

2023 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) 2021, OIG's audit and investigative activities during all of FY 2021 resulted in a total dollar impact of \$686.9 million or \$6.87 for every dollar in its FY 2021 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 September 30, 2021, OIG had 431 permanent full-time employees, including 110 employees located in the Washington, D.C. metropolitan area and 321 located in the field.

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	2020		2021		2022		2023	
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE
Salaries and Expenses:								
Discretionary Appropriations	\$98,208	424	\$99,912	431	\$99,912	450	\$112,061	482
Lapsing Balances	-3,089	-	-4,919	-	-	-	-	-
Total Obligations	95,119	424	94,993	431	99,912	450	112,061	482
Other USDA:								
Risk Management	375	-	500	-	500	-	500	-
Food and Nutrition Service	800	-	500	-	500	-	500	-
Forest Service	400	-	400	-	400	-	400	-
Rural Development	1,000	-	1,000	-	1,000	-	1,000	-
OCFO/WCF Audits	650	-	325	-	325	-	325	-
Total, Other USDA	3,225	-	2,725	-	2,725	-	2,725	-
Total, Agriculture Available	98,344	424	97,718	431	102,637	450	114,786	482
Other Federal Funds:								
FHFA	-	-	129	-	-	-	-	-
CIGIE	-	-	216	-	218	-	-	-
Total, Other Federal	-	-	345	-	218	-	-	-
Total Available, OIG	98,344	424	98,063	431	102,855	450	114,786	482

PERMANENT POSITIONS BY GRADE AND FTES

Table OIG-2. Permanent Positions by Grade and FTEs

Item	2020			2021			2022			2023		
	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	17	12	29	18	13	31
GS-14.....	24	61	85	24	61	85	22	57	79	26	61	87
GS-13.....	37	203	240	37	203	240	34	190	224	41	197	238
GS-12.....	11	36	47	11	36	47	10	34	44	14	38	52
GS-11.....	7	10	17	7	10	17	7	9	16	7	9	16
GS-9.....	15	15	30	15	15	30	14	14	28	14	14	28
GS-8.....	1	5	6	1	5	6	1	4	5	1	4	5
GS-7.....	4	8	12	4	8	12	4	7	11	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	119	331	450	135	347	482
Unfilled, EOY	18	17	35	20	31	51	-	-	-	-	-	-
Total Perm. FT EOY	109	338	447	107	324	431	119	331	450	135	347	482
FTE	109	338	447	107	324	431	119	331	450	135	347	482

VEHICLE FLEET

The FY 2023 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 2023.

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

Fiscal Year	Sedans and Station Wagons	Lt. Trucks, SUVs, and Vans (4x2)	Lt. Trucks, SUVs, and Vans (4x4)	Medium Duty Vehicles	Buses	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs
2018	66	17	64	-	-	-	147	\$754
Change	-12	54	-61	-	-	-	-19	-
2019	54	71	3	-	-	-	128	754
Change	-	+2	-1	-	-	-	+1	+56
2020	54	73	2	-	-	-	129	810
Change	+3	-3	+3	-	-	-	+3	+50
2021	57	70	5	-	-	-	132	860
Change	-	-1	-	-	-	-	-1	+50
2022	57	69	5	-	-	-	131	910
Change	0	0	0	-	-	-	-	+50
2023	57	69	5	-	-	-	131	960

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
2018	147	22	22	0	22	147
2019	128	18	18	-	18	128
2020	129	34	31	3	34	129
2021	129	3	6	-	6	132
2022	132	18	17	-	17	131
2023	131	17	17	-	17	131

SHARED FUNDING PROJECTS

Table OIG-4. Shared Funding Projects (dollars in thousands)

Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Working Capital Fund:				
Administrative Services:				
Material Management Service.....	\$77	\$79	\$35	\$35
Mail and Reproduction Services.....	137	100	141	145
Integrated Procurement Systems.....	73	79	73	72
Procurement Operations Services.....	4	3	1	1
Human Resources Enterprise Management Systems.....	4	6	7	7
Subtotal.....	295	267	257	260
Communications:				
Creative Media & Broadcast Center.....	5	3	6	8
Finance and Management:				
National Finance Center.....	118	127	123	123
Financial Management Systems.....	406	521	363	376
Subtotal.....	524	648	486	499
Information Technology:				
Client Experience Center.....	160	514	296	300
Department Administration Information Technology Office.....	-	-	14	15
Digital Infrastructure Services Center.....	407	444	558	562
Enterprise Network Services.....	754	784	1,104	988
Subtotal.....	1,321	1,742	1,972	1,865
Correspondence Management Services.....				
Office of the Executive Secretariat.....	5	15	19	19
Total, Working Capital Fund.....	2,150	2,675	2,740	2,651
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach.....	37	32	36	35
Human Resources Self-Service Dashboard.....	3	-	-	-
Medical Services.....	17	24	30	29
Office of Customer Experience.....	27	45	42	42
National Capital Region Interpreting Services.....	-	-	12	15
Personnel and Document Security Program.....	60	74	74	74
Physical Security.....	28	20	20	21
Security Detail.....	22	22	22	22
Security Operations Program.....	28	30	30	30
TARGET Center.....	5	6	6	6
USDA Enterprise Data Analytics Services.....	39	26	21	21
Total, Department-Wide Reimbursable Programs.....	266	279	293	295
E-Gov:				
Budget Formulation and Execution Line of Business.....	1	1	1	1
Enterprise Human Resources Integration.....	-	-	1	1
Human Resources Line of Business.....	1	1	1	1
Integrated Acquisition Environment.....	3	3	1	1
Total, E-Gov.....	5	5	4	4
Agency Total.....	2,421	2,959	3,037	2,950

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, [~~\$106,309,000~~]\$112,061,000, 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).

LEAD-OFF TABULAR STATEMENT

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

Item	Amount
Estimate, 2022	\$99,912,000
Change in Appropriation	<u>+ 12,149,000</u>
Budget Estimate, 2023	<u>112,061,000</u>

PROJECT STATEMENT

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

Item	2020		2021		2022		2023		Inc. or Dec.	FTE Inc. or Dec.	Chg Key
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE			
Discretionary Appropriations:											
Office of Inspector General.....	\$98,208	443	\$99,912	431	\$99,912	450	\$112,061	482	+\$12,149	+32	(1)
Lapsing Balances.....	-3,089	-	-4,919	-	-	-	-	-	-	-	-
Total Obligations.....	<u>95,119</u>	<u>443</u>	<u>94,993</u>	<u>431</u>	<u>99,912</u>	<u>450</u>	<u>112,061</u>	<u>482</u>	<u>+12,149</u>	<u>+32</u>	

Table OIG-7. Project Statement (thousands of dollars, FTE)

Item	2020		2021		2022		2023		Inc. or Dec.	FTE Inc. or Dec.
	Actual	FTE	Actual	FTE	Estimated	FTE	Estimated	FTE		
Discretionary Obligations:										
Office of Inspector General.....	\$95,119	424	\$94,993	431	\$99,912	450	\$112,061	482	+\$12,149	+32
Lapsing Balances.....	3,089	-	4,919	-	-	-	-	-	-	-
Total Appropriation.....	<u>98,208</u>	<u>424</u>	<u>99,912</u>	<u>431</u>	<u>99,912</u>	<u>450</u>	<u>112,061</u>	<u>482</u>	<u>+12,149</u>	<u>32</u>

Office of the 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 \$12.1 million increase would be utilized to hire additional personnel. The requested funding will cover salaries and benefits for approximately 32 FTEs and provide necessary travel, training, and equipment. OIG does not have sufficient human resource, procurement, and financial management staff to effectively hire these additional FTEs, and therefore part of the FTE estimate includes mission support personnel.

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 \$3 million of this supplemental funding for its disaster work. These funds will be completely exhausted by the end of FY 2022. 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. These funds were completely exhausted by the end of FY 21. OIG's oversightwork 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 has about \$213,000 remaining in this supplemental. These funds expire at the end of FY 2022.

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 will not be able to conduct necessary oversight to assist USDA and Congress in making critical decisions regarding program funding and implementation. 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 2023, 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, addressing the impacts of climate change, and critical oversight for activities funded by the Infrastructure Investment and Jobs Act. 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 \$12,149,000 and of 32 FTEs (\$99,912,000 and 450 FTEs available in FY 2022).

For the reasons discussed below, the FY 2023 budget request of \$112 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 \$12.1 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's funding level has essentially remained static from FY 2017 through FY 2022; the FY 2022 Continuing Resolution level was \$99.9 million. In comparison, USDA has received about \$77.5 billion for pandemic response programs (FYs 2020-2021 to date).

Continuing to fund OIG at the FY 2022 Continuing Resolution 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 \$12.1 million requested increase, the proposed FY 2023 funding level would significantly constrain OIG operations and activities.

OIG will have to reduce its current portfolio of work, including oversight of key programs within USDA that focus on COVID-19 economic relief, 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 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 \$750,000 received in FY 2020 to provide oversight for more than \$77.5 billion in funds that

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 2023, 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, 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 funding for USDA programs 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 32 FTEs and provide necessary travel, training, and equipment. OIG does not have sufficient human resource, procurement, and financial management staff to effectively hire these additional FTEs, and therefore part of the FTE estimate includes mission support personnel. At the FY 2022 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 2023 Budget Request level of \$112 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 the Supplemental Nutrition Assistance Program (SNAP), other USDA nutrition programs, 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 supports the pay increase which went into effect January 1, 2022, of a 2.7 percent Cost of Living pay increases for civilian employees, and a 1.1 percent increase to cover the expenses for the mandated increase of USDA's contribution to FERS.

- b. An increase of \$3,752,000 for 2023 Pay.

This increase will support the annualization of the 2022 2.7 percent Cost of Living pay increase and the 2023 4.6 percent Cost of Living pay increase. OIG's base funding level has essentially remained static from FY 2017 through FY 2022; the FY 2022 enacted level is \$99.9 million. Without this funding, 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.

- c. An increase of \$59,000 to cover additional Shared Cost Services costs and increased cost in rental payments to GSA and non-GSA.

An increase of \$59,000, which includes \$4,000 for Shared Cost Services and \$55,000 for increased cost in rental payments to GSA and non-GSA.

- d. An increase of \$2,000,000 for Infrastructure Oversight support.

The Infrastructure Investment and Jobs Act, Pub. L. No. 117-58 (Act), signed on November 15, 2021, provided the U.S. Department of Agriculture (USDA) with more than \$8.3 billion in funding. More than \$2.9 billion is directed toward broadband loans and grants, watershed and flood prevention operations, and a new bioproduct pilot program using agricultural commodities. The Act provided more than \$5.4 billion for forestry programs designed to reduce wildland fire risk and restore ecosystems. USDA's Office of Inspector General (OIG)

received more than \$27.1 million to provide oversight of the forestry programs funded by the Act. However, no funding was allocated to the OIG for oversight of non-forestry programs, for which the OIG still has oversight responsibility.

Conducting oversight of these funds is critical to ensuring that Infrastructure monies are being used as intended by the Administration and Congress. Providing additional funding to OIG to conduct oversight of non-forestry programs will have a critical impact. This funding will enable OIG to ensure that all of USDA's Infrastructure funded activities can be assessed. OIG will focus oversight efforts on the activities of highest risk. Specific activities and engagements could include the following:

- Developing concept papers that highlight prior oversight work and recommendations, including key themes and issues such as rural infrastructure programs to improve oversight of agencies receiving Infrastructure funding and to ensure efficiency and effectiveness of OIG oversight activities (e.g., dashboards, data briefs, data stories).
 - Developing business intelligence products to proactively identify Federal program spending anomalies, patterns, known fraud indicators (e.g., red flags, tripwires) and trends to be used for investigative consideration.
 - Conducting surveys and reporting results, as appropriate conducting statistical samples and other advanced data analysis activities (e.g., data mining, link analysis) related to planned and ongoing audits, inspections, and investigations.
- e. An increase of \$4,299,000 and 32 FTEs for mission support of audits, investigations, and IT infrastructure. Absent the requested FY 2023 funding level of \$112 million, OIG's oversight work to strengthen program integrity would be compromised, as OIG would have reduced capacity 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 also result in a reduced capacity in OIG's ability 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.

This funding will allow OIG hire additional auditors, investigators, data analysts, and requisite mission support staff to perform a number of critical audits and investigations to prevent fraud, waste, and abuse, recoup improper payments and pursue wrongdoing, sustain its ongoing oversight of all USDA programs (including mandatory reviews), and perform additional critical oversight of USDA programs and activities intended to support key Administration priorities such as pandemic relief, climate change, and racial equity.

Absent appropriate oversight funding, there is the potential USDA will not operate as effectively and efficiently as intended, ultimately negatively impacting all of its program participants.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTEs

Table OIG-8. Geographic Breakdown of Obligations and FTEs (thousands of dollars, FTEs)

State/Territory/Country	2020		2021		2022		2023	
	Actual	FTE	Enacted	FTE	Estimated	FTE	Estimated	FTE
California	\$10,993	49	\$9,477	43	\$10,213	46	\$10,695	46
District of Columbia	18,844	84	20,497	93	21,536	97	26,737	115
Georgia	9,421	42	10,359	47	10,657	48	11,160	48
Illinois	8,973	40	7,934	36	8,215	37	9,765	42
Maryland	14,134	63	14,326	65	15,542	70	16,274	70
Missouri	19,069	85	20,057	91	21,093	95	23,714	102
Texas	13,685	61	12,343	56	12,656	57	13,716	59
Obligations	95,119	424	94,993	431	99,912	450	112,061	482
Lapsing Balances	3,089	-	4,919	-	-	-	-	-
Total, Available	98,208	424	99,912	431	99,912	450	112,061	482

CLASSIFICATION BY OBJECTS
Table OIG-9. Classification by Objects (thousands of dollars)

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Personnel Compensation:					
	Washington D.C.....	\$11,367	\$12,320	\$13,455	\$16,304
	Personnel Compensation, Field.....	42,152	41,068	43,702	48,165
11	Total personnel compensation	53,519	53,388	57,157	64,469
12	Personal benefits.....	22,282	25,206	25,206	27,832
13.0	Benefits for former personnel.....	21	13	18	23
	Total, personnel comp. and benefits	75,822	78,607	82,381	92,324
Other Objects:					
21.0	Travel and transportation of persons.....	1,710	1,003	1,750	2,805
22.0	Transportation of things.....	70	47	72	73
23.1	Rental payments to GSA.....	5,077	5,121	5,250	5,355
23.2	Rental payments to others.....	25	22	22	23
23.3	Communications, utilities, and misc. charges.....	1,200	1,071	1,129	1,750
24.0	Printing and reproduction.....	25	22	22	37
25	Other contractual services.....				
25.1	Advisory and assistance services.....	1,300	1,129	1,300	1,326
25.2	Other services from non-Federal sources.....	450	391	391	399
25.3	Other goods and services from Federal sources.....	150	130	130	133
25.4	Operation and maintenance of facilities.....	6,710	5,301	5,100	5,202
25.5	Research and development contracts.....	900	782	782	798
25.7	Operation and maintenance of equipment.....	750	651	651	664
26.0	Supplies and materials.....	400	347	360	400
31.0	Equipment.....	505	347	550	750
42.0	Insurance Claims and Indemnities.....	25	22	22	22
	Total, Other Objects	19,297	16,386	17,531	19,737
99.9	Total, new obligations	95,119	94,993	99,912	112,061
	DHS Building Security Payments (included in 25.3).....	\$866	\$867	\$875	\$883
	Information Technology Investments:.....				
	Major Investment 1.....				
	Related Mission Area PPA #1.....				
11	Internal Labor.....	2,430	2,480	2,690	2,690
	External Labor (Contractors).....	1,800	1,800	1,800	1,800
25.2	Outside Services (Consulting).....	-	-	-	-
	Total Major Investment 1.....	4,230	4,280	4,490	4,490
	Mission Area Non-Major Investment Totals.....	-	-	-	-
	Mission Area Standard Investment Totals.....	3,340	3,560	3,670	3,670
25.3	Mission Area WCF Transfers.....	502	670	684	684
	Total Non-Major Investment	3,842	4,230	4,354	4,354
Position Data:					
	Average Salary (dollars), ES Position	\$174,724	\$179,118	\$180,909	\$186,336
	Average Salary (dollars), GS Position	\$119,794	\$122,807	\$124,035	\$127,756
	Average Grade, GS Position	13.08	13.09	14.0	14.03

Advertising Expenditures

There are no contracts for advertising expenses to report.

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) 2021, OIG issued 160 investigative reports, 26 audit reports, 1 interim audit report, 5 inspection reports, and 1 final action verification report. Audit and investigative results totaled \$686.9 million.¹ OIG investigations resulted in 217 indictments, 400 arrests, and 228 convictions. The period of time to obtain results following an indictment varies widely; therefore, the 228 convictions are not necessarily related to the 217 indictments.

OIG's return on investment for FY 2021 was approximately \$6.87 for every dollar invested.

¹ One audit report had questioned costs that were not publicly released and, as a result, those questioned costs are omitted from this total.

Audit Monetary Results

During FY 2021, OIG issued 26 audit reports, 1 interim audit report, 5 inspection reports, and 1 final action verification report. At the time of report issuance, the monetary values (in millions) were:

Questioned and unsupported costs and loans ²	\$141.3
Funds to be put to better use	209.1
Total audit monetary results³	\$350.4

Investigative Monetary Results

Claims established	\$34.3
Recoveries and collections	0.6
Cost avoidance (USDA program payments not made due to OIG investigations)	19.8
Fines	109.0
Administrative penalties	24.3
Asset forfeitures	\$55.1
Restitution	\$93.3
Total investigative monetary results	\$336.5

OIG’s audit, investigative, and data analytics work for 2021 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, OIG evaluated whether the Animal and Plant Health Inspection Service’s (APHIS’) controls over select agents adequately reduced the threat to public, animal, and plant safety, and animal and plant products. The Federal Select Agent Program (FSAP), which is jointly administered by the Centers for Disease Control and Prevention (CDC) and APHIS, oversees the possession, use, and transfer of biological select agents and toxins, which have the potential to pose a severe threat to public, animal, or plant health, or to animal or plant products. We found several areas of FSAP that need improvement. First, the Electronic FSAP system, which APHIS uses to monitor entities’ compliance with Federal regulations, did not always include accurate and complete information. Second, we identified two deficiencies in APHIS’ oversight process: (1) APHIS does not require its inspectors to support “pass” determinations that entities complied with Federal regulations, and (2) APHIS officials did not ensure that entities timely resolved non-compliances identified during prior inspections. Third, from 2017 to 2019, OIG determined that APHIS did not report to Congress 13 losses and 3 releases of select agents or toxins. Without accurate reports, Congress cannot make informed decisions concerning APHIS’ oversight of registered entities’ handling of dangerous select agents and toxins. APHIS concurred with our findings and some of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

OIG also performed an inspection of the Office of the Chief Information Officer (OCIO) to determine whether USDA followed Federal and Departmental incident response guidance. We interviewed OCIO staff to gain an

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

³ Ibid.

understanding of OCIO's incident handling process and reviewed documentation provided by staff to determine if OCIO's incident handling process complied with applicable laws and regulations. We determined that USDA follows Federal incident response guidance for incident handling; however, OCIO did not follow all Departmental guidance. OCIO agreed with our findings and recommendations.

We also reported that USDA continues to take positive steps to improve its information technology security posture, but many weaknesses remain. In FY 2018 – 2020, there were 10 open recommendations at the beginning of FY 2021. During FY 2021, four recommendations were closed. We have also issued 16 new recommendations based on security weaknesses identified in FY 2021. The Office of Management and Budget (OMB) establishes standards for an effective level of security and considers "Managed and Measurable" to be a sufficient level. However, we found the Department's maturity level to be at the lower "Consistently Implemented" level. Based on OMB's criteria, the Department's overall score indicates an ineffective level of security. The Department and its agencies must develop and implement an effective plan to mitigate security weaknesses identified in the prior fiscal year's recommendations. OCIO generally concurred with the findings and recommendations in the report. Due to existing security weaknesses identified, we continue to report a material weakness in USDA's IT security that should be included in the Department's Federal Managers Financial Integrity Act report.

A recent OIG investigation resulted in the Federal indictments of 38 individuals alleged to have either operated, participated in, or attended various cockfighting events. The alleged illegal activities, which transpired in Georgia, were attended by up to an estimated 200 individuals. Of the 38 indicted offenders, 7 were charged with felonies related to animal fighting; 5 of those 7 pled guilty to reduced misdemeanor level charges, 1 pled guilty at the felony level, and the remaining offender was convicted at the felony level. The remaining 31 indicted offenders were charged with misdemeanors related to animal fighting; of those 31, 26 were convicted, 4 are in fugitive status, and 1 had their charges dismissed. To date, 3 sentencing, each for 12 months of probation, have occurred. In addition, the operator of the cockfighting venue was ordered to pay a \$500 fine and forfeit 100.4 acres of property. The individual also was prohibited from owning or keeping any birds or fowl, and from attending any events related to birds or cockfighting.

Finally, we also conducted a pulse survey of Food Safety and Inspection Service (FSIS) inspectors to obtain information about how FSIS frontline inspectors perceive COVID-19 safety in their work environments. The optional survey was emailed to inspectors and contained 52 questions concerning the impact COVID-19 had on operations and the perceived safety of inspectors' work environments. We found that of the 2,773 responses, 41 percent reported feeling safe at work, a decrease from 58 percent reporting they felt safe prior to the pandemic. Of the inspectors that felt unsafe at work, 72 percent cited COVID-19 as the cause of feeling unsafe. We found that 45 percent of respondents felt their establishment did not inform them when they were exposed to workers confirmed to have COVID-19. However, survey questions also revealed generally that respondents felt that the protective equipment supply and enforcement in the workplace increased from the time before the pandemic to the time of the survey.

Upcoming audit work will determine the extent to which USDA is able to prevent, detect, and resolve security vulnerabilities and the likely level of sophistication an attacker would need to compromise USDA systems or data; what prevention measures the Forest Service implemented due to COVID-19 to protect employees and the public at recreation sites and whether those measures were implemented within established timeframes; and whether FSIS actions taken in response to complaints of sexual harassment and misconduct in the workplace were in accordance with Departmental and agency policy. OIG will continue to focus our investigative work upon protecting the Nation's agricultural resources from harm.

INTEGRITY OF BENEFITS—Strengthen USDA's Ability to Deliver Program Assistance with Integrity and Effectiveness.

For example, OIG recently completed an audit of the Emergency Watershed Protection (EWP) Program. Through the Emergency EWP Program, the Natural Resources Conservation Service (NRCS) offers technical and financial assistance to help local communities mitigate imminent hazards to life and property caused by floods, fires, windstorms, and other natural occurrences that impair watersheds. We found that NRCS did not establish and maintain a database to accurately track EWP Program projects at the national level. Additionally, we found that in 15 out of 20 sampled Damage Survey Reports (DSR), sponsors did not provide required eligibility documentation and that all three States in our sample did not submit 60-day or final reports for our sampled DSRs. As a result, we

questioned NRCS' oversight of more than \$239.7 million in EWP project funds. Further, we found that State officials did not initiate the closeout process or de-obligate unused funds of more than \$9.5 million for 18 signed cooperative agreements in a timely manner. Finally, we found that NRCS had no performance measures specific to EWP; without performance measures, NRCS could not assess and report on the EWP Program's effectiveness. NRCS concurred with our findings and recommendations.

In addition, OIG reviewed the Citrus Recovery Block Grant Program that provided aid to Florida citrus producers who suffered losses specifically related to Hurricane Irma. Overall, FSA and the State of Florida designed an adequate control structure over the block grant program; however, we identified discrepancies with 8 of the 39 grant payments in our sample. Specifically, six payments contained errors due to inaccurate payment calculations for young tree acreage, and two lacked sufficient documentation to support their Part 1 payments for grove rehabilitation. As a result, grant personnel issued eight improper payments, totaling more than \$7.5 million, to Florida citrus producers affected by Hurricane Irma. We also found 31 grant participants that did not timely apply for the Wildfires and Hurricanes Indemnity Program, which is a prerequisite for the block grant program. Finally, we found that the Florida FSA State office issued an Emergency Conservation Program (ECP) payment of more than \$50,000 for expenses already paid by the Citrus Recovery Block Grant Program. FSA concurred with our findings and recommendations.

OIG also completed an inspection of the Food and Nutrition Service's (FNS) controls over the Supplemental Nutrition Assistance Program's (SNAP) online purchasing pilot in response to the COVID-19 pandemic. In 2014, FNS initiated a SNAP Online Purchasing Pilot (pilot), which would allow households to make online purchases using SNAP benefits. In response to the COVID-19 pandemic, FNS expanded the pilot. Between March and December 2020, the total value of online SNAP purchase transactions increased from more than \$18.9 million to more than \$1.5 billion, cumulatively. We found that FNS used the same approval criteria it used for the original pilot selections when adding additional States and retailers. We also identified that FNS had not updated its risk assessment since creating the pilot in 2014. Finally, although FNS had established criteria and program requirements for retailers to be eligible to participate in the pilot, FNS did not establish controls to effectively monitor, evaluate, or document how participating retailers protect SNAP participants' online personal information. Instead, the agency relied on retailers' assurance and attestation that online retailers will protect the privacy of SNAP participants' information. FNS generally concurred with our findings and recommendations.

A significant portion of OIG's investigative resources is dedicated to ensuring the integrity of USDA's food assistance programs. For example, an investigation, conducted jointly with Internal Revenue Service-Criminal Investigation (IRS-CI), resulted in the sentencing of a former general manager of a seed packaging and distribution business to 36 months in prison, followed by 3 years of supervised release. Additionally, the offender was ordered to pay \$8.2 million in restitution, and he also agreed to voluntary tax payments amounting to \$2.6 million and \$7.7 million in forfeiture. The sentence followed his guilty plea to charges of conspiracy to commit wire fraud and conspiracy to commit money laundering. OIG initiated this investigation based on information OIG received that alleged a seed company was intentionally mislabeling seed "types" and selling the mislabeled seed throughout the United States and abroad. The investigation, which IRS-CI joined after it was suspected tax fraud and other financial issues may have been involved, revealed that the former general manager of the seed company and his co-conspirators were involved in multiple schemes to defraud customers and ran a large food and agribusiness company. The former general manager of the seed company and his co-conspirators directed employees to package substitute seed varieties with false and misleading labels. They also directed employees to invoice the customers under the original terms of their contracts, notwithstanding the unauthorized substitutions. As a result of this scheme, the seed company invoiced customers for more than \$1.1 million of grass seed the company never delivered.

In addition, in order to enhance transparency related to USDA COVID-19 Related Procurements, OIG published a publicly available dashboard on its website. The dashboard utilizes public data from the Federal Procurement Data System and the System for Award Management. It is also geocoded, which allows stakeholders to interact with USDA's COVID-19-related procurement actions and focus their searches on specific locales.

Upcoming audit work will review key aspects of FNS' funding and administration of Pandemic Electronic Benefits Transfer (P-EBT) assistance, determine if the Farm Service Agency provided timely and accurate Coronavirus Food Assistance Program direct payments to eligible recipients, and evaluate the adequacy of the Risk Management Agency's (RMA's) administration and oversight of the prevented planting provisions, including the actions taken in response to the recommendations in OIG audit report 05601-0001-31, *RMA: Controls Over Prevented Planting*. 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 audits, investigations, and other reviews focus on areas such as improved financial management and accountability, research, real property management, and employee integrity. As part of this goal, we work with USDA to make program operations more efficient and improve customer service.

Recently, OIG evaluated USDA’s Office of the Assistant Secretary for Civil Rights (OASCR) oversight of the civil rights complaints process. OASCR is responsible for making final determinations on complaints of discrimination filed by any persons who believe they have been subjected to prohibited discrimination in a USDA program. We concluded that, overall, OASCR needs to develop a stronger internal control environment over its civil rights program complaints processing to ensure that complaints are timely and appropriately handled, and that OASCR achieves established goals and objectives. First, OASCR did not timely process civil rights program complaints. Specifically, in FY 2019, OASCR averaged 799 days to process program complaints compared to the 180 day standard. Further, two other agencies that OASCR coordinated with to resolve complaints took more than 220 days and more than 600 days, respectively, to process complaints. We also determined that 9 of 28 complaint determinations and closures were not adequately supported and processed. Additionally, OASCR missed an opportunity to track and measure USDA’s progress in achieving the Department’s civil rights goals and objectives. Finally, these issues could have been identified and better rectified had OASCR used its strategic plan to measure or assess its progress toward established goals and objectives relating to program complaints. The agency agreed with our findings and some of our recommendations, and we continue to work to reach agreement on the outstanding recommendations.

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires the United States Department of Agriculture (USDA) to submit to the United States Department of the Treasury (Treasury) Federal contract, loan, and grant spending information for Federal programs so that taxpayers and policy makers can more effectively track Federal spending. OIG is responsible for reviewing a sample of the spending data submitted by USDA and submitting to Congress a publicly available report assessing the completeness, timeliness, and accuracy of the sampled data. We found that although USDA transmitted its FY 2020 fourth quarter submission to the Treasury’s DATA Act Broker, its submission was not complete and contained records that were not accurate or timely, according to DATA Act reporting standards. We also found that USDA component agencies and offices did not consistently implement and use Government-wide financial data standards established by the Office of Management and Budget and the Treasury. As a result, the intended users of the data—as outlined by the DATA Act—do not have consistent, reliable, and searchable USDA spending data available on USAspending.gov. In addition, without the consistent use of standards, USDA cannot attest to the reporting of reliable, transparent, and consistent Federal spending data for public use. Departmental and agency officials generally concurred with our recommendations.

Finally, USDA received an unmodified opinion from OIG’s audit of the Department’s financial statements. We determined that USDA’s consolidated financial statements present fairly, in all material respects, USDA’s financial position as of September 30, 2021, and were prepared in accordance with accounting principles generally accepted in the United States. The four stand-alone reports for CCC, NRCS, RD, and FCIC/RMA contain an unmodified opinion on the agencies’ financial statements for FYs 2021 and 2020, as well as an assessment of the agencies’ internal controls over financial reporting and compliance with laws and regulations.

In addition, OIG investigates allegations of wrongdoing by employees. A recent investigation was conducted to determine if a USDA Agricultural Research Service (ARS) employee committed various crimes against minors. Initially, the employee was a target of the LBI and HSI. Once it was determined he was an ARS employee, USDA OIG partnered in the investigation. OIG seized his Government-issued computer and cellphone for forensic review, which was conducted by HSI. His employment was terminated by ARS while the investigation was ongoing. In July 2019, LBI and HSI served a Federal search warrant at the former employee’s residence and he was arrested. In July 2021, in the 22nd Judicial District Court of Louisiana, the former employee pled guilty to 1 count of -second-degree rape of a victim under the age of 13, 2 counts of molestation of a victim under the age of 13, 20 counts of production of pornography involving juveniles under the age of 13, and 51 counts of possession of

pornography involving juveniles under the age of 13. On July 26, 2021, the individual was sentenced to 40 years for the second-degree rape of a victim under the age of 13, 40 years for each count of molestation of a victim under the age of 13, 20 years for each count of production of pornography involving juveniles under the age of 13, and 20 years for each count of possession of pornography involving juveniles under the age of 13. All sentences were ordered to be served concurrently.

Upcoming audits will determine whether the National Institute of Food and Agriculture designed and implemented adequate internal controls to (1) properly select Agriculture and Food Research Initiative (AFRI) grant recipients based on a system of peer and merit review, and (2) monitor AFRI projects' compliance with grant agreement terms and conditions, and fulfillment of their stated objectives; review USDA's oversight related to government purchase card activities; and review the FY 2022 USDA consolidated financial statements and the financial statements of four stand-alone agencies and entities. 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.