United States General Accounting Office

GAO

Performance and Accountability Series

This material is part of a collection that documents the harassment, discrimination, and retaliation perpetrated against Alaska's women research scientists by their supervisor, with full knowledge (and arguably, "tacit approval") of their federal employer, the USDA Agricultural Research Service (ARS)

January 2003

Resolution of discrimination complaints continues to be a serious management challenge at USDA.

(Pages 25-27)

Major Management Challenges and Program Risks

Department of Agriculture

GAO Accountability ★ Integrity ★ Reliability

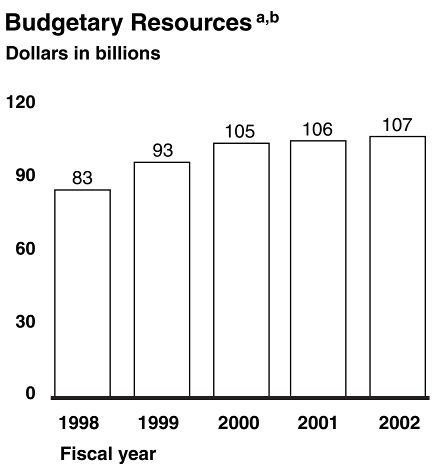
GAO-03-96

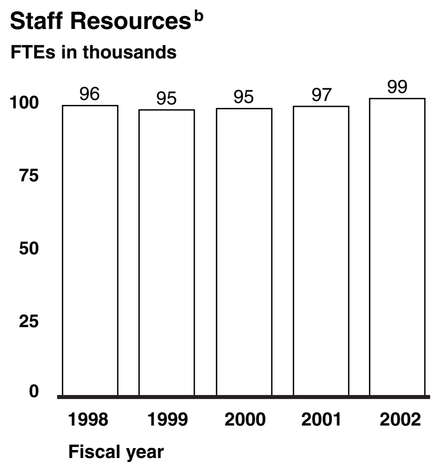
A Glance at the Agency Covered in This Report

The U.S. Department of Agriculture is one of the federal government's largest entities. The department's overall mission is complex and covers a wide range of areas, including

- enhancing the quality of life for the American people by directly supporting the agricultural sector;
- ensuring a safe, affordable, nutritious, and accessible food supply;
- caring for agricultural land, forests, and rangelands;
- supporting sound development of rural communities;
- providing economic opportunities for farm and rural residents;
- expanding global markets for U.S. agricultural and forest products and services; and
- working to reduce hunger in America and throughout the world.

The U.S. Department of Agriculture's Budgetary and Staff Resources





Source: Budget of the United States Government.

[a] Budgetary resources include new budget authority (BA) and unobligated balances of previous BA.

[b] Budget and staff resources are actuals for FY 1998-2001. FY 2002 are estimates from the FY 2003 budget, which are the latest publicly available figures on a consistent basis as of January 2003. Actuals for FY 2002 will be contained in the President's FY 2004 budget to be released in February 2003.

This Series

This report is part of a special GAO series, first issued in 1999 and updated in 2001, entitled the *Performance and Accountability Series: Major Management Challenges and Program Risks.* The 2003 Performance and Accountability Series contains separate reports covering each cabinet department, most major independent agencies, and the U.S. Postal Service. The series also includes a governmentwide perspective on transforming the way the government does business in order to meet 21st century challenges and address long-term fiscal needs. The companion 2003 *High-Risk Series: An Update* identifies areas at high risk due to either their greater vulnerabilities to waste, fraud, abuse, and mismanagement or major challenges associated with their economy, efficiency, or effectiveness. A list of all of the reports in this series is included at the end of this report.

GAO
Accountability•Integrity•Reliability

Highlights

Highlights of GAO-03-96, a report to Congress included as part of GAO's Performance and Accountability Series

Why GAO Did This Report

In its 2001 performance and accountability report on the U.S. Department of Agriculture (USDA), GAO identified important security, modernization, food safety, food assistance, and other issues facing the department. The information GAO presents in this report is intended to help to sustain congressional attention and a departmental focus on continuing to make progress in addressing these challenges and ultimately overcoming them. This report is part of a special series of reports on governmentwide and agency-specific issues.

What Remains to Be Done

GAO believes that USDA should

- conduct reviews of its infrastructure, equipment, and programs to identify and correct security weaknesses and

- continue to work on completing its modernization and on other challenges involving food assistance, financial management, the performance and accountability of the Forest Service, and the resolution of discrimination complaints.

GAO also believes food safety should be regulated by a single federal agency.

www.gao.gov/cgi-bin/getrpt?GAO-03-96.

To view the full report, click on the link above. For more information, contact Robert A. Robinson at 202-512-3841 or at robinsonr@gao.gov.

January 2003

PERFORMANCE AND ACCOUNTABILITY SERIES

Department of Agriculture

What GAO Found

USDA has taken steps to address some of the specific performance and management challenges that GAO previously identified. However, a variety of challenges continue, including a significant expansion of the one involving security.

- **Ensuring adequate security.** USDA has taken actions when security problems are brought to its attention. However, it needs to be proactive in identifying and correcting an expanding array of weaknesses, such as a recently identified one involving biological agents at its laboratories as well as in correcting a long-standing one involving information security.

- **Improving the delivery of services to farmers.** USDA is progressing with its field office modernization effort to improve efficiency and customer service. However, it needs to complete this task on a number of fronts, including the automation of its application processes and the integration of field operations across its various agencies.

- **Enhancing the safety of the nation's food supply.** USDA and other federal agencies responsible for food safety have implemented an inspection program intended to enhance food safety. However, because of the millions of instances of foodborne illnesses and 5,000 related deaths that occur annually, we believe the responsibilities of USDA and other agencies for ensuring the safety of the nation's food supply need to be brought together in a single food safety agency.

- **Providing food assistance and improving program integrity.** USDA has actions underway to minimize fraud, waste, and abuse in its food assistance programs. However, it needs to reduce further the errors that occur in these programs, which, among other things, lead to significant overpayments and underpayments to benefit recipients.

- **Enhancing financial management.** USDA has achieved an unqualified opinion on its financial statements for the first time in 9 years. However, more needs to be done, especially in the Forest Service, which continues to be "high risk" due to serious financial and accounting weaknesses.

- **Improving performance accountability at the Forest Service.** The Forest Service has initiated or planned actions to address how it accounts for and reports on its operations, accomplishments, and expenditures. However, the agency has a continuing need to make significant improvements in its performance accountability.

- **Resolving discrimination complaints.** USDA has made modest progress in processing discrimination complaints. However, it has a continuing need to resolve complaints in a more timely manner.

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Comptroller General
of the United States

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

January 2003

The President of the Senate
The Speaker of the House of Representatives

This report addresses the major management challenges and program risks facing the U.S. Department of Agriculture (USDA) as it works to carry out its multiple and highly diverse missions. The report discusses the actions that USDA has taken and that are under way to address the challenges GAO identified in its Performance and Accountability Series 2 years ago and major events that have occurred that significantly influence the environment in which the department carries out its mission. Also, GAO summarizes the challenges that remain and further actions that GAO believes are needed.

This analysis should help the new Congress and the administration carry out their responsibilities and improve government for the benefit of the American people. For additional information about this report, please contact Robert A. Robinson, Managing Director, Natural Resources and Environment, at (202) 512-3841 or at robinsonr@gao.gov.

David M. Walker
Comptroller General
of the United States

Major Performance and Accountability Challenges

In our January 2001 report,[1] we identified the following specific performance and accountability challenges that the U.S. Department of Agriculture (USDA) faced: (1) it needed to strengthen departmentwide information security; (2) the delivery of services to farmers had improved, but challenges remain; (3) fundamental changes were needed to minimize foodborne illnesses; (4) USDA needed to effectively and efficiently provide food assistance benefits to eligible individuals while maintaining program integrity; (5) USDA continued to lack financial accountability over billions of dollars in assets; (6) the Forest Service must provide the Congress and the public with a better understanding of what it accomplishes with appropriated funds; and (7) problems persisted in processing discrimination complaints. In addition, we reported that while USDA's farm loan programs remained vulnerable to loss, we were removing this issue from our "high-risk" listing because the Congress and USDA had taken actions to address the underlying causes of the programs' past weaknesses and because the financial condition of the loan portfolio had improved significantly.

Since our January 2001 report, two major events have occurred that greatly influence USDA's contemporary overall mission and present challenges to effectively address its multiple functions and activities. First, the September 11, 2001, attacks have raised concerns over the devastating impacts that terrorist actions and threats could have on the overall infrastructure of production agriculture and food safety and on USDA's facilities, equipment, and employees. Second, the enactment of the Farm Security and Rural Investment Act of 2002 (the 2002 Farm Bill)[2] provides for, among other things, significant changes in the federal government's support of production agriculture and requires USDA to implement numerous provisions that change existing programs and establish new programs. Specifically, the 2002 Farm Bill has requirements for USDA involving programs that cover commodities, conservation, trade, nutrition, credit, rural development, research, forestry, energy, and a variety of miscellaneous provisions, such as those for crop insurance, disaster assistance, and livestock.

[1] U.S. General Accounting Office, *Major Management Challenges and Program Risks: Department of Agriculture*, GAO-01-242 (Washington, D.C.: Jan. 2001).

[2] Public Law 107-171, May 13, 2002.

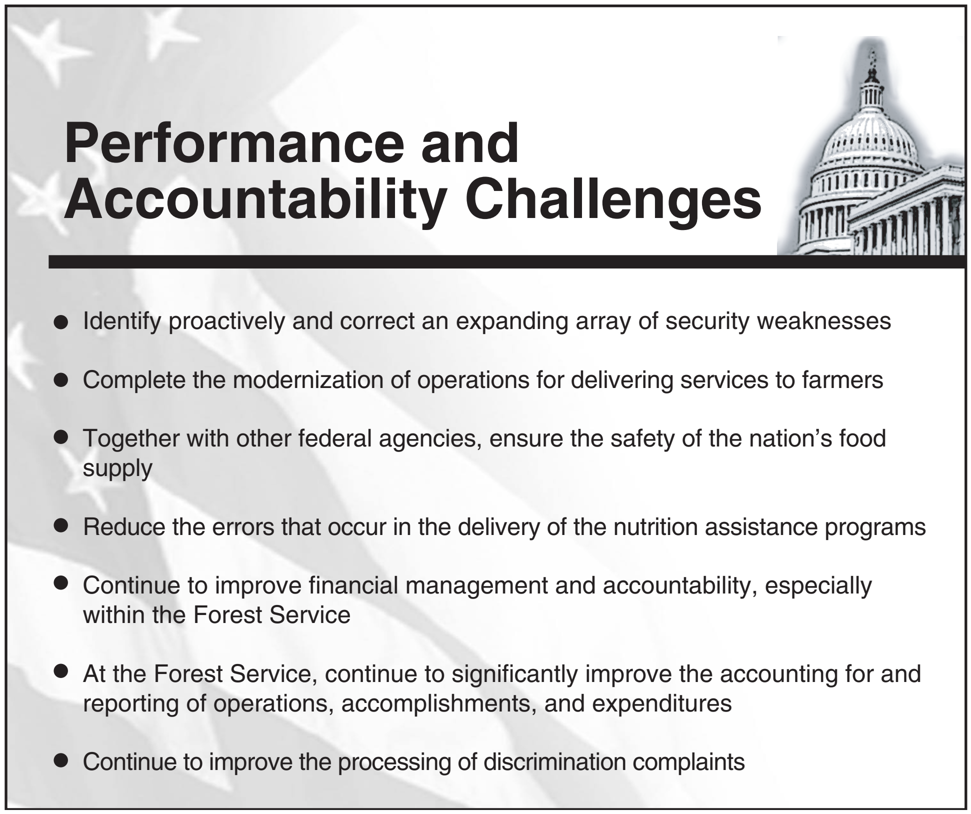
USDA's management recognized the difficulty that implementing the 2002 Farm Bill placed on the department and, as such, took early steps to address the act's requirements. For example, on the day after it was enacted, USDA launched a Web site providing detailed information on the requirements of the act, including program details, application and sign-up forms, and information and materials on implementation.[3] The next day, the Secretary of Agriculture announced the establishment of its Farm Bill Working Group, consisting of top and lower-level USDA officials, to oversee the planning, coordination, and implementation of the act. The following week, USDA announced a pilot program to allow producers in selected counties in 21 states to apply for and receive loan deficiency payments via the Internet. In early June 2002, the Secretary announced that 1,000 temporary employees would be hired to aid field offices around the country to implement the act.

Furthermore, since our January 2001 report, USDA has taken steps to address some of the specific performance and accountability challenges that we previously reported. For example, USDA continues to work on implementing a departmentwide action plan to improve information security and on its field office reorganization and modernization effort, which is aimed at achieving greater economy and efficiency and better customer service. The department has actions underway to minimize fraud, waste, and abuse in the food assistance programs of the Food and Nutrition Service and has initiated or planned actions to address the performance accountability of the Forest Service. Also, USDA's Office of Inspector General (OIG) issued an unqualified opinion on USDA's financial statements for the first time in nine years.

Although this report does not include new management challenges, it does address important remaining issues with the challenges we previously identified, including a significant expansion of the challenge involving

[3] http://www.usda.gov/farmbill.

security. The major performance and accountability challenges USDA continues to face are as follows:



Ensuring Adequate Security

In a period of heightened concerns about terrorist actions and threats, USDA's managers need to conduct reviews of the infrastructure, equipment, and programs they manage and operate so as to identify potential security weaknesses and, when and where necessary, take corrective actions aimed at avoiding serious consequences, rather than waiting for others to bring highly serious problems to their attention. Specifically, USDA's managers are often unaware of highly serious security problems that exist within the department until these problems are brought to their attention by others. Also, USDA's managers do not always take the necessary first steps to prevent serious problems from occurring. Recent studies have identified significant problems and weaknesses involving the security of biological agents at USDA laboratories throughout the country, the security of aircraft used by the Forest Service in firefighting operations, and the timeliness of providing guidance to protect against the possible introduction of foot and mouth disease into the United States. In addition, the security of automated information throughout the department continues to be a significant problem area.

Security of biological agents. A March 2002 report by the department's OIG disclosed that security of biological agents—living organisms in their microbial form that are used in research and diagnostics and that are generally pathogenic, or disease-producing—at USDA laboratories generally needed improvement.[4] Specifically, the OIG found that, among other things, USDA had no policies or procedures for agencies to follow to manage security at laboratories; the department lacked a consolidated database to identify the location and risk levels of the biological agents at laboratories; and some laboratories failed to follow requirements to maintain an inventory of their biological agents and other laboratories had inaccurate inventories. Also, many of the laboratories reviewed lacked alarm systems, security fences, and surveillance cameras. Furthermore, USDA did not adequately control access to biological agents by unauthorized personnel and did not have procedures for reporting incidences of unauthorized access.

Recognizing the need for greater biosecurity following the September 11, 2001, terrorist attacks, USDA developed policies and procedures for biosecurity issues, which were in process of being implemented when the OIG issued its report in March 2002. However, the OIG also reported that more needs to be done in several key areas, such as developing a centralized database to ensure department-level management of biological agents and consolidating inventories of biological agents at the agency and the department level. Furthermore, the OIG's report contained 10 specific recommendations for management action in areas such as controlling access to biological agents and requiring a report of any break-in or vandalism. Agreements between the department's managers and the OIG on actions to address 9 of those recommendations had not been reached as of early October 2002.

[4] U.S. Department of Agriculture, Office of Inspector General, *Oversight and Security of Biological Agents at Laboratories Operated by the U.S. Department of Agriculture: Policies and Inventories Are Needed To Manage Biosecurity*, Report No. 50099-13-At (Washington, D.C.: Mar. 29, 2002).

Security of aircraft. A March 2002 OIG report disclosed security problems involving aircraft that are owned or operated under contract by the Forest Service and used in firefighting operations, including air tankers with a 3,000-gallon liquid capacity, and with air bases used by the Forest Service.[5] Specifically, the OIG reported that the aircraft are vulnerable to theft and that the Forest Service had not assessed the risks of theft and misuse by terrorists because the agency did not consider the risk to be significant. Furthermore, the agency had not provided guidance to air tanker contractors about potential threats against aircraft. The agency also lacked standards for securing the bases used by its aircraft and by air tankers and had not assessed the measures needed to secure the facilities.

The OIG concluded that the Forest Service needed to immediately conduct a risk analysis to identify significant threats and potential actions to mitigate the threats. The agency also needed to develop security standards for the facilities where the aircraft are based and to determine the measures needed to meet those standards. In commenting on a draft of the OIG's report, the Forest Service stated that it agreed with the OIG's assessment and was taking steps to improve the security of the aircraft and facilities. The OIG, in turn, agreed with the agency's plans to implement the eight recommendations contained in the report, which were directed at securing the aircraft from use by terrorists or others engaging in criminal activity and at securing the air bases.

Protecting against importing animal diseases. Concerning the security of the agricultural sector, we recently reported on problems involving the timeliness of providing guidance to protect against the possible introduction of foot and mouth disease into the United States. Specifically, we reported in July 2002 that after foot and mouth disease struck the United Kingdom in 2001, USDA's Animal and Plant Health Inspection Service (APHIS) did not provide the U.S. Customs Service (Customs) with guidance on restricting or prohibiting certain products from entering the country or on screening arriving international passengers until after Customs had requested inspection guidance.[6] The lack of proactive action

[5] U.S. Department of Agriculture, Office of Inspector General, *Review of Forest Service Security Over Aircraft and Aircraft Facilities*, Report No. 08001-2-HQ (Washington, D.C.: Mar. 29, 2002).

[6] U.S. General Accounting Office, *Foot and Mouth Disease: To Protect U.S. Livestock, USDA Must Remain Vigilant and Resolve Outstanding Issues*, GAO-02-808 (Washington, D.C.: July 26, 2002).

by APHIS occurred because the agency incorrectly assumed that Customs inspectors knew how to address this very serious disease outbreak.

Specifically, APHIS is responsible for preventing animal diseases from entering the country and has inspectors stationed at 144 ports of entry. Customs, which has inspectors stationed at all 301 ports of entry, is to perform inspections where APHIS does not have a presence. The duties performed by APHIS and Customs inspectors include checking commercial cargo shipments as well as passengers and their luggage to prevent the introduction of, among other things, animal diseases that could adversely affect U.S. livestock. The effectiveness of the inspections performed by Customs depends, in part, on timely and adequate guidance from APHIS on how to check for specific animal diseases.

As we reported in July 2002, APHIS received notice from the United Kingdom in February 2001 of the outbreak of foot and mouth disease. In mid-March 2001, Customs asked APHIS for guidance on inspecting cargo and passengers to detect and prevent the disease from being introduced into the United States. APHIS responded in late March 2001 by providing guidance on inspecting products and passengers and then in early April by providing guidance on detaining specific at-risk products at entry ports. As a result of these delays, many Customs inspectors, who are not specialists in animal diseases, were ill equipped to adequately process cargo and passengers at ports of entry during the initial stages of the outbreak. According to APHIS, in May 2002, it added a Customs official to its notification list for any future foreign outbreaks of the disease. While this action should be beneficial, we reported that it does not go far enough and recommended that APHIS develop a formal agreement with Customs. This agreement should clearly delineate the communication process for notifications of future foreign outbreaks of foot and mouth disease. We further recommended that APHIS develop uniform, nontechnical procedures that Customs inspectors can use to process cargo and passengers arriving from countries affected by the foot and mouth virus.

Security of information. USDA continues to face security challenges in protecting its computer systems from serious threats and cyber attacks. To protect these systems, which process sensitive data and support billions of dollars in benefits, we recommended in August 2000 that USDA strengthen its information security.[7] USDA is taking steps to implement a departmentwide action plan to improve information security, but work on these improvements is not complete, and security vulnerabilities and weaknesses continue to place USDA's computer systems at significant risk.

In August 2000, we reported that USDA had developed an action plan in August 1999 to strengthen its information security, but had made little progress in implementing the planned improvements. Since our 2000 report, USDA has taken more actions to implement improvements called for in its 1999 action plan. For example, under the leadership of USDA's Associate Chief Information Officer for Cyber Security, the department has expanded its in-house cyber-security staff, performed security reviews at key agency computer facilities, started to develop standardized risk assessment tools, revised a number of security-related policies, and developed plans to implement departmentwide security awareness and certification/accreditation programs. However, in USDA's fiscal year 2001 Federal Managers' Financial Integrity Act report, the department identified its information security weaknesses and lack of an information security management program as a material internal control weakness, and it listed actions planned or being taken to address this weakness.

USDA's actions to strengthen information security are encouraging, but more needs to be done. In recognition of this, the department is developing revised time frames and milestones for completing all its departmentwide security improvements. Until it completes these improvements, however, computer systems and networks across USDA remain vulnerable to unlawful and destructive penetration and disruption. For example, since we included the need for USDA to strengthen information security in our January 2001 report, USDA's OIG has identified thousands of additional security vulnerabilities throughout the department's agencies and offices. Among others, the OIG found that agencies' networks and systems were vulnerable to internal and external intrusion, mission assets and sensitive computer data were not properly protected, security training was not

[7] U.S. General Accounting Office, *Information Security: USDA Needs to Implement Its Departmentwide Information Security Plan*, GAO/AIMD-00-217 (Washington, D.C.: Aug. 10, 2000).

adequate, and plans were not prepared and tested for minimizing the impact of potential disruptions on the continuity of critical agency operations. In addition, assessments in 2001 conducted by the OIG and USDA's Office of the Chief Information Officer identified material weaknesses in general areas, such as the physical security of facilities, configuration management, and contingency planning.

Improving the Delivery of Services to Farmers

USDA has achieved some success in implementing its reorganization and modernization efforts but more needs to be done. Specifically, since 1995, USDA has been engaged in a reorganization and modernization effort targeted at achieving greater economy and efficiency and better customer service by its service-center agencies—the Farm Service Agency, the Natural Resources Conservation Service, and the Rural Development mission area's Rural Housing Service. Service center agency staff total about 36,000 employees and account for nearly one-third of the entire USDA workforce. USDA's efforts consist of five interrelated initiatives: (1) collocation—locating the agencies' county offices at one site within each county and their state offices at one location in each state; (2) administrative convergence—merging the agencies' administrative functions at the state and headquarters levels under a single support organization; (3) business-process reengineering—redesigning how the agencies perform their work; (4) information technology modernization—providing an updated communications network and a common computing environment in order that the employees of all the agencies can use compatible computer hardware and software to share information; and (5) cultural change—improving customer service by implementing a seamless interagency approach to delivering services, increasing outreach efforts to customers, and working cooperatively with other service providers, such as state and local governments and private organizations.

USDA has made some progress in its efforts. For example, it has closed over 1,000 of its 3,726 county office locations and established collocated service centers throughout the nation. It has also made substantial progress in deploying personal computers and a telecommunications network to link its service centers and recently deployed a shared network server, which supports shared data. However, the full range of service delivery efficiencies has not yet been realized because the agencies' program applications are not fully integrated—the Farm Service Agency and the Natural Resources Conservation Service, for example, are only beginning to electronically share key farm information—and some staff are still being trained on a number of the software packages that are used to record and monitor farm information. USDA currently estimates that by June 2003, all common technology equipment and software will be operable in its service centers and that all service center employees will be trained on the systems' use.

In addition, it is unclear whether USDA will achieve the seamless approach to service delivery that it has sought because each of its agencies emphasizes a different client base and the delivery of different programs. Consequently, little has changed in how the three agencies work together to serve their customers, particularly in terms of cross-servicing and sharing of information. Each agency has only limited knowledge of the others' programs and program requirements. Also, the very nature of the service provided by each is different. For example, the Farm Service Agency provides largely administrative and financial services to agricultural producers; the Natural Resources Conservation Service provides largely technical services to producers and others in the community; and the Rural Housing Service provides largely financial services to rural homeowners.

Furthermore, although the service centers' client base continues to change, USDA's basic approach to delivering services to farmers has been the same for 70 years. In 2001, the National Agricultural Statistics Service reported that there were 2,157,780 farms in America. Of this total, about 16 percent of the farms accounted for about 58 percent of the land farmed and reported annual sales in excess of $100,000. More than half of the farms in existence in 2001—1.2 million—reported sales of less than $10,000. In terms of the delivery of programs to farmers, USDA processes and requirements are generally the same regardless of farm size. In some cases, this can lead to service delivery costs exceeding the price of the service delivered.

As required by legislation enacted in 2000—the Freedom to E-File Act—USDA made a new electronic filing system available to the clients of its service centers on June 17, 2002. Specifically, the act required the USDA service center agencies to establish by June 20, 2002, a system that would allow farmers, ranchers, and other customers to electronically retrieve and file through the Internet the forms required to participate in the programs operated by the centers. At this time, it is unclear how many clients of the service centers have the equipment and know-how to take advantage of this new online resource, and it is unclear how this new technology will affect service delivery and resource needs at USDA's service centers.

Concerns also continue about the adequacy of staffing at the service centers to meet farmers' needs, as directed in the 2002 Farm Bill. Among other things, this act makes a number of changes affecting current record keeping and establishes new program requirements for the Farm Service Agency and the Natural Resources Conservation Service. USDA announced in June 2002 that 1,000 temporary employees would be hired to assist in implementing the act. However, there is a sense at the service centers that more resources will be needed to meet the act's requirements. In addition, the 2002 Farm Bill requires the Natural Resources Conservation Service to undertake a major change in its operations as it begins to facilitate the use of third party vendors to carry out a number of conservation planning and program technical requirements. It is unclear what impact the implementation of this requirement will have on service center operations and the delivery of these services.

Finally, because of the overall value of USDA's farm programs—more than $55 billion annually—and the number of resources that have been committed to these programs—about one-third of its total workforce—the department has to continually evaluate its processes for delivering services. As its client base changes, USDA needs to consider alternative delivery approaches. In this regard, the service center agencies need to reassess the types of services they now provide and how they can work more efficiently to deliver these services in the future.

Enhancing the Safety of the Nation's Food Supply

USDA is one of several Executive Branch departments and agencies that have a key role in ensuring the safety of the nation's food supply. The level of foodborne illnesses, however, continues to raise concerns about the federal government's effectiveness in ensuring the safety of both domestic and imported foods. And now, the risk of bioterrorism intensifies concerns about the ability of our system to protect the food supply against deliberate contamination. As we stated in numerous reports and testimonies, the food safety system contains key weaknesses, including the fragmented nature of the regulatory system; differences in the federal agencies' authorities to enforce food safety requirements; inconsistencies in, and the unreliability of, federal efforts to ensure imported food safety; and significant problems with the effective implementation of a relatively new science-based inspection system—the Hazard Analysis and Critical Control Point system (HACCP)—that was intended to enhance food safety. These continuing weaknesses could also affect the government's ability to detect and respond quickly to deliberate contamination of the food supply. Therefore, we continue to maintain, as we have since 1992, that the federal food safety system needs to be replaced with an effective risk-based inspection system under a single food safety agency. Otherwise, the food supply will continue to be subject to inconsistent oversight, poor coordination, and inefficient allocation of resources. With the now-recognized vulnerability of the food supply to potential terrorist attacks, there exists an even stronger need to consolidate federal food safety and security activities and resources.

Specifically, although the American food supply is regarded as one of the safest in the world, foodborne illnesses in the United States continue to be an extensive and costly problem. The Centers for Disease Control and Prevention, an agency of the Department of Health and Human Services (HHS), estimates that there are as many as 76 million food-related illnesses, 325,000 hospitalizations, and 5,000 deaths in the United States annually from the consumption of foods contaminated with harmful bacteria, toxins, and/or chemicals. USDA estimates that the costs associated with foodborne illnesses range from $7 billion to $37 billion annually.

In January 2001, we reported that a number of factors heightened concerns about the federal government's effectiveness in ensuring the safety of the nation's food supply. These include the emergence of new foodborne pathogens, the recognition of the long-term health effects of foodborne illness, the globalization of the food industry, and the growing segment of the U.S. population at increased risk of disease. In addition, we reported on our concerns about the differences in agencies' authorities to enforce food safety requirements and the resulting uneven enforcement of food regulations. We noted that, for example, USDA has the authority to require food firms to register so that they can be inspected and that it can temporarily detain any suspect foods, but that the Food and Drug Administration (FDA), an agency of HHS, had no comparable authorities. Since our January 2001 report, the Congress has addressed some of these differences by strengthening FDA's regulatory and enforcement authorities. For example, legislation enacted in June 2002—the Public Health Security and Bioterrorism Preparedness and Response Act of 2002—provides HHS with the authority to require food facilities to register with it and FDA with the authority to detain products suspected of contamination.

To address heightened concerns about the federal government's effectiveness in ensuring the safety of the domestic food supply, and in line with our prior recommendations, the federal agencies responsible for food safety implemented a science-based program intended to enhance food safety and reduce foodborne illnesses. Specifically, the HACCP system regulations adopted by USDA and FDA require that meat, poultry, and seafood plants use this system to better ensure the safety of their products. In addition, the HACCP regulations require that USDA and federally inspected meat and poultry processing plants test for the presence of dangerous pathogens, such as *E. coli 0157:H7*, *salmonella*, and *Listeria monocytogenes*. These actions were important steps to improve the safety of our food supply.

However, some of our recent work identified weaknesses in HACCP implementation and enforcement that, if left uncorrected, could undermine a primary goal of the HACCP system—that is, controlling hazards in the production process before the product reaches the market. As a result, U.S. consumers may continue to be placed at risk of contracting foodborne illness from contaminated foods. For example, our January 2001 report on FDA's seafood safety program showed that, although seafood processing firms had made some progress in implementing the HACCP system, many firms had still not implemented the HACCP system and that in many cases FDA had not issued warning letters even though there were serious safety violations.[8] Similarly, our July 2001 report on FDA's shellfish safety program showed that the agency lacks a risk-based approach to overseeing shellfish safety.[9] More recently, USDA began testing modifications to its slaughter plant inspection system to make the transition from traditional federal inspections of every carcass to a risk-based approach that is more consistent with the HACCP concepts. While we have supported a risk-based approach to food inspections, we recommended in December 2001 that USDA proceed cautiously with modified inspections to ensure that, among other things, industry personnel are adequately trained.[10]

[8] U.S. General Accounting Office, *Food Safety: Federal Oversight of Seafood Does Not Sufficiently Protect Consumers*, GAO-01-204 (Washington, D.C.: Jan. 31, 2001).

[9] U.S. General Accounting Office, *Food Safety: Federal Oversight of Shellfish Safety Needs Improvement*, GAO-01-702 (Washington, D.C.: July 9, 2001).

[10] U.S. General Accounting Office, *Food Safety: Weaknesses in Meat and Poultry Inspection Pilot Should Be Addressed Before Implementation*, GAO-02-59 (Washington, D.C.: Dec. 17, 2001).

Furthermore, in August 2002, we reported that there were continuing problems with HACCP implementation in meat and poultry plants.[11] For example, we reported that USDA inspectors were not consistently identifying problems and were allowing plants to remain out of compliance for protracted periods of time. We also noted that the longer plants are allowed to remain out of compliance with HACCP, the greater the risk that unsafe food would be produced and marketed. Our report contained a series of recommendations that were aimed at strengthening USDA's oversight of HACCP and ensuring that plants promptly and effectively correct violations. USDA agreed with our recommendations and has initiated or planned implementation actions.

The safety of imported foods continues to pose serious risks. Both USDA and FDA have primary responsibility for ensuring the safety of imported foods, but as we have previously reported, their approaches differ significantly. While USDA relies on exporting countries' assurances that their systems are equivalent to the U.S. system, FDA physically inspects and tests only about 1 percent of all imported foods through a resource-intensive system of inspections at ports of entry. It is imperative that a risk-based approach be implemented to strengthen the safety of imported animals or products that could be infected with dangerous disease agents such as bovine spongiform encephalopathy (BSE), commonly known as mad cow disease. As we reported in January 2002, Customs has disclosed significant error rates in importer-provided information for shipments at risk for BSE, import controls over bulk mail are weak, and inspection capacity has not kept pace with the growth in imports.[12] However, some of the weaknesses that we identified should be corrected by Congress's actions to enhance FDA's authorities. For example, we previously reported that FDA could not control imported foods or require that they be kept in a registered warehouse prior to FDA approval for release into U.S. commerce; as a result, adulterated imports were released into U.S. commerce.[13] FDA now has the authority to temporarily hold products at

[11] U.S. General Accounting Office, *Meat and Poultry: Better USDA Oversight and Enforcement of Safety Rules Needed to Reduce Risk of Foodborne Illnesses*, GAO-02-902 (Washington, D.C.: Aug. 30, 2002).

[12] U.S. General Accounting Office, *Mad Cow Disease: Improvements in the Animal Feed Ban and Other Regulatory Areas Would Strengthen U.S. Prevention Efforts*, GAO-02-183 (Washington, D.C.: Jan. 25, 2002).

[13] U.S. General Accounting Office, *Food Safety and Security: Fundamental Changes Needed to Ensure Safe Food*, GAO-02-47T (Washington, D.C.: Oct. 10, 2001).

ports of entry if they present a threat of serious adverse health consequences. Furthermore, the June 2002 bioterrorism act protects against the importation of adulterated food products by generally prohibiting a product from entering the country at a port of entry if the product had already been refused admission at another port of entry.

Improving the Integrity of Food Assistance Programs

USDA continues to face serious challenges in ensuring that eligible individuals receive the proper benefits from the food assistance programs administered by its Food and Nutrition Service. Each day, 1 in every 6 Americans receives nutrition assistance through 1 or more of the 15 programs administered by this agency. These programs, which accounted for slightly more than half of USDA's budget authority for fiscal year 2002, provide children and low-income adults with access to food, a healthful diet, and nutrition education. Specifically, for fiscal year 2002, the Congress appropriated about $38.8 billion to operate these programs, including the Food Stamp Program and child nutrition programs, such as the school-breakfast and school-lunch programs. This high level of support dictates that USDA must continually address and minimize the amount of fraud and abuse occurring in these programs in order to ensure their integrity.

USDA's challenges are clearly evident in the operation of the Food Stamp Program—the cornerstone of its nutrition assistance programs. In fiscal year 2001, this program provided 17.3 million individuals with more than $15.5 billion in benefits. As noted in the *President's Management Agenda*, USDA must continue to address the challenge of accurately issuing food stamp benefits to those who are eligible. Specifically, USDA estimated that about $1.4 billion in erroneous payments were made to food stamp recipients in fiscal year 2001—about $1 billion of the benefits issued were estimated to be overpayments and more than $370 million were estimated to be underpayments—an error rate of approximately 9 percent. To deal with the complexity of the Food Stamp Program and the high error rate, the 2002 Farm Bill contained a number of administrative and simplification reforms, such as allowing states to use greater flexibility in considering the income of recipients for eligibility purposes and to extend simplified reporting procedures for all program recipients.

In addition to ensuring that eligible individuals receive proper benefits, USDA faces the formidable challenge of minimizing the fraud and abuse associated with the misuse of the billions of dollars in food stamp benefits, which are accepted by about 149,000 authorized retail food stores. Specifically, individuals sometimes illegally sell their benefits for cash—a practice known as trafficking. The most recent report on the level of trafficking, which USDA issued in March 2000, estimated that stores trafficked about $660 million, or about 3.5 cents of every dollar of food stamp benefits issued per year from 1996 through 1998. In addition, storeowners generally do not pay the financial penalties assessed for trafficking. To illustrate this condition, we reported in May 1999 that USDA and the courts collected only $11.5 million, or about 13 percent, of the $78 million in total penalties assessed against storeowners for violating food stamp regulations from 1993 through 1998.[14] USDA reduced the remaining amount owed by storeowners by about $49 million, or about 55 percent, through waivers, adjustments, and write-offs. While weaknesses in debt collection practices contribute to low collection rates, USDA officials noted that these rates also reflect the difficulties involved in collecting this type of debt, including problems in locating storeowners who have been removed from the Food Stamp Program and the refusal of some storeowners to pay their debts.

Better use of information technology has the potential to help USDA minimize fraud, waste, and abuse in the Food Stamp Program. For example, in our May 1999 report we recommended that the Food and Nutrition Service make better use of data from electronic benefit transfers (EBT) to identify and assess penalties against storeowners who violate the Food Stamp Program's regulations. Also, we recommended in March 2000 that the Food and Nutrition Service work with the states to implement best practices for using EBT data to identify and take action against recipients engaged in trafficking of food stamp benefits.[15] The Food and Nutrition Service has taken some actions to implement our recommendations, such as assisting states in the use of EBT data to identify traffickers and has other actions under way.

[14] U.S. General Accounting Office, *Food Stamp Program: Storeowners Seldom Pay Financial Penalties Owed for Program Violations*, GAO/RCED-99-91 (Washington, D.C.: May 11, 1999).

[15] U.S. General Accounting Office, *Food Stamp Program: Better Use of Electronic Data Could Result in Disqualifying More Recipients Who Traffic Benefits*, GAO/RCED-00-61 (Washington, D.C.: Mar. 7, 2000).

USDA also faces serious fraud and abuse challenges in other nutrition programs, including the Child and Adult Care Food Program (CACFP), which for fiscal year 2002 was funded at $1.8 billion, and the National School Lunch and School Breakfast Programs, which for that year were funded at $7.4 billion. In fiscal year 2001, CACFP provided subsidized meals for a daily average of 2.6 million participants in the care of about 215,000 day care providers. Over the years, USDA's OIG has identified case after case of the intentional misuse of CACFP funds, including cases in which program sponsors created fictitious day care providers and inflated the number of meals served. In response to our November 1999 recommendation[16] and reports by the OIG, legislation was enacted in June 2000 to strengthen CACFP management controls and to reduce its vulnerability to fraud and abuse. As a result, the Food and Nutrition Service has intensified its management evaluations at the state and local levels and has trained its regional and state agency staff on revised management procedures.

Furthermore, in its strategic plan for fiscal years 2000 through 2005, USDA specifically identified the challenge it faces in ensuring that only eligible participants are provided benefits in the National School Lunch Program. In fiscal year 2001, this program provided nutritionally balanced, low-cost or free lunches for over 27 million children each school day in more than 98,000 public and nonprofit private schools and residential child care institutions. Past reports have disclosed that the number of children certified as eligible to receive free lunches in this program was 18 percent greater than the estimated number of children eligible for this benefit. USDA has taken some initial steps to develop a cost-effective strategy to address this integrity issue, such as pilot-testing potential policy changes to improve the certification process.

[16] U.S. General Accounting Office, *Food Assistance: Efforts to Control Fraud and Abuse in the Child and Adult Care Food Program Should Be Strengthened*, GAO/RCED-00-12 (Washington, D.C.: Nov. 29, 1999).

Enhancing USDA's Ability to Account for Its Financial Activities

For many years, USDA struggled to improve its financial management activities, but inadequate accounting systems and related procedures and controls hampered its ability to get a clean opinion on its financial statements. After 8 consecutive disclaimers of opinion,[17] USDA's OIG issued an unqualified opinion on USDA's fiscal year 2002 financial statements and reported that significant progress had been made in improving overall financial management. On an agency-by-agency basis, completed audits of fiscal year 2002 financial statements were also positive. Specifically, unqualified audit opinions were issued on the financial statements of the Forest Service, Commodity Credit Corporation, Risk Management Agency/Federal Crop Insurance Corporation, the Rural Development mission area, and the Rural Telephone Bank. While we commend the department and its component agencies on their unqualified opinions, some of these could not have occurred without extraordinary efforts by the department and its auditors. Before USDA can achieve sustainable financial accountability, it and its component agencies, particularly the Forest Service, must address a number of serious problems that USDA's OIG or we have reported.

In order to achieve its unqualified opinion, USDA overcame some major obstacles over a period of years. For example, in fiscal year 2001, the first time since 1994, USDA's lending agencies were able to estimate and reestimate loan subsidy costs for the department's net credit program receivables, which totaled about $74 billion as of September 30, 2001. Because of USDA's achievement in this area, along with that of other key lending agencies, this item was no longer a factor contributing to our disclaimer of opinion on the fiscal year 2001 consolidated financial statements of the U.S. government.[18]

In its fiscal year 2002 audit report, the OIG stated that USDA made significant improvements in its overall financial management, such as implementation of a departmentwide standard accounting system. However, if USDA is to achieve and sustain financial accountability, it must

[17] A disclaimer of opinion means that the auditor is unable to form an opinion on the financial statements. A disclaimer results when a pervasive material uncertainty exists or there is a significant restriction on the scope of the audit.

[18] U.S. General Accounting Office, *U.S. Government Financial Statements: FY2001 Results Highlight the Continuing Need to Accelerate Federal Financial Management Reform*, GAO-02-599T (Washington, D.C.: Apr. 9, 2002).

fundamentally improve its underlying internal controls, financial management systems, and operations to allow for the routine production of accurate, relevant, and timely data to support program management and accountability. For example, among other things, USDA needs to address the problems with its legacy systems to improve integration of the financial management architecture, reconcile its property system with the general ledger in a timely manner, and correct inconsistencies in its accounting processes.

The OIG also noted that USDA made significant progress during fiscal year 2002 in reconciling its fund balance[19] accounts with the Department of the Treasury (Treasury) and that the OIG was able to validate this line item on USDA's fiscal year 2002 financial statements. However, the OIG continues to report this area as a material internal control weakness due to continuing deficiencies in its reconciliation processes.

The OIG, in reporting on USDA's compliance with laws and regulations during fiscal year 2002, stated that USDA does not substantially comply with the 3 requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA), including federal financial systems requirements, applicable federal accounting standards, and the *U.S. Standard General Ledger* at the transaction level. Lack of compliance stems from USDA's many disparate accounting systems that are not integrated; material internal control weaknesses; and the inability to prepare auditable financial statements on a routine basis. USDA's September 30, 2002, FFMIA Remediation Plan discussed a number of remedial actions that the department expects to complete in fiscal year 2006. Additionally, the OIG reported that USDA's systems are not designed to provide the reliable and timely cost information required to comply with the Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting Concepts and Standards*. Specifically, the OIG's review of user fees disclosed that two USDA agencies were not including the full costs of their user fee programs when determining fees and were not recovering the full costs of performing services for their individual programs.

Another financial management challenge for USDA is federal nontax delinquent debt collection. USDA reported holding $6.2 billion of federal

[19] USDA records its budget authority in asset accounts called *Fund Balance* with Treasury and increases or decreases these accounts as it collects or disburses funds.

nontax debt that was delinquent more than 180 days as of September 30, 2001. The Debt Collection Improvement Act of 1996 gave federal agencies a full array of tools to collect such delinquent debt. Among other things, the Debt Collection Improvement Act provides (1) a requirement for federal agencies to refer eligible debts delinquent more than 180 days to the Department of the Treasury for collection action and (2) authorization for agencies to administratively garnish the wages of delinquent debtors.

In December 2001, we reported that two USDA agencies, Rural Development's Rural Housing Service and the Farm Service Agency, had failed to make the Debt Collection Improvement Act a priority since its enactment in 1996.[20] Specifically, the Rural Housing Service had not implemented an effective and complete process to refer debts to Treasury mainly because of systems limitations, debt reporting problems, and lack of regulations needed to refer losses resulting from claims paid under its guaranteed single family housing loan program. The Farm Service Agency lacked effective procedures and controls to identify and promptly refer eligible delinquent debts to Treasury. Moreover, USDA had not utilized administrative wage garnishment to collect delinquent nontax debts. Consequently, opportunities for collecting delinquent nontax debts as contemplated by the Debt Collection Improvement Act were severely reduced.

USDA officials made a commitment in December 2001 to substantially improve the department's implementation of the Debt Collection Improvement Act by December 2002, and progress has been made. However, challenges remain that will require sustained commitment and priority from top management. For example, the Rural Housing Service still must complete regulations to refer losses related to its guaranteed single family housing loans to Treasury and an automated process for such referrals, and the Farm Service Agency must complete actions needed to ensure that all of its eligible debt is promptly referred to Treasury. In addition, USDA must complete regulations that are required to implement administrative wage garnishment departmentwide and get all of its component agencies to begin using this debt collection tool to the fullest extent practicable. The OIG reported material noncompliance with the Debt Collection Improvement Act in its fiscal year 2002 audit report,

[20]U.S. General Accounting Office, *Debt Collection Improvement Act of 1996: Department of Agriculture Faces Challenges Implementing Certain Key Provisions*, GAO-02-277T (Washington, D.C.: Dec. 5, 2001).

reiterating the need for sustained commitment and priority by top management.

An area of particular concern within USDA continues to be the Forest Service. In 1999, we designated financial management at the Forest Service to be "high risk" on the basis of serious financial and accounting weaknesses that had been identified, but not corrected, in the agency's financial statements for a number of years. The Forest Service received its first ever unqualified opinion on its fiscal year 2002 financial statements, which represents progress from prior years when the OIG was unable to express an opinion. But it took heroic efforts to achieve an unqualified opinion. For example, the Forest Service still lacks an adequate system to account for its property. Further, to derive its fund balance with Treasury accounts, the Forest Service made millions of dollars in adjustments. While the Forest Service has reached an important milestone by attaining a clean audit opinion on its financial statements, it has not yet proven it can sustain this outcome, and it has not reached the end goal of routinely having timely, accurate, and useful financial information. The Forest Service continues to commit considerable resources to correcting its financial management weaknesses; however, much work remains. We continue to designate financial management at the Forest Service as "high risk" on the basis of its serious internal control weaknesses.

While the Forest Service made significant progress in fiscal year 2002 to reconcile its fund balance with Treasury accounts, the financial statement auditor (auditor) noted significant control deficiencies in its reconciliation processes. For example, the Forest Service needs to research a large backlog of unreconciled items and take corrective actions. In order to bring the Forest Service's fund balance with Treasury accounts into balance with Treasury records as of September 30, 2002, the Forest Service recorded an adjustment of $107 million. The auditor recommended that the Forest Service document its reconciliation processes, establish a point of contact at the National Finance Center to assist in the reconciliation process, analyze and determine the proper disposition of its budget and clearing accounts, and allocate the necessary resources to complete monthly reconciliations in a timely manner.

The auditor also reported material deficiencies in the Forest Service's general controls environment and software application controls. General controls involve the overall computer operation. For example, the auditor noted operation controls for determining the trustworthiness of personnel and limiting access to information systems need improvement. The internal control weaknesses involving the software application controls[21] related to its procurement, real and personal property systems. Application controls play a crucial role in the accuracy, completeness, security, and auditability of these feeder systems. Without adequate general and application controls the Forest Service is exposed to the risk of its property records being corrupted, lost or altered, and errors and omissions not being prevented, detected, and corrected. The auditors recommended several actions for improving controls over user access, system interfaces, system edits, separation of duties, and data accuracy and completeness.

Further, the auditor reported that internal controls related to the accurate recording of property transactions need improvement. For example, the auditor noted that the recorded amount of certain transactions did not agree with the supporting documentation; labor costs and other costs were improperly capitalized; and critical information in the initial recording of acquisition cost, in-service date, and useful life were not reviewed. Internal controls over the recording of assets are essential to avoid overstating and understating assets. The auditors made several recommendations to improve internal controls over its property, plant, and equipment.

The auditor also noted that the Forest Service's proposed methodology for estimating certain liabilities, such as grants, was not accurate and did not substantially support the unpaid amount of goods that had been delivered as of the end of the fiscal year. In addition, the proposed methodology did not consider payments to states, which are recorded as liabilities as of September 30. If the Forest Service had used its proposed methodology, both its accrued liabilities and associated expenses would have been understated for fiscal year 2002. As a result, sampling methodologies were utilized to project the September 30 accrued liability balance. The OIG recommended that the Forest Service develop a new methodology for

[21]Application controls are methods and procedures designed to provide reasonable assurance that data are valid, properly authorized, and completely and accurately processed.

estimating liabilities and maintain the supporting documentation used to determine the estimate.

Further, the auditor noted serious automated control deficiencies with the Forest Service's timecard entry system. For example, it allowed the Forest Service users to submit their time sheets for approval to an employee who was not the designated supervisor. In some locations the employee could send the time sheet to him/herself for approval. In addition, the auditor reported deficiencies in manual controls over the payroll process, such as missing employee and/or supervisor signatures. The auditor recommended that the Forest Service implement controls to ensure that employees' supervisors appropriately review and approve their subordinates time sheets, reinforce the requirement for time sheets to be signed by both the employee and supervisor, and reconcile and bi-weekly certify its payroll registers to its personnel listing.

Improving Performance Accountability at the Forest Service

The Forest Service continues to face challenges involving the controversial refocusing of its mission from producing goods and services towards a greater emphasis on restoring and protecting the health of the forests and rangelands that it is responsible for managing. The agency also needs to make clear to the Congress and the public its accomplishments with the funds it expends. Since our January 2001 report, the agency has taken some steps to address the challenges that it faces in improving performance accountability. However, the agency may be years away from fully attaining accountability for its performance, and its recently initiated actions will require close monitoring by USDA and the Congress. Accountability is critical to the Forest Service as it undergoes this change in its mission emphasis, which it believes is necessary because some of the natural resources under its control are deteriorating. Key to successfully implementing this new emphasis is determining where or under what circumstances the agency should actively manage lands to restore them or when it can rely more on natural ecological processes for restoration. These choices are technically challenging and controversial and have substantial consequences for agency funding priorities. Also, this shift in the Forest Service's mission emphasis required new, more ecologically based, strategic goals and performance measures. As a result, the agency has had difficulty accounting for its performance both in providing goods and services and in ensuring the health of the natural resources under its control.

In our January 2001 report, we noted that the agency's lack of accountability in recent years occurred, at least in part, because it had not linked its budget and organizational structures, planning processes, and resource allocations with its strategic goals, objectives, and performance measures. We also reported that the agency had difficulty in developing good performance measures and monitoring progress critical to ensuring accountability as well as in working with other agencies on common issues where joint action is needed to achieve goals. In addition, we reported that while the agency had made numerous promises in recent years to provide the Congress and the public with a better understanding of what it accomplishes with appropriated funds, it did not appear to be fully committed to establishing the key linkages, measures, monitoring, and coordination needed for accountability.

In fiscal year 2002, the Forest Service announced a series of actions, collectively termed the Performance Accountability System, that it had initiated or planned to address its accountability problems more comprehensively. These actions were undertaken in response to information in our prior reports and in conjunction with the initiatives contained in the *President's Management Agenda* and the Office of Management and Budget's call for greater linkage between budgets and performance within agencies and across agencies dealing with common issues. For example, the agency said it would establish common performance measures with other agencies for reducing catastrophic wildfires in areas where the threats of such wildfires transcend their individual administrative boundaries. Also, the Forest Service told us that it had started and planned several activities that it believed reflect a fuller commitment to providing the Congress and the public with a better understanding of what it achieves with the funds it expends. These actions included (1) developing an annual performance plan before formulating budgets; (2) using the plan to set priorities and sequence milestones and goals; and (3) developing clear links among the budget structure, program activities, outputs, annual goals and measures, and long-term strategic outcomes and measures. In addition, to better ensure linkage between resource allocations and accomplishments, agency officials told us that they are considering developing a monitoring system to track activities and funds.

The Forest Service has acknowledged that, despite efforts underway to adopt what it regards as a strategy for improving organizational efficiency, it needs to do much more to become fully accountable. Agency officials estimate that the first stage of their improvement efforts will not be completed before fiscal year 2005 and may take much longer. We agree. For instance, even though the agency has pledged to work with other agencies and adopt common performance measures for reducing wildfire threats, the Forest Service officials told us they did not know if the agency's current information systems are able to generate the data needed to support those measures. If so, it will be difficult for the Forest Service to develop meaningful links between these measures and its budget structure, program activities, outputs, annual goals, and long-term strategic outcomes.

The Forest Service's recently initiated and planned actions have not been evaluated and many obstacles remain to improving its performance accountability. Until the agency resolves these concerns, some accountability problems will likely remain in varying degrees. For this reason, the actions recently taken by the agency to increase performance accountability will need continued close monitoring by USDA and the Congress.

Resolving Discrimination Complaints

USDA's Office of Civil Rights continues to experience significant problems in processing discrimination complaints in a timely manner. Despite having implemented many recommendations that we and others have made to improve the resolution of discrimination complaints, the processing of complaints involving the delivery of program benefits and services by the Office of Civil Rights continues to exceed the department's time requirement. Key contributing factors to this problem include high staff turnover and low employee morale. In addition, USDA's processing-time requirement does not address all stages of complaint resolution. As a result, even if the time requirement were met, total complaint processing times could stretch out indefinitely. As such, the resolution of discrimination complaints continues to be a serious management challenge at USDA.

For many years, USDA's Office of Civil Rights has been the subject of numerous critical reports issued by us, the OIG, and internal task forces. These reports have a reoccurring theme: the office's untimely processing of discrimination complaints. In January 1999, we reported that despite USDA efforts to improve processing times, the office did not meet requirements. In September 2002, we reported that while the office had made modest progress in the length of time it takes to process program discrimination complaints, it was still failing to comply with existing requirements.[22] For example, although the average processing time to complete investigative reports improved from 365 days to 315 days for complaints resolved in fiscal years 2000 and 2001, respectively, the time frame continues to exceed the requirement that the reports be completed within 180 days after accepting a discrimination complaint. Furthermore, because the 180-day requirement only covers the investigation of a complaint, the total processing time of complaints was significantly higher. For example, the requirement does not cover the adjudication phase. When all stages of complaint resolution are accounted for, average processing times reached 772 and 676 days for program discrimination complaints resolved in fiscal years 2000 and 2001, respectively.

The Office of Civil Rights has made only modest progress in improving its timely processing of complaints because it has yet to address severe, underlying human capital problems. Specifically, the office has had long-standing problems in obtaining and retaining staff with the right mix of skills. The retention problem is evidenced by the fact that only about two-thirds of the staff engaged in processing program complaints in fiscal year 2000 was still on board 2 years later. Also, severe morale problems have exacerbated staff retention problems and have adversely affected the productivity of the remaining staff. During fiscal years 2000 and 2001, the office had one of the highest rates within USDA of discrimination complaints filed by employees. In addition, office officials told us that some staff have threatened fellow employees or sabotaged their work. As we reported in September 2002, although the Director of the Office of Civil Rights believes that the situation has improved over the past few years, he said that some of the more serious morale problems have not been resolved.

[22] U.S. General Accounting Office, *Department of Agriculture: Improvements in the Operations of the Civil Rights Program Would Benefit Hispanic and Other Minority Farmers*, GAO-02-942 (Washington, D.C.: Sept. 20, 2002).

In light of these problems, we recommended actions to help ensure USDA's timely processing of discrimination complaints. Specifically, in September 2002 we recommended that, among other things, USDA establish time frame goals for all stages of the complaint process and develop an action plan to address ongoing staff turnover and morale problems in its Office of Civil Rights. The department generally agreed with our recommendations. In addition, the Congress has taken action to improve USDA's long-standing problems with civil rights. Key among these was a provision in the 2002 Farm Bill that authorizes the position of Assistant Secretary for Civil Rights within USDA. As a result of this action, civil rights issues and problems within USDA should receive greater attention.

GAO Contacts

Subject(s) covered in this report	Contact person
Security of biological agents Protecting against importing animal diseases Improving the delivery of services to farmers Enhancing the safety of the nation's food supply Resolving discrimination complaints	Lawrence J. Dyckman, Director Natural Resources and Environment (202) 512-3841 dyckmanl@gao.gov
Security of aircraft Improving performance accountability at the Forest Service	Barry T. Hill, Director Natural Resources and Environment (202) 512-3841 hillb@gao.gov
Security of information	Bob Dacey, Director Information Technology (202) 512-3317 daceyb@gao.gov
Providing food assistance and improving program integrity	Sigurd R. Nilsen, Director Education, Workforce and Income Security (202) 512-7215 nilsens@gao.gov
Enhancing financial management	McCoy Williams, Director Financial Management and Assurance (202) 512-6906 williamsm1@gao.gov

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