



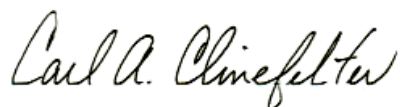
at FCA

FORWARD

The Farm Credit Administration (FCA or Agency) Office of Inspector General (OIG) has a unique relationship within the Agency. The OIG was created as a result of the Inspector General Act of 1978, as amended (Act). The Act establishes specific responsibilities and authorities for all Federal Inspectors General. The Inspector General at FCA (IG) has a dual reporting responsibility to both the FCA Board and the Congress.

The OIG is to provide independent and objective oversight of Agency programs and operations through audits, inspections, evaluations, investigations, and the review of proposed legislation and regulations. The Act grants Inspector General independent authorities in areas such as accessing information, appointing OIG staff, and contracting for subject matter specialists and consultants. The Act also precludes an Inspector General from having responsibility for or involvement in any program operations of a department or agency.

The mission of the OIG is to be an agent of positive change, striving for continuous improvement in FCA's management and program operations. I hope this pamphlet will enhance your understanding of our mission and responsibilities.



Carl A. Clinefelter
Inspector General

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OIG MISSION, RESPONSIBILITIES, AND ORGANIZATION

Mission

The mission of the OIG is to be an agent of positive change, striving for continuous improvement in FCA's management and program operations.

The FCA OIG was established in 1989. By statute, the IG reports to and is under the general supervision of the FCA Board, but operates with independent personnel, contracting, and decision-making authority.

Responsibilities

The language of the Act states that the purpose of offices of Inspectors General is to provide independent and objective units to conduct and supervise audits, inspections, evaluations, and investigations relating to agency programs and operations. Under the Act, the OIG is also directed to provide leadership and coordination in recommending policies to prevent and detect fraud, waste, abuse, and mismanagement in Agency programs and operations.

The OIG conducts audits, inspections, evaluations, and investigations relating to all FCA programs and operations. Further, the OIG reviews existing and proposed legislation and regulations to evaluate their impact on the economy and efficiency of the Agency and on the prevention of fraud, waste, abuse, and mismanagement, and recommends changes as appropriate.

The IG informs the FCA Board and Congress of fraud or any other serious problems concerning the administration of FCA programs and

operations; recommends corrective action and reports on progress made in the implementation of such actions; refers criminal matters to appropriate agencies and to the Department of Justice (DOJ) for prosecution; and directs misconduct referrals for administrative action by the Agency.

Organization

The Act provides that there shall be an OIG within the FCA and that the OIG be headed by an Inspector General appointed by the FCA Board solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, investigations, law, management analysis, or public administration, and without regard to political affiliation.

In addition to the IG, the OIG is staffed with a Deputy IG/General Counsel, a Senior Auditor, a Senior Information Technology Auditor, and an Administrative Assistant.

The OIG may augment its own staff's knowledge, skills, and abilities with consultants, contractors and other Federal Inspectors' General employees, as needed, to fulfill its responsibilities.

Strategic and Operating Performance Plan

The Strategic and Operating Performance Plan describes the OIG's mission, goals, and performance measures for a 2-year period. It also contains budgets for two years and the OIG's Audit Plan for two years plus out years. This document is updated every year.

ACCESS TO INFORMATION

In order to fulfill the OIG's responsibilities, the IG is entitled to unfiltered access to information. Section 6(a)(1) of the Act provides specific authority for the IG to have access to all records, reports, audits, reviews, documents, papers, recommendations or any other material available to the FCA.

Section 6(a)(4) authorizes the IG to issue subpoenas to obtain documents from sources outside the Federal government.

Section 6(a)(5) authorizes the IG to administer or take from any person an oath, affirmation, or affidavit, whenever necessary in the performance of the functions assigned by the Act. The IG may delegate this authority to OIG staff.

Section 6(a)(6) authorizes the IG to have direct and prompt access to the head of the Agency when necessary for any purpose pertaining to the performance of functions and responsibilities under the Act.

AUDITS AND INSPECTIONS

What is an OIG Audit?

An audit is an independent, formal, and methodical examination of an organization, program, function, or activity. Our audits are required to comply with *Government Auditing Standards* (referred to as the Yellow Book) promulgated by the Government Accountability Office.

What is an OIG Inspection?

Generally, inspections are reviews of a more limited scope than audits. Inspections are performed in accordance with the *Quality Standards for Inspections* issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

What are the Types of Audits and Inspections?

Audits

Financial - These include financial statement audits and any other reviews relating to FCA's financial operations. These reviews provide reasonable assurance about whether FCA's financial statements present fairly the financial position, results of operation, and cash flows of the FCA; system of internal control over financial reporting evidences any material weaknesses; and compliance with laws and regulations related to the determination of financial statement amounts is satisfactory.

Performance - These include economy, efficiency, and program reviews. Economy and efficiency reviews determine (1) whether the entity is acquiring, protecting, and using its resources (such

as personnel, property, and space) economically and efficiently, (2) the causes of any inefficiencies or uneconomical practices, and (3) whether the entity has complied with laws and regulations on matters of economy and efficiency. Program reviews determine (1) the extent to which desired results or benefits established by the legislation or other authorizing body are being achieved, (2) the effectiveness of an organization, programs, activities or functions, and (3) whether the entity has complied with significant laws and regulations applicable to the program.

Inspections

Inspections evaluate selected FCA administrative and program operations. They focus on whether management controls, practices, processes, and procedures are adequate and effective.

What Does the OIG Audit and Inspect?

In addition to reviews resulting from statutory requirements (the Federal Managers Financial Integrity Act, 31 U.S.C. § 3512, and the Government Performance and Results Act of 1993, Public Law 103-62), the OIG conducts systematic reviews throughout the organization. All FCA operations are subject to review. These reviews focus on major Agency functions and programs and, as a result, certain activities are examined with greater frequency than others.

The OIG typically audits or inspects:

- potential program vulnerabilities to fraud, waste, abuse, and mismanagement;

- management planning processes;
- cost effectiveness of programs and functions;
- the ability of the Agency to protect and safeguard its resources; and
- financial statements and financially related activities, including contracting.

The Audit and Inspection Planning Process

The OIG develops annually a moving 2-year Audit Plan. This is a formal document outlining the audit and inspection workload and resources for the next two fiscal years plus out years. It contains a listing of potential reviews to be initiated and the general objectives of each. The Audit Plan considers issues that may pose a risk to FCA's mission. It also reflects the interests of the FCA Board, the Congress, and other stakeholders. Most reviews are implemented according to the Audit Plan. However, the Audit Plan is not a static or binding document and is periodically reevaluated, at least annually, to ensure the OIG responds effectively to the needs of the FCA Board, Congress, and other stakeholders.

How are Audits and Inspections Conducted?

These reviews begin with notification to the office(s) to be reviewed. The underlying goal of the review process is to maintain open communication between the auditors and the managers to ensure findings, recommendations, and agreed-upon actions are accurately and fairly presented in the report. OIG staff or an OIG contractor may perform an audit or inspection.

The key elements in the process are defined as follows:

Notification - A written notice is given to the accountable manager(s) informing them of OIG's intent to begin a review and identifying the OIG personnel participating in the assignment.

Entrance Conference - Through this discussion, the OIG advises Agency officials of the review's purpose, objectives, and scope; the general methodology the OIG will follow; and solicits input from Agency officials that might impact the review.

Fieldwork - The OIG comprehensively examines and analyzes selected areas of a program, activity, or function, using a plan developed specifically to answer the objectives. Sufficient evidence is obtained to support the findings and conclusions. Recommendations or agreed-upon actions are made. A recommendation is an OIG suggestion to fix or improve a condition. An agreed-upon action represents recognition by management that improvement is needed.

Discussion Draft Report - At the conclusion of fieldwork, the OIG may complete a discussion draft report. The discussion draft is used to facilitate the discussion of audit results. The discussion draft is usually furnished to management and operating officials prior to the exit conference.

Exit Conference - An exit conference is held between the OIG and management officials to summarize the audit results, revalidate the facts to be relied upon in the draft report, and to solicit the views of officials concerning potential recommendations to correct any identified deficiencies.

Final Draft Report - The OIG completes a final draft report based on the input received from management during the exit conference. The final draft report is usually issued within 14 calendar days of the exit conference.

Management Response - Management officials may respond in writing to the final draft report. If the OIG receives the response within 30 days, it is included with the final report.

Audit Follow-up - OIG staff and the Agency's Audit Followup Official monitor Agency managers' actions to assure that corrective actions on recommendations and/or agreed-upon actions are implemented.

Report Products

A report is the documentation of the objectives, scope, findings, conclusions, and recommendations and/or agreed-upon actions resulting from the objective assessment of a program, function, or activity. A synopsis of all reports is included in the OIG's *Semiannual Report to the Congress*.

Audit and Inspection Report Distribution

OIG issues its final audit and inspection reports to the FCA Board and the accountable FCA manager(s). Final reports are normally public documents and are available on the OIG web site at <http://www.fca.gov/home/inspector.html>.

INVESTIGATIONS

What is an OIG Investigation?

An OIG investigation is a planned, systematic search for relevant, objective evidence derived from individuals, documents, tangible objects, and data.

An investigation typically includes determining the basis for the complaint, the issues involved, and obtaining evidence.

OIG has adopted *Quality Standards for Investigations* issued by the CIGIE as guidance for its investigative activity.

What Does the OIG Investigate?

The jurisdiction of the OIG extends to all matters relating to fraud, waste, abuse, and mismanagement by FCA employees, contractors, and others in relation to FCA programs and operations. The OIG investigations focus on violations of law or misconduct by FCA employees and contractors as well as allegations of irregularities or abuse in FCA programs and operations.

If an employee wishes to pursue a harassment or an Equal Employment Opportunity discrimination claim under the law, the employee should consult Agency Policies and Procedures Manual (PPM) # 849 to be aware of the strict time requirements for filing a claim.

The FCA OIG has investigated violations alleging:

- theft, conversion, misappropriation, embezzlement, or misuse of Government funds or property;
- false claims or statements;
- forgery, falsification or unauthorized destruction of Government records;
- conflict of interest knowingly engaged in by an FCA employee;
- violation of standards of ethical conduct;
- prohibited personnel practices;
- violation of employee responsibilities and conduct; and
- mismanagement, fraud, waste of Government funds, or abuse of authority relating to FCA's programs and operations.

How is an OIG Investigation Initiated?

The first step in the course of an investigation is receipt of a complaint of wrongdoing. The OIG receives complaints primarily from FCA employees; however, Congress, other agencies, citizens, and public interest groups may also refer matters to the OIG for investigation.

Anyone with suspicion or knowledge of wrongdoing should immediately contact OIG staff by phone, mail, e-mail, or in person.

All complaints received by the OIG undergo a preliminary analysis to determine if further action is warranted.

The OIG considers the following factors in evaluating a complaint for investigation:

- indications and plausibility of allegations that a violation of a statute or regulation under OIG jurisdiction has been committed; and
- the effect of the alleged illegal or improper activity on FCA programs.

The Investigative Process

Because the goal of an investigation is to determine the truth or the falsity of matters alleged, the procedures employed in the investigative process focus on obtaining relevant facts to address all aspects of an allegation.

Investigative activities include examination of documents such as files, contracts, vouchers, reports, and memoranda. The investigator also obtains information by interviewing witnesses, technical experts, and the subjects of investigations. Information obtained is documented in records of interviews and by affidavits sworn under oath.

When the investigation substantiates a wrongful act, an investigative report is prepared. When there is evidence of criminal wrongdoing, the report is presented to the DOJ to consider for prosecution in Federal Court. If the investigation concludes that there was wrongdoing other than criminal, the report will be sent directly to FCA management for administrative action.

If an investigation cannot be substantiated, at the discretion of the IG, the complainant, if known, the subject, and interested parties are informed.

Can FCA Employees be Interviewed?

OIG investigators may interview FCA employees during an investigation. Most employees voluntarily consent to interviews and fully cooperate by supplying information and documents within their control. Employees who do not consent may be ordered by a supervisor to appear for an interview with an OIG investigator. Employees who disobey such an order are subject to disciplinary action. If you are interviewed you must be truthful. False statements made in the course of an investigation could subject you to criminal and administrative penalties.

Before beginning an interview, OIG investigators will state the nature and purpose of the interview. When appropriate, the OIG will give you information about your rights including remaining silent and obtaining legal counsel.

If you request legal representation you are entitled to a reasonable amount of time to arrange this representation. Legal or other representation is at the expense of the individual employee.

The role of the legal or other representative is to provide counsel or advice, not to answer questions on behalf of the employee. Representatives are not permitted to question the OIG investigator or otherwise dominate or disrupt the interview or the investigation.

Investigative Products

Investigative Report

The investigative report contains the pertinent facts of a case and describes available evidence to concisely address all relevant aspects of any allegation, including aspects of an allegation that are not substantiated. Investigative reports rarely recommend specific disciplinary action against individuals.

Investigative reports are provided to officials who have a need to know in order to properly determine whether administrative action is warranted. If an administrative action is deemed appropriate, officials should consult with the Director, Office of Management Services, or the head of its successor office, and the Office of General Counsel before initiating discipline. The officials should advise the OIG within 60 days of receiving the investigative report as to what action will be taken in response to investigative report findings, and provide 30-day progress reports thereafter (Refer to PPM # 301).

Cover Letter

A cover letter is used with investigative reports as more than a mere transmittal vehicle. When the OIG observes that an issue identified in the transmitted report is a recurring or systemic problem, or one reported in other OIG products, the cover letter is used to identify the problem to managers in this broader context.

Because OIG investigative reports rarely contain recommendations, a cover letter is also used if significant findings indicate that a specific response to systemic problems is needed. The Agency is expected to report managerial actions taken in response to the problems identified to the OIG within 60 days.

Investigative Document Distribution

Investigative reports are sensitive documents and the Privacy Act and the Freedom of Information Act restrict their distribution. Distribution is limited to those with a "need to know" for official purposes. Unless an investigative report involves a senior level manager, a copy is not routinely sent to the FCA Board. In instances of exceptional Congressional or public interest, the OIG may distribute a report to members of Congress.

What is the Role of the FCA Employee in OIG Investigations?

It is everyone's responsibility to combat fraud, waste, abuse, and mismanagement. The OIG depends on the cooperation of all FCA employees.

Why Report Wrongdoing - Most allegations of wrongdoing reported to the OIG come from FCA employees. There are two explanations for this. First, FCA employees are in the best position to observe wrongdoing and have the technical expertise to assess wrongful actions. Second, under Federal guidelines, all government employees are required to report violations of law and regulations.

How To Report Wrongdoing - Report any indications of fraud, waste, abuse of authority, mismanagement, or other wrongdoing directly to the OIG or through your supervisor. You may contact the OIG by telephone at 703-883-4030; by writing to the Inspector General, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102; by e-mail at fca-ig-hotline@rcn.com; or by calling the OIG HOTLINE at 1-800-437-7322 or 703-883-4316. Agency managers and supervisors

are responsible for ensuring that allegations of wrongdoing received by them are promptly reported to the OIG.

What To Report - The information you provide to the OIG should be sufficient for an investigator to evaluate or act on. You should provide the following information if possible:

- a brief, accurate statement of facts believed to provide evidence of wrongdoing;
- names, addresses, and office locations of pertinent individuals and organizations;
- dates when the suspected wrongdoing took place or is expected to occur;
- how you became aware of the information;
- contracts, invoice numbers, or other related documents; and
- names, addresses, office locations, and telephone numbers of others who may have information about the suspected wrongdoing.

Employees should not engage in any independent inquiry or investigation and should not discuss the matter with the persons suspected of wrongdoing. Employees should provide the OIG with any new or additional information pertinent to the allegation.

How You Are Protected - Calls to the OIG are not recorded. The OIG e-mail account (fca-ig-hotline@rcn.com) is not connected to the FCA network.

You may make an allegation anonymously. However, anonymous allegations may lack the specificity needed to fully investigate. If you identify yourself, your name will not be revealed unless the IG determines the disclosure is unavoidable. Reprisal and retaliation for reporting wrongdoing is prohibited by Federal law and regulations and no action may be taken against you for having reported a complaint or disclosed information to the OIG. However, individuals may be subject to disciplinary or criminal action for knowingly making a false complaint or providing false information.

If you believe you are being retaliated against for having disclosed alleged wrongdoing or mismanagement, you may have protections through the Office of Special Counsel (OSC). This independent office enforces whistleblower protections and certain other improper personnel actions within the Federal government. You may contact OSC toll free at 800-872-9855 or at www.osc.gov.

REGULATORY COMMENTARY

What is Regulatory Commentary?

Regulatory Commentary is the review of existing and proposed legislation, regulations, directives, and policies to assist the Agency in preventing and detecting fraud, waste, abuse, and mismanagement in programs and operations, and to evaluate their impact on the economy and efficiency of the Agency.

Regulatory Commentaries document OIG's objective analysis of vulnerabilities created within Agency programs and operations by proposed or existing statutes, regulations, or policies. Commentaries cite the Act as authority for the review; state the specific law, regulation, directives or policy examined; pertinent background information considered; and identify OIG concerns, observations, and objections.

How Does the OIG Prepare Regulatory Commentary?

OIG reviews proposed legislation, regulations, directives, and policy initiatives that affect FCA's programs and offices. Any significant concerns are documented in a Regulatory Commentary and provided to the Agency for consideration. The statutory intent of the Regulatory Commentary is to prospectively identify and assist in preventing problems; therefore, formal replies are not always requested by the OIG. However, significant observations regarding action or inaction by the Agency are reported in the OIG Semiannual Report to Congress.

SEMIANNUAL REPORT TO CONGRESS

What is the Semiannual Report?

The Act requires each Inspector General to prepare a semiannual report, which summarizes the activities of that OIG during the 6-month periods ending March 31 and September 30 of each year. The report is submitted to the head of the Agency (FCA Board) no later than April 30 and October 31 of each year. The FCA Board may comment on the report, but may not change it. Within 30 days of receipt, the FCA Board transmits the IG's report to Congress together with management's report on the status of audit and inspection recommendations and agreed-upon actions and any remarks the FCA Board wishes to make.

Reporting Requirements for the Semiannual Report

The reporting requirements for the IG's Semiannual Report are contained in Section 5 of the Act. The CIGIE and the Office of Management and Budget have provided additional guidance on the content of the report. Items normally included in the report are:

- a description of significant problems, abuses, and deficiencies relating to the administration of FCA's programs and operations;
- recommendations and agreed-upon actions for corrective action;
- significant recommendations or agreed-upon actions described in previous semiannual reports for which the Agency has not completed corrective action;

- matters referred to prosecutive authorities and the results of those prosecutions;
- selected Regulatory Commentary summaries and Agency response; and
- statistical tables demonstrating the dollar results of the OIG's audits and inspections performed by OIG or a contractor during the reporting period.

The report may also include other information concerning relevant topics.

Semiannual Report Distribution

The Semiannual Report is widely distributed throughout the Government and to the public. It is also available on the OIG's web site at www.fca.gov/home/inspector.html.

REPORT

Fraud / Waste / Abuse / Mismanagement



Phone:
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703-883-4316

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