

**Farm Credit Administration
Office of Inspector General**

**Audit, Inspection, and Evaluation Plan
Fiscal Years 2025-2026**



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Office of Inspector General

October 18, 2024

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, 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 2025 and 2026. This plan was formulated using a risk-based approach, considering prior oversight work, the control environment, input from senior management, statutory requirements, and resource allocations and prioritizations. The planned activities may be adjusted in response to changing resources, needs, or circumstances.

REQUIRED 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. 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. OIG will transmit the independent accounting firm's opinion to the Agency. OIG will ensure that the independent accounting firm incorporates an appropriate audit scope and deliverables within appropriate timeframes.

Compliance with the 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 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 FISMA metrics to determine the effectiveness of the information security program and practices. OIG may contract with an independent accounting firm to conduct FCA's FISMA evaluation or perform the work with internal OIG staff. If a contractor is used, OIG monitors the independent accounting firm and transmits the firm's evaluation to the Agency.

Compliance with the Payment Integrity Information Act (PIIA) Inspection

PIIA requires Inspectors General to annually report on whether their respective agencies complied with the act's requirements. The review includes determining whether the Agency is publishing improper payments information in the annual financial statement and conducting risk assessments to identify those programs susceptible to improper payments. The objective of this inspection is to determine whether FCA has met all applicable requirements of PIIA and evaluate efforts to prevent and reduce improper payments.

PLANNED AUDIT, INSPECTION, AND EVALUATION ACTIVITIES

Audits

Controls over Payroll, Compensation, and Benefits

FCA's Office of Agency Services (OAS) manages the payroll, compensation, and benefits programs for employees. OAS works with contractors that provide financial management and payroll administration services. The objective

of this audit is to determine whether there are adequate controls over the payroll, compensation, and benefit programs.

Contracting Process

In July 2020, the FCA Board approved the transfer of Agency procurement functions from OAS to FCA's Office of the Chief Financial Officer. The goal of the program is to acquire products and services that meet program needs and provide 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.

Planning for the Use of Artificial Intelligence and Machine Learning

The increased availability and capacity of computing power and data has furthered rapid adoption of artificial intelligence and machine learning utilization in day-to-day business practices. This is an everchanging, fast-paced environment with numerous implications as a financial regulator. The objective of this audit is to evaluate FCA's planning efforts for artificial intelligence and machine learning in both the Farm Credit System and at FCA.

Implementation of Cloud Services and Products

FCA continues to adopt cloud computing services and products to help move the Agency forward in the technology realm. This is an area that can enable better and more economical cybersecurity practices and increase operational resilience. However, it is important for the Agency to maintain essential security controls over the cloud computing environment. The objective of this audit is to evaluate FCA's implementation of cloud computing services and products and the effectiveness of the security controls in place.

Follow-up on the Enforcement, Special Supervision, and Criminal Referral Processes

Interventions and referrals are an important part of Farm Credit System oversight. In March 2015, the OIG issued an audit on FCA's enforcement and special supervision program on whether FCA was following the special supervision and enforcement processes and monitoring institution compliance effectively. In addition, in March 2020, the OIG issued an audit on whether FCA's criminal referral and follow-up process was effective and efficient. This audit would be a follow-up review of the Agency's efforts in these areas since the previous audits. The objective of the audit is to evaluate enforcement, special supervision, and criminal referral processes.

Inspections and Evaluations

Follow-up Review on the Federal Agricultural Mortgage Corporation (Farmer Mac) Assessment Process

FCA assesses Farmer Mac for the costs of the Agency's regulatory, supervisory, and examination activities. This assessment is calculated by OCFO in coordination with FCA's Office of Secondary Market Oversight (OSMO). In March 2018, the FCA OIG issued an audit on OSMO. As part of that review, the OIG identified improvements that were needed to FCA's assessment process for Farmer Mac. The objective of this inspection is to determine whether FCA has improved the assessment process for Farmer Mac and whether the process is adequate.

Quality Assurance Process in the Office of Examination (OE)

OE plays a critical role to the Agency's mission. Examination quality and integrity are integral to the examination process. Quality assurance reviews provide an important control to manage risk and ensure quality. The objective of this inspection is to determine whether OE has designed and implemented an effective quality assurance program.

Borrower Complaints Process

FCA's borrower complaint process reviews complaints about Farm Credit System institutions regarding noncompliance with the laws and regulations over which FCA has enforcement authority. FCA has the authority to enforce borrower rights. If FCA identifies any violations of law or regulation, the findings are handled under FCA's examination and enforcement authorities. The objective of this inspection is to determine whether the Agency is effectively and efficiently handling the borrower complaints process.

Agility in the Office of Information Technology (OIT)

Information security and cybersecurity are fast-paced challenging environments that require an agile and responsive workforce. In order to adapt to changing requirements, legislation, and guidance, OIT needs to adopt an agile approach to the demands on their office. The objective of this inspection is to evaluate OIT's efforts to align the office and programs for readiness and responsiveness.

Peer Reviews

The Government Accountability Office's Government Auditing Standards require audit organizations that perform audits or attestation engagements to undergo an external peer review every three years. Similarly, the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Quality Standards for Inspection and Evaluation require inspection organizations to undergo an external peer review in accordance with CIGIE requirements. OIG staff are also required to conduct peer reviews of other OIG's audit and inspections organizations.

FCA OIG Peer Review of U.S. Agency for International Development OIG Inspection and Evaluation Operations

OIG staff is scheduled to conduct the U.S. Agency for International Development OIG's external inspection and evaluation peer review beginning October 2024.

Peer Review of FCA OIG Audit Operations

The U.S. International Development Finance Corporation OIG is scheduled to conduct FCA OIG's external peer review starting in April 2025. The review will cover our system of quality control for the audit organization.

Peer Review of FCA OIG Inspection and Evaluation Operations

The National Science Foundation OIG is scheduled to conduct FCA OIG's external peer review of inspection and evaluation operations starting in April 2025. The review will cover our system of quality control for the inspection and evaluation organization.



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REPORT FRAUD, WASTE, ABUSE, & MISMANAGEMENT

Fraud, waste, abuse, and mismanagement in government concerns everyone: Office of Inspector General staff, FCA employees, Congress, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to FCA programs and operations. You can report allegations to us in several ways:

Online: <https://apps.fca.gov/oigcomplaint>

Phone: (800) 437-7322 (Toll-Free)
(703) 883-4316

Email: fca-ig-hotline@rcn.com

Mail: 1501 Farm Credit Drive
McLean, VA 22102-5090

To learn more about reporting wrongdoing to OIG, please visit our website at <https://www.fca.gov/about/inspector-general>.