

Audit of FCA's Student Loan Repayment Program



Report #A-13-02

Farm Credit Administration
Office of Inspector General

September 23, 2013

Table of Contents

Introduction and Background	3
Objectives, Scope, and Methodology	5
Overall Conclusion	7
Governing FCA Policy: PPM 852	8
Observations:	
1. Nomination forms	9
2. Maximum \$ benefit	11
3. Gross Benefit vs. Net Payment	12
4. Installment payments	13
5. Approvals	14
6. Independent verification of student loan documentation	16
7. Service requirement	17
8. Internal reporting	19
9. Agreed-upon actions	20

Introduction and Background

Related Laws & Regulations:

- ▶ Section 5379 of Title 5, United States Code
- ▶ Part 537 of Title 5, Code of Federal Regulations

“The Federal student loan repayment program permits agencies to repay Federally insured student loans as a recruitment or retention incentive for candidates or current employees of the agency. The program implements 5 U.S.C. 5379, which authorizes agencies to set up their own student loan repayment programs to attract or retain highly qualified employees.”¹

Part 537 of Title 5, Code of Federal Regulations, implements 5 U.S.C. § 5379 and contains the following provisions:

- ▶ *§ 537.103 describes the elements that must be included in a student loan repayment plan before providing these benefits.*
- ▶ *§ 537.104 and § 537.108 provides criteria for employee eligibility and ineligibility.*
- ▶ *§ 537.105 describes criteria before authorizing benefit payments.*
- ▶ *§ 537.106 provides conditions and procedures for providing student loan repayment benefits.*
- ▶ *§ 537.107 requires a service agreement and conditions to be included.*
- ▶ *§ 537.109 provides for reimbursement to the government if certain conditions are not met.*
- ▶ *§ 537.110 requires documentation to be maintained and reporting to Office of Personnel Management (OPM).*

¹ <http://www.opm.gov/policy-data-oversight/pay-leave/student-loan-repayment/>

Introduction and Background

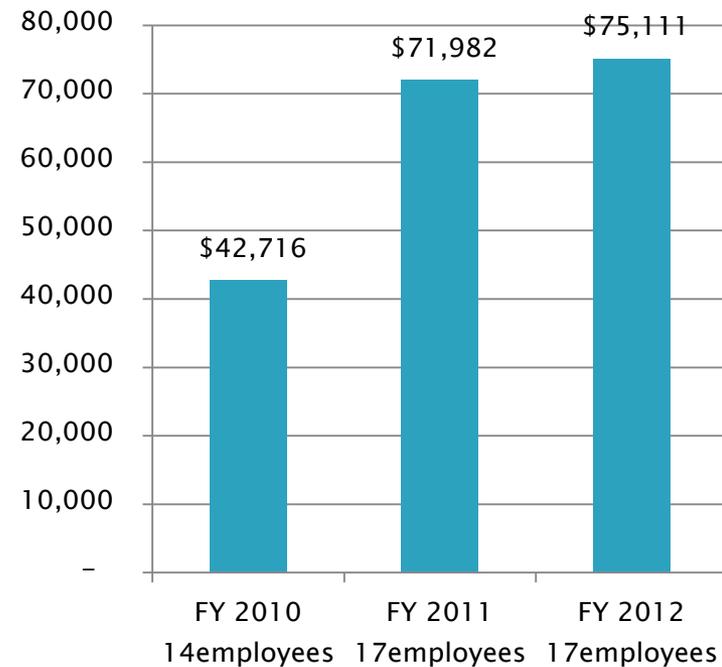
FCA Student Loan Repayment Benefits: Fiscal Year (FY) 2010 – FY 2012

- ▶ \$189,809
- ▶ 35 employees*

Positions:

- ▶ Examiners
- ▶ Information Technology Specialists
- ▶ Financial Analysts
- ▶ Client Services Specialists

Student Loan Repayment Benefits



*Some employees received installment payments.

Objectives, Scope, and Methodology

Objective:

- ▶ Determine the effectiveness of controls related to student loan repayments.

Scope and Methodology:

- ▶ Student loan repayment benefits
- ▶ FY 2010 – FY 2012
- ▶ Performed the following procedures:
 - Identified and reviewed related laws, regulations, and Agency policies and procedures
 - Identified payments made for student loan repayment benefits
 - Reconciled data provided by Finance Team and Human Resources (HR) Specialists
 - Conducted interviews with HR Specialists, Supervisory HR Specialist, Deputy Chief Financial Officer (CFO), former Chief Human Capital Officer (CHCO), current CHCO/CFO/Director Office of Management Services (OMS)
 - Examined related documentation for compliance with applicable policies and procedures
 - Identified significant internal control processes and determined if they were operating effectively
 - Reviewed Farm Credit Administration's annual reports provided to OPM

