

**OFFICE OF INSPECTOR GENERAL
FY 2001 PERFORMANCE MEASURES
AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

Objective: Audit and evaluate the Agency's programs and operations to promote economy, efficiency and effectiveness.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Deliver quality audit and inspection products and services that are useful to the Board, management and/or the Congress.</p>	<p>Audit and inspection reports. <i>Details at Attachment 1.</i></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><i>Three audits and three inspections were initiated to examine program efficiencies, especially use of resources.</i></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><i>All audits were in high-risk programs and/or were tied to the Agency strategic plan. Focus was on major Agency programs and implementation of new programs. Inspections were utilized for field office reviews. Each product aimed at identifying efficiencies and potential cost savings.</i></p> <p>Findings made during audit fieldwork are recognized and corrected by management prior to drafting of the audit or inspection report.</p> <p><i>Management worked with OIG to address findings during:</i></p> <ul style="list-style-type: none"> • <i>FCA's FY 2000 Financial Statements;</i> • <i>Performance Budgeting Audit</i> • <i>Government Information Security Reform Act Review</i> <p>INSPECTIONS OF:</p> <ul style="list-style-type: none"> • <i>Affirmative Employment Program Action Plan</i> • <i>Office of Examination, Office of Chief Examiner</i> <p><i>Office of Examination, Special Examination and Supervision Division</i></p> <p>Products are timely, i.e. average time to complete audits and issue draft reports will not exceed 6 months.</p> <p><i>All audits were completed in within 10 months. Inspections were completed more rapidly (2 mos. or less).</i></p>	<p>FCA programs and operations are more effective.</p> <p><i>COO has led efforts to resolve agreed upon actions in an OIG audit report on Performance Budgeting and continues to improve FCA business practices. In addition to an inventory of products and services, the time recording system was streamlined. GPRA Training and a workgroup to integrate operating plans and the budget involved more Agency employees and created a unified approach to submission of data for consideration by the Board.</i></p> <p>Waste in Agency programs and operations are reduced.</p> <p><i>Agency management accelerated the implementation of a replacement financial system.</i></p> <p>Increased Agency compliance with laws, regulations and internal policies and procedures.</p>

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<p>1. Deliver quality audit and inspection products and services that are useful to the Board, management and/or the Congress. (Continued)</p>	<p>Audits are constructive. At least 75% of audit products contain recommendations to improve Agency operations.</p> <p><i>100% of audits and 1 inspection contained recommendations to improve Agency operations.</i></p> <p>The Agency accepts at least 80% of OIG audit recommendations.</p> <p><i>There were 19 agreed upon actions for change. All recommendations were accepted by management.</i></p> <p>The Agency actually implements all corrective actions prescribed by management decisions.</p> <p><i>20% of the corrective actions have been implemented. The remaining 80% of those recommendations that have been accepted by management are not yet implemented.</i></p>	<p><i>Through the partnership concept, the IG and FCA management:</i></p> <ol style="list-style-type: none"> <i>1) Received an unqualified opinion for the Agency's FY 2000 financial statements;</i> <i>2) Validated the security of Agency information;</i> <i>3) Work-life program is a forerunner in such areas as telecommuting, flexible work scheduling, flexible spending account; and</i> <i>4) Addressing specific guidance to make the workplace a professional environment without tolerance of inappropriate behavior.</i> <p><i>FCA is more effective in carrying out its mission.</i></p> <p><i>Use of video conferencing equipment has saved time and resources and made the mission more effective.</i></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>The IG advises the Chairman concerning policy direction or administrative priorities.</p> <p><i>The IG delivered two advisories to the Chairman concerning policy issues and administrative priorities.</i></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, audit work or technical assistance.</p> <p><i>Regularly, Agency management asks OIG staff to look at policies and operating procedures.</i></p> <p><i>OIG was asked to engage a contractor to validate the Agency's Early Warning System.</i></p>

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<p>3. 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>OIG performs analysis and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p> <p><i>Technical analysis and advice was provided through the following:</i></p> <ul style="list-style-type: none"> • <i>GPRa implementation/performance measures</i> • <i>Performance budgeting</i> • <i>Acquisition of Financial Management System from External Source</i> • <i>Travel</i> • <i>Compensation</i> • <i>FCA Accountability Report</i> • <i>Telecommuting</i> • <i>Budgeted Contract Funds v. Actual Use</i> • <i>Building Security</i> • <i>Mentoring Program</i> • <i>Service Level Agreements were reviewed and OIG gave comments</i> • <i>Family-friendly initiatives were extended and approved</i> • <i>Disaster planning</i> • <i>Policy reform on inappropriate behavior and harassment in the workplace</i> 	<p><i>OIG is a laboratory of change, a model for best practices. OIG has employee contracts, and an interdisciplinary team approach to projects.</i></p> <p><i>OIG also has entered into an interagency MOU to provide OIG with personnel services. This is a pilot program.</i></p> <p><i>OIG made suggestions to the Agency Travel Policy.</i></p> <p><i>OIG led an effort to initiate the streamlining of the time recording system and the preparation of a comprehensive staffing plan.</i></p> <p><i>OIG’s performance measures and budget preparation was used as a model for unified FY 2002 Agency budget preparation linking to performance.</i></p>
<p>4. Continuous improvement of OIG staff, products and internal administration.</p>	<p>Customer survey feedback is used to improve products and services.</p> <p>OIG training ensures the technical proficiency of staff.</p> <p><i>Training classes attended for proficiency:</i></p> <ul style="list-style-type: none"> • <i>Association of Government Accountants Leadership Conference (Smith and Dean)</i> • <i>FCA Performance Measures (Ohlstrom, Dean, Smith)</i> • <i>Inspector General Auditor Training Institute (Ohlstrom)</i> • <i>Governance in the 21st Century (Dean)</i> • <i>Legal Professionalism (Dean)</i> 	<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><i>Peer review performed of audit operation was successfully completed in FY 2000.</i></p> <p>Customer survey feedback evidences increased satisfaction with report practices.</p> <ul style="list-style-type: none"> • <i>Report survey customer feedback was positive with 4.4 average (rating 1 to 5 with 5 the high).</i>

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<p>4. Continuous improvement of OIG staff, products and internal administration. (Continued)</p>	<ul style="list-style-type: none"> • <i>National White Collar Crime Center (Ohlstrom)</i> • <i>Computer Training (all)</i> • <i>Legal Issues in Information Technology (Dean)</i> • <i>OPM-NASA- Leadership for Critical Times (Ohlstrom)</i> • <i>Problem Solving (all)</i> • <i>Council for Excellence in Government (Dean)</i> <p>OIG implements administrative improvements identified through reviews of other Agency programs and through staff involvement with the professional community.</p> <ul style="list-style-type: none"> • <i>OIG staff members enter into a performance contract with the IG, identifying projects and responsibilities. Similarly, the IG and the Agency Chairman sign a performance contract.</i> • <i>OIG teambuilding is ongoing.</i> • <i>Equipment upgrades allow more professional products to be produced in-house. OIG welcomes the Agency to use the equipment. This has resulted in more professional products and acquisition of the necessary equipment within the Agency.</i> • <i>OIG time tracking has been further streamlined.</i> • <i>OIG has made a decision to reach “Agreed Upon Actions” in audits and inspections when possible. Process was further streamlined.</i> • <i>The Hotline number has gained more visibility by being put on the FCA website. OIG also has an independent Internet Hotline account, outside the FCA infrastructure.</i> 	<ul style="list-style-type: none"> • <i>Format and presentation of OIG products have been upgraded with technological tools and training.</i> • <i>Benchmarking with comparable financial regulators results in more diversified benefits package for FCA.</i> <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> <p><i>OIG staff actively develops ideas for adding value to the Agency and OIG operations. Part of OIG performance contract involves identifying specific ideas to audit or review in the upcoming year.</i></p> <p><i>This reporting period an Administrative Burden Workgroup continued its leadership by an OIG staff member and further streamlined routine procedures.</i></p> <p><i>The Agency has expanded work/life programs.</i></p> <p><i>The Agency now has maxi-flex and a recognized telecommuting program.</i></p> <p><i>OIG was asked to prepare a revised leave policy, comparable to other financial regulators. It is being evaluated by Agency management.</i></p>

**OFFICE OF INSPECTOR GENERAL
FY 2001 PERFORMANCE MEASURES
INVESTIGATIONS**

Objective: Investigate observed, alleged or suspected wrongdoing to prevent and detect fraud, waste, abuse and mismanagement in Agency programs and operations.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Administrative and criminal violations relating to FCA programs and personnel are effectively investigated and reported.</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><i>70% of active cases will be less than two years old (from the date the case is opened).</i></p> <p><i>100% of employee cases without criminal prosecution potential will be completed within 1 year from opening the case.</i></p> <p><i>Two investigations were open at the beginning of this period. One was closed during FY 2001 and one remains open.</i></p>	<p>Administrative action, convictions or pleas are obtained for employees and/or contractors found guilty of wrongdoing.</p> <p><i>One referral to the Department of Justice was made. DOJ declined prosecution and the Agency took administrative action.</i></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><i>A closed investigation resulted in Agency policy clarification and agency-wide training in problem solving. Agency staff has an enhanced knowledge that reported issues will result in action when warranted and inappropriate behavior is not to be tolerated.</i></p> <p><i>The average time to complete six preliminary and unsubstantiated allegations was three months.</i></p>

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PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>2. FCA employees and managers recognize their responsibility to immediately report observed or suspected wrongdoing to the IG.</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 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><i>The OIG is notified promptly whenever wrongdoing is observed or suspected in FCA programs. Various offices have sought guidance to avoid problems or to resolve potential problems before there is a need for investigation.</i></p> <p><i>Advance fee fraud schemes are referred to appropriate law enforcement agencies when FCA employees are solicited.</i></p>
<ul style="list-style-type: none"> Agency officials and Congress are kept fully and currently informed of problems found in the process of and resulting from investigative activities. 	<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>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>

**OFFICE OF INSPECTOR GENERAL
FY 2001 PERFORMANCE MEASURES
REVIEW OF LEGISLATION AND REGULATIONS**

Objective: Review and make recommendations regarding existing and proposed legislation and regulations relating to Agency programs and operations and the Inspectors General community.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>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>	<p>Processes are established and documented for identifying and circulating (as appropriate) relevant documents.</p> <p><i>Legislation is tracked on a daily basis. The PCIE/ECIE Legislation Committee is active in forwarding interest items.</i></p> <p>Constructive comments on relevant documents are submitted by the deadlines requested by the office, Agency or staff circulating comments.</p> <p><i>Comments were submitted on time.</i></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> <p><i>Congress asked OIGs to prepare and submit reports on: 1) Promptness of payment of water and sewage; and 2) Collection of data about individuals who access the Agency internet site.</i></p> <p><i>A Congressman asked the FCA OIG to report on whether the Agency was adhering to the Congressional Review Act.</i></p> <p><i>Response to a GAO survey involving consolidation of IG offices. OIG noted the original purpose of the legislation creating IGs and pointed out differences in missions, size and structure of other agencies</i></p>

**OFFICE OF INSPECTOR GENERAL
FY 2001 PERFORMANCE MEASURES
OUTREACH PROGRAM**

Objective: Work with our Agency head and the Congress to improve program management; and work with the Inspectors General community and other related organizations to address government wide issues.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Agency personnel understand and accept OIG's role within FCA and the community at large.</p>	<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><i>OIG policies have been refined and streamlined. Audit follow-up was merged with the Agency system so that duplication of effort will be avoided.</i></p> <p><i>Information concerning the OIG HOTLINE can be obtained through linkage with the IG Semiannual Report in the FCA database.</i></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.</p> <p><i>In place of the traditional audit report, Agency management has been receptive to the quick response reviews and agreed upon action techniques. The techniques have been further refined.</i></p> <p><i>The OIG at FCA brochure was updated.</i></p> <p><i>Separate internet account opened to ensure confidentiality. The account is with an outside vendor and cannot be accessed by FCA administrators.</i></p>
<p>2. OIG staff provides Leadership to organizations directly contributing to the Inspectors General community.</p>	<p>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>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>3. OIG staff provides leadership to organizations directly contributing to the Inspectors General community.</p>	<p><i>Professional Organizations - staff are active in meetings and sessions of PCIE/ECIE and other professional organizations including: Institute of Internal auditors, Association of Government Accountants, Council of Counsels, Association of Federal Investigators, Training Coordinators, International Association of Financial Crime; Executive Women's Group, and Instructor at Inspectors General Auditor Training Institute.</i></p>	<p><i>OIG partnered with the OIG community and the FBI to investigate aspects of the terrorist crisis. The investigator took part in evidence recovery at the Pentagon.</i></p>

**OFFICE OF INSPECTOR GENERAL
FY 2001 PERFORMANCE MEASURES**

AUDIT RESULTS

AUDIT NAME	AUDITS ARE RELEVANT	RISK IS ADDRESSED	PRODUCTS ARE TIMELY	AUDITS ARE CONSTRUCTIVE	AGENCY ACCEPTS 80%
Performance Budgeting	OIG Initiated	Strategic Plan	10 Months	14 Agreed Upon Actions	Accepted all; two implemented.
FY 2000 Financial Statements	Annual Audit (Voluntary Compliance with CFO Act)	Strategic Plan	4 Months	No findings. Management Letter	Working on closing issues identified.
Government Information Security Reform Act Review	Legislatively mandated		2 Months	No material findings.	

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INSPECTION RESULTS

INSPECTION NAME	INSPECTIONS ARE RELEVANT	PRODUCTS ARE TIMELY	INSPECTIONS ARE CONSTRUCTIVE	AGENCY ACCEPTS 80%
Affirmative Employment Program Action Plan	OIG Initiated	2 Months	5 Agreed Upon Actions	Accepted all and 1 implemented.
Administrative Functions of the Chief Examiner's Office, Office of Examination	OIG Initiated	2 Months		No recommendations.
Administrative Functions of the Special Examination and Supervision Division, Office of Examination	OIG Initiated	2 Months		No recommendations.