



Office of Inspector General

September 2005
Report No. 05-035

The FDIC's Corporate University

EVALUATION REPORT





Background and Purpose of Evaluation

Strategic human capital management centers on viewing people as assets whose value to an organization can be enhanced through investment. One of the human capital challenges facing the federal government is successfully acquiring, developing, and retaining talent. Investing in and enhancing the value of employees through training and development (T&D) is a crucial part of addressing this challenge.

In 2003, the FDIC established the Corporate University (CU) as a separate FDIC office to serve as the corporate umbrella over T&D, with responsibility for overseeing, coordinating, and supporting the assessment, design, development, delivery, and evaluation of division and office T&D programs.

Our objective was to evaluate: (1) the degree to which CU has implemented training programs and other developmental opportunities to help the FDIC build the competencies needed to achieve its mission and strategic goals and (2) the overall cost-effectiveness of the CU structure in comparison to initial goals and industry benchmarks.

To view the full report, go to www.fdicig.gov/2005reports.asp

The FDIC's Corporate University

Results of Evaluation

We evaluated CU's implementation of training programs and developmental opportunities using the Government Accountability Office (GAO) *Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, which presents core characteristics for successful T&D programs. Overall, we concluded that CU has addressed, to varying degrees, each of the following GAO core characteristics:

- **Strategic alignment** through CU's organizational structure, oversight of CU by a senior executive Governing Board, establishment of a Chief Learning Officer (CLO), appointment of Deans for individual CU colleges, and CU participation in executive-level meetings.
- **Leadership commitment and communication** through FDIC Chairman and Chief Operating Officer (COO) communications on continuous learning, executive leadership involvement in CU operations, and the Corporate Employee Program, which will cross-train employees in multiple business lines.
- **Stakeholder involvement** through periodic executive-level meetings to discuss CU operations, an annual T&D assessment process, employee feedback, and targeted reviews by inter-divisional teams referred to as Visiting Fellows.
- **Accountability and recognition** through employee performance measurement programs that have T&D-related criteria; tools for managing individual career development efforts, such as Career Development Plans and Individual Learning Accounts; and a focus on the importance of professional certifications.
- **Effective resource allocation** through adequate staffing and funding of the T&D program, an active role in the planning and budget process, a CU action plan with measurable goals, and business plans supporting individual course offerings.
- **Partnerships and learning from others** through T&D offerings to other regulators and benchmarking against T&D industry sources. CU provided training to over 500 students from other regulatory agencies during 2004.
- **Data quality assurance** through a Web-based training system. CU had recently upgraded its training system and had not performed data testing; accordingly, we did not evaluate data quality. The FDIC currently does not have a central repository to collect and evaluate employee competencies and skills. However, the FDIC's 2006 proposed budget includes funding to develop and implement a Corporate Skills Survey/Database for the FDIC business line divisions.
- **Continuous performance improvement** through T&D offerings from initial employee orientation through leadership development and career management. CU has also developed a program to monitor and evaluate the success of CU initiatives.

With regard to cost-effectiveness of the CU structure, the FDIC's 2005 budgeted T&D costs were lower than 2002 budgeted training costs. Further, we determined that CU training costs, based on a percentage of payroll, were in line with industry benchmarks. CU's ratio of training staff to employees was within the range of other selected banking regulators. Moreover, the FDIC's ratio does not consider training that CU provides to non-FDIC employees.

Recommendations

Based on the overall positive results of our review and management initiatives already in progress, we are not making recommendations for CU or FDIC T&D program improvements.

TABLE OF CONTENTS

| | |
|--|-----------|
| Background | 2 |
| Strategic Alignment | 3 |
| Leadership Commitment and Communication | 5 |
| Stakeholder Involvement | 7 |
| Accountability and Recognition | 9 |
| Effective Resource Allocation | 11 |
| Partnerships and Learning from Others | 13 |
| Data Quality Assurance | 16 |
| Continuous Performance Improvement | 18 |
| Corporation Comments and OIG Evaluation | 20 |
| Appendix I: Objective, Scope, and Methodology | 21 |
| Appendix II: Corporation Comments | 22 |

TABLES:

| | |
|---|-----------|
| Table 1: CU Organizational Responsibilities | 3 |
| Table 2: CU-related Excerpts From the <i>FDIC News</i> | 6 |
| Table 3: Visiting Fellows Report Topics | 8 |
| Table 4: CU Operating Budget and Actual Expenses | 11 |
| Table 5: Changes in Selected CU Operating Budget Expenses | 12 |
| Table 6: CU Training Provided to Non-FDIC Employees During 2004 | 13 |
| Table 7: 2002 CU Statistics and ASTD Benchmarking Data | 14 |
| Table 8: 2005 CU Statistics and ASTD Benchmarking Data | 15 |
| Table 9: Benchmark Information for Selected Bank Regulatory Agencies | 15 |
| Table 10: Categories of Courses that Evidence Continuous Learning | 18 |

FIGURES:

| | |
|--|----------|
| Figure 1: CU Students Trained During 2004 | 2 |
| Figure 2: Revised CU Organizational Structure | 4 |

ACRONYMS

| | |
|-------|--|
| ASTD | American Society for Training and Development |
| CBC | Contribution-based Compensation |
| CBI | Computer-based Instruction |
| CDP | Career Development Plan |
| CE | Corporate Employee |
| CEP | Corporate Employee Program |
| CFO | Chief Financial Officer |
| CG | Corporate Graded |
| CLO | Chief Learning Officer |
| CM | Corporate Manager |
| COG | Course Oversight Group |
| COO | Chief Operating Officer |
| CSA | Corporate Success Award |
| CU | Corporate University |
| CUX | Corporate University Xchange |
| DIR | Division of Insurance and Research |
| DOA | Division of Administration |
| DOF | Division of Finance |
| DRR | Division of Resolutions and Receiverships |
| DSC | Division of Supervision and Consumer Protection |
| FDIC | Federal Deposit Insurance Corporation |
| FFIEC | Federal Financial Institutions Examination Council |
| GAO | Government Accountability Office |
| HRC | Human Resources Committee |
| ILA | Individual Learning Accounts |
| LMS | Learning Management System |
| OCC | Office of the Comptroller of the Currency |
| OICM | Office of Internal Control Management |
| OIG | Office of Inspector General |
| OTS | Office of Thrift Supervision |
| SME | Subject Matter Experts |
| TCSB | Training and Consulting Services Branch |
| TOC | Training Oversight Committee |
| T&D | Training and Development |
| TS | Training Server |



DATE: September 21, 2005

MEMORANDUM TO: David C. Cooke
Chief Learning Officer
Corporate University

FROM: Russell A. Rau [Electronically produced version; original signed by Russell A. Rau]
Assistant Inspector General for Audits

SUBJECT: *The FDIC's Corporate University*
(Report No. 05-035)

The subject final report is provided for your information and use. Please refer to the Executive Summary, included in the report, for the overall evaluation results. This report contains no recommendations. Your written response to a draft of this report is included as an appendix to the report.

If you have questions concerning the report, please contact Stephen M. Beard, Deputy Assistant Inspector General for Audits, at (202) 416-4217, or Marshall Gentry, Director, Corporate Evaluations, at (202) 416-2919. We appreciate the courtesies extended to the evaluation staff.

Attachment



DATE: September 21, 2005

MEMORANDUM TO: David C. Cooke
Chief Learning Officer
Corporate University

FROM: Russell A. Rau
Assistant Inspector General for Audits

SUBJECT: *The FDIC's Corporate University*
(Report No. 005-035)

This report presents the results of our evaluation of the Federal Deposit Insurance Corporation's (FDIC) Corporate University (CU). Strategic human capital management centers on viewing people as assets whose value to an organization can be enhanced through investment. One of the human capital challenges facing the federal government is successfully acquiring, developing, and retaining talent. Investing in and enhancing the value of employees through training and development (T&D) is a crucial part of addressing this challenge.

In early 2003, the FDIC established the CU as a separate FDIC office to serve as the corporate umbrella over T&D with responsibility for overseeing, coordinating, and supporting the assessment, design, development, delivery, and evaluation of division and office training and development programs. CU replaced the Training and Consulting Services Branch (TCSB) within the FDIC's Division of Administration (DOA).

EVALUATION OBJECTIVE

Our objective was to evaluate: (1) the degree to which CU has implemented training programs and other developmental opportunities to help the FDIC build the competencies needed to achieve its mission and strategic goals and (2) the overall cost-effectiveness of the CU structure in comparison to initial goals and industry benchmarks.

In March 2004, the Government Accountability Office (GAO) issued the *Guide for Assessing Strategic Training and Development Efforts in the Federal Government* (GAO-04-546G) for assessing how agencies plan, design, implement, and evaluate effective T&D programs that contribute to improved organizational performance and enhanced employee skills and competencies. We used this guide to evaluate CU.

Background

In January 2001, and again in January 2003, the GAO identified strategic human capital management as a government-wide, high-risk area because of the lack of attention to this area in federal agencies. Specifically, GAO reported that in the wake of extensive downsizing during the early 1990s, done largely without sufficient consideration of the strategic consequences, agencies were experiencing significant challenges to deploying the right skills, in the right places, at the right time.

Agencies are also facing a growing number of employees who are eligible for retirement and are finding it difficult to fill certain mission-critical jobs, a situation that could significantly drain agencies' institutional knowledge. Other factors such as emerging security threats, rapidly evolving technology, and dramatic shifts in the age and composition of the overall population exacerbate the problem. Such factors increase the need for agencies to engage in strategic workforce planning to transform their workforces so that they will be effective in the 21st century.

In April 2002, an interdivisional task force and a number of subgroups were formed by the FDIC's Human Resources Committee (HRC) to conduct research into recognized corporate universities and to investigate new ways to provide learning and developmental opportunities to meet the FDIC's unique needs. Based on its research, the task force created a plan for the establishment of the CU.

The goals of establishing the CU were to (1) promote a corporate identity so that employees understand the FDIC's mission and are better able to work as a team; (2) enhance each employee's performance of his or her primary job assignments; and (3) broaden employees' awareness of the FDIC's major business lines so that the FDIC can adapt quickly and effectively to changing workload priorities. Based on the results of the task force's efforts, the Corporation launched the CU in early 2003 to serve as the training and employee development arm of the FDIC.

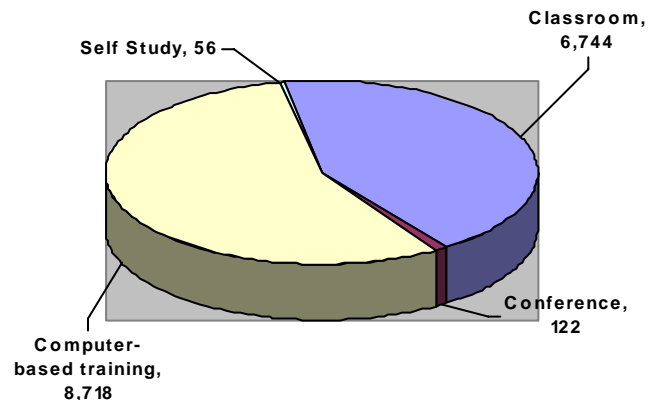
During 2004, the CU provided training to more than 15,600 students. Figure 1 presents information on the course participants during 2004.

Training can be defined as making available to employees planned and coordinated educational programs of instruction in professional, technical, or other fields that are or will be related to the employee's job responsibilities.

Development is generally considered to include training, structured on-the-job learning experiences, and education.

Source: GAO Report No. GAO-04-546G.

Figure 1: CU Students Trained During 2004



Source: CU.

Strategic Alignment

Core Characteristic: *Clear linkages exist between the agency’s mission, goals, and culture and its training and development efforts. The agency’s mission and goals drive a strategic training and development approach and help ensure that the agency takes full advantage of an optimal mix of strategies to improve performance and enhance capacity to meet new and emerging challenges.*

Source: GAO-04-546G.

The FDIC is achieving strategic alignment through ongoing monitoring of the CU by a Governing Board and Deans for each school; involving the Chief Learning Officer (CLO) in corporate planning and budgeting, HRC, and operating committee meetings; and using a training analysis plan to help ensure that new course proposals are consistent with the corporate mission and goals.

The CU Organization and Structure

The FDIC established the CU to serve as the organization responsible for overseeing and supporting all FDIC T&D programs in order to achieve business results by improving employee and organizational performance. At the onset of our review, the CU was organized into five schools: a school of resolutions and receiverships, a school of supervision and consumer protection, a school of insurance, a school of leadership development, and a school of corporate operations. The CU governance structure included:

- a CU Governing Board (consisting of the Chief Operating Officer (COO), Chief Financial Officer (CFO), CLO, and all division directors and selected other executives) to provide direction and leadership to ensure consistency with corporate objectives;
- a CLO and Deputy CLO to direct the daily operation of the CU; and
- Deans for each school who ensure the integration and alignment of CU activities with the interests of FDIC operating units.

Table 1 presents Governing Board, CLO, and Dean responsibilities:

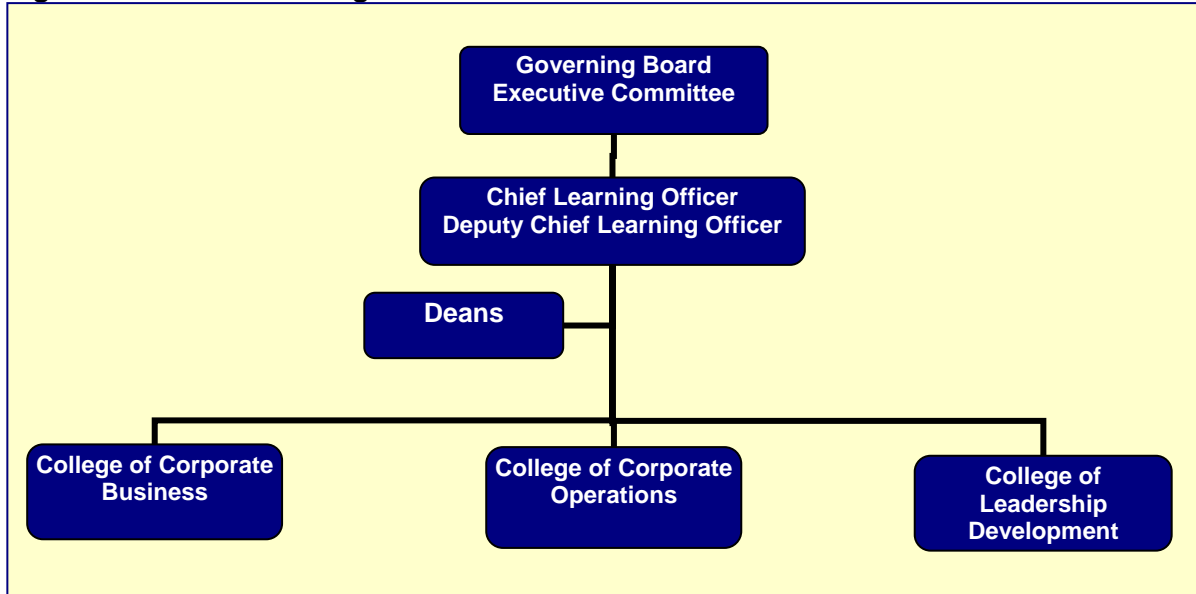
Table 1: CU Organizational Responsibilities

| Governing Board | CLO | Deans |
|--|--|---|
| <ul style="list-style-type: none"> • Review and approve initiatives for alignment with strategic direction. • Prioritize current and future education/training needs. • Establish training standards to ensure quality products. • Evaluate budgets against performance outcomes. • Prioritize business-line requests for new T&D programs. | <ul style="list-style-type: none"> • Direct the daily operation of CU. • In consultation with the CU Deans, provide strategic guidance and direction to the Chiefs for the five schools. • Recommend strategic direction for corporate learning. • Build internal and external alliances and partnerships. • Measure the business impact of learning. | <ul style="list-style-type: none"> • Identify opportunities to support business line and leadership objectives. • Interpret business line strategies and objectives. • Work with corporate executives, managers, and employees to assess current and anticipated future T&D needs. • In collaboration with the CLO, recommend to the Governing Board the allocation and prioritization of T&D resources. • Identify and recommend to CU cross-divisional training opportunities. |

Source: FDIC Training and Development Policy.

In April 2005, CU announced a reorganization that merged the business line schools into one college; converted the five collateral-duty Dean positions to three Dean positions (two full-time and one-collateral duty); and created new, full-time, rotational subject matter expert positions known as Chairs. The CLO indicated that the new CU structure, presented in Figure 2, better aligns the CU with the FDIC's current organizational strategies.

Figure 2: Revised CU Organizational Structure



Source: CU Web site.

Integration with Corporate Planning

The CLO actively participates in the planning and budget process. Specifically, CU is involved in the FDIC's Government Performance and Results Act and the Annual Performance Plan processes. The CU has a performance plan and tracks and updates the plan quarterly. The CU's performance is also tracked by the Division of Finance (DOF) as part of the FDIC Corporate Performance Objective process. The CU works with the HRC, the Governing Board, and the CU Deans to design curriculum and implement programs.

Individual Training Course Planning

The CU also ensures strategic alignment by requiring a training analysis plan for proposed course offerings. Courses are designed and reviewed in concert with the divisions and offices and the CU. Also, Deans have responsibility to ensure that courses are aligned strategically. Courses are based on a needs assessment, which identifies needs and knowledge and skills gaps. Courses are planned to fill the identified gaps, so that the appropriate skill mix is achieved for the Corporation as a whole. Further, courses are evaluated continually to ensure they are meeting intended needs.

We reviewed the titles and objectives for selected courses presented on the CU's Web site and concluded that those courses reflected divisional missions and were consistent with corporate initiatives.

Leadership Commitment and Communication

Core Characteristic: Agency leaders and managers consistently demonstrate that they support and value continuous learning, are receptive to and use feedback from employees on developmental needs and training results, and set the expectation that fair and effective training and development practices will improve individual and organizational performance.

Source: GAO-04-546G.

The FDIC has exhibited leadership commitment and consistent communication by having executive-level representation and involvement in the CU governance structure, adopting a continuous learning philosophy, and establishing the Corporate Employee Program (CEP). FDIC leaders have delivered a clear and consistent message about the importance of training and development.

Management Commitment and Continuous Learning Philosophy

As discussed earlier, the CU is managed and monitored by executives from the highest levels of the Corporation. The CU Governing Board meets quarterly, the Executive Board meets monthly, and the Deans meet bi-monthly to discuss project prioritization. Further, the CU recently converted the five Dean positions that were collateral duty positions into two full-time positions and one collateral-duty position.

The two full-time Dean positions are rotational assignments that will last 18-48 months. The CLO concluded that based on the demanding workload, the duties of the Dean positions could no longer be accomplished by collateral duty executives. Further, FDIC executive management documented its commitment to T&D by issuing a policy statement and approving funding and staffing levels for the CU that are discussed later in the *Effective Resource Allocation* section of this report.

The FDIC is committed to the training and development of its employees to build, maintain, and improve individual competence in a workforce that continually builds and sustains knowledge and skills to meet the demands of today, as well as challenges of tomorrow.
--FDIC Statement of Policy

Corporate Employee Program

In October 2004, the COO announced the CEP as part of the FDIC's workforce planning for the future. The COO noted that a critical aspect in aligning the FDIC for the future was developing a workforce with a corporate perspective that worked collaboratively to accomplish mission-critical functions and was capable of responding rapidly to changes in workload. The COO indicated that the CEP would:

- provide employees with skills needed to address significant spikes in business line workloads that may temporarily require shifting resources across business lines,
- promote a corporate perspective and a corporate approach to problem solving,
- facilitate communication and the transfer of knowledge across all business lines, and
- foster greater career opportunity and job satisfaction.

The COO tasked the CU with responsibility for implementing the CEP and for working closely with FDIC divisions and offices to identify and administer training requirements for corporate

employees and to develop a commissioning process for resolutions and receiverships specialists. The COO established two inter-divisional task forces, led by CU, to develop CEP details.

The CEP will offer a cross-training program that allows Division of Resolutions and Receiverships (DRR) employees to apply for “in-service” training in the Division of Supervision and Consumer Protection (DSC). Crossovers from DRR to DSC will be able to obtain their commissions in a specified timeframe. DSC examiners will also be given opportunities, such as rotational assignments, to gain practical experience in DRR functions along with resolutions training. A three-track commissioning process includes training and certification for risk-management examiners, compliance examiners, and resolutions and receiverships specialists. The CU and the three business line divisions will jointly develop training curricula for the CEP.

Communication Strategy

The FDIC has also implemented a consistent communication strategy for marketing and informing employees of the CU. In early 2003, the CU formed a Communications and Marketing Team, which developed a communication and marketing plan and accomplished a number of actions, including developing the CU identity and promotional items and materials; utilizing the CU logo and tag line on promotional items and materials; developing a CU booth for FDIC conferences; redesigning the TCSB Web site to reflect the CU schools, programs, and new initiatives; working with the *FDIC News* to publish CU articles; developing global e-mails on the implementation of the CU and its new initiatives; and coordinating CU participation at training conferences.

Additionally, the FDIC Chairman, COO, and CLO have issued information to FDIC employees about the importance of the CU and the value of T&D opportunities. Table 2 presents selected excerpts from the *FDIC News*.

Table 2: CU-related Excerpts From the *FDIC News*

| |
|---|
| |
| June 2002 – Chairman Powell announced plans for the Corporate University. |
| February 2003 – The Chairman announced the launching of the Corporate University. |
| August 2003 – The FDIC Corporate University took major steps towards establishing itself as a premier educational entity during the week of July 21. The five CU Deans were officially inducted and charged with the responsibility for their respective schools. |
| January 2005 – The CLO recently reflected on the accomplishments and challenges of the Corporate University (CU), established in 2003 to oversee the FDIC’s employee education and development. Over the past year the CU, in addition to staffing up, also developed or redesigned nearly two dozen training programs and courses as well as managed the delivery of more than 15,000 online and classroom course completions to nearly 4,000 employees and other regulators. |
| April 2005 – The Corporate University announced the appointment of two new Deans and the reorganization of its structure. |

Source: OIG Review of the *FDIC News*.

Finally, CU has added a Communication and Marketing Specialist permanent position, which will be responsible for delivering the CU message to the entire Corporation, representing CU at conferences, and serving as the CU liaison with trade groups and external training organizations.

Stakeholder Involvement

Core Characteristic: Agency stakeholders are involved throughout the training and development process to help ensure that different perspectives are taken into account and contribute to effective training and development programs. Stakeholders' views are incorporated in identifying needed performance enhancements, developing and effectively implementing well-thought-out strategies, and helping to conceptualize and use balanced measures that accurately reflect the extent to which training and development efforts contribute toward achieving results.

Source: GAO-04-546G.

The FDIC obtains stakeholder involvement through Governing Board and Dean meetings; the Deans involvement in the planning and budget process; a CU divisional training assessment process; coordination with divisional training units; post-implementation reviews of individual courses; and employee feedback, such as the DOA Customer Survey—which included questions addressing the CU, the Visiting Fellows Program, and individual course evaluations.

Deans' Involvement in the Planning and Budget Process

The Deans rank courses by priority and facilitate efforts to incorporate their divisional needs into the design and delivery of T&D. The Deans are involved in approving business plans, ensuring alignment with the strategic plan, curriculum development, and FDIC succession planning. The Deans have stated that they are actively involved in the prioritizing and budgeting aspects of their respective schools. For example, during the 2005 budget process, they participated in extensive discussions with the CU regarding the cost and value of individual courses.

Needs Assessment Process

The CU conducted a needs assessment in 2004 with division and office executives, managers, and professional staff using an interview format. The CU used the needs assessment to determine knowledge, skills, and abilities needed to perform functions; identify gaps in the workforce; and develop appropriate learning objectives and course curriculum. CU characterized the needs assessment as a continuous process. The needs assessment ensures that course requests are driven by the divisions and determines the correct method of course delivery (i.e., classroom or computer-based training).

CU officials noted that needs assessments on courses have led to courses being discontinued or redesigned. For example, CU assessed the commissioned examiner school and determined that it was too hard to keep up with the many course updates. CU converted the examiner continuing education program courses from classroom to computer-based instruction (CBI) courses, which are available on-line.

The CU did not complete the DSC needs assessment because a mid-course adjustment was made. The CU conducted the "high level" interviews with DSC senior management as planned. However, while the CLO was reviewing the draft needs assessment report, the CU received the results of the DOA customer survey. Several CU-related comments focused on the lack of training for commissioned examiners. Based on these comments, the CU decided to conduct focus groups with the examiners and first-level supervisors in the field. The CU worked with a consultant to conduct the focus groups and to collect the data.

Coordination with Divisional Training Units and Subject Matter Experts

DSC, which accounts for more than 50 percent of the FDIC’s staff and training dollars, has a Training Oversight Committee (TOC), consisting primarily of deputy directors and regional directors, to oversee DSC’s training program and related initiatives and a Course Oversight Group (COG), consisting primarily of assistant regional directors to oversee DSC’s core examiner schools. Each course has a specific COG member assigned. The COG is responsible for reporting annually to the TOC if a course needs to be revised. The COG also includes a representative who serves as a liaison to the CU.

CU also utilizes a number of subject matter experts (SMEs) from the business line divisions who work with the Deans to make course development decisions and who assist in the design of internally developed courses. The SMEs also review and analyze narrative comments from student participant evaluations to ensure that course objectives are being met. As discussed earlier, as part of the recent reorganization, CU added eight new Chair positions corresponding to FDIC divisions and offices to serve as full-time SME liaisons to the business lines, advisors to clients, and to help bring all FDIC T&D programs under CU.

Customer Satisfaction Survey and Visiting Fellows Program

In addition to using individual course evaluations, the CU has solicited feedback from employees through a 2004 DOA customer survey and through periodic reviews by selected teams of FDIC employees, known as Visiting Fellows. The DOA Customer Survey included CU-related questions and overall, CU received positive feedback regarding course content and customer satisfaction. CU established focus groups to address survey comments.

The Visiting Fellows Program is based on a private-sector model in which cross-divisional teams of high-potential professionals work on assignments to recommend solutions to senior management for strategic business issues or challenges. The teams present their reports and recommendations to the CU governing board for consideration and acceptance. Table 3 presents information from selected Visiting Fellows reports.

Table 3: Visiting Fellows Report Topics

| Report Topic |
|---|
| The Communication and Marketing Team’s goal was to review, revise, and begin implementation of the CU Communication and Marketing Strategy/Plan to increase employee awareness and participation. |
| The Professional Workshops Team was tasked with evaluating the feasibility of developing and implementing professional staff workshops. |
| The Continuing Education and Accreditation Team’s mission was to evaluate the potential benefits and costs of offering professional accreditation opportunities and establishing education requirements for selected positions. |
| The Analyzing Training Investments Team was charged with identifying and reviewing resources used for, or involved with, T&D and determining the value received. |
| The Cross-Divisional Training Team’s primary goal was to identify overlaps and redundancies in FDIC training programs. |

Source: OIG Review of Visiting Fellows Reports.

Accountability and Recognition

Core Characteristic: Appropriate accountability mechanisms, such as performance management systems, are in place to hold managers and employees responsible for learning and working in new ways. Appropriate rewards and incentives exist and are used fairly and equitably to encourage innovation, reinforce changed behaviors, and enhance performance.

Source: GAO-04-546G.

The FDIC has established a clear agency culture and tone at the top regarding good performance and accountability and has established employee recognition programs such as the Corporate Success Award (CSA) and the Contribution-Based Compensation (CBC) Program both of which have T&D-related criteria. The Corporation has also established tools for managing individual career development efforts such as Career Development Plans (CDP) and Individual Learning Accounts (ILAs). The FDIC has also encouraged employees to pursue professional and business line certification programs.

Contribution Based Awards Programs

The FDIC established the CSA program in 2003 to recognize an employee's individual initiative, exceptional effort and/or achievements that reflect important contributions to the Corporation and/or its organizational components. The FDIC established the CBC program in 2004 to replace the CSA program for non-bargaining unit employees. CBC is a tiered system with compensation determined by the level of individual employee contribution. One of the criteria elements on which employees are assessed is learning and development, which is defined as taking an active part in developing personal skills and competencies and applying newly acquired skills and competencies that reflect important contributions to the Corporation and/or its organizational components.

Career Development Plans

The FDIC established CDPs as a means for employees to develop a personal development strategy. A CDP is a roadmap that identifies an individual's career goals and/or developmental needs, along with a strategy for achieving them. While employees have the primary responsibility for managing their careers, supervisors play a key role in helping employees create and implement a CDP. The CDP can identify short-term goals (1 year) or long-term goals (more than 1 year). The CDP includes a self-assessment worksheet and guidelines for completing the CDP form.

Individual Learning Accounts

The CU is starting a pilot program called ILAs. The CU will provide 200 FDIC employees up to \$2,500 annually to spend on training. Employees will be allowed to select their own course curriculum, subject to supervisory approval. The CU has concluded that employees will be more motivated to enhance their skills if they are empowered to make their own T&D decisions.

Corporate Employee Business Line and Professional Certifications

The Corporation is also holding new employees accountable for their performance by hiring them on term appointments and requiring that they successfully complete training programs as part of the CEP. An October 2004 memorandum from the COO states:

To position ourselves for the future, we will develop new criteria for hiring and training employees in the business line divisions. We anticipate that business lines will hire “Corporate Employees” (CEs) at the grade 5/7 level under term appointments to pursue commissioned examiner status in either Risk Management or Compliance. While the new CEs are pursuing an examiner commission, they will simultaneously receive some training in resolution and receivership functions and an enhanced orientation on the full scope of FDIC operations. Those who successfully complete the program will be eligible to compete for available permanent positions in the Corporation’s three major career tracks – risk management examiner, compliance examiner, and resolutions and receiverships specialist – as well as available positions elsewhere within the Corporation. They will be eligible to begin pursuing a second commission after completing the risk management or compliance examiner commissioning program.

In addition, the COO stated in his memorandum that current employees entering the CEP voluntary DRR-to-DSC crossover program will be required to obtain commissioned examiner status within a specific timeframe.

Advance Degrees and Professional Certifications

The CU has been evaluating the FDIC’s sponsorship of employee participation in graduate-level education and/or certification programs consistent with corporate business line operations. In April 2005, the CU issued a formal survey to determine the number of employees who possess or who are working to earn advanced degrees and/or professional certifications. The CU also intended to use information from the survey to update the Training Server (TS) Learning Management System (LMS).

Effective Resource Allocation

Core Characteristic: *The agency provides an appropriate level of funding and other tools and resources—along with external expertise and assistance when needed—to ensure that its training and development programs reflect the importance of its investment in human capital to achieving its mission and goals.*

Source: GAO-04-546G.

The FDIC has provided adequate staffing and funding for the Corporation’s T&D program, and CU has an active role in the planning and budget process. CU has developed a business plan that includes an action plan with specific goals and target dates for completion. DOA has also committed to the CU that the division will continue providing collateral-duty staff to coordinate regional and field office training needs.

CU Staffing Levels

As of March 2005, CU was authorized 43 staff and had 35 staff on-board. All CU staff are located at the FDIC’s Virginia Square facility in Arlington, Virginia. As discussed earlier, the COO approved a new CU organizational structure in April 2005. While the reorganization did not increase CU’s authorized staffing level, the reorganization did result in the following full-time rotational detail positions:

- two Dean positions at the executive or corporate manager level, and
- eight new Chair assignments at the corporate manager or senior staff level.

The Dean and Chair positions are full-time, rotational assignments lasting between 18 and 48 months. These positions will not be reflected as CU-authorized staff. However, the Deans and Chairs occupying these positions will work full-time on CU matters. The CLO noted that this approach gives the FDIC the flexibility to discontinue the details in the event that there is not a continuing resource need. These approved details effectively increase the number of staff working on CU matters to 57 positions.

2004 Training and Development Budget Process

During 2005, CU had a \$14.5 million internal operating budget. The CU also was responsible for establishing the budget for approximately \$3.3 million in division and office external training. Table 4 presents a breakout of CU’s 2005 internal operating budget.

Table 4: CU Operating Budget and Actual Expenses (in millions)

| Major Expense Category | 2004 Budget | 2004 Estimated Actual Spending | Proposed 2005 Budget |
|---------------------------|-------------|--------------------------------|----------------------|
| Salaries and Compensation | \$4.54 | \$3.42 | \$5.95 |
| Outside Services | 5.94 | 3.60 | 5.94 |
| Travel | 1.42 | 1.06 | 1.62 |
| Other Expenses | .26 | .16 | .39 |
| IT Allocation | .59 | .58 | .60 |
| Total | \$12.75 | \$8.82 | \$14.50 |

Source: Division of Finance.

To evaluate the cost-effectiveness of the CU structure, we compared elements of CU’s 2005 operating budget to 2002 FDIC T&D budget amounts. As shown in Table 5, the FDIC’s expenses for CU salaries and contractor expenses have decreased since 2002.

Table 5: Changes in Selected CU Operating Budget Expenses (in millions)

| Major Expense Category | 2002 Budget | Proposed 2005 Budget |
|--|-------------|----------------------|
| Salaries and Compensation | \$7.20 | \$5.95 |
| Contractor Education Services | 9.60 | 5.94 |
| Outside Fees and Tuition (Type I & II) | 3.10 | 3.30 |
| Total | \$19.90 | \$15.19 |

Source: DOF.

As discussed later, we also compared CU's 2005 budget amounts to the budgets of industry benchmark organizations and the Office of the Comptroller of the Currency (OCC). We concluded that the FDIC's per capita T&D spending and the percentage of FDIC payroll invested in T&D activities had decreased since 2002 and was more in line with industry benchmarks than in 2002. Further, the FDIC's per capita T&D spending and percentage of FDIC payroll invested in T&D activities was reasonable in comparison to OCC benchmarks.

CU Business and Action Plans

We saw evidence that CU treats training resources as investments to be maximized. For example, CU developed a Business Plan that included CU's vision and operating strategy. The Business Plan also identified critical success factors, stakeholders, products and services, and CU financial and resource information. Finally, the Business Plan included a CU Action Plan, which listed goals and action steps, outputs, and target dates for completion.

Partnerships and Learning from Others

Core Characteristic: Coordination within and among agencies achieves economies of scale and limits duplication of efforts. In addition to benchmarking high-performing organizations, these efforts allow an agency to keep abreast of current practices, enhance efficiency, and increase the effectiveness of its training and development programs.

Source: GAO-04-546G.

The FDIC partners externally with other federal regulators both through the Federal Financial Institutions Examination Council (FFIEC) and on an interagency basis. In addition, the CU is responsible for developing and conducting internal examiner education programs that are offered to other regulators, including state examiners. The CU has benchmarked its program costs, staffing, and operations against T&D industry sources, private-sector corporate universities, and other government agency T&D programs.

Partnering With Others

The CU officials indicated that the FDIC partners with other regulators to fulfill examiner training needs outside of the FFIEC training offerings. Banking industry developments such as efforts to thwart terrorist financing and the Basel II international agreement on capital requirements result in training needs for multiple banking regulators. The CU worked with a vendor to obtain on-line Basel II training for FDIC examiners, and the CU has assisted other regulators in obtaining common software licenses with the goal of conducting interagency training.

The CU also has offered training to students from other federal, state, and international agencies as shown in Table 6.

Table 6: CU Training Provided to Non-FDIC Employees During 2004

| Agency Type | Attendees |
|--------------------------------------|-----------|
| State Banking Regulators | 440 |
| Federal Reserve Board | 4 |
| OCC | 1 |
| OTS | 2 |
| National Credit Union Administration | 10 |
| Department of the Treasury | 5 |
| Export-Import Bank | 7 |
| Foreign Bank Regulators | 73 |
| Other | 7 |
| Total | 549 |

Source: CU.

The FDIC asks states and other banking agencies for an estimate of the number of training slots required in selected CU programs. Non-FDIC examiners often attend CU specialty examination courses related to conducting trust and IT examinations. Additionally, the FDIC offers remaining training slots to state banking examiners once FDIC examiners have scheduled their training. Because the FDIC coordinates bank supervisory activities with most state banking agencies, it is beneficial for state examiners to attend FDIC training.

Benchmarking Efforts

The CU has conducted benchmarking exercises against other external organizations. The CU belongs to the Learning and Development Roundtable, which provides benchmarking studies and analyses to member organizations. Further, other agencies, such as the Securities and Exchange Commission, have visited the Corporation to benchmark their own operations.

Prior to the formation of the CU, the FDIC CU Steering Committee and subgroup members met with leading corporate universities from Vanguard, Boeing, General Electric, the Tennessee Valley Authority, the Army-Air Force Exchange Service, and other training entities to gather ideas and research best practices. The FDIC relied on the results from these benchmarking efforts in developing the CU organizational structure and curriculum.

An FDIC task force prepared a report on the CU implementation issues and corporate funding. The task force report included benchmarking information from two sources, the American Society of Training and Development (ASTD) and the Corporate University Xchange (CUX). We concluded that the ASTD benchmark was based on cost factors most relevant to CU's operations. For example, ASTD's benchmark includes training staff salaries (excluding benefits), payments to outside contractors, tuition paid to outside entities, and expenditures on training-related hardware and software. CUX's benchmark includes costs such as facilities, program design, delivery, instructors, vendors, technology platforms, tuition reimbursement, and marketing materials. CUX's benchmark does not include T&D staff salaries.

Table 7 presents information from the task force study. The table also includes relevant information from a joint review by the Office of Inspector General and the former Office of Internal Control Management (now the Office of Enterprise Risk Management), entitled *Study of Administrative Services—Training and Personnel* (Report EM-01-001), dated March 1, 2001 (2001 OIG/OICM evaluation).

Table 7: 2002 CU Statistics and ASTD Benchmarking Data

| Benchmark | FDIC | ASTD BMS ^a | ASTD BEST ^a |
|--|--|---------------------------|------------------------|
| Annual T&D Expenditure per Employee. | \$3,063 | \$704 | \$1,574 |
| Percentage of Payroll Invested in T&D Activities. | 2.6% | 2.0% | 3.2% |
| Ratio of T&D Staff to FDIC Employees. ^b | In 2000, TCSB had a ratio of 1 staff to every 143 FDIC employees. In 2002, TCSB and CU collectively had a ratio of 1 staff to every 170 FDIC employees. | Benchmark not calculated. | |

Source: FDIC staffing and budget information and the CU task force study.

^a The FDIC Task Force report benchmarked FDIC 2002 budget information against ASTD's 2000 benchmarks.

^b Information from the 2001 OIG/OICM evaluation and FDIC year-end employee counts.

As shown in Table 8, we obtained updated benchmark information from *ASTD's 2004 State of the Industry Report*, and we compared the information to CU's proposed 2005 budget. While the FDIC has reduced its annual T&D expenditure per employee and percentage of payroll invested in T&D activities, the ratio of T&D staff to FDIC employees has decreased.

Table 8: 2005 CU Statistics and ASTD Benchmarking Data

| Benchmark | FDIC | ASTD BMS ^a | ASTD BEST ^b |
|--|--|---------------------------------|-----------------------------------|
| Annual T&D Expenditure per Employee | \$2,848 | \$820 | More than \$2,000 |
| Percentage of Payroll Invested in T&D Activities | 2.14% | 2.52% | 4.16% |
| Ratio of T&D Staff to FDIC Employees | 1 CU staff for every 108 FDIC employees based on 2004 authorized staff. 1 CU staff for every 82 FDIC employees including full-time details under reorganized structure. | 1 to 194 WLP staff ^c | Benchmark not included in report. |

Source: FDIC staffing and budget information and *ASTD 2004 State of the Industry Report*.

^a Benchmark Service Organization (BMS) is ASTD's broadest sample of benchmark U.S. organizations. During 2003, there were 344 entities in this sample with an average number of 6,866 employees and an average payroll of \$290 million.

^b ASTD BEST represents organizations that won ASTD awards for demonstrating a clear link between learning and performance. During 2003, there were 24 entities in this sample with an average number of 40,883 employees. ASTD did not provide payroll information for this category.

^c ASTD refers to T&D staff as Workplace Learning and Performance (WLP) staff.

Comparisons to Other Bank Regulatory Agencies

The 2001 OIG/OICM evaluation also presented comparative T&D information for TCSB, OCC, and the Office of Thrift Supervision (OTS). Table 9 presents information from 2000 and 2004.

Table 9: Benchmark Information for Selected Bank Regulatory Agencies

| Benchmark | 2000 | | | 2004 | | |
|------------------|-----------------|-------|-------|----------------------|-------|-------|
| | TCSB | OCC | OTS | CU/Full-Time Details | OCC | OTS |
| Training Staff | 88 ^a | 45 | 14 | 57 | 39 | 5 |
| Agency Employees | 6,645 | 2,800 | 1,243 | 4,681 ^b | 2,703 | 899 |
| Ratio | 1:76 | 1:62 | 1:89 | 1:82 | 1:69 | 1:179 |

Source: 2001 OIG/OICM evaluation and 2004 CU, OCC, and OTS staffing information.

^a TCSB included 48 regional training coordination staff.

^b Based on October 2004 FDIC staffing level of 5,231 less 550 estimated positions resulting from downsizing.

The CU's ratio of training staff to agency employees is within the range of the other two regulators. Further, CU's 2004 ratio of training staff to agency employees approximates TCSB's 2000 ratio, even though a number of regional training coordinator positions have been eliminated. It is worth noting that these ratios do not account for the training that CU provides for non-FDIC employees from other federal, state, and international agencies.

Several of the Deans that we interviewed noted that while benchmarking information can be helpful, it is difficult to obtain comparative federal regulatory training benchmark information due to the specificity of each agency's training efforts and agency mission-related training requirements. Further, the Deans indicated that agency definitions of training costs can also be subjective and difficult to compare. Nevertheless, we believe that these measures provide an indication of the reasonableness of the FDIC's investment in and allocation of T&D budget and staffing resources.

Data Quality Assurance

Core Characteristic: The agency has established policies and procedures that recognize and support the importance of quality data and of evaluating the quality and effectiveness of training and development efforts. It establishes valid measures and validated systems to provide reliable and relevant information that is useful in improving the agency's training and development efforts.

Source: GAO-04-546G.

The CU was upgrading its T&D system, the TS, during our review. Accordingly, we did not perform work to assess the quality of data within the system. CU is recruiting for a Visiting Fellows team to develop TS procedures and to review the accuracy of TS data. The FDIC currently does not have a central repository to collect and evaluate employee competencies and skills. While CU recognizes the need for a central skills repository, uncertainty over vendor support for the TS is causing CU to postpone implementing a central skills repository. FDIC's efforts to evaluate the quality and effectiveness of T&D efforts and to establish valid measures are discussed later in this report.

Training Server Policies and Data Integrity

The FDIC's training policy states that an LMS facilitates the efficient and effective tracking of training and related information. The FDIC upgraded the TS in March 2005 to a Web-based system. The TS maintains a listing and description of FDIC training courses; houses on-line courses and student transcripts, and assists in arranging students' out-of-town lodging reservations. The FDIC issued Circular 2600.5, *Training Server System*, dated March 4, 1999, which established the TS as the system of record for T&D and established roles and responsibilities for documenting employee participation in training programs. The circular references TCSB and a prior version of the TS. The circular also references "Super Users," who at that time were TCSB and divisional staff who assisted end users in operating the TS and who monitored information within the system. The circular indicates that Super Users will monitor the TS to ensure data integrity and determine effective use of the system wherever possible. We concluded that the CU needs to update this circular to reflect the establishment of the CU and the TS upgrade. Further, the CU should revise the circular to include specific responsibilities for maintaining the accuracy and completeness of information within TS.

A March 2004, Visiting Fellows report entitled, *Analyzing Training Investments*, observed that the use of the TS system was inconsistent throughout the Corporation and that divisions and offices had developed their own data input policies that could impact the validity of TS reports. The report recommended establishing TS policies and procedures to ensure more effective use of the system. The report also noted that this need had been identified in the CU's action plan.

CU staff indicated that the CU had provided transcript information several years ago to selected FDIC employees and requested that employees verify the accuracy of the transcript information. CU staff also noted that the TS has several reasonableness controls in place, such as comparing class rosters against actual attendee lists and producing standard reports for any discrepancies between the two. In July 2005, CU issued an expression of interest to FDIC permanent employees to serve on a Visiting Fellows team to, among other things, develop TS-standardized procedures and processes and to review data on the TS for accuracy. Accordingly, we are not making a recommendation for CU to revise the TS circular.

Central Skills Repository

Key human capital principles include determining critical skills and competencies and assessing competencies gaps. Competencies are descriptions of the skills and behaviors needed by staff members and managers to effectively contribute to the overall mission and goals of the organization. GAO has reported that the scope of agencies' efforts to identify the skills and competencies needed for their future workforces varies considerably, depending on the needs and interests of a particular agency. The most important consideration is that the skills and competencies identified are clearly linked to the agency's mission and long-term goals developed during the strategic planning process. Analysis of gaps between skills and competencies currently needed and those that will be needed is critical to mapping out the current condition of the workforce and deciding what needs to be done to ensure that the agency has the right mix of skills for the future.

The lack of fact-based gap analysis can undermine an agency's efforts to identify and respond to current and emerging challenges.

The FDIC is currently without a central repository to maintain competencies information. The prior version of the TS had the capability to maintain competencies information, but the Corporation did not use this capability. The Visiting Fellows *Analyzing Training Investments* report also identified TS features that were not being used, including the Skill Tracking feature (see details in the sidebar). The CU indicated that the upgraded version of the TS has an enhanced competencies repository capability.

The Skill Tracking feature can provide the ability to identify skilled and experienced staff who can perform specific functions, by:

- Tracking skills at a specific proficiency level required for satisfactory performance by position description
- Tracking skills and proficiency levels possessed by individual employees
- Tracking skills and proficiency levels associated with specific training courses
- Providing Skill Gap Analyses, e.g., the skills an employee would need to gain in order to qualify for a different position

Source: Visiting Fellows Program Team, Presentations and Recommendations, Training Investment Team, Analyzing Training Investments Report.

During an evaluation entitled, *Division of Supervision and Consumer Protection's Process for Identifying Current and Future Skill and Competency Requirements* (Report no. 05-012, March 2005), we recommended that DSC coordinate with the Human Resources Branch and the CU to determine the feasibility of using the TS to capture workforce planning information related to competencies, skills, and prior work experiences for DSC employees. DSC agreed with the recommendation.

During our field work discussions, the CLO agreed that there was a need for a centralized competencies repository and indicated that it would be appropriate for the TS to be used for that purpose. However, the CLO noted that following the TS upgrade, the vendor supporting the TS had been purchased by another company, and the acquiring company had indicated that it would only continue to support TS for a couple of years. Accordingly, the CLO stated that the CU had postponed researching the possibility of using CU's training system as the FDIC's centralized competencies repository until the CU acquires a replacement system.

We determined that the FDIC's proposed 2006 budget includes \$750,000 for the development and implementation of a "Corporate Skills Survey/Database (to be limited to DSC, DRR, and DIR in 2006)." If funded and implemented, this initiative will address the need for a centralized competencies repository. Accordingly, we are not making a recommendation related to this issue at this time.

Continuous Performance Improvement

Core Characteristic: Agency practices and policies foster a culture of continuous improvement and optimal organizational performance regarding training and other activities. Stakeholders rely on and use program performance information and other data to assess and refine ongoing training and development efforts; target new initiatives to improve performance; and design, develop, and implement new approaches to train and develop employees.

Source: GAO-04-546G.

The FDIC has established a philosophy of continuous performance improvement and offers training to improve skills and develop and maintain competencies from initial orientation of new employees through leadership development and career management. The CU has also actively pursued new approaches to course development and delivery. Finally, the CU employs various means of evaluating T&D efforts and has developed a formal program evaluation strategy.

Continuous Improvement T&D Opportunities

The CU representatives noted that the FDIC’s T&D policy statement establishes the Corporation’s commitment to the concept of continuous learning. Further, the CU representatives noted that the CU presents course offerings and other T&D opportunities to develop FDIC employees at every stage of their careers. Table 10 presents examples of the CU course and program offerings that correspond to FDIC employees’ career paths.

Table 10: Categories of Courses That Evidence Continuous Learning

| Category | Description |
|---|--|
| Corporate Knowledge | “One FDIC: A Program about our Corporate Culture” “Business of Risk Management” and the “Business of Compliance and Consumer Protection” |
| Corporate Business | Advanced Examination School for Non-Examiners Fair Lending School Loan Analysis School |
| Operational | Cross-divisional learning opportunities to keep employees abreast of current business practices Computer software training Diversity Training Financial analysis programs |
| Leadership | Core Leadership programs Foundations for Supervisors Learning Labs Foundations for Supervisors E-Learning Center |
| Corporate Recruitment and Career Management | Communications—assertiveness, briefing techniques, writing, etc. Retirement-mid career and pre-retirement seminar |
| FreE-Learning Course Suite | SkillSoft—2,000 free courses in information technology, business skills, and online mentoring. CU free online courses—these courses cover a variety of topics ranging from general skills such as oversight management to more specialized courses such as franchise marketing. |

Source: CU Web site.

Type I and/or Type II Training Offerings

FDIC employees may either pursue Type I and/or Type II training offerings. Type 1 training involves training related to an employee's current position (title, series, and grade), including duties the employee is currently performing or could be expected to perform in the future.

The FDIC will assist permanent, full- and part-time employees in developing themselves for a new position (title, series, and grade) by providing payment for Type 2 training. The purpose of Type 2 training is to develop an employee's knowledge and skills for a position he/she has targeted at the FDIC. Training may be taken in a classroom, by correspondence, computer-based, or video-based. Based on Internal Revenue Service guidelines, the FDIC will pay up to a total of \$5,250 per eligible employee, per calendar year, for allowable expenses under Type 2 Training, subject to budget availability. The FDIC requires employees to enter into a continuing service agreement. By signing this agreement, an employee agrees to continue in service after training or education has been completed for at least three times the length of training or education, or 6 months, whichever is longer.

External Leadership Development Program

The Federal Workforce Flexibility Act of 2004 requires agencies to develop leadership training programs. Specifically, the FDIC has developed a Leadership T&D program and encourages participation in various external programs that develop leadership potential and enhance professional expertise and effectiveness. The FDIC pays for tuition and related travel costs. Leadership programs are available at multiple grade levels including: the Aspiring Leader Program (Corporate Graded (CG)-5-CG-7); the New Leader Program (CG-7-CG-11); the Executive Leadership Program (CG-11-CG-13); the Executive Potential Program (CG-13-CG-15 and Corporate Manager (CM)-I), and the Senior Executive Fellows Program (CG-14-CG-15 and CM-I-CM-II).

The FDIC is also participating in an external rotational program with a private-sector company. For example, a DSC regional director is currently participating in the program for a year. The Deputy CLO stated that while the rotational program provides valuable opportunities, CU has been challenged with identifying private-sector companies because of banking conflict-of-interest issues and in generating employee interest.

New Approaches to T&D

The CU has actively pursued non-classroom-based approaches to course design and delivery. For example, the CU managed the conversion of a number of DSC examiner courses from classroom-based courses to CBI. The CU has also worked closely with DSC to research the feasibility of designing a Virtual Bank, which will simulate a realistic open-bank environment for providing training. The CU plans to develop the Virtual Bank through the following three phases:

- Identify a consultant to determine the feasibility of purchasing an actual bank operating system and database to simulate failure and problem bank scenarios.
- Develop DSC and DRR action simulations and have role players present problem banking scenarios in a classroom setting. Simulations will be developed for DSC and DRR.
- Combine the operating system and virtual bank data with the action simulations to provide both new and experienced examiners and evaluation specialists real-world ability to solve problems and better prepare the Corporation for future problem bank and failure situations.

The CU is working with the Office of Personnel Management to find a consultant to design the Virtual Bank. The Virtual Bank design will be scalable, so it can be adjusted to various levels of difficulty.

Monitoring and Evaluation

As previously stated, the CU is analyzing the DOA customer survey comments and themes and is starting focus groups. For example, one focus group will analyze positive/negative aspects of on-line learning and determine perceived gaps. Additionally, the CU conducted a training needs assessment with senior management. The CU is also in the process of hiring an educational psychologist to serve as a program evaluations expert to develop metrics for tracking and quantifying training performance from both a qualitative and quantitative perspective. The CU had four levels of evaluation for training.

- Level I or Level II evaluations are performed on both course participants and instructors. In addition, courses are discussed with facilitators and students to determine what worked and what needs improvement.
- Level III evaluations are performed on certain schools such as the large bank school. Instructors go to the workplace to see how skills are applied on the job for high-cost, high-vulnerability areas. The CU periodically conducts user surveys to decrease the cost for this type of evaluation. The CU is starting Level III evaluations this year with a small group.
- Level IV evaluations are based on Return on Investment. This method was used in the past for leadership development. Due to the subjectivity of this type of evaluation, the CU no longer performs them.

Corporation Comments and OIG Evaluation

On September 15, 2005, the CLO provided a written response to a draft of this report and indicated that CU had no response to the report's content. The CLO's response is presented in its entirety in Appendix II of this report.

Objective, Scope, and Methodology

The objective of this evaluation was to assess the:

- degree to which the FDIC's CU has implemented training programs and other developmental opportunities to help the FDIC build the competencies needed to achieve its mission and strategic goals, and
- overall cost-effectiveness of the CU structure in comparison to initial goals and industry benchmarks.

We evaluated CU's implementation of training programs and developmental opportunities using a March 2004 GAO *Guide for Assessing Strategic Training and Development Efforts in the Federal Government* (GAO-04-546G), which presents core characteristics for successful T&D programs. We also performed the following:

- reviewed relevant human capital guidance from GAO,
- reviewed CU's Action Plan, organizational documents, and related policies and procedures,
- interviewed the Deputy CLO and discussed GAO's guide for assessing T&D programs,
- interviewed the CU Deans, Chiefs, and staff to understand their roles and views of CU,
- reviewed budgeting and cost information related to the CU,
- reviewed documents related to Visiting Fellows reports, TS manuals and user guides, and
- reviewed benchmarking studies relating to training functions.

We conducted our evaluation from November 2004 to May 2005 in accordance with generally accepted government auditing standards.

Internal Controls, Validity and Reliability of Data from Computer-based Systems, Compliance with Laws and Regulations, the Government Performance and Results Act, and Fraud and Illegal Acts

We evaluated the effectiveness of management controls by reviewing policies and procedures, organizational charts and position descriptions, and the CU reorganization plan and by interviewing FDIC executives and employees directly involved with the CU.

During the course of our review, the CU was in the process of changing to a new training system. Therefore, we did not assess the reliability of computer-processed data. However, our report conclusions were not based on computer-processed data.

The Federal Workforce Flexibility Act of 2004, section 201, requires agencies to develop training to accomplish performance plans and strategic goals. The FDIC is meeting this requirement through the CEP by providing the external leadership development program and by offering Type I and Type II training to its employees.

The FDIC's Annual Performance Plan includes a discussion of CU. Further, the FDIC 2004 Corporate Performance Objectives included a performance objective to carry out the CU Action Plan.

The nature of our evaluation objectives did not require that we assess the possibility for fraud and illegal acts. However, no instances of fraud and illegal acts came to our attention during our evaluation.

Corporation Comments



Federal Deposit Insurance Corporation
3501 Fairfax Drive, Arlington, VA 22226-3500

Corporate University

September 15, 2005

TO: Russell A. Rau
Assistant Inspector General for Audits
Office of Inspector General

FROM: David C. Cooke [Electronically produced version; original signed by David C. Cooke]
Chief Learning Officer

SUBJECT: The FDIC's Corporate University (Assignment No. 2005-001)

We have reviewed the reference report and we have no response to its content. We would like to take this opportunity, however, to compliment the Office of Inspector General team for their courtesy and professionalism in conducting the referenced Evaluation.

Should you need any further follow-up information, please feel free to contact either me or John Recchia of our staff at 703-516-1074.