

Performance Report

Fiscal Years 2016 and 2017



FARM CREDIT ADMINISTRATION
OFFICE OF INSPECTOR
GENERAL

Farm Credit Administration

Office of Inspector General
1501 Farm Credit Drive
McLean, Virginia 22102-5090



February 1, 2018

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

Dear Board Chairman Tonsager and FCA Board Members Hall and Smith:

The Government Performance and Results Act of 1993 (GPRA) and GPRA Modernization Act of 2010 encourage organizations to manage for results and hold managers accountable for executing programs to achieve desired outcomes. The enclosed report documents the outcomes or impact of the products, services, and leadership of the Office of Inspector General (OIG) during fiscal years (FY) 2016 and 2017. Because the leadership of OIG during FYs 2016 and 2017 was largely led by the former Inspector General (IG), Elizabeth Dean, the mission, goals, and performance measures in this report are the ones established during Ms. Dean's tenure as IG.

OIG continues to work to enhance its role as an agent for positive change within the Farm Credit Administration (FCA or Agency). The results reflect OIG's commitment to assist in achieving the Agency's mission of ensuring a safe and sound Farm Credit System that provides a dependable source of credit to farmers and ranchers.

We look forward to continuing to work with you to ensure FCA remains effective in its efforts to accomplish its mission. I welcome your comments on ways to improve OIG services that help you achieve your goals for FCA's operations.

If you have any questions, please let me know.

Respectfully,

A handwritten signature in blue ink that reads 'Wendy R. Laguarda'.

Wendy R. Laguarda
Inspector General

Enclosure

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Background

The mission of FCA's OIG is to be an agent of positive change, striving for continual improvement in FCA's management and program operations. To accomplish that mission, we have three strategic goals. Performance measures address each goal. We revised our performance measures during this reporting period, so the performance measures presented are from our [FY 2017-2018 Strategic and Operating Performance Plan](#).

GOAL 1: Audit, inspect, and evaluate the Agency's programs and operations to assist the Agency in fulfilling its oversight mission more efficiently and effectively.

GOAL 2: Investigate alleged wrongdoing to detect and deter fraud, waste, abuse, and mismanagement in Agency programs and operations and to address Congressional, public, and employee concerns.

GOAL 3: Review and make recommendations regarding existing and proposed legislation and regulations and provide other outreach to support the Agency's oversight mission and the Inspector General community on government-wide issues.

Strategic Goal 1

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

Audit, Inspection, and Evaluation Performance Measures

- Average time to complete products will not exceed six months.
- Conduct annual audit planning based on Agency mission, risk, activities, and management.
- Make constructive recommendations as necessary to management. Track recommendation status on a monthly basis until closure.
- Agency accepts the majority of OIG audit, inspection, and evaluation recommendations.
- Track mandated reviews with associated timeframes in an OIG workflow and review the document annually for updates.
- Engage in monthly communication with FCA Board on matters of policy, priorities, and risks to the Agency.
- Annually address the top management challenges facing the Agency.

OUTCOME / IMPACT

OIG performed or supervised audits, inspections, and evaluations (AI&Es) of mission critical operational areas. On average, OIG completed reports within six months. We completed the following reports during FYs 2016 and 2017:

- Human Capital Planning at FCA
- FCA's Risk Project
- FCA's Process in Developing and Updating Agency Policies and Procedures
- FCA's Controls Over the Electronic Official Personnel Folder
- Examination of Business Continuity at Farm Credit System Institutions
- Elimination of Unnecessary Use of Social Security Numbers at FCA
- FCA's Position Management and Job Evaluation Program
- FCA's Oversight of Young, Beginning, and Small Farmer Programs
- FCA's Travel Card Program
- FCA's Awards Program
- FCA's Purchase Card Program
- FCA's Contracting Activities
- Physical Security in FCA's Denver Field Office

OIG contracted with an independent public accounting firm to assess the Agency's accounting and financial reporting each year. The Agency continues to receive unmodified opinions on its financial statements. The Agency's compliance with FISMA was also assessed. No recommendations were made in these reports.

OIG prepared an annual AI&E plan. Each year, we evaluate risk priorities to focus on the most important oversight areas.

All recommendations made in AI&E reports were accepted and agreed-upon by the Agency. OIG tracked the status of open recommendations monthly. During the two-year reporting period, our reports resulted in 56 agreed-upon actions. At the close of FY 2017, 43 agreed-upon actions from the two-year reporting period were closed and 13 remained open.

OIG maintained a workflow to track required reviews and timeframes during the FY 2016 and 2017 reporting period. OIG prepared monthly status reports for the FCA Board. These reports describe the status of OIG reviews, other ongoing activities, and planning and reporting actions. The IG also met quarterly with each FCA Board Member.

The IG also identified management's top challenges in the Agency's annual Performance and Accountability Report. This report helps OIG and the Agency align priorities with key risk areas.

[See Appendix \(page 7\) for details of AI&Es.](#)

Strategic Goal 1

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

Quality Control, Professional Standards, and Training Performance Measures

- Issue annual internal quality assurance report to ensure compliance with professional standards and office policies and procedures.
- Conduct an annual assessment of training needs for staff to maintain and enhance competency and professional development.
- 100 percent of OIG reports will be indexed and referenced before issuance.
- All OIG employees will attend annual ethics training.
- All OIG employees will track training and education on an annual basis to fulfill or meet professional standards.

OUTCOME / IMPACT

In August 2016, the Federal Labor Relations Authority OIG completed our required peer review. Peer reviews ensure the OIG audit function meets or exceeds quality audit standards prescribed by the U.S. Government Accountability Office. The FCA OIG received a pass rating, which is the best possible rating. The review found that the system of quality control for the audit organization was suitably designed to provide the FCA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards. Our next peer review is scheduled for 2019.

OIG conducted an annual internal quality assurance review. This process ensures OIG's system of quality control is effective and in compliance with professional standards and OIG Directives. As part of these reviews, OIG Directives were reviewed and updated as necessary. Our reviews for FYs 2016 and 2017 found no systemic issues or material weaknesses.

Training is a key element of OIG staff's professional development. Staff assessed training needs each year, in accordance with annual budgeting. Each OIG employee maintained training records to ensure compliance with required training. All staff met training requirements stipulated in their respective professional standards. All OIG employees also completed FCA's annual ethics training.

This reporting period, staff participated in training courses related to:

- OIG Leadership and Professional Development
- Information Technology and Cybersecurity
- Internal Controls and Fraud Prevention
- Federal Audit Executive Council Meetings and Conferences
- Interviewing Techniques
- Serving as a Virginia-certified mediator
- Council of Inspectors General for Integrity and Efficiency (CIGIE) program for new IGs

Independent referencing serves as a key control in OIG's reporting process. All OIG AI&Es were independently referenced to supporting documentation. We documented completion of independent referencing in each AI&E file.

Strategic Goal 2

Investigate alleged wrongdoing to detect and deter fraud, waste, abuse, and mismanagement in Agency programs and operations and to address Congressional, public, and employee concerns.

Investigations and Hotline Performance Measures

- Evaluate all FCA OIG hotline calls, emails, and other inquiries within two business days of receipt.
- Annually budget for and maintain a hotline from an independent source.
- Track the status of allegations and investigations on a monthly basis to ensure timely actions.
- Publish brief summaries, without attribution, of closed OIG investigations on the OIG website within 10 business days of the closing of the investigation and related referrals.
- Educate Agency employees on recognizing and reporting fraud, waste, abuse, and mismanagement by providing at least two Agency-wide educational initiatives, such as FCA newsletters.
- Within 10 business days, report to the U.S. Department of Justice on investigations as required by the IG Act.
- Report monthly on Congressional requests and meetings with members of Congress and their staff.

OUTCOME / IMPACT

The OIG Hotline is available 24/7 to receive tips and complaints about fraud, waste, or abuse relating to FCA programs and operations. Tips and complaints can be reported to the hotline using a secure email account, fca-ig-hotline@rcn.com, phone numbers 703-883-4316 and 800-437-7322, or fax 703-883-4059. During the reporting period, OIG received 69 hotline complaints. OIG budgets for the email account annually and it is maintained independent of the Agency's servers. We recorded all hotline complaints in a log. Whistleblower and hotline complaints received prompt attention within two business days, or were directed to the appropriate jurisdiction. We referred several hotline complaints related to Farm Credit System borrower complaints to the Office of Congressional and Public Affairs and the Office of Examination (OE).

On a monthly basis, OIG tracked the status of investigations internally to ensure timely action. During this reporting period, we closed 11 investigations. Some investigations identified areas that necessitated reviews of administrative issues. Seven of the 11 investigations resulted in a report of investigation. OIG published closing memoranda summarizing investigation reports issued to the Agency on the OIG website within 10 business days. OIG coordinated with law enforcement when warranted, reporting to the U.S. Department of Justice within 10 business days.

FCA employees are more likely to report real or suspected wrongdoing when they are aware of their responsibility to report suspected fraud, waste, abuse, and mismanagement, and how to identify it. OIG participated in the Agency's new employee training to inform employees about the role of the OIG, the OIG Hotline, and employees' responsibility to report fraud, waste, and abuse relating to Agency programs and operations. OIG also created hotline posters to educate employees on reporting fraud, waste, abuse, and mismanagement. OIG issued internal articles to educate Agency personnel on fraud, waste and abuse.

OIG reports monthly on Congressional requests and meetings in the monthly activities report to the FCA Board.

Strategic Goal 3

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

Legislation and Regulations Performance Measures

- Track, on a monthly basis, reviews of proposed regulations, legislation, and other guidance provided to the OIG.
- Issue the OIG Semiannual Report to Congress within 30 days of the end of each reporting period.
- Post any OIG report to be publicly released, on OIG's website not later than three business days after publication.
- Within five business days of release, provide notice of published OIG reports through OIG's email subscription.

OUTCOME / IMPACT

OIG tracks and comments on legislation and proposed rules, when appropriate, and informs the FCA Board and management about the status of new or pending legislation or regulations that have an impact on the Agency or on OIG. The IG is a member of the CIGIE Legislation Committee.

CIGIE Committees also forward interest items to the IG community. OIG reviews all such items as noted in OIG's Semiannual Reports to the Congress.

OIG continued to report on completed work and achievements through the timely Semiannual Reports to the Congress, which are posted on OIG's public website. OIG issued each Semiannual Report within 30 days of the end of the reporting period.

OIG AI&E reports are available on our public website, when possible. Full reports that contained sensitive information about FCA and potential vulnerabilities that could be used against the Agency were not released publicly. We posted all reports within three business days of issuance, as mandated in the Inspector General Empowerment Act of 2016.

OIG utilized an email subscription system to notify subscribers of reports posted on our public website. Notifications were generated within five business days of public release.

Strategic Goal 3

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

Outreach Performance Measures

- Inform Agency employees on operations of the OIG at least 12 times a year.
- Make proactive contact at least twice a year to inform stakeholders about the value of our work and our ideas for oversight.
- Participate in at least one or more CIGIE committees and work groups.
- Conduct a quarterly confidential survey of Farm Credit System (FCS or System) institutions regarding the effectiveness of the Agency's examination program.
- Issue a quarterly report and annual summary report on the survey results.
- Establish an electronic system – "Ask the IG" – through which Agency employees can query the OIG on its mission, statutory authority, and activities, by end of fiscal year.

OUTCOME / IMPACT

Agency employees' acceptance of and cooperation with OIG activities is improved through better understanding of the OIG mission. We strive to improve OIG programs and products through feedback from Agency employees. For this reporting period, OIG:

- Prepared monthly status reports for FCA Board Members and senior officials. Reports covered OIG operations and the status of recommendations or agreed-upon actions.
- Held quarterly meetings with FCA Board Members to maintain open lines of communication and discuss OIG activities.
- Began working with the Office of Congressional and Public Affairs on revisions to the OIG website.
- Developed a transition handbook to inform and assist newly appointed FCA Board Members and presidential transition staff. This outreach material covered the role of the IG, relevant authorities, and information on the FCA OIG.

OIG staff actively participated in CIGIE in a multitude of ways. The IG is a member of CIGIE's Legislation Committee, Inspection and Evaluation Committee and Small OIGs Working Group. The IG and staff participated in the following CIGIE groups:

- Inspection and Evaluation Roundtable
- Legislation Committee
- Small Agency Committee
- Audit Committee
- Council of Counsels
- Federal Audit Executive Council (FAEC)
- FAEC Information Technology Committee
- Freedom of Information Act Working Group
- Inspection and Evaluation Peer Review Implementation Team
- Records Administration Group

OIG conducted quarterly surveys of FCS institutions that included FCA's examination process, communications, and general comments from FCS institutions. OIG issued eight survey reports for the reporting period, which included quarterly reports and annual summaries with the fourth quarter report.

OIG also established an electronic system, "Ask the IG." Agency employees can send correspondence directly to the IG with questions about OIG's mission and responsibilities.

APPENDIX

Report Name	Date Issued	Mandate	Time to Completion	Recommendations in Report
AUDITS				
FCA's Contracting Activities	May 22, 2017	OIG Initiated	6 Months	7 Agreed-Upon Actions
FCA's Awards Program	February 23, 2017	OIG Initiated	4 Months	4 Agreed-Upon Actions
FCA's Oversight of Young, Beginning, and Small Farmer Programs	September 28, 2016	OIG Initiated	5 Months	5 Agreed-Upon Actions
FCA's Position Management and Job Evaluation Program	September 23, 2016	OIG Initiated	5 Months	6 Agreed-Upon Actions
Examination of Business Continuity at Farm Credit System Institutions	June 1, 2016	OIG Initiated	4 Months	2 Agreed-Upon Actions
FCA's Controls Over the Electronic Official Personnel Folder	April 21, 2016	OIG Initiated	3 Months	4 Agreed-Upon Actions
FCA's Risk Project	March 31, 2016	OIG Initiated	5 Months	5 Agreed-Upon Actions
Human Capital Planning at FCA	February 29, 2016	OIG Initiated	10 Months	11 Agreed-Upon Actions
FY 2016 Financial Statement Audit	November 2016	Legislatively Mandated Annual Audit	8 Months	No Action Items
FY 2015 Financial Statement Audit	November 2015	Legislatively Mandated Annual Audit	8 Months	No Action Items

INSPECTIONS				
Physical Security in FCA's Denver Field Office	September 29, 2017	OIG Initiated	3 Months	5 Agreed-Upon Actions
FCA's Purchase Card Program	March 7, 2017	OIG Initiated	5 Months	2 Agreed-Upon Actions
FCA's Travel Card Program	January 31, 2017	OIG Initiated	4 Months	2 Agreed-Upon Actions
Elimination of Unnecessary Use of Social Security Numbers at FCA	August 31, 2016	OIG Initiated	3 Months	No Action Items
FCA's Process in Developing and Updating Policies and Procedures	March 31, 2016	OIG Initiated	4 Months	3 Agreed-Upon Actions
EVALUATIONS				
Federal Information Security Modernization Act Evaluation for FY 2016	November 10, 2016	Legislatively Mandated Annual Evaluation	2 Months	No Action Items
Federal Information Security Modernization Act Evaluation for FY 2015	November 13, 2015	Legislatively Mandated Annual Evaluation	2 Months	No Action Items