

Federal Housing Finance Agency
Office of Inspector General



**FHFA Needs to Strengthen Controls
Over its Records Management
Program to Comply with OMB and
NARA Requirements**

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Executive Summary

The Housing and Economic Recovery Act of 2008 created and charged the Federal Housing Finance Agency (FHFA) with the supervision of Fannie Mae and Freddie Mac (together, the Enterprises), the Federal Home Loan Banks (collectively, the regulated entities), and the FHLBanks' fiscal agent, the Office of Finance. Since 2008, FHFA has also served as conservator of the Enterprises.

The National Archives and Records Administration (NARA) is responsible for overseeing and setting standards for Federal agencies' records management programs and practices. In a joint directive issued in August 2012, the Office of Management and Budget (OMB) and NARA established two electronic records management goals applicable to all Federal agencies. These goals were reaffirmed in June 2019. Goal 1 required electronic recordkeeping to ensure transparency, efficiency, and accountability, and management of electronic permanent records and of email records. Goal 2 directed effective management of records consistent with Federal statutes and regulations and professional standards, and required employee training on records management and "scheduling" of records to ensure their proper retention and disposition.

FHFA's Records and Information Management (RIM) section within the Office of Technology and Information Management is responsible for the development, implementation, and management of FHFA's records and information management program. According to FHFA, an essential component of its records and information management program is the "file plan," a document that lists the official records (whether electronic or paper) in each FHFA division or office, their location, and their disposition (temporary or permanent).

We performed this audit to determine if FHFA achieved the records management goals established by OMB and NARA. The scope of our audit, however, did not include Goal 1.2 for managing email records.

We found shortcomings with FHFA's efforts to meet Goal 1 for managing permanent electronic records in an electronic format. For the 28 permanent electronic records in our sample, FHFA was unable to readily and reliably locate any of them, based on the location identified in its file plans. We did find 19 of these 28 permanent electronic records in locations other than those identified in FHFA's file plans, before stopping our search.

We also found that the records management training required of FHFA fell short in four areas. FHFA did not:



AUD-2020-008

March 26, 2020

- Include all NARA-required training content topics in its 2019 annual records management training;
- Show that all employees and contractor employees completed the 2019 refresher training;
- Demonstrate that its new hire contractor employees completed the mandatory records management training when onboarding; and
- Establish that 5 of the 11 senior officials who offboarded during the review period for this test (January 1, 2019, to November 30, 2019) received mandatory records management training.

Our audit also found that FHFA was unable to demonstrate that all of its records were scheduled, as required by OMB and NARA.

We make four recommendations to address the identified shortcomings. In a written management response, FHFA agreed with our recommendations.

This report was prepared by Tara Lewis, Audit Director; Terese Blanchard, Auditor-in-Charge; Brian Maloney, Auditor; and Pamela L. Williams, Auditor; and with assistance from Bob Taylor, Senior Advisor. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to the preparation of this report.

This report has been distributed to Congress, the Office of Management and Budget, and others and will be posted on our website, www.fhfa.gov, and www.oversight.gov.

Marla A. Freedman, Deputy Inspector General for Audits /s/

TABLE OF CONTENTS

EXECUTIVE SUMMARY2

ABBREVIATIONS6

BACKGROUND7

 The National Archives and Records Administration Oversees Federal Agency
 Records Programs7

 Directive Jointly Issued by OMB and NARA in August 2012 Established Records
 Management Goals and Implementation Due Dates for Federal Agency Compliance8

 Goal 1: Require Electronic Recordkeeping to Ensure Transparency, Efficiency,
 and Accountability9

 Goal 2: Demonstrate Compliance with Federal Records Management Statutes
 and Regulations9

 FHFA’s Records and Information Management Program10

 FHFA’s Office and Division File Plans10

FACTS AND ANALYSIS11

 FHFA Was Unable to Readily and Reliably Locate Permanent Electronic Records
 and Therefore Has Not Demonstrated Compliance with M-12-18, Goal 1.111

 FHFA Complied with Federal Records Management Statutes and Regulations Except
 for those on Training (Goal 2.4) and Records Schedules (Goal 2.5)12

 Goal 2.4: Establish Records Management Training13

 Goal 2.5: The SAO Shall Ensure that Records Were Scheduled15

FINDINGS16

 FHFA Could Not Readily and Reliably Locate Permanent Electronic Records in
 Accordance with its File Plans16

 FHFA Fell Short in Complying with OMB and NARA Records Management
 Training Requirements17

CONCLUSION18

RECOMMENDATIONS18

FHFA COMMENTS AND OIG RESPONSE19

OBJECTIVE, SCOPE, AND METHODOLOGY20

APPENDIX A: FHFA’S 28 PERMANENT ELECTRONIC RECORDS SELECTED
FOR RETRIEVAL BY OIG23

APPENDIX B: FHFA MANAGEMENT RESPONSE24

ADDITIONAL INFORMATION AND COPIES27

ABBREVIATIONS

CRS	Comprehensive Records Schedule
Enterprises	Fannie Mae and Freddie Mac
FHFA	Federal Housing Finance Agency
GRS	General Records Schedule
M-12-18	Managing Government Records Directive
M-19-21	Transition to Electronic Records
NARA	National Archives and Records Administration
OHRM	Office of Human Resources Management
OMB	Office of Management and Budget
RIM	Records and Information Management
SAO	Senior Agency Official

BACKGROUND.....

The National Archives and Records Administration Oversees Federal Agency Records Programs

NARA is responsible for overseeing Federal agencies' adequacy of documentation and records disposition programs and practices.¹ NARA establishes standards for the retention of records having continuing value (permanent records) and assists Federal agencies in applying the standards to records in their custody. Through a record scheduling and appraisal process, NARA determines which Federal records have temporary value and may be destroyed and which Federal records have permanent value and must be preserved and transferred to the National Archives of the United States. NARA's determination constitutes mandatory authority for the final disposition of all Federal records.

The following terms, as defined by NARA, provide key information regarding records management:

- **Record.** A record includes recorded information, made or received by a Federal agency under Federal law or in connection with the transaction of public business. A record also includes information preserved by an agency as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the United States Government. Recorded information includes all traditional forms of records, regardless of physical characteristics, including information created, manipulated, communicated, or stored in digital or electronic form.
- **Records Management.** Records management includes planning, controlling, directing, organizing, training, promoting, and other managerial activities related to the creation, maintenance and use, and disposition of records. Records management must be carried out to achieve adequate and proper documentation of Federal policies and transactions and effective and economical management of agency operations.
- **Records Lifecycle.** The lifecycle of a record has three stages: (1) receipt and/or creation; (2) use and maintenance (including storing and retrieving records); and (3) disposition, which includes either transferring records to NARA for preservation or destroying the records.

¹ See 36 C.F.R. § 1220.10.

- **Records Schedule.** A records schedule provides specific, mandatory instructions for records no longer needed for current government business.² Specifically, through the process of scheduling records, which includes determining the appropriate retention period and ultimate disposition of records, a records schedule is developed. NARA requires that Federal records be scheduled so that by the end of the records lifecycle they are handled correctly – either destroyed at the specified time or transferred to NARA for permanent preservation.

NARA issues General Records Schedules (GRS) to provide disposition authority for records common to agencies of the Federal Government (e.g., financial, human resource, technology, information management, general operations support, and mission support). All Federal records, in all formats, must be covered by a GRS or an agency specific, NARA-approved, records schedule.

Directive Jointly Issued by OMB and NARA in August 2012 Established Records Management Goals and Implementation Due Dates for Federal Agency Compliance

In response to a November 2011 Presidential Memorandum to begin an Executive Branch-wide effort to reform records management policies and transition from paper records to electronic records where feasible,³ OMB and NARA jointly issued OMB Memorandum M-12-18, *Managing Government Records Directive* (M-12-18),⁴ on August 24, 2012. The expected benefits of this effort to “reform records management policies and practices” and “develop a 21st- century framework for the management of Government records” include:

- Improved performance and promotion of openness and accountability by better documenting agency actions and decisions;
- Further identification and transfer to NARA of the permanently valuable historical records through which future generations will understand and learn from our actions and decisions; and
- Assistance to executive departments and agencies in minimizing costs and operating more efficiently.

² NARA’s records control schedule repository provides Federal agencies and the public with open access to a large body of unclassified, NARA-approved records schedules (online [here](#)).

³ The White House, Presidential Memorandum—Managing Government Records (Nov. 28, 2011) (online [here](#)).

⁴ See M-12-18 online [here](#).

M-12-18 established two goals and seven sub-goals applicable to all Federal agencies:

Goal 1: Require Electronic Recordkeeping to Ensure Transparency, Efficiency, and Accountability

Goal 1.1 By December 31, 2019, Federal agencies were to manage all permanent electronic records⁵ in an electronic format to the fullest extent possible for eventual transfer and accessioning⁶ by NARA.

Goal 1.2 By December 31, 2016, Federal agencies were to manage both permanent and temporary⁷ email records in an accessible electronic format.

Goal 2: Demonstrate Compliance with Federal Records Management Statutes and Regulations

Goal 2.1 Agencies must designate a Senior Agency Official (SAO) with broad agency-wide responsibilities with respect to records management.

Goal 2.2 The SAO shall ensure that permanent records in existence for more than 30 years are identified for transfer and reported to NARA.

Goal 2.3 Agency Records Officers must obtain NARA Certificate of Federal Records Management Training.

Goal 2.4 Agencies must establish records management training⁸ to inform all employees of their records management responsibilities in law and policy.

⁵ According to NARA: (1) permanent records are “any Federal record that has been determined by NARA to have sufficient value to warrant its preservation in the National Archives of the United States, even while it remains in agency custody”; and (2) electronic records are “any information that is recorded in a form that only a computer can process and that satisfies the definition of a Federal record under the Federal Records Act.”

⁶ According to NARA, accession is defined as the act and procedures involved in a transfer of legal title and the taking of records into the physical custody of NARA.

⁷ According to NARA, temporary records are records approved by NARA for disposal after a specified retention period.

⁸ 36 C.F.R. § 1220.34(f) requires agencies to provide guidance and training to all agency personnel on their records management responsibilities, including identification of Federal records, in all formats and media. NARA Bulletin 2017-01, *Agency Records Management Training Requirements*, provides the minimum required content areas for annual records management training (online [here](#)).

Goal 2.5 The SAO shall ensure that records are scheduled.⁹

Additionally, as required by M-12-18, the SAO is to report annually to NARA on agency progress in meeting the goals as well as on other significant records and information management initiatives as defined by NARA. FHFA began its annual reporting to NARA in 2013.

Later, on June 28, 2019, OMB and NARA jointly issued OMB Memorandum M-19-21, *Transition to Electronic Records* (M-21-19).¹⁰ M-19-21 consolidated the requirements from M-12-18 and those in OMB Memorandum M-14-16, *Guidance on Managing Email*. According to NARA, M-19-21 represented a logical progression from the goals established in M-12-18. M-19-21 incorporated the seven goals from M-12-18 and builds upon them with more objectives intended to further move the Executive Branch to all-electronic recordkeeping.

FHFA's Records and Information Management Program

FHFA's Records and Information Management Policy requires that Agency records be managed effectively throughout their lifecycle to facilitate and document the accomplishment of FHFA's mission and function. Further, this policy states that effective management of FHFA records serves to preserve FHFA records in accordance with applicable statutory and regulatory requirements and to promote access to information by FHFA employees, FHFA partners, and the public, as appropriate. The policy applies to all FHFA employees and contractor employees.

FHFA's Office and Division File Plans

The Records and Information Management Policy defines a file plan as a document that lists the official records in each FHFA division or office for which that division or office has custodial responsibility. According to FHFA, a file plan should include: record type (e.g., Annual Report to Congress, Targeted Examination Conclusion Letter, etc.); location; medium (i.e., paper or electronic); and a reference/link to a category of records identified in either the NARA-approved FHFA Comprehensive Records Schedule (CRS) or a NARA GRS; and disposition authority (which contains actions taken when records are no longer needed, either destroying or deleting the record when all relevant business needs have expired, or transferring the record to NARA for preservation). FHFA expects that the file plan will: (1) document activities effectively; (2) identify records consistently; (3) retrieve records

⁹ 36 C.F.R. § 1224.10 requires, among several things, Federal agencies to ensure Federal records are scheduled and those schedules are regularly reviewed and updated as needed.

¹⁰ See M-19-21 online [here](#).

quickly; (4) implement disposition for records no longer needed; and (5) help the Agency meet regulatory requirements. According to FHFA’s Annual File Plan Review procedures, to keep file plans current, they are reviewed annually by the records liaison, division or office heads, and the RIM office to ensure that records they create and maintain are properly scheduled.

FACTS AND ANALYSIS

We performed this audit to determine whether FHFA achieved, by December 31, 2019, the records management goals established by OMB and NARA in M-12-18, and incorporated into M-19-21, except for Goal 1.2, the goal established for management of email records.

FHFA Was Unable to Readily and Reliably Locate Permanent Electronic Records and Therefore Has Not Demonstrated Compliance with M-12-18, Goal 1.1

Goal 1.1 requires Federal agencies, by December 31, 2019, to manage all permanent electronic records in an electronic format, to the fullest extent possible, for eventual transfer and accessioning by NARA. According to RIM officials, all of FHFA’s permanent electronic records were housed on one of four network server drives or on other supervision and housing mission electronic systems.¹¹ These officials explained that the location of FHFA’s permanent electronic records should be able to be identified through the file plan associated with each FHFA division and office. In 2019, FHFA had 15 division/office file plans.

During our audit, we selected 28 permanent electronic records from the file plans prepared and maintained by seven FHFA divisions and offices.¹² Using the location for each of the 28 permanent electronic records in the file plans, we sought to retrieve each of the 28 permanent electronic records.

None of the 28 selected permanent electronic records could be retrieved using the location identified in FHFA’s file plans. For example, according to FHFA’s Office of Budget and

¹¹ During the field work for this audit, FHFA repeatedly stated, and confirmed in writing, that the universe of electronic systems for its supervision and housing mission work consisted of four systems. However, FHFA, in a March 9, 2020, technical comment to this draft, maintained for the first time that it could have more than the four previously identified systems. For purposes of this audit, we consider that the electronic systems for FHFA’s supervision and housing mission include: Public Use Database, National Mortgage Database, House Price Index, and Mortgage Loan Integrated System.

¹² Using FHFA’s 2019 file plans, we selected 28 permanent electronic records that were either mission-related or were created in support of the Agency’s mission and have historical significance. See Appendix A for a complete list of the 28 permanent electronic records selected for this test.

Financial Management’s file plan, the Agency’s Annual Performance and Accountability Report¹³ was located in a folder titled CRS “item 1.2 Official Agency Communications, Congressional Relations, and Publications.” However, we found no such folder. We eventually located the permanent electronic record in a folder titled “CRS item 6.1a Project Files.” This folder was intended to house only temporary electronic records, according to the file plan. That erroneous storage of this document is significant because temporary records are managed with a retention period of 15 years, after which the record may be deleted or destroyed.

We were eventually able to locate 19 of the 28 selected records; of these, 12 records were located through our own search of FHFA’s systems, and 7 records were located with assistance from FHFA officials. Because the search for the 28 records was so time-consuming and cumbersome, we stopped our search for the remaining 9 records.¹⁴

RIM officials acknowledged weaknesses with the existing file plans, based on our testing of the file plans for the 28 records, and the need for RIM to work with each division or office to revise its file plans to include the actual file path for each record type to reflect better identification of the location of each record. However, in its March 9, 2020, technical comments to a draft of this report, FHFA appeared to claim that the timeliness, or lack thereof, of electronic records retrieval does not run afoul of the NARA and OMB requirements. According to FHFA, it was sufficient under its Records and Information Management Policy for subject matter experts in each division or office to have knowledge of the location of each permanent electronic record for retrieval purposes.

We do not agree with FHFA’s position. The purpose of electronic management of permanent electronic records is to facilitate the identification and location of such records within a Federal agency, both to increase internal efficiencies and to facilitate the transfer to NARA of permanent records without reliance on subject matter experts who will change over time.

FHFA Complied with Federal Records Management Statutes and Regulations Except for those on Training (Goal 2.4) and Records Schedules (Goal 2.5)

According to M-12-18, the Federal Government should commit to manage more effectively all records consistent with Federal statutes and regulations. To achieve this goal, M-12-18

¹³ The Performance and Accountability Report provides the financial statements and analysis for FHFA, and it assesses the performance of FHFA as regulator of the FHLBank System and as regulator and conservator of the Enterprises.

¹⁴ During our efforts to retrieve permanent electronic records, we identified one file plan that was incomplete. FHFA’s Division of Housing Mission and Goals is, among other things, responsible for managing data sets contained in FHFA’s House Price Index (a broad measure of the movement of single-family house prices). However, this record type along with its location was not identified in the Division’s 2019 file plan.

states that agencies must meet five requirements: (1) designate an SAO for records management (Goal 2.1); (2) ensure that permanent records are identified for transfer to NARA (Goal 2.2); (3) obtain NARA Certificates of Federal Records Management Training for Records Officers (Goal 2.3); (4) establish records management training (Goal 2.4); and (5) the SAO should ensure that records are scheduled (Goal 2.5).

We found that FHFA demonstrated compliance with Goal 2.1, Goal 2.2, and Goal 2.3. We found shortcomings with FHFA's efforts to comply with Goals 2.4 and 2.5.

Goal 2.4: Establish Records Management Training

According to M-12-18 and NARA Bulletin 2017-01, *Agency Records Management Training Requirements*, Federal agencies are required to establish and provide training to all agency personnel on their records management responsibilities, including employees, contractor employees, volunteers, and others who create, receive, or use Federal records on behalf of the Agency. NARA Bulletin 2017-01 outlines the following requirements for agency records management training:

- All employees and contractor employees with email or information technology network access must complete annual records management training that includes 15 required topics;
- All new hire employees and contractor employees with email or information technology network access must complete records management training upon onboarding; and
- All political appointees, senior agency officials, and senior executives must be provided with targeted records management training upon onboarding and prior to departure.

To assess the requirements set forth in M-12-18 and NARA Bulletin 2017-01, we performed the following tests to determine if FHFA established and provided its records management training programs in 2019.

Annual Records Management Training

We performed three tests of FHFA compliance with the annual records management training requirement:

- We reviewed the content in FHFA's 2019 annual records management training materials to determine whether FHFA incorporated all 15 required content topics in NARA Bulletin 2017-01. We found that two required topics were not included: (1) the difference between temporary and permanent records; and (2) what to do when

records are removed, lost, or destroyed without proper authorization. FHFA officials asserted that these topics were covered in the training materials but were unable to show us where.

- We sought to determine whether all FHFA employees and contractor employees completed the 2019 annual records management training. FHFA’s 2019 annual records management training was made available to employees and contractor employees through FHFA’s internal newsletter and intranet. We found that FHFA was not able to demonstrate that its personnel (totaling approximately 600 Federal employees and an unknown number of contractor employees) completed the 2019 annual records management training. While FHFA “pushed out” the availability of its 2019 annual refresher training materials, it did not direct employees and contractor employees to review the materials and did not track those who did or did not review the training materials.
- We interviewed eight FHFA employees to determine if they were aware of their responsibilities for managing records on behalf of FHFA.¹⁵ We found that the employees understood some but not all of their responsibilities for managing records. For example, six of the eight employees we interviewed said they did not know how and/or when to declare a record.

Records Management Training for New Hires

We sought to determine whether new hire employees¹⁶ completed required records management training by comparing the names of employees who onboarded between January 1, 2019, and November 30, 2019, to FHFA’s training records. We found that all 61 new hire employees who onboarded during this period completed the training.

We sought to perform the same test for contractor employees. After multiple requests, FHFA was not able to provide us with a complete list of new hire contractor employees.¹⁷

¹⁵ Using FHFA’s 2019 organizational chart and a listing of records liaisons, we selected the eight individuals based on the office they worked in (mission related) and the likelihood that the individuals would handle permanent electronic records in the performance of their work.

¹⁶ This test excludes FHFA employees who are political appointees, senior agency officials, or senior executives, as these employees are required to take targeted records management training upon onboarding.

¹⁷ In a prior audit, we found that FHFA was unable to provide an accurate count of departed contractor employees. By not having an accurate record of contractor personnel who departed, we found that FHFA cannot be assured that access to its facilities is limited to authorized personnel, all assets are accounted for, and agency information is secure. See *FHFA’s Offboarding Controls over Access, Cards, Sensitive IT Assets, and Records Were Not Always Documented or Followed During 2016 and 2017* (Mar. 13, 2019) (AUD-2019-004) (online [here](#)). As of the date of this report, the recommendation related to this finding remains open.

Accordingly, FHFA was not able to demonstrate that its new hire contractor employees completed the required training.

Targeted Records Management Training for Senior Officials

We sought to determine whether FHFA provided targeted records management training to all senior officials (political appointees, senior agency officials, and senior executives) who onboarded between January 1, 2019, and November 30, 2019. We found that all 14 senior officials who onboarded during that period completed the training.

Regarding the senior officials who offboarded between January 1, 2019, and November 30, 2019, we sought to determine whether FHFA provided targeted records management training to all senior officials prior to departure. FHFA could not provide documentation that 5 of the 11 senior officials who offboarded during that period received the required targeted records management training.

With respect to training, we found that RIM's internal procedures for records management did not include guidance on the content, timing, and documentation for records management training.¹⁸

Goal 2.5: The SAO Shall Ensure that Records Were Scheduled

Goal 2.5 requires that Federal agencies ensure that all Federal records are scheduled. As previously discussed, scheduling a record involves determining and recording, in a records schedule, the appropriate retention period and ultimate disposition of a series of records.¹⁹ FHFA reported to NARA in 2015 and 2016²⁰ that it was in compliance with this goal in that all Agency records were covered either by its CRS or NARA's GRS. FHFA also reported that during its annual file planning process, business units are evaluated to ensure that records they create and maintain are properly scheduled.

We performed two tests to determine whether FHFA could demonstrate all Agency records were scheduled. First, we sought to determine whether FHFA's CRS was approved by NARA

¹⁸ The only mention of training was in FHFA's Annual File Plan Review procedures, which state: "RIM team members are responsible for ... providing front-line records management services and training to agency staff and contractor personnel."

¹⁹ According to NARA, a record series is a group of records arranged according to a filing system or kept together because they relate to a particular subject or function, result from the same activity, document a specific type of transaction, exist in the same media format, or have some other type of relationship.

²⁰ NARA did not ask questions related to compliance with Goal 2.5 for the 2017 and 2018 annual report.

and found that NARA approved the CRS on January 11, 2013, and then again on October 23, 2014, after FHFA had amended its CRS.

Second, we sought to determine whether records that FHFA identified in its 15 division/office file plans for 2019 were linked to a records schedule – either FHFA’s CRS or NARA’s GRS. We found that 14 of the 15 file plans contained records that were scheduled. The remaining file plan, for Office of Human Resource Management (OHRM), contained 20 types of records that had no link to FHFA’s records schedule or to NARA’s GRS. Accordingly, FHFA was not able to demonstrate that these records were scheduled.²¹ The records in OHRM had no link to a records schedule in the following categories: personnel security; benefits; and operations and program management (which includes classification, compensation, payroll, performance management, recruitment, and staffing). RIM officials acknowledged the OHRM file plan had missing links to a records schedule.

FINDINGS

FHFA Could Not Readily and Reliably Locate Permanent Electronic Records in Accordance with its File Plans

By December 31, 2019, FHFA was to manage all permanent electronic records in an electronic format, to the fullest extent possible, for eventual transfer and accessioning by NARA. According to FHFA’s Records and Information Management Policy, a file plan is the document that, among other things, lists the official records in each FHFA division or office for which that division or office has custodial responsibility and identifies the location of those records to facilitate their retrieval and disposition. However, none of the 28 permanent electronic records we tested in February 2020 were in the locations specified in FHFA’s file plans. While we eventually found 19 of the permanent electronic records in locations other than where FHFA’s file plan identified them to be, the search was arduous and time-consuming. We also found that one permanent electronic record was erroneously stored in a location tagged for temporary records, where it could have been deleted or destroyed after 15 years.

²¹ In its March 9, 2020, technical comments to a draft of this report, FHFA maintained that all Federal agencies must adhere to NARA’s GRS for Human Resources so FHFA’s Human Resources records, which are covered by the NARA GRS and OMB regulation, are scheduled. The existence of a regulatory requirement, by itself, does not mean that every Federal agency is in compliance with that requirement. We agree with FHFA that its Human Resources records are covered by the NARA GRS. However, we found that the file plan for OHRM contained 20 types of records that had no link to FHFA’s records schedule or to NARA’s GRS. The absence of a link to a records schedule does not support an assumption that those records are covered by NARA’s GRS.

FHFA Fell Short in Complying with OMB and NARA Records Management Training Requirements

FHFA did not fully meet or could not demonstrate that it met all requirements for records management training. Specifically:

- FHFA’s 2019 annual records management training materials did not include two NARA-required content topics: (1) the difference between temporary and permanent records, and (2) what to do when records are removed, lost, or destroyed without proper authorization. Accordingly, FHFA employees and contractor employees may not fully be aware of or understand their records management responsibilities.
- Federal agencies are required to provide annual refresher training to all applicable agency personnel on their records management responsibilities. While FHFA “pushed out” the availability of its 2019 annual refresher training materials on its internal employee website and through a newsletter, it did not direct employees and contractor employees to review the materials and did not track those who did or did not review the training materials.
- Federal agencies are required to establish and provide training to all applicable new hire employees and contractor employees on their records management responsibilities. FHFA was unable to provide a list of onboarded contractor employees between January 1, 2019, and November 30, 2019. Accordingly, FHFA was not able to demonstrate that all new hire contractor employees completed the required training. FHFA’s inability to account for contractor employees was also a finding in a prior OIG audit related to FHFA’s offboarding process.²² FHFA agreed with our recommendation in that report to implement controls ensuring all departed contractor employees complete applicable offboarding requirements. As of the date of this report, that recommendation remains open.
- Federal agencies are required to establish and provide targeted training to all onboarding and offboarding senior officials of their records management responsibilities. While we found that all senior officials who onboarded between January 1, 2019, and November 30, 2019, completed the required targeted training, FHFA could not provide documentation that all senior officials who offboarded during that period completed the required targeted training.

²² OIG, *FHFA’s Offboarding Controls over Access Cards, Sensitive IT Assets, and Records Were Not Always Documented or Followed During 2016 and 2017* (Mar. 13, 2019) (AUD-2019-004) (online [here](#)).

RIM’s internal procedures for records management did not include guidance on the content, timing, and documentation for records management training.

FHFA Could Not Demonstrate that All Records Were Scheduled

Federal agencies must ensure that all Federal records are scheduled. We found that FHFA’s file plan for one division contained 20 types of records that had no link to a NARA-approved records schedule.

CONCLUSION.....

The August 2012 OMB and NARA joint directive on managing Federal government records set forth specific goals for agencies. FHFA has work to do to be in compliance with the joint directive. None of the permanent electronic records we sampled could be found in the locations identified in FHFA’s file plans. We found that FHFA records management training did not include all required content, and FHFA could neither demonstrate that required annual records management training was taken by all FHFA employees and contractor employees, nor that required targeted records management training was delivered to all offboarded senior officials. Additionally, we found that a file plan for one FHFA division included records that did not link to a NARA-approved records schedule.

Our audit also found another instance where FHFA was unable to account for contractor employees who onboarded during our review period. (In a 2019 audit, we found FHFA could not account for contractor employees who offboarded.) The related recommendation from that prior audit remains open as of the date of this report. This is a matter requiring continued and increased management attention. Because contractor employees have access to FHFA records, facilities, and systems, FHFA must ensure that such access has been authorized and the individuals trained in their responsibilities.

RECOMMENDATIONS.....

We recommend that FHFA:

1. Ensure its permanent electronic records are located in and retrievable from FHFA’s systems in accordance with division and office file plans.
2. Direct RIM to work with divisions and offices to review and update their respective file plans. That process should include ensuring the file plans include the location of all records, are complete, and link to NARA-approved records schedules.

3. Include all NARA-required content topics in annual records management training provided to FHFA employees and contractor employees.
4. Develop and implement procedures to ensure:
 - a. FHFA employees and contractor employees complete required annual records management training;
 - b. Contractor employees complete required records management training at time of onboarding; and
 - c. FHFA senior officials (political appointees, senior agency officials, and senior executives) complete required targeted records management training at time of offboarding.

FHFA COMMENTS AND OIG RESPONSE.....

We provided FHFA an opportunity to respond to a draft of this audit report. FHFA provided technical comments on the draft report and those comments were considered in finalizing this report. FHFA also provided a management response, which is included in Appendix B of this report. In its management response, FHFA agreed with the four recommendations and plans to take corrective action on or before March 15, 2021.

As its corrective actions for recommendation 1, FHFA plans to research the feasibility of enhancing the search, navigation, and reporting capabilities of its eRIM tool;²³ revise procedures to include Division and Office subject matter experts' responsibilities when searching for or identifying records; issue guidance that once a record is approved, it should be declared and properly cataloged; and conduct compliance reviews of FHFA office file plans by randomly selecting sample records to review and determine compliance with the office's file plan. To the extent that FHFA's response to recommendation 1 ensures that the location of all existing permanent electronic records can be found based on the location identified in the record's respective file plan, we consider FHFA's planned corrective action responsive to our recommendation.

For recommendations 2, 3, and 4, we consider FHFA's planned corrective actions stated in its management response in Appendix B as responsive to our recommendations.

²³ eRIM is a tool FHFA developed to manage records throughout their lifecycle.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to determine if FHFA achieved the records management goals included in the OMB and NARA joint directive OMB Memorandum M-12-18, *Managing Government Records*, and incorporated into OMB Memorandum M-19-21, *Transition to Electronic Records*, except for Goal 1.2 (by December 31, 2016, Federal agencies were to manage both permanent and temporary email records in an accessible electronic format).

To accomplish our objective, we:

- Reviewed Presidential Memorandum—Managing Government Records, November 28, 2011; M-12-18; M-19-21; as well as applicable NARA bulletins;
- Reviewed laws and regulations related to records management including: the Federal Records Act of 1950; 44 U.S.C. Chapter 31 – Records Management by Federal Agencies; 36 C.F.R. Chapter XII Subchapter B – Records Management; and OMB Circular A-130, *Managing Information as a Strategic Resource*;
- Reviewed FHFA’s Records and Information Management Policy, along with RIM procedures and other RIM materials;
- Reviewed FHFA’s annual Senior Agency Official for Records Management reports submitted to NARA for 2013 through 2018;
- Interviewed FHFA officials regarding records management and their implementation of six of the seven goals included in M-12-18; and
- Analyzed FHFA’s implementation of six of the seven goals included in M-12-18:
 - For Goal 1.1 (by December 31, 2019, Federal agencies will manage all permanent electronic records in an electronic format), we tested whether 28 permanent electronic records could be retrieved based on the location of the record type in the applicable division/office file plan;
 - Inquired with FHFA officials about how FHFA manages permanent electronic records from predecessor agencies (Office of Federal Housing Enterprise Oversight, the Federal Housing Finance Board, and the Government Sponsored Entity mission office at the Department of Housing and Urban Development). FHFA officials informed us that there are no permanent electronic records from predecessor agencies and that all electronic records from predecessor agencies have a disposition of temporary.

- For Goal 2.1 (Agencies Must Designate a Senior Agency Official), we reviewed NARA’s website to determine whether FHFA had designated a SAO for records management. We analyzed FHFA’s organizational chart to determine whether the SAO is located within the organization so as to have sufficient authority to make adjustments to agency practices, personnel, and funding as may be necessary to ensure compliance and support the business needs of the department or agency. We also interviewed FHFA’s SAO about his views on his authority to carry out the responsibilities for ensuring that FHFA complied with records management statutes and regulations;
- For Goal 2.2 (SAO Shall Ensure that Permanent Records are Identified for Transfer and Reported to NARA), we reviewed FHFA’s tracking spreadsheet that contained a listing of permanent records originating from predecessor agencies to determine whether the records that are 30 years old, as of December 31, 2019, have been transferred or are scheduled to be transferred to NARA at a future date;
- For Goal 2.3 (Agency Records Officers Must Obtain NARA Certificate of Federal Records Management Training), we reviewed FHFA’s documentation and communication with NARA to determine whether FHFA’s records officer obtained the NARA Certificate of Federal Records Management Training by December 31, 2014;
- For Goal 2.4 (Agencies Must Establish Records Management Training), we tested whether:
 - FHFA included all of the training requirements (totaling 15 required topics) set forth in NARA Bulletin 2017-01, *Agency Records Management Training Requirements*;
 - All FHFA employees and contractor employees completed the 2019 annual records management training;
 - Selected FHFA employees had an understanding of their records management responsibilities. Specifically, we interviewed eight employees from five FHFA divisions/offices with records management responsibilities. We used a standard questionnaire for these interviews;
 - New hire employees and contractor employees completed the required training; and

- Senior officials who onboarded and offboarded between January 1, 2019, and November 30, 2019, were provided targeted records management training.
- For Goal 2.5 (SAO Shall Ensure that Records are Scheduled), we determined whether FHFA's CRS was approved by NARA and whether records that FHFA identified in its file plans for 2019 were linked to a records schedule (FHFA's CRS or NARA's GRS).

We conducted this performance audit between October 2019 and March 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX A: FHFA’S 28 PERMANENT ELECTRONIC RECORDS SELECTED FOR RETRIEVAL BY OIG

Permanent Electronic Records Retrieved But Not in the Location as Identified in the Applicable File Plan ²⁴	
1	Division of Enterprise Regulation (DER): 2018 Report of Examination for Fannie Mae
2	DER: 2018 Report of Examination for Freddie Mac
3	DER: Conclusion Letter, April 10, 2019
4	DER: Conclusion Letter, January 9, 2019
5	DER: Conclusion Letter, January 23, 2019
6	DER: Conclusion Letter, January 22, 2019
7	DER: Conclusion Letter, March 5, 2019
8	DER: Conclusion Letter, May 9, 2019
9	DER: Conclusion Letter, February 5, 2019
10	DER: Conclusion Letter, April 9, 2019
11	DER: Conclusion Letter, January 23, 2019
12	DER: Conclusion Letter, March 5, 2019
13	Division of Bank Regulation (DBR): 2018 ROE for the Federal Home Loan Bank of Topeka
14	DBR: 2019 ROE for Federal Home Loan Bank of New York
15	Office of Congressional Affairs and Communications - 2018 Annual Report to Congress
16	Office of Congressional Affairs and Communications – News Release: FHFA Announces Key Hires, November 20, 2019
17	Office of Budget and Financial Management: 2019 Performance and Accountability Report
18	Division of Housing Mission and Goals (DHMG): FHFA’s 2019 Annual Housing Report
19	Division of Conservatorship: STAR Information Technology System – Common Securitization Solutions Operating Agreement – Release 2 Go-Live Operational Launch, April 30, 2019
Permanent Electronic Records Not in the Location as Identified in the Applicable File Plan for which OIG Performed No Further Search of FHFA’s Systems ²⁴	
1	DBR: Public Use Data - Single-Family Mortgage-Level Owner-Occupied 1-Unit Properties (National File A) 2018 Data
2	DBR: Public Use Data: Single-Family Unit-Level Properties (1-4), includes Renter-Occupied 1-Unit Properties (National File B) 2018 Data
3	Office of the Director: Dr. Calabria’s Testimony Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs “Housing Finance Reform: Next Steps,” September 10, 2019
4	Office of the Director: Schedules of Official Activities
5	Office of Congressional Affairs and Communications - News Release: FHFA Updates Progress on Fannie Mae and Freddie Mac Credit Risk Transfer Programs, November 12, 2019
6	DHMG: Staff Analysis - 97% Loan-to-Value First-Time Home Buyer Loan Program, December 3, 2014
7	DHMG: Mortgage Loan Integrated System Database
8	DHMG: National Mortgage Database: Aggregate Data: National Statistics for New Residential Mortgages in the United States, December 18, 2019
9	DHMG: National Mortgage Database: Aggregate Data: National Delinquency Rates in the United States, December 18, 2019

²⁴ Additional details on the identity of the selected records was provided to FHFA separately.

APPENDIX B: FHFA MANAGEMENT RESPONSE.....



Federal Housing Finance Agency

MEMORANDUM

TO: Marla Freedman, Deputy Inspector General for Audits

FROM: R. Kevin Winkler, Chief Information Officer *RKW*

SUBJECT: Draft Audit Report: *FHFA Needs to Strengthen Controls Over its Records Management Program to Comply with OMB and NARA Requirements*

DATE: March 24, 2020

Thank you for the opportunity to respond to the above-referenced draft audit report by the Office of Inspector General (OIG). This memorandum provides Federal Housing Finance Agency's (FHFA) management response to the four recommendations contained in the OIG's draft audit report.

Recommendation 1: Ensure its permanent electronic records are located in and retrievable from FHFA's systems in accordance with division and office file plans.

Management Response: FHFA agrees with the recommendation and will take the following actions to ensure its permanent electronic records are retrievable and / or identifiable in accordance with division and office file plans.

- a. FHFA will research the feasibility of enhancing eRIM's search, navigation, and reporting capabilities. If feasible, FHFA will enhance eRIM's search, navigation, and reporting capabilities by March 15, 2021; and
- b. Additionally, OTIM will complete the following tasks by March 15, 2021:
 - Revise procedures to include Division and Office subject matter experts' responsibilities when searching for or identifying records;
 - RIM will put out guidance that once a record is approved, it should be declared and properly cataloged; and
 - RIM will conduct compliance reviews of FHFA office file plans by randomly selecting sample records to review and determine compliance with the office's file plan.

Recommendation 2: *Direct RIM to work with divisions and offices to review and update their respective file plans. That process should include ensuring the file plans include the location of all records, are complete, and link to NARA-approved records schedules.*

Management Response: FHFA agrees with the recommendation and RIM will work with divisions and offices to review and update their respective file plans, which includes ensuring the file plans include the records' location, are complete, and align with NARA-approved records schedules by March 15, 2021.

Recommendation 3: *Include all NARA-required content topics in annual records management training provided to FHFA employees and contractor employees.*

Management Response: FHFA agrees with the recommendation and will include all NARA-required content topics in its annual records management training provided to FHFA employees and contractor employees by September 30, 2020.

Recommendation 4: *Develop and implement procedures to ensure:*

- a. FHFA employees and contractor employees complete required annual records management training;*
- b. Contractor employees complete required records management training at time of onboarding; and*
- c. FHFA senior officials (political appointees, senior agency officials, and senior executives) complete required targeted records management training at time of offboarding.*

Management Response: FHFA agrees with the recommendation and will develop procedures and take the following actions to ensure that:

- a. FHFA tracks completion of employees and contractor personnel required annual records management training by September 30, 2020;
- b. FHFA tracks completion of contractor personnel required records management onboarding training within sixty days of onboarding by September 30, 2020; and
- c. FHFA tracks FHFA senior officials (political appointees, senior agency officials, and senior executives) who need to complete required targeted records management offboarding training prior to departure by December 31, 2020, with the exception of FHFA senior officials' emergency offboarding (emergency offboard occurs when an individual has left the Agency or ceases employment immediately.)

March 24, 2020

Page 3 of 3

If you have any questions, please feel free to contact Stuart Levy at (202) 649-3610 or e-mail, Stuart.Levy@fhfa.gov.

CC: Chris Bosland
Larry Stauffer
Craig Sherman
Brigitte Tolbert
John Major

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