



NCUA
National Credit Union Administration

OFFICE OF
INSPECTOR GENERAL



Semiannual Report to the Congress

April 1–September 30, 2021

[This page intentionally left blank]



Table of Contents

A Message from the Inspector General	1
The NCUA and Office of Inspector General Missions.....	2
Introduction.....	3
NCUA Highlights	6
Federally Insured Credit Union Highlights.....	10
Legislative Highlights.....	12
Office of Inspector General	13
Audit Activity	14
Peer Reviews.....	26
Investigative Activity.....	27
Legislative and Regulatory Reviews	30
Table I: Issued Reports with Questioned Costs	32
Table II: Issued Reports with Recommendations that Funds Be Put to Better Use	33
Table III: Summary of OIG Activity during Reporting Period	34
Index of Reporting Requirements.....	35

[This page intentionally left blank]



A Message from the Inspector General

On behalf of the Office of Inspector General (OIG) of the National Credit Union Administration (NCUA), I am pleased to present our Semiannual Report to the NCUA Board and the Congress highlighting our accomplishments and ongoing work for the 6-month period ending September 30, 2021. Our work reflects the legislative mandate of the Inspector General Act of 1978, as amended, to promote the economy, efficiency, and effectiveness of NCUA programs and operations, and protect against fraud, waste, and abuse. The audits and investigations highlighted in this report demonstrate our commitment to that cause as well as our goal of enhancing public confidence in the NCUA's regulatory process.

During this reporting period, we issued an audit report on NCUA's governance of information technology initiatives. The report determined that overall, the NCUA has an effective process for identifying, controlling, prioritizing, and implementing Information Technology (IT) initiatives across the agency. However, we also determined the agency could make some improvements in its IT Investment Management program. We made four recommendations to NCUA and details of our findings can be found on the following pages.

The NCUA and OIG continue to work in a remote posture that started in March of 2020. Although the agency attempted a return to onsite work this summer, it was short lived due to a new COVID-19 variant that significantly increased infections across the country. The OIG is currently conducting a review of NCUA's pandemic-related actions and the factors that are guiding management's decisions to either continue a remote working posture or return to the office. We will publish the results of our review in the coming months.

On the investigative side, the Office of Investigations (OI) opened two and closed two investigations during the reporting period. We also continued to work on an investigation we opened during a prior period. For one of the closed investigations, OI issued a report of investigation regarding allegations of possible violations of criminal conflict of interest and false statement statutes.

Finally, I would like to thank Chairman Harper and Board Members Hauptman and Hood for their sustained support of the OIG's work. As in the past, the NCUA Board and management are responsive to all OIG recommendations and strive to implement them expeditiously. I look forward to working with them in our ongoing efforts to promote economy and efficiency in agency programs and operations.

A handwritten signature in black ink, appearing to read "James W. Hagen".

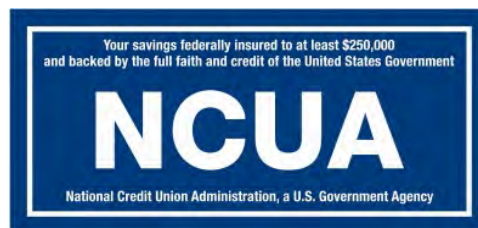
James W. Hagen
Inspector General



April 1–September 30, 2021

The National Credit Union Administration Mission

The National Credit Union Administration’s (NCUA) mission is to provide, through regulation and supervision, a safe and sound credit union system, which promotes confidence in the national system of cooperative credit.



The Office of Inspector General Mission

The Office of Inspector General (OIG) promotes the economy, efficiency, and effectiveness of NCUA programs and operations, and detects and deters fraud, waste, and abuse, thereby supporting the NCUA’s mission of monitoring and promoting safe and sound federally insured credit unions.

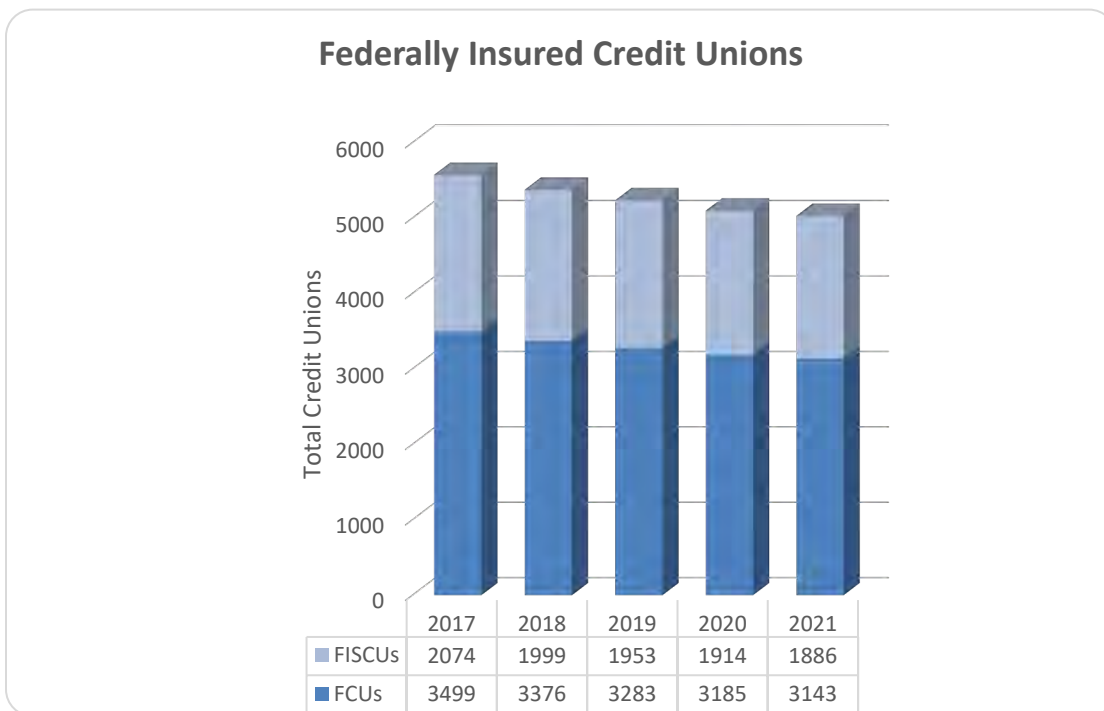
We accomplish our mission by conducting independent audits, investigations, and other activities, and by keeping the NCUA Board and the Congress fully and currently informed of our work.



April 1–September 30, 2021

Introduction

The NCUA was established as an independent, federal regulatory agency on March 10, 1970. The agency is responsible for chartering, examining, supervising, and insuring federal credit unions (FCUs). It also insures state-chartered credit unions that have applied for insurance and have met National Credit Union Share Insurance requirements. The NCUA is funded by the credit unions it supervises and insures. As of June 30, 2021, the NCUA supervised and insured 3,143 FCUs and insured 1,886 state-chartered credit unions (FISCUs), a total of 5,029 institutions. This represents a decline of 42 federal and 28 state-chartered institutions since December 31, 2020, for a total decrease of 70 credit unions nationwide. This decrease is consistent with decreases over the past years, which are due to industry consolidation trends.

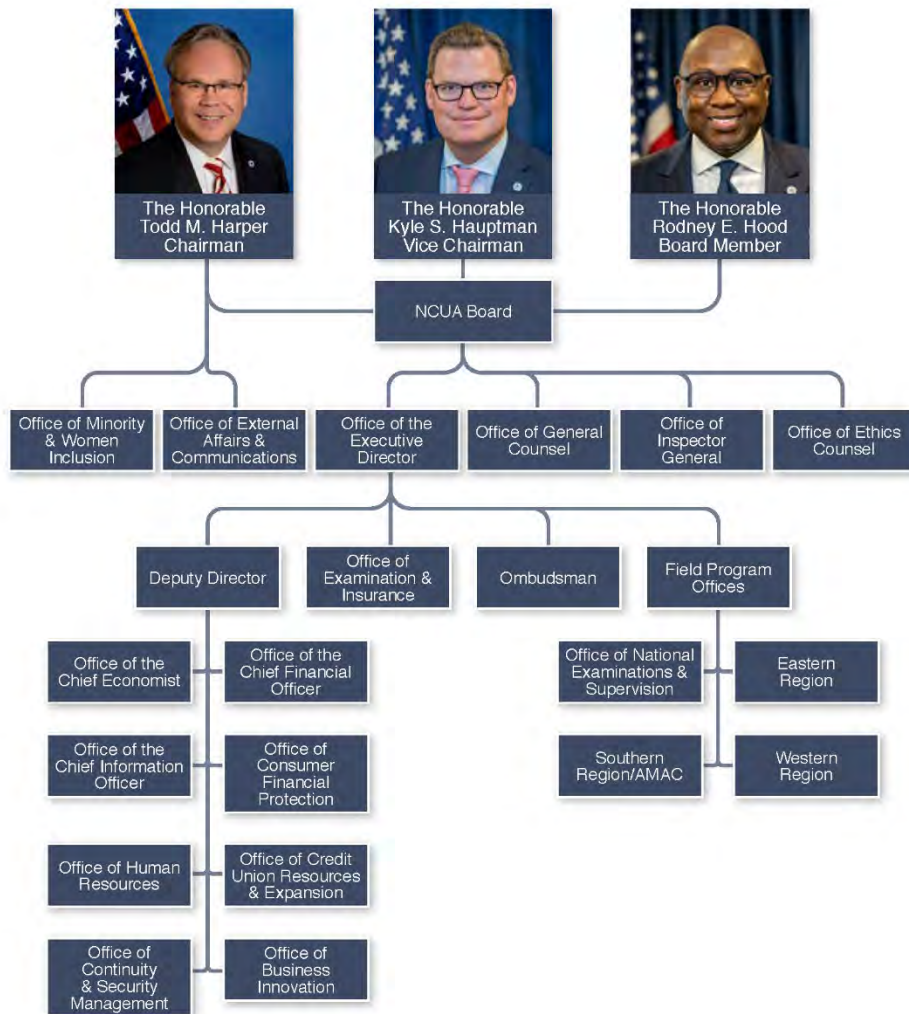


NCUA operates under the direction of a Board composed of three members. Board members are appointed by the President and confirmed by the Senate. They serve 6-year terms, although a Board member’s term may be shorter when a member fills a past member’s unexpired term. Terms are staggered, so that one term expires every 2 years. The Board is responsible for the management of the NCUA, including the National Credit Union Share Insurance Fund (Share Insurance Fund), the NCUA Operating Fund, the Central Liquidity Facility (CLF), and the Community Development Revolving Loan Fund (CDRLF).



April 1–September 30, 2021

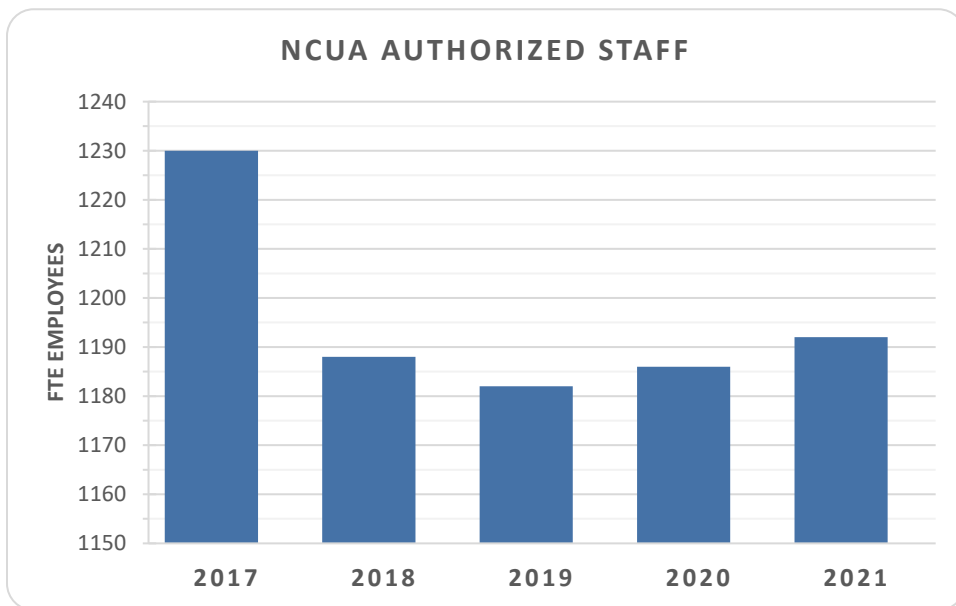
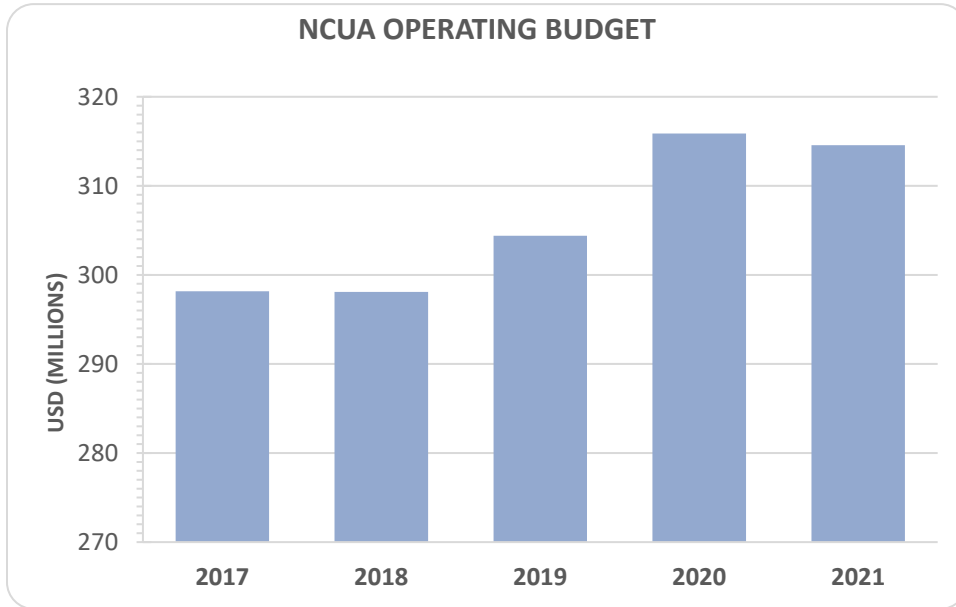
The NCUA executes its program through its Alexandria, Virginia central office, and regional offices in Alexandria, Virginia (Eastern); Austin, Texas (Southern); and Tempe, Arizona (Western). The NCUA also operates the Asset Management and Assistance Center (AMAC) in Austin, Texas. Please refer to the NCUA’s organizational chart below.





April 1–September 30, 2021

On December 18, 2020, the NCUA Board approved the agency’s budgets for 2021 and 2022. Combined, the operating, capital, and National Credit Union Share Insurance Fund administrative budgets for 2021 total \$341.4 million. The combined budget for 2022 is \$343.5 million. The NCUA’s 2021 operating budget is \$ 314.6 million, a decrease of approximately \$1.3 million compared to the 2020 Board-approved budget. Authorized staffing levels for 2021 increased by six full-time equivalents (FTE) compared to 2020.





April 1–September 30, 2021

NCUA Highlights

Chairman Harper Named Chairman of Federal Financial Institutions Examination Council

On April 1, 2021, NCUA Board Chairman Harper was named Chairman of the Federal Financial Institutions Examination Council (FFIEC). His 2-year term runs from April 1, 2021, through March 31, 2023. FFIEC is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions.

Chairman Harper Renominated

On August 10, 2021, the President renominated Chairman Harper for a term expiring on April 10, 2027. The nomination was referred to the Committee on Banking, Housing, and Urban Affairs and a hearing by that committee regarding his nomination occurred on September 30, 2021. Harper joined the Board in April 2019 to fill an unexpired term, and was designated as Chairman in January 2021.

Samuel Schumach Selected as Deputy Director of Office of External Affairs and Communications

On April 12, 2021, Samuel Schumach was appointed as Deputy Director of the NCUA's Office of External Affairs and Communications. Prior to joining the NCUA, he served as a legislative affairs officer for the Federal Aviation Administration.

Miguel Polanco Selected as Director of Office of Minority and Women Inclusion

On August 3, 2021, the NCUA named Miguel Polanco as Director of the NCUA's Office of Minority and Women Inclusion (OMWI). In this role, Mr. Polanco oversees the agency's requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to develop and promote standards for workforce diversity, supplier diversity, and equal employment opportunity and assess the diversity policies and practices throughout the credit union industry. Prior to being named OMWI Director, Mr. Polanco served as its Deputy Director.

Board Approved Interim Final Rule For Temporary Changes In Prompt Corrective Action Regulations

On April 16, 2021, the NCUA Board approved, by notation vote, an interim final rule that temporarily changed NCUA's prompt corrective action regulations, changes that are intended to



April 1–September 30, 2021

help ensure that credit unions remained operational and liquid during the COVID-19 pandemic. The first change waived the earnings-retention requirement for credit unions classified as adequately capitalized. The second change modified the specific documentation required for net worth restoration plans for credit unions that become undercapitalized. These temporary modifications are in place until March 31, 2022. This rule is substantially similar to an interim final rule that the Board published on May 28, 2020.

Chairman Harper Asked Congress To Provide The NCUA Examination And Enforcement Authority Over Credit Union Service Organizations And Vendors and Make Changes Regarding Share Insurance Fund

On May 19, 2021, Chairman Harper testified before the U.S. House of Representatives Committee on Financial Services that Congress should provide the NCUA examination and enforcement authority over credit union service organizations and vendors because activities fundamental to credit unions are being outsourced, including loan origination, Bank Secrecy Act/anti-money laundering compliance, financial management, and technological services such as information security and mobile and online banking, and these activities require oversight. In an audit report the OIG previously issued on September 1, 2020, we recommended that NCUA management continue its efforts to work with Congress to amend the Federal Credit Union Act to grant the NCUA the authority to subject credit union service organizations and credit union vendors to examination and enforcement authority to the same extent as if they were an insured credit union. This issue also arose during Chairman Harper's September 30, 2021, nomination hearing in the context of promoting sound cybersecurity practices. A Congressional discussion draft of the NCUA Oversight of Third Party Vendors Act would amend the Federal Credit Union Act to provide the NCUA this oversight, if enacted.

In another issue addressed during his May testimony, Chairman Harper requested that Congress make changes to the Share Insurance Fund, including removing the 1.5 percent statutory ceiling on the fund's capitalization and the limitation on assessing premiums when the equity ratio exceeds 1.30 percent of equity in the fund to insured shares, giving the NCUA Board discretion on the assessment of premiums, and instituting a risk-based premium system.

Board Approved Final Derivatives Rule

At its May 20, 2021, meeting, the NCUA Board approved a final derivatives rule aimed at offering certain federal credit unions more flexibility to manage interest rate risk, which has posed challenges in the low interest rate environment. Credit unions with at least \$500 million in assets and a CAMEL rating of 1 or 2 are no longer required to receive pre-approval before entering derivatives transactions. However, if a credit union falls below either of the thresholds, it would be required to cease derivatives activity and apply for approval to continue. Credit unions with at least \$250 million in assets are able to apply for approval if they have the requisite infrastructure to safely manage a derivatives program.



April 1–September 30, 2021

Board Approved Proposed Rule To Amend The NCUA’s Capital Adequacy Regulation And Approved Issuance Of Request For Information Regarding Distributed Ledger Technology and Decentralized Finance

At its July 22, 2021, meeting, the NCUA Board approved a notice of proposed rulemaking that would provide a simplified measure of capital adequacy for credit unions classified as complex, which are those with total assets greater than \$500 million. Under the proposed rule, a complex credit union that maintains a minimum net worth ratio, and that meets other qualifying criteria, would be eligible to opt into the complex credit union leverage ratio (CCULR) framework. The minimum net worth ratio would initially be established at 9 percent on January 1, 2022, and be gradually increased to 10 percent by January 1, 2024. A complex credit union that opts into the CCULR framework would not be required to calculate a risk-based capital ratio under the Board’s October 29, 2015, risk-based capital final rule, as amended on October 18, 2018. A qualifying complex credit union that opts into the CCULR framework and that maintains the minimum net worth ratio would be considered well capitalized. The proposed rule would also make several amendments to update the NCUA’s October 29, 2015, risk-based capital final rule, including addressing asset securitizations issued by credit unions, clarifying the treatment of off-balance sheet exposures, deducting certain mortgage servicing assets from a complex credit union’s risk-based capital numerator, updating several derivative-related definitions, and clarifying the definition of a consumer loan.

At the same meeting, the NCUA Board approved the NCUA issuing a request for information relating to the impact of digital assets, cryptocurrency, decentralized finance, and other related technologies on credit unions. The request for information posed questions regarding the use of these applications within the credit union system, development of related projects with credit union service organizations and other third parties, risk and compliance management, supervision, including whether and how regulations should be revised to address such activities, and issues related to share insurance and resolution, including how to distinguish between uninsured digital assets and insured shares.

Board Proposed Amending Subordinated Debt Rule

At its September 23, 2021, meeting, the NCUA Board approved a proposed rule that would amend the NCUA’s subordinated debt rule, which the Board finalized in December 2020 with an effective date of January 1, 2022. The proposal is to amend the definition of “grandfathered secondary capital” to include any secondary capital issued to the U.S. Government or one of its subdivisions under an application approved before January 1, 2022, irrespective of the date of issuance. The proposed change is intended to benefit eligible low-income credit unions that are either participating in the U.S. Department of Treasury’s Emergency Capital Investment Program or other programs administered by the Government that can be used to fund secondary capital, if they do not receive the funds for such programs by December 31, 2021. The Board



April 1–September 30, 2021

also proposed to extend the expiration of regulatory capital treatment for these issuances to the later of 20 years from the date of issuance or January 1, 2042.

At the same meeting, the Board approved by a 2-1 vote (with Chairman Harper providing the no vote) the addition of three final rules to the Board’s agendas for meetings in October through December, regarding permissible activities by credit union service organizations, the definition of shared facilities, and the purchase of mortgage servicing rights under action approved by the Board.



April 1–September 30, 2021

Federally Insured Credit Union Highlights

Credit unions complete and submit quarterly call reports that contain financial and statistical data to the NCUA. Based on data compiled from these call reports, the NCUA produces a quarterly credit union data summary report¹ and a quarterly financial trend report.² The quarterly data summary report provides an overview of credit union financial performance and includes listings of summarized accounts, selected performance indicators, performance by asset category, as well as balance sheet and income statement details. The financial trends report presents year-to-date financial trends in various chart formats. Following is our summary of the June 30, 2021, quarterly data summary and financial trends reports.

Key Financial Indicators

The June 30, 2021, quarterly data summary report provided a comparison of the second quarter 2021 data to the same quarter in the previous year. For major balance sheet items and key ratios, the report presented the following percentage changes over four quarters (June 2020 to June 2021) for the nation's 5,029 federally insured credit unions: total assets increased by 13 percent; net worth ratio decreased from 10.46 percent to 10.17 percent; and the loan to share ratio decreased from 76.3 percent to 69.6 percent. The delinquency rate decreased from .58 percent to .46 percent. Credit union return on average assets increased from .57 percent to 1.12 percent.

Share Trends and Distribution

Total shares and deposits increased 15 percent, or \$224.2 billion, increasing the balance to \$1.71 trillion. Regular shares accounted for 36.54 percent of total shares and deposits or \$626.6 billion. Money market shares comprised 21.85 percent or \$374.8 billion. Share drafts accounted for 19.99 percent or \$342.83 billion. Share certificates represented 15.1 percent or \$258.9 billion. IRA/KEOGH accounts comprised 4.92 percent or \$84.3 billion; non-member deposits comprised .63 percent or \$10.9 billion; and all other shares comprised .97 percent or \$16.6 billion of total shares and deposits.

Loan Trends and Distribution

Total loans increased 5 percent or \$56.6 billion, bringing the balance to \$1.19 trillion. Total net loans comprised 59.75 percent of credit union assets. First mortgage real estate loans accounted for the largest single asset category with \$536.3 billion or 44.94 percent of total loans. Used vehicle loans of \$247.9 billion represented 20.77 percent, while new vehicle loans amounted to

¹ <https://www.ncua.gov/analysis/credit-union-corporate-call-report-data/quarterly-data-summary-reports>

² <https://www.ncua.gov/analysis/credit-union-corporate-call-report-data/financial-trends-federally-insured-credit-unions>



April 1–September 30, 2021

\$141 billion or 11.82 percent. Other real estate loans of \$82.2 billion accounted for 6.89 percent. Unsecured credit cards totaled \$59.9 billion or 5.02 percent, while all other unsecured loans totaled \$52.5 billion or 4.4 percent. Leases receivable and all other loans represented \$73.6 billion or 6.16 percent of total loans.



April 1–September 30, 2021

Legislative Highlights

IG Independence and Empowerment Act

On June 29, 2021, the U.S. House of Representatives passed the IG Independence and Empowerment Act, H.R. 2662, which was introduced by Representative Carolyn Maloney (D-NY), Chair of the House Committee on Oversight and Reform. The bill provides that an IG may be removed only for cause, such as for documented malfeasance, requires the President to explain any failure to nominate an IG, adds provisions regarding acting IGs when an IG position is vacant, grants IGs the authority to subpoena witnesses who are not currently government employees, and requires IGs to notify Congress if agencies deny access to requested information. The bill also has requirements for the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Integrity Committee, which investigates allegations against IGs and their senior staff.

Whistleblower Protection Improvement Act

Also on June 29, 2021, the House Committee on Oversight and Reform voted H.R. 2988 out of committee. The bill adds investigations to the definition of personnel action for purposes of prohibited personnel practices under 5 U.S.C. 2302(a)(2)(a), but excludes OIG investigations of non-OIG employees. The bill provides that the U.S. Office of Special Counsel would refer matters involving all allegations against OIG employees to the CIGIE Integrity committee.

Chai Suthammanont Remembrance Act

On July 14, 2021, Senator Mark Warner (D-VA) introduced S. 2343. Like the House version, H.R. 978, earlier introduced on February 11, 2021, the bill focuses on pandemic workplace safety issues. The Senate version requires each IG to submit a report and determine whether its agency published and communicated the public safety plan required under the bill, and whether the plan complied with the bill's requirements.



April 1–September 30, 2021

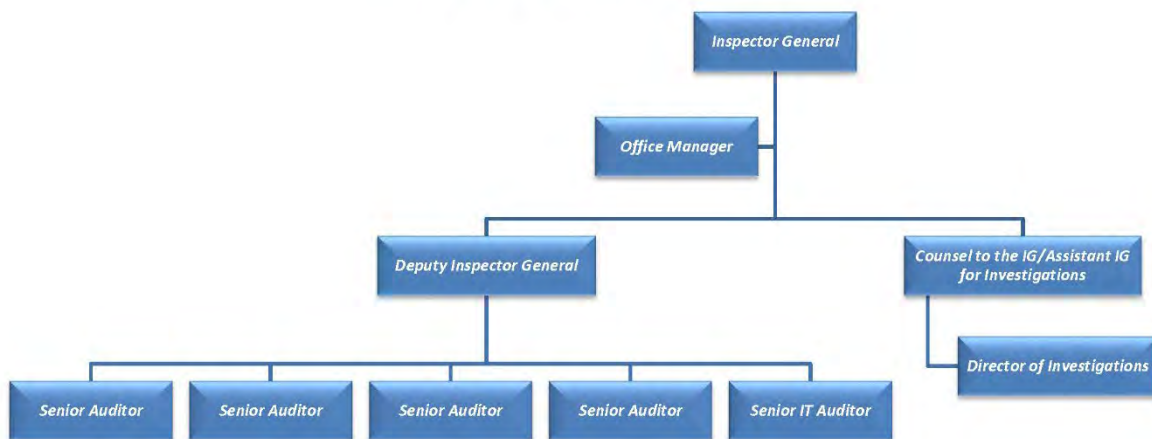
Office of Inspector General

The Office of Inspector General was established at the NCUA in 1989 pursuant to an amendment of the Inspector General Act of 1978. The staff consists of the Inspector General, Deputy Inspector General, Counsel to the Inspector General/Assistant Inspector General for Investigations, Director of Investigations, Senior Information Technology Auditor, four Senior Auditors, and an Office Manager.

The Inspector General reports to and is under the general supervision of the NCUA Board. The Inspector General is responsible for:

1. Conducting, supervising, and coordinating audits and investigations relating to NCUA programs and operations;
2. Reviewing policies and procedures to ensure efficient and economic programs and operations and prevent and detect fraud, waste, and abuse;
3. Reviewing existing and proposed legislation and regulations to evaluate their impact on the economic and efficient administration of agency programs and operations; and
4. Keeping the NCUA Board and the Congress apprised of significant findings and recommendations.

NCUA OIG ORGANIZATIONAL CHART





April 1–September 30, 2021

Audit Activity

Audit Reports Issued

OIG-21-06 *Audit of the NCUA’s Governance of Information Technology Initiatives*, issued September 28, 2021

We conducted this audit to assess the NCUA’s governance over information technology initiatives. Results of our audit determined that overall, the NCUA has an effective process for identifying, controlling, prioritizing, and implementing information technology initiatives across the agency. However, we also determined the agency could make some improvements in its information technology investment management program related to its policies and procedures and transparency and ensure that certain functions of the Information Technology Oversight Council are clearer. We made four recommendations to NCUA management to correct identified weaknesses that we believe will help the agency improve its overall information technology investment management program.



April 1–September 30, 2021

Audits in Progress

Audit of the NCUA’s Coronavirus Disease 2019 (COVID-19) Work Posture

In early 2020, the United States faced an unprecedented pandemic, COVID-19. As a result, in March 2020, the NCUA pivoted to a mandatory work-from-home posture to protect the health and safety of its employees. The NCUA is using a phased approach (zero, 1, 2, or 3) and relies on pandemic metrics, federal guidance, and advice from a public health contractor to make decisions regarding which phase the NCUA should be in. The current work-from-home posture is phase zero and the resumption of a full-time on-site work posture is phase 3. The NCUA, like all agencies and employers, has faced challenges due to the changing nature of the situation caused by issues such as increased transmission rates, variants of the COVID-19 virus, and new federal mandates and guidance. Because of this, the NCUA’s compliance with mandates, policies, procedures, and guidelines is essential.

The objectives of this audit are to determine: (1) what factors guided NCUA management’s policy decisions during the initial outbreak of COVID-19; (2) what factors are guiding management’s future decisions to either continue a remote work-from-home posture or move to a return to the office; (3) what factors guided management in providing NCUA employees with various benefits such as supply expenses and other leave options, and (4) what guidelines have been put in place to protect staff when a return to the office is approved related to vaccines, social distancing, and the use of personal protective equipment.

Audit of the NCUA’s Hiring Practices

The Office of Human Resources, Division of Staffing and Classification, is responsible for hiring at the NCUA. The division oversees human resources advisory services, policy and procedures, operations for staffing, recruitment strategy, position management and classification, personnel action processing, pay-setting, personnel records management, and human resources information technology programs.

The objectives of this audit are to determine whether the NCUA’s: (1) hiring practices are in accordance with OPM, NCUA, and other federal requirements, and (2) hiring process facilitated the efficient selection of high-quality candidates to help divisions and offices meet mission requirements.

Audit of the NCUA’s Compliance Under the Digital Accountability and Transparency Act of 2014 (DATA Act)

The DATA Act requires federal agencies to report financial and payment data in accordance with standards established by the Department of the Treasury and the Office of Management and Budget (OMB). In addition, the DATA Act requires agency IGs to review statistical samples of the data submitted by the agency and report on the completeness, timeliness, quality, accuracy, and use of the data standards by the agency. The IG community plans to provide Congress with



April 1–September 30, 2021

the third required report in November 2021. The NCUA OIG is a participant in this IG community effort.

The objectives of this audit are to assess: (1) the completeness, accuracy, timeliness, and quality of the financial and award data submitted for publication on USASpending.gov, and (2) the NCUA's implementation and use of the government-wide financial data standards established by OMB and Treasury. We anticipate issuing a final report by the deadline in November 2021.

FY 2021 Independent Evaluation of the NCUA's Compliance with the Federal Information Security Modernization Act of 2014 (FISMA)

During this reporting period, the NCUA OIG engaged CliftonLarsonAllen, LLP (CLA) to independently evaluate the NCUA's information systems and security program and controls for compliance with the FISMA.

CLA is evaluating the NCUA's security program through interviews, documentation reviews, technical configuration reviews, social engineering testing, and sample testing. The NCUA is being evaluated against standards and requirements for federal government agencies such as those provided through FISMA, National Institute of Standards and Technology Special Publications, and OMB memoranda. We anticipate issuing the IG FISMA Reporting Metrics by October 31, 2021, and the final FISMA audit report in December 2020.

NCUA 2021 Financial Statement Audits

The OIG engaged KPMG to conduct the 2021 financial statement audits of the NCUA Operating Fund, Share Insurance Fund, the Central Liquidity Facility, and the Community Development Revolving Loan Fund. In addition to conducting the financial statement audits, KPMG is also providing audit assurance on the Schedule of Other Assets and Contributed Capital (Schedule) and related notes prepared for the purpose of providing financial information to the U.S. Department of Treasury and the U.S. Government Accountability Office (GAO) to use in preparing and auditing the Financial Report of the U.S. Government for FY 2021.

- The NCUA Operating Fund was established as a revolving fund managed by the NCUA Board for the purpose of providing administration and service to the federal credit union system.
- The Share Insurance Fund was established as a revolving fund managed by the NCUA Board to insure member share deposits in all federal credit unions and NCUA-insured state credit unions.
- The Central Liquidity Facility was established as a mixed ownership government corporation managed by the NCUA Board to improve general financial stability by meeting the liquidity needs of credit unions.



April 1–September 30, 2021

- The purpose of the Community Development Revolving Loan Fund is to stimulate economic activities in communities served by low-income credit unions, resulting in increased income, ownership, and employment opportunities for low-wealth residents and other economic growth.

The NCUA, as a Calendar Year (CY) significant component entity, is required to have audited financial statements. In November 2021, we will issue an auditor’s report on the Schedule, which includes the material line items and note disclosures that were identified and communicated by the U.S. Department of Treasury for fiscal year 2021, which for the NCUA includes a report on the CY significant component entity’s material line items and note disclosures for fiscal years ended September 30, 2021, and 2020, including an opinion on the CY significant component entity’s material line items, including accompanying notes.

In February 2022, we will issue the auditor’s reports and opinions on the financial statements of the NCUA’s four permanent funds for calendar years ended December 31, 2021 and 2020.

Material Loss Reviews (MLR)

The Federal Credit Union Act requires the OIG to conduct an MLR of an insured credit union if the loss to the Share Insurance Fund exceeds \$25 million and an amount equal to ten percent of the total assets of the credit union at the time in which the NCUA Board initiated assistance or was appointed liquidating agent pursuant to the Act. When losses exceed this materiality threshold, we review the loss to: (1) determine the cause(s) of the credit union’s failure and the resulting loss to the Share Insurance Fund, and (2) assess the NCUA’s supervision of the credit union. During this reporting period, the Share Insurance Fund had no losses exceeding the materiality threshold.

In addition, for any loss to the Share Insurance Fund that does not meet the \$25 million threshold, the Dodd-Frank Act requires the OIG to conduct a limited-scope review to determine whether unusual circumstances exist related to the loss that would warrant conducting a full-scope MLR. During the previous OIG semiannual reporting period, there was one instance of the Share Insurance Fund incurring a loss that did not exceed the statutory threshold. At that time, the OIG conducted a limited-scope review of the credit union, Indianapolis’ Newspaper Federal Credit Union, and determined that the loss was unusual in nature. During this semiannual period, the OIG contracted with Moss Adams, LLP to conduct a full-scope MLR of the credit union to: (1) determine the cause(s) of the credit union’s failure and the resulting loss to the Share Insurance Fund, (2) assess NCUA’s supervision of the credit union, and (3) provide appropriate suggestions and/or recommendations to mitigate future losses.

Further, for the current reporting period, the Share Insurance Fund had four losses below the \$25 million threshold. We conducted limited-scope reviews of these failed credit unions, which are discussed further on page 25.



April 1–September 30, 2021

Significant Recommendations on Which Corrective Action Has Not Been Completed

Following is a list of OIG reports with significant unimplemented recommendations as of September 30, 2021. NCUA management has agreed to implement corrective action but has yet to complete those actions. This information was supplied by the NCUA Office of the Executive Director and is monitored within the OIG’s report recommendation tracking system.

Significant Recommendations Open and Brief Summary

1. **OIG-20-07** *Audit of the NCUA’s Examination and Oversight Authority of Credit Union Service Organizations and Vendors*, issued September 1, 2020, recommendation #1. Continue efforts to work with appropriate Congressional committees regarding amending the Federal Credit Union Act to grant the NCUA the authority to subject credit union service organizations and credit union vendors to examination and enforcement authority to the same extent as if they were an insured credit union.

Status: Open. Management indicated that after recovery from the COVID-19 pandemic, they plan to work with Congress on providing the NCUA vendor authority to allow the agency to better supervise third-party cybersecurity risks.

2. **OIG-15-11** *Review of NCUA’s Interest Rate Risk Program*, issued November 13, 2015, recommendation #1. Modify the NCUA’s CAMEL³ Rating System by developing an “S” rating to better capture a credit union’s sensitivity to market risk (“S” for market risk Sensitivity) and to improve interest rate risk clarity and transparency.

Status: Open. Management indicated that the NCUA Board approved a Notice of Proposed Rulemaking (NPR) on January 14, 2021, to add an “S” (Sensitivity to Market Risk) component to the existing CAMEL rating system, thus updating the rating system from CAMEL to CAMELS. Staff reviewed the NPR comments and reported back to the Board. Several offices are evaluating the necessary changes to cohering regulations, updating examination procedures, and conducting configuration work to internal systems to implement a CAMELS rating system to better capture a credit union’s sensitivity to market risk and to improve interest rate risk clarity and transparency. The proposed timeline for potential operational readiness is January 2022.

³ The CAMEL rating system is based upon an evaluation of five elements of a credit union's operations: Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity/Asset-Liability Management.



April 1–September 30, 2021

- 3. *OIG-15-11 Review of NCUA’s Interest Rate Risk Program***, issued November 13, 2015, recommendation #2. Revise the current “L” in NCUA’s CAMEL Rating System to reflect only liquidity factors.

Status: Open. Management indicated that the NCUA Board approved an NPR on January 14, 2021, to redefine the "L" (Liquidity Risk) component. Staff reviewed the NPR comments and reported back to the Board. Several offices are evaluating the necessary changes to cohering regulations, updating examination procedures, and conducting configuration work to internal systems to implement a CAMELS rating system to better capture a credit union’s sensitivity to market risk and to improve interest rate risk clarity and transparency. The proposed timeline for potential operational readiness is January 2022.

Summary of Audit Reports Over 6 Months Old with Unimplemented Recommendations

Following are summaries of seven OIG audit reports over six months old having 17 unimplemented recommendations, including any associated cost savings as of September 30, 2021. For each of these reports, NCUA management has agreed to implement corrective action, but has yet to complete those actions. The OIG monitors this information within its audit report open recommendation tracking system.

Brief Report Summary and Unimplemented Recommendations

- 1. *OIG-15-11 Review of NCUA’s Interest Rate Risk Program***, issued November 13, 2015, Number of Unimplemented Recommendations: 2, Potential Cost Savings: \$0

We determined the NCUA may not have been effectively capturing interest rate risk when assigning a composite CAMEL rating to a credit union. The NCUA currently assesses sensitivity to market risk under the "L" in its CAMEL rating. However, we determined that combining sensitivity to market risk with liquidity may understate or obscure instances of high interest rate risk exposure in a credit union. The addition of an “S” rating to its CAMEL Rating System to capture and separately assess a credit union’s sensitivity to market risk should improve the NCUA’s ability to accurately measure and monitor interest rate risk.

Unimplemented Recommendations

Recommendation #1—Modify the NCUA’s CAMEL Rating System by developing an “S” rating to better capture a credit union’s sensitivity to market risk and to improve interest rate risk clarity and transparency.

Recommendation #2—Revise the current “L” in the NCUA’s CAMEL Rating System to reflect only liquidity factors.



April 1–September 30, 2021

2. **OIG-18-07** *FY2018 Federal Information Security Modernization Act Compliance*, October 31, 2018, Number of Open Recommendations: 4, Potential Cost Savings: \$0

The OIG identified the following information security program areas where the NCUA needs to make improvements: information security continuous monitoring, configuration management, personnel security, and risk management.

Unimplemented Recommendations

Recommendation #6—The Office of Continuity and Security Management complete its employee background re-investigations.

Recommendation #8—The OCIO enforce the policy to remediate patch and configuration related vulnerabilities within agency defined timeframes.

Recommendation #9—The OCIO implement a process to detect and migrate unsupported software to supported platforms before support for the software ends.

Recommendation #10—The OCIO implement a process to identify authorized software in its environment and remove any unauthorized software.

3. **OIG-19-10** *NCUA Federal Information Security Modernization Act of 2014 Audit—Fiscal Year 2019*, issued December 12, 2019, Number of Open Recommendations: 1, Potential Cost Savings: \$0

The OIG made the following recommendations that will assist the agency in improving the effectiveness of its information security and its privacy programs and practices.

Unimplemented Recommendations

Recommendation #4—Ensure the agency implements, tests, and monitors standard baseline configurations for all platforms in the NCUA information technology environment in compliance with established NCUA security standards. This includes documenting approved deviations from the configuration baselines with business justifications.

4. **OIG-19-11** *Audit of the NCUA's Joint Examination Process with State Supervisory Authorities*, issued December 18, 2019, Number of Open Recommendations: 1, Potential Cost Savings: \$0

The OIG made the following recommendation that will assist the agency in improving the effectiveness of its joint examination process with state supervisory authorities.



April 1–September 30, 2021

Unimplemented Recommendation

Recommendation #1—Create a formal process to capture supervisory examiner decisions regarding recommended follow-up actions taken or not taken from work classification code 26 reviews to ensure concerns identified by examiners are properly documented.

5. **OIG-20-01** *Material Loss Review of C B S Employees Federal Credit Union*, issued February 11, 2020, Number of Open Recommendations: 2, Potential Cost Savings: \$0

The OIG made the following recommendations that will assist the agency in improving the effectiveness of its examination program.

Unimplemented Recommendations

Recommendation #1—Revise examination procedures to prioritize assessing and developing a risk response for credit unions that do not segregate certain key duties and that require dual controls. These revisions should include a framework that examiners can complete an assessment of those characteristics that indicate lack of segregation of duties at a credit union and additional procedures that examiners should perform when a lack of segregation of duties is apparent.

Recommendation #2—Amend guidance related to member account verifications. Specifically, the amended guidance should require reconciliation from the print processor to the share and loan subsidiaries when a statement verification is performed.

6. **OIG-20-07** *Audit of the NCUA’s Examination and Oversight Authority of Credit Union Service Organizations and Vendors*, issued September 1, 2020, Number of Open Recommendations: 1, Potential Cost Savings: \$0

The NCUA OIG made the following recommendation that will assist the agency in improving the effectiveness of its examination program.

Unimplemented Recommendations

Recommendation #1—Continue efforts to work with appropriate Congressional committees regarding amending the Federal Credit Union Act to grant the NCUA the authority to subject credit union service organizations and credit union vendors to examination and enforcement authority to the same extent as if they were an insured credit union.

7. **OIG-21-01** *Audit of the NCUA’s Consumer Complaint Program*, issued February 9, 2021, Number of Open Recommendations: 6, Potential Cost Savings: \$0



April 1–September 30, 2021

The NCUA OIG made the following recommendations that will assist the agency in improving the effectiveness of its consumer complaint program.

Unimplemented Recommendations

Recommendation #3—Establish a formal process to monitor the effectiveness of internal controls over the consumer complaint process to include quality control reviews and timely remediation of internal control exceptions.

Recommendation #4—Periodically review the Operations Manual to ensure it includes relevant information, addresses all control risks, and management holds employees accountable for following established policies.

Recommendation #5—Revise policies and procedures related to determination letters to ensure the agency communicates a clear and accurate message to both consumers and credit unions.

Recommendation #6—Revise the Supervisory Committee Guide for Federal Credit Unions to reflect the current consumer complaint process and responsible office.

Recommendation #7—Establish a process to solicit input from consumers and credit unions to identify issues in the consumer complaint process and use resulting input as appropriate to improve the NCUA’s consumer complaint program.

Recommendation #8—Finalize and issue an Instruction outlining the roles and responsibilities of the NCUA’s consumer complaint process to ensure consistent and relevant guidance for all NCUA staff to include consumer protection laws and regulations that the NCUA enforces. Rescind or cancel all NCUA or regional Instructions no longer applicable.



April 1–September 30, 2021

Recommendations for Corrective Action Made During the Reporting Period

During the reporting period, the OIG issued one audit report. We made the following four recommendations to management to improve the effectiveness of NCUA’s programs and operations.

1. **OIG-21-06** *Audit of the NCUA’s Governance of Information Technology Initiatives*, issued September 28, 2021, Number of Recommendations: 4, Potential Cost Savings: \$0

Recommendation #1—Document and publish Information Technology Investment Management policies and procedures to include definitions, roles, responsibilities, and processes associated with information technology governance and selecting, controlling, and evaluating information technology investments.

Recommendation #2—Finalize and publish an updated Information Technology Oversight Council charter that more comprehensively addresses and delineates the Information Technology Oversight Council Information Technology Investment Management authority, responsibilities, and functions.

Recommendation #3—Keep the language from the April 2019 charter, or include similar language in its new charter, requiring the NCUA Information Technology Oversight Council to provide a rated and ranked listing of all office of primary interest-proposed projects to the NCUA Board, highlighting those that are legally required.

Recommendation #4—Include language in the Information Technology Oversight Council’s charter requiring NCUA officials to provide the Information Technology Oversight Council meeting minutes to the NCUA Board.



April 1–September 30, 2021

Report on Credit Union Non-Material Losses

As previously mentioned, the Dodd-Frank Act requires the OIG to perform a limited review when the Share Insurance Fund incurs a loss below the material loss threshold in the preceding 6 months due to the failure of an insured credit union.⁴ The OIG must report on the results of the limited reviews and the timeframe for performing any subsequent in-depth reviews that we determine are necessary.

The report below covers the 6-month period from April 1 to September 30, 2021. For non-material losses to the Share Insurance Fund, we determine: (1) the grounds identified for appointing the NCUA as the liquidating agent, and (2) whether any unusual circumstances existed that might warrant an in-depth review of the loss.

For each limited review, we perform procedures that include: (1) obtaining and analyzing the regulator's supervisory memoranda and other pertinent documents; (2) preparing a schedule of CAMEL ratings assigned to the institution through full scope or other examinations during the 5 years preceding the failure; (3) conducting interviews as needed; (4) inquiring about any investigative actions taken, planned, or considered involving credit union officials or others; and (5) analyzing supervisory history and other review methods.

We conducted limited reviews of four failed credit unions that incurred losses to the Share Insurance Fund under \$25 million between April 1 to September 30, 2021. Based on those limited reviews, we determined none of the losses warranted conducting additional work. For the four failed credit unions, we concluded that either: (1) there were no unusual circumstances, or (2) we had already addressed the reasons identified for failure in recommendations to the agency in our MLR Capping report or other MLR reports.

The chart below provides details on the four credit union losses to the Share Insurance Fund of less than \$25 million. It provides details on the credit union such as supervision, date of failure, estimated loss to the Share Insurance Fund, and grounds for conservatorship, merger, or other factors. The chart also provides our decision whether to terminate or proceed with an MLR of the credit union.

⁴ The threshold is \$25 million and an amount equal to ten percent of the total assets of the credit union at the time in which the NCUA Board initiated assistance or was appointed liquidating agent pursuant to the Federal Credit Union Act.



April 1–September 30, 2021

DECISIONS REGARDING LOSSES LESS THAN \$25 MILLION					
OIG Decision⁵	Credit Union	Region	Liquidation Date	Est. Loss to Share Insurance Fund	Grounds for Liquidation or Appointment
Terminate	Fedstar Federal Credit Union (05486)	Eastern	6/1/2021	\$342,000	Assisted merger with Infirst Federal Credit Union due to insolvency from issues with an underfunded Allowance for Loan & Lease Losses account, failure to timely charge off non-performing loans, unreconciled accounts, unauthorized expenses on the corporate credit card of the former Chief Executive Officer, improper controls over Automated Clearing House processing, weak internal controls, excessive unsecured loans over policy limits, and unreported nonmember deposits.
Terminate	Defense Logistics Federal Credit Union (13169)	Eastern	7/1/2021	\$63,898	Involuntary liquidation and Purchase & Assumption with Pentagon FCU due to on-going unresolved non-compliance issues related to the NCUA Rules and Regulations.
Terminate	Empire Branch 36 National Association of Letter Carriers Credit Union (63906)	Eastern	7/22/2021	\$350,000	Emergency assisted merger with Rockland Employees Federal Credit Union due to insolvency from eroding net worth, unprofitability, and insufficient earnings to cover operating expenses.
Terminate	Community Owned Federal Credit Union (17655)	Southern	9/17/2021	\$750,772	Involuntary liquidation due insolvency from a lack of a viable field of membership, inability to expand services, and lack of permanent, experienced personnel to operate the credit union.

⁵ Criteria for each decision included: (1) dollar value or percentage of loss; (2) the institution’s background, such as charter type and history, geographic location, affiliations, business strategy; (3) uncommon cause of failure based on prior Material Loss Review findings; (4) unusual supervisory history, including the nature and timing of supervisory action taken, noncompliance with statutory examination requirements, or indications of rating disagreements between the state regulator and the NCUA; and (5) other, such as apparent fraud, request by the NCUA Board or management, Congressional interest, or Inspector General request.



April 1–September 30, 2021

Peer Reviews

Government Auditing Standards require audit organizations that perform audits and attestation engagements of federal government programs and operations undergo an external peer review every 3 years. The objectives of an external peer review include a review of an audit organization's system of quality control to determine the suitability of its design and whether the audit organization is in compliance with the quality control system so as to provide reasonable assurance the audit organization conforms to applicable professional standards.

External Peer Review of the OIG, Office of Audit

The Farm Credit Administration (FCA) OIG completed our most recent peer review on January 24, 2019, for the 3-year period ended September 30, 2018. The FCA OIG issued its report entitled [*System Review Report*](#) and rendered the opinion that the system of quality control for the OIG, Office of Audit, was suitably designed and complied with, thus providing reasonable assurance the system of controls conformed with applicable professional standards in all material respects. As a result, we received a peer rating of *Pass*. In addition, we have no outstanding recommendations from this external peer review.

External Peer Review of the National Labor Relations Board OIG, Office of Audit

The NCUA OIG completed a peer review of the National Labor Relations Board (NLRB) OIG. On November 17, 2020, we issued an external peer review report for the audit function of the NLRB OIG for the 3-year period ended September 30, 2020. The NLRB received a rating of *Pass* and has no outstanding recommendations related to the peer review report.



April 1–September 30, 2021

Investigative Activity

In accordance with professional standards and guidelines established by the U.S. Department of Justice and the Council of the Inspectors General on Integrity and Efficiency’s (CIGIE), OIG’s Office of Investigations (OI) conducts investigations of criminal, civil, and administrative wrongdoing involving the agency’s programs, operations, and personnel. Our investigative mission is to fight fraud, waste, and abuse while promoting efficiency and economy within the NCUA and its programs and operations. In this regard, we investigate allegations of misconduct on the part of NCUA employees, former employees, applicants, and contractors. Investigations examine possible violations of applicable federal laws and regulations as well as NCUA-specific policies.

We receive allegations through our hotline, email, and directly from NCUA and contractor personnel.

We also receive complaints from credit union officials and their members regarding NCUA programs, employees, and contractors. We examine these complaints and determine if there is any indication of misconduct or wrongdoing by an NCUA employee or contractor. If not, we refer the complaint to the NCUA’s Office of Consumer Financial Protection (OCFP), the Office of General Counsel, or the appropriate regional office for response, or close the matter if contact with those offices indicates that the matter already was appropriately handled. Harassment allegations are addressed by the NCUA’s Office of Ethics Counsel and the Office of Minority and Women Inclusion (for EEO complaints).

During this reporting period, OI opened two investigations and closed two investigations. We also continued to work on an investigation that we opened during a prior period. As the table below indicates, we referred one investigative subject for prosecution during the reporting period.

Investigative Activity/Reports Issued During the Reporting Period	Total Number
(A) Investigative reports issued during the reporting period	1
(B) Persons referred to the Department of Justice for criminal prosecution during the reporting period	1
(C) Persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period	0
(D) Indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	0



April 1–September 30, 2021

With regard to the information provided in the table above, OI maintains a manual case tracking system. If investigative allegations involve a named suspect, then cases are designated and tracked by subject name. Cases referred to federal, state, or local prosecuting authorities for criminal prosecution are also designated, referred, and tracked by subject name, if known. In cases where the subject is unknown, OI uses a subject matter title to designate, track, and, as appropriate, refer cases.

Investigations

During the reporting period, OI closed one investigation involving a senior government employee during the reporting period.

Conflict of Interest and False Statements

On April 20, 2021, OIG opened an investigation into possible criminal conflicts of interest and false statements of NCUA Chief Information Officer (CIO) relating to his procurement duties and technology stock holdings. Our investigation found that the CIO had one stock holding of \$29,087 that was over a \$25,000 exemption threshold, a threshold a prior NCUA ethics official provided the CIO. The investigation also found that the CIO made false statements regarding his procurement duties, but the investigation did not find that his statements were willful, which is a requirement under the criminal false statements statute. We presented the matter to the Public Integrity Section of the Department of Justice for prosecution, but it was not accepted. Our office completed the investigation and issued a report to the Executive Director on September 15, 2021.

Whistleblower Retaliation

We did not receive any complaints of whistleblower retaliation during the reporting period.

Attempts to Interfere with IG Independence

There were no attempts on the part of management to interfere with IG independence, including restricting communications between the OIG and Congress or using budgetary constraints designed to limit the capabilities of the OIG.

Moreover, there have been no incidents where the NCUA resisted or objected to OIG oversight activities. There have also been no restrictions or delays in our access to agency information.

OIG Hotline and FOIA Requests

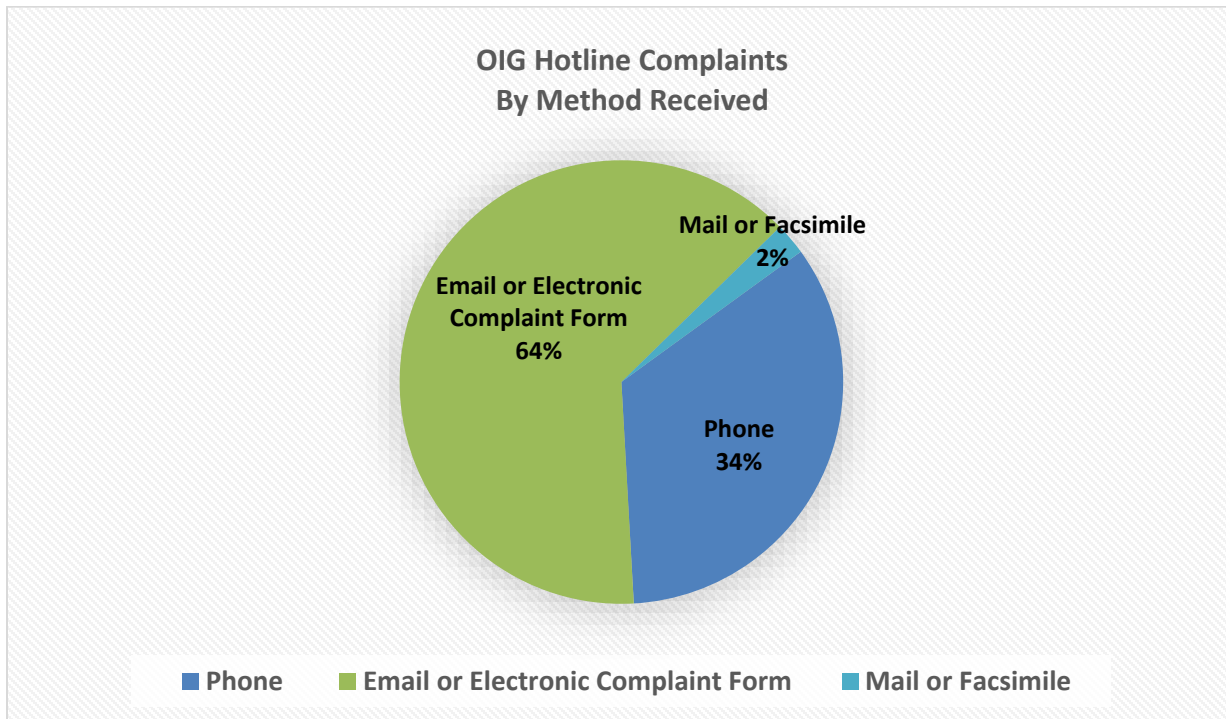
The OIG maintains a 24-hour toll free hotline to enable employees and citizens to call in and provide information about suspected fraud, waste, and abuse, or mismanagement involving agency programs or operations. Additionally, the OIG receives complaints from an off-site post office box, electronic mail, and facsimile messages. An electronic hotline complaint form is



April 1–September 30, 2021

located on the NCUA intranet. The electronic form offers a means for confidential employee and contractor communication with the OIG. All information received from any of these sources is referred to as a hotline complaint. Our Office Manager, under the direction of the Director of Investigations, administers the OIG hotline program.

During this 6-month period, we processed 129 hotline complaints, the majority of which were from consumers seeking assistance with problems encountered within their respective credit unions. We referred most of these complaints to the OCFP’s Consumer Assistance Center for action. A small number of hotline complaints required additional action by OI to determine whether the matter warranted investigation by our office. OIG also responded to five Freedom of Information Act requests and one Privacy Act request during the reporting period.



Complaints by Method Received	Number
Phone	44
Email or Electronic Hotline Complaint Form	82
Mail or Facsimile	3
Total:	129



April 1–September 30, 2021

Reviews of Legislation, Regulations, and Policies

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of the NCUA and to make recommendations concerning their impact.

OIG reviewed the legislation and NCUA regulations and letters to credit unions that are listed below. During this reporting period, we provided recommendations regarding the OIG’s role as described in an NCUA Instruction on Prevention of Harassment in the Workplace.

List of Legislation and NCUA Regulations and Letters Reviewed	
Legislation	Title
Discussion Draft, H.R. __	NCUA Oversight of Third Party Vendors Act
H.R. 1996	SAFE Banking Act
H.R. 2311	Credit Union Governance Modernization Act
S. 2343	Chai Suthammanent Remembrance Act
H.R. 2662	IG Independence and Empowerment Act
H.R. 2988	Whistleblower Protection Improvement Act
Regulations	Title
86 Fed. Reg. 28155	Policy for Setting the Normal Operating Level
12 C.F.R. Parts 702, 703	Capital Adequacy: The Complex Credit Union Leverage Ratio, Amendments to Risk-Based Capital, and other Technical Amendments
12 C.F.R. Parts 702, 741	Subordinated Debt
Letters to Credit Unions	Title
21-CU-03	LIBOR Transition
21-CU-04	Renewal of Prompt Corrective Action Relief
21-CU-05	Interagency Statement on the Issuance of the Anti-Money Laundering/Countering the Financing of Terrorism National Priorities
21-CU-06	NCUA to Implement Phase One of Resuming Onsite Operations



April 1–September 30, 2021

List of Legislation and NCUA Regulations and Letters Reviewed	
21-CU-07	Capitalization of Unpaid Interest
21-CU-08	Implementation of Modernized Systems
21-CU-09	Navigating and Understanding the End of Pandemic-Era Homeowner Protection Programs
21-FCU-04	Permissible Loan Interest Rate Ceiling Extended
21-FCU-05	Post-Examination Survey Pilot



April 1–September 30, 2021

TABLE I: ISSUED REPORTS WITH QUESTIONED COSTS	Number of Reports	Questioned Costs	Unsupported Costs
(A) For which no management decision had been made by the start of the reporting period.	0	\$0	\$0
(B) Which were issued during the reporting period.	0	\$0	\$0
Subtotals (A + B)	0	\$0	\$0
(C) For which management decision was made during the reporting period.	0	\$0	\$0
(i) Dollar value of disallowed costs	0	\$0	\$0
(ii) Dollar value of costs not allowed	0	\$0	\$0
(D) For which no management decision has been made by the end of the reporting period.	0	\$0	\$0
(E) Reports for which no management decision was made within 6 months of issuance.	0	\$0	\$0

Questioned costs are those costs the OIG has questioned because of alleged violations of laws, regulations, contracts, or other agreements; findings which at the time of the audit are not supported by adequate documentation; or the expenditure for the intended purpose is unnecessary or unreasonable.

Unsupported costs (included in "Questioned Costs") are those costs the OIG has questioned because of the lack of adequate documentation at the time of the audit.



April 1–September 30, 2021

TABLE II: ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE	Number of Reports	Dollar Value
(A) For which no management decision had been made by the start of the reporting period.	0	\$0
(B) Which were issued during the reporting period.	0	\$0
Subtotals (A + B)	0	\$0
(C) For which management decision was made during the reporting period.	0	\$0
(i) Dollar value of recommendations agreed to by management.	0	\$0
(ii) Dollar value of recommendations not agreed to by management.	0	\$0
(D) For which no management decision was made by the end of the reporting period.	0	\$0
(E) For which no management decision was made within six months of issuance.	0	\$0

Funds to be put to Better Use are those OIG recommendations that funds could be used more efficiently if management took actions to reduce outlays, de-obligate funds from programs/operations, avoid unnecessary expenditures noted in pre-award reviews of contracts, or any other specifically identified savings.



TABLE III: SUMMARY OF OIG ACTIVITY DURING THE REPORTING PERIOD		
Part I—Audit Reports Issued		
Report Number	Title	Date Issued
OIG-21-06	Audit of the NCUA’s Governance of Information Technology Initiatives	09/28/21
Part II—Audits in Progress (as of September 30, 2021)		
Audit of the NCUA’s Coronavirus Disease 2019 (COVID-19) Work Posture		
Audit of the NCUA’s Hiring Practices		
Audit of the NCUA’s Compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act)		
FY 2021 Independent Evaluation of the NCUA’s Compliance with the Federal Information Security Modernization Act of 2014 (FISMA)		
NCUA 2021 Financial Statement Audits		



April 1–September 30, 2021

INDEX OF REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED		
Section	Reporting Requirement	Page
4(a)(2)	Review of legislation and regulations	30
5(a)(1)	Significant problems, abuses, and deficiencies	17
5(a)(2)	Recommendations for corrective action made during the reporting period	23
5(a)(3)	Significant recommendations on which corrective action has not been completed	19
5(a)(4)	Matters referred to prosecutive authorities	27
5(a)(5)	Summary of instances where agency refused or failed to provide requested information	28
5(a)(6)	List of audit reports issued during the reporting period	34
5(a)(7)	Summary of significant reports issued during the reporting period	34
5(a)(8)	Statistical table on audit reports with questioned costs	32
5(a)(9)	Statistical table on audit reports with recommendations that funds be put to better use	33
5(a)(10)(A)	Summary of each audit report over six months old for which no management decision has been made	N/A
5(a)(10)(B)	Summary of each audit report over six months old for which no management comment was returned within 60 days	N/A
5(a)(10)(C)	Summary of each audit report over six months old for which there are unimplemented recommendations	19
5(a)(11)	Significant revised management decisions	N/A
5(a)(12)	Significant management decisions with which the OIG disagreed	N/A
5(a)(14)(A)(B)	Results of any peer review conducted during the reporting period, or if no peer review was conducted, a statement identifying the date of last peer review	26
5(a)(15)(16)	Peer reviews conducted by another OIG during the reporting period, and any outstanding recommendations from any current or prior peer review	26



April 1–September 30, 2021

INDEX OF REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED		
Section	Reporting Requirement	Page
5(a)(17)	Statistical table on investigative reports issued during the reporting period	27
5(a)(18)	Description of metrics used for developing the investigative report statistical table	28
5(a)(19)	Investigations conducted involving a senior Government employee	28
5(a)(20)	Detailed description of any instances of whistleblower retaliation	28
5(a)(21)	Detailed description of any attempt by the Agency to interfere with the independence of the Office	28
5(a)(22)(A)	Detailed description of any inspection, evaluation, and audit that was closed and was not disclosed to the public	N/A
5(a)(22)(B)	Detailed description of any investigation involving a senior Government employee that was closed and was not disclosed to the public	N/A