NCUA
National Credit Union Administration

OFFICE OF
INSPECTOR GENERAL

Semiannual Report to the Congress

April 1–September 30, 2020

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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 September 30, 2020. I want to commend my staff as we continued to work remotely during the COVID-19 pandemic; our work has continued and our office has been as productive as ever. Our dedicated staff continued to work diligently to ensure the agency worked efficiently and effectively. 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 two reports, the Audit of AMAC's Internal Controls over Personally Identifiable Information in Liquidated Credit Union Records and the Audit of the NCUA's Examination and Oversight Authority over Credit Union Service Organizations and Vendors. Regarding the latter audit, we determined that the NCUA complied with applicable laws, regulations, policies, and procedures for credit union service organizations (CUSOs) reviews, but that it needs authority over CUSOs and third party vendors to effectively identify and reduce the risks vendor relationships pose to credit unions in order to protect the National Credit Union Share Insurance Fund.

As explained in this audit report, Congress gave the NCUA Board temporary examination and regulatory authority over CUSOs and service vendors during Y2K, however this authority expired on December 31, 2001. The NCUA has not had direct statutory authority over CUSOs or vendors since then. In contrast, federal banking agencies have direct statutory authority over bank service providers and bank vendors. The need for statutory authority may be even more important for the NCUA than for the federal banking agencies because CUSOs may be owned by non-credit unions and are required to be separate and distinct from them, which can result in less oversight by credit unions. In contrast, all bank service company members are owned by one or more banks, so the banks have much more control and oversight over the service companies. The NCUA statutory authority is also important and its oversight could be exercised efficiently because many credit unions use the same vendors. Only five core processor vendors serve multiple credit unions that control approximately 85 percent of credit union data, and only five technology service provider vendors serve over 52 percent of credit unions that hold 75 percent of total credit union assets.

Our recommendation is consistent with recommendations previously made by the Government Accountability Office and the Financial Stability Oversight Council and resulted from our determination that the NCUA having statutory authority could enable it to more effectively identify and reduce the risks that CUSOs and vendors pose to credit unions, particularly in light of credit unions' increased reliance on them to perform mission-critical functions that impact over 120 million credit union members. We are recommending NCUA management continue working 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.

On the investigative side, the Office of Investigations opened two investigations and continued to work on two additional investigations that we opened during prior reporting periods. All four investigations were closed during the reporting period. Of the closed cases, one involved an NCUA employee who submitted false travel vouchers. You will find details about this case later in this report.

Finally, I would like to thank Chairman Hood and Board Members McWatters and Harper for their sustained support of the OIG's work. As in the past, the NCUA Board and management were responsive to all OIG recommendations and strived 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.

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.

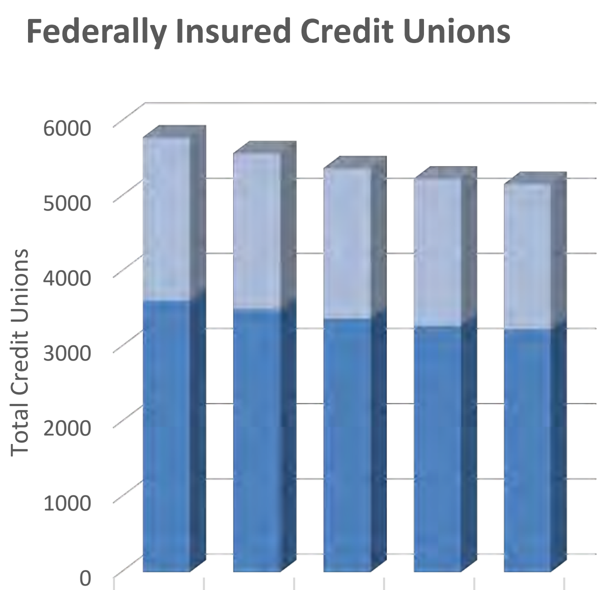
The Office of Inspector General Mission

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

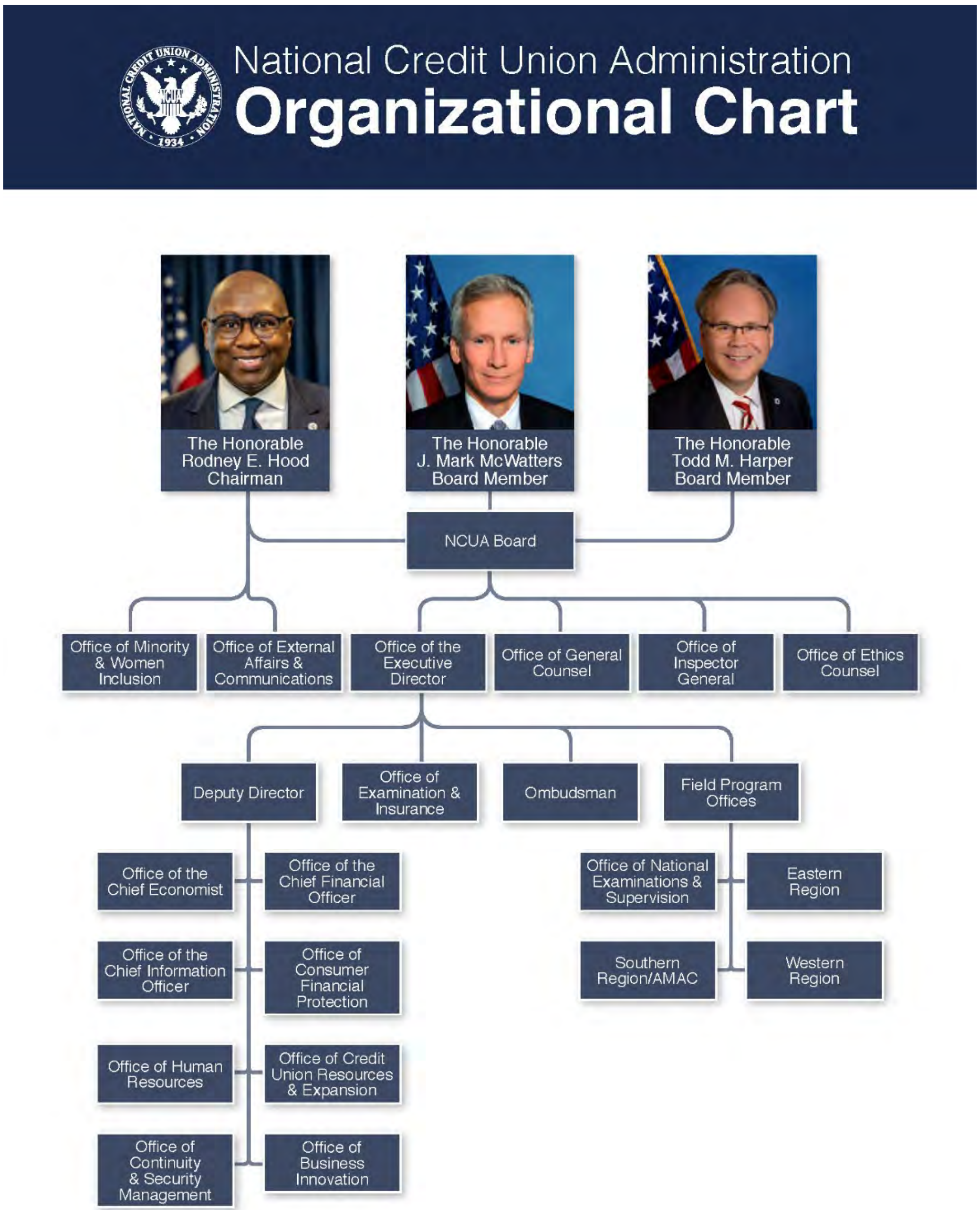
The NCUA was established as an independent, federal regulatory agency on March 10, 1970. The agency is responsible for chartering, examining, supervising, and insuring federal credit unions. It also insures state-chartered credit unions that have applied for insurance and have met National Credit Union Share Insurance requirements. The NCUA is funded by the credit unions it supervises and insures. As of June 30, 2020, the NCUA supervised and insured 3,232 federal credit unions and insured 1,932 state-chartered credit unions, a total of 5,164 institutions. This represented a decline of 51 federal and 21 state-chartered institutions since December 31, 2019, for a total decrease of 72 credit unions nationwide, primarily as a result of consolidation, which is consistent with long-running industry trends.



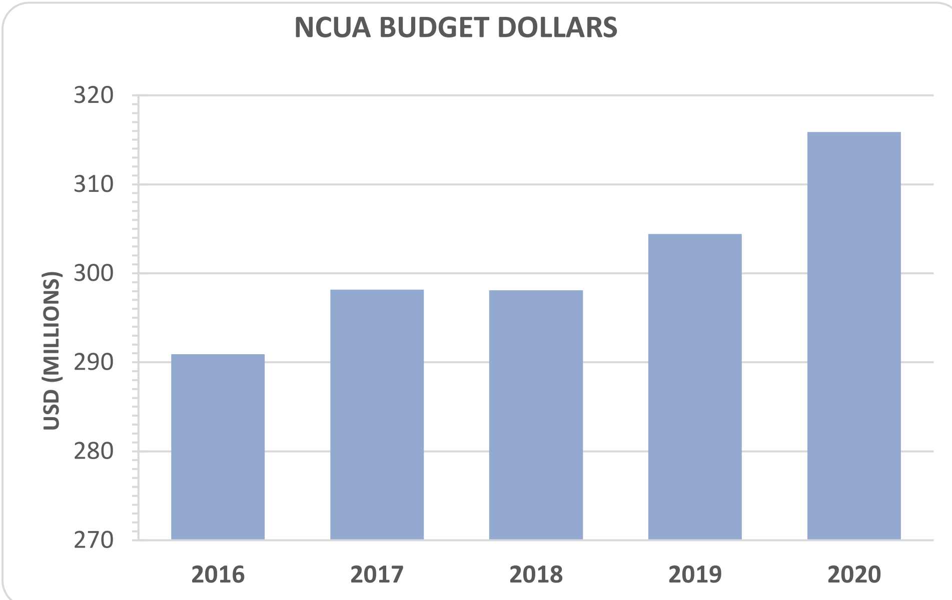
	2016	2017	2018	2019	2020
FISCUs	2177	2074	1999	1953	1932
FCUs	3608	3499	3376	3283	3232

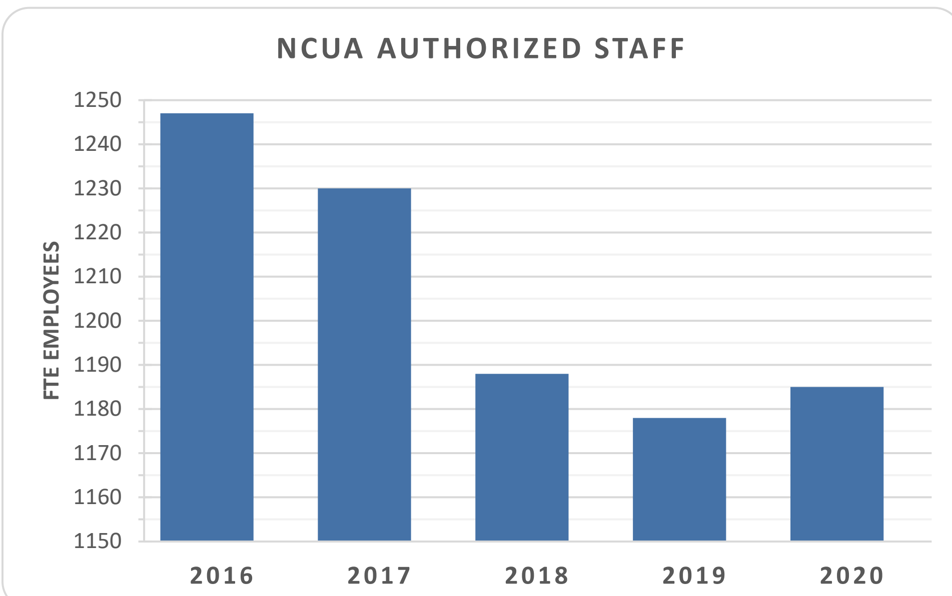
NCUA operates under the direction of a Board composed of three members. Board members are appointed by the President and confirmed by the Senate. They serve 6-year terms. Terms are staggered, so that one term expires every 2 years. The Board is responsible for the management of the NCUA, including the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



The NCUA's Board adopted its 2020 operating budget of $315,883,000 on December 12, 2019. The full time equivalent (FTE) staffing authorization for 2020 is 1,185, representing an increase of 7 FTE from 2019.





NCUA Highlights

NCUA Responds to COVID-19 Pandemic

In our last Semiannual Report, we noted that the NCUA had responded to the COVID-19 pandemic in several ways, including mandating that employees telework and examinations be conducted offsite, and also by temporarily suspending certain regulatory requirements and providing other flexibilities to credit unions. Since that report, the NCUA has provided 35 more communications related to the pandemic, including letters, webinars, and presentations explaining key changes resulting from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and alerting credit unions to NCUA-initiated regulatory and other changes, as well as risk alerts on pandemic-related fraud schemes and cybersecurity considerations for remote work. Highlights of these communications are as follows:

Offsite Examinations

The NCUA's March 30, 2020, Letter to Credit Unions, Offsite Examination and Supervision Approach, stated: "Unless approved by the Office of Executive Director, examiners will not require a credit union to provide information to conduct offsite examination work. If credit unions are occupied with addressing the impact of the COVID-19 pandemic on their operations, employees, and members, they should not be required to address an offsite examination request unless it is a serious or time-sensitive matter." In a May 28, 2020, update, the NCUA stated that since March 16, 2020, examiners had conducted offsite examination work at over 100 credit unions. At most of those credit unions, the NCUA said that staff were able to perform substantial examination procedures and complete the examinations, but that some examination areas could not be addressed and examinations could take longer to complete.

Supervisory Priority: CARES Act Compliance

After the CARES Act was signed into law on March 27, 2020, the NCUA identified credit unions' compliance with it as a supervisory priority. Multiple CARES Act provisions impacted credit unions, including those that temporily suspended the requirement to categorize certain loan modifications related to the pandemic as troubled debt restructuring; permitted forgivable loans to businesses through the Small Business Administration's Paycheck Protection Program; changed requirements for reporting loan modifications related to the pandemic to credit reporting agencies; prohibited foreclosures on all single family federally-backed mortgages for a temporary time period; and provided borrowers who experienced pandemic-related financial hardships up to 360 days' forbearance for single-family mortgage loans and up to 90 days' forbearance for multifamily mortgage loans.

Central Liquidity Facility Agent Memberships

Another provision in the CARES Act provided temporary authority for corporate credit unions to become agent members of the NCUA's Central Liquidity Facility (CLF) for a subset of their members. The NCUA announced in May that all 11 corporate credit unions had joined the CLF and that they had purchased the CLF capital stock for their member credit unions with assets less than $250 million. This extended CLF coverage to more than 3,700 credit unions and increased the CLF's borrowing capacity by over $13 billion.

Grants and Loans to Low-Income Credit Unions

The NCUA committed the majority of its 2020 Community Development Revolving Loan Fund allocation to COVID-19 assistance and awarded $3.7 million in grants and no-interest loans to 162 low-income credit unions to help them provide affordable financial services to their members and communities during the pandemic.

Board Approves Changes to Real Estate Appraisal Regulations

The NCUA Board approved a final rule that deferred the requirement to obtain an appraisal or written estimate of market value for up to 120 days following the closing of certain residential and commercial real estate transactions, excluding transactions for acquisition, development, and construction of real estate.

Office of Chief Ethics Counsel

On April 22, the NCUA announced the creation of an office whose Chief Ethics Counsel will serve as the agency's most senior ethics official and who will report directly to the NCUA Board and be supervised by the NCUA Chairman.

Military Personnel Included for Low-Income Credit Union Designation

On May 7, the NCUA announced it would fully consider military personnel in determining whether a credit union qualifies for low-income designation, which requires that the majority of credit union members be low-income. Previously, the NCUA's assignment of incomes based on addresses did not account for military personnel with Army/Air Post Office (APO) or Fleet Post Office (FPO) mailing addresses. After the NCUA determined that the majority of military personnel would qualify as low-income members, it decided that members with an APO or FPO mailing address would be reflected as low-income members and counted in the total number of members served. There are several benefits for credit unions with low-income designations, including an exemption from the 12.25 percent statutory cap on member business lending, eligibility for grants and low-interest loans from the Community Development Revolving Loan Fund, the ability to accept deposits from non-members, and the ability to obtain supplemental capital and consulting assistance.

Focus on Diversity and Inclusion

On May 15, the NCUA's new Culture, Diversity, and Inclusion Council held its kick-off meeting. The council is comprised of 18 employees in both supervisory and non-supervisory roles and its mission is to build an organizational culture where shared values, beliefs, and behavioral norms around the principles of equity, diversity, inclusion, engagement, and leadership align with the NCUA's strategic priorities to optimize the agency's performance. In a number of speeches and discussions with the credit union industry, other financial groups, and the media in June and July, the Chair and Board Members have emphasized that financial institutions must make a commitment to the values of diversity, equity, and financial inclusion.

NCUA and Export-Import Bank Launch Collaborative Effort

On June 9, the NCUA and the Export-Import Bank of the United States (EXIM) signed a memorandum of understanding regarding a 3-year collaborative effort to expand credit unions' awareness of EXIM programs and make use of EXIM guaranteed loans, which are exempt from the 12.25 percent member business cap.

Proposed Rule, Transition to Current Expected Credit Loss Methodology

The Financial Accounting Standards Board in 2016 announced a new accounting standard introducing the current expected losses (CECL) methodology for estimating allowances for credit losses. The previous standard provided that loss reserves were recognized when a loss had already been incurred. That standard raised concerns that this restricted the ability of financial institutions to accurately record credit losses. Although Chairman Hood has called for an exemption from CECL for credit unions, CECL will become effective for federally insured credit unions on January 1, 2023. On August 19, 2020, the NCUA Board approved a Proposed Rule, Transition to the Current Expected Credit Loss Methodology, to phase in the new accounting standard over 3 years. The NCUA's proposed rule is consistent with the federal banking regulators' phase-in of the new standard.

Amendments to Chartering and Field-of-Membership Rules

In September, the NCUA alerted credit unions that amendments to chartering and field-of-membership rules would go into effect on October 14, 2020. These changes allow a credit union applying for NCUA approval of a community charter, expansion, or conversion to designate a Combined Statistical Area (CSA) or an individual, contiguous portion of a CSA as a well-defined local community if the area has a population of 2.5 million or less. An applicant credit union must provide the NCUA with the business rationale used to define a CSA or Core-Based Statistical Area if the defined area does not include an area's largest county or named city. This requirement is intended to ensure credit unions avoid potentially discriminatory practices when establishing a proposed service area.

President Nominates Kyle Hauptman to be Board Member

On June 18, the President nominated Kyle Hauptman to replace Board Member McWatters, whose term expired last year but who has continued to serve until a replacement is confirmed. On August 5, the Senate Banking Committee approved the nomination to be voted on by the full Senate. Hauptman currently serves as an economic policy advisor to Senator Tom Cotton (R-AR) and staff director for the Senate Banking Committee's Subcommitee on Economic Policy.

Eugene Schied Selected as Chief Financial Officer

On July 21, the NCUA announced the selection of Eugene Schied as Chief Financial Officer (CFO). He previously served as acting CFO and Deputy CFO amd succeeded Rendell Jones, who became the NCUA's Deputy Executive Director in January.

Board Member Harper Appointed as NCUA Representative on Board of Directors of NeighborWorks America

On August 6, Chairman Hood announced the appointment of Board Member Harper as the agency's representative on the board of directors of NeighborWorks America, an affordable housing and community development organization. The board of directors includes representatives from federal financial regulators.

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. Our assessment of the June 30, 2020, quarterly data summary and financial trend reports found that key financial indicators were positive.

Key Financial Indicators

The June 30, 2020, quarterly data summary report provided a comparison of the second 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 (June 2019 to June 2020) for the nation's 5,164 federally insured credit unions: total assets increased by 15.1 percent; net worth ratio[1] decreased from 11.27 percent to 10.46 percent; and the loan to share ratio decreased from 83.3 percent to 76.3 percent. The delinquency rate decreased from .63 percent to .58 percent. Credit union return on average assets[2] decreased from .97 percent to .57 percent.

Savings Trend to Regular Shares

Total shares and deposits grew 16.5 percent, or $210.9 billion, increasing the balance to $1.49 trillion. Regular shares accounted for 35.33 percent of total shares and deposits or $526.6 billion. Money market shares comprised 20.41 percent or $304.3 billion. Share certificates represented 19.37 percent or $288.7 billion. Share drafts accounted for 17.47 percent or $260.5 billion. IRA/KEOGH accounts comprised 5.56 percent or $82.9 billion; non-member deposits comprised .90 percent or $13.4 billion; and all other shares comprised .96 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 $5 billion (34.6 percent) to $9.4 billion, in part due to the credit union system's provisioning for loan and lease losses or credit loss expenses. Also, the new CECL standard will be effective for credit unions on January 1, 2023, and credit unions must first apply the new accounting standard in call reports for the quarter ended March 31, 2023.

Loan Volume Increasing

Total loans increased 6.6 percent or $70 billion, bringing the balance to $1.14 trillion. Total net loans[3] comprised 64.3 percent of credit union assets. First mortgage real estate loans accounted for the largest single asset category with $494.6 billion or 44 percent of total loans. Used vehicle loans of $232.7 billion represented 20 percent, while new vehicle loans amounted to $141.7 billion or 12 percent. Other real estate loans of $88.2 billion accounted for 8 percent. Unsecured credit cards totaled $60.9 billion or 5 percent, while all other unsecured loans totaled $52.5 billion or 5 percent. Leases receivable and all other loans represented $57.7 billion or 5 percent of total loans.

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

Legislative Highlights

CARES Act Signed into Law, Provides Inspector General Oversight

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. No. 116-136, was signed into law on March 27, and provided for $2.6 trillion in economic relief. To help provide oversight of the disbursement and use of these funds, the CARES Act established the Special Inspector General for Pandemic Recovery (SIGPR), which is within the U.S. Department of the Treasury, and the Pandemic Response Accountability Committee (PRAC), which is a committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). SIGPR conducts, supervises, and coordinates audits and investigations of loans, loan guarantees, other investments, and CARES Act programs established by the Secretary of the Treasury. The PRAC works with all federal inspectors general to provide oversight of CARES Act funding. The OIG's Director of Investigations serves on the PRAC's Law Enforcement Coordination Subcommitee.

House Passes Legislation to Require Posting of Agency Reopening Plan

On September 30, the House of Representatives passed H.R. 7340, the Chai Suthammanont Remembrance Act. The bill requires an agency to post a reopening plan on its website at least 30 days before reopening a facility. Among other information, the plan must detail (1) the personal protective equipment (PPE) that the agency will provide to its employees; (2) protections for employees whose work requires them to be in nonfederal buildings, such as auditors; and (3) potential measures to reverse the reopening that still ensure the continuity of operations. The bill further provides that each agency's OIG must report on whether the agency has complied with the bill's requirements and whether it has provided adequate PPE for employees.

House-Passed National Defense Authorization Act Contains Provisions to to Ensure IG Independence; Senator-Sponsored Bill Similar

Section 1115 in the House-passed version of the Fiscal Year 2021 National Defense Authorization Act (NDAA), H.R. 6395, would amend the Federal Vacancies Reform Act of 1998 by requiring that any person who is designated to serve as an acting IG be a senior employee who currently serves in an OIG. This provision would improve the institutional independence critical to effective IG oversight. There is similar legislation in the Senate introduced by Senator Grassley (R-IA) and co-sponsored by a bipartisan group of eight senators, the Securing Inspector General Independence Act of 2020, S. 3994.

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.

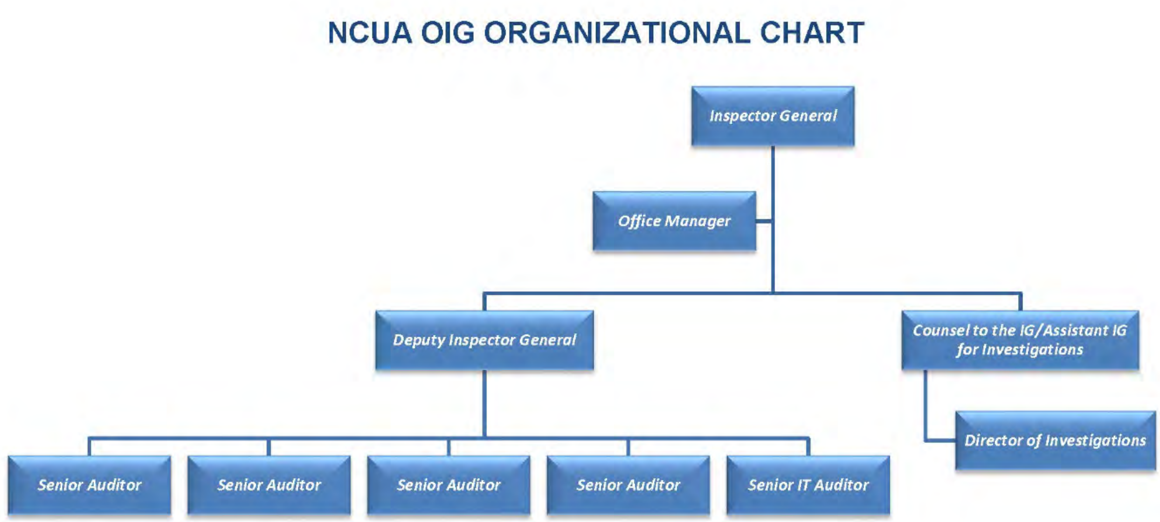
The Inspector General reports to and is under the general supervision of the NCUA Board. The Inspector General is responsible for:

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.



Audit Activity

Audit Reports Issued

OIG-20-06 ***Audit of AMAC's Internal Controls over Personally Identifiable Information In Liquidated Credit Union Records,* issued June 23, 2020**

We conducted this audit to assess the NCUA's Asset Management and Assistance Center's (AMAC) ability to protect personally identifiable information (PII) found within the records of liquidated unions. Results of our audit determined that AMAC's control activities over its liquidation process adequately protected PII. Specifically, we determined AMAC staff considered the safeguard of PII during: (1) the pre-liquidation planning process, (2) records maintenance, and (3) destruction of records of liquidated credit unions. In addition, we also determined that AMAC staff charged with overseeing the liquidation of credit unions generally complied with applicable policies and procedures related to the safeguarding of PII. Our audit determined that AMAC management has led an effort since 2017 to implement policies and procedures for the liquidation process, with a focus on steps AMAC must follow through each process of a liquidation, including ensuring PII is adequately safeguarded. As a result, our audit did not identify any internal control weaknesses in AMAC's liquidation process related to protecting PII. Therefore, we made no recommendations.

OIG-20-07 ***Audit of the NCUA's Examination and Oversight Authority of Credit Union Service Organizations and Vendors,* issued September 1, 2020**

We conducted this audit to assess the NCUA's examination and oversight authority of credit union service organizations (CUSOs) and third party vendors. Our audit determined the NCUA complied with applicable laws, regulations, policies, and procedures for CUSO reviews. However, we determined that the NCUA needs authority over CUSOs and vendors to effectively identify and reduce the risks vendor relationships pose to credit unions in order to protect the National Credit Union Share Insurance Fund (Share Insurance Fund). Although the NCUA conducts CUSO reviews, there is currently nothing in the Federal Credit Union Act that provides the NCUA with the authority to supervise CUSOs and vendors to hold them accountable for unsafe and unsound practices that have direct and lasting impact on the credit unions they serve. We made one recommendation in our report related to amending the Federal Credit Union Act to provide the NCUA this authority.

Audits in Progress

Audit of the NCUA's Consumer Complaint Program

The NCUA's Office of Consumer Financial Protection (OCFP) processes complaints about credit unions from consumers alleging federal consumer protection violations.

Our objectives are to determine whether OCFP processed consumer complaints: 1) efficiently and effectively; 2) in compliance with applicable laws, regulations, policies and procedures, and other requirements; and 3) used consumer complaint information and trends data in operations.

Audit of the NCUA's Governance of Information Technology Initiatives

The NCUA's Office of the Chief Information Officer 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.

Our 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.

FY 2020 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 its 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, 2020, and the final FISMA audit report in December 2020.

NCUA 2020 Financial Statement Audits

The OIG engaged KPMG to conduct the 2020 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 2020.

- 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.

- The purpose of the Community Development Revolving Loan Fund is to stimulate economic activities in the communities served by low-income credit unions. This in turn will result 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 2020, 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 2020 that includes the following:

- Report on the CY significant component entity's material line items and note disclosures for fiscal years ended September 30, 2020 and 2019, including
    - Opinion on the CY significant component entity's material line items, including the accompanying notes.

In February 2021, 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, 2020 and 2019.

Material Loss Reviews

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 one loss 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 a limited scope review of the failed credit union. We discuss this further on page 23.

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, 2020. 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 adopting the "S" (Market Sensitivity) for the CAMEL rating system involves public notice and comment, NCUA Board approval, and cohering regulation, examination procedures, and system changes. As part of the Enterprise Solutions Modernization program, NCUA is updating the examination platform to incorporate the ability to assign and capture the "S" component as an optional part of the CAMEL rating. Management indicated they expect to have this system change in place in 2021. Management also noted that this will provide the agency the flexibility to adopt the "S" rating if the Board so chooses, and to

[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.

capture the “S” rating for federally insured state-chartered credit unions in the states where the state regulators adopted the “S” rating.

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 Adopting the “S” (Market Sensitivity) for the CAMEL rating systems involves public notice and comment, NCUA Board approval, and cohering regulation, examination procedures, and system changes. As part of the Enterprise Solutions Modernization program, NCUA is updating the examination platform to incorporate the ability to assign and capture the “S” component as an optional part of the CAMEL rating. This functionality provides a state of readiness should the Board choose to adopt "S" and for federally insured state-chartered credit unions in the states where the state regulators have adopted the “S.” Mangement also noted that if the NCUA Board adopts "S," the "L" (Liquidity) component of the existing CAMEL would require revision to include only liquidity content and criteria. Management also clarified that Liquidity risk and interest rate risk are two separate risks of the seven risk categories that NCUA evaluates to assign each an individual final rating of low, moderate, or high that is disclosed 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 September 30, 2020. 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 (IRR) 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 IRR 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.

   <u>Unimplemented Recommendations</u>

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

Recommendation #8—The Office of the Chief Information Officer enforce the policy to remediate patch and configuration related vulnerabilities within agency defined timeframes.

Recommendation #9—The Office of the Chief Information Officer implement a process to detect and migrate unsupported software to supported platforms before support for the software ends.

Recommendation #10—The Office of the Chief Information Officer implement a process to identify authorized software in its environment and remove any unauthorized software.

3. **OIG-19-05** *Audit of the NCUA's Information Technology Equipment Inventory*, issued March 28, 2019, Number of Open Recommendations: 1, Potential Cost Savings: $440,000

Our audit determined that although the NCUA has an instruction on the disposition of personal property, including the disposition of IT equipment, the instruction needs improvements, including broadening its application to the entire life cycle of IT equipment, not just its disposition. In addition, we determined that procedures implementing the instruction are needed, including requiring employees to sign receipts when they are issued IT equipment and requiring performance plans for employees responsible for IT equipment inventory management to have that criterion reflecting that responsibility.

Our audit also determined that the NCUA did not adequately monitor, account for, and dispose of all of its IT equipment. We found that the NCUA did not follow its instruction to dispose of IT equipment "as promptly as possible" and that two offices within the NCUA did not effectively communicate with each other regarding equipment disposition. We also determined that the NCUA did not use existing procedures to remove disposed equipment from its financial systems and that its current financial system did not provide reliable information for inventory verifications because it was not a comprehensive asset management system. We determined that the implementation of such a comprehensive asset management system could provide NCUA management with reliable information to support decision-making and evaluate the performance of the inventory management program. Our audit identified $440,000 in funds that could have been put to better use.

Unimplemented Recommendations

Recommendation #5—Survey IT equipment at least annually to identify excess or exhausted equipment, and then sell, transfer, or donate within a specific timeframe, according to parameters established in NCUA's instruction, handbook, and related documents.

4. **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.

   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.

5. **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.

   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.

6. **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.

   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.

Recommendations for Corrective Action Made During the Reporting Period

During the reporting period, the OIG issued 2 reports with 1 recommendation to improve NCUA's programs and operations.

1. **OIG-20-06** *Audit of AMAC's Internal Controls over Personally Identifiable Information In Liquidated Credit Union Records*, issued June 23, 2020, Number of Recommendations: 0, Potential Cost Savings: $0

2. **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 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.

   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.

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 April 1 to September 30, 2020. 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 identified one credit union that incurred a non-material loss to the Share Insurance Fund between April 1 and September 30, 2020, and conducted a limited scope review of that credit union. The chart below provides detailed information about the credit union such as the liquidation date, the estimated loss to the Share Insurance Fund, and grounds for conservatorship, merger, or other factors. We determined that proceeding with an in-depth review of the loss was not warranted because we did not identify unusual circumstances in connection with the loss.

[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	IBEW Local Union 712 Federal Credit Union	Eastern	05/29/2020	$1,613,760	Liquidated due to alleged management fraud, lack of credit union records, lack of recordkeeping controls, uncontrolled credit card growth, inactive supervisory committee and weak Board of Director oversight. Purchased and assumed by West Penn P&P Federal Credit Union.

[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 ending 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 GAO OIG. On September 5, 2018, we issued an external peer review report for the audit function of the GAO OIG for the three year period ended March 31, 2018. The GAO 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 two investigations and continued to work on two additional investigations that we opened in prior periods. All four investigations were closed during the reporting period. As the table below indicates, we did not refer any 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	4
(B) Persons referred to the Department of Justice for criminal prosecution during the reporting period	0
(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, refer cases.

Investigations

OI did not closed any investigations involving a senior government employee during the reporting period. Of the four investigations that were closed, one was substantiated, as described below:

False Travel Vouchers

During a previous reporting period, OI received allegations that an employee had falsified his travel vouchers by submitting vouchers for periods longer than his actual travel and for expenses he did not incur. OI analyzed the employee's travel records and determined that he improperly had claimed 43 nights of travel between January 1, 2016, and November 7, 2019. The NCUA paid $10,336 as a result of his false travel vouchers. Submitting false travel vouchers is punishable under 18 U.S.C. § 1001 (False Statements) and 18 U.S.C. § 287 (False Claims). The United States Attorney's Office for the District of New Jersey and the New Jersey Office of the Attorney General declined to prosecute the matter. After OI issued the report of investigation to management, it issued the employee a proposal for removal, after which he resigned.

Whistleblower Retaliation

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

Attempts to Interfere with IG Independence

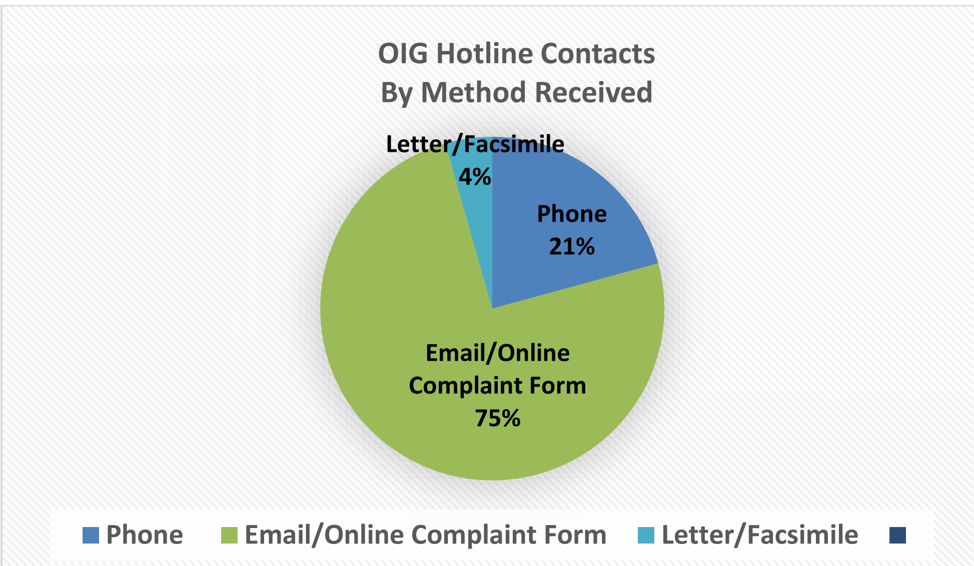
There were no attempts on the part of management to interfere with IG independence, including restricting communications between the OIG and Congress or using budgetary constraints designed to limit the capabilities of the OIG.

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 version of a 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 contact. Our Office Manager, under the direction of the Director of Investigations, administers the OIG hotline program.

During this 6-month period, we processed approximately 159 hotline contacts, the majority of which were from consumers seeking assistance with problems encountered within their respective credit unions. We referred most of these contacts to the OCFP's Consumer Assistance Center for action. A small number of hotline contacts required additional action by OI to determine whether the matter warranted investigation by our office. OIG also responded to 10 Freedom of Information Act requests during the reporting period.



OIG Hotline Contacts	Number
Phone	33
Email/Online Complaint Form	119
Letter/Facsimile	7
Total:	**159**

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.

Council of the Inspectors General on Integrity and Efficiency Guidance for Payment Integrity Information Act Compliance Reviews

In response to a CIGIE request to all OIGs, our office provided comments on CIGIE's Guidance for Payment Integrity Information Act (PIIA) Compliance Reviews (Guidance). The draft Guidance provided that OIGs consider whether "prior audits, examinations, and legal actions" indicate a higher risk of improper payments or actual improper payments that were not included in the agency's risk assessment. Athough this language came directly from the text of the PIIA, we suggested that "examination and legal actions," which are not OIG work products, should be replaced with "evaluations, investigations, or other prior work." CIGIE accepted our suggested change in its final Guidance, which was issued August 20, 2020.

NCUA Instructions

We provided comments on the following draft Instructions: Vetting and Approval of Change in Official or Senior Executive Officer for Newly Chartered or Troubled Credit Unions; Ensuring the Quality of Information Posted on the NCUA's Public Website; and Prevention of Harassment in the Workplace.

Legislation and NCUA Regulations and Letters

OIG reviewed the following legislation and NCUA regulations and letters to credit unions during this reporting period. We made editorial suggestions to one of the proposed regulations, Fees Paid by Federal Credit Unions, which were accepted.

List of Legislation and NCUA Regulations and Letters Reviewed

Legislation	Title
Pub. Law No. 116-136	CARES Act
H.R. 7340	Chai Suthammanont Remembrance Act
H.R. 6395	FY 21 National Defense Authorization Act
S. 3994	Ensuring Inspector General Independence Act of 2020

List of Legislation and NCUA Regulations and Letters Reviewed	
H.R. 7935	Whistleblower Protection Improvement Act of 2020
Regulations	**Title**
85 Fed. Reg. 50963	Transition to the Current Expected Credit Loss Methodology
85 Fed. Reg. 53708	Fees Paid by Federal Credit Unions
85 Fed. Reg. 40442	Loans in Areas Having Special Flood Hazards; Interagency Questions and Answers Regarding Flood Insurance
85 Fed. Reg. 34645	Joint Ownership Share Accounts
Letters to Credit Unions	**Title**
20-CU-06	Small Business Administration Loan Programs to Help Small Businesses and Members During the COVID-19 Pandemic
20-CU-07	Summary of the Coronavirus Aid, Relief, and Economic Security (CARES) Act
20-CU-08	Enhancements to Central Liquidity Facility Membership and Borrowing Authority
20-CU-09	Temporary Regulatory Relief in Response to the COVID-19 Pandemic
20-CU-10	Residential Appraisals Threshold Increase and Other COVID-19 Related Relief Measures
20-CU-11	Regulatory Treatment for Paycheck Protection Program Loans
20-CU-12	Outreach Related to COVID-19 Impact
20-CU-13	Working with Borrowers Affected by the COVID-19 Pandemic
20-CU-14	Establishment of CLF Agent Memberships
20-CU-15	Principles for Making Responsible Small-Dollar Loans
20-CU-16	Low-Income Designations: Qualification of Military Personnel
20-CU-17	Update to Offsite Examination and Supervision Approach
20-CU-18	Prompt Corrective Action Regulatory Relief Measures in Response to the COVID-19 Pandemic
20-CU-19	Additional Guidance Regarding Servicing Hemp-Related Businesses
20-CU-20	Phased Approach to On-site Operations
20-CU-21	Field of Membership - Rural Districts

List of Legislation and NCUA Regulations and Letters Reviewed	
20-CU-22	Update to NCUA’s 2020 Supervisory Priorities
20-CU-23	Annual Voluntary Credit Union Diversity Self-Assessment
20-FCU-03	Amended Field of Membership Application Requirements for Combined Statistical Area and Core-Based Statistical Area

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-20-06	Audit of AMAC's Internal Controls over Personally Identifiable Information in Liquidated Credit Union Records	06/23/20
OIG-20-07	Audit of the NCUA's Examination Process and Oversight Authority of CUSOs and other (non-CUSO) Third-party Vendors	09/1/20
Part II—Audits in Progress *(as of September 30, 2020)*		
Audit of the NCUA's Consumer Complaint Program		
Audit of the NCUA's Governance of Information Technology Initiatives		
FY 2020 Independent Evaluation of the NCUA's Compliance with the Federal Information Security Modernization Act of 2014 (FISMA)		
NCUA 2020 Financial Statement Audits for the Share Insurance Fund, Operating Fund, Central Liquidity Facility, and Community Development Revolving Loan Fund		

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5(a)(6)	List of audit reports issued during the reporting period	35
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5(a)(8)	Statistical table on audit reports with questioned costs	33
5(a)(9)	Statistical table on audit reports with recommendations that funds be put to better use	34
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	20
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

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