

# Farm Credit Administration Office of Inspector General



**Semiannual Report to Congress**

**October 1, 2020 – March 31, 2021**

**FCAOIG**  
Farm Credit Administration  
Office of Inspector General

# **FARM CREDIT ADMINISTRATION OFFICE OF INSPECTOR GENERAL**

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**SEMIANNUAL REPORT TO CONGRESS**

**OCTOBER 1, 2020 – MARCH 31, 2021**

I am pleased to submit our Semiannual Report to Congress, summarizing the activities and accomplishments of the Farm Credit Administration (FCA or Agency) Office of Inspector General (OIG) for October 1, 2020 through March 31, 2021.



Though we have now marked over a year living with the pervasive impacts of the COVID-19 pandemic, I can report that my office has remained steadfast in providing independent and objective oversight of FCA.

This reporting period was a busy one for our audit, inspection, and evaluation function. We reviewed FCA's process for separating employees and performed a timely inspection of the Agency's compliance with Executive Order 13950 on Combating Race and Sex Stereotyping. We also oversaw statutorily required audits of FCA's financial statements and the Agency's information security program. Finally, we initiated an audit of the Office of Secondary Market Oversight's examination policies and procedures and an inspection of a survey on the Agency's response to the COVID-19 pandemic. We expect to report on the results of these ongoing reviews in the next reporting period.

Over the last six months, our office continued to conduct outreach to FCA employees, whose cooperation is indispensable to our oversight. Building upon an initiative that began last July, we held three virtual town hall meetings with the aim of demystifying our office and eliciting discussion about what, why, and how we carry out our oversight work. Given the encouraging response from Agency employees and management, we look forward to holding such meetings on a periodic basis going forward. We also added a new video to our website, providing employees and members of the public an introduction to the OIG's mission and authorities.

I am also pleased to note that the FCA Board issued a statement to Agency personnel encouraging cooperation with the OIG. This statement, drafted in consultation with our office, reflects a welcome view on our office's oversight.

Our office continued to contribute to the inspector general (IG) community. I served throughout the reporting period as Chair of the Inspection and Evaluation (I&E) Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and members of my staff played a substantial role in the development of revised quality standards that will govern I&E work across the IG community for years to come. I was also asked to serve on the CIGIE panel that makes recommendations on potential IG candidates to the appropriate appointing authorities. In November, our investigator gave a talk, "A Career is Like a Jigsaw Puzzle," to an audience of hundreds as part of the 7<sup>th</sup> Annual CIGIE Leadership Forum. I am also proud to report that in October, our Assistant Inspector General for Audits, Inspections, and Evaluations received a CIGIE award as part of a working group responsible for implementation of the first-ever peer review process for I&E work.

We look forward to the synergy created when we are once again able to be in the office together in-person. As we develop our new normal, though, we look forward to harnessing the advantages and flexibilities of the virtual work environment. And while the past year has been a challenging one, we stand ready to work with the new administration and new congressional leaders as we strive to ensure that our government continues to be a beacon of hope and freedom for the world.



Wendy R. Laguarda  
Inspector General

# ACRONYMS AND ABBREVIATIONS

<b>AIGAIE</b>	Assistant Inspector General for Audits, Inspections, and Evaluations
<b>CIGIE</b>	Council of the Inspectors General on Integrity and Efficiency
<b>E.O.</b>	Executive Order
<b>Farmer Mac</b>	Federal Agricultural Mortgage Corporation
<b>FCA (or Agency)</b>	Farm Credit Administration
<b>FY</b>	Fiscal Year
<b>GAO</b>	U.S. Government Accountability Office
<b>HRK</b>	Harper, Rains, Knight & Company, P.A.
<b>I&amp;E</b>	Inspection and Evaluation
<b>IG</b>	Inspector General
<b>IG Act</b>	Inspector General Act of 1978, as amended
<b>IT</b>	Information Technology
<b>OIG</b>	Office of Inspector General
<b>OMB</b>	U.S. Office of Management and Budget
<b>OSMO</b>	Office of Secondary Market Oversight
<b>Pub. L.</b>	Public Law
<b>System</b>	Farm Credit System
<b>U.S.</b>	United States
<b>U.S.C.</b>	United States Code
<b>Williams Adley</b>	Williams Adley & Company-DC LLP

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## The Farm Credit System

First established in 1916, the Farm Credit System (System) is a nationwide network of borrower-owned cooperative financial institutions and service organizations. A government-sponsored enterprise, the System is designed to better the income and well-being of farmers, ranchers, and rural America by providing a safe and reliable source of credit and related financial services.

As of the end of the reporting period, the System consisted of three farm credit banks, one agricultural credit bank, one federal land credit association and 67 agricultural credit associations that primarily make loans to agriculture in all 50 states and Puerto Rico, as well as six service corporations that provide administrative, technology-related, and other support services to certain System entities and eligible borrowers. The System raises funds by selling securities in the national and international money markets through the Federal Farm Credit Banks Funding Corporation.

The System also includes the Federal Agricultural Mortgage Corporation (Farmer Mac), a stockholder-owned, federally chartered instrumentality. Created in 1988, Farmer Mac provides a secondary market for agricultural real estate mortgage loans, rural housing loans, and rural utility cooperative loans. Farmer Mac is publicly traded and issues its own debt securities.

## The Farm Credit Administration

The Farm Credit Administration (FCA or Agency) is the independent federal agency responsible for ensuring that the System remains a dependable source of credit for agriculture and rural America. Authorized by the Farm Credit Act of 1971, as amended,<sup>1</sup> FCA ensures the safety and soundness of System institutions by issuing policies and regulations, and by regularly examining System institutions to assess compliance with applicable laws and regulations. FCA has approximately 300 full- and part-time employees distributed across five offices nationwide.

FCA is overseen by a three-person board, members of which are appointed by the President, with the advice and consent of the Senate. The Chairman of the Board—who is designated by the President and serves in that role until the end of his or her term—also serves as the Agency’s Chief Executive Officer. During the reporting period, the Board had two members, Chairman Glen R. Smith and Board Member Jeffery S. Hall.

## The Office of Inspector General

Established in January 1989, the Office of Inspector General (OIG) is charged with the task of providing independent and objective oversight of FCA programs and operations. It carries out this responsibility as authorized by and in accordance with the Inspector General Act of 1978, as amended (IG Act),<sup>2</sup> by conducting and supervising audits, inspections, evaluations, and investigations; promoting economy and efficiency;

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<sup>1</sup> 12 U.S.C. § 2001 *et seq.*

<sup>2</sup> 5 U.S.C. app.

preventing and detecting fraud, waste, and abuse; and keeping the FCA Board and Congress fully and currently informed about problems and deficiencies related to FCA.

Located within FCA, the OIG operates independently—outside the direction of Agency leadership. While the Inspector General (IG) is appointed by and serves under the general supervision of the FCA Board, neither the Board nor any other Agency official may prevent or prohibit the IG from carrying out an oversight activity that the IG determines to be necessary or appropriate. The IG also exercises discretion in OIG employment and contracting decisions, further safeguarding the office’s independent status. This independence is necessary to ensure that OIG products meet the highest standards of objectivity and credibility.

The OIG is led by Wendy Laguarda, who has served as the IG since August 2017. Reporting to the IG are the Assistant Inspector General for Audits, Inspections, and Evaluations (AIGAIE), the Investigator, and the Counsel to the IG. The AIGAIE supervises the audit staff and oversees the audit, inspection, and evaluation functions.

### **The Council of the Inspectors General on Integrity and Efficiency**

The FCA IG also serves as a member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Composed of the federal Inspectors General and certain other federal officials, CIGIE was established to address cross-agency issues of integrity, economy, and effectiveness and to improve the professionalism and effectiveness of OIG personnel. OIG staff regularly participate on CIGIE committees and initiatives, as discussed in this report.



In September 2019, the OIG adopted a five-year [strategic plan for fiscal years \(FYs\) 2020 to 2024](#). The plan details the vision, mission, values, goals, and objectives of the OIG in carrying out its responsibilities under the IG Act and establishes certain measures against which the OIG will benchmark its performance.

The OIG's vision, mission, values, and goals are outlined below.

## **Vision**

Harvesting Change

## **Mission**

To provide independent oversight to promote economy, efficiency, and effectiveness, and prevent and detect fraud, waste, and abuse in Farm Credit Administration programs and operations

## **Values**

Objectivity, Integrity, Relevance, and Respect

## **Goals**

- 1) Promote Economy and Efficiency
- 2) Prevent and Detect Fraud, Waste, and Abuse
- 3) Strengthen Internal and External Relationships

The OIG regularly completes audits, inspections, and evaluations of FCA programs and operations. In so doing, OIG personnel seek to provide timely, credible, and relevant information to Agency leadership, Congress, other stakeholders, and the general public. FCA OIG audits are performed in accordance with the *Government Auditing Standards* issued by the U.S. Government Accountability Office (GAO), while inspections and evaluations adhere to the CIGIE *Quality Standards for Inspection and Evaluation*.

In planning its audits, inspections, and evaluations, the OIG employs a risk-based approach that accounts for prior oversight work, the control environment, input from the FCA Board and senior management, and statutory requirements. For more information, and to learn about future OIG work, please see the [audit, inspection, and evaluation plan for FYs 2021 and 2022](#).

Reports issued may be found on the [OIG website](#) within three business days of issuance to the FCA Board. To receive a notification when a new report is published, please [subscribe](#) to the OIG mailing list. Reports are also posted on [Oversight.gov](#), a consolidated repository for the oversight work of federal inspectors general. Oversight.gov allows users to sort, search, and filter the site's database to find reports of interest. Users can receive notifications when new reports are added to Oversight.gov by following CIGIE's Twitter account, [@OversightGov](#).

## Summaries of Reports Issued

The OIG issued four reports and made fourteen recommendations for corrective action during the reporting period. The reports are summarized below.

### **Farm Credit Administration's Employee Separation Process A-20-01**

Maintaining a well-trained, sustainable workforce is vital to fulfillment of FCA's mission, and as such, the OIG has consistently recognized this as a significant management challenge facing the Agency. Each year, the Agency loses some of its employees for a variety of reasons, including retirements, transfers, and resignations. When an employee elects to leave the Agency, the separation process is initiated. This process helps ensure that equipment is returned, accesses are terminated, personnel are counseled regarding post-employment restrictions, and feedback is collected. The employee separation process also represents a unique opportunity to capture employees' thoughts and experiences regarding the Agency and, in so doing, identify ways to improve the work environment.

The objective of this audit was to determine whether FCA has an efficient and effective process for separating employees. To address this objective, the OIG analyzed the separation processes currently in place and reviewed the number of separations by year, type of separation, office, series, and location in order to understand the impact of employee separations on the Agency.

While the Agency had enhanced its separation process in certain ways, the OIG identified opportunities to improve the overall effectiveness and efficiency of the process. For example, FCA uses an electronic Personnel Action Report to notify offices and officials with a role in the separation process of upcoming actions, but the OIG

identified errors in the electronic listing. FCA also lacked documentation describing its voluntary exit survey process and how the Agency will use the data collected through that process. The Agency also gives separating employees the option to meet with the human resources supervisor for an interview, but this process similarly lacked documentation. Lastly, the OIG identified an inconsistent approach to properly separating employees with missing or incomplete checkout record forms.

The OIG identified several factors that contributed to inconsistencies and exceptions in the separation process, including outdated policies and procedures as well as personnel turnover and restructuring in the Office of Agency Services, which manages and delivers human capital and administrative services for FCA. The OIG also noted that the Agency lacked certain controls and a plan for analyzing and reporting on the data collected through the separation process.

The OIG made six recommendations for corrective action. FCA agreed with one of the recommendations. Although the Agency only partially agreed with the remaining five recommendations, the OIG determined that the management actions planned or completed in response to the audit addressed the weaknesses identified in the report.

The OIG issued the [audit report](#) on February 9, 2021.

### **Farm Credit Administration's Compliance with Executive Order 13950 on Combating Race and Sex Stereotyping I-21-01**

On September 22, 2020, President Trump issued Executive Order (E.O.) 13950 on Combating Race and Sex Stereotyping. E.O. 13950 stated that "it shall be the policy of the United States not to promote race or sex stereotyping or scapegoating in the Federal workforce" and imposed various requirements upon federal agencies. These included mandates for contract and grant administration, prohibitions against training programs involving "divisive concepts" defined in the order, and reporting regarding diversity and inclusion-related training programs.

E.O. 13950 additionally required that agency heads request that their IG review and assess agency compliance with the order. The FCA Board Chairman made such a request to the OIG on October 5, 2020. This inspection was initiated in response to this request, with an objective of reviewing and assessing Agency compliance with the requirements of E.O. 13950. The scope was limited to the Agency's progress from September 2020 through December 2020.

Based on the limited review performed, the OIG determined that FCA complied with all relevant requirements of E.O. 13950. The Agency incorporated mandatory contract provisions into contracts awarded after November 21, 2020. It took steps to ensure employees would not receive training on matters prohibited by the order. Further, the FCA Board Chairman issued a memorandum to senior staff requiring incorporation of E.O. 13950's requirements into Agency operations, selected an official to serve as the senior political appointee responsible for ensuring compliance with E.O. 13950, and requested that the OIG assess the Agency's compliance. FCA also reported its FY 2020

spending on diversity and inclusion training to the U.S. Office of Management and Budget (OMB) as required.

The OIG issued the [inspection report](#) on December 18, 2020. On January 20, 2021, President Biden revoked E.O. 13950.

### **Audit of the Farm Credit Administration's Financial Statements Fiscal Year 2020 A-20-FS**

Under the Accountability of Tax Dollars Act of 2002,<sup>3</sup> FCA is required each year to submit audited financial statements to Congress and OMB. For FY 2020, the OIG engaged independent public accounting firm Harper, Rains, Knight & Company, P.A. (HRK), to audit FCA's financial statements. The OIG monitored the work of HRK for compliance with the *Government Auditing Standards*.

HRK concluded the audit in November 2020, issuing an unmodified opinion signifying that the financial statements present fairly, in all material respects, FCA's financial position as of September 30, 2020 and 2019, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended, in accordance with generally accepted accounting principles.

HRK considered FCA's internal control over financial reporting as a basis for designing audit procedures for the purpose of expressing an opinion on the financial statements. The auditors did not express an opinion on the effectiveness of those internal controls; however, they did not identify any deficiencies considered to be a material weakness.

Additionally, HRK performed tests of FCA's compliance with selected provisions of laws and regulations that would have a direct and material effect on the financial statements. While the auditors did not express an opinion on compliance with those provisions, they did not identify any reportable instances of noncompliance or other matters required to be reported under the *Government Auditing Standards* or relevant OMB guidance.

The OIG's monitoring and review of HRK disclosed no instances where HRK did not comply, in all material respects, with the *Government Auditing Standards*.

The OIG issued the [audit report](#) on November 12, 2020, and HRK presented the report at the January 2021 meeting of the FCA Board.

### **The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2020 A-20-02**

Information technology (IT) facilitates and impacts all aspects of FCA operations. As such, securing Agency IT systems against cybersecurity threats and efficiently addressing IT requirements are vital to the fulfillment of FCA's mission. Pursuant to the Federal Information Security Modernization Act of 2014 (FISMA),<sup>4</sup> the OIG annually

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<sup>3</sup> Pub. L. 107-289 (Nov. 7, 2002).

<sup>4</sup> 44 U.S.C. § 3555(b)(1).

assesses FCA's progress in meeting this ever-evolving challenge. FISMA requires OIGs to independently evaluate their respective agency's information security program and practices. The OIG contracted with independent public accounting firm Williams Adley & Company-DC LLP (Williams Adley) to perform this review for FY 2020. The OIG monitored the work of Williams Adley for compliance with the *Government Auditing Standards*.

In accordance with guidance developed by OMB, the U.S. Department of Homeland Security, and CIGIE, Williams Adley assessed FCA's performance with respect to 67 metrics across eight domains: risk management, configuration management, identity and access management, data protection and privacy, security training, information security continuous monitoring, incident response, and contingency planning. For each domain, FCA's effectiveness was ranked according to a maturity model ranging from "ad hoc" (at level 1) to "optimized" (at level 5). A "managed and measurable" (level 4) information security program is considered to be operating at an effective level of security.

Based on these metrics, Williams Adley concluded that FCA had implemented an effective security program in FY 2020. The Agency continued to improve its information security program and made progress in implementing recommendations made as part of previous FISMA evaluations. Williams Adley determined that the Agency was "managed and measurable" (level 4) for two domains and "consistently implemented" (level 3) for four domains. With respect to the data protection and privacy and contingency planning domains, Williams Adley ranked the Agency as "defined" (level 2) and "ad-hoc" (level 1), respectively.

Williams Adley made eight recommendations for corrective action. FCA agreed with all of the recommendations.

The OIG's monitoring and review of Williams Adley disclosed no instances where Williams Adley did not comply, in all material respects, with the *Government Auditing Standards*.

The OIG issued the [audit report](#) on October 30, 2020, and Williams Adley presented the report at the January 2021 meeting of the FCA Board.

## **Recommendations Made During the Reporting Period**

Table 1 shows all recommendations for corrective action made during the reporting period.

**Table 1**

Report	Recommendation
Farm Credit Administration's Employee Separation Process	1 The Office of Inspector General recommends the Office of Agency Services update Policies and Procedures Manual 834 to reflect the Personnel Action Report process, update responsibilities and references, and document the exit interview process.
	2 The Office of Inspector General recommends the Office of Agency Services update the Office of Agency Services Directive 007 to reflect current processes in the separation process.
	3 The Office of Inspector General recommends the Office of Agency Services implement additional controls over the Personnel Action Report entries and the employee checkout forms. This may include annual reviews, inclusion in the internal control review cycle, supervisory review, or other controls deemed necessary by the Office of Agency Services.
	4 The Office of Inspector General recommends the Office of Agency Services determine records retention practices for information kept on exiting personnel including, but not limited to, checkout forms, exit surveys, and interview documentation, and update record retention policies and procedures as needed.
	5 The Office of Inspector General recommends the Office of Agency Services evaluate the exit survey and interview process to assess the efficacy of the questions and the feedback.
	6 The Office of Inspector General recommends the Office of Agency Services implement a plan on how the Agency will use the exit survey and interview data to include analyzing and comparing trends in employee separations and reporting or briefing the information to key Agency officials at a designated interval.
Farm Credit	1 Not publicly released.
Administration's	2 Not publicly released.
Compliance with the	3 Not publicly released.
Federal Information	4 Not publicly released.
Security Modernization Act	5 Not publicly released.
for Fiscal Year 2020	6 Not publicly released.
	7 Not publicly released.
	8 Not publicly released.

## **In Progress**

Below are the audits, inspections, and evaluations in progress at the end of the reporting period.

### **The Office of Secondary Market Oversight's Examination Policies and Procedures**

Unique among System institutions, Farmer Mac was established with a mission to provide a secondary market for agricultural lending. Within FCA, the Office of Secondary Market Oversight (OSMO) provides for the examination, regulation, and supervision of Farmer Mac. The OIG has recognized this responsibility as a significant management challenge facing the Agency. Among its other duties, OSMO is required to examine Farmer Mac no less than once each year. The objective of this audit is to determine whether OSMO examination policies and procedures are documented and implemented.

### **Survey of FCA Employees on COVID-19**

FCA has implemented several measures to protect Agency employees since the onset of the COVID-19 pandemic, including moving to a mandatory telework status in March 2020. The objective of this inspection is to conduct a survey of FCA employees on the safety measures and other actions implemented by the Agency in response to COVID-19.

The OIG has broad discretion to carry out investigations related to FCA programs and operations that the IG determines to be necessary or appropriate. The range of matters falling within the OIG’s investigative purview is expansive, encompassing potential violations of law, rules, or regulations; mismanagement; abuses of authority; and more. Investigative activities may be initiated upon allegations or referrals received from a variety of sources, including, but not limited to, FCA employees or contractors, congressional committees, other agencies, System institutions, or members of the public. The OIG may also investigate potential fraud, waste, abuse, and mismanagement identified through OIG audits, inspections, and evaluations.

In exercising its investigative authorities, the OIG works to develop products that are timely, clear, and credible, and to guard the identities of those who provide information to the OIG. All investigations are carried out in accordance with the CIGIE *Quality Standards for Investigations*.

Table 2 summarizes major investigative activity during the reporting period.

**Table 2**

Metric	Number
Investigative reports issued <sup>5</sup>	0
Persons referred to the U.S. Department of Justice for criminal prosecution	0
Persons referred to state and local prosecuting authorities for criminal prosecution	0
Indictments and criminal informations that resulted from any prior referral to prosecuting authorities	0

## Complaint Activity

The OIG maintains a hotline that allows FCA employees and others to confidentially report potential fraud, waste, abuse, or mismanagement via telephone, email, or fax. The office also accepts complaints by mail and in-person.<sup>6</sup> Table 3 shows the OIG’s response to complaints received during the reporting period.

**Table 3**

Action Taken	Number
Investigation opened	0
Closed after review with no further specific investigative action	14
Referred to FCA program manager	4
Referred to other federal, state, or local agency or authority	1
Under review at the end of the reporting period	2
<b>Total</b>	<b>21</b>

<sup>5</sup> This metric does not include memoranda memorializing the closure or referral of complaints.

<sup>6</sup> Due to the COVID-19 pandemic, the OIG has temporarily limited the available methods to make complaints to telephone and email.



## Summaries of Investigations

The OIG did not conclude any investigations during the reporting period. Closing memoranda for investigations are available on the [OIG's online reports page](#).

The OIG also conducts reviews that do not fit the description of an audit, inspection, evaluation, or investigation. These projects are typically undertaken in accordance with a statutory requirement, for quality assurance purposes, or to otherwise provide comprehensive oversight of FCA programs and operations. Below are summaries of such reviews that were completed during the reporting period.

### Management Challenges

In accordance with the Reports Consolidation Act of 2002,<sup>7</sup> the OIG annually prepares a statement summarizing what the IG considers to be the most serious management and performance challenges facing FCA. The statement also assesses the Agency's progress in meeting those challenges and highlights relevant OIG oversight work.

For FY 2020, the OIG highlighted five challenges facing the Agency, all of which were previously identified in the OIG's FY 2019 report:

Examination and Supervision Program: Identifying and addressing risks in the System through effective examination and supervision to ensure it remains safe and sound.

Information Technology: Leveraging investments in information technology while maintaining a secure environment and mobile workforce.

Data Quality and Analysis: Obtaining consistent and quality data vital to FCA's mission.

Human Capital: Maintaining a well-trained, sustainable workforce while facing challenges in retirement eligibilities, workforce retention, and diversity.

Secondary Market Oversight: Providing effective and impartial oversight of Farmer Mac through FCA's OSMO.

Within the context of each of these challenges, the report discusses the relevance and impact of the COVID-19 pandemic.

The [report](#) was issued to the FCA Board on October 9, 2020. FCA management's response can be found in the Agency's [Performance and Accountability Report for FY 2020](#).

### FY 2020 Charge Card Letter

In accordance with the Government Charge Card Abuse Prevention Act of 2012<sup>8</sup> and implementing OMB guidance, the OIG conducts periodic risk assessments of FCA charge card programs to analyze the risk of illegal, improper, or erroneous purchases. The OIG also reports to OMB on the Agency's progress in implementing charge card-related recommendations.

For FY 2020, the OIG issued a letter to OMB stating that there were no charge card-related recommendations implemented or closed for FY 2020.

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<sup>7</sup> 31 U.S.C. § 3516(d).

<sup>8</sup> 41 U.S.C. § 1909(d).

## **FCA Employees**

The cooperation of FCA employees is essential to all aspects of OIG oversight. Accordingly, the OIG has several ongoing initiatives geared toward educating FCA employees on the OIG’s mission and authorities. These include a quarterly intra-agency newsletter, the *dIG*, which spotlights the office’s functions and provides recent examples of OIG oversight products governmentwide. The OIG also participates in orientation trainings for new FCA employees and distributes posters to promote awareness of the OIG hotline. In November, the OIG added a [video](#) to its website introducing employees and the public to the office and its mission.

In March, the OIG held three virtual town hall meetings with Agency personnel. Designed to demystify the OIG, these meetings afforded OIG staff an opportunity to reintroduce themselves to Agency personnel and provide insight into the OIG’s audit, inspection, evaluation, and investigation processes. This outreach initiative is a continuation of one that began in July 2020 for employees of the FCA Office of Examination. Based on the encouraging response from Agency personnel and management, the OIG plans to hold similar meetings at regular intervals in the future.

This reporting period, the FCA Board distributed a statement encouraging agency personnel to report fraud, waste and abuse to the OIG and to cooperate with OIG requests for information. This statement, drafted in consultation with the OIG, extolled the benefits of OIG oversight to the Agency’s mission.

## **Congress**

In the interest of fulfilling its responsibility to keep Congress fully and currently informed about problems and deficiencies relating to FCA programs and operations, the OIG endeavors to respond expeditiously to all congressional requests and to periodically brief oversight committees on recent OIG activity.

## **IG Community**

The OIG is an active member of the IG community, with staff lending their efforts and expertise to the work of various CIGIE committees and initiatives.

Throughout the reporting period, IG Laguarda served as Chair of the CIGIE Inspection and Evaluation (I&E) Committee. One of CIGIE’s standing committees, the I&E Committee maintains professional standards for inspections and evaluations, heads the development of protocols for reviewing cross-agency management issues, and oversees the I&E peer review process. Under the purview of this committee, the AIGAI led the I&E Roundtable and a working group whose efforts culminated in CIGIE’s adoption of revised I&E quality standards in December 2020. This reporting period, OIG personnel also prepared a guide—jointly distributed by the CIGIE I&E and Audit Committees—for reviews conducted pursuant to E.O. 13950 on Combating Race and Sex Stereotyping.

The IG also served on the CIGIE Legislation Committee, which fosters relationships with Congress, represents the IG community’s interests on legislative initiatives, and keeps OIGs apprised of pertinent legislative developments.

The IG began serving this reporting period as a member of CIGIE’s IG candidate panel, which reviews potential IG candidates and makes recommendations to the appropriate appointing authorities—the President or agency head. With over a dozen IG vacancies in the Executive Branch at the end of 2020, this panel has been busy reviewing potential IG candidates since the beginning of the calendar year.

In addition to their involvement in the Legislation and I&E Committees, OIG staff participated in the CIGIE Audit Committee, the Small and Unique IG working group, the Council of Counsels to the Inspectors General, the Assistant Inspectors General for Investigations Subcommittee, the Whistleblower Protection Coordinators working group, and the CIGIE Diversity, Equity, and Inclusion working group.

## **Reviews of Proposed Legislation and Regulations**

The OIG reviews existing and proposed legislation and regulations relating to FCA programs and operations. When appropriate, the OIG makes recommendations regarding the impact of such legislation or regulations on economy or efficiency or the prevention and detection of fraud, waste, and abuse. During the reporting period, the OIG reviewed several bills and proposed regulations related to FCA or IG authorities. The OIG provided comments on proposed legislation through the CIGIE Legislation Committee.

## **Internal Operations**

The OIG is in constant pursuit of ways to improve its own operations. This reporting period, the OIG undertook to improve office awareness and consciousness of diversity, equity, and inclusion issues through training and internal discussions. As part of this initiative, OIG staff members presented topics of interest to them, including the impacts of the COVID-19 pandemic on women’s employment, eliminating workplace stigmas surrounding dyslexia, the contributions of veterans, black farm ownership in the United States, the impacts of government action on segregation, and transgender discrimination. With the success of these sessions, the OIG plans to engage in similar practices in the future.

To ensure adherence to relevant professional standards, each OIG is subject to periodic external peer reviews. Information on peer reviews conducted by and of the FCA OIG is provided below.

Reports of external peer reviews of FCA OIG operations may be found on the [OIG website](#). Reports of peer reviews conducted by the FCA OIG may be located on the websites of the reviewed OIGs.

### **Audit**

The GAO *Government Auditing Standards* require any organization conducting audits in accordance with those standards to undergo an external peer review at least once every three years. These peer reviews may conclude in a rating of *pass*, *pass with deficiencies*, or *fail*. A rating of *pass* signifies that the audit organization's system of quality control has been suitably designed and complied with to provide the organization with reasonable assurance of performing and reporting in conformity with applicable professional standards and legal and regulatory requirements in all material respects.

The FCA OIG's audit function was not subject to peer review during the reporting period. The most recent peer review was completed by the National Endowment for the Humanities OIG on September 13, 2019. The FCA OIG received a rating of *pass* and the [final report](#) made no recommendations for corrective action.

The FCA OIG did not conduct any audit peer reviews during the reporting period.

### **Inspection and Evaluation**

Under guidance initially adopted by CIGIE in January 2017, each OIG performing inspections or evaluations in accordance with the CIGIE *Quality Standards for Inspection and Evaluation* is required to undergo an external peer review every three years. During the first three-year cycle, peer review reports did not include an overall rating (such as *pass*, *fail*, *compliant*, or *non-compliant*), but included a conclusion as to whether the reviewed OIG adhered to specific CIGIE standards and the OIG's internal policies and procedures for inspection and evaluation work.

The FCA OIG's inspection and evaluation function was not subject to peer review during the reporting period. The most recent peer review was completed by a team composed of personnel from the U.S. Equal Employment Opportunity Commission and U.S. Department of the Treasury OIGs on December 17, 2019. The [final report](#) concluded that FCA OIG inspection and evaluation policies met all standards addressed and found that the OIG reports reviewed adhered to standards and the OIG's internal policies and procedures. The report made no recommendations for corrective action.

The FCA OIG did not conduct any inspection and evaluation peer reviews during the reporting period.

## Investigation

CIGIE's *Qualitative Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General* establish an independent external evaluation process for investigative operations. The objective of an investigative peer review is to determine whether internal control systems are in place and operating effectively to provide reasonable assurance that an OIG's investigative operations comply with CIGIE's *Quality Standards for Investigations*. Reviewed OIGs are assessed a rating of *compliant* or *non-compliant*. While the guidelines do not mandate that OIGs without statutory law enforcement authority—like the FCA OIG—undergo investigative peer reviews, they encourage voluntary participation.

The FCA OIG did not undergo an investigative peer review during the reporting period. The OIG's investigative function is scheduled to be peer reviewed beginning in 2022. The [most recent peer review](#) of the FCA OIG's investigative program was performed by the Securities and Exchange Commission OIG for the one-year period ending September 30, 2007.

The FCA OIG did not conduct any investigative peer reviews during the reporting period.

## Outstanding Recommendations

There are no outstanding recommendations from any peer review conducted by another OIG that have not been fully implemented.

There are no recommendations from any peer review conducted by the FCA OIG that remain outstanding or that have not been fully implemented.

# APPENDIX II: REPORTS ISSUED

Table 4 lists all audit, inspection, and evaluation reports issued during the reporting period. For each report, Table 4 lists the dollar value of questioned costs (including the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use.

**Table 4**

Report Title	Dollar Value of Questioned Costs		Dollar Value of Recommendations that Funds be Put to Better Use
	Total	Unsupported	
Farm Credit Administration's Employee Separation Process	\$0	\$0	\$0
Farm Credit Administration's Compliance with Executive Order 13950 on Combating Race and Sex Stereotyping	\$0	\$0	\$0
Audit of the Farm Credit Administration's Financial Statements Fiscal Year 2020	\$0	\$0	\$0
The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2020	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# APPENDIX III: REPORTS WITH QUESTIONED COSTS

Table 5 shows the number of audit, inspection, and evaluation reports issued with questioned costs, and the total dollar value of questioned costs associated with those reports.

**Table 5**

Requirement	#	Questioned Costs	Unsupported Costs
(A) Reports for which no management decision had been made by the commencement of the reporting period	0	\$0	\$0
(B) Reports issued during the reporting period	0	\$0	\$0
Subtotal (A+B)	0	\$0	\$0
(C) Reports for which a management decision was made during the reporting period, including—	0	\$0	\$0
(i) the dollar value of recommendations that were agreed to by management		\$0	\$0
(ii) the dollar value of recommendations that were not agreed to by management		\$0	\$0
(D) Reports for which no management decision has been made by the end of the reporting period	0	\$0	\$0



Table 6 shows the number of audit, inspection, and evaluation reports issued with recommendations that funds be put to better use.

**Table 6**

<b>Requirement</b>	<b>#</b>	<b>Unsupported Costs</b>
(A) Reports for which no management decision had been made by the commencement of the reporting period	0	\$0
(B) Reports issued during the reporting period	0	\$0
Subtotal (A+B)	0	\$0
(C) Reports for which a management decision was made during the reporting period, including—	0	\$0
(i) the dollar value of recommendations that were agreed to by management		\$0
(ii) the dollar value of recommendations that were not agreed to by management		\$0
(D) Reports for which no management decision has been made by the end of the reporting period	0	\$0

Table 7 includes summary information regarding audit, inspection, and evaluation reports issued before October 1, 2020, for which there are outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations. There were no reports issued before the commencement of the reporting period for which no management decision had been made by the end of the reporting period or for which no comment was returned within 60 days.

**Table 7**

<b>Report</b>	<b>Outstanding Unimplemented Recommendations</b>	<b>Aggregate Potential Cost Savings</b>
OIG 2018 Evaluation of the Farm Credit Administration’s Compliance with the Federal Information Security Modernization Act (October 31, 2018)	1	\$0
<b>Total:</b>	<b>1</b>	<b>\$0</b>

Table 8 identifies recommendations made during previous reporting periods for which corrective action had not been completed as of March 31, 2021. An up-to-date list of open OIG recommendations may be found at [Oversight.gov/recommendations](https://www.oversight.gov/recommendations).

**Table 8**

<b>Report</b>	<b>Recommendation</b>
OIG 2018 Evaluation of the Farm Credit Administration’s Compliance with the Federal Information Security Modernization Act	5 The Office of Information Technology needs to develop policies and procedures related to preventing data exfiltration.

The following is an index to IG Act reporting requirements.

Section	Description	Page
4(a)(2)	Review of legislation and regulations	14
5(a)(1)	Significant problems, abuses, and deficiencies	4-7
5(a)(2)	Recommendations for corrective action	7-8
5(a)(3)	Recommendations described in previous semiannual reports for which corrective action has not been completed	20
5(a)(4)	Matters referred to prosecutive authorities	10
5(a)(5)	Reports of information or assistance unreasonably refused or not provided	None
5(a)(6)	Audit, inspection, and evaluation reports issued	17
5(a)(7)	Summaries of significant reports	4-7
5(a)(8)	Management decisions with respect to questioned costs	18
5(a)(9)	Management decisions on recommendations that funds be put to better use	19
5(a)(10)	Reports issued before the reporting period for which no management decision has been made, for which no comment was returned, and for which there are outstanding unimplemented recommendations	20
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant management decisions with which the IG disagrees	None
5(a)(13)	Information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	None
5(a)(14)-(15)	Peer reviews conducted by another OIG	15-16
5(a)(16)	Peer reviews conducted by the FCA OIG	15-16
5(a)(17)	Statistical tables for investigations and referrals	10
5(a)(18)	Metrics for developing investigative statistics	10
5(a)(19)	Investigations involving a senior government employee where allegations of misconduct were substantiated	None
5(a)(20)	Instances of whistleblower retaliation	None
5(a)(21)	Attempts to interfere with OIG independence	None
5(a)(22)(A)	Closed audits, inspections, and evaluations not disclosed to the public	None
5(a)(22)(B)	Closed investigations involving a senior government employee not disclosed to the public	None

There were no contract audit reports issued during the reporting period that would be reportable under section 845 of the National Defense Authorization Act of 2008.<sup>9</sup>

<sup>9</sup> Pub. L. 110-181 (Jan. 28, 2008).





Farm Credit Administration  
Office of Inspector General

**REPORT FRAUD, WASTE, ABUSE, &  
MISMANAGEMENT:**

**Phone: (800) 437-7322 (Toll-Free)  
(703) 883-4316**

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**Email: [fca-ig-hotline@rcn.com](mailto:fca-ig-hotline@rcn.com)**

**Mail: 1501 Farm Credit Drive  
McLean, VA 22102-5090**

To learn more about reporting wrongdoing to the OIG, please visit our website at <https://www.fca.gov/about/inspector-general>.