

Federal Housing Finance Agency
Office of Inspector General



FHFA Did Not Effectively Implement Records Management Training Controls for Onboarding and Offboarding Personnel

Compliance Review • COM-2023-006 • August 23, 2023



COM-2023-006

August 23, 2023

Executive Summary

The Federal Housing Finance Agency (Agency or FHFA) is required to follow federal records management standards to ensure transparency, efficiency, and accountability in its operations. Those standards require that FHFA provide records management training to its employees and contractors, including both newly hired (onboarded) personnel and senior officials who have departed (offboarded) from the Agency.

In a 2020 audit report, we found that FHFA did not adhere to records management training standards. FHFA could not demonstrate that it provided the required training to all onboarded contractors, nor to 5 of 11 offboarded senior Agency officials. We recommended that FHFA develop and implement procedures to ensure that contractor employees complete required records management training at time of onboarding, and that FHFA senior officials complete required targeted records management training at time of offboarding. FHFA agreed and established procedures to ensure that it followed records management standards for onboarded and offboarded personnel. We closed the recommendation in February 2021 based on these new procedures.

We initiated this compliance review to assess whether FHFA implemented these new procedures effectively for the period March 1, 2021, through February 28, 2023 (review period). We found a number of deficiencies in FHFA's implementation of its new procedures during the review period. For example, the new procedures require FHFA to maintain an updated log to document that all personnel take records management training within 60 days of onboarding, but the log contains numerous data errors. FHFA also does not maintain accurate data for the dates when contractors onboard with the Agency. As a result, FHFA is unable to monitor Agency personnel's compliance with the 60-day onboarding training requirement.

FHFA also could not document that 8 of 27 senior officials we reviewed (30 percent) received records management training when they offboarded. The Agency office responsible for providing the training said that in some instances senior officials offboarded without completing it despite the Agency's notifying them of the requirement.

For these reasons, we are reopening the recommendation from our 2020 audit.

In its management comment letter, FHFA proposed to implement corrective actions by December 31, 2023, to remediate the deficiencies referenced above.



COM-2023-006

August 23, 2023

This report was prepared by Wesley M. Phillips, Senior Policy Advisor, and Patrice Wilson, Senior Investigative Evaluator. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to the preparation of this report.

This report has been distributed to Congress, the Office of Management and Budget (OMB), and others and will be posted on our website, www.fhfaoig.gov.

/s/

Brian W. Baker
Deputy Inspector General,
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ABBREVIATIONS

Agency or FHFA	Federal Housing Finance Agency
NARA	National Archives and Records Administration
Offboarding Procedures	OTIM RIM Training Tracking Standard Operating Procedures No. 014
OIG	FHFA Office of Inspector General
OMB	Office of Management and Budget
OTIM	FHFA Office of Technology and Information Management
RIM	Records and Information Management
Tracking Log or Log	FHFA Status Tracking Log
Tracking Procedures	OTIM RIM Training Tracking Standard Operating Procedures No. 016

BACKGROUND.....

Federal Agencies Are Subject to Records Management Standards

The National Archives and Records Administration (NARA) is responsible for overseeing and setting standards for federal agencies' records management programs and practices. In a joint directive issued in August 2012, OMB and NARA mandated two electronic records management goals applicable to all federal agencies. Goal 1 required federal agencies to utilize electronic recordkeeping to ensure transparency, efficiency, and accountability, and to manage electronic permanent records and email records. Goal 2 directed federal agencies to perform effective management of records consistent with federal statutes and regulations and professional standards. In addition, it required employee training on records management to ensure proper retention and disposition of records.¹

With respect to records management training, NARA Bulletin 2017-01, *Agency Records Management Training Requirements*, includes the following standards pertaining to onboarding and offboarding employees and contractors:

- All newly hired agency employees and contractor employees with access to an agency's email or information technology network must complete records management training upon onboarding; and
- All political appointees, senior agency officials, and senior executives must be provided with targeted records management training upon onboarding and again prior to departure.

OIG Found that FHFA Did Not Meet Onboarding and Offboarding Records Management Training Standards

A 2020 audit found deficiencies in FHFA's adherence to records management training standards for onboarding and offboarding personnel.² First, FHFA was unable to provide a list of onboarded contractor employees for the audit review period of January 2019 through November 2019. Accordingly, FHFA was not able to demonstrate that all newly hired

¹ OMB and NARA issued a revised directive in 2019. The new directive, which did not specifically refer to "goals," nevertheless reaffirmed both of these requirements as set forth in 2012.

² OIG, *FHFA Needs to Strengthen Controls Over its Records Management Program to Comply with OMB and NARA Requirements* (AUD-2020-008) (March 26, 2020). The audit report also found deficiencies in FHFA's provision of annual refresher records management training for employees and contractors. OIG determined that FHFA subsequently designed a control in response to an audit report recommendation to address these deficiencies. Given the relatively low risk of Agency noncompliance with this control, we do not include it in this report.

contractor employees completed the required training. FHFA also could not provide documentation that 5 of 11 senior officials who offboarded during the review period had received the required targeted records management training.

We recommended that FHFA develop and implement procedures to ensure:

- Contractor employees complete required records management training at time of onboarding; and
- FHFA senior officials (political appointees, senior agency officials, and senior executives) complete required targeted records management training at time of offboarding.

FHFA agreed with this recommendation.

FHFA Established Procedures to Strengthen Its Compliance with Onboarding and Offboarding Records Management Training Standards

In 2020, FHFA took multiple corrective actions in response to the audit report's recommendation. One such action was FHFA's issuance of Office of Technology and Information Management (OTIM) Records and Information Management (RIM) Training Tracking Standard Operating Procedures No. 016 (Tracking Procedures). These included procedures for tracking the completion of records management training by employees, contractors, and others³ within 60 days of onboarding.

Pursuant to the Tracking Procedures, staff in the Agency's RIM office must update the FHFA Status Tracking Log (Tracking Log) upon notification of an employee's or contractor's onboarding. RIM is then required to send an invitation to the individual for orientation and records management training, and to update the Tracking Log upon the individual's completion of the training. The Tracking Procedures require that FHFA disable network access for any contractor who does not complete the training within 60 days of onboarding at the Agency.

FHFA also updated the OTIM RIM Training Tracking Standard Operating Procedures No. 014 (Offboarding Procedures). They include requirements for RIM personnel to meet with offboarding "senior officials" to explain their records management responsibilities. As defined by the Agency, senior officials consist of FHFA's Director, deputy directors, associate directors, office directors, as well as staff assistants to those officials, such as advisors, special assistants, confidential assistants, and administrative assistants. FHFA

³ The procedures also apply to volunteers and detailees to FHFA.

developed a form to document as evidence that meetings were held with each senior official departing from FHFA.

We closed the recommendation on February 3, 2021, based upon these corrective actions.

FINDINGS

We initiated this compliance review to assess whether FHFA implemented the Tracking Procedures and Offboarding Procedures effectively. To accomplish this, we reviewed Agency records management training documentation for the period March 1, 2021, through February 28, 2023 (review period).

Due to Data Errors in the Tracking Log and Other Agency Records, FHFA is Unable to Monitor Completion of Required Records Management Training within 60 Days of Onboarding

The Tracking Procedures require RIM to maintain an updated Tracking Log documenting that FHFA employees and contractors complete records management training within 60 days of their onboarding with the Agency.

The Agency's Tracking Log is Unreliable

Our initial analysis of the Tracking Log indicated that 148 of the 335 employees and contractors who onboarded (44 percent) did not complete the required training within 60 days of onboarding from January 2022 to February 2023.⁴ Before we had an opportunity to provide our initial analysis to the Agency for its comment, RIM, unprompted, produced a new training data file, which differed significantly from the Tracking Log it had provided originally.

Our analysis of this new data file showed that 86 of 409 employees and contractors in the file (21 percent) did not take the required training within 60 days of onboarding during the entire review period.⁵

⁴ RIM informed us at the beginning of our field work that the Agency lacked a reliable means to accurately record contractor onboarding start dates prior to the implementation of a new control for doing so in January 2022. Accordingly, for purposes of our initial analysis of the Tracking Log, we did not consider onboarding start dates prior to January 1, 2022.

⁵ When providing the new data file, RIM claimed it had corrected any errors that existed in the Tracking Log for contractor start dates for our entire review period of March 1, 2021, through February 28, 2023. However, as explained in the Findings section of this report, RIM subsequently informed us that the new file also contained numerous data errors with respect to contractor start dates.

When asked why it had provided the new data file, RIM said it realized that the Tracking Log contained numerous contractor start date errors and therefore it took steps to correct them.⁶ For example, RIM said it reviewed FHFA documentation to provide OIG with both accurate start date information for onboarded employees and contractors and the dates on which those personnel took the required training. RIM also said that it “has concerns that the data errors in the Log makes [sic] it an unreliable resource to monitor whether employees and contractor personnel are taking the required training within 60 days of onboarding the Agency[.]”

Additional Data Sets the Agency Compiled were Similarly Unreliable

We asked RIM to verify that the new data file contained 86 employee and contractor exceptions to the requirement that they take records management training within 60 days of onboarding. RIM responded that the new data file it had created to address errors in the Tracking Log also contained numerous contractor start date errors similar to those in the Tracking Log, and that it contained typographical errors as well. RIM then provided a third set of corrected data, which, according to RIM, corrected the data in the new file; this corrected data indicated that only 18 out of 409 of the employees and contractors in the new file (4 percent) failed to meet the 60-day standard.

Given the numerous errors identified in both the Tracking Log and the new file, we asked RIM to provide the underlying Agency documentation for a randomly selected sample of ten employees and contractors from the corrected data.⁷ RIM could not provide persuasive Agency documentation for 4 of 10 employees or contractors in our sample.⁸

The high data error rate in the Tracking Log, the new files, and the incomplete Agency documentation submitted by RIM render us unable to reliably verify the extent to which employees and contractors took records management training within 60 days of onboarding.

⁶ RIM characterized these contractor start date errors as a “control deficiency” in the Agency’s operations. A RIM official said that the Agency is working on steps to remediate the deficiency and plans to complete the project within six months. RIM also stated that the staff member responsible for maintaining the Tracking Log was transferred to another unit within the Agency and has not been replaced.

⁷ We selected the random sample from employees and contractors who RIM represented were in compliance with the 60-day onboarding training requirement despite the fact that the previously provided data showed that they were not.

⁸ We followed up with RIM to seek additional documentation for these four individuals. In three cases, the documentation RIM subsequently provided did not support the corrected onboarding start dates that RIM had previously provided to OIG. In the other case, the documentation showed a different start date than initially provided, and RIMS could not provide documentation of the date of the individual’s records management training. In addition, there were discrepancies in the documentation with respect to the date of the individual’s offboarding.

RIM Did Not Provide Exit Forms for 30 Percent of Offboarded Senior Officials

According to FHFA’s updated Offboarding Procedures, RIM officials are required to meet with Agency senior officials⁹ at the time of offboarding to explain their records management responsibilities and to document the meetings via an exit form.

We requested that RIM provide the completed exit forms for 27 qualifying senior officials whom the Agency identified as having offboarded during our review period. RIM provided exit forms for 19 of the 27 senior officials (70 percent) and did not provide exit forms for 8 of the 27 senior officials (30 percent).¹⁰

When asked for an explanation for the missing exit forms, RIM responded that there have been instances where senior officials offboarded without attending the required training or signing the forms even though FHFA notified them of the requirements.¹¹ For example, we identified two senior officials who offboarded prior to RIM learning of their departures from the Agency.

CONCLUSIONS

Due to data errors in the Tracking Log and inadequate Agency documentation, RIM cannot monitor whether personnel complete required records management training within 60 days of onboarding with the Agency. Moreover, RIM has not provided the requisite records management training to offboarding senior officials in a significant number of cases. Accordingly, we are reopening our recommendation.

⁹ As discussed previously, FHFA defines the universe of “senior officials” requiring offboarding meetings and exit forms to include FHFA’s Director, deputy directors, associate directors, office directors, and staff assistants to those officials, such as advisors, special assistants, confidential assistants, and administrative assistants.

¹⁰ We counted two cases involving offboarded senior officials as having complied with the requirement even though RIM could not provide their exit forms. In one case, FHFA documentation indicates that RIM met with an official prior to his offboarding to discuss records requirements. The documentation indicates that the official claimed he lacked time to sign the form given that he was in a “hurry” to depart. In the second case, the official worked at FHFA for only two weeks and offboarded without signing the exit form.

¹¹ A RIM official acknowledged that modifications to the senior official offboarding process are necessary.

FHFA COMMENTS AND OIG RESPONSE.....

We provided a draft of this report to FHFA for its review and comment. The Agency’s comments are included in the Appendix to this report.

By November 30, 2023, FHFA committed to replace current manual processes with automated processes to assign and track records management training for onboarding personnel. FHFA also stated that onboarded personnel will be notified that if they do not complete the training within 60 days, their access to the Agency’s network will be disabled.

By December 31, 2023, FHFA stated that it will design and implement a new process to track completion of targeted records management training for offboarding senior officials.

We will close the recommendation upon reviewing the documentation that FHFA committed to provide by December 31, 2023, and independently determining that FHFA has implemented corrective actions addressing all aspects of the reopened recommendation.

OBJECTIVE, SCOPE, AND METHODOLOGY

We initiated this compliance review in April 2023 to assess whether FHFA effectively implemented the records management training corrective actions for onboarding employees and contractors and offboarding senior officials for the period March 1, 2021, through February 28, 2023 (review period).

To accomplish our objectives, we reviewed FHFA documentation to determine whether employees and contractors completed records management training within 60 days of onboarding with the Agency as required by its Tracking Procedures.

We also reviewed FHFA documentation to determine whether RIM met with offboarding senior officials to explain their records management responsibilities and documented the meetings in an exit form. Further, we met with FHFA officials.

We conducted our compliance review from April 2023 through June 2023 under the authority of the Inspector General Act of 1978, as amended, and in accordance with the *Quality Standards for Inspection and Evaluation* (December 2020), which were promulgated by the Council of the Inspectors General on Integrity and Efficiency.

We provided a draft of this report to FHFA for its review and comment.

APPENDIX: FHFA MANAGEMENT RESPONSE.....

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Federal Housing Finance Agency

MEMORANDUM

TO: Brian Baker, Deputy Inspector General, Office of Compliance

THROUGH: Katrina D. Jones, Chief Operating Officer KATRINA JONES Digitally signed by KATRINA JONES
Date: 2023.08.11 11:54:12 -04'00'

FROM: Tammy L. Tippie, Acting Chief Information Officer TAMMY TIPPIE Digitally signed by TAMMY TIPPIE
Date: 2023.08.10 14:04:54 -04'00'

SUBJECT: Draft Compliance Report: *FHFA Did Not Effectively Implement Records Management Training Controls for Onboarding and Offboarding Personnel*

DATE: August 11, 2023

Thank you for the opportunity to respond to the above-referenced draft compliance report by the Office of Inspector General (OIG). The compliance review tested the corrective actions implemented by the Office of Technology and Information Management (OTIM) and the Records and Information Management (RIM) branch following OIG's 2020 audit report, *FHFA Needs to Strengthen Controls Over its Records Management Program to Comply with OMB and NARA Requirements* (2020 Audit Report). In the 2020 Audit Report, OIG recommended that the Federal Housing Finance Agency (FHFA) develop and implement procedures for employee and contractor records management training and targeted records management training for the offboarding of senior officials.

To address the 2020 Audit Report recommendations, OTIM developed procedures to track the completion of records management training, developed a RIM Rules of Behavior (RoB) to document employee and contractor records management responsibilities, and added a clause to Agency contracts that requires contractor employees to follow FHFA records management requirements outlined in the RoB while working for FHFA.

During the recent compliance review, OIG assessed whether the tracking of records management trainings and the offboarding procedures for senior officials were effective. The compliance review found that the training logs were unreliable for tracking whether FHFA employees and contractors completed records management training within 60 days of starting at Agency, and RIM was unable to provide exit forms for senior Agency officials who had offboarded.

Based on the compliance review, OIG reopened Recommendation Number 4 from the 2020 Audit Report.

Recommendation 4: *Develop and implement procedures to ensure:*

- a. *FHFA employees and contractor employees complete required annual records management training;*
- b. *Contractor employees complete required records management training at time of onboarding; and*
- c. *FHFA senior officials (political appointees, senior agency officials, and senior executives) complete required targeted records management training at time of offboarding.*

Management Response: FHFA agrees with the recommendation. Historically RIM has relied on in-person training and manually intensive processes to track records management training. RIM is working with other Office of the Chief Operating Officer (OCOO) functions to automate as much of the tracking as possible by leveraging system and reporting enhancements.

To address employee and contractor annual records management training (Item a) and contractor records management training at time of onboarding (Item b), OTIM will redesign and implement process changes by November 30, 2023. OTIM will complete the following actions:

1. RIM will work with the Learning Academy to create a Records Management training module, which will be accessed through FHFA's Learning Management System (LMS) and will replace in-person training.
2. RIM will receive automated messages and reports when an individual first signs onto the FHFA network, which should be the same as or shortly after their official start date.
3. The Learning Academy will also receive the automated reports and messages and assign the new user training in LMS.
4. If the new user has not completed the RIM training within the specified (60-day) timeframe, RIM will contact the user and the manager or Contracting Officer's Representative and monitor until the training is completed. RIM will also inform the user that if training is not completed by the 60-day deadline, their network account will be disabled.

By December 31, 2023, FHFA will complete the following actions to address the targeted records management training (Item c) for senior officials (political appointees, senior agency officials, and executives):

5. RIM will work with the Office of Human Resource Management (OHRM) to receive regular reports of employees promoted to executive positions and schedule the required senior official training.
6. RIM will modify the on-boarding process to identify newly hired executives and/or their administrative support and schedule the required senior official training.

7. RIM will design and implement a new process to track completion of targeted records management training for offboarding senior officials.

If you have questions, please contact Stuart Levy at (202) 649-3610 or Stuart.Levy@fhfa.gov.

cc: Brigitte Tolbert
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