

# HARVESTING CHANGE



**Farm Credit Administration**

**Office of Inspector General**

**Audit, Inspection, and Evaluation Plan**

**Fiscal Years 2019-2020**

# AUDIT, INSPECTION, AND EVALUATION PLAN

The Office of Inspector General (OIG) is tasked with providing independent and objective oversight of the Farm Credit Administration (FCA or Agency) and keeping the FCA Board and Congress fully and completely informed as to problems and deficiencies relating to FCA programs and operations. Pursuant to its responsibilities, the OIG performs audits, inspections, and evaluations to ensure that FCA programs are administered effectively and with appropriate controls, and to identify opportunities for improvement.

Below are audit, inspection, and evaluation activities planned for 2019 and 2020.<sup>1</sup> This plan was formulated using a risk-based approach, taking into account prior oversight work, the control environment, input from the FCA Board and senior management, and statutory requirements. The planned activities may be adjusted in response to changing needs or circumstances.

## REQUIRED ANNUAL AUDITS AND EVALUATIONS

### **FCA's Financial Statements (audit)**

The Accountability of Tax Dollars Act of 2002 requires executive agencies not covered by the Chief Financial Officers Act to obtain annual audits in accordance with generally accepted government auditing standards. The OIG contracts with an independent accounting firm to audit FCA's financial statements, internal control over financial reporting, and compliance with laws and regulations relating to the determination of financial statement amounts. The OIG will transmit the audit firm's opinion to the Agency. The OIG will ensure that the selected independent accounting firm incorporates an appropriate audit scope and deliverables within appropriate timeframes.

### **Federal Information Security Modernization Act of 2014 (FISMA) (evaluation)**

FISMA requires Inspectors General to conduct an annual evaluation of their respective agency's information security program and report the results to the Office of Management and Budget (OMB) and the Department of Homeland Security (DHS). The objective of this evaluation is to conduct an independent evaluation of FCA's information security program using the metrics identified by DHS to determine the effectiveness of the information security program and practices.

## PLANNED AUDIT, INSPECTION, AND EVALUATION ACTIVITIES

### Audits

#### **FCA's Stress Testing Guidance and Use of Data, and Analytical and Examination Tools**

Stress testing is a risk management tool used by financial institutions to plan for potential adverse events that could impact their financial condition. The objective of this audit is to evaluate FCA's progress in updating stress testing guidance and related data, and analytical and examination tools (in process).

#### **FCA's Antiharassment Policy and Complaint Process**

FCA has an *Antiharassment Policy and Complaint Process* to ensure that the Agency will not tolerate harassment in the workplace or reprisal for raising or participating in a harassment complaint or opposing

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<sup>1</sup> The plan includes in process reviews, which are annotated as "in process" in each section.

harassment. The objective of this audit is to review whether the Agency is handling harassment complaints in accordance with the antiharassment policy and whether the Agency is providing adequate training to employees and contractors on the policy's requirements.

### **Background Investigation Process for Contractors at FCA**

FCA uses contractors in various capacities, including administrative and human resource services and information technology consulting. FCA initiates and validates contractors' background investigations and security clearances, if applicable, based on the nature of work they will conduct. The objective of this audit is to look at the process for obtaining adequate and timely security clearances for contractors based on the level of work they will be performing.

### **FCA's Enterprise Risk Management Capability**

Federal managers should effectively manage risks that the agency faces toward achieving strategic objectives and arising from its activities and operations. In July 2016, OMB issued a revised Circular A-123 to modernize existing efforts to improve accountability in Federal programs and operations, by requiring the implementation of an Enterprise Risk Management (ERM) capability. The objective of this audit is to determine the Agency's progress toward an ERM capability and whether the Agency has an adequate internal control program.

### **FCA's Criminal Referral and Follow-Up Process**

Farm Credit System (FCS) institutions are required by Federal regulation (12 C.F.R. § 612.2301) to provide notification and information to FCA and appropriate law enforcement authorities when they determine that there is a known or suspected criminal violation involving or affecting an institution's assets, operations, or affairs. The objective of this audit is to determine whether FCA's actions in response to criminal referrals and investigative activities in the FCS are effective.

### **Follow-up Audit on FCA's Risk Project**

In 2016, the OIG reviewed FCA's Risk Project. The Risk Project was developed to evaluate and acquire tools to conduct risk and statistical analysis of the FCS and to enable users to create reports and dashboards for data-driven decision-making. We identified opportunities to improve the Risk Project and future information technology investments. The objective of this audit is to evaluate the status of the Risk Project initiatives.

### **Agency Learning and Organizational Change Team**

The Learning and Organizational Change Team is responsible for planning and coordinating Agency-wide training at FCA. The objective of this audit is to review the mission, goals, and initiatives of this training team and whether the Agency is effectively and efficiently using the resources and expertise of this team.

### **Inspections**

#### **Separating Employee Process**

FCA employees and contractors are granted accesses and provided equipment to perform their duties and responsibilities, which must be revoked and recovered, respectively, at the end of their employment. In addition, separating employees may provide management with useful insight about why they decided to leave the Agency. The objective of this inspection is to determine whether FCA has effective separation procedures for employees and contractors leaving the Agency.

## **Agency Hiring Practices**

Each year, human resources staff in FCA's Office of Agency Services work with management to fill positions across the Agency. The objective of this inspection is to determine whether the Agency effectively utilizes authorities and methods to hire new employees.

## **Follow-up Inspection on FCA's Process in Developing and Updating Agency Policies and Procedures**

The Agency publishes and maintains its policies and procedures in FCA's Policies and Procedures Manual (PPM). In 2016, OIG reviewed FCA's process for developing and updating Agency PPMs, and we identified opportunities to improve the process. The objective of this inspection is to determine the effectiveness of FCA's PPM process.

## **Evaluations**

### **Organizational Structure of Examiners Benchmarking Study**

FCA OIG is conducting a benchmarking study of the organization of examination offices at FCA and the other Financial Institutions Reform, Recovery and Enforcement Act of 1989 agencies. The study is comparing how examiners are organized and geographically located and the reasons behind differing structures (in process).

## **Peer Reviews**

### **Peer Review of FCA OIG Inspection Operations**

A peer review will be conducted of FCA OIG's system of quality control for its inspection operations. This will be the first time the FCA OIG's inspection operations are peer reviewed since the Council of Inspectors General on Integrity and Efficiency established new requirements for peer reviews.

### **Peer Review of FCA OIG Audit Operations**

Government Auditing Standards require audit organizations that perform audits or attestation engagements to undergo an external peer review every three years. The National Endowment for the Humanities is scheduled to conduct FCA OIG's external peer review. The review will cover our system of quality control for the audit organization.

### **FCA OIG Peer Review of the National Credit Union Administration OIG Audit Operations**

Government Auditing Standards require audit organizations that perform audits or attestation engagements to undergo an external peer review every three years. The OIG staff is conducting the National Credit Union Administration's external audit peer review (in process).

# WANT TO LEARN MORE ABOUT...

## **Our past audit, evaluation, and inspection activities?**

The OIG publishes copies of audit, evaluation, and inspection reports on [our website](#), and on [Oversight.gov](#).

## **Our strategic plans for future work?**

The [OIG's Strategic Plan](#) outlines our mission, vision, goals, actions, and performance measures for the office.

## **Our budget?**

The [OIG's Budget Allocations by Products and Services](#) presents our resource requirements and planned activities for fiscal years 2019 and 2020.

## **What we are semiannually reporting to Congress?**

The [OIG's Semiannual Report to Congress](#) communicates the impact of our audit, inspection, evaluation, investigation, and outreach efforts during the previous 6-month period.

## **How to report fraud, waste, or abuse?**

The [OIG Hotline](#) accepts tips and complaints from all sources about fraud, waste or abuse in FCA programs and operations.

# FARM CREDIT ADMINISTRATION

## OFFICE OF INSPECTOR GENERAL



### Report Fraud, Waste, Abuse, and Mismanagement

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

**Fax** (703) 883-4059

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

**Mail** Farm Credit Administration  
Office of Inspector General  
1501 Farm Credit Drive  
McLean, VA 22102