



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: May 2, 2005

REPLY TO

ATTN OF: 01099-28-At

SUBJECT: Pesticide Data and Recordkeeping Programs

TO: Ken Clayton
Acting Administrator
Agricultural Marketing Service

ATTN: David N. Lewis
Deputy Administrator
Compliance and Analysis Program

We have completed our audit of Agricultural Marketing Service's (AMS) administration of the Pesticide Data and Recordkeeping Programs. At the request of AMS officials, we assessed the agency's controls for the collection, analysis, and reporting of pesticide residue, and its controls over program funds. We also assessed the usefulness of the pesticide data system's information and the efficacy of controls monitoring the pesticide recordkeeping programs. Our audit found that AMS has established effective and efficient controls for administering and monitoring the Pesticide Data and Recordkeeping Programs, and has implemented corrective actions recommended in our prior audits that have enhanced program operations.

BACKGROUND

The Pesticide Data Program (PDP) is a national pesticide residue database program. To carry out the PDP, AMS enters into reimbursable cooperative agreements with State agriculture departments and other Federal agencies to collect and test a wide range of commodities in the U.S. food supply. The number of commodities to be tested and collected is determined by AMS and the Environmental Protection Agency (EPA). AMS holds annual planning meetings with all Federal and State participants to develop semiannual program plans. These plans contain the "Statement of Work" to be carried out by program participants in each fiscal year (FY) and are referred to in the cooperative agreements. PDP manages the collection, analysis, and reporting of pesticide residues on agricultural commodities. In order to collect scientific pesticide residue data useful to consumers, food processors, pesticide producers, and farmers, PDP tests over 50 different commodities, such as fresh and processed fruit and vegetables, grains, milk, beef, poultry, and

drinking water, for over 290 different pesticides. PDP provides the Government with critical, realistic pesticide residue data that helps identify crops needing alternative pest management practices and promotes the export of U.S. commodities. Agencies using PDP data include EPA, the Food and Drug Administration, the U.S. Department of Agriculture's Economic Research Service, and the Foreign Agricultural Service, as well as groups within the private sector. AMS' Monitoring Program Office (MPO) oversees PDP operations.

AMS' Pesticide Records Branch (PRB) oversees the Pesticide Recordkeeping Program (PRP), a program created to monitor private noncommercial pesticide applicators' recordkeeping through compliance and educational outreach activities. AMS initiates the PRP through reimbursable cooperative agreements with State agencies that do not have State recordkeeping regulations. These agreements call for States to select random samples of private applicators and conduct onsite record reviews to evaluate applicators' compliance with PRP requirements. The Food, Agriculture, Conservation, and Trade Act of 1990 requires that all certified private pesticide applicators not covered by State regulation comply with Federal pesticide recordkeeping regulations.

Title 7, *Code of Federal Regulations*, chapter 110, requires all certified applicators (commercial and noncommercial) to maintain records of the application of restricted-use pesticides; and records should include the product name, amount dispersed, date of application, location of use, and the applicator's name and certification number. This information must be recorded 14 days after the date of the application for private applicators and 30 days for commercial applicators.

SCOPE AND METHODOLOGY

We reviewed FY 2004 program activity for both the PDP and PRP. Fieldwork for PDP was performed at the MPO in Manassas, Virginia, where we reviewed the monitoring, reconciling, and reporting of PDP data. Also, we visited the State Departments of Food and Agriculture, and of Pesticide Regulation in Sacramento, California, where we reviewed the collection, testing, and reporting of test results to MPO. We chose the California State agencies to review because they received more funding (\$2.9 million of \$11.9 million awarded to 10 State agencies) and collected and performed more testing (23 percent of program samples) than any other State. Fieldwork for the PRP was performed at the PRB in Manassas, Virginia, where we reviewed the monitoring and tracking of recordkeeping inspections, and at Clemson University (State agency) in Clemson, South Carolina, where we reviewed the selection of private applicants for recordkeeping inspection and the performance of recordkeeping inspections. We chose Clemson University (\$47,381 of \$1.2 million awarded to 34 States) to review because of its proximity to the Office of Inspector General (OIG) Southeast Regional Office.

We obtained background information by reviewing all OIG and Government Accountability Office audit reports, agency internal reviews, and other studies concerning program activity for both programs. We identified program areas covered by past audits, and then determined whether corrective actions had been implemented. We also reviewed the agency's Federal Managers' Financial Integrity Act (FMFIA) report and vulnerability assessments to determine if weakness related to either PDP or PRP were identified.

We interviewed AMS Headquarters officials, MPO, and PRB program officials involved in carrying out program activities and obtained relevant laws, regulations, policies, and procedures applicable to agency controls over program operations. We conducted compliance testing to determine whether MPO and PRB properly implemented management controls and complied with their required policies for administering the programs. We reviewed financial and program records to determine if charges were proper and for program purposes.

We interviewed State agency officials involved in performing duties stated in the Standard Operating Procedures (SOP), and reviewed State agencies' financial records to determine if charges made to the program were proper and for program purposes. We also reviewed program records to determine whether recommendations in our prior audits had been implemented.

We performed this work from April through December 2004. This audit was conducted in accordance with *Government Auditing Standards*.

SUMMARY OF WORK PERFORMED

Pesticide Data Program

Since our previous audit, the MPO overseeing PDP has continued to improve program operations by (1) implementing additional SOPs for program operations to provide uniformity in performing administrative, sampling, and laboratory activities; (2) developing an electronic database to serve as a central, comprehensive data repository and allow for more efficient administration and reporting of data; (3) performing internal reviews to ensure program compliance; (4) developing a quality assurance program to ensure the reliability of PDP data; and (5) hiring additional technical personnel to expand program operations and monitor program activities. States participating in the program have also helped to achieve PDP's objectives by adhering to terms of agreements, executing program plans, and following SOPs. Based on these improvements and the results of our review, we believe that the program is operating as intended.

Management controls for PDP are mainly in the form of monitoring and verification procedures established in SOPs. The monitoring and verification procedures essentially track and document the number of commodities collected, tested and submitted through the PDP electronic database. MPO has assigned chemists to review and reconcile data submitted from each State for conformance with program plans and requirements. The management controls include checks to determine if the appropriate number and type of commodities are being collected, analyzed, recorded, and reported; checks to determine the reliability of lab analysis and performance; data inquiry checks; and financial accuracy and reporting checks. Based on our review and test of these control procedures, we conclude that MPO is properly implementing management controls and complying with established procedures.

To establish the proper use of program funds, MPO's Program Analyst and Program Director monitor various financial documents for adherence to the terms of cooperative agreements. Equipment purchases over \$5,000 must have prior approval. After reviewing 3 months of FY 2004

financial transactions totaling \$275,505 for PDP operations at the program and State agency level, we found that the funds were properly spent.

The agency's FY 2003 FMFIA report did not disclose any material weaknesses directly related to our review objectives for the PDP. Also, eight internal reports performed during 2004 to determine compliance with the program's SOPs did not disclose any material weaknesses related to the objectives of our review. The OMB Program Assessment Rating Tool Report—performed to assess PDP program performance—did not disclose any material program deficiencies. Finally, on-site quality assurance reviews provided by an independent quality assurance officer at the State agencies did not identify any major program deficiencies.

We interviewed EPA officials (the main user of PDP data) and determined that the data met their needs and was provided in a timely manner.

Based on our overall review results, we conclude that no further audit work is warranted on PDP at this time.

Pesticide Recordkeeping Program

Since our last audit PRB has further developed monitoring program procedures, educational materials, and hired additional staff to improve program oversight.

Management controls for PRP include monitoring through quarterly reports and mid-year reviews. These controls involve checks performed by program specialists to determine the reliability and accuracy of recordkeeping inspections performed by State agencies. After PRP receives inspection forms from program applicants, they are filed by inspection number and reviewed for accuracy and compliance and reconciled to the number of inspections required in the cooperative agreement. The form is also given to the program assistant (for data entry), who inputs the data in an inspection form receipt log. When the cooperative agreement is closed, the program specialist ensures that the number of inspection forms is reconciled with the cooperative agreement and database. At Clemson University we reviewed the random selection process used to select the private applicators to determine if program objectives were being met. We also reviewed the coordination of inspections (188) to be performed by regulatory specialists and determined if they were in compliance with the scope of work stipulated in the cooperative agreement. Based on our review, test, and observations of management control procedures, we conclude that PRB is properly implementing management controls and complying with established procedures.

PRB monitors the use and accountability of program funds. We reviewed 2 months of FY 2004 PRP financial transactions totaling \$16,293 and found that the funds were properly spent.

The agency's FY 2003 FMFIA report did not disclose any material weaknesses directly related to our review objectives for PRP. Also, 28 internal reviews performed by PRB (since January 2002) did not disclose any material program weaknesses. In-house SOPs provide uniform monitoring of program applicants' recordkeeping performance and cooperative agreements provide operational

guidance to State agencies. Program employees and State agency officials are adhering to their respective procedures.

Based on our overall review, we conclude that no further audit work is warranted on PRP at this time.

We appreciate the assistance and cooperation of your staff. If you have any questions please call me at (202) 720-6945 or have a member of your staff contact Stephen Fowkes, Director, Food and Marketing Division at (202) 720-7805.

/S/

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