

# Semiannual Report to the Congress

April 1, 2017 through September 30, 2017



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



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# Message from the Inspector General

As the newly appointed Inspector General (IG), I am pleased to submit this Semiannual Report to the Congress. This report summarizes the activities and accomplishments of the Farm Credit Administration's (FCA's or Agency's) Office of Inspector General (OIG) for the period from April 1, 2017 through September 30, 2017.

For most of this reporting period, the OIG was ably led by the Agency's former IG, Elizabeth (Liz) Dean, who had been part of the OIG at FCA since its creation in 1989. Liz first served as counsel to the FCA IG, then as deputy, and finally as IG where she helped shape and carry out the OIG's mission "to be an agent of positive change." Liz not only had a positive impact on our office, but she also made significant contributions to the larger IG community, serving as the at-large member to the Council of Inspectors General on Integrity and Efficiency (CIGIE) Executive Council, as a member of the CIGIE Committees on Legislation and Inspection and Evaluation, and as chair of the Small Agency working group. I thank Liz for her exceptional career and service to FCA and the IG community.

During this reporting period, the OIG focused on Agency spending, security, and quality assurance by completing an audit of FCA's contracting activities, the first of five planned inspections on physical security in our Denver field office, and an internal review of all our office policies and procedures. As an additional internal control measure, and for the first time, the OIG employed an outside contractor to perform the annual evaluation of the Agency's compliance with the Federal Information Security Modernization Act (FISMA) rather than using our own auditors.

With my arrival, we looked ahead to developing new mission and vision statements, and new values, goals, and action items. We developed the strategic and auditing plans, as well as our budget, for FYs 2018-2019.

I thank the exceptional OIG staff for their dedication to providing timely, accurate, objective, and impactful products. I also thank FCA management for their continued cooperation and engagement with our office. Finally, I look forward to creating strong working relationships with the larger IG community, which has already been a welcoming and invaluable resource, and to creating strong reporting relationships with our congressional oversight committees.

*Wendy R. Laguarda*

Wendy R. Laguarda  
Inspector General



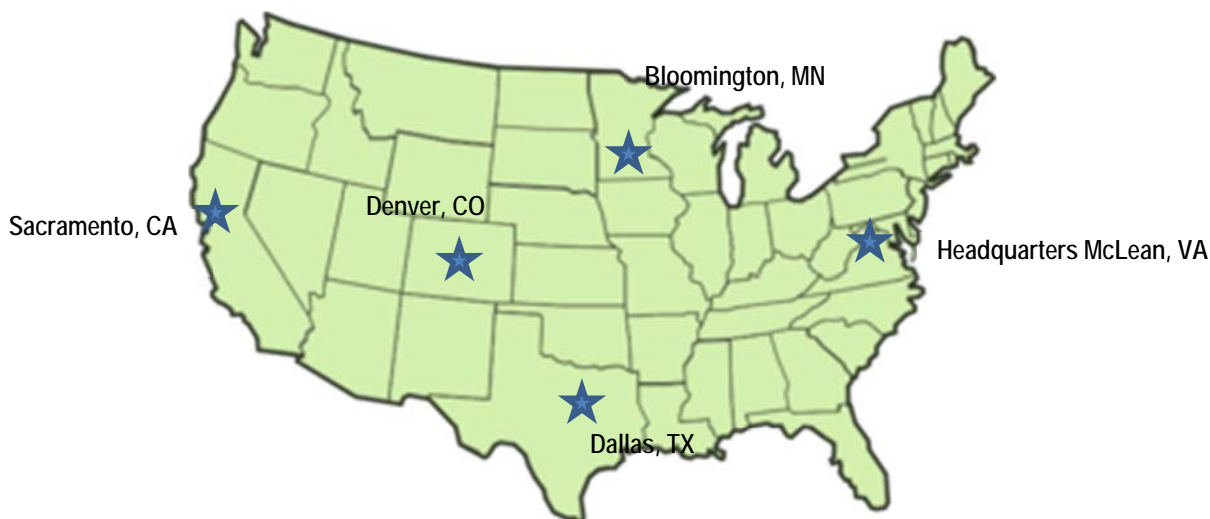
# Background

## FARM CREDIT ADMINISTRATION

The Farm Credit Administration (FCA or Agency) is an independent federal agency of the United States government responsible for the regulation and examination of Farm Credit System (FCS or System) institutions chartered under the Farm Credit Act of 1971, as amended (Farm Credit Act).

As a non-appropriated agency, FCA funds its expenses primarily by assessing the FCS institutions. For fiscal year (FY) 2017, FCA's operating budget was \$68,600,000.

At the end of the prior semiannual reporting period, the Agency had 310 employees. As of the end of this reporting period, FCA has 299 employees, about half of whom are examiners located in the Agency's five field offices as shown below.



## FARM CREDIT SYSTEM

The System is a government-sponsored enterprise comprised of 3 Farm Credit Banks, 1 Agricultural Credit Bank, and 69 associations that primarily makes loans to agriculture in all 50 states and Puerto Rico. The System raises funds by selling securities in the national and international money markets through its special purpose entity, the Federal Farm Credit Banks Funding Corporation. These securities are not guaranteed by the U.S. government.

The Federal Agricultural Mortgage Corporation (Farmer Mac), also a part of the System, is chartered by the federal government to provide a secondary market for agricultural mortgage loans. Farmer Mac is publicly traded and issues its own debt securities. Additionally, there are five active service corporations that provide services to FCS entities and eligible borrowers.

# Background

## OFFICE OF INSPECTOR GENERAL

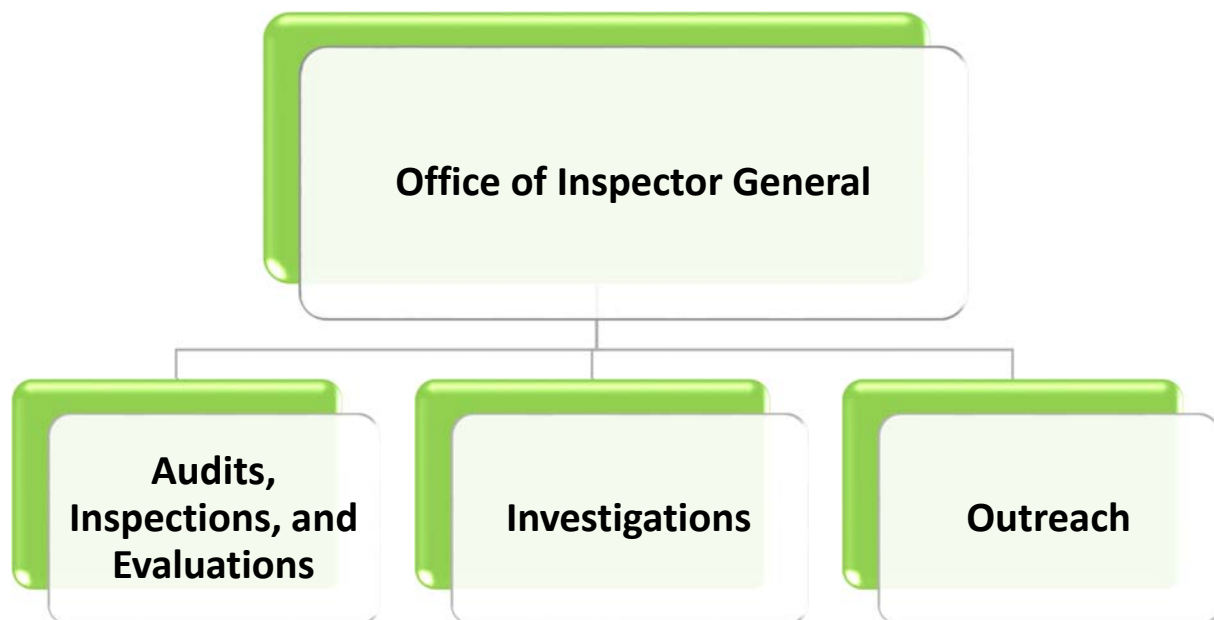
The mission of the Office of Inspector General (OIG) is as follows:

***The OIG's independent eyes, ears, and voice  
serve to protect, inform, and advance Agency  
programs and operations.***

The Inspector General Act of 1978, as amended, established the FCA OIG in 1989. The Inspector General is appointed by the FCA Board without regard to political affiliation and solely based on integrity and demonstrated ability in accounting, auditing, financial analysis, management analysis, investigations, law, or public administration.

While the OIG is under the general supervision of the FCA Board, it operates with independent personnel, contracting, and budget authority. The Inspector General reports both to the FCA Board and to Congress.

The three major components for this reporting period included audits, inspections, and evaluations of programs and operations; investigations; and outreach.



# Strategic Goals

To accomplish our mission, the OIG has three strategic goals in place that are aligned to FCA's mission, programs, and activities (see the [OIG's Strategic and Operating Performance Plan](#) for additional information). The following summarizes our strategic goals and related outcomes during this reporting period. As of October 1, 2017, we have implemented a new strategic plan outlined on page 7.

## Strategic Goal 1:

### **Audit, inspect, and evaluate the Agency's programs and operations to assist the Agency in fulfilling its oversight mission more efficiently and effectively.**

During this reporting period, we issued one audit report and one inspection report, with four reviews still in process. Based on our work, OIG made 12 recommendations and Agency management agreed with all the recommendations. The in-process reviews include our contracted work with Harper, Rains, Knight & Company, P.A. (to perform the audit of FCA's financial statements for FY 2017), and with Brown & Company (to perform the evaluation of FCA's compliance with the FISMA).

Communication with Agency stakeholders is another key aspect of the OIG's oversight. During our reviews, we continually meet with Agency officials to keep them informed of results and areas for improvements. The Inspector General also regularly meets with FCA Board members to discuss work products and Agency priorities.

The OIG is continuously working to ensure compliance with standards, improve internal processes, and advance professional competencies. During this period, we performed an internal quality assurance review of our audit, inspection, and evaluation functions. This review did not identify any significant weaknesses. We continue to prioritize staff training to meet requirements for professional education and gain new skills.



# Strategic Goals

## Strategic Goal 2:

### **Investigate alleged wrongdoing to prevent and detect fraud, abuse, and mismanagement in Agency programs and operations and to address congressional, public, and employee concerns.**

The deputy and counsel to the IG is also the investigator for the office. During this reporting period, the OIG opened one investigation and closed four, including the one opened during the reporting period. As of the end of the reporting period, the OIG had no pending investigations. We also received 15 complaints via the OIG Hotline during this reporting period.

The OIG Hotline is available 24/7 to receive tips and complaints about fraud, waste, or abuse relating to FCA programs and operations. The Hotline enables individuals to report their allegations to the OIG directly and confidentially and is available through email, phone, fax, and mail. OIG evaluates all Hotline complaints on multiple levels, examining jurisdictional issues, the nature of the allegation, and other factors. The OIG also assesses availability of records, credibility, and other factors to determine whether the complaint includes allegations of criminal, civil, or administrative violations that necessitate formal investigation. OIG refers all borrower complaints to the FCA Office of Congressional and Public Affairs, as required by FCA policy and procedure, and follows up as appropriate.

The OIG participates in the Agency's training of new employees to inform employees about the role of the OIG, the OIG's Hotline, and the responsibility to report fraud, waste, and abuse relating to Agency programs and operations. The OIG distributes posters identifying Hotline and contact information, as well as Office of Special Counsel notifications, and continues to develop its Fraud Awareness Program to provide training and guidance to FCA employees on reporting responsibilities, fraud indicators, methods of reporting, and whistleblower protections. The OIG follows the CIGIE Quality Standards for Investigations as guidance for all its investigative activity.

# Strategic Goals

## Strategic Goal 3:

**Review and make recommendations regarding existing and proposed legislation and regulations and provide other outreach to support the Agency's oversight mission and the Inspector General community on government-wide issues.**

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During this reporting period, we reviewed 26 items, including 19 legislative initiatives, 1 proposed rule, 1 agency policy, and 5 informational memoranda. We addressed various issues, including the following:

- Reporting security incidents and business continuity events to FCA
- Office of Special Counsel access to records
- Use of analytics in government purchase and travel card investigations
- Enhanced whistleblower protections for federal employees
- Restrictions on access to medical records of federal employees
- Prohibitions against awards for employees subject to misconduct determination

Almost all OIG products are posted on our public website to ensure timely and effective communication, and transparency. The IG and OIG staff continued to participate in the IG community by participating and holding numerous positions in CIGIE committees and workgroups.

# New Strategic Plan

Beginning October 1, 2017, the OIG implemented a new [strategic plan](#) with a revised mission, vision, values, goals, and actions.

## Our Mission

*The OIG's independent eyes, ears, and voice serve to protect, inform, and advance Agency programs and operations.*

## Our Vision

*Harvesting Change*

## Our Values

*Relevant, Respectful, Trustworthy, and Objective*

## Our Goals

- 1. Detect and Deter Fraud, Waste, and Abuse*
- 2. Investigate and Protect Against Wrongdoing*
- 3. Promote Quality and Value*
- 4. Advance FCA's Future*

GOAL 1	GOAL 2	GOAL 3	GOAL 4
Perform risk-based audits, inspections, and evaluations	Guard confidentiality	Create benchmarks for improved Agency decision making	Recruit, retain, and empower a diverse workforce
Reinforce the OIG as a safe zone for reporting fraud, waste, and abuse	Produce timely, clear, focused, and factual reports of investigation	Ensure the OIG and FCA are models for good government	Promote leadership, vision, and expertise
Listen to and understand the needs, challenges, and interests of our stakeholders	Provide outreach on how to prevent fraud, waste, and abuse	Produce OIG products that are timely, relevant, reasonable, and helpful	Leverage technology

# Audits, Inspections, and Evaluations

## REPORTS ISSUED

This reporting period, the OIG continued to provide FCA with high-quality products. We issued one audit report and one inspection report, with a total of 12 agreed-upon actions with FCA management. We also have four reviews in progress. Additionally, the OIG issued 24 surveys to FCS institutions and two reports on the survey results to the Chief Examiner and FCA Board. The reports summarize survey results and stakeholder opinions on the quality and issues involved in the examination function.



The OIG conducts all audits in accordance with Government Auditing Standards issued by the Comptroller General of the United States for audits of federal organizations, programs, activities, and functions. We conduct inspections and evaluations in accordance with the CIGIE Quality Standards for Inspection and Evaluation.

Copies of most OIG reports are available on our website at [www.fca.gov/home/inspector.html](http://www.fca.gov/home/inspector.html), by contacting the OIG at (703) 883-4030, or by email at [ig\\_information@fca.gov](mailto:ig_information@fca.gov). We offer a free subscription service that provides automatic notification by email when a new report or other information is posted to the OIG website. Go to <http://apps.fca.gov/subscribeOIG/>, provide your email, and click to join the list. Finally, we are also posting all our public reports and information on the newly-launched IG website known as [Oversight.gov](http://Oversight.gov).

# Audits, Inspections, and Evaluations

## FCA's Contracting Activities

To fulfill its mission requirements, the Agency executes and administers contracts to meet its needs. As a non-appropriated Agency, FCA is not subject to the Office of Federal Procurement Policy Act or the Federal Acquisition Regulation. The objective of this audit was to determine whether FCA's contracting process is effectively administered. We found the process is effectively administered, but needs some improvements.

Our review identified examples where the Agency had not followed contracting procedures. Other contracts in our sample included errors in contract documentation or unspecified payment terms. We noted contract clauses that were outdated, incomplete or missing. There was an inconsistent approach to how the contractor onboarding process was initiated, documented, and updated. We also noted various examples in our sample of missing documentation from the official contract files. The Agency needed to revise aspects of the contracting process, including conflict of interest declarations and accessibility and legal reviews.

To improve contract administration, the Office of Agency Services (OAS) agreed to:

1. Develop a plan with milestones to ensure contract file documentation is complete. Where feasible, OAS will include automation options.
2. Provide all FCA CORs with a handbook or other educational/reference materials on documentation requirements, invoice reviews, and overall responsibilities.
3. Revise the contract file content checklist to include a comprehensive checklist of steps from solicitation to closeout in contract files.
4. Coordinate with the Office of General Counsel to develop contract language requiring contractors to identify potential conflicts of interest throughout the performance of the contract, especially considering FCA's regulatory mission.
5. Revise the contractor onboarding process to ensure required forms are obtained and placed in the contract files.
6. Update PPM 812, PPM 840, Office Directives, and the Contracts Desk Manual to include the following topics:
  - a. Contract closeout,
  - b. Conflict of interest statement requirements,
  - c. Legal reviews,
  - d. Contractor onboarding,
  - e. COR appointment threshold,
  - f. Section 508 compliance,
  - g. Standard contract clauses, and
  - h. Budget reporting process for contracts.
7. Develop a listing of standard contract clauses for FCA procurements and implement a policy to ensure this repository is up to date.

The final report, [FCA's Contracting Activities](#), was issued on May 22, 2017.

# Audits, Inspections, and Evaluations

## Physical Security Inspection – Denver Field Office

Physical security controls safeguard FCA employees and assets. Physical security is unique in different locations and buildings and the strongest controls cannot eliminate security risks. However, strong controls and preparedness can improve overall security. For this inspection, we reviewed the Denver field office. Our review focused on controls related to access, computers and other equipment, emergency preparedness, and personnel records.

We found controls were in place and generally effective. However, we identified opportunities to further improve physical security in the Denver field office. Our report included five agreed-upon actions for Agency management. This report contains sensitive information about FCA and potential vulnerabilities. Therefore, we did not release this report publicly.

The final report, [Physical Security in the FCA's Denver Field Office](#), was issued on September 29, 2017.

# Audits, Inspections, and Evaluations

## IN PROCESS

### **Audit of FCA's Financial Statements for FY 2017**

The Accountability of Tax Dollars Act of 2002 requires FCA and certain other agencies to submit to Congress and Office of Management and Budget (OMB) audited financial statements each fiscal year. In continuing to assist the Agency in meeting these requirements, the OIG contracted with Harper, Rains, Knight & Company, P.A. to perform the audit of FCA's financial statements again for FY 2017. The audit remained ongoing at the end of this reporting period.

### **Federal Information Security Modernization Act**

The OIG contracted with Brown & Company to perform the independent evaluation of FCA's compliance with FISMA for FY 2017. Key criteria used to perform this evaluation include guidelines established by OMB, the Department of Homeland Security, and the National Institute of Standards and Technology.

### **Audit of the Office of Secondary Market Oversight**

Farmer Mac is a government-sponsored enterprise with the mission of providing a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, and rural utility cooperative loans. Farmer Mac is regulated, examined, and supervised by FCA through the Office of Secondary Market Oversight (OSMO). The Farm Credit Act, as amended, includes OSMO requirements for staffing and a direct reporting relationship to the FCA Board. The objective of this audit is to assess the staffing arrangements and reporting process for OSMO.

### **Inspection of FCA's Travel Compensation and Incentives**

FCA pays travel compensation to employees who travel on official business for the Agency in the amount of \$50 per night for every night on eligible travel, if an employee travels more than 50 nights in a calendar year. Compensation under the program is based on the number of eligible nights on official duty travel status during a calendar year. The objective of this inspection is to determine whether the Agency is effectively and efficiently administering the travel compensation program and other travel incentives.

# Audits, Inspections, and Evaluations

## STATUS OF AGREED-UPON ACTIONS AND RECOMMENDATIONS

The Agency issued two reports during this reporting period with 12 agreed-upon actions. In addition, at the beginning of the period, 14 carry-over actions were still open. As of September 30, 2017, 13 agreed-upon actions remained open.

Audit, Inspection, and Evaluation Agreed-Upon Actions					
Report	Issued	Carryover from Prior 6-Month Period	New During this 6-Month Period	Final Management Actions During this 6-Month Period	Open on 9/30/2017
FCA's Commissioning Program	3/31/2015	1	0	1	0
FCA's Risk Project	3/31/2016	4	0	4	0
FCA's Position Management and Job Evaluation Program	9/23/2016	1	0	0	1
FCA's Oversight of Young, Beginning, and Small Farmer Programs	9/28/2016	4	0	0	4
FCA's Awards Program	2/23/2017	4	0	3	1
FCA's Contracting Activities	5/22/2017	0	7	5	2
Physical Security in FCA's Denver Field Office	9/29/2017	0	5	0	5
<b>Total</b>		<b>14</b>	<b>12</b>	<b>13</b>	<b>13</b>



# Audits, Inspections, and Evaluations

## OPEN AGREED-UPON ACTIONS

The following charts show open agreed-upon actions for issued reports as of September 30, 2017.

<b>FCA's Position Management and Job Evaluation Program (Issued 9/23/16)</b>	
Agreed-Upon Action Number 5	Document the promotion process at the EMT phase of the OE career ladder.

<b>FCA's Oversight of Young, Beginning, and Small Farmer Programs (Issued 9/28/16)</b>	
Agreed-Upon Action Number 1	ORP document policies and procedures for YBS oversight activities, including: <ul style="list-style-type: none"><li>• A methodology for YBS comparison reporting that accounts for institution size and</li><li>• A process to address deficiencies identified through YBS reporting and analysis.</li></ul>
Agreed-Upon Action Number 2	ORP incorporate YBS oversight activities and processes in internal control planning and evaluation.
Agreed-Upon Action Number 3	ORP develop a plan for addressing recommendations in the Agency's YBS definitions review.
Agreed-Upon Action Number 5	ORP complete an interpretation on YBS disclosure requirements in annual reports to shareholders.

<b>FCA's Awards Program (Issued 2/23/17)</b>	
Agreed-Upon Action Number 2	Modify the awards database to address the following: <ul style="list-style-type: none"><li>• Multiple approvals are not completed by the same employee and approvals are not completed by the recipient or recommender;</li><li>• Controls over time-off award amounts and limits in Agency policy; and</li><li>• Approval routings are appropriate and reflect documented procedures.</li></ul>

# Audits, Inspections, and Evaluations

## FCA's Contracting Activities (Issued 5/22/17)

Agreed-Upon Action Number 2	Provide all FCA Contracting Officer's Representatives (CORs) with a handbook or other educational/reference materials on documentation requirements, invoice reviews, and overall responsibilities.
Agreed-Upon Action Number 6	Update PPM 812, PPM 840, Office Directives, and the Contracts Desk Manual, to include the following topics: <ul style="list-style-type: none"> <li>a. Contract closeout,</li> <li>b. Conflict of interest statement requirements,</li> <li>c. Legal reviews,</li> <li>d. Contractor onboarding,</li> <li>e. COR appointment threshold,</li> <li>f. Section 508 compliance,</li> <li>g. Standard contract clauses, and</li> <li>h. Budget reporting process for contracts.</li> </ul>

## Physical Security in FCA's Denver Field Office (Issued 9/29/17)

Agreed-Upon Action Number 1	To OIT (not released publicly)
Agreed-Upon Action Number 2	To OE (not released publicly)
Agreed-Upon Action Number 3	To OE (not released publicly)
Agreed-Upon Action Number 4	To OE (not released publicly)
Agreed-Upon Action Number 5	To OE (not released publicly)

# Other Reports

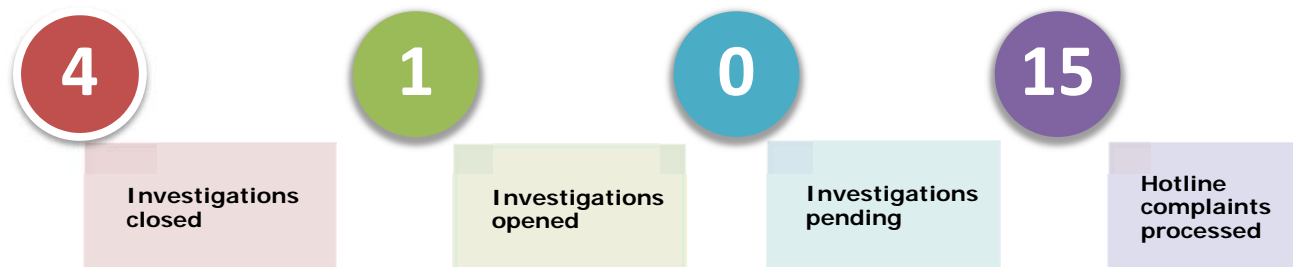
## Quarterly Survey of Farm Credit System Institutions

The OIG administers an ongoing survey of FCS institutions regarding the quality and consistency of the Agency's examination function, including the examiners' performance. The OIG issues a quarterly report and a fiscal year-end summary report to the Chief Examiner and the FCA Board without referencing individual banks by name.

The survey asks respondents to rate eight statements regarding examination activities, communications and FCA regulations and guidance. Additionally, respondents may comment on aspects of the examination that were the most and least helpful to the FCS institution's board and management team. Over time analyses of response patterns enable the Agency to reach sound conclusions as to the quality of the examiners and the examination function. The consistent trend indicates that the System has a positive view of the examination program and staff.

- **[Second Quarter Fiscal Year 2017 \(January 1—March 31, 2017\)](#)**  
In May 2017, the OIG issued 13 surveys to FCS institutions for feedback on the second quarter of FY 2017. Eleven institutions responded. The OIG provided a report in July 2017 to the Chief Examiner and the FCA Board.
- **[Third Quarter Fiscal Year 2017 \(April 1—June 30, 2017\)](#)**  
In August 2017, the OIG issued 11 surveys to FCS institutions for feedback on the third quarter of FY 2017. Nine institutions responded. The OIG provided a report in September 2017 to the Chief Examiner and the FCA Board.

# Investigations



## Investigations

This reporting period the OIG opened one investigation and closed four, including the one that was opened. The closed investigations involved allegations relating to employment suitability, nepotism, Section 508 of the Rehabilitation Act of 1973, the Hatch Act, and damage to government property. The allegations were not substantiated, except for a Hatch Act violation and damage to government property. As of the end of the reporting period, the OIG had no pending investigations.

The OIG had no reported allegations of whistleblower retaliation and the Agency cooperated in all OIG investigations, providing records in response to OIG investigations in a timely manner. The OIG had no investigations involving senior government employees in which allegations of misconduct were substantiated. All closed investigations were reported through summary briefings to the public.

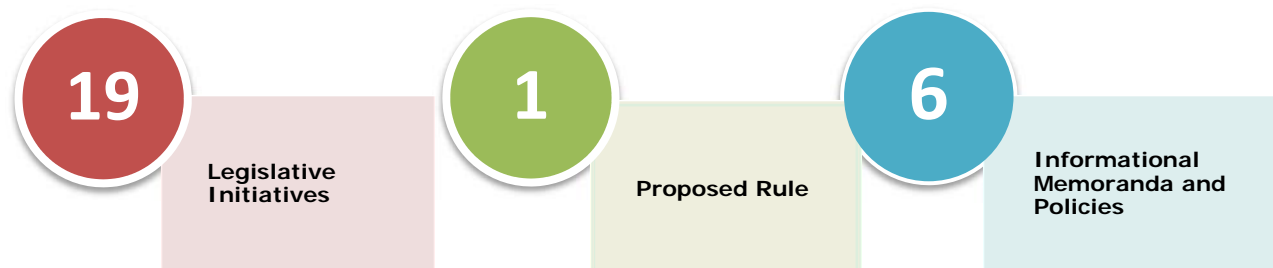
## Hotline

We received 15 complaints via the OIG Hotline from April through September, including one from an FCS borrower. All 15 complaints were referred, responded to, or closed during the reporting period, with one complaint pending with the Agency. OIG followed up on borrower complaints referred to the FCA Office of Congressional and Public Affairs and to the Office of Examination (OE) to ensure that the Agency finalized its responses and resolved complaints as appropriate. OIG continues to review and monitor its Hotline complaints for any trends or patterns of allegations that may highlight an underlying issue meriting closer OIG attention through an audit, inspection, evaluation, or investigation.

The OIG completed its recertification process for the Office of Special Counsel's 2302(c) Certification of Whistleblower Notifications by providing its staff with the requisite updated notices, providing training on prohibited personnel practices and whistleblower protections, and satisfying reporting mandates.

# Legislative and Regulatory Reviews

This past reporting period, OIG continued to review and provide comment and analysis on existing and proposed cross-cutting legislation and regulations through our participation in various CIGIE committees. The OIG also continued to review proposed rules and Informational Memoranda issued by the Agency. During this reporting period, we reviewed:



The OIG reviewed the following list of significant legislation, proposed rules, final rules, informational memoranda, and policies.

## Legislation

1. H.R. 2196, To amend Title 5, United States Code, to allow whistleblowers to disclose information to certain recipients
2. H.R. 10, Financial CHOICE Act of 2017, repeals provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and other laws
3. H.R. 244, Consolidated Appropriations Act of 2017
4. H.R. 2131, DHS FIRM (Fixing Internal Response to Misconduct) Act of 2017
5. H.R. 2195 OSC Access Act
6. S. 1460, Energy and Natural Resources Act of 2017
7. S. 1099, H.R. 4047, Saving Federal Dollars Through Better Use of Government Purchase and Travel Cards Act of 2017
8. S. 1253, H.R. 3522, Geospatial Data Act of 2017
9. H.R. 657, Follow the Rules Act
10. S. 585, Chris Kirkpatrick Whistleblower Protection Act of 2017
11. S. 696, Stop Improper Federal Bonuses Act
12. H.R. 2636, To Establish an Independent IG for the Federal Communications Commission
13. H.R. 2825, DHS Authorization Act of 2017
14. H.R. 3180, Intelligence Authorization Act for FY 2018
15. H.R. 3470, Geolocational Privacy and Surveillance Act (H.R. 1062, The GPS Act; S. 395, The GPS Act)
16. H.R. 2810, National Defense Authorization Act for FY 2018
17. S. 582, Office of Special Counsel Reauthorization Act of 2017
18. H.R. 3180, Intelligence Authorization Act for FY 2018
19. H.R. 378, Bonuses for Cost-Cutters Act of 2017

# Legislative and Regulatory Reviews

## Proposed Rules

1. Statement on Regulatory Burden, Request for Comment – 12 CFR Chap. VI, 82 F.R. 22762 (May 18, 2017)

## Informational Memoranda and Policies

1. CFPB's Mortgage Servicing Rule Amendments and Principles for the Future of Loss Mitigation (April 17, 2017)
2. Farm Credit Administration Reduces Assessment (May 26, 2017)
3. New Capital Rule Prompts Change in Assessment Calculation (June 16, 2017)
4. Reporting Security Incidents and Business Continuity Events to FCA (June 27, 2017)
5. FCS Building Association Management Operations Policies and Practices (July 27, 2017)
6. National Oversight Plan for FY 2018 (September 19, 2017)

# Reporting and Outreach

## Congressional Reporting

The Inspector General Empowerment Act of 2016 (IGEA) was passed in December 2016. It became effective in June 2017. The IGEA confirms an OIG's access to all records available to an agency, clarifies existing IG authorities, and requires new reporting and posting obligations. We follow all applicable requirements of the IGEA.

## Outreach with the IG Community

OIG staff members are encouraged to take part in organizations that contribute to the mission of the Inspectors General community and their individual professional development. The newly appointed IG is a member of CIGIE and serves on the CIGIE legislation committee and the Small Agency IG's working group.

The Deputy IG continued as one of two Vice Chairs to the Council of Counsels of IGs (CCIG) for the term from 2016 to 2018. The Deputy IG also participated in CIGIE groups, including the Strategic Planning Committee, Records Administrators Group, Assistant Inspectors General for Investigations, OIG FOIA Working Group, Deputy IGs, and the Small OIGs CCIG Working Group.

The OIG Senior IT Auditor and Senior Auditors also participate in CIGIE workgroups. The IT Auditor attends local Information Systems Audit and Control Association meetings and participates on the IT subcommittee of the Federal Audit Executive Council. One Senior Auditor is a member of the CIGIE Roundtable on Inspections and Evaluations and is an adjunct instructor for CIGIE's Training Institute.

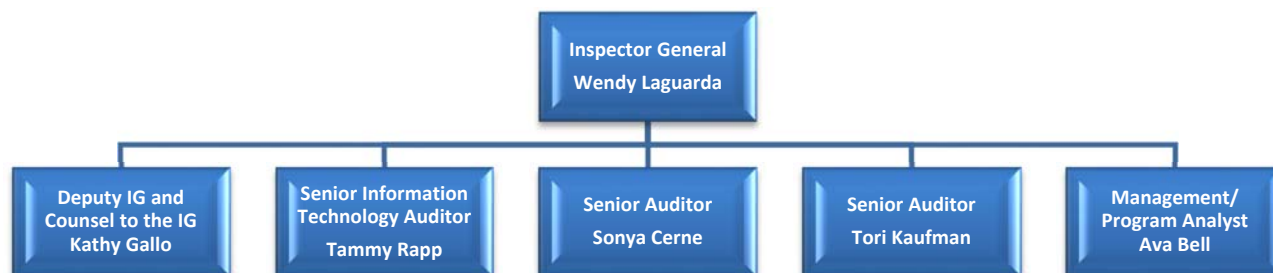
## Reporting and Outreach at FCA

The OIG started a new outreach initiative this reporting period by launching an internal, quarterly newsletter to FCA employees explaining the role of the OIG and how the OIG performs its work, including examples of fraud, waste, and abuse in government, and other topics. The newly appointed IG met with the management team in the OE to discuss the vision and priorities of the OIG. The IG also reports quarterly to the FCA Board and as needed.

## Staff Development

OIG employees continually seek ways to improve skills and become knowledgeable in the initiatives of the community of Inspectors General. All OIG staff must meet continuing education requirements. Development plans are used to identify long- and short-term career goals along with specific training and developmental needs. These plans are geared toward enhancing individual skills in the performance of official duties, cross training, succession planning, and meeting the criteria needed to achieve OIG performance goals and objectives.

The following organizational chart shows the OIG as of September 30, 2017:





This annex is provided in accordance with the National Defense Authorization Act for FY 2008.

This referenced statute requires all Inspectors General appointed under the IG Act to include an annex to their semiannual reports as follows:

1. Listing all contract audit reports issued during the reporting period containing significant audit findings;
2. Briefly describing the significant audit findings in the report; and
3. Specifying the amounts of costs identified in the report as unsupported, questioned, or disallowed.

Significant audit findings are defined as unsupported, questioned, or disallowed costs of more than \$10,000,000, or other findings that the Inspector General determines to be significant. The statute defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

The OIG issued no contract audit reports meeting the foregoing criteria during this reporting period.

# Appendix A

## Index of Reporting Requirements

SECTION	TITLE	Page
4(a)(2)	Review of legislation and regulations	17-18
5(a)(1)	Significant problems, abuses, and deficiencies	None
5(a)(2)	Recommendations for corrective action	12
5(a)(3)	Prior recommendations not yet implemented	13-14
5(a)(4)	Matters referred to prosecutive authorities	None
5(a)(5)	Information unreasonably refused or not provided	None
5(a)(6)	List of reports issued	23
5(a)(7)	Summaries of significant reports	9-10
5(a)(8)	Management decisions with questioned costs	24
5(a)(9)	Management decisions on recommendations that funds be put to better use	25
5(a)(10)(A)	Audit reports for which no management decision made	None
5(a)(10)(B)	Audit reports with comments not received within 60 days	None
5(a)(10)(C)	Audit reports with unimplemented recommendations	13-14
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant management decisions with which the Inspector General disagreed	None
5(a)(13)	Compliance of Agency financial management system	11
5(a)(14)(15)	Peer reviews conducted of this OIG	26
5(a)(16)	Peer reviews conducted by this OIG	27
5(a)(17)	Statistical tables for investigations and referrals	28
5(a)(19)	Investigations of a senior government employee with substantiated misconduct	None
5(a)(20)	Instances of whistleblower retaliation	None
5(a)(21)	Instances of attempts to interfere with IG independence	None
5(a)(22)(A)	Closed audits not disclosed to the public	None
5(a)(22)(B)	Closed investigations involving a senior government employee	None
845	National Defense Authorization Act for FY 2008 requirement (Pub. L. 110-181)	21

# Appendix B

<b>Audit, Inspection, and Evaluation Reports Issued</b>			
<b>Report</b>	<b>Number of Agreed Upon Actions/Recommendations</b>	<b>Questioned Costs</b>	<b>Recommendations That Funds Be Put to Better Use</b>
<b>FCA's Contracting Activities</b>	<b>7</b>	<b>\$0</b>	<b>\$0</b>
<b>Physical Security in FCA's Denver Field Office</b>	<b>5</b>	<b>\$0</b>	<b>\$0</b>
<b><i>Total</i></b>	<b>12</b>	<b>\$0</b>	<b>\$0</b>

# Appendix C

Reports with Questioned Costs				
	Number		Dollar Value	
	Reports	Recommendations	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	0	0	\$0	\$0
B. Which were issued during the reporting period.	0	0	\$0	\$0
<i>Subtotals (A+B)</i>	0	0	\$0	\$0
C. For which a management decision was made during the reporting period.	0	0	\$0	\$0
(i) dollar value of disallowed costs	0	0	\$0	\$0
(ii) dollar value of costs not disallowed	0	0	\$0	\$0
D. For which no management decision has been made by the end of the reporting period.	0	0	\$0	\$0
E. For which no management decision was made within six months of issuance.	0	0	\$0	\$0

# Appendix D

<b>Reports with Recommendations that Funds Be Put to Better Use</b>			
	<b>Number of Reports</b>	<b>Number of Recommendations</b>	<b>Dollar Value</b>
<b>A. For which no management decision has been made by the commencement of the reporting period.</b>	0	0	\$0
<b>B. Which were issued during the reporting period.</b>	0	0	\$0
<b><i>Subtotals (A+B)</i></b>	0	0	\$0
<b>C. For which a management decision was made during the reporting period.</b>	0	0	\$0
<b>(i) dollar value of recommendations that were agreed to by management</b>	0	0	\$0
<b>- based on proposed management action</b>	0	0	\$0
<b>- based on proposed legislative action</b>	0	0	\$0
<b>(ii) dollar value of recommendations that were not agreed to by management</b>	0	0	\$0
<b>D. For which no management decision has been made by the end of the reporting period.</b>	0	0	\$0
<b>E. For which no management decision was made within six months of issuance.</b>	0	0	\$0

# Appendix E

<b>Peer Reviews Conducted of this Office</b>			
<b>Peer Review Performed By</b>	<b>Date of Report</b>	<b>Function Reviewed</b>	<b>Peer Review Rating</b>
<b>Federal Labor Relations Authority OIG</b>	<b>August 2, 2016</b>	<b>Audit</b>	<b>Pass</b>
<b>Architect of the Capitol OIG</b>	<b>June 26, 2013</b>	<b>Audit</b>	<b>Pass</b>

# Appendix F

<b>Peer Reviews Conducted by this Office</b>			
<b>Peer Review Of</b>	<b>Date of Report</b>	<b>Function Reviewed</b>	<b>Peer Review Rating</b>
<b>Federal Election Commission OIG</b>	<b>February 15, 2017</b>	<b>Audit</b>	<b>Pass</b>
<b>U.S. International Trade Commission OIG</b>	<b>January 16, 2013</b>	<b>Audit</b>	<b>Pass</b>

# Appendix G

<b>Investigative Reports, Referrals, Indictments, and Criminal Information</b>	
<b>A. Total number of investigative reports issued during the reporting period</b>	<b>4</b>
<b>B. Total number of persons referred to the Department of Justice for criminal prosecution during the reporting period</b>	<b>0</b>
<b>C. Total number of persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period</b>	<b>0</b>
<b>D. Total number of indictments and criminal information during the reporting period that resulted from any prior referral to prosecuting authorities</b>	<b>0</b>
<b>E. Description of the metrics used for developing the data in this statistical table: FCA OIG has included the above-referenced statistics for the reporting period from April 2017 through September 2017 in these statistics. Investigative reports included in this table are all those for which a Report of Investigation was issued during the reporting period.</b>	<b>0</b>



# Appendix H

## FCA ORGANIZATIONAL CHART



\*Reports to the Board for policy and to the CEO for administration.

†Maintains a confidential advisory relationship with each of the Board members.

# Appendix I

## Glossary

Agency	– Farm Credit Administration
CCIG	– Council of Counsels to the Inspectors General
CIGIE	– Council of the Inspectors General on Integrity and Efficiency
COR	– Contracting Officer’s Representative
Farm Credit Act	– Farm Credit Act of 1971, as amended
Farmer Mac	– Federal Agricultural Mortgage Corporation
FCA	– Farm Credit Administration
FCS	– Farm Credit System
FISMA	– Federal Information Security Modernization Act
FY	– Fiscal Year
H.R.	– House of Representatives
IG	– Inspector General
IGEA	– Inspector General Empowerment Act of 2016
IG Act	– Inspector General Act of 1978, as amended
IT	– Information Technology
OAS	– Office of Agency Services
OE	– Office of Examination
OIG	– Office of Inspector General
OIT	– Office of Information Technology
OMB	– Office of Management and Budget
ORP	– Office of Regulatory Policy
OSMO	– Office of Secondary Market Oversight
PPM	– Policies and Procedures Manual
Pub. L.	– Public Law
S.	– Senate
System	– Farm Credit System
YBS	– Young, Beginning, and Small Farmers

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



**Report Fraud, Waste, Abuse, Mismanagement**

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

Fax: (703) 883-4059

E-mail: [fca-ig-hotline@rcn.com](mailto:fca-ig-hotline@rcn.com)

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