

# OFFICE OF INSPECTOR GENERAL

**Strategic and Operating Performance Plan  
Fiscal Years 2014-2015**



Farm Credit Administration

## Farm Credit Administration

Office of Inspector General  
1501 Farm Credit Drive  
McLean, Virginia 22102-5090

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September 11, 2013

The Honorable Jill Long Thompson, Board Chair and Chief Executive Officer  
The Honorable Kenneth A. Spearman, Board Member  
The Honorable Leland A. Strom, Board Member  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, Virginia 22102-5090

Dear Board Chair Long Thompson and FCA Board Members Spearman and Strom:

The enclosed document is the Office of Inspector General's (OIG) Strategic and Operating Performance Plan (SOPP) and Budgets for fiscal years 2014 and 2015.

The SOPP includes the OIG's audit plan, a fluid document that may be amended during the year.

Please call me if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, which appears to read 'Elizabeth M. Dean'. The signature is written in a cursive style.

Elizabeth M. Dean  
Inspector General

Enclosure

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**Farm Credit Administration  
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**GLOSSARY OF TERMS**

Act	Farm Credit Act of 1971, as amended
Agency	Farm Credit Administration
CCIG	Council of Counsels to Inspectors General
CIGIE	Council of the Inspectors General on Integrity and Efficiency
FCA	Farm Credit Administration
FCA Board	Farm Credit Administration Board
FCS	Farm Credit System
FISMA	Federal Information Security Management Act
FLETC	Federal Law Enforcement Training Center
FTE	Full-Time Equivalent
FY	Fiscal Year
IDP	Individual Development Plan
IG	Inspector General (FCA)
IG Act	Inspector General Act of 1978, as amended
IRM	Information Resources Plan
IT	Information Technology
OE	Office of Examination
OIG	Office of Inspector General (FCA)
OMB	Office of Management and Budget
SOPP	Strategic Operating and Performance Plan
System	Farm Credit System

# Farm Credit Administration Office of Inspector General Fiscal Years 2014-2015

## INTRODUCTION

The Farm Credit Administration (FCA or Agency) Office of Inspector General (OIG) was established on January 29, 1989, as a result of the 1988 amendments to the Inspector General Act of 1978, as amended (IG Act). The IG Act establishes specific responsibilities and authorities for all Federal Inspectors General. The FCA Inspector General (IG) has a dual reporting responsibility to both the FCA Board and the Congress.

The OIG analyzes Agency performance through audits, inspections, and evaluations and provides conclusions and recommendations designed to strengthen Agency effectiveness and efficiency. The OIG also reviews existing and proposed legislation and regulations relating to Agency programs and operations to assess the impact on the Agency's economy and efficiency.

The OIG contracts with an outside accounting firm for the annual audit of FCA's financial statements, internal control over financial reporting, and compliance with laws and regulations relating to the determination of financial statement amounts. The accounting firm's opinion letters and accompanying Agency financial statements and notes are included in the Agency's annual Performance and Accountability Report. The OIG conducts the annual evaluation of the Agency's compliance with the Federal Information Security Management Act (FISMA) and issues a report that is submitted to the Agency for further submission to the Office of Management and Budget (OMB).

The OIG also maintains a Hotline for reporting allegations of fraud, waste, abuse, and mismanagement. When there are alleged administrative or criminal violations relating to Agency programs or personnel, the OIG will timely and effectively investigate and report.

Further, the OIG conducts a quarterly confidential survey of Farm Credit System (FCS or System) institutions regarding the effectiveness of the Agency's examination function and the examiners. The OIG issues a quarterly report and annual summary report on survey results to the Chief Examiner and the FCA Board.

### OIG's FY 2014 Budget Request

Section 6(f)(1) of the IG Act requires an Inspector General to highlight certain aspects of the Inspector General's budget request to the head of the department or designated Federal entity to which the Inspector General reports. Section 6(f)(2) requires, in the case of FCA, the FCA Board to highlight the same aspects of the Inspector General's budget request when transmitting the Agency's budget to the President.

For the Inspector General's revised FY 2014 budget submission, the OIG's budget information required to be highlighted is as follows:

- The aggregate budget request for the OIG is \$1,264,912.
- The amount needed for OIG training is \$19,110 (tuition).
- The amount needed to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is \$1,000.

**Farm Credit Administration  
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**STRATEGIC AND OPERATING PERFORMANCE PLAN**

**MISSION**

The OIG's work products and presence will promote economy, efficiency, and integrity in Agency operations.

**CORE VALUES**

- **Integrity** – Giving straightforward, objective and balanced advice, motivated by a desire to improve conditions and do what is right.
- **Excellence** – Producing high quality work and products that are timely and relevant.
- **Knowledge** – Acquiring and expanding relevant skills and expertise.
- **Responsibility** – Being accountable for our actions, work, and results and holding our customers to the same.

**CORE COMPETENCIES**

- **Teamwork** – We combine our staff skills and outside expertise to accomplish our mission.
- **Technology** – We enhance the effectiveness of our work with the practical application of technology.
- **Broad Vision** – We use our FCA knowledge to focus efforts on significant issues within the Agency.
- **Customer Centered** – We are independent and believe we are successful when we have helped FCA become more successful.

**ASSUMPTIONS**

- **Changing work force.** There will continue to be periodic changes in FCA's Board composition and Agency organization, and ongoing changes in FCA staffing, e.g., new hires and retirements. The latter may result in the loss of corporate knowledge, e.g., that gained from the Agency's regulatory experience during the agriculture crisis of the mid 1980s through the early 1990s and from regulatory evolution since that time. The FCS and the credit needs of rural America will continue to evolve and change. The financial and banking industry will become a different provider of financial services coming out of the financial services industry crisis and enacted remedial measures. As a result, the Agency's methodology in achieving its mission will continually evolve and the OIG will need to remain vigilant over Agency performance and internal controls.
- **Changing work environment.** As FCA leverages technology to improve its processes, the OIG will have to be positioned to evaluate new risks in internal controls and security measures. As a result, the OIG will ensure its expertise in technology to effectively perform the function.

- **Limited budget resources.** Budget pressures on the OIG will be equivalent to those faced by FCA as a whole. The OIG will have to use an efficient mix of its core competencies and external resources to fulfill its mission. Technology will continue to cause change in processes and our approach to work.
- **Farm Credit Act.** Changes in the agricultural and the financial industries will cause the FCS to seek greater flexibility in law and regulations. The OIG will continue to ensure that the FCA is ever mindful of its arm's length regulatory role and mission to ensure the System's service to rural America in a safe and sound manner, and will continue to review and may make recommendations regarding laws and regulations.

## **PRODUCTS AND SERVICES, AND GOALS**

- 1. Audit and evaluate the Agency's programs and operations to promote economy, efficiency, and effectiveness.**
  - Deliver quality audit and inspection products and services that are useful to the Board, management, and the Congress.
  - Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and operations.
  - Continuously improve OIG staff, products, and internal office administration.
- 2. Investigate observed, alleged, or suspected wrongdoing to prevent and detect fraud, waste, abuse, and mismanagement in Agency programs and operations.**
  - Effectively investigate alleged administrative and criminal violations relating to FCA programs and personnel.
  - Educate employees on their responsibility to report wrongdoing to the OIG.
  - Provide relevant information on results of investigative activities to appropriate parties.
- 3. Review and make recommendations, as necessary, regarding existing and proposed legislation and regulations relating to Agency programs and operations and the Inspectors General community.**
  - Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting the Agency.
- 4. Work with the Agency head (FCA Board) and Congress to improve program management, and with the Inspectors General community and other related organizations to address government-wide issues.**
  - Agency personnel understand and accept OIG's role within FCA and the Inspectors General community.
  - OIG staff provide leadership to organizations directly contributing to the Inspectors General community.
  - OIG staff contribute to special projects for improving the Agency, the Inspectors General community, and the Federal government.

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**AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURES</b>	<b>OUTCOME</b>
<p>1. Deliver quality audit, inspection, and evaluation products and services that are useful to the FCA Board, management, and Congress.</p>	<p>Audits, inspections, and evaluations are relevant. Audit coverage includes all mandated audits and at least 75 percent of those suggested by the FCA Board and management.</p> <p>Risk is addressed. 100 percent of OIG audits are performed in high risk/high dollar programs and activities and/or are tied to the Agency strategic planning goals.</p> <p>Products are timely, i.e., average time to complete audits and issue draft reports will not exceed 6 months.</p> <p>Audits are constructive. Audit products contain recommendations or agreed-upon actions to improve Agency operations, as necessary. The Agency accepts at least 90 percent of the OIG audit recommendations.</p>	<p>FCA programs and operations are more effective.</p> <p>FCA continues to receive unqualified financial audits.</p> <p>Waste in Agency programs and operations is reduced. Better business practices are initiated.</p> <p>Agency compliance with laws, regulations, and internal policies and procedures.</p> <p>The Agency's stature and reputation are maintained at a high level in the eyes of the Congress, the Administration, the FCS, FCA employees, and the public.</p> <p>FCA is more effective in carrying out its mission.</p> <p>The OIG is more effective in promoting economy, effectiveness, and efficiency within the Agency.</p>



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**AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

AGENCY GOALS 1 AND 2

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURES</b>	<b>OUTCOME</b>
<p>2. Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and operations.</p>	<p>The IG engages in discussion with the FCA Board on matters of policy direction or administrative priorities.</p> <p>The OIG performs analyses and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p>	<p>FCA continues to receive an unqualified financial audit.</p> <p>OIG input and advice contributes to Agency decisions and actions that are more complete and valid at their inception.</p>
<p>3. Continuous improvement of the OIG staff, products, and internal office administration. Quality is highly valued.</p>	<p>OIG training ensures the technical proficiency of staff.</p> <p>The OIG implements administrative improvements identified through reviews of Agency programs and through staff involvement with the professional community.</p>	<p>Increase in management requests for advice, audit work, or technical assistance.</p> <p>The OIG's opportunity to facilitate positive change within the Agency is enhanced by the quality and credibility of OIG products and advice.</p> <p>Peer review reports provide an unqualified opinion that the OIG audit and investigative functions meet or exceed quality audit standards prescribed by the U.S. Government Accountability Office and CIGIE.</p> <p>Audit, inspection, and other reports are made public upon issuance and the OIG uses an email mechanism to alert those on the mailing list of new publications.</p>

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**INVESTIGATIONS**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURE</b>	<b>OUTCOME</b>
<p>1. Effectively investigate and report administrative and criminal violations relating to FCA programs and personnel to Agency officials, the Attorney General (when appropriate), and Congress.</p>	<p>Investigative reports are timely and presented in an objective and factual manner. Memoranda are issued to management describing internal control weaknesses or program deficiencies found during the investigative process with suggestions to prevent and/or detect future wrongdoing.</p>	<p>Administrative action, convictions, or pleas are obtained for employees and/or contractors found guilty of wrongdoing.</p> <p>Management actions taken against employees serve as deterrent to future wrongdoing.</p> <p>FCA internal policies, procedures, and controls are strengthened to prevent and/or detect future wrongdoing.</p> <p>Public confidence in the integrity of FCA programs and internal operations is heightened.</p>
<p>2. Cause FCA employees and managers to recognize their responsibility and report observed or suspected wrongdoing to the OIG.</p>	<p>Allegations of wrongdoing are received in a timely manner and are supported by specific information.</p>	<p>Investigations are more successful because they are initiated in a timely manner and have better information.</p> <p>FCA employees are more willing to report real or suspected wrongdoing because they trust the competence, fairness, and confidentiality of OIG's investigations.</p>

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**LEGISLATIVE AND REGULATORY REVIEW**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURE</b>	<b>OUTCOME</b>
1. Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting the Agency and the IG community.	Processes are established and documented for identifying and circulating (as appropriate) relevant documents.  Constructive comments on relevant documents are submitted by the deadlines requested by the office, Agency, or staff circulating comments.	OIG input is part of the decision making process in approving or amending legislation, regulations, circulars, and other policy positions.  Constructive criticism and creative alternatives offered in OIG comments improve the quality and usefulness of documents initiated by the Agency.  FCA Board and management are informed about the status of new or pending legislation or regulations initiated externally.  Regulations reviewed by OIG are noted in the OIG's semiannual reports to Congress.

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**OUTREACH PROGRAM**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURE</b>	<b>OUTCOME</b>
1. Promote OIG's role within the FCA and the community at large.	<p>Develop and maintain educational brochures or pamphlets describing OIG roles and activities.</p> <p>Facilitate feedback from Agency employees and refine products and practices based on the feedback to OIG products and educational materials.</p>	<p>Agency employees' acceptance of and cooperation with OIG activities is improved through better understanding. OIG programs and products are improved through feedback from Agency employees. Audit followup is improved.</p>
2. Provide leadership to organizations directly contributing to the IG community, the Agency, and the Federal government.	<p>Time and resources are provided to OIG staff members as an incentive to contribute to the Agency and outside organizations by serving on committees and holding offices.</p> <p>OIG networking opportunities have resulted in an expanded consideration of FCA ideas and practices by community contacts and experts. The OIG has shared telecommuting policies, hotline procedures, performance measures and performance contracts and evaluation methods. Likewise, FCA benefits from the opportunity to benchmark practices in other agencies.</p>	<p>Projects and activities of adjunct organizations such as the Association of Government Accountants, Institute of Internal Auditors, CIGIE Training Institute, and Council of Counsels to Inspectors General (CCIG) meetings and forums are improved by OIG staff contributions and participation.</p> <p>FCA programs and operations are more effective and efficient.</p>

## Detailed Budget Fiscal Years 2014 and 2015

OBJECT CLASS	SUB CLASS	OBJECT DESCRIPTION	FTE 4.80 FY 2014	FTE 4.80 FY 2015	
1100	Total Personnel Compensation	111001	Permanent Full-Time	\$720,818	\$720,818
		113009	Other than Permanent Full-Time	\$145,421	\$145,421
		115201	Overtime	\$0	\$0
		115301	Performance, Incentives and Other Awards	\$4,000	\$4,000
		<b>Subtotal</b>		<b>\$870,239</b>	<b>\$870,239</b>
1200	Total Personnel Benefits	121103	TSP Match	\$34,650	\$34,650
		121107	Disability Insurance Contributions	\$3,387	\$3,390
		121110	Wellness, Flex-care/Life Cycle Programs	\$6,500	\$6,500
		129999	Benefits Generated from Payroll	\$212,388	\$217,950
		121206	Public Transportation Initiatives	\$0	\$0
		121207	Student Loan Repayments	\$0	\$0
		121599	Relocation Payments Under Object Code 1200	\$0	\$0
<b>Subtotal</b>		<b>\$256,925</b>	<b>\$262,490</b>		
1300	Benefits Former Personnel	130002	Unemployment Compensation	\$0	\$0
		<b>Subtotal</b>		<b>\$0</b>	<b>\$0</b>
2100	Travel and Transportation of Persons	210112	Local Travel	\$5,500	\$5,500
		210199	Temporary Duty Travel	\$6,835	\$7,990
		210402	Relocation Travel Expenses	\$0	\$0
		210403	Relocation House Hunting	\$0	\$0
		<b>Subtotal</b>		<b>\$12,335</b>	<b>\$13,490</b>
2200	Transportation of Things	220101	Freight and Express Mail	\$0	\$0
		220102	Freight and Express Mail - Contract Mail Services	\$200	\$200
		220201	Transportation of Household Goods	\$0	\$0
		<b>Subtotal</b>		<b>\$200</b>	<b>\$200</b>
2300	Rent, Communications, Utilities and Misc. Charges	232001	Rent/Lease - Space Lodging	\$0	\$0
		233101	Utilities - Other than Telephone and Comm. Svcs.	\$0	\$0
		233201	ADP Equipment and Software Rental	\$0	\$0
		233301	Telephone and Communication Services	\$680	\$680
		233304	Wireless Communication Services	\$840	\$840
		233401	Non-ADP Equipment Rental	\$0	\$0

## Detailed Budget Fiscal Years 2014 and 2015

OBJECT CLASS	SUB CLASS	OBJECT DESCRIPTION	FTE 4.80 FY 2014	FTE 4.80 FY 2015
	Rent, Communications, Utilities and Misc. Charges continued	233501 Postage – USPS 233503 Postage Meter Rental 233504 Messenger and Courier Services	\$0 \$0 \$0	\$0 \$0 \$0
		<b>Subtotal</b>	<b>\$1,520</b>	<b>\$1,520</b>
2400	Printing and Reproduction	240101 U.S. Government Printing Office (GPO) 240201 Commercial Printers/Photographers 240301 Publications of Notices/Classified Advertising	\$0 \$500 \$0	\$0 \$500 \$0
		<b>Subtotal</b>	<b>\$500</b>	<b>\$500</b>
2500	Other Contractual Services	251001 Consulting Services 252004 Miscellaneous Services 252007 Training - Commercial 253001 Services of Other Government Agencies 253005 Training - Government 254001 Renovating Office Space 257101 Operation/Maintenance - Non ADP Equipment 257102 Operation/Maintenance - ADP Equipment/Software 257202 Storage of Household Goods	\$100,000 \$1,639 \$9,565 \$1,000 \$9,545 \$0 \$0 \$0 \$0	\$100,000 \$1,710 \$8,055 \$1,000 \$10,535 \$0 \$0 \$0 \$0
		<b>Subtotal</b>	<b>\$121,749</b>	<b>\$121,300</b>
2600	Supplies and Materials	260101 Supplies 260102 Subscriptions, Publications and Training Materials 260201 ADP Supplies 260301 Fuel	\$500 \$220 \$125 \$0	\$500 \$220 \$180 \$0
		<b>Subtotal</b>	<b>\$845</b>	<b>\$900</b>
3100	Equipment	310902 Non-IT Equipment, Furniture, Fixtures 310202 Software 310302 IT Equipment	\$0 \$500 \$99	\$0 \$500 \$399
		<b>Subtotal</b>	<b>\$599</b>	<b>\$899</b>
4200	Insurance Claims and Indemnities	420001 Insurance Claims and Indemnities	\$0	\$0
		<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL</b>			<b>\$1,264,912</b>	<b>\$1,271,538</b>

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**FY 2014 REVISED BUDGET AND JUSTIFICATIONS**

**TOTAL OFFICE BUDGET .....\$1,264,912**

Total approved IRM Plan amount included in Office Budget .....\$2,464

**1100 Personnel Compensation .....\$870,239**

Amount required to fund salaries (\$866,239) of OIG staff (4.80 Full Time Employees [FTE]) charged with conducting audits, inspections, evaluations, and investigations related to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on the Agency. Funds (\$4,000) are also allocated for possible cash awards.

**1200 Personnel Benefits.....\$256,925**

Benefits are the direct result of salaries, consistent with employees' retirement systems, health and other related benefits.

**1300 Benefits for Former Personnel..... \$0**

**2100 Travel and Transportation of Persons .....\$12,335**

OIG staff will use these funds for travel (\$6,835) related to scheduled Individual Development Plans (IDP) training and local travel (\$2,500) to professional association meetings, for example. Travel funds (\$3,000) are also included for local and/or temporary duty travel related to possible investigative matters.

**2200 Transportation of Things..... \$200**

The amount is for express mail services throughout the year.

**2300 Rent, Communications, Utilities, and Miscellaneous .....\$1,520**

233301 Approved IRM Plan..... \$680

233304 Approved IRM Plan..... \$840

These funds will cover Smartphone voice/data services for the IG (\$840), telecommuters' access expense (\$360), and maintenance of an independent internet account for the anonymous HOTLINE account (\$320). The independent internet account is used for confidential reporting of fraud, waste, abuse, and mismanagement.

**2400 Printing and Reproduction ..... \$500**

Cost of printing brochures, pamphlets, business cards, etc. when FCA cannot produce the items.

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**FY 2014 REVISED BUDGET AND JUSTIFICATIONS**

**2500 Other Contractual Services .....\$121,749**

Tuition funds (\$9,565) from non-government sources are for staff training. Government tuition funds (\$9,545) are for staff training at Government sponsored sources. Individual training classes are a mandatory requirement of the Government Audit Standards (Yellow Book) for auditors and of the bar association for the IG and Counsel. Membership fees (\$1,639) will cover the dues for professional organizations to which OIG staff belong.

Consulting services are utilized to assist OIG staff in the review of programs, including the FCA financial statement audit (\$75,000) and possible general contracting needs (\$25,000). Lastly, \$1,000 is budgeted for the support of CIGIE.

**2600 Supplies and Materials ..... \$845**

260102 Approved IRM Plan..... \$220

260201 Approved IRM Plan..... \$125

To purchase on-going subscriptions in the IRM Plan (\$220), and one laptop carrying case on wheels (\$125). General office supply funds (\$500) are also included.

**3100 Equipment ..... \$599**

310202 Approved IRM Plan..... \$500

310302 Approved IRM Plan..... \$99

To purchase one replacement desktop printer (\$99) as necessary to support OIG programs, and an additional \$500 for software.

**4200 Insurance Claims and Indemnities..... \$0**



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**FY 2015 PROPOSED BUDGET AND JUSTIFICATIONS**

**TOTAL OFFICE BUDGET .....\$1,271,538**

Total approved IRM Plan amount included in Office Budget .....\$2,819

**1100 Personnel Compensation .....\$870,239**

Amount required to fund salaries (\$866,239) of OIG staff (4.80 Full Time Employees [FTE]) charged with conducting audits, inspections, evaluations, and investigations related to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on the Agency. Funds (\$4,000) are also allocated for possible cash awards.

**1200 Personnel Benefits.....\$262,490**

Benefits are the direct result of salaries, consistent with employees' retirement systems, health and other related benefits.

**1300 Benefits for Former Personnel ..... \$0**

**2100 Travel and Transportation of Persons .....\$13,490**

OIG staff will use these funds for travel (\$7,990) related to scheduled IDP training and local travel (\$2,500) to professional association meetings, for example. Travel funds (\$3,000) are also included for local and/or temporary duty travel related to possible investigative matters.

**2200 Transportation of Things ..... \$200**

The amount is for express mail services throughout the year.

**2300 Rent, Communications, Utilities, and Miscellaneous .....\$1,520**

233301 Approved IRM Plan..... \$680

233304 Approved IRM Plan..... \$840

These funds will cover Smartphone voice/data services for the IG (\$840), telecommuters' access expense (\$360), and maintenance of an independent internet account for the anonymous HOTLINE account (\$320). The independent internet account is used for confidential reporting of fraud, waste, abuse, and mismanagement.

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**FY 2015 PROPOSED BUDGET AND JUSTIFICATIONS**

**2400 Printing, Publications and Advertisement..... \$500**

Cost of printing brochures, pamphlets, business cards, etc. when FCA cannot produce the items.

**2500 Other Contractual Services .....\$121,300**

Tuition funds (\$8,055) from non-government sources are for staff training. Government tuition funds (\$10,535) are for staff training at Government sponsored sources. Individual training classes are a mandatory requirement of the Yellow Book for auditors and of the bar association for the IG and Counsel. Membership fees (\$1,710) will cover the dues for professional organizations to which OIG staff belong.

Consulting services are utilized to assist OIG staff in the review of programs, including the FCA financial statement audit (\$75,000) and possible general contracting needs (\$25,000). Lastly, \$1,000 is budgeted for the support of CIGIE.

**2600 Supplies and Materials ..... \$900**

260101 Approved IRM Plan..... \$220

260201 Approved IRM Plan..... \$180

To purchase on-going subscriptions in the IRM Plan (\$220), one laptop battery (\$180). General office supply funds (\$500) are also included.

**3100 Equipment ..... \$899**

310202 Approved IRM Plan..... \$500

310302 Approved IRM Plan..... \$399

Purchase software as necessary to support OIG applications (\$500), one Smartphone device (\$300), and one desktop printer as needed (\$99).

**4200 Insurance Claims and Indemnities..... \$0**

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**OIG CONTROL SYSTEM**

**STATUTORY ROLE AND RESPONSIBILITIES**

The OIG was created within the FCA by the 1988 amendments to the IG Act as an independent unit to: 1) conduct and supervise audits and investigations; 2) promote economy, efficiency and effectiveness, and to prevent fraud and abuse in program administration; and 3) keep the FCA Board and the Congress fully informed about problems and deficiencies and the progress in correcting them.

The IG Act specifies the IG's duties, responsibilities, and authorities. The IG Act precludes the OIG from performing any Agency program operating function; rather, the OIG advises management and the Congress about ways to improve programs. The IG works with the FCA Board to promote positive change in the Agency's programs and operations.

**OIG STAFFING NEEDED TO DELIVER PRODUCTS AND SERVICES**

This section describes the staffing of the OIG. It also discusses how the OIG is organized to produce the products and services appropriate to fulfill its responsibilities.

The **Inspector General** provides leadership, policy direction, and general management and supervision of the OIG staff. The IG is also an advisor to the FCA Board and the principal spokesperson for the OIG, coordinating its activities and issues with other agencies. The IG position is to be comparable in grade with the FCA senior level executives. This is staffed as a permanent full-time position.

The Deputy Inspector General and **Counsel to the Inspector General** provides independent legal advice, analysis of proposed legislation and regulations, and reviews OIG products for legal sufficiency. The Counsel represents and defends OIG in all legal issues. The Counsel also participates in inspections and evaluations as necessary. The Counsel directs the investigative function. While the position is currently unfilled, measures will be taken to fill the position.

The **Senior Auditor** position is devoted primarily to performance audits, inspections, and management analyses, focusing on the significant management challenges of the Agency. Also, this position oversees the contractor performing the annual financial, internal control, and compliance audit of the Agency on behalf of the OIG. This is staffed as a permanent full-time position.

A **Senior Information Technology (IT) Auditor** position was created with the discontinuance of the Criminal Investigator position. This position focuses on audits and inspections related to the broad range of the Agency's IT policies, processes, and security, and also performs the annual FISMA review. This position is currently staffed as a permanent part-time position at 0.80 FTE.

The **Administrative Assistant** is responsible for assisting the IG in budgeting, information resources planning, procurement, training, administrative matters relating to personnel management, and for general administrative support to the rest of the staff. The position is also responsible for assisting the IG in the completion of the Semiannual Report to the Congress and the quarterly and annual reports on the OIG Survey of FCS institutions regarding the Agency's examination function. This is staffed as a permanent full-time position.

All currently filled positions in the OIG are staffed with well qualified personnel.

## **OIG PRODUCTS AND SERVICES**

**Audits and Inspections** are the primary vehicles through which the OIG develops recommendations to promote economy, efficiency, and effectiveness in Agency programs and prevent waste and mismanagement. The OIG also provides input to the FCA Board or managers through management letters and confidential Observations.

The auditors are devoted full time to audits and inspections. The Counsel to the IG may also perform inspections and evaluations focusing on evaluating administrative and operational issues.

The OIG augments its core staff with contractors when subject matter expertise is needed to perform a particular task.

**Investigations** encompass all OIG activities designed to detect or prevent fraud and abuse in administering Agency programs. Investigations are normally distinguished from other evaluations in that they are normally directed at individuals rather than programs and activities. However, some of the OIG's investigative actions are directed at preventing fraud and abuse through improving the effectiveness of management and administrative controls and practices, especially in high-risk areas. The OIG also manages a HOTLINE to enable FCA employees and the public to more easily report wrongdoing.

**Legislative and Regulatory Review** includes the review and comment on proposed and existing legislation and regulations as they may affect the Agency. This review activity is reported in the Semiannual Report to the Congress.

**Outreach** directs the OIG to focus attention to improving the Agency, the Inspectors General community, and the public's awareness of the FCA OIG's role. This is accomplished by promoting Agency understanding of the OIG's role, providing leadership to organizations contributing to the IG community, and by participating in special projects. The OIG also develops educational information describing the roles and activities of the OIG and provides information to the public through the OIG web site.

**Other OIG Functions** include internal policy direction and leadership and advice to the Chairman and management about Agency programs and operations. The IG is also responsible for fully informing the FCA Board and the Congress about fraud and other serious problems in Agency programs, including management's progress in carrying out corrective actions.

## **OIG'S MISSION AND IMPLICATIONS FOR STAFFING**

It is the OIG's mission that its work products and presence promote economy, efficiency, and integrity in Agency operations. The OIG will accomplish this by being a leader and catalyst identifying Agency challenges and opportunities. We will strive to:

- deliver products and services that are competent, objective, timely, and relevant;
- maintain a customer focus which is responsive to the needs of decision-makers; and
- provide a positive working environment that encourages us to be innovative and reach our potential through teamwork and candid communication.

If we are to fulfill these statements, each staff member must broaden and refine their skills and abilities, adopt a creative approach to problem solving, and take the initiative to influence management. In that way, management will be receptive to our conclusions and recommendations. Staff must be supported through OIG management's actions, equipment and training, and mutual support from office teammates.

## **STAFFING ASSESSMENT AND STRATEGIES**

The OIG's diverse responsibilities prescribed by the IG Act dictate the needed competencies within the OIG staff. The independent nature of the OIG role also has implications for staffing. Even with a very small staff, the OIG can deliver its products and services by maintaining a high level of cross training and a broad base of expertise in audit, investigations, law, management, and administration. The 4.80 FTEs in this plan constitute the critical mass necessary to credibly perform OIG's responsibilities. The OIG established the current staffing pattern after careful analysis of the specialized nature of the OIG's responsibilities and volume of work. Downsizing over the years has reduced the OIG to a level at which any further reduction may adversely affect the OIG's accomplishment of its mission.

OIG staff performs evaluations and investigations under the general supervision of the IG. These assignments are often unlike previous assignments and need creative thinking in planning and developing the project, and mature judgment in developing conclusions and recommendations and defending them before management.

The current OIG staff profile represents a high level of diversity. When filling future OIG vacancies, we will make a concerted effort to attract a diverse pool of qualified candidates. We share the Agency's affirmative employment objectives and believe that a diverse staff is a critical factor in the long term success of an organization.

## **STAFFING OBJECTIVES AND STRATEGIES**

### Objectives

- Retain and refine the skills and competencies represented by the current staff profile.
- Employ the best qualified applicant while ensuring the broadest possible pool of applicants.
- Increase effectiveness of collaboration among OIG staff members.
- Expand OIG staff participation in nonprogram activities of the Agency.

### Strategies

- Staff will identify and participate in training and professional development activities identified in individual development plans to retain and enhance skills.
- Teamwork training will occur regularly to promote collaboration among OIG staff.
- Agency affirmative employment objectives will be considered in filling all OIG vacancies to achieve appropriate diversity.

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**AUDIT PLAN**

**AUDITS, INSPECTIONS, AND EVALUATIONS – FISCAL YEAR 2014 AND 2015**

This audit plan identifies potential audit, inspection, and evaluation areas. This plan was discussed with the FCA Board to afford the FCA Board the opportunity to comment and offer suggestions for additional audit, inspection, and evaluation areas.

OIG audits, inspections, and evaluations provide assurance to the FCA Board that programs are operating effectively with appropriate controls. Audit, inspection, and evaluation activities will most likely be selected from the areas listed below. However, actual audits, inspections, and evaluations conducted may vary in order to be responsive to changing needs or circumstances.

**Annual Audits and Evaluations**

Audit of FCA's Financial Statement

The OIG contracts with an independent accounting firm to conduct an audit of FCA's financial statement, internal control over financial reporting, and compliance with laws and regulations relating to the determination of financial statement amounts. The OIG will deliver an audit opinion as of September 30, 2014 and 2015 respectively. The OIG has ensured that its independent accounting firm has incorporated in its audit plan a work schedule that will provide an appropriate audit scope and deliverables within appropriate time frames.

Federal Information Security Management Act (FISMA) Evaluations

FISMA requires the agency program officials, Chief Information Officers and Inspectors General to conduct annual evaluations of their respective department's or agency's information security program and report the results to OMB. For FYs 2014 and 2015, the OIG Senior IT Auditor will conduct the FISMA evaluation at FCA.

**FY 2014**

Evaluation of the Office of Examination's (OE) Training & Commissioning Program (Audit)

The knowledge and skill level required to conduct sound examination and effective supervision of System institutions needs to evolve and keep pace with the changing financial marketplace. We will evaluate the OE's training and commissioning program in two phases:

1. We will evaluate whether the OE's commissioning program is operating efficiently and complies with applicable policies and procedures.
2. We will evaluate whether the OE's commissioning curriculum and training is equipping OE's staff with the knowledge and skills needed to examine System institutions.

### Training and Conference Expenses (Audit)

The Agency offers its employees a variety of training and educational opportunities to complement work experiences and achieve better organizational and individual performance. The objective of this audit will be to examine the Agency's controls over its academic training program. In particular, we will review whether costs for training and conferences are reasonable, if courses relate to employees' duties and the Agency mission, and if controls are in place to ensure effective management of training, conferences, and related travel expenditures.

### Government Charge Card and Abuse Prevention Act of 2012 (Inspections)

The Government Charge Card and Abuse Prevention Act of 2012 requires some Inspectors General to conduct periodic risk assessments and audits of agency purchase card, travel card, and centrally billed travel card programs. Although FCA does not meet the dollar threshold for some of these audits or reviews, a significant amount of Agency funds are used for purchase card transactions and travel expenses.

1. Management of Purchase Cards

We will identify and analyze risks of illegal, improper, or erroneous purchases on Agency purchase cards. Additionally, we will determine if FCA established and maintained appropriate internal controls to ensure the proper, efficient, and effective use of Agency purchase cards.

2. Management of Travel Cards

We will analyze risks of illegal, improper, or erroneous purchases and payments on individual travel cards. Additionally, we will determine if FCA established and maintained appropriate internal controls to ensure the proper, efficient, and effective use of travel charge cards.

3. Management of Centrally Billed Travel Accounts

We will determine if FCA established and maintained appropriate internal controls for centrally billed travel charges.

## **FY 2015**

### Risk-Based Examination Process

System institutions are examined using the risk-based examination concept. This examination approach seeks to stay abreast of risk in System institutions and focus examination efforts and resources in areas that could materially impact the safety and soundness of the institution. The objective of this audit will be to assess the adequacy of the Agency's risk-based examination process.

### Information Technology Investments Performance Measures (Inspection)

The Agency has made significant IT investments such as Live Meeting, Microsoft Communicator, and High Definition videoconferencing. As the Agency continues to invest in technology to improve operations, measures need to be in place to ensure these investments are being fully utilized and projected benefits realized. We will determine whether the Agency has developed effective performance measures to capture the benefit of IT investments.



## Human Capital (Audit)

An effective human capital program is essential to ensure the Agency has the right people with the right skills to accomplish its mission. The objective of this audit will be to assess the adequacy of the Agency's human capital plan and the effectiveness of its implementation. This includes an evaluation of Agency effectiveness in hiring and developing staff and of the continuity of leadership within the Agency.

## **Beyond FY 2015**

- Awards
- Background Investigations
- Bonuses
- Delegations
- Diversity
- eArchives
- Efficiency of the Office of the General Counsel Legal Opinion Process
- eOPF
- FCA Strategic Plan
- FCS Loan Data System
- General Control Review: Access Controls
- General Control Reviews: Segregation of Duties
- General Control Reviews: Software Development and Change Control
- General Control Reviews: System Software
- Inappropriate Use of Agency IT Resources
- OE Field Office Inspections
- Outsourcing
- Property Plant and Equipment Review
- Recruitment and Retention of Examiners
- Review of OE Organizational Structure and Work Processes
- Review of the Consolidated Reporting System
- Safeguarding Personally Identifiable Information, including Social Security Numbers
- Specialization and Certification
- Travel Expenses

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<b>IRM PLAN SUMMARY</b>							
<b>IRM Budget Category</b>	<b>Object Code</b>	<b>FY 2014 Costs</b>	<b>FY 2015 Costs</b>	<b>FY 2016 Costs</b>	<b>FY 2017 Costs</b>	<b>FY 2018 Costs</b>	<b>Total Costs</b>
<i>Telecommunications Rentals</i>	233301	680	680	680	680	680	<b>3,400</b>
<i>Wireless Communications</i>	233304	840	840	840	840	840	<b>4,200</b>
<i>Subscriptions and Publications</i>	260102	220	220	220	220	220	<b>1,100</b>
<i>ADP Supplies</i>	260201	125	180	485	180	485	<b>1,455</b>
<i>Software</i>	310202	500	500	500	500	500	<b>2,500</b>
<i>IT Equipment</i>	310302	99	399	99	399	99	<b>1,095</b>
<b>Total</b>		<b>2,464</b>	<b>2,819</b>	<b>2,824</b>	<b>2,819</b>	<b>2,824</b>	<b>13,750</b>

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**FY 2014 REVISED PRODUCTS AND SERVICES BUDGET**

This represents the allocation of budget dollars and FTEs to OIG’s products and services. Management, administrative support, and leave are disbursed across the four products and services.

Products/Services	Budget	% Budget	FTE	% FTE
Audits, Inspections, and Review Products	\$1,024,579	81%	3.7	81%
Investigations	\$25,298	2%	0.2	2%
Legislation and Regulations Review	\$25,298	2%	0.2	2%
Outreach	\$189,737	15%	0.7	15%
<b>Total</b>	<b>\$1,264,912</b>	<b>100%</b>	<b>4.80</b>	<b>100%</b>

**Audits, Inspections, and Review Products**—The OIG issues approximately 5-10 reports per year (including the annual FCA financial audit and FISMA review). This includes recommendations to Agency officials regarding improving the efficiency of Agency programs and mission achievement. It also includes four survey reports regarding System institutions’ ratings and comments about the Agency’s examination function.

**Budget for FY 2014—\$1,024,579.....3.7 FTE**

**Investigative Function**—Allegations received by the OIG are reviewed by testing information provided to determine whether an investigation should be opened. Investigations are conducted when appropriate. Maintaining the OIG HOTLINE and directing FCS borrower complaint or inquiry issues to Agency components are additional functions of the investigative service.

**Budget for FY 2014—\$25,298..... 0.2 FTE**

**Review and Comment on Proposed and Existing Legislation and Regulations**—The OIG reviews and comments on proposed and existing legislation and regulations affecting the Agency and the IG community. Additionally, the OIG reviews, comments, and responds to Congressional and executive requests and inquiries.

**Budget for FY 2014—\$25,298..... 0.2 FTE**

**Outreach Program**—The OIG educates FCA employees about OIG’s role within the Agency. The OIG lends leadership to organizations directly contributing to the IG community. Through involvement in special projects and workgroups, the OIG makes contributions for improving the Agency and the OIG community. This includes but is not limited to: the Semiannual Report to the Congress, participation in external activities such as membership on CIGIE and the CCIG, and instructing at the Federal Law Enforcement Training Center (FLETC) and various public and Government forums. We also participate in Agency efforts, such as the Employee’s Council, Administrative Workgroup, and Continuity of Operations Plan.

**Budget for FY 2014—\$189,737.....0.7 FTE**

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**FY 2015 PROPOSED PRODUCTS AND SERVICES BUDGET**

This represents the allocation of budget dollars and FTEs to OIG’s products and services. Management, administrative support, and leave are disbursed across the four products and services areas.

<b>Products/Services</b>	<b>Budget</b>	<b>% Budget</b>	<b>FTE</b>	<b>% FTE</b>
Audits, Inspections, and Review Products	\$1,029,945	81%	3.7	81%
Investigations	\$25,431	2%	0.2	2%
Legislation and Regulations Review	\$25,431	2%	0.2	2%
Outreach	\$190,731	15%	0.7	15%
<b>Total</b>	<b>\$1,271,538</b>	<b>100%</b>	<b>4.80</b>	<b>100%</b>

**Audits, Inspections, and Review Products**—The OIG issues approximately 5-10 reports per year (including the annual FCA financial audit and FISMA review). This includes recommendations to Agency officials regarding improving the efficiency of Agency programs and mission achievement. It also includes four survey reports regarding System institutions’ ratings and comments about the Agency’s examination function.

**Budget for FY 2015—\$1,029,945.....3.7 FTE**

**Investigative Function**— Allegations received by the OIG are reviewed by testing information provided to determine whether an investigation should be opened. Investigations are conducted when appropriate. Maintaining the OIG HOTLINE and directing FCS borrower complaint or inquiry issues to Agency components are additional functions of the investigative service.

**Budget for FY 2015—\$25,431 ..... 0.2 FTE**

**Review and Comment on Proposed and Existing Legislations and Regulations**—The OIG reviews and comments on proposed and existing legislation and regulations affecting the Agency and the IG community. Additionally, the OIG reviews, comments and responds to Congressional and executive requests and inquiries.

**Budget for FY 2015—\$25,431 ..... 0.2 FTE**

**Outreach Program**—The OIG educates FCA employees about OIG’s role within the Agency. The OIG lends leadership to organizations directly contributing to the IG community. Through involvement in special projects and workgroups, the OIG makes contributions for improving the Agency and the OIG community. This includes but is not limited to: the Semiannual Report to the Congress, participation in external activities such as membership on CIGIE and the CCIG, and instructing at FLETC and various public and Government forums. We also participate in Agency efforts, such as the Employee’s Council, Administrative Workgroup, and Continuity of Operations Plan.

**Budget for FY 2015—\$190,731 .....0.7 FTE**