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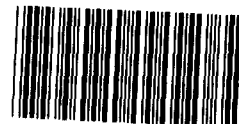
GAO

United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-248720

May 21, 1992



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The Honorable Alfonse M. D'Amato
United States Senate

Dear Senator D'Amato:

This letter is in reply to your March 23, 1992, letter requesting us to investigate certain U.S. Department of Agriculture (USDA) procurement practices regarding the purchase of food commodities for use in domestic and foreign food assistance programs. Specifically, you asked that we determine the extent to which USDA's Agricultural Marketing Service, Foreign Agricultural Service, and Agricultural Stabilization and Conservation Service may be purchasing foreign food commodities for use in anti-hunger programs.

We met with Mr. Michael Petralia of your office on April 24, 1992, to discuss your request and the results of work done by USDA's Office of Inspector General (OIG) referred to in your letter. We specifically discussed the OIG's August 19, 1991, report on these three agencies' procurement practices. We also made reference to the OIG's April 7, 1992, testimony on USDA's procurement practices, and other investigations before the Trade Subcommittee of the House Ways and Means Committee. We agreed to summarize the key points of our discussion and provide the information in a letter to you. I would like to point out, however, that the following comments are based only on our review of the OIG report. We did not discuss the report with the OIG nor did we review its audit work.

-- In its review the OIG focused on (1) compliance by the the three agencies with their own requirements that purchased commodities be of domestic origin and (2) the compliance methods the agencies used to assure themselves that their domestic origin requirements were being met.

GAO/RCED-92-207R, USDA Buy American Practices

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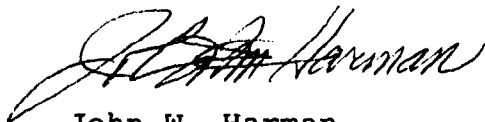
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- The OIG review included seven different commodities including different livestock, fruits, and vegetables) totalling about \$161 million in purchases between September 30, 1988, and January 31, 1990. The review included 197 USDA contracts and 19 contractors. The OIG also included in its review 43 companies that supplied products to the 19 contractors.
- The OIG found that one large supplier had included imported beef in shipments to 5 contractors. As a result, over 1 million pounds of a foreign commodity may have been included in a domestic food program.
- The OIG found numerous problems with the internal controls the agencies used to ensure that the domestic procurement requirements are met and has recommended several actions that the three agencies should take to correct these problems.

Given the recency of the OIG's work and the fact that the three procurement agencies are in the process of deciding how best to deal with OIG's recommendations, we suggested to Mr. Petralia that it would be counterproductive at this point for us to duplicate the OIG's work. In our view, it would be better to wait until the agencies have acted on the OIG's recommendations and then assess whether the desired results are attained. Mr. Petralia agreed that it made sense to wait until a later date to do the requested work. Furthermore, we agreed that this letter would serve to close out your request and that future work, if any, would be requested in a separate letter.

If we can be of further assistance or if you have any questions regarding this information, please contact me on (202) 275-5138.

Sincerely yours,



John W. Harman
Director, Food and
Agriculture Issues

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