

UNITED STATES DEPARTMENT OF AGRICULTURE  
OFFICE OF INSPECTOR GENERAL

*STATEMENT OF JOYCE N. FLEISCHMAN*  
*ACTING INSPECTOR GENERAL*

Before the  
HOUSE APPROPRIATIONS SUBCOMMITTEE  
ON  
AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG  
ADMINISTRATION  
AND  
RELATED AGENCIES

February 14, 2002



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**INTRODUCTION AND OVERVIEW**

Good morning, Mr. Chairman and members of the Committee. I appreciate the opportunity to testify before you today to discuss the activities of the Office of Inspector General (OIG) and to provide you information on our audits and investigations of the major programs and operations of the U.S. Department of Agriculture (USDA).

While this is my first formal appearance before the Committee as Acting Inspector General, I have been the Deputy Inspector General at USDA for more than 6 years and have been involved in the oversight and direction of OIG throughout this time. I want to thank you for your support to the agency during the past and hope we have been able to address some of your concerns. I look forward to working closely with you both as Acting Inspector General and Deputy Inspector General.

Before I begin, I would like to introduce the members of my staff who are here with me today: Gregory Seybold, Assistant Inspector General for Investigations; Richard Long, Assistant Inspector General for Audit; and Delmas Thornsby, Director of our Resources Management Division.

The safety and wholesomeness of agricultural products provided to the public is our primary concern. Our audits and investigations have continually addressed issues related to the integrity and security of American agriculture, the protection of the consumer, and the safety of USDA-operated and -funded facilities and their personnel. As such, much of our work has been focused on what are now termed “Homeland Security issues” even before the tragic events of September 11.

Our work in protecting the Nation’s food supply, cybersecurity, disaster programs, production agriculture, and financial integrity are all part of our broad spectrum of ensuring the safety of the agricultural economy and the Department’s infrastructure. With the events of September 11, these efforts have been greatly intensified and reinforced.

In my testimony today, I will address these crucial issues facing the Department and the work OIG is doing to support and assist in these areas.

## **HOMELAND SECURITY**

### **Homeland Security -- Response to Terrorism**

The events of September 11 and the subsequent anthrax attacks have given new urgency to issues of security over USDA's infrastructure and the agricultural economy. Those events tested OIG's law enforcement response and audit support to departmental operations as never before in our history. Following the terrorist attacks, OIG special agents immediately provided emergency assistance and participated in the Federal Bureau of Investigation (FBI) task force operations in New York City. In addition, over 30 special agents were deployed to more than 50 critical USDA-operated or -funded facilities, including laboratories and research facilities across the country, to determine vulnerability to attack or compromise by terrorists. They met with facility and laboratory directors, safety officers, and research leaders to discuss and evaluate the security measures for the facilities, personnel, foreign scientists and researchers, and the handling of hazardous materials. We assigned 32 special agents to counterterrorism task forces and to nationwide criminal investigations related to the events of September 11.

We are working with USDA agencies to protect the food supply and ensure that the Department continues to serve the needs of the agriculture sector and the consumer. OIG has helped USDA agencies establish teams of dedicated personnel to respond to each emerging crisis. In addition, the agency has been responding to numerous anthrax contamination threats at federally inspected meat plants and other sensitive USDA facilities. I am happy to say that, to date, all of these threats have been hoaxes.

## **Security of USDA Laboratories and Critical Facilities**

In the spring of 2001, we began a review of the Department's security and controls over biohazardous materials at its laboratories. We looked at controls to prevent the inadvertent or intentional release of the biohazardous materials. We interviewed departmental and agency officials and visited 6 of the Department's biosafety level (BL) 3 laboratories. The Department was then unaware of the nature, number, and biosafety risk of biohazardous materials at any of its facilities, both USDA-operated and USDA-funded. The Department did not require detailed tracking records of any access to biohazardous materials or comprehensive security checks on personnel with access to these materials. Moreover, the Department did not have adequate physical security at a number of its facilities commensurate with the level of risk. Our past investigations of vandalism at USDA facilities by animal rights and environmental activist groups had already identified the heightened need for physical security at many of these facilities, especially those of the Forest Service (FS) and the Animal and Plant Health Inspection Service (APHIS).

The September 11 events suddenly imbued these vulnerabilities with a new sense of urgency, particularly given the possibility of a terrorist presence in our country and the devastating impact of an intentional release of such biohazardous materials on the agricultural economy. On September 24, we issued an interim report to the Department advising that it needed to take immediate steps to identify and compile an inventory of biohazardous materials in its possession. Further, it needed to strengthen management controls. Moreover, it needed to ensure that all materials are adequately accounted for

and strengthen or upgrade the physical security at its facilities commensurate to the biosafety risk of the materials. Shortly thereafter, the Department responded by establishing a task force to draft departmentwide policies and procedures on biosecurity requirements for its BL 3 laboratories. They were to address inventory control, physical security, personnel security, and incident reporting. OIG participated in the task force discussions and provided feedback on the draft policies and procedures. During the period of these reviews, the Department contracted with the Sandia National Laboratories to conduct a risk assessment and security analysis at all of its BL 3 laboratories.

Concurrently, because of the heightened awareness of the consequence of these biological agents if released, we accelerated and broadened our review. We immediately met with APHIS officials to discuss our concerns with the import and domestic shipment of such biohazardous materials. We were encouraged that the agency had already begun to address these concerns by temporarily suspending new permits while it reviewed the process. We interviewed Department officials who administered the visitor exchange, or J-1 visa program, at the departmental laboratories. Based on these interviews and meetings, we proposed additional procedures to preclude a potential terrorist, posing as a visiting scientist, from obtaining such biohazardous materials. Further, we proposed procedures to strengthen the visa programs and monitoring of visitors to USDA facilities. We devoted increased resources to our review of controls over genetically engineered organisms, or GEOs, whose premature and uncontrolled release into the environment in an untested state might damage agricultural production.

Because we were concerned whether any new inventory and security procedures had been implemented at the field level, we dispatched approximately 50 auditors to over 100 laboratories nationwide in October and November 2001. In December, we issued another interim report to the Department. We reported there had been no concerted efforts by the agencies to contact the laboratories under their control, obtain an inventory of biohazardous agents, or ensure that security measures are adequate. We recommended that the Department hasten implementation of the policies and procedures prepared by its biosecurity task force and take immediate action to correct the deficiencies at one BL 3 laboratory. Since then, a number of the agencies have compiled inventories and have started to evaluate the vulnerability or risk associated with such inventories with the goal of implementing additional biosecurity measures.

In our second phase of this ongoing review, we intend to evaluate the controls and security at university and private laboratories funded by the Department. This will include biological agents and chemical and radioactive materials stored or used at these laboratories and their shipment by these facilities.

### **Enhanced Controls Needed on Imported Meat and Agricultural Products**

One of OIG's ongoing activities, even before September 11, was involvement in departmental efforts to ensure that animal and plant diseases from abroad do not infect agricultural production in this country. During 2001, the world witnessed outbreaks of Foot and Mouth Disease (FMD) in Europe and South America. At the outbreak of FMD in Great Britain and elsewhere, we began establishing emergency response teams to

investigate similar threats to American livestock and agriculture. A team traveled to the United Kingdom to gain firsthand knowledge of its law enforcement agencies' experience in dealing with quarantines, as well as any unlawful activity associated with that outbreak.

Because of the devastating effect FMD could have on the U.S. livestock industry if an outbreak occurred in this country, last summer OIG undertook an expedited review of APHIS' and the Food Safety and Inspection Service's (FSIS) functions regarding imported meat. We found that the fundamental problem was poor or failed communications between the two agencies. For the processes of inspection, reinspection, and clearance or rejection of imported meat to work efficiently, the two agencies must communicate in an organized and punctual manner. This did not always occur. For example, a mixed shipment of over 32,000 pounds of meat product from an FMD-restricted country arrived at the Port of Houston and was approved by APHIS for transport to an FSIS inspection house. However, when APHIS approved the transfer, it inadvertently released the hold on the shipment, allowing the meat product to be shipped prematurely. Neither agency was aware the product had been shipped to a commercial warehouse in San Antonio, Texas, until the broker discovered the error 9 days after the release of the product. As a result, the product was returned to Houston, where over one-sixth of it had to be destroyed because it had been produced after the FMD restricted date.

We found that APHIS needed to improve its accountability over imported products from their arrival at U.S. ports-of-entry through disposition. More importantly, neither APHIS



nor FSIS had an adequate system of controls or records that could produce such information. We recommended that these agencies implement new procedures to strengthen their communication and coordination at the field level and that they issue instructions specifically identifying the responsibilities of each agency regarding the handling of products from restricted countries. We further recommended that APHIS discontinue its policy of allowing mixed shipments of unrestricted and restricted products to enter the country for sorting. Additionally, we recommended that the agencies jointly conduct an inventory to identify and account for all products that had entered the United States from FMD-restricted countries and ensure the disposition of any that still remained. We recommended that APHIS improve its systems to track and account for products that are retained on hold at the ports-of-entry and flag instances where such products have remained for an unreasonable amount of time. Both APHIS and FSIS agreed with the findings and recommendations and are acting on them.

We are just completing a review of the adequacy and effectiveness of APHIS' operations to prevent or minimize the introduction of harmful, exotic pests and diseases into the United States. We disclosed in an interim report that APHIS' process for performing criminal history record checks on newly hired employees assigned to work in secure areas of commercial airports did not meet Federal Aviation Administration (FAA) requirements. For instance, we documented one case in which an APHIS inspection officer worked for over 280 days without a check having been initiated even though FAA regulations required one within 45 days of hiring. During that time, the employee had unescorted access to secure areas of a major commercial airport. We recommended that APHIS immediately identify all employees for whom background checks had not been

made; take interim measures to ensure they were not assigned to secure areas; amend its hiring policies to include preemployment checks that, at a minimum, meet FAA requirements; and implement a tracking system to ensure that employees properly complete and return security forms within specified timeframes. APHIS agreed to do so.

### **Tracing Financial Transactions**

Since September 11, U.S. Attorneys around the country have established task forces of Federal and State law enforcement agencies to identify and seize sources of funding for terrorist groups. We are participating in many of these task forces because we know that money from several of our current food stamp trafficking cases is being transferred overseas. We have routinely focused our investigations regarding the trafficking of food stamp benefits, either via paper coupons or the Electronic Benefits Transfer (EBT) system, on the money trail. One recent investigation of food stamp trafficking identified approximately \$228,000 that was transferred to foreign bank accounts in a country known to harbor terrorists by the owners of a convenience store authorized to accept food stamps and Special Supplemental Nutrition Program for Women, Infants, and Children benefits.

We have moved to halt this type of fraud through aggressive use of money laundering and forfeiture statutes and through combining our efforts with other law enforcement agencies. Our goal is to prevent USDA program funds from supporting any terrorist operatives, either in the United States or overseas.

## **Security Over Hazardous Material**

We have an audit underway to evaluate APHIS' safety practices, accountability, and internal controls over the handling, security, and disposal of hazardous materials, used in its Wildlife Services programs, including explosives and pesticides. We found that APHIS lacks adequate accountability and control over hazardous pesticides and drugs maintained by some of its State offices for use in wildlife damage control. At the 2 State offices we visited, which have over 32 percent nationwide of the pesticides and 24 percent of the drugs used in the National program, APHIS did not maintain adequate records to support its inventories of hazardous materials representing 8 different pesticides or drugs including M-44 cyanide and fumitoxin fumigant. We recommended that the two State APHIS offices determine whether unaccounted for hazardous materials were missing or stolen and report to OIG. In addition, we recommended the State offices immediately establish and implement controls to ensure that perpetual inventory records of pesticides and drugs are maintained. Further, we recommended that the State offices document transfers to applicators and perform periodic inventory counts. APHIS has acted on our recommendations; however, in requiring its State offices to perform and reconcile inventories, discrepancies have come to light which we will be pursuing with APHIS to resolve.

## **Outreach Activities**

Our experiences over the years working with State and local law enforcement agencies, especially during Operation Talon, have reinforced the benefits that joint Federal, State,

and local cooperative efforts can have in protecting USDA programs and resources. While first responses will always involve State and local agencies, the catastrophic events of September 11 highlighted the urgent and increased need for Federal, State, and local coordination of efforts to protect the Nation's food supply. Recently, we met with top officials to emphasize these points and to offer OIG's insight and assistance as the Department and each of the agencies undertake an assessment of their vulnerabilities and development of solutions. We expanded these efforts to the vast field structure maintained by the Department. OIG regional managers are meeting with departmental field staff and State and local officials, particularly law enforcement and health officials, to alert them and join in a concerted effort to protect the agricultural economy and the Department's assets.

For more effective outreach, OIG has expanded its efforts to include networking with industry and farm organizations, and other similar groups. Recent efforts have included meetings with regional shipping and trucking associations and the Southeastern Intergovernmental Audit Forum, which consists of Federal, State, and local auditors.

### **Olympics**

The 2002 Winter Olympics has been declared a Homeland Security "Event" for Federal law enforcement agencies. For the past year and a half, OIG has joined in a partnership with the FBI and the U.S. Secret Service (USSS) to ensure the integrity and security of the food supply for the Olympics, and to ensure the security of USDA's facilities in and around Olympic venues that are potential targets for attacks. In addition, OIG serves as

the liaison between the FBI and USSS with USDA agencies while at the event. In January, we sent additional special agents to provide law enforcement coverage as the Olympics unfold. Further, OIG will provide emergency response with other law enforcement agencies to any threat to disrupt the events.

## **COMPUTER SECURITY**

Audits of computer security have been a high priority, and our emphasis in this area will continue to increase. As the Department continues to expand its use of information technology (IT) for program and service delivery, this component of the USDA infrastructure has become a key element for operational integrity and control. One of the more significant dangers USDA faces is a cyberattack on its IT infrastructure, whether by terrorists seeking to destroy unique databases or criminals seeking economic gain. The Department has numerous information assets, which include market-sensitive data on the agricultural economy and its commodities, signup and participation data for programs, personal information on customers and employees, agricultural research, and Federal inspection information ensuring the safety of the food supply, as well as accounting data. The information and related systems face unprecedented levels of risk from intentional or accidental disruption, disclosure, damage, or manipulation.

Public confidence in the security and confidentiality of the Department's information and technology is essential. The Department has taken positive action, through the Office of the Chief Information Officer, by developing and initiating a plan to strengthen USDA information security; however, we continue to identify deficiencies at component

agencies. Our independent evaluations, completed to meet the Government Information Security Reform Act requirements, disclosed material IT security weaknesses. Our assessments identified over 3,300 high- and medium-risk vulnerabilities and numerous low-risk vulnerabilities. Inadequately restricted access to sensitive data was the most widely reported problem. Most agencies we reviewed had not ensured security plans contained all elements required by the Office of Management and Budget. In addition, agencies had not planned or tested for contingencies and disaster recovery, nor had they properly certified and attested to the adequacy of security controls and performed assessments to identify, eliminate, or mitigate risks.

## **FOOD SAFETY AND FARM PROGRAMS**

### **Consumer Protection**

During the past year, our investigations of meat and poultry food processing operations resulted in 12 convictions and overall monetary results totaling over \$4.7 million, primarily in fines. We are investigating a corporation for distributing unwholesome poultry products contaminated with rodent hair and feces to 47 California school districts. In two other cases, a major food-processing corporation and a major food store chain pled guilty to distributing millions of pounds of meat products contaminated with *Listeria monocytogenes*, which can cause severe illness or death to anyone who consumes the contaminated product. These firms were fined a total of \$1.4 million. In the most serious case, the food store chain knowingly distributed contaminated food product that resulted in a recall of over 4.5 million pounds of product.

## **Protecting Farm Interests**

We are concerned with protecting this Nation's agricultural interests from farm to table. Approximately 1 year ago, OIG special agents were on the front lines ensuring that APHIS' staff was not hindered from enforcing the seizure and transportation of over 350 East Friesian sheep from Vermont to the National Veterinary Services laboratory in Ames, Iowa, where they were destroyed. Four sheep from those flocks had tested positive earlier for a transmissible spongiform encephalopathy (TSE) -- a class of diseases including bovine spongiform encephalopathy, or "mad cow" disease. In response to the test results, the Secretary issued a declaration of extraordinary emergency because of atypical TSE of foreign origin, which enabled USDA to seize the sheep. The seizure was challenged in Federal court. While this delayed action for approximately 6 months, ultimately a judge upheld the Secretary's order, and the sheep were seized, transported, and euthanized without incident.

OIG agents and other members of the Ohio Organized Crime Investigations Commission Task Force infiltrated a criminal organization which was preying on farmers in the tri-State area. The investigation found that the criminal organization was responsible for over \$5 million in farm-related thefts. In August 2001, 12 members of the organized group were arrested in the Dayton area for their participation in a conspiracy to steal farm equipment and other items from local farmers. Six of the subjects were recently sentenced to jail terms from 2 to 12 years, and the task force recovered over \$1 million worth of the stolen property. OIG positively identified 30 farms participating in FSA programs that this criminal organization victimized in 12 counties in Ohio, 5 counties in Indiana, and 1 county

in Kentucky. Much of the stolen property was collateral for farm-owned property or operating loans and business and industry loans.

## **Implementation of Agricultural Risk Protection Act and Disaster Assistance**

### **Programs**

We have continued to review RMA and the Farm Service Agency (FSA) as they implement the provisions of the Agricultural Risk Protection Act of 2000. Our efforts have focused on monitoring their joint implementation plan involving program compliance and integrity. We participated with the agencies in drafting the implementation plan and attended agency briefings provided to congressional and departmental staff, as well as industry officials. We also participated in various working groups directed to draft specific policies and procedures for the implementation plan. Our goal was to assist both RMA and FSA up front in improving their quality control system and compliance procedures to assess program integrity. This up front and proactive approach is more effective and efficient in ensuring that eligible farmers are treated fairly and receive proper assistance rather than identifying improper payments and recommending their recovery after the fact.

We reviewed FSA's implementation of the disaster assistance programs mandated by Congress. Last year, we again reported that the agencies had not implemented interagency procedures to share corrected program information, such as corrected acreage resulting from a compliance review, that could impact payment determinations by the other agency. For example, FSA issued over \$19 million in disaster assistance to



watermelon and corn producers based on indemnity payment information provided by RMA. However, most of those payments resulted from excessive yields established by RMA or from a nonviable crop for the area coverage. In both cases, RMA had to rescind these flawed crop insurance programs.

We surveyed FSA's implementation of the FY 2000 disaster assistance programs authorized under the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2001. We analyzed the amount of funding allocated to the various programs. As a result, we initiated a more intensive review of FSA's implementation of the new Quality Loss Assistance Programs. Further, we examined the implementation of the Limited California Cooperative Insolvency Payment Program, particularly FSA's determination of producers' payments.

### **FOOD STAMP PROGRAM**

We have continued to proactively review EBT systems that provide Food Stamp Program (FSP) benefits as they are implemented in the States. Currently, 44 States and the District of Columbia have implemented EBT systems with 40 of them implemented statewide or districtwide. Approximately 84 percent of food stamp benefits, estimated at \$17.1 billion for FY 2002, are issued through these systems. During FY 2001, we completed reviews in the District of Columbia, Hawaii, and Washington and found all of their EBT systems have been implemented successfully.

## **Operation Talon**

For the last 5 years, OIG has coordinated a nationwide law enforcement initiative dubbed “Operation Talon,” which, to date, has resulted in the arrest of nearly 8,000 fugitive felons. This initiative, which has been carried out in conjunction with other law enforcement agencies and State social service agencies across the country, was designed to identify, locate, and apprehend dangerous and violent fugitive felons who may also be illegally receiving benefits through FSP. Operation Talon has grown into a nationwide dragnet, currently encompassing fugitives wanted in 31 States, as well as Federal fugitives sought by the U.S. Marshals Service. The more serious offenses for which Operation Talon fugitive arrests have been made include 35 arrests for homicide; 51 for sex offenses, including rape and child molestation; 17 for kidnapping/abduction; 435 for assault; 229 for robbery; and 1,728 for drug/narcotic offenses. A number of States have removed arrested fugitives from their food stamp rolls, resulting in savings to FSP. We have managed to leverage our success through the use of targeted asset forfeiture funds to pay for overtime costs and special equipment needs of the State and local law enforcement agencies participating with us in Operation Talon. Furthermore, this equipment remains with the State and local agencies to support their law enforcement and emergency response efforts.

## **PUBLIC CORRUPTION**

In FY 2001, OIG fought public corruption by investigating USDA employees who abused their positions for private gain. We worked jointly with the Drug Enforcement Agency, the

FBI, the U.S. Customs Service, and the Internal Revenue Service to bring to justice an APHIS inspector who, over a 3-year period, accepted over \$90,000 in cash and drugs as bribes to permit approximately 230 kilograms of cocaine to be smuggled through the Miami International Airport. The cocaine was hidden inside vegetable containers he cleared at the airport. After the subject was indicted by a Federal grand jury, he pled guilty to conspiracy to possess narcotics with intent to distribute and is currently awaiting sentencing.

In another significant case, a former Agricultural Marketing Service produce inspector in St. Louis pled guilty to accepting bribes to intentionally downgrade produce. He had been taking bribes for almost 15 years. His actions harmed local farmers, who were underpaid for their product, and allowed corrupt produce company officials to pocket illegal profits. Ten other people associated with produce companies have also been found guilty in this case. Our public corruption cases led to 21 convictions and 61 personnel actions last year.

## **FINANCIAL INTEGRITY**

While some of the Department's agencies have achieved success with their financial systems and received clean financial opinions, other major agencies have not. For FY 2000, financial statements for three agencies received unqualified opinions. The Food and Nutrition Service, the Risk Management Agency (RMA), and the Rural Telephone Bank (RTB) received unqualified opinions on their FY 2000 financial statements, which means their statements fairly presented their financial position. But FS and the Commodity Credit Corporation (CCC) were unable to timely provide their

financial statements for us to complete our audit of them by the legislatively mandated date of March 1, 2001. Statements provided by FS and CCC subsequent to March 1 contained significant errors. The Rural Development (RD) mission area received a qualified opinion because it was not able to properly determine the cost of its loan programs.

The individual conditions of the agencies, when taken together, resulted in issuance of a disclaimer of opinion on the Department's consolidated financial statements for the past 7 fiscal years -- 1994 through 2000. These opinions mean that, overall, the Department did not know whether it correctly reported all monies collected and the cost of its operations, or that it properly accounted for all of its over \$100 billion of assets. Most importantly, some USDA managers do not have reliable financial information on which to make decisions.

Our current audits of the FY 2001 financial statements have shown improvements in the timeliness of CCC financial information and in RD's efforts in determining the cost of loan programs. Our audit work on the Department's consolidated statement for FY 2001 is ongoing.

## **BUSINESS PROCESS REENGINEERING**

Before I close, I would like to take a few minutes and tell you about an initiative we have begun within OIG for which our budget request would provide critical support.

Last summer, the senior management team at OIG decided that the agency needed to undertake a full review of how we do our business. We believe that the agency can achieve greater efficiency in carrying out our mission to audit and investigate if we streamline our processes and adopt more modern business practices. We also believe that we can use state-of-the-art information technology to free our people to do more of the work that they are uniquely qualified to do. In other words, we want to utilize machines to do that which machines can do, thus allowing human minds to do those things only they can do.

To that end, we launched a formal study of our agency. We are well into a detailed, systematic plan that will result in a phased strategic plan to equip and train our people so that OIG can maintain its historic high level of quality, reliability, production, and service in its operations.

One example of desperately needed modernization involves automated audit workpaper files and an electronic case management system for Investigations. The Government Paperwork Elimination Act requires that, when practicable, Federal agencies must use electronic forms, electronic filing, and electronic signatures to conduct official business with the public by 2003. OIG currently lacks any systematic method of electronically recording and storing audit workpapers. Workpapers and other supporting documentation are often prepared using multiple approaches, formats, and storage mediums. The few electronic workpapers and support documentation the agency does produce, while meeting current audit standards for hardcopy documents, fail to meet the evolving standards for electronic documents, especially standards for electronic record

validity. The agency must accept the challenge to enhance audit integrity and efficiency using automation. We expect automating the agency's audit workpapers to reap significant savings in stafftime and review and coordination of our audit work processes. This will allow us to work smarter, as well as expand the depth and analysis, cross-referencing, quality control, and report writing of our audit work. The same analysis holds true for automated case management for our law enforcement investigative operations. Our auditors and special agents are highly skilled people whose time can be spent more effectively doing audits and investigations rather than filing papers.

We are beginning our modernization effort with this budget with a request for money for information technology and training for OIG staff to support these agencywide streamlining and cost-cutting efforts, allowing us to work smarter and do more with our resources.

## **CONCLUSION**

I am very proud of the accomplishments of OIG and pleased to report that, in FY 2001, we continued to more than pay our own way. In the Investigations arena, our special agents completed 490 investigations, obtained 358 indictments and 352 convictions, and made 1,335 arrests. These actions resulted in \$66 million in fines, restitutions, other recoveries, and penalties during the year.

In the audit arena, we issued 111 audit reports and obtained management's agreement on 99 recommendations. Our audits resulted in questioned costs of over \$45 million. Of

this, management agreed to recover \$38.5 million. In addition, management agreed to put another \$122 million to better use. Equally as important, implementation of our recommendations by USDA managers will result in more efficient and effective operations of USDA programs.

The events of September 11 have altered all of our lives and the course of the work we do. As I discussed earlier, our work has always been focused on the protection and enhancement of American agriculture, a safe and plentiful food supply for our own citizens, and, indeed, for people around the world. Since September 11, we have redoubled our efforts and worked with the Department to support its and the Government's Homeland Security efforts to ensure the Nation's food supply and to safeguard America's agricultural infrastructure. Overall, since the September 11 attacks and subsequent threats, at least one-third of our resources -- more than 100 agents and 75 auditors -- have taken on additional duties to respond to the immediate Homeland Security issues.

I recognize there is a fierce competition for the Government's limited resources; however, I believe adequate funding for our office make good sense. OIG is very cost effective in view of the money it saves the taxpayers and in providing sufficient assurance and well being to the American people. As such, I request that our proposed funding level be approved without reduction.

This concludes my statement, Mr. Chairman. I appreciate the opportunity to appear before you today and would be pleased to respond to any questions you may have at this time.