

**Farm Credit Administration  
Office of Inspector General**

**Audit, Inspection, and Evaluation Plan  
Fiscal Years 2021-2022**



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Office of Inspector General

# AUDIT, INSPECTION, AND EVALUATION PLAN

The Office of Inspector General (OIG) is tasked with providing independent and objective oversight of the Farm Credit Administration (FCA or Agency) and keeping the FCA Board and Congress fully and completely informed as to problems and deficiencies relating to FCA programs and operations. Pursuant to its responsibilities, the OIG performs audits, inspections, and evaluations to ensure that FCA programs are administered effectively and with appropriate controls, and to identify opportunities for improvement.

Below are audit, inspection, and evaluation activities planned for Fiscal Years 2021 and 2022. This plan was formulated using a risk-based approach, considering prior oversight work, the control environment, input from the FCA Board and senior management, statutory requirements, and resource allocations and prioritizations. The planned activities may be adjusted in response to changing needs or circumstances.

## REQUIRED ANNUAL REVIEWS

### **FCA's Financial Statements Audit**

The Accountability of Tax Dollars Act of 2002 requires executive agencies not covered by the Chief Financial Officers Act to obtain annual audits in accordance with generally accepted government auditing standards. The OIG contracts with an independent accounting firm to audit FCA's financial statements, internal control over financial reporting, and compliance with laws and regulations relating to the determination of financial statement amounts. The OIG will transmit the audit firm's opinion to the Agency. The OIG will ensure that the independent accounting firm incorporates an appropriate audit scope and deliverables within appropriate timeframes. This audit is currently conducted by the audit firm of Harper, Rains, Knight & Company.

### **Federal Information Security Modernization Act (FISMA)**

FISMA requires Inspectors General to conduct an annual evaluation of their respective agency's information security program and report the results to the Office of Management and Budget (OMB) and the Department of Homeland Security (DHS). The objective of this evaluation is to conduct an independent evaluation of FCA's information security program using the metrics identified by DHS to determine the effectiveness of the information security program and practices. The OIG may contract with an independent accounting firm to conduct FCA's FISMA evaluation. If a contractor is used, the OIG monitors the audit firm and transmits the firm's evaluation to the Agency. This audit is currently conducted by the audit firm of Williams Adley & Company.

## PLANNED AUDIT, INSPECTION, AND EVALUATION ACTIVITIES

### **Audits**

#### **FCA's Contracting Process**

FCA's contracting program has moved to the Office of the Chief Financial Officer. The goal of the program is to acquire products and services that meet program needs and are the best value to the Agency in a timely and effective manner. As a non-appropriated fund agency, FCA's procurement policies are set forth in Policy and Procedures Manual 812 Contracting/Procurement Policy and the Agency's Contracts Desk Manual. The objective of this audit is to determine whether FCA's contracting process is efficient and effective.

#### **FCA's Enterprise Risk Management Capability and Internal Control Program**

Federal managers should effectively manage risks that the Agency faces in achieving strategic objectives and that arise from its activities and operations. In July 2016, OMB issued a revised Circular A-123 to modernize

existing efforts to improve accountability in Federal programs and operations by requiring the implementation of an Enterprise Risk Management (ERM) capability. The objective of this audit is to determine the Agency's progress toward an ERM capability and whether the Agency has established an adequate internal control program.

### **Agency-wide Training Initiatives**

There are multiple agency-wide training requirements for areas such as computer security, continuity of operations, equal employment opportunity and diversity, and antiharassment. The Agency also has an extensive examiner commissioning program. The objective of this audit is to determine whether the Agency is adequately coordinating and utilizing resources to deliver efficient and effective training.

### **OSMO Examination Guidance**

FCA established the Office of Secondary Market Oversight (OSMO) to manage regulation, supervision, and examination of the Federal Agricultural Mortgage Corporation (Farmer Mac). OSMO is required to examine Farmer Mac at least once per year. The objective of this audit is to evaluate OSMO's examination policies, procedures, and guidance.

### **FCA's Office of Data Analytics and Economics**

With the goal of moving further toward a more objective data-driven approach to policy making, the FCA Board approved the creation of the Office of Data Analytics and Economics (ODAE) in November 2019. ODAE is primarily responsible for facilitating an agency-wide strategy for analytics and providing economic analysis services to support the FCA Board and offices regarding their decision making and regulatory activities. The ODAE was also created to support the Foundations for Evidence-Based Policymaking Act of 2018 (signed into law on January 14, 2019). The objective of this audit is to evaluate ODAE's organizational structure, goals, and objectives in achieving the Agency's mission.

### **Inspections and Evaluations**

#### **Property Management**

FCA has a property management program to ensure integrity, accuracy, and effective, timely accountability of property as it moves through the lifecycle. The objective of this inspection is to determine whether FCA is adhering to the property management policies and procedures.

#### **Lessons Learned in Pandemic Response**

On March 16, 2020, FCA directed most of its workforce to telework, suspended all onsite examinations, restricted business travel, and canceled in-person training. Since then, FCA has implemented numerous changes to enable the Agency to continue operations while protecting the health and safety of its employees at headquarters and in field offices. The objective of this evaluation is to determine the effectiveness of FCA programs enacted in response to the COVID-19 pandemic.

#### **Examination Staff Scheduling and Rotation**

FCA is required to examine each FCS institution at such times as the FCA Board determines, but no less than every 18 months. Rotating examiners is an important element of FCA's arms-length role to ensure oversight work is fair, impartial, and independent. Staff rotation also supports the consistent application of requirements across institutions and provides valuable learning opportunities. The objective of this inspection is to identify and evaluate FCA's process for scheduling and rotating FCA examination staff.

### **Office of Examination Recruiting**

Each year, the Office of Examination expends resources to recruit new talent for FCA's examination staff. The objective of this inspection is to determine whether FCA is allocating appropriate resources to, and analyzing results of, its recruiting efforts.

### **Records Management**

FCA is responsible for creating, maintaining, preserving, and disposing of records in accordance with applicable laws and regulations. In May 2020, FCA transitioned responsibilities for records management to its Office of Information Technology (OIT) with the Director of OIT designated as the Senior Agency Official for the Agency Records Program. The records official has responsibility for ensuring FCA efficiently and appropriately complies with applicable records management statutes, regulations, and National Archives and Records Administration policy and requirements. The objective of this inspection is to determine whether FCA has a comprehensive records management program that complies with applicable requirements.

### **Similar Entity Lending Oversight Process**

The Farm Credit Act allows System institutions to participate in similar entity lending to provide institutions and non-system lenders with a tool to manage risk. In 2016, FCA issued a booklet describing safeguards to help System institutions ensure compliance with similar entity lending laws and regulations. The objective of this inspection is to evaluate the Agency's oversight of similar entity lending in the System.

### **Peer Reviews**

#### **Peer Review of FCA OIG Audit Operations**

Government Auditing Standards require audit organizations that perform audits or attestation engagements to undergo an external peer review every three years. The Federal Trade Commission OIG is scheduled to conduct FCA OIG's external peer review starting in April 2022. The review will cover our system of quality control for the audit organization.

#### **FCA OIG Peer Review of Corporation for Public Broadcasting OIG Inspection and Evaluation Operations**

The Council of the Inspectors General on Integrity and Efficiency Quality Standards for Inspections and Evaluations (Blue Book) requires an external peer review of inspection and evaluation organizations every three years. The OIG staff is scheduled to conduct the Corporation for Public Broadcasting OIG's external inspection and evaluation peer review beginning October 2021.

#### **Peer Review of FCA OIG Inspection and Evaluation Operations**

The Securities and Exchange Commission OIG is scheduled to conduct FCA OIG's external peer review starting in April 2022. The review will cover our inspection and evaluation organization's compliance with Blue Book standards.



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## **REPORT FRAUD, WASTE, ABUSE, & MISMANAGEMENT**

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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>.