

Office of Inspector General

**FISCAL YEAR 2003
PERFORMANCE MEASURES**



July 2004

TABLE OF CONTENTS

Executive Summary Page 1

Audits and Inspections Page 2

Investigations Page 5

Legislative and Regulatory Review Page 6

Outreach Page 7

Appendix 1

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) of the Farm Credit Administration (FCA or Agency) met or surpassed its target or goals for performance in Fiscal Year (FY) 2003. Goals pertain to:

- audits and inspections,
- technical assistance to agency officials and management,
- continuous improvement of the OIG staff,
- investigation of administrative and criminal violations,
- reviewing and commenting on legislation and regulations affecting the agency and the IG community, and
- outreach.

During this reporting period the OIG issued a program audit involving the Loan Account Reporting System and the audit of the FY 2002 Financial Statements. There were no material findings during the audit of the financial statement or the review of the information security.

An inspection involving FCA Board Policies was issued, as well as a review of the Federal Information Security Management Act (FISMA), Electronic Government (e-Government) at the agency, and management advisories and several management informational memoranda. These products addressed risk to the agency. All products were timely and constructive. Over 80% of the products contained recommendations to improve agency operations.

The OIG collects data from a survey that is used by the agency for an ongoing performance measurement in the areas of safety and soundness of financial institution examination. OIG initiated a transition from delivering the survey and collecting the results on paper to electronic delivery and receipt of survey.

Audit survey feedback improved slightly from last year and we are attempting to get feedback on other products.

An investigation led to a management advisory aimed at improving administration of leave. The FCA Board also asked for a briefing on continuity of operations following OIG's issuance of a thorough checklist and advisory on that topic.

A measure of our success is contributing to the agency's continuous adaptation of sound business practices and basic integrity. We are hopeful that the agency will continue to show firm commitment to decision-making and follow-up to improve operations and programs.

The OIG welcomes comments and suggestions related to performance in areas to address.

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

AUDITS AND INSPECTIONS	
Objective—Audit and evaluate the Agency’s programs and operations to promote economy, efficiency and effectiveness.	
Performance Goal 1—Deliver quality audit and inspection products and services that are useful to the Board.	
OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>Audits and inspections are relevant. Audit coverage includes all mandated audits and at least 75% of those suggested by the Board and management. Risk is addressed. 100% of the OIG audits are performed in high risk/high dollar programs and activities and/or are tied to the agency strategic planning goals.</p> <ul style="list-style-type: none"> ▪ OIG contracted with a CPA firm to review FCA’s mission critical system under the Federal Information Security Management Act (FISMA) and by auditing FCA’s financial statements. <p>Findings made during audit fieldwork are recognized and corrected by management prior to drafting of the audit or inspection report.</p> <p>Products are timely, i.e., average time to complete audits and issue draft reports will not exceed six 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 the OIG audit recommendations. The agency actually implements all corrective actions prescribed by management decisions.</p> <ul style="list-style-type: none"> ▪ 100% of audit products contain recommendations to improve agency operations. ▪ The agency accepted 90% of audit recommendations. ▪ All audits were performed within six month. <p><i>See Appendix 1 for details of audits and inspections.</i></p> <ul style="list-style-type: none"> ▪ An inspection of FCA Board Policies issued on September 15, 2003, awaits management decision on three recommendations. This inspection, i.e. was completed in less than three months. 	<p>FCA programs and operations are more effective. Waste in agency programs and operations is reduced. Better business practices are initiated.</p> <ul style="list-style-type: none"> ▪ FCA continues to improve and develop mechanisms to streamline budget data to products and services. ▪ Unqualified opinion for agency financial statements. Security of information validated through FISMA review. ▪ Reimbursement formula for services is upgraded. FCA reports to Office of Management and Budget (OMB) on progress of updating continuity of operations and certification of information security systems. ▪ Agency moved ahead in developing more comprehensive continuity of operations plan following checklist and guidance issued by the OIG. ▪ Agency has utilized factors identified by the OIG to market FCA as an outstanding place to work and to attract and retain valuable employees. <p>FCA is more effective in carrying out its mission.</p> <ul style="list-style-type: none"> ▪ Plans are prepared to redesign the Loan Account Reporting System to be more comprehensive and useful for more mission-related purposes.

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

AUDITS AND INSPECTIONS

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

Performance Goal 2—Provide technical advice and assistance to agency official in developing sound management information and financial reporting systems and in streamlining programs and organizations.

OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>Assist the agency in building continuous, meaningful measures with outcomes important to their stakeholders.</p> <p>The IG advises the Chairman concerning policy direction or administrative priorities.</p> <ul style="list-style-type: none"> ▪ An ongoing survey conducted by the OIG to preserve anonymity and integrity, involves the effectiveness of the examination function. Results are benchmarked from year to year and are used by the agency for ongoing performance measurement. ▪ The IG advised the Chairman of the FCA that it would be prudent to link FCA’s Strategic Plan with the President’s Management Agenda. ▪ An advisory was issued on March 31, 2003 on the Contingency of Operation Plans (COOP). This advisory was also presented to the Board at a regular Board meeting. The advisory provided a current status of FCA’s emergency preparedness and a checklist of areas that need to be addressed. <p>The OIG performs analysis and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p> <ul style="list-style-type: none"> ▪ An advisory on new employee processing was issued on May 21, 2003, suggesting reducing redundancy and streamlining. ▪ The IG identifies management’s top challenges in the semiannual reports, the agency’s performance report, and the audit of the financial statements. 	<p>OIG input and advice contributes to agency decisions and actions that are more complete and valid at their inception.</p> <ul style="list-style-type: none"> ▪ Upgrade of recording equipment in the Board room occurred, in part, due to OIG interest in issue involving the taping of a closed session. ▪ The agency is working on updating the COOP. The CIO used the advisory rather than contract for a review of their emergency preparedness which saved the agency funds. <p>Increase in management request for advice, audit work or technical assistance.</p> <ul style="list-style-type: none"> ▪ Regularly management requests the OIG to validate changes in business practices. The OIG is a laboratory of change, a model for best practices. The agency has revised performance evaluation plans on those used by the OIG. The OIG’s budget preparation, with linkage to performance measures was used as a model for the agency. ▪ The OIG advisory on the COOP resulted in a Board presentation and OIG expertise in guiding the agency effort tot draft a more comprehensive plan. ▪ The agency provided education on certain leave matters to management as a result of advice from the OIG stemming from investigative matters. ▪ The OIG advised the agency on need for more rigorous controls on fuel cards for agency cards.

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

AUDITS AND INSPECTIONS	
Objective—Audit and evaluate the Agency’s programs and operations to promote economy, efficiency and effectiveness.	
Performance Goal 3—Continuous improvement of the OIG staff, products and internal administration. Quality is highly valued.	
OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>Customer survey feedback is used to improve products and services.</p> <ul style="list-style-type: none"> ▪ Audit feedback averaged a rating of 4.5 (5 being the highest grade 1 being the lowest). The OIG team is developing feedback instruments for inspections and other reviews as well. <p>OIG training ensures the technical proficiency of staff.</p> <ul style="list-style-type: none"> ▪ The OIG team has taken technical courses to gain proficiencies: Qualitative Application in Administrative Decision Making, FISMA Update, Economic Crime Summit, IG Public Corruption and Integrity Investigation, Government Purchase Cards, and Introductory to Auditor Training. In addition PCIE/ECIE training sessions and legal forums are attended. The OIG team also stays current in FCA operations training courses and strategic management initiatives. <p>OIG implements administrative improvements identified through reviews of the agency programs and through staff involvement with the professional community.</p>	<p>Peer review reports provide an unqualified opinion that the OIG audit work meets or exceeds quality audit standards prescribed by GAO and the President’s Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE).</p> <ul style="list-style-type: none"> ▪ Peer review of the OIG audit component was last conducted in 2000. A peer review is scheduled in 2003. ▪ The OIG participated in a pilot peer review of the investigation function. ▪ The OIG conducted a peer review of the National Labor Relations Board OIG’s audit operation. <p>Customer survey feedback evidences increased satisfaction with report practices.</p> <ul style="list-style-type: none"> ▪ Audit survey feedback was positive. On a scale of 1 to 5 (5 being the highest grade) survey results were 4.5. FY 2001 rating was 4.4. <p>The IG’s opportunity to facilitate positive change within the agency is enhanced by the quality and credibility of OIG products and advice.</p>

**Farm Credit Administration
Office of Inspector General
FY 2003 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 Goal 1—Administrative and criminal violations relating to FCA programs and personnel are effectively investigated and reported. Agency officials and the Congress are informed of problems.	
OUTPUT/CRITERIA	OUTCOME/IMPACT
<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> <ul style="list-style-type: none"> ▪ Three investigations were open at the beginning of FY 2003; four additional investigations were opened during the year. Two were unsubstantiated and closed. One investigation, involving allegations concerning leave was substantiated and management was advised to make administrative changes to existing practices. Investigations took from one to three months. Three substantiated investigations were completed in less than 3 months. Two unsubstantiated took approximately three and a half months to complete. One investigation was proactive and we did a threat assessment to ensure agency employee safety. 	<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 are heightened.</p> <ul style="list-style-type: none"> ▪ Investigations involving purchase and travel card abuses led to a tightening of controls over the credit cards. Also included ▪ OIG published newsletter article on appropriate handling of mail.

**Farm Credit Administration
Office of Inspector General
FY 2003 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 Goal 2—FCA employees and managers recognize their responsibility to immediately report observed or suspected wrongdoing to the OIG..	
OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>Allegations of wrongdoing are received in a timely manner and are supported by specific information.</p> <ul style="list-style-type: none"> ▪ Some anonymous complaints are vague, lacking sufficient information to pursue an investigation. As a result, the OIG is developing ways to obtain further information. 	<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 and fairness of OIG's investigations.</p> <ul style="list-style-type: none"> ▪ OIG receives allegations through the hotline mechanisms and through anonymous correspondence. Agency management notifies the OIG team when anonymous allegations are sent to them.

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

LEGISLATIVE AND REGULATORY REVIEW

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

Performance Goal 1—Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting the agency and the IG community.

OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>Processes are established and documented for identifying and circulating (as appropriate) relevant documents.</p> <ul style="list-style-type: none"> ▪ Legislation is tracked on a daily basis. The PCIE/ECIE legislation committee is active in forwarding interest items. <p>Constructive comments on relevant documents are submitted by the deadlines requested by the office, agency, or staff circulating comments.</p> <ul style="list-style-type: none"> ▪ OIG is updating Privacy Act Routine uses in order to participate in IG community quality assurance reviews of the inspection programs. ▪ Established Quality Information Guidelines for OIG. 	<p>OIG input is part of the decision making process in approving or amending legislation, regulations, circulars and other policy positions.</p> <ul style="list-style-type: none"> ▪ OIG is attempting to become more proactive in tracking projects. <p>Constructive criticism and creative alternatives offered in OIG comments improve the quality and usefulness of documents initiated by the agency.</p> <ul style="list-style-type: none"> ▪ The agency seeks public input into policy and regulatory efforts concerning Loan Syndications and Preferred Stock, in part, due to results of OIG survey conducted on Regulation Development. <p>FCA Board and management are informed about the status of new or pending legislation or regulations initiated externally.</p> <ul style="list-style-type: none"> ▪ ECIE IGs continue to support a legislative effort to have the Program Fraud Civil Remedies Act made applicable to a broader (more than cabinet level) range of Agencies. ▪ The IG Community celebrated the 25th Anniversary of the IG Act. The President recognized the contributions of the IGs. OIG sponsored an open house and prepared a history and timeline to commemorate the IG at FCA.

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

OUTREACH

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 Goal 1—Agency personnel understand and accept OIG’s role within the FCA and the community at large.

OUTPUT/CRITERIA	OUTCOME/IMPACT
<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.</p> <ul style="list-style-type: none"> ▪ An OIG summer intern prepared a report and gave a power point presentation on e-government. There were several suggestions. The agency was receptive comments to the suggestions and has expanded electronic operations at FCA by: adding more content to the website, initiating efforts to make it more user friendly, collecting survey information electronically, spearheading pilot projects to enable employee communications and confidential reporting. ▪ At an open house celebrating the 25th anniversary of the IG Act, agency employees took an interest in reading and viewing the history of the IG at FCA.

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

OUTREACH	
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 Goal 2—OIG staff provides leadership to organizations directly contributing to the IG community.	
OUTPUT/CRITERIA	OUTCOME/IMPACT
<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> <ul style="list-style-type: none"> ▪ OIG staff actively participated in the Executive Committee on Integrity and Efficiency (ECIE), Association of Government Accountants (AGA), Council of Counsels (CCIG) (co-chair), International Association of Financial Crime, Instructor at the Inspectors General Auditor Training Institute (IGATI), GPRA Roundtable, Employee Council, Council for Excellence in Government, Senior Staff, Accountability Report Workgroup, and Federal Women’s Program Committee. 	<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>Participating in the PCIE working group on revision to peer review guidance for audits. Providing a small agency perspective.</p>
Performance Goal 3—OIG staff provides leadership to organizations directly contributing to the IG community, the agency and the Federal government.	
OUTPUT/CRITERIA	OUTCOME/IMPACT
<ul style="list-style-type: none"> ▪ OIG networking opportunities have resulted in an expanded consideration of FCA ideas and practices by community contacts and experts. 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>FCA programs and operations are more effective and efficient.</p> <ul style="list-style-type: none"> ▪ OIG has a goal to help the Agency build continuous, better, concrete measures with outcomes important to its stakeholders. ▪ OIG assisted the Agency in improving electronic communication by making suggestions to improve the web site and consider more electronic transactions with regulated entities and the public. ▪ Mentoring and coaching 2 summer interns through meaningful projects.

**Farm Credit Administration
Office of Inspector General
FY 2003 Performance Measures**

APPENDIX 1

AUDIT RESULTS

AUDIT NAME	AUDITS ARE RELEVANT	RISK IS ADDRESSED	PRODUCTS ARE TIMELY	AUDITS ARE CONSTRUCTIVE	AGENCY ACCEPTS 80%
Loan Account Reporting System	OIG initiated	Strategic Plan	6 Months	9 Agreed Upon Actions	Accepted all; 6 implemented
FY 2003 Financial Statements	Annual Audit (Voluntary Compliance with CFO Act)	Strategic Plan	5 Months	No findings, Management Letter	Working on completing issues from Management Letter.

INSPECTIONS

INSPECTION NAME	INSPECTIONS ARE RELEVANT	PRODUCTS ARE TIMELY	INSPECTIONS ARE CONSTRUCTIVE	AGENCY ACCEPTS 80%
FCA Board Policies	OIG initiated	1 Month	3 Recommendations	

REVIEWS

<i>Federal Information Security Management Act Review</i> —Legislatively mandated. Performed in 2 months. No material findings. Reports to OMB as a follow-up.
<i>E-Government at FCA</i> —OIG initiated. Suggestion made.