

**OFFICE OF INSPECTOR GENERAL
 FY 1999 PERFORMANCE MEASURES
 AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

Objective: Audit and evaluate the Agency’s programs and operations to promote economy, efficiency and effectiveness.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Deliver quality audit products and services that are useful to the Board, management and/or the Congress.</p>	<p>Audit and inspection reports. <i>Details at Attachment 1.</i></p> <p>Audits and inspections are relevant. Audit coverage includes all mandated audits and at least 75% of those suggested by the Board and management.</p> <p><i>Three audits and two inspections were initiated to examine program efficiencies, especially use of resources. Any audit specifically requested by a FCA Board member was performed.</i></p> <p>Risk is addressed. 100% of OIG audits are performed in high risk/high \$ programs and activities and/or are tied to the Agency strategic planning goals.</p> <p><i>All audits were in high-risk programs and/or were tied to the Agency strategic plan. Focus was on major Agency programs and implementation of new programs. Inspections were utilized for field office reviews. Each product aimed at identifying efficiencies and potential cost savings.</i></p>	<p>FCA programs and operations are more effective. <i>OIG and Agency management have confirmation that FCA’s network infrastructure is well designed and documented. The networking technology is comparable to or better than that of other IT organizations throughout industry and government. Regular review of the reliability of remote access to the Agency network has been initiated.</i></p> <p><i>Policies were modified to better justify; safeguard and track funds spent on specialized FCA positions.</i></p> <p>Waste in Agency programs and operations is reduced.</p> <p>Increased Agency compliance with laws, regulations and internal policies and procedures.</p> <p><i>Through the partnership concept, the IG and FCA management:</i></p> <ol style="list-style-type: none"> <i>1) Received an unqualified opinion for the Agency’s FY 98 financial statements; and</i> <i>2) Improved and documented Agency preparation for the Year 2000.</i> <i>3) Improved efficiency through greatly increased the use of credit cards for making micropurchases and essentially all training costs are paid using this</i>

**OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE MEASURES
AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Deliver quality audit products and services that are useful to the Board, management and/or the Congress (continued)</p>	<p>Findings made during audit fieldwork are recognized and corrected by management prior to drafting of the audit report.</p> <p><i>Management worked with OIG to address findings during:</i></p> <ul style="list-style-type: none"> • <i>FCA's Specialization/Certification Programs</i> • <i>FCA's Financial Statement for FY 98</i> • <i>Analysis of the FCA IT Infrastructure</i> • <i>Inspection of Sacramento CA Field Office.</i> • <i>Inspection of Dallas TX Field Office</i> <p>Products are timely, i.e. average time to complete audits and issue draft reports will not exceed 6 months.</p> <p><i>All audits were completed in within 4 months. Inspections were completed more rapidly (2 mos. or less)</i></p>	<p><i>method.</i></p> <p><i>4) All Agency positions were reviewed for proper classification of security clearances and the backlog of background investigation was addressed.</i></p> <p>The Agency's stature and reputation is elevated in the eyes of Congress, the Administration, the FCS, FCA employees and the public.</p> <p><i>Jointly, OIG and the Agency are engaged in becoming a "premier regulator." All employees are actively involved in achieving this goal. Efforts by the Agency are recognized through the Agency-wide Benchmarking project. Government agencies and corporations were benchmarked in order to adopt the best practices and best processes. All FCA employees also spent a day or more familiarizing themselves with a Farm Credit institution and agricultural operations such as farms or nurseries.</i></p> <p><i>Feedback from regulated institutions about Agency products and services rates them consistently above average. The Agency has initiated an insourcing project, examining loans for another Federal agency. Congress has been fully supportive of regulatory initiatives. The public has been provided an electronic mail vehicle to comment on proposed regulations.</i></p>

**OFFICE OF INSPECTOR GENERAL
 FY 1999 PERFORMANCE MEASURES
 AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Deliver quality audit products and services that are useful to the Board, management and/or the Congress (continued)</p>	<p>Audits are constructive. At least 75% of audit products contain recommendations to improve Agency operations.</p> <p><i>100 % of audits and inspections performed contain recommendations to improve Agency operations.</i></p> <p>The Agency accepts at least 80% of OIG audit recommendations.</p> <p><i>During this reporting period, management accepted all (26) recommendations, except for five recommendations from the FCA IT Infrastructure report. Management is studying these five recommendations.</i></p> <p>The Agency actually implements all corrective actions prescribed by management decisions.</p> <p><i>50% of the corrective actions have been implemented. The remaining 50% of those recommendations that have been accepted by management are not yet implemented. However, these corrective actions are for an audit report that was issued in very close proximity to the end of the reporting year.</i></p>	<p>FCA is more effective in carrying out its mission.</p> <p><i>The OIG audit, <u>FCA's Specialization/Certification Programs</u> resulted in the enhancement of existing processes and making more effective use of Agency resources expended on specialization programs.</i></p> <p><i>As a result of a field office inspection, the examination manual was modified and procedures were developed for examination of; Equal Opportunity Employment Programs, Call Reports, Orders of Removal, Suspension, or Prohibition, and for notifying institutions of persons who should be blocked from transactions or employment due to criminal involvement.</i></p> <p>The OIG is more effective in promoting economy, effectiveness and efficiency within the Agency.</p>

**OFFICE OF INSPECTOR GENERAL
 FY 1999 PERFORMANCE MEASURES
 AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>2. Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and organizations.</p>	<p>The IG advises the Chairman concerning policy direction or administrative priorities.</p> <p><i>The IG delivered three (3) advisories to the Chairman concerning policy issues and administrative priorities.</i></p> <p>OIG performs analysis and provides technical advice to management concerning accounting, management systems and controls, and performance measures.</p> <p><i>Technical analysis and advice was provided through the following::</i></p> <ul style="list-style-type: none"> • Personnel security review • Drug Free Workplace review • Security over supplies • Travel - per diem • Compensation workgroup • FCA Annual Report • Computer Connectivity in the field • Telecommuting 	<p>OIG input and advice contributes to Agency decisions and actions that are more complete and valid at their inception.</p> <p><i>Due to management letters, the policy on drug free workplace was improved; security controls over supplies were improved and a backlog of personnel security investigations were addressed.</i></p> <p><i>The Agency updated a policy on travel and established firm guidance on the radius for local travel. Management also has improved remote access to the network and has further educated users.</i></p> <p><i>The Agency updated policies and procedures to insure compliance with the Prompt Payment Act.</i></p> <p><i>Management segregated incompatible duties between the time entry conversion function and the payroll leave audit function.</i></p>

**OFFICE OF INSPECTOR GENERAL
 FY 1999 PERFORMANCE MEASURES
 AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>2. Provide technical advice and assistance to Agency officials in developing sound management information and financial reporting systems and in streamlining programs and organizations. (continued)</p>		<p><i>The Agency's flexiplace program has been broadened through a telecommuting project.</i></p> <p>Increase in management requests for advice, audit work or technical assistance.</p> <p><i>On several occasions, the Leadership Team members have requested and received advice and technical assistance.</i></p> <p><i>OGC requested and relied on audit workpapers, interviews with FDIC, to accomplish part of their Benchmarking effort.</i></p> <p><i>Regularly, Agency management asks OIG staff to look at policies and operating procedures. (Frequent flier upgrades, per diem, and compensation issues).</i></p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE MEASURES
AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>3. Continuous improvement of OIG staff, products and internal administration.</p>	<p>Customer survey feedback is used to improve products and services.</p> <p><i>Audit survey feedback was sparse but positive, an average of over 4.0 on a scale of 1 to 5 (5 is strongly agrees with survey questions, 1 is strongly disagrees with survey questions). The 4.0 is down from last report of 4.5. Both times feedback was very limited. A new survey instrument has been developed and will hopefully attract more response.</i></p> <p>OIG training ensures the technical proficiency of staff.</p> <p><i>Training classes attended for proficiency:</i></p> <ul style="list-style-type: none"> • <i>EEO Professional Development (Burr)</i> • <i>Nat'l. Diversity Symposium (Burr)</i> • <i>Legislative Issues and Congressional Oversight Forum (Dean)</i> • <i>1999 Economic Crime Summit (Ohlstrom)</i> • <i>Writing Successful Audit Reports (Lewandrowski)</i> • <i>Auditing Performance Outcomes (Lewandrowski)</i> • <i>AABPA Symposium (Lewandrowski)</i> • <i>National Intergovernmental Audit Forum (Stoehr)</i> • <i>Lessons in Leadership Series (Stoehr)</i> • <i>Relations with Government Agencies (Stoehr)</i> • <i>Federal Privatization (Stoehr)</i> • <i>Mediation Skills and Processes (Dean)</i> 	<p>Peer review reports provide an unqualified opinion that OIG audit work meets or exceeds quality audit standards prescribed by GAO and the PCIE/ECIE.</p> <p><i>Peer review is scheduled for FY 2000.</i></p> <p>Customer survey feedback evidences increased satisfaction with audit practices.</p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE MEASURES
AUDITS AND EVALUATIONS OF AGENCY PROGRAMS AND OPERATIONS**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>3. Continuous improvement of OIG staff, OIG products and processes. (continued)</p>	<p>OIG implements administrative improvements identified through audits of other Agency programs and through staff involvement with the professional community.</p> <ul style="list-style-type: none"> • <i>OIG staff members enter into a performance contract with the IG, identifying projects and responsibilities. Similarly, the IG and the Agency Chairman sign a performance contract. Other Agency components are initiating this practice.</i> • <i>OIG teambuilding is ongoing.</i> • <i>Equipment upgrades allow more professional products to be produced in-house. OIG welcomes the Agency to use the equipment. This has resulted in more professional products and acquisition of the necessary equipment within the Agency.</i> • <i>Time tracking has been streamlined.</i> • <i>OIG has made a decision to reach "Agreed Upon Decisions" in audits and inspections when possible. This is a technique used successfully at Freddie Mac. Our benchmarking effort led us in this direction. OIG will also streamline the customer survey instrument and try the method used by Fannie Mae to solicit audit topics.</i> • <i>The Hotline number has gained more visibility by being put on the internet and on the FCA website.</i> 	<p>The Inspector General's opportunity to facilitate positive change within the Agency is enhanced by the quality and credibility of OIG products and advice.</p> <p><i>OIG staff actively develops ideas for adding value to the Agency and OIG operations. Part of OIG performance contract involves identifying specific ideas to audit or review in the upcoming year.</i></p> <p><i>The Agency Benchmarking effort afforded OIG an opportunity to tailor and try successful practices used at Freddie Mac and Fannie Mae.</i></p> <p><i>This reporting period an Administrative Burden Workgroup was led by an OIG staff member to streamline routine procedures. The group was highly successful in eliminating unnecessary and burdensome steps.</i></p> <p><i>The IG participates in an Agency project to develop ideas concerning Agency compensation.</i></p> <p><i>Coordinated pilot project on telecommuting.</i></p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 OIG PERFORMANCE MEASURES
INVESTIGATIONS**

Objective: Investigate observed, alleged or suspected wrongdoing to prevent and detect fraud, waste, abuse and mismanagement in Agency programs and operations.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Administrative and criminal violations relating to FCA programs and personnel are effectively investigated and reported.</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><i>One investigation was open at the beginning of this period and three more were opened during FY 99. One investigation was closed during this period (13 months from date of opening until closing). This investigation prompted 3 management letters; however, the underlying crime remains unsolved.</i></p> <p><i>To ensure objectivity, OIG entered into a memorandum of understanding with another IG to perform an investigation that potentially involved a conflict of interest. OIG also worked with investigators having identified expertise in a matter under investigation.</i></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> <p><i>Management strengthened procedures on security clearances and updating security reviews.</i></p> <p><i>Management more actively oversees FECA claims by employees.</i></p>
<p>3. FCA employees and managers recognize their responsibility to immediately report observed or suspected wrongdoing to the IG.</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 timelier manner and have better information.</p> <p>FCA employees are more willing to report real or suspected wrongdoing because they trust the</p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 OIG PERFORMANCE MEASURES
INVESTIGATIONS**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>2. FCA employees and managers recognize their responsibility to immediately report observed or suspected wrongdoing to the IG. (continued)</p>		<p>competence and fairness of OIG's investigations.</p> <p><i>The OIG is notified promptly whenever wrongdoing is observed or suspected in FCA programs. Various offices have sought guidance to avoid problems or to resolve potential problems before there is a need for investigation.</i></p> <p><i>When there has been conflicting advice by authorities, OIG is consulted as a competent source to resolve the conflict.</i></p>
<p>3. Agency officials and Congress are kept fully and currently informed of problems found in the process of and resulting from investigative activities.</p>	<p>Summaries of investigations and the resulting administrative or judicial actions taken are incorporated into the Semiannual Report to 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 Chairman and Congress are better informed about OIG investigations, administrative and judicial consequences.</p> <p>Public confidence in the integrity of FCA programs and internal operations are heightened.</p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE MEASURES
REVIEW OF LEGISLATION AND REGULATIONS**

Objective: Review and make recommendations regarding existing and proposed legislation and regulations relating to Agency programs and operations and the Inspectors General community.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations effecting the Agency and the Inspectors General community.</p>	<p>Processes are established and documented for identifying, logging and circulating (as appropriate) relevant documents.</p> <p><i>Legislation is tracked on a daily basis. Counsel is a member of PCIE Legislation Committee.</i></p> <p>Constructive comments on relevant documents are submitted by the deadlines requested by the office, Agency or staff circulating comments.</p> <p><i>Comments were submitted on time.</i></p> <p>Document review activity is summarized for inclusion in the Semiannual Report to Congress.</p>	<p>OIG input is part of the decision making process in approving or amending legislation, regulations, circulars and other policy positions.</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><i>OIG notified Agency management of the reporting requirements under Federal Activities Inventory Reform.</i></p> <p><i>Suggestions and responses to legislation proposed to amend the IG Act were developed and submitted to OMB and Congressional staffs.</i></p> <p><i>Counsel and a workgroup included language in semiannual report regarding IG independence issues.</i></p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE MEASURES
OUTREACH PROGRAM**

Objective: Work with our Agency head and the Congress to improve program management; and work with the Inspectors General community and other related organizations to address government wide issues.

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>1. Agency personnel understand and accept OIG's role within FCA and the community at large.</p>	<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><i>OIG policies have been refined and streamlined. Audit follow-up was merged with the Agency system so that duplication of effort will be avoided.</i></p> <p><i>Information concerning the OIG HOTLINE can be obtained through linkage with the IG Semiannual Report in the FCA database.</i></p>	<p>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.</p> <p><i>In place of the traditional audit report, Agency management has been receptive to the quick response reviews and agreed upon action, techniques OIG is or is planning to use more often.</i></p>
<p>2. OIG staff provides leadership to organizations directly contributing to the Inspectors General community.</p>	<p>Time and resources are provided to OIG staff members as an incentive to contribute to professional organizations by serving on committees and holding offices.</p>	<p>Projects and activities of adjunct organizations such as the AGA, IIA, PCIE/ECIE, CCIG, FLETC, and IGATI are improved by OIG staff contributions and participation.</p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE MEASURES
OUTREACH PROGRAM**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>2. OIG staff provides leadership to organizations directly contributing to the Inspectors General community. (continued)</p>	<p><i>Professional Organizations - staff are active in meetings and sessions of PCIE/ECIE and other professional organizations including: Institute of Internal auditors, Association of Government Accountants, Council of Counsels, Association of Federal Investigators, Training Coordinators, Internal Association of Credit Card Investigators, and Instructor at Inspector Generals Auditor Training Institute.</i></p>	<p><i>IG facilitated ECIE's group response to proposed amendments to the IG Act. The IG acts in an advisory capacity to the leadership of the ECIE. The IG also participated in commenting on proposed AICPA rule change. Counsel received award from CCIG for training and teaching within the IG community.</i></p> <p><i>OIG Networking opportunities have resulted in an expanded consideration of FCA ideas and practices by community contacts and experts.</i></p> <p>The Inspectors General community is more credible and effective.</p>
<p>3. OIG staff contributes to special projects for improving the Agency, the OIG community and the government.</p>	<p>OIG staff will participate in projects that will contribute to achieving the vision of a better Agency and government.</p> <ul style="list-style-type: none"> • <i>FCA Leadership Team</i> • <i>FCA EEO Advisory Committee</i> • <i>FCA Annual Report Task Force</i> • <i>Benchmarking Workgroup</i> • <i>Strategic Message Workgroup</i> 	<p>Management practices at the Agency are improved by OIG staff participation in FCA special projects.</p> <p>FCA programs and operations are more effective and efficient.</p>

**OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE MEASURES
OUTREACH PROGRAM**

PERFORMANCE GOALS	OUTPUT/CRITERIA	OUTCOME/IMPACT
<p>3. OIG staff contributes to special projects for improving the Agency, the OIG community and the government. (continued)</p>	<ul style="list-style-type: none"> • <i>Employee Council</i> • <i>Farm Credit Club</i> • <i>Mentoring Program</i> • <i>New Employee Orientation</i> • <i>Administrative Burden Reduction Workgroup</i> • <i>Federal Women's Program Workgroup</i> 	<p>OIG involvement with IG community facilitates an efficient way to get answers or feedback from many different contacts and networks.</p>

AUDIT RESULTS

AUDIT NAME	AUDITS ARE RELEVANT	RISK IS ADDRESSED	PRODUCTS ARE TIMELY	AUDITS ARE CONSTRUCTIVE	AGENCY ACCEPTS 80%
FCA's Specialization/Certification Programs	OIG Initiated	Strategic Plan	4 Months	5 Recommendations	Accepted and Implemented All
FY 98 Financial Statements	Annual Audit (Voluntary Compliance with CFO Act)	Strategic Plan	4 Months	2 Recommendations	Accepted and Implemented all
Analysis of the FCA IT Infrastructure	OIG Initiated	Strategic Plan	4 Months	20 Recommendations	Accepted 15 Implemented 2

INSPECTION RESULTS

INSPECTION NAME	INSPECTIONS ARE RELEVANT	PRODUCTS ARE TIMELY	INSPECTIONS ARE CONSTRUCTIVE	AGENCY ACCEPTS 80%
Sacramento Field Office	OIG Initiated	2 Months	1 Recommendation	Accepted and Implemented all
Dallas Field Office	OIG Initiated	1 Month	3 Recommendations	Accepted and Implemented all