

Office of Inspector General

OPERATING AND PERFORMANCE PLAN

FISCAL YEARS 2002-2003



FARM CREDIT ADMINISTRATION

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MISSION AND OBJECTIVES OFFICE OF INSPECTOR GENERAL

MISSION

The mission of the Office of Inspector General (OIG) is to be an agent of positive change, striving for continuous improvement in the Farm Credit Administration's (FCA or Agency) management and program operations.

OBJECTIVES and GOALS


- Audit and evaluate the Agency's programs and operations to promote economy, efficiency and effectiveness.
 1. Deliver quality audit and inspection products and services that are useful to the Board, management and Congress.
 2. Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems in streamlining programs and organizations.
 3. Continuously improve OIG staff, products and internal office administration.
- Investigate observed, alleged or suspected wrongdoing to prevent and detect fraud, waste abuse and mismanagement in Agency programs and operations.
 1. Effectively investigate and report administrative and criminal violations relating to FCA programs and personnel.
 2. Educate employees on their responsibility and report wrongdoing to the IG.
 3. Provide relevant information on results of investigative activities to relevant parties.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to Agency programs and operations and the Inspectors General community.
 1. Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations.
- Work with the Chairman and Agency management to improve program management within the Agency and in our own office; and work with the Inspectors General community and other related organizations to address government-wide issues.
 1. Build relationships with program managers based on a shared commitment to improving program operations and effectiveness.
 2. Provide leadership to the OIG community.
 3. Contribute to special project to improve the Agency.

ASSUMPTIONS

Agency

From Strategic Plan

Office

1. There will be no structural changes in the OIG staffing plan.
 2. The Agency will remain competitive in its compensation program.
 3. OIG contracting budget will be adequate to obtain additional subject matter expertise whenever specific evaluations require it.
 4. OIG training budget will be adequate to maintain leadership, technical, cultural and collaborative competencies.
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**PRODUCTS AND SERVICES
OFFICE OF INSPECTOR GENERAL
FISCAL YEAR 2002**

Audits, Inspections, and Review Products. Approximately 6-10 evaluative reports per year (including annual financial audit). This includes technical advice and assistance to Agency officials in developing management information and financial reporting systems and in streamlining programs and organizations. It also includes survey production. At present, two surveys are produced in OIG for the direct benefit of the Agency for use in measuring performance. These two surveys are the Farm Credit System Survey and the Regulation Development Survey. In addition, each audit and inspection contains a customer survey (This is directly linked to FCA Strategic Plan.)

Budget for FY 2002—\$447,985..... 2.7 FTE

Investigative Function. Review of allegations. Testing information provided to determine whether an investigation should be opened. Maintaining OIG HOTLINE. Directing FCS Borrower issues to Agency components.

Budget for FY 2002—\$33,184..... .2 FTE

Review and Comment on Proposed and Existing Regulations and Legislation. Responding to Congressional and Executive requests and inquiries. Reviewing and commenting on proposed and existing legislation and regulations effecting the Agency and the Inspectors General community.

Budget for FY 2002—\$16,592..... .1 FTE

Outreach Program. Educating employees about OIG’s role within the Agency. Lend leadership to organizations directly contributing to the IG community. Making contributions to special projects and work groups for improving the Agency, the OIG community and the government. This includes but is not limited to: Semiannual reports to the Agency Chairman and Congress, participation external activities such as the President’s Council on Integrity and Efficiency as a member of the Executive Council on Integrity and Efficiency, Council of Counsels to Inspectors General. We also participate in Agency efforts, such as GPRA Initiative, Employee Council (work life issues), Telecommuting Pilot Program Coordinator, Administrative Burden Workgroup, Mentoring Program, EEO Advisory Committee, and the Federal Women’s Program.

Budget for FY 2002—\$331,840..... 2.0 FTE

Footnote: Management, administrative support and leave are disbursed across the four program areas noted above.

AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS

Agency Goal	OIG Goal	Performance Measure	Outcome/Impact
1 and 3	<p>1. Deliver quality audit, inspection, and review products and services that are useful to the Board, management and/or the Congress.</p> <p>2. Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and organizations.</p> <p>3. Continuous improvement of OIG staff, products and internal administration.</p>	<p>Audits and inspections are relevant. Audit coverage includes all mandated audits and at least 75% of those suggested by the Board and management.</p> <p>Risk is addressed. 100% of OIG audits are performed in high risk/high \$ programs and activities and/or are tied to the Agency strategic planning goals.</p> <p>Findings are made during audit fieldwork are recognized and corrected by management prior to drafting of the audit report.</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. At least 75% of audit products contain recommendations to improve Agency operations. The Agency accepts at least 80% of OIG recommendations.</p> <p>The Agency actually implements all corrective actions prescribed by management decisions.</p> <p>The IG advises the Chairman concerning policy direction or administrative priorities.</p> <p>OIG performs analysis and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p> <p>Customer survey feedback is used to improve products and services.</p> <p>OIG training ensures the technical proficiency of staff.</p> <p>OIG implements administrative improvements identified through reviews of other Agency programs and through staff involvement with the professional community.</p>	<p>FCA programs and operations are more effective.</p> <p>Waste in Agency programs and operations is reduced.</p> <p>Increased Agency compliance with laws, regulations and internal policies and procedures.</p> <p>The Agency's stature and reputation is elevated in the eyes of Congress, the Administration, and 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> <p>FCA continues to get an unqualified audit opinion on financial statements.</p> <p>OIG input and advice contributes to Agency decisions and actions that are more complete and valid at their inception.</p> <p>Increase in management requests for advice, review and technical assistance.</p> <p>Peer review reports provide an unqualified opinion that OIG audit work meets or exceeds quality audit standards prescribed by GAO and the PCIE/ECIE.</p> <p>Customer survey feedback evidences increased satisfaction with report practices.</p> <p>The Inspector General's opportunity to facilitate positive change within the Agency is enhanced by the quality and credibility of OIG products and advice.</p>

INVESTIGATIONS

Agency Goal	OIG Goal	Performance Measure	Outcome/Impact
<p>1 and 3</p>	<ol style="list-style-type: none"> 1. Administration and criminal violations relating to FCA programs and personnel are effectively investigated and reported. 2. FCA employees and managers recognize their responsibility to immediately report observed or suspected wrongdoing to the IG. 3. Agency official and Congress are kept fully and currently informed of problems found in the process of and resulting from investigative activities. 	<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>70% of active cases will be less than two years old (from the date the case was opened).</p> <p>100% of employee cases without criminal prosecution potential will be completed within one year from opening the case.</p> <p>Allegations of wrongdoing are received in a timely manner and are supported by specific information.</p> <p>Summaries of investigations and the resulting administrative or judicial actions taken are incorporated into the Semiannual Report to Congress, along with any disagreements on the actions taken or failure of management to act in a timely and responsible fashion.</p> <p>Findings made during the investigative process concerning the problem at issue or systemic problems are recognized and corrected or mediated by management.</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 a deterrent to future wrongdoing.</p> <p>FCA internal policies, procedures and controls are strengthened to prevent and/or detect future wrongdoing.</p> <p>Investigations are more successful because they are initiated in a timelier manner and have better information.</p> <p>FCA employees are more willing to report real or suspected wrongdoing because they trust the competence and fairness of OIG's investigations.</p> <p>The Chairman and Congress are better informed about OIG investigations, administrative and judicial consequences.</p> <p>Public confidence in the integrity of FCA programs and internal operations are heightened.</p>

REVIEW OF LEGISLATIONS AND REGULATIONS

Agency Goal	OIG Goal	Performance Measure	Outcome/Impact
2	1. Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting the Agency and the Inspectors General community.	<p>Processes are established and documented for identifying and circulating (as appropriate) relevant documents.</p> <p>Constructive comments on relevant documents are submitted by the deadlines requested by the office, Agency or staff circulating comments.</p> <p>Document review activity is summarized for inclusion in the Semiannual Report to Congress.</p>	<p>OIG input is part of the decision making process in approving or amending legislation, regulations, circulars and other policy positions.</p> <p>Constructive criticism and creative alternatives offered in OIG comments improve the quality and usefulness of documents initiated by the Agency.</p> <p>FCA Board and management are informed about the status of new or pending legislation or regulations initiated externally.</p>

OUTREACH PROGRAM

Agency Goal	OIG Goal	Performance Measure	Outcome/Impact
1 and 3	<ol style="list-style-type: none"> <li data-bbox="370 338 657 478">1. Agency personnel understand and accept OIG's role within FCA and the community at large. <li data-bbox="370 600 657 764">2. OIG staff provides leadership to organizations directly contributing to the Inspectors General community. <li data-bbox="370 898 657 1062">3. OIG staff contributes to special projects for improving the Agency, the OIG community and the government. 	<p data-bbox="672 338 1242 489">Develop and maintain educational brochures or pamphlets describing OIG roles and activities. Facilitate feedback from Agency employees and refine products and practices based on the feedback to OIG products and educational materials.</p> <p data-bbox="672 600 1242 709">Time and resources are provided to OIG staff members as an incentive to contribute to outside organizations by serving on committees and holding offices.</p> <p data-bbox="672 898 1242 982">OIG staff will participate in projects that contribute to achieving the vision of a better Agency and government.</p>	<p data-bbox="1261 338 1575 583">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.</p> <p data-bbox="1261 600 1575 789">Projects and activities of adjunct organizations such as the AGA, IIA, PCIE/ECIE, CCIG, FLETC, and IGATI are improved by OIG staff contributions and participation.</p> <p data-bbox="1261 806 1575 890">The Inspectors General community is more credible and effective.</p> <p data-bbox="1261 907 1575 1016">Management practices at the Agency are improved by OIG staff participation in FCA special projects.</p> <p data-bbox="1261 1033 1575 1117">FCA programs and operations are more effective and efficient.</p>

**OFFICE OF INSPECTOR GENERAL
OPERATING AND PERFORMANCE PLAN
FISCAL YEAR 2002**

Mission

The mission of the OIG is to be an agent of positive change, striving for continuous improvement in FCA's management and program operations.

Goals and Objectives

- Audit and evaluate the Agency's programs and operations to promote economy, efficiency and effectiveness.
- Investigate observed, alleged or suspected wrongdoing to prevent and detect fraud, waste, abuse and mismanagement in Agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to Agency programs and operations and the Inspectors General community
- Work with the Chairman and Agency management to improve program management within the Agency and in our own office; and work with the Inspectors General community and other related organizations to address government-wide issues.

Products and Services

Product/Service	Budget	% Budget	FTE	% FTE
Audits, Inspections, and Review Products	\$447,985	54%	2.7	54%
Investigations	\$33,184	4%	.2	4%
Regulation Review and Comment	\$16,592	2%	.1	2%
Outreach	\$331,840	40%	2	40%
Centrally Budgeted Items	0	0	0	0
Total	\$829,601	100%	5	100%

Description of Products and Services

Audits, Inspections, and Review Products

- Approximately 6-10 evaluative reports per year (including annual financial audit). This includes technical advice and assistance to Agency officials in developing management information and financial reporting systems and in streamlining programs and organizations. It also includes survey production. At present, two surveys are produced in OIG for the direct benefit of the Agency for use in measuring performance. These two surveys are the Farm Credit System Survey and the Regulation Development Survey. In addition, each audit and inspection contains a customer survey. (This is directly linked to FCA Strategic Plan.)

Investigations

- Review of allegations. Testing information provided to determine whether an investigation should be opened. Maintaining OIG HOTLINE. Directing FCS Borrower issues to Agency components.

Review and Comment on Proposed and Existing Regulations and Legislation

- Responding to Congressional and Executive requests and inquiries. Reviewing and commenting on proposed and existing legislation and regulations effecting the Agency and the Inspectors General Community.

Outreach

- Educating employees about OIG's role within the Agency. Lend leadership to organizations directly contributing to the IG community. Provide staff and make contributions to special projects and work groups for improving the Agency, the OIG community and the government. This includes but is not limited to: Semiannual reports to the Agency Chairman and Congress, participation external activities such as the President's Council on Integrity and Efficiency as a member of the Executive Council on Integrity and Efficiency, Council of Counsels to Inspectors General. We also participate in Agency efforts, such as GPRA Initiative, Employee Council (work life issues), Telecommuting Pilot Program Coordinator, Administrative Burden Workgroup, Mentoring Program, EEO Advisory Committee, and the Federal Women's Program.

JUSTIFICATIONS

1100 Total Personnel Compensation

Amount required to fund salaries of OIG staff (4.80 FTE) charged with conducting audits and investigations relating to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on economy and efficiency in the Agency and on the prevention of fraud and abuse. Funds are also allocated for cash awards for deserving employees.

1200 Total Personnel Benefits

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

2100 Travel and Transportation of Persons

Travel funds will be used by OIG staff for audit and investigative related matters. They will also be used for travel related to training courses, professional association meetings, a teambuilding session for all OIG staff, and two field office inspections. The Excellence in Government program alone requires \$2,500 in travel costs.

2200 Transportation of Things

This amount is necessary for anticipated express mail services throughout the year.

2300 Total Rent Communications, Utilities and Misc.

These funds will cover anticipated usage of telephone credit cards while on official travel, long distance phone service in McLean, courier delivery services throughout the year to hand-deliver information and reports to Congress and other groups, and pager service for the Inspector General. Funds will also cover Lexis/Nexis service and a separate Internet access for the anonymous hotline account.

2400 Printing and Reproduction

Cost of the Government Printing Office printing OIG memo paper and letterhead. This amount should last for two years.

2500 Other Contractual Services

Contract services may be needed to assist in staff reviews of programs. The tuition funds will be used for individual training classes for staff. Individual training classes are

a mandatory requirement of the Federal Yellow Book for auditors and of the legal bar association for the Counsel to the IG. The Counsel to the IG has been nominated for the Excellence in Government program, which costs \$7,200. Membership fees will cover the dues for professional organizations to which OIG staff belong such as the Institute of Internal Auditors and Association of Government Accountants.

Government contractual funds will be used for miscellaneous training courses being attended by staff at USDA, FLETC, and other government agencies. They will also be used for contracts issued by other government agencies (Department of Labor and General Services Administration) for independent reviews of such things as the Agency's financial statements and the OMB required IT security audit.

These funds will also cover the cost of annual maintenance agreements on the velobinder and copier.

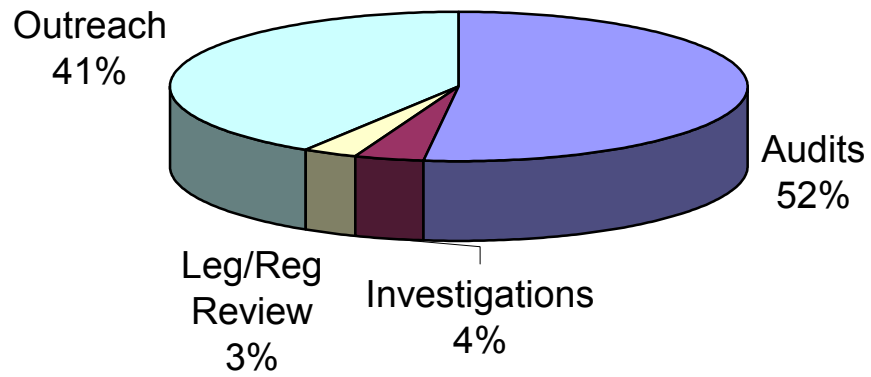
2600 Supplies and Equipment

To purchase miscellaneous text and reference books as well as on-going subscriptions. Office supply funds will be used mainly to purchase supplies for the velobinder and copier, which are used by the entire Agency. Non-cash awards will be given to staff at the discretion of the IG.

3100 Equipment

Purchase of Acrobe Reader software and a black and white copier/printer to replace the five-year old color copier.

OFFICE OF INSPECTOR GENERAL PROJECTED RESOURCE USE



**OFFICE OF INSPECTOR GENERAL
TOTAL IRM BUDGET 2002-2007**

IRM Budget Category	Object Code	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2006	CATEGORY TOTALS
Telephone and communications services	2329	600	600	600	600	600	600	3,600
Equipment and software rental	2338							0
Consulting services	2501							0
Other services	2528							0
Other services -Govt.	2538	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Training	2525							0
Training -Govt.	2535							0
Operation/maintenance-equip./software	2576	4,000	3,000	3,000	4,000	4,000	4,000	22,000
Supplies	2609							0
Subscriptions and publications	2639							0
IT equipment	3140	19,000	4,700	18,300			18,700	60,700
Software	3143	500	500	500	500	500	500	3,000
TOTALS		49,100	33,800	47,400	30,100	30,100	48,800	239,300

Total IRM Budget - 2002-2007 **239,300**

OFFICE OF INSPECTOR GENERAL FISCAL YEAR 2002

Contribution to Agency Outcomes

Agency Outcomes	Budget	% Budget	FTE	% FTE
1. Supervision of Risk				
2. Regulation	\$16,592	2%	.1	2%
3. Administrative	\$813,009	98%	4.9	98%
4. Reimbursable				
Office Total	\$829,601	100%	5.0	100%
Percent of Agency				

Budget and Justifications

Total Office Budget	\$829,601
Total approved IRM Plan amount included in Office Budget	\$ 49,100

1100 Personnel Compensation	\$526,687
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Justification

Amount required to fund salaries of OIG staff (4.80 FTE) charged with conducting audits and investigations relating to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on economy and efficiency in the Agency and on the prevention of fraud and abuse. Funds are also allocated for cash awards for deserving employees.

1200 Personnel Benefits	\$145,914
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Justification

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

1300 Benefits for Former Personnel	\$ --
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N/A

2100 Travel and Transportation of Persons	\$ 19,000
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Justification

OIG staff will use travel funds for audit and investigative related matters. Funds will also be used for travel related to training courses, professional association meetings, a

teambuilding session for all OIG staff, and two field office inspections. One employee will participate in the Excellence in Government program, which requires \$2,500 in travel costs.

2200 Transportation of Things **\$ 100**

Justification

This amount is necessary for anticipated express mail services throughout the year.

2300 Rent, Communications, Utilities and Misc. **\$ 1,600**
2300 Approved IRM Plan **\$ 600**

Justification

These funds will cover anticipated usage of telephone credit cards while on official travel, long distance phone service in McLean, courier delivery services throughout the year to hand-deliver information and reports to Congress and other groups, and pager service for the Inspector General. Funds will also cover Lexis/Nexis service and a separate Internet access for the anonymous hotline account.

IRM Justification

The independent internet account is used for confidential reporting of fraud, waste, abuse and mismanagement. The pager service is used by the IG. Counsel to the IG uses Lexis/Nexis for research capabilities.

2400 Printing and Reproduction **\$ 1,000**

Justification

Cost of the Government Printing Office printing OIG memo paper and letterhead. This amount should last for two years.

2500 Other Contractual Services **\$131,000**
2500 Approved IRM Plan **\$ 29,000**

Justification

Contract services may be needed to assist in staff reviews of programs. The tuition funds will be used for individual training classes for staff. Individual training classes are a mandatory requirement of the Federal Yellow Book for auditors and of the legal bar association for the Counsel to the IG. The Counsel to the IG has been nominated for the Excellence in Government program, which costs \$7,200. Membership fees will cover the dues for professional organizations to which OIG staff belong such as the Institute of Internal Auditors and Association of Government Accountants.

Government contractual funds will be used for miscellaneous training courses being attended by staff at USDA, FLETC, and other government agencies. They will also be used for contracts issued by other government agencies (Department of Labor and General Services Administration) for independent reviews of such things as the Agency's financial statements and the OMB required IT security audit.

These funds will also cover the cost of annual maintenance agreements on the velobinder and copier.

IRM Justification

GISRA requires agencies to perform an audit of IT security on an annual basis. The maintenance is needed to keep the OIG velobinder and copier in good working order.

2600 Supplies and Materials	\$ 3,500
2600 Approved IRM Plan	\$

Justification

To purchase miscellaneous text and reference books as well as on-going subscriptions. Office supply funds will be used mainly to purchase supplies for the velobinder and copier, which are used by the entire Agency. Non-cash awards will be given to staff at the discretion of the IG.

3100 Equipment	\$ 800
3100 Approved IRM Plan	\$ 500

Justification

Purchase of Adobe Acrobat software.

IRM Justification

Software will be purchased to produce flowcharts in OIG products and create PDF files and approve documents within our Web browser.



Annual Audit Plan FY 2002

The annual audit plan is based on input from management and staff as well as other issues identified by OIG staff. Audits and inspections are planned to provide assurances to the CEO and FCA board that programs are operating effectively with appropriate controls. The Annual Audit Plan is intended to be a living document that is updated periodically throughout the year. It notes activities completed along with activities tentatively planned. Actual activities will most likely be selected from the areas listed below. However, actual coverage may change in order to be responsive to changing needs or circumstances

Audit of Financial Statements

The OIG contracts with an independent accounting firm to conduct an audit of the FCA financial statement. During FY 2002 the OIG will deliver the audit opinion on the financial statements as of September 30, 2001. In future years, there is an expectation by management and the OMB that audit opinions will be issued closer to the end of the fiscal year. OIG will incorporate more interim audit work in its contract to ensure expectations are met.

Audit of the Office of the Chief Financial Officer

The objective of this audit is to evaluate whether the Office of Chief Financial Officer is operating efficiently and determine whether initiatives to improve the office have been effective. This audit was in process at the beginning of the fiscal year and the report was issued.

GISRA

The OIG is mandated to determine compliance with Government Information Security Reform Act. The OIG is exploring the alternatives of using experts from the Office of Examination, OIG auditors, and contractors to complete this audit. The audit will be completed by September 1, 2002

Contracting

The objective of this audit is to determine if purchasing and contracting procedures are effectively implemented. This audit will follow up on recommendations from previous OIG reports and activities. This audit will start during February 2002.

Compensation

This audit will determine whether the objectives of the FCA compensation program are being met. We expect to conduct the audit in three distinct phases. This approach will assure that management gets the benefits of audit results as work on the overall objective is completed.

Early Warning System

The OIG contracted with Delclos/Walsh Associates Inc. to perform a review of the Early Warning System. The Contractor has completed work and provided a draft report to the OIG. I expect to release the report as a management study.

Inspections and Management Letters

The OIG will conduct a variety of activities on areas and issues that merit review because of potential risk or operational weaknesses. These activities may be reported as management advisories or inspection reports. While planning these activities, we may determine the issues are broader and may expand the scope to audit the issues. Activities that OIG is currently considering or working on include:

- Office Quality Control Programs
- Productivity trends in examinations
- Flexible Spending Account Administration,
- Leave Bank procedures,
- Professional certifications,
- Evaluation of physical security practices,
- LARS use and costs
- Rural Development Act review
- Membership in professional organizations
- Use of Social Security numbers by FCA,
- PPM Process
- Relocation Expenses
- Use of Government Credit Cards
- Improper Payments
- Administrative operations of offices in McLean,
- Follow-up on previous management letters.