

Office of Inspector General

Farm Credit Administration

Strategic and Operating
Performance Plan

FISCAL YEARS 2016-2017



Farm Credit Administration

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



September 16, 2015

The Honorable Kenneth A. Spearman, Board Chairman
The Honorable Dallas P. Tonsager, Board Member
The Honorable Jeffery S. Hall, Board Member
Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

Dear Board Chairman Spearman and Board Members Tonsager and Hall:

The enclosed document is the Office of Inspector General's (OIG) Strategic and Operating Performance Plan (SOPP) and Budgets for fiscal years 2016 and 2017.

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

Please call me if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, which appears to read 'Elizabeth M. Dean', is written over a light blue horizontal line.

Elizabeth M. Dean
Inspector General

Enclosure

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GLOSSARY OF TERMS

Act	Farm Credit Act of 1971, as amended
Agency	Farm Credit Administration
CCIG	Council of Counsels to Inspectors General
CIGIE	Council of the Inspectors General on Integrity and Efficiency
FCA	Farm Credit Administration
FCA Board	Farm Credit Administration Board
FCS	Farm Credit System
FISMA	Federal Information Security Modernization Act of 2014
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 Management
IT	Information Technology
OE	Office of Examination
OIG	Office of Inspector General (FCA)
OMB	Office of Management and Budget
OSMO	Office of Secondary Market Oversight
SOPP	Strategic Operating and Performance Plan
System	Farm Credit System

Farm Credit Administration Office of Inspector General Fiscal Years 2016-2017

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 establishes 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 Congress.

The OIG analyzes Agency performance through risk-based performance 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's Senior Information Technology (IT) Auditor conducts the annual evaluation of the Agency's compliance with the Federal Information Security Modernization Act of 2014 (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 publicly available 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. Whistleblowers are afforded full rights in accordance with law.

Further, the OIG conducts a quarterly confidential survey of Farm Credit System (FCS or System) institutions regarding the effectiveness of the Agency's examination program 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 2016 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 2016 budget submission, the OIG's budget information required to be highlighted is as follows:

- The aggregate budget request for the OIG is \$1,493,393.
- The amount needed for OIG training is \$21,000 (tuition).
- The amount to support the Council of the Inspectors General on Integrity and Efficiency is \$4,100.

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STRATEGIC AND OPERATING PERFORMANCE PLAN

MISSION

The mission of FCA's OIG is to be an agent of positive change, striving for continual improvement in FCA's management and program operations.

CORE VALUES

- **Integrity** –Straightforward, objective and balanced reporting of condition, cause, criteria and effect, 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, shared services through CIGIE when appropriate, and contracted 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 risk-based 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.** The FCA Board composition, as well as FCA staff, continue to change. This year the Presidential appointment of the Chairman of the FCA Board changed, and, within this reporting period, the Chairmanship may possibly change again. Projections indicate new staff hires and retirements will continue to be more substantial compared to prior years. Without a focus on knowledge transfer, corporate knowledge and valued experiences gained from the Agency's regulatory experience during the agriculture crisis of the mid-1980s through the early 1990s, and from the 2008 financial crisis, may be lost. The FCS and the credit needs of rural America will continue to evolve in complexity as institutions merge and develop credit products and data systems and analytics. As the financial and banking industries continue to become more complex and data driven, the Agency's methodology in achieving its mission must also evolve. OIG also will continue to evolve and remain vigilant over Agency performance and internal controls.
- **Changing work environment.** As FCA leverages technology to improve its processes, the OIG will be positioned to evaluate new and ongoing risks in internal controls and security measures. The OIG will ensure its expertise keeps pace with changes in technology, laws regulations, and guidance impacting vital business areas including: fraud, financial reporting, internal controls, and information technology. Joint projects, initiated through CIGIE's efforts to increase cross-cutting projects and reports, will mean staff

participation with the IG community experts. Data analytics and security will continue to evolve and be areas of emphasis within the OIG community and host agencies.

- **Limited budget resources.** Budget pressures on the OIG will be equivalent to those faced by FCA as a whole. The OIG will have to continue to use an efficient mix of its core competencies and external resources to fulfill its mission. Data explosion, access, and technology will continue to cause change in processes and our approach to work.
- **Farm Credit Act and the Farm Credit System.** 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 support the System's continued service to rural America. Complexity and the risk examining and governing with fewer and larger institutions, enhance the challenges to ensure safety and soundness. OIG will continue to contribute by evaluating and making recommendations for positive change.

PRODUCTS AND SERVICES, AND GOALS

- 1. Audit, inspect, and evaluate the Agency's programs and operations to promote economy, efficiency, and effectiveness.**
 - Deliver quality audit, inspection, and evaluative products and services in conformance with applicable professional standards that are useful to the Board, management, and the Congress.
 - Provide technical assistance to Agency officials in developing sound and secure management information and 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 and report alleged administrative and criminal violations relating to FCA programs and personnel. When appropriate, Department of Justice officials will be informed, as required by the IG Act.
 - Educate employees on their responsibility to report observed or suspected wrongdoing to the OIG.
 - Provide relevant information on results of investigative activities to appropriate parties while observing privacy protections to the greatest extent possible.
- 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 and the Inspectors General community.
- 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.**
 - Promote the OIG's role within FCA and the Inspectors General community.
 - OIG staff provide leadership to organizations directly contributing to the Inspectors General community, the Agency, and the Federal government.

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AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS

AGENCY GOALS 1 AND 2

OIG GOAL	PERFORMANCE MEASURES	OUTCOME
1. Deliver quality audit, inspection, and evaluation products and services that are useful to the FCA Board, management, and the Congress.	<p>Audits, inspections, and evaluations are relevant. Audit coverage includes all mandated audits and at least 75 percent of those suggested by the FCA Board and management.</p> <p>Risk is addressed. 100 percent of OIG audits are performed in high risk/high dollar programs and activities and/or are tied to the Agency strategic planning goals.</p> <p>Products are timely, i.e., average time to complete audits and issue draft reports will not exceed 6 months.</p> <p>Audits are constructive. Audit products contain recommendations or agreed-upon actions to improve Agency operations, as necessary. The Agency accepts at least 90 percent of the OIG audit recommendations.</p>	<p>FCA programs and operations are more effective.</p> <p>FCA continues to receive unmodified financial audits.</p> <p>Waste in Agency programs and operations is reduced. Better business practices are initiated.</p> <p>Agency compliance with laws, regulations, and internal policies and procedures.</p> <p>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.</p> <p>FCA is more effective in carrying out its mission.</p> <p>The OIG is more effective in promoting economy, effectiveness, and efficiency within the Agency.</p>
2. Provide technical advice and assistance to Agency officials in	The IG engages in discussion with the FCA Board on	FCA continues to receive an unmodified

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AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS

AGENCY GOALS 1 AND 2

OIG GOAL	PERFORMANCE MEASURES	OUTCOME
<p>developing sound management information and financial reporting systems and in streamlining programs and operations.</p>	<p>matters of policy direction or administrative priorities.</p> <p>The OIG performs analyses and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p>	<p>financial audit.</p> <p>OIG input and advice contributes to Agency decisions and actions that are more complete and valid at their inception.</p>
<p>3. Continuous improvement of the OIG staff, products, and internal office administration. Quality is highly valued.</p>	<p>OIG training ensures the technical proficiency of staff.</p> <p>The OIG implements administrative improvements identified through reviews of Agency programs and through staff involvement with the professional community.</p>	<p>Increase in management requests for advice, audit work, or technical assistance.</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 confirm that OIG audit and investigative programs meet or exceed quality audit standards prescribed by the U.S. Government Accountability Office and CIGIE.</p> <p>Audit, inspection, and other reports are made public upon issuance and the OIG uses a notification system to alert those on the mailing list of new publications.</p>

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INVESTIGATIONS

AGENCY GOALS 1 AND 2

OIG GOAL	PERFORMANCE MEASURE	OUTCOME
<p>1. Effectively investigate and report administrative and criminal violations relating to FCA programs and personnel to Agency officials, the Attorney General (when appropriate), and the Congress.</p>	<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>Whistleblower's and Hotline complaints receive prompt attention and/or are directed to appropriate jurisdiction.</p>	<p>Administrative actions, convictions, or pleas are obtained for employees and/or contractors found guilty of wrongdoing.</p> <p>Management actions taken against employees serve as deterrent to future wrongdoing.</p> <p>Brief summaries, without attribution, of closed investigations are published on the OIG website.</p> <p>FCA internal policies, procedures, and controls are strengthened to prevent and/or detect future wrongdoing.</p> <p>Public confidence in the integrity of FCA programs and internal operations is heightened.</p>
<p>2. Cause FCA employees and managers to recognize their responsibility and report observed or suspected wrongdoing to the OIG.</p>	<p>Allegations of wrongdoing are received in a timely manner and are supported by specific information.</p>	<p>Investigations are more successful because they are initiated in a timely 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>

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LEGISLATIVE AND REGULATORY REVIEW

AGENCY GOALS 1 AND 2

OIG GOAL	PERFORMANCE MEASURE	OUTCOME
1. Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting the Agency and the IG community.	<p>Processes are established and documented for identifying and circulating (as appropriate) relevant documents.</p> <p>Constructive comments on relevant documents are submitted by the deadlines requested by the office, Agency, or staff circulating comments.</p>	<p>OIG input contributes to the decision making process in approving or amending legislation, regulations, circulars, and other policy positions.</p> <p>OIG actively participates in CIGIE's Legislation Committee.</p> <p>Constructive criticism and creative alternatives offered in OIG comments improve the quality and usefulness of documents initiated by the Agency.</p> <p>FCA Board and management are informed about the status of new or pending legislation or regulations initiated externally.</p> <p>Legislation and regulations reviewed by OIG are noted in the OIG's semiannual reports to the Congress.</p>

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OUTREACH PROGRAM

AGENCY GOALS 1 AND 2

OIG GOAL	PERFORMANCE MEASURE	OUTCOME
1. Promote OIG's role within the FCA and the community at large.	<p>Develop and maintain educational brochures or pamphlets describing OIG roles and activities.</p> <p>Facilitate feedback from Agency employees and refine products and practices based on the feedback to OIG products and educational materials.</p>	<p>Agency employees' acceptance of and cooperation with OIG activities is improved through better understanding of the OIG's mission through presentations such as New Employee Orientation. OIG programs and products are improved through feedback from Agency employees. This contributes to successful resolution of OIG findings and recommendations.</p>
2. Provide leadership to organizations directly contributing to the IG community, the Agency, and the Federal government.	<p>Time and resources are provided to OIG staff members as an incentive to contribute to the Agency and outside organizations by serving on committees and holding offices.</p> <p>OIG networking opportunities have resulted in an expanded consideration of FCA ideas and practices by community contacts and experts. The OIG has shared telework policies, Hotline procedures, performance measures and performance contracts and evaluation methods. Likewise, FCA benefits from the opportunity to benchmark practices in other agencies.</p>	<p>Projects and activities of adjunct organizations such as the Association of Government Accountants, Federal Audit Executive Committee, Institute of Internal Auditors, CIGIE Training Institute, and Council of Counsels to Inspectors General (CCIG) meetings and forums are improved by OIG staff contributions and participation.</p> <p>FCA programs and operations are more effective and efficient.</p>

Detailed Budget Fiscal Years 2016 and 2017

OBJECT CLASS	SUB CLASS	OBJECT DESCRIPTION	FTE 6 FY 2016	FTE 6 FY 2017	
1100	Total Personnel Compensation	111001	Permanent Full-Time	\$647,004	\$655,660
		113009	Other than Permanent Full-Time	\$385,466	\$382,522
		115201	Overtime	\$0	\$0
		115301	Performance, Incentives and Other Awards	\$4,000	\$4,000
		Subtotal		\$1,036,470	\$1,042,182
1200	Total Personnel Benefits	121103	TSP Match	\$41,300	\$41,528
		121107	Disability Insurance Contributions	\$3,615	\$3,635
		121110	Wellness, Flex-care/Life Cycle Programs	\$7,800	\$7,800
		129999	Benefits Generated from Payroll	\$259,586	\$264,833
		121206	Public Transportation Initiatives	\$0	\$0
		121207	Student Loan Repayments	\$0	\$0
		121599	Relocation Payments Under Object Code 1200	\$0	\$0
Subtotal		\$312,301	\$317,796		
1300	Benefits Former Personnel	130002	Unemployment Compensation	\$0	\$0
		Subtotal		\$0	\$0
2100	Travel and Transportation of Persons	210112	Local Travel	\$9,870	\$10,970
		210199	Temporary Duty Travel	\$3,000	\$3,000
		210402	Relocation Travel Expenses	\$0	\$0
		210403	Relocation House Hunting	\$0	\$0
Subtotal		\$12,870	\$13,970		
2200	Transportation of Things	220101	Freight and Express Mail	\$200	\$200
		220102	Freight and Express Mail - Contract Mail Services	\$0	\$0
		220201	Transportation of Household Goods	\$0	\$0
Subtotal		\$200	\$200		
2300	Rent, Communications, Utilities and Misc. Charges	232001	Rent/Lease - Space Lodging	\$0	\$0
		233101	Utilities - Other than Telephone and Comm. Services	\$0	\$0
		233201	ADP Equipment and Software Rental	\$0	\$0
		233301	Telephone and Communication Services	\$1,040	\$1,040
		233304	Wireless Communication Services	\$0	\$0
		233401	Non-ADP Equipment Rental	\$0	\$0

Detailed Budget Fiscal Years 2016 and 2017

OBJECT CLASS	SUB CLASS	OBJECT DESCRIPTION	FTE 6 FY 2016	FTE 6 FY 2017
	Rent, Communications, Utilities and Misc. Charges cont'd	233501 Postage – USPS 233504 Messenger and Courier Services	\$0 \$0	\$0 \$0
		Subtotal	\$1,040	\$1,040
2400	Printing and Reproduction	240101 U.S. Government Printing Office (GPO) 240201 Commercial Printers/Photographers 240301 Publications of Notices/Classified Advertising	\$0 \$400 \$0	\$0 \$400 \$0
		Subtotal	\$400	\$400
2500	Other Contractual Services	251001 Consulting Services 252004 Miscellaneous Services 252007 Training - Commercial 253001 Services of Other Government Agencies 253005 Training - Government 254001 Renovating Office Space 257101 Operation/Maintenance - Non ADP Equipment 257102 Operation/Maintenance - ADP Equipment/Software 257202 Storage of Household Goods	\$100,000 \$2,543 \$12,000 \$4,100 \$9,000 \$0 \$0 \$0 \$0	\$100,000 \$2,619 \$14,000 \$4,100 \$6,450 \$0 \$0 \$0 \$0
		Subtotal	\$127,643	\$127,169
2600	Supplies and Materials	260101 Supplies 260102 Subscriptions, Publications and Training Materials 260201 ADP Supplies 260301 Fuel	\$1,495 \$220 \$125 \$0	\$500 \$220 \$305 \$0
		Subtotal	\$1,840	\$1,025
3100	Equipment	310902 Non-IT Equipment, Furniture, Fixtures 310202 Software 310302 IT Equipment	\$0 \$500 \$129	\$0 \$500 \$129
		Subtotal	\$629	\$629
4200	Insurance Claims and Indemnities	420001 Insurance Claims and Indemnities	\$0	\$0
		Subtotal	\$0	\$0
TOTAL			\$1,493,393	\$1,504,411

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FY 2016 REVISED BUDGET AND JUSTIFICATIONS

TOTAL OFFICE BUDGET.....\$1,493,393

Total approved IRM Plan amount included in Office Budget.....\$2,014

1100 Personnel Compensation.....\$1,036,470

Amount required to fund salaries (\$1,032,470) of OIG staff (6 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 (\$4,000) are also allocated for possible cash awards.

1200 Personnel Benefits\$312,301

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\$12,870

OIG staff will use these funds for travel (\$7,370) related to scheduled Individual Development Plans (IDP) training and local travel (\$2,500) 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\$1,040

233301 Approved IRM Plan\$1,040

233304 Approved IRM Plan\$0

These funds will cover telecommuters' access expense (\$720), 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.

2400 Printing and Reproduction.....\$400

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

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FY 2016 REVISED BUDGET AND JUSTIFICATIONS

2500 Other Contractual Services.....\$127,643

Tuition funds (\$12,000) from non-government sources are for staff training. Government tuition funds (\$9,000) 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 IG and Counsel. Membership fees (\$2,543) 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 (\$54,695) and possible general contracting needs (\$45,305). Lastly, \$4,100 is budgeted for the support of CIGIE.

2600 Supplies and Materials\$1,840

260102 Approved IRM Plan\$220

260201 Approved IRM Plan\$125

To purchase on-going subscriptions in the IRM Plan (\$220), and one laptop carrying case on wheels (\$125). Testing certification material (\$995) and general office supply funds (\$500) are also included.

3100 Equipment\$629

310202 Approved IRM Plan\$500

310302 Approved IRM Plan\$129

Purchase software as necessary to support OIG applications (\$500), and one replacement desktop printer or office fax machine, if needed (\$129).

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

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FY 2017 PROPOSED BUDGET AND JUSTIFICATIONS

TOTAL OFFICE BUDGET.....\$1,504,411

Total approved IRM Plan amount included in Office Budget.....\$2,194

1100 Personnel Compensation.....\$1,042,182

Amount required to fund salaries (\$1,038,182) of OIG staff (6 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 (\$4,000) are also allocated for possible cash awards.

1200 Personnel Benefits\$317,796

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\$13,970

OIG staff will use these funds for travel (\$8,470) related to scheduled IDP training and local travel (\$2,500) 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.....\$1,040

233301 Approved IRM Plan\$1,040

233304 Approved IRM Plan\$0

These funds will cover telecommuters' access expense (\$720), 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.

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FY 2017 PROPOSED BUDGET AND JUSTIFICATIONS

2400 Printing, Publications and Advertisement.....\$400

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

2500 Other Contractual Services.....\$127,169

Tuition funds (\$14,000) from non-government sources are for staff training. Government tuition funds (\$6,450) 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 IG and Counsel. Membership fees (\$2,619) 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 (\$56,260) and possible general contracting needs (\$43,740). Lastly, \$4,100 is budgeted for the support of CIGIE.

2600 Supplies and Materials\$1,025

260102 Approved IRM Plan\$220

260201 Approved IRM Plan\$305

To purchase on-going subscriptions in the IRM Plan (\$220), one laptop carrying case (\$125), and one laptop battery (\$180). General office supply funds (\$500) are also included.

3100 Equipment\$629

310202 Approved IRM Plan\$500

310302 Approved IRM Plan\$129

Purchase software as necessary to support OIG applications (\$500), and one replacement desktop printer or office fax machine, if needed (\$129).

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 FCA senior level executives.

Counsel to the Inspector General and Director of Investigations provides independent legal advice, analysis of proposed legislation and regulations, and reviews OIG products for legal sufficiency. The Counsel represents and defends the OIG in all legal issues. The Counsel also participates in inspections and evaluations as necessary. The Counsel directs the investigative function.

The two **Senior Auditor** positions are devoted primarily to performance audits, inspections, and management analyses, focusing on the significant management challenges of the Agency. Also, these positions oversee the contractor performing the annual financial, internal control, and compliance audit of the Agency on behalf of the OIG.

A **Senior Information Technology Auditor** 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 evaluation.

The **Management/Program Analyst** is responsible for performing audits and inspections in addition to administrative duties, such as assisting the IG in budgeting, information resources planning, procurement, and training. The position is also responsible for assisting the IG in the completion of the Semiannual Report to the Congress and the quarterly and annual reports on the OIG Survey of FCS institutions regarding the Agency's examination function.

All currently filled 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 Advisories and Observations.

The auditors are devoted full time to audits and inspections. The Management/Program Analyst and the Counsel to the IG 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

The 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 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 6 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.

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.

When filling future OIG vacancies, we will continue to make a concerted effort to attract a diverse pool of qualified candidates. We share the Agency's 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 to retain and enhance skills.
- Staff meetings will occur regularly to promote collaboration among OIG staff.
- Employment objectives will be considered in filling all OIG vacancies to achieve appropriate diversity and inclusion.

**Farm Credit Administration
Office of Inspector General
Fiscal Years 2016-2017**

AUDIT PLAN

AUDITS, INSPECTIONS, AND EVALUATIONS – FISCAL YEAR 2016 AND 2017

This audit plan identifies potential audit, inspection, and evaluation areas. This plan is based on a risk-based approach. The FCA Board is afforded 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 audit 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, 2016 and 2017 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 Modernization Act of 2014 (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 2016 and 2017, the OIG Senior IT Auditor will conduct the FISMA evaluation at FCA.

FY 2016

Procurement/Contracting

In order to fulfill mission requirements, FCA needs to procure and/or contract for certain goods and services. However, FCA must ensure its procurement and contracting activities are performed by qualified personnel and through appropriate methods and procedures that result in efficient and effective use of Agency resources. The objective of the audit will be to determine whether FCA is utilizing an effective and efficient procurement and contracting process.

FCA's Implementation and Management of the Risk Project

To support its mission, the Agency procured software to conduct risk, statistical and data analysis of the FCS and enable users to generate specific reports and dashboards. By making data quickly available, managers and staff can better manage FCS oversight. The cost for the tools selected by FCA was estimated to be approximately \$300,000, as well as recurring maintenance costs. The objective of this audit will be to determine whether the Risk Project was planned and is being managed efficiently and effectively.

Controls over Inappropriate Personal Use of the Internet

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 impact on the 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.

Review of FCA's Policies and Procedures

FCA maintains a library of agency policies and procedures to ensure processes are documented and communicated. The objective of the review will be to determine the effectiveness and efficiency of FCA's process in developing and updating agency policies and procedures.

OE's Promotion and Selection Process

The OE Career Path Program (CPP) provides a framework for the development of examiners to ensure the necessary depth and breadth of skills to fulfill its mission. After building foundational competencies and being commissioned, examiners may pursue a specialist path (credit, finance, or operations) or remain in the generalist path. Progression within the program is based on an examiner's ability to demonstrate applicable competencies and competitive selection. The objective of this audit will be to determine whether OE is effectively managing promotion and selection processes.

FCA's Performance of IT Examinations at FCS Institutions

FCA uses a risk-based approach to examine the use of information technology at FCS institutions. The objective of this audit is to determine the adequacy of the Agency's examination process as it relates to the oversight of information technology at FCS institutions.

Inspections of FCA's Field Offices

In addition to performing audits, investigations, and general program inspections, the OIG may conduct inspections of FCA field offices. These inspections are designed to ensure that field office operations are conforming to FCA and government regulations and to advise management on weaknesses or noncompliance. In addition, these "spot checks" result in a written report with findings and agreed-upon actions or recommendations, as needed. The objective of these inspections will be to determine whether internal controls are operating effectively in FCA field office operations.

Review of FCA's Controls over the Electronic Official Personnel Folder

The electronic Official Personnel Folder (eOPF) offers a standard approach for employee personnel records that protects against potential loss or accidental damage from flood, fire, or other natural disasters and provides continuity of operations. Since July 2009, FCA has utilized the eOPF to store employees' personnel records. The objective of this audit is to review the effectiveness of controls related to the eOPF.

FY 2017

Criminal Referral Process and Follow-Up

By Federal regulation (12 C.F.R. § 612.2301), Farm Credit System institutions are required to provide notification and information to the FCA and appropriate law enforcement authorities or

the U.S. Department of Justice where a criminal violation is suspected involving an institution's assets, operations, or affairs. The objective of this review would be to evaluate the effectiveness of this process.

EDGE System

One of the actions in FCA's strategic plan is to invest in technology and modern examination and analysis tools. As part of these efforts, FCA initiated a multi-year project, broken into four phases, to develop a fully redesigned examination program and documentation system, known as EDGE. FCA has identified the EDGE system as a high priority for the Agency. The objective of this audit is to determine if FCA has effectively monitored and implemented the EDGE system project.

FCA Peer Review of Federal Election Commission OIG Audit Operations

Government Auditing Standards require audit organizations that perform audits or attestation engagements to undergo an external peer review every three years. The OIG staff will conduct the Federal Election Commissions' external peer review. We will review the system of quality control for the audit organization.

Review of FCA's Awards Programs

FCA acknowledges and recognizes employee contributions through an awards program that includes various types of awards such as achievement or special act awards, on-the-spot cash awards, and peer to peer awards. The inspection will determine if FCA is following the policies and procedures and has adequately implemented controls over the awards program.

401k Plan

FCA is implementing a supplemental 401k retirement savings plan in 2015. The agency will automatically contribute one percent of employees' salary to the 401(k) plan, with matching employee contributions up to two percent more. The plan will apply equally to all employees, regardless of which retirement system an employee is under (e.g., FERS, CSRS). The objective of this audit is to determine whether the new plan was implemented and is being managed effectively and efficiently.

Office of Secondary Market Oversight (OSMO)

Section 8.11 of the Farm Credit Act established the authority of OSMO to examine the Federal Agricultural Mortgage Corporation and for general supervision of the safe and sound performance of the Corporation. The audit will determine whether OSMO effectively administers the examination and supervisory functions over the Corporation.

Arm's Length Transactions

There is a heightened emphasis for FCA to continue adherence to its legislative mandate to be an arm's length regulator. An evaluation will examine the success of FCA in preventing the perception of being considered a captive regulator and to examine adherence to FCA's policy.

OE's Risk-Based Examination Process

System institutions are examined using the risk-based examination concept. This examination approach seeks to stay abreast of risk in System institutions and focus examination efforts and resources in areas that could materially impact the safety and soundness of the institution. The objective of this audit will be to assess the adequacy of the Agency's risk-based examination process.

Beyond FY 2017

- Delegations
- Corporate Restructuring Procedures/Mergers
- Overlap in Functions
- Conflict of Interest
- Settlements
- Approval Process of FCS Bond Issuance
- Examination Quality Assurance Process
- Records Management
- Analysis of Changes in FCS Loan Underwriting Standards
- eArchives
- Efficiency of the Office of the General Counsel Legal Opinion Process
- FCA Strategic Plan
- FCS Loan Data System
- General Control Reviews: Access Controls
- General Control Reviews: Segregation of Duties
- General Control Reviews: Software Development and Change Control
- General Control Reviews: System Software
- Human Resources
- Information Technology Investments Performance Measures
- Outsourcing
- Review of the Consolidated Reporting System
- Safeguarding Personally Identifiable Information, including Social Security Numbers
- Specialization and Certification
- Travel Expenses

**Farm Credit Administration
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Fiscal Years 2016-2017**

IRM PLAN SUMMARY FISCAL YEARS 2016-2020							
IRM Budget Category	Object Code	FY 2016 Costs	FY 2017 Costs	FY 2018 Costs	FY 2019 Costs	FY 2020 Costs	Total Costs
<i>Telecommunications Rentals</i>	233301	1,040	1,040	1,040	1,040	1,040	5,200
<i>Wireless Communications</i>	233304	0	0	0	0	0	0
<i>Subscriptions and Publications</i>	260102	220	220	220	220	220	1,100
<i>ADP Supplies</i>	260201	125	305	125	305	125	985
<i>Software</i>	310202	500	500	500	500	500	2,500
<i>IT Equipment</i>	310302	129	129	129	129	129	645
Total		2,014	2,194	2,014	2,194	2,014	10,430

**Farm Credit Administration
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FY 2016 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.

Products/Services	Budget	% Budget	FTE	% FTE
Audits, Inspections, and Review Products	\$1,015,507	68%	4.1	68%
Investigations	\$179,207	12%	0.7	12%
Legislation and Regulations Review	\$74,670	5%	0.3	5%
Outreach	\$224,009	15%	.9	15%
Total	\$1,493,393	100%	6	100%

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 2016—\$1,015,507..... 4.1 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 2016—\$179,207..... 0.7 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 2016—\$74,670..... 0.3 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 the CIGIE Training Institute and various public and Government forums.

Budget for FY 2016—\$224,009..... 0.9 FTE

**Farm Credit Administration
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FY 2017 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.

Products/Services	Budget	% Budget	FTE	% FTE
Audits, Inspections, and Review Products	\$1,022,999	68%	4.1	68%
Investigations	\$180,529	12%	0.7	12%
Legislation and Regulations Review	\$75,221	5%	0.3	5%
Outreach	\$225,662	15%	0.9	15%
Total	\$1,504,411	100%	6	100%

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 2017—\$1,022,999..... 4.1 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 2017—\$180,529..... 0.7 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 2017—\$75,221..... 0.3 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 the CIGIE training institute and various public and Government forums.

Budget for FY 2017—\$225,662..... 0.9 FTE