

Office of Inspector General

OPERATING AND PERFORMANCE PLAN

FISCAL YEARS 2005 AND 2006



FARM CREDIT ADMINISTRATION

Farm Credit Administration

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

June 30, 2004



The Honorable Nancy C. Pellett
Chairman and Chief Executive Officer
Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

Dear Ms. Pellett:

The enclosed document is the Office of Inspector General's (OIG's) Operating and Performance Plan for Fiscal Years 2005 and 2006. Our mission remains the same and our objectives and goals are similar to that of previous years. We have updated the annual audit plan to reflect issues from which we select most of our assignments.

The accomplishment of our products and services correlate to fulfilling our goals and objectives. I do not anticipate any structural changes in the OIG staffing plan.

Please do not hesitate to call me if you have any questions or comments.

Sincerely,

Stephen G. Smith
Inspector General

Enclosure

cc: Cheryl Macias
Chief Operating Officer

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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 management, the Board, and the Congress.
 2. Provide technical advice and assistance to agency officials in developing sound management information and financial reporting systems and 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 to report wrongdoing to the OIG.
 3. Provide relevant information on results of investigative activities to appropriate parties.
- **Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations and the Inspector 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 the OIG; and work with the Inspector General (IG) community and other related organizations to address government-wide issues.**
 1. Building relationships with program managers based on a shared commitment to improving program operations and effectiveness.
 2. Provide leadership to the IG community.
 3. Contribute to special projects to improve the agency.

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ASSUMPTIONS

- There will be no structural change in the OIG staffing plan.
- The agency will remain competitive in its compensation program.
- The OIG's contracting budget will be adequate to obtain additional subject matter expertise whenever specific evaluations require it.
- The OIG's training budget will be adequate to maintain leadership, technical, cultural, and collaborative competencies.

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AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS

AGENCY GOALS 1, 2 AND 3

OIG GOAL	PERFORMANCE MEASURE	OUTCOME/IMPACT
1. Deliver quality audit, inspection, and review products and services that are useful to the Board, management and/or the Congress.	<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 dollar programs and activities and/or are tied to the agency strategic planning goals.</p> <p>Findings 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 the OIG audit recommendations.</p> <p>The agency implements all corrective actions prescribed by management decisions.</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 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> <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 in the inception.</p> <p>Increase in management requests for advice, review, and technical assistance.</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>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>	

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AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS

AGENCY GOALS 1, 2 AND 3

OIG GOAL	PERFORMANCE MEASURE	OUTCOME/IMPACT
3. Continuous improvement of OIG staff, products, and internal administration.	Customer survey feedback is used to improve products and services. OIG training ensures the technical proficiency of staff. OIG implements administrative improvements identified through reviews of other agency programs and through staff involvement with the professional community.	Peer review reports provide an unqualified opinion that OIG audit work meets or exceeds quality audit standards prescribed by the General Accounting Office (GAO) and the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE). Customer survey feedback evidences increase satisfaction with report practices. The IG's opportunity to facilitate positive change within the agency is enhanced by the quality and credibility of OIG products and advice.

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INVESTIGATIONS

AGENCY GOALS 1 AND 2

OIG GOAL	PERFORMANCE MEASURE	OUTCOME/IMPACT
1. Administrative and criminal violations relating to FCA programs and personnel are effectively investigated and reported.	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. 70% of active cases will be less than two years old (from the date the case was opened). 100% of employee cases without criminal prosecution potential will be completed within one year from opening the case.	Administrative action, convictions or pleas are obtained for employees and/or contractors found guilty of wrongdoing. Management actions taken against employees serve as a deterrent to future wrongdoing. FCA internal policies, procedures and controls are strengthened to prevent and/or detect future wrongdoing.
2. FCA employees and managers recognize their responsibility to immediately report observed or suspected wrongdoing to the IG.	Allegations of wrongdoing are received in a timely manner and are supported by specific information.	Investigations are more successful because they are initiated in a timelier manner and have better information. FCA employees are more willing to report real or suspected wrongdoing because they trust the competence and fairness of OIG's investigations.
3. Agency officials and the Congress are kept fully and currently informed of problems found in the process of and resulting from investigative activities.	Summaries of investigations and the resulting administrative or judicial actions taken are incorporated into the Semiannual Report to the Congress, along with any disagreements on the actions taken or failure of management to act in a timely and responsible fashion. Findings made during the investigative process concerning the problem at issue or systemic problems are recognized and corrected or mediated by management.	The Chairman and the Congress are better informed about OIG investigations, and administrative and judicial consequences. Public confidence in the integrity of FCA programs and internal operations are heightened.

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LEGISLATIVE AND REGULATORY REVIEW

AGENCY GOAL 2

OIG GOAL

1. Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting the agency and the Inspector General community.

PERFORMANCE MEASURE

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.

Document review activity is summarized for inclusion in the Semiannual Report to the Congress.

OUTCOME/IMPACT

OIG input is part of the decision making process in approving or amending legislation, regulations, circulars and other policy documents.

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.

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OUTREACH PROGRAM

AGENCY GOALS 1 AND 2

OIG GOAL	PERFORMANCE MEASURE	OUTCOME/IMPACT
1. Agency personnel understand and accept OIG's role within FCA and the community at large.	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.	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.
2. OIG staff provides leadership to organizations directly contributing to the Inspector General community.	Time and resources are provided to OIG staff members as an incentive to contribute to outside organizations by serving on committees and holding offices.	Projects and activities of adjunct organizations such as the Association of Government Accountants (AGA), Institute of Internal Auditors (IIA), PCIE/ECIE, Council of Counsels to Inspector Generals (CCIG), Federal Law Enforcement Training Center (FLETC), and Inspectors General Auditor Training Institute (IGATI) are improved by OIG staff contributions and participation. The IG community is more credible and effective.
3. OIG staff contributes to special projects for improving the agency, the OIG community, and the Federal government.	OIG staff will participate in projects that contribute to achieving the vision of a better agency and government.	Management practices at the agency are improved by OIG staff participation in FCA special projects. FCA programs and operations are more effective and efficient.

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AUDIT PLAN

BACKGROUND

This audit plan identifies issues received from FCA management and staff as well as other issues identified by OIG staff. In particular, the Chief Executive Officer (CEO) and the FCA Board have expressed an interest in independent assessments of significant programs of the agency. The OIG has identified its focus issues in its Semiannual Report to the Congress in the form of management challenges. OIG audits and inspections provide assurances to the CEO and FCA Board that programs are operating effectively and 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.

MANAGEMENT CHALLENGES

Two years ago, the OIG added this part of the semiannual report to highlight major challenges confronting the agency as it works to fulfill its mission. These challenges have remained for several years. While some are outside of the agency's control, most should be addressed through concerted action by management. Over the past two years, the OIG has not observed appreciable progress by FCA management in addressing the challenges.

Human Capital

The OIG recommended FCA develop a human capital plan in March 2001. FCA management agreed to this recommendation, yet FCA still does not have a plan three years later. The problem, which continues today, has been the lack of a consistent strategic approach to marshalling, managing, and maintaining human capital to maximize FCA performance and assure its accountability. In 2001, the President identified human capital as a critically needed management reform in the federal government. The General Accounting Office's (GAO) High-Risk¹ report also identified the human capital challenges that the government faces. The report notes Federal agencies face challenges in four key areas:

- Leadership: Top leadership in the agencies must provide the sustained, committed, and inspired attention needed to address human capital and related organization transformation issues.
- Strategic Human Capital Planning: Agencies' human capital planning efforts need to be more fully and demonstrably integrated with mission and critical program goals.

¹ GAO/GGD-94-39 Farm Credit System Repayment of Federal Assistance and Competitive Position, March 1994

- **Acquiring, Developing, and Retaining Talent:** Additional efforts are needed to improve recruiting, hiring, professional development, and retention strategies to ensure that agencies have needed talent.
- **Results-Oriented Organizational Cultures:** Agencies continue to lack organizational cultures that promote high performance and accountability, and that empower and include employees in setting and accomplishing programmatic goals.

In light of the changes in the competitive environment, advances in technology, and the tenure of its workforce; FCA needs to develop a comprehensive, integrated approach to human capital issues. Serious human capital shortfalls in planning and organizational culture pose a threat to FCA's ability to economically, efficiently, and effectively perform its mission.

The FY 2003 Performance and Accountability Report notes "Good human resources management is crucial to FCA's mission and goals." The FCA notes it has expended considerable effort on various tasks related to human capital such as increasing workforce diversity, hiring career interns, and expanding policies designed to develop, retain and reward employees. While these tasks are important components of a human capital plan, they have not been planned and coordinated as part of a cohesive strategy designed to produce measurable results addressing the human capital needs of the agency.

FCA can improve its performance by the way that it treats and manages employees, and by building commitment and accountability through involving and empowering employees. FCA staff and its leaders must understand the rationale for making organizational and cultural changes. Everyone has a stake in helping to shape and implement initiatives as part of the agency's efforts to meet current and future challenges. Effective changes can only be sustained through the cooperation of leaders and employees throughout the organization.

Agency Governance

The Farm Credit Act (the Act) provides for a full time three-member Board. The Board members are appointed by the President and confirmed by the Senate. A small full-time Board presents a challenge in terms of defining the roles and responsibilities of the Board members relative to the governance of the agency. The Board must be able to engage in professional policy debate and set a sound course for the agency. During this reporting period, the OIG was called upon to explore several issues dealing with Government in the Sunshine Act, and information flow to the Board. The Board and the agency are most effective when they can focus on the business of the agency instead of the processes. The concerns over process are symptoms of unclear or unmet expectations among the Board members. A collegial board founded on mutual trust and respect is essential to FCA's ultimate effectiveness.

During the current and prior reporting periods, OIG reports pointed out the need to update and revise the Board Policy Statements. The Board's rules of operation are a foundation for trust and shared expectations among Board members. Keeping operational policies current will reflect the managing principles of a dynamic organization. Up-to-date policies prevent second guessing original intent and interpretation of ambiguity. Each Board member must accept the rules of operation and be comfortable with the degree of oversight and accountability within the FCA.

Clarification of roles is particularly important as the Board transitions with a new Chairman whose term began in May 2004. The Board must plan for and anticipate changes resulting from the succession of leadership. FCA's leadership will be judged by how effective and seamless succession is accomplished. This transition is an opportunity for the Chairman and the Board to establish a high standard in planning for and enabling smooth transition.

Strategic Planning

The FCA Board adopted a new Strategic Plan during this reporting period. The FCA Board worked for more than six months getting input from a cross section of stakeholders and taking a fresh look at the substance of FCA's mission, goals, and objectives. The involvement of stakeholders and assessment of internal and external environments as part of strategic planning is a major milestone. In order to move to a results-oriented organization, FCA needs to ensure the strategic goals are well understood so that it aligns activities, core processes, and resources to support mission-related outcomes.

The agency needs to continue to articulate its mission and core values, to pull employees together, and provide a clear focus in support of the agency's objectives. In successful transformation efforts, developing, communicating, and constantly reinforcing the mission, goals, and core values give employees a sense of what the organization intends to accomplish, how they fit in the organization, and what they can do to help it succeed.

FCA needs to consider organizational realignment to better achieve results and clarify accountability. Attention to organizational alignment is needed to pursue organizational approaches that recognize the reality of evolving technology, workforce, and other environmental forces. For example, as competitive sourcing, electronic government (e-government), financial management, and other initiatives lead to changes—how FCA meets its mission may need to change, including how it is organized.

The Board and agency staff will face the significant challenge of refining performance measures to enhance a results-oriented culture at FCA. The agency will need to achieve a balance among results, public expectations, and employee issues. FCA will need to continue to monitor its performance measures to ensure that they challenge and stretch the organization. Performance measures should serve as a tool to continue the push into a results-oriented organization that produces tangible outcomes. FCA will need to take its broad performance measures and transform them into a balanced scorecard through the organization and down to individual performance. The performance management system should serve as the basis for setting expectations for employees' roles in the transformation process. An effective performance management system fosters performance and accountability at the individual, organizational, and ultimately overall agency.

Financial Management

Timely, accurate, and useful financial information is essential for making operating decisions day to day, managing the agency's operations more efficiently, effectively, and economically, supporting results-oriented management approaches, and ensuring accountability on an ongoing basis. During FY 2001, FCA successfully implemented a financial management system using the services of the Department of Interior's National Business Center. During September 2003, the agency decided to reprogram funds and

purchase a new financial system. Management originally scheduled implementation of the new system during FY 2004. However, implementation has been delayed a year.

Management's challenge is to bring yet another system on line at a reasonable cost to the FCA and concurrently leverage the system to deliver timely financial information critical for making well-informed management decisions. The challenge forces the agency to develop new measures of financial management success. Financial management success goes far beyond an unqualified financial statement audit opinion. Measures such as delivering financial information that managers can use for day-to-day operations, and developing reports that capture the full cost of programs and projects can help bring about a transition.

Financial management represents a challenge that goes far beyond financial accounting to the very fiber of FCA's business operations and management culture. FCA needs to ensure that underlying financial management processes, procedures, and information are in place for effective program management. FCA already has information readily available; however, management seems to be stuck in controlling the distribution of the information. This type of information control serves as a roadblock to improved management. FCA needs to take steps to get information into the hands of managers. FCA will also need to improve managers' ability to use the information to measure, control, and manage costs, to manage for results, and to make timely and fully informed decisions about allocating limited resources.

Security and Disaster Preparedness

A year ago, the OIG noted that the Continuity of Operations Plan needed to be updated and practiced. The OIG provided management with concrete suggestions to improve the level of preparedness in the event of a disaster. The suggestions could facilitate an expedited effort to prepare for an emergency. To date, management has not provided a credible plan for employees to follow in the event of a disaster. The agency distributed emergency kits to employees and conducted a drill that demonstrated significant confusion. However, there has not been a noticeable effort to identify and remedy weaknesses uncovered in the drill. The agency's level of preparedness is a management challenge that leaves it vulnerable to significant disruption in operations in the event of an emergency.

The OIG found a strong foundation for security practices in the technology area. The speed of change in the security environment will be a challenge for all government organizations. This is especially true and a challenge for smaller organizations like FCA where an increased emphasis on physical and information security competes with program areas for tight budget funding.

Leveraging Technology

Information technology (IT) is a key element of management reform efforts that can help dramatically reshape government to improve performance and reduce costs. Advances in the use of IT continue to change the way that Federal agencies communicate, use and disseminate information, deliver services, and conduct business. However, for FCA to realize IT's promise, significant challenges will need to be overcome. The agency has recognized that in order to meet the constraints of its budget, it must be able to maximize its return on investment in technology. FCA will need effective mechanisms to ensure that current and future staff has the skills to use technology to operate in an efficient manner.

IT must complement human capital initiatives to reformulate the work processes of FCA. In order for this to come about, FCA will need to invest in training and reward employees who are able to develop innovative approaches to accomplish agency goals using technology.

E-government offers many opportunities to better serve the public, make FCA more efficient and effective, and reduce costs. FCA has begun to implement some e-government applications, including the use of the Internet to collect and disseminate information and forms. Although it has made progress, FCA has not fully reached its potential in this area. The FCA needs to: (1) focus on customers by soliciting input from the public and conducting user needs assessments; and (2) develop partnerships with other agencies to collaborate strategies.

Farm Credit System Risk

The Farm Credit System (FCS) is a single industry lender and is vulnerable to economic swings. The FCA is challenged to balance the often competing demands of ensuring the FCS fulfills its public purpose, proactively examining risk in the regulated institutions both individually and systemically, and controlling the cost of the regulator. As the Farm Credit Act has aged, it has become challenging for FCA to address increasingly complex issues such as syndications and preferred stock. FCA and FCS will be challenged to adapt modern financial markets as the Act continues to age.

AUDITS AND INSPECTIONS

Audit of Financial Statements

The OIG contracts with an independent accounting firm to conduct an audit of FCA financial statements. During FY 2004, the OIG will deliver the audit opinion on the financial statements as of September 30, 2003. This year, there is an expectation by management and the Office of Management and Budget (OMB), that audit opinions will be issued and the agency Performance and Accountability report will be published by November 15, 2004. OIG will incorporate more interim audit work in its contract to ensure expectations are met.

During FY 2004, the OIG exercised the second year option with the auditing firm that completed last fiscal year's audit to complete the audit of the agency's financial statements as of September 30, 2004. This reduces the OIG's costs associated with managing a contract during the first year of an engagement.

Financial Information Security Management Act (FISMA)

The Financial Information Security Management Act (FISMA) of 2002 mandates an annual evaluation by the OIG or an independent external auditor. Security remains a significant management challenge and the OIG anticipates computer security will remain a high priority. The OIG will continue to work with the Chief Information Officer (CIO) to incorporate issues of concern in audit activities.

Human Capital

The OIG issued a report on the job evaluation program in June 2004. The next audit will evaluate the "pay-for-performance" system.

Government Performance and Review Act

This activity will evaluate the agency's compliance with the Government Performance and Review Act (GPRA). We will focus on the FCA Board's development of a strategic plan and an evaluation of the performance measures that the FCA uses to measure its impact and progress.

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:

- FCA Policy Regulatory Development Process
- Financial Information for Management Decisions
- Implementation of Risk-based Examinations
- Leveraging Technology on Examinations
- OSMO —FCA's Effectiveness as a Dual Industry Regulator
- Comparison of SESD and OPA—Costs and Products
- OGC Legal Opinion Process, Efficiency, and Effectiveness
- FCA Commission Program
- Borrower Complaint Handling
- FOIA Program
- Office Quality Control Program
- Quality and Consistency of Examinations
- Evaluation of Physical Security Practices and Emergency Preparedness
- PPM Process
- Improper Payments
- Impact of Special Supervision on Correcting Problems in Institutions
- Review of Vulnerability Assessment
- HIPAA Compliance

Other Audit-Related Activities

During the planning, the OIG expects to conduct audit follow-up activities to evaluate:

- The effectiveness of prior recommendations,
- The effectiveness of agreed upon actions compared to recommendations, and
- The effectiveness of management advisories.

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STAFFING AND RESOURCE NEEDS AND DISTRIBUTION

STATUTORY ROLE AND RESPONSIBILITIES

The OIG was created within the Farm Credit Administration (FCA or agency) by the 1988 Amendments to the Inspector General Act of 1978 (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 Chairman and the Congress fully informed about problems and deficiencies and the need and progress in correcting them.

The Act specifies the Inspector General's duties, responsibilities and authorities. The Act precludes the OIG from performing any agency program operating function; rather, OIG advises management and the Congress about ways to improve programs. The Inspector General works with the Chairman to promote positive change within the agency's programs and operations.

OIG STAFFING NEEDED TO DELIVER RELATED 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. He is also an advisor to the Chairman and the principal spokesperson for OIG, coordinating its activities and issues with other agencies. The Inspector General position is comparable in grade with the other office directors.

The **Counsel to the Inspector General** provides independent legal advice, analysis of proposed legislation and regulations, and reviews OIG products for legal sufficiency. Counsel represents and defends OIG in all legal issues. The Counsel also participates in audits and inspections on an as needed basis. This position is a permanent part-time position with .81 FTE.

The **Program Auditor** position is devoted exclusively to audits, inspections, and management analyses, focusing on the significant management challenges of the agency.

The **Criminal Investigator** provides the expertise to conduct investigations. This task is less than fulltime and the person in this position also performs audits, inspections and other analyses.

The **Management Analyst** is responsible for budgeting, procurement, training, personnel management, and for general administrative support to the rest of the staff. The position is responsible for the preparation of the Farm Credit System Annual Survey report and participates in audits, inspections, and management reviews of administrative and operational activities.

A **College Intern** is used to augment the audit and inspection staff. This position helps the OIG ensure that new resources are available in the event of a future vacancy. Recently the OIG has used the INROADS program to further diversify staffing.

OIG PRODUCTS AND SERVICES

Audit 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. OIG also provides input to the Chairman or managers through management letters and confidential advisories. In total, approximately three FTEs are devoted to this function.

An auditor is devoted full time to audits. Also the Counsel to the Inspector General, the Criminal Investigator, and the Management Analyst are cross-training to perform evaluations under the supervision of the Inspector General, focusing on evaluating administrative and operational issues. The varied backgrounds of these individuals bring expertise to evaluating agency activities beyond that of traditional audits.

OIG augments its core staff with contracts when high level 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 mainly in that they are directed at individuals rather than programs and activities. However, some of 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 where we know there are weaknesses. OIG also manages a HOTLINE to help FCA employees and the public report wrongdoing.

Other OIG Functions include internal policy direction and leadership, review of proposed legislation and regulations, coordination with other agencies, and advice to the Chairman and management about agency programs and operations. The Inspector General is also responsible for fully informing the Chairman and the Congress about fraud and other serious problems in agency programs, including management's progress in carrying out corrective actions.

OIG's MISSION, VISION AND IMPLICATIONS FOR STAFFING

It is the OIG's goal to be an agent for positive change, striving for continuous improvement in agency management and program operations, including our own office. Our mission is to be a leader and a catalyst to improve FCA by identifying challenges and opportunities of the agency. We 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 open, 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. That way, management will be receptive to our conclusions and recommendations. Staff must be supported through management's actions, equipment and training, and mutual support from office teammates.

STAFFING ASSESSMENT AND STRATEGIES

OIG's diverse responsibilities prescribed by the Act dictate the presence of certain competencies within the OIG staff, and the independent nature of its 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 5.12 FTE in this plan constitutes the critical mass to credibly perform OIG's responsibilities. Conversely, the related level of risk at FCA does not warrant either an increase in the number of FTE or change in the mix of competencies.

OIG staff performs evaluations and investigations under the general supervision by the Inspector General. These assignments are often unlike previous assignments and need original, creative thinking in planning and developing the project; and mature judgment in developing conclusions and recommendations and defending them before management. The Counsel, the Investigator and the Analyst must develop and maintain evaluative skills and abilities as well as their basic skill sets. Grades must reflect the depth and breadth of their work in OIG.

The OIG established the staff pattern after careful analysis of the specialized nature of the OIG's responsibilities and volume of work. Over the past five years, OIG reduced staff by 30 percent (2 auditor positions).

The current OIG permanent staff profile includes 80 percent women and 20 percent African American. OIG has been successful in obtaining a diverse pool of applicants in its recent job postings. When filling future OIG vacancies, we will make a concerted effort to encourage 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. In addition to the permanent staff, the OIG budgets for one summer intern to work on specific audit assignments.

STAFFING OBJECTIVES, STRATEGIES AND ASSUMPTIONS

Objectives

- Retain and refine the skills and competencies represented by the current staff profile
- Increase the diversity of the OIG staff
- Cross-train all OIG staff to ensure each staff member can capably perform at least one OIG function as well as their primary staffing role
- Maintain and improve collaboration among OIG staff members

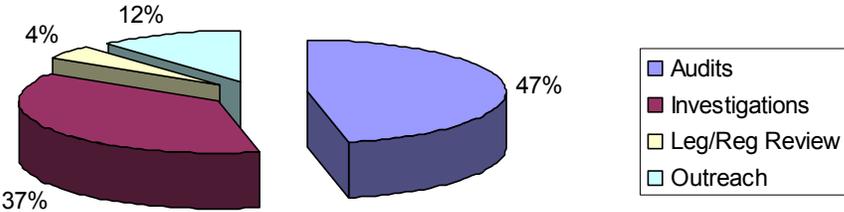
- Expand OIG staff participation in non-program activities of the agency

Strategies

- Agency affirmative employment objectives will be a consideration in filling any OIG vacancies to achieve appropriate diversity.
- 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.
- Intern programs will be used to identify possible future permanent staff.

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OIG TIME BY PRODUCTS
(allocating indirect time)



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IRM PLAN SUMMARY								
IRM Budget Category	Object Code	FY 2005 Costs	FY 2006 Costs	FY 2007 Costs	FY 2008 Costs	FY 2009 Costs	FY 2010 Costs	Total Costs
Telephone & Communications Services	2329	600	600	600	600	600	600	3,600
Consulting Services	2510	35,000	35,000	40,000	40,000	40,000	45,000	235,000
IT Equipment	3140	1,300	0	18,300	400	800	0	21,600
Software	3143	500	500	500	500	500	500	3,000
Total		\$37,400	\$36,100	\$59,400	\$41,500	\$41,900	\$46,100	\$263,200

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**FY 2005 REVISED PERFORMANCE BUDGET
by Performance Objectives**

Program Activities	Total Cost	Direct Cost	Indirect Cost	Total FTE
1.0 Policy and Regulation	0	0		0.00
1.1 Regulation and Policy Development	0	0		0.00
1.2 Statutory and Regulatory Approvals	0	0		0.00
2.0 Safety and Soundness	0	0		0.00
2.1 Examination	0	0		0.00
2.2 Economic, Financial and Risk Analysis	0	0		0.00
2.3 FCS Data Management	0	0		0.00
3.0 Implement the President's Management Agenda	0	0	0	0.00
3.1 Strategically manage human capital	0		0	0.00
3.2 Upgrade the agency's financial management system	0		0	0.00
3.3 Continue the expansion of e-government	0		0	0.00
3.4 Continue evolution of budget & performance integration	0		0	0.00
3.5 Give due consideration to competitive sourcing	0		0	0.00
4.0 Reimbursable Activities	0			0.00
4.1 SBA	0	0		0.00
4.2 USDA	0	0		0.00
4.3 FCSIC	0	0		0.00
4.4 NCB/NCB Development Corporation	0	0		0.00
5.0 Distributed Costs	951,601		951,601	5.12
5.1 Budget and Financial Management	0		0	0.00
5.2 Human Resources Management	0		0	0.00
5.3 Information Resources Management	0		0	0.00
5.4 Other Legal Counsel	0		0	0.00
5.5 Communication	0		0	0.00
5.6 Contracting, Procurement, Mail and Supply	0		0	0.00
5.7 Board Activities and Information Services	0		0	0.00
5.8 Congressional and Intergovernmental Affairs	0		0	0.00

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**FY 2005 REVISED PERFORMANCE BUDGET
*by Performance Objectives***

Program Activities	Total Cost	Direct Cost	Indirect Cost	Total FTE
5.9 Records Management and Information Services	0		0	0.00
5.10 Audit and Investigations	951,601		951,601	5.12
5.11 Administration	0		0	0.00
5.12 OSMO/Farmer Mac (non-exam activities)	0		0	0.00
Total	\$951,601	0	\$951,601	5.12

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**FY 2005 REVISED PRODUCTS AND SERVICES
by Object Classification**

Resources	Total	PS 5.10 Audits and Investigations	PS #	PS #	PS #	PS #
Full-time Equivalents (FTE)	5.12	5.12	0.00	0.00	0.00	0.00
% of costs distributed on the basis of FTE	1.00	1.00	0.00	0.00	0.00	0.00
Total	\$951,601	\$951,601				
Object Classification						
11.1 Full-time permanent	466,360	466,360	0	0	0	0
11.3 Other than full-time permanent	123,943	123,943	0	0	0	0
11.5 Other personnel compensation	2,000	2,000	0	0	0	0
Subtotal	592,303	592,303	0	0	0	0
12.1 Personnel benefits	180,548	180,548	0	0	0	0
Subtotal	180,548	180,548	0	0	0	0
13.0 Benefits to former personnel	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
21.0 Travel & transportation of person	10,000	10,000	0	0	0	0
Subtotal	10,000	10,000	0	0	0	0
22.0 Transportation of things	1,000	1,000	0	0	0	0
Subtotal	1,000	1,000	0	0	0	0
23.2 Rental payments to others	0	0	0	0	0	0
23.3 Communications, utilities, & misc.	4,750	4,750	0	0	0	0
Subtotal	4,750	4,750	0	0	0	0
24.0 Printing and reproduction	1,000	1,000	0	0	0	0
Subtotal	1,000	1,000	0	0	0	0
25.1 Advisory and assistance services	35,000	35,000	0	0	0	0
25.2 Other services	119,100	119,100	0	0	0	0
25.3 Other purchases from Govt accounts	3,000	3,000	0	0	0	0
25.7 Operation & maintenance of equipment	0	0	0	0	0	0
Subtotal	157,100	157,100	0	0	0	0
26.0 Supplies and materials	3,600	3,600	0	0	0	0
Subtotal	3,600	3,600	0	0	0	0
31.0 Equipment	2,200	2,200	0	0	0	0
Subtotal	2,200	2,200	0	0	0	0
42.0 Insurance claims & indemnities	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
92.0 Undistributed	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Total	\$951,601	\$951,601	0	0	0	0

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2005 REVISED PRODUCTS AND SERVICES

The accomplishment of the Office Inspector General's products and services correlate to fulfilling our goals and objectives.

Products/Service²	Budget	% Budget	FTE	% FTE
Audits, Inspections, and Review Products	\$447,253	47%	2.42	47%
Investigations	\$352,092	37%	1.89	37%
Regulation Review and Comment	\$114,192	12%	.61	12%
Outreach	\$38,064	4%	.20	4%
Centrally Budgeted Items	0	0	0	0
Total	\$951,601	100%	5.12	100%

Audits, Inspections, and Review Products—The OIG evaluates approximately 6-10 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, which is directly linked to the FCA Strategic Plan.

Budget for FY 2005—\$447,253

2.42 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 issues to agency components are additional functions of the investigative service.

Budget for FY 2005—\$352,092

1.89 FTE

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

Budget for FY 2005—\$114,192

.61 FTE

² Management, administrative support and leave are disbursed across the four program areas.

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2005 REVISED PRODUCTS AND SERVICES

Outreach Program—The OIG educates the agency 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, the OIG community and the Federal government. This includes but is not limited to: the Semiannual Report to the Congress, and participation in external activities such as membership on the ECIE and the CCIG. We also participate in agency efforts, such as Government Performance Results Act (GPRA) initiative, Employee's Council, Administrative Burden Workgroup, Blacks in Government, Continuity of Operations Plan, FCA Compensation Study, and the Federal Women's Program.

Budget for FY 2005—\$38,064

.20 FTE

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2005 REVISED BUDGET AND JUSTIFICATIONS

TOTAL OFFICE BUDGET **\$951,601**

Total approved IRM Plan amount included in Office Budget \$ 37,400

1100 Personnel Compensation **\$592,303**

Amount required to fund salaries of OIG staff (5.12 FTE) charged with conducting audits and investigations related to agency programs and operations. We are also responsible for reviewing existing and proposed legislations and regulations to evaluate their impact on the agency and on the prevention of fraud and abuse. Funds are also allocated for cash awards for deserving employees.

1200 Personnel Benefits **\$180,548**

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

1300 Benefits for Former Personnel **\$ --**

N/A

2100 Travel and Transportation of Persons **\$ 10,000**

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

2200 Transportation of Things **\$ 100**

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

2300 Rent, Communications, Utilities, and Miscellaneous **\$ 4,750**

2300 Approved IRM Plan **\$ 600**

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

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2005 REVISED BUDGET AND JUSTIFICATIONS

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

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

2500 Other Contractual Services **\$157,100**

2500 Approved IRM Plan **\$ 35,000**

Contract services will be needed to assist in staff reviews of programs, including FISMA and financial statements audits. 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. 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 the U.S. Department of Agriculture (USDA), FLETC, and other government agencies. They will also be used for contracts used by other government agencies such as Department of Labor (DOL) and General Services Administration (GSA) for independent reviews of such things as the agency's financial statements and the OMB required IT security audit. Government Information Security Reform Act (GISRA) requires agencies to perform an audit of IT security on an annual basis.

2600 Supplies and Materials **\$ 3,600**

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, which is used by the entire agency. Non-cash awards will be given to staff at the discretion of the IG.

3100 Equipment **\$ 2,200**

2300 Approved IRM Plan **\$ 1,800**

Purchase equipment and software as necessary to support IG programs.

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**FY 2006 PROPOSED PERFORMANCE BUDGET
by Performance Objectives**

Program Activities Products and Services	Total Cost	Direct Cost	Indirect Cost	Total FTE
1.0 Policy and Regulation	0	0		0.00
1.1 Regulation and Policy Development	0	0		0.00
1.2 Statutory and Regulatory Approvals	0	0		0.00
2.0 Safety and Soundness	0	0		0.00
2.1 Examination	0	0		0.00
2.2 Economic, Financial and Risk Analysis	0	0		0.00
2.3 FCS Data Management	0	0		0.00
3.0 Implement the President's Management Agenda	0		0	0.00
3.1 Strategically manage human capital	0		0	0.00
3.2 Upgrade the agency's financial management system	0		0	0.00
3.3 Continue the expansion of e-government	0		0	0.00
3.4 Continue the evolution of budget & performance integration	0		0	0.00
3.5 Give due consideration to competitive sourcing	0		0	0.00
4.0 Reimbursable Activities	0	0		0.00
4.1 SBA	0	0		0.00
4.2 USDA	0	0		0.00
4.3 FCSIC	0	0		0.00
4.4 NCB/NCB Development Corporation	0	0		0.00
5.0 Distributed Costs	954,854		954,854	5.12
5.1 Budget and Financial Management	0		0	0.00
5.2 Human Resources Management	0		0	0.00
5.3 Information Resources Management	0		0	0.00
5.4 Other Legal Counsel	0		0	0.00
5.5 Communication	0		0	0.00
5.6 Contracting, Procurement, Mail and Supply	0		0	0.00
5.7 Board Activities and Information Services	0		0	0.00
5.8 Congressional and Intergovernmental Affairs	0		0	0.00
5.9 Records Management and Information Services	0		0	0.00

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**FY 2006 PROPOSED PERFORMANCE BUDGET
*by Performance Objectives***

5.10 Audit and Investigations	954,854		954,854	0.00
5.11 Administration	0		0	0.00
5.12 OSMO/Farmer Mac (non-exam activities)	0		0	0.00
Total	\$954,854	0	\$954,854	5.12

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**FY 2006 PROPOSED PRODUCTS AND SERVICES
by Object Classification**

Resources	Total	PS 5.10 Audits and Investigations	PS #	PS #	PS #	PS #
Full-time Equivalents (FTE)	5.12	5.12	0.00	0.00	0.00	0.00
% of costs distributed on the basis of FTE	1.00	1.00	0.00	0.00	0.00	0.00
Total	\$954,854	\$954,854				
Object Classification						
11.1 Full-time Permanent	446,360	446,360	0	0	0	0
11.3 Other than full-time permanent	123,943	123,943	0	0	0	0
11.5 Other personnel compensation	2,000	2,000	0	0	0	0
Subtotal	592,303	592,303	0	0	0	0
12.1 Personnel benefits	186,351	186,351	0	0	0	0
Subtotal	186,351	186,351	0	0	0	0
13.0 Benefits to former personnel	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
21.0 Travel & transportation of person	10,000	10,000	0	0	0	0
Subtotal	10,000	10,000	0	0	0	0
22.0 Transportation of things	100	100	0	0	0	0
Subtotal	100	100	0	0	0	0
23.2 Rental payments to others	0	0	0	0	0	0
23.3 Communications, utilities, & misc.	3,750	3,750	0	0	0	0
Subtotal	3,750	3,750	0	0	0	0
24.0 Printing and reproduction	1,000	1,000	0	0	0	0
Subtotal	1,000	1,000	0	0	0	0
25.1 Advisory and assistance services	35,000	35,000	0	0	0	0
25.2 Other services	119,100	119,100	0	0	0	0
25.3 Other purchases from Govt accounts	3,000	3,000	0	0	0	0
25.7 Operation and maintenance of equip.	0	0	0	0	0	0
Subtotal	157,100	157,100	0	0	0	0
26.0 Supplies and materials	3,750	3,750	0	0	0	0
Subtotal	3,750	3,750	0	0	0	0
31.0 Equipment	500	500	0	0	0	0
Subtotal	500	500	0	0	0	0
42.0 Insurance claims & indemnities	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
92.0 Undistributed	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0
Total	\$954,854	\$954,854	0	0	0	0

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2006 PRODUCTS AND SERVICES

The accomplishment of the Office Inspector General's products and services correlate to fulfilling our goals and objectives.

Products/Service³	Budget	% Budget	FTE	% FTE
Audits, Inspections, and Review Products	\$448,782	47%	2.42	47%
Investigations	\$353,296	37%	1.89	37%
Regulation Review and Comment	\$114,582	12%	.61	12%
Outreach	\$38,194	4%	.20	4%
Centrally Budgeted Items	0	0	0	0
Total	\$954,854	100%	5.12	100%

Audits, Inspections, and Review Products— The OIG evaluates approximately 6-10 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, which is directly linked to the FCA Strategic Plan.

Budget for FY 2006—\$448,782

2.42 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 issues to agency components are additional functions of the investigative service.

Budget for FY 2006—\$353,296

1.89 FTE

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

Budget for FY 2006—\$114,582

.61 FTE

³ Management, administrative support and leave are disbursed across the four program areas.

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2006 PRODUCTS AND SERVICES

Outreach Program—The OIG educates the agency 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, the OIG community and the Federal government. This includes but is not limited to: the Semiannual Report to the Congress, and participation in external activities such as membership on the ECIE and the CCIG. We also participate in agency efforts, such as Government Performance Results Act (GPRA) initiative, Employee's Council, Administrative Burden Workgroup, Blacks in Government, Continuity of Operations Plan, FCA Compensation Study, and the Federal Women's Program.

Budget for FY 2006—\$38,194

.20 FTE

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2006 BUDGET AND JUSTIFICATIONS

TOTAL OFFICE BUDGET **\$954,854**

Total approved IRM Plan amount included in Office Budget \$36,100

1100 Personnel Compensation **\$592,303**

Amount required to fund salaries of OIG staff (5.12 FTE) charged with conducting audits and investigations related to agency programs and operations. We are also responsible for reviewing existing and proposed legislations and regulations to evaluate their impact on the agency and on the prevention of fraud and abuse. Funds are also allocated for cash awards for deserving employees.

1200 Personnel Benefits **\$186,351**

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

1300 Benefits for Former Personnel **\$ --**

N/A

2100 Travel and Transportation of Persons **\$ 10,000**

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

2200 Transportation of Things **\$ 100**

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

2300 Rent, Communications, Utilities, and Miscellaneous **\$ 3,750**

2300 Approved IRM Plan \$ 600

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 the Congress and other groups, and pager service for the Inspector General. Funds will also cover Lexis/Nexis service and a separate internet access fro the anonymous hotline account. The independent internet account is used for confidential reporting of fraud, waste, abuse, and mismanagement. The pager service is used by the Inspector General. Counsel to the IG uses Lexis/Nexis for research capabilities.

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

FY 2006 BUDGET AND JUSTIFICATIONS

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

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

2500 Other Contractual Services **\$157,100**

2500 Approved IRM Plan \$ 35,000

Contract services will be needed to assist in staff reviews of programs, including FISMA and financial statements audits. 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. 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 used by other government agencies such as DOL and GSA for independent reviews of such things as the agency's financial statements and the OMB required IT security audit. GISRA requires agencies to perform an audit of IT security on an annual basis.

2600 Supplies and Materials **\$ 3,750**

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, which is used by the entire agency. Non-cash awards will be given to staff at the discretion of the IG.

3100 Equipment **\$ 500**

3100 Approved IRM Plan \$ 500

Purchase software as necessary to support IG programs.

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
1.0 Policy and Regulation		0	0	0	0	0
1.1 Regulation and Development		0	0	0	0	0
Competition/Regulation Review	3177	0	0			
Regulatory Burden	3178	0	0			
Termination/Banks and Large Associations	3180	0	0			
Leasing Authorities	3181	0	0			
Borrower Rights	3182	0	0			
Releasing Information	3184	0	0			
FCA Handbook	3185	0	0			
Federal Register Liaison	3186	0	0			
Other Regulatory Initiatives	3187	0	0			
YBS Policy Statement	3188	0	0			
Recodify Farm Credit Act	3196	0	0			
Other Policy Initiatives	3200	0	0			
Investments in Rural USA	3292	0	0			
OFI Lending	3293	0	0			
National Charters	3306	0	0			
Texas FCB Litigation	3313	0	0			
Capital and Financial Risk Management	3315	0	0			
Electronic Commerce (FCS)	3318	0	0			
Distressed Loan Restructuring	3323	0	0			
Effective Interest Rate	3324	0	0			
Credit and Related Services	3325	0	0			
FCS Institution Structure	3326	0	0			
Enforcement Authorities	3327	0	0			
FCS/GSE Mission	3328	0	0			
Flood Insurance (CMP)	3329	0	0			
Section 508 Compliance	3338	0	0			
Capital/Technical Amendments	3345	0	0			
Capital Leverage Ratio	3346	0	0			

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
Young, Beginning, and Small Farmers (YBS)	3349	0	0			
Loan Syndications	3350	0	0			
Scope and Eligibility	3351	0	0			
Regulatory Burden Solicitation	3352	0	0			
Governance of FCS Institutions	3353	0	0			
1.2 Statutory & Regulatory Approvals		0	0	0	0	0
Corporate Activity	3204	0	0			
Funding Approvals	3205		0			
Other Regulatory Approvals	3206	0	0			
2.0 Safety and Soundness		0	0	0	0	0
2.1 Examination		0	0	0	0	0
Examination	UNINUM	0	0			
Early Warning Analysis	506	0	0			
General Examination	2026	0	0			
OE QA Program/Vulnerability	2042	0	0			
Training Development	2048	0	0			
OE Workshops/Conferences	2050	0	0			
Automated IS Issues	2335	0	0			
Exam Manual Update	2640	0	0			
CMS Activities	2983	0	0			
Legal Support for OE	3175	0	0			
E-Commerce Task Force	3307	0	0			
OE Modernization Project	3317	0	0			
Commission Test Development	3320	0	0			
FAMC Monitoring/Oversight	3366					
2.2 Economic, Financial and Risk Analysis		0	0	0	0	0
Underwriting Standards	2851	0	0			
Ag Land Value Trends	3169	0	0			
Public Reports and Briefing	3170	0	0			
Market Research and	3172	0	0			

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
Monitoring						
Board Support Initiatives	3173	0	0			
Other Risk Analysis	3174	0	0			
System Structure Study	3321	0	0			
2.3 FCS Data Management		0	0	0	0	0
FCS Data Management	3190	0	0			
YBS and OMB Reports	3332	0	0			
LARS Redesign	3337	0	0			
3.0 Implement the President's Management Agenda		0	0	0	0	0
3.1 Strategically manage human capital		0	0	0	0	0
3.2 Upgrade the agency's financial management system		0	0	0	0	0
3.3 Continue the expansion of e-government		0	0	0	0	0
3.5 Give due consideration to competitive sourcing		0	0	0	0	0
4.0 Reimbursable Activities		0	0	0	0	0
4.1 SBA		0	0	0	0	0
SBA Project Management	3143	0	0			
SBA Training	3319	0	0			
SBLC-Commercial Capital Corporation	1900701	0	0			
SBLC-Business Loan Center, Inc.	1900702	0	0			
SBLC-Grow America Fund, Inc.	1900703	0	0			
SBLC-Loan Source, Inc.	1900704	0	0			
SBLC-CIT SBLC	1900705	0	0			
SBLC-First Western SBLC	1900706	0	0			
SBLC-Amresco	1900707	0	0			
SBLC-Associated Commercial Corporation	1900708	0	0			
SBLC-Small Business Loan Source, Inc.	1900709	0	0			

**Farm Credit Administration
Office of Inspector General
Fiscal Year 2005-2006**

**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
SDBLC-Allied Capital SBLC	1900710	0	0			
SBLC-Transamerica	1900711	0	0			
SBLC-Money Store	1900712	0	0			
SBLC-Heller First Capital Corporation	1900713	0	0			
SBLC-GE Capital	1900714	0	0			
4.2 USDA		0	0	0	0	0
USDA Project Management	3314	0	0			
USDA Training	3343	0	0			
USDA State Office Exams	3344	0	0			
USDA – Alternative Agricultural Research Corporation	3354	0	0			
USDA – Business Loan Express	2500001	0	0			
USDA – B&I Lending	2500002	0	0			
USDA – Carolina Capital	2500003	0	0			
4.3 FCSIC		0	0	0	0	0
FCSIC Default Project	2225	0	0			
FCA Support of FCSIC	3279	0	0			
ORM Support FCSIC	3283	0	0			
4.4 NCB/NCB Development Corporation		0	0	0	0	0
FCA Support of NCB	3280	0	0			
FCA Support of NCB Development Corporation	3281	0	0			
Legal Counsel NCB Development Corporation	3285	0	0			
NCB	2000100	0	0			
5.0 Distributed Costs		\$793,617	\$796,659	\$896,937	\$951,601	\$954,854
5.1 Budget and Financial Management		0	\$44	0	0	0
Financial Management Policies	3234	0	0			
Budgeting and Analysis	3235	0	44			
Financial Management Systems	3236	0	0			

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**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
Financial Reports and Statements	3237	0	0			
Accounting Duties	3238	0	0			
Financial Management Guidance	3322	0	0			
5.2 Human Resources Management		\$13,335	\$1,545	0	0	0
Training Taken	3001	5,668	1,301			
Personnel and Payroll Processing	3161	0	0			
Compensation and Benefits	3162	0	0			
Training Administration and Development	3163	0	244			
Staffing and Job Evaluation	3164	3,500	0			
Employee Management Relations	3165	0	0			
Training G2	3222	0	0			
Training Development G2	3223	0	0			
Other Administration G2	3225	0	0			
Structural Streamlining	3334	0	0			
Bonus Performance Payments	3339	3,882	0			
FCA Compensation Study	3341	285	0			
Executive Leadership Program	3342	0	0			
Human Development and Investment	3356	0	0			
5.3 Information Resources Management		\$95	\$15,710	0	0	0
System Development	3229	0	0			
User Support	3230	0	0			
NT and Network Management	3231	0	0			
Client Systems Management	3232	0	0			
Database Administration	3233	0	0			
Agency Laptop Replacement	3309	0	0			
IT Accessibility Task Group	3310	0	0			
Lotus Notes R5 Upgrade	3312	0	0			

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**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
IRMOOC	3330	0	0			
IRM Planning	3331	0	0			
IT Security	3340	95	0			
T29 Laptop Replacement	3359	0	15,710			
5.4 Other Legal Counsel		0	0	0	0	0
General Litigation	3197	0	0			
Legal Counsel – Other	3336	0	0			
5.5 Communication		0	\$15	0	0	0
Management Reporting	2308	0	0			
Design and Duplicating	2663	0	0			
Borrower Complaints	3156	0	0			
Symposium – Ag Lending	3167	0	0			
Economic Seminars and Conferences	3171	0	0			
Government Coordination	3207	0	0			
System Liaison	3208	0	15			
Media and Public Affairs	3209	0	0			
International Programs	3211	0	0			
Informational Memoranda	3212	0	0			
Publication Editing	3214	0	0			
Meeting Planning	3215	0	0			
Plain Language Initiative	3216	0	0			
Internal Communication G2	3219	0	0			
Internal Communication	3247	0	0			
FCA Web Site	3333	0	0			
5.6 Contracting, Procurement, Mail and Supply		0	0	0	0	0
Procurement	3239	0	0			
Mail Administration	3240	0	0			
Supplies Administration	3241	0	0			
Transportation Administration	3242	0	0			
5.7 Board Activities and Board Support		\$250	\$233	0	0	0
Board Support Initiatives	2357	0	0			

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**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
Board Support Initiatives	2989	0	0			
Board Support	3213	250	0			
Board Member Activity	3335	0	233			
5.8 Congressional and Intergovernmental Affairs		0	0	0	0	0
Congress and Government Liaison	3201	0	0			
Legislative Analysis	3203	0	0			
Ombudsman Activities	3355	0	0			
5.9 Records Management and Information Services		\$125	\$128	0	0	0
Information Center and Records Management	3226	125	128			
5.10 Audits and Investigations		\$629,034	\$646,197	\$896,937	\$951,601	\$954,854
OIG Time	1425	629,034	646,197	896,937	951,601	954,954
Audit, QA and Internal Control	3221	0	0			
Audit, QA and Internal Control	3249	0	0			
5.11 Administration		\$120,778	\$132,787	0	0	0
General Administration	3002	293	328			
Planning	3004	127	351			
Clerical & Admin. Support	3005	0	0			
Year 2000 Activities	3006	0	0			
Best Practices	3059	0	0			
Year 2000	3063	0	0			
Management and Supervision	3160	0	0			
Management G2	3217	0	0			
Planning and Budgeting G2	3218	0	0			
Clerical & Admin. Support G2	3220	0	0			
Technical Committees	3224	0	0			
FCS Building Association Liaison	3243	0	0			
Leave	3244	120,117	132,108			

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**PERFORMANCE BY PROJECTS, PRODUCTS AND SERVICES AND PROGRAM
ACTIVITIES, FY 2002-2006**

Program Activities	Project Number	FY 2002 Actual	FY 2003 Actual	FY 2004 Revised	FY 2005 Revised	FY 2006 Proposed
Management G3	3245	0	0			
Planning and Budgeting G3	3246	0	0			
Clerical and Administrative Support G3	3248	0	0			
Other Administration G3	3250	0	0			
Ethics Program	3251	241	0			
FOIA and Release Information	3252	0	0			
EEO	3254	0	0			
Agency Compliance	3287	0	0			
FCA Mentoring Program	3288	0	0			
5.12 OSMO/Farmer Mac (non-exam activities)		0	0	0	0	0
Legal Counsel – OSMO	3276	0	0			
Risk-Based Capital Rule	3277	0	0			
OSMO Activities	3290	0	0			
Farmer Mac Call Reports	3347	0	0			
Farmer Mac Issues	3348	0	0			
TOTAL		\$763,617	\$796,659	\$896,937	\$951,601	\$954,854

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BUDGET HISTORY SUMMARY, FISCAL YEAR 2002-2004

Object Classification	FISCAL YEAR 2002			FISCAL YEAR 2003			FISCAL YEAR 2004		
	Budget	Obligated	Balance	Budget	Obligated	Balance	Budget	Obligated	Balance
Awards (1154)	2,000.00	450.00	1,550.00	2,000.00	831.00	1,169.00	2,000.00	60.00	1,940.00
Travel (2101)	19,000.00	6,970.66	12,029.34	12,236.00	1,526.00	10,710.00	15,000.00	1,156.89	13,843.11
Transportation of Things (2213)	N/A	N/A	N/A	100.00	---	100.00	1,000.00	---	1,000.00
Telephone and Communications Services (2329)	1,600.00	399.24	1,200.76	600.00	---	600.00	600.00	215.40	384.60
Messenger and Courier Services (2335)	N/A	N/A	N/A	150.00	---	150.00	150.00	---	150.00
Commercial Printers (2403)	1,000.00	830.00	170.00	1,000.00	75.00	925.00	1,000.00	---	1,000.00
Advisory Assistance Services (2510)	5,000.00	---	5,000.00	15,000.00	6,719.00	8,281.00	30,000.00	---	30,000.00
Training (2525)	19,000.00	12,162.93	6,837.07	3,500.00	2,631.00	869.00	3,500.00	3,430.00	70.00
Convenience Check Fees (2524)	N/A	N/A	N/A	---	122.53	(122.53)		1.87	(1.87)
Membership Fees (2526)	N/A	N/A	N/A	500.00	---	500.00	500.00	214.38	285.62
Other Contractual Services (2528)	103,000.00	93,808.03	9,191.97	128,000.00	77,462.40	50,537.60	115,000.00	89,874.71	25,125.29
Training Government (2535)	N/A	N/A	N/A	3,000.00	2,010.00	990.00	3,000.00	7,980.00	(4,980.00)
Supplies (2609)	3,500.00	959.76	2,540.24	2,000.00	1,188.02	811.98	2,000.00	284.43	1,715.57
Other non-Cash Awards & Gifts (2614)	N/A	N/A	N/A	1,000.00	859.60	140.40	1,000.00	---	1,000.00
Subscriptions and Publications (2639)	N/A	N/A	N/A	500.00	466.98	33.02	500.00	482.18	17.82
Non-IT Equipment, Furniture & Fixtures (3109)	4,000.00	---	4,000.00	500.00	285.44	214.56	500.00	---	500.00
IT Equipment (3140)	N/A	N/A	N/A	800.00	---	800.00	10,900.00	67.95	10,832.05
Software (3143)	800.00	270.06	529.94	500.00	---	500.00	500.00	---	500.00
	\$158,900.00	\$115,580.62	\$43,049.32	\$ 71,386.00	\$ 94,176.97	\$ 77,209.03	\$187,150.00	\$103,767.81	\$83,382.19

AVERAGE OF BUDGETED VS. OBLIGATED, FY 2002-2004

Object Classification	Budgeted	Average Obligated	Balance	Object Classification	Budgeted	Average Obligated	Balance
Awards (1154)	2,000.00	447.00	1,553.00	Membership Fees (2526)	500.00	107.19	392.81
Travel (2101)	15,412.00	3,217.85	12,194.15	Other Contractual Services (2528)	115,333.33	87,048.38	28,284.95
Transportation of Things (2213)	550.00	---	550.00	Training Government (2535)	3,000.00	4,995.00	(1,995.00)
Telephone and Communications Services (2329)	933.33	204.88	728.45	Supplies (2609)	2,500.00	810.74	1,689.26
Messenger and Courier Services (2335)	150.00	---	150.00	Other non-Cash Awards & Gifts (2614)	1,000.00	429.80	570.20
Commercial Printers (2403)	1,000.00	301.67	698.33	Subscriptions and Publications (2639)	500.00	474.58	25.42
Advisory Assistance Services (2510)	16,666.67	2,239.67	14,427.00	Non-IT Equipment (3109)	1,666.67	95.15	1,571.52
Training (2525)	8,666.67	6,074.64	2,592.02	IT Equipment (3140)	5,850.00	33.98	5,816.03
Convenience Check Fees (2524)	---	62.20	(62.20)	Software (3143)	600.00	90.02	509.98

3-Year Average \$172,478.67 \$104,508.47 67,880.18

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**IMPACT ANALYSIS ON PRODUCTS AND SERVICES FROM A
CHANGING BUDGET ENVIRONMENT, FY 2005**

Alternative Budget Plus and Minus 10 percent

An increase in the OIG budget of 10 percent would allow the OIG to expand the audit plan to incorporate more contract audit work.

A decrease in the OIG of 10 percent would eliminate the hiring of an intern and also create a potential reduction-in-force scenario. The decrease would adversely impact the ability to meet reporting requirements of the IG Act and the delivery of products and services.