

2022 USDA EXPLANATORY NOTES –OFFICE OF INSPECTOR GENERAL

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AGENCY-WIDE**PURPOSE STATEMENT**

The Office of Inspector General (OIG) carries out its mission pursuant to the Inspector General Act of 1978 (5 U.S.C. app. 3, as amended) (IG Act). OIG was established to conduct and supervise audits and investigations relating to U.S. Department of Agriculture (USDA) programs and operations; to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of USDA programs and operations, as well as to prevent and detect fraud and abuse in such programs and operations; and to provide a means to keep the Secretary and Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action. See IG Act at Section 2. OIG carries out these activities through the successful execution of audits, investigations, and reviews, and through appropriate reporting, all as mandated by the IG Act, which are funded through the OIG appropriation. OIG operates independently from the other agencies within the Department. OIG's statutorily mandated duties and responsibilities are:

- To provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to programs and operations of USDA;
- To review existing and proposed legislation and regulations relating to programs and operations of USDA and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency in the administration of USDA's programs and operations, or the prevention and detection of fraud and abuse in such programs and operations;
- To recommend policies for and to conduct, supervise, or coordinate other activities carried out or financed by USDA for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- To recommend policies for, and to conduct, supervise, or coordinate relationships between USDA and other Federal agencies, State and local government agencies, and nongovernmental entities with respect to all matters relating to the promotion of the economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by USDA, or the identification and prosecution of participants in such fraud and abuse; and
- To keep the Secretary and the Congress fully and currently informed, by means of required reports or otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by USDA, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing corrective action.

IG Act at Section 4(a).

OIG's workload capacity correlates to its funding level, while OIG typically achieves a "return on investment" that far exceeds its appropriation. For example, as reported in OIG's Semiannual Report to Congress for the Second Half of Fiscal Year (FY) 2020, OIG's audit and investigative activities during all of FY 2020 resulted in a total dollar impact of \$360.1 million or \$3.67 for every dollar in its FY 2020 appropriation.

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 November 2, 2020, OIG had 445 permanent full-time employees and 4 other than full-time permanent employees (i.e., temporary, part-time, etc.) for a total of 449 employees (or 443 Full-Time Equivalent Employees). OIG currently remains well below its current target FTE level of 482 due to higher than normal attrition, particularly among GS-1811 criminal investigators and administrative management professionals. OIG experienced a net loss of approximately 15 FTEs from March through October, 2020, during the COVID-19 pandemic. However, as a result of static budgets, the depletion of supplementary funding sources, and rising costs, OIG is reducing its target FTE level to 450 for FY 2022. This will have a significant long-term impact on OIG's oversight work and ability to hire additional FTEs.

OIG AND GAO REPORTS

OIG did not have any Government Accountability Office evaluation reports during the past year

Available Funds and FTEs

Table OIG-1. Available Funds and FTEs (thousands of dollars, FTEs)

Item	2019		2020		2021		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Budget	FTE
Discretionary Appropriations:								
Office of Inspector General	\$98,208	443	\$98,208	424	\$99,912	482	\$106,309	450
Lapsing Balances.....	-2,423	-	-3,089	-	-	-	-	-
Total Obligations.....	95,785	443	95,119	424	99,912	482	106,309	450
Other USDA:								
Risk Management Agency Audit of Financial Statements.....	500	-	375	-	375	-	375	-
Food and Nutrition Service Audit of Financial Statements.....	800	-	800	-	800	-	800	-
Forrest Service Audit of Financial Statements.....	106	-	400	-	400	-	400	-
Rural Development Audit of Financial Statements.....	1,000	-	1,000	-	1,000	-	1,000	-
OCFO/WCF Audits	650	-	650	-	650	-	650	-
Total, Other USDA.....	3,056	-	3,225	-	3,225	-	3,225	-
Total Available, OIG.....	101,264	443	101,433	424	103,137	482	109,534	450

PERMANENT POSITIONS BY GRADE AND FTE'S

Table OIG-2. Permanent Positions by Grade and FTEs

Item	2019			2020			2021			2022		
	Actual			Actual			Enacted			Budget		
	D.C.	Field	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.....	18	13	31	18	13	31	18	13	31	17	12	29
GS-14.....	24	61	85	24	61	85	24	61	85	22	57	79
GS-13.....	37	203	240	37	203	240	37	205	242	34	190	224
GS-12.....	11	36	47	11	36	47	11	34	45	10	34	44
GS-11.....	7	10	17	7	10	17	7	10	17	7	9	16
GS-9.....	15	15	30	15	15	30	15	15	30	14	14	28
GS-8.....	1	5	6	1	5	6	1	5	6	1	4	5
GS-7.....	4	8	12	4	8	12	4	8	12	4	7	11
GS-6.....	-	1	1	-	1	1	-	1	1	-	1	1
GS-5.....	-	1	1	-	1	1	-	1	1	-	1	1
GS-4.....	-	2	2	-	2	2	-	2	2	-	2	2
Total Permanent.....	127	355	482	127	355	482	127	355	482	119	331	450
Unfilled, EOY.....	12	27	39	18	17	35	-	-	-	-	-	-
Total Perm. FT EOY.	115	328	443	109	338	447	127	355	482	119	331	450
Staff Years.....	115	328	443	109	338	447	127	355	482	119	331	450

VEHICLE FLEET

Motor Vehicle Fleet

The FY 2022 President’s Budget proposes replacing 17 currently leased, but aging passenger motor vehicles. OIG’s motor vehicles are used for law enforcement purposes. These vehicles, which are assigned to Criminal Investigators, are utilized in the investigation and prevention of criminal activities, such as: fraud in subsidy, price support, benefits, and insurance programs; significant thefts of Government property or funds; bribery; extortion; smuggling; and assaults on employees. In addition, the fleet 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. Also, 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

Replacement Criteria

OIG replaces leased vehicles based on GSA protocols and reported mileage and age of vehicle. For sedans, the criteria for replacement is 5 years and/or 60,000 miles. For SUVs, the replacement criteria are 7 years and/or 65,000 miles. OIG replaces vehicles with like vehicles, unless a need for a larger vehicle is justified by agency Management officials. Examples of such instances would be a Use of Force instructor needing a larger vehicle for equipment transportation, or an agent working investigations in a rural area with rough terrain.

Reductions to Fleet

There will be no reductions to the vehicle fleet in FY 2022.

Table OIG-3. Size, Composition, and Annual Costs of Motor Vehicle Fleet

Fiscal Year	Sedans and Station Wagons	Lt.	Lt. Trucks, SUVs, and Vans (4x4)	Medium Duty Vehicles	Buses	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs
		Trucks, SUVs, and Vans (4x2)						
2019	54	71	3	-	-	-	128	\$754
Change	-	+2	1	-	-	-	+1	+56
2020	54	73	2	-	-	-	129	810
Change	+5	1	+3	-	-	-	+7	+50
2021		72	5	-	-	-	136	860
Change	-	-	-	-	-	-	-	+50
2022		72	5	-	-	-	136	910

Note: Number of vehicles by type include vehicles owned by the agency and leased from commercial sources or GSA. Annual Operating Costs excludes acquisition costs and gains from sale of vehicles as shown in FAST.

Statement of Proposed Purchase of Passenger Motor Vehicles

Fiscal Year	Net Active Fleet, SOY	Disposals	Replacements	Additions	Total Acquisitions	Net Active Fleet, EOY
2019	128	18	18	-	18	128
2020	128	33	31	3	34	129
2021	129	7	6	8	14	136
2022	136	9	9	-	9	136

SHARED FUNDING PROJECTS**Table OIG-4. Shared Funding Projects (dollars in thousands)**

Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Working Capital Fund:				
Administrative Services:				
Material Management Service.....	\$29	\$77	\$79	\$13
Mail and Reproduction Services.....	117	137	130	116
Integrated Procurement Systems.....	67	73	79	81
Procurement Operations Services.....	2	4	4	1
Human Resources Enterprise Management Systems.....	4	4	6	6
Subtotal.....	219	295	298	217
Communications:				
Creative Media & Broadcast Center.....	4	5	4	2
Finance and Management:				
National Finance Center.....	130	118	124	124
Financial Management Systems.....	349	406	521	513
Subtotal.....	479	524	645	637
Information Technology:				
Client Experience Center.....	180	160	143	146
Department Administration Information Technology Office.....	-	-	20	51
Digital Infrastructure Services Center.....	334	407	353	365
Enterprise Network Services.....	434	754	777	855
Subtotal.....	948	1,321	1,293	1,417
Correspondence Management Services.....				
Office of the Executive Secretariat.....	13	5	14	14
Total, Working Capital Fund.....	1,663	2,150	2,254	2,287
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach.....	36	37	34	32
Human Resources Self-Service Dashboard.....	3	3	-	-
Medical Services.....	7	18	16	16
Office of Customer Experience.....	12	14	42	43
Personnel and Document Security Program.....	61	62	74	71
Physical Security.....	-	28	21	19
Security Detail.....	20	22	22	21
Security Operations Program.....	49	28	31	28
TARGET Center.....	6	6	6	5
USDA Enterprise Data Analytics Services.....	-	26	24	22
Total, Department-Wide Reimbursable Programs.....	194	244	270	257
E-Gov:				
Budget Formulation and Execution Line of Business.....	1	1	-	1
Enterprise Human Resources Integration.....	10	-	-	-
Human Resources Line of Business.....	1	1	1	1
Integrated Acquisition Environment.....	4	3	3	3
Total, E-Gov.....	16	5	4	5
Agency Total.....	1,873	2,399	2,528	2,549

ACCOUNT 1: SALARIES AND EXPENSES

APPROPRIATIONS LANGUAGE

The appropriations language 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, [~~\$99,912,000~~] \$106,309,000, 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 (Public Law 95-452; 5 U.S.C. App), 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 the Inspector General Act of 1978 (Public Law 95-452; 5 U.S.C. 452 App.) and section 1337 of the Agriculture and Food Act of 1981 (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 2021 is \$106,309,000. Of this amount, approximately \$382,712 is to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

LEAD-OFF TABULAR STATEMENT

Table OIG-5. Lead-Off Tabular Statement (In dollars)

Item	Amount
2021 Enacted.....	\$99,912,000
Change in Appropriation.....	+ 6,397,000
Budget Estimate, 2022.....	<u>106,309,000</u>

PROJECT STATEMENT**Table OIG-6. Project Statement (thousands of dollars, FTE)**

Item	2019		2020		2021		Inc. or		Chg		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Dec.	FTE	Key	Budget	FTE	
Discretionary Appropriations:												
Office of Inspector General.....	\$98,208	443	\$98,208	424	\$99,912	482	+\$6,397	-32	(1)	\$106,309	450	
Lapsing Balances.....	-2,423	-	-3,089	-	-	-	-	-	-	-	-	
Total Obligations.....	95,785	443	95,119	424	99,912	482	+6,397	-32		106,309	450	

Table OIG-11. Project Statement (thousands of dollars, FTE)

Item	2019		2020		2021		Inc. or		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Dec.	FTE	Budget	FTE
Discretionary Obligations:										
Office of Inspector General.....	\$95,785	443	\$95,119	424	\$99,912	482	\$6,397	-32	\$106,309	450
Lapsing Balances.....	2,423	-	3,089	-	-	-	-	-	-	-
Total Appropriation.....	98,208	443	98,208	424	99,912	482	6,397	-32	106,309	450

Office of Inspector General

Most of OIG's base annual appropriation is comprised of labor costs due to the nature of its work. Therefore, a significant portion of the \$6.4 million increase would be utilized to hire additional personnel. The requested funding will cover salaries and benefits for approximately 25 FTEs and provide necessary travel, training, and equipment. OIG has sufficient human resource, procurement, and financial management staff to ensure it could effectively hire these additional FTEs.

OIG has been able to sustain its oversight operations in recent years due to supplemental funding provided by the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110-329--September 30, 2008) (\$5 million) and the Bipartisan Budget Act of 2018 (Public Law 115-123— February 9, 2018) (\$2.5 million) for disaster assistance oversight; and in FY2020 however, these various amounts have not been commensurate with the levels of program funding provided to USDA. During FY 2020 alone, OIG expended approximately \$3 million of this supplemental funding for its disaster work. These funds will be completely exhausted by the end of FY 2021. In addition, OIG expended the \$750,000 received in FY 2020 to provide oversight for the more than \$77.5 billion USDA received for COVID-19 relief efforts. OIG's oversight work of COVID-19 relief continues in FY 2021 and FY 2022 through expenditures of its annual appropriated funds and an additional \$2.5 million in American Rescue Plan funding.

OIG cannot continue to rely upon supplemental funding going forward to support its critical mission and oversight programs. Without increases to the base funding, OIG would not be able to respond as quickly and thoroughly to the requests for technical assistance and reviews that we regularly receive from the Department and from members of Congress. With increased demands from Congress, our stakeholders, and our internal customers; OIG's must be able to continue 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.

In FY 2022, USDA's request includes increases in funding for several key programs to focus on **ensuring** racial justice and equity, **responding** to mounting hunger and nutrition insecurity, **rebuilding** the rural economy, **strengthening** and building markets for farmers and producers, and **addressing** the impacts of climate change. Since OIG is responsible for oversight of all USDA programs and operations, increased USDA program funding will require additional OIG oversight work.

- (1) An increase of \$6,397,000 and a decrease of 32 FTEs (\$99,912,000 and 482 FTEs available in FY 2021).

For the reasons discussed below, the FY 2022 budget request of \$106.3 million would enable OIG to conduct critical oversight of the full range of USDA's programs and operations, including the increased funding to respond to the COVID19 pandemic and other Department initiatives. Without the requested increase of \$6.4

million¹, OIG will not be able to perform a number of critical audits and investigations to prevent fraud, waste, and abuse, and to recoup improper payments and pursue wrongdoing.

OIG's funding level has essentially remained static from FY 2017 through FY 2021; the FY 2021 enacted level is \$99.9 million. In comparison, USDA has received about \$77.5 billion for pandemic response programs (FYs 2020-2021 to date) and the proposed budget would provide an additional overall 16 percent increase for USDA to implement key Administration initiatives in FY 2022.

Continuing to fund OIG at the FY 2021 enacted level of \$99.9 million is not sufficient to sustain OIG's ongoing oversight of all USDA programs (including mandatory reviews), as well as additional critical oversight of USDA programs and activities intended to support such key Administration priorities as pandemic relief, climate change, and racial equity. Absent the \$6.4 million requested increase, the proposed FY 2022 funding level would significantly constrain OIG operations and activities.

It is anticipated the Office of Audit would have to reduce its capacity by two (2) fewer audit efforts with associated reports, and the Office of Investigations by 19 fewer investigations as a result of not receiving the additional \$4 million funding. OIG will have to reduce its current portfolio of work, including oversight of key programs within USDA that focus on COVID-19 economic relief, climate change, racial equity, nutrition assistance, and farm and conservation programs. USDA's budget request provides for significant increases in funding in many of those programs. OIG's audit, investigative, and analytic work for the Department identifies significant risks in program operations and makes recommendations to address those risks. For example, OIG reviews can identify improper payments, fraud schemes, eligibility issues, and inefficient processes. Specifically, OIG's prior work provided specific findings and recommendations to strengthen programs and activities such as the prior Strikeforce initiative, climate change, and rural development activities (e.g., broadband, water, and rural energy). Absent appropriate oversight funding, there is the potential the Department will not operate as effectively and efficiently as intended, ultimately negatively impacting all of USDA's program participants.

OIG has been able to sustain its oversight operations in recent years due to supplemental funding provided by the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110-329--September 30, 2008) (\$5 million) and the Bipartisan Budget Act of 2018 (Public Law 115-123—February 9, 2018) (\$2.5 million) for disaster assistance oversight; however, these various amounts have not been commensurate with the levels of program funding provided to USDA. During FY 2020 alone, OIG expended approximately \$3M of this supplemental funding for its disaster work. OIG exhausted completely this supplemental funding by the end of FY 2020, yet OIG's oversight efforts in these areas continue.

In addition to OIG's statutorily mandated and discretionary audit and investigative oversight activities, OIG expended the \$0.8 million received in FY 2020 to provide oversight for the more than \$77.5 billion USDA received for COVID-19 relief efforts. OIG's oversight work of COVID-19 relief continues in FY 2021 and FY 2022 through expenditure of its annual appropriated funds and an additional \$2.5 million in American Rescue Plan funding. As noted above, in FY 2022, USDA's request includes increases in funding for several key programs to focus on ensuring racial justice and equity, responding to mounting hunger and nutrition insecurity, rebuilding the rural economy, strengthening and building markets for farmers and producers, and addressing the impacts of climate change. Since OIG is responsible for oversight of all USDA programs and operations, increased USDA program funding will require additional OIG oversight work. Most of OIG's annual appropriation is comprised of labor costs due to the nature of its work. Therefore, a significant portion of the \$4 million increase would be utilized to hire additional personnel. The requested funding will cover salaries and benefits for approximately 25 FTEs and provide necessary travel, training, and equipment. OIG has sufficient human resource, procurement, and financial management staff to ensure it could effectively hire these additional FTEs.

At the FY 2021 enacted level, OIG's oversight work to strengthen program integrity throughout USDA would continue at reduced levels. OIG would need to focus on priority work to address safety and security in Department programs and resources, strengthen the integrity of those programs, and help USDA achieve its program objectives by conducting and supervising audits and investigations related to USDA programs and operations. OIG is required to conduct the mandatory annual audits of USDA's IT security posture, financial statements, and compliance with improper payment reporting requirements. At the FY 2022 Budget Request

level of \$106.3 million, the additional funding would allow OIG to investigate the most significant threats to the safety of meat, poultry, and egg products and help ensure that appropriate actions are taken to protect the public from food tampering and tainted food. The additional funding would allow OIG to focus its resources to investigate allegations of criminal activity in USDA's hurricane and other disaster relief assistance programs, as well as the Supplemental Nutrition Assistance Program (SNAP), crop insurance indemnity payments, grants, and loans to ensure entitlements and benefits are distributed based on eligibility and used for their intended purpose.

Also, a portion of the increased funding would be utilized by the Office of Analytics and Innovation (OAI) to develop business intelligence products that provide OIG with the ability to proactively use data to detect and reduce program vulnerabilities. These products enhance OIG's ability to identify potential relationships, patterns, inconsistencies, and trends to be addressed through audits or investigations, as appropriate.

The funding change is requested for the following items:

- a. An increase of \$2,039,000 which includes \$1,388,000 for pay inflation and \$651,000 for FERS.
This increase will support a 2.7 percent Cost of Living pay increase for civilian employees, and a 1.1 percent increase to cover the expenses for the mandated increase of USDA's contribution to FERS. OIG's base funding level has essentially remained static from FY 2017 through FY 2021; the FY 2021 enacted level is \$99.9 million. At the FY 2022 President's Budget level, there would be a significant impact on OIG operations or oversight to USDA programs. In addition, given rising costs of administrative expenses would make it difficult for OIG to support its target staffing level while continuing to maintain and enhance the requisite infrastructure and support operations.
- b. An increase of \$4,358,000 for mission support of audits, investigations, and IT infrastructure
Absent the requested FY 2022 funding level of \$106.3 million, OIG's oversight work to strengthen program integrity throughout USDA would continue at reduced levels, as it is anticipated OIG would experience a reduced capacity in its current ability to investigate the most significant threats to the safety of meat, poultry, and egg products and help to ensure that appropriate actions are taken to protect the public from food tampering and tainted food.
The absence of the additional funding would result in a reduced capacity of the OIG's ability to focus its resources to investigate allegations of criminal activity in USDA's hurricane and other disaster relief assistance programs, as well as the Supplemental Nutrition Assistance Program (SNAP), crop insurance indemnity payments, grants, and loans to ensure entitlements and benefits are distributed based on eligibility and used for their intended purpose. Also, absent the increased funding, the OIG would realize a reduction in its capacity to utilize its Office of Analytics and Innovation (OAI) to develop additional business intelligence products that provide OIG with the capacity to proactively use data to detect and reduce program vulnerabilities. The OIG would not be able to use such products to enhance OIG's ability to identify potential relationships, patterns, inconsistencies, and trends to be addressed through audits or investigations, as appropriate.
Without the requested increase of \$6.4 million, OIG will not be able to perform a number of critical audits and investigations to prevent fraud, waste, and abuse, and to recoup improper payments and pursue wrongdoing. OIG would not be able to sustain its ongoing oversight of all USDA programs (including mandatory reviews), as well as perform additional critical oversight of USDA programs and activities intended to support such key Administration priorities as pandemic relief, climate change, and racial equity. Absent the \$6.4 million requested increase, the proposed FY 2022 funding level would significantly constrain OIG operations and activities. It is anticipated the Office of Audit would have to reduce its capacity by two (2) fewer audit efforts with associated reports, and the Office of Investigations by 19 fewer investigations as a result of not receiving the additional \$6.4 million funding. OIG will have to reduce its current portfolio of work, including oversight of key programs within USDA that focus on COVID-19 economic relief, climate change, racial equity, nutrition assistance, and farm and conservation programs. Absent appropriate oversight funding, there is the potential the Department will not operate as effectively and efficiently as intended, ultimately negatively impacting all of USDA's program participants.

Geographic Breakdown of Obligations and FTE

Table OIG-7. Geographic Breakdown of Obligations and FTE (thousands of dollars, FTE)

State/Territory/Country	2019		2020		2021		2022	
	Actual	FTE	Actual	FTE	Enacted	FTE	Budget	FTE
California.....	\$9,909	49	\$10,993	49	\$10,158	49	\$10,867	46
District of Columbia.....	18,717	87	18,844	84	21,143	102	22,915	97
Georgia.....	12,331	51	9,421	42	10,572	51	11,340	48
Illinois.....	8,588	41	8,973	40	8,291	40	8,741	37
Maryland.....	12,329	68	14,134	63	15,132	73	16,537	70
Missouri.....	23,121	96	19,069	85	21,972	106	22,443	95
Texas.....	10,790	51	13,685	61	12,644	61	13,466	57
Total, Obligations.....	95,785	443	95,119	424	99,912	482	106,309	450
Lapsing Balances.....	2,423	-	3,089	-	-	-	-	-
Total, Available.....	98,208	443	98,208	424	99,912	482	106,309	450

CLASSIFICATION BY OBJECTS**Table OIG-8 Classification by Objects (thousands of dollars)**

	Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
	Personnel Compensation:				
	Washington D.C.....	\$9,123	\$11,367	\$13,455	\$14,848
	Personnel Compensation, Field.....	40,510	42,152	44,852	45,906
11	Total personnel compensation.....	49,633	53,519	58,307	60,754
12	Personal benefits.....	20,598	22,282	25,206	26,832
13.0	Benefits for former personnel.....	20	21	13	21
	Total, personnel comp. and benefits.....	70,251	75,822	83,526	87,607
	Other Objects:				
21.0	Travel and transportation of persons.....	2,690	1,710	1,003	2,750
22.0	Transportation of things.....	103	70	47	72
23.1	Rental payments to GSA.....	5,066	5,077	5,192	5,250
23.2	Rental payments to others.....	28	25	22	22
23.3	Communications, utilities, and misc. charges.....	2,027	1,200	1,000	1,300
24.0	Printing and reproduction.....	333	25	22	22
25.1	Advisory and assistance services.....	3,427	1,300	1,129	1,300
25.2	Other services from non-Federal sources.....	694	450	391	391
25.3	Other goods and services from Federal sources.....	215	150	130	130
25.4	Operation and maintenance of facilities.....	7,079	6,710	5,301	5,100
25.5	Research and development contracts.....	1,597	900	782	782
25.7	Operation and maintenance of equipment.....	850	750	651	651
26.0	Supplies and materials.....	426	400	347	360
31.0	Equipment.....	980	505	347	550
42.0	Insurance Claims and Indemnities.....	19	25	22	22
	Total, Other Objects.....	25,534	19,297	16,386	18,702
99.9	Total, New Obligations.....	95,785	95,119	99,912	106,309
	DHS Building Security Payments (included in 25.3).....	\$860	\$866	\$870	\$875
11	Internal Labor.....	\$2,430	\$2,430	\$2,480	\$2,690
	External Labor (Contractors).....	1,800	1,800	1,800	1,800
25.2	Outside Services (Consulting).....	-	-	-	-
	Mission Area Non-Major Investment Totals.....	3,340	3,450	3,560	3,670
25.3	Mission Area WCF Transfers.....	553	502	670	684
	Position Data:				
	Average Salary (dollars), ES Position	\$172,994	\$174,724	\$179,118	\$180,909
	Average Salary (dollars), GS Position	\$118,608	\$119,794	\$122,807	\$124,035
	Average Grade, GS Position	13.08	13.08	13.09	14.0

STATUS OF PROGRAMS

The Office of Inspector General (OIG) carries out its mission pursuant to the Inspector General Act of 1978 (5 U.S.C. app. 3, as amended) (IG Act). OIG was established to conduct and supervise audits and investigations relating to U.S. Department of Agriculture (USDA) programs and operations; to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of USDA programs and operations, as well as to prevent and detect fraud and abuse in such programs and operations; and to provide a means to keep the Secretary and Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action. See IG Act at Section 2. OIG carries out these activities through the successful execution of audits, investigations, and reviews, and through appropriate reporting, all as mandated by the IG Act, which are funded through the OIG appropriation. OIG operates independently from the other agencies within the Department. OIG's statutorily mandated duties and responsibilities are:

- To provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to programs and operations of USDA;
- to review existing and proposed legislation and regulations relating to programs and operations of USDA and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency in the administration of USDA's programs and operations, or the prevention and detection of fraud and abuse in such programs and operations;
- to recommend policies for and to conduct, supervise, or coordinate other activities carried out or financed by USDA for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- to recommend policies for, and to conduct, supervise, or coordinate relationships between USDA and other Federal agencies, State and local government agencies, and nongovernmental entities with respect to all matters relating to the promotion of the economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by USDA, or the identification and prosecution of participants in such fraud and abuse; and
- to keep the Secretary and the Congress fully and currently informed, by means of required reports or otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by USDA, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing corrective action.

See IG Act at Section 4(a).

During fiscal year (FY) 2020, OIG issued 213 investigative reports, 37 audit reports,¹ 1 interim audit report, 6 inspection reports, and 9 final action verification reports. Audit also issued two memoranda related to the coronavirus disease 2019 (COVID-19) pandemic. Audit and investigative results totaled \$360.1 million. OIG investigations resulted in 294 indictments and 345 convictions. The period of time to obtain results following an indictment varies widely; therefore, the 345 convictions are not necessarily related to the 294 indictments.

OIG's return on investment for FY 2020 was approximately \$3.67 for every dollar invested.

¹ Two of the 37 were non-audit services, which are not covered by Government Auditing Standards.

Audit Monetary Results

During FY 2020, management decisions were reached on 26 audit reports, 1 interim audit report, and 3 inspection reports, which included both current and prior year 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 ²	\$206.7
Funds to be put to better use	6.7
Total audit monetary results³	\$213.4

Investigative Monetary Results

	<u>(in millions)</u>
Claims established	\$24.7
Recoveries and collections	9.5
Cost avoidance (USDA program payments not made due to OIG investigations)	10.6
Fines	1.2
Administrative penalties	3.9
Asset forfeitures	21.7
Restitution	75.1
Total investigative monetary results	\$146.7

OIG's audit and investigative work for 2020 is summarized under OIG's three strategic goals:

- (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.

SAFETY AND SECURITY— Strengthen USDA's Ability to Protect Public Health and Safety and to Secure Agricultural and Department Resources

OIG's independent audits, investigations, inspections, data analytics, and other reviews focus on issues such as the ongoing challenges of agricultural inspection activities, the safety of the food supply, homeland security, animal welfare, and information technology security and management. In addition, OIG responds to specific threats made against USDA employees in the performance of their official duties.

As part of this work, we reviewed the Animal and Plant Health Inspection Service's (APHIS) oversight of the National Veterinary Stockpile (NVS) and concluded that APHIS' Veterinary Services (VS) unit did not adequately oversee NVS supply and equipment inventory levels. Additionally, although VS officials identified concerns with a contractor's maintenance of VS equipment and instituted a corrective action plan, they had not taken appropriate follow-up actions to ensure the contractor improved its performance and adequately maintained equipment. Also, VS did not determine whether States and vaccine manufacturers had implemented recommendations from NVS exercises designed to validate preparedness. In addition, VS officials were unaware if participants in exercises designed to validate emergency preparedness had improved their ability to respond to an animal disease outbreak. We conducted most of our work and identified our findings prior to the COVID-19 pandemic. APHIS concurred with our findings and recommendations.

A recent OIG investigation resulted in the sentencing of four alleged dogfighting participants. The co-conspirators operated from locations in Tennessee and Florida, and they transported the dogs to and from both States. They also purchased at least one dog in Alabama. In addition to buying and selling dogs, the individuals assessed and trained them for participation in dogfights. One individual, who was not a licensed or trained veterinarian, performed unlicensed surgical procedures on dogs injured in dogfights. In August 2020, the four individuals were sentenced to prison terms ranging from 8 to 18 months and 36 months each of supervised release for conspiracy to violate the Animal Welfare Act and possession, sale, transporting, or receiving a fighting animal.

² One inspection report found questionable costs that were not publicly released, and, as a result, are omitted from this total.

³ Ibid.

In the future, we will complete audit work: evaluating APHIS' oversight of dog breeders; evaluating APHIS' oversight of response activities related to cattle disease incidents for multiple programs; evaluating the effectiveness of APHIS' controls over select agents as part of the Federal Select Agent Program to adequately reduce the threat to public, animal, and plant safety, and animal and plant products; and determining whether USDA applies Federal and Departmental guidance for incident response and mitigation. OIG will continue to focus our investigative work on protecting our Nation's animal welfare and agricultural resources.

INTEGRITY OF BENEFITS—Detect and Reduce USDA Program Vulnerabilities and Deficiencies to Strengthen the Integrity of the Department's Programs

Much of OIG's audit and investigative resources are dedicated to ensuring that USDA program funds are reaching those for whom they are intended. Many USDA benefit and entitlement programs provide payments directly to individuals or entities in need of support and receive substantial levels of funding; they are also susceptible to misuse by organized groups and individuals. In addition, USDA provides financial and technical resources to help rural communities develop, grow, and improve their quality of life. Our audits and investigations help ensure that these programs are functioning as designed.

For example, we recently evaluated the Farm Service Agency's (FSA) administration and oversight of the 2017 Wildfires and Hurricanes Indemnity Program (WHIP). WHIP provided payments to eligible producers to offset losses from hurricanes and wildfires that occurred in the 2017 calendar year. Our fieldwork in Florida and Georgia identified issues with eligibility documentation, payment calculations, producer certificates, and applications processed after the deadline. Overall, we identified \$8 million in improper payments and more than \$103 million in WHIP payments to producers who did not submit signed applications by the designated deadline. FSA concurred with our findings and most of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

A significant portion of OIG's investigative resources is dedicated to ensuring the integrity of USDA's food assistance programs. For example, an OIG investigation -- conducted jointly with the Internal Revenue Service-Criminal Investigation, the Rockford [Illinois] Police Department, and the Winnebago County Sheriff's Office -- recently resulted in the sentencing of six Illinois storeowners and managers. OIG initiated this investigation in October 2015, based on allegations of Supplemental Nutrition Assistance Program (SNAP) trafficking at several stores located in Rockford, Illinois. This investigation determined that, between April 2015 and January 2017, several storeowners schemed to defraud USDA by fraudulently accepting and redeeming SNAP benefits exchanged for discounted amounts of cash, knowing that such exchanges were prohibited under SNAP. As part of the scheme, storeowners and managers conducted SNAP trafficking at multiple stores in Rockford, Illinois, and proceeds from the illegal SNAP trafficking transactions were deposited into bank accounts controlled by the individuals. Those proceeds were then distributed to other scheme members through cash payments or checks in order to conceal the nature, ownership, and control of the wire fraud proceeds involved in those transactions. Two of the individuals previously owned stores that were permanently disqualified from participating in SNAP in 2014 after FNS found that illegal SNAP trafficking had been conducted at those stores. Between November 4, 2019, and January 27, 2020, the six storeowners and managers independently pled guilty to charges including wire fraud, food stamp fraud, and money laundering. A seventh individual was also charged with wire fraud, food stamp fraud, money laundering, and conspiracy to commit money laundering; he remains a fugitive outside of the United States. On July 13, 2020, the six storeowners and managers were sentenced to a combined total of 99 months in prison and 144 months of supervised release and ordered to pay a combined total of more than \$16 million in monetary judgements.

OIG also initiated an investigation after learning that a Pennsylvania businessman's biofuel production company was inflating production numbers associated with Rural Development's Advanced Biofuel Payment Program (ABPP). The company received ABPP payments based on the number of gallons of biofuel the company reported producing during the 2010 and 2011 production years. As a result of the investigation, the businessman was sentenced in August 2020 to 84 months in prison and 36 months of supervised release. He also was ordered to pay restitution of \$2.8 million to USDA and \$7.4 million to the Internal Revenue Service.

In the future, our audit work will evaluate FSA's administration of the Market Facilitation Program, the design and administration of the Agricultural Marketing Service's Farmers to Families Food Box Program, and whether the Risk Management Agency's Whole-Farm Revenue Protection policy provides adequate controls to ensure the accuracy of the insurance guarantees and subsidies paid. Our investigators will continue to investigate the most significant criminal allegations involving benefits and entitlement fraud in the wide array of programs administered

by USDA. These investigations will focus on farm and disaster assistance fraud as well as fraud in food assistance programs.

MANAGEMENT IMPROVEMENT INITIATIVES—Strengthen USDA’s Ability to Achieve Results-Oriented Performance

OIG’s work focuses on areas such as improved financial management and accountability, research, real property management, and employee integrity.

To that end, we consolidated the relevant results and common control issues identified by OIG in six Summer Food Service Program (SFSP) audits at FNS and four States. SFSP provides free meals to children in needy areas when school is not in session. We concluded that additional controls were needed to enhance SFSP efficiency and effectiveness. Specifically, we found that FNS could strengthen instructions to the States on how to assess the applicants’ eligibility and program compliance in two areas: financial capability and approval of sites in near proximity.

We also found that FNS’ State SFSP monitoring requirements did not include sufficient guidance for State agencies to ensure the accuracy of sponsor program payments. Further, sponsors and State agencies we reviewed did not consistently identify unused SFSP reimbursements or ensure the funds were used for authorized purposes. Lastly, we found that FNS’ management evaluation process for SFSP was not sufficient to ensure that State agencies provided adequate oversight of the program. FNS agreed with our findings and most of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

In addition, OIG investigates allegations of wrongdoing by employees. A recent investigation into the theft of Government property resulted in the sentencing of a former Forest Service (FS) employee. We initiated this investigation after an individual disclosed to FS Law Enforcement and Investigations that an FS employee stole tools, dental equipment, and Novocain from a job corps center in Oregon. The investigation resulted in seizing stolen Government property and methamphetamine from the employee’s residence and stolen Government property from the residence of the employee’s mother. On February 2, 2019, the employee was removed from Federal service. On August 17, 2020, the former FS employee was sentenced to 12 months in prison and 36 months of supervised release.

Upcoming audits will evaluate how the Office of the Assistant Secretary for Civil Rights oversees the civil rights complaints process. We will also review USDA’s consolidated financial statements and the financial statements of five stand-alone agencies and entities. OIG will continue to investigate allegations of public corruption, employee and/or management misconduct, and significant instances of mismanagement. Additionally, OIG continues to leverage our available Sensitive Investigations Office and Technical Crimes Division resources in conducting or supporting investigations of senior management misconduct, whistleblower reprisal complaints, and other statutorily mandated requirements/investigations.

SUMMARY OF PERFORMANCE

OIG has no Key Performance Indicators to report.