NCUA
National Credit Union Administration

OFFICE OF
INSPECTOR GENERAL

Semiannual Report to the Congress

October 1,2020–March 31, 2021

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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 March 31, 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, the audit division issued seven reports: the Audit of the NCUA's Schedule of Other Assets and Contributed Capital as of September 30, 2020; FY 2020 Independent Audit of the NCUA's Compliance with FISMA; Audit of the NCUA's Consumer Compliance Program; and the FY 2020 Financial Statement Audits of the Share Insurance Fund, Operating Fund, Central Liquidity Facility, and Community development Revolving Loan Fund. More information about these audits can be found on the following pages.

The COVID-19 pandemic has now been with us for more than a year. Efforts to slow the spread of the virus led to a dramatic pull-back in spending and the economy contracted sharply with employment plunging by 22 million and the unemployment rate surging from a five-decade low of 3.5 percent to a high of 14.7 percent in April 2020, a level not seen since post-World War II. Interest rates fell to historically low levels and are forecast to remain low. Even if the economy continues to recover, the operating environment for credit unions over the next two years could prove to be more difficult than in prior years.

The NCUA and OIG continue to work in a remote posture that started in March of 2020. NCUA is planning for a return to the office in 2021 as well as examinations at credit unions. To that end, we have decided to conduct a review to determine: (1) the factors that guided NCUA management's policy decisions regarding the pandemic during the initial outbreak; (2) the factors that are guiding management's future decisions to either continue a remote working posture or move to a return to the office; (3) the factors that guided management in providing NCUA employees with various incentives such as supply expenses, and other leave options; and (4) the guidelines that have been put in place to protect employees when a return to the office is approved such as security, social distancing, and the use of personal protective equipment. We will publish the results of our review on our website and in the next semiannual report.

Finally, I would like to thank Chairman Harper and Board Member Hood for their sustained support of the OIG's work. I would also like to recognize the newest Board Member, Vice Chairman Hauptman, who we look forward to working with in the years to come. As in the past, the NCUA Board and management were responsive to OIG recommendations and strived to implement them expeditiously. I look forward to working with the Board and Management in our ongoing efforts to promote economy and efficiency in agency programs and operations.

James W. Hagen
Inspector General

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.

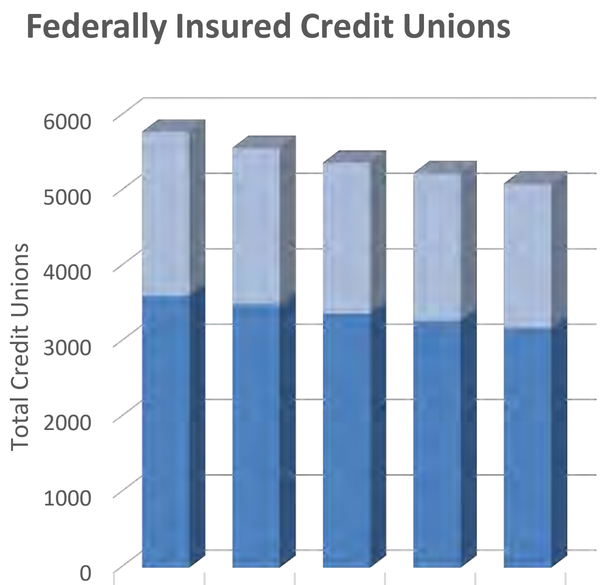
The Office of Inspector General Mission

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.

Introduction

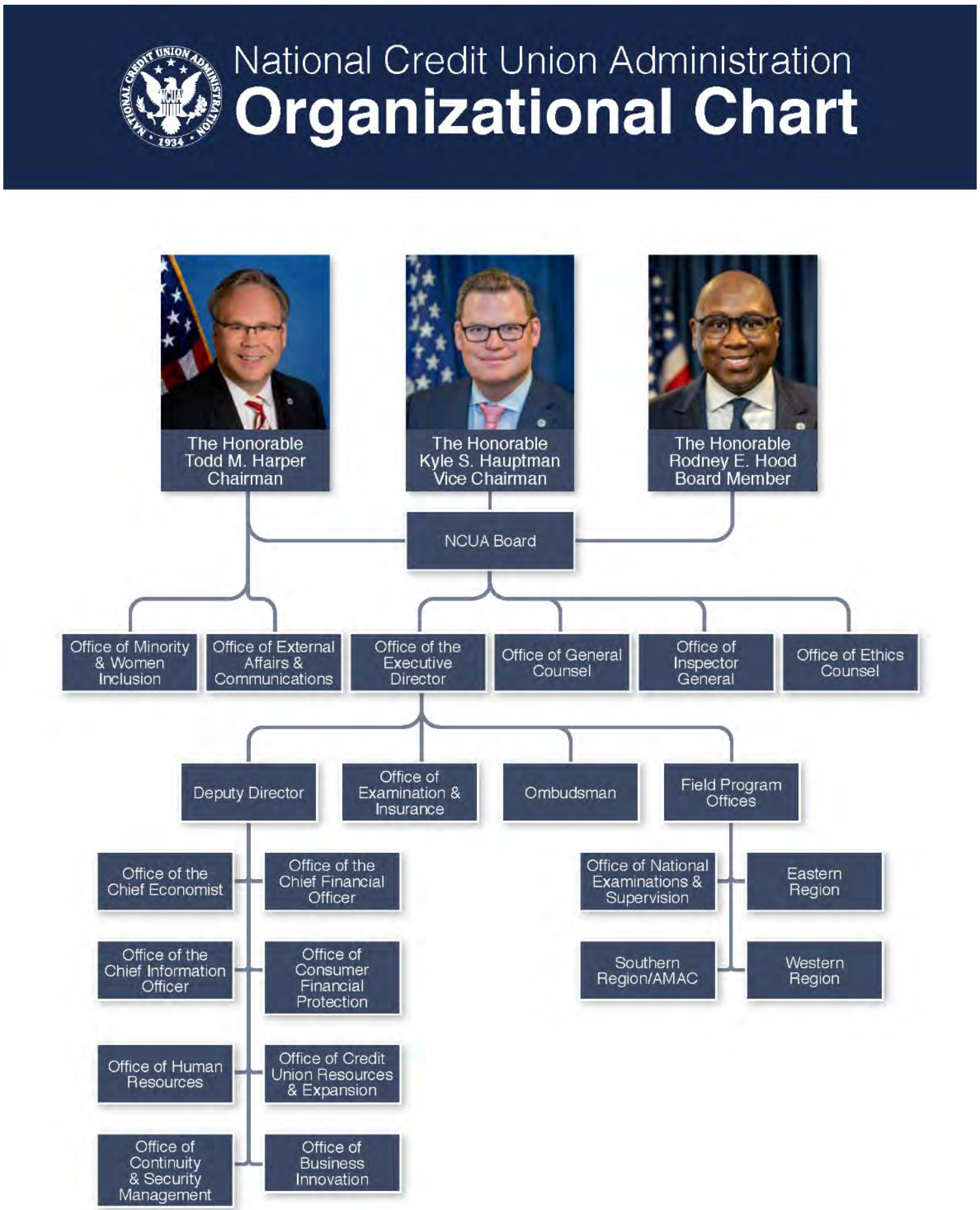
The NCUA was established as an independent, federal regulatory agency on March 10, 1970. The agency is responsible for chartering, examining, supervising, and insuring federal credit unions (FCUs). It also insures state-chartered credit unions that have applied for insurance and have met National Credit Union Share Insurance requirements. The NCUA is funded by the credit unions it supervises and insures. As of December 31, 2020, the NCUA supervised and insured 3,185 FCUs and insured 1,914 state-chartered credit unions (FISCUs), a total of 5,099 institutions. This represents a decline of 98 federal and 39 state-chartered institutions since December 31, 2019, for a total decrease of 137 credit unions nationwide. The year-over-year decline is consistent with long-running industry consolidation trends.



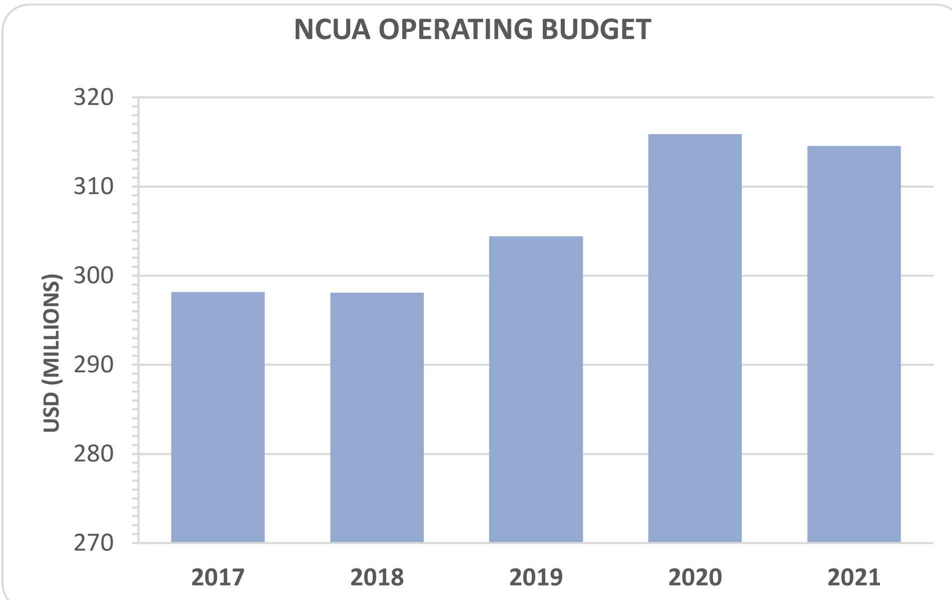
	2016	2017	2018	2019	2020
FISCUs	2177	2074	1999	1953	1914
FCUs	3608	3499	3376	3283	3185

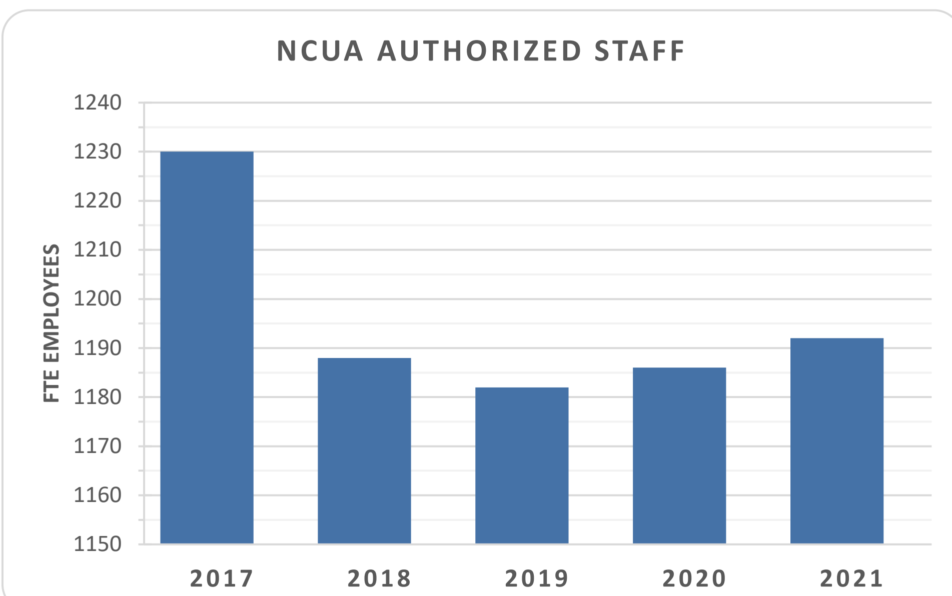
NCUA operates under the direction of a Board composed of three members. Board members are appointed by the President and confirmed by the Senate. They serve 6-year terms. Terms are staggered, so that one term expires every 2 years. The Board is responsible for the management of the NCUA, including the 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).

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.



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.





NCUA Highlights

Kyle Hauptman Joined NCUA Board

Kyle Hauptman was sworn in as a member of the NCUA Board on December 14, 2020, after the Senate confirmed his June 18, 2020, nomination on December 2. The Board approved his designation as Vice Chairman on December 18. Hauptman replaced Mark McWatters, who resigned from the Board on November 20, 2020, and whose term had expired in August 2019. Prior to joining the Board, Hauptman served as an economic policy advisor to Senator Tom Cotton (R-AR) and staff director for the Senate Banking Committee's Subcommittee on Economic Policy.

Elizabeth Fischmann Selected as Chief Ethics Counsel

Elizabeth Fischmann was selected as the NCUA's Chief Ethics Counsel effective December 21, 2020. Her office is responsible for the NCUA's ethics program and programs designed to prevent harassment and misconduct in the workplace. Prior to this, Fischmann was the Designated Agency Ethics Official at the U.S. Department of Health and Human Services.

Board Unanimously Approved Final Rule on Subordinated Debt

At its December 17, 2020, meeting, the Board unanimously approved a final rule that amended the NCUA's regulations to permit credit unions to issue subordinated debt for purposes of regulatory capital treatment. For complex credit unions (those that have over $500 million in assets), subordinated debt will contribute to the risk-based capital ratio under the NCUA's risk-based capital rule, not the Federal Credit Union Act's net-worth ratio. For low-income credit unions, subordinated debt will contribute to their net worth, similarly to how secondary capital is currently handled. This rule is effective January 1, 2022.

NCUA Published Supervisory Priorities for 2021

In January 2021, the NCUA published its supervisory priorities for the year, which are designed to assist credit unions in preparing for examinations. Because of the ongoing economic impact of the pandemic, NCUA informed credit unions that examiners will not assess credit unions' efforts to transition to the current expected credit losses (CECL) standard until further notice but that examiners will examine the adequacy of credit union loan and lease loss accounts. Other supervisory priorities are Bank Secrecy Act (anti-money laundering) compliance; compliance with the CARES Act and extension of several of its provisions; consumer financial protection with a focus on fair lending and issues related to the pandemic; and credit risk management, including examining whether credit unions have evaluated the potential impact of their pandemic response and relief efforts on their capital position and financial stability. NCUA examinations continue to be performed virtually.

Board Issued Proposed Rule Allowing Credit Union Service Agencies (CUSOs) to Originate Any Type of Loan a Federal Credit Union Can

At its January 14, 2021, meeting, the NCUA Board voted 2-1 in favor of a proposed rule that would permit CUSOs to originate any type of loan that FCUs may originate. This would expand the list of permissible loans by CUSOs from business loans, consumer mortgage loans, student loans, and credit cards to additional loans such as automobile loans and small-dollar payday loans. Board Member Harper (now Chairman) dissented, based in part on the NCUA's lack of direct supervisory authority over CUSOs. Related to this point, during the last SARC reporting period, we issued an audit report in which we determined that the NCUA needed authority over CUSOs and vendors to effectively identify and reduce risks to credit unions. Management agreed with our recommendation that it continue efforts to work with appropriate Congressional committees 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. It indicated that after the COVID-19 pandemic has resolved, it planned to work with Congress on providing the NCUA authority to allow it to better supervise to address third-party cybersecurity risks. The OIG had a conference call to discuss our report's recommendation for a statutory amendment with staff from the Senate Banking Committee on September 20, 2020.

Opportunity to Comment on Proposed Rules for Simplified Risk-Based Capital and "S" Element in CAMEL Rating System

Also on January 14, the Board approved a proposal for simplifying rules for risk-based capital and a proposal to add an "S" element to CAMEL, the NCUA's examination rating system, and limit the "L" element to liquidity risk. On March 9, both proposals were published for comments. The proposal on simplifying risk-based capital was adopted on a 2-1 vote, with Board Member (now Chairman) Harper dissenting. The proposed rule contemplates two options: (1) the NCUA would replace the risk-based capital rule with a risk-based leverage ratio requirement that would use relevant thresholds to determine which complex credit unions would be required to hold additional capital, or (2) it would retain the risk-based capital rule (first approved in 2015 with a revision set to take effect January 1, 2022), but would enable eligible complex federally insured credit unions to opt in to a complex credit union leverage ratio (CCULR) framework to meet all regulatory capital requirements. The CCULR approach would be modeled on the "community bank leverage ratio" framework implemented under the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act.

The proposal to add an "S" for "market sensitivity" to CAMEL, which the Board approved unanimously, is designed to ensure that examinations look at market-risk sensitivity, which includes price and interest rate risks. The NCUA said the proposal would bring its rating system in-line with a change that banking regulators incorporated in 1997, based on credit union balance sheets becoming larger and more complex since that time due to significantly increased mortgage-related assets. It also would implement an OIG audit recommendation from 2015, which NCUA plans to implement with its new examination platform, MERIT.

NCUA Issued Guidance for Community Charter Conversions and Expansions and Underserved Area Expansions

In January, Board Chairman Hood (now Board Member) issued a letter to FCUs providing updated guidance and templates regarding FCUs seeking to convert to a community field of membership or expand their existing community field of membership. A separate letter, also issued in January, advised that any FCU with a multiple common bond field of membership may include in its field of membership, without regard to location, underserved communities as defined by the Federal Credit Union Act. The Chairman stated that the NCUA encouraged such credit unions to expand their service to underserved areas to promote greater financial inclusion and strengthen communities.

Board Issued Interim Final Rule Allowing Large Credit Unions to Use Asset Data from March 31, 2020

On March 18, the Board approved an interim final rule, with a request for public comments, that will permit federally insured credit unions to use asset data from March 31, 2020, in order to determine whether they are subject to capital planning and stress testing requirements under the NCUA's regulations and supervision from the Office of National Examinations and Supervision. This regulatory exception applies to calendar years 2021 and 2022. Credit unions have experienced unusually high deposit growth related to the COVID-19 pandemic.

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 report and a quarterly financial trend report. 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 December 31, 2020, quarterly data summary and financial trends reports.

Key Financial Indicators

The December 31, 2020, quarterly data summary report provided a comparison of the fourth quarter 2020 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 (December 2019 to December 2020) for the nation's 5,099 federally insured credit unions: total assets increased by 17.7 percent; net worth ratio[1] decreased from 11.37 percent to 10.32 percent; and the loan to share ratio decreased from 84 percent to 73.2 percent. The delinquency rate decreased from .7 percent to .6 percent. Credit union return on average assets[2] decreased from .93 percent to .7 percent.

Share Trends and Distribution

Total shares and deposits grew 20.3 percent, or $268 billion, increasing the balance to $1.59 trillion. Regular shares accounted for 35.78 percent of total shares and deposits or $568.1 billion. Money market shares comprised 21.53 percent or $341.8 billion. Share certificates represented 17.38 percent or $276 billion. Share drafts accounted for 18.37 percent or $291.6 billion. IRA/KEOGH accounts comprised 5.29 percent or $83.9 billion; non-member deposits comprised .73 percent or $14.7 billion; and all other shares comprised .92 percent or $14.3 billion of total shares and deposits.

[1] Beginning in the second quarter of 2020, the net worth ratio formula was modified to reflect changes in the call report. The new formula excludes Small Business Administration Paycheck Protection Program (PPP) loans pledged as collateral to the Federal Reserve Board's PPP Lending Facility.

[2] While average assets increased, net income declined $2.1 billion (14.9 percent) to $12 billion, in part due to the credit union system's provisioning for loan and lease losses or credit loss expenses. Also, the new accounting standard, current expected credit losses methodology (CECL) for estimating allowances for credit losses will be effective for credit unions on January 1, 2023. Credit unions must first apply the new accounting standard in call reports for the quarter ended March 31, 2023. However, the new CECL standard allows for early adoption as of January 1, 2019.

Loan Trends and Distribution

Total loans increased 5 percent or $55 billion, bringing the balance to $1.16 trillion. Total net loans[3] comprised 62.33 percent of credit union assets. First mortgage real estate loans accounted for the largest single asset category with $515.7 billion or 44 percent of total loans. Used vehicle loans of $237.9 billion represented 20 percent, while new vehicle loans amounted to $142.2 billion or 12 percent. Other real estate loans of $84.4 billion accounted for 7 percent. Unsecured credit cards totaled $61.8 billion or 5 percent, while all other unsecured loans totaled $52.6 billion or 5 percent. Leases receivable and all other loans represented $68 billion or 6 percent of total loans.

[3] Net loans equals total loans minus allowance for loan and lease losses.

Legislative Highlights

Consolidated Appropriations Act of 2021 Extended CARES Act Provisions

This act was signed into law on December 27, 2020, and extended several provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, including provisions that impact credit unions. The extensions include increased flexibility and borrowing authority of the NCUA's Central Liquidity Facility, which is serving as a source of emergency liquidity to credit unions and the Share Insurance Fund as the economic impacts of the pandemic persist, and the suspension through January 2, 2022, of the requirement to categorize certain loan modifications related to the pandemic as troubled debt restructurings. The act also added an additional $284.5 billion in funding for paycheck protection loans, $15 billion for guaranteeing loans made by community development financial institutions and minority depository institutions, $15 billion for guaranteeing loans made by institutions with consolidated assets of less than $10 billion, and $12 billion for community development financial institutions that predominately serve minority communities.

National Defense Authorization Act for FY 2021 Amended Bank Secrecy Act and Related Anti-Money Laundering Laws

On January 1, 2021, Congress voted to override President Trump's veto of the National Defense Authorization Act of FY 2021, which resulted in the enactment of the most significant revision of the Bank Secrecy Act and related anti-money laundering laws since the USA PATRIOT Act of 2001. Under the amendments, the Financial Crimes Enforcement Network (FinCEN), which is a bureau of the U.S. Department of the Treasury, must establish and maintain a national registry of beneficial ownership information for business and legal entities. Financial institutions, including credit unions, may rely on the information obtained from the registry to comply with customer due diligence regulations. The change is also designed to help law enforcement's efforts to minimize financial crimes. The amendments also increased penalties for Bank Secrecy Act violations. There is also a new requirement that FinCEN communicate with industry and regulators regarding Treasury priorities, and financial institutions must review the priorities and incorporate them into their risk-based anti-money laundering programs. Further, the amendments encourage technological innovation in anti-money laundering compliance and FinCEN is required to maintain technology experts to encourage the development of emerging technologies that can assist the government or financial institutions in countering money laundering and the financing of terrorism.

Inspector General-Related Legislation

On January 5, 2021, the U.S. House of Representatives passed the Inspector General (IG) Protection Act, H.R. 23, 1 day after it was introduced by Representative Ted Lieu (D-CA) and co-sponsored by Representative Jody Hice (R-GA). The bill applies to IGs who are appointed by the President (our IG is appointed by the NCUA Board). It requires the President to notify Congress if he places an IG on nonduty status, and provides that if the President fails to make a formal nomination for a vacant IG position within 210 days after the vacancy occurred, the President shall communicate to Congress within 30 days after the end of such period the reasons why he has not yet made a formal nomination and a target date for making a formal nomination. As of March 12, 2021, there are 13 presidentially appointed IG vacancies and 1 agency appointed IG vacancy, most of which are very long-term vacancies.

On March 4, 2021, Senator Chuck Grassley (R-IA) introduced S. 587, a bill to amend the IG Act to provide that the President and agency heads may remove an IG or place an IG on non-duty status only if a written substantive rationale, including detailed and case-specific reasons, is provided in advance to Congress.

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:

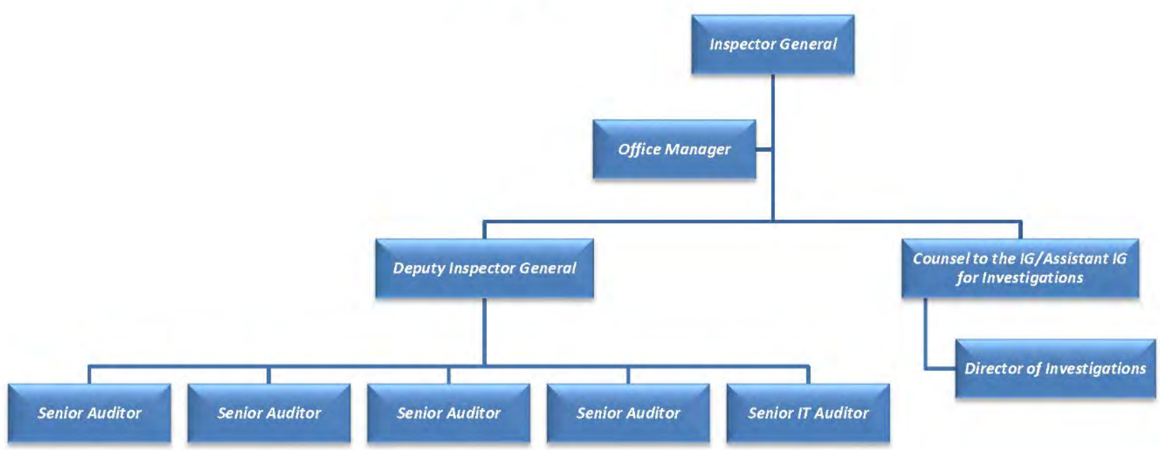
1. Conducting, supervising, and coordinating audits and investigations relating to NCUA programs and operations;

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



Audit Activity

Audit Reports Issued

OIG-20-08 ***Audit of the NCUA's Schedule of Other Assets and Contributed Capital as of September 30, 2020,*** **issued November 13, 2020**

We contracted with and supervised the independent accounting firm KPMG to conduct the audit of the NCUA's schedule of other assets and contributed capital as of September 30, 2020, and the related notes. The schedule was 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, which included: (1) an opinion on the schedule, (2) an assessment of internal controls over financial reporting specific to the schedule, and (3) an assessment of compliance and other matters specific to the schedule. KPMG issued an unmodified audit opinion with no reportable findings.

OIG-20-09 ***National Credit Union Administration Federal Information Security Modernization Act of 2014 Audit—Fiscal Year 2020,*** **issued November 16, 2020**

We contracted with and supervised the independent public accounting firm CliftonLarsonAllen LLP (CLA) to independently evaluate the NCUA's information systems and security program and controls for compliance with the Federal Information Security Modernization Act of 2014 (FISMA).

CLA concluded that the NCUA has, for the most part, formalized and documented its policies, procedures, and strategies; however, CLA also determined that the NCUA faces certain challenges in the consistent implementation of its information security program and practices. While CLA noted improvements and effective controls related to training, incident response, and contingency planning, they also identified weaknesses in three of the eight domains of the fiscal year 2020 IG FISMA Reporting Metrics related to risk management, configuration management, and identity and access management. CLA made two new recommendations to assist the NCUA in strengthening its information security program. In addition, CLA closed 12 of the 21 prior FISMA open recommendations related to the NCUA's security program and practices.

OIG-21-01 ***Audit of the NCUA's Consumer Complaint Program***, **issued February 9, 2021**

Results of our audit determined that overall, the NCUA processes consumer complaints efficiently and effectively and in accordance with applicable laws, regulations, policies, and procedures. In addition, we determined examiners use consumer complaint information and trends data during pre-exam scoping activities; however, we noted some areas where agency management could improve the program, which included: (1) internal controls over the complaint processing system, (2) communications with external and internal stakeholders, and 3) better monitoring practices over the consumer complaint process. We made nine recommendations and three suggestions in our report to correct the issues we identified.

OIG-21-02/03/04/05 **NCUA 2020 Financial Statement Audits (SIF, OF, CLF, CDRLF), issued February 16, 2021**

We contracted with and supervised the independent accounting firm KPMG to conduct the NCUA 2020 financial statement audits of the Share Insurance Fund, the Operating Fund, the Central Liquidity Facility, and the Community Development Revolving Loan Fund.

The Share Insurance Fund is a revolving fund managed by the NCUA Board to insure member share deposits in all FCUs and state credit unions that are federally insured. The fund's total assets for 2020 were $19.1 billion, an increase of $2.4 billion (14.4%) from 2019. The increase was largely attributable to investments. KPMG issued an unmodified audit opinion on the Share Insurance Fund's financial statements (OIG-21-02).

The 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 fund's total assets for 2020 were $182 million, up from $156 million in 2019. KPMG issued an unmodified audit opinion on the Operating Fund's financial statements (OIG-21-03).

The CLF 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. The CLF's total assets for 2020 were $1.05 billion, up from $334 million in 2019. KPMG issued an unmodified audit opinion on the CLF's financial statements (OIG-21-04).

The CDRLF was established to stimulate economic activities in the communities served by low-income credit unions. The CDRLF's total assets for 2020 were $17.8 million, down from $19.7 million in 2019. KPMG issued an unmodified audit opinion on the CDRLF's financial statements (OIG-21-05).

Audits in Progress

Audit of the NCUA's Governance of Information Technology Initiatives

The NCUA's Office of the Chief Information Officer (OCIO) is responsible for establishing the organization's enterprise information technology vision, strategy, roadmap and related policies and management controls. Within the OCIO, a governance committee defines, facilitates, and implements an effective System Development Life Cycle and Enterprise Systems Governance. It is the committee's goal to make the most effective governing decisions in the best interests of all NCUA stakeholders.

The objective of this audit is to determine whether the NCUA has an effective process for identifying, controlling, prioritizing, and implementing IT initiatives across the agency.

Fiscal Year 2020 Risk Assessments of the NCUA's Charge Card Programs

The Government Charge Card Abuse Prevention Act of 2012 mandates that Inspectors General conduct periodic risk assessments of agency purchase and travel cards to develop a plan to determine the scope, frequency, and number of Inspector General audits or reviews of agency purchase and travel cards. The NCUA has three government charge card programs administered through the General Services Administration, which includes an individually billed travel card program and two centrally billed programs, one for travel cards and one for purchase cards.

The objectives of this engagement are to: (1) assess, identify, and analyze the risks of illegal, improper, or erroneous purchases and payments made through the NCUA's purchase and travel card programs; (2) determine whether the results of our risk assessments justify performing an audit in compliance with Government Auditing Standards; and (3) coordinate with appropriate agency officials on a joint semi-annual report to the Office of Management and Budget on any purchase card violations meeting the criteria established in the Act.

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

In early 2020, the United States faced an unprecedented respiratory disease, 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 plans to resume an on-site work posture with a phased approach beginning in the summer of 2021. However, the phased transition is challenging and may be delayed based on guidance from medical experts. During 2020, the Office of Management and Budget, the Office of Personnel Management, the Department of Labor Occupational Safety and Health Administration, and the NCUA have issued multiple policies, procedures, and guidelines on this ever-evolving situation. Therefore, compliance with these newly issued policies, procedures, and guidelines is essential.

The objectives of this audit are to determine: (1) the factors that guided NCUA management's policy decisions during the initial outbreak of COVID-19; (2) the factors that are guiding management's future decisions to either continue a remote work from home posture or move to a return to the office; (3) the factors that guided management to provide NCUA employees with additional supply expenses and other leave options, and (4) what guidelines has NCUA management put in place to protect employees 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 its 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 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 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.

Material Loss Reviews (MLR)

The Federal Credit Union Act requires the NCUA 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 incurred two losses that did not exceed the statutory threshold. In this case, the Dodd-Frank Act required the OIG to determine whether unusual circumstances existed to warrant conducting a full-scope MLR. Accordingly, we conducted limited scope reviews of these failed credit unions. We discuss this further on page 27.

Significant Recommendations on Which Corrective Action Has Not Been Completed

Following is a list of OIG reports with significant unimplemented recommendations as of March 31, 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 CAMEL[4] Rating System by developing an "S" rating to better capture a credit union's sensitivity to market risk ("S" for market risk **S**ensitivity) 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. The NPR will be available for a 60-day comment period upon publication in the Federal Register. Migration to CAMELS would require changes to cohering regulation, updating examination procedures, and other configuration work to internal systems. The proposed timeline for potential operational readiness is as early as the first quarter of 2022.

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.

[4] The CAMEL rating system is based upon an evaluation of five elements of a credit union's operations: **C**apital Adequacy, **A**sset Quality, **M**anagement, **E**arnings, and **L**iquidity/Asset-Liability Management.

Status: Open. Management indicated that the NCUA Board approved an NPR on January 14, 2021, to redefine the "L" (Liquidity Risk) component. The NPR will be available for a 60-day comment period upon publication in the Federal Register. Changes would be necessary to cohering regulation, examination procedures, and internal systems. Adopting a CAMELS rating system will require revision to the "L" component of the existing CAMEL system to include only liquidity content and criteria. Liquidity risk and interest rate risk are two of seven supervisory risk categories that NCUA evaluates. The current exam process requires a final rating of low, moderate, or high for each risk category. Additionally, exam procedures entail disclosure of the ratings to the credit union. Thus, the agency provides clarity and transparency for the assessment of liquidity and interest rate risk.

Summary of Audit Reports Over 6 Months Old with Unimplemented Recommendations

Following are summaries of 6 OIG audit reports over 6 months old having 15 unimplemented recommendations, including any associated cost savings as of March 31, 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.

   <u>Unimplemented Recommendations</u>

   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.

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

   The NCUA 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: 5, Potential Cost Savings: $0

   The NCUA 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 #3—Ensure the agency performs likelihood analysis on all known vulnerabilities from all sources as part of its information system risk assessment.

   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.

   Recommendation #5—Ensure the agency maintains and reviews test results in ServiceNow for all system changes.

Recommendation #6—Ensure the agency completes and documents a security impact analysis for emergency changes in accordance with the OCIO Operational Change Control Board Charter.

Recommendation #9—Ensure the Chief Information Officer develops and implements a process to document and maintain evidence that users sign access agreements prior to accessing the agency's network.

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

   <u>Unimplemented Recommendation</u>

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

   <u>Unimplemented Recommendations</u>

   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.

Recommendations for Corrective Action Made During the Reporting Period

During the reporting period, the OIG issued 7 audit reports. We made the following 11 recommendations to management to improve the effectiveness of NCUA's programs and operations.

1. **OIG-20-09** *FY 2020 Independent Audit of the NCUA's Compliance with FISMA 2014*, issued November 16, 2020, Number of Recommendations: 2, Potential Cost Savings: $0

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

   Recommendation #1—Review the timeframe required to complete the Employee Exit Form workflow process in SharePoint, disable access to NCUA information systems for separated employees and contractors, and ensure the same timeframe is documented in the NCUA Information Security Procedural Manual for controls PS-4a and f, and AC-2f.

   Recommendation #2—Develop and implement a monitoring process to ensure the Employee Exit Form process is completed in accordance with the timelines established in NCUA policy.

2. **OIG-21-01** *Audit of the NCUA's Consumer Complaint Program*, issued February 9, 2021, Number of Recommendations: 9, Potential Cost Savings: $0

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

   Recommendation #1—Maintain a complete audit trail for all cases entered into the Salesforce system.

   Recommendation #2—Improve and document Salesforce internal control responsibilities to include: developing policies and procedures related to the deletion of consumer complaint cases; periodically assessing user roles to determine required system permissions and provide access that allows for least privilege; and performing and documenting periodic reviews of Salesforce generated audit logs.

   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.

Recommendation #9—Communicate comprehensive pattern and trends data, complete with analysis, related to the NCUA's consumer complaint program to assist internal stakeholders with understanding consumer complaint data to meet the agency's consumer compliance objectives.

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 six months due to the failure of an insured credit union.[5] 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 October 1, 2020 to March 31, 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, but are not limited to: (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 five 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 2 failed credit unions that incurred losses to the Share Insurance Fund under $25 million between October 1, 2020 to March 31, 2021. Based on those limited reviews, we determined 1 of the 2 losses warranted conducting additional work. For the 1 failed credit union for which we do not intend to conduct additional work, we concluded that either: (1) no unusual circumstances presented themselves in our review, 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 2 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 NCUSIF, 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.

[5] 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 Act.

DECISIONS REGARDING LOSSES LESS THAN $25 MILLION					
OIG Decision[6]	**Credit Union**	**Region**	**Liquidation Date**	**Est. Loss to Share Insurance Fund**	**Grounds for Liquidation or Appointment**
Terminate	Twin States Federal Credit Union (TSFCU)	Southern	3/29/21	$852,821	The NCUA entered into a merger with a cash assistance agreement with Mutual Credit Union. TSFCU is insolvent with no prospect of recovery because of high loan losses due to subprime lending.
Proceed with MLR	Indianapolis Newspaper Federal Credit Union (INFCU)	Southern	3/31/21	$2.29M	The NCUA entered into a conservatorship, then a partial liquidation with a Purchase & Assumption Agreement (P&A) with Elements Financial Federal Credit Union (EFFCU). NCUA liquidated INFCU with a P&A because of INFCU's financial condition and risk to the NCUSIF. In addition, the CEO and manager were alleged to have committed fraud relating to INFCU's loan portfolio. EFFCU assumed the corporate cash account and all insured regular shares and share draft deposits except for those involved in the alleged fraud scheme, or those accounts with six dollars or less in their account.

[6] 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.

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 not only the suitability of the design, but also whether the audit organization is in compliance with its quality control system so as to provide reasonable assurance the audit organization conforms to applicable professional standards.

External Peer Review of the NCUA 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 NCUA 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 Government Accountability Office 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 three-year period ended September 30, 2020. The NLRB received a rating of *Pass* and has no outstanding recommendations related to the peer review report.

Investigative Activity

In accordance with professional standards and guidelines established by the United States Department of Justice (DOJ) and 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, the Office of General Counsel, or the appropriate regional office for response, or close the matter if contact with OCFP, OGC, or the regional office indicates that the matter has already been appropriately handled. Harassment allegations brought by an NCUA employee or job applicant are handled by NCUA's Office of Minority and Women Inclusion and will also be addressed by the NCUA's new Office of Ethics Counsel.

During this reporting period, OI opened one investigation. As the table below indicates, we referred two investigative subjects for prosecution during the reporting period.

Investigative Activity/Reports Issued During the Reporting Period	**Total Number**
(A) Investigative reports issued during the reporting period	0
(B) Persons referred to the Department of Justice for criminal prosecution during the reporting period	2
(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

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, refers cases.

Investigations

OI did not close any investigations involving a senior government employee during the reporting period.

Whistleblower Retaliation

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

Attempts to Interfere with IG Independence

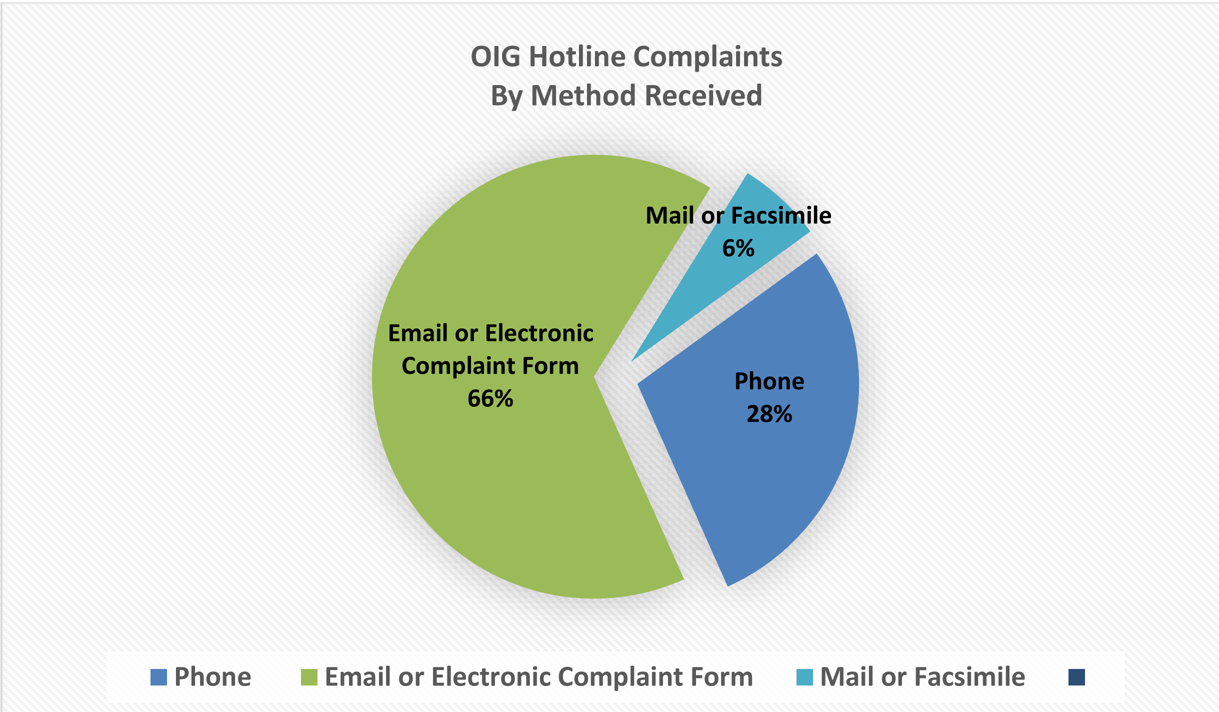
There were no attempts on the part of management to interfere with IG independence, including restricting communications between the OIG and Congress or using budgetary constraints designed to limit the capabilities of the OIG.

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 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 approximately 113 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 4 Freedom of Information Act requests and 1 Privacy Act request during the reporting period.



Complaints by Method Received	Number
Phone	32
Email or Electronic Hotline Complaint Form	74
Mail or Facsimile	7
Total:	**113**

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, our recommendations included that:

- NCUA's Fraud Hotline Form advise complainants that remaining anonymous potentially could prevent complaints from being investigated.
- CIGIE Federal Audit Executive Council's Inspectors General Guide to Compliance Under the DATA Act define what constitutes a micro-purchase threshold.
- NCUA's proposed amended regulation on derivatives clarify that FCUs are exempt from the mandatory use of a clearinghouse with regard to swaps, not with regard to all transactions involving derivatives, in accordance with applicable regulations. Clearinghouses act as middlemen between two parties to a transaction and take on the risk that one party may default on its obligations.

List of Legislation and NCUA Regulations and Letters Reviewed	
Legislation	Title
Pub. L. No. 116-260	Consolidated Appropriations Act, 2021
Pub. L. No. 116-283	National Defense Authorization Act for Fiscal Year 2021
H.R. 23	Inspector General Protection Act
S. 687	Amendment of Inspector General Act
Regulations	Title
85 Fed. Reg. 68487	Derivatives
85 Fed. Reg. 70512	Role of Supervisory Guidance (joint proposed rule by federal financial regulators)
85 Fed. Reg. 78269	Capitalization of Interest in Connection with Loan Workouts and Modifications
86 Fed. Reg. 1826	Chartering and Field of Membership—Shared Facility Requirements

List of Legislation and NCUA Regulations and Letters Reviewed	
86 Fed. Reg. 6586	Bank Secrecy Act
86 Fed. Reg. 3876	Overdraft Policy
85 Fed. Reg. 86867	Mortgage Servicing Rights
86 Fed. Reg. 11645	Credit Union Service Organizations
86 Fed. Reg. 13494	CAMELS Rating System
86 Fed. Reg. 13498	Simplification of Risk-Based Capital Requirements
86 Fed. Reg. 10872	Risk-Based Net Worth—COVID-19 Regulatory Relief
Letters to Credit Unions	Title
20-FCU-03	Federal Credit Union Meeting Flexibility During the COVID-19 Pandemic
21-FCU-01	Community Charter Conversions and Expansions
21-FCU-02	Operating Fee Schedule Adjusted for 2021
21-CU-01	Summary of the Consolidated Appropriations Act, 2021
21-FCU-03	Underserved Area Expansions
21-CU-02	NCUA's 2021 Supervisory Priorities

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 six 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.

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

Recommendations that "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-20-08	Audit of the NCUA's Schedule of Other Assets and Contributed Capital as of September 30, 2020	11/13/20
OIG-20-09	FY 2020 Independent Audit of the NCUA's Compliance with FISMA 2014	11/16/20
OIG-21-01	Audit of the NCUA's Consumer Complaint Program	02/09/21
OIG-21-02/03/04/05	NCUA 2020 Financial Statement Audits for the Share Insurance Fund, Operating Fund, Central Liquidity Facility, and Community Development Revolving Loan Fund	02/16/21
Part II—Audits in Progress *(as of March 31, 2021)*		
Audit of the NCUA's Governance of Information Technology Initiatives		
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)		

INDEX OF REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED

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	30
5(a)(18)	Description of metrics used for developing the investigative report statistical table	30
5(a)(19)	Investigations conducted involving a senior Government employee	31
5(a)(20)	Detailed description of any instances of whistleblower retaliation	31
5(a)(21)	Detailed description of any attempt by the Agency to interfere with the independence of the Office	31
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