

# FARM CREDIT ADMINISTRATION OFFICE OF INSPECTOR GENERAL



## SEMIANNUAL REPORT TO CONGRESS

APRIL 1, 2023 – SEPTEMBER 30, 2023

# FCAOIG

Farm Credit Administration  
Office of Inspector General

# A MESSAGE FROM THE INSPECTOR GENERAL

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 April 1, 2023, through September 30, 2023.

The past six months were productive for our office's audit, inspection, and evaluation functions. We completed an audit of the Agency's Office of Data Analytics and Economics, which was created in 2019 to help FCA progress further toward a more data-driven approach to policy development. This review—our first of the office—identified several opportunities to define and document this office's roles and responsibilities and strengthen its policies and procedures for more effective operations and collaboration. We also concluded an inspection of the Agency's process for reviewing, and acting upon, merger activity in the Farm Credit System. This inspection, which sampled merger activities undertaken between 2013 and 2023, made seven recommendations to help improve the Agency's merger review process. Finally, we once again oversaw an annually required, contracted audit of FCA's information security program.

On the investigative front, we conscientiously attended to our statutory responsibilities to prevent and detect fraud and abuse in Agency programs and operations and serve as an outlet for complaints. We addressed all complaints received and concluded one investigation during the reporting period.

Our small-but-mighty office also continued to contribute to the work of the Inspector General community, with staff bringing the benefits of their experiences to a variety of the workgroups and committees of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). As Chair of the CIGIE Inspection and Evaluation Committee, I was particularly pleased to oversee another successful town hall event, which hosted over 500 oversight professionals and saw OIG staff serve as panelists and moderators.

This reporting period also saw noteworthy changes in the Agency, with the creation of the Office of the Chief of Staff, establishment of the Chief Risk Officer position, and realignment of various Agency offices. Our office appreciates the continued cooperation and professionalism exhibited by FCA personnel as they adjust to these organizational changes and grapple with the various challenges posed in carrying out the Agency's important mission.



Wendy R. Laguarda  
Inspector General



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# ACRONYMS AND ABBREVIATIONS

<b>CIGIE</b>	Council of the Inspectors General on Integrity and Efficiency
<b>Farm Credit Act</b>	Farm Credit Act of 1971, as amended
<b>Farmer Mac</b>	Federal Agricultural Mortgage Corporation
<b>FCA (or Agency)</b>	Farm Credit Administration
<b>FISMA</b>	Federal Information Security Modernization Act of 2014
<b>I&amp;E</b>	Inspection and Evaluation
<b>IG</b>	Inspector General
<b>IG Act</b>	Inspector General Act of 1978, as amended
<b>ODAE</b>	Office of Data Analytics and Economics
<b>OIG</b>	Office of Inspector General
<b>OMB</b>	U.S. Office of Management and Budget
<b>Pub. L.</b>	Public Law
<b>System</b>	Farm Credit System
<b>Williams Adley</b>	Williams Adley & Company-DC LLP
<b>U.S.</b>	United States
<b>U.S.C.</b>	United States Code

# BACKGROUND

## 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 October 1, 2023, the System consisted of three farm credit banks, one agricultural credit bank, one federal land credit association and 57 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.

Created in 1988, the Federal Agricultural Mortgage Corporation (Farmer Mac) provides a secondary market for agricultural loans. A stockholder-owned, federally chartered corporation, Farmer Mac is an institution of the System, but is not liable for any debt or obligation of any other System institution.

## 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<sup>1</sup> (Farm Credit Act), FCA ensures the safety and soundness of System institutions by issuing policies and regulations and by regularly examining System institutions. FCA has five office locations and just under 350 employees.



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 Chairman—who is designated by the President and serves in that role until the end of the Chairman’s term—also serves as the Agency’s Chief Executive Officer. Throughout the reporting period, the Board had three members: Board Chairman Vincent G. Logan, Board Member Jeffery S. Hall, and Board Member Glen R. Smith.

## 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<sup>2</sup> (IG Act), by conducting and supervising audits, inspections, evaluations, and investigations; promoting economy and efficiency; 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.

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<sup>1</sup> 12 U.S.C. § 2001 *et seq.*

<sup>2</sup> 5 U.S.C. §§ 401–424.



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, the Investigator, and the Counsel to the Inspector General. The Assistant Inspector General 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.



# STRATEGIC PLAN

In September 2019, the OIG adopted a five-year [strategic plan for fiscal years 2020 to 2024](#). Revised in 2021, the plan details the vision, mission, values, goals, and objectives of the OIG in carrying out its responsibilities under the IG Act.

The OIG's vision, mission, values, and goals are outlined below.

## Vision

Harvesting Change

## Mission

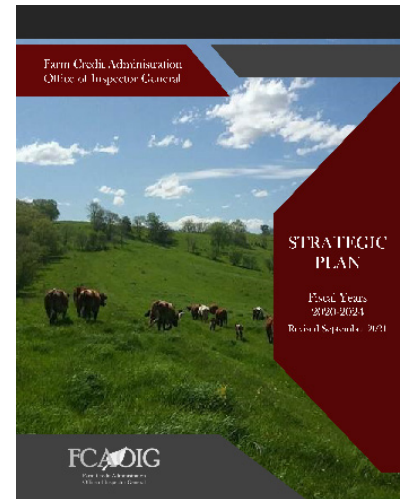
To provide independent oversight to promote economy, efficiency, and effectiveness, and prevent and detect fraud, waste, and abuse in Farm Credit Administration programs and operations

## 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





# PERFORMANCE MEASURES

The OIG's [strategic plan for fiscal years 2020 to 2024](#), revised in September 2021, sets forth several measures against which the OIG assesses its performance. Each of these performance measures is associated with one of the OIG's strategic objectives, which in turn serve the office's strategic goals. The following describes some of the OIG's actions that were relevant to those performance measures during fiscal year 2023, which encompassed this six-month reporting period as well as the immediately preceding period.

## **Strategic Objective 1.1 Execute value-added audits, inspections, and evaluations**

### **Annually develop an oversight agenda based on Agency mission, risk, activities, and management.**

In October 2022, the OIG published an [audit, inspection, and evaluation plan for fiscal years 2023-2024](#). In September 2023, the OIG published an [audit, inspection, and evaluation plan for fiscal years 2024-2025](#).

### **Complete products in an average time of six months.**

The OIG completed six audit, inspection, and evaluation projects in an average time of 154.5 days, under six months (182.5 days). Excluding matters performed under contract by external firms, the OIG completed four projects in an average time of 143.25 days.

### **At least annually, complete a quality assurance review to ensure compliance with professional standards and office policies and procedures.**

As discussed later in this report, the OIG completed an internal quality assurance review of its audit, inspection, and evaluation functions on September 22, 2023.

## **Strategic Objective 1.2 Produce impactful products**

### **Make recommendations, as necessary, to management and monthly track recommendation status until closure.**

The OIG made 20 recommendations during fiscal year 2023. The OIG tracked the status of those recommendations on an ongoing basis through its follow-up database and reported open recommendations to the FCA Board on a monthly basis. The OIG also maintained a [list of open recommendations on Oversight.gov](#).

## **Strategic Objective 1.3 Ensure we have a diverse, professional, and highly skilled workforce**

### **Comply with mandatory training requirements and maintain professional certifications.**

All OIG staff remained on track to meet training requirements and maintain certifications as required by OIG policy and relevant professional standards.

### **Promote diversity, equity, inclusion, and accessibility.**

During fiscal year 2023, the OIG endeavored to improve office awareness and consciousness of diversity, equity, inclusion, and accessibility issues through training, participation in FCA special emphasis programs, and involvement in the CIGIE Diversity, Equity, Inclusion, and Accessibility Committee.

### **Strategic Objective 2.1 Address potential matters of wrongdoing and misconduct with proficiency, independence, and due professional care**

**Initially evaluate all FCA OIG hotline calls, emails, and other submissions within two business days of receipt.**

Of 17 complaints received during fiscal year 2023, the OIG initially evaluated and acknowledged (where acknowledgement was possible) all complaints within two business days of receipt.

**Monthly track the status of allegations and investigations to ensure timely actions.**

The OIG tracked the status of all allegations received on an ongoing basis.

**Perform or undergo annual reviews to ensure investigative activities are conducted in accordance with quality standards and internal policies and procedures.**

The OIG undertook an internal control review of its investigative function in September. This review was concluded in October 2023.

### **Strategic Objective 2.2 Provide an independent mechanism to report fraud, waste, and abuse**

**Maintain a hotline from a source independent of the Agency.**

Throughout the fiscal year, the OIG maintained a hotline email account procured through a commercial provider.

**Promote awareness of hotline avenues.**

The OIG promoted awareness of the various ways to submit complaints on the OIG's website, on the back cover of OIG reports, and through posters displayed in Agency common areas.

### **Strategic Objective 2.3 Educate employees and contractors on fraud and whistleblower rights and protections**

**At least twice annually, educate employees on fraud, waste, abuse, mismanagement, and whistleblower protections.**

The OIG educated FCA employees on these subjects as part of presentations to new employees, during meetings with new Agency supervisors, and in the OIG's quarterly intra-agency newsletter. Additionally, in August, the OIG published a primer on certain whistleblower protections and their relevance to the OIG's mission.

### **Strategic Objective 3.1 Listen to and understand the needs, challenges, and interests of our stakeholders**

**Monthly track reviews of relevant existing or proposed legislation and regulations.**

In fiscal year 2023, the OIG tracked items reviewed on an ongoing basis and reported in monthly status reports on matters for which the OIG provided input.

**Quarterly conduct a confidential survey of Farm Credit System institutions on the effectiveness of the Agency’s examination program.**

The OIG surveyed System institutions on a quarterly basis throughout fiscal year 2023. The OIG published survey reports on [September 7, 2023](#) and [February 2, 2023](#).

**Annually conduct at least four outreach initiatives with employees.**

Throughout fiscal year 2023, the OIG conducted outreach to FCA employees through issuance of its quarterly intra-agency newsletter, the *dIG*. In December, the OIG hosted a holiday open house to introduce employees to its new office suite. The OIG also presented an overview of its work at the January meeting of the FCA Board. In July, IG Laguarda served as a panelist in a “Meet the Leaders” program for new FCA employees.

**Strategic Objective 3.2 Report to and fully inform the FCA Board and Congress**

**Issue the OIG Semiannual Report to Congress within 30 days of the end of each reporting period.**

During fiscal year 2023, the OIG issued its Semiannual Reports to Congress on April 28, 2023, and October 31, 2022, respectively.

**At least annually, brief Congressional oversight committees on OIG activities.**

The OIG provided briefings to majority and minority staff of the House and Senate agricultural oversight committees in June 2023.

**Post all audit, inspection, and evaluation reports within three business days of issuance to the FCA Board.**

All final audit, inspection, and evaluation reports issued during fiscal year 2023 were posted to the OIG’s website and to Oversight.gov within three business days of issuance to the FCA Board.

**At least quarterly, brief FCA Board members on OIG activities.**

The IG provided briefings to each FCA Board member on a quarterly basis in fiscal year 2023.

**Strategic Objective 3.3 Participate in and engage with the IG Community**

**Monthly participate in CIGIE committees, work groups, or initiatives.**

As discussed in greater detail later in this report, OIG personnel participated extensively in CIGIE committees and work groups throughout fiscal year 2023.

# AUDITS, INSPECTIONS, AND EVALUATIONS

The OIG regularly performs 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 generally accepted government auditing standards issued by the



U.S. Government Accountability Office, 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, statutory requirements, and resources. For more information, and to learn about future OIG work, please see the [audit, inspection, and evaluation plan for fiscal years 2024 and 2025](#).

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.



## Summaries of Reports Issued

The OIG issued three reports and made twelve recommendations for corrective action during the reporting period. The reports are summarized below.

### Farm Credit Administration's Process for Merger Activities in the Farm Credit System I-23-02

In carrying out its statutory mission of regulating and supervising the System, one of FCA's responsibilities is to ensure that System institutions conduct corporate activity safely and soundly and in accordance with statutory and regulatory requirements. One circumstance where this responsibility is implicated is when two or more institutions seek to merge into a single entity. Accordingly, the Agency has a process to evaluate and decide whether to approve or disapprove a merger. Within FCA, the Office of Regulatory Policy has primary responsibility over the merger review process. In reviewing mergers, Office of Regulatory Policy personnel coordinate with and gather input from other FCA offices and the Farm Credit System Insurance Corporation.

The objective of this inspection was to evaluate FCA's process to review, and take action on, merger activity in the System. Among other things, the OIG judgmentally sampled 25 items from the Agency's merger review process, including documentation of key analyses and approvals, and assessed whether they were completed for the 22 merger reviews that took place between January 1, 2013, and April 1, 2023. The OIG also reviewed accesses to the various locations in which the Agency held merger

documentation, analyzed historical merger activities dating back to January 1, 2003, and reviewed reporting of mergers on FCA's public website.

The OIG found that the Agency had established cross-organizational processes to review and analyze System merger activities, which included specific communications with merging institutions, presentation of recommended actions, and consideration by the FCA Board within required timeframes. The Agency had also developed a database to track and document corporate applications.

However, the OIG noted various opportunities to improve the Agency's merger review process. For example, the Agency had not established and implemented a consistent process to document merger reviews. FCA also needed to clarify recordkeeping practices. In view of these and other concerns, the OIG made seven recommendations, which focused on updating policies and processes, designing and implementing controls, addressing concerns with existing systems, and evaluating whether new processes were needed. Management agreed or partially agreed with, and provided actions responsive to, all recommendations.

The OIG issued the [inspection report](#) on September 28, 2023.

### **Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2023 A-23-02**

Information technology facilitates and impacts all aspects of FCA operations. As such, securing Agency systems against cybersecurity threats and efficiently addressing requirements are vital to the fulfillment of FCA's mission. Under the Federal Information Security Modernization Act of 2014 (FISMA),<sup>3</sup> the OIG is required to annually evaluate the FCA's information security program and practices to determine their effectiveness. The OIG contracted with the independent public accounting firm of Williams Adley & Company-DC LLP (Williams Adley) to perform this review for fiscal year 2023. The OIG monitored the work of Williams Adley for compliance with generally accepted government auditing standards.

In accordance with guidance developed by the U.S. Office of Management and Budget (OMB), the U.S. Department of Homeland Security, and CIGIE, Williams Adley assessed FCA's performance with respect to 20 core metrics and 20 supplemental 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 FISMA metrics, a "managed and measurable" (level 4) information security program is considered to be operating at an effective level of security.

Based on its auditors' review of the 40 metrics, Williams Adley concluded that FCA had implemented an effective information security program for fiscal year 2023. The Agency continued to improve its information security program and made progress in implementing the majority of recommendations made as part of previous FISMA audits. Williams Adley determined that the Agency was "managed and measurable" (level 4) for seven domains.

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<sup>3</sup> 44 U.S.C. § 3555(b)(1).

The OIG issued the [audit report](#) on July 26, 2023. The OIG’s monitoring disclosed no instances where Williams Adley did not comply, in all material respects, with generally accepted government auditing standards.

**Farm Credit Administration’s Office of Data Analytics and Economics  
A-23-01**

In November 2019, following enactment of the Foundations for Evidence Based Policymaking Act of 2018, the FCA Board created the Office of Data Analytics and Economics (ODAE). ODAE was established to facilitate an Agency-wide strategy for data analytics and collaboration across offices using business intelligence tools and the development of models to meet the economic and data analytic needs of the Agency.

The objective of this audit was to evaluate ODAE’s organizational structure, strategic objectives, performance goals, and responsibilities in achieving the Agency’s mission. To this end, the OIG interviewed officials from multiple FCA offices regarding their coordination and collaboration with ODAE, analyzed ODAE spending reports and budget documents, tested compliance with the office’s fiscal year 2023-2024 operating plan, and reviewed certain ODAE work products.

The OIG determined that the Agency had dedicated significant resources to ODAE since its creation and that the office had been assigned multiple important projects, and that it had generally completed its tasks and had a process in place for project management. The OIG also found that there was an effective relationship between ODAE and the Office of Examination.

The OIG also found opportunities for improvement. ODAE lacked an overarching Agency policy describing its responsibilities, potentially resulting in confusion regarding the office’s role. ODAE had also not prioritized the development of its internal procedures, many of which remained in draft form or lacked detail and consistency. The OIG made five recommendations to clarify ODAE’s responsibilities and requirements. Management agreed or partially agreed with, and provided actions responsive to, all recommendations.

The [audit report](#) was issued on June 14, 2023.

**Recommendations Made During the Reporting Period**

Table 1 shows all recommendations for corrective action made during the reporting period.

**Table 1**

Report	Recommendation
Farm Credit Administration’s Process for Merger Activities in the Farm Credit System	1 The Office of Inspector General recommends the Office of Regulatory Policy update policies, procedures, and the merger template to reflect current systems, processes, recordkeeping, and controls for merger reviews.
	2 The Office of Inspector General recommends the Office of Regulatory Policy design and implement controls over merger files to ensure information is fully documented in an organized system.
	3 The Office of Inspector General recommends the Office of Regulatory Policy address technical issues impacting documentation availability in the Corporate Applications Database, in coordination with the Office of Information Technology.
	4 The Office of Inspector General recommends the Office of Regulatory Policy eliminate the generation of duplicative paper records for future merger reviews.

Report		Recommendation
Farm Credit Administration's Process for Merger Activities in the Farm Credit System <i>(continued)</i>	5	The Office of Inspector General recommends the Office of Regulatory Policy evaluate use of the Correspondence Tracking System for merger information, determine appropriate access controls, and remove legacy data for files that are no longer needed.
	6	Not publicly disclosed.
	7	Not publicly disclosed.
Farm Credit Administration's Office of Data Analytics and Economics	1	The Office of Inspector General recommends the Farm Credit Administration develop policies and procedures for the Office of Data Analytics and Economics, including the office's roles and responsibilities, reporting requirements, and coordination with other Farm Credit Administration offices.
	2	The Office of Inspector General recommends the Farm Credit Administration evaluate and formalize plans for the Climate Risk Task Force. This includes clarifying the Climate Risk Task Force project management details, such as current milestones and deliverables, and communicating roles and responsibilities to applicable parties.
	3	The Office of Inspector General recommends the Office of Data Analytics and Economics standardize its internal policies and procedures and technical guidance, including documenting supervisory review processes.
	4	The Office of Inspector General recommends the Office of Data Analytics and Economics evaluate, formalize, and communicate the Data Advisory Group's roles and responsibilities and revise internal policies and procedures to document the group's processes.
	5	The Office of Inspector General recommends the Office of Data Analytics and Economics design a mechanism to provide support services and increase coordination and collaboration with other Farm Credit Administration offices.

## In Progress

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

### Key Position and Personnel Dependencies at the Farm Credit Administration

The objective of this inspection is to analyze the Agency's efforts to identify dependencies in key positions and personnel and mitigate the risks associated with those dependencies.

### Farm Credit Administration's Financial Statements Fiscal Year 2023

FCA is required annually to submit financial statements to Congress and OMB. Those financial statements must be audited in accordance with generally accepted government auditing standards by the IG or an independent external auditor, as determined by the IG. The OIG has contracted with an independent public accounting firm to perform this audit for fiscal year 2023. The OIG is monitoring the work of the firm.

# INVESTIGATIONS

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; abuse 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 or are the subject of complaints. All investigations are carried out in accordance with the CIGIE *Quality Standards for Investigations*.

## Summaries of Investigations

Table 2 summarizes major investigative activity during the reporting period.

**Table 2**

Metric	Number
Investigative reports issued <sup>4</sup>	1
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

The following summarizes the one investigation that the OIG concluded during the reporting period. Closing memoranda for recent investigations are generally available on the [OIG’s online reports page](#).

### INV-23-01

On February 14, 2023, the OIG initiated an investigation into allegations related to the Agency’s initiation, conduct, and response to an internal administrative fact-finding undertaken in 2022. The OIG completed its investigation on July 11, 2023. Having considered whether the allegations investigated evidenced a violation of law, rule, or regulation, violation of FCA policy, or abuse of authority, as appropriate, the OIG did not substantiate any wrongdoing.

<sup>4</sup> This metric does not include memoranda memorializing the closure or referral of complaints.



## Complaint Activity

FCA employees and others may confidentially report potential fraud, waste, abuse, or mismanagement to the OIG in-person or via telephone, email, or mail. During the reporting period, the OIG worked with personnel from the Agency's Office of Information Technology to develop an online form to receive complaints. The OIG anticipates that this form will be available for use in the near future.

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
Closed after investigation	1
Closed after review with no further specific investigative action	11
Referred to an FCA program manager	1
Referred to other federal, state, or local agency or authority	0
Under review at the end of the reporting period <sup>5</sup>	0
<b>Total</b>	<b>13</b>

<sup>5</sup> Includes all open complaints, including those under investigation at the end of the reporting period.

# OTHER REPORTS AND REVIEWS

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.

## **2023 Internal Quality Assurance Review**

The OIG conducted an internal quality assurance review of its audit, inspection, and evaluation functions to determine whether OIG procedures were established, implemented, and operating effectively. The review determined that internal policies and procedures were effective and followed for audits, inspections, and evaluations completed between July 22, 2022, and August 31, 2023. Completed on September 22, 2023, the review noted no systemic issues or weaknesses and therefore made no recommendations.

## **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 semiannually to the FCA Board and Chief Examiner.

The OIG issued a [survey report](#) on February 2, 2023, detailing responses from System institutions examined during the third and fourth quarters of fiscal year 2022 and providing cumulative survey data for the entirety of fiscal year 2022. Prior survey reports are available on the [OIG's online reports page](#).

# OUTREACH, COLLABORATION, AND OTHER INITIATIVES

## 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 spotlights the office's functions and provides recent examples of OIG oversight products government-wide. The OIG also participates in orientation training for new FCA employees and distributes posters to promote awareness of the OIG hotline. In July, the IG served on a panel of FCA office directors as part of a "Meet the Leaders" program for new hires. In August, with the assistance of FCA's Learning and Organizational Change Team, the OIG published a primer on whistleblower protections and their importance to the OIG's mission.

## 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. In June, the OIG provided briefings on its activities to majority and minority staff from the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture.

## Inspector General Community

The OIG is active in the IG community, with staff lending their efforts and expertise to the work of various CIGIE committees, working groups, 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, Assistant Inspector General for Audits, Inspections, and Evaluations Sonya Cerne Chairs the I&E Roundtable and Senior Auditor Christopher Coccaro leads the I&E Peer Review Working Group. Of note, in June, Cerne and Coccaro briefed staff of the House Committee on Oversight and Accountability on the I&E peer review process. This reporting period also saw the I&E Committee host a town hall event with over 500 IG community professionals.

The IG also served throughout the reporting period on the CIGIE Budget and Legislation Committees. 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. Finally, as Chair of the I&E Committee, IG Laguarda also sat on the CIGIE Executive Council, which assists in governance of CIGIE.

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 Committee, the Small and Unique IG working group, the Assistant Inspectors General for Investigations Subcommittee, and the Whistleblower Protection Coordinators working group. Notably, Senior Auditor Tori Kaufman presented at an August Connect, Collaborate, and Learn session that was attended by over 600 individuals from across the IG community, and Counsel to the Inspector General Kevin Miller served as Vice Chair of the Council of Counsels to the Inspectors General.

## **Reviews of Proposed Legislation, Regulations, and Policies**

The OIG reviews proposed and existing legislation, regulations, and policies 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 policies on economy or efficiency, the prevention and detection of fraud, waste, and abuse, or the integrity and independence of the OIG. This reporting period saw the OIG track various developments relevant to IG authorities and operations. The OIG provided input through the CIGIE Legislation Committee on legislation impacting certain reporting mandates.

# APPENDIX I: PEER REVIEWS

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's online reports page](#) and on [Oversight.gov](#). Reports of peer reviews conducted by the FCA OIG may be located on the websites of the reviewed OIGs.

## Audit

Generally accepted 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 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 Federal Trade Commission OIG on June 9, 2022. The FCA OIG received the highest rating available, *pass*, and [the report](#) made no recommendations for corrective action.

The FCA OIG did not conduct any audit peer reviews during the reporting period.

## Inspection and Evaluation

The CIGIE *Quality Standards for Inspection and Evaluation* require members of CIGIE that conduct inspections or evaluations under those standards to undergo an external peer review every three years. Inspection and evaluation 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 inspection and evaluation function was not subject to peer review during the reporting period. The most recent peer review was completed by the Securities and Exchange Commission OIG on July 8, 2022. The peer review determined that the FCA OIG's policies and procedures were generally consistent with the standards reviewed and that the reports reviewed generally complied with those standards and FCA OIG policies and procedures. [The report](#) made no recommendations for corrective action.

The FCA OIG did not conduct any inspection and evaluation peer reviews during the reporting period.

## 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 investigative function is scheduled to be peer reviewed in spring 2025. The [most recent peer review](#) of the FCA OIG's investigative 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.

# APPENDIX II: REPORTS ISSUED

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), the dollar value of recommendations that funds be put to better use, and whether a management decision had been made by the end of the reporting period.

**Table 4**

Report Title	Dollar Value of Questioned Costs		Dollar Value of Recommendations that Funds be Put to Better Use	Management Decision Made by the End of the Reporting Period
	Total	Unsupported		
Farm Credit Administration’s Process for Merger Activities in the Farm Credit System	\$0	\$0	\$0	Yes
Farm Credit Administration’s Compliance with the Federal Information Security Modernization Act for Fiscal Year 2023	\$0	\$0	\$0	Yes
Farm Credit Administration’s Office of Data Analytics and Economics	\$0	\$0	\$0	Yes

### Definitions

**Management Decision:** The evaluation by agency management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to the findings and recommendations, including actions concluded to be necessary.

**Questioned Cost:** A cost that is questioned by the OIG because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, the cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

**Recommendation that Funds be Put to Better Use:** A recommendation that funds could be used more efficiently if agency management took actions to implement and complete the recommendation, including reductions in outlays; de-obligation of funds from programs or operations; withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; costs not incurred by implementing recommended improvements related to the operations of the agency, a contractor, or grantee; avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or any other savings which are specifically identified.

**Unsupported Cost:** A cost that is questioned by the OIG because the OIG found that, at the time of the audit, such cost is not supported by adequate documentation.

## APPENDIX III: OPEN RECOMMENDATIONS

Table 5 identifies recommendations made before the reporting period, for which corrective action had not been completed as of September 30, 2023, including the potential cost savings associated with the recommendation. An up-to-date list of open OIG recommendations may be found at [Oversight.gov/recommendations](https://www.oversight.gov/recommendations).

**Table 5**

Report	Recommendation	Potential Cost Savings
Farm Credit Administration's Examiner Staffing Program	1 The Office of Inspector General recommends the Office of Examination coordinate with applicable offices to gather information on how applicants found out about the FCA announcement through the application process.	\$0
	2 The Office of Inspector General recommends the Office of Examination evaluate the implementation of a project code specific to its recruiting to be able to more efficiently track resources utilized during recruiting efforts and to better analyze the costs and benefits of its recruiting efforts.	\$0
Farm Credit Administration's External Communication Process	2 The Office of Inspector General recommends the Office of Congressional and Public Affairs pursue verification of the Farm Credit Administration Twitter and Facebook accounts.	\$0
Farm Credit Administration's Enterprise Risk Management and Internal Control Program	2 The Office of Inspector General recommends the Office of the Chief Financial Officer implement the current internal control review process across Farm Credit Administration offices.	\$0
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.	\$0
The Farm Credit Administration's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2020	6 Not publicly released.	\$0



# INDEX OF REPORTING REQUIREMENTS

The following is an index to semiannual reporting requirements found at 5 U.S.C. § 405(b).<sup>6</sup>

Description	Page
(1) Significant problems, abuses, and deficiencies relating to the administration of FCA programs and operations and associated reports and recommendations for corrective action made by the OIG	7-10, 13
(2) Recommendations made before the reporting period, for which corrective action has not been completed	19
(3) Summary of significant investigations closed during the reporting period	11
(4) Convictions during the reporting period resulting from investigations	None
(5) Information regarding each audit, inspection, or evaluation report issued during the reporting period	18
(6) Management decisions made with respect to any audit, inspection, or evaluation issued during a previous reporting period	None
(7) Information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	None
(8) Peer reviews conducted by another OIG	16-17
(9) Recommendations from any peer review conducted by another OIG that have not been fully implemented	17
(10) Peer reviews conducted of another OIG, including recommendations made from any previous peer review that remain outstanding or have not been fully implemented	16-17
(11) Statistical tables for investigations and referrals	11
(12) Metrics for developing investigative statistics	11
(13) Investigations involving a senior government employee where allegations of misconduct were substantiated	None
(14) Instances of whistleblower retaliation	None
(15)(A) Agency attempts to interfere with the independence of the OIG	None
(15)(B) Reports made under 5 U.S.C. § 406(c)(2)	None
(16)(A) Closed audits, inspections, and evaluations not disclosed to the public	None
(16)(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 for Fiscal Year 2008.<sup>7</sup>

<sup>6</sup> Reflects amendments made in the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. 117-263, § 5273 (Dec. 23, 2022) to the IG Act, 5 U.S.C. app. § 5. The IG Act was recodified at 5 U.S.C. §§ 401–424 shortly thereafter by Pub. L. 117-286 (Dec. 27, 2022), but the recodification did not address the changes effected in the December 23 act.

<sup>7</sup> 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 fraud, inefficient and wasteful practices, abuse of authority, and mismanagement related to FCA programs and operations. You can report allegations to us in several ways:**

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

**Email: [fca-ig-hotline@rcn.com](mailto:fca-ig-hotline@rcn.com)**

**Mail: 1501 Farm Credit Drive  
McLean, VA 22102-5090**

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