

Farm Credit Administration Office of Inspector General



Semiannual Report to Congress

October 1, 2021 – March 31, 2022

FCAOIG
Farm Credit Administration
Office of Inspector General

FARM CREDIT ADMINISTRATION OFFICE OF INSPECTOR GENERAL



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Office of Inspector General

SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2021 – MARCH 31, 2022

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, 2021, through March 31, 2022.

The OIG had another productive reporting period that saw staff return to our McLean, Virginia offices on a regular basis for the first time since March 2020, bringing renewed synergies and camaraderie to the workplace.

These past six months, we completed an inspection of FCA's property management program—making several recommendations to promote accuracy in how the Agency manages the property it uses to carry out its mission—and an annual review of FCA's compliance with improper payments reporting requirements. We also oversaw contracted audits of the Agency's financial statements and its compliance with the Federal Information Security Modernization Act. Further, we performed a peer review of another OIG's inspection and evaluation (I&E) function.

In addition to our impactful audit, inspection, and evaluation work, our office addressed all complaints received through the OIG hotline in a timely and efficient manner and delivered its annual statement on the top management challenges facing the Agency. I am also happy to note that we published a report on our surveys of Farm Credit System institutions. This was our first report since pausing the survey process—which seeks institutions' feedback on the FCA examination process—at the onset of the COVID-19 pandemic. Finally, I provided a year-in-review presentation of the activities of our office at the January public meeting of the FCA Board.

This reporting period once again saw invaluable contributions by members of our office to the committees and workgroups of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). I am particularly proud to report that Assistant Inspector General for Audits, Inspections, and Evaluations Sonya Cerne and Senior Auditor Christopher Coccaro received a CIGIE Award as part of a group responsible for the revision of the CIGIE *Quality Standards for Inspection and Evaluation*. I served during these six months as Chair of the CIGIE I&E Committee, as a member of the CIGIE Legislation and Budget Committees and Executive Council, as a CIGIE representative to the Administrative Conference of the United States Alternative Dispute Resolution Advisory Group, and as a member of the CIGIE Inspector General candidate panel.

Lastly, FCA experienced retirements in multiple senior-level positions over these last six months, including in the positions of Chief Examiner, Chief Financial Officer, and Secretary to the Board. With new individuals filling these and other vital roles, my office looks forward to continuing the cooperative and respectful relationship that the OIG enjoys with the Agency.



Wendy R. Laguarda
Inspector General



ACRONYMS AND ABBREVIATIONS

AIGAIE	Assistant Inspector General for Audits, Inspections, and Evaluations
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CPB	Corporation for Public Broadcasting
ERM	Enterprise Risk Management
Farmer Mac	Federal Agricultural Mortgage Corporation
FCA (or Agency)	Farm Credit Administration
FISMA	Federal Information Security Modernization Act of 2014
FY	Fiscal Year
GAO	U.S. Government Accountability Office
HRK	Harper, Rains, Knight & Company, P.A.
I&E	Inspection and Evaluation
IG	Inspector General
IG Act	Inspector General Act of 1978, as amended
IT	Information Technology
OIG	Office of Inspector General
OMB	U.S. Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
Pub. L.	Public Law
System	Farm Credit System
U.S.	United States
U.S.C.	United States Code
Williams Adley	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 April 1, 2022, the System consisted of three farm credit banks, one agricultural credit bank, one federal land credit association and 64 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,¹ 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 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 Chair 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),² by conducting and supervising audits, inspections, evaluations, and investigations; promoting economy and efficiency;

¹ 12 U.S.C. § 2001 *et seq.*

² 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 R. 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 benchmarks 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 2022-2023](#).

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 twelve recommendations for corrective action during the reporting period. The reports are summarized below.

The Farm Credit Administration's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2021 I-22-02

Enacted in March 2020, the Payment Integrity Information Act (PIIA) aims to improve governmentwide efforts to identify and reduce improper payments, setting forth various reporting requirements for federal agencies. PIIA requires OIGs to determine each fiscal year whether their respective agencies complied with PIIA requirements, in accordance with guidance issued by the U.S. Office of Management and Budget (OMB) and CIGIE.

This inspection determined that FCA complied with PIIA requirements applicable to the Agency for FY 2021, and based on the limited review performed, that the Agency's efforts to prevent and reduce improper payments appeared to be reasonable. As required, FCA published on the Agency's website a Performance and Accountability Report, which contained the Agency's FY 2021 financial statement and payment integrity information. FCA also completed the required improper payment risk assessments and analyzed programs for susceptibility to improper payments, determining all programs and activities assessed to be low risk and not susceptible to significant improper payments. Other PIIA reporting requirements were not applicable to the Agency in FY 2021.

The OIG issued the [inspection report](#) on March 23, 2022.

The Farm Credit Administration's Property Management Program

I-21-03

FCA acquires, maintains, and disposes of various types of property to achieve its mission. Proper management of this property is necessary to ensure that employees have the tools they need to carry out their work, protect the Agency's investment in the property, and safeguard assets that process or store nonpublic information.

The objective of this inspection was to determine if FCA has implemented an adequate process to ensure accuracy in its property management system and whether the Agency adheres to its internal policies and procedures. To address this objective, the OIG reviewed FCA's property inventory and tested information in the Agency's property management system. The OIG analyzed property assignments associated with recently hired or separated employees, disposal documentation for donated laptops; and FCA expenses that the Office of the Chief Financial Officer categorized as noncapitalized equipment.

The inspection found that FCA had implemented a process to account for property and keep employees accountable and responsible for assigned property. The inspection also found that the Agency had a disposal process for property that was no longer needed and had assigned responsibility to various FCA personnel with roles in the property management process.

However, the OIG identified several opportunities to improve the property management process. The inspection noted information missing from, and inconsistencies in, the Agency's property management tracking system. The OIG also found that policies and procedures, accesses, and controls over the program needed to be reviewed, updated, and further defined.

The OIG made nine recommendations to enhance the property management program and ensure accuracy in the property management process. Management agreed with six of the recommendations. Although the Agency only partially agreed with the remaining three recommendations, the OIG determined that the management actions planned or completed addressed the related weaknesses identified in the report.

The OIG issued the [inspection report](#) on December 7, 2021.

The Farm Credit Administration's Financial Statements

Fiscal Year 2021

A-21-FS

Under the Accountability of Tax Dollars Act of 2002,³ FCA is required each year to submit audited financial statements to Congress and OMB. For FY 2021, the OIG engaged the independent public accounting firm of 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 2021, issuing an unmodified opinion signifying that the financial statements presented fairly, in all material respects, FCA's financial

³ Pub. L. 107-289 (Nov. 7, 2002).

position as of September 30, 2021 and 2020, 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 that HRK considered to be material weaknesses.

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 HRK did not express an opinion on compliance with those provisions, they did not identify any instances of noncompliance 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 10, 2021. HRK presented the report at the January 13, 2022, meeting of the FCA Board.

**The Farm Credit Administration's Compliance with the
Federal Information Security Modernization Act
for Fiscal Year 2021
A-21-02**

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. Under the Federal Information Security Modernization Act of 2014 (FISMA),⁴ the OIG annually 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 the independent public accounting firm of Williams Adley & Company-DC LLP (Williams Adley) to perform this review for FY 2021. 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 66 metrics across nine domains: risk management, supply chain 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" (level 1) to "optimized" (level 5). According to the FY 2021 FISMA metrics, a "managed and measurable" (level 4)

⁴ 44 U.S.C. § 3555(b)(1).

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 2021. The Agency continued to improve its information security program and made progress in implementing the majority of recommendations made as part of previous FISMA evaluations. Williams Adley determined that the Agency was “managed and measurable” (level 4) for six domains. The incident response domain was “consistently implemented” (level 3), while Williams Adley ranked the contingency planning and supply chain risk management domains as “defined” (level 2) and “ad-hoc” (level 1), respectively.

Williams Adley made three recommendations related to supply chain risk management, configuration management, and incident response, respectively. 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 27, 2021. Williams Adley presented the report at the January 13, 2022, 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
The Farm Credit Administration’s Property Management Program	1 The Office of Inspector General recommends the Office of Agency Services update Policies and Procedures Manual 851 to clarify the applicability of legal references and steps to be taken if employees are nonresponsive to property requirements.
	2 The Office of Inspector General recommends the Office of Agency Services finalize the internal policies and procedures for the property management program.
	3 The Office of Inspector General recommends the Office of Agency Services resolve property statuses of separated employees identified in the report.
	4 The Office of Inspector General recommends the Office of Agency Services document controls to ensure new employees are assigned their property.
	5 The Office of Inspector General recommends the Office of Agency Services resolve incorrect assignments and errors identified in the report.

Report	Recommendation
The Farm Credit Administration's Property Management Program <i>(continued)</i>	6 The Office of Inspector General recommends the Office of Agency Services implement additional controls on the inventory process for, and property assigned to, the Property Management Officer.
	7 The Office of Inspector General recommends the Office of Agency Services designate someone other than the Property Management Officer to inventory and reconcile property assigned to the Property Management Officer.
	8 The Office of Inspector General recommends the Office of Agency Services issue guidance to purchase card holders on property thresholds and requirements.
	9 The Office of Inspector General recommends the Office of Agency Services review the access listing to the Property Management Tracking System for inaccuracies and consider reviewing the number and level of accesses of all users to the system.
The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2021	1 Not publicly released.
	2 Not publicly released.
	3 Not publicly released.

In Progress

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

The Farm Credit Administration's Enterprise Risk Management and Internal Control Program

In carrying out its mission, FCA must manage various risks. In July 2016, OMB updated guidance to require agencies to implement an Enterprise Risk Management (ERM) capability coordinated with strategic planning and internal control processes. ERM is an effective agency-wide approach to addressing the full spectrum of an organization's risks by understanding the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos. A key factor for ensuring accountability, internal control is a process that provides reasonable assurance that the objectives of an entity are achieved. The objective of this audit is to determine whether FCA has established an adequate ERM and internal control program.

The Farm Credit Administration's External Communication Process

FCA communicates information to the public in several ways, including its website and social media. External communication is valuable to the Agency and the public, but

processes need to be in place to ensure information is accurately disseminated and controlled. The objective of this inspection is to determine whether FCA has an effective and efficient external communication process.

The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2022

As discussed above, FISMA requires that the OIG annually evaluate FCA's information security program and practices to determine their effectiveness. The OIG has contracted with independent public accounting firm Williams Adley to conduct the FISMA audit for FY 2022. In a change from prior reviews, the FY 2022 audit will assess a core group of 20 OMB-selected metrics, representing a combination of administration priorities and other highly valuable controls. The OIG is monitoring the work of the firm.

The Farm Credit Administration's Financial Statements Fiscal Year 2022

As discussed above, FCA is required annually to submit audited financial statements to Congress and OMB. Those financial statements must be audited by the IG or an independent external auditor, as determined by the IG. The OIG has contracted with independent public accounting firm HRK to perform this audit for FY 2022. The OIG is monitoring the work of the firm.

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 ⁵	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

FCA employees and others may confidentially report potential fraud, waste, abuse, or mismanagement to the OIG in-person or via telephone, email, mail, or fax. Table 3 shows the disposition of complaints received during the reporting period or carried over from a previous reporting period.

Table 3

Action Taken	Number
Investigation opened	0
Closed after review with no further specific investigative action	16
Referred to FCA office of program manager	5
Referred to other federal, state, or local agency or authority	0
Under review at the end of the reporting period	1
Total	22

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](#).

⁵ This metric does not include memoranda memorializing the closure or referral of complaints.

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

As required by the Reports Consolidation Act of 2002,⁶ 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 2021, the OIG highlighted five challenges facing the Agency, all of which were previously identified in the OIG's FY 2020 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 IT 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 safe, 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 Office of Secondary Market Oversight.

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 13, 2021. FCA management's response can be found in the Agency's [Performance and Accountability Report for FY 2021](#).

FY 2021 Charge Card Letter

Pursuant to the Government Charge Card Abuse Prevention Act of 2012⁷ 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 annually reports to OMB on the Agency's progress in implementing charge card-related recommendations.

On January 4, 2022, the OIG issued a letter to OMB reporting that there were no charge card-related recommendations initiated, closed, or open during FY 2021.

⁶ 31 U.S.C. § 3516(d).

⁷ 41 U.S.C. § 1909(d).

Survey of Farm Credit System Institutions Regarding the Agency's Examination Function

Each quarter, the OIG surveys recently examined System institutions on the quality and consistency of FCA's examination function. Survey questions seek the institution's views on several matters, ranging from the appropriateness of the examination's scope and the examiners' conduct to the helpfulness of any recommendations or required actions. The survey employs a numerical rating system and allows for institutions to provide narrative responses as well as to call the OIG with any concerns. The OIG collects, aggregates, and anonymizes survey responses for distribution to the FCA Board and Chief Examiner.

While the OIG generally reports survey results on a semiannual basis, the OIG paused its survey activities in April 2020 due to the onset of the COVID-19 pandemic. The survey resumed in May 2021, incorporating two new questions to address the efficiency and effectiveness of communications during remote examinations.

The OIG issued a [survey report](#) on January 21, 2022, detailing responses from System institutions examined during the last three quarters of FY 2021.

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 generally seeks to demystify the office's role, authorities, and responsibilities, 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.

This reporting period, IG Laguarda provided a year-in-review presentation at the January 2022 public meeting of the FCA Board. The presentation described OIG activities completed during calendar year 2021, noted the importance of FCA employees' cooperation to OIG oversight, and highlighted certain projects described in the office's audit, inspection, and evaluation plan for FYs 2022-2023.

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. During the reporting period, the IG provided briefings on OIG activities to majority and minority staff from both the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture.

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 leads the I&E Roundtable.

The IG also served on the CIGIE Budget and Legislation Committees, and as a member of the CIGIE IG candidate panel. The Legislation Committee fosters relationships with Congress, represents the IG community's interests on legislative initiatives, and keeps OIGs apprised of pertinent legislative developments. The Budget Committee provides leadership in the development of CIGIE's annual appropriation requests and coordinates with OMB and relevant Congressional committees on funding CIGIE activities. The IG candidate panel reviews potential IG candidates and makes recommendations to the appropriate appointing authorities—the President or agency head.

In addition to their involvement in the above-listed committees, OIG staff participated in a variety of CIGIE committees and working groups, including the Audit Committee,

the Diversity, Equity, Inclusion, and Accessibility Work Group, the Small and Unique IG working group, the Council of Counsels to the Inspectors General, the Assistant Inspectors General for Investigations Subcommittee, and the Whistleblower Protection Coordinators working group.

Reviews of Proposed Legislation and Regulations

The OIG reviews proposed and existing legislation, regulations, and directives that affect Agency programs and operations or the mission and functions of the OIG. When appropriate, the OIG makes recommendations regarding the impact of such legislation, regulations, and directives on economy or efficiency, the prevention and detection of fraud, waste, and abuse, or the integrity and independence of the OIG.

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. The OIG also reviewed and provided comments on internal FCA directives relating to OIG functions.

Internal Operations

The OIG is in continuous pursuit of ways to improve its own operations. This reporting period, the office revised its templates for audit, inspection, and evaluation reports to further improve their clarity and readability.

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

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. I&E peer review reports do not include an overall rating (such as *pass* or *fail*) but state whether the reviewed OIG's policies and procedures were generally consistent with CIGIE standards and whether the OIG's work generally complied with those standards.

The FCA OIG's I&E 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.

On January 28, 2022, the FCA OIG concluded a peer review of the I&E organization of the Corporation for Public Broadcasting (CPB) OIG. The [final report](#) determined that CPB OIG's policies and procedures were generally consistent with the seven standards addressed in the external peer review and that the reports reviewed generally complied with those standards.

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 investigation function is scheduled to be peer reviewed beginning in summer 2023. The [most recent peer review](#) of the FCA OIG's investigation 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.

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	
The Farm Credit Administration's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2021	\$0	\$0	\$0
The Farm Credit Administration's Property Management Program	\$0	\$0	\$0
The Farm Credit Administration's Financial Statements Fiscal Year 2021	\$0	\$0	\$0
The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2021	\$0	\$0	\$0
Total	\$0	\$0	\$0

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

Requirement	#	Unsupported Costs
(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

APPENDIX V: OPEN RECOMMENDATIONS

Table 7 includes summary information regarding audit, inspection, and evaluation reports issued before October 1, 2021, 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

Report	Outstanding Unimplemented Recommendations	Aggregate Potential Cost Savings
The Office of Secondary Market Oversight's Examination Policies and Procedures (September 24, 2021)	1	\$0
The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2020 (October 30, 2020)	1	\$0
Total:	2	\$0

Table 8 identifies recommendations made during previous reporting periods for which corrective action had not been completed as of March 31, 2022. An up-to-date list of open OIG recommendations may be found at [Oversight.gov/recommendations](https://www.oversight.gov/recommendations).

Table 8

Report	Recommendation
The Office of Secondary Market Oversight's Examination Policies and Procedures	2 The Office of Inspector General recommends the Office of Secondary Market Oversight document examination policies and procedures unique to the examination of the Federal Agricultural Mortgage Corporation.
The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2020	6 Not publicly released.

The following is an index to IG Act reporting requirements.

Section	Description	Page
4(a)(2)	Review of legislation and regulations	15
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 2008.⁸

⁸ Pub. L. 110-181 (Jan. 28, 2008).



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, Farm Credit Administration 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:

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McLean, VA 22102-5090**

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