

**Farm Credit Administration
Office of Inspector General**

Inspection Report

Farm Credit Administration's Compliance with Executive Order 13950 on Combating Race and Sex Stereotyping

I-21-01

December 18, 2020

FCAOIG

Farm Credit Administration
Office of Inspector General



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The Honorable Glen R. Smith, Board Chairman
The Honorable Jeffery S. Hall, Board Member
Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

Dear Chairman Smith and Board Member Hall:

The Office of Inspector General (OIG) completed an inspection of the Farm Credit Administration's (FCA or Agency) compliance with Executive Order 13950 on Combating Race and Sex Stereotyping (Executive Order). The Executive Order sets forth specific requirements for contractors, grants, agencies, and reporting to the Office of Management and Budget (OMB) and the Office of personnel Management. The Executive Order also required agency heads to request from their Inspector General a review of agency compliance with the requirements of the Executive Order by the end of the calendar year, and not less than annually thereafter. In accordance with this requirement, on October 5, 2020, the Board Chairman requested such a review from the OIG, and this report is the response to that request.

The objective of this inspection was to review and assess FCA's compliance with the requirements of Executive Order 13950. The OIG review was limited to requirements applicable to FCA under the Executive Order. Specifically, we reviewed compliance with section 4, 6, and 7 of the Executive Order. FCA does not make grants, so we did not assess compliance with section 5 requirements for Federal grants.

Based on the limited review performed, we found the Agency complied with the requirements of the Executive Order. The Agency included required provisions in contracts, incorporated requirements of the Executive Order into Agency operations, and submitted a report to OMB with Fiscal Year 2020 spending on Federal employee training programs related to diversity or inclusion. Due to compliance with the selected provisions of the Executive Order, the OIG does not have any recommendations in this report.

We appreciate the courtesies and professionalism extended by FCA to our staff during the inspection, especially given the tight deadlines that needed to be met. If you have any questions about this inspection, we would be pleased to meet with you at your convenience.

Respectfully,

A handwritten signature in black ink that reads 'Sonya K. Cerne'.

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

EXECUTIVE SUMMARY

Compliance with Executive Order 13950

Report No. I-21-01

December 18, 2020

Objective

The objective of this inspection was to review and assess the Farm Credit Administration's (FCA or Agency) compliance with the requirements of Executive Order 13950 on Combating Race and Sex Stereotyping (Executive Order or E.O.).

Background

FCA is an independent federal agency responsible for regulating, examining, and supervising the Farm Credit System (System) and the Federal Agricultural Mortgage Corporation. The Agency's mission is to ensure that System institutions are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

On September 22, 2020, the President issued Executive Order 13950. The Executive Order requires agency heads to request from their Inspector General a review of agency compliance with the requirements of the Executive Order. In accordance with this requirement, on October 5, 2020, FCA's Board Chairman requested such a review from the Office of Inspector General (OIG). This report is the OIG's response to that request.

This review was limited to requirements applicable to FCA under Executive Order 13950. Specifically, we reviewed compliance with sections 4, 6, and 7 of the Executive Order. FCA does not make grants, so we did not assess compliance with section 5 requirements for Federal grants.

Based on the limited review performed, we found the Agency complied with the requirements of the Executive Order. FCA took specific actions to address requirements in the Executive Order, including:

- Requesting that the Inspector General conduct a review of the Agency's compliance with the requirements of the Executive Order by the end of the calendar year;
- Adding required contract provisions to its standard contract clause template;
- Sending a memorandum to senior staff requiring all conditions of the Executive Order be incorporated into agency operations;
- Designating FCA's Director of the Office of Congressional and Public Affairs to serve as the Agency's senior political appointee responsible for ensuring compliance with the requirements of the Executive Order;
- Notifying employees not to access diversity and inclusion training content in the Agency's electronic learning platform until materials could be approved by the Office of Personnel Management;
- Developing a process to identify and contact employees who accessed certain training; and
- Submitting a spending report to the Office of Management and Budget with diversity and inclusion trainings conducted in fiscal year 2020 within required timeframes.

Due to compliance with the selected provisions of the Executive Order, the OIG does not have any recommendations in this report.

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ACRONYMS

Agency	Farm Credit Administration
E.O.	Executive Order
Farmer Mac	Federal Agricultural Mortgage Corporation
FCA	Farm Credit Administration
FY	Fiscal Year
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
SEP	Special Emphasis Program
System	Farm Credit System

BACKGROUND

The Farm Credit Administration (FCA or Agency) is an independent federal agency responsible for regulating, examining, and supervising the Farm Credit System (System) and the Federal Agricultural Mortgage Corporation (Farmer Mac). The Agency's mission is to ensure that System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

It is important for FCA to adhere to requirements, including Executive Orders, given our role as a financial regulator. On September 22, 2020, the President issued Executive Order 13950 on Combating Race and Sex Stereotyping (Executive Order or E.O.). The Executive Order states that it shall be the policy of the United States not to promote race or sex stereotyping or scapegoating in the Federal workforce. The Executive Order also provides that it does not prevent agencies or federal contractors from promoting diversity or inclusiveness, provided such efforts are consistent with the requirements in the Executive Order.

The Executive Order sets forth specific requirements for contractors, grants, agencies, and reporting to the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM). To supplement the Executive Order, OMB and OPM issued additional implementation guidance. As of December 2020, the following guidance was issued:

- OMB Memorandum M-20-34, *Training in the Federal Government*, issued September 4, 2020;

- OMB Memorandum M-20-37, *Ending Employee Trainings that Use Divisive Propaganda to Undermine the Principle of Fair and Equal Treatment for All*, issued September 28, 2020; and
- OPM Memorandum, *Mandatory Review of Employee Training Under E.O. 13950* September 22, 2020, issued October 2, 2020.

The Executive Order requires agency heads to request that their Inspector General review agency compliance with the requirements of the Executive Order by the end of the calendar year, and not less than annually thereafter. In accordance with this requirement, on October 5, 2020, FCA's Board Chairman requested such a review from the Office of Inspector General. This report is the OIG response to that request.

INSPECTION RESULTS

The objective of this inspection was to review and assess Agency compliance with the requirements of Executive Order 13950 on Combating Race and Sex Stereotyping (Executive Order or E.O.). We limited our scope to the Agency's progress under the Executive Order from September 2020 through December 2020.

We found that FCA complied with applicable requirements of the Executive Order. The Agency included required provisions in contracts, incorporated requirements of the Executive Order into Agency operations, and submitted a report to OMB with fiscal year (FY) 2020 spending on Federal employee training programs related to diversity or inclusion.

Compliance Requirements

Section 4- Requirements for Government Contractors

We determined the Agency complied with section 4 of the Executive Order. The Executive Order states that all Government contracting agencies shall include certain provisions in every Government contract¹ entered into 60 days after the date of the Executive Order.

FCA complied with section 4 of the Executive Order by including required contract provisions in contracts awarded after November 21, 2020. On October 27, 2020, FCA added contract provisions to its contract clause template to incorporate requirements of the Executive Order into future contracting actions. We requested a listing of all contracts awarded or modified from November 21, 2020 through December 4, 2020. During that time period, FCA awarded two contracts. One contract was awarded November 25, 2020. When we reviewed this contract, it did not contain the required contract provisions; however, on December 15, 2020, FCA modified the contract to include contract provisions in the Executive Order. The other contract was awarded on December 1, 2020 and contained required contract provisions.

¹ The Executive Order exempts certain contracts in section 4.

Section 5- Requirements for Federal Grants

Section 5 of the Executive Order includes requirements for federal grant programs. FCA does not make grants; therefore, the Office of Inspector General (OIG) did not evaluate the Agency's compliance with section 5 of the Executive Order.

Section 6- Requirements for Agencies

We determined the Agency complied with section 6 of the Executive Order. The Executive Order required certain steps to be taken regarding diversity and inclusion trainings and incorporating the Executive Order requirements into agency operations.

FCA took the following steps to comply with section 6 of the Executive Order:

- FCA took steps to ensure employees did not receive training on divisive concepts outlined in the Executive Order. Senior staff and personnel with diversity and inclusion training responsibilities were promptly notified about the Executive Order and corresponding guidance. The Director of FCA's Office of Equal Employment Opportunity and Inclusion notified Special Emphasis Program (SEP)² managers about the Executive Order and their responsibility to be cognizant of its requirements when developing SEP programming. FCA's Learning and Organizational Change Team was also made aware of requirements in the Executive Order.
- On October 5, 2020, FCA's Board Chairman sent a memorandum to senior staff requiring all conditions of the Executive Order to be incorporated into Agency operations. The memorandum included information about compliance in all Agency contracts for diversity and inclusion training. The memorandum also directed senior staff to ensure their staff were aware of the requirements of the Executive Order and associated guidance and in compliance.
- The Chairman sent a request to FCA's Inspector General on October 5, 2020 to thoroughly assess, by the end of the calendar year, Agency compliance with the requirements of the Executive Order. In accordance with the Executive Order, the request included that the review be in the form of a report submitted to OMB.
- Lastly, the Chairman selected FCA's Director of the Office of Congressional and Public Affairs to serve as the Agency's senior political appointee responsible for ensuring compliance with the requirements of the Executive Order. A formal notification was sent to the appointee on October 5, 2020.

² FCA SEPs are charged with identifying policies, procedures and practices affecting employees and advising management on actions that may increase participation and ensure that all persons are provided opportunities to participate in the full range of employment opportunities and achieve their fullest potential.

Section 7- OMB and OPM Review of Agency Training

We determined the Agency complied with section 7 of the Executive Order. The Executive Order requires that as of September 22, 2020, all training programs for agency employees relating to diversity or inclusion be reviewed by OPM for compliance with the requirements of the Executive Order before being used by the Agency. Additionally, within 90 days of the Executive Order, each agency must report all spending in FY 2020 on Federal employee training programs related to diversity or inclusion to OMB.

FCA took the following steps to comply with section 7 of the Executive Order:

- Planned diversity and inclusion training was cancelled to ensure compliance with the Executive Order. Specifically, an OIG training event was cancelled pending approval from OPM. FCA implemented controls to limit access to diversity and inclusion training available through its electronic learning platform. The platform vendor provided a list of available diversity and inclusion courses and resources. FCA notified employees with access to the electronic learning platform about the Executive Order and instructed them not to access diversity and inclusion courses and resources pending a content review by OPM. The Agency notified employees that accessed these trainings and planned to conduct bi-weekly reviews to monitor access. The Agency has not submitted any training programs to OPM for review as of the issuance of this report.
- Procurement officials stated the Agency has not pursued debarment of any contractors for violations related to the Executive Order.
- On December 17, 2020 FCA submitted a report to OMB with FY 2020 spending on Federal employee training programs related to diversity and inclusion. FCA's report included nine trainings, costs, and the number of employees trained. To compile the spending report, senior staff received guidance on definitions of "diversity and inclusion" and "training", and individual offices were asked to determine whether such training was conducted within their office during FY 2020.

Due to compliance with the selected provisions of the Executive Order, the OIG does not have any recommendations in this report.

FCA waived the exit conference and elected to not provide any written comments.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this inspection was to review and assess agency compliance with the requirements of Executive Order 13950 on Combating Race and Sex Stereotyping. We conducted the inspection at FCA's headquarters in McLean, VA from October 2020 through December 2020. The scope of this inspection included the Agency's progress under the Executive Order from September 2020 through December 2020.

We took the following steps to accomplish the objective:

- Identified and reviewed the Executive Order and applicable guidance.
- Identified and reviewed applicable internal FCA policies and procedures.
- Interviewed the Director of the Office of Equal Employment Opportunity and Inclusion, supervisory learning officer, contracting officer, and senior political appointee responsible for compliance with the Executive Order.
- Requested and received documentation related to the Agency's implementation of requirements in the Executive Order.
- Requested all contracts awarded by the Agency from November 21, 2020 through December 4, 2020 and determined whether those contracts included required provisions in the Executive Order. Interagency agreements were not included in our sample due to requirements in the Executive Order applying to contractors. The sample was selected based on the beginning date of the requirement in the Executive Order and a cutoff date that allowed for a review within the limited timeframe given for this review. Because our sample was judgmental, it cannot be projected to the entire population.

This inspection was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. These standards require that we plan and perform the inspection to obtain sufficient, competent, and relevant evidence that supports a reasonable basis for our findings, conclusions, and recommendations. We assessed internal controls and compliance with laws and regulations to the extent necessary to satisfy the objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. We assessed the information and data collected during the inspection and determined it was sufficiently reliable and valid for use in meeting the inspection objective. We assessed the risk of fraud related to our inspection objective while evaluating evidence. Overall, we believe the evidence obtained is sufficient to provide a reasonable basis for our findings and conclusions based on the inspection objective.



Farm Credit Administration
Office of Inspector General

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To learn more about reporting wrongdoing to the OIG, please visit our website at <https://www.fca.gov/about/inspector-general>.