

**Farm Credit Administration
Office of Inspector General**

Inspection Report

**Farm Credit Administration's
Compliance with the Payment
Integrity Information Act of 2019
for Fiscal Year 2025**

I-26-02

February 27, 2026

FCAOIG

Farm Credit Administration
Office of Inspector General



February 27, 2026

The Honorable Jeffery S. Hall, Board Chairman and Chief Executive Officer
The Honorable Glen R. Smith, Board Member

Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

Dear Chairman Hall and Board Member Smith:

The Office of Inspector General (OIG) completed an inspection on the Farm Credit Administration's (FCA or Agency) compliance with the Payment Integrity Information Act of 2019 (PIIA) for Fiscal Year (FY) 2025. The objective of this inspection was to determine if FCA complied with the PIIA for FY 2025. We determined that FCA complied with PIIA requirements applicable to the Agency for FY 2025 and, based on the limited review performed, the Agency's efforts to prevent and reduce improper payments appear to be reasonable. In addition, the OIG did not identify any concerns with the conclusion that FCA was designated as low risk for significant improper payments and that the programs are below the established thresholds for additional reporting requirements.

In accordance with the PIIA and implementing guidance, the report will be provided to the Committees on Agriculture, Nutrition, and Forestry, Appropriations, and Homeland Security and Governmental Affairs of the U.S. Senate; the Committees on Agriculture, Appropriations, and Oversight and Government Reform of the U.S. House of Representatives; the Office of Management and Budget; and the Comptroller General.

We appreciate the courtesies and professionalism extended by FCA, especially the Office of the Chief Financial Officer, to our staff during the inspection. If you have any questions, we would be pleased to meet with you at your convenience.

Respectfully,

A handwritten signature in black ink that reads "Sonya K. Cerne". The signature is written in a cursive style.

Sonya K. Cerne
Assistant Inspector General for Audits, Inspections, and Evaluations

EXECUTIVE SUMMARY

Farm Credit Administration's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2025

Report No. I-26-02

February 27, 2026

Why We Did This Inspection

The Farm Credit Administration (FCA or Agency) has an important mission to uphold in ensuring that all Farm Credit System institutions are safe, sound, and dependable sources of credit and related services.

In support of this mission, FCA is responsible for ensuring controls are in place to reduce improper payments. Signed into law on March 2, 2020, Congress enacted the Payment Integrity Information Act of 2019 (PIIA) to improve efforts to identify and reduce Governmentwide improper payments. PIIA sets forth improper payment reporting requirements for federal agencies, including an annual compliance review to be conducted by agency offices of inspectors general.

We conducted this inspection to determine if FCA complied with PIIA for fiscal year (FY) 2025.

What We Found

We determined that FCA complied with PIIA requirements applicable to the Agency for FY 2025 and, based on the limited review performed, the Agency's efforts to prevent and reduce improper payments appeared to be reasonable. FCA published a Performance and Accountability Report (PAR) for FY 2025, included applicable payment integrity reporting information, and posted the FY 2025 PAR on the Agency's website. FCA also reported agency-level payment integrity results for the paymentaccuracy.gov site.

In addition, FCA completed the required improper payment risk assessments in May 2024 and analyzed programs for susceptibility to improper payments. FCA determined that all programs and activities were low risk and not susceptible to significant improper payments. As outlined in PIIA, FCA is required to complete risk assessments every three years.

As none of the programs or activities assessed by FCA were determined to be susceptible to significant improper payments, the Agency was not required to: publish improper payment and unknown payment estimates, corrective action plans, or reduction targets; demonstrate improvements to payment integrity or reach tolerable improper payment and unknown payment rates; develop plans to meet reduction targets; or report payment estimates of less than 10 percent.

Recommendations

Because we determined that FCA complied with the applicable PIIA requirements, no recommendations were made in this report.

Agency Response

FCA management elected to not provide formal comments to be included in the report.

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BACKGROUND

Farm Credit Administration

The Farm Credit Administration (FCA or Agency) is a federal agency tasked with regulating and supervising the Farm Credit System (System). FCA's primary mission is to ensure that all institutions within the System are safe, sound, and dependable sources of credit and related services for creditworthy and eligible persons in agriculture and rural America.

To fulfill this mission, FCA's Office of the Chief Financial Officer is responsible for reporting the Agency's financial results, providing financial management policy advice, and managing federal financial management requirements.

Payment Integrity

An important part of financial management for every federal agency is to ensure that improper payments are prevented and reduced. On March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA) repealed and amended several improper payment and other related laws. PIIA aims to improve efforts to identify and reduce Governmentwide improper payments and sets forth improper payment¹ reporting requirements for federal agencies, including an annual compliance review to be conducted by agency offices of inspectors general (OIGs).

On March 5, 2021, the U.S. Office of Management and Budget (OMB) issued a revised version of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, which provides guidance on PIIA implementation. The goal of this revised version is to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements.

OIG Compliance Review Requirements

OMB Circular A-123, Appendix C and guidance issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) outline specific procedures on how OIGs should determine compliance with PIIA. Guidance further requires OIGs to perform the compliance review as informed by OMB Circular A-136, OMB Annual Data Call Instructions, and OMB's Payment Integrity Question and Answer Platform.

Under this guidance, OIGs must determine compliance with specific PIIA requirements. Compliance is defined by whether an agency has:

- Published payment integrity information with the annual financial statement;
- Posted the annual financial statement and accompanying materials on the agency website;

¹ PIIA defines an improper payment as, "any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement." If a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment.

- Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years;
- Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold;
- Published improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement;
- Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement;
- Published an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement;
- Demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate;
- Developed a plan to meet the improper payment and unknown payment reduction target; and
- Reported an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

In reporting compliance with the above criteria, guidance advises OIGs to use a compliant/non-compliant approach that takes into account whether its current work, prior work, and professional judgment lead the OIG to conclude that it has concerns regarding completeness or inaccuracies that would significantly alter the payment integrity information reported by the agency.

INSPECTION RESULTS

We determined that FCA complied with PIIA requirements applicable to the Agency for fiscal year (FY) 2025 and, based on the limited review performed, the Agency's efforts to prevent and reduce improper payments appear to be reasonable.

- FCA published a Performance and Accountability Report (PAR) for FY 2025 in November 2025 that included the annual financial statements and applicable payment integrity reporting information. The Agency also posted the **FY 2025 PAR** on the Agency's website.
- FCA submitted data for the paymentaccuracy.gov site on the identification and recovery of overpayments and other payment integrity data.
- FCA completed the required improper payment risk assessments and analyzed programs for susceptibility to improper payments. As part of the risk assessments conducted for the period ended September 30, 2023, FCA assessed five programs and activities: contract payments and invoices; purchase cards; travel cards; claims and vouchers; and payroll. FCA completed the risk assessments in May 2024 and determined that all programs and

activities were low risk and not susceptible to significant improper payments. The next set of risk assessments are not due until FY 2027.

- As none of the programs or activities assessed by FCA were determined to be susceptible to significant improper payments, the Agency was not required to publish improper payment and unknown payment estimates, publish corrective action plans, publish reduction targets, demonstrate improvements to payment integrity or reach tolerable improper payment and unknown payment rates, develop plans to meet reduction targets, or report payment estimates of less than 10 percent. Further, there are no Agency programs designated as a high priority program.

Compliance Ratings by Program

The following table summarizes FCA’s compliance with payment integrity reporting requirements by program.

Table 1: FCA Compliance with FY 2025 PIIA Requirements by Program

	CONTRACT PAYMENTS AND INVOICES	PURCHASE CARD	TRAVEL CARD	CLAIMS AND VOUCHERS	PAYROLL
Published payment integrity information with the annual financial statement	Compliant	Compliant	Compliant	Compliant	Compliant
Posted the annual financial statement and accompanying materials on the agency website	Compliant	Compliant	Compliant	Compliant	Compliant
Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	Compliant	Compliant	Compliant	Compliant	Compliant
Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold	Compliant	Compliant	Compliant	Compliant	Compliant
Published improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A

Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement

N/A

N/A

N/A

N/A

N/A

Published an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement

N/A

N/A

N/A

N/A

N/A

Demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate

N/A

N/A

N/A

N/A

N/A

Developed a plan to meet the improper payment and unknown payment reduction target

N/A

N/A

N/A

N/A

N/A

Reported an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement

N/A

N/A

N/A

N/A

N/A

Because FCA complied with the applicable PIIA requirements, we did not have recommendations in this report. FCA management waived an exit conference and elected to not provide formal comments to be included in the report.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of this inspection was to determine if FCA complied with PIIA for FY 2025.

Scope

The scope of the inspection was limited to PIIA compliance for FY 2025. The inspection was conducted at FCA's headquarters in McLean, Virginia from January through February 2026.

Methodology

We took the following steps to accomplish the objective:

- Identified and reviewed applicable laws, regulations, policy, procedures, guidance, and other background information applicable to the objective.
- Identified and reviewed applicable internal FCA policies and procedures.
- Reviewed prior reviews related to the inspection objective.
- Reviewed FCA's FY 2025 PAR for improper payment and payment integrity information. We compared the information to the requirements set forth in PIIA and implementing guidance and verified posting of the FY 2025 PAR to the agency website.
- Reviewed FCA's submission in paymentaccuracy.gov for FY 2025. We reviewed the Agency's reporting on the site for the identification and recovery of overpayments and other payment integrity data.
- Reviewed improper payment risk assessments conducted in FY 2024. We reviewed the risk assessments for outlay data, information considered in risk ratings, and each area's risk score. This information was not changed from the prior year's compliance testing, and the next set of risk assessments is not due until FY 2027.
- Summarized compliance ratings for the applicable sections of payment integrity requirements.

Quality Standards for Inspection and Evaluation

This inspection was performed in accordance with CIGIE's *Quality Standards for Inspection and Evaluation*. These standards require that we plan and perform the inspection to obtain sufficient and appropriate evidence that provides a reasonable basis for our findings, conclusions, and recommendations. We assessed internal controls and compliance with laws and regulations to the extent necessary to satisfy the objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. We assessed the information and data collected during the inspection and determined it was sufficiently reliable and valid for use in meeting the inspection objective. We assessed the risk of fraud related to our inspection objective while evaluating evidence and had no matters come to our attention indicating fraud or illegal acts were occurring. Overall, we believe the evidence obtained is appropriate and sufficient to provide a reasonable basis for our findings and conclusions based on the inspection objective.

ACRONYMS

CIGIE	Council of the Inspectors General on Integrity and Efficiency
FCA or Agency	Farm Credit Administration
FY	fiscal year
OIG	Office of Inspector General
OMB	U.S. Office of Management and Budget
PAR	Performance and Accountability Report
PIIA	Payment Integrity Information Act of 2019
System	Farm Credit System



Farm Credit Administration
Office of Inspector General

REPORT FRAUD, WASTE, ABUSE, & MISMANAGEMENT

Fraud, waste, abuse, and mismanagement in government concerns everyone: Office of Inspector General staff, FCA employees, Congress, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to FCA programs and operations. You can report allegations to us in several ways:

Online: <https://apps.fca.gov/oigcomplaint>

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

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>.