, and aiding and abetting in January 2015, in U.S. District Court, Eastern District of Pennsylvania. OIG and HSI arrested both men and conducted search warrants at the store as well as the vending table and storage van operated by the street vendor in April 2015. The street vendor pled guilty in November 2015. The storeowner was found guilty in January 2017.

Maryland Family Involved in SNAP Fraud: Our joint investigation with the Federal Bureau of Investigation revealed that a husband, wife, and their two daughters exchanged more than \$3.7 million in SNAP benefits for U.S. currency using at least four convenience stores in Baltimore, Maryland. In August 2016, in U.S. District Court, District of Maryland, the father and one of his daughters were charged with fraudulently redeeming more than \$3.7 million in SNAP benefits. In May 2017, pursuant to a guilty plea, the father was sentenced to 46 months in prison, followed by 36 months' of supervised release, and was ordered to pay \$3.7 million in restitution. In July 2017, the daughter was sentenced to 4 months in prison and was ordered to pay \$194,506 in restitution. OIG initiated this investigation based on information provided to the OIG Hotline.

SNAP Fraud at Florida Flea Market Estimated at \$29 Million: This joint investigation was conducted with the Palm Beach County Sheriff's Office, Florida Department of Law Enforcement, HSI, Florida Department of Children and Families, Florida Department of Financial Services-Division of Public Assistance Fraud, the Florida Attorney General's Office of Statewide Prosecution, and FNS-Retailer Investigations Branch. The case was initiated based

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on information provided by the State of Florida regarding an identity theft scheme taking place in Palm Beach County, Florida. OIG and the Palm Beach County Sheriff's Office determined that the suspect obtained SNAP EBT cards with stolen identities. He then took the EBT cards to the Opa-Locka Hialeah Flea Market and exchanged the fraudulently obtained SNAP benefits for cash. OIG was already conducting an investigation involving numerous retailers at the Opa-Locka Hialeah Flea Market suspected of providing SNAP recipients with cash in exchange for benefits. The two investigations were combined and, in May 2015, a massive search warrant and arrest warrant operation was conducted at the flea market. The operation resulted in 26 arrests. To date, 17 subjects have been convicted in U.S. District Court, Southern District of Florida. All were incarcerated for periods ranging from 12 to 46 months, to be followed by 36 months of supervised release and, in one instance, deportation. They were also ordered to pay fines and restitution cumulatively totaling \$13.1 million.

MANAGEMENT IMPROVEMENT INITIATIVES—Provide USDA with oversight to help it achieve results-oriented performance.

To strengthen management through more efficient program operations that offer improved customer service, OIG works with USDA and its agencies to ensure that the programs the agencies administer continue to (1) improve human capital and real property management; (2) improve financial management; (3) expand electronic government; (4) eliminate improper payments; and (5) enhance research and development criteria as they pertain to programs and agencies within USDA.

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

Highlights of Current and Planned Audit Work:

USDA's Agency and Consolidated Financial Statements: OIG completed the 2017/2016 audits of five agencies' statements and USDA's consolidated balance sheet. We will also conduct our 2018/2017 annual audit of the USDA consolidated financial statements and the financial statements of the five stand-alone agencies and entities—FNS, NRCS, RD, the FCIC, and CCC.

Forest Service's Initiatives to Address Workplace Concerns: OIG will determine whether the actions the Forest Service took in response to complaints of sexual misconduct and harassment in the workplace were (1) effectively implemented as outlined in the joint agreement with the Office of General Counsel and the Office of the Assistant Secretary for Civil Rights; and (2) sufficiently addressed workplace concerns.

Grain Inspection, Packers and Stockyards Controls over Inspection of Exported Grain: OIG will evaluate and test controls over the inspection and weighing process for exported grain.

Highlights of Current and Planned Investigations Work:

In addition to supporting USDA in implementing its management improvement initiatives, OIG will continue to investigate allegations of public corruption, with our investigations leading to the potential prosecution and removal of USDA, State, and contract employees who have defrauded USDA programs to obtain personal benefit.

Technical Crimes Division: Investigations, through Technical Crimes Division (TCD), will continue to provide investigative technology assistance to support and enhance ongoing investigations by securing and applying advanced forensic tools to obtain and document evidence of an alleged crime.

Public Corruption: OIG will continue to investigate allegations against current and former USDA employees who are alleged to have abused their positions, embezzled funds, stolen property, misused government equipment, or violated ethics rules.

Misuse of Government Computers: Investigations Liaison and Hotline Division, along with TCD and the USDA Agriculture Security Operations Center, have implemented an initiative to track, refer, and investigate a recent increase of incidents of potential criminal and administrative misuse of USDA computers.

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Allegations of Whistleblower Reprisal: OIG is required to investigate allegations of whistleblower reprisal complaints alleged by employees of contractors, subcontractors, and grantees pursuant to requirements of the National Defense Authorization Act, 41 U.S.C. 4712.

Selected Examples of Recent Progress—Audit:

FS' Next Generation and Legacy Air Tanker Contract Awards: OIG found that the contracts issued against basic ordering agreements for “call when needed” air tanker services were not being placed by the designated the Forest Service contracting officer, but were instead placed by National Interagency Coordination Center (NICC) dispatchers who did not possess a contract warrant. Additionally, OIG could not determine how or whether the Forest Service properly competed the contracts because the Forest Service could not provide evidence to support the competition of the contract, or that the contract files contained the appropriate documentation as required by the Federal Acquisition Regulation. With NICC dispatchers issuing contracts against these agreements, unwarranted individuals bound the government to the contracts and could have authorized the contractor to operate outside the bounds of the contract. We also found that the Forest Service entered incorrect data into the Federal Procurement Data System (FPDS). As a result, Congress and Executive Branch agencies do not have reliable FPDS obligation data concerning the Forest Service air tanker contracts. Further, OIG found that the Forest Service did not include flight rate costs in its contracts because the agency did not know the actual flight hours that would be covered by the period of the contract. As a result, the Forest Service did not establish a flight rate cost obligation to properly budget for the projected costs and is at risk of violating the Anti-Deficiency Act should the costs exceed the available funds. The Forest Service generally concurred with our findings and recommendations.

Animal and Plant Health Inspection Service —Animal Welfare Act—Marine Mammals (Cetaceans): The APHIS Animal Care program enforces the Animal Welfare Act (AWA) for captive marine mammals. OIG found that APHIS could make improvements in enforcement and inspection to ensure compliance with AWA. Specifically, OIG identified an orca enclosure that may not meet minimum horizontal dimension space requirements because of the unique configuration of the pool. Since inspections are not always uniformly completed or adequately documented because of insufficient guidance, APHIS has reduced assurance that those exhibitors comply with AWA. Through an agreement, APHIS is to notify the National Oceanic and Atmospheric Administration (NOAA) of discrepancies in the inventory of captive marine mammals. However, APHIS did not compare the NOAA inventory with the current inventory to identify discrepancies. As a result, NOAA cannot use the APHIS inspection process as an additional method to validate its inventory of captive marine mammals. Further, APHIS regulations do not describe detailed requirements for barriers and shade or supply guidance for enforcement of requirements. Inspectors may use their own discretion to interpret the regulations. Such ambiguity causes inconsistent inspections and could lead to health and safety issues for the animals and the public. APHIS generally agreed with our findings and recommendations.

USDA's FY 2016 Compliance with Improper Payment Requirements: OIG concluded USDA did not comply with improper payment requirements as set forth by the Improper Payments Information Act of 2002, as amended, for a sixth consecutive year. USDA reported improper payment information for 18 programs identified as susceptible to significant improper payments (high-risk). We found that USDA complied with three of the six requirements for handling and reporting improper payments, which were (1) publishing improper payment information in the FY 2016 Agency Financial Report, (2) conducting risk assessments for each program or activity, and (3) publishing programmatic corrective action plans in the Agency Financial Report. However, 9 of USDA's 18 high-risk programs did not comply with one or more of the following requirements: (4) publishing an improper payment estimate, (5) meeting annual reduction targets, and (6) publishing gross improper payment rates of less than 10 percent. We also found instances where information related to other improper payment activities was incomplete or inaccurate. We determined that it is critical for the Office of the Chief Financial Officer and senior officials for each noncompliant component agency to set aggressive goals to help USDA achieve compliance with the Improper Payments Information Act of 2002, as amended. The Department generally agreed with our findings and recommendations to correct these issues.

USDA Consolidated Balance Sheet for FY 2017: Ordinarily USDA presents a complete set of consolidated financial statements in its Agency Financial Report. However, since 2016, USDA decided to present only on the consolidated balance sheet on the audit to show progress made from the 2015 disclaimer of opinion. OIG audited USDA's consolidated balance sheet for FY 2017, and assessed internal controls over financial reporting and compliance with laws and regulations. OIG determined that USDA's consolidated balance sheet presents fairly, in all material respects, USDA's financial position as of September 2017, in accordance with accounting principles generally

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accepted in the United States. OIG's review of USDA's internal controls over financial reporting identified three significant deficiencies, two of which are material weaknesses. Specifically, two of USDA's component agencies need to make further improvements to their overall financial management. Also, USDA needs to improve its Information Technology security and controls, as many long-standing weaknesses remain. Moreover, USDA needs to improve its controls over financial reporting, as our review again disclosed deficiencies related to obligations. Finally, USDA did not substantially comply with the Federal Financial Management Improvement Act of 1996, violations of the Anti-Deficiency Act, and the Digital Accountability and Transparency Act of 2014. The Department concurred with our findings, and generally agrees with our recommendations.

Concerning the results of the five stand-alone agencies and entities: RD received an unmodified opinion on its financial statements for FYs 2017, and 2016, and FNS received an unmodified opinion on its consolidated financial statements. In addition, an independent certified public accounting firm audited CCC's and NRCS' financial statements for FY 2017. The accounting firm report contains an unmodified opinion on CCC's and NRCS' FY 2017 Balance Sheet.

Selected Examples of Recent Progress—Investigations:

Public Corruption—False Claims: Although FNS funds SNAP, it is administered by the States, who are responsible for determining whether applicants are eligible for SNAP benefits, administering those benefits, and performing quality control to ensure that eligibility decisions are accurate. In addition, FNS requires that the States' quality control processes (1) measure whether benefits are correctly awarded; and (2) accurately report error rates in making eligibility decisions. In return, FNS reimburses States for a portion of their administrative expenses, including expenses for providing quality control. FNS also pays performance bonuses to States that reported the lowest and most improved error rates. A recent ongoing investigation into this quality control process has resulted in the following outcomes:

- In April 2017, the State of Virginia, Department of Social Services, agreed to pay \$7.2 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.
- In April 2017, the Wisconsin Department of Health Services agreed to pay \$7.0 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.
- In September 2017, the Alaska Department of Health and Social Services agreed to pay \$2.5 million to resolve allegations that it violated the False Claims Act in its administration of SNAP.

Virginia, Wisconsin, and Alaska utilized the services of a quality control consultant to reduce their SNAP benefits determination error rates. The consultant trained quality control workers to review error cases and find that benefits decisions were "correct" rather than finding errors. As a result, the error rates reported to FNS underreported the number of errors identified by quality control, thereby resulting in each State receiving FNS performance bonuses to which they were not entitled. The settlements were the result of an investigation conducted by the OIG; the U.S. Department of Justice, Civil Division, Commercial Litigation Branch; the U.S. Attorney's Office, Western District of Wisconsin; and the U.S. Attorney's Office, Eastern District of Washington.

Public Corruption—Conflict of Interest: A former contract specialist for the NRCS awarded a \$22,500 contract to a local company in which he and his wife had a direct financial interest. The former employee pled guilty to one count of conflict of interest. In May 2017, in U.S. District Court, Eastern District of Arkansas, he was sentenced to serve 36 months' probation, 100 hours of community service, and assessed a \$10,000 fine.

Public Corruption—Burglary: An Idaho Forest Service employee was sentenced in Boise County District Court, Idaho, to 30 days in jail, 100 hours of community service, and a \$1,000 fine in May 2017. This sentence followed her guilty plea to one misdemeanor count of unlawful entry. The Forest Service employee violated State law in October 2016, when she entered a privately owned structure under a special use permit within the Boise National Forest, with the intent to steal several items. In March 2017, she was charged in a criminal complaint with one felony count of burglary.

Public Corruption—Fraud: An FSA county executive director was involved with authorizing approximately \$161,604 in fraudulent payments from the Emergency Conservation Program to family members not entitled to such payments. In March 2016, the county executive director was charged with conspiracy, theft of government money,

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and wire fraud in U.S. District Court, District of South Carolina. The director later pled guilty before moving to withdraw her guilty plea. On February 9, 2017, her motion to withdraw her guilty plea was denied and she was sentenced to 27 months in prison followed by 60 months of supervised probation and was ordered to pay \$146,401 in restitution. She voluntarily retired from FSA before the case was completed and brought to trial. Her husband was convicted at trial and his motion requesting a new trial was denied. In May 2017, he was sentenced to 46 months in prison, followed by 36 months of supervised release. He was also ordered to pay \$146,401 in restitution jointly and severally with his wife.

Misuse of Government Computers—Child Pornography: A joint investigation with the Fairfax County Police Department's Child Exploitation Unit, in Virginia, revealed that a contractor for FNS possessed approximately 53 gigabytes of child pornography and child exploitation material, which included approximately 11,736 illegal images and 822 videos. The investigation also revealed that on at least two occasions, the contractor distributed child pornography through an online web service. He pled guilty to the possession and distribution of child pornography and was subsequently sentenced in November 2016, to serve 204 months in prison, to be followed by lifetime supervised release. He is required to register as a sex offender and was ordered to pay a \$100 special assessment.

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Summary of Budget and Performance

The Office of Inspector General (OIG) was established October 12, 1978, pursuant to the Inspector General Act of 1978 (5 U.S.C. app. 3). The Mission of the agency is to help ensure economy, efficiency, and integrity in U.S. Department of Agriculture (USDA) programs and operations through the successful execution of audits, investigations, and reviews. Below are the Agency Strategic Goals and Objectives for OIG.

Performance Measures:

| Percentage of OIG direct resources dedicated to critical-risk or high impact activities. | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Target | 2019 Target |
| Percent | 96.6 | 95.3 | 96.7 | 97.5 | 98.7 | 96 | 96 |

Selected Past Accomplishments Toward the Achievement of the Key Outcomes:

- Exceeded the agency expected compliance rates.
- OIG committed 98.7 percent of our direct resources to critical/high impact audits and investigations.

Selected Accomplishments Expected at the 2019 Proposed Resources Level:

- Audits ensuring that USDA food safety inspection programs effectively meet program objectives.
- Investigations focusing on matters that pose immediate threats to the well-being of the American consumer, livestock, and agriculture.
- Help USDA and the American people meet critical challenges in safety, security, and public health, OIG provides independent audits and investigations in these areas.
- Our work addresses such issues as the ongoing challenges of agricultural inspection activities, safety of the food supply, and homeland and Information Technology (IT) security.

| Audit recommendations that strengthen internal controls and/or recover program funds where management decisions are achieved within 1 year. | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Target | 2019 Target |
| Percent | 94.4 | 94.2 | 90.9 | 100 | 99.6 | 95 | 95 |

Selected Past Accomplishments Toward the Achievement of the Key Outcomes:

- Exceeded the agency expected compliance rates.
- Impact is measured by tracking audit outcomes, reports issued, total dollar impact of reports issued (questioned costs and funds to be put to better use), contract audit reports with significant findings, management decisions (of reports and recommendations), total dollar impact, program improvement recommendations, audits without management decisions, significant management decisions with which the IG is in disagreement, and audits with recommendations pending correction.

Selected Accomplishments Expected at the 2019 Proposed Resources Level:

- OIG challenges include conducting audits that focus on improper payments, improved financial management, oversight and accountability, IT security and management, USDA outreach efforts, food safety inspections, SNAP management controls, and program performance and performance measures.
- Our challenges are improving internal controls, identifying ever changing and growing threats to cybersecurity, and supporting Departmental efforts to improve intra-agency communication and transparency.

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|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Stakeholder-requested and mandated audit products (Congress or Administration) issued by the agreed upon deadline. | | | | | | | |
| | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Target | 2019 Target |
| Percent | 100 | 100 | 100 | 100 | 100 | 95 | 95 |

Selected Past Accomplishments Toward the Achievement of the Key Outcomes:

- Exceeded the agency expected compliance rates.
- Mandatory, Congressional, Secretarial, and agency requested audits where findings and recommendations were presented to the auditee within established or agreed-to timeframes.

Selected Accomplishments Expected at the 2019 Proposed Resources Level:

- Audits of nutrition, farm, rural community, and outreach programs to determine if entitlements and benefits are effectively directed based on eligibility.
- Mandated FY 2017/2018 financial statement audits of five USDA agencies and the Department as a whole.
- OIG challenges include improving oversight and accountability of USDA programs, continuing improvement of IT security, strengthening program performance and performance measures, strengthening controls over improper payments and financial management, improving outreach efforts, improving controls over food safety inspections, and strengthening SNAP management controls.

| | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Percentage of closed investigations that result in a referral for action to the Department of Justice, State or local law enforcement officials, or a relevant administrative authority. | | | | | | | |
| | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Target | 2019 Target |
| Percent | 86 | 87.9 | 88.9 | 91.5 | 89.8 | 85 | 85 |

Selected Past Accomplishments Toward the Achievement of the Key Outcomes:

- Exceeded the agency expected compliance rates.
- A total of 89.8 percent of OIG’s closed investigations resulted in a referral for action to the Department of Justice, State or local law enforcement officials, or a relevant administrative authority, compared to OIG’s target of 85 percent. In tracking the outcomes of OIG investigations, agents’ accomplishments lead to indictments, convictions, arrests, total dollar impact (recoveries, restitutions, fines, asset forfeiture), and administrative sanctions.

Selected Accomplishments Expected at the 2019 Proposed Resources Level:

- Significant investigations based on attempts to defraud USDA programs, including the Supplemental Nutrition Assistance Program.
- OIG will continue to complete OIG investigations, agents’ accomplishments lead to indictments, convictions, arrests, total dollar impact (recoveries, restitutions, fines, asset forfeitures), and administrative sanctions.
- OIG also accepts and handles hotline complaints, some of which lead to investigations or audits, and some of which are referred to USDA agencies for inquiry or action, as they deem necessary.
- OIG’s challenge is the introduction of IT to facilitate many of the fraud schemes our investigations identify. IT capabilities are constantly changing and keeping up-to-date with how these changes are utilized in furtherance of fraud schemes will continue to be a future challenge.

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| Percentage of closed investigations that result in an indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary result. | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Target | 2019 Target |
| Percent | 79.7 | 81.5 | 82.3 | 78.6 | 76.3 | 80 | 80 |

Selected Past Accomplishments Toward the Achievement of the Key Outcomes:

- A total of 76.3 percent of OIG’s closed investigations resulted in a referral for action to the Department of Justice, State or local law enforcement officials, or a relevant administrative authority, compared to OIG’s target of 80 percent.
- In FY 2017, OIG increased its target for this performance indicator from 70 percent to 80 percent. A thorough analysis was conducted to determine the reason that this performance measure was not met. We identified a population of investigations that were incorporated into the calculation that skewed the results. We have made appropriate corrections to the data sets utilized to formulate the results for this metric. We anticipate that next year we will meet or exceed this performance measure.
- In tracking the outcomes of OIG investigations, agents’ accomplishments lead to indictments, convictions, arrests, total dollar impact (recoveries, restitutions, fines, asset forfeiture), and administrative sanctions.

Selected Accomplishments Expected at the 2019 Proposed Resources Level:

- OIG will work to improve and restore integrity in various USDA benefit and entitlement programs; a future challenge is to help USDA be more proactive in the identification and prevention of fraudulent and illegal acts.
- OIG will continue to demonstrate considerable law enforcement actions, recommend significant programmatic improvements, and demonstrate considerable dollar returns for the funding provided for the office.