

The background of the entire page is a close-up, slightly blurred image of the United States flag. The stars and stripes are visible, with the blue field of stars in the upper left and the red and white stripes in the lower right.

**National Credit Union  
Administration  
Strategic Plan 2006-2011**

# NCUA Strategic Plan 2006-2011

## TABLE OF CONTENTS

<b>Message from the NCUA Board</b> .....	3
<b>Introduction</b> .....	4
<b>Strategic Overview</b> .....	4
<b>Performance Planning and Budgeting Documents</b> .....	6
<b>Performance Outcome Measurement</b> .....	6
<b>Means and Strategies</b> .....	7
<b>Supporting Appendices</b> .....	8
<b>Planning Factors</b> .....	8
<b>2006-2011 Strategic Goals</b> .....	9
<b>Program Evaluations</b> .....	11
<b>Appendix A - Human Capital Management</b> .....	13
<b>Appendix B– Information Technology Management</b> .....	15
<b>Appendix C – Continuity of Operations</b> .....	16
<b>Glossary of Terms</b> .....	18

# NCUA Strategic Plan 2006-2011

## Message from the NCUA Board

We are pleased to present the National Credit Union Administration (NCUA) Strategic Plan 2006-2011. It represents the collective efforts of the entire agency and considers the input of the stakeholders across the cooperative credit union system. In it, we take a significant step toward the completion of our on-going transition to risk-focused examination and supervision processes and take the next step toward an environment that fosters continuous improvement. We began with an in-depth review of the Federal Credit Union Act of 1934 and the applicable governing regulatory requirements. Our strategic goals, strategies and broad measures of success were developed during this review. The result is a framework that focuses our efforts over the next six years while encompassing and guiding us toward the accomplishment of our mission and vision.

NCUA Strategic Goals for 2006-2011 are as follows:

**Goal 1:** A safe, sound and healthy credit union system.

**Goal 2:** Access to financial services offered by federally insured credit unions for all eligible consumers throughout the United States.

**Goal 3:** A prudent, flexible and efficient regulatory environment for all federally insured credit unions.

In the years ahead, NCUA and the Credit Union System expect many challenges including: increased complexity in product and service offerings, changes in demographic trends (i.e., the retirement of the baby-boom generation, growth in minority populations, etc.), privacy and protection of member information, operations security and compliance with various laws and regulations. These and other emerging challenges will require credit unions and NCUA to continually adapt with a dynamic financial services environment.

NCUA's goals are derived from the governing laws and statutes, the principles of safety and soundness and the need to provide the credit unions we regulate and/or insure with the flexibility to provide prudent financial services to consumers. We are confident the results will speak well for NCUA, America's credit unions, and the over 85 million federally insured credit union members whose financial futures will be positively impacted by those results.



JoAnn Johnson  
Chairman



Rodney E. Hood  
Vice Chairman



Gigi Hyland  
Board Member

# NCUA Strategic Plan 2006-2011

## Introduction

NCUA is the independent federal agency that charters and supervises federal credit unions, and, through the National Credit Union Share Insurance Fund (NCUSIF), insures a majority of member deposits held in the nation's credit unions. NCUA insures member deposits in all federally chartered credit unions and approximately 90 percent of the state chartered credit unions. As such, we work in cooperation with the state supervisory authorities (SSA) to maintain the safety and soundness of those credit unions insured by the NCUSIF, but primarily subject to the regulatory authority of the states. NCUA regulatory and oversight responsibilities are entirely funded by federally insured credit unions; receiving no federal tax dollars in the execution of our chartering, supervision and enforcement mission.

## Strategic Overview

The NCUA mission and vision drive its operations and serve as the foundation of its existence.

### Mission

Facilitate the availability of credit union services to all eligible consumers, especially those of modest means, through a regulatory environment that fosters a safe and sound credit union system.

### Vision

A dynamic, self-sustaining, cooperative credit union system that offers financial services to all eligible consumers.

The NCUA workforce is directly responsible for the achievement of the mission, vision and strategic goals and as such the workforce is the agency's greatest asset. To ensure the quality of this workforce and mission accomplishment, NCUA uses equal employment opportunities to attract, develop and retain the most qualified personnel. As a result, the NCUA workforce and thus NCUA operations are value driven. These values guide NCUA's workforce by providing a constant set of operating principles, even as the operating environment changes.

### Values

**Integrity** – Maintaining open and honest communication and delivering promises.

**Respect** – Treating each other, credit unions and other system representatives as we wish to be treated.

**Accountability** – Holding ourselves accountable for quality and timely delivery of our commitments.

**Team Oriented** – Working cooperatively and collaboratively toward a shared vision.

## NCUA Strategic Plan 2006-2011

The NCUA strategic goals serve as tangible outcomes indicating mission and vision accomplishment.

### Strategic Goals

**Goal 1:** A safe, sound and healthy credit union system.

**Goal 2:** Access to financial services offered by federally insured credit unions for all eligible consumers throughout the United States.

**Goal 3:** A prudent, flexible and efficient regulatory environment for all federally insured credit unions.

The Federal Credit Union Act as updated by the Credit Union Membership Access Act of 1998 discusses the establishment of a credit union system as follows:

*An Act to establish a Federal Credit Union System, to establish a further market for securities of the United States and to make more available to people of modest means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States.*

This statement describes the fundamental reasons for the establishment of a “Federal Credit Union System” and serves as the ultimate source of the NCUA mission, vision and strategic goals. The relationship of each strategic goal to the Federal Credit Union Act is outlined below:

- *Strategic Goal 1* – A safe, sound and healthy credit union system, as part of the national economic structure, is necessary to stabilize the credit structure of the United States.
- *Strategic Goal 2* – Increasing access to financial services to all eligible consumers serves to stabilize the national credit structure.
- *Strategic Goal 3* – An effective regulatory environment enables the cooperative credit system to be more resilient by balancing the need for innovation with prudent risk management guidelines.



# NCUA Strategic Plan 2006-2011

## Performance Planning and Budgeting Documents

NCUA utilizes a planning and budgeting process that incorporates three key planning instruments used to document its efforts. The following is an overview of the three performance planning documents and how they interrelate:

1. **Strategic Plans** are long-term, identify available resources and provide broad general guidance (mission, vision and goals) which serve to focus the agency on the purpose for which it was created.
2. **Annual Performance Budgets** are developed every year to establish near-term agency-wide performance goals and strategies. These may change annually and are designed to compliment the overall agency goals outlined in the strategic plan. Annual performance budgets serve to focus the agency on the emerging environmental issues and risks that could potentially impact mission accomplishment. They permit the fine-tuning of strategies and resource allocation.
3. **Regional and Office Annual Operating Plans** serve as line level action plans. The individual offices and regions lay out the tactical steps and resources necessary to ensure completion of their part of the overall agency mission. The agency-wide annual performance goals and strategies are thus achieved through the collective efforts of each office and region.

## Performance Outcome Measurement

For each of the three performance planning and budgeting documents, specific outcomes are established to measure the agency's effectiveness at meeting its overall planning objectives. Specific measures or indicators of success are identified for each outcome to validate and document achievement, but more importantly to serve as a basis for analysis to guide improvement of agency operations.

- At the **Strategic Plan** level, the outcome measures determine if broad categories of risks are effectively identified and mitigated over the long-term.
- At the **Annual Performance Budget** level, the outcome measures determine if the identified current and emerging focus areas are effectively identified and mitigated.
- At the **Region and Office Annual Operating Plan** level, the outcome measures determine if the specific tactical steps necessary for annual goal accomplishment are achieved.

# NCUA Strategic Plan 2006-2011

## Means and Strategies

Means are those elements that are used to execute the tactical steps at the Region and Office Operating Plan level. NCUA utilizes the five means listed below in the performance of its mission. NCUA also depends on and works cooperatively with State Supervisory Authority (SSA) staff in achieving the goals in relation to the federally insured state-chartered credit unions.

### Means

- **Human capital** – Personnel resources necessary to provide oversight and supervision of credit unions in a safe and sound environment.
- **Operating capital** – Funds received from federally chartered credit union operating fees and insurance-related supervision costs from all federally insured credit unions.
- **Information technology** – Framework for communication, data management, program support and security processes.
- **Organizational structure** – Optimal structure which changes as the industry and technology change.
- **Flexible examination and supervision programs** – Alignment of resources and expertise with identified risks.

Strategies determine how the means are to be utilized and directly impact the agency's overall efficiency and effectiveness. NCUA utilizes the strategies listed below in the performance of its mission.

### Strategies

- **Monitoring and adjusting examination and oversight procedures** – Align resources, processes and tools with identified risks and enhance planning for future risks. This includes working cooperatively with the SSAs to the optimal extent feasible as delineated in NCUA's annual operating plans and joint working agreements.
- **Identifying emerging risks and future risk areas** – Minimize any potential impact upon the safety and soundness of the credit union system.
- **Sharing Information** – Communicate new and changed regulations, examination procedures and risk areas to both internal and external parties, resulting in the advancement of mutual goals.
- **Managing the Central Liquidity Facility (CLF) Fund** – Meet unforeseen liquidity needs, promoting the financial stability of the credit union industry and the NCUSIF.
- **Providing financial and technical assistance** – Allow credit unions designated as "low income" to grow and expand membership opportunities through the use of the Community Development Revolving Loan Fund (CDRLF) and other initiatives.
- **Monitoring and adjusting all aspects of operations** – Increase organizational efficiency and effectiveness.
- **Overseeing member protection** – Ensure the safety and soundness of member information and compliance with consumer protection regulations.

# NCUA Strategic Plan 2006-2011

## Supporting Appendices

Human capital and information technology have been specifically identified as being critical to an agency's mission accomplishment and more detailed discussion of their employment is required by regulation. To facilitate this and comply with the Paperwork Reduction Act and the Reports Consolidation Act, the human capital and information technology functions are integrated throughout NCUA Strategic Plan 2006-2011. Appendices A– Human Capital Management and B– Information Technology Management are provided to outline and thus emphasize the critical nature of their functions. Appendix C provides an overview of how NCUA will ensure continuity of operations in a contingency situation. Further detail on NCUA contingency operations can be found in NCUA Continuity of Operations Plan 2006.

## Planning Factors

NCUA begins each planning cycle with strategic level discussions and analyses regarding various factors which could potentially impact mission and goal achievement. Key planning factors are identified and are used to develop the goals, the supporting means and strategies and the measures of success at all levels of the operation. The key strategic level planning factors for 2006-2011 included:

- Credit union system trends, such as financial trends and expanded service offerings;
- Economic forecasts, including anticipated economic impacts on the financial industry as a whole;
- Technological changes and advancements, such as new technology that may pose security risks to credit unions;
- Demographic and social trends, including predicted age and minority population shifts that may impact credit union membership and stability; and
- Political and legislative trends, such as proposed or expected legislative changes that impact the credit union system.



# NCUA Strategic Plan 2006-2011

## 2006-2011 Strategic Goals

**Strategic Goal 1:** A safe, sound and healthy credit union system.

### Outcomes

- Expanded financial service alternatives
- Identification and mitigation of risk
- Effective management of the NCUSIF
- Effective consumer information protection
- Stability and liquidity of the industry

**Indicator of Success:** Development of those policies, programs and procedures that will contribute to maintaining *appropriate credit union capital levels*.

### Supporting Annual Performance Goals

- Identification, measuring, monitoring and controlling of risks, resulting in a safe and sound system where consumer privacy and information are protected.
- Forward-looking examinations, tracking and training programs that appropriately align resources to areas of risk.
- Financially stable and an adequately liquid system that minimizes NCUSIF losses and allows immediate and longer-term liquidity demands to be met through the Central Liquidity Facility and the corporate credit union system.

**Strategic Goal 2:** Access to financial services offered by federally insured credit unions for all eligible consumers throughout the United States.

### Outcomes

- Increased total credit union membership
- Increased credit union membership and service to those of modest means
- Increased access to affordable financial products and services through federally insured credit unions
- Increased array of affordable financial products and services through federally insured credit unions

**Indicator of Success:** Development of those policies, programs and procedures that will contribute to *enhanced credit union membership, service, assets, shares and loans*.

## NCUA Strategic Plan 2006-2011

### Supporting Annual Performance Goals

- Availability of credit union financial products and services to eligible consumers from all walks of life, especially those of modest means.
- Development and implementation of initiatives designed to promote credit union growth, outreach and accessibility.
- Development and implementation of initiatives designed to improve the survivability of all credit unions and preserve and enhance services in underserved areas.

**Strategic Goal 3:** A prudent, flexible and efficient regulatory environment for all federally insured credit unions.

### Outcomes

- Competitiveness, innovation and flexibility in the larger financial services industry
- Balanced regulation and oversight
- Collaborative approach to regulatory compliance of federally insured credit unions

**Indicator of Success:** Development of those policies, programs and procedures that will contribute to ***enhanced credit union market share and services.***

### Supporting Annual Performance Goals

- Creation of a regulatory environment that allows credit unions to meet the financial needs of their members and safely adapt to a rapidly changing financial marketplace.
- Development of an optimal environment that balances safety and soundness with an environment that promotes innovation and competition.

# NCUA Strategic Plan 2006-2011

## Program Evaluations

NCUA uses program evaluations as an integral part of our effort to continuously improve and enhance our mission performance. These evaluations take many forms and are performed by organizations both within and outside the agency. Principal among the evaluations are the following:

### **General**

*General Accounting Office (GAO) Evaluations* – As necessary, GAO conducts program and program support related evaluations of NCUA programs.

*OMB PART Evaluations* - The Office of Management and Budget (OMB) completed a Program Assessment Rating Tool Evaluation (PART) of the Community Development Revolving Loan Fund in the year 2004. Additional detail regarding this review can be found in NCUA Annual Performance Budget 2006.

During 2005, OMB conducted a PART Evaluation of NCUA's regulatory program. NCUA received a rating of "Effective" – the highest possible rating. The final report of this assessment is expected to be released in 2006.

*OIG Evaluations* – Annually, the Office of the Inspector General (OIG) conducts independent evaluations of NCUA program and program support operations. Each year, agency areas are evaluated in accordance with OIG procedures, following an evaluation schedule developed for the execution year. Recommendations are evaluated and implemented as appropriate.

### **Regulatory and Supervision Evaluation**

*Credit Union Survey* – Annually, NCUA surveys a number of regulated and/or supervised credit unions for feedback relating to program operations. Recommendations are evaluated for cost-benefit and/or value-added to ongoing operations.

*Examiners' Survey* – NCUA surveys each natural person credit union after their examination to rate the regulatory examination/supervision. The surveys are mailed directly to the Central Office by the credit union.

*Corporate Examination Review Task Force (CERTF)* - Annually, we perform an internal evaluation of the agency's corporate program. The task force is made up of rotating members from various regional and central offices. Recommendations are evaluated for adoption.

### **Financial Management**

*Financial Audits* – Annually, an outside auditing firm contracted by the OIG audits the NCUA Operations Fund, National Credit Union Share Insurance Fund, Central Liquidity Fund and the Community Development Revolving Loan Fund.

## NCUA Strategic Plan 2006-2011

### **Information Technology**

*Federal Information Security Management Act (FISMA)* – Annually, we review and evaluate NCUA's information technology systems for FISMA compliance. This includes evaluating IT controls for financial management systems.

*Network Penetration* – Annually, NCUA contracts with an outside company of security experts to perform network penetration testing of our information technology systems.

*Customer Satisfaction Survey* – Annually, NCUA contracts with an information technology consulting company to conduct a survey of all end-users to obtain their opinions on the quality of NCUA's products and services. This allows us to better understand user needs and improve service.

### **Human Capital Management**

*Human Capital Management Survey* – Annually, NCUA's Office of Human Resources (OHR) conducts the Office of Personnel Management's Human Capital Management Survey. Recommendations are evaluated for implementation and integrated into NCUA's Human Capital Management Plan as appropriate.

*Competency Management System* – Using feedback from examiners, this newly developed system will provide information on examiner competency levels.

*Training Program Evaluations* – NCUA's Division of Training and Development (DTD) periodically solicits and obtains feedback from NCUA and SSA staff on the quality of various training programs.

*Human Resources Internal Review Program* – Through this program, OHR identifies human capital issues and assesses progress toward meeting strategic human capital goals.

# NCUA Strategic Plan 2006-2011

## Appendix A - Human Capital Management

### Introduction

NCUA's Human Capital Management Plan, as required by the President's Management Agenda and the Office of Personnel Management, is updated each year to address our human capital needs. We update the Human Capital Management Plan annually and include it as an appendix to NCUA's Annual Performance Budget. These updates outline key human capital strategies for the respective year. These strategies are designed to support goal achievement by providing the human capital means necessary. The following serves as a strategic level overview of our Human Capital Plan.

### Human Capital Management Mission, Vision and Strategic Goals

#### Mission

Recruit, develop and retain highly skilled, high-performance leaders and employees who work together to achieve NCUA's mission critical goals.

#### Vision

NCUA – A model employer for the 21<sup>st</sup> century where human capital objectives are innate to our daily operations.

**Strategic Goal 1:** Align human capital policies with strategic goals.

#### Outcome

Alignment of NCUA's human capital policies to support accomplishment of its mission, vision, goals and strategies.

**Strategic Goal 2:** Recruit, develop and retain employees with strategic competencies.

#### Outcome

Recruitment, development and retention of NCUA employees with the strategic competencies required for mission critical occupations.

## NCUA Strategic Plan 2006-2011

**Strategic Goal 3:** Inspire and guide achievement of strategic goals in a high-quality work environment.

### **Outcomes**

- Maintaining a high-quality work environment, with NCUA leadership inspiring, motivating and guiding others toward self-development and goal achievement.
- Adapting leadership styles and examination techniques to various situations.
- Coaching, mentoring and challenging staff.
- Establishing a clear vision for change.
- Modeling high standards of honesty, integrity, trust, openness and respect for all.

**Strategic Goal 4:** Develop and maintain a high-performance organizational culture.

### **Outcome**

A high-performance culture within NCUA that values and rewards employee contributions to the mission of the organization and promotes shared values, while ensuring fairness in the workplace.

**Strategic Goal 5:** Create and promote a culture of continuous learning.

### **Outcome**

A knowledge-sharing culture within NCUA, in a climate of fairness, openness and continuous learning and improvement.



# NCUA Strategic Plan 2006-2011

## Appendix B– Information Technology Management

### Introduction

NCUA's Information Technology Plan, as required by the President's Management Agenda and the Office of Personnel Management, provides the means and strategies by which NCUA uses information technology to support goal achievement. We update the Information Technology Plan annually and include it as an appendix to NCUA's Annual Performance Budget. Also included in the appendix to the Annual Performance Budget is our Enterprise Architecture Analysis which defines our current and future technology environment as required by the Clinger-Cohen Act. The following serves as a strategic level overview of our information technology management processes. The concepts, ideas and elements included in the appendix address NCUA's use of information technology, as opposed to addressing credit union use of information technology.

### Information Technology Management Mission, Vision and Strategic Goals

#### Mission

Provide agency staff and external customers with quality information technology products and services that foster effective and efficient operations and support the mission of NCUA.

#### Vision

To be a leader in government and serve as a model to the credit union industry in the delivery of timely, accurate and complete information technology resources, products and services.

#### Strategic Goals

**Goal 1:** Maintain a reliable, scalable and secure infrastructure and architecture.

**Goal 2:** Develop cost effective and efficient information technology systems to achieve program support and program business objectives.

**Goal 3:** Provide technologies to enhance current and future business processes.

#### Strategies

- Targeting personnel skills (NCUA & Contract.)
- Targeting skills training.
- Obtaining and maintaining optimal hardware and software systems and applications.
- Maintaining effective, efficient and secure Intranet and Internet operations.

# NCUA Strategic Plan 2006-2011

## Appendix C – Continuity of Operations

### Introduction

NCUA is committed to ensuring the financial services system is able to continue to operate under contingency situations. This is accomplished through our continuity of operations planning. To ensure our agency can continue operations during a contingency situation, we have established the NCUA Continuity of Operations Plan (COOP). While the COOP is an internal document, this appendix provides a strategic level overview of the critical function of our contingency preparedness. The concepts, ideas and elements included in the appendix address NCUA's operations and do not address credit union continuity of operation efforts.

NCUA updates its COOP annually to integrate the latest requirements and guidance. The COOP assists employee readiness for contingency situations by outlining specific responsibilities and procedures. The national COOP is supported by central and regional office COOPs which provide procedures for contingency situations based on the office or region's respective function, resources and location.

Annual testing is a key component of continuity of operations planning. The testing process begins by identifying those functions and processes essential to NCUA operations. Once identified, we develop plans to deal with the potential failure of one or more essential functions or processes. Then we execute a series of practice exercises, ensuring each exercise is designed to test procedures and identify areas for improvement or enhancement.

### COOP Mission, Vision and Strategic Goals

#### Mission

Educate and train staff at all levels to ensure their health and safety and the continuity of agency operations.

#### Vision

Minimize the impact of any potential contingency situations upon the agency priority mission essential functions.

**Strategic Goal 1:** Enhance ability to assess, direct and manage the potential impact on operations during contingency situations.

#### Outcomes

- Effective situation management.
- Minimize the impact of any potential contingency situation.

#### Strategies

- Identify and prioritize potential contingency scenarios.
- Assess, manage and minimize the impact of the contingency.
- Prioritize overall agency operations and allocate resources appropriately.

## NCUA Strategic Plan 2006-2011

**Strategic Goal 2:** Enhance capability to continue critical operations in contingency situations.

### **Outcomes**

- Effective operational structure during contingency situations.
- Continuity of critical functions during contingencies.

### **Strategies**

- Identify, maintain and operate those critical program and operational systems as well as those critical facilities and equipment, human capital and information technology assets needed to sustain operations.
- Assess potential contingency situations for their impact on program operations.
- Assess critical systems for their potential impact on the continuity of operations and prioritize based on impact (e.g., allowable down time.)
- Protect the operational integrity of the control structure during a contingency situation.
- Develop continuity of operations/contingency response plans for critical systems.
- Identify and maintain critical network and systems (facilities, equipment, and/or personnel) to provide effective communications.
- Develop and maintain an effective public affairs and media communications plan.

# NCUA Strategic Plan 2006-2011

## Glossary of Terms

**Environmental Scan** – a forward-looking perspective or scan of social, technological, economic, ecologic, political/legislative, international, or other conditions that are relevant to the major functions and operations of the agency over the time period covered by the plan.

**Information Technology Enterprise Architecture** – the framework an organization uses to articulate its information technology priorities, to manage for results, and to tie information technology architecture to mission objectives. This framework is a comprehensive plan that includes the delimitation of information technology objectives and a description of how resources will be deployed to accomplish them.

**Mission Statement** – the articulation of why an organization exists, the “business” it engages in to achieve its purpose, and the values that guide the accomplishment of the mission.

**Outcome Goal** – a description of an intended result, effect, or consequence, expected to occur from carrying out a program or activity.

**Performance Goal** – a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

**Performance Measure** – the results of a program activity compared to its intended purpose expressed as an outcome (assessment) or an output (quantitative or qualitative.)

**Strategic Goal** – a broad definition of what an agency wants to achieve both organizationally and/or programmatically over a period of time. It should allow for a future assessment to be made of whether the goal was or is being achieved.

**Strategic Plan** – the framework an organization uses to articulate priorities, to manage for results, and to tie results to the customer/member/beneficiary. The strategic plan is a comprehensive plan that includes the delimitation of strategic objectives and a description of how resources will be deployed to accomplish them.

**Value Statement** – the articulation of those defining characteristics or values that guide an organization’s members as they pursue the mission.

**Vision Statement** – the articulation of the mental image that represents the successful accomplishment of the mission.