NCUA
National Credit Union Administration

Office of Inspector General



Semiannual Report to Congress

April 1, 2026 – September 30, 2026

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A Message from the Inspector General

On behalf of the Office of Inspector General (OIG) of the National Credit Union Administration (NCUA), I am pleased to present our Semiannual Report to Congress highlighting our accomplishments and ongoing work for the 6-month period ending September 30, 2026. Our work reflects the legislative mandate of the Inspector General Act to promote the economy, efficiency, and effectiveness of NCUA programs and operations, and protect against fraud, waste, and abuse. The audits and investigations highlighted in this report demonstrate our commitment to that mandate.

In the audit area, we issued a report regarding NCUA's enterprise risk management profiles. Management timely responded to the recommendations made in the report and identified actions to implement them. We issued three memoranda presenting the results of our reviews of the circumstances related to losses incurred by the National Credit Union Share Insurance Fund (SIF) with respect to three credit unions. We oversaw the Federal Information Security Modernization Act (FISMA) review, which was issued August 13, 2026. These five reviews are described in more detail later in the report.

In the investigative area, we opened one new investigation in the reporting period and continued to work on five investigations opened in a previous period. One of the five investigations involved a former NCUA employee who provided altered payroll statements as part of a child support determination, who pled guilty in this reporting period to perjury and other charges in Montgomery County, Maryland Circuit Court.

I appreciated the support for our office by former Chairman Hauptman and look forward to working with Chairman Crews.

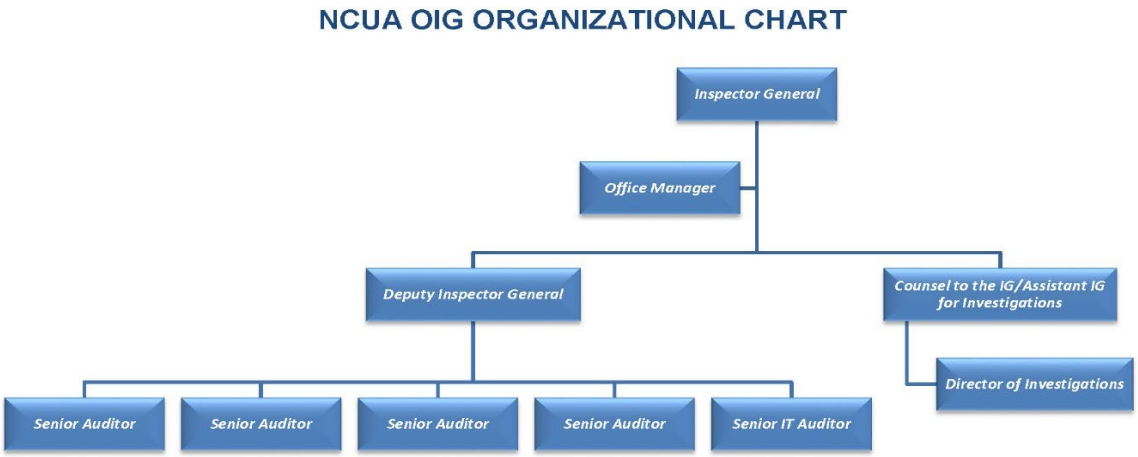


Marta Erceg
Acting Inspector General

Office of Inspector General

The Office of Inspector General (OIG) was established at NCUA in 1989 pursuant to an amendment of the Inspector General Act of 1978. The Inspector General reports to and is under the general supervision of the NCUA Board. The OIG is responsible for conducting, supervising, and coordinating audits and investigations relating to NCUA programs and operations; recommending policies for and conducting other activities for the purpose of promoting economy and efficiency in the administration of, or preventing fraud and abuse in, NCUA programs and operations; reviewing existing and proposed legislation and regulations to evaluate their impact on the economic and efficient administration of, or the prevention and detection of fraud and abuse in, NCUA programs and operations; and keeping the NCUA Board and Congress informed of fraud and other serious problems, abuses, and deficiencies, and recommending corrective actions and NCUA's progress in implementing the corrective actions.

During this reporting period, the OIG had seven employees: Counsel to the Inspector General/Assistant Inspector General for Investigations (acting as Inspector General), Senior Information Technology Auditor (acting as Deputy Inspector General), Director of Investigations, three Senior Auditors, and an Office Manager. The chart below represents the OIG's authorized positions, three of which are vacant (Inspector General, Deputy Inspector General, and Senior Auditor).



Audit Activity

Audit Reports Issued

OIG-26-05 *Audit of NCUA's Enterprise Risk Management (ERM) Risk Profiles*

We conducted this audit to determine whether NCUA adequately established, maintained, and used risk profiles to address enterprise-level risks. Our audit determined NCUA's Enterprise Risk Management Council (ERM Council) did not consistently establish, update, or use risk profiles to address the agency's enterprise-level risks. NCUA's ERM Council needs to improve the regular assessment and updating of all enterprise-level risks. The ERM Council should also improve how it communicates its results to necessary agency officials, as appropriate. Without improvements, NCUA may not consistently make informed decisions to enable proactive mitigation and monitoring strategies of enterprise-level risks so as not to exceed the agency's risk appetite. We made two recommendations in our report. NCUA plans to take corrective action to address the issues we identified.

OIG-26-06 *Limited Review of Teamsters Local 92 Federal Credit Union*

We conducted a limited review of Teamsters Local 92 Federal Credit Union (Teamsters) to determine whether any unusual circumstances existed that might warrant an in-depth review as required by the Federal Credit Union Act for any non-material losses that were incurred by NCUA's Share Insurance Fund. NCUA approved the merger of Teamsters into Seven Seventeen Credit Union (7 17) with cash assistance to cover identified deficiencies, contract obligations, and necessary building remediation costs that 7 17 would have otherwise assumed, which resulted in an estimated loss to the Share Insurance Fund of $787,148. The loss to the Share Insurance Fund resulted from the credit union's severe and persistent deficiencies in recordkeeping, which, together with inadequate internal controls, led to insufficient loan loss reserves, unreliable documentation, and a failure to operate in a safe and sound manner. Based on our review of the causes of the loss to the Share Insurance Fund, we determined that there were no unusual circumstances that would necessitate an in-depth review of the loss.

OIG-26-07 *Limited Review of Team Financial Federal Credit Union*

We conducted a limited review of Team Financial Federal Credit Union (Team Financial) to determine whether any unusual circumstances existed that might warrant an in-depth review. NCUA approved the merger of Team Financial into Cy-Fair Federal Credit Union

with cash assistance, which resulted in a loss to the Share Insurance Fund of $699,321. The loss to the Share Insurance Fund resulted from Team Financial becoming critically undercapitalized and insolvent due to extensive operational and financial failures. Based on our review of the causes of the loss to the Share Insurance Fund, we determined that there were no unusual circumstances that would necessitate an in-depth review of the loss.

OIG-26-08 *Limited Review of North Bay Credit Union*

We conducted a limited review of North Bay Credit Union (North Bay) to determine whether any unusual circumstances existed that might warrant an in-depth review. NCUA approved the merger of North Bay into Alero Financial Credit Union (formally known as Corporate America Family Credit Union), also a state-chartered credit union, with cash assistance, which resulted in a loss to the Share Insurance Fund of $4,240,000. The loss to the Share Insurance Fund resulted primarily from North Bay's growth into higher-risk and complex business lines, including serving marijuana-related businesses and fintechs. Based on our review of the causes of the loss to the Share Insurance Fund, we determined that there were no unusual circumstances that would necessitate an in-depth review of the loss.

OIG-26-10 *Limited Review of Copper & Glass Federal Credit Union*

We conducted a limited review of Copper & Glass Federal Credit Union (Copper & Glass) to determine whether any unusual circumstances existed that might warrant an in-depth review. NCUA placed Copper & Glass into an involuntary liquidation. OMEGA Federal Credit Union immediately purchased and assumed Copper & Glass's assets, member shares, and loans. In accordance with the purchase and assumption agreement, NCUA approved cash assistance in part to resolve the outstanding prior undivided earnings deficit, which resulted in an estimated loss to the Share Insurance Fund of $2,890,428. The loss to the Share Insurance Fund resulted primarily from the weak internal controls that allowed for insider fraud that caused the credit union to become insolvent. Based on our review of the causes of the loss to the Share Insurance Fund, we determined that there were no unusual circumstances that would necessitate an in-depth review of the loss.

OIG-26-09 *National Credit Union Administration Federal Information Security Modernization Act (FISMA) of 2014 Audit – Fiscal Year 2026*

We contracted with and provided oversight over the independent public accounting firm Sikich LLC (Sikich) to independently evaluate NCUA's information security program. The objective of this performance audit was to assess NCUA's compliance with FISMA and agency information security and privacy practices, policies, and procedures, and the effectiveness of NCUA's information security program and practices.

Sikich concluded that NCUA (1) implemented an effective information security program by achieving an overall maturity rating of Level 4: Managed and Measurable, (2) complied with FISMA, and (3) substantially complied with agency information security and privacy policies and procedures. Sikich determined that one of the CSF function areas for NCUA was at Maturity Level 5: Optimized, three were at Maturity Level 4: Managed and Measurable, and two were at Maturity Level 3: Consistently Implemented.

Although Sikich concluded that NCUA's information security program was effective overall, its implementation of a subset of selected controls was not fully effective. Specifically, Sikich identified three weaknesses that fell in the Risk and Asset Management, Configuration Management, and Security Training domains of the IG FISMA Reporting Metrics. These control weaknesses affect NCUA's ability to preserve the confidentiality, integrity, and availability of its information and information systems, potentially exposing them to unauthorized access, use, disclosure, disruption, modification, or destruction. As a result of the weaknesses noted in this audit, Sikich made five new recommendations to assist NCUA in strengthening its information security program and practices. NCUA plans to take corrective action to address the issues Sikich identified.

Audits in Progress

Audit of NCUA's Field Employees' Duty Station and Work Activities

NCUA employees work at NCUA's headquarters or at various locations in its three regions. An employee's official duty station and associated locality pay are listed on their SF-50. For field employees, the official duty station is the geographic limits of the official duty station designated on the SF-50. Field employees are considered mobile workers whose work is characterized by routine and regular travel to conduct work as opposed to a single authorized worksite. In addition to affecting locality pay, a field employee's official duty station affects travel reimbursement.

On August 9, 2023, NCUA management issued a memorandum and job aid titled "Field Staff Travel Time and Reimbursement Related to the Assigned Official Duty Station" to provide additional clarification regarding NCUA's travel and commuting policies for field employees, including that field employees are generally expected to live in their official duty station or within reasonable proximity to the official duty station. Management issued this memorandum and job aid because a field employee's residence affects travel reimbursement if they live more than 40 miles from their official duty station and to make clear that an employee's residence is where they live and receive mail daily, and that

vacation homes, other family residences, and post office boxes not associated with a physical address were not acceptable alternatives.

We are conducting this audit to determine whether NCUA consistently followed laws, regulations, policies, and procedures in the assignment of a field employees' official duty station and for locality pay and reimbursement for travel.

Audit of NCUA's Travel Card Program

The Travel and Transportation Reform Act of 1998 (Public Law 105-264) mandates that federal employees use the travel charge card for all payments of expenses related to official government travel, unless exempted by the employing agency or the General Services Administration (GSA). GSA provides charge card services to the entire federal government under a contract, currently the SmartPay 3 contract.

The Government Charge Card Abuse Prevention Act of 2012 requires agency officials to establish and maintain internal controls to ensure the proper use of travel charge cards. In addition, the Act requires that the agency's OIG perform periodic analyses or audits, as necessary, of travel card transactions designed to identify potentially illegal, improper, or erroneous uses of travel cards, and any patterns of such uses. OMB Circular A-123, Appendix B establishes standard minimum requirements and best practices for government charge card programs that may be supplemented by individual agency policies and procedures. NCUA requires employees' use of travel cards to comply with its travel program policies, the Travel Card Manual, and Public Law 105-264.

We are conducting this audit to determine whether NCUA's travel card policies and procedures are effective in preventing and detecting illegal, improper, or erroneous purchases and payments.

Audit of NCUA's Electronic Records Management Program

Office of Management and Budget (OMB) Memorandum M-19-21, *Transition to Electronic Records*, provided that by December 31, 2022, all permanent records in federal agencies would be managed electronically to the fullest extent possible for eventual transfer and accessioning by the National Archives and Records Administration (NARA) in an electronic format.

OMB Memorandum M-23-07, *Update to Transition to Electronic Records* (M-23-07), extended the M-19-21 deadline to June 30, 2024. The new deadline allowed agencies more time to complete their transition to electronic records due to delays resulting from the COVID-19

pandemic. M-23-07 stated that agencies could request a limited exception to the electronic records requirements if replacing specific analog records with electronic systems would be burdensome to the public, the cost would exceed the benefit, statutory or regulatory barriers impeded implementation, or there was exceptional intrinsic value in the original format.

We are conducting this audit to determine whether NCUA created, retained, and managed records in electronic formats in accordance with OMB requirements and NARA regulations and guidance.

NCUA 2026 Financial Statement Audits

NCUA, as a calendar year significant component entity, is required to have audited financial statements. OIG engaged KPMG to conduct the 2026 financial statement audits of NCUA's Operating Fund, Share Insurance Fund, the Central Liquidity Facility, and the Community Development Revolving Loan Fund. In addition to conducting these financial statement audits, KPMG is also providing audit assurance on specific line items (the Schedule) for the purpose of providing financial information to the U.S. Department of Treasury and the U.S. Government Accountability Office (GAO) to use in preparing and auditing the Financial Report of the U.S. Government for FY 2026. KPMG will provide assurance over items in the Schedule including Accounts Receivable, Net (Other than Intragovernmental); Other Taxes and Receipts; and the related notes to the Schedule. The note relates to Contingencies for the Share Insurance Fund.

In November 2026, we will issue the auditor's report on the Schedule, which includes material line items and note disclosures that the U.S. Department of Treasury identified and communicated to us for fiscal year 2026. In February 2027, we will issue the auditor's reports and opinions on the financial statements of NCUA's four permanent funds for calendar year ending December 31, 2026.

Material Loss Reviews

The Federal Credit Union Act requires the OIG to conduct a material loss review of an insured credit union if the loss to the Share Insurance Fund 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 Act. When losses exceed this threshold, we review the loss to: (1) determine the cause(s) of the credit union's failure and the resulting loss to the Share Insurance Fund; and (2) assess NCUA's supervision of the credit union. During this reporting period, the Share Insurance

Fund had one loss exceeding the threshold: Jackson Area Federal Credit Union incurred an estimated loss of $97 million as of September 30, 2026. There will be a material loss review of this credit union in the next reporting period.

Non-Material Loss Reviews

For any loss to the Share Insurance Fund that does not meet the material loss threshold, the Federal Credit Union Act requires the OIG to conduct limited reviews to determine the grounds identified for appointing the NCUA Board as the liquidating agent for a credit union and whether unusual circumstances exist related to the loss that would warrant conducting an in-depth review. For the prior reporting period ending March 31, 2026, three failed credit unions caused losses to the Share Insurance Fund below the threshold. We conducted limited reviews of each of the three credit unions to determine if an in-depth review was warranted.[1] These are detailed above in Audit Reports Issued. For the current reporting period ending September 30, 2026, four failed credit unions caused losses to the Share Insurance Fund below the threshold. One limited review for a credit union (Copper & Glass) that failed during the current reporting period was completed prior to the end of the reporting period and is detailed above in Audit Reports Issued. We will conduct limited reviews of each of the three remaining credit unions during the next reporting period. The credit union failures for this reporting cycle are identified in the chart below.

[1] The OIG has 90 days from the end of the reporting period to complete the limited review.

LIMITED REVIEWS FOR CREDIT UNION LOSSES LESS THAN MATERIAL LOSS THRESHOLD				
Credit Union	**Region**	**Liquidation/ Merger Date**	**Est. Loss to Share Insurance Fund**	**NCUA Determination**
Copper & Glass Federal Credit Union	Eastern	4/1/2026	$2,890,428	Copper & Glass FCU was placed into an involuntary liquidation. OMEGA FCU immediately purchased and assumed Copper & Glass's assets, member shares, and loans. We determined that there were no unusual circumstances that would necessitate an in-depth review of the loss. See write-up above for further information.
Noteworthy Federal Credit Union	Southern	4/21/2026	$275,000	Noteworthy FCU merged with Cardinal Credit Union with cash assistance.
People Trust Community Federal Credit Union	Southern	4/22/2026	$2,963,846	People Trust Community FCU was placed into an involuntary liquidation.
African Diaspora Federal Credit Union	Western	8/3/2026	$152,877	African Diaspora FCU was placed into an involuntary liquidation.

Significant Recommendations on Which Corrective Action Has Not Been Completed

Following is a list of OIG reports with significant unimplemented recommendations as of September 30, 2026. NCUA management previously agreed to implement corrective actions but had not completed those actions.

Open Significant Recommendations and Brief Summary

1. **OIG-24-09** *Audit of NCUA's Federal Chartering Process,* issued November 6, 2024, recommendation #1. Develop a centralized system and institute a phone log system to modernize and streamline the chartering application process.

   Status: Open. In December 2024, the NCUA Board approved $2 million to develop an online chartering system. Management launched phase 1 of the online system for new charter applications on March 26, 2026. Phase 1 focuses on NCUA's approval of a proposed credit union's field of membership. The new system will track communication between the new charter organizers and NCUA coordinators and allow for ongoing communications throughout the chartering process. NCUA expects to complete all phases and release a fully automated system for processing charter applications in 2027.

2. **OIG-26-05** *Audit of NCUA's Enterprise Risk Management Risk Profiles,* issued May 20, 2026, recommendation #1. Implement a regular assessment and briefing of all enterprise-level risks, such as through discussion of risk profiles at ERM council meetings, on a frequency commensurate with risk exposure to monitor that each risk is managed with risk appetite.

   Status: Open. This recommendation was opened during the current reporting period and will have an updated status in the following reporting period.

3. **OIG-26-09** *National Credit Union Administration Federal Information Security Modernization Act of 2014 Audit – Fiscal Year 2026*, issued August 13, 2026, recommendation #3. Develop and implement a baseline monitoring process that encompasses all devices in the environment. The process should define how baseline compliance is measured, establish the threshold at which a device is considered compliant with the approved baseline configuration, and specify the actions to be taken when a device is identified as noncompliant.

Status: Open. This recommendation was opened during the current reporting period and will have an updated status in the following reporting period.

Summary of Audit Reports Over 6 Months Old with Unimplemented Recommendations

Following are summaries of five OIG audit reports over 6 months old that have a total of eight unimplemented recommendations as of September 30, 2026. For each of these reports, NCUA management agreed to implement corrective actions but had not completed those actions. This information was supplied by NCUA's Office of the Executive Director and is monitored within OIG's report recommendation tracking system.

Report Summary and Unimplemented Recommendations

1. **OIG-24-01** *Audit of NCUA's Cloud Computing Services,* issued February 12, 2024, Number of Open Recommendations Remaining: 1, Potential Cost Savings: $0

   The OIG made the following recommendations to assist the agency in improving its operational and security risks of implemented cloud computing services.

   Unimplemented Recommendation

   Recommendation #2 — Develop and implement policies, procedures, and standards that are consistent with NCUA's cloud computing strategy and address, at minimum, the following:

   - Coordination, identification, and clarification of responsibilities and processes across all stakeholders for IT service contract reviews, service-level agreements alignment and monitoring, and cloud service incident management.
   - Specific criterion for the prioritization, selection, and use of cloud computing services.
   - Periodic review of contract clauses included for cloud computing services to confirm documentation supporting security requirements are clearly identified to the vendor and security and operational risks are appropriately managed.

2. **OIG-24-06** *Audit of NCUA's Bank Secrecy Act Enforcement Program,* issued May 30, 2024, Number of Open Recommendations Remaining: 1, Potential Cost Savings: $0

The OIG made the following recommendation to assist the agency in improving its enforcement of the Bank Secrecy Act.

Unimplemented Recommendation

Recommendation #4 — Revise NCUA's Enforcement Manual to include current policies, procedures, and responsibilities for NCUA's formal enforcement actions and ensure its content is consistent with other NCUA policies. Regularly review this guidance for continued relevance and effectiveness in achieving the agency's objectives.

6. **OIG-24-09** *Audit of NCUA's Federal Chartering Process,* issued November 6, 2024, Number of Open Recommendations Remaining: 1, Potential Cost Savings: $0

   The OIG made the following recommendation to assist the agency in improving its credit union chartering process.

   Unimplemented Recommendation

   Recommendation #1 — Develop a centralized system and institute a phone log system to modernize and streamline the chartering application process.

7. **OIG-25-07** *Audit of NCUA's Cyber Threat Information Sharing*, issued June 9, 2025, Number of Open Recommendations Remaining: 3, Potential Cost Savings: $0

   The OIG made the following recommendations to assist the agency in improving its processes to address cyber threat information sharing.

   Unimplemented Recommendations

   Recommendation #1 — Develop and finalize policies and procedures that address cyber threat information sharing.

   Recommendation #2 — Formally establish and clarify operational roles and responsibilities across offices for cyber threat information sharing and any delegation of authorities to determine when issues must be escalated.

   Recommendation #7 — Develop a process to assess credit unions' and other stakeholders' feedback on NCUA's cyber threat information sharing and update information sharing processes to reflect any necessary changes.

8. **OIG-25-10** *Audit of NCUA's Information Technology Asset Sanitization Process*, issued December 17, 2025, Number of Open Recommendations Remaining: 2, Potential Cost Savings: $0

   OIG made the following recommendations to assist the agency in improving its processes to address information technology asset sanitization processes.

   Unimplemented Recommendations

   Recommendation #1 — Update and implement the Accountable Property Handbook to address returning IT assets that requires a secure chain of custody process, including IT assets subject to litigation holds.

   Recommendation #2 — Update the offboarding procedures to include instructions to employees to ensure exiting employees return their IT assets in accordance with the updated Accountable Property Handbook.

Recommendations for Corrective Action Made During the Reporting Period

During the reporting period, OIG issued the following two audit reports with a total of seven recommendations for corrective action.

OIG-26-05 *Audit of NCUA's Enterprise Risk Management Risk Profiles*, issued May 20, 2026, Number of Open Recommendations: 2, Potential Cost Savings: $0

Recommendation #1 — Implement a regular assessment and briefing of all enterprise-level risks, such as through discussion of risk profiles at ERM Council meetings, on a frequency commensurate with risk exposure to monitor that each risk is managed within risk appetite.

Recommendation #2 — Clarify how the ERM Council should communicate risk results to agency officials who implement decisions.

OIG-26-09 *National Credit Union Administration Federal Information Security Modernization Act of 2014 Audit – Fiscal Year 2026*, issued August 13, 2026, Number of Open Recommendations: 5, Potential Cost Savings $0

Recommendation #1 — Update NCUA's Accountable Property Operations Handbook to require documenting more granular location information (e.g., specific rooms or workspaces) for applicable asset types.

Recommendation #2 — Validate that the Property Management Officer completes periodic reviews of the asset management system data to confirm the inventory is documented and maintained in accordance with NCUA Instruction 1710.6 and the Accountable Property Operations Handbook.

Recommendation #3 — Develop and implement a baseline monitoring process that encompasses all devices in the environment. The process should define how baseline compliance is measured, establish the threshold at which a device is considered compliant with the approved baseline configuration, and specify the actions to be taken when a device is identified as noncompliant.

Recommendation #4 — Update the Program Management Control Family Document to define the frequency for updating cybersecurity workforce assessments and document procedures to describe the process for conducting them.

Recommendation #5 — Update the cybersecurity workforce assessment in accordance with the documented procedures to maintain a current workforce planning process.

Peer Reviews

Government Auditing Standards require audit organizations that perform audits and attestation engagements of federal government programs and operations undergo an external peer review every 3 years. The objectives of an external peer review include a review of an audit organization's system of quality control to determine the suitability of its design and whether the audit organization is following the quality control system so as to provide reasonable assurance the audit organization conforms to applicable professional standards.

External Peer Review of the NCUA OIG, Office of Audit

The Smithsonian OIG completed our most recent peer review of the OIG's Office of Audit, issuing a report on March 27, 2025, for the 3-year period ending September 30, 2024. In the Smithsonian OIG's opinion, the Office of Audit's system of quality control was suitably designed and complied with, thus providing reasonable assurance that the system of controls conformed with applicable professional standards in all material respects. As a result, we received a peer rating of Pass. See Appendix A for a copy of the System Review Report.

External Peer Review of the Library of Congress OIG, Office of Audit

We did not conduct a peer review during this reporting period. The last peer review we conducted was of the audit organization of the Library of Congress OIG for the 3-year period ending March 31, 2025. The Library of Congress OIG audit organization received a rating of Pass. We issued the report on March 2, 2026, and it is available on the Library of Congress OIG website. Library of Congress OIG website

Investigative Activity

In accordance with professional standards and guidelines established by the U.S. Department of Justice and the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the OIG's Office of Investigations (OI) conducts investigations of criminal, civil, and administrative wrongdoing involving the agency's programs, operations, and personnel. Our investigative mission is to fight fraud, waste, and abuse while promoting efficiency and economy within NCUA and its programs and operations. Investigations examine possible violations of applicable federal laws and regulations as well as NCUA-specific policies.

We receive allegations through our electronic hotline form, email, phone, mail, and in person from NCUA and contractor personnel. We also receive complaints from credit union officials and their members regarding NCUA programs, employees, and contractors. We examine these complaints and determine if there is any indication of misconduct or wrongdoing by an NCUA employee or contractor. If not, we refer the complaint to NCUA's Office of Consumer Financial Protection, Office of General Counsel, or the appropriate regional office for response, or close the matter if contact with those offices indicates that the matter already was appropriately handled. Harassment allegations are addressed by NCUA's Office of Ethics Counsel and Office of Minority and Women Inclusion (for EEO complaints).

During this reporting period, OI continued to work on five investigations that we opened during a prior period. As the table below indicates, we referred one investigative subject for prosecution, and one criminal indictment was obtained during the reporting period.

Investigative Activity/Reports Issued During the Reporting Period	Total Number
(A) Investigative reports issued during the reporting period	0
(B) Persons referred to the Department of Justice for criminal prosecution during the reporting period	1
(C) Persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period	0
(D) Indictments and criminal information during the reporting period that resulted from any prior referral to prosecuting authorities	1

Regarding the information provided in the table above, OI maintains a manual case tracking system. If investigative allegations involve a named suspect, then cases are designated and tracked by subject name. Cases referred to federal, state, or local prosecuting authorities for criminal prosecution are also designated, referred, and tracked by subject name, if known. In cases where the subject is unknown, OI uses a subject matter title to designate, track, and, as appropriate, refer cases.

Investigations

OI did not close any investigations involving a senior government employee during the reporting period. We completed one investigation involving a former NCUA employee who made false statements, as described below.

False Statements

In a previous reporting period, our office opened a joint investigation with the State's Attorney's Office for Montogomery County, Maryland regarding allegations that Natasha Hewlett, an NCUA Program Analyst (CU-14), provided altered NCUA Earnings and Leave Statements to the Montgomery County Circuit Court as part of a child support determination. Hewlett was placed on administrative leave under the deferred resignation program and was no longer an NCUA employee after December 31, 2025. On July 29, 2026, she pled guilty to perjury, obstruction of justice, and introduction of fabricated evidence in an official proceeding and received a sentence of 5 years' probation.

Whistleblower Retaliation

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

Attempts to Interfere with IG Independence

There were no attempts on the part of management to interfere with IG independence, including restricting communication between the OIG and Congress or using budgetary constraints designed to limit the capabilities of the OIG. Moreover, there have been no incidents where NCUA resisted or objected to OIG oversight activities. There have also been no restrictions or delays in our access to agency information.

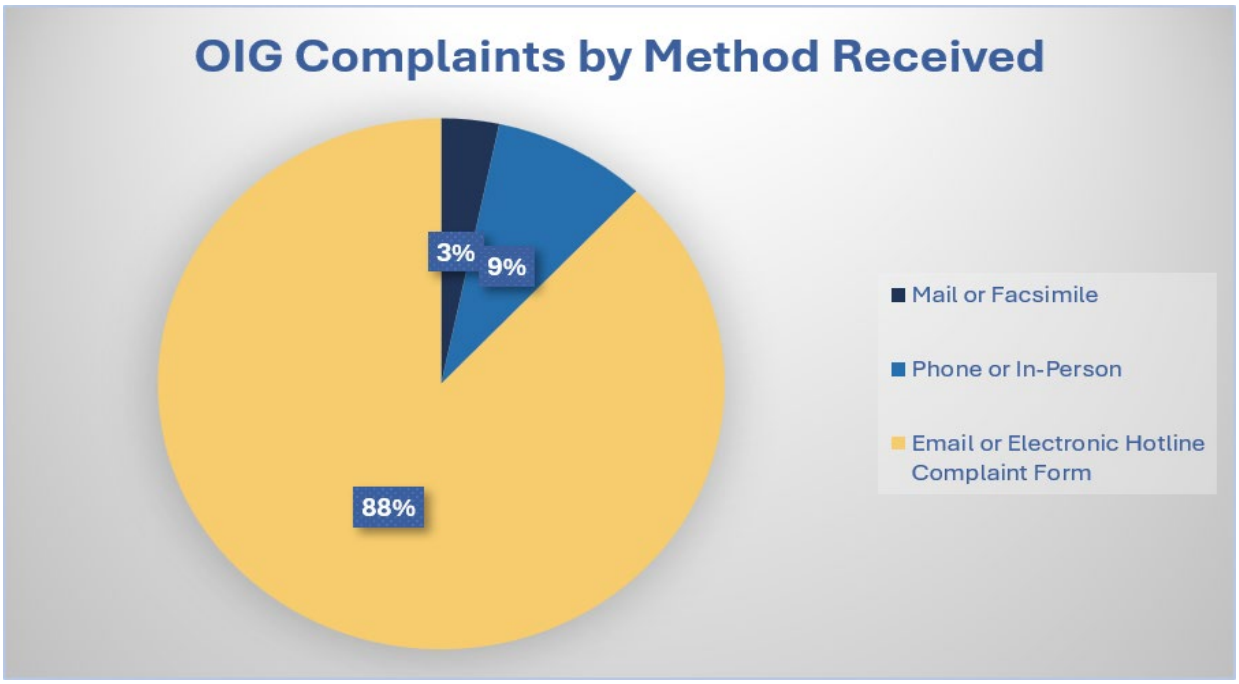
Administrative False Claims Act

The OIG did not investigate any cases under the Administrative False Claims Act and did not make any reports to NCUA under the Act.

OIG Hotline and FOIA Requests

The OIG maintains a 24-hour toll-free hotline to enable employees and citizens to call in and provide information about suspected fraud, waste, and abuse, or mismanagement involving agency programs or operations and an online hotline portal on the OIG's webpage. Additionally, the OIG receives complaints from an off-site post office box, electronic mail, facsimile messages, and in person. An electronic hotline complaint form is located on NCUA intranet for confidential employee and contractor communication with the OIG. Our Office Manager, under the direction of the Director of Investigations, administers the OIG hotline program.

During this 6-month period, we processed 96 hotline complaints. This number does not include consumers seeking assistance regarding their respective credit unions. We referred most of those complaints to the OCFP's Consumer Assistance Center for action. OIG also responded to 17 Freedom of Information Act requests during the reporting period.



Complaints by Method Received	Number
Mail or Facsimile	3
Phone or In-Person	8
Email or Electronic Hotline Complaint Form	80
Total:	91

Reviews of Legislation, Regulations, and Policies

Section 404(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of NCUA and to make recommendations concerning their impact. OIG reviewed the legislation and NCUA regulations listed below.

List of Legislation and Regulations Reviewed

Legislation	Title
H.R. 8312	Fraud Prevention and Accountability Act
H.R. 10230	Strengthening Oversight for the Financial Sector Act of 2026
Regulations	**Title**
12 C.F.R. Chapter VII	Regulatory Publication and Voluntary Review, Paperwork Reduction Act
12 C.F.R. Part 749	Record Retention and Catastrophic Act Preparedness Guidelines
12 C.F.R. Part 701.21(h)	Third Party Servicing of Indirect Vehicle Loans
12 C.F.R. 701	Chartering and Field of Membership
12 C.F.R. 748	Anti-Money Laundering and Countering the Financing of Terrorism Programs
12 C.F.R. Part 708a	Merger of Insured Credit Unions into Banks
12 C.F.R. 711	Thresholds Increase for the Major Assets Prohibition of Depository Institution Management Interlocks Act
12 C.F.R. 701, 713, 741	Requirements for Insurance

Table I : Issued Reports with Questioned Costs

Issued Reports with Questioned Costs	Number of Reports	Questioned Costs	Unsupported Costs
(A) For which no management decision had been made by the start of the reporting period.	0	$0	$0
(B) Which were issued during the reporting period.	0	$0	$0
Subtotals (A + B)	0	$0	$0
(C) For which management decision was made during the reporting period.	0	$0	$0
(i) Dollar value of disallowed costs.	0	$0	$0
(ii) Dollar value of costs not allowed.	0	$0	$0
(D) For which no management decision has been made by the end of the reporting period.	0	$0	$0
(E) Reports for which no management decision was made within six months of issuance.	0	$0	$0

Questioned costs are those costs the OIG has questioned because of alleged violations of laws, regulations, contracts, or other agreements; findings which at the time of the audit are not supported by adequate documentation; or the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Unsupported costs (included in "Questioned Costs") are those costs the OIG has questioned because of lack of adequate documentation at the time of the audit.

Table II: Issued Reports with Recommendations that Funds Be Put to Better Use

Issued Reports with Recommendations that Funds be Put to Better Use	Number of Reports	Dollar Value
(A) For which no management decision had been made by the start of the reporting period.	0	$0
(B) Which were issued during the reporting period.	0	$0
Subtotals (A + B)	0	$0
(C) For which management decision was made during the reporting period.	0	$0
(i) Dollar value of recommendations agreed to by management.	0	$0
(ii) Dollar value of recommendations not agreed to by management.	0	$0
(D) For which no management decision was made by the end of the reporting period.	0	$0
(E) Reports for which no management decision was made within six months of issuance.	0	$0

Recommendations that funds be put to better use are those OIG recommendations that funds could be used more efficiently if management took actions to reduce outlays, de-obligate funds from programs/operations, avoid unnecessary expenditures noted in pre-award reviews of contracts, or any other specifically identified savings.

Table III: Summary of OIG Audit Activity During the Reporting Period

Audit Reports Issued	Title	Date Issued
OIG-26-05	Audit of NCUA's Enterprise Risk Management Profiles	5/20/2026
OIG-26-06	Limited Review of Teamsters Local 92 Federal Credit Union	6/22/2026
OIG-26-07	Limited Review of Team Financial Federal Credit Union	6/23/2026
OIG-26-08	Limited Review of North Bay Credit Union	6/26/2026
OIG-26-09	National Credit Union Administration Federal Information Security Modernization Act of 2014 Audit – Fiscal Year 2026	8/13/2026
OIG-26-10	Limited Review of Copper & Glass Credit Union	9/24/2026

Table IV: Summary of OIG Audits in Progress (as of September 30, 2026)

Title
Audit of NCUA's Travel Card Program
Audit of NCUA's Field Employees' Duty Station and Work Activities
Audit of NCUA's Electronic Records Management Program
Audit of NCUA's Schedule of Accounts Receivable, Net (Other Than Intragovernmental) and Other Taxes and Receipts
2026 Financial Statement Audits (Share Insurance Fund, Operating Fund, Central Liquidity Fund, Community Development Revolving Loan Fund)

Index of Reporting Requirements of the Inspector General Act, 5 U.S.C. §§ 401-424

Section	Reporting Requirement	Page(s)
404(a)(2)	Review of legislation and regulations	20
405(b)(1)	Significant problems, abuses, and deficiencies	10
405(b)(2)	Recommendations for corrective action made during the reporting period	13
405(b)(3)	Significant recommendations on which corrective action has not been completed	10
405(b)(4)	Matters referred to prosecutive authorities	16
405(b)(5)	Summary of each report made to the agency head when instances where agency refused or failed to provide requested information	N/A
405(b)(6)	List of audit reports issued during the reporting period	23
405(b)(7)	Summary of significant reports issued during the reporting period	N/A
405(b)(8)	Statistical table on audit reports with questioned costs	21
405(b)(9)	Statistical table on audit reports with recommendations that funds be put to better use	22
405(b)(10)(A)	Summary of each audit report over six months old for which no management decision has been made	N/A
405(b)(10)(B)	Summary of each audit report over six months old for which no management comment was returned within 60 days	N/A
405(b)(10)(C)	Summary of each audit report over six months old for which there are unimplemented recommendations	10
405(b)(11)	Significant revised management decisions	N/A
405(b)(12)	Significant management decisions with which the OIG disagreed	N/A

Index of Reporting Requirements of the Inspector General Act, 5 U.S.C. §§ 401-424

Section	Reporting Requirement	Page(s)
405(b)(14)(A)(B)	Results of any peer review conducted during the reporting period, or if no peer review was conducted, a statement identifying the date of last peer review	15
405(b)(15)(16)	Peer reviews conducted by another OIG during the reporting period, and any outstanding recommendations from any current or prior peer review	26
405(b)(17)	Statistical table on investigative reports issued during the reporting period	19
405(b)(18)	Description of metrics used for developing the investigative report statistical table	18
405(b)(19)	Investigations conducted involving a senior Government employee	N/A
405(b)(20)	Detailed description of any instances of whistleblower retaliation	N/A
405(b)(21)	Detailed description of any attempt by the agency to interfere with the independence of the Office	N/A
405(b)(22)(A)	Detailed description of any inspection, evaluation, and audit that was closed and was not disclosed to the public	N/A
405(b)(22)(B)	Detailed description of any investigation involving a senior Government employee that was closed and was not disclosed to the public	N/A

Appendix A

System Review Report

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OFFICE OF THE
INSPECTOR GENERAL

Smithsonian

System Review Report

March 27, 2025

James W. Hagen
Inspector General
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Mr. Hagen:

We have reviewed the system of quality control for the audit organization of the National Credit Union Administration Office of the Inspector General (NCUA OIG) in effect for the year ending September 30, 2024. A system of quality control encompasses NCUA OIG's organizational structure and the policies adopted and procedures established to provide reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements.[1] The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of NCUA OIG in effect for the year ending September 30, 2024, has been suitably designed to provide NCUA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of pass, pass with deficiencies, or fail. NCUA OIG has received an External Peer Review rating of pass.

Monitoring of GAGAS Engagements Performed by Independent Public Accountants

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to NCUA OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by independent public accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements performed by IPAs is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether NCUA OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. Our objective was not to express an opinion; accordingly, we do not express an opinion on NCUA OIG's monitoring of work performed by IPAs.

[1] *Government Auditing Standards*, 2018 Revision (July 2018).

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Letter of Comment

We have issued a letter dated March 27, 2025, that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report. We also made a comment related to NCUA OIG's monitoring of GAGAS engagements performed by IPAs, which we included in the above-referenced letter.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and CIGIE's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.[2]

During our review, we interviewed NCUA OIG personnel and obtained an understanding of the nature of NCUA OIG audit organization, and the design of NCUA OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with NCUA OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of NCUA OIG's audit organization, with an emphasis on higher-risk engagements.

In performing our review, we obtained an understanding of the system of quality control for the NCUA OIG audit organization. In addition, we tested compliance with NCUA OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NCUA OIG's policies and procedures on selected GAGAS engagements. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with NCUA OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the NCUA OIG engagements we reviewed.

Responsibilities and Limitation

NCUA OIG is responsible for establishing and maintaining a system of quality control designed to provide NCUA OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and NCUA OIG's compliance based on our review.

[2] CIGIE, *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* (March 2020).

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There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Sincerely yours,

Signed by:
Nicole L. Angarella
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Nicole L. Angarella
Inspector General

Enclosures - 2

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Enclosure 1

Scope and Methodology

We tested compliance with the NCUA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 4 of 11 engagement reports conducted in accordance with generally accepted government auditing standards (GAGAS) issued from October 1, 2021, through September 30, 2024, as shown in Table 1. We also reviewed the internal quality control reviews performed by NCUA OIG.

Table 1. GAGAS Engagements Performed by NCUA OIG That Were Reviewed

Report Number	Report Date	Report Title
OIG-24-01	February 12, 2024	Audit of the NCUA's Cloud Computing Services
OIG-24-06	May 30, 2024	Audit of the NCUA's Bank Secrecy Act Enforcement Program
OIG-24-07	June 18, 2024	Audit of the NCUA's Examination Hours
OIG-23-06	May 16, 2023	Audit of the NCUA's Contracting Officer's Representative Program

In addition, we reviewed NCUA OIG's monitoring of GAGAS engagements performed by independent public accountants (IPA) where the IPA served as the auditor from October 1, 2021, through September 30, 2024, as shown in Table 2. During the period, NCUA OIG contracted for the audit of its agency's fiscal year 2023 financial statements. NCUA OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

Table 2. NCUA OIG's Monitoring File for Contracted GAGAS Engagement That Was Reviewed

Report Number	Report Date	Report Title
OIG-24-02/03/04/05	February 13, 2024	FY 2023 Financial Statement Audits (SIF, OF, CLF, CDRLF)

We visited NCUA OIG's headquarters located in Alexandria, VA.

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Enclosure 2

National Credit Union Administration

Office of Inspector General

March 26, 2025

Nicole L. Angarella
Inspector General
Smithsonian Office of Inspector General
Washington, D.C. 20013

Subject: System Review Report of the National Credit Union Administration Office of Inspector General Audit Organization

Dear Ms. Angarella:

We appreciate the work conducted by your staff in reviewing the quality control process for the audit function at the National Credit Union Administration Office of Inspector General. We agree with your opinion that the system of quality control for the audit function has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material aspects. We have no additional comments on the final System Review draft report provided. Thank you for your efforts in completing this review.

Sincerely,

James W. Hagen
Inspector General

1775 Duke Street – Alexandria, VA 22314-6113 – 703-518-6350



NCUA OIG
1775 Duke Street
Alexandria, VA 22314

The OIG's mission is to prevent, deter, and detect waste, fraud, abuse, and misconduct in NCUA programs and operations; and to promote economy, efficiency, and effectiveness at the agency.

To report allegations of waste, fraud, abuse, or misconduct regarding NCUA programs, employees, contractors, or contracts, please contact us via our OIG Hotline | NCUA or call 1-800-778-4806.

NCUA website | www.ncua.gov
Oversight.gov | www.oversight.gov