



November 9, 2016

The Honorable Ron Johnson  
Chairman  
Committee on Homeland Security and Governmental Affairs  
United States Senate  
328 Hart Senate Office Building  
Washington, DC 20510

The Honorable Charles E. Grassley  
Chairman  
Committee on the Judiciary  
United States Senate  
135 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Johnson and Chairman Grassley:

This is in reply to your February 27, 2015, letter requesting information relating to the Farm Credit Administration (FCA or Agency) Office of Inspector General (OIG). Information requested involves open OIG recommendations; OIG reports provided to the Agency for comment but not responded to within 60 days; investigative reports on employees at a GS-15 level or above or equivalent; instances of whistleblower retaliation; descriptions of attempts to interfere with IG independence; detailed descriptions of instances in which the Agency has resisted or objected to oversight activities of the OIG or restricted or significantly delayed access to information; and nonpublic, closed reports of investigation, audit, or evaluation by the OIG.

We are providing the requested information for the reporting period dating from April 1, 2016 through September 30, 2016, in conjunction with the issuance of OIG's Semiannual Report to the Congress for this same time period.

**Request No. 1: An accounting of all outstanding unimplemented recommendations, as well as the aggregate potential cost savings of these open recommendations, including:**

- a. **The current number of open and unimplemented recommendations;**
- b. **The dates on which the open and unimplemented recommendations were initially made;**
- c. **Whether agency management has agreed or disagreed with the recommendations; and**
- d. **The total potential cost savings to the agency of the current open and unimplemented recommendations.**

**FCA OIG Response:** As of September 30, 2016, OIG has 18 agreed-upon actions that remain open or unimplemented. (An agreed-upon action is a recommendation made in an OIG audit,

evaluation, or inspection which the Agency has accepted. All of OIG's open recommendations discussed in this report have already been accepted by the Agency and are, therefore, designated as "agreed-upon actions".) Information as requested on these agreed-upon actions follows:

**a. The current number of open and unimplemented recommendations**

**FCA OIG Response:** FCA OIG has 18 open recommendations/agreed-upon actions.

**b. The dates on which the open and unimplemented recommendations were initially made**

**FCA OIG Response:** See below charts.

**c. Whether agency management has agreed or disagreed with the recommendations**

**FCA OIG Response:** The Agency has agreed with all 18 open recommendations/agreed-upon actions.

**d. The total potential cost savings to the agency of the current open and unimplemented recommendations**

**FCA OIG Response:** As of September 30, 2016, two of the open 18 agreed-upon actions would result in a cumulative estimated amount of \$304,477 in funds put to better use, as follows:

- [Farm Credit Administration's Risk Project, Audit No. A-16-01 \(March 31, 2016\)](#), Agreed-Upon Action Number 1, which identified funds put to better use of \$143,200: "Add or modify current procedures for large IT investments to:
  - Designate a project manager and project management responsibilities;
  - Assess resources and determine whether consultants are needed for project planning and implementation; and
  - Establish guidelines for incremental investment."
- [Farm Credit Administration's Commissioning Program, Audit No. A-14-04 \(March 31, 2015\)](#), Agreed-Upon Action Number 3, which identified funds put to better use of \$161,277: "Analyze the costs and benefits of streamlining and consolidating current testing and assessment milestones through the elimination of the final Commissioning Test simulations."

### Audit: FCA's Commissioning Program (Issued 3/31/2015)

DATE OF RECOMMENDATION	AGREED-UPON ACTION NUMBER	RECOMMENDATION/AGREED-UPON ACTION
March 31, 2015	1	Identify and track specific commissioning costs to evaluate the cost of the program and identify cost-saving opportunities and consider timekeeping code revisions, with OMS assistance in implementation.
March 31, 2015	3	Analyze the costs and benefits of streamlining and consolidating current testing and assessment milestones through the elimination of the final Commissioning Test simulations.
March 31, 2015	9	Revise processes to provide feedback to every Associate Examiner on Technical Evaluations and Commissioning Test multiple-choice test performance.

## Audit: FCA's Risk Project (Issued 3/31/16)

DATE OF RECOMMENDATION	AGREED-UPON ACTION NUMBER	RECOMMENDATION/AGREED-UPON ACTION
March 31, 2016	1	<p>Add or modify current procedures for large IT investments to:</p> <ul style="list-style-type: none"> <li>• Designate a project manager and project management responsibilities;</li> <li>• Assess resources and determine whether consultants are needed for project planning and implementation; and</li> <li>• Establish guidelines for incremental investment.</li> </ul>
March 31, 2016	2	Establish a control to ensure project management guidance is implemented for large IT investments.
March 31, 2016	3	Create an incremental project plan for the remainder of the Risk Project in coordination with the Risk Project workgroup. Include an assessment of required resources and tasks requiring consultants and evaluate other tools that may be incorporated to accomplish Risk Project goals and objectives.
March 31, 2016	4	Modify standard operating procedures to define levels of approval for large IT acquisitions and establish a control to ensure appropriate reviews and approvals are obtained.

## Audit: FCA's Position Management and Job Evaluation Program (Issued 9/23/16)

DATE OF RECOMMENDATION	AGREED-UPON ACTION NUMBER	RECOMMENDATION/AGREED-UPON ACTION
September 23, 2016	1	Create internal procedures on the job evaluation and position management program to memorialize and standardize HR processes. Include additional controls over inputs into the job evaluation system.
September 23, 2016	2	Establish and initiate a plan to update all position descriptions to the new format. Address inconsistencies identified between position descriptions and the rating system.
September 23, 2016	3	Document the method chosen to increase transparency of the job evaluation system.
September 23, 2016	4	Document how the job evaluation system works and how weights are assigned to the factors to ensure adequate knowledge of the system exists in the Agency. Safeguard the information as appropriate. Seek contractor assistance as necessary.
September 23, 2016	5	Document the promotion process at the Executive Management Team phase of the OE career ladder.
September 23, 2016	6	Revise Policy and Procedure Manual 819 for the position description review and desk audit withdrawal processes.

## Audit: FCA's Oversight of Young, Beginning, and Small Farmer Programs (Issued 9/28/2016)

DATE OF RECOMMENDATION	AGREED-UPON ACTION NUMBER	RECOMMENDATION/AGREED-UPON ACTION
September 28, 2016	1	<p>ORP document policies and procedures for YBS oversight activities, including:</p> <ul style="list-style-type: none"> <li>• A methodology for YBS comparison reporting that accounts for institution size; and</li> <li>• A process to address deficiencies identified through YBS reporting and analysis.</li> </ul>
September 28, 2016	2	ORP incorporate YBS oversight activities and processes in internal control planning and evaluation.
September 28, 2016	3	ORP develop a plan for addressing recommendations in the Agency's YBS definitions review.
September 28, 2016	4	OE provide guidance to examiners to ensure YBS transaction testing and conclusions are appropriately documented.
September 28, 2016	5	ORP complete an interpretation on YBS disclosure requirements in annual reports to shareholders.

**Request No. 2: A narrative description of all audits, evaluations, and investigations provided to the agency for comment but not responded to within 60 days.**

**FCA OIG Response:** All OIG audit, evaluation, and investigation reports provided to the FCA during this reporting period were responded to within 60 days.

**Request No. 3: A report on each investigation involving GS-15 level or above employees, or other Federal pay scale equivalent employees, at a Federal agency or department where misconduct was found, but no prosecution resulted, including:**

- a. A detailed description of the facts and circumstances of the investigation; and
- b. A detailed description of the status and disposition of the matter, including whether there was a referral to the Department of Justice, the date of any such referral, whether there was a declination from the Department, the date of any such declination, and an explanation of the reasons for any such declination.

**FCA OIG Response:** During this reporting period, OIG issued no reports finding misconduct by FCA employees at a Federal pay scale equivalent to a GS-15 level or above.

**Request No. 4: Detailed descriptions of any instances of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any consequences, the agency imposed to hold that official accountable. However, please seek whistleblower consent before revealing any whistleblower's personally identifiable information to Congress.**

**FCA OIG Response:** OIG identified no instances of whistleblower retaliation within FCA or involving FCA employees during this reporting period.

**Request No. 5: Detailed descriptions of any attempts to interfere with IG independence, including:**

- a. Restricting communications between the IG office and Congress; and
- b. Budgetary constraints designed to limit the capabilities of the IG office.

**FCA OIG Response:** OIG has had no instances of attempts to interfere with IG independence during this reporting period.

**Request No. 6: A detailed description of any incident where the Federal agency or department, as applicable, has resisted or objected to oversight activities of the IG office or restricted or significantly delayed access to information, including the justification of the Federal agency or department for such action.**

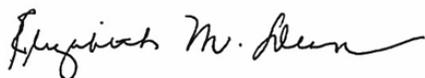
**FCA OIG Response:** During this reporting period, the Agency has cooperated in information and document requests, including providing access to Agency databases, written materials, and Agency employees for interviewing, and has not significantly delayed the FCA OIG's access to records or other information. The FCA OIG has also had no instances in which the FCA resisted or objected to OIG oversight activities.

**Request No. 7: A detailed description of any investigation, evaluation, audit, or report that is closed and was not disclosed to the public.**

**FCA OIG Response:** With respect to information on nonpublic, closed reports issued from April 1, 2016 to September 30, 2016, all reports generated through OIG audits, inspections, and evaluations conducted during the period were publicly disclosed and are posted on my office's public website at [FCA Office of Inspector General Reports](#).

Thank you for your efforts on behalf of the Inspectors General, and please contact my office at (703) 883-4030, if we may further assist.

Sincerely,



Elizabeth M. Dean  
Inspector General