

# OFFICE OF INSPECTOR GENERAL

**Strategic and Operating Performance Plan  
Fiscal Years 2012-2013**



Farm Credit Administration

## Farm Credit Administration

1501 Farm Credit Drive  
McLean, Virginia 22102-5090  
(703) 883-4000

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August 22, 2011

The Honorable Leland A. Strom, Chairman and Chief Executive Officer  
The Honorable Kenneth A. Spearman, Board Member  
The Honorable Jill Long Thompson, Board Member  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, Virginia 22102-5090

Dear Chairman Strom and FCA Board Members Spearman and Long Thompson:

The enclosed document is the Office of Inspector General's (OIG) Strategic and Operating Performance Plan (SOPP) and Budgets for fiscal years 2012 and 2013.

The SOPP includes the OIG's audit plan, a fluid document that may be amended as the year progresses.

Please call me if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads 'Carl A. Clinefelter'. The signature is written in a cursive style with a large initial 'C'.

Carl A. Clinefelter  
Inspector General

Enclosure

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**Farm Credit Administration  
Office of Inspector General  
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**GLOSSARY OF TERMS**

Act	Farm Credit Act of 1971, as amended
Agency	Farm Credit Administration
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CCIG	Council of Counsels to Inspectors General
FCA	Farm Credit Administration
FCA Board	Farm Credit Administration Board
FCS	Farm Credit System
FISMA	Federal Information Security Management Act
FLETC	Federal Law Enforcement Training Center
FTE	Full-Time Equivalent
FY	Fiscal Year
IDP	Individual Development Plan
IG	Inspector General (FCA)
IG Act	Inspector General Act of 1978, as amended
IRM	Information Resources Plan
IT	Information Technology
OE	Office of Examination
OIG	Office of Inspector General (FCA)
OMB	Office of Management and Budget
SOPP	Strategic Operating and Performance Plan
System	Farm Credit System

# Farm Credit Administration Office of Inspector General Fiscal Years 2012-2013

## INTRODUCTION

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

The OIG analyzes Agency performance through audits, inspections, and evaluations and provides conclusions and recommendations designed to strengthen Agency effectiveness and efficiency. The OIG also reviews existing and proposed legislation and regulations relating to Agency programs and operations to assess the impact on the Agency's economy and efficiency.

The OIG contracts with an outside accounting firm for the annual audit of FCA's financial statements, internal control over financial reporting, and compliance with laws and regulations relating to the determination of financial statement amounts. The accounting firm's opinion letters and accompanying Agency financial statements and notes are included in the Agency's annual Performance and Accountability Report. The OIG conducts the annual evaluation of the Agency's compliance with the Federal Information Security Management Act (FISMA) and issues a report that is submitted to the Agency for further submission to the Office of Management and Budget (OMB).

The OIG also maintains a Hotline for reporting allegations of fraud, waste, abuse, and mismanagement. When there are alleged administrative or criminal violations relating to Agency programs or personnel, the OIG will timely and effectively investigate and report.

Further, the OIG conducts a quarterly confidential survey of Farm Credit System (FCS or System) institutions regarding the effectiveness of the Agency's examination function and the examiners. The OIG issues a quarterly report and annual summary report on survey results to the Chief Examiner and the FCA Board.

### **OIG's FY 2012 Budget Request**

Section 6(f)(1) of the IG Act requires an Inspector General to highlight certain aspects of the Inspector General's budget request to the head of the department or designated Federal entity to which the Inspector General reports. Section 6(f)(2) requires, in the case of FCA, the FCA Board to highlight the same aspects of the Inspector General's budget request when transmitting the Agency's budget to the President.

For the Inspector General's revised FY 2012 budget submission, the OIG's budget information required to be highlighted is as follows:

- The aggregate budget request for the OIG is \$1,144,346.

- The amount needed for OIG training is \$19,390 (tuition).
- The amount needed to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is \$3,000.

**Farm Credit Administration  
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**STRATEGIC AND OPERATING PERFORMANCE PLAN**

**MISSION**

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

**CORE VALUES**

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

**CORE COMPETENCIES**

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

**ASSUMPTIONS**

- **Changing work force.** There will continue to be periodic changes in FCA's Board composition and Agency organization, and ongoing changes in FCA staffing, e.g., new hires and retirements. The latter may result in the loss of corporate knowledge, e.g., that gained from the Agency's regulatory experience during the agriculture crisis of the mid 1980s through the early 1990s and from regulatory evolution since that time. The FCS and the credit needs of rural America will continue to evolve and change. The financial and banking industry will become a different provider of financial services coming out of the current financial services industry crisis. As a result, the Agency's methodology in achieving its mission will continually evolve and the OIG will need to remain vigilant over Agency performance and internal controls.
- **Changing work environment.** As FCA leverages technology to improve its processes, the OIG will have to be positioned to evaluate new risks in internal controls and security

measures. As a result, the OIG has ensured its expertise in technology to effectively perform the function.

- **Limited budget resources.** Budget pressures on the OIG will be equivalent to those faced by FCA as a whole. The OIG will have to use an efficient mix of its core competencies and external resources to fulfill its mission. Technology will continue to cause change in processes and our approach to work.
- **Farm Credit Act.** Changes in the agricultural and the financial industries will cause the FCS to seek greater flexibility in law and regulations. The OIG will continue to ensure that the FCA is ever mindful of its arm's length regulatory role and mission to ensure the System's service to rural America in a safe and sound manner, and will continue to review and may make recommendations regarding laws and regulations.

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

- 1. Audit and evaluate the Agency's programs and operations to promote economy, efficiency, and effectiveness.**
  - Deliver quality audit and inspection products and services that are useful to the Board, management, and the Congress.
  - Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and operations.
  - Continuously improve OIG staff, products, and internal office administration.
- 2. Investigate observed, alleged, or suspected wrongdoing to prevent and detect fraud, waste, abuse, and mismanagement in Agency programs and operations.**
  - Effectively investigate alleged administrative and criminal violations relating to FCA programs and personnel.
  - Educate employees on their responsibility to report wrongdoing to the OIG.
  - Provide relevant information on results of investigative activities to appropriate parties.
- 3. Review and make recommendations, as necessary, regarding existing and proposed legislation and regulations relating to Agency programs and operations and the Inspectors General community.**
  - Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting the Agency.



**4. Work with the Agency head (FCA Board) and Congress to improve program management, and with the Inspectors General community and other related organizations to address government-wide issues.**

- Agency personnel understand and accept OIG's role within FCA and the Inspectors General community.
- OIG staff provide leadership to organizations directly contributing to the Inspectors General community.
- OIG staff contribute to special projects for improving the Agency, the Inspectors General community, and the Federal government.

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

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURES</b>	<b>OUTCOME</b>
1. Deliver quality audit, inspection, and review products and services that are useful to the FCA Board, management, and Congress.	Audits and inspections are relevant. Audit coverage includes all mandated audits and at least 75% of those suggested by the FCA Board and management.  Risk is addressed. 100% of OIG audits are performed in substantive Agency programs and activities and/or are tied to the Agency strategic planning goals.  Products are timely, i.e., average time to complete audits and issue draft reports will not exceed 6 months.  Audits are constructive. Where audit products contain recommendations to improve Agency operations, the Agency accepts at least 80% of the OIG audit recommendations.	FCA programs and operations are more effective.  FCA continues to receive unqualified financial audits.  Waste in Agency programs and operations is reduced.  Agency compliance with laws, regulations, and internal policies and procedures.  The Agency's stature and reputation are maintained at a high level in the eyes of the Congress, the Administration, the FCS, FCA employees and the public.  FCA is more effective in carrying out its mission.  The OIG is more effective in promoting economy, effectiveness, and efficiency within the Agency.

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

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURES</b>	<b>OUTCOME</b>
2. Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and operations.	<p>The IG advises the FCA Board concerning policy direction or administrative priorities.</p> <p>OIG performs analysis and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p>	<p>FCA continues to receive an unqualified financial audit.</p> <p>OIG input and advice contributes to Agency decisions and actions that are more complete and valid.</p>
3. Continuous improvement in OIG staff, products, and internal office administration.	<p>OIG training ensures the technical proficiency of staff.</p> <p>OIG implements administrative improvements identified through reviews of other Agency programs and through staff involvement with the professional community.</p>	<p>The OIG's opportunity to facilitate positive change within the Agency is enhanced by the quality and credibility of OIG products and advice.</p> <p>Peer review reports provide an unmodified opinion that OIG audit work meets or exceeds quality audit standards prescribed by the Government Accountability Office and CIGIE.</p>

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**INVESTIGATIONS**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURE</b>	<b>OUTCOME</b>
1. Effectively investigate alleged administrative and criminal violations relating to FCA programs and personnel.	<p>Investigative reports are timely and presented in an objective and factual manner. Memoranda are issued to management describing internal control weaknesses or program deficiencies found during the investigative process with suggestions to prevent and/or detect future wrongdoing.</p> <p>70% of active cases will be less than two years old (from the date the case was opened).</p> <p>100% of employee cases without criminal prosecution potential will be completed within one year from opening the case.</p>	<p>Administrative action, convictions, or pleas are obtained for employees and/or contractors found guilty of wrongdoing.</p> <p>Management actions taken against employees serve as a deterrent to future wrongdoing.</p> <p>FCA internal policies, procedures, and controls are strengthened to prevent and or detect future wrongdoing.</p>
2. Educate employees on their responsibility to report wrongdoing to the OIG.	<p>Allegations of wrongdoing are supported by specific information as required by the OIG.</p>	<p>Investigations are more successful because they are initiated in a timelier manner and have better information.</p> <p>FCA employees are more willing to report real or suspected wrongdoing because they trust the competence, fairness, and confidentiality of OIG's investigations.</p>
3. Provide relevant information on results of investigative activities to appropriate parties.	<p>Summaries of investigations and the resulting administrative or judicial actions taken are incorporated into the Semiannual Report to the Congress, along with any disagreements on the actions taken or failure of management to act in a timely and responsible fashion.</p> <p>Findings made during the investigative process concerning the problem at issue or systemic problems are recognized and corrected or mediated by management.</p>	<p>The FCA Board and the Congress are better informed about OIG investigations, and administrative and judicial consequences.</p> <p>Public confidence in the integrity of FCA programs and internal operations is heightened.</p>

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**LEGISLATIVE AND REGULATORY REVIEW**

**AGENCY GOALS 1 AND 2**

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

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**OUTREACH PROGRAM**

**AGENCY GOALS 1 AND 2**

<b>OIG GOAL</b>	<b>PERFORMANCE MEASURE</b>	<b>OUTCOME</b>
1. Agency personnel understand and accept OIG's role within FCA and the Inspectors General community at large.	Develop and maintain educational brochures or pamphlets describing OIG roles and activities.  Facilitate feedback from Agency employees and refine products and practices based on the feedback to OIG products and educational materials.	Agency employees' acceptance of and cooperation with OIG activities is improved through better understanding. OIG programs and products are improved through feedback from Agency employees.
2. OIG staff provide leadership to organizations directly contributing to the Inspectors General community.	Time and resources are provided to OIG staff members as an incentive to contribute to outside organizations by serving on committees and holding offices.	Projects and activities of adjunct organizations such as the Association of Government Accountants, Institute of Internal Auditors, CIGIE, Council of Counsels to Inspectors General (CCIG), and Federal Law Enforcement Training Center (FLETC) are improved by OIG staff contributions and participation.  The Inspectors General community is more credible and effective.
3. OIG staff contribute to special projects for improving the Agency, the Inspectors General community, and the Federal government.	OIG staff will participate in projects that contribute to achieving the vision of a better Agency and government.	Management practices at the Agency are improved by OIG staff participation in FCA special projects.  FCA programs and operations are more effective and efficient.

## Detailed Budget Fiscal Years 2012 and 2013

OBJECT CLASS	SUB CLASS	OBJECT DESCRIPTION	FTE 4.60 FY 2012	FTE 4.59 FY 2013	
1100	Total Personnel Compensation	1111	Permanent Full-Time	\$503,196	\$505,082
		1139	Other than Permanent Full-Time	\$308,974	\$308,974
		1161	Overtime	\$0	\$0
		1171	Performance, Incentives and Other Awards	\$5,000	\$5,000
		<b>Subtotal</b>		<b>\$817,170</b>	<b>\$819,056</b>
1200	Total Personnel Benefits	1213	TSP Match	\$22,395	\$22,432
		1217	Disability Insurance Contributions	\$3,249	\$3,256
		121B	Wellness, Flex-care/Life Cycle Programs	\$6,500	\$6,500
		1299	Benefits Generated from Payroll	\$176,564	\$184,040
		1236	Public Transportation Initiatives	\$0	\$0
		1237	Student Loan Repayments	\$0	\$0
		1224	Relocation Payments Under Object Code 1200	\$0	\$0
<b>Subtotal</b>		<b>\$208,708</b>	<b>\$216,228</b>		
1300	Benefits Former Personnel	1302	Unemployment Compensation	\$0	\$0
		<b>Subtotal</b>		<b>\$0</b>	<b>\$0</b>
2100	Travel and Transportation of Persons	2121	Local Travel	\$6,000	\$6,000
		2199	Temporary Duty Travel	\$7,105	\$10,125
		2151	Relocation Travel Expenses	\$0	\$0
		2152	Relocation House Hunting	\$0	\$0
<b>Subtotal</b>		<b>\$13,105</b>	<b>\$16,125</b>		
2200	Transportation of Things	2211	Freight and Express Mail	\$0	\$0
		2212	Freight and Express Mail - Contract Mail Services	\$200	\$200
		2251	Transportation of Household Goods	\$0	\$0
<b>Subtotal</b>		<b>\$200</b>	<b>\$200</b>		
2300	Rent, Communications, Utilities and Misc. Charges	2321	Rent/Lease - Space Lodging	\$2,000	\$2,000
		2331	Utilities - Other than Telephone and Comm. Svcs.	\$0	\$0
		2341	ADP Equipment and Software Rental	\$0	\$0
		2351	Telephone and Communication Services	\$680	\$680
		2354	Wireless Communication Services	\$764	\$764
		2371	Non-ADP Equipment Rental	\$0	\$0

## Detailed Budget Fiscal Years 2012 and 2013

OBJECT CLASS	SUB CLASS	OBJECT DESCRIPTION	FTE 4.60 FY 2012	FTE 4.59 FY 2013	
	Rent, Communications, Utilities and Misc. Charges	2382	Postage – USPS	\$0	\$0
	continued	2384	Postage Meter Rental	\$0	\$0
		2385	Messenger and Courier Services	\$0	\$0
			<b>Subtotal</b>	<b>\$3,444</b>	<b>\$3,444</b>
2400	Printing and Reproduction	2411	U.S. Government Printing Office (GPO)	\$0	\$0
		2431	Commercial Printers/Photographers	\$1,000	\$1,000
		2451	Publications of Notices/Classified Advertising	\$0	\$0
			<b>Subtotal</b>	<b>\$1,000</b>	<b>\$1,000</b>
2500	Other Contractual Services	2511	Consulting Services	\$75,000	\$75,000
		2524	Miscellaneous Services	\$1,074	\$1,424
		2528	Training - Commercial	\$11,765	\$4,555
		2531	Services of Other Government Agencies	\$3,000	\$3,300
		2538	Training - Government	\$7,625	\$11,910
		2541	Renovating Office Space	\$0	\$0
		2571	Operation/Maintenance - Non ADP Equipment	\$0	\$0
		2572	Operation/Maintenance - ADP Equipment/Software	\$0	\$0
		2591	Storage of Household Goods	\$0	\$0
			<b>Subtotal</b>	<b>\$98,464</b>	<b>\$96,189</b>
2600	Supplies and Materials	2611	Supplies	\$1,085	\$805
		2612	Subscriptions, Publications and Training Materials	\$520	\$1,120
		2641	Fuel	\$0	\$0
			<b>Subtotal</b>	<b>\$1,605</b>	<b>\$1,925</b>
3100	Equipment	3122	Non-IT Equipment, Furniture, Fixtures	\$0	\$0
		3152	Software	\$500	\$500
		3162	IT Equipment	\$150	\$450
			<b>Subtotal</b>	<b>\$650</b>	<b>\$950</b>
4200	Insurance Claims and Indemnities	4211	Insurance Claims and Indemnities	\$0	\$0
			<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL</b>			<b>\$1,144,346</b>	<b>\$1,155,117</b>	



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**FY 2012 REVISED BUDGET AND JUSTIFICATIONS**

**TOTAL OFFICE BUDGET.....\$1,144,346**

Total approved IRM Plan amount included in Office Budget.....\$6,399

**1100 Personnel Compensation.....\$817,170**

Amount required to fund salaries (\$812,170) of OIG staff (4.60 Full Time Employees [FTE]) charged with conducting audits, inspections, evaluations, and investigations related to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on the Agency. Funds (\$5,000) are also allocated for possible cash awards.

**1200 Personnel Benefits .....\$208,708**

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

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

**2100 Travel and Transportation of Persons .....\$13,105**

OIG staff will use these funds for travel (\$7,105) related to scheduled IDP training and local travel (\$3,000) to professional association meetings, for example. Travel funds (\$3,000) are also included for local and/or temporary duty travel related to possible investigative matters.

**2200 Transportation of Things .....\$200**

The amount is for express mail services throughout the year.

**2300 Rent, Communications, Utilities, and Miscellaneous .....\$3,444**

2351 Approved IRM Plan .....\$680

2354 Approved IRM Plan .....\$764

These funds will cover Smartphone voice, data, and tethering services for the IG (\$764), telecommuters' access expense (\$360), and maintenance of an independent internet account for the anonymous HOTLINE account (\$320). The independent internet account is used for confidential reporting of fraud, waste, abuse, and mismanagement. Also, in this object class are funds for offsite meeting expenses (\$2,000) for a possible one-day OIG team building exercise.

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

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

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**FY 2012 REVISED BUDGET AND JUSTIFICATIONS**

**2500 Other Contractual Services.....\$98,464**

Tuition funds (\$11,765) from non-government sources are for staff training. Government tuition funds (\$7,625) are for staff training at Government sponsored sources. Individual training classes are a mandatory requirement of the Government Audit Standards (Yellow Book) for auditors and of the bar association for the Counsel to the IG. Membership fees (\$1,074) will cover the dues for professional organizations to which OIG staff belong.

Consulting services are utilized to assist OIG staff in the review of programs, including the FCA financial statement audit (\$50,000) and possible general contracting needs (\$25,000). Lastly, \$3,000 is budgeted for the support of CIGIE.

**2600 Supplies and Materials .....\$1,605**

2611 Approved IRM Plan .....\$485

2612 Approved IRM Plan .....\$220

To purchase miscellaneous reference books and training materials (\$400), on-going subscriptions in the IRM Plan (\$220), one laptop carrying case (\$125), and two laptop batteries @\$180 per battery (\$360). General office supply funds (\$500) are also included.

**3100 Equipment .....\$650**

3152 Approved IRM Plan .....\$500

3162 Approved IRM Plan .....\$150

Purchase desktop printer (\$150) as necessary to support OIG programs, and an additional \$500 for software.

**4200 Insurance Claims and Indemnities.....\$0**

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**FY 2013 PROPOSED BUDGET AND JUSTIFICATIONS**

**TOTAL OFFICE BUDGET.....\$1,155,117**

Total approved IRM Plan amount included in Office Budget.....\$17,669

**1100 Personnel Compensation.....\$819,056**

Amount required to fund salaries (\$814,056) of OIG staff (4.59 FTEs) charged with conducting audits, inspections, evaluations, and investigations related to Agency programs and operations. We are also responsible for reviewing existing and proposed legislation and regulations to evaluate their impact on the Agency. Funds (\$5,000) are also allocated for possible cash awards.

**1200 Personnel Benefits .....\$216,228**

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

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

**2100 Travel and Transportation of Persons .....\$16,125**

OIG staff will use these funds for travel (\$10,125) related to scheduled IDP training and local travel (\$3,000) to professional association meetings, for example. Travel funds (\$3,000) are also included for local and/or temporary duty travel related to possible investigative matters.

**2200 Transportation of Things .....\$200**

The amount is for express mail services throughout the year.

**2300 Rent, Communications, Utilities, and Miscellaneous.....\$3,444**

2351 Approved IRM Plan .....\$680

2354 Approved IRM Plan .....\$764

These funds will cover Smartphone voice, data, and tethering services for the IG (\$764), telecommuters' access expense (\$360), and maintenance of an independent internet account for the anonymous HOTLINE account (\$320). The independent internet account is used for confidential reporting of fraud, waste, abuse, and mismanagement. Also, in this object class are funds for offsite meeting expenses (\$2,000) for a possible one-day OIG team building exercise.

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**FY 2013 PROPOSED BUDGET AND JUSTIFICATIONS**

**2400 Printing, Publications and Advertisement.....\$1,000**

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

**2500 Other Contractual Services.....\$96,189**

Tuition funds (\$4,555) from non-government sources are for staff training. Government tuition funds (\$11,910) are for staff training at Government sponsored sources. Individual training classes are a mandatory requirement of the Yellow Book for auditors and of the bar association for the Counsel to the IG. Membership fees (\$1,424) will cover the dues for professional organizations to which OIG staff belong.

Consulting services are utilized to assist OIG staff in the review of programs, including the FCA financial statement audit (\$50,000) and possible general contracting needs (\$25,000). Lastly, \$3,300 is budgeted for the support of CIGIE.

**2600 Supplies and Materials .....\$1,925**

2611 Approved IRM Plan .....\$205

2612 Approved IRM Plan .....\$220

To purchase miscellaneous reference books and training material (\$1,000), on-going subscriptions in the IRM Plan (\$220), one laptop battery (\$180), and one Smartphone battery (\$25). General office supply funds (\$500) are also included.

**3100 Equipment .....\$950**

3152 Approved IRM Plan .....\$500

3162 Approved IRM Plan .....\$450

Purchase software as necessary to support OIG applications (\$500) and replace desktop printer as needed (\$150), and replace Smartphone device as needed (\$300).

**4200 Insurance Claims and Indemnities.....\$0**

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**OIG CONTROL SYSTEM**

**STATUTORY ROLE AND RESPONSIBILITIES**

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

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

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

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

The **Inspector General** provides leadership, policy direction, and general management and supervision of the OIG staff. The IG is also an advisor to the FCA Board and the principal spokesperson for the OIG, coordinating its activities and issues with other agencies. The IG position is to be comparable in grade with the other office directors. This is staffed as a permanent full-time position.

The Deputy Inspector General and **Counsel to the Inspector General** provides independent legal advice, analysis of proposed legislation and regulations, and reviews OIG products for legal sufficiency. The Counsel represents and defends OIG in all legal issues. The Counsel also participates in inspections and evaluations as necessary. The Counsel directs the investigative function. The Counsel position is currently staffed as a permanent part-time position at a 0.80 FTE.

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

A **Senior Information Technology (IT) Auditor** position was created with the discontinuance of the Criminal Investigator position. This position focuses on audits and inspections related to the broad range of the Agency's IT policies, processes, and security, and also performs the annual FISMA review. This position is currently staffed as a permanent part-time position at 0.80 FTE.

The **Administrative Assistant** is responsible for assisting the IG in budgeting, information resources planning, procurement, training, administrative matters relating to personnel management, and for general administrative support to the rest of the staff. The position is also responsible for assisting the IG in the completion of the Semiannual Report to the Congress and the quarterly and annual reports on the OIG Survey of FCS institutions regarding the Agency's examination function. This is staffed as a permanent full-time position.

All positions in the OIG are staffed with well qualified personnel.

## **OIG PRODUCTS AND SERVICES**

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

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

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

**Investigations** encompass all OIG activities designed to detect or prevent fraud and abuse in administering Agency programs. Investigations are normally distinguished from other evaluations in that they are normally directed at individuals rather than programs and activities. However, some of the OIG's investigative actions are directed at preventing fraud and abuse through improving the effectiveness of management and administrative controls and practices, especially in high-risk areas. The OIG also manages a HOTLINE to enable FCA employees and the public to more easily report wrongdoing.

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

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

**Other OIG Functions** include internal policy direction and leadership and advice to the Chairman and management about Agency programs and operations. The IG is also responsible for fully informing the FCA Board and the Congress about fraud and other serious problems in Agency programs, including management's progress in carrying out corrective actions.

## **OIG'S MISSION AND IMPLICATIONS FOR STAFFING**

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

- deliver products and services that are competent, objective, timely and relevant;
- maintain a customer focus which is responsive to the needs of decision-makers; and
- provide a positive working environment that encourages us to be innovative and reach our potential through teamwork and candid communication.

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

## **STAFFING ASSESSMENT AND STRATEGIES**

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

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

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

## **STAFFING OBJECTIVES AND STRATEGIES**

### Objectives

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

### Strategies

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



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**AUDIT PLAN**

**AUDITS, INSPECTIONS, AND EVALUATIONS – FISCAL YEAR 2012 AND 2013**

This audit plan identifies potential audit, inspection, and evaluation areas. This plan was discussed with the FCA Board to afford the FCA Board the opportunity to comment and offer suggestions for additional audit, inspection, and evaluation areas.

OIG audits, inspections, and evaluations provide assurance to the FCA Board that programs are operating effectively with appropriate controls. Audit, inspection, and evaluation activities will most likely be selected from the areas listed below. However, actual audits, inspections, and evaluations conducted may vary in order to be responsive to changing needs or circumstances.

**Annual Audits and Evaluations**

Audit of FCA's Financial Statement

The OIG contracts with an independent accounting firm to conduct an audit of FCA's financial statement, internal control over financial reporting, and compliance with laws and regulations relating to the determination of financial statement amounts. The OIG will deliver an audit opinion as of September 30, 2012 and 2013 respectively. The OIG has ensured that its independent accounting firm has incorporated in its audit plan a work schedule that will provide an appropriate audit scope and deliverables within appropriate time frames.

Federal Information Security Management Act (FISMA) Evaluations

FISMA requires the agency program officials, Chief Information Officers and Inspectors General to conduct annual evaluations of their respective department's or agency's information security program and report the results to OMB. For FYs 2012 and 2013, the OIG Senior Information Technology (IT) Auditor will conduct the FISMA evaluation at FCA.

**FY 2012**

Evaluation of OE Training & Commissioning Program (Audit)

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

Information Technology Investments Performance Measures (Inspection)

The Agency has made significant IT investments such as Live Meeting, Microsoft Communicator, and High Definition videoconferencing. As the Agency continues to invest in technology to improve operations, measures need to be in place to ensure these investments

are being fully utilized and projected benefits realized. We will determine whether the Agency has developed effective performance measures to capture the benefit of IT investments.

#### Travel Expenses (Survey)

OIG will conduct a survey of FCA employees' travel expenses to determine whether further evaluation of controls, efficiencies, or savings may be realized.

## **FY 2013**

#### Human Capital (Audit)

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

#### General Control Review: Access Controls (Audit)

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

#### Inappropriate Use of Agency IT Resources (Inspection)

There has been increasing concern regarding Federal employees' use of government equipment and official time to view inappropriate internet sites. Viewing and downloading from inappropriate web sites with an Agency computer could result in a significant misuse of official Agency resources, loss of productivity, and a potentially hostile work environment. In addition, there is a security risk for the Agency due to malware commonly found on such websites. We will assess FCA's controls to prevent and detect use of Agency computers to view and download inappropriate material from the internet.

#### Teleworking Program (Audit)

Telework is a work arrangement in which an employee performs their official duties at home or other worksites geographically convenient to the employee's residence. On December 9, 2010, the President signed into law H.R. 1722, the "Telework Enhancement Act of 2010," which became Public Law 111-292, aimed at increasing telework in the Federal government. As a human capital initiative FCA offers a telework program that provides employees the opportunity to perform their official duties at an alternate worksite, such as their home. Telework offers numerous benefits including reducing traffic congestion, improving the quality of work life and morale, and offering continuing operation during emergency events. The objective of this audit will be to determine whether the Agency's telework program is being effectively administered.

## **Beyond FY 2013**

- FCA Strategic Plan
- Review of OE Organizational Structure and Work Processes
- Controls for Safeguarding Personally Identifiable Information, including Social Security Numbers
- Review of the Consolidated Reporting System
- General Control Reviews: Software Development and Change Control
- General Control Reviews: System Software
- General Control Reviews: Segregation of Duties
- Efficiency of the Office of the General Counsel Legal Opinion Process
- Specialization and Certification
- Property Plant and Equipment Review
- Delegations

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<b>IRM PLAN SUMMARY</b>							
<b>IRM Budget Category</b>	<b>Object Code</b>	<b>FY 2012 Costs</b>	<b>FY 2013 Costs</b>	<b>FY 2014 Costs</b>	<b>FY 2015 Costs</b>	<b>FY 2016 Costs</b>	<b>Total Costs</b>
<i>Telecommunications Rentals</i>	2351	680	680	680	680	680	<b>3,400</b>
<i>Wireless Communications</i>	2354	764	764	764	764	764	<b>3,820</b>
<i>Supplies</i>	2611	485	205	485	205	485	<b>1,865</b>
<i>Subscriptions and Publications</i>	2612	220	220	220	220	220	<b>1,100</b>
<i>Software</i>	3152	500	500	500	500	500	<b>2,500</b>
<i>IT Equipment</i>	3162	150	450	150	450	150	<b>1,350</b>
<b>Sub Total</b>		<b>2,799</b>	<b>2,819</b>	<b>2,799</b>	<b>2,819</b>	<b>2,799</b>	<b>14,035</b>
<i>Manpower Costs for three IRM Projects</i>		3,600	14,850	5,850	5,850	5,850	<b>36,000</b>
<b>Total</b>		<b>6,399</b>	<b>17,669</b>	<b>8,649</b>	<b>8,669</b>	<b>8,649</b>	<b>50,035</b>

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**FY 2012 REVISED PRODUCTS AND SERVICES BUDGET**

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

<b>Products/Services</b>	<b>Budget</b>	<b>% Budget</b>	<b>FTE</b>	<b>% FTE</b>
Audits, Inspections, and Review Products	\$926,920	81%	3.7	81%
Investigations	\$22,887	2%	0.1	2%
Legislation and Regulations Review	\$22,887	2%	0.1	2%
Outreach	\$171,652	15%	0.7	15%
<b>Total</b>	<b>\$1,144,346</b>	<b>100%</b>	<b>4.60</b>	<b>100%</b>

**Audits, Inspections, and Review Products**—The OIG issues approximately 5-10 reports per year (including the annual FCA financial audit and FISMA review). This includes recommendations to Agency officials regarding improving the efficiency of Agency programs and mission achievement. It also includes four survey reports regarding System institutions’ ratings and comments about the Agency’s examination function.

**Budget for FY 2012—\$926,920..... 3.7 FTE**

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

**Budget for FY 2012—\$22,887..... 0.1 FTE**

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

**Budget for FY 2012—\$22,887..... 0.1 FTE**

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

**Budget for FY 2012—\$171,652.....0.7 FTE**

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**FY 2013 PROPOSED PRODUCTS AND SERVICES BUDGET**

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

<b>Products/Services</b>	<b>Budget</b>	<b>% Budget</b>	<b>FTE</b>	<b>% FTE</b>
Audits, Inspections, and Review Products	\$935,645	81%	3.7	81%
Investigations	\$23,102	2%	0.1	2%
Legislation and Regulations Review	\$23,102	2%	0.1	2%
Outreach	\$173,268	15%	0.7	15%
<b>Total</b>	<b>\$1,155,117</b>	<b>100%</b>	<b>4.60</b>	<b>100%</b>

**Audits, Inspections, and Review Products**—The OIG issues approximately 5-10 reports per year (including the annual FCA financial audit and FISMA review). This includes recommendations to Agency officials regarding improving the efficiency of Agency programs and mission achievement. It also includes four survey reports regarding System institutions’ ratings and comments about the Agency’s examination function.

**Budget for FY 2013—\$935,645..... 3.7 FTE**

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

**Budget for FY 2013—\$23,102..... 0.1 FTE**

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

**Budget for FY 2013—\$23,102..... 0.1 FTE**

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

**Budget for FY 2013—\$173,268..... 0.7 FTE**