



FEDERAL HOUSING FINANCE AGENCY OFFICE OF INSPECTOR GENERAL

STRATEGIC PLAN

FISCAL YEARS 2012-2014

Dedicated to promoting excellence in the Federal Housing Finance Agency programs and operations through timely and value-added products and services

FEDERAL HOUSING FINANCE AGENCY OFFICE OF INSPECTOR GENERAL

A Message from the Inspector General

I am pleased to present the 2012-2014 Strategic Plan of the Federal Housing Finance Agency (FHFA) Office of the Inspector General (FHFA-OIG). It sets forth FHFA-OIG's plan to ensure the integrity, transparency, and soundness of FHFA's operations and the operations of the organizations that FHFA oversees.

FHFA-OIG was established in the aftermath of the worst economic crisis in generations. Congress assigned FHFA-OIG the mission of overseeing FHFA, which serves as the regulator and conservator of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), and as the regulator of the Federal Home Loan Banks (FHLBanks) (collectively, the government-sponsored enterprises (GSEs)).

The need for effectiveness, integrity, and transparency in FHFA's programs and operations cannot be overstated. Fannie Mae and Freddie Mac (together, the Enterprises) have received over \$162 billion in taxpayer funding to support the still-fragile housing market. In addition, they own or guarantee about \$5.4 trillion in residential mortgage obligations. For their part, the FHLBanks have almost \$900 billion in assets, and several face financial difficulties.

Over the next three years, FHFA-OIG will use this strategic plan as a guidepost to develop performance criteria, establish measures by which to assess its accomplishments, create budgets, and report on progress. Since strategic planning is a dynamic process, FHFA-OIG will continue to monitor events and make changes as circumstances warrant. In so doing, FHFA-OIG plans to remain relevant to the issues of concern to FHFA, the GSEs, Congress, and the American people.



Steve A. Linick
Inspector General

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VISION, MISSION, AND STRATEGIC GOALS

Vision

FHFA-OIG's vision is to be an efficient and effective organization that promotes excellence and trust through its service to FHFA, Congress, the Administration, and the American public. It will be proactive in selecting work and, in a complex and evolving financial environment, FHFA-OIG will excel in identifying opportunities for improvements in its own programs and operations and in relentlessly protecting FHFA's programs and operations from fraud, waste, abuse, and violations of law.

Mission

FHFA-OIG's mission is to:

- Promote the economy, efficiency, and effectiveness of FHFA's programs and operations;
- Assist FHFA in performing its mission;
- Prevent and detect fraud, waste, or abuse in the programs and operations of FHFA;ⁱ
- Review, and if appropriate comment on, pending legislation and regulations; and
- Seek administrative sanctions, civil recoveries, and/or criminal prosecutions of those responsible for waste, fraud, or abuse in connection with the programs and operations of FHFA.

In carrying out its mission, FHFA-OIG:

- Conducts independent and objective audits, evaluations, surveys, risk assessments, and investigations to assist FHFA in meeting its mission;
- Keeps the Head of FHFA, Congress, and the American people fully and currently informed of problems and deficiencies relating to FHFA programs and operations; and

ⁱ As used herein, "the programs and operations of FHFA" include the programs and operations of the GSEs, which are under the supervision of FHFA.

- Works collaboratively with FHFA staff and program participants to ensure the success of FHFA's program and operations.

Strategic Goals

To assist in the fulfillment of this vision and the accomplishment of this mission, FHFA-OIG has developed four strategic goals:ⁱⁱ

Adding Value: Assist FHFA to improve the economic health of Fannie Mae, Freddie Mac, and the FHLBanks and to understand the causes and costs of the conservatorships;

Operating with Integrity: Provide professional services and promote the integrity of FHFA and the GSEs' programs and operations;

Promoting Productivity: Deliver high quality products and services to stakeholders; and

Valuing Employees: Maximize the performance of employees and the organization, develop skill sets, and encourage professional growth and stability.

ⁱⁱ When developing the strategic goals, FHFA-OIG considered FHFA's strategic goals and sought to align its goals with those of FHFA. Accordingly, FHFA-OIG's: Strategic Goal 1 supports FHFA's first, second, and third goals; Strategic Goal 2 supports FHFA's first goal; and Strategic Goals 3 and 4 support FHFA's Resource Management Strategy.

CORE VALUES

FHFA-OIG's values reflect what it believes to be the most important qualities needed for success. In pursuing its mission, FHFA-OIG values:

- **Integrity:** FHFA-OIG strives to maintain the highest level of trust, integrity, and professional standards in all of its activities and embraces the fact that it is held to a higher standard given the nature of its mission. FHFA-OIG ensures that its work is fact-based and supported by sufficient, appropriate evidence.
- **Professionalism:** FHFA-OIG works individually and collectively, treating people with respect and insisting upon the highest standards of professional conduct.
- **Employees:** FHFA-OIG recognizes that a diverse workforce is its most valuable asset. FHFA-OIG provides fair, equal, and stimulating opportunities for all employees. FHFA-OIG fosters a work environment that is characterized by mutual respect, trust, and a common commitment to recognizing and enhancing employees' professional and individual growth. FHFA-OIG recognizes employees' original ideas and fosters a creative environment in which they can grow, develop, and progress.
- **Mission:** FHFA-OIG is a cost-effective, mission-oriented organization that is committed to excellence in all activities and focused on prioritizing relevant issues and improving performance through measurable results.
- **Confidentiality:** FHFA-OIG maintains whistleblower confidentiality in accordance with current laws and guidelines and protects against retaliation to the fullest extent possible.
- **Respect:** Externally, FHFA-OIG highly values the relationships it builds with partners, stakeholders, and others. Internally, FHFA-OIG promotes open communication at all levels and encourages working as a team to accomplish its mission, goals, and expectations. Further, it is committed to, and proactive in, the prevention of discrimination and retaliation for participation in Equal Employment Opportunity (EEO) activities.
- **Accountability:** FHFA-OIG fosters a culture that promotes a commitment to excellence, transparency, and accountability and is a committed steward of government assets and resources; selects issues to work on that are significant to FHFA, Congress, and the public; and ensures that its work is completed in a timely manner.

- **Independence:** FHFA-OIG remains independent and exercises objective and unbiased judgment on all issues associated with conducting and reporting its work.

ESTABLISHMENT OF FHFA-OIG

A Brief Overview

The Housing and Economic Recovery Act of 2008 (HERA),ⁱⁱⁱ established FHFA and abolished both the Office of Federal Housing Enterprises Oversight, which oversaw the “safety and soundness” of the Enterprises, and the Federal Housing Finance Board, which oversaw the FHLBs. Pursuant to HERA, FHFA is required to oversee the prudential operations of the GSEs and – through examinations – to determine whether they operate in a safe and sound manner; maintain adequate capital and internal controls; foster liquid, efficient, competitive, and resilient housing finance markets; and operate consistent with the public interest.

The Enterprises support the nation’s housing finance system. To do so, they purchase mortgages from loan sellers, which can then use the sales proceeds to originate additional mortgages. In September 2008, due to the Enterprises’ mounting mortgage-related losses, FHFA placed them into conservatorships. FHFA, as the Enterprises’ conservator and regulator, is authorized to preserve their assets and minimize taxpayer losses. At the same time, the Department of Treasury agreed to provide financial support to the Enterprises to help stabilize their financial condition. To date, Treasury has invested a total of over \$162 billion in the Enterprises.

The 12 FHLBanks support housing finance and community and economic development. To carry out their missions, the FHLBanks make loans, also known as advances, to member financial institutions in their respective regions. Some also hold mortgage investment portfolios. As of September 30, 2010, the FHLBanks had \$903 billion in assets. While no FHLBank is in conservatorship, several face financial challenges.

FHFA Office of Inspector General

FHFA-OIG was established by HERA, which amended the Inspector General Act of 1978,^{iv} to conduct audits, investigations, and other activities of the programs and operations of FHFA;

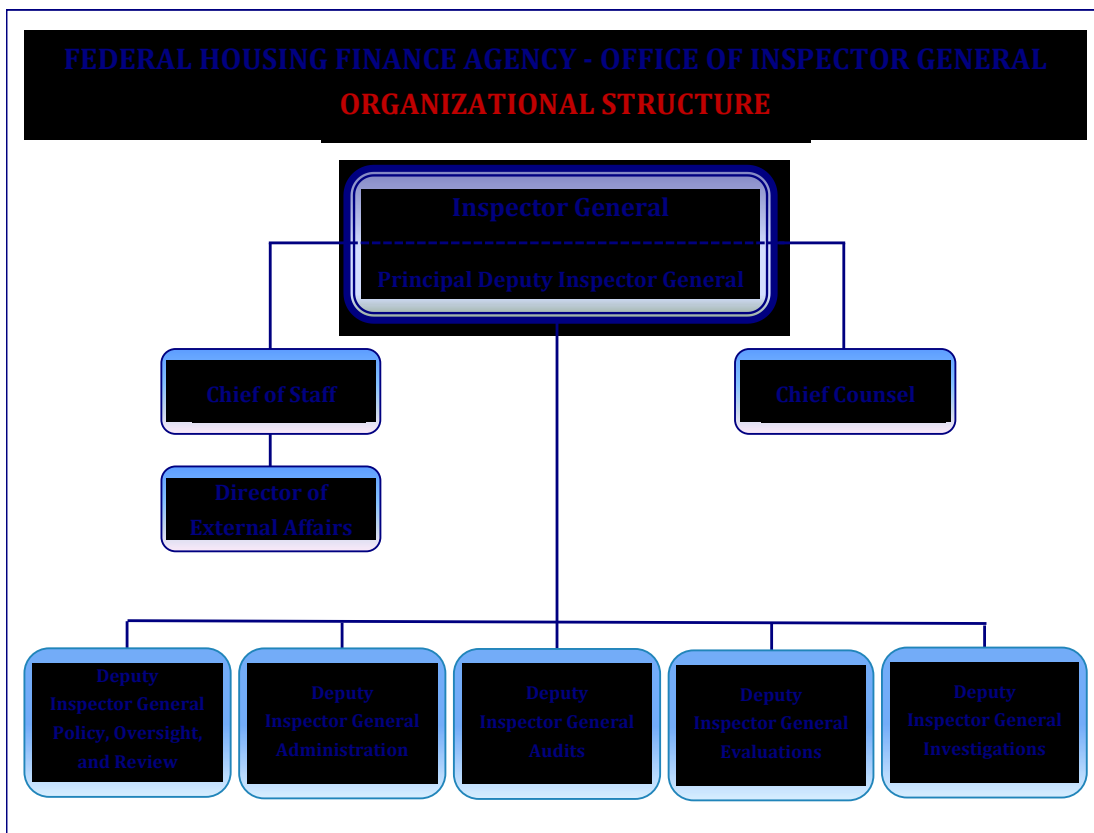
ⁱⁱⁱ Public Law No. 110-289.

^{iv} Public Law No. 95-452.

to recommend policies that promote economy and efficiency in the administration of such programs and operations; and to prevent and detect fraud and abuse in them.

ORGANIZATIONAL STRUCTURE

FHFA-OIG is comprised of the Inspector General,^v his Senior Staff, and the FHFA-OIG Offices. The Inspector General’s Senior Staff includes the Principal Deputy Inspector General, Chief of Staff, Chief Counsel, Director of External Affairs, and the Deputy Inspectors General for Audits, Evaluations, Investigations, and Administration. FHFA-OIG’s principal operating Offices are the Office of Audits (OA), the Office of Evaluations (OE), and the Office of Investigations (OI). Offices with OIG-wide responsibilities are the Office of Chief Counsel (OC), Office of Policy, Oversight, and Review (OP), and the Office of Administration (OAd).



^v President Obama nominated Steve A. Linick on April 12, 2010, to serve as FHFA’s first Inspector General. Inspector General Linick was confirmed by the U.S. Senate on September 29, 2010, and sworn into office on October 12, 2010. Prior to commencing service as the FHFA Inspector General, Mr. Linick served from 2006 to 2010 in several leadership positions at the U.S. Department of Justice (DOJ). Previously, he was an Assistant U.S. Attorney, first in the Central District of California (1994-1999), and subsequently in the Eastern District of Virginia (1999-2006).

MISSION STATEMENTS

Office of Audits: OA provides audit and related services covering the programs and operations of FHFA. Through its financial and performance audits and attestation engagements, OA seeks to: (1) promote economy, efficiency, and effectiveness in the administration of FHFA programs; (2) detect and deter fraud, waste, and abuse in FHFA programs and operations; and (3) ensure compliance with applicable laws and regulations.

Under the Inspector General Act, federal inspectors general are required to comply with standards established by the Comptroller General of the United States for audits of federal establishments, organizations, programs, activities, and functions. These standards, referred to as the Generally Accepted Government Auditing Standards (GAGAS), are prescribed in the *Government Auditing Standards*, commonly referred to as the “Yellow Book.” OA performs its audits and attestation engagements in accordance with GAGAS.

Office of Evaluations: OE reviews, studies, and analyzes FHFA’s programmatic and operational activities and provides independent and objective analyses to FHFA. OE’s evaluations are generally limited in scope and completed more quickly than traditional audits. When OE observes significant deficiencies in the effectiveness or efficiency of FHFA’s programs and operations, it assists the Inspector General in developing recommendations to resolve them.

The Inspector General Reform Act of 2008 requires that federal inspectors general adhere to professional standards developed by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Evaluation standards are prescribed by CIGIE in its *Quality Standards for Inspection and Evaluation*, commonly referred to as the “Blue Book.” OE performs its evaluations in accordance with these standards.

Office of Investigations: OI investigates allegations of misconduct or fraud involving the programs and operations of FHFA. OI Special Agents develop criminal and civil cases for referral to DOJ and to other law enforcement agencies. OI adheres to CIGIE’s *Quality Standards for Investigations* and complies fully with guidelines issued by the Attorney General.

OI also generates administrative cases for presentation to FHFA or to other agencies with responsibility for the subject matter at issue and administers the FHFA-OIG Hotline.

Office of Chief Counsel: OC supports FHFA-OIG by providing independent legal advice, counseling, and opinions concerning FHFA-OIG's programs and operations. OC also reviews audit, investigation, and evaluation reports for legal sufficiency and compliance with FHFA-OIG policy. It reviews drafts of FHFA regulations and policies and prepares comments as appropriate. OC also coordinates with the FHFA Office of General Counsel and manages FHFA-OIG's responses to requests and appeals made under the Freedom of Information Act and the Privacy Act.

Office of Policy, Oversight, and Review: OP provides advice, consultation, and assistance regarding FHFA-OIG's priorities, the scope of its evaluations and audits, and all reports published by the FHFA-OIG. In addition, OP is responsible for conducting special studies and developing the Semiannual Report. Finally, OP plays an integral role in supporting audits and evaluations and in identifying issues for review that are timely to FHFA, Congress, and the public.

Office of Administration: OAd is responsible for FHFA-OIG's human resources, budget development and execution, financial management, information technology, facilities and property management, safety, and continuity of operations.

GOALS AND IMPLEMENTATION STRATEGIES

FHFA-OIG shall pursue excellence in ensuring that desired objectives are achieved in promoting economy and efficiency in FHFA's programs and operations; preventing and detecting fraud, waste, and abuse in such programs and operations; and seeking appropriate sanctions against wrongdoers. To ensure that FHFA-OIG is capable of meeting its critical mission, it plans on continuously evaluating its workload distribution, teaming, and organizational structure.

FHFA-OIG has developed the following four core strategic performance goals: Adding Value, Operating with Integrity, Promoting Productivity, and Valuing Employees.

Strategic Goal 1 – Adding Value

Assist FHFA to improve the economic health of Fannie Mae, Freddie Mac, and the FHLBanks and to understand the causes and costs of the conservatorship.

Objective 1

Promote the economy, efficiency, and effectiveness of FHFA's programs and operations

Implementation Strategies

FHFA-OIG will perform oversight of FHFA programs and operations to identify major opportunities for improvement, the most significant management challenges it faces, and high-risk areas by:

- Conducting surveys, audits, and evaluations to assess effectiveness and efficiency and to ensure compliance with all applicable legal requirements;

- Advising FHFA on issues relating to compliance, internal controls, and fraud prevention;
- Leveraging knowledge and expertise by engaging in discussions and collaborating with Congress and with FHFA policy makers on legislative and policy initiatives before they become program requirements;
- Evaluating FHFA's efforts to address challenges associated with the merger of the Office of Federal Housing Enterprise Oversight, the Federal Housing Finance Board, and their differing missions and cultures;
- Contributing to the dialogue on GSE reform through independent fact finding and objective analysis;
- Evaluating FHFA's oversight of the FHLBanks, including FHLBank community development and economic programs; and
- Evaluating FHFA's supervision of the Enterprises and management of the conservatorships.

Objective 2

Assist FHFA and its stakeholders to solve problems related to the conservatorships and the conditions that led to them

Implementation Strategies

FHFA-OIG's strategies include conducting surveys, audits, and evaluations of the:

- Effectiveness of FHFA's enforcement and corrective actions;
- FHFA's current and future directives, regulations, and legislative proposals relating to economy, efficiency, and effectiveness; and
- Effectiveness of FHFA's ability to control the costs of the conservatorships.

FHFA-OIG will also perform surveys, audits, and evaluations to help identify and resolve how FHFA and the Enterprises are addressing risks and deficiencies.

Strategic Goal 2 – Operating With Integrity

Promote the integrity of FHFA programs and operations

Objective

Contribute to the identification and prevention of fraud, waste, or abuse in the programs and operations of FHFA

Implementation Strategies

FHFA-OIG's strategies to improve awareness of the potential for and the detection and prevention of fraud, waste, or abuse include the following:

- Assessing FHFA and the GSEs' vulnerability to fraud, waste, or abuse and targeting at-risk areas for audits, evaluations, and investigations;
- Evaluating the Enterprises' efforts to prevent and detect mortgage fraud in the loans that they guarantee or hold;
- Focusing FHFA management's attention on illegal activities and vulnerabilities through awareness initiatives;
- Educating FHFA and GSE employees and industry groups on FHFA-OIG's role and their employees' duty to report fraud, waste, or abuse;
- Initiating joint ventures with law enforcement partners that coordinate audit, legal, and investigative functions to focus on one or more problems pertaining to fraud, waste, or abuse;
- Concentrating investigative resources on high impact cases and responding to indicators of illegal activities or abuse in a timely and focused manner;
- Actively working with FHFA officials to pursue administrative sanctions and with DOJ to pursue criminal or civil remedies;
- Developing short-term focused efforts to address high profile issues that may or may not evolve into more protracted audits, evaluations, and investigations; and

- Responding to complaints of fraud, waste, or abuse in connection with FHFA's programs and operations.

Strategic Goal 3 – Promoting Productivity

Deliver quality products and services to stakeholders

Objective

Establish and maintain an effective and efficient internal quality control program to ensure that FHFA-OIG's results withstand professional scrutiny

Implementation Strategies

FHFA-OIG's strategies include:

- Ensuring that audits are conducted in accordance with FHFA-OIG audit procedures, GAGAS, and other appropriate standards;
- Ensuring that evaluations and audits are conducted in accordance with FHFA-OIG's evaluation/audit procedures, CIGIE's *Quality Standards for Inspections and Evaluations*, and other appropriate standards;
- Ensuring that investigations are conducted in accordance with FHFA-OIG investigation procedures, CIGIE's *Quality Standards for Investigations*, and other appropriate standards; and
- Providing additional quality oversight through the Office of Policy, Oversight, and Review.

Strategic Goal 4 – Valuing FHFA-OIG Employees
Maximize the performance of FHFA-OIG’s employees and the organization

Objective 1

Invest in Employees

Implementation Strategies

FHFA-OIG’s strategies include:

- Attracting, hiring, retaining, and supporting a diverse and skilled workforce that is highly motivated and results-oriented;
- Promoting personal growth through professional development;
- Demonstrating a strong commitment to EEO; and
- Fostering mutual respect, open communications, and teamwork.

Objective 2

Invest in the Organization

Implementation Strategies

FHFA-OIG’s strategies include:

- Ensuring timely and reliable administrative and legal services;
- Utilizing strategic planning and monitoring budget execution to optimize FHFA-OIG internal operations;
- Implementing an administrative and support infrastructure to include policies, procedures, and resources for operations; and

- Developing and implementing a secure IT service approach that provides all employees with state-of-the-art technology and ensures that hardware, software, and skills are in place to implement FHFA-OIG's long- and short-term strategies.

STRATEGIC AND PERFORMANCE GOALS

STRATEGIC GOAL 1 – ADDING VALUE

Assist FHFA to improve the economic health of Fannie Mae, Freddie Mac, and the FHLBanks and to understand the causes and costs of the conservatorships

PERFORMANCE GOALS

1.1	Promote the economy, efficiency, and effectiveness of FHFA’s programs and operations
1.2	Assist FHFA and stakeholders to solve problems related to the conservatorships and the conditions that led to them

STRATEGIC GOAL 2 – OPERATING WITH INTEGRITY

Promote the integrity of FHFA programs and operations

PERFORMANCE GOALS

2.1	Contribute to the identification and prevention of fraud, waste, or abuse in the programs and operations of FHFA
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STRATEGIC GOAL 3 – PROMOTING PRODUCTIVITY

Deliver quality products and services to stakeholders

PERFORMANCE GOALS

3.1	Establish and maintain an effective and efficient internal quality control program to ensure that FHFA-OIG’s results withstand professional scrutiny
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STRATEGIC GOAL 4 –VALUING FHFA-OIG EMPLOYEES

Maximize the performance of FHFA-OIG’s employees and the organization

PERFORMANCE GOALS

4.1	Invest in Employees
4.2	Invest in the Organization

KEY RESULTS

To implement FHFA-OIG’s strategic plan and achieve its goals and objectives, FHFA-OIG plans to monitor and assess continuously the performance of its audits, evaluations, investigations, and all related activities. In general, FHFA-OIG plans to measure its performance by assessing whether its work resulted in the timely identification of critical risk areas or management challenges that have high impact on improving FHFA programs and operations. Further, key performance indicators and annual goals will be included in FHFA-OIG’s Annual Performance Plan that will help measure the extent to which it achieves its strategic goals and objectives as set forth in this strategic plan. Moreover, given the dynamic nature of planning and performance measurement, FHFA-OIG will remain flexible to the continued development of performance indicators and goals that can better facilitate the measurement of the impact and results of its work.

The following table reflects the impact and nature of products and services that FHFA-OIG intends to deliver. It also serves as a framework to determine the overall effectiveness of its work. This table also provides a link between the strategic plan and FHFA-OIG’s annual performance plan to specify the performance measures that will be used to obtain results.

Goal 1 – Adding Value	Key Results
Assist FHFA to improve the health of the GSEs and to understand the causes and cost of the conservatorships.	<p>100% percent of statutorily required audits and evaluations are completed by the required date.</p> <p>At least 80% of recommendations in audits and evaluations are accepted by FHFA.</p> <p>At least 90% of audit and evaluation assignments are completed within the approved final report milestone.</p> <p>At least 75% of FHFA-OIG strategic areas receive audit or evaluation coverage.</p>

Goal 2 – Operating With Integrity	Key Results
<p>Promote the integrity of FHFA programs and operations.</p>	<p>At least 50% of cases formally presented for prosecutorial consideration are accepted for further action.</p> <p>At least 40% of open cases are run jointly with other law enforcement agencies.</p> <p>At least 75% of complaints received by the FHFA-OIG Hotline are processed within 7 work days from receipt.</p>
Goal 3 – Promoting Productivity	Key Results
<p>Deliver quality products and services to stakeholders.</p>	<p>At least 85% of FHFA-OIG employees receive appropriate formal professional training.</p> <p>At least 75% of requests for advisory services are answered within the advising office’s specified performance standard.</p>
Goal 4 – Valuing FHFA-OIG Employees	Key Results
<p>Maximize the performance of FHFA-OIG’s employees and the organization.</p>	<p>At least 75% of internal administrative, budget, equal employment opportunity, finance, human resources, and information technology support requests received by “IG SUPPORT” are responded to within two business hours.</p>

EXTERNAL FACTORS

A changing business environment, adequate funding levels, and the availability of highly skilled professionals have a significant impact on both the environment in which FHFA-OIG operates and its ability to carry out this Strategic Plan.

Change

FHFA-OIG will continue to respond to local, national, and global events. FHFA-OIG also anticipates that developments in technology, legislation, economic conditions, and new mandates may affect how FHFA does business. Such changes at FHFA would likely also affect FHFA-OIG's workload, staffing, priorities, and organizational structure.

Funding Levels

FHFA-OIG's funding level will affect its ability to provide effective oversight of FHFA's operations.

Highly Skilled Professionals

Attracting, training, and retaining highly skilled professionals is imperative for the government as a whole and FHFA-OIG in particular. Not being able to hire knowledgeable, skilled professionals during FHFA-OIG's startup could negatively impact its ability to achieve desired outcomes. Addressing these changes will require a continuing funding commitment to recruiting, training, and equipping FHFA-OIG's workforce.

Federal Housing Finance Agency
Office of Inspector General

To Report Suspected
FRAUD, WASTE, OR ABUSE
In FHFA Programs or Operations
Call: **OIG Hotline at 1-800-793-7724**
Fax: **202-408-2972**
Online: **www.fhfoig.gov**

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