



INSPECTOR GENERAL
FOR TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20024

September 8, 2022
External Peer Review Report

The Honorable Brian M. Tomney
Inspector General
Federal Housing Finance Agency
400 7th Street, SW.
Washington, DC 20219

Dear Mr. Tomney:

This required external peer review was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Inspection and Evaluation Committee guidance as contained in the CIGIE *Guide for Conducting External Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General* (December 2020 and December 2021).¹ The peer review was conducted from April 12, 2022, through September 8, 2022.

The Treasury Inspector General for Tax Administration (TIGTA) assessed the extent to which the Federal Housing Finance Agency (FHFA), Office of Inspector General (OIG) complied with the CIGIE *Quality Standards for Inspection and Evaluation* (Blue Book), versions dated January 2012 and December 2020, depending on the time the evaluation or compliance review was conducted. This assessment included a review of the following FHFA OIG's internal policies and procedures implementing the Blue Book standards:

- *Office of Compliance and Special Projects Policies and Procedures Manual* (July 2018).
- *Office of Evaluations Policies and Procedures Manual* (March 2020 and February 2022).

It also included a review of selected inspection and evaluation reports issued between September 2019 and March 2022, to determine whether the reports complied with the Blue Book standards and the FHFA OIG's internal policies and procedures.

¹ *The evaluations and compliance reviews we evaluated were completed during different time frames. As such, we used the external peer review guide applicable for the time when the review was performed.*

Overall Conclusion

TIGTA determined that the FHFA OIG's policies and procedures were generally consistent with the Blue Book standards addressed in the external peer review. In addition, all four reports we reviewed generally complied with Blue Book standards.

We issued a Letter of Comment dated September 8, 2022, that describes an observation that was not considered to significantly impact compliance with a Blue Book standard.

Sincerely,

A handwritten signature in black ink that reads "J. Russell George". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

J. Russell George
Inspector General

Enclosure 1: Scope and Methodology

Enclosure 2: Reviewed Organization Comments to Draft Peer Review Report
Letter of Comment

ENCLOSURE 1: Scope and Methodology

TIGTA selected four reports for review. The TIGTA review team selected a judgmental sample of two reports issued by the FHFA OIG, Office of Compliance, and two reports issued by the Office of Evaluations based on significant areas of risk identified in the FHFA OIG *Audit, Evaluation, and Compliance Plan* (September 2021) and *Strategic Plan* (2021–2024); types of reports with varying topics (FHFA Enterprises and Agency programs); and reports issued in Fiscal Years 2021 and 2022. The four reports we selected for our evaluation are:

1. *Fannie Mae Successfully Implemented its Compliance Plan for FHFA’s NPL Post-Sale Data Collection Requirements* (COM-2022-002, January 18, 2022).
2. *After Four and a Half Years, DER Still Fails to Ensure that Enterprise Boards are Notified of Serious Deficiencies in a Timely Manner* (COM-2021-002, January 21, 2021).
3. *Corporate Governance: Fannie Mae Senior Executive Officers and Ethics Officials Again Failed to Follow Requirements for Disclosure and Resolution of Conflicts of Interest, Prompting the Need for FHFA Direction* (EVL-2021-001, March 15, 2021).
4. *FHFA’s Division of Enterprise Regulation Has Made Progress in Its Quality Control Program but Needs to Ensure Adequate Reporting and Feedback Is Provided to Management* (EVL-2022-001, March 7, 2022).

The first three reports were evaluated using the January 2012 Blue Book standards and associated peer review Guide that were current at the time the evaluation or compliance review was conducted.

The fourth report was reviewed using the December 2020 Blue Book standards and associated peer review Guide as the FHFA OIG Office of Evaluation began using the updated standards before the required implementation date.

The TIGTA review team held an onsite opening conference with the FHFA OIG staff on April 12, 2022. Due to the impact of COVID-19, the TIGTA review team conducted its review remotely. The work performed included reviews of policies and procedures and project documentation that were made available on secure laptops provided by the FHFA OIG. TIGTA and the FHFA OIG also collaboratively used video and telephone technology to conduct interviews, and held an exit conference on August 4, 2022. The methods used to perform the work did not impact the TIGTA review team’s ability to address the objective of the peer review. The review team did not experience any constraints or impairments while conducting its review. Finally, this review did not include any follow-up work from the prior peer review report as it did not include recommendations.²

² [External Peer Review Final Report \(fhfaoig.gov\)](https://www.fhfa.gov/external-peer-review-final-report)

ENCLOSURE 2: Reviewed Organization Comments to Draft Peer Review Report

**OFFICE OF INSPECTOR GENERAL**

Federal Housing Finance Agency

400 7th Street SW, Washington, DC 20219

August 24, 2022

The Honorable J. Russell George
Inspector General
Treasury Inspector General for Taxation Administration
901 D Street, SW, Suite 600
Washington, DC 20024

Dear Mr. George:

Thank you for the opportunity to respond to the draft report on the external peer review of the Federal Housing Finance Agency Office of Inspector General (FHFA-OIG) prepared by the Treasury Inspector General for Taxation Administration. We are pleased that the peer review team found that the policies and procedures of FHFA-OIG's Office of Compliance and Office of Evaluations were "generally consistent" with the applicable Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*. We are also pleased that the peer review team determined that the four reports it reviewed generally complied with those standards.

We appreciate the professionalism of the peer review team throughout the review.

Sincerely,

Brian M. Tomney
Inspector General