

2015 Explanatory Notes
Office of Inspector General

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OFFICE OF INSPECTOR GENERAL

Purpose Statement

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

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

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

OIG is headquartered in Washington, D.C., with regional offices in the following cities: Beltsville, Maryland; Atlanta, Georgia; Chicago, Illinois; Temple, Texas; Kansas City, Missouri; and San Francisco, California. As of September 30, 2013, OIG had 510 permanent full-time employees, including 116 employees located in the Washington, D.C., metropolitan area and 394 located in the field.

OFFICE OF INSPECTOR GENERAL

Available Funds and Staff Years (SY)

(Dollars in thousands)

Item	2012 Actual		2013 Actual		2014 Estimate		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations.....	\$85,621	558	\$89,016	520	\$89,902	525	\$97,240	537
Rescission.....	-	-	-2,411	-	-	-	-	-
Sequestration.....	-	-	-4,307	-	-	-	-	-
Adjusted Appropriation.....	85,621	558	82,298	520	89,902	525	97,240	537
Balance Available, SOY.....	10,541	-	3,539	-	2,570	-	1,704	-
Other Adjustments (Net).....	-	-	-	-	-	-	-	-
Total Available.....	96,162	558	85,837	520	92,472	525	98,944	537
Lapsing Balances.....	-48	-	-335	-	-	-	-	-
Balance Available, EOY.....	-3,539	-	-2,570	-	-1,704	-	-900	-
Obligations.....	92,575	558	82,932	520	90,768	525	98,044	537
<u>Obligations under other USDA appropriations:</u>								
Risk Management Agency:								
Audit of Financial Statements.....	297	-	285	-	285	-	285	-
Food and Nutrition Services								
Audit of Financial Statements.....	1,020	-	921	-	921	-	921	-
Rural Development								
Audit of Financial Statements.....	1,000	-	1,000	-	1,000	-	1,000	-
OCFO/WCF Audits.....	800	-	800	-	800	-	800	-
Council of the Inspectors General on Integrity and Efficiency (CIGIE)								
(Legal Services).....	55	-	75	-	75	-	75	-
CIGIE - Admin Support Services.....	15	-	-	-	-	-	-	-
Foreign Agricultural Services - Afghanistan								
Audit of Financial Statements.....	55	-	120	-	120	-	120	-
Foreign Agricultural Services - Pakistan								
Audit of Financial Statements.....	72	-	-	-	-	-	-	-
Department of Education.....	10	-	10	-	10	-	10	-
Total, Other USDA.....	3,324	-	3,211	-	3,211	-	3,211	-
Total, OIG.....	95,899	558	86,143	520	93,979	525	101,255	537

OFFICE OF INSPECTOR GENERAL
Permanent Positions by Grade and Staff Year Summary

Item	2012 Actual			2013 Actual			2014 Estimate			2015 Estimate		
	Wash. D.C.	Field	Total									
ES.....	1	-	1	1	-	1	1	-	1	1	-	1
SES.....	8	-	8	9	-	9	9	-	9	9	-	9
GS-15.....	14	14	28	14	14	28	12	14	26	12	14	26
GS-14.....	41	55	96	39	54	93	36	53	89	36	53	89
GS-13.....	25	176	201	25	164	189	25	134	159	25	134	159
GS-12.....	9	99	108	9	98	107	9	97	106	9	97	106
GS-11.....	5	42	47	5	47	52	5	48	53	5	48	53
GS-9.....	15	28	43	14	17	31	14	17	31	14	17	31
GS-8.....	2	3	5	2	10	12	2	10	12	2	10	12
GS-7.....	4	21	25	3	21	24	4	21	25	4	21	25
GS-6.....	3	1	4	3	1	4	3	1	4	3	1	4
GS-5.....	6	5	11	6	4	10	6	4	10	6	4	10
Total Perm. Positions.....	133	444	577	130	430	560	126	399	525	126	399	525
Unfilled, EOY	12	34	46	14	36	50	-	-	-	-	-	-
Total, Perm. Full-Time Employment, EOY.....	121	410	531	116	394	510	126	399	525	126	399	525
Staff Year Est.	163	395	558	163	357	520	126	399	525	138	399	537

OFFICE OF INSPECTOR GENERAL

Size, Composition and Cost Motor Vehicle Fleet

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

Replacement of passenger motor vehicles. Any replacements will be funded from within the annual operating costs of the motor vehicle fleet.

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

Size, Composition, and Annual Operating Costs of Vehicle Fleet

Fiscal Year	Number of Vehicles by Type *							Annual Operating Costs (\$ in 000) **	
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles		Total Number of Vehicles
		4x2	4x4						
2012	93	23	43	2	-	-	-	161	\$950
Change	+1	-8	+6	-	-	-	-	-1	-13
2013	94	15	49	2	-	-	-	160	850
Change	-15	+8	-4	-2	-	-	-	-13	-13
2014	79	23	45	-	-	-	-	147	837
Change	-14	+9	+2	-	-	-	-	-3	-1
2015	65	32	47	-	-	-	-	144	836

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

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

OFFICE OF INSPECTOR GENERAL

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

Salaries and Expenses:

For necessary expenses of the Office of Inspector General, including employment pursuant to the Inspector General Act of 1978, [~~\$89,902,000~~] \$97,240,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, and including not to exceed \$125,000 for certain confidential operational expenses, including the payments of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98.

IG Reform Act of 2008

As directed by Section 8, submission of Budget Request to Congress, of the Inspector General Reform Act of 2008 (P.L. 110-409), USDA is providing additional information regarding the OIG budget request. The OIG request for FY 2015 is \$97,240,000. Of this amount, \$423,000 is to support the Council of the Inspectors General for Integrity and Efficiency (CIGIE).

Lead-Off Tabular Statement

Budget Estimate, 2015.....	\$97,240,000
2014 Enacted.....	<u>89,902,000</u>
Change in Appropriation.....	<u>+ 7,338,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
Audit.....	\$41,954	-\$1,628	+\$3,726	+\$3,596	\$47,648
Investigations.....	43,667	-1,695	+3,878	+3,742	49,592
Total Discretionary Appropriations.....	<u>85,621</u>	<u>-3,323</u>	<u>+7,604</u>	<u>+7,338</u>	<u>97,240</u>

OFFICE OF INSPECTOR GENERAL
Project Statement
 Appropriations Detail and Staff Years (SYs)
 (Dollars in thousands)

Program	2012 Actual		2013 Actual		2014 Estimate		Inc. or Dec.		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Audit Staff.....	\$41,954	285	\$40,326	265	\$44,052	268	+3,596	6	\$47,648	274
Investigations Staff.....	43,667	273	41,972	255	45,850	257	+3,742	6	49,592	263
Total Adjusted Approp.....	85,621	558	82,298	520	89,902	525	+7,338	12	97,240	537
Rescissions, Transfers and Seq. (net).....										
	-	-	6,718	-	-	-	-	-	-	-
Total Appropriation.....	85,621	558	89,016	520	89,902	525	+7,338	12	97,240	537
Rescission.....	-	-	-2,411	-	-	-	-	-	-	-
Sequestration.....	-	-	-4,307	-	-	-	-	-	-	-
Bal. Available, SOY.....	10,541	-	+3,539	-	+2,570	-	-866	-	+1,704	-
Total Available.....	96,162	558	85,837	520	92,472	525	+6,472	12	98,944	537
Lapsing Balances.....	-48	-	-335	-	-	-	-	-	-	-
Bal. Available, EOY.....	-3,539	-	-2,570	-	-1,704	-	+804	-	-900	-
Total Obligations.....	92,575	558	82,932	520	90,768	525	+7,276	12	98,044	537

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

Program	2012 Actual		2013 Actual		2014 Estimate		Inc. or Dec.		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Audit.....	\$45,362	285	\$40,637	265	\$44,476	268	+\$3,566	+6	\$48,042	274
Investigations.....	47,213	273	42,295	255	46,292	257	+3,710	+6	50,002	263
Total Obligations.....	92,575	558	82,932	520	90,768	525	+7,276	+12	98,044	537
Lapsing Balances.....	48	-	335	-	-	-	-	-	-	-
Bal. Available, EOY.....	3,539	-	2,570	-	1,704	-	-804	-	900	-
Total Available.....	96,162	558	85,837	520	92,472	525	+6,472		98,944	537
Rescission.....	-	-	2,411	-	-	-	-	-	-	-
Sequestration.....	-	-	4,307	-	-	-	-	-	-	-
Bal. Available, SOY.....	-10,541	-	-3,539	-	-2,570	-	+866	-	-1,704	-
Other Adjustments (Net).....	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	85,621	558	89,016	520	89,902	525	+7,338	+12	97,240	537

OFFICE OF INSPECTOR GENERAL

Justification of Increases and Decreases

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

(1) An increase of \$7,338,000 and 12 Staff Years for the Office of Inspector General (\$89,902,000 and 525 staff years available in 2014).

(a) An increase of \$737,000 for pay costs (\$180,000 for annualization of the 2014 pay raise and \$557,000 for the anticipated 2015 pay increase).

This increase will allow OIG to continue to meet its objective of providing, supervision, and audits and investigations relating to USDA programs and operations. This critical increase is needed to support and maintain current staffing levels to meet the demands and statutory requirements of OIG.

(b) An increase of \$5,198,000 for GSA Rental Payments and DHS Payments.

USDA proposes in FY 2015 the decentralization of GSA Rental Payments and DHS payments. The amount shown is the equivalent share of the current GSA rent and DHS central appropriations based upon current space occupancy across the continental United States. The appropriations request for the central GSA rent account and the DHS payment account has been reduced accordingly.

(c) An increase of \$2,265,000 and 12 staff years for Creating and Staffing an Audit Center of Excellence

The Department of Agriculture (USDA) administered 16 programs OMB identified as high risk. Currently, seven component agencies administer these programs: Farm Service Agency (FSA), Commodity Credit Corporation, Food and Nutrition Service (FNS), Forest Service, Natural Resources Conservation Service (NRCS), Risk Management Agency (RMA), and Rural Development. Our initiative to review agency program vulnerabilities will enhance the Department's oversight of improper payments. Audit's Center of Excellence would have a data analysis component which would determine if there were any data anomalies within the USDA high-risk programs' payments. This would complement Audit's planning and execution of reviews that would validate the methodology of the component's improper payment error rate. For example, RMA's Federal crop insurance program is emphasized more and more as the primary risk management tool for American producers. Because of increased commodity price volatility due to climate/weather effects, the Federal crop insurance program faces greater vulnerabilities and financial exposure. Currently, RMA, under the direction of OMB, is revamping its methodology for determining improper payment error rates.

By validating the methodology for determining the improper payment error rate and identifying the systemic causes for the improper payments, the Department would be able to provide better assurance that the program is effectively administered and implement any corrective actions necessary to reduce improper payments, thereby meeting the congressionally mandated goals of the Improper Payments Information Act of 2002 as amended by the Improper Payments Elimination and Recovery Improvement Act of 2010.

(d) An increase of \$423,000 for the Council of the Inspector Generals on Integrity and Efficiency (CIGIE).

As directed by Section 8, Submission of Budget Request to Congress, of the Inspector General Reform Act of 2008 (P.L. 110-409), USDA OIG has noted an OMB increase of \$184K to the original OIG submission of \$0.2 million which was in line with the anticipated FY15 CIGIE solicitation for contributions from each of the OIGs at the rate of 0.2442 percent of their annual funding level. This amount would be in addition to what the OIG budget request would be without funds for CIGIE support. The OMB pass back has provided a total of \$423K of the OIG anticipated annual funding level of FY15 which is above the requested amount and forecasted to be 0.435 percent of the annual funding level based on the OMB pass back to support CIGIE. Actual CIGIE contributions are subject to change based on CIGIE requirements in future years.

(e) A decrease of \$1,285,000 for Unspecified Savings and Efficiencies.

This decrease will continue to focus on identifying cost savings in the area of space consolidations and the increased use of technology to significantly reduce the cost of travel. Technology such as video teleconferencing, Webinars, and workplace flexibilities will decrease travel costs and space.

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

State/Territory	2012 Actual		2013 Actual		2014 Estimate		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
California.....	\$10,286	62	\$9,842	61	\$10,085	62	\$10,664	62
Georgia.....	9,788	59	9,035	56	9,597	57	10,148	57
Illinois.....	9,291	56	8,390	52	9,109	53	9,632	53
Maryland.....	12,941	78	11,940	74	12,688	65	13,417	65
Missouri.....	19,909	120	18,555	115	19,520	115	20,641	115
Texas.....	10,120	61	9,197	57	9,924	61	10,493	61
District of Columbia.....	20,240	122	15,973	105	19,845	112	23,049	124
Obligations.....	92,575	558	82,932	520	90,768	525	98,044	537
Lapsing Balances.....	48	-	335	-	-	-	-	-
Bal. Available, EOY.....	3,539	-	2,570	-	1,704	-	900	-
Total, Available.....	96,162	558	85,837	520	92,472	525	98,944	537

OFFICE OF INSPECTOR GENERAL

Classification by Objects

(Dollars in thousands)

	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Personnel Compensation:				
Washington D.C.....	\$8,298	\$8,376	\$8,881	\$8,949
Field.....	47,023	44,363	45,977	46,332
11 Total personnel compensation.....	55,321	52,739	54,858	55,281
12 Personal benefits.....	19,961	17,870	19,241	20,446
13.0 Benefits for former personnel.....	10	10	10	10
Total, personnel comp. and benefits.....	75,292	70,619	74,109	75,737
Other Objects:				
21.0 Travel and transportation of persons.....	3,163	1,562	3,050	3,810
22.0 Transportation of things.....	194	85	186	186
23.1 Rental payments to GSA.....	76	41	73	4,930
23.2 Rental payments to others.....	455	231	439	439
23.3 Communications, utilities, and misc. charges..	2,090	932	2,015	2,015
24.0 Printing and reproduction.....	121	44	116	116
25.1 Advisory and assistance services.....	1,221	1,124	1,177	1,177
25.2 Other services from non-Federal sources.....	987	913	951	951
25.3 Other purchases of goods and services from Federal sources.....	1,982	1,475	1,911	1,911
25.4 Operation and maintenance of facilities.....	1,494	1,022	1,440	1,440
25.5 Research and development contracts.....	757	702	729	729
25.6 Medical care.....	759	704	732	732
25.7 Operation and maintenance of equipment.....	1,426	984	1,375	1,436
25.8 Subsistence and support of persons.....	89	70	85	85
26.0 Supplies and materials.....	575	395	555	555
31.0 Equipment.....	1,609	1,784	1,550	1,550
42.0 Insurance & Indemnities.....	285	245	275	245
Total, Other Objects.....	17,283	12,313	16,659	22,307
99.9 Total, new obligations.....	92,575	82,932	90,768	98,044
Position Data:				
Average Salary (dollars), ES Position.....	\$170,000	\$171,000	\$173,000	\$173,000
Average Salary (dollars), GS Position*.....	\$94,300	\$95,300	\$95,400	\$95,500
Average Grade, GS Position*.....	12.9	12.9	12.9	12.9

*In the past years, we calculated our average salary with Law Enforcement Availability Pay included, which overstated the average salary compared to other agencies. We corrected these figures to provide a more accurate picture of the average grade level that is comparable to other Federal agencies.

OFFICE OF INSPECTOR GENERAL

Shared Funding Projects

(Dollars in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	Actual	Actual	Estimate	Estimate
Working Capital Fund:				
Administration:				
Beltsville Service Center.....	\$105	\$59	\$75	\$78
Mail and Reproduction Management.....	175	140	110	129
Integrated Procurement System.....	119	117	117	120
Subtotal.....	399	316	302	327
Communications:				
Creative Media & Broadcast Center.....	17	6	34	35
Finance and Management:				
NFC/USDA.....	163	175	152	185
Controller Operations.....	458	438	293	296
Financial Systems.....	141	140	136	135
Internal Control Support Services.....	-	-	-	-
Subtotal.....	762	753	581	616
Information Technology:				
NITC/USDA.....	270	319	430	431
International Technology Services.....	44	31	7	7
Telecommunications Services.....	194	127	128	134
Subtotal.....	508	477	565	572
Correspondence Management.....	17	13	11	13
Total, Working Capital Fund.....	1,703	1,565	1,493	1,563

OFFICE OF INSPECTOR GENERAL

Shared Funding Projects
(Dollars in thousands)

	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Department-Wide Reimbursable Programs:				
1890's USDA Initiatives.....	17	16	16	16
Continuity of Operations Planning.....	10	11	11	11
E-GOV Initiatives HSPD-12.....	35	36	36	36
Emergency Operations Center.....	13	13	12	12
Facility and Infrastructure Review and Assessment.....	2	2	2	2
Faith-Based Initiatives and Neighborhood Partnerships.....	2	2	2	2
Federal Biobased Products Preferred Procurement Program	2	2	2	2
Hispanic-Serving Institutions National Program.....	11	11	11	11
Human Resources Transformation (inc. Diversity Council)..	9	9	9	9
Intertribal Technical Assistance Network.....	11	-	-	-
Medical Services.....	4	5	5	5
Personnel and Document Security.....	104	35	36	36
Pre-authorizing Funding.....	20	18	20	20
Retirement Processor/Web Application.....	3	3	3	3
Sign Language Interpreter Services.....	12	13	13	13
TARGET Center.....	5	5	5	5
USDA 1994 Program.....	5	4	4	4
Virtual University.....	12	11	11	11
Visitor Information Center.....	5	5	5	5
Total, Department-Wide Reimbursable Programs.....	<u>282</u>	<u>201</u>	<u>203</u>	<u>203</u>
Agency Total.....	<u>1,985</u>	<u>1,766</u>	<u>1,696</u>	<u>1,766</u>

OFFICE OF INSPECTOR GENERAL

STATUS OF PROGRAM

The Office of Inspector General (OIG) is operationally independent of other agencies of the Department. OIG has the responsibility to (1) supervise, coordinate, and provide policy direction for audit and investigative activities relating to programs and operations of the Department; (2) review existing and proposed legislation and regulations relating to its programs and operations and make recommendations concerning the impact of such on the Department; (3) recommend policies and conduct, supervise, or coordinate other activities of the Department for the purpose of promoting economy and efficiency and preventing and detecting fraud, waste, and mismanagement in its programs and operations; (4) keep the Secretary and Congress informed of fraud and other serious problems, waste, and deficiencies relating to the administration of programs and operations of the Department; and (5) recommend corrective action and report on progress made in obtaining management's agreement to implement such action.

During 2013, OIG issued 335 investigative reports and 54 audit reports.¹ Audit and Investigative results totaled \$1,173 million. OIG investigations resulted in 917 indictments and 551 convictions. The period of time to get court action on an indictment varies widely; therefore, the 551 convictions are not necessarily related to the 917 indictments. Our return on investments is \$14.26 for every dollar invested in OIG in 2013.

Audit Monetary Results (in millions). During 2013, management decisions were made on 50 audit reports, which include both current and prior year audit reports. At the time of the management decision, the monetary values agreed to by agencies were:

	<u>(in millions)</u>
Questioned and unsupported costs and loans	\$439.6
Recommended recovery	12.2
Not recommended recovery	427.4
Funds to be put to better use	<u>610.7</u>
Total audit monetary results	1,050.3

<u>Investigative Monetary Results:</u>	<u>(in millions)</u>
Claims established	\$4.0
Recoveries and collections	2.0
Cost avoidance (USDA program payments not made due to OIG investigations)	5.7
Fines	1.4
Asset forfeitures	17.2
Restitutions	<u>92.4</u>
Total investigative monetary results	122.7

OIG's audit and investigatory work for 2013 is summarized below in four main challenge areas we have identified for USDA. These areas – (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 and (4) stewardship of natural resources serve as both a roadmap for OIG's audit and investigatory work and as the main groupings for this Status of Program Report.

¹ In April 2013, OIG received a complaint that questioned the quality of Report 01099-0001-21, Beef Research and Promotion Board Activities, issued on March 29, 2013. As a result, in June 2013, we processed the complaint under the guidelines of the Data Quality Act (Section 515 of Public Law 106-554). In summary, OIG determined that the audit team did not perform all necessary procedures related to the statistical sample. Also, certain aspects of OIG's quality control system were not fully completed. Consequently, OIG removed the original report from our website. OIG then re-engaged with the agency and conducted additional audit and quality control procedures from July through September 2013, to assess the finding and recommendations in the March 29, 2013, report. OIG plan to publish a revised report based on the recommendations resulting from this re-engagement during FY 2014. The FY 2013 annual statistics were reduced by one report.

SAFETY, SECURITY, AND PUBLIC HEALTH – Strengthen USDA’s ability to implement safety and security measures to protect the public health as well as agricultural and Departmental resources.

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

Safety and security over computer and building assets are also a major concern within USDA to ensure accidental or intentional breaches are quickly identified and remedied. OIG must also immediately investigate, in cooperation with other appropriate law enforcement and regulatory agencies, when there are specific threats made against USDA employees in the performance of their official duties.

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

Highlights of Current Audit Work:

Implementation of the Public Health Information System (PHIS), Domestic Inspection. The Food Safety and Inspection Service (FSIS) implemented PHIS in an effort to collect, consolidate and analyze data to improve public health. We are analyzing the implementation of the domestic inspection module of PHIS, including whether PHIS addresses key mission elements, to determine if it adequately captures establishment profile data and was implemented within established timeframes.

Plant Protection Quarantine (PPQ) Preclearance Program. The overall objective is to evaluate the controls and processes governing the Preclearance Program. OIG will examine the PPQ Preclearance Program to (1) assess the effectiveness of the program in detecting and eradicating problematic pests and plants; and (2) determine whether the Animal and Plant Health Inspection Service (APHIS) has facilitated safe trade by monitoring the movement of risky material, protecting against the introduction of pests, regulating the import of plants, fruits, and vegetables, and adequately assisting exporters in meeting the entry requirements of other countries. OIG will also follow up on recommendations made in OIG’s report 33099-0002-HY, International Programs Preclearance Process.

Highlights of Current and Planned Investigations Work:

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

Food Safety Issues. OIG will continue to investigate individuals who engage in criminal behavior which endangers the wholesomeness of the food supply within USDA’s purview.

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

Homeland Security. OIG has an essential role in working with other governmental agencies to protect our Nation's agricultural resources, as well as its meat and poultry production facilities and research laboratories.

Threats to USDA Employees and Facilities. OIG vigorously investigate threats or harm done to USDA employees and facilities, whether by a disgruntled employee, an unhappy USDA client, or individuals and outside organizations attempting to influence policy through intimidation or violence. OIG work with other cognizant Department and law enforcement agencies to proactively protect our employees and facilities and to investigate, with speed and efficiency, when USDA employees are threatened or harmed in the course of their duties.

Selected Examples of Recent Progress – Audit:

FSIS *E. coli* Testing of Boxed Beef. During fieldwork for Audit 24601-0001-31, *Application of FSIS Sampling Protocol for Testing Beef Trim*, OIG noted the potential for downstream processors to grind untested boxed beef products and wanted to determine if FSIS field personnel were properly considering these products for *E. coli* sampling. The large slaughter facilities will place the meat cuts, such as chucks, rounds, or sirloins, into individually vacuum-sealed bags, which are shipped in large boxes often weighing more than 60 pounds apiece. While the slaughter establishment may have intended these boxed beef products to be used as intact products (thus they were not subject to *E. coli* testing), downstream processors might choose to grind the meat.

FSIS needs to re-evaluate its *E. coli* testing methodology as it relates to the downstream processing of boxed beef products. While FSIS inspectors test product designated as ground beef or likely to become ground beef, they do not sample all boxed beef product. Some downstream processors grind such boxes of unsampled cuts of beef without sampling it for *E. coli* prior to grinding. Similarly, “retail exempt establishments”—grocery stores, butcher shops, etc.—potentially grind their own ground beef; but unlike Federally inspected plants, FSIS does not sample and test bench trim at these establishments for *E. coli*. Additionally, FSIS has recently transitioned to its new Public Health Information System. This system relies, in part, on correct profile information to accomplish such tasks as sending inspectors *E. coli* sampling requests; however, OIG found some establishments had incorrect profile information, resulting in incorrect requests for sampling. Lastly, not all plants we reviewed had adequate records for tracing source material back to the originating slaughter establishment. Such information is crucial during a recall. OIG recommended that FSIS take steps to correct these issues. FSIS agreed with our recommendations.

FSIS Inspection and Enforcement Activities at Swine Slaughter Plants. FSIS' enforcement policies do not deter swine slaughter plants from repeatedly violating the Federal Meat Inspection Act. OIG found that plants have repeatedly violated the same regulations, but experienced few consequences for their actions. Of the 30 plants we visited, inspectors in 8 plants did not always examine the internal organs of carcasses in accordance with FSIS inspection requirements, nor did they take enforcement actions against plants that violated food safety regulations. As a result, there is reduced assurance that FSIS inspectors are effectively identifying pork that should not enter the food supply. We also reviewed 158 humane handling noncompliance records issued to the 30 plants and found 10 instances of egregious violations where inspectors did not issue suspensions. Additionally, we found that FSIS could not determine whether the goals of a pilot program—the Hazard Analysis and Critical Control Point-based Inspection Models Project—were met because the agency did not adequately oversee the program. In the 15 years since the program's inception, FSIS did not assess whether the new inspection process had measurably improved food safety at each plant, one of the program's key goals. FSIS agreed with all of our recommendations.

Recovery Act—Rehabilitation of Flood Control Dams. As part of the Recovery Act, the Natural Resources Conservation Service (NRCS) selected 27 dam rehabilitation projects to receive \$44.8 million in funding through the Watershed Rehabilitation Program, which assists sponsoring local organizations in rehabilitating high-hazard, aging flood control dams. OIG determined that, while NRCS was generally effective in implementing controls to monitor Recovery Act funds, it did not take necessary steps to inform the Office of Management and Budget (OMB), USDA, or the public, of key information regarding the projects, or to implement OIG's recommendations from a prior audit. Specifically, NRCS did not accurately communicate to USDA and OMB the readiness of the selected projects and the impact of Recovery Act requirements on the program, which, by design, is not well suited to meet the accelerated timeframes and unique challenges posed by the Recovery Act. As a result, NRCS spent almost \$943,000 on eight projects that did not meet Recovery Act goals and, therefore, could not be completed. Funds allocated to these projects had to be deobligated or allocated to other projects. Additionally, NRCS did not

ensure that websites had complete or accurate information on watershed rehabilitation projects—such as project certifications and updated information about the 27 projects and their funding. Finally, NRCS has not fully corrected deficiencies with its dam inventory and cost monitoring tools that OIG identified in a prior audit. NRCS agreed with our recommendations.

Selected Examples of Recent Investigations:

Food Safety and Defense: Adulteration. In May 2013, a farmer pled guilty to violations of the Meat and Poultry Inspection Act and making false statements. He was sentenced to 12 months of probation and ordered to pay a \$500 fine. The investigation was referred to OIG for investigation by FSIS' Office of Investigation, Enforcement and Audit. During the course of the investigation, the farmer provided false statements to investigators regarding the slaughter practices on his property. In addition, samples of product slaughtered by the farmer tested positive as being adulterated.

Food Safety and Defense: National Organics Program. In November 2012, the owner of one of the largest organic fertilizer manufacturing companies in the country was sentenced in U.S. District Court, Eastern District of California, to 78 months in Federal prison, followed by 36 months' supervised release. In addition, the owner was ordered to forfeit several cars and pay a personal money judgment of \$9 million. In August 2012, the owner pled guilty to mail fraud and admitted that from 2003 to 2009, he defrauded farmers and distributors by fraudulently labeling fertilizers as organic. He also admitted he submitted false applications and documentation to have his fertilizers listed as organic by the Washington State Department of Agriculture (WSDA) and the Organic Materials Review Institute (OMRI). OMRI is a non-profit organization that provides independent review of materials to determine their suitability for use in the production, processing, and handling of products marketed for organic use. Once approved, the manufacturer is permitted to market its product as "OMRI Listed." Organic farmers rely on WSDA and OMRI listings to ensure that products they use are permitted under the National Organic Program (NOP) requirements for organic agriculture. The owner failed to disclose he used aqueous ammonia, ammonia sulfate, and urea—synthetic chemicals prohibited under NOP—to produce his organic-labeled fertilizer products. Gross sales of the fertilizers exceeded \$40 million.

Homeland Security: Emergency Response Team (ERT) and Agro-terrorism Preparation. Within the last year, ERT participated in agro-terrorism and national response exercises, including a table top exercise to prepare for several different agro-terrorism related scenarios. Additionally, they continued their coordination with Animal and Plant Health Inspection Service (APHIS), Centers for Disease Control and Prevention (CDC), and the Federal Bureau of Investigation (FBI) on the Select Agent Program. OIG has one agent assigned full time to the FBI National Joint Terrorism Task Force who serves as a resource for all of USDA on matters involving potential agro-terrorism. Nationally, OIG agents belong to other regional law enforcement/terrorism working groups and are members of Anti-Terrorism Advisory Councils in a number of U.S. Attorney Districts.

INTEGRITY OF BENEFITS AND ENTITLEMENTS PROGRAMS – Reduce program vulnerabilities and strengthen program integrity in the delivery of benefits to program participants.

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

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

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

Highlights of Current Audit Work:

Farm Service Agency (FSA) Compliance Activities. OIG's objective is to determine if FSA can maintain an effective compliance and internal review function to identify, report, and reduce improper payments in agricultural programs given the potential impacts of staff/budget cuts and the agency reorganization announced in January 2012.

Noninsured Crop Disaster Assistance Program (NAP). OIG's objective is to evaluate FSA's management controls to ensure NAP is effectively and properly implemented in accordance with laws, regulations, policies, and procedures. This includes FSA's controls to ensure participant and crop eligibility for NAP, controls to ensure accuracy of the information used to calculate participant's loss guarantee and loss payments, and controls in place to cover payment and income limitations.

Environmental Quality Incentives Program (EQIP). Review NRCS' administration of EQIP to identify potential areas of highest risk. These areas include eligibility, contract management, compliance, and propriety of payments.

National School Lunch and School Breakfast Programs. Evaluate the Food and Nutrition Service's (FNS) methods to lower error rates in the National School Lunch Program and School Breakfast Program. Determine if FNS, State agencies, and school food authorities have adequate controls to ensure children approved for free and reduced price meals meet eligibility requirements and meal claims are supported and accurately reimbursed.

Supplemental Nutrition Assistance Program (SNAP) Error Rate. Determine if FNS and State agencies have adequate controls in SNAP to ensure State error rates are accurately determined and reported, appropriate actions are taken to reduce the error rates, and errors are timely corrected when detected.

Highlights of Current and Planned Investigations Work:

OIG continues to look into the most significant criminal violations involving benefits/entitlement fraud in the wide array of programs administered by USDA agencies. These include FNS programs that operate in every county of the Nation, including the largest cities; FSA and the Risk Management Agency (RMA) programs that support farmers; and many other programs administered by USDA. Within the next year we will focus our investigative efforts on fraud involving the following programs:

FNS SNAP and Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Participation in SNAP has reached record numbers in the last several years. OIG has seen an increase in its investigations of fraud in this program. OIG will continue to use all available investigative tools to aggressively investigate SNAP fraud. We will leverage financial information and other tools, as well as explore trends in fraudulent SNAP activities by electronic benefit transfer (EBT), to determine vulnerabilities, critical risks, and gaps in program controls. Whenever possible, we will use asset forfeiture to disrupt and dismantle organized SNAP fraud/money laundering activities. OIG will continue to work closely with FNS, as well as State and local law enforcement entities that have a joint interest, to investigate these violations.

Additionally, OIG has begun work on a joint SNAP Initiative with FNS as well as State and local partners. The initiative involves a multi-faceted approach to combating SNAP fraud by pursuing criminal and administrative action against both retailers and clients who engage in SNAP trafficking.

FSA Programs. Within the last year, OIG has continued to see individuals providing false information to obtain FSA monies through several FSA programs. OIG will allocate resources as needed to investigate potential fraud in FSA programs.

Selected Examples of Recent Progress – Audit

Recovery Act, Trade Adjustment Assistance for Farmers Program (TAAF), Phase II. OIG audited the Foreign Agricultural Service (FAS), FSA, and the National Institute for Food and Agriculture's (NIFA) administration of the TAAF Program and assessed the agencies' implementation of program requirements. The TAAF Program is administered by three agencies: FAS, the lead oversight agency; FSA, which approves producer applications and makes payments to producers; and NIFA, which provides training and technical assistance for producers. While we found that FAS reported information, such as the amount of funding spent, on Recovery.gov as required, we found issues with the remaining objectives: agencies did not have the appropriate controls in place to ensure that TAAF Program participants were eligible, payments were accurate, or oversight was sufficient. Specifically, FAS did not return unobligated and unneeded 2009 TAAF Program funds to the Treasury, which amounted to approximately \$65.1 million. Further, FAS granted a broad approval for all eligible producers of five commodities in specified counties or States, called price pre-certifications. However, we found that two price pre-certifications did not meet eligibility criteria because FAS did not sufficiently analyze documentation. As a result, 13 of 37 producers we reviewed did not individually show a price decline and received approximately \$64,600. FAS also did not effectively monitor or review FSA's administration of the program, which allowed 85 producers to receive approximately \$284,000 in benefits to which they were not entitled. Also, we found that NIFA did not ensure that the TAAF Program database was compliant with Federal information system security requirements. While FAS and FSA generally agreed with our recommendations, NIFA disagreed with our recommendations.

RMA Controls Over Prevented Planting. RMA administers the Federal Crop Insurance Program, which paid approximately \$4.6 billion in claims from producers who were prevented from planting insured crops from crop years 2008 through 2011. OIG determined that RMA needs to improve the prevented planting provisions to be more cost effective; to encourage producers to plant a crop, when possible; and to make eligibility criteria more objective and clear. Specifically, we found that, out of concern for covering a producer's pre-planting costs in all cases, RMA set current prevented planting coverage levels above the percentages of guarantees that insured needed to cover average pre-planting costs. As a result, by establishing coverage levels that provided over \$480 million in potentially excessive payments, we believe that RMA inadvertently provided incentives to actively encourage prevented planting claims. Further, when RMA designed its policy for assigning a yield when a producer is prevented from planting a crop and opts to not plant a second crop, it may have misinterpreted whether being prevented from planting should impact certain insurance calculations. Under the current policy, producers planted a second crop on only 0.1 percent of prevented planting acres. OIG also found that loss adjusters did not fully document and support eligibility for over \$43 million in prevented planting payments. RMA needs to improve its guidance to better hold approved insurance providers accountable and prevent acres that are regularly too wet for crop production from receiving prevented planting coverage. RMA generally agreed with our recommendations.

FNS Controls for Authorizing SNAP Retailers. In light of news coverage of SNAP trafficking, OIG audited the process FNS uses for authorizing, reauthorizing, and disqualifying retailers that participate in SNAP. We found that FNS does not have clear procedures and guidance to carry out key oversight and enforcement activities to address SNAP retailer fraud, or adequate authority to prevent multiple instances of fraud—either by a particular owner or at a particular location. In addition, FNS regional offices put their limited resources towards activities such as retailer authorization, rather than assessing and enforcing retailer penalties. These issues occurred because FNS has not yet comprehensively updated its regulations and guidance to reflect the changed fraud risks that accompanied the transition from a stamp-based benefit system to the electronic benefit transfer system. This has led to a retailer authorization process with ambiguous roles and responsibilities for different FNS divisions, inadequate supervisory reviews, and fragmented access to important documents. Finally, FNS does not require retailers to undergo self-initiated criminal background checks. FNS has taken several steps to strengthen oversight—such as creating a new policy for high-risk retailers and increasing denial rates for business integrity issues—but without a proper authorization framework problems often went undetected or unaddressed.

As a result, the integrity of SNAP is at risk because FNS does not consistently deter trafficking. From a sample of 316 locations, we found that FNS did not properly determine \$6.7 million in potential penalties, and authorized 51 ineligible store owners, who had redeemed over \$5.3 million in benefits since 2006. In addition, we identified 586 owners were allowed to continue participating in SNAP at other locations after being permanently disqualified, and 90 retail locations had two or more firms permanently disqualified. OIG recommended that FNS

comprehensively review its policies and procedures, seek legislative change to retain a portion of retailer penalties, require background checks for retailers, strengthen internal guidance, make improvements to its automated retailer data system, and create and strengthen safeguards for high-risk stores. FNS agreed with 12 of our 20 recommendations. We will work with the agency to resolve the outstanding recommendations.

Loss Claims Related to Single Family Housing Guaranteed Loans. In order to provide low- and moderate-income people who live in rural areas with an opportunity to own homes, the Federal Government reimburses up to 90 percent of the original loan amount if a borrower defaults on a loan. Given increases in such loss claims—from \$103 million in 2008 to \$295 million in 2011—OIG reviewed the program and determined that Rural Development (RD) needs to strengthen its internal reviews. Specifically, we found that the agency did not identify loans with questionable eligibility prior to paying loss claims, reduce loss claims when lenders improperly serviced loans, and pay lenders for only eligible expenses. The agency also did not have sufficient controls to fully justify approvals of pre-foreclosure sales, referred to as “short sales.” Given the results of our statistical sample of 102 loss claims, we project that the agency paid about \$87 million in loss claims that were at risk of improper payments due to questionable loan eligibility, and paid about \$254 million in loss claims for loans that were at risk of improper payments due to questionable lender servicing. We also project that, across the program, RD overpaid \$6.28 million related to 6,607 claims submitted by lenders for loss reimbursement. To improve program administration and better ensure losses to the government are minimized, RD should conduct a review of its loss claims process to address loans with questionable eligibility, lenders who improperly service delinquent loans, and loss claims that contain unallowable costs. We have reached agreement with RD on all of the report’s 23 recommendations.

Selected Examples of Recent Investigations:

FSA Fraud-False Statements. In May 2013 a husband was sentenced to 60 months’ probation and ordered to pay \$176,005 restitution, while in June 2013 his ex-wife was also sentenced to 60 months’ probation, to include six months’ home confinement. She was ordered to pay restitution jointly and severally with her ex-husband for submitting false statements in order to obtain a \$450,000 mortgage guaranteed by FSA and another \$100,000 mortgage directly from FSA. In addition, they converted to their own use, collateral pledged to secure the \$100,000 FSA mortgage. Before sentencing in September 2012, both were charged with conspiracy to make false statements and pled guilty.

FSA Fraud-False Statements. An OIG investigation determined an Iowa producer intentionally altered a corn contract to reflect a significantly greater amount of grain in storage than actually existed, which resulted in a local bank issuing a loan guaranteed by FSA. The producer eventually defaulted on the loan, causing a significant loss to the financial institution and USDA. In July 2013, the producer, who had previously pled guilty to making a false statement for the purpose of influencing a financial institution, was sentenced to 24 months’ incarceration and was ordered to pay \$213,216 in restitution to FSA and \$157,587 in restitution to the financial institution.

FAS Fraud-False Statements and Money Laundering. An OIG investigation, conducted jointly with Internal Revenue Service-Criminal Investigation division (IRS-CI), disclosed that the owner of a food company in Georgia submitted fraudulent invoices to the State Regulatory Trade Group responsible for administering the FAS’ Market Access Program. The goal of this program is to develop, maintain, or expand commercial export markets for U.S. agricultural products by cost sharing overseas marketing activities. From February 2007 to August 2009, this individual submitted claims to the trade group for reimbursement for overseas television advertising along with copies of checks which purportedly documented payments to two television networks. The investigation determined one of the television networks did not air any commercials or receive any payments for advertising. In January 2012, the owner was charged in U.S. District Court, Northern District of Georgia, with wire fraud, false statements, conspiracy to launder money, and money laundering. The owner pled guilty to wire fraud charges and, in November 2012, was sentenced to 12 months and one day in prison and six months of home confinement, and was ordered to pay \$342,500 in restitution.

RMA Insurance Fraud. A large number of farmers in North Carolina sold tobacco in nominee names to hide their production and filed false crop insurance claims. Farmers, warehouse operators, crop insurance agents, crop insurance adjusters, and check cashers assisted in the filing and concealment of the false claims, and the cashing of the nominee checks.

In February 2013, in U.S. District Court, Eastern District of North Carolina, a crop insurance agent was sentenced to 108 months' imprisonment, followed by 36 months' supervised release, and ordered to pay \$7.4 million in restitution to RMA and \$1 million in restitution to various private insurance companies. The investigation disclosed that between September 2005 and September 2011, a crop insurance agent assisted his clients in hiding tobacco production and filing false crop insurance claims. His actions caused \$7.4 million in fraudulent Federal crop insurance indemnity payments and \$1.0 million in fraudulent crop hail indemnity payments to be paid to his insured clients.

In a related investigation, also in February 2013, an insurance adjuster was sentenced to 48 months in prison, to be followed by 36 months of probation. He was also ordered to pay \$21 million in restitution (approximately \$6.7 million of the restitution was owed jointly and severally with three co-defendants who were previously sentenced). He was charged in January 2012 in U.S. District Court, Eastern District of North Carolina, with conspiracy to make false statements, making material false statements, and committing mail and wire fraud; wire fraud; and retaliation against a witness. From 1996 to 2007, the adjuster accepted cash payments to falsify crop insurance claims regarding the scope of crop losses. During the investigation, the adjuster threatened to do bodily harm to a cooperating defendant and his wife because of information the defendant provided investigators regarding the adjuster's role in the crop insurance conspiracy. In February 2012, the adjuster pled guilty to all of the charges.

The investigation also disclosed that a tobacco broker purchased tobacco with cash or sold it using nominee names, through his independent receiving stations in North Carolina and Kentucky, and then resold it to a national tobacco company. The broker was charged in October 2012 with conspiracy to make materially false statements and to commit mail and wire fraud, and conspiracy to commit money laundering. He pled guilty to the charges in December 2012. In March 2013, he was sentenced to 66 months in prison and ordered to pay more than \$13 million in restitution. This investigation was worked jointly with the IRS-CI and RMA's Special Investigations Branch.

As the result of a related case, the owner of a tobacco warehouse was sentenced in December 2012 in U.S. District Court, Eastern District of North Carolina, for conspiracy to commit mail and wire fraud. The investigation revealed that, between August and October 2007, the warehouseman conspired with unknown producers and a tobacco company employee to conceal the owners of approximately \$578,379 worth of tobacco. The warehouseman and the tobacco company employee created tobacco contracts in nominee names to sell and falsely identify more than 393,969 pounds of tobacco. The owner was sentenced to 60 months' probation with the first 18 months spent in home confinement and ordered to pay an \$80,000 fine.

RMA Insurance Fraud. In February 2013, a strawberry farmer was sentenced in U.S. District Court, Northern District of California, to 12 months and one day in prison, followed by 36 months of supervised release and ordered to pay restitution (jointly and severally) in the amount of \$223,484. The farmer was also debarred from participating in all USDA programs, as well as prohibited from contracting specifically with FSA. In 2005, the farmer falsely claimed crop losses by a joint business venture to increase the payment he could receive for disaster losses. In addition, the farmer and his spouse were responsible for an additional \$63,484 loss attributable to a false claim relating to the Non-Insured Crop Disaster Assistance Program. In July 2009, the couple was charged with two counts of conspiracy to make false statements to the Commodity Credit Corporation (CCC) and one count of making a false statement to the CCC. In June 2012, the farmer's spouse was placed on pre-trial diversion and found to be jointly and severally liable for the \$223,484 in false disaster aid claims.

RD – Bribery, Embezzlement, and False Statements. An OIG investigation disclosed that a group of individuals committed a number of illegal acts to obtain a \$27.3 million RD-guaranteed loan to purchase a rural Mississippi hospital. Other crimes were committed while they operated the hospital. The hospital loan went into default in 2007, resulting in a multi-million dollar loss to RD. As a result of our investigation, five individuals were charged in U.S. District Court, Northern District of Mississippi, with making false statements, mail fraud, theft, bribery, embezzlement, and health care fraud. A physician who pled guilty to mail fraud, theft, and bribery was sentenced in November 2012 to serve 24 months of home confinement and 36 months of probation, and was ordered to pay \$400,000 in restitution. A county administrator who pled guilty to the same charges was sentenced in February 2013 to 14 months' incarceration and ordered to pay \$33,564 in restitution and a \$40,000 fine. Two businessmen were found guilty by a Federal jury in March 2012 of multiple offenses, including embezzlement, kickbacks, and lying to investigators. One of these men has been sentenced to 55 months' incarceration and 36 months of probation, and was ordered to pay a fine of \$10,000. Sentencing is pending for the other businessman. The fifth individual charged died after he was indicted.

RD – Bank Fraud. A joint investigation with IRS-CI and FBI determined a Wisconsin man made false representations to RD during the process of acquiring subsidized multi-family housing properties. After obtaining the properties, the individual embezzled reserve account monies and mismanaged loan funds, leading to a loss to USDA of approximately \$840,000, and \$2.5 million in losses to private lending institutions. In September 2012, the individual pled guilty to two counts of bank fraud in U.S. District Court, Eastern District of Wisconsin. In May 2013, he was sentenced to 45 months' incarceration and ordered to pay \$2.5 million restitution. The defendant further agreed to a 5-year voluntary debarment from participation in USDA programs.

SNAP EBT – Trafficking Fraud

California Grocery Store Owner Sentenced to 168 Months in Prison upon Return from Russia. In October 2012, a store owner was sentenced in U.S. District Court, Central District of California, to serve 168 months in prison, followed by 36 months' supervised release, and was ordered to pay \$6.1 million in restitution and a \$500 assessment. The owner, one of multiple defendants in this investigation, had pled guilty in May 2007 to one count each of conspiracy, wire fraud, food stamp trafficking, money laundering, and false statements, as well as forfeiting assets, and then fled the country to Russia. The OIG case agent coordinated the owner's arrest with the U.S. Marshals after being notified by the Attaché Resident Agent in Charge of the U.S. Secret Service in Moscow that the owner was requesting re-entry into the United States. In March 2011, the U.S. Marshals arrested the owner at the Los Angeles International Airport. In November 2007 and February 2009, two store employees who participated in the scheme were sentenced to 57 months and 36 months in prison and ordered to pay \$2.7 million and \$238,000 in restitution, respectively. One co-conspirator remains a fugitive.

Owner of Specialty Market in Flint, Michigan, Sentenced to Prison and Restitution. The owner of a SNAP-authorized specialty market in Flint was found guilty of conspiracy to commit food stamp fraud at trial in U.S. District Court, Eastern District of Michigan. Our investigation determined the owner of the market developed a network of individuals who obtained Michigan Bridge Cards (Michigan's SNAP EBT cards) from recipients, and then made phone calls to the store where manual SNAP transactions were conducted. During January 2013, the owner of the market was sentenced to 51 months' incarceration and 36 months' supervised release, and was ordered to pay \$612,981 in restitution to FNS. During December 2012, a co-conspirator was sentenced to 60 months' incarceration and 36 months' supervised release, and was ordered to pay \$612,981 in restitution jointly and severally with the owner. This investigation was conducted jointly with the FBI.

North Texas Store Owner Sentenced for SNAP Trafficking and Operating an Illegal Money Transmitting Business. In January 2013, a north Texas grocery store owner was sentenced in U.S. District Court, Northern District of Texas, after he pled guilty to SNAP trafficking, wire fraud, and running an illegal money transmitting business. The store owner was sentenced to 57 months' imprisonment and 36 months' supervised release, and was ordered to pay \$1.4 million in restitution. During the investigation, SNAP recipients admitted to exchanging SNAP benefits for cash and to using SNAP benefits to wire money to friends and family members in North Africa.

Wisconsin Meat Delivery Route Vendor Convicted of SNAP Fraud. This investigation, conducted jointly with the Milwaukee County Sheriff's Department, determined a meat delivery vendor defrauded SNAP by purchasing benefits from individuals residing in area homeless shelters. The subject of the investigation pled guilty to felony charges. In May 2013, he was sentenced in U.S. District Court, Eastern District of Wisconsin, to 24 months' incarceration, 36 months' supervised release, and \$716,371 in restitution payable to FNS.

Three Residents of Lansing, Michigan, Sentenced for Roles in SNAP Fraud Conspiracy. A Lansing, Michigan trio devised a SNAP trafficking scheme which resulted in over \$470,000 in illicit profits over a three year period. During the course of our investigation, the small grocery store averaged more than \$54,000 a month in SNAP redemptions. The owner, his wife, and another store associate exchanged SNAP benefits for cash on multiple occasions from September 2010 through March 2012. All three individuals ultimately pled guilty to felony charges in U.S. District Court, Western District of Michigan. In June 2013, the leader of the conspiracy was sentenced to 54 months' incarceration, 36 months' supervised release, and \$472,485 in restitution payable to FNS. His spouse was sentenced to 36 months' probation and was ordered to pay \$472,485 in restitution jointly with her husband. In August 2013, the third individual was sentenced to 12 months and 1 day of incarceration and \$306,897 in restitution payable jointly with his co-conspirators.

WIC Program Fraud. An OIG investigation determined an organized group of individuals opened 13 storefront operations in Georgia to defraud SNAP and WIC. From February 2009 to June 2011, this group illegally purchased over \$5 million in SNAP and WIC benefits. Sixteen individuals have been charged in U.S. District Court, Southern District of Georgia with conspiracy, or theft of government funds. In November 2012, one store owner was sentenced to 63 months in prison and ordered to pay \$6.3 million in restitution jointly and severally with the other codefendants; another store owner was also sentenced to 60 months in prison and ordered to forfeit three sports cars and \$113,980 in bank holdings. In February 2013, a store owner was sentenced to 51 months in prison; another owner was sentenced to 57 months in prison; and the mother of two of the store owners was sentenced to 37 months in prison. The remaining 13 defendants in this investigation had previously been sentenced to a range of 9 to 63 months in prison and were ordered to pay a portion of the \$6.3 million in restitution. This case was worked jointly with the Savannah-Chatham Metropolitan Police Department, IRS-CI, and the U.S. Secret Service.

MANAGEMENT IMPROVEMENT INITIATIVES – Support USDA in implementing its management improvement initiatives.

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

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

Highlights of Current Audit Work:

Livestock Forage Program (LFP). The objective is to determine whether existing procedures and practices are appropriate to ensure that LFP objectives are achieved. Specifically, we will assess and test whether producers meet eligibility requirements, producers complied with program requirements, payments are accurately computed and properly paid, and compliance operations are effective.

RMA National Program Operations Reviews. Assess whether RMA's National Program Operations Reviews reasonably determine if the approved insurance providers are substantially in compliance with applicable laws and regulations, the standard reinsurance agreement, and approved Federal Crop Insurance Corporation (FCIC) policies and procedures.

Hispanic and Women Farmers and Ranchers Claim Resolution Process. Conduct a performance audit of Hispanic and Women Farmers and Ranchers adjudicated claims to determine if the claims review process is adequate and functioning as prescribed in the Claims Process Framework, that funds are distributed only to eligible applicants, and that claims are adequately supported.

USDA's Consolidated and Agencies' Financial Statements. OIG anticipates issuing 2013/2012 audits of 6 agencies' statements and USDA's consolidated financial statements, in December 2013. We will also conduct our 2014/2013 annual audit of the USDA consolidated financial statements and the financial statements of the six stand-alone agencies and entities—FNS, Forest Service, NRCS, RD, FCIC, and the CCC.

Federal Information Security Management Act (FISMA) Review. We will perform our mandated annual reviews for 2014 and 2015 of the security over USDA's Information Technology (IT) resources to assess compliance with the Federal Information Security Management Act of 2002. (2014 and 2015 audits to be initiated)

Highlights of Current and Planned Investigations Work:

OIG will support USDA in implementing its management improvement initiatives, focusing on areas such as IT security; the management of Information Technology (IT) systems to mitigate inappropriate disclosure, modification, or deletion of data; and enhancement of cyber security through increased awareness of system security threats and risks. The project of updating our internal management information system remains ongoing. When completed, the new information system will enhance the efficiency and accuracy by which case files are developed and stored electronically, and will improve the ability of investigations staff across the country to make use of the information contained within the system. In addition, OIG will continue to investigate allegations of public corruption, with our investigations leading to the prosecution and removal of USDA, State, and contractor employees who have defrauded USDA programs to obtain personal benefit.

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

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

Selected Examples of Recent Progress – Audit:

NRCS' Oversight and Compliance Activities. OIG found that NRCS has not implemented a comprehensive, integrated compliance strategy designed to verify that conservation program funds totaling \$3.6 billion are serving their intended purpose. Over the past decade, a number of OIG audits demonstrated that NRCS has longstanding problems with verifying the eligibility of participants, their compliance with conservation agreements and how easements are valued. OIG maintains that NRCS must strengthen its efforts to improve program compliance by, for example, reorganizing so that one person or entity at NRCS has the responsibility and authority to ensure that compliance and oversight activities are effective. We also found that NRCS never performed a risk assessment of its overall program operations. When NRCS performed compliance reviews, those reviews did not focus on the specific program vulnerabilities identified by prior OIG reports. Without an improved compliance effort, NRCS cannot ensure the integrity of its \$3.6 billion in program expenditures, nor can it ensure that its resources are used efficiently and effectively to reduce the risk of fraud, waste, and abuse. We recommended that NRCS perform an overall risk assessment of program operations and implement an integrated compliance strategy. NRCS agreed with our recommendations.

Overlap and Duplication in FNS' Nutrition Programs. Over many years, Congress has directed FNS to establish a variety of separate nutrition assistance programs, with a variety of purposes, objectives, and client bases. With the growing rate of food insecurity among U.S. households and significant pressures on the Federal budget, it is important to understand how food assistance programs complement one another as a safety net, and how services from these 15 individual programs may be inefficient due to potential overlap and duplication. While FNS has attempted to be more efficient, the agency has not performed overarching assessments to evaluate how the programs operate together as the Nation's nutritional safety net. OIG concluded that FNS could potentially achieve cost savings by taking actions to eliminate duplication and overlap in its nutrition assistance programs. FNS, however, contends that such an assessment would be costly. Since FNS could not quantify the cost, the agency should determine the resources that would be required to conduct such a study. Then FNS should determine whether it has the resources to conduct the study or whether additional appropriated funding will be required. Although FNS believes that the network of nutrition assistance programs that make up the national nutritional safety net reflects Congress' recognition of a diversity of needs, the agency generally acknowledged the need to conduct such an assessment.

In re Black Farmers Discrimination Litigation (BFDL). The 2008 Farm Bill permitted any claimant who had submitted a late-filing request under Pigford I and who had not previously obtained a determination on the merits of his or her claim to petition in Federal Court to obtain such a determination. These complaints were consolidated into a single case, *BFDL*, and an agreement was reached to settle these complaints. Through passage of the Claims

Resolution Act of 2010², Congress appropriated \$1.15 billion to settle the claims.³ The act also provided that USDA/OIG shall, within 180 days of the initial adjudication of claims, and subsequently as appropriate, perform a performance audit based on a statistical sampling of adjudicated claims.

Before the deciding official (known as the Neutral) finalized decisions regarding *BFDL* claims, OIG conducted audit work to evaluate the integrity and consistency of the processes applied to claimants. Overall, nothing came to our attention to indicate that the claims process was not implemented in accordance with the *BFDL* settlement agreement; however, we identified three findings with the process. We discussed these issues with officials from the Claims Administrator and the Neutral and they provided us with documentation to support the actions they had taken, demonstrated how they addressed each of our findings, and detailed additional actions they planned to take prior to the final adjudication of claims. Their stated actions should mitigate our audit findings; therefore, we made no formal audit recommendations. We plan to test the effectiveness of the actions in a subsequent audit.

Recovery Act – Forest Service Hazardous Fuels Reduction and Ecosystem Restoration Projects on Non-Federal Lands allocated Recovery Act grants for wildland fire management activities, such as hazardous fuels reduction, forest health, and ecosystem improvements. Overall, OIG found that Forest Service lacked the necessary controls to ensure that the grant funds were both properly accounted for and used for their intended purpose—not just for Recovery Act grants, but for the entire grant program. OIG also found that Forest Service did not enhance its existing controls, despite the Recovery Act’s requirements for greater transparency and accountability. As a result, the grant recipients we reviewed charged a total of \$92 million in unallowable and questionable costs for both Recovery Act and non-Recovery Act grants. OIG also found that Forest Service staff did not take necessary steps to ensure that it met the Recovery Act’s overall objective of maximizing job creation and retention in the most cost-effective manner possible. OIG recommended that Forest Service improve training, clarify staff responsibilities, and enhance its monitoring efforts. OIG also recommended Forest Service recover \$27.5 million in unallowable costs charged to the grants, follow up on an additional \$33.6 million, and halt reimbursements to entities with persisting control weaknesses. OIG reached management decision on 48 of the report’s 62 recommendations. OIG is working with the agency to resolve the outstanding recommendations.

Executive Order 13520, Reducing Improper Payments - 2012 High-Dollar Report Review. To intensify efforts to eliminate payment error, waste, fraud, and abuse in Federal programs, the President issued Executive Order 13520, “Reducing Improper Payments.” The Executive Order requires OIG to review USDA’s quarterly high-dollar overpayment reports and make recommendations, as necessary, to help agencies improve their plans to recover and prevent high-dollar overpayments.

We found that in the third year of reporting, USDA reported more comprehensive information about high-dollar overpayments than it did in previous years. Specifically, due to improved reporting oversight and processes, USDA reported 239 overpayments, totaling approximately \$20.3 million, in 2012. This represents an increase of 67 percent over the number of overpayments reported the previous year. However, OIG determined that the quarterly reports included errors and were published up to 102 days after the due date. This occurred because, although agency chief financial officers certified that information was accurate and met applicable criteria, component agencies’ submissions required substantive review by Office of the Chief Financial Officer (OCFO) to ensure USDA followed the high-dollar reporting guidance appropriately and that only payments that were supposed to be reported were included. OIG recommended that OCFO provide additional oversight over component agencies’ processes to ensure component agencies’ high-dollar overpayment reports comply with Departmental high-dollar reporting guidance. OCFO agreed with our recommendation, and OIG has accepted management decision on the recommendation.

FY 2013 FISMA Report. In conducting the FY 2013 FISMA audit, OIG found that, although USDA continues to improve the security posture of its IT infrastructure and associated data, many longstanding weaknesses remain. OIG noted that the Office of the Chief Information Officer (OCIO) is taking positive steps to improve its security posture in the future. OCIO released three key Department-wide policies in the latter part of 2013 and the beginning of 2014. OCIO then needs to review the agencies’ compliance with USDA policy. Once this process is institutionalized throughout USDA, its security posture should improve and be sustainable in the future.

² Public Law 111-291, signed December 8, 2010.

³ This is in addition to the \$100 million provided through the 2008 Farm Bill.

Again this year, we continue to report a material weakness in USDA's IT security. The Department should continue its progress by issuing critical policy and completing actions on the 30 outstanding recommendations from the 2009 through 2012 FISMA audit reports and the 6 new recommendations included in this report. The agency generally agreed with the recommendations.

Selected Examples of Recent Investigations:

Public Corruption - Wire Fraud. In November 2012, an area director with RD in Alabama pled guilty to committing wire fraud by depositing \$6.2 million in checks issued by 10 water authorities and one electric authority into a bank account for which he had the sole signatory authority. A joint investigation with the FBI disclosed the employee then transferred those funds to his personal accounts. The employee was separated from Federal employment in January 2013. In March 2013, the employee was sentenced in U.S. District Court, Middle District of Alabama, to 60 months in prison, followed by 36 months of probation. In June 2013, the man was ordered to pay \$3.9 million in restitution to seven water authorities and one electric authority. He had previously repaid some of the funds he had diverted.

Employee Misconduct. In July 2012, the employee pled guilty to scheming to receive unearned paid time off donated by other employees. The employee, who had worked in human resources and coordinated the leave donor program for Agricultural Research Service (ARS), admitted that she created false doctors' notes to obtain donated paid leave, which resulted in her receiving leave to which she was not entitled. As a condition of the plea agreement, the employee resigned from Federal service. In December 2012, a former ARS employee was sentenced to serve 36 months on probation, perform 60 hours of community service, repay \$9,027 in restitution, and write a letter of apology to each of her 19 victims.

STEWARDSHIP OF NATURAL RESOURCES – Increase the efficiency and effectiveness with which USDA manages and exercises stewardship over natural resources.

In our previous strategic plan, our goal was to work with USDA agencies to maintain healthy watersheds, high quality soils and sustainable ecosystems; to enhance soil quality to maintain productive working croplands; and to protect forests and grasslands and enhance the wildlife habitat these areas foster.

OIG's new 5-Year Strategic Plan (FY 2013-2018) no longer identifies oversight of the stewardship of natural resources as a separate and distinct goal. While audits and investigations of FS and NRCS programs continue, and these reviews involve oversight of the stewardship of natural resources, results of these reviews will be reported under our strategic goals 1, 2, and 3, as appropriate.

Wildland Fire Investigations. OIG is mandated by Public Law 107-203 (7 U.S.C. 2270(b)), enacted in July 2004, to independently conduct an investigation whenever wildfire entrapment or a burn over results in the death of a Forest Service firefighter. As a result, we established our Wildland Fire Investigation Team (WFIT) as the second component of our Emergency Response Program (ERP). We are required to train, outfit, and certify WFIT team members every year, even though in some years there are no Forest Service firefighting fatalities resulting from wildfire entrapment or burn over.

OFFICE OF INSPECTOR GENERAL

Summary of Budget and Performance
Statement of Agency Goals and Objectives

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

USDA Strategic Goal: OIG Supports all Departmental strategic goals.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
Strengthen USDA’s ability to implement and improve safety and security measures to protect the public health as well as agricultural and Departmental resources.	Continuously monitor and assess risks in USDA operations and programs to identify those risks critical to the achievement of our goals. Target resources to address those critical risks.	Audit/ Investigations	1. Definition of criteria to establish priorities in terms of dollars; level of Congressional, Departmental, or public interest; risk factors; or other concerns to reduce fraud, waste and abuse in Federal programs.
Reduce program vulnerabilities and strengthen program integrity in the delivery of program assistance.	Continuously monitor and assess risks in USDA operations and programs to identify those risks critical to the achievement of our goals. Target resources to address those critical risks.	Audit/ Investigations	2. Definition of criteria to establish priorities in terms of dollars; level of Congressional, Departmental, or public interest; risk factors; or other concerns to reduce fraud waste and abuse in Federal programs.

Agency Strategic Goal	Agency Objective	Programs that Contribute	Key Outcomes
<p>Provide USDA with oversight to help it achieve its results-oriented performance.</p>	<p>Continuously monitor and assess risks in USDA operations and programs to identify those risks critical to the achievement of our goals.</p> <p>Target resources to address those critical risks.</p>	<p>Audit/ Investigations</p>	<p>3. Establishment of prevention and detection methods to reduce program losses.</p> <p>4. Continuous evaluation of our technological and physical resources to aid USDA in facing new technology-based and information security challenges to reduce fraud, waste and abuse in Federal programs.</p>
<p>Maintain a highly qualified and diverse workforce with the tools and training necessary to continuously enhance OIG's ability to fulfill its mission.</p>	<p>Recruit, retain, develop, and effectively lead a diverse workforce with the skills necessary to meet OIG's strategic goals and annual plans.</p> <p>Ensure OIG provides employees with the state-of-the-art technology, equipment, and other physical resources necessary.</p>	<p>OIG supports all USDA Strategic Goals</p>	<p>5. Utilization of self-assessment tools, such as surveys, to continually measure the impact of our human capital efforts and organizational progress.</p>

Agency Strategic Goal	Agency Objective	Programs that Contribute	Key Outcomes
	<p>Enhance internal OIG communication so that all staff members understand OIG's priorities and the contribution their work makes toward fulfilling OIG's mission.</p> <p>Ensure that all OIG staff members are aware of how their work impacts the organization's results.</p> <p>Provide timely and reliable legal and management advice, reports, and services to support the effective functioning of all OIG components.</p> <p>Support the integrity of OIG operations by maintaining an effective quality assurance and internal review program.</p> <p>Effectively communicate the outcome of our work to Congress, agency management officials, media entities, and members of the public.</p>		<p>6. Achievement of human capital development goals by improving our recruitment, hiring and training of a diversified skilled workforce.</p>

Key Performance Measures and Targets: OIG focuses on the most important issues that face USDA. Through coordinated audits, investigations, and other reviews, OIG addresses the areas of highest risk and provides insight and support to USDA program agencies. Our concerted efforts focus heavily on prevention, including reviewing internal control procedures and advising Departmental officials of recommended improvements needed in agency programs and operations. To determine how we are doing and where we go next, we will continue to meet periodically with stakeholders, particularly USDA management officials, U.S. attorneys, and Congressional representatives and staff to obtain feedback on our work. However, our work follows several stages of decision-making and implementation in order to ultimately influence change. The OIG will measure its performance under each of the goals by tracking the following:

- Percentage of OIG direct resources dedicated to critical risk or high-impact activities.
- Percentage of audit recommendations where management decisions are achieved within 1 year.
- Percentage of audits initiated where the findings and recommendations are presented to the auditee within established and agreed-to timeframes.
- Percentage of closed investigations that result in a referral for action to the Department of Justice, State/local law enforcement officials, or relevant administrative authority.
- Percentage of closed investigations that result in indictment, conviction, civil suit or settlement, judgment, administrative action, or monetary results.

Performance Measures:

Performance Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
a. Number of Audits	61	53	45	76	54	55	55
b. Dollars (in thousands)	\$41,964	\$43,267	\$43,337	\$41,931	\$40,162	\$44,052	\$47,648

Performance Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target
a. Number of Investigations	283	275	275	331	335	336	336
b. Dollars (in thousands)	\$43,676	\$45,033	\$45,106	\$43,642	\$41,801	\$45,850	\$49,592

Past Accomplishments Toward Achievement of Key Outcomes: During 2013, OIG has continued to demonstrate considerable law enforcement actions, recommend significant programmatic improvements, and demonstrate considerable dollar returns for the funding provided for the office.

- OIG activity has led to monetary results and financial recommendations of \$6 billion for FY 2011, 2012 and 2013, while our appropriations have been \$263 million. For every dollar invested, we have realized potential cost saving and recoveries of about \$22.95.
- Over the past several years, OIG has been continuously called upon to direct audit resources to conduct high-priority work and special assignments resulting from an increasing number of congressional requests, natural disasters, and significant agency program changes—some of which resulted from the 2008 Farm Bill.

In summary, OIG audits and investigations have continued to save the taxpayers money while fulfilling its mission of ensuring the safety of the Nation’s agricultural resources, reducing program vulnerabilities, and strengthening program integrity.

Selected Accomplishments Expected at the 2015 Proposed Resources Level: Annually, OIG identifies the areas of highest risk in significant USDA programs for audit and investigations and allocates resources to these areas. During 2015, OIG will use its audit resources to evaluate how well the Department has accomplished its strategic goals and objectives. Additionally, the following are items of high priority.

- Audits involving animal, plant and health inspections.
- Audits on USDA’s compliance with the Improper Payments Elimination and Recovery Act (IPERA) of 2010, and review agencies methodologies and plans to reduce improper payments.
- Farm program audits as well as food and nutrition, and the Forest Service programs audits.
- Investigations focusing on matters that pose immediate threat to the well-being of the American consumer, livestock, and agriculture.
- Significant investigations based on improper payments including the Supplemental Nutrition Assistance Program.
- Support of the Council of the Inspectors General on Integrity and Efficiency.
- Meet mandatory training requirements for OIG auditors and investigators.

Strategic Goal and Objectives Funding Matrix

(Dollars in thousands)

Program / Program Items	2012 Actual	2013 Actual	2014 Estimate	Increase or Decrease	2015 Estimate
OIG supports all Department Strategic Goals.					
Audit.....	\$41,954	\$43,618	\$44,052	+\$3,596	\$47,648
Staff Years.....	285	265	268	+6	274
Investigations.....	43,667	45,398	45,850	+3,742	49,592
Staff Years.....	273	255	257	+6	263
Total Costs, All Strategic Goals.....	85,621	89,016	89,902	+7,338	97,240
Total Staff Years, All Strategic Goals.....	558	520	525	+12	537

OFFICE OF INSPECTOR GENERAL

Full Cost by Agency Strategic Goal

(Dollars in thousands)

OIG supports all Department Strategic Goals.

Program / Program Items	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
Audit.....	\$45,362	\$40,637	\$44,476	\$48,042
Total Costs.....	45,362	40,637	44,476	48,042
FTEs.....	285	265	268	274
Performance Measure:				
Number of Audits.....	76	54	55	55
Cost per measure (unit cost).....	908	914	938	938
Investigation.....	47,213	42,295	46,292	50,002
Total Costs.....	47,213	42,295	46,292	50,002
FTEs.....	273	255	257	263
Performance Measure:				
Number of Investigations.....	331	335	336	336
Cost per measure (unit cost).....	2,048	2,103	2,160	2,160
Total Costs, All Strategic Goals.....	92,575	82,932	90,768	98,044
Total FTEs, All Strategic Goals.....	558	520	525	537