



NCUA
National Credit Union Administration

2024

Office of Inspector General
Annual Work Plan





OVERVIEW

The National Credit Union Administration (NCUA) Office of Inspector General (OIG) Annual Work Plan (Plan) for 2024 describes audits and other work that would most benefit the NCUA’s mission. In formulating this Plan, we considered:

- The NCUA’s Strategic Plan, Annual Performance Plan, and Diversity and Inclusion Strategic Plan;
- Pertinent legislation, including the Federal Credit Union Act (FCU Act), the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Government Performance Results Act, the Chief Financial Officers Act of 1990, the Federal Information Security Modernization Act of 2014 (FISMA), the Sarbanes-Oxley Act, the Privacy Act, the Government Charge Card Abuse Prevention Act of 2012, and the Inspector General Act;
- Congressional activity and testimony by NCUA officials, as well as areas of significant interest to NCUA Board members and the Congress;
- Audits planned and performed by the U.S. Government Accountability Office (GAO);
- Input obtained from the NCUA Board and executive staff;
- Complaints received and investigations conducted in prior years;
- Request(s) from the Council of Inspectors General on Financial Oversight; and
- The credit union industry’s operating environment.

How We Created the Annual Work Plan

The NCUA OIG plans its work to identify and respond to issues that are of greatest importance to the NCUA’s mission and related goals. For purposes of the Plan, we identified prospective audit work that is responsive to the agency’s strategic goals (see table below).



THE NCUA’S STRATEGIC GOALS¹
<p><i>STRATEGIC GOAL 1:</i></p> <p>Ensure a safe, sound, and viable system of cooperative credit that protects consumers.</p>
<p><i>STRATEGIC GOAL 2:</i></p> <p>Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services.</p>
<p><i>STRATEGIC GOAL 3:</i></p> <p>Maximize organizational performance to enable mission success.</p>

In preparing our 2024 Annual Work Plan, we considered that we did not perform a material loss review (MLR) in 2023. The Federal Credit Union Act (FCU Act), as amended by the Dodd-Frank Act, requires the OIG to conduct an MLR of an insured credit union if the loss to the Share Insurance Fund (SIF) exceeds \$25 million and an amount equal to 10 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 FCU Act. In addition, for any loss to the SIF that does not meet this threshold, the FCU Act requires the OIG to conduct a limited-scope review to determine whether unusual circumstances exist related to the loss that would warrant conducting a full-scope MLR.

In addition to MLRs and other mandatory audits, we considered discretionary audit proposals identified by our staff and selected those audits we would perform in the coming year (see Appendix C). We selected those audit proposals we considered most significant to the NCUA’s mission and the interests of the NCUA Board and the Congress.

¹ Source: NCUA Strategic Plan 2022–2026.



RESOURCES

The OIG is composed of 10 full-time positions, including the Inspector General. The audit staff consists of 5 senior auditors and the Deputy Inspector General, who supervises the auditors. In addition, the OIG relies on contractors to supplement resources by assisting the OIG with conducting the annual financial statement audits, the annual independent evaluation required by FISMA, and any required MLRs or other program audits.

In addition to the annual financial statement audits and the FISMA evaluation, we use contracting dollars for short term, non-recurring projects. In 2024, the OIG's contracting budget for audits is approximately \$1.1 million.

We may defer audits that we cannot accomplish in 2024 to 2025. In addition, based on various factors, we could decide to perform a discretionary audit listed in 2025 in 2024.

This 2024 Annual Work Plan includes the following appendices:

- Appendix A: Planned Audits
- Appendix B: Legal Projects and Investigative Work
- Appendix C: Summary of Planned Audits



APPENDIX A: PLANNED AUDITS

Carryover Audits from 2023 to 2024

Bank Secrecy Act (BSA) Enforcement

Every credit union must comply with BSA requirements. BSA compliance requires credit unions to track cash transactions and purchases of cash equivalents, such as money orders, and to comply with other recordkeeping and reporting requirements. Credit unions most frequently use the Currency Transaction Report and the Suspicious Activity Report to report transactions to the Financial Crime Enforcement Network (FinCEN). The BSA also requires the verification of member identity and response to information request lists provided by FinCEN. 12 U.S.C. § 1786(q) provides the NCUA with the authority to ensure compliance with BSA requirements as a condition of federal insurance.

Objectives: Determine whether the NCUA (1) adequately reviews compliance with the BSA during credit union safety and soundness examinations, (2) issues timely formal or informal enforcement actions to address BSA-related violations, (3) tailors enforcement actions to address deficiencies identified during the supervisory process, (4) follows up on reported BSA violations to ensure credit unions take appropriate corrective action before closure of the violation, and (5) appropriately refers significant BSA violations and deficiencies to the U.S. Department of the Treasury.

Financial Statement Audits (4) for the Year Ending December 31, 2023

The OIG will conduct an audit of the NCUA's financial statements for its four funds for the year ending December 31, 2023: the National Credit Union Share Insurance Fund (SIF), the Operating Fund (OF), the Central Liquidity Facility (CLF), and the Community Development Revolving Loan Fund (CDRLF). We contract with an independent public accounting firm to conduct this audit. We issue the audit report within 45 days of NCUA's calendar year-end.

Objectives: Determine whether the four funds the NCUA administers comply with U.S. generally accepted accounting principles (GAAP) and whether the NCUA's statements present fairly, in all material respects, the financial position, results of operations, and changes in cash flows.

Chartering Proposed Federal Credit Unions (FCUs)

Under the FCU Act, the NCUA charters new FCUs. The Office of Credit Union Resources and Expansion (CURE) provides support to low-income, minority, and any credit union seeking assistance with chartering, charter conversions, by-law amendments, field of membership expansion requests and low-income designations. CURE is responsible for processing charter applications and issuing charters. Interested potential organizers must submit required information and meet critical elements before the NCUA grants a credit union charter, which include the potential credit union's: (1) purpose and core values, (2) field of membership, (3) capital, and (4) subscribers.



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Objectives: Determine whether (1) the NCUA's efforts to streamline its chartering process have made it more efficient and effective for potential organizers interested in applying for a new FCU charter; and (2) the NCUA has adequately communicated its revised chartering process to potential organizers interested in applying for a charter and operating a federally insured credit union (FICU).

Cloud Computing Services

In December 2021, the NCUA began migrating data into a cloud computing environment. According to National Institute of Standards and Technology Special Publication 800-144, cloud computing is "a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., network, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction." In cloud computing environments, some controls over information assets and operations may be outsourced to a cloud service provider. A careful review of the contract between the agency and the cloud service provider, along with an understanding of the potential risks, is important in management's understanding of its responsibilities for implementing appropriate controls. Failure to understand the division of responsibilities for assessing and implementing appropriate controls over operations may result in increased risk of operational failures or security breaches. Processes should be in place to identify, measure, monitor, and control the risks associated with cloud computing.

Objectives: Determine whether the NCUA: (1) adequately addresses risks when contracting for cloud computing services; and (2) effectively manages operational and security risks of implemented cloud computing services.

Examiner-In-Charge (EIC) Rotation Limit Policy

On August 3, 2021, the NCUA's National Supervision Policy Manual (NSPM) established the current EIC Rotation Limit Policy. This policy states that examiners may serve as an EIC for examinations and contacts for consecutive FCU and federally insured state credit union (FISCU) examinations completed within 5 calendar years. The NSPM also requires EICs to rotate at the end of the fifth calendar year and not serve as EIC until another examination is completed by a different examiner. Supervisory examiners ensure adequate rotation of EICs, with the Associate Regional Directors (ARDs) monitoring compliance with the rotation requirement. In addition, only examiners at the CU-09 grade or higher may serve as an EIC of a credit union that would result in large, complex, difficult, or sensitive credit union work. The Office of National Examination and Supervision (ONES) Supervision Manual further states that ONES examiners can serve as EIC for examinations and contacts for no more than 3 consecutive FCU or FISCU exams completed within 5 calendar years.

Objective: Determine whether supervisory examiners and ARDs adhere to the NCUA's EIC rotation policies and procedures outlined in the NSPM.



Examination Hours

The NCUA determines the number of examination hours needed to complete FCU safety and soundness examinations using asset sizes and CAMELS² scores. Data released by the Federal Deposit Insurance Corporation (FDIC) indicates that the FDIC schedules far more examination hours for banks than the NCUA schedules for similar sized credit unions. In addition, the NCUA established an Exam Flexibility Initiative internal working group with the goal of improving the agency's ability to adapt to economic changes and emerging issues while ensuring staff have the resources they need to appropriately examine and supervise credit unions. The working group's objectives included taking advantage of new technology to make exams more efficient, reducing onsite presence, identifying program areas where the added flexibility and hours from an extended examination cycle should be repurposed to mitigate risk from an extended cycle, and ensuring the agency's supervision program remains effective.

Objectives: Determine: (1) the NCUA's effectiveness in establishing examination hours, and (2) whether the NCUA is ensuring proper regulatory safeguards remain in place to protect the credit union system, credit union members, and the SIF while appropriately managing the examination burden on credit unions.

² The acronym CAMELS derives its name from the following components: [C]apital Adequacy, [A]sset Quality, [M]anagement, [E]arnings, [L]iquidity, and [S]ensitivity to Market Risk.



New Starts - Mandatory Audits for 2024

Material Loss Reviews (MLRs) (as necessary)

The FCU Act, as amended by the Dodd-Frank Act, requires the OIG to review and report on any credit union material losses to the SIF exceeding \$25 million and 10 percent of the assets of the failed credit union at the time in which the NCUA Board initiated assistance or was appointed liquidating agent pursuant to the FCU Act. In addition, the FCU Act requires the OIG to conduct a limited review of all non-material losses to the SIF and elevate them to an MLR if they present unusual circumstances.

Objectives: (1) Determine the cause(s) of the credit union's failure and the resulting loss to the SIF; (2) assess the NCUA's supervision of the institution, including implementation of the prompt corrective action requirements of Section 216 of the FCU Act; and (3) make appropriate observations and/or recommendations to prevent future losses.

Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act)

The Charge Card Act requires all agencies to establish and maintain safeguards and internal controls for charge cards. The Charge Card Act also establishes the Inspector General's risk assessment, audit, and reporting requirements.

Objective: Identify and analyze the risks of illegal, improper, or erroneous charge card purchases and payments and provide and report recommendations – if warranted – to agency management, the Director of the Office of Management and Budget (OMB), and the Congress.

Federal Information Security Modernization Act of 2014

FISMA requires each agency to develop, document, and implement an agency-wide program to provide information security for the systems that support the operations and assets of the agency. FISMA includes a requirement that the Inspectors General perform an annual evaluation of the agency's program. This evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems, and assessing the effectiveness of the information security policies, procedures, and practices of the agency. The OIG also assesses the NCUA's privacy program.

Objective: Determine whether the NCUA information security and privacy management policies and procedures comply with FISMA and related federal regulations and standards.

Audit of the NCUA's Financial Statement Line Items and Related Note Disclosures Material to the *Financial Report of the U.S. Government*

The OIG will provide audit assurance for the NCUA's financial statement line items and related note disclosures identified by the U.S. Department of Treasury as material to the *Financial Report of the U.S. Government*. We will contract with an independent public accounting firm to conduct this audit and provide the resulting audit report to the U.S. Department of Treasury and the GAO for their use in preparing and auditing the *Financial Report of the U.S. Government*.



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Objective: Determine whether the NCUA's financial statement line items and related note disclosures identified by the U.S. Department of the Treasury as material to the *Financial Report of the U.S. Government*, are presented fairly, in all material respects, in accordance with GAAP for the period under review.

Financial Statement Audits (4) for the Year Ending December 31, 2024

The OIG will conduct an audit of the NCUA's financial statements for its four funds for the year ending December 31, 2024: the SIF, OF, CLF, and the CDRLF. We contract with an independent public accounting firm to conduct this audit. We issue the audit report within 45 days of NCUA's calendar year-end.

Objective: Determine whether the NCUA's financial statements for its four permanent funds comply with GAAP and present fairly, in all material respects, the agency's financial position, results of operations, and changes in cash flows for the period under review.

Enhanced Personnel Security Program

Title 5 U.S.C. § 11001, Enhanced Personnel Security Programs, requires agencies to implement a program to provide enhanced security review of covered individuals. The NCUA's Office of Continuity and Security Management (OCSM), through its personnel security and suitability program, is responsible for all suitability adjudications, fitness determinations, and security clearance determinations for employees, applicants, appointees, contractors, and affiliates. OCSM assesses all personnel prior to granting access to facilities, systems, or non-public information, and through continuous evaluation.

Objective: Assess the effectiveness and fairness of the NCUA's enhanced personnel security program in accordance with performance measures and standards established by the Director of National Intelligence.

Congressional/NCUA Board Requests (as necessary)

Objective: Conduct OIG audits, investigations, or other work in response to requests from the Congress or the NCUA Board.



Potential New Starts for 2024 (Discretionary Audits)

Duty Station and Locality Pay

NCUA employees may be retaining their current salaries from higher locality pay areas after moving to lower cost areas or remaining in a lower cost area when reassigned to duty stations with higher locality pay. The NCUA determines an employee's locality pay based on their official duty station (ODS), which is set in the employee's Standard Form 50 (SF-50). For non-field employees, the ODS is the Central Office (or a Regional Office) or remote duty location. For field employees, their ODS is defined by the geographic limits of the ODS designated on their SF-50. In addition, ONES examiners may request approval to move to a new residence anywhere within the contiguous 48 states, but such a move must be approved by the Executive Director.

Objective: Determine whether NCUA consistently follows policies and procedures regarding duty station assignment and locality pay.

Artificial Intelligence (AI)

In 2015, the NCUA formed the Enterprise Solution Modernization Program to help its staff regulate and supervise credit unions more efficiently. The program aims to modernize the NCUA's technology solutions to create an integrated examination and data environment and facilitate a safe and sound credit union system. AI has the potential to improve the supervision of credit unions. The NCUA has focused efforts on deploying AI solutions to automate or streamline various aspects of the examination process.

Executive Order 13690, *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government* (Dec. 8, 2020), recognized the broad applicability of AI to be used by nearly every agency to improve operations, processes, and procedures, meet strategic goals, reduce costs, enhance oversight of the use of taxpayer funds, increase safety, train workforces, and support decision making. Agencies are encouraged to use AI but to also use AI appropriately to foster and maintain public trust and confidence. More recently, Executive Order 14110, *Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence* (Oct. 20, 2023), directed that guidance be issued on agencies' safe, reliable, and secure use of AI.

On June 30, 2021, GAO developed an AI accountability framework (GAO-21-519SP) to help managers ensure accountability and responsible use of AI in government programs and processes. This framework is organized around four complementary principles, which address governance, data, performance, and monitoring. For each principle, the framework describes key practices for federal agencies and other entities that are considering, selecting, and implementing AI systems.

Objective: Determine whether NCUA's efforts to implement AI ensures accountability and responsible use in accordance with federal guidance.



Certified Public Accountant (CPA) Audits or Independent Agreed-Upon Procedures Engagement for Credit Unions

Credit unions have a fiduciary responsibility to their members to maintain a high level of professional standards as members are entrusting these institutions with their savings. Best practices suggest that financial institutions should conduct an independent assessment or CPA audit. As a result of MLRs conducted by the OIG of liquidated credit unions, we determined that a lack of a CPA audit or independent agreed-upon procedures engagement may have contributed to the failures. We also determined that CPA audits or independent agreed-upon procedures engagements would have included such procedures as analytical testing over expense and fee income accounts, testing of internal controls, and independent third-party confirmations of material accounts. These reviews greatly enhance the information available to NCUA examiners when evaluating a credit union’s financial and operational condition and determining related CAMELS and risk ratings.

Objective: Determine the feasibility of NCUA requiring all credit unions to have an annual CPA audit or independent agreed-upon procedures engagement.

Examination of Liquidity Risk

The NCUA’s Examiner’s Guide defines liquidity as a credit union’s capacity to meet its cash and collateral obligations at a reasonable cost. The Examiner’s Guide also states that maintaining an adequate level of liquidity depends on a credit union’s ability to efficiently meet both expected and unexpected cash flows and collateral needs without adversely affecting the credit union’s daily operations or financial condition. Liquidity is one of the seven risk factors that examiners assign to credit unions. Examiners may use the results of liquidity examination procedures to support the assignment of the “L” rating in CAMELS.

In July 2023, the NCUA, OCC, and the FRB issued a statement “Addendum to the Interagency Policy Statement on Funding and Liquidity Risk Management: Importance of Contingency Funding Plans.” This addendum reminds banks³ of the importance of maintaining, assessing, and testing their contingency funding plans as part of their liquidity risk management program and activities. The addendum also highlights the importance of contingency funding plans to promote the availability of adequate sources of funding in times of stress. In addition, on February 19, 2019, NCUA regulation 12 CFR § 741.12, Liquidity and contingency funding plans, established that credit unions must have a written contingency funding plan commensurate with its complexity, risk profile, and scope of operations that sets out strategies for addressing liquidity shortfalls in emergency situations.

The events of the first half of 2023 have further underscored the importance of liquidity risk management and contingency funding plans. The collapse of Silicon Valley and Signature banks in 2023 show liquidity events can occur without much warning. The rise in interest rates has increased liquidity and interest rate risks in the credit union system, including several of the FICUs with more than \$1 billion in assets. Accordingly, the NCUA has recognized the

³ “Banks” refers collectively to national banks, federal savings associations, and federal branches and agencies of foreign banking organizations. This includes credit unions.



importance of liquidity risk management and contingency funding plans in its industry communications.

Objective: Determine whether the NCUA adequately assesses a credit union’s ability to effectively manage liquidity risk during examinations.

Threat Information Sharing

Cybersecurity threats continue to pose significant risks to the financial system and remain one of the NCUA’s top supervisory priorities. As the credit union system’s cybersecurity risk and vulnerability to threats continues to evolve due to the increased dependency on technology, credit unions of all sizes are potentially vulnerable to cyberattacks. In addition, with the increased reliance on third-party providers, there can be cascading effects when a cybersecurity incident happens not only directly with a credit union but with a third-party provider that is leveraged within the financial sector. The interconnected nature of the financial system demonstrates the need for effective and efficient information sharing to build situational awareness and operational resiliency at both the NCUA and at credit unions.

Objective: Determine whether the NCUA has developed and implemented effective and efficient policies, processes, and procedures for timely threat information sharing within the NCUA and credit unions.

Central Liquidity Facility (CLF)

In 1979, the National Credit Union Liquidity Facility Act created the CLF. The CLF’s purpose is to improve the general financial stability by providing member credit unions with a source of loans to meet their liquidity needs. Prior to 2020, CLF membership was made up of natural person credit unions. At the start of the COVID-19 pandemic, the Congress temporarily allowed corporate credit unions to join the CLF and serve as a CLF agent for a subset of the corporate’s members. However, that temporary authority expired at the end of 2022 and more than 3,300 credit unions lost “no cost to them” access to the CLF. The NCUA Board has unanimously asked the Congress for permanent statutory authority to allow corporate credit unions and other agent members of the CLF to purchase capital stock for a subset of the credit unions they serve. This would allow the CLF to be a source of liquidity for more institutions.

Objectives: Determine: (1) whether the NCUA operates the CLF in accordance with relevant laws, regulations, policies, and procedures; and (2) the utilization of the CLF by credit unions covered by the temporary authority.

Asset Management and Assistance Center (AMAC) Non-Share Payments

The NCUA’s AMAC promotes consumer confidence in the credit union system and minimizes insurance losses by conducting credit union liquidations and performing management and recovery of assets. During conservatorships and liquidations, AMAC commonly organizes asset management estates (AMEs) to hold assets and other property acquired from failed institutions, which facilitates funding and disposition of assets.



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AMAC's non-share payments consist of administrative liquidation expenses, claims, passthrough payments to third parties such as loan servicers, and liquidating dividends. For FY 2021, the total non-share payouts for natural person credit union AMEs was over \$5.6 million. This total included over \$1.5 million in administrative liquidation expenses and over \$4 million in pass-through payments.

12 U.S.C. 1785(h) provides that "All expenses incurred by the Board in exercising its authority under this subsection with respect to any credit union shall be paid out of the assets of such credit union." Similarly, 12 U.S.C. 1787(a)(2) provides that "All fees, compensation, and expenses of liquidation and administration thereof shall be fixed by the Board and may be paid by them out of funds coming into its possession as such liquidating agent."

Objective: Determine whether the NCUA properly and accurately pays non-share payments.

Offboarding Process

Offboarding is a process by which an organization formally separates an employee due to an employee's resignation, termination, or retirement. Offboarding a contractor may also involve some of the same processes and steps. Prior to departure from the NCUA, employees and contractors must complete an offboarding process that involves, in part, returning agency property and records, deactivating badges and system accesses, among other things. The offboarding process serves to mitigate reputational and security risks to the agency.

Objective: Determine whether the agency's controls over the offboarding process effectively mitigate reputational and security risks.

Insider Threat and Counterintelligence Program

On January 14, 2019, NCUA Instruction 9904 (Rev. 1.) established the NCUA Insider Threat and Counterintelligence Program (ITCIP) to ensure the agency met its responsibilities as a federal agency to detect, deter, prevent, and mitigate threats posed by insiders or external adversaries, including foreign intelligence entities. As a federal executive agency, the NCUA is subject to Executive Order 13587, *Structural Reforms to Improve the Security of Classified Networks and the Responsible Sharing and Safeguarding of Classified Information*; Executive Order 13526, *Classified National Security Information*; Executive Order 12333, *United States Intelligence Activities*; and Presidential Memorandum, *National Insider Threat Policy and Minimum Standards for Executive Branch Insider Threat Programs*.

Objective: Determine whether the NCUA's ITCIP operated in accordance with NCUA Instruction 9904 (Rev. 1.) and other requirements.

IT Asset Sanitization

The NCUA is responsible for employee and contractor IT assets including mobile devices, external hard drives, and flash-based storage devices. For the NCUA to perform its mission effectively, personnel must have these assets readily available and in good working order. The NCUA manages this through an enterprise-wide accountable property management program that



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coordinates people, guidance, information, and systems throughout the property's lifecycle. The NCUA Information Security Manual requires that prior to the disposal, release out of organizational control, or release for reuse, the NCUA should sanitize information systems media using techniques and procedures commensurate with the security classification of the information.

Objective: Determine whether the NCUA adequately managed, monitored, and sanitized IT assets before disposal or reuse.



Mandatory New Starts for 2025

Material Loss Reviews (as necessary)

Objectives: (1) Determine the cause(s) of the credit union's failure and the resulting loss to the SIF, (2) assess the NCUA's supervision of the institution, including implementation of the prompt corrective action requirements of Section 216 of the FCU Act, and (3) make appropriate observations and/or recommendations to prevent future losses.

Government Charge Card Abuse Prevention Act (Charge Card Act) of 2012

Objective: Review the NCUA's purchase and travel card programs to analyze risks of illegal, improper, or erroneous purchases and payments and provide and report recommendations – if warranted – to agency management, the Director of the OMB, and the Congress.

Federal Information Security Modernization Act of 2014

Objective: Determine whether the NCUA information security and privacy management policies and procedures comply with FISMA and federal regulations and standards.

Audit of the NCUA's Financial Statement Line Items and Related Note Disclosures Material to the *Financial Report of the U.S. Government*

Objective: Determine whether the NCUA's financial statement line items and related note disclosures identified by the U.S. Department of the Treasury as material to the *Financial Report of the U.S. Government*, are presented fairly, in all material respects, in accordance with GAAP for the period under review.

Financial Statement Audits (4) for the Year Ending December 31, 2025

Objectives: Determine whether the financial statements for the NCUA's four permanent funds comply with GAAP and present fairly, in all material respects, the agency's financial position, results of operations, and changes in cash flows for the period under review.

Enhanced Personnel Security Program

Objective: Assess the NCUA's enhanced personnel security program for covered individuals of the agency in accordance with performance measures and standards established by the Director of National Intelligence.

Congressional/NCUA Board Requests (as necessary)

Objective: Conduct OIG audits, investigations, or other work in response to requests received from the Congress or the NCUA Board.



Potential Discretionary New Starts for 2025⁴

Digital Records Management

Objective: Assess the NCUA's actions to create, retain, and manage records in electronic formats consistent with OMB policy and other requirements.

Privacy Program

Objective: Determine whether the NCUA implemented its privacy and data protection program in accordance with federal privacy laws, regulations, standards, and policies.

Supervision of Cyber Incident Notification

Objectives: Determine whether: (1) the NCUA ensured credit unions report cyber incidents and (2) the NCUA appropriately addressed safety and soundness measures related to those cyber incidents.

Trusted Workforce 2.0 Process

Objective: Determine whether the NCUA's policies and procedures complied with laws and regulations to reform the personnel vetting process.

Credit Unions' Succession Planning

Objectives: Determine (1) what actions the NCUA took during examinations and supervision contacts to assess succession and contingency plans when assigning the M component of the CAMELS rating system; and (2) whether the NCUA had compensating controls in place to assess succession and contingency plans during examinations for credit unions.

Office of Business Innovation's Enterprise Data Program (EDP)

Objective: Determine whether the NCUA's EDP improved data quality in operations, reporting, and analytics and used defined data use standards to meet the agency's objectives.

Information Security Examination (ISE) Program

Objective: Determine whether the NCUA's ISE program adequately assessed a credit union's ability to effectively manage information security.

Consumer Complaint Handling by Regions

Objectives: Determine (1) what actions the NCUA's regions took regarding complaints they received from the Consumer Assistance Center and (2) whether the regions communicated the results of their actions to the Consumer Assistance Center.

Examination Program Fraud Detection Techniques

Objective: Determine whether the NCUA had adequate policies, procedures, and other measures in place to deter, detect, and mitigate the risk of credit union fraud.

⁴Based on various factors, the OIG could decide to move a 2025 potential audit to 2024.



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Consumer Compliance Examination Program

Objective: Determine whether the NCUA adequately assessed a credit union's ability to effectively manage consumer compliance risk.

Subject Matter Examiners (SME)

Objective: Determine whether the NCUA's SME program operated effectively by adequately selecting, assigning, training, developing, and preparing examiners to provide expert advice and support during examinations.

Fair Lending Examination Program

Objectives: Determine whether the NCUA (1) conducted fair lending examinations in compliance with applicable laws, regulations, policies, and procedures and (2) appropriately referred matters to the U.S. Department of Housing and Urban Development or to the U.S. Department of Justice.

Capital Planning

Objective: Determine whether NCUA examiners adequately assessed capital planning activities to ensure credit unions maintain sufficient capital to sustain operations even under adverse conditions.

Supervisory Committee Audit Reports and Internal Audit Departments

Objective: Determine whether the NCUA reviewed credit unions' annual audits and internal audit departments in accordance with requirements and considered that information in determining the scope of examinations.

Enterprise Risk Management (ERM)

Objective: Assess the NCUA's implementation of ERM based on relevant criteria and best practices.

Annual Performance Plan

Objectives: Determine the NCUA's process for developing and reporting its Annual Performance Plan. Specifically, determine (1) how the agency identified the 45 performance indicators used to measure performance agency-wide; (2) how the agency determined if a goal was achieved or not, and for those not achieved, how the agency determined whether a goal was on target to be achieved; and (3) what action the agency took to address any indicators and/or goals that were not on target to be achieved within the timeframe of the Annual Performance Plan.

Travel Relocation Expenses

Objective: Determine whether the NCUA processed reimbursements for employee relocation expenses in accordance with Federal Travel Regulations, NCUA Instructions, and NCUA policies and procedures, including the Non-Bargaining Unit Travel Manual and the Collective Bargaining Agreement.



APPENDIX B: LEGAL PROJECTS AND INVESTIGATIVE WORK

2024 Legal Activities

- General legal support
- Administrative/personnel legal work
- Investigative assistance and support
- Audit assistance and support
- Legislation/regulation review
- Freedom of Information Act responses

2024 Investigations

- Investigations into NCUA employees and contractors resulting from complaints/referrals
- Proactive reviews and/or investigations
- Coordination with other law enforcement and the NCUA on credit union-related complaints

2024 Training

- Briefings on OIG authorities and responsibilities as needed to supplement online training



APPENDIX C: SUMMARY OF PLANNED AUDITS

2024 Audit Projects

Carryover Audits from 2023 to 2024

- Bank Secrecy Act (BSA) Enforcement
- Financial Statement Audits (4) for the Year Ending December 31, 2023
- Chartering Proposed FCUs
- Cloud Computing Services
- Examiner-In-Charge Rotation Policy
- Examination Hours

New Starts for 2024 – Mandatory Audits

- Material Loss Reviews (as necessary)
- Government Charge Card Abuse Prevention Act (Charge Card Act) of 2012
- Federal Information Security Modernization Act of 2014 (FISMA)
- Audit of the NCUA's Financial Statement Line Items and Related Note Disclosures Material to the *Financial Report of the U.S. Government*
- Financial Statement Audits (4) for the Year Ending December 31, 2024
- Congressional/NCUA Board Requests (as necessary)

Potential New Starts for 2024 – (Discretionary Audits)

- Duty Station and Locality Pay
- Artificial Intelligence
- Certified Public Accountant Audits or Independent Agreed-Upon Procedures Engagement for Credit Unions
- Examination of Liquidity Risk



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- Threat Information Sharing
- Central Liquidity Facility (CLF)
- Asset Management and Assistance Center (AMAC) Non-Share Payments
- Offboarding Process
- Insider Threat and Counterintelligence Program
- IT Inventory Disposal

2025 Projects

Audits – Mandatory and Discretionary

- Material Loss Reviews (MLRs) (as necessary)
- Government Charge Card Abuse Prevention Act (Charge Card Act) of 2012
- Federal Information Security Modernization Act of 2014
- Audit of the NCUA's Financial Statement Line Items and Related Note Disclosures Material to the *Financial Report of the U.S. Government*
- Financial Statement Audits (4) for the Year Ending December 31, 2025
- Enhanced Personnel Security Program
- Congressional/NCUA Board Requests (as necessary)
- Digital Records Management
- Privacy Program
- Supervision of Cyber Incident Notification
- Trusted Workforce 2.0 Process
- Credit Unions' Succession Planning
- Office of Business Innovation's Enterprise Data Program (EDP)
- Information Security Examination (ISE) Program
- Consumer Complaint Handling by Regions



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- Examination Program Fraud Detection Techniques
- Consumer Compliance Examination Program
- Subject Matter Examiners (SME)
- Fair Lending Examination Program
- Capital Planning
- Supervisory Committee Audit Reports and Internal Audit Departments
- Enterprise Risk Management (ERM)
- Annual Performance Plan
- Travel Relocation Expenses