



1 Management's Discussion and Analysis

An Overview of the Department of Agriculture

The Department of Agriculture (USDA) is a diverse and complex organization with programs that touch the lives of all Americans every day. More than 100,000 employees deliver more than \$96.5 billion in public services through USDA's more than 300 programs worldwide, leveraging an extensive network of Federal, State, and local cooperators.

Founded by President Abraham Lincoln in 1862, when more than half of the Nation's population lived and worked on farms, USDA's role has evolved with the economy. Today, USDA improves the Nation's economy and quality of life by:

- Enhancing economic opportunities for U.S. farmers and ranchers;
- Ensuring a safe, affordable, nutritious, and accessible food supply;
- Caring for public lands and helping people care for private lands;
- Supporting the sound, sustainable development of rural communities;
- Expanding global markets for agricultural and forest products and services; and
- Working to reduce hunger and improve America's health through good nutrition.

Addressing these timeless concerns in the modern era presents its share of challenges. America's food and fiber producers operate in a global, technologically advanced, rapidly diversifying, and highly competitive business environment driven by sophisticated consumers.

This report provides information on USDA's core performance measures as described in its *Strategic Plan for FY 2005-2010*. They are:

- To enhance international competitiveness of American agriculture;
- To enhance the competitiveness and sustainability of rural and farm economies;
- To support increased economic opportunities and improved quality of life in rural America;
- To enhance protection and safety of the Nation's agriculture and food supply;
- To improve the Nation's nutrition and health; and
- To protect and enhance the Nation's natural resource base and environment.

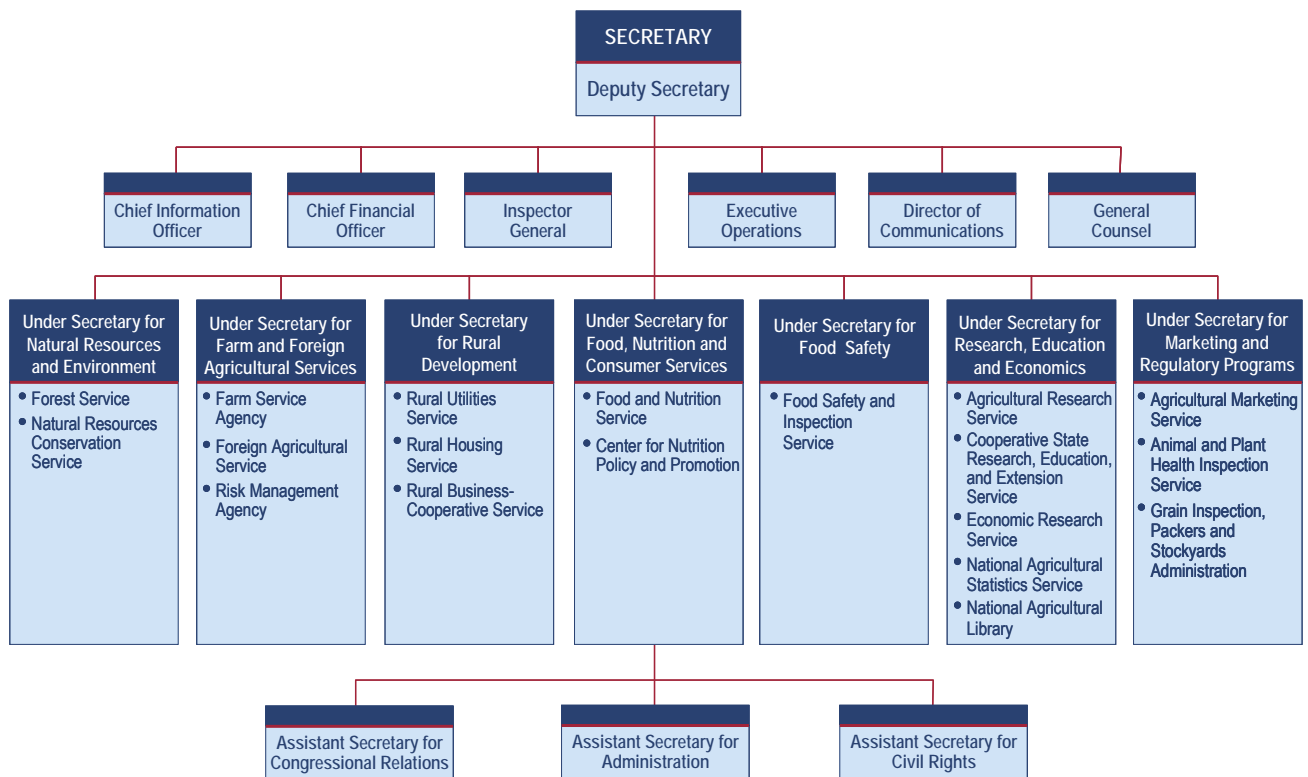


These six goals mirror USDA’s commitment to provide first-class service, state-of-the-art science, and consistent management excellence across the Department. USDA uses the Program Assessment Rating Tool (PART) to assess and improve program performance so that the Department can achieve better results. The PART identifies how well and efficiently a program is working and what specific actions can be taken to improve its performance. PART ratings and analysis for all Federal Government programs can be found on the internet at ExpectMore.gov. Other internal and external program evaluations related to the goals and conducted during fiscal year (FY) 2008 are included in this document.

Although change has been a constant in the evolution of the United States farm and food sector, the current marketplace emphasizes the growing importance to consumer preferences and the reach of global markets. USDA’s objectives reflect this. Through these objectives, USDA will strive to:

- Expand international trade for agricultural products and support international economic development;
- Expand domestic marketing opportunities for agricultural products and strengthen risk management, the use of financial tools, and the provision of sound information to help farmers and ranchers in their decision-making process;
- Further develop alternative markets for agriculture products and activities;
- Provide financing needed to help expand job opportunities and improve housing, utilities, and infrastructure in rural America;
- Enhance food safety by taking steps to reduce the prevalence of foodborne hazards from farm to table and safeguard agriculture from natural and intentional threats;
- Improve nutrition by providing food assistance and nutrition education and promotion; and
- Manage and protect America’s public and private lands working cooperatively with other levels of Government and the private sector.

Exhibit 1: Headquarters Organization



Mission Statement

The Department of Agriculture provides leadership on food, agriculture, natural resources, quality of life in rural America and related issues based on sound public policy, the best-available science and efficient management.

USDA's FY 2008 key milestones include:

- Preserving over \$7 billion in foreign trade through resolution of trade barriers;
 - Providing over 15,000 loans to beginning, minority, and women farmers;
 - Offering over \$88 billion in Federal crop insurance protection;
 - Creating or saving over 70,000 jobs in rural America;
 - Maintaining loans to help 2.5 million rural families with housing loans including 64,000 new loans;
- Eradicating the Asian Longhorned Beetle, an invasive pest, from Illinois;
 - Providing Food Stamp assistance to more than 28 million people on average each month;
 - Distributing more than 3 billion pieces of nutrition guidance materials via the Web and print;
 - Improving over 30 million acres of land using conservation measures;
 - Treating almost 2.9 million acres with hazardous fuel reduction programs and conserving over 128,000 acres of wetland habitats; and
 - Funding 22,500 years of graduate student forestry studies.

MISSION AREAS

To ensure that USDA's efforts focus squarely on meeting its real world objectives, the Department's work is organized by mission areas, which are a collection of agencies that work together to achieve USDA's aforementioned strategic goals. A description of USDA's seven mission areas follows.

Natural Resources and Environment

The Natural Resources and Environment (NRE) mission area ensures the health of the land through sustainable management. Its agencies work to prevent damage to natural resources and the environment, restore the resource base, and promote good land management. NRE consists of the Forest Service (FS) and the Natural Resources Conservation Service (NRCS). FS manages public lands in national forests and grasslands, which encompass 193 million acres. NRCS provides leadership in a partnership effort to help America's private land owners and managers conserve their soil, water, and other natural resources. Both Agencies work in partnership with Tribal, State, and local Governments; communities; related groups; and other Federal agencies to protect the Nation's soils, watersheds, and ecosystems.

Farm and Foreign Agricultural Services

The Farm and Foreign Agricultural Services (FFAS) mission area helps keep America's farmers and ranchers in business as they face the uncertainties of weather and markets. FFAS delivers commodity, credit, conservation, disaster, and emergency assistance programs that help improve the stability and strength of the agricultural economy. The mission area is comprised of the Farm Service Agency (FSA), the Foreign Agricultural Service (FAS), and the Risk Management Agency (RMA). FSA administers and manages farm commodity, credit, conservation, disaster, and loan programs as laid out by Congress through a network of Federal, State, and county offices. FAS works to improve international market access for U.S. products, build new markets, improve the competitive position of domestic agriculture in the global marketplace, and provide food aid and technical assistance to other countries. RMA helps producers manage their business risks through effective, market-based risk management solutions.



This mission area also includes two Government-owned corporations. The Commodity Credit Corporation (CCC) works to stabilize farm income to help ensure an adequate, affordable supply of food and fiber. This corporation is a financial mechanism by which agricultural commodity, credit, export, conservation, disaster, and emergency assistance is provided. The Federal Crop Insurance Corporation (FCIC) improves the economic stability of agriculture through a sound system of crop insurance.

Rural Development

The Rural Development (RD) mission area focuses on helping improve the economy and quality of life in all of rural America. RD provides financial programs to support such essential public facilities and services as water and sewer systems, housing, health clinics, emergency service facilities, and electric and telephone service. It promotes economic development by providing loans to businesses through banks and community-managed lending pools, while also assisting communities to participate in community empowerment programs. RD provides grants, loans, and loan guarantees to farmers, ranchers, and rural small businesses to assist in developing renewable energy systems and make energy efficient improvements.

Food, Nutrition and Consumer Services

The Food, Nutrition and Consumer Services (FNCS) mission area works to harness the Nation's agricultural abundance to reduce hunger and improve health in the United States. Its agencies administer Federal domestic nutrition assistance programs. FNCS is comprised of the Food and Nutrition Service (FNS) and the Center for Nutrition Policy and Promotion (CNPP). FNS administers USDA's 15 Federal nutrition assistance programs. CNPP works to improve the health and well-being of Americans by developing and promoting dietary guidance that links scientific research to the nutrition needs of consumers.

Food Safety

The Food Safety and Inspection Service (FSIS) is the public health agency responsible for ensuring that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and labeled and packaged correctly.

Research, Education and Economics

The Research, Education and Economics (REE) mission area is dedicated to the creation of a safe, sustainable, competitive U.S. food and fiber system, as well as the development of strong communities, families, and youth through integrated research, analysis, and education. REE is comprised of the Agricultural Research Service (ARS); the Cooperative State Research, Education and Extension Service; the Economic Research Service; the National Agricultural Statistics Service (NASS); and the National Agricultural Library.

Marketing and Regulatory Programs

The Marketing and Regulatory Programs mission area facilitates the domestic and international marketing of U.S. agricultural products and ensures the health and care of animals and plants. MRP is made up of the Agricultural Marketing Service (AMS); the Animal and Plant Health Inspection Service (APHIS); and the Grain Inspection, Packers, and Stockyards Administration (GIPSA). AMS administers programs that facilitate the efficient, fair marketing of U.S. agricultural products, including food, fiber, and specialty crops. APHIS provides leadership in ensuring the health and care of animals and plants. GIPSA facilitates the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products.

DEPARTMENTAL OFFICES

Department-level offices provide centralized leadership, coordination, and support for USDA's policy and administrative functions. Their efforts maximize the energy and resources agencies devote to the delivery of services to USDA customers and stakeholders.

Resources

Congressional appropriations are the primary funding source for USDA operations. FY 2008 program obligations totaled \$137.7 billion, an increase of \$9.8 billion compared to FY 2007. These are current year obligations from unexpired funds. They do not include prior year upward or downward obligation adjustments.

Exhibit 2: FY 2008 and 2007 USDA Program Obligations Dedicated to Strategic Goals

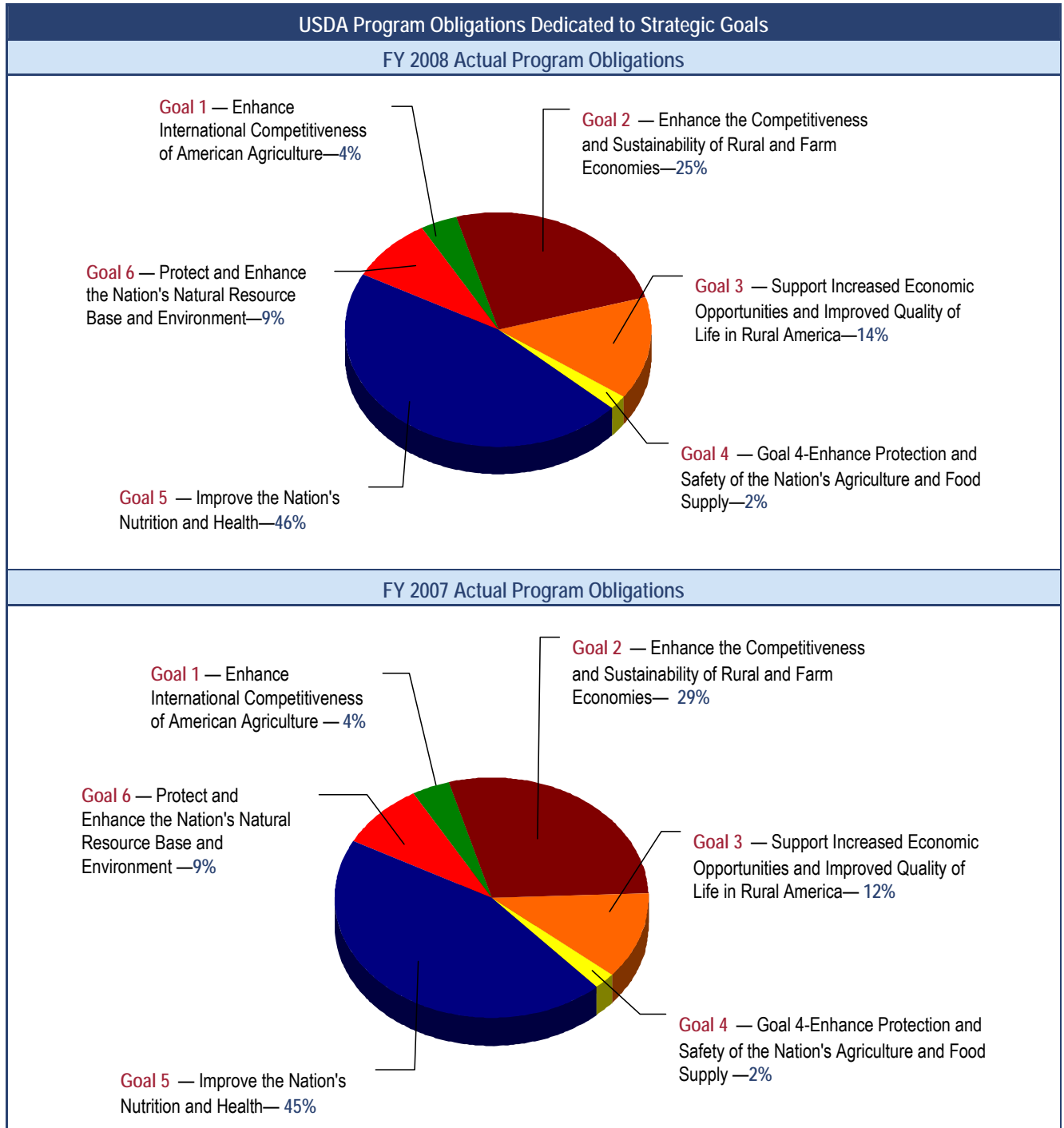
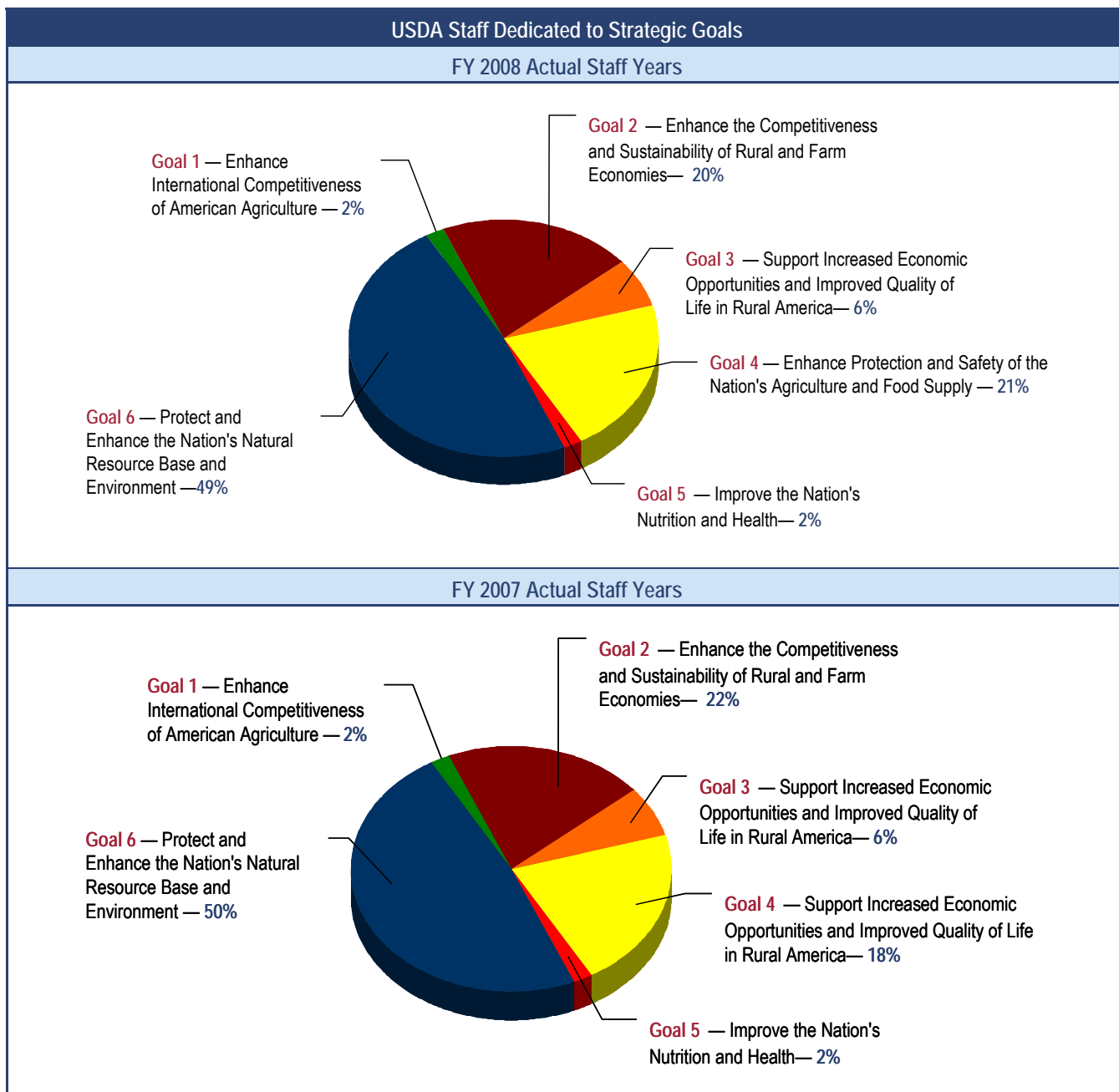




Exhibit 3: FY 2008 and 2007 USDA Staff Years Dedicated to Strategic Goals



Performance Goals, Objectives, and Results

Of the 33 performance goals contained in USDA's FY 2009 and Revised FY 2008 Budget Summary and Annual Performance Plan, 28 were met or exceeded, 4 were unmet, and 1 was deferred. The following Performance Scorecard table, organized by USDA's strategic goals and objectives, provides a summary of the Department's performance results. Measure 3.2.5 consolidates two separate measures from the Budget Summary. Additional analyses of these results can be found in the Performance Section of this report.

PERFORMANCE SCORECARD FOR FY 2008				
Objectives		Annual Performance Goals		Result
Strategic Goal 1: Enhance International Competitiveness of American Agriculture				
1.1	Expand and Maintain International Export Opportunities	1.1.1	Dollar value of agricultural trade expanded through trade agreement negotiation, monitoring, and enforcement (Non-Sanitary and Phytosanitary)	Unmet
1.2	Support International Economic Development and Trade Capacity Building	1.2.1	Number of countries in which substantive improvements have been made in national trade policy and regulatory frameworks that increase market access	Exceeded
		1.2.2	Food Aid Targeting Effectiveness Ratio	Exceeded
1.3	Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade	1.3.1	Value of trade preserved annually through USDA staff interventions leading to resolutions of barriers created by SPS or Technical Barrier to Trade (TBT) measures	Exceeded
Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies				
2.1	Expand Domestic Market Opportunities	2.1.1	Number of items designated as biobased for Federal procurement	Exceeded
2.2	Increase the Efficiency of Domestic Agricultural Production and Marketing Systems	2.2.1	Timeliness – Percent of time official reports are released on the date and time pre-specified to data users	Unmet
		2.2.2	Percent of market-identified quality attributes for which USDA has provided standardization	Exceeded
2.3	Provide Risk Management and Financial Tools to Farmers and Ranchers	2.3.1	Increase the normalized value of risk protection provided to agriculture producers through FCIC-sponsored insurance (\$ Billion)	Met
		2.3.2	Increase percentage of eligible crops with Noninsured Crop Disaster Assistance Payments (NAP) coverage.	Unmet
		2.3.3	Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by USDA.	Met
Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America				
3.1	Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth	3.1.1	Jobs Created or Saved	Met
3.2	Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities	3.2.1	Number of borrowers/subscribers receiving new and/or improved electric facilities	Exceeded
		3.2.2	Number of borrowers/subscribers receiving new or improved telecommunication services (Broadband)	Exceeded
		3.2.3	Number of borrowers/subscribers receiving new or improved service from agency funded water facility	Exceeded
		3.2.4	Homeownership opportunities provided	Exceeded
		3.2.5	Percentage of customers who are provided access to new and/or improved essential community facilities – <ul style="list-style-type: none"> • Health facilities • Safety facilities 	Met



PERFORMANCE SCORECARD FOR FY 2008

Objectives	Annual Performance Goals	Result
Strategic Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply		
4.1 Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.	4.1.1 Reduce overall public exposure to generic <i>Salmonella</i> from broiler carcasses using existing scientific standards	Met
	4.1.2 Reduce the overall public exposure to <i>Listeria monocytogenes</i> in ready-to-eat products	Met
	4.1.3 Reduce the prevalence of <i>E. coli</i> O157:H7 on ground beef	Unmet
4.2 Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks	4.2.1 Number of significant introductions of foreign animal diseases or pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans	Met
	4.2.2 Improve the capabilities of animal and plant diagnostic laboratories <ul style="list-style-type: none"> • Specific plant diseases labs are prepared to detect • Specific animal diseases labs are prepared to detect 	Met
Strategic Goal 5: Improve the Nation's Nutrition and Health		
5.1 Ensure Access to Nutritious Food	5.1.1 Participation levels for the major Federal nutrition assistance programs (millions per month): <ul style="list-style-type: none"> • Food Stamp Program (FSP) • National School Lunch Program (NSLP) • School Breakfast Program (SBP) • Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) 	Met
5.2 Promote Healthier Eating Habits and Lifestyles	5.2.1 Application and usage level of nutrition guidance tools (pieces of nutrition guidance distributed)	Exceeded
5.3 Improve Nutrition Assistance Program Management and Customer Service	5.3.1 Increase Food Stamp payment accuracy rate	Deferred
Strategic Goal 6: Protect and Enhance the Nation's Natural Resource Base and Environment		
6.1 Protect Watershed Health to Ensure Clean and Abundant Water	6.1.1 Comprehensive nutrient management plans applied (number of plans) <ul style="list-style-type: none"> • Conservation Technical Assistance • Environmental Quality Incentives Program 	Met
	6.1.2 Increase Conservation Reserve Program (CRP) acres of riparian and grass buffers	Exceeded
6.2 Enhance Soil Quality to Maintain Productive Cropland Base	6.2.1 Cropland with conservation applied to improve soil quality (millions of acres) <ul style="list-style-type: none"> • Conservation Technical Assistance Program • Environmental Quality Incentives Program • Conservation Security Program 	Met
6.3 Protect Forests and Grasslands	6.3.1 Number of acres of hazardous fuel treated that are in the wildland urban interface	Met
	6.3.2 Number of acres of hazardous fuel treated that are in condition classes 2 or 3 in Fire Regimes I, II, or III outside the wildland-urban interface	Met
	6.3.3 Number of acres in condition classes 2 or 3 in Fire Regimes I, II, or III treated by all land management activities that improve condition class	Met
	6.3.4 Grazing and forest land with conservation applied to protect and improve the resource base (millions of acres) <ul style="list-style-type: none"> • Conservation Technical Assistance • Environmental Quality Incentives Program 	Exceeded

PERFORMANCE SCORECARD FOR FY 2008

Objectives		Annual Performance Goals	Result
Strategic Goal 6: Protect and Enhance the Nation's Natural Resource Base and Environment (cont'd)			
6.4	Protect and Enhance Wildlife Habitat to Benefit Desired, At-Risk, and Declining Species	6.4.1 Wetlands created, restored, or enhanced (acres) <ul style="list-style-type: none"> • Conservation Technical Assistance • Wetlands Reserve Program • Conservation Reserve Program 	Exceeded

ACTIONS ON UNMET AND DEFERRED GOALS

USDA continuously works to improve its performance across all of its strategic goals and objectives. Sometimes circumstances arise that result in the Department falling short of its goals. At other times, the Department consciously alters its approach in ways that enhance its service to the public, but that make a specific performance goal a less effective indicator of real progress. The Annual Performance Report section of this report offers further discussion of the Department's actions on its goals.

Management Challenges

In August, USDA's Office of Inspector General (OIG) prepared a report on the most significant management challenges within the Department (Appendix A). These challenges have been identified as potential issues that could hamper the delivery of its programs and services. To mitigate these challenges, USDA management provides accomplishments for the current fiscal year and/or planned actions for the upcoming one. The Department is reporting on nine management challenges for FY 2008. Although one challenge from FY 2007 was removed, a new challenge was added for the current year. This addition leaves the total count of management challenges unchanged from the previous fiscal year. The following table summarizes those challenges that changed from FY 2007 to FY 2008.

FY 2007 Management Challenges	FY 2008 Changes
(Challenge #1) Interagency Communication, Coordination, and Program Integration Need Improvement	(Challenge #1) New Issue Added—Increase communication and coordination on issues related to agricultural inspection policies and procedures
(Challenge #2) Issue—Strengthen quality control, publish sanction procedures and perform required reconciliation in the Federal Crop Insurance Program	Issue Revised Strengthen quality control and perform required reconciliation of producer/policy holder data in the Federal Crop Insurance Program
(Challenge #3) Issue—Improve Forest Service internal controls and management accountability to effectively manage its resources, measure its progress towards goals and objectives, and accurately reports its accomplishments	Issue Revised (added NRCS) Improve FS and NRCS internal controls and management accountability to effectively manage its resources, measure its progress towards goals and objectives, and accurately report its accomplishments
(Challenge #4) Issue—Implementation of Improper Payments Information Act Requirements Needs Improvement	(Challenge Removed by the Office of the Inspector General)
(Challenge #5) Issue—Continue vulnerability risk assessments to determine the adequacy of food safety and security over agricultural commodities that the Department manages, handles, transports, stores, and distributes	(Now Challenge #4) Issue Revised Implement commodity inventory systems that provide critical homeland security features and complete security clearances for employees involved in commodity inventory management activities and in risk assessments



FY 2007 Management Challenges	FY 2008 Changes
Challenge #5 Issue—Work with States in preparing for and handling <i>avian influenza</i> occurrences in live bird markets or other “off-farm” environments	(Now Challenge #4) Issue Revised Continue to strengthen ability to respond to <i>avian influenza</i> outbreaks and strengthen controls over live animal imports
Challenge #5 Issue—Ensure animal disease surveillance testing protocols are based on emerging science	(Now Challenge #4) Issue Removed by the Office of the Inspector General
Challenge #5 Issue—Continue to work with other USDA agencies to ensure effective coordination and implementation of Homeland Security Presidential Directive-9; e.g., develop animal and plant diagnostic and tracking networks	(Now Challenge #4) Issue Removed by the Office of the Inspector General

The following table includes FY 2008 accomplishments and/or FY 2009 planned actions as well as ongoing activities to address the Department’s challenges.

USDA’s Management Challenges

1) Interagency Communications, Coordination, and Program Integration Need Improvement. <ul style="list-style-type: none"> • Integrate the information management systems used to implement the crop insurance, conservation, and farm programs; • Increase organizational communication and understanding among the agencies that administer the farm, crop insurance, and conservation programs; and • Increase communication and coordination on issues related to agricultural inspection policies and procedures.
Fiscal Year 2008 Accomplishments <ul style="list-style-type: none"> – Published the Routine Uses for System of Records in the <i>Federal Register</i> to allow producer and member information to be disclosed to RMA and, subsequently, approve insurance providers, their agents, and loss adjusters under contract with RMA; – Established future common reporting requirements for producer, State, and county offices based on recommendations from RMA/FSA working group; – RMA and FSA Production Workgroup analyzed current agency production data to determine incorporation into the Comprehensive Information Management System (CIMS); – Finalized crop categorization table; – RMA and NRCS met to further pursue the collection, sharing, and definitions of common data; – Initiated common reporting requirements for prevented planting acreage; and – Developed a Transportation and Export database for monitoring and reconciling shipments.
Planned Actions for Fiscal Year 2009 <ul style="list-style-type: none"> – Incorporate RMA and FSA production and Common Land Unit data into the CIMS database; – Develop a single acreage reporting process for insured producers to reduce duplicate reporting requirements for producers for common elements and eliminate the need for reconciliation; – Continue to develop reports and procedures for accessing and utilizing CIMS Projects; – Begin incorporating FSA member entity data and production data into CIMS; – Provide access to CIMS applications using eAuth for current CIMS’ users including State Offices; – Continue developing the Lean Six Sigma Grants Process to better integrate the management of grants and financial assistance programs. This process will include cost share, easements, stewardship, emergency landscapes, and traditional grants; – Enhance NRCS Easement Business Tool to data mine and data share between USDA agencies; – Pilot the National Easement Programs Management System in four states; – Develop the National Grant Programs Management System, which will facilitate the consistent management of traditional grants across the Department; – Develop the National Emergency Watershed Protection Programs Management System, which will facilitate the consistent management of all watershed programs across the Department; – Meet weekly to coordinate issues and opportunities common to the conservation agencies and related to program financial assistance eligibility, Section 1614 reporting, CIMS and the Federal Financial Accountability and Transparency Act; – Perform risk assessments for several rail cargo pathways; and – Develop guidance on the use of Transportation and Exportation permits.

2) Implementation of Strong, Integrated Internal Control Systems Still Needed.

- Develop Rural Housing Service controls over administering disaster housing assistance programs to ensure aid is provided to the needy and avoid benefits duplication.

Planned Actions for Fiscal Year 2009

- Establish procedures to compare Federal Emergency Management Agency (FEMA) numbers for duplication after a disaster and upgrade the Multi-Family Information System to reject duplicate FEMA numbers; and
- Develop procedures to monitor owners and management agents immediately following a disaster.

- Strengthen quality control and perform required reconciliation of producer/policy holder data in the Federal Crop Insurance Program.

Fiscal Year 2008 Accomplishments

- Reviewed selected RMA Approved Insurance Providers operations to determine their compliance with the quality control guidelines listed in the Standard Reinsurance Agreement and associated Appendix IV.

Planned Actions for Fiscal Year 2009

- Continue reviews of selected Approved Insurance Providers operations to determine compliance with quality control guidelines listed in the Standard Reinsurance Agreement and associated Appendix IV;
- RD will coordinate with other Departments and Agencies to compare disaster assistance and procedures related to housing; and
- RD will establish procedures to monitor assistance in response to a disaster.

- Improve FS and NRCS internal controls and management accountability to effectively manage resources, measure progress towards goals and objectives and accurately report accomplishments.

Fiscal Year 2008 Accomplishments

- Completed corrective actions to successfully implement the Government Performance and Results Act;
- Performed an annual systems assessment of all FS financial/mixed financial systems;
- Conducted oversight reviews on performance accountability within various regions; and
- Continued to implement corrective actions identified through the Office of Management and Budget (OMB) Circular A-123, "Management's Responsibility for Internal Control," Appendix A, OIG/Government Accountability Office (GAO) audits.

Planned Actions for Fiscal Year 2009

- Continue to improve oversight within FS of national firefighting contract crews by implementing corrective actions in response to OIG audit reports;
- Complete an annual systems assessment of all FS financial/mixed financial systems;
- FS will conduct oversight reviews on performance accountability within various regions;
- FS will continue to implement corrective actions identified through the OMB Circular A-123, Appendix A process and OIG/ GAO audits;
- NRCS will hire two more staff members to write financial policy to strengthen management controls; and
- NRCS will increase monitoring to ensure effective resource management.

- Capitalize on FSA compliance activities to improve program integrity.

Fiscal Year 2008 Accomplishments

- Monitored the National Compliance Review database for compliance; and
- Initiated the assessment of results from compliance reviews and took the necessary actions to correct identified internal control weaknesses.

Planned Actions for Fiscal Year 2009

- Analyze results from compliance reviews to identify any program weaknesses and revise procedures to address those weaknesses.

3) Continuing Improvements Needed in Information Technology (IT) Security.

- Emphasize security program planning and management oversight and monitoring.

Fiscal Year 2008 Accomplishments

- Enhanced Cyber Security Scorecard reporting requirements to reflect security components of the Privacy Act, OMB Circular A-123, Appendix A, and the President's Management Agenda;
- Continued to use the Federal Information Security Management Act of 2002 (FISMA) Cyber Security Scorecard and issue monthly to Senior IT leadership and executive management within the Department;
- Converted data from a legacy system to Cyber Security Assessment and Management (CSAM) reporting tool on schedule;
- Converted the General Support System information for the Office of the Chief Information Officer (OCIO) and Service Center Agencies to CSAM;



- Completed and verified system categorizations in CSAM; and
- Utilized the monthly FISMA Cyber Security scorecard to track agency compliance with key security program elements. The scorecard is used by Departmental executives to maintain open dialog with agency heads and program administrators on the health of USDA's IT risk management initiatives and vulnerability mitigation actions.

Planned Actions for Fiscal Year 2009

- Leverage the CSAM tool to manage IT Security Program Compliance and Oversight;
- Evaluate performance metrics through analysis of the Cyber Security Score Card, CSAM, and Cyber Security Communications Center;
- Implement redefined performance metrics and develop strategic plan;
- Monitor and assist agency progress using the Cyber Security Score Card, CSAM, and Cyber Security Communications Center; and
- Develop tactical plans, as needed.

- Establish an internal control program throughout the systems' life cycle.

Fiscal Year 2008 Accomplishments

- Integrated OMB Circular A-123, Appendix A, and FISMA program elements into a system's life cycle;
- Updated policy and procedures, and implemented new scorecard reporting elements;
- Completed revisions to the security awareness training policy, the disaster recovery planning guidelines, scanning and patching requirements, and the incident response policy and procedures to align with current National Institutes of Standards and Technology (NIST) and OMB guidance;
- Reviewed a wireless local area network in the Washington, D.C., Headquarters complex to validate and verify security program compliance;
- Reviewed incident handling procedures compliance and improved reporting oversight to ensure that all policy and procedures are followed timely and completely; and
- Developed Standard Operating Procedures to document internal business processes—Incident Handling, Privacy Act Assessments/System of Records Notice reviews, System Boundary, and System Categorization Verification.

Planned Actions for Fiscal Year 2009

- Continue to integrate OMB Circular A-123, Appendix A, and FISMA program elements into the system's life cycle;
- Continue with policy and procedure updates;
- Implement new scorecard reporting elements, as needed;
- Continue to work with agencies to monitor and improve IT controls; and
- Utilize CSAM to eliminate duplicate OMB Circular A-123, Appendix A, and FISMA testing.

- Identify, test and mitigate IT security vulnerabilities (risk assessments).

Fiscal Year 2008 Accomplishments

- Identified and published critical IT security controls;
- Reviewed Plans of Action and Milestones (POA&Ms) closures;
- Ensured ongoing oversight of program compliance and risk mitigation activities;
- Reviewed the wireless access points in the Washington, D.C., Headquarters complex and USDA agencies' adherence to proper incident handling procedures;
- Formalized internal procedures for monitoring the Department's compliance with incident handling procedures;
- Issued updated standards on Password Complexity and Wireless Network Security; and
- Drafted revised IT Contingency and Disaster Planning policy.

Planned Actions for Fiscal Year 2009

- Ensure that risk ratings are properly assigned, system self-assessments are performed, POA&Ms are generated, and tasks and milestones are managed appropriately;
- Review risk ratings (systems categorizations) early in the certification and accreditation process to ensure security testing and evaluations are performed for the appropriate level;
- Review POA&M closure documentation and control testing, and monitor progress using scorecard and CSAM;
- Initiate policy gap analysis and revise the Access Control and Configuration Management policies and procedures;
- Publish revised policy and procedures for Access Control;
- Continue compliance monitoring efforts; and
- Publish revised policy and procedures on Continuity Planning.

- Improve access controls.

Fiscal Year 2008 Accomplishments

- Addressed access control issued in IT and the service center agencies. Significant progress has been made to reduce the number of unnecessary accounts on the Information Technology Services network;

- Issued operating system specific hardening guides. These guides help users to secure their USDA computers;
- Published security configuration guides for Windows 2000 Server, Win Mobile, Solaris 10, UNIX, AS/4090, Personal Electronic Devices, Web Farm, and Oracle on Win server 2003; and
- Drafted and issued Operating System Technical Configuration Standards for Access Controls.

Planned Actions for Fiscal Year 2009

- Ensure that technical, operational, and management controls for IT access are documented and monitored; and
 - Review and revise USDA Security Policies to ensure comprehensive and consistent guidance for the management of user access controls.
- Implement appropriate application and system software change control.

Fiscal Year 2008 Accomplishments

- Organized a team of USDA personnel to discuss the testing and implementation of the Federal Desktop Core Configuration (FDCC);
- Reviewed Configuration Management Plans for NIST compliance during the concurrency reviews of Certification and Accreditation documentation;
- Monitored USDA agencies' compliance with FDCC; and
- Reviewed and validated selected USDA agency network/system patching reports.

Planned Actions for Fiscal Year 2009

- Update regulations to meet the NIST and other Federal requirements relating to change control processes; and
 - Review configuration management guidance and update, as needed.
- Develop disaster contingency (service continuity) plans.

Fiscal Year 2008 Accomplishments

- Reviewed USDA agency contingency plans for completeness and compliance with NIST guidelines; and
- Updated and issued guidance on the preparation of Disaster Recovery plans.

Planned Actions for Fiscal Year 2009

- Successfully test all USDA agencies' continuity of operations plans;
 - Ensure that disaster recovery plans are in the Enterprise Contingency Planning Program System and all systems are accounted for through a comprehensive inventory process; and
 - Monitor USDA agencies' compliance with disaster recovery plan testing through the Cyber Security Scorecard, Certification, and Accreditation concurrency process, and CSAM.
- Determine overall risks, prioritize those risks, and develop and implement a time-phased plan to systematically mitigate identified risks.

Planned Actions for Fiscal Year 2009

- Develop agency and Departmental level Security Program Security plans and identify common/critical security risks; and
- Develop preliminary time-phased plan to mitigate common/critical security risks.

4) Departmental Efforts and Initiatives in Homeland Security Need to be Maintained.

- Implement commodity inventory systems that provide critical homeland security features and complete security clearances for employees involved in commodity inventory management activities and risk assessments.

Fiscal Year 2008 Accomplishments

- Initiated the development of a Web-Based Supply Chain Management system to include the business processes, applications, data, security and controls, technical infrastructure, and training and change management solutions for a commodity inventory system that will provide critical homeland security features; and
- Granted clearance for current FSA employees involved in the risk assessment process and the inventory management activities.

Planned Actions for Fiscal Year 2009

- Continue implementation of the Web-Based Supply Chain Management system; and
 - Ensure that future FSA employees will have the appropriate security clearances, as needed.
- Continue to strengthen controls over select agents and toxins.

Fiscal Year 2008 Accomplishments

- Developed Standard Operating Procedures for performing inspections; and
- Conducted select agent security training for inspectors.

Planned Actions for Fiscal Year 2009

- Implement an annual Compliance Inspection Program for all agriculture registered entities.



- Continue efforts to coordinate with the Department of Homeland Security in implementing effective control systems to ensure the safety and security of agricultural products entering the country.

Fiscal Year 2008 Accomplishments

- Initiated the development of guidance for the electronic reporting of refused-entry data. A dedicated mailbox was created specifically for this purpose. APHIS's Veterinary Services (VS), reviewed the data weekly for trends and contacted Mexico's animal health agency officials as needed for corrective actions. Shipments are rejected routinely at the southern United States border if import requirements are not met.

Planned Actions for Fiscal Year 2009

- Implement guidance for the electronic reporting of refused-entry data.

- Continue to strengthen ability to respond to *avian influenza* outbreaks.

Fiscal Year 2008 Accomplishments

- Prepared APHIS strategic plan to include detailed goals, objectives, and activities for addressing *avian influenza* during FY 2009 through FY 2012; and
- Revised APHIS guidance related to internal (State-Federal) communication of foreign animal disease outbreaks and indicated the specific responsibilities of the state animal health official, the Federal area veterinarian in charge, the foreign animal disease diagnostician, diagnostic laboratories, and Federal regional offices and headquarters.

Planned Actions for Fiscal Year 2009

- Issue manual which will detail the live bird marketing system to include specific biosecurity measures that should be implemented to prevent or mitigate the spread of high consequence diseases; respond to highly contagious diseases, including cleaning and disinfection protocols; and develop a continuity of business planning for an outbreak;
- Revise the outbreak surveillance response for Highly Pathogenic *avian influenza* (HPAI) including surveillance in the live bird market system and other off-farm surveillance;
- Develop an APHIS animal disease incident planning system to provide a framework for existing documents, such as emergency management guidelines and disease-specific response plans (HPAI and *foot-and-mouth* disease); and
- Prepare proactive risk assessments for the movement of eggs and egg products to facilitate business continuity.

- Strengthen controls over live animal imports.

Fiscal Year 2008 Accomplishments

- Developed a protocol for the importation of camelids from Canada into the United States;
- Updated health certificate requirements for horses imported from Canada;
- Developed a protocol for the transiting of Canadian cattle to Mexico; and
- Developed an alert on "Inspection Procedures for Bovines from Canada at Canadian Land Border Ports of Entry."

Planned Actions for Fiscal Year 2009

- Collect monthly data on Canadian cattle import discrepancies and implement resolution, as needed;
- Develop a VS Process Streamlining Live Animal Import Module to contain records of all live animal entries and refusals. The module will provide data quality and management reports, and fully implement internal automated controls enforcing strict business rules and data standards. This process will lessen the opportunity for database errors;
- Initiate efforts for APHIS to develop the ability to exchange electronic data, acquired and validated with secure, electronic signatures, for inclusion into VS specific animal health and surveillance management systems. The project will be piloted with Canadian officials in supporting the ability to exchange secure, electronic data, both for import and export U.S. trade; and
- Develop protocols with the Canadian Food Inspection Agency for evaluating zoning policies and procedures for Foreign Animal Diseases (FAD) and mutual recognition of zoning decisions following detection of an FAD in either country.

5) Material Weaknesses Continue to Persist in Civil Rights Control Structure and Environment.

- Develop a plan to process complaints timely and effectively.

Fiscal Year 2008 Accomplishments

- Developed automated intake report for pending complaints;
- Established formal procedures for prompt resolution of complaints not processed timely;
- Developed automated adjudication reports for pending complaints;
- Reassessed performance standards for specialists in the Employment Complaints Division to include the timely completion of assigned cases; and
- Required contract agreements for investigations to include a standard provision for timely and quality services.

Planned Actions for Fiscal Year 2009

- Request the Equal Employment Opportunity Commission to conduct training and provide technical assistance with investigations and processing of complaints.
- Ensure integrity of complaint data in the system.

Fiscal Year 2008 Accomplishments

- Finalized formal plan for business rules;
- Created audit procedures for reviewing sample cases for data integrity;
- Created automated quality control tool; and
- Conducted audit of sample cases.

- Develop procedures to control and monitor case file documentation and organization.

Fiscal Year 2008 Accomplishments

- Posted vacancy announcement for records management.

Planned Actions for Fiscal Year 2009

- Develop comprehensive records management procedures for Equal Employment Opportunity (EEO) case files;
- Implement procedures for transferring and safeguarding documents part of an EEO complaint file; and
- Obtain the services of an external contractor to inventory and review EEO case files and establish record retention procedures.

6) USDA Needs To Develop a Proactive, Integrated Strategy To Assist American Producers To Meet the Global Trade Challenge.

- Continue to strengthen genetically engineered organism field testing controls to prevent inadvertent genetic mixing with agricultural crops for export.

Fiscal Year 2008 Accomplishments

- Signed a Memorandum of Understanding between APHIS, AMS, and GIPSA, clarifying each agency's roles when responding to incidents of low-level presence of regulated, genetically engineered material in commerce.

Planned Actions for Fiscal Year 2009

- Revise regulations for the importation, interstate movement, and environmental release of genetically engineered organisms; and
- Develop standards and guidelines for the APHIS Biotechnology Quality Management System.

- Develop a global market strategy.

Planned Actions for Fiscal Year 2009

- Expand outreach activities to key countries;
- Incorporate the Country Strategy Statements (CSS) into the FAS Mission Strategic Planning process; and
- Redefine the CSS development process to incorporate regional and global perspective encompassing USDA interests in individual countries and regions.

- Strengthen trade promotion operations.

Planned Actions for Fiscal Year 2009

- Analyze and reassess market development programs by coordinating industry trade partners' program initiatives with USDA functional area efforts;
- Continue developing new program management software and ongoing efforts to streamline program administration;
- Further develop evaluation criteria and processes to demonstrate the effectiveness of market development program administration and funding allocations; and
- Conduct annual review/reassessment of FAS outreach effort.



7) Better Forest Service Management and Community Action Needed to Improve the Health of the National Forests and Reduce the Cost of Fighting Fires.

- Develop methods to improve forest health; and
- Establish criteria to reduce the threat of wildland fires.

Fiscal Year 2008 Accomplishments

- Developed national guidance for the regions to use in assessing the risks from wildfires;
- Monitored the effectiveness of hazardous fuel treatments and restoration projects;
- Developed partnerships with States and counties to develop and deliver fire prevention ordinances for use in planning and zoning in wildland urban interface areas; and
- Conducted large fire cost reviews.

Planned Actions for Fiscal Year 2009

- Continue to conduct large fire cost reviews and implement corrective actions, as applicable;
- Monitor the effectiveness of hazardous fuel treatments and restoration projects;
- Obtain clarification from the Office of the General Counsel (OGC) on both FS and States' protection responsibilities in the wildland urban interface and other private properties threatened by wildfires; and
- Develop partnerships with States and counties to develop and deliver fire prevention ordinances for use in planning and zoning in wildland urban interface areas.

8) Improved Controls Needed for Food Safety Inspection Systems.

- Develop a time-phased plan to complete assessments of establishment food safety systems control plans and production processes, including a review program that includes periodic reassessment;
- Develop a process to accumulate, review, and analyze all data available to assess the adequacy of food safety system; and
- Improve the accuracy of data available in the systems.

Fiscal Year 2008 Accomplishments

- Conducted a number of analyses to determine the temporal relationships among the factors that may be used for assessing an establishment's ability to control risk;
- Developed a project management plan to use certified agency project managers to assert appropriate control using American National Scientific Institute (ANSI)-earned value management standards to measure and control costs and schedule;
- Issued FSIS Directive 5100.1, Revision 2, "Enforcement, Investigations, and Analysis Officer Comprehensive Food Safety Assessment Methodology;"
- Developed a risk-based approach to prioritize food safety assessments;
- Met monthly to prioritize analytical and reporting needs. Business requirements were developed, including recommendations on reports that district analysts should be generating;
- Programmed tracking system for monitoring the completion of In-Plant Performance System (IPPS) assessments. These assessments allow users to generate reports displaying lists of individuals who have outstanding IPPS reviews;
- Updated the AssuranceNet Users Guide to provide additional guidance to supervisors reviewing IPPS assessments. The new guidance instructed them to specifically focus on the extent to which applicable elements and sub-elements are completed over the course of the year. It also ensured their oversight reviews include a determination of whether there is a match between the narrative comments and what is in the follow-up boxes; and
- Maintained data and information systems infrastructure adequate to support inspection activities.

Planned Actions for Fiscal Year 2009

- Test the electronic food safety assessments. As data are collected, they will be evaluated and analyzed. FSIS will examine relevant time windows prior to establishing its exact use in estimating risk;
- Implement a modernization effort to continue to improve the security, quality, and sustainability of the system infrastructure (ongoing);
- Continue to utilize the Enterprise Architecture Blueprint to provide the foundation for documenting, assessing, and improving the lines of agency business processes, and ensuring they are properly aligned to the system's capabilities and needs. The blueprint also provides the mechanism to align and improve system data capture and automation capabilities further (ongoing); and
- Continue to utilize the Public Health Information Consolidation Projects (PHICP) and the Public Health Data Communication Infrastructure Systems (PHDCIS) to plan, track, and report on IT operational and development activities better. PHICP tracks and reports the development of information systems for FSIS. PHDCIS contains the operational, maintenance, and infrastructure hardware and activities (ongoing).

- Complete corrective actions on prior recommendations.

Fiscal Year 2008 Accomplishments

- Implemented a tracking system for audit recommendations that notifies FSIS program managers monthly about their obligations to respond to and take final action on OIG recommendations. The system is used to track results and produce a variety of reports.

- Continue to develop and implement a strategy for hiring and training inspectors.

Fiscal Year 2008 Accomplishments

- Trained public health veterinarians to conduct food safety assessments.

Planned Actions for Fiscal Year 2009

- Conduct a review of the effectiveness of its training programs;
- Conduct surveys of inspection program personnel and their supervisors following training to verify that inspectors are performing key job duties as instructed; and
- Develop refresher training to reinforce inspection duties.

9) Implementation of Renewable Energy Programs at USDA

- Develop and implement a viable and comprehensive renewable energy strategy for USDA agencies and programs; and
- Establish internal controls to ensure that renewable energy research is not duplicated and meets the needs of the current marketplace.

Planned Actions for Fiscal Year 2009

- Establish an inter-agency working group to review and make recommendations to the USDA Energy Council. The group will address strategic planning goals and results measurements, and develop Department-wide guidance to eliminate duplicate funding for renewable energy projects;
- Develop Department-wide policies and procedures that require agencies to check for duplicate funding within USDA; and
- Develop a database to check for duplicate funding with other Federal agencies.

Future Demands, Risks, Uncertainties, Events, Conditions, and Trends

USDA is influenced by many of the same forces that shape the American economy—globalization of markets, scientific advances, and fundamental changes in the Nation’s family structure and workforce. Farmers and food companies operate in highly competitive markets with constantly changing demand for high quality food with a variety of characteristics, including convenience, taste, and nutrition.

Additionally, homeland security is a significant, ongoing priority for USDA. The Department is working with the Department of Homeland Security to help protect agriculture from intentional and accidental acts that might affect America’s food supply or natural resources.

External factors that challenge USDA’s ability to achieve its desired outcomes include:

- Weather-related hardships and other uncontrollable events at home and abroad;
- Domestic and foreign macroeconomic factors, including consumer purchasing power, the strength of the U.S. dollar, and political changes abroad that can impact domestic and global markets greatly at any time;
- The availability of funds for financial assistance provided by Congress and the local and national economies;
- Sharp fluctuations in farm prices, interest rates, and unemployment also impact the ability of farmers, other rural residents, communities, and businesses to qualify for credit and manage their debts;
- The impact of future economic conditions and actions by a variety of Federal, State, and local Governments that will influence the sustainability of rural infrastructure;
- The increased movement of people and goods, which provides the opportunity for crop and animal pests and diseases, such as *avian influenza* and *bovine spongiform encephalopathy*, to move quickly across national and foreign boundaries;
- Potential exposure to hazardous substances, which may threaten human health and the environment and the ability of the public and private sectors to collaborate effectively on food safety, security, and related emergency preparedness efforts;

- The risk of catastrophic fire is dependent on weather, drought conditions, and the expanding number of communities in the wildland-urban interface; and
- Efforts to reduce hunger and improve dietary behaviors depend on strong coordination between USDA and a wide array of Federal, State, and local partners.

USDA’s Results Agenda—Implementing Federal Management Initiatives

USDA works to strengthen its focus on results through vigorous execution of the President’s Management Agenda (PMA). This agenda focuses on management improvements that help USDA consistently deliver more efficient and effective programs to its stakeholders. This process is designed to improve customer service and provide more effective stewardship of taxpayer funds. As discussed in the Department’s *Strategic Plan for FY 2005-2010*, USDA plans to:

- Ensure an efficient, high-performing, diverse workforce, aligned with mission priorities and working cooperatively with partners and the private sector;
- Enhance internal controls, data integrity, management information, and program and policy improvements as reflected by an unqualified audit opinion;
- Reduce spending and burden on citizens, partners, and employees by simplifying access to the Department’s information. This enhancement is added by implementing business processes and information technology needed to make its services available electronically;
- Link budget decisions and program priorities more closely with program performance and consider the full cost of programs and activities;
- Reduce improper payments by developing targets and implementing corrective action plans;
- Efficiently and effectively manage its real property;
- Transform Information Technology (IT) enterprise infrastructure to be cost effective and consistent across all agencies and geographic regions;
- Improve its research and development investments by using objective criteria; and
- Support the essential work of faith-based and community organizations.


USDA employees are charged with executing these management initiatives, which they do with an emphasis on customer service. The PMA calls for the Office of Management and Budget (OMB) to score departments on each initiative. Green indicates success, yellow indicates mixed results, and red indicates an unsatisfactory score. There are two scores awarded. “Status” indicates that a department is meeting the standards established for success. “Progress” indicates that it is progressing adequately in meeting established deliverables and timelines. The arrows next to the scores indicate whether the score has improved (↑), declined (↓), or remained the same (↔) compared to FY 2007.

Status	Progress
● ↔	● ↔
HUMAN CAPITAL	

The PMA challenges Federal Government leaders to think boldly and strategically to improve the management and performance of Government. Nowhere is this challenge more important than in the strategic management of human capital.

USDA continues to build upon its success in completing the human capital initiatives and objectives set forth in its *December 2006 Strategic Human Capital Plan*. To that end, USDA has established a team of agency Human Capital representatives to review and update the 2006 Plan to meet the criteria in 5 CFR 250 and to align with USDA’s strategic plan, including mission, goals, objectives, and budget that include an implementation plan with targets, milestones, and measures. USDA’s Strategic Human Capital Plan focuses on five strategic goals that drive USDA’s human capital initiatives:

- Human capital management strategies are aligned with the Department’s mission, goals, and organizational objectives and integrated into strategic plans, performance plans, and budgets;

- 
- Leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvements;
 - Skills, knowledge, and competency gaps/deficiencies in mission-critical occupations have been closed and meaningful progress toward closing skills, knowledge, and competency gaps/deficiencies in all agency occupations has been made;
 - The workforce is diverse, results-oriented, and high-performing, and the performance management system differentiates between high and low levels of performance and links individual/team/unit performance to organizational goals and desired results effectively; and
 - Human capital management decisions are guided by a data-driven, results-oriented planning and accountability system.

To attract a diverse, highly skilled workforce, USDA markets itself as the “Employer of Choice” in the Federal Government. Through the use of targeted recruitment efforts and automated hiring systems, USDA has achieved some of the best hiring timelines Government wide. For its General Schedule (GS) positions, employment offers are made within 25 days, on average. Offers for Senior Executives average 28 days. The GS timeframe is less than the 45-day metric established by the Office of Personnel Management and the Senior Executive timeframe is consistently the best in government.

USDA continues to use Career Pattern (CP) initiatives by designing vacancy announcements that market USDA as an employer of choice. By identifying appropriate applicant pools and their attractors, building environments suitable for those attractors and designing vacancy announcements highlighting the attractors, the Department has attracted a broader pool of highly skilled applicants successfully. Foundation Financial Information System (FFIS) uses career patterns language for GS-701 Veterinary Medical Science and GS-1863 Food Inspection vacancies; and FNS uses career patterns language for its GS-630 Dietician and Nutritionist vacancies.

The ARS also recently recruited for a GS-301-5/7 Volunteer and Internship Program Coordinator to develop and enhance formal and informal educational programs associated with research activities, grounds, and living displays at the National Arboretum in Washington, D.C. Among its family friendly flexibilities, the position allows for an adjustable work schedule that best suits the incumbent’s personal and professional needs, and the opportunity to telecommute.

A USDA CP workgroup monitors compliance and implementation of the Career Patterns guidelines. The CP workgroup meets quarterly to brainstorm ideas for vacancy announcements that will incorporate career patterns and streamline announcements, thus making the process of searching for a job more applicant-friendly. The CP workgroup plans to draft a template for Department-wide review in the near future.

Through the adoption of a strategic goal focusing solely on accountability, USDA has demonstrated its commitment to excellence. The Department progressed substantially in completing its accountability reviews. It conducted all required reviews. Implementation of the resulting recommendations has strengthened human resources processes throughout USDA, which is enhancing its accountability program further by institutionalizing and standardizing the delegated examining review process. Through more consistent and timely internal reviews, USDA can focus additional accountability resources on strategic and workforce planning, leadership and knowledge management, and talent management.

USDA scored green for status and yellow for progress on the September 30, 2008, scorecard.

USDA will continue to work with its human capital partners to create programs that will enhance employee development. These programs will also increase the use of human capital flexibilities for managers in recruitment and retention, streamline processes for more efficient and faster service, and ensure that the Department workforce has the skills to meet the challenging demands of the 21st century. USDA is committed to leading by example and serving as the vanguard of the Federal Government’s overall human capital transformation efforts. Specifically, the Department will:



- Continue reviewing opportunities for greater organizational and operational efficiencies within selected mission areas;
- Complete its scheduled accountability reviews and report; and
- Develop and maintain a diverse, talented workforce capable of achieving the USDA mission.

Status	COMMERCIAL SERVICES MANAGEMENT	Progress
●		●
↔		↔

The Office of the Chief Financial Officer (OCFO) oversees USDA's Commercial Services Management (CSM) initiative. The Department implements CSM reasonably and rationally to achieve significant cost savings, improved performance, and

a better alignment of the agency's workforce to its mission. This initiative is designed to improve the efficiency and effectiveness of agency operations by employing a variety of management tools. In addition to commercial services studies, which were previously the primary focus of this initiative, CSM uses management efficiency assessments to identify projects for more in-depth analysis by means of other management tools. In addition to standard commercial services studies, USDA employs other tools such as business process reengineering, Lean Six Sigma, and High Performance Organizations for the purpose of continuing to simplify and improve the procedures for evaluating operations and resources.

USDA requires that a management efficiency assessment, including a cost-benefit analysis, be completed prior to a recommendation to use one of the CSM management tools referenced above. This strategy ensures that functions selected for further evaluation result in an organization implemented with lower costs and increased operational efficiencies. Assessments continue to be linked to agency human capital plans to ensure that workforce planning and restructuring, and retention goals are met while achieving cost savings.

USDA continues to review its functions to identify those that can be evaluated to achieve efficiency and/or quality improvement.

USDA has earned a yellow for status and a green for progress on the September 30, 2008, scorecard.

Commercial Services results are reported annually to Congress by December 31 for the preceding fiscal year. The results through FY 2007 reflected actual accrued savings of more than \$70 million.

Actions taken by USDA include:

- Activities seeking to improve productivity and produce savings:
 - ◆ NRCS completed a competition of its Headquarters Administrative function of 39 full-time employees (FTE). The estimated gross savings is \$3.1 million over the 5-year performance period;
 - ◆ For FY 2009, USDA plans reviews covering more than 2,300 FTE. When the results of an efficiency assessment indicate a favorable return on investment and/or improved operational efficiency, an appropriate tool is implemented to achieve the desired outcome;
 - ◆ The OCFO has two commercial services studies in progress as of the end of the fourth quarter;
 - ◆ USDA continues to track completed competitions for annual accrued savings and desired performance targets; and
 - ◆ A system of independent validation and post competition review has been further defined to monitor performance and verify annual accrued savings for completed competitions;
- Conducted training on OMB's Commercial Services and Workforce Inventory Tracking system and the Federal Activities Inventory Reform (FAIR) Act Inventory; and
- Issued a CSM Plan which incorporates USDA's major management improvement projects.

Challenges

- **Forest Service Legislative Restrictions**—Congress, through the Department of Interior FY 2008 Appropriations Bill, placed a one-year moratorium on FS' Commercial Services activities.
- **Farm Service Agency and Rural Development Legislative Restriction Continues**—The Consolidated Appropriations Act of 2008 prohibits funds to be used to study, complete a study of, or enter into a contract with a private party to execute a commercial services activity with the Secretary of Agriculture without a subsequent act of Congress. This act covers USDA support personnel relating to rural development or farm loan programs. This will require the FSA and Rural Development (RD) to use other management improvement tools under the CSM Initiative to achieve operational efficiencies and/or savings.

Status	FINANCIAL PERFORMANCE	Progress
●		●
↔		↔

OCFO oversees USDA's financial performance. The office works with all USDA agencies and staff offices to ensure the Department's financial management reflects sound business practices. Receiving an "unqualified"

financial audit opinion from an independent auditor indicates that the information reported in the financial statements is free of significant errors or misstatements. It also certifies that USDA can account for the dollars entrusted to it. The FY 2007 audit opinion was "qualified" because the independent auditors were unable to complete their review, as RD did not provide sufficient evidence to support its changes to the Single Family Housing Program cash flow model. Improvements were made to the quality and timeliness of the data provided to the auditors. OIG was able to complete its audit by November 17, 2008. USDA received a clean opinion for 2008.

OCFO led efforts to improve financial management information by helping its agencies develop and access useful and timely information. This information includes monthly financial reports, online access to real-time information and program cost reporting. By enhancing the integrity of financial and administrative data, the Department protects corporate assets and conserves scarce resources.

The Management Initiative Tracking System (MITS) is an interactive, Web-based database and management system that monitors and manages an agency's progress in implementing management initiatives. A new module was developed to integrate audit tracking processes. Data were tracked to monitor IT security and financial management weaknesses. Another module will soon be going into production to track budget data requests. MITS benefits employees and managers by reducing time, redundancy, and errors in reports and improving the timeliness of management information. This corporate performance and reporting system also improved program oversight and evaluations and increased visibility of performance and business data at USDA.

Financial Management Modernization Initiative (FMMI)—FMMI's primary objective is to improve financial management performance. It accomplishes the objective by efficiently providing agencies with a modern, core financial management system. This system complies with Federal accounting and systems standards and provides maximum support to the USDA mission. FMMI targets the replacement of FFIS and the legacy financial and program ledgers used in the Department's programs. Replacing FFIS, the core financial management system and program ledgers, with a modern, Web-based core financial management system is also expected to eliminate the need to operate and maintain many of USDA's legacy feeder systems. It would also make the financial statements data warehouse, currently required to produce timely external financial statements, obsolete.

The FMMI investment has the following key attributes:

- Integration with such existing and emerging eGovernment initiatives as eGovernment Travel Services, ePayroll, Grants.gov, and eLoans;
- Current corporate solutions for which financial results must be reflected in the budgetary and general ledger accounts of the Department (e.g., asset management and procurement);
- Program-specific systems that support the general ledger (e.g., programmatic loan systems);



- Integration with performance management and budgeting, allowing USDA to meet the PMA and Government Performance and Results Act requirements; and
- Compliance with the Federal Financial Management Improvement Act (FFMIA), including Federal financial management system requirements, applicable Federal accounting standards, and U.S. Government Standard General Ledger at the transaction level.

In FY 2008, FMMI Planning and Analysis phases were completed. The FMMI Design Phases for the USDA Corporate Configuration and FMMI Hosting Services are underway. The FMMI integration of Earned Value Management System has been certified as American National Standards Institute (ANSI) 748-A compliant.

The Managerial Cost Accounting Workgroup, led by OCFO, met to discuss accounting issues and guidance reporting requirements. Workgroup members also discussed best practices within the Department. They continue to work closely with their Chief Financial Officer (CFO) counterparts during FMMI's design and implementation to ensure that the system will meet the cost management needs of decision makers.

Eliminating/Reducing Material Weaknesses

- **Credit Reform Quality Control Processes**—The FY 2008 audit opinion on the RD financial statements audit confirmed that deficiencies in quality controls have been remediated. Additional work is needed to reduce the material weakness at the CCC. Improvements will be made in FY 2009 to ensure the timeliness and quality controls over changes made to the CCC credit reform models.
- **Unliquidated Obligations**—The assessment of test results for unliquidated obligations as of June 30, 2008, did not support downgrading this material weakness. USDA plans to develop a metric to measure agency compliance with Department guidance on review of obligations and assess additional tools needed for reviews.
- **Funds Control**—CCC needs to prepare a proposal request to replace and/or modify its non-compliant systems.
- **Information Technology**—The Department reviewed OMB Circular A-123, Appendix A assessment results for 17 general support systems and major applications. Logical access controls, physical access controls, disaster planning, and configuration management/change controls remain a material weakness for the Department as a whole based on the results of OMB Circular A-123, Appendix A, General Computer Controls testing.

USDA's plans to improve financial management include:

- Obtaining an unqualified audit opinion on its financial statements;
- Continuing to work toward eliminating all material weaknesses;
- Improving financial reporting procedures and systems; and
- Increasing the use of financial information in day-to-day decision-making.

USDA scored red for status and green for progress on the September 30, 2008, scorecard.

Actions taken by USDA in FY 2008 to achieve these results include:

- Met monthly with agency CFOs to discuss financial management policy, information systems, and quality assurance issues and initiatives. At these meetings, agencies are provided with financial indicator data to provide focus for financial reporting quality control activities;
- Improved agencies' financial performance measures, targets, and milestones as part of their efforts to expand the use of financial information for decision-making. Financial Data Integration reporting is prepared quarterly. Reporting enhancements were implemented this year to improve synchronization with MITS and PMA reporting;
- Developed significant initiatives using the Lean Six Sigma methodology (LSS). LSS originated in manufacturing industries during a time of great demand for quality and speed. One initiative OCFO developed with the Forest Service is automating the contract invoice process, the LSS Transaction Process (LSTP). This move was designed to improve efficiency and shorten the time required for issuing payments, which will save

interest. USDA completed the implementation schedule for two other LSS processes, one for grants and one for insurance payments;

- Continued its partnership with the Department of Veterans Affairs Financial Services Center in Austin, Texas, to process USDA telephone and utility bills through the Electronic Data Interchange (EDI) process. This new process will allow for the invoices to be received electronically rather than by mail in a paper invoice form. More than 250,000 bills will be processed annually through EDI; and
- Completed all in-scope cycles and results as required to implement OMB Circular A-123 Appendix A, “Internal Control over Financial Reporting.” During the past 2 fiscal years, USDA identified and tracked 218 control deficiencies. Component agencies have corrected 172, or 72 percent, of the prior year’s deficiencies.



USDA continues its commitment to leadership in Expanding Electronic Government under PMA and using IT to help respond more directly and effectively to its stakeholders. The Department implements sound and

integrated enterprise architecture and manages secure IT investments that perform on schedule and within budget. USDA also participates in 31 Presidential Initiatives and Lines of Business.

- Activities for FY 2008 support the following goals:
- Provide customers with single points of access to information and shared services;
- Simplify and unify business processes spanning multiple agencies;
- Establish information and service-delivery standards; and
- Consolidate redundant IT services and systems through shared USDA or Government-wide services.

USDA scored red for status and green for progress on September 30, 2008 scorecard, as compared to yellow for status and red for progress on September 30, 2007. The status downgrade is due to an open Certification and Accreditation process finding by the OIG. The improved progress score reflects USDA’s hard work in meeting its milestones for the year.

Presidential E-Government Initiatives Activities in FY 2008

- **Grants.gov**—USDA grant-making agencies have posted 125 funding opportunities on Grants.gov and received 7,704 electronic applications via Grants.gov in FY 2008. USDA continues to offer the option to apply electronically to 100 percent of its posted discretionary grants and cooperative agreements to applicants through the Web site.
- **Grants Management Line of Business**—USDA signed a letter of intent with the Department of Health and Human Services, Administration for Children and Families. By joining the consortium, USDA’s 14 grant-making agencies are collaborating with the consortia members to simplify the disparate application processes, improve timely reporting and delivery of services, and allow greater coordination among the Department’s service providers.
- **Information Systems Security Line of Business (ISS LoB)**—USDA leveraged Government-wide best practices in IT security through participation in the ISS LoB. USDA adopted an ISS LoB-approved cyber security awareness training course. USDA avoided significant costs of time and money by modifying an existing course rather than developing a course in order to meet the Federal standards as defined by the ISS LoB.
- **Disaster Assistance Improvement Plan**—USDA identified 10 internal programs related to disaster benefits and updated information about those programs on GovBenefits.gov. Through use of the Disaster Benefits Web site, those affected will be able obtain a list of benefits for which they may be eligible and apply for them all in one place. The Disaster Benefits Web site will be live on December 31, 2008.
- **E-Clearance**—USDA continues to meet or exceed requirements to process 95 percent or greater of background investigations through the Electronic Questionnaires for Investigations Processing system, a single electronic system that ensures compliance with government standards. USDA processed 100 percent of all National Security and Public Trust investigations for new employees in FY 2008.



Presidential Directives Activities in FY 2008

- **Homeland Security Presidential Directive (HSPD) 12**—USDA was a leader in implementation of HSPD-12 across the Federal government in FY 2008. USDA made strides internally to prepare the infrastructure necessary to support the new HSPD-12 credential, the LincPass. USDA rolled out a comprehensive plan to implement two unique methods of verifying identity (Two-Factor Authentication) processes and installed necessary hardware and software updates to enable 40 percent of targeted USDA laptops with the new security feature. USDA was at the forefront of deploying a nation-wide mobile enrollment station project that took human and technological resources to USDA employees throughout the continental United States, Alaska, Hawaii, and Guam.
- **International Trade Data System (ITDS)**—USDA is playing a leading role in designing and implementing the integrated government-wide system for the electronic collection, use, and dissemination of international trade data. ITDS will provide the framework to collect information on behalf of Federal agencies and will enable Customs and Border Protection (CBP) to more effectively assist them in enforcing regulations related to international trade. USDA agencies completed the following activities:
 - ◆ Co-located USDA Food Safety and Inspection Service agency staff with CBP at the National Targeting Center;
 - ◆ USDA implemented the Import Alert Tracking System (IATS) that enables better coordination in enforcement actions through quicker access to information collected on illegal entries;
 - ◆ Supplemented by the access to entry summary data through the acceleration of Automated Commercial Environment Portal, FSIS detected and took enforcement action on 347 shipments (3.7 million pounds) of potentially ineligible shipments that entered U.S. commerce without FSIS inspection; and
 - ◆ Initiated electronic transfer of certificate data elements from the New Zealand Food Safety Authority into the FSIS Automated Import Information System (AIIS).

USDA Shared Services Activities in FY 2008

- **AgLearn**—AgLearn now offers more than 2,300 agency-specific courses and in an average month, 20,348 employees complete 4,599 courses. USDA's Learning Management System (LMS) is now recognized as a LMS across the Federal government. Over 1.6 million courses were completed in more than 100 professional certification areas.
- **USDA eAuthentication Service**—The USDA eAuthentication Service has centralized the protection of 32 systems in FY 2008 and 284 USDA systems overall (in addition to 10 Federal systems). In a typical month, more than 95,000 employees and approximately 190,000 customers have an active eAuthentication credential. eAuthentication Service customers use their credentials for nearly 2 million authentications of personal identify and over 65 million Web site authorizations for access to protected content every month.
- **Enterprise Content Management (ECM)**—USDA agencies have leveraged the common hardware and software infrastructure of this commercial off-the-shelf product to customize and fine-tune additional modules to meet unique business needs. A current list of ECM modules and brief descriptions of their impact on USDA's business processes follows:
 - ◆ **Correspondence Management Module**—The Correspondence Management Module helps USDA employees at any organizational level manage correspondence and other documents from initial receipt through completion and archival storage. The module supports a paperless environment, eliminating document loss and reducing time required for document review and revision. Currently, there are 1,414 active users of this module and 2,154,654 documents have been created since its launch;
 - ◆ **Content Analysis Module (CAM)**—USDA is using CAM for non-correspondence applications such as viewing public comments solicited by USDA on the 2008 Farm Bill;
 - ◆ **General Use Module (GUM)**—USDA uses GUM to track documents, record actions taken, and utilize archival storage. In RD, GUM is used to track payments and tenant certifications, maintain a running case record for their accounts, and for general tasking of employees;

- ◆ **Invoice Processing Module (IPM)**—Agencies and staff offices are using the IPM to store all USDA invoices in a centralized repository. USDA plans to use the module to follow the invoices through all stages of the business process; and
- ◆ **Acquisition Management Module (AMM)**—USDA’s Forest Service uses AMM to manage and document approval of acquisition requests for their procurement staff. As a result, procurement managers can track the status of these requests at any stage of the business process.

Other PMA Related Initiatives Activities in FY 2008

- **Federal Desktop Core Configuration**—USDA strengthened IT security by reducing the opportunity for hackers to access and exploit government computer systems and to reduce the threat of espionage and cyber crime by standardizing approximately 300 desktop settings on all Windows XP and Vista based computers.
- **Trusted Internet Connections (TICs)**—This initiative will improve the Federal government's security posture and incident response capability through the reduction and consolidation of external internet connections and provide centralized gateway monitoring at a select group of TIC Access Providers. USDA submitted a plan regarding consolidation of external connections based on the TIC requirements to OMB.
- **Cyber Security Scorecard Program**—The scorecard was a centerpiece in monthly briefings to USDA’s management. USDA maintained an aggressive posture toward IT security in several key areas:
 - ◆ Cyber Security Assessment and Management (CSAM) Tool Migration: USDA continued monitoring the status of agency annual assessments and contacted agencies to resolve issues or provide additional training or instructions on how to document internal control testing through CSAM;
 - ◆ Cyber Security Awareness and Privacy Basics Training: More than 120,000 employees and contracted partners completed the FY 2008 ISS LoB-approved IT security training courses; and
 - ◆ Personally Identifiable Information (PII): USDA made significant progress toward better understanding and protecting PII. USDA completed a data call identifying systems containing PII throughout the Department. USDA also completed a review of all public facing Web sites for PII. USDA held a poster contest designed to increase awareness of PII and measures we can take to protect data.
- **Capital Planning and Investment Control**—USDA continues to successfully implement the Integrated IT Governance Process (IGP). IGP combines capital planning, security and privacy, enterprise architecture (EA), earned value management (EVM), and portfolio analysis to plan, manage, and control the Department’s IT investment portfolio more effectively.
 - ◆ USDA provided current EVM cumulative and monthly performance data and variance analyses for projects in the major IT portfolio;
 - ◆ Expanded the EA information base to support more robust analysis used to inform and guide the decision making process. EA establishes the enterprise-wide roadmap to support the capital planning and investment control process;
 - ◆ Developed a geospatial segment architecture report detailing the “as-is” environment and began developing cost benefit and alternatives analyses as part of an effort to document all USDA geospatial information systems investments in a consolidated Unified Geospatial Environment business case; and
 - ◆ Began the initial phases of developing the human capital resource management segment architecture.

Status	PERFORMANCE IMPROVEMENT INITIATIVE	Progress
●		●
↔		↔

USDA continues to improve how it integrates performance information into its budget decisions and throughout the budget process. This integration includes the use of the Program Assessment Rating Tool (PART).

PART is designed to assess and improve program performance and efficiency to achieve better results. USDA establishes its budget priorities based on the strategic goals and desired outcomes included in its strategic plan. The Department continues to improve its ability to measure performance with an emphasis on measuring gains in efficiency.



USDA plans to:

- Continue implementing Executive Order (EO) 13450: “Improving Government Program Performance;”
- Develop and improve the agencies’ strategic plans, annual performance plans, and annual performance reports, and ensure the use of such information in agency budget justifications;
- Create program goals that are aggressive, realistic, and accurately measured;
- Regularly convene agency program management personnel to assess and improve program performance and efficiency; and
- Assist agency leadership in the development and use within the agency of performance measures in personnel performance appraisals, particularly those of program managers, to ensure real accountability for greater effectiveness.

USDA scored green for status and progress on the September 30, 2008, scorecard. To achieve these results the Department:

- Conducted seven PART assessments in conjunction with OMB. Of the seven PARTs, one rated “Moderately Effective,” five rated “Adequate” and one rated “Results Not Demonstrated (RND).” Based on actual funding levels for FY 2008, less than three percent of funding for USDA programs is associated with programs that have PART ratings of RND. Additionally, no USDA programs scored an “Ineffective” rating;
- Created an implementation plan for the new EO and actively participated with the Performance Improvement Council;
- Worked with agencies to ensure that the specific plans and milestones developed to address PART recommendations are reasonable and detailed enough to address them fully. The Department uses the internal scorecard process to track agency progress toward meeting performance targets and addressing PART recommendations;
- Developed budget requests and made budget decisions supported by sound and thorough analysis. This analysis considered the effects of funding decisions on costs and performance. These budget decisions were presented and justified to Congress and others using performance information;
- Defined targets for improvements in performance and efficiency, and developed action plans to achieve targets. The Deputy Secretary, subcabinet, and other senior managers continue to receive and discuss the Quarterly Budget and Performance Tracking Report. They use the report to monitor progress in achieving planned performance and efficiency gains and take action where needed to ensure targets are met. All PARTed USDA programs have at least one efficiency measure that indicates programmatic strides in cost-effectiveness; and
- Continued to use the Management Initiatives Tracking System (MITS) PART module to enable more active and efficient participation by senior Department officials during the PART process. MITS also provides managers with the ability to track the implementation of PART improvement plans and achievement of performance targets.

Status	REAL PROPERTY	Progress
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Executive Order 13327, “Federal Real Property Asset Management,” establishes the framework for improved use and management of real property owned, leased, or managed by the Federal Government. It is USDA policy

to promote the efficient and economical use of its real property assets and assure management accountability for implementing Federal real property management reforms. Based on this policy, Department agencies recognize the importance of real property resources through increased management attention, the establishment of clear goals and objectives, improved policies and levels of accountability, and other appropriate actions. As the foundation of USDA’s real property asset management program, the following strategic objectives will be used for real property management improvement:

USDA Real Property Asset Management Strategic Objectives

1. Department's holdings support agency missions and strategic goals and objectives
2. Maximize facility utilization by co-locating agency operations when possible
3. Accurately inventory and describe real property assets using the Corporate Property Automated Information System
4. Use performance measures as part of the asset management decision process
5. Employ life-cycle, cost-benefit analysis in the real property decision-making process
6. Provide appropriate levels of investment
7. Eliminate unneeded assets
8. Use appropriate public and commercial benchmarks and best practices to improve asset management
9. Advance customer satisfaction
10. Provide for safe, secure, and healthy workplaces

USDA's plans include:

- Achieving a green status score by July 1, 2009;
- Updating the USDA Asset Management Plan (AMP) and accompanying agency building block plans (BBP);
- Revising interim-year targets and out-year goals for asset management performance measures;
- Assessing agency progress with completing physical inventories and data validation;
- Maintaining a comprehensive inventory and profile of agency real property and providing timely and accurate information for inclusion into the Government-wide real property inventory database;
- Ensuring continued use of the Capital Programming and Investment Process to ensure scarce resources are directed to highest priority asset needs;
- Assembling Department-wide multi-year consolidated estimated capital requirements;
- Developing agency-specific methodologies for prioritizing assets for maintenance;
- Updating the Asset Management Initiatives and Three Year Timeline document for meeting goals and objectives of the AMP and BBPs; and
- Participating in such Government-wide management vehicles as the Federal Real Property Council (FRPC). FRPC provides a forum to address critical real estate and workplace issues challenging all Federal agencies.

USDA scored yellow for status and green for progress on the September 30, 2008, scorecard.

USDA took the following actions to progress toward achieving a green status score:

- Revised the comprehensive AMP, including agency-specific BBPs, with the latest policies, practices, and procedures for maintaining property holdings in an amount and type according to agency budget and mission. The AMP presents the Department's strategic vision and plan of action for compliance with the Government-wide real property asset management initiative;
- Developed a methodology for prioritizing assets for maintenance;
- Developed a Process for Performing Condition Assessments;
- Specified the frequency for conducting condition surveys based on asset priority;
- Developed a process and requirements for establishing Operation and Maintenance Plans commensurate with the maintenance level required for the asset being managed;
- Developed a process and requirements for completing Facility Master Plans as the basis for multi-year planning;
- Assembled Department-wide multi-year consolidated estimated capital requirements;
- Developed guidance and procedures for allocating funding between capital improvement, maintenance and repair, and disposal activities;
- Assessed agency progress in meeting interim-year targets and out-year goals for asset management performance measures;
- Revised FY 2008-2010 interim-year targets and out-year goals for asset management performance measures;

- Completed an implementation plan for the Deferred Maintenance Strategy;
- Ensured that USDA agencies closed data gaps in constructed asset-level reporting and required that agencies validated and verified data accuracy;
- Maintained a comprehensive inventory and profile of agency real property and provision of timely and accurate information for inclusion into the Government-wide real property inventory database;
- Submitted a final interagency agreement between USDA and the Departments of Interior and Labor regarding Job Corps Centers; and
- Updated the Asset Management Initiatives and Three Year Timeline document for meeting goals and objectives of the AMP and BBPs. The timeline includes a list of assets for disposition and an investment prioritization list for mission critical and dependent assets.

Status 	ELIMINATE IMPROPER PAYMENTS	Progress 
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The Improper Payments Information Act (IPIA) of 2002 is an initiative to identify programs susceptible to significant improper payments and reduce the amount and number of erroneous payments. The high risk program

measurements and action plans are also included in the PMA under the category of “Eliminating Improper Payments.” The goal of this initiative is to improve the integrity of the government's payments and the efficiency of its programs and activities.

USDA first reported on improper payments in the 2004 Performance and Accountability Report by disclosing error rates and amounts for the Food Stamp Program and the Federal Crop Insurance Corporation Program. The Department now measures and reports annually on 16 programs considered a high risk for significant improper payments. Measuring and reporting improper payments is mandatory for five of the programs under OMB Circular A-11, “Preparation, Submission, and Execution of the Budget,” USDA identified the additional 11 programs at risk of significant improper payments through the Departmental risk assessment process.

IPIA requires that agencies measure their improper payments annually, establish reduction targets and corrective action plans, and track the results annually to ensure that the corrective actions are effective. OCFO issued specific policy guidance including templates and timelines for implementing IPIA and meeting the goals of the PMA initiative. USDA continues to make progress in accurately measuring and reporting improper payments, developing and implementing corrective actions, and recovering improper payments.

USDA scored green for status and green for progress on the PMA scorecard for September 30, 2008. The Department’s overall goal is to remain “green” in FY 2009.

USDA measured the 16 programs with \$67.4 billion in outlays using an OMB-approved statistical sampling methodology. The measurement results estimate that the Department’s improper payments totaled \$4.1 billion (improper payment rate of 6.1 percent), down from the FY 2007 amount of \$4.4 billion (improper payment rate of 6.1 percent). Of the estimated improper payments, \$4.0 billion (5.9 percent) were due to incorrect disbursement and \$151 million (0.2 percent) were due to incomplete paperwork. The estimated improper payments consisted of \$3.4 billion (5.0 percent) in overpayments and \$778 million (1.1 percent) in underpayments.

Seven high risk programs, representing 58 percent of \$67.4 billion in high risk program outlays, reported improper payment error rates below their reduction targets. This demonstrates that improper payments are being reduced and consistent progress is being made as shown in the following FY 2008 results:

- NRCS’s Farm Security and Rural Investment Program Act programs achieved an error rate of 0.00 percent which was below their reduction target of 0.40 percent;
- Forest Service’s Wildland Fire Suppression Management Program achieved an error rate of 0.02 percent which was below their reduction target of 0.90 percent;

- FNS Food Stamp Program achieved an error rate of 5.64 percent which was below their reduction target of 5.80 percent. The error rate is a new historic low for the program and is the fourth consecutive year below 6 percent, long considered the standard for recognition;
- FNS' Child and Adult Care Food Program achieved an error rate of 1.56 percent which was below their reduction target of 1.64 percent;
- FSA's Marketing Assistance Loan Program achieved an error rate of 1.76 percent which was below their reduction target of 7.00 percent;
- FSA's Milk Income Loss Contract Program error rate of 0.21 percent which was below their reduction target of 2.00 percent; and
- FSA's Miscellaneous Disaster Programs error rate of 3.13 percent was below their reduction target of 5.00 percent.

FSA programs continue to make significant improvement in reducing improper payments. FSA's estimated improper payments for all seven high risk programs were \$186.6 million (improper payment rate of 1.3 percent), down from \$563 million (improper payment rate of 2.5 percent) for FY 2007 and down from \$2.9 billion (improper payment rate of 11.2 percent) for FY 2006. To achieve these reductions, FSA implemented aggressive corrective action plans focusing on direct senior management involvement; provided agency-wide training; increased accountability at all levels; created and used checklists; enhanced program eligibility verification; eliminated automatic rollover of eligibility determination; improved documentation controls; engaged comprehensive re-examination of payment files; and increased internal controls and independent audits.


Actions taken by USDA during FY 2008 include:

- Consolidated small and similar programs together for improved focus in the risk assessment process. USDA moved from 138 programs in FY 2007, to 124 programs;
- Completed 46 risk assessments as scheduled on a 3-year cycle. No new programs were declared high risk as a result of the risk assessments;
- Recovered \$138 million in improper payments, exceeding the Departmental recovery target of \$68 million;
- Developed corrective actions for all high risk programs and set reduction targets and recovery targets for programs where appropriate; and
- Measured 16 programs determined to be at risk for significant improper payments by statistical or other approved methods. The results of these measurements are shown in Appendix B of this report.

USDA's plans for FY 2009 include:

- Maintaining the overall status of Green for the PMA initiative;
- Achieving results that allow one or more USDA programs being designated as no longer at high risk for significant improper payments;
- Revising sampling methodologies to provide improper payment rates nearer the time of payment, leading to more timely corrective actions;
- Setting and meeting appropriate improper payment reduction targets;
- Setting appropriate improper payment recovery targets and meeting the targets through aggressive recovery efforts;
- Creating aggressive correction plans with measured performance that demonstrate that the documentation and internal control issues have been addressed;
- Developing and implementing policies, controls, procedures, and checklists at appropriate levels to reduce the number of improper payments;
- Providing training to field personnel and cooperative partners on the importance of key internal controls, control procedures, and the potential risks of noncompliance;
- Providing technical assistance to State agencies and cooperative partners; and
- Increasing accountability at all levels by incorporating the employee's individual results into their annual performance evaluations.



Status 	IMPROVED CREDIT PROGRAM MANAGEMENT	Progress 
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Improved Credit Program Management is a new initiative under the President's Management Agenda. Beginning in FY 2006, this initiative required USDA to:

- Develop risk factors for predicting the cost of loan programs;
- Require that guaranteed lending partners have effective loan-portfolio management and loss recovery rates;
- Verify that lending partners have established quality collateral valuation processes;
- Calculate the cost of originating, servicing, and liquidating loans; and
- Comply with all relevant provisions of the Debt Collection Improvement Act.

USDA scored red for status and yellow for progress on the September 30, 2008, scorecard.

USDA's loan portfolio is approximately \$100 billion in outstanding public debt. It represents nearly one-third of all debt in the Federal Government. In addition, USDA is the guarantor for another \$30 billion in loans made by lending partners. The Department's mission often makes it the lender of last resort, to target borrowers at a higher risk for default.

USDA continues to improve lending policies and practices to better manage the risk to the taxpayer. The Department continually verifies that partner lenders utilize sound lending procedures and create proper collateral valuation processes. The Department persistently looks for ways to reduce the cost of servicing and liquidating loans while increasing recoveries. USDA strives to accomplish these goals while improving customer satisfaction ratings.

USDA's plans include:

- Setting goals related to reaching target borrowers and reducing deviation from risk standards;
- Setting goals to reduce the total cost of servicing and liquidating loans and improve the debt-recovery rate;
- Establishing customer satisfaction ratings that meet or exceed industry standards;
- Defining its target borrower segments clearly, regularly assessing whether its borrowers meet that definition and whether such borrowers comprise an acceptable risk that can be managed effectively;
- Establishing or verifying that partner lenders have established sound lending policies and procedures implemented in effective transaction-approval processes, loan portfolio management, and loss recovery;
- Establishing or verifying that partner lenders have created collateral valuation processes with clear policies and procedures ensuring independence in appraisals and valuations, and adequate monitoring of appraisers' quality and certification;
- Maintaining a reasonable level of risk and productivity of taxpayer cash used in lending programs through effective management information reporting. This reporting includes indicators of loan volume, exceptions to underwriting standards, concentrations of credit risk, delinquency and default rates, rating changes, problem loans and charge offs, and using such information to improve program results;
- Establishing mutually agreeable goals that can be justified by comparisons to relevant programs to control the total cost of originating, servicing, and liquidating loans to improve the rate of debt recovery; and
- Complying with all relevant provisions of the Debt Collection Improvement Act.

Actions taken by USDA in FY 2008 include:

- RD has invested in its credit estimating capacity through the development of a new credit model for Utility Loans;
- FSA has recently introduced a new forward looking credit model for its Farm Loan Programs that incorporates risk factors detailed in the President's Budget;
- USDA continues to be a leader in the Federal government in referring nearly all eligible delinquent debt to the Department of Treasury for collection. USDA referred 99.7 percent of the eligible \$1.2 billion to the Treasury for collection utilizing their Offset Program; and

- USDA established Administrative Wage Garnishment (AWG) hearing procedures in 7 CFR Part 3, Debt Management, Final Rule, published in the Federal Register on January 2, 2008. AWG is an optional collection tool provided by the Debt Collection Improvement Act.

USDA is keenly aware of the pivotal role sound fiscal management plays to deliver the Department's programs to our citizens. It is important that taxpayers and customers know how resources are safeguarded and have confidence that programs and services are operating in continually more efficient ways. Through the individual leadership and collaborative efforts of USDA employees and lending partners, USDA made significant strides during this Administration in advancing the Department's impressive record of excellence in credit program management.

Status ● ↔	FAITH-BASED AND COMMUNITY INITIATIVE	Progress ● ↔
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The Faith-Based and Community Initiative is working to create a more open and competitive awards process. This work helps ensure that the Federal Government partners with the best organizations to deliver the most effective

services to those in need.

For years, USDA has partnered with faith-based and community organizations to help deliver food and other vital assistance to the needy. The initiative works to strengthen these existing partnerships and create new ones to extend the Department's outreach. Faith-based and community groups already work with the individuals that USDA's assistance programs serve. These groups are valuable to the Department's efforts in reaching more people with its programs and being more successful in alleviating hunger and building stronger communities.

The initiative works to:

- Promote opportunities and build the capacity of faith-based and community organizations through outreach and technical-assistance activities;
- Identify and eliminate barriers that impede the full participation of faith-based and community organizations in the Federal grants process;
- Ensure that equal treatment principles are understood at the Federal, State, and local levels of Government and, in turn, educate faith-based and community organizations receiving Federal funds on their responsibilities; and
- Develop and launch pilot programs to test new strategies and strengthen the partnership between faith-based and community organizations and the Federal Government.

USDA scored green for both status and progress on the September 30, 2008, scorecard.

Actions taken by USDA in FY 2008 to achieve these results include:

- Conducting 3,065 outreach and technical assistance activities to strengthen the ability of faith-based and community organizations to serve those in need;
- Hosting 496 educational activities for State and local Government agencies and faith-based and community groups on equal treatment principles;
- Developing additional toolkits and Web-based resources for State and local program administrators to help them learn about and expand partnerships with faith-based and community organizations;
- Updating compliance review materials to ensure continued implementation of equal treatment principles;
- Reducing barriers to access for faith-based and community organizations applying for Federal funds; and
- Creating new program partnership opportunities for faith-based and community groups.

FINANCIAL STATEMENT HIGHLIGHTS

Budgetary Resources

USDA receives most of its funding from appropriations authorized by Congress and administered by the U.S. Department of the Treasury. Total budgetary resources consist of the balance at the beginning of the year, appropriations received during the year, spending authority from offsetting collections and other budgetary



resources. Total budgetary resources was \$172.7 billion for FY 2008 compared to \$161.9 billion in FY 2007, an increase of \$10.8 billion.

The unobligated balance brought forward including recoveries of prior year unpaid obligations increased \$8.7 billion, budget authority net of transfers and resources temporarily not available decreased \$15.9 billion and budgetary resources permanently not available increased \$18.1 billion. The decrease of budget authority was primarily due to less appropriations of \$5.8 billion and less borrowing authority of \$8.5 billion.

	2008	2007	% Change
Total Budgetary Resources	\$172,749	\$161,918	7%
Obligations Incurred	\$139,357	\$128,954	8%
Net Outlays	\$96,182	\$89,950	7%

Data in millions

Obligations Incurred And Net Outlays

Obligations Incurred increased \$10.4 billion in FY 2008. This increase is primarily due to a \$6 billion increase at FNS for food stamps and other programs; a \$2.7 billion increase at RD for credit programs; a \$2 billion increase at FSA for disaster payments; a \$1.7 billion increase at RMA for insurance

delivery costs and underwriting gains; offset by a \$4.2 billion decrease at CCC due to favorable market conditions for commodities.

Net Outlays increased \$6.2 billion in FY 2008, primarily in relation to the increase in obligations described above.

BALANCE SHEET

CONDENSED BALANCE SHEET DATA

AS OF SEPTEMBER 30, 2008 AND 2007 (IN MILLIONS)

	FY 2008	FY 2007	% CHANGE
Fund Balance with Treasury	\$64,595	\$47,340	36%
Accounts Receivable, Net	10,298	9,218	12%
Direct Loan and Loan Guarantees, Net	81,774	80,348	2%
General Property, Plant and Equipment, Net	2,973	4,931	-40%
Other	733	651	13%
Total Assets	160,373	142,488	13%
Debt	77,577	75,101	3%
Loan Guarantee Liability	1,333	1,258	6%
Benefits Due and Payable	2,764	2,854	-3%
Other	39,298	35,568	10%
Total Liabilities	120,972	114,781	5%
Unexpended Appropriations	30,783	30,937	0%
Cumulative Results of Operations	8,618	-3,230	-367%
Total Net Position	39,401	27,707	42%
Total Liabilities and Net Position	\$160,373	\$142,488	13%

Total Assets

Total assets increased \$17.9 billion in FY 2008. This increase is primarily due to an increase in Fund Balance with Treasury for 30 percent of customs duties at AMS of \$14.9 billion; an increase in accounts receivable at RMA of \$1.2 billion for premiums due as a result of higher commodity prices; and the write-off of \$2 billion in road prism costs at the FS.

Direct Loan and Loan Guarantees, Net is the single largest asset on the USDA Balance Sheet. RD offers both direct and guaranteed loan products for rural housing and rural business infrastructure. These represent 85 percent

of the total USDA loan programs. Loan programs administered by the FSA represent 8 percent of the total. FSA provides support to farmers who are temporarily unable to obtain private, commercial credit. The remaining 7 percent represents commodity loans and credit programs administered by CCC. CCC's loans are used to improve economic stability and provide an adequate supply of agricultural commodities. CCC credit programs provide foreign food assistance, expand foreign markets and provide domestic low-cost financing to protect farm income and prices.

Total Liabilities

Total liabilities increased \$6.2 billion in FY 2008. This increase is primarily due to a \$2.5 billion increase in Debt and a \$2.9 billion increase at RMA for estimated underwriting gains and indemnities.

Debt represents amounts owed to Treasury primarily by CCC and RD. For CCC, the debt primarily represents financing to support Direct and Counter Cyclical, Crop Disaster and Loan Deficiency programs. For RD, the debt primarily represents financing to support Single and Multi Family Housing loan programs.

Total Net Position

Total net position increased \$11.7 billion in FY 2008. This increase is primarily due to an increase in cumulative results of operations at AMS of \$13.6 billion for 30 percent of customs duties and a decrease of \$2 billion at the FS for road prisms, both considered changes in accounting principles.

NET COST OF OPERATIONS

CONDENSED STATEMENT OF NET COST

For the Years Ended September 30, 2008 and 2007
(in millions)

	FY 2008	FY 2007	% CHANGE
Goal 1: Enhance International Competitiveness of American Agriculture	\$2,029	\$1,484	37%
Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies	17,159	15,099	14%
Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America	3,879	2,202	76%
Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply	2,439	2,509	-3%
Goal 5: Improve the Nation's Nutrition and Health	60,132	53,948	11%
Goal 6: Protect and Enhance the Nation's Natural Resource Base and Environment	11,095	11,079	0%
Net Cost of Operations	\$96,733	\$86,321	12%

Net Cost of Operations

Net cost of operations increased \$10.4 billion in FY 2008. This increase is primarily due to increased participation and higher food costs in the food stamps and other programs at FNS of \$6 billion; less revenue earned at CCC of \$3 billion because of favorable market conditions for commodities; and a \$1 billion increase at RD for credit programs.



Systems, Controls, and Legal Compliance Management Assurances

STATEMENT OF ASSURANCE

The Department of Agriculture's (USDA) management is responsible for establishing and maintaining effective management control, financial management systems, and internal control over financial reporting that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). USDA provides a qualified statement of assurance that management control, financial management systems, and internal controls over financial reporting meet the objectives of FMFIA, with the exception of three material weaknesses and one financial system non-conformance. The details of the exceptions are provided in the FMFIA and the Federal Financial Management Improvement Act (FFMIA) sections of this report.

USDA conducted its assessment of the financial management systems and internal control over 1) the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2008, and 2) financial reporting as of June 30, 2008, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of OMB Circular A-123, "Management's Responsibility for Internal Control." Based on the results of these evaluations, USDA reduced its existing material weaknesses under financial reporting from four to three. USDA eliminated the duplicate reporting of "Funds Control Management" under Section 2 and 4 of FMFIA. Funds Control Management is now reported only under Section 4 in FMFIA. Therefore, a total of three material weaknesses and one system non-conformance is reported in Fiscal Year (FY) 2008.

Other than the exceptions noted in the FMFIA and FFMIA sections, financial management systems conform substantially with the objectives of FMFIA and the internal controls were operating effectively and no other material weaknesses were found in the design or operation of the internal control over 1) the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2008; and 2) financial reporting as of June 30, 2008. However, Department management reported in FY 2008 on prior year violations of the Anti-Deficiency Act that were not considered chronic or significant. The violations related to restrictions on the use of funds to combat forest fires and costs for donated food commodities.

Edward T. Schafer
Secretary
November 17, 2008

Federal Managers' Financial Integrity Act Report on Management Control

BACKGROUND

The Federal Managers' Financial Integrity Act (FMFIA) requires ongoing evaluations of internal control and financial management systems. These evaluations lead to an annual statement of assurance by the agency head that:

- Obligations and costs comply with applicable laws and regulations;
- Federal assets are safeguarded against fraud, waste, and mismanagement;
- Transactions are accounted for and properly recorded; and
- Financial management systems conform to standards, principles, and other requirements to ensure that Federal managers have timely, relevant, and consistent financial information for decision-making purposes.

FMFIA also authorizes the Office of Management and Budget (OMB), in consultation with the Government Accountability Office (GAO), to periodically establish and revise the guidance to be used by Federal agencies in executing the law.

In addition to FMFIA, the Federal Information Security Management Act (FISMA) requires agencies to report any significant deficiency in information security policy, procedure, or practice identified (in agency reporting):

- As a material weakness in reporting under FMFIA; and
- If relating to financial management systems, as an instance of a lack of substantial compliance under FMFIA. (See the FMFIA Report on Financial Management Systems.)
- USDA conducts its annual evaluation of internal controls over financial reporting in accordance with OMB Circular A-123, "Management's Responsibility for Internal Control," Appendix A. Assessment results are reviewed and analyzed by the USDA Senior Assessment Team. Final assessment results are reviewed and approved by the Senior Management Control Council.

The Department operates a comprehensive internal control program to ensure compliance with FMFIA requirements and other laws and OMB Circulars A-123, Appendix A, and A-127, "Financial Management Systems." All USDA managers must ensure that their programs operate efficiently and effectively and comply with relevant laws. They must also ensure that financial management systems conform to applicable laws, standards, principles, and related requirements. In conjunction with OIG and GAO, USDA management works aggressively to determine the root causes of its material weaknesses to promptly and efficiently correct them.

USDA remains committed to reducing and eliminating the risks associated with its deficiencies, and efficiently and effectively operating its programs in compliance with FMFIA.

FY 2008 Results

In FY 2007, USDA reported four material weaknesses: Information Technology, Funds Control Management, Financial Reporting/Unliquidated Obligations and Financial Reporting/Credit Reform. The Department is eliminating the duplicate reporting of Funds Control Management as a material weakness under Section 2 and a financial system non-conformance under Section 4 of FMFIA. USDA is now reporting the Funds Control Material Weakness under FMFIA Section 4 only to comply with OMB Circular A-136, "Financial Reporting Requirements." Progress has been made regarding quality control over credit reform models although more work is needed at the Commodity Credit Corporation to improve the timeliness and controls over model changes. The Department now has three material weaknesses and one financial system non-conformance. Thus, the "Secretary's Statement of Assurance" provides qualified assurance that USDA's system of internal control complies with FMFIA objectives. The following exhibit summarizes the results reported in USDA's Consolidated Financial Statement Audit Report.



Exhibit 4: Summary of Financial Statement Audit

Audit Opinion	Unqualified					
Restatement	No					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Improvements Needed in Overall Financial Management	1					1
Improvements Needed in Information Technology Security and Controls	1					1
TOTAL MATERIAL WEAKNESSES	2					2

The following exhibit provides a listing of USDA’s material weaknesses and the financial system non-conformance as related to the management’s assurance for FMFIA and the certification for FFMIA.

Exhibit 5: Summary of Management Assurances

Effectiveness of Internal Control Over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Qualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Information Technology	1					1
Funds Control Management	1			√		0
Financial Reporting - Unliquidated Obligations	1					1
Financial Reporting – Credit Reform	1					1
TOTAL MATERIAL WEAKNESSES	4			1		3
Effectiveness of Internal Control Over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
TOTAL MATERIAL WEAKNESSES	0					0
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Qualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Funds Control Management	1					1
TOTAL NON-CONFORMANCE	1					1
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
Overall Substantial Compliance	No			No		
1. System Requirements	No					
2. Accounting Standards	No					
3. United States Standard General Ledger at Transaction Level	No					
4. Information security policies, procedures, and practices	No					

MATERIAL WEAKNESSES CONSOLIDATED

USDA consolidated one of its four prior-year material weaknesses in FY 2008.

Funds Control Management—This material weakness, identified in FY 2004, results from the inability of CCC’s legacy financial systems to capture obligations at the transaction level. USDA categorized this deficiency as both a material internal control weakness and a financial system non-conformance in FY 2007. Consistent with the reporting requirements of OMB Circular A-136, “Financial Reporting Requirements,” the funds control weakness is now reported under FMFIA Section 4 only.

Commodity Credit Corporation—Prepared a request for proposal to replace and/or modify non-compliant systems and fund systems acquisition and development in FY 2009.

Summary of Outstanding Material Weaknesses

Material Weakness Existing	1. USDA Information Technology	Overall Estimated Completion Date	FY 2009
	Internal control design and operating effectiveness deficiencies in four areas: software change control, disaster recovery, logical access controls, and physical access that aggregate to an overall IT material weakness.		
FY 2008 Accomplishments:		FY 2009 Planned Actions:	
<ul style="list-style-type: none"> • Standardized and streamlined FISMA and A-123 testing by implementing NIST baseline security control objectives; • Fully implemented CSAM system throughout USDA; • Executed internal control education plan for all levels and agencies throughout USDA; • Demonstrated substantial remediation progress in each of the 4 areas contributing to the material weakness by completing 64 percent of the corrective actions identified in 2007; • Monitored agency progress through the Information Technology Executive Steering Committee; • Chartered an Account Management Work Group tasked with providing departmental oversight on system logical access issues; • Completed revisions to the security awareness training policy, the disaster recovery planning guidelines, scanning and patching requirements, and the incident response policy and procedures to align with current NIST and OMB guidance; • Reviewed Configuration Management Plans for NIST compliance during the concurrency reviews of Certification and Accreditation documentation; • Reviewed and validated selected USDA agency network/system patching reports; • Reviewed USDA agency’s contingency plans for completeness and compliance with NIST and Department guidelines; and • Updated and issued guidance on the preparation of Disaster Recovery plans. 		<ul style="list-style-type: none"> • Continue monitoring progress through the Information Technology Executive Steering Committee; • Integrate the A-123 process with the FISMA monitoring and reporting process to streamline documentation and reporting; • Develop baseline of inherited controls provided by service center providers to assess their impact on the assurance of the service center agencies; • Conduct reviews of POA&M closure and control testing documentation and monitor progress using scorecard and the CSAM; • Initiate policy gap analysis and revise the Access Control and Configuration Management policies and procedures; • Publish revised policy and procedures for Access Control; • Publish revised policy and procedures on Continuity Planning; • Update regulations to meet the NIST and other Federal requirements relating to Change Control processes; • Review configuration management guidance and update; • Test all USDA agencies’ Continuity of Operations plans; • Monitor USDA agencies’ compliance with disaster recovery plan testing requirements through the Cyber Security Scorecard, Certification and Accreditation concurrency review process, and CSAM; and • Continue to review and validate selected USDA agency network/system patching reports. 	



Material Weakness Existing	2. Financial Reporting – Unliquidated Obligations	Overall Estimated Completion Date	FY 2009
	Lack of consistent review and follow-up on unliquidated obligations.		
FY 2008 Accomplishments:		FY 2009 Planned Actions:	
<ul style="list-style-type: none"> Increased breadth of testing to better understand the scope and root cause of this weakness. 		<ul style="list-style-type: none"> Develop a metric and performance standard to measure component agency compliance with Departmental guidance; Assess the need for additional tools to assist component agencies in performing and adequately documenting the results of periodic reviews; Revise Departmental guidance to require quarterly reviews and certifications for obligations more than 1 year old. Perform compliance monitoring on a sampling of obligation reviews and the related obligations to ensure that justifications are adequate and obligations are removed timely; and Monitor component agency activities to remediate this deficiency. 	

Material Weakness Existing	3. Financial Reporting – Credit Reform	Overall Estimated Completion Date	FY 2009
	Controls are lacking in the credit reform quality assurance process to ensure that cash flow models, data inputs, estimates, and reestimates are subject to appropriate management oversight.		
FY 2008 Accomplishments:		FY 2009 Planned Actions:	
<ul style="list-style-type: none"> RD developed and implemented standard operating procedures for model changes, data extracts, and re-estimates to improve quality assurance for credit program management; CCC provided training to personnel working with the direct credit and credit guarantee programs to enhance the collective departmental expertise in performing calculations and conducting effective management reviews; and CCC created a specific policy for reviewing and implementing changes to ensure that further cash-flow model enhancements are adequately reviewed and approved. 		<p>CCC will:</p> <ul style="list-style-type: none"> Establish a team to review all model changes to include members of both the budget and the accounting disciplines. OIG will be invited to all Configuration Control Board meetings to monitor CCC's efforts; Establish a timeline for all model changes that will allow adequate time for test and review prior to delivery to the auditors; Test all model changes/development results to ensure that model outputs properly capture all elements of the cash flow, not just those affected by the change(s) in OMB's Credit Subsidy Calculator 2 to ensure that those results do not produce unintended consequences; and Procure a contractor for Independent Verification and Validation review and oversight for any newly developed models. <p>USDA will:</p> <ul style="list-style-type: none"> Reinstitute Credit Reform Working Group to improve communication and coordination of model changes. 	

SUMMARY OF OUTSTANDING SYSTEM NON-CONFORMANCE

System Non-Conformance Existing	1. Funds Control Management	Overall Estimated Completion Date	FY 2012
	System improvements needed in recording obligations at the transactions level.		
FY 2008 Accomplishments:		FY 2009 Planned Actions:	
<ul style="list-style-type: none"> Documented CCC obligations business events and developed solutions for providing pre-authorization of funds; and Developed functionality to capture obligations within current financial system. 		<ul style="list-style-type: none"> Migrate to USDA's enterprise solution under FMMI; and Develop functionality to do funds control at the time of obligation request from program applications. 	

Federal Financial Management Improvement Act Report on Financial Management Systems

BACKGROUND

FFMIA is designed to improve financial and program managers' accountability, provide better information for decision-making, and improve the efficiency and effectiveness of Federal programs. FFMIA requires that financial management systems provide reliable, consistent disclosure of financial data in accordance with Generally Accepted Accounting Principles and standards. These systems must also comply substantially with: (1) Federal Financial Management System requirements; (2) applicable Federal Accounting Standards; and (3) the Standard General Ledger at the transaction level. Additionally, FISMA requires that there be no significant weaknesses in information security policies, procedures or practices to be substantially compliant with FFMIA (referred to as Section 4 in the accompanying table).

Exhibit 6: Initiatives To Be Completed

Outstanding Initiatives to Achieve FFMIA Compliance			
Initiative	Section of Non-compliance	Agency	Target Completion Date
Information Technology ¹	Sections 1 and 4	Multiple	9/30/2009
Funds Control Management	Section 1	CCC	9/30/2012
	Sections 1 and 3	FS	12/31/2008
	Sections 1, 2 and 3	NRCS	9/30/2009

Sections:

FFMIA:

1 – Federal Financial Management System requirements.

2 – Federal Accounting Standards

3 – Standard general ledger at the transaction level.

FISMA:

4 – Information Security Policies, Procedures, or Practices.

¹ The information technology material weakness, which is reported in the Federal Managers' Financial Integrity Act Report on Management Control, is comprised of four issues: Software Change Control; Disaster Recovery; Logical Access Controls; and Physical Access Controls.

FY 2008 RESULTS

During FY 2008, USDA evaluated its financial management systems to assess substantial compliance with the Act. In assessing FFMIA compliance, USDA considered all the information available. This information included the auditor's opinions on component agencies' financial statements, the work of independent contractors and progress made in addressing the material weaknesses identified in the *FY 2007 Performance and Accountability Report – Systems, Controls, and Legal Compliance* section. The Department is not compliant with Federal Financial Management System requirements, Federal accounting standards, and the standard general ledger at the transaction level. Additionally, as reported in the FFMIA section of this report, USDA continues to have weaknesses in information technology controls that result in non-compliance with the FISMA requirement. As part of the financial systems strategy, USDA agencies continue to work to meet FFMIA and FISMA objectives. The Information Technology Executive Steering Committee continues to monitor the correction of information technology weaknesses in USDA's financial systems. While the Department made substantial progress in addressing its information technology weakness, more work is needed to comply substantially with the Act's requirements. The description of the corrective actions taken to address the information technology, financial accounting and reporting, and funds control initiatives reported in FY 2008 are included in the FFMIA section of this report.

Auditor-identified deficiencies at the Forest Service related to the requirement to record obligations in the standard general ledger at the transaction level were identified in FY 2007. Transactions were not obligated as required by appropriation law prior to payment. The transactions include temporary travel, grants, and other recurring utility type transactions. Posting models were needed at the transaction level to accommodate transfers of stewardship land acquisitions and record exchange review transactions to the proper general ledger accounts. Corrective action



to implement the posting model for stewardship land acquisitions was completed in FY 2008. Other corrective actions for recording obligations are not scheduled to be completed by FS until FY 2009. NRCS is developing corrective action plans to address auditor-identified deficiencies: financial management systems did not substantially comply with Federal Financial Management System Requirements, the United States Standard General Ledger, and applicable Federal Accounting Standards for internal use software (including work in progress), undelivered orders, unfilled customer orders, expense accruals, and capital leases. Deficiencies were also noted regarding proper use of the United States Standard General Ledger.

The financial management system non-compliance portion of the CCC FY 2007 Funds Control material weakness is now being reported under FFMIA. While additional work remains, CCC is implementing a funds control system to remediate the financial system noncompliance.

Federal Financial Management System Requirements/Funds Control Management

CCC continued to develop a fully integrated funds control system within the financial management system that can interface with CCC's general ledger system at the transaction level. The system will also provide management with timely information to periodically monitor and control the status of budgetary resources recorded in the general ledger. FY 2008 accomplishments include:

- Developed the to-be process design;
- Prepared a request for proposal for replacement and/or modification of non-compliant processing systems;
- Documented CCC obligation business events and develop solutions for providing pre-authorization of funds;
- Prepared system requirements documentation to current FSA financial applications to accept obligation transactions; and
- Developed functionality to capture obligations within current FSA financial systems.

In FY 2009, CCC will:

- Develop functionality to do funds control at the time of obligation request from program applications.

In FY 2012, CCC will:

- Complete software modifications to program applications to send Obligation Transactions for Farm Programs, Farm Loan Programs, Foreign Programs, and Commodity Programs; and
- Select and implement software package.

Inspector General Act Amendments of 1988: Management's Report on Audit Follow-Up

BACKGROUND

OIG audits USDA's programs, systems, and operations. OIG then recommends improvements to management based on its findings. USDA management may agree or disagree with the audit's findings or recommendations. An agreement is reached during the management-decision process. If management agrees with a recommendation, a written plan for corrective action with a target completion date is developed. The plan is then submitted to OIG for its concurrence. If both OIG and management agree that the proposed corrective action will correct the weakness, management decision is achieved for that recommendation.

Audit follow-up ensures that prompt and responsive action is taken. USDA's OCFO oversees audit follow-up for the Department. An audit remains open until all corrective actions for each recommendation are completed. As agencies complete planned corrective actions and submit closure documentation, OCFO reviews it for sufficiency and determines if final action is completed.

FY 2008 Results

Exhibit 7: Decrease in Total Open Audit Inventory



Note: The FY 2007 ending balance was revised from 154 to 167 to include 13 audits that reached management decision in September 2007. These adjustments are also reflected in the beginning balances for audits with disallowed costs and funds to be put to better use shown in Exhibit 9 and Exhibit 11.

USDA agencies closed 58 audits in FY 2008. The Department's current inventory of audits that have reached management decision and require final action to close totals 150. This figure includes 41 new audits in FY 2008. One of these audits is in appeal status. As shown in the accompanying exhibit, the Department continued to reduce its inventory of open audits in FY 2008. This is a 27 percent decrease since FY 2004.

Audit Follow-Up Process

The Inspector General Act Amendments of 1988 require an annual report to Congress providing the status of resolved audits that remain open. Reports on resolved audits must include the elements listed in the first three of the accompanying bullets:

- Beginning and ending balances for the number of audit reports and dollar value of disallowed costs and funds to be put to better use (see definitions below);
- The number of new management decisions reached;
- The disposition of audits with final action (see definition below);
- Resolved audits that remain open 1 year or more past the management decision date require an additional reporting element; and
- The date issued, dollar value, and an explanation of why final action has not been taken. For audits in formal administrative appeal or awaiting a legislative solution, reporting may be limited to the number of affected audits.

Exhibit 8: Audit Follow-Up Definitions

Term	Definition
Disallowed Cost	An incurred cost questioned by OIG that management has agreed should not be chargeable to the Government.
Final Action	The completion of all actions that management has concluded is necessary in its management decision with respect to the findings and recommendations included in an audit report. In the event that management concludes no action is necessary, final action occurs when a management decision is accomplished.
Funds To Be Put to Better Use (FTBU)	An OIG recommendation that funds could be used more efficiently if management took actions to implement and complete the recommendation, including: <ul style="list-style-type: none"> • Reductions in outlays; • De-obligation of funds from programs or operations; • Withdrawal of interest subsidy costs on loans or loan guarantees, insurance or bonds; • Costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor or grantee; • Avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or • Any other savings which are identified specifically.
Management Decision	Management's evaluation of the audit findings and recommendations and the issuance of a final decision on corrective action agreed to by management and OIG concerning its response to the findings and recommendations.

OCFO works with component agencies and OIG to identify and resolve issues that affect the timely completion of corrective actions. USDA agencies are required to prepare combined, time-phased implementation plans and interim progress reports for all audits that remain open one or more years beyond the management decision date. Time-phased implementation plans are updated and submitted at the end of each quarter. They are updated to



include newly reported audits that meet the 1-year-past-management decision criterion. These plans contain corrective action milestones for each recommendation and corresponding estimated completion dates.

Quarterly interim progress reports are provided to OCFO on the status of corrective action milestones listed in the time-phased implementation plan. These reports show incremental progress toward the completion of planned actions; changes in planned actions, actual or revised completion dates; and explanations for any revised dates.

The Department implemented an online, Web-based Audit Tracking Module (ATM) to improve the audit tracking and management processes. The ATM was designed to 1) make the tracking process more efficient and easier to manage; and 2) ensure that appropriate management and functional-level officials and staff have real-time accurate information. It also allows for efficient coordination between USDA agencies, OCFO, and OIG.

Beginning and Ending Inventory for Audits with Disallowed Costs (DC) and Funds to Be Put to Better Use (FTBU)¹

Exhibit 9: Inventory of Audits with Disallowed Costs¹

Audits with Disallowed Costs	# of Audits	Amount (\$)
Beginning of the Period	57	107,132,672
Plus: New Management Decisions	11	31,163,685
Total Audits Pending Collection of Disallowed Costs	68	138,296,357
Adjustments		45,830,245
Revised Subtotal		92,466,112
Less: Final Actions (Recoveries)*	24	(16,467,492)
OIG adjustment change in code	-1	31,856
Audits with DC Requiring Final Action at the End of the Period	43	75,966,764

*Recoveries do not include \$338,852 interest collected.

Exhibit 10: Distribution of Adjustments to Disallowed Costs

Category	Amount (\$)
Changes in Management Decision	354,875
Agency Appeals	1,123,163
Write-Offs	4,981,042
Agency Documentation	39,878,164
Agency Discovery	-506,999
Total	45,830,245

Exhibit 11: Inventory of Audits with Funds To Be Put to Better Use¹

Audits with Funds to be Put to Better Use	# of Audits	Amount (\$)
Beginning of the Period	26	81,969,496
Plus: New Management Decisions	4	450,419,813
Total Audits Pending	30	532,389,309
Less: Final Actions	12	61,983,775
Audits with FTBU Requiring Final Action at the End of the Period	18	470,405,534
Disposition of Funds to Be Put to Better Use:		
FTBU Implemented		61,767,897
FTBU Not Implemented		215,878
Total FTBU Amounts for Final Action Audits		61,983,775

¹ Exhibit 9 and Exhibit 11 include only those open audits with disallowed costs and funds to be put to better use, respectively. Additionally, some audits contain both DC and FTBU amounts. For these reasons, the number of audits shown as the ending balances in Exhibit 9 and Exhibit 11 does not equal the total resolved audit inventory balance in Exhibit 7.

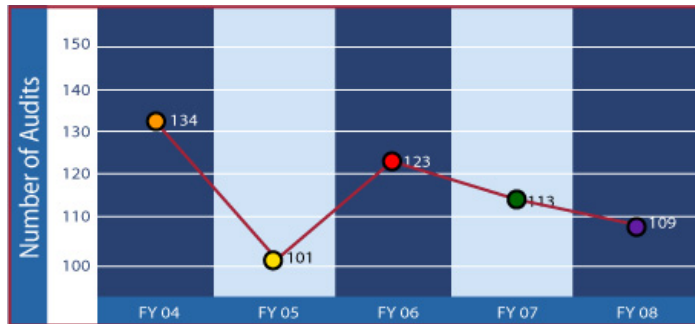
Of the 58 audits that achieved final action during the fiscal year, 24 contained DCs. The number of DC audits remaining in the inventory at the end of the fiscal year is 43 with a monetary value of \$75,966,764.

For audits with disallowed costs that achieved final action in FY 2008, OIG and management agreed to collect \$62,297,737. Adjustments were made totaling \$45,830,245 (74 percent of the total) because of: 1) changes in management decision; 2) agency appeals; 3) write-offs; 4) USDA agencies' ability to provide sufficient documentation to substantiate disallowed costs; and 5) agency discovery. Management recovered the remaining \$16,467,492.

Final action occurred on 12 audits that involved FTBU amounts. USDA projects more efficient use for 99.7 percent of the amount identified based on the corrective actions implemented. The number of FTBU audits remaining in the inventory to date is 18 with a monetary value of \$470,405,534.

Audits Open One or More Years Past the Management Decision Date

Exhibit 12: Decrease in Audits Open One or More Years Past Management Decision Date



The number of audits open 1 or more years without final action decreased from 113 to 109 audits. USDA agencies continue to pursue compensating controls that address many of the underlying issues identified in these older audits.

Five audits are proceeding as scheduled and 81 are behind schedule. Agencies have completed all planned corrective actions on 23 audits that are pending collection of associated disallowed costs. This represents a 30-percent decrease in FY 2008. While an additional six audits were scheduled for completion by September 30, 2008, final action documentation was not evaluated during this

reporting period.

Audits without final action 1 year or more past the management decision date and behind schedule are listed individually in the table that follows. They are categorized by the reason final action has not occurred. More detailed information on audits on schedule and audits under collection is available from OCFO.

The categories are pending the following activities:

- Issuance of policy/guidance;
- Conclusion of investigation, negotiation, or administrative appeal;
- Completion of IT system security weaknesses, systems development, implementation, reconciliation, or enhancement;
- Results of internal monitoring or program review;
- Results of agency request for change in management decision;
- Office of the General Counsel or OIG advice; and
- Administrative action.

Exhibit 13: Distribution of Audits Open 1 Year or More Past the Management Decision Date, Disallowed Costs, and FTBU

Agency	Audits On Schedule			Audits Behind Schedule			Audits Under Collection		
	No.	DC (\$)	FTBU (\$)	No.	DC (\$)	FTBU (\$)	No.	DC (\$)	FTBU (\$)
Totals	5	0	0	81	5,446,818	31,337,973	23	38,837,011	13,180,422



Management's Report on Audit Follow-Up

Exhibit 14: Audits Open 1 Year or More Past the Management Decision Date and Behind Schedule

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount	
				DC	FTBU
(35) Pending issuance of policy/guidance					
02601-1-CH	9/30/05	12/31/08	Agricultural Research Service Adequacy of Controls to Prevent the Improper Transfer of Sensitive Technology Force	-	-
03601-11-AT	11/17/05	4/30/09	Minority Participation in Farm Service Agency's Programs	-	-
04004-3-AT	6/26/03	10/31/08	Rural Housing Service, Rural Rental Program, Tenant Income Verification – Gainesville, Florida	\$134,639	\$3,183,305
04099-339-AT	3/23/05	12/31/08	Rural Housing Service Subsidy Payment Accuracy in Multi-Family Housing Program	-	-
08001-1-AT	4/19/07	12/31/08	Forest Service Implementation of the Capital Improvement Program	-	-
08601-38-SF	9/23/04	12/31/08	Forest Service Firefighting Safety Program	-	-
08601-41-SF	1/13/06	12/31/08	Forest Service Collaborative Ventures and Partnerships with Non-Federal Entities	\$37,890	-
08601-44-SF	12/7/06	12/31/08	Forest Service Large Fire Suppression Cost	-	-
10099-10-KC	09/30/03	3/31/09	Natural Resources Conservation Service Protection of Federal Assets	-	-
24501-1-FM	11/24/04	10/31/09	Food Safety and Inspection Service Application Controls - Performance Based Inspection Service System	-	-
24601-1-CH	06/21/00	12/31/08	Food Safety and Inspection Service Laboratory Testing of Meat and Poultry Products	-	-
24601-2-HY	6/9/04	10/31/09	Food Safety and Inspection Service Oversight of the <i>Listeria</i> Outbreak in the Northeastern United States.	-	-
24601-6-CH	3/15/06	10/31/08	Food Safety and Inspection Service's In-Plant Performance System	-	-
24601-7-CH	9/28/06	10/31/08	Food Safety and Inspection Service Review of Pathogen Reduction Enforcement Program Sampling Procedures	-	-
27601-3-CH	03/22/96	09/30/09	Food and Consumer Service Food Stamp Program—Disqualified Recipient System – Alexandria, Virginia	-	-
27601-27-CH	04/30/02	10/31/08	Food and Nutrition Service National School Lunch Program Food Service Management Companies	-	-
33099-5-CH	4/20/05	9/30/08	Animal and Plant Health Inspection Service National Cooperative State/Federal <i>Bovine Tuberculosis</i> Eradication Program	-	-
33099-11-HY	6/12/06	12/31/08	Animal and Plant Health Inspection Service Oversight of <i>Avian Influenza</i>	-	-
33601-2-AT	6/23/05	12/31/08	Animal and Plant Health Inspection Service Evaluation of the Implementation of the Select Agents or Toxins Regulations (Phase 1)	-	-
34099-2-AT	09/14/01	12/31/08	Rural Development Rural Business-Cooperative Service Business and Industry Loan Program, OMNIVEST Resources, Inc. – Fort Gaines, Georgia	\$4,052,351	-
34601-1-HY	07/22/98	12/31/08	Rural Development Business and Industry Loan Program—Morgantown, West Virginia	-	-



Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount	
				DC	FTBU
34601-3-CH	03/11/03	12/31/08	Rural Development Processing of Loan Guarantees to Members of the Western Sugar Cooperative	-	-
34601-7-SF	12/04/02	12/31/08	Rural Development Liquidation of a Business and Industry Guaranteed Loan Washington State	-	\$14,000,000
34601-8-SF	9/30/03	12/31/08	Rural Development Liquidation of Business and Industry Guaranteed Loans	\$45,246	\$598,112
34601-15-TE	09/30/03	12/31/08	Rural Development Rural Business-Cooperative Service National Report on the Business and Industry Loan Program	-	-
50601-2-HY	9/9/05	11/30/08	Departmental Administration Review of Management Oversight of Federal Employees' Compensation Act Operations within the U.S. Department of Agriculture	-	-
50601-6-TE	03/04/04	12/30/08	Agricultural Research Service Controls Over Plant Variety Protection and Germplasm Storage	-	-
50601-9-AT	3/24/04	12/31/08	Departmental Administration Controls Over Chemical and Radioactive Materials at U.S. Department of Agriculture Facilities	-	-
50601-10-AT	3/8/04	12/31/08	Homeland Security Follow-up Report on the Security of Biological Agents at U.S. Department of Agriculture Laboratories	-	-
50801-12-AT	9/9/02	11/30/08	Departmental Administration Management of Hazardous Materials Management Funds	-	\$1,813,809
60801-1-HQ	9/30/98	6/30/09	Evaluation of the Office of Civil Rights' Efforts to Reduce the Backlog of Program Complaints	-	-
60801-3-HQ	3/10/00	6/30/09	Office of Civil Rights Management of Employment Complaints	-	-
60801-4-HQ	3/10/00	9/30/09	Office of Civil Rights Status of the Implementation of Recommendations Made in Prior Evaluations of Program Complaints	-	-
89017-1-HY	3/1/07	10/31/08	Office of Procurement and Property Management Review of Acquisition Planning and Processing	-	-
(1) Pending conclusion of investigation, negotiation or administrative appeal					
04801-3-KC	03/31/99	10/31/08	Rural Housing Service – Rural Rental Housing Program Bosley Management, Incorporated – Sheridan, Wyoming	\$146,690	\$85,516
(21) Pending completion of IT system security weaknesses, systems development, implementation, or enhancement					
04601-14-CH	3/20/07	12/31/08	Improper Payments - Monitoring the Progress of Corrective Action for High-Risk Programs in Rural Housing Service	-	-
06401-17-FM	11/5/04	09/30/09	Commodity Credit Corporations' Financial Statements for Fiscal Years 2004 and 2003	-	-
08401-2-FM	02/28/03	10/31/08	Forest Service's Financial Statements for Fiscal Year 2002 – Summary of Information Technology Findings	-	-
08401-4-FM	11/10/04	12/31/08	Forest Service's Financial Statements for Fiscal Years 2004 and 2003	-	-
08401-6-FM	11/24/06	12/31/08	Forest Service's Financial Statements for Fiscal Years 2005 and 2004	-	-
08401-7-FM	2/27/08	12/31/08	Forest Service's Financial Statements for Fiscal Years 2006 and 2005	-	-



Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount	
				DC	FTBU
08601-2-HY	12/22/06	3/31/09	Forest Service Follow up on Recommendations Made on the Maintenance of Forest Service Infrastructure	-	-
08601-6-AT	11/24/06	12/31/08	Forest Service Implementation of the Healthy Forests Initiative	-	-
08601-30-SF	03/31/03	12/31/08	Forest Service Review of Security Over Explosives/Munitions/Magazines Located Within the National Forest System	-	-
08601-40-SF	7/6/05	12/31/08	Forest Service Emergency Equipment Rental Agreements	-	-
10001-1-HY	3/20/07	3/31/09	Review of Contract Administration at the Natural Resources Conservation Service	-	-
11099-44-FM	12/14/06	11/30/08	Departmental Administration Purchase Card Management System Controls Need Strengthening	-	-
24601-3-CH	9/30/04	10/31/09	Food Safety and Inspection Service Use of Food Safety Information Systems	-	-
33002-3-SF	9/30/05	12/31/08	Animal and Plant Health Inspection Service Animal Care Program Inspection and Enforcement of Activities	-	\$562,761
33501-1-CH	03/31/05	12/31/08	Animal and Plant Health Inspection Service Review of Application Controls for the Import Tracking System	-	-
33601-1-HY	2/14/05	10/31/09	Animal and Plant Health Inspection Service Oversight of the Importation of Beef Products from Canada	-	-
33601-4-CH	03/31/03	TBD	Animal and Plant Health Inspection Service Controls Over Permits to Import Biohazardous Materials into the United States	-	-
50401-59-FM	11/14/06	10/31/2008	Office of the Chief Financial Officer U.S. Department of Agriculture's Consolidated Financial Statements for Fiscal Years FY 2006 and 2005	-	-
50501-4-FM	10/21/05	9/30/08	Office of the Chief Information Officer Review of the U.S. Department of Agriculture's Certification and Accreditation Efforts	-	-
50801-2-HQ	2/27/97	3/31/09	Assistant Secretary for Civil Rights Report for the Secretary on Civil Rights Issues, Phase I	-	-
60016-01-HY	9/8/05	9/30/09	Assistant Secretary for Civil Rights Follow up on Prior Recommendations for Civil Rights Program and Employment Complaints	-	-
(3) Pending results of internal monitoring or program review					
06401-4-KC	2/26/02	6/30/09	CCC Financial Statements for FY 2001	-	\$19,586
08601-42-SF	3/14/06	12/31/08	FS Firefighting Contract Crews	-	-
08601-45-SF	8/8/06	3/31/08	FS Follow-up Review of FS Security Over Explosives/Munitions Magazines Located within the National Forest System	-	-
(6) Pending results of request for change in management decision					
03099-27-TE	5/24/01	10/01/08	FSA Payment Limitations – Majority Stockholders of Corporations	-	-
08099-6-SF	03/27/01	09/30/08	FS Security Over USDA Information Technology Resources	-	-
08003-5-SF	12/15/00	09/30/08	FS Land Acquisitions and Urban Lot Management Program	-	\$10,329,300

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount	
				DC	FTBU
33601-7-CH	8/14/07	12/31/08	APHIS Review of Customs and Border Protection Inspection Activities	-	-
50601-9-CH	9/28/06	12/31/08	APHIS Control Over the <i>Bovine Tuberculosis</i> Eradication Program	-	-
50601-10-HQ	7/24/06	3/31/09	NRCS Chesapeake Bay Restoration Agricultural Impacts on Water Quality	-	-
(3) Pending Office of General Counsel (OGC) or OIG advice					
04801-6-KC	12/18/00	10/31/08	RHS Rural Rental Housing Program Insurance Expenses, Phase I	\$1,029,999	\$9,000
24099-1-FM	08/11/03	10/31/08	Security Over Information Technology Resources at FSIS	-	-
85401-13-FM	11/9/06	10/31/08	RD Financial Statements for FY 2006 and FY 2005	-	-
(13) Pending Administrative Action					
05099-18-KC	6/1/04	9/30/08	RMA Management and Security of Information Technology Resources	-	-
05099-109-KC	1/27/05	12/31/10	RMA Activities to Renegotiate the Standard reinsurance Agreement	-	-
05600-1-TE	09/28/89	9/30/08	RMA Crop Year 1988 Insurance Contracts with Claims	-	-
0641-15-FM	12/26/02	09/30/09	CCC Financial Statements for FY 2002	-	-
06401-21-FM	11/13/06	10/30/08	CCC Financial Statements for FY 2006	-	-
13001-3-TE	8/16/04	6/6/09	Cooperative State Research, Education, and Extension Service Implementation of Agricultural Research, Extension and Education Reform Act of 1998	\$3	\$482,400
23801-1-HQ	8/20/98	12/31/08	Review of Office of Operations Contract with B&G Maintenance, Incorporated – Washington, D.C.	-	\$249,866
24601-8-CH	8/23/07	3/31/09	Food Safety and Inspection Service Egg Products Processing Inspection	-	-
50099-11-HY	03/31/05	12/30/08	Research Education and Economics Implementation of Federal Research Misconduct Policy in the U.S. Department of Agriculture	-	-
50099-13-AT	03/29/02	12/30/08	Multi-Agency Audit Oversight and Security of Biological Agents at Laboratories Operated by the United States Department of Agriculture	-	-
50099-17-KC	2/17/05	12/31/08	Cooperative State Research, Education, and Extension Service Biosecurity Grant Funding Controls over Biosecurity Grants Funds Usage	-	\$4,318
50601-10-KC	1/25/06	10/31/09	Animal and Plant Health Inspection Service <i>Bovine Spongiform Encephalopathy (BSE)</i> Surveillance Program – Phase II and Food Safety and Inspection Service Controls Over BSE Sampling, Specified Risk Materials and Advanced Meat Recovery Products - Phase III	-	-
60801-2-HQ	3/24/99	9/30/09	Evaluation of the Office of Civil Rights Efforts to Implement Civil Rights Settlements	-	-
Total Number Audits (81)			Total	\$5,446,818	\$31,337,973

