

# Office of Inspector General

**STRATEGIC AND OPERATING PERFORMANCE PLAN**

**FISCAL YEARS 2008 AND 2009**



## Farm Credit Administration

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

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August 15, 2007

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

Dear Chairman Pellett:

The enclosed document is the Office of Inspector General's Strategic and Operating Performance Plan (SOPP) and budgets for fiscal years 2008 and 2009.

We have updated the SOPP and its accompanying audit plan to reflect FCA's organization and operations, including the critical function of information technology security. The audit plan is a fluid document that may be amended as the year progresses.

Please call me if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads 'Carl A. Clinefelter'. The signature is written in a cursive, flowing style.

Carl A. Clinefelter  
Inspector General

Enclosure

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**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

**INTRODUCTION**

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

The FCA Inspector General (IG) has a dual reporting responsibility to both the FCA Chairman and the oversight committees of the Congress. The OIG analyzes Agency performance through audits, inspections, and evaluations and provides conclusions and recommendations designed to strengthen Agency effectiveness and efficiency. The OIG reviews existing and proposed legislation and regulations relating to Agency programs and operations to assess the impact on Agency economy and efficiency. The OIG also contracts with outside accounting firms for the annual audit of FCA's financial statements and the review of the Agency's compliance with the Federal Information Security Management Act (FISMA). This process may change in fiscal year 2008 and beyond as the OIG now has on staff the expertise to perform the FISMA assessment. The OIG also maintains a Hotline for reporting allegations of fraud, waste and abuse and provides independent investigation of allegations.

**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

**STRATEGIC AND OPERATING PERFORMANCE PLAN**

**MISSION**

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

**CORE VALUES**

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

**CORE COMPETENCIES**

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

**ASSUMPTIONS**

- **Changing work force.** There will continue to be periodic changes in FCA's Board composition and Agency organization, and ongoing changes in FCA staffing, e.g., new hires and retirements. The latter results in the loss of corporate knowledge, e.g., that gained from the Agency's regulatory experience during the agriculture crisis of the mid 1980s through the early 1990s. The Farm Credit System (FCS or System) and the credit needs of rural America will continue to evolve and change. The financial and

banking industry will continue to become more complex. As a result, the Agency's methodology in achieving its mission will continually evolve and the OIG will need to remain vigilant over Agency performance and internal controls.

- **Changing work environment.** As FCA leverages technology to improve its processes, the OIG will have to be positioned to evaluate new risks in internal controls and security measures. As a result, the OIG has expanded its expertise in technology to effectively perform the function.
- **Limited budget resources.** Budget pressures on the OIG will be equivalent to those faced by FCA as a whole. The OIG will have to use an efficient mix of its core competencies and external resources to fulfill its mission. Technology will continue to cause change in processes and our approach to work.
- **Farm Credit Act.** Changes in the agricultural and the financial industries will cause the FCS to seek greater flexibility in law and regulations. OIG will continue to ensure that the FCA is ever mindful of its arms length regulatory role and mission to ensure the System's service to rural America in a safe and sound manner, and will continue to review and make recommendations regarding laws and regulations.

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

- **Audit and evaluate the Agency's programs and operations to promote economy, efficiency, and effectiveness.**
  1. Deliver quality audit and inspection products and services that are useful to the Board, management, and 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 operations.
  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 IG community.**
  1. Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations.

- **Work with the Agency head and Congress to improve program management, and the Inspectors General 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.

**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

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

**AGENCY GOALS 1, 2 AND 3**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURES</b>	<b>OUTCOME/IMPACT</b>
1. Deliver quality audit, inspection, and review products and services that are useful to the Board, management and Congress.	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 OIG audits are performed in high risk/high dollar programs and activities and/or are tied to the Agency strategic planning goals.  Products are timely, i.e., average time to complete audits and issue draft reports will not exceed 6 months.  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.	FCA programs and operations are more effective.  Waste in Agency programs and operations is reduced.  Increased Agency compliance with laws, regulations, and internal policies and procedures.  The Agency's stature and reputation is elevated in the eyes of the Congress, the Administration, the FCS, FCA employees and the public.  FCA is more effective in carrying out its mission.  The OIG is more effective in promoting economy, effectiveness and efficiency within the Agency.  FCA continues to get an unqualified audit opinion on financial statements.

**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

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

**AGENCY GOALS 1, 2 AND 3**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURES</b>	<b>OUTCOME/IMPACT</b>
<p>2. Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and operations.</p>	<p>The IG advises the Chairman concerning policy direction or administrative priorities.</p> <p>OIG performs analysis and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p>	<p>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> <p>Peer review reports provide an unmodified opinion that OIG audit work meets or exceeds quality audit standards prescribed by the Government Accountability Office (GAO) and the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE).</p>
<p>3. Continuous improvement in OIG staff, products, and internal office administration.</p>	<p>OIG training ensures the technical proficiency of staff.</p> <p>OIG implements administrative improvements identified through reviews of other Agency programs and through staff involvement with the professional community.</p>	<p>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  
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Fiscal Years 2008-2009**

**INVESTIGATIONS**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURE</b>	<b>OUTCOME/IMPACT</b>
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, fairness and confidentiality 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 is heightened.

**Farm Credit Administration  
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**LEGISLATIVE AND REGULATORY REVIEW**

**AGENCY GOAL 2**

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

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**OUTREACH PROGRAM**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURE</b>	<b>OUTCOME/IMPACT</b>
1. Agency personnel understand and accept OIG's role within FCA and the IG 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 provide leadership to organizations directly contributing to the IG 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 contribute to special projects for improving the Agency, the IG 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.

FARM CREDIT ADMINISTRATION  
 FY 2008/2009 Budget Call  
 Unit 700000  
 Office of Inspector General  
**Summary Budget**

<b>FULL-TIME EQUIVALENTS (FTE)</b>	<b>4.60</b>	<b>4.60</b>		
	<b>FY 2008</b>	<b>FY 2009</b>	<b>DIFFERENCE</b>	
<b>OBJECT CLASSIFICATION</b>	<b>Revised</b>	<b>Proposed</b>	<b>Amount</b>	<b>Percent</b>
1100 Total Personnel Compensation				
11.1 Permanent Full-Time	418,812	421,724	2,912	0.70%
11.3 Other than Permanent Full-Time	268,302	273,477	5,175	1.93%
11.6 Overtime	0	0	0	0.00%
11.7 Other Personnel Compensation - Awards	2,000	2,000	0	0.00%
<b>TOTAL 1100</b>	<b>689,114</b>	<b>697,201</b>	<b>8,087</b>	<b>0.00%</b>
1200 Total Personnel Benefits				
12.1 Civilian Personnel Benefits/Retirement	165,446	171,181	5,735	3.47%
12.3 Incentives	0	0	0	0.00%
12.6 Relocation/Permanent Change Of Station	0	0	0	0.00%
<b>TOTAL 1200</b>	<b>165,446</b>	<b>171,181</b>	<b>5,735</b>	<b>0.00%</b>
1300 Benefits Former Personnel				
13.0 Benefits for Former Personnel	0	0	0	0.00%
<b>TOTAL 1300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
2100 Travel and Transportation of Persons				
21.1 Domestic and Local Travel	7,400	5,100	-2,300	-31.08%
21.5 Relocation/Permanent Change of Station (PCS)	0	0	0	0.00%
<b>TOTAL 2100</b>	<b>7,400</b>	<b>5,100</b>	<b>-2,300</b>	<b>0.00%</b>
2200 Transportation of Things				
22.1 Transportation of Things (Non-Relocation/PCS)	250	250	0	0.00%
22.5 Relocation/Permanent Change of Station (PCS)	0	0	0	0.00%
<b>TOTAL 2200</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>0.00%</b>
2300 Rent, Communications, Utilities and Misc. Charges				
23.2 Rental Payments to Others	1,500	1,500	0	0.00%
23.3 Utilities	0	0	0	0.00%
23.4 ADP Rental	0	0	0	0.00%
23.5 Telecommunications	2,595	2,625	30	1.16%
23.7 Other Rentals	0	0	0	0.00%
23.8 Postage	100	100	0	0.00%
<b>TOTAL 2300</b>	<b>4,195</b>	<b>4,225</b>	<b>30</b>	<b>0.00%</b>

FARM CREDIT ADMINISTRATION  
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**Summary Budget**

2400 Printing and Reproduction				
24.1 Government Printing	0	0	0	0.00%
24.3 Commercial Printing and Duplication	750	750	0	0.00%
24.5 Advertising	0	0	0	0.00%
<b>TOTAL 2400</b>	<b>750</b>	<b>750</b>	<b>0</b>	<b>0.00%</b>
2500 Other Contractual Services				
25.1 Consulting Services	102,000	106,000	4,000	3.92%
25.2 Other Services	6,100	4,500	-1,600	-26.23%
25.3 Purchase of Goods and Services from Govt. Accts.	9,000	6,600	-2,400	-26.67%
25.4 Operation and Maintenance of Facilities	0	0	0	0.00%
25.7 Operation and Maintenance of Equipment	0	0	0	0.00%
25.9 Relocation/PCS	0	0	0	0.00%
<b>TOTAL 2500</b>	<b>117,100</b>	<b>117,100</b>	<b>0</b>	<b>0.00%</b>
2600 Supplies and Materials				
26.1 Office Supplies and Publications	1,250	1,250	0	0.00%
26.4 Fuel	0	0	0	0.00%
<b>TOTAL 2600</b>	<b>1,250</b>	<b>1,250</b>	<b>0</b>	<b>0.00%</b>
3100 Equipment				
31.2 Office Furniture and Equipment	500	500	0	0.00%
31.5 ADP Software	500	500	0	0.00%
31.6 ADP Equipment/Hardware	1,550	200	-1,350	-87.10%
<b>TOTAL 3100</b>	<b>2,550</b>	<b>1,200</b>	<b>-1,350</b>	<b>-87.10%</b>
4200 Insurance Claims and Indemnities				
42.1 Tort Claims	0	0	0	0.00%
<b>TOTAL 4200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>GRAND TOTAL FOR UNIT</b>	<b>\$988,055</b>	<b>\$998,257</b>	<b>\$10,202</b>	<b>1.03%</b>

FARM CREDIT ADMINISTRATION  
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<b>FULL-TIME EQUIVALENTS (FTE)</b>		<b>4.60</b>	<b>4.60</b>		
<b>OBJECT CLASSIFICATION</b>		<b>FY 2008</b>	<b>FY 2009</b>	<b>DIFFERENCE</b>	
		<b>Revised</b>	<b>Proposed</b>	<b>Amount</b>	<b>Percent</b>
1100	Total Personnel Compensation				
11.1	Permanent Full-Time				
1111	Permanent Full-Time	418,812	421,724	2,912	0.70%
1199	Accrual for Funded Leave	0	0	0	0.00%
	Sub-Total	418,812	421,724	2,912	0.70%
11.3	Other than Permanent Full-Time				
1139	Other than Permanent Full-Time	268,302	273,477	5,175	1.93%
	Sub-Total	268,302	273,477	5,175	1.93%
11.6	Overtime				
1161	Overtime	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
11.7	Other Personnel Compensation - Awards				
1171	Performance, Incentives and Other Awards	2,000	2,000	0	0.00%
	Sub-Total	2,000	2,000	0	0.00%
<b>TOTAL 1100</b>		<b>689,114</b>	<b>697,201</b>	<b>8,087</b>	<b>1.17%</b>
1200	Total Personnel Benefits				
12.1	Civilian Personnel Benefits/Retirement				
1213	TSP Match	18,789	19,112	323	1.72%
1217	Disability Insurance Contributions	2,817	2,850	33	1.17%
121B	Wellness, Flex-care/Life Cycle Programs	6,500	6,500	0	0.00%
1299	Benefits Generated from Payroll	137,340	142,719	5,379	3.92%
	Sub-Total	165,446	171,181	5,735	3.47%
12.3	Incentives				
1236	Public Transportation Initiatives	0	0	0	0.00%
1237	Student Loan Repayments	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
12.6	Relocation/Permanent Change Of Station				
1224	Relocation Payments Under Object Code 1200	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
<b>TOTAL 1200</b>		<b>165,446</b>	<b>171,181</b>	<b>5,735</b>	<b>3.47%</b>
1300	Benefits Former Personnel				
13	Benefits for Former Personnel				

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1302	Unemployment Compensation	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
<b>TOTAL 1300</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
2100	Travel and Transportation of Persons				
21.1	Domestic and Local Travel				
2121	Local Travel	1,000	1,100	100	10.00%
2199	Temporary Duty Travel	6,400	4,000	-2,400	-37.50%
	Sub-Total	7,400	5,100	-2,300	-31.08%
21.5	Relocation/Permanent Change of Station (PCS)				
2151	Relocation Travel Expenses	0	0	0	0.00%
2152	Relocation House Hunting	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
<b>TOTAL 2100</b>		<b>7,400</b>	<b>5,100</b>	<b>-2,300</b>	<b>-31.08%</b>
2200	Transportation of Things				
22.1	Transportation of Things (Non-Relocation/PCS)				
2211	Freight and Express Mail	250	250	0	0.00%
2212	Freight and Express Mail - Contract Mail Services	0	0	0	0.00%
	Sub-Total	250	250	0	0.00%
22.5	Relocation/Permanent Change of Station (PCS)				
2251	Transportation of Household Goods	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
<b>TOTAL 2200</b>		<b>250</b>	<b>250</b>	<b>0</b>	<b>0.00%</b>
2300	Rent, Communications, Utilities and Misc. Charges				
23.2	Rental Payments to Others				
2321	Rent/Lease - Space Lodging	1,500	1,500	0	0.00%
	Sub-Total	1,500	1,500	0	0.00%
23.3	Utilities				
2331	Utilities - Other than Telephone and Comm. Svcs.	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
23.4	ADP Rental				
2341	ADP Equipment and Software Rental	0	0	0	0.00%
	Sub-Total	0	0	0	0.00%
23.5	Telecommunications				
2351	Telephone and Communication Services	2,595	2,625	30	1.16%
2354	Wireless Communication Services	0	0	0	0.00%
	Sub-Total	2,595	2,625	30	1.16%

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23.7	Other Rentals						
2371	Non-ADP Equipment Rental	0	0	0	0.00%		
	Sub-Total	0	0	0	0.00%		
23.8	Postage						
2382	Postage - USPS	0	0	0	0.00%		
2384	Postage Meter Rental	0	0	0	0.00%		
2385	Messenger and Courier Services	100	100	0	0.00%		
	Sub-Total	100	100	0	0.00%		
<b>TOTAL 2300</b>		<b>4,195</b>	<b>4,225</b>	<b>30</b>	<b>0.72%</b>		
2400	Printing and Reproduction						
24.1	Government Printing						
2411	U.S. Government Printing Office (GPO)	0	0	0	0.00%		
	Sub-Total	0	0	0	0.00%		
24.3	Commercial Printing and Duplication						
2431	Commercial Printers/Photographers	750	750	0	0.00%		
	Sub-Total	750	750	0	0.00%		
24.5	Advertising						
2451	Publications of Notices/Classified Advertising	0	0	0	0.00%		
	Sub-Total	0	0	0	0.00%		
<b>TOTAL 2400</b>		<b>750</b>	<b>750</b>	<b>0</b>	<b>0.00%</b>		
2500	Other Contractual Services						
25.1	Consulting Services						
2511	Consulting Services	102,000	106,000	4,000	3.92%		
	Sub-Total	102,000	106,000	4,000	3.92%		
25.2	Other Services						
2524	Miscellaneous Services	1,300	1,300	0	0.00%		
2528	Training - Commercial	4,800	3,200	-1,600	-33.33%		
	Sub-Total	6,100	4,500	-1,600	-26.23%		
25.3	Purchase of Goods and Services from Govt. Accts.						
2531	Services of Other Government Agencies	0	0	0	0.00%		
2538	Training - Government	9,000	6,600	-2,400	-26.67%		
	Sub-Total	9,000	6,600	-2,400	-26.67%		
25.4	Operation and Maintenance of Facilities						
2541	Renovating Office Space	0	0	0	0.00%		
	Sub-Total	0	0	0	0.00%		

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FARM CREDIT ADMINISTRATION  
 FY 2008/2009 Budget Call  
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**Detailed Budget**

25.7	Operation and Maintenance of Equipment						
2571	Operation/Maintenance - Non ADP Equipment		0	0	0	0.00%	
2572	Operation/Maintenance - ADP Equipment/Software		0	0	0	0.00%	
	Sub-Total		0	0	0	0.00%	
25.9	Relocation/PCS						
2591	Storage of Household Goods		0	0	0	0.00%	
	Sub-Total		0	0	0	0.00%	
<b>TOTAL 2500</b>			<b>117,100</b>	<b>117,100</b>	<b>0</b>	<b>0.00%</b>	
2600	Supplies and Materials						
26.1	Office Supplies and Publications						
2611	Supplies		750	750	0	0.00%	
2612	Subscriptions, Publications and Training Materials		500	500	0	0.00%	
	Sub-Total		1,250	1,250	0	0.00%	
26.4	Fuel						
2641	Fuel		0	0	0	0.00%	
	Sub-Total		0	0	0	0.00%	
<b>TOTAL 2600</b>			<b>1,250</b>	<b>1,250</b>	<b>0</b>	<b>0.00%</b>	
3100	Equipment						
31.2	Office Furniture and Equipment						
3122	Non-IT Equipment, Furniture, Fixtures		500	500	0	0.00%	
	Sub-Total		500	500	0	0.00%	
31.5	ADP Software						
3152	Software		500	500	0	0.00%	
	Sub-Total		500	500	0	0.00%	
31.6	ADP Equipment/Hardware						
3162	IT Equipment		1,550	200	-1,350	-87.10%	
	Sub-Total		1,550	200	-1,350	-87.10%	
<b>TOTAL 3100</b>			<b>2,550</b>	<b>1,200</b>	<b>-1,350</b>	<b>-52.94%</b>	
4200	Insurance Claims and Indemnities						
42.1	Tort Claims						
4211	Insurance Claims and Indemnities		0	0	0	0.00%	
	Sub-Total		0	0	0	0.00%	
<b>TOTAL 4200</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	
<b>GRAND TOTAL FOR UNIT</b>			<b>\$988,055</b>	<b>\$998,257</b>	<b>\$10,202</b>	<b>1.03%</b>	

**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

**FY 2008 REVISED BUDGET AND JUSTIFICATIONS**

<b>TOTAL OFFICE BUDGET</b> .....	<b>\$988,055</b>
Total approved IRM Plan amount included in Office Budget.....	\$34,845
<b>1100 Personnel Compensation</b> .....	<b>\$689,114</b>
Amount required to fund salaries of OIG staff (4.60 FTEs) charged with conducting audits, inspections, evaluations, and investigations related to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on the Agency and on the prevention of fraud and abuse. Funds are included for possible promotions. Funds are also allocated for possible cash awards.	
<b>1200 Personnel Benefits</b> .....	<b>\$165,446</b>
Benefits are the direct result of salaries, consistent with employees' retirement systems, health and other related benefits.	
<b>1300 Benefits for Former Personnel</b> .....	<b>\$0</b>
N/A	
<b>2100 Travel and Transportation of Persons</b> .....	<b>\$7,400</b>
OIG staff will use these funds for travel (\$6,400) related to scheduled IDP training and local travel (\$1,000) to professional association meetings, for example.	
<b>2200 Transportation of Things</b> .....	<b>\$250</b>
The amount is necessary for express mail services throughout the year.	
<b>2300 Rent, Communications, Utilities, and Miscellaneous</b> .....	<b>\$4,195</b>
2351 Approved IRM Plan .....	\$2,595
These funds will cover BlackBerry™ service for the IG (\$905), telecommuters' access expense (\$1,440), and maintenance of an independent internet access for the anonymous HOTLINE account (\$250). The independent internet account is used for confidential reporting of fraud, waste, abuse, and mismanagement. Also, in this object class are funds for offsite meeting expenses (\$1,500) for a one-day OIG team building exercise, and \$100 for possible courier delivery services.	
<b>2400 Printing and Reproduction</b> .....	<b>\$750</b>
Cost of printing brochures, pamphlets, business cards, etc. when FCA cannot produce the items.	

**Farm Credit Administration  
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**FY 2008 REVISED BUDGET AND JUSTIFICATIONS**

**2500 Other Contractual Services.....\$117,100**  
     2511 Approved IRM Plan .....\$30,000

Tuition funds (\$4,800) from non-government sources will be used for individual training classes for staff. Government tuition funds (\$9,000) will be used for miscellaneous training courses being attended by staff at the U.S. Department of Agriculture, Federal Law Enforcement Training Center, and other government agencies. 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 (\$1,300) will cover the dues for professional organizations to which OIG staff belong.

Contractual services will be needed to assist OIG staff in the review of programs, including FISMA (\$30,000), FCA financial statements audits (\$42,000), and possible general contracting needs (\$30,000). (Even though budgeted, it is anticipated that the OIG will perform the FISMA review in 2008.)

**2600 Supplies and Materials .....\$1,250**  
     2612 Approved IRM Plan .....\$200

To purchase miscellaneous text and reference books (\$300) as well as on-going subscriptions in the IRM Plan (\$200). Office supply funds will be used mainly to purchase supplies for dedicated office equipment (\$750).

**3100 Equipment .....\$2,550**  
     3152 Approved IRM Plan .....\$500  
     3162 Approved IRM Plan .....\$1,550

Purchase equipment and software as necessary to support IG programs, and an additional \$500 for non-IT related office equipment purchases.

**4200 Insurance Claims and Indemnities .....\$0**  
**N/A**

**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

**FY PROPOSED 2009 BUDGET AND JUSTIFICATIONS**

**TOTAL OFFICE BUDGET.....\$998,257**

Total approved IRM Plan amount included in Office Budget.....\$33,525

**1100 Personnel Compensation.....\$697,201**

Amount required to fund salaries of OIG staff (4.60 FTEs) charged with conducting audits, inspections, evaluations, and investigations related to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on the Agency and on the prevention of fraud and abuse. Funds are also allocated for possible cash awards.

**1200 Personnel Benefits .....\$171,181**

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

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

N/A

**2100 Travel and Transportation of Persons .....\$5,100**

OIG staff will use these funds for travel (\$3,865) related to scheduled IDP training and local travel (\$1,235) to professional association meetings, for example.

**2200 Transportation of Things .....\$250**

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

**2300 Rent, Communications, Utilities, and Miscellaneous .....\$4,225**

2351 Approved IRM Plan .....\$2,625

These funds will cover BlackBerry™ service and replacement for the IG (\$935), telecommuters' access expense (\$1,440), and maintenance of an independent internet access for the anonymous HOTLINE account (\$250). The independent internet account is used for confidential reporting of fraud, waste, abuse, and mismanagement. Also, in this object class are funds for offsite meeting expenses (\$1,500) for a one-day OIG team building exercise, and \$100 for possible courier delivery services.

**2400 Printing, Publications and Advertisement.....\$750**

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

**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

**FY PROPOSED 2009 BUDGET AND JUSTIFICATIONS**

<b>2500 Other Contractual Services.....</b>	<b>\$117,100</b>
2511 Approved IRM Plan .....	\$30,000

Tuition funds (\$3,200) from non-government sources will be used for individual training classes for staff. Government tuition funds (\$6,600) will be used for miscellaneous training courses being attended by staff at the U.S. Department of Agriculture, Federal Law Enforcement Training Center, and other government agencies. 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 (\$1,300) will cover the dues for professional organizations to which OIG staff belong.

Contractual services will be needed to assist OIG staff in the review of programs, including FISMA (\$30,000), FCA financial statements audits (\$46,000), and general contracting needs (\$30,000). (Even though budgeted, it is anticipated that the OIG will perform the FISMA review in 2009.)

<b>2600 Supplies and Materials .....</b>	<b>\$1,250</b>
2612 Approved IRM Plan .....	\$200

To purchase miscellaneous text and reference books (\$300) as well as on-going subscriptions in the IRM Plan (\$200). Office supply funds will be used mainly to purchase supplies for dedicated office equipment (\$750).

<b>3100 Equipment .....</b>	<b>\$1,200</b>
3152 Approved IRM Plan .....	\$500
3162 Approved IRM Plan .....	\$200

Purchase software as necessary to support IG programs, and an additional \$500 for non-IT related office equipment purchases.

<b>4200 Insurance Claims and Indemnities.....</b>	<b>\$0</b>
<b>N/A</b>	

**Farm Credit Administration  
Office of Inspector General  
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**OIG CONTROL SYSTEM**

**STATUTORY ROLE AND RESPONSIBILITIES**

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

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

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

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

The **Inspector General** (IG) provides leadership, policy direction, and general management and supervision of the OIG staff. The IG is also an advisor to the Chairman and the principal spokesperson for OIG, coordinating its activities and issues with other agencies. The IG position is intended to be 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 inspections and evaluations as necessary. Additionally, the investigative function was reassigned to the Counsel concurrent with the resignation of the former criminal investigator in October 2005 and the abolishment of the Criminal Investigator position. The Counsel position is currently staffed as a permanent part-time position at a 0.80 FTE.

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

A **Senior Information Technology Auditor** position was created with the discontinuance of the Criminal Investigator position. This position focuses on audits and inspections related to the broad range of the Agency's information technology policies, processes, and security, and will also perform the annual Federal Information Security Management Act review. This position is currently staffed as a permanent part-time position at 0.80 FTE.

The **Administrative Assistant** is responsible for assisting the IG in budgeting, information resources planning, procurement, training, administrative matters relating to personnel management, and for general administrative support to the rest of the staff. The position is also responsible for assisting the IG in the completion of the Semiannual Report to the Congress and

the quarterly and annual reports on the OIG Survey of FCS institutions regarding the Agency's examination function.

All positions in the OIG are staffed with qualified personnel.

## **OIG PRODUCTS AND SERVICES**

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

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

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

**Investigations** encompass all OIG activities designed to detect or prevent fraud and abuse in administering Agency programs. Investigations are normally distinguished from other evaluations in that they are normally directed at individuals rather than programs and activities. However, some of 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. OIG also manages a HOTLINE to enable FCA employees and the public to more easily report wrongdoing.

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

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

**Other OIG Functions** include internal policy direction and leadership and advice to the Chairman and management about Agency programs and operations. The IG is also responsible for fully informing the 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 AND IMPLICATIONS FOR STAFFING**

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

- deliver products and services that are competent, objective, timely and relevant;
- maintain a customer focus which is responsive to the needs of decision-makers; and

- provide a positive working environment that encourages us to be innovative and reach our potential through teamwork and candid communication.

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

## **STAFFING ASSESSMENT AND STRATEGIES**

OIG's diverse responsibilities prescribed by the IG Act dictate the needed competencies within the OIG staff. The independent nature of the OIG role also has implications for staffing. Even with a very small staff, the OIG can deliver its products and services by maintaining a high level of cross training and a broad base of expertise in audit, investigations, law, management, and administration. The 4.60 FTEs in this plan constitute the critical mass necessary to credibly perform OIG's responsibilities. The OIG established the current staffing pattern after careful analysis of the specialized nature of the OIG's responsibilities and volume of work. Downsizing over the years has reduced the OIG to a level at which any further reduction may adversely affect the OIG's accomplishment of its mission.

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

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

## **STAFFING OBJECTIVES AND STRATEGIES**

### Objectives

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

### Strategies

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

**Farm Credit Administration  
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**AUDIT PLAN**

**BACKGROUND**

The Chairman and FCA Board have expressed their ongoing support for independent assessments of significant programs of the Agency. The OIG has identified its focus issues in this Strategic and Operating and Performance Plan (SOPP) and in the Semiannual Report to the Congress in the form of management challenges, as discussed below.

**MANAGEMENT CHALLENGES**

This part of the semiannual report highlights major challenges confronting the Agency as it works to fulfill its mission. The OIG is required by Federal law to identify these challenges and present them in the Agency's Performance and Accountability Report. Except for external environmental challenges, most can be addressed through concerted action by management. Over the past year, the OIG has observed progress by FCA management in addressing the internal challenges.

Organizational Change

Strategic studies were completed in 2005 that resulted in the initiation of significant organizational change designed to enable the Agency to further address all internal challenges and to better prepare for external environmental challenges.

A major change was the transition to a new Chief Examiner. This resulted in a substantive transformation in the Office of Examination's (OE) organization and operating methodology. While these changes are essentially fully institutionalized, efforts are ongoing to refine OE's organization and processes to achieve relative full efficiency.

Another substantive change was to reconsolidate into a single office, the Office of Management Services (OMS), the Agency's personnel, financial, and information technology functions under the umbrella of a new manager. This has evidenced positive results. For example, the Agency's financial services function, including accounting, financial reporting, contracting, and procurement, were outsourced to the Department of the Treasury's Bureau of the Public Debt (BPD) effective April 1, 2006. The goal of this outsourcing was to achieve cost and performance efficiencies for the Agency. While there have been implementation hurdles that have been largely resolved, issues with BPD procurement processes have not. As a result, the FCA Board authorized OMS management to pull the Agency's procurement function back within the Agency.

Nevertheless, one of several benefits from the BPD outsourcing is that this OIG acquired the audit services for the financial audit of the Agency for 2007 through an accounting firm that participates with the BPD under a blanket purchase agreement. This will result in a substantial cost savings for the 2007 financial audit of the Agency and, hopefully, in future financial audits.

These changes and others in the Agency's organization and staffing are designed to promote improved efficiencies in the utilization of human capital, communication between the FCA Board and staff, and decision-making and oversight of the Agency by the FCA Board. Positive strides toward these objectives have been achieved.

### Human Capital

In March 2001, the OIG recommended FCA develop a human capital plan and FCA management agreed. Under Chairman Pellett's leadership, senior managers have focused on the challenge of marshalling, managing, and maintaining human capital to assure accountability and maximize FCA performance. The Agency also made a significant investment in strategic studies in 2004 and 2005. The objective of the strategic studies was to create a picture of the System and the credit needs of rural America in 5 to 7 years and identify organizational and human capital opportunities to help FCA adapt. Chairman Pellett's leadership in initiating the strategic studies, in reorganizing the Agency, and in emphasizing the importance of human capital resulted in the completion in 2006 of a comprehensive 5-year strategic human capital plan. The plan identifies five human capital goals and six human capital initiatives, including knowledge management and succession planning.

A critical component in implementing the human capital plan is providing for management succession. Individuals with the potential to become managers should be identified, provided developmental opportunities, and, when appropriate, promoted to higher positions. This, as part of a human capital plan, should be linked to the Agency's Strategic Plan for long-term achievement of the Agency's mission.

FCA's challenge will be to implement the human capital plan to ensure organizational approaches that enable FCA to adapt to evolving technology, a changing workforce, and other environmental forces. In addition to achieving full transformation of the Agency's organization and processes, how FCA meets its mission will be heavily dependent on quality of its human capital, having the appropriate skill sets, and how it organizes to meet its mission.

### Financial Management

Timely, accurate, and useful financial information is essential for:

- making day-to-day decisions;
- managing the Agency's operations more effectively;
- supporting results-oriented management approaches; and
- ensuring accountability on an ongoing basis.

As previously stated, in April 2006, FCA outsourced financial reporting, contracting, and procurement functions to BPD. While the transition is largely complete, its ultimate success will need to be measured by whether the Agency and its managers are receiving timely service, useful financial reporting, and improved efficiencies. As indicated earlier, timely and efficient service in the procurement area was not occurring and management brought procurement back within the Agency. To measure the

effectiveness of BPD's performance and the Agency's reacquisition of the procurement function, OMS management will need to continue its ongoing assessment of performance and efficiencies in these service areas.

### 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. 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. Internally, there is an opportunity for IT to complement human capital initiatives to reformulate the work processes of FCA. There is also an opportunity to capture knowledge of employees who are approaching retirement. Externally, 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. FCA's ongoing challenge is to establish effective mechanisms to ensure that current and future members of staff have the skills to use technology to operate in an efficient and effective manner.

### Agency Governance

The Farm Credit Act provides for a full-time three-member board to govern the Agency. FCA Board members are appointed by the President and confirmed by the Senate. A small full-time FCA Board presents a challenge in defining the roles and responsibilities of its members relative to the governance of the Agency. The FCA Board must be able to engage in professional policy debate and set a sound course for the Agency. The FCA Board's rules of operation are a foundation for trust and shared expectations among its members. A collegial FCA Board, founded on mutual trust and respect, is essential to the Agency's ultimate effectiveness.

The Chairman has taken action to address this challenge by sharing authority and creating an environment at the FCA Board level that promotes a constructive working relationship between members. FCA Board members continually strive to remain current and knowledgeable in the dynamic agriculture, financial and regulatory environments. Changes in the membership of the FCA Board, a change that recently occurred, present opportunities and challenges to the FCA Board's governance of the Agency.

### Strategic Planning

The FCA Board adopted its current Strategic Plan, which covers 2004-2009, in December 2003. Since adoption, the FCA Board has a new Chairman and two new members. These changes in leadership provide an opportunity to revise the plan to ensure the FCA Board's vision is accomplished. The challenge is to establish a strategic plan that is ongoing in nature and in pace with the Agency's environment. In 2005, the FCA Board established a Strategic Planning Committee (SPC), one of three committees established to facilitate the FCA Board's oversight responsibilities and communication between the FCA Board and Agency staff. This committee has the potential to catalyze the strategic planning function and address this challenge. Steps in this regard were initiated by the SPC during early 2007 with an FCA Board and senior staff planning retreat.

The FCA Board refined the Agency's performance measures in January 2005. FCA should evaluate its performance measures on an ongoing basis to ensure that they challenge the organization. Performance measures can be a powerful tool to continue the push into a results-oriented organization. An effective performance management system fosters performance and accountability at the individual, organizational, and ultimately overall Agency levels.

### A Changing Environment

The System is a single industry lender and is vulnerable to economic swings. Nevertheless, the FCS remains sound in all material respects. Earnings and capital levels have continued to strengthen and asset quality remains high. However, there are many challenges facing agriculture and rural America today that raise the question of whether there should be modifications to the Farm Credit Act in order to enhance agricultural and rural economies of the future.

In 1994, the Government Accountability Office (GAO) published a report on the cost and availability of credit in rural America.<sup>1</sup> The GAO concluded that the System did not need new statutory authorities in the near term, but that ongoing structural changes in agriculture and rural America could justify such changes in the longer term. GAO noted that over time, as agriculture and rural America continue to change, the System's charter may need to be updated to ensure that the System is not hampered by outdated legislation.

The System, through its Horizons project, has developed recommendations for the Congress to update the Farm Credit Act. The Agency can also anticipate that the System will press for broader powers through regulatory interpretations of the Farm Credit Act. At the same time, FCA must anticipate that the System's competitors will press for the Agency to be a strict interpreter of the Farm Credit Act.

As a financial regulator, FCA must maintain a flexible and responsive, yet independent and objective, regulatory environment. In this regard, the FCA must balance the often competing demands of ensuring the FCS fulfills its public policy purpose, proactively examining risk in the regulated institutions both individually and systemically, and controlling the cost of the regulator. FCA's challenge is complex because it has become increasingly difficult to reconcile significant provisions of the Farm Credit Act with the realities of the agricultural industry, the business environment, and financial markets in the 21<sup>st</sup> Century.

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

## **AUDITS AND INSPECTIONS – FISCAL YEAR 2008 AND 2009**

This audit plan identifies potential audit areas received from the FCA Board and management as well as audit areas identified by OIG staff. OIG audits and inspections provide assurance to the Chairman and FCA Board members that programs are operating effectively with appropriate controls. Audit and inspection activities will most likely be selected from the areas listed below. However, actual audits and inspections conducted may vary in order to be responsive to changing needs or circumstances.

## **FY 2008-2009 Audit Plan**

### **Annual Reviews**

#### Audit of FCA's Financial Statements

The OIG contracts with an independent accounting firm to conduct an audit of FCA's financial statements. During FY 2008-2009, the OIG will deliver the audit opinion on the financial statements as of September 30, 2008 and 2009, respectively. The OIG has ensured that its independent accounting firm has incorporated in its audit plan a work schedule that will ensure an appropriate audit scope and that time frames for delivery are met.

#### Federal Information Security Management Act (FISMA) Evaluation

The FISMA requires agency program officials, Chief Information Officers and Inspectors General to conduct annual reviews of the agencies' information security programs and report the results to the Office of Management and Budget. For 2007, the OIG will continue to utilize an outside contractor to complete this evaluation.

## **FY 2008**

#### Efficiencies Realized through Outsourcing

Outsourcing for services is a growing practice within the Federal community to achieve cost savings and to improve operating efficiencies and flexibility. In 2006, FCA executed a major outsourcing of its financial function to the Bureau of the Public Debt. The audit will evaluate the process used to achieve the outsourcing and efficiencies gained and any opportunities for efficiency not achieved.

#### Human Capital

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

### FCA Information Technology Infrastructure Review

FCA is in the process of performing a review of its current infrastructure to determine if alternative technologies would benefit the Agency. In 2004, the OIG performed a review of project management for two critical systems [Momentum Financial Management System and Travel Manager] at FCA and found ineffective project management. We will evaluate the effectiveness of project management for the infrastructure review.

### General Controls Review: Business Continuity

A well developed and tested business continuity plan ensures that agencies will be able to continue to perform their essential functions during an emergency or disruption of normal operations. We will evaluate the FCA's ability to ensure continuity of operations during an emergency or disruption of normal operations and to restore essential functions and activities.

### Review of OE Organizational Structure and Work Processes

The Office of Examination (OE) is the largest organizational unit within FCA. In recent years OE has undergone significant organizational and operational changes. We will assess the effectiveness of these organizational and examination methodology changes made within OE. We will also review OE's use of technology to enhance their examination work processes.

## **FY 2009**

### Evaluation of OE Training & Commissioning Program

The knowledge and skill level required to conduct sound examinations and effective supervision of Farm Credit System (FCS) institutions needs to continually develop to keep pace with the changing financial marketplace. We will review the adequacy of OE's training and commissioning program in equipping OE's staff with the knowledge and skills needed to examine and supervise the myriad of business practices and conditions found in System institutions.

### Travel Cards

Travels cards are used by FCA staff for expenses related to official agency business travel. Legislation is being proposed requiring Inspectors General to complete periodic assessments of agencies' travel card programs. We will be reviewing the Agency's travel card administration controls.

### Review of Office of Regulatory Policy (ORP) Regulation Development Process

The Agency's mission includes developing policy and regulations that guide the FCS in advancing its mission to serve the financial needs of agriculture and rural America in a safe and sound manner. We will assess whether the policy and regulation development process complies with all applicable Federal requirements and is efficient.

## FCA Strategic Plan

The strategic plan serves as a guide for the Agency's regulatory and examination oversight efforts. We will assess FCA's process for the development of the strategic plan and evaluate the linkage of the Agency's strategic plan to the office level operating plans. In addition, we will evaluate the Information Resources Management (IRM) planning process, including the role and functioning of the IRM Operations Committee (IRMOC).

## General Controls Review: Access Controls

Access controls are necessary to prevent unauthorized modification, disclosure, or loss of data. We will evaluate access controls at FCA to ensure they provide reasonable assurance that computer resources are protected against unauthorized access.

## Controls for Safeguarding Sensitive Information and Social Security Numbers

Following numerous incidents at various Federal agencies involving the compromise or loss of sensitive personal information, OMB and OPM have issued memorandums directing agencies to take steps to protect sensitive data including social security numbers. We will assess the effectiveness of controls to ensure sensitive information is being safeguarded to minimize vulnerabilities and unauthorized access.

# **Beyond FY 2009**

- Periodic review of the Consolidated Reporting System
- General Controls Review: Software Development and Change Control
- General Controls Review: System Software
- General Controls Review: Segregation of Duties
- SmartPay Program
- Efficiency of the OGC Legal Opinion Process
- Borrower Complaint Handling
- Policy and Procedures Manual
- Adherence to the Government in the Sunshine Act
- Personal Identity Verification: Agency Validation of Employees' Credentials used in Gaining Employment and Compliance with HSPD-12
- Agency Administration of the Correspondence Tracking System
- Sunset Act Compliance Regarding Reports Submitted to Congress

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<b>IRM PLAN SUMMARY</b>								
<b>IRM Budget Category</b>	<b>Object Code</b>	<b>FY 2008 Costs</b>	<b>FY 2009 Costs</b>	<b>FY 2010 Costs</b>	<b>FY 2011 Costs</b>	<b>FY 2012 Costs</b>	<b>FY 2013 Costs</b>	<b>Total Costs</b>
<i>Telephone &amp; Communications Services</i>	<b>2351</b>	2,595	2,625	2,625	2,595	2,625	2,625	15,690
<i>Consulting Services</i>	<b>2511</b>	30,000	30,000	0	0	0	0	60,000
<i>Subscriptions &amp; Publications</i>	<b>2612</b>	200	200	200	200	200	200	1,200
<i>Software</i>	<b>3152</b>	500	500	500	500	500	500	3,000
<i>IT Equipment</i>	<b>3162</b>	1,550	200	200	1,550	200	200	3,900
	<b>Total</b>	<b>\$34,845</b>	<b>\$33,525</b>	<b>\$3,525</b>	<b>\$4,845</b>	<b>\$3,525</b>	<b>\$3,525</b>	<b>\$83,790</b>

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Fiscal Years 2008-2009**

**FY 2008 REVISED PRODUCTS AND SERVICES BUDGET**

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

<b>Products/Services</b>	<b>Budget</b>	<b>% Budget</b>	<b>FTE</b>	<b>% FTE</b>
Audits, Inspections, and Review Products	\$770,683	78%	3.59	78%
Investigations	\$59,283	6%	.28	6%
Legislation and Regulations Review	\$19,761	2%	.09	2%
Outreach	\$138,328	14%	.64	14%
<b>Total</b>	<b>\$988,055</b>	<b>100%</b>	<b>4.60</b>	<b>100%</b>

**Audits, Inspections, and Review Products**—The OIG issues approximately 5-10 reports per year (including the annual FCA financial audit). This includes recommendations to Agency officials regarding improving the efficiency of Agency programs and mission achievement. It also includes four survey reports. The survey of System institutions regarding the Agency's examination function has been produced for well over 10 years.

**Budget for FY 2008—\$770,683..... 3.59 FTE**

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

**Budget for FY 2008—\$59,283..... .28 FTE**

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

**Budget for FY 2008—\$19,761..... .09 FTE**

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

**Budget for FY 2008—\$138,328..... .64 FTE**

**Farm Credit Administration  
Office of Inspector General  
Fiscal Years 2008-2009**

**FY 2009 PROPOSED PRODUCTS AND SERVICES BUDGET**

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

<b>Products/Services</b>	<b>Budget</b>	<b>% Budget</b>	<b>FTE</b>	<b>% FTE</b>
Audits, Inspections, and Review Products	\$778,641	78%	3.59	78%
Investigations	\$59,895	6%	.28	6%
Legislation and Regulations Review	\$19,965	2%	.09	2%
Outreach	\$139,756	14%	.64	14%
<b>Total</b>	<b>\$998,257</b>	<b>100%</b>	<b>4.60</b>	<b>100%</b>

**Audits, Inspections, and Review Products**—The OIG issues approximately 5-10 reports per year (including the annual FCA financial audit). This includes recommendations to Agency officials regarding improving the efficiency of Agency programs and mission achievement. It also includes four survey reports. The survey of System institutions regarding the Agency's examination function has been produced for well over 10 years.

**Budget for FY 2009—\$778,641..... 3.59 FTE**

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

**Budget for FY 2009—\$59,895..... .28 FTE**

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

**Budget for FY 2009—\$19,965..... .09 FTE**

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

**Budget for FY 2009—\$139,756..... .64 FTE**