

## Farm Credit Administration

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

May 15, 2019

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, Virginia 22102



The Honorable Ron Johnson, Chairman  
Committee on Homeland Security and  
Governmental Affairs  
United States Senate  
Dirksen Senate Office Building, SD-340  
Washington, DC 20510

The Honorable Elijah Cummings, Chairman  
Committee on Oversight and Reform  
United States House of Representatives  
Rayburn House Office Building, 2157  
Washington, DC 20515

The Honorable Gary C. Peters, Ranking Member  
Committee on Homeland Security and  
Governmental Affairs  
United States Senate  
Hart Senate Office Building, SH-442  
Washington, DC 20510

The Honorable Jim Jordan, Ranking Member  
Committee on Oversight and Reform  
United States House of Representatives  
Rayburn House Office Building, 2105  
Washington, DC 20515

The Honorable Mick Mulvaney, Director  
Office of Management and Budget  
725 17th Street NW  
Washington, DC 20503

The Honorable Gene L. Dodaro, Comptroller  
General of the United States  
U.S. Government Accountability Office  
441 G. Street NW, Room 5490  
Washington, DC 20548

To Whom It May Concern:

The Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires federal agencies to identify and report on programs and activities that may be susceptible to significant improper payments. Office of Management and Budget (OMB) Memorandum M-18-20, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, defines "significant improper payments" as gross annual improper payments in a program exceeding: 1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year (FY) reported, or 2) \$100,000,000 (regardless of the improper payment percentage of total

program outlays). Per IPERIA, OMB identifies high-priority programs for greater levels of oversight and review. The high-priority threshold for FY 2018 reporting is \$2 billion in estimated improper payments as reported in the Agency Financial Report (AFR) or Performance and Accountability Report (PAR).

OMB Memorandum M-18-20 and IPERA describe what each Inspector General should review to assess their agency's compliance with improper payment reporting requirements. Compliance is defined by whether the agency has:

- Published an AFR or PAR for the most recent fiscal year and posted that report and any accompanying materials required by OMB on the agency website;
- Conducted a program specific risk assessment for each program or activity that conforms with Section 3321 note of Title 31 U.S.C (if required);
- Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required);
- Published programmatic corrective action plans in the AFR or PAR (if required);
- Published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable); and
- Reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR or PAR.

Based on the above criteria, the Farm Credit Administration (FCA or Agency) Office of Inspector General determined that FCA complied with IPERA requirements applicable to the Agency for FY 2018. FCA published and posted a PAR for FY 2018 on November 13, 2018.

FCA conducted risk assessments for FY 2017 and determined that all programs and activities were low risk and not susceptible to significant improper payments. For programs that are deemed not to be susceptible to significant improper payments, agencies must perform risk assessments at least once every three years. Therefore, FCA was not required to conduct a risk assessment for FY 2018, and the next required risk assessment will be for the period ending September 30, 2020. As none of the programs or activities assessed by FCA was determined to be susceptible to significant improper payments, the Agency was not required to publish improper payment estimates, publish programmatic corrective action plans, publish and meet annual reduction targets, or report gross improper payment rates of less than 10 percent.

As part of its FY 2017 risk assessments, FCA assessed five programs and activities: contract payments and/or invoices; purchase cards; travel cards; claims and/or vouchers; and Federal employee payments, including payroll. The following table summarizes FCA's compliance with improper payments reporting requirements with respect to those programs.

Program Name	Published an AFR or PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Reported an Improper Payment Rate of Less Than 10 Percent
Contract Payments and/or Invoices	Compliant	N/A	N/A	N/A	N/A	N/A
Purchase Card	Compliant	N/A	N/A	N/A	N/A	N/A
Travel Card	Compliant	N/A	N/A	N/A	N/A	N/A
Claims and/or Vouchers	Compliant	N/A	N/A	N/A	N/A	N/A
Federal Employee Payments, Including Payroll	Compliant	N/A	N/A	N/A	N/A	N/A

Should you have any questions, please do not hesitate to contact me at (703) 883-4030.

Respectfully,

Wendy R. Laguarda  
Inspector General