

**Office of Inspector General
National Credit Union Administration**

**STRATEGIC PLAN
1999-2003**



MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Office of Inspector General (OIG) Strategic and Five Year Performance Plan for 1999-2003. Although the OIG's are not covered by the Results Act, this Plan is designed to meet its requirements. Accordingly, the Plan sets forth four strategic goals that implement the OIG's statutory mandate. These goals are: 1) to promote economy, efficiency, and effectiveness in NCUA programs and operations; 2) to improve NCUA financial management; 3) to prevent and detect fraud and abuse in NCUA programs and operations; and 4) to communicate effectively with the NCUA Board, the Congress and other stakeholders. We recognize that our goals and measures are ambitious, especially for a small organization; however, we believe that we will grow stronger through our efforts to meet these challenges.

We further expect that by engaging in this process, we will be able to identify and report on the value we provide to the NCUA, and changes needed to improve our organizational effectiveness and efficiency. We believe that our strong commitment to the Results Act will help us to evaluate and assist the agency's efforts to apply the principles of strategic planning and performance management to all NCUA programs and operations.

The OIG recognizes that strategic planning supported by performance goal setting and measurement is an ongoing process and requires continuous monitoring and reevaluation. We also recognize that our efforts should be carried out in concert with the agency's strategic goals and objectives. Accordingly, we plan to revisit this plan formally on an annual basis, and informally on an ongoing basis, to ensure that it becomes a living document that measures and guides our efforts. We hope that the ultimate outcome will be better service for our customers and stakeholders and increased public confidence in the safety and soundness of our nation's Federal credit union system.



Frank Thomas
Inspector General
October 1998

MISSION

The OIG promotes the economy, efficiency, and effectiveness of NCUA programs and operations, and protects against fraud and abuse to support the NCUA's mission of monitoring and promoting safe and sound credit unions. We accomplish our mission by conducting independent audits, investigations, and other activities, and by keeping the NCUA Board and the Congress fully and currently informed of our work.

VISION

The OIG is an independent, professional organization that contributes to the success of NCUA. Our work products are catalysts for positive change in NCUA programs and activities. We are a highly visible office that provides timely and relevant products to our customers and stakeholders, who feel comfortable seeking our expertise and assistance. We foster an environment of cooperation and communication where employees continually improve their skills and take pride in their work.

INTRODUCTION

The Government Performance and Results Act

The Government Performance and Results Act (Results Act), 31 USC 1115, *et seq.*, signed by President Clinton on August 7, 1993, is the keystone of the Administration's plan to "reinvent government." The aim of the Act is to make the Federal government more efficient, effective, and less costly. To this end, the Results Act requires agencies to: develop strategic plans before FY 1998; prepare annual performance plans setting performance goals beginning FY 1999; and report annually on actual performance compared to the set goals. The first such report is due in March 2000. While the Results Act requirements do not apply to Inspectors General (IG's), most OIG's are undertaking their own Results Act-style plans. The Results Act adds some unique factors to traditional strategic planning, which many IG's, NCUA included, have done for years. By engaging in the Results Act process themselves, OIG's gain the usual benefits of strategic planning, better understand the new way of planning, and can prepare to assist their agencies with the task in the years ahead.

NCUA Plan

As soon as the law was passed, the NCUA began to work on its strategic plan. The agency's goals, objectives, and performance measures have gone through several iterations since the first Results Act product in 1997. NCUA has now clarified its mission statement as follows: "To Monitor and Promote Safe and Sound Credit Unions; Responsibly Administer the Share Insurance Fund; and Encourage Service to the American Consumers, particularly to People of Modest Means; While Providing a Flexible Regulatory Environment and Carefully Managing the Agency's Resources."

The agency's four strategic goals are:

1. Promote a system of financially sound, well managed Federally insured credit unions;
2. Manage a strong, viable, insurance fund to ensure lasting protection for member savings, which promotes public confidence in the financial safety of federally insured credit unions;
3. Provide a regulatory environment that promotes credit union service to people of modest means;
4. Ensure that credit union consumers get the benefits and protections afforded them by law and regulation.

The Office of Inspector General Plan

The ultimate aim of every OIG strategic plan is to use the OIG authorities as mandated in the IG Act to assist the agency to accomplish its mission more economically, efficiently, and effectively. The OIG engaged in its own strategic planning process in 1994, and issued a Strategic and Annual Plan for the years 1995-1999. This new plan, covering 1999-2003, has the same ultimate aim, but takes into account the Results Act and the NCUA's new Strategic and Performance Plans. We reviewed our prior Strategic Plan and the accomplishments identified in our semi-annual reports to Congress, to see what results had already been achieved. The 1995 Plan addressed audit, inspection, investigation, and regulatory review strategies. The Plan devoted two-thirds of OIG audit resources to program audits, primarily examination and supervision related audits, with the balance devoted to administrative audits.

Much of the Plan was accomplished from 1995 through September 1998. The Plan envisioned nine program audits and eight administrative audits for the five year period. During that period, we issued four major program audit reports, five major administrative audit reports, and twelve financial statement reports. In addition, as of September 1998, other audit activity included one administrative audit and one administrative review. During the same period, we issued eleven investigative reports. The OIG was unable to accomplish the complete Plan, at least in part because some audit resources were diverted during 1997-1998, due to the Office of Personnel Management (OPM) audit report. The issuance of the OPM report, detailing examiner hiring irregularities, required shifting priorities from planned audits and proactive investigative work to work on OPM-related audits and investigations.

General Strategy

The OIG's general strategic planning strategy was first, to obtain training on Results Act Strategic Planning and specifically, OIG Performance Measures. We next reviewed the IG Act, the Federal Credit Union Act, and critically analyzed the NCUA's Strategic and Annual Performance Plans and the OIG's current Strategic and Annual Plans for 1995-1999. We also reviewed draft strategic plans for other financial institution regulatory OIG's and selected agencies. Our document is cognizant of NCUA's stated strategic mission and goals, but does not mirror them.

Strategic Planning Process

We began our strategic planning process by involving the entire staff in developing the OIG Mission and Vision Statements. The Assistant Inspector General for Audits and Assistant Inspector General for Investigations then met with each of NCUA's Board members to solicit their views on the planning process and what they envisioned as the most critical issues facing NCUA over the next five years. These meetings were followed by sessions with key Congressional staff members to obtain their views on the major issues facing the financial services industry and the credit union industry in particular. The planning process culminated in a strategic planning session involving all OIG staff in developing the strategic goals; strategic objectives; strategies; annual performance goals; and performance measures to track accomplishment of the OIG's strategic goals.

Under the Results Act, strategic goals should be linked to annual performance goals. This linkage allows Congress and other stakeholders to assess whether an entity is making progress toward achieving its long-term goals and objectives. To establish this linkage, our strategic plan includes objective and measurable annual performance goals that help measure our progress in meeting our strategic goals and objectives.

The OIG recognizes that strategic planning supported by performance goal setting and measurement is an ongoing process that requires continuous monitoring. We recognize the importance of results-oriented goals and alignment with NCUA's strategic goals and objectives. Accordingly, we will continually evaluate our strategic goals and performance plans to ensure consistency with the Results Act, the IG Act, and NCUA's strategic goals.

Stakeholders

Stakeholders are generally defined as those with a stake, or a strong official or institutional interest, in what we do. For the NCUA OIG, stakeholders include the NCUA Board, agency employees, credit unions, the Congress, State Supervisory Authorities (SSA's), and members of the general public. For this report, as noted above, we spoke with NCUA Board members and majority and minority staff members of the House Banking Committee.

Board members were concerned with potential Year 2000 (Y2K) problems, especially credit union liquidity, and the effects of regulatory changes the agency must make pursuant to the Credit Union Membership Access Act of 1998. This legislation overturned the Supreme Court's 1997 ruling that credit unions could not expand beyond their original chartering group. However it went further, by requiring new regulations in several other areas, including credit union community charters, business loans, and legal definitions. Board members also told us that they would find helpful OIG reviews of the agency budget and procurement processes, especially major purchases, and the regulatory activity resulting from the new legislation.

Congressional stakeholders also voiced concern with the long term effects of the new legislation and wanted to ensure that NCUA implements the new legislation to carry out legislative intent.

STRATEGIC GOAL I

PROMOTE ECONOMY, EFFICIENCY, AND EFFECTIVENESS IN NCUA PROGRAMS AND OPERATIONS

Strategic Objective I-1

Maximize benefits to customers and stakeholders by addressing high priority issues

Strategies

- Identify stakeholders' needs, priorities, and interests
- Establish an approach to evaluate and address stakeholders' priorities

Annual Performance Goal

Enhance the impact of OIG activity by establishing a process for prioritizing issues of greatest interest to NCUA and other stakeholders

Performance Measures

- Identify and prioritize issues related to NCUA programs, functions, and activities that are most subject to high risk and vulnerability
- Reassess and revise methodology for prioritization of issues

Strategic Objective I-2

Conduct audits, investigations, and other reviews of priority issues to assist NCUA to fulfill its mission more effectively and efficiently

Strategies

- Conduct audits, investigations, and other reviews of 80-100% of the highest priority areas
- Conduct follow-up reviews on implementation of OIG recommendations
- Review and comment on proposed agency and OIG-related legislation, regulations, and other directives

Annual Performance Goal

- Annually review 15-20% of the highest priority areas
- Achieve a high rate of acceptance and implementation of OIG audit and investigative recommendations
- Annually review NCUA's implementation of OIG recommendations

Performance Measures

- Communicate results of reviews of 15-20% of the highest priority areas
- Achieve 60-80% acceptance of audit and other review recommendations
- Achieve 60-80% implementation of audit and other recommendations accepted by NCUA
- Achieve 60-80% acceptance of investigative recommendations
- Achieve 60-80% implementation of investigative recommendations accepted by NCUA
- Conduct annual follow-up review of implementation of outstanding recommendations

Annual Performance Goal

Maintain an effective program for reviewing and commenting on proposed and existing legislation, regulations, and other directives affecting NCUA and the Inspector General community

Performance Measure

Establish and maintain a legislative, regulatory and directive tracking system

Strategic Objective I-3
Improve agency compliance with the Results Act

Strategies

- Evaluate agency progress in meeting the Results Act goals and performance measures, while conducting all audits and other reviews of NCUA programs and operations
- Verify and validate specific agency performance measures

Annual Performance Goal

Improve agency compliance with the Results Act performance measures

Performance Measure

- Annually review at least one agency strategic goal for compliance with Results Act performance measures
- Evaluate and comment on agency progress in meeting relevant Results Act goals and performance measures, while conducting audits and reviews for current year

STRATEGIC GOAL II

IMPROVE NCUA FINANCIAL MANAGEMENT

Strategic Objective II-1 Improve financial management at NCUA by conducting financial audits

Strategies

- Contract for annual independent audits of NCUA funds
- Monitor and review the completion of the financial audits done by independent contractors and issue a final report incorporating the results of their work
- Assist NCUA managers to strengthen internal controls so that audited financial statements warrant unqualified opinions

Annual Performance Goal

- Timely complete financial statement audits of all four NCUA funds
- Achieve a high percentage of acceptance and implementation of OIG financial statement audit recommendations

Performance Measures

- Issue financial reports within 90 days of the close of the fiscal year
- Achieve 80-90% acceptance and implementation of OIG financial statement audit recommendations

Strategic Objective II-2 Improve financial management at NCUA by reviewing the agency budgeting process

Strategies

- Assist NCUA managers to effectively identify and associate costs with its goals and objectives by conducting meetings with offices of primary interest and performing related audits and management reviews
- Audit/review major procurements (preferably pre-award) for effective cost/benefit analysis

Annual Performance Goal

- Conduct an initial and at least one follow-up meeting jointly or individually with each office of primary interest prior to development of 2000/2001 budget instructions
- Review/comment on 2000/2001 budget instructions

Performance Measure

- Obtain agreement to implement a process to link costs with strategic goals and objectives beginning with the 2000/2001 budget instructions
- Obtain management agreement on 80% of suggested actions.

Annual Performance Goal

- Perform audits/reviews of 2 major procurements

Performance Measures

- Obtain management agreement on 60-80% of recommendations in major procurement audits/reviews

STRATEGIC GOAL III

PREVENT AND DETECT FRAUD AND ABUSE IN NCUA PROGRAMS AND OPERATIONS

<p style="text-align: center;">Strategic Objective III-1 Heighten integrity awareness of NCUA employees and others</p>
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Strategies

- Develop employee training modules on integrity and fraud deterrence
- Conduct employee briefings and training on integrity and fraud deterrence
- Use NCUA and other publications to alert and educate NCUA employees and others
- Revise and distribute OIG brochure

Annual Performance Goal

Develop employee training module on integrity or fraud deterrence

Performance Measure

Develop one employee training module on integrity or fraud deterrence

Annual Performance Goal

Present periodic integrity awareness training and fraud deterrence briefings to all NCUA employees

Performance Measure

Conduct one briefing on integrity and fraud deterrence

Annual Performance Goal

Publish articles in NCUA employee newsletter on integrity and/or fraud deterrence

Performance Measure

Publish one article in NCUA employee newsletter on integrity and/or fraud deterrence

Annual Performance Goal

Distribute revised OIG information brochure with the annual ethics form

Performance Measure

Annually revise and distribute OIG information brochure

Strategic Objective III-2
Prevent fraud and abuse in NCUA programs and operations

Strategies

- Identify NCUA programs/operations that are most susceptible to fraud and misconduct
- Conduct internal control reviews of NCUA programs and operations most susceptible to fraud and misconduct
- Operate OIG Hotline
- Maintain OIG post office box

Annual Performance Goals

Identify NCUA programs/operations that are most susceptible to fraud and misconduct
Conduct internal control reviews of highly susceptible areas

Performance Measures

Select one or two programs/operations most susceptible to fraud and misconduct for review
Conduct one or two internal control reviews of highly susceptible areas

Strategic Objective III-3
Detect fraud and abuse in NCUA programs and operations

Strategies

- Perform proactive investigative and audit work in highly susceptible areas
- Perform reactive criminal and administrative misconduct investigations

Annual Performance Goal

Timely handle all allegations received by conducting preliminary investigations, formal investigations, or referring allegations to management or other entity for appropriate disposition

Performance Measure

Determine appropriate OIG handling of all allegations within 15 days of receipt

STRATEGIC GOAL IV

COMMUNICATE EFFECTIVELY WITH THE NCUA BOARD, THE CONGRESS, AND OTHER STAKEHOLDERS

Strategic Objective IV-1

Improve the NCUA Board, Congress, and other stakeholders' understanding of the OIG role, mission, and operations and keep them informed of problems, deficiencies, and the status of significant issues

Strategies

- Increase OIG visibility in regions and offices
- Issue audit and other reports; management letters; semiannual reports
- Attend Central Office and other management meetings
- Post all OIG audit and semiannual reports to NCUA web page

Annual Performance Goal

Increase the number of OIG contacts, presentations, and written communications with NCUA employees and the public

Performance Measures

- Establish base line number for all OIG presentations and written communications
- Establish base line number for initiated contacts with OIG staff, including requests for audit/investigative work, advice, and assistance
- Establish base line number of OIG staff contacts with regional and central offices and the public
- Establish base line number of OIG written communications with regional and central offices and the public
- Establish base line number of meetings and conferences attended by OIG staff

Annual Performance Goal

Timely post each OIG audit and semiannual report to the NCUA web page

Performance Measure

Forward all audit and semiannual reports to NCUA web master for posting within one week of completion

Strategic Objective IV-2
Contribute to the resolution of integrity, economy, and effectiveness issues affecting the financial institution regulatory community

Strategies

- Work with the President’s Council on Integrity and Efficiency (PCIE), the Executive Council on Integrity and Efficiency (ECIE), GAO, and other OIG’s to identify common issues
- Participate in joint audits and reviews of common issues

Annual Performance Goal

Contribute to the resolution of common issues through participation in joint projects

Performance Measure:

Annually participate in one joint project with external agencies to address common issues

Strategic Objective IV-3
Respond to Congressional, employee, and public concerns, inquiries, and requests for information within the scope of applicable laws and regulations

Strategies

- Communicate with Congressional oversight committees
- Respond efficiently to Freedom of Information Act (FOIA), Privacy Act, and other requests and inquiries from the public

Annual Performance Goal

Respond timely to Congressional requests

Performance Measure

Respond within five days to all Congressional requests

Annual Performance Goal

Respond timely to FOIA, Privacy Act, and other requests and inquiries from the public

Performance Measure

Respond within ten days to all FOIA, Privacy Act, and other requests from the public

ASSESSMENT OF RESOURCES AND KEY EXTERNAL FACTORS

OIG Resources

Staffing

In evaluating our staffing needs for the years 1999 - 2003, we determined that we did not have the staff or the technical capability to address adequately all the critical issues facing the NCUA OIG. In order to address this need, we decided to fill our secretarial slot with a part-time employee and use the other half FTE for a part-time auditor/investigator position. In addition, we are in the process of announcing a vacancy for an electronic data processing (EDP) auditor to respond to the many technological issues facing NCUA and the financial services industry in the years ahead. Once these additional persons are hired, our Office will consist of seven FTE's, including the Inspector General and a part-time secretary. Our staffing resources are augmented periodically by college interns during spring and summer breaks.

Budget

The OIG budget for 1998 totals about \$740,000. Like other OIG offices, personnel costs constitute the majority of our expenses (\$560,000). Because of our small staff, we also rely upon contractors to perform the required financial statement audits of NCUA's Operating Fund, Share Insurance Fund, Central Liquidity Facility, and Community Development Revolving Loan Program. In addition to the financial statement audits, we use contracting dollars for short term, non-recurring projects requiring special capabilities. For example, during 1998, we contracted with the National Academy of Public Administration to assist us in reviewing merit promotion actions at NCUA. Our consulting and contracts budget is approximately \$130,000 annually.

Facilities

The OIG is located in NCUA's Central Office in Alexandria, Virginia. Due to the size of our staff, security of OIG office space is a concern. Our office space is situated on the same floor as other NCUA offices and does not provide a natural separation from the day to day activities of the agency. Consequently, we must take care in discussing ongoing audits and investigations to avoid situations that could compromise our work.

Key External Factors

Credit union environment

NCUA's mission is to monitor and promote safe and sound credit unions. The environment in which credit unions exist is continually changing. Legislation affecting credit unions, such as the recently passed Credit Union Membership Access Act, impacts the way NCUA regulates. The economy, whether national, regional, or local, has a direct influence on the health and operations

of the financial services industry. Fluctuating interest rates, bankruptcies, and unemployment are some of the economic conditions that can adversely or positively affect credit unions. The economic environment influences the way in which NCUA manages its resources and monitors credit unions. NCUA's activities accordingly influence the issues and programs that the OIG reviews.

Changes in NCUA organization

Changes in NCUA's organization, programs, personnel, and technology influence what areas or issues the OIG will review. For instance, NCUA recently established a new office for community development credit unions; NCUA recently assigned more examiner staff to address Y2K issues in credit unions; and NCUA is in the process of revising its automated credit union examination program. These conditions provide a continual challenge to the OIG to remain abreast of the changes.

Changes in NCUA budget

Changes to NCUA's budget may indicate a change in agency resource use and program emphasis. For instance, the agency plans to replace the laptop computers used by all NCUA field examiners in 1999. The budget changes may also change OIG review priorities by showing opportunities for potential savings.

Year 2000 problem

Beginning in the fourth quarter of 1998, we plan to initiate evaluations of NCUA's Y2K actions. This work will occupy a large proportion of our audit resources in 1999, and possibly beyond. Our work will primarily consist of audit surveys and sample reviews. We plan to communicate the results of our work in management letters, rather than audit reports, in order to provide timely feedback to management.

Changes in technology

Changes in automation and telecommunications technology will affect how NCUA collects, analyzes, stores, secures, and communicates information. These changes may introduce additional risks in security, data integrity, internal controls, and backup and contingency capabilities, and will require improvements in the efficiency and effectiveness of the automated systems that support this mission.

Changes in legislation

Changes in the IG Act could greatly alter our planned activities. In 1998, the House considered, but did not pass, several amendments to the IG Act. One of these would have required OIG's to audit their agencies' accomplishment of Results Act performance measures. Such a requirement would absorb most OIG resources, leaving little for other planned audit work. Further amendments to the Federal Credit Union Act, consumer legislation, and related laws and

regulations, could also change the focus of NCUA's activities, causing the OIG to turn its attention to newly required agency operations.

Agency acceptance of OIG recommendations

The agency's acceptance and implementation of OIG recommendations is influenced by: its ability to undertake the recommended changes, budget constraints, and political mandates. For instance, recommendations for new computer systems made in 1999, may not be feasible to implement in 1999 due to Y2K priority claims on NCUA EDP resources.

Receipt of allegations

Our experience has been that few allegations are reported through the OIG Hotline and post office box. One reason may be that NCUA staff are not fully aware that the OIG is an avenue for forwarding allegations of waste, fraud, and abuse. Also, because the agency is small, there may be a perception that identities cannot be kept confidential despite OIG assurances, and that employees may be retaliated against for reporting problems. Accordingly, one of our goals includes publicizing the OIG and its activities more and increasing our visibility in NCUA, especially in the field.

Independence

Because of limited resources, the OIG is dependent upon NCUA for most of its support and services. For example, we use the Office of Human Resources for personnel support; the Office of Technology and Information Services for computer support; and the Office of Training and Development for training services. Perceived criticism in OIG audit and investigative reports may affect the quality of service provided to the OIG.

Staff limitations

Due also to limited resources, OIG auditors are occasionally required to work on investigations. The auditors' dual role of auditing and investigating the same NCUA offices is not always clearly differentiated by auditees. This may affect the amount of cooperation that the audit staff receives from auditees of offices in which the auditor has conducted an investigation.

State supervisory authority organization

State supervisory authority (SSA) examiners are responsible for the regulatory examination of Federally Insured State Chartered Credit Unions (FISCUs). NCUA and SSA's perform joint insurance reviews (examinations) at agreed upon credit unions. Many SSA's follow NCUA examination procedures. Changes in SSA staff, programs, and technology can result in examination shortcomings that could have a negative impact on the National Credit Union Share Insurance Fund (NCUSIF). Accordingly, NCUA provides a significant amount of training and equipment to SSA examiners. It is imperative that NCUA staff at all levels maintain a close

relationship with their counterparts at the SSA's to identify and resolve FISCU problems in a timely manner.

External Studies

We learned from the 1997 OPM audit of NCUA's personnel office that found evidence of improper hiring practices, that a routine anticipated external evaluation can have unexpected consequences for the agency and the OIG. Congress has mandated that Treasury conduct studies at NCUA in the next year, and other GAO reviews are expected. These studies, as well as others, could result in changes in focus for this office.

GLOSSARY

Audit- An audit is any examination or review of policies, procedures, data, information, and reports to evaluate propriety, accuracy, and reliability. The term “audit” is used for financial and performance audits described in the General Accounting Office (GAO) Government Auditing Standards, the “Yellow Book.” An audit results in an audit report that is generally made public.

Audit Follow-up- A systematic process for ensuring that OIG recommendations are timely implemented and documented.

Audit Survey- A limited review of an NCUA program or activity designed to detect potential problems in an area that may be vulnerable to fraud, waste, and abuse.

Base line- Current status, number or amount.

Cost/benefit analysis- An analysis of a program, function or activity, whereby results are measured by their associated costs, and compared to alternatives.

Customers- Consumers of OIG products. These include the NCUA Board, NCUA managers and employees, Congress, GAO, and, occasionally, the public.

Evaluation- A process, other than an audit or investigation, that is aimed at evaluating, reviewing, studying, and/or analyzing selected programs, functions, or activities for the purpose of providing information to managers for decision making, for making recommendations for improvements, and for administrative action.

Executive Council on Integrity and Efficiency (ECIE)- Presidentially established group of inspectors general in designated Federal entities and other officials who meet regularly to identify, review, and discuss areas of vulnerability in Federal programs and develop plans for coordinated activities to address them.

Financial Statement Audit- Audit conducted in accordance with the GAO standards, to provide reasonable assurance about whether the financial statements present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

Integrity awareness program- Proactive briefings by the OIG that complement the NCUA’s ethics program under the Designated Agency Ethics Official and are coordinated with the DAEO. The purpose of the program is to inform NCUA employees of the OIG mission and their responsibilities as Government employees to adhere to the Standards of Conduct for Federal employees and prevent waste, fraud and mismanagement.

Internal Control Review- An assessment of an NCUA program, function or activity, to determine whether management’s plan of organization, methods of operation, and other

procedures ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable financial data are obtained, maintained and fairly disclosed in reports.

Investigation- A process designed to uncover evidence concerning an allegation of criminal or other misconduct against an individual, which will ultimately support the allegation or fail to substantiate it. Investigations are conducted pursuant to the PCIE’s “Quality Standards for Investigations.” An investigation results in an investigative report that is shared only with those NCUA managers with a need to know.

Management Letter- A communication from the IG to NCUA management expressing concerns or other information, not included in a formal audit or other report.

Performance audit- An objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action. This includes economy and efficiency, and program audits, both of which are conducted according to GAO standards.

President’s Council on Integrity and Efficiency(PCIE)- Presidentially established group of inspectors general in Federal departments and other officials who meet regularly to identify, review, and discuss areas of vulnerability in Federal programs and develop plans for coordinated activities to address them.

Proactive Investigation- A generalized review of an office, function, or activity, to identify the existence of fraud indicators or other factors that may lead to a search for evidence of illegal activity or other misconduct.

Stakeholders- Persons or institutions with an interest in the work of the NCUA OIG. These include the NCUA Board, NCUA employees, Congress, especially the committees that oversee the agency, other agency OIG’s, GAO, and the general public.

STRATEGIC GOAL I
PROMOTE ECONOMY, EFFICIENCY AND EFFECTIVENESS IN NCUA PROGRAMS AND OPERATIONS

STRATEGIC OBJECTIVES	STRATEGIES	ANNUAL PERFORMANCE GOALS	PERFORMANCE MEASURES
I-1 Maximize benefits to customers and stakeholders by addressing high priority issues	<p>Identify stakeholders' needs, priorities, and interests</p> <p>Establish an approach to evaluate and address stakeholders' priorities</p>	Enhance the impact of OIG activity by establishing a process for prioritizing issues of greatest interest to NCUA and other stakeholders	<p>Identify and prioritize issues related to NCUA programs, functions, and activities that are most subject to high risk and vulnerability</p> <p>Reassess and revise methodology for prioritization of issues</p>
I-2 Conduct audits, investigations, and other reviews of priority issues to assist NCUA to fulfill its mission more effectively and efficiently	<p>Conduct audits, investigations, and other reviews of 80-100 % of the highest priority areas</p> <p>Conduct follow-up reviews on implementation of OIG recommendations</p> <p>Review and comment on proposed agency and OIG-related legislation, regulations, and other directives</p>	<p>Annually review 15-20 % of the highest priority areas</p> <p>Achieve a high rate of acceptance and implementation of OIG audit and investigative recommendations</p> <p>Annually review NCUA's implementation of OIG recommendations</p> <p>Maintain an effective program for reviewing and commenting on proposed and existing legislation and regulations affecting NCUA and the Inspector General community</p>	<p>Communicate results of reviews of 15-20 % of the highest priority areas</p> <p>Achieve 60-80 % acceptance of audit and other review recommendations</p> <p>Achieve 60-80 % implementation of audit and other recommendations accepted by NCUA</p> <p>Achieve 60-80 % acceptance of investigative recommendations</p> <p>Achieve 60-80 % implementation of audit and other recommendations accepted by NCUA</p> <p>Achieve 60-80 % implementation of investigative recommendations accepted by NCUA</p> <p>Conduct annual follow-up review of implementation of outstanding recommendations</p> <p>Establish and maintain legislative, regulatory, and directive tracking system</p>

<p>I-3 Improve agency compliance with Results Act</p>	<p>Evaluate agency progress in meeting Results Act goals and performance measures, while conducting all audits and other reviews of NCUA programs and operations</p> <p>Verify and validate specific agency performance measures</p>	<p>Improve agency compliance with Results Act performance measures</p>	<p>Annually review at least one agency strategic goal for compliance with Results Act performance measures</p> <p>Evaluate and comment on agency progress in meeting Results Act goals while conducting audits and reviews for current year</p>
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**STRATEGIC GOAL II
IMPROVE NCUA FINANCIAL MANAGEMENT**

STRATEGIC OBJECTIVES	STRATEGIES	ANNUAL PERFORMANCE GOALS	PERFORMANCE MEASURES
<p>II-1 Improve financial management at NCUA by conducting financial audits</p>	<p>Contract for annual independent audits of NCUA funds</p> <p>Monitor and review the completion of financial audits done by independent contractors and issue final report incorporating results of their work</p> <p>Assist NCUA managers to strengthen internal controls so that audited financial statements warrant unqualified opinions</p>	<p>Timely complete financial statement audits of all four NCUA funds</p> <p>Achieve a high percentage of acceptance and implementation of OIG financial statement audit recommendations</p>	<p>Issue financial reports within 90 days of the close of the fiscal year</p> <p>Achieve 80-90 % acceptance and implementation of OIG financial statement audit recommendations</p>
<p>II-2 Improve financial management at NCUA by reviewing the agency budgeting process</p>	<p>Assist NCUA managers to effectively identify and associate costs with its goals and objectives by conducting meetings/discussions with offices of primary interest and performing related audits and management reviews</p> <p>Audit/review major procurements (preferably pre-award) for effective cost/benefit analysis</p>	<p>Conduct an initial and at least one follow-up meeting jointly or individually with each office of primary interest prior to development of 2000/2001 budget instructions</p> <p>Review/comment on 2000/2001 budget instructions</p> <p>Perform audits/reviews of 2 major procurements</p>	<p>Obtain agreement to implement a process to link costs with strategic goals and objectives beginning with the 2000/2001 budget instructions</p> <p>Obtain management agreement on 80 % of significant comments</p> <p>Obtain management agreement on 60-80 % of recommendations in major procurement audits/reviews</p>

STRATEGIC GOAL III
PREVENT AND DETECT FRAUD AND ABUSE IN NCUA PROGRAMS AND OPERATIONS

STRATEGIC OBJECTIVES	STRATEGIES	ANNUAL PERFORMANCE GOALS	PERFORMANCE MEASURES
<p>III-1 Heighten integrity awareness of NCUA employees and others</p>	<p>Develop employee training modules on integrity and fraud deterrence</p> <p>Conduct employee briefings and training on integrity and fraud deterrence</p> <p>Use NCUA and other publications to alert and educate NCUA employees and others</p> <p>Revise and distribute OIG brochure</p>	<p>Develop employee training module on integrity or fraud deterrence</p> <p>Present periodic integrity awareness training and fraud deterrence briefings to all NCUA employees</p> <p>Publish articles in NCUA employee newsletter on integrity and/or fraud deterrence issue</p> <p>Distribute revised OIG information brochure with the annual ethics form</p>	<p>Develop one employee training module on integrity or fraud deterrence</p> <p>Conduct one employee briefing on integrity and fraud deterrence</p> <p>Publish one article in NCUA employee newsletter on integrity and/or fraud deterrence</p> <p>Annually revise and distribute OIG information brochure</p>
<p>III-2 Prevent fraud and abuse in NCUA programs and operations</p>	<p>Identify NCUA programs/operations most susceptible to fraud and misconduct</p> <p>Conduct internal control reviews of NCUA programs and operations most susceptible to fraud and misconduct</p> <p>Operate OIG Hotline</p> <p>Maintain OIG post office box</p>	<p>Identify NCUA programs/operations most susceptible to fraud and misconduct</p> <p>Conduct internal control reviews of highly susceptible areas</p>	<p>Select one or two programs/operations most susceptible to fraud and misconduct for review</p> <p>Annually conduct one or two internal control reviews of highly susceptible areas</p>
<p>III-3 Detect fraud and abuse in NCUA programs and operations</p>	<p>Perform proactive investigative and audit work in highly susceptible areas</p> <p>Perform reactive criminal and administrative misconduct investigations</p>	<p>Timely handle all allegations received by conducting preliminary investigations, formal investigations, or referring allegations to management or other entity for appropriate disposition</p>	<p>Resolve disposition of all allegations within 15 days of receipt.</p>

**STRATEGIC GOAL IV
COMMUNICATE EFFECTIVELY WITH THE NCUA BOARD, THE CONGRESS, AND OTHER STAKEHOLDERS**

STRATEGIC OBJECTIVES	STRATEGIES	ANNUAL PERFORMANCE GOALS	PERFORMANCE MEASURES
<p>IV-1 Improve NCUA Board, Congress, and other stakeholders' understanding of the OIG role, mission, and operations and keep them informed of problems, deficiencies, and the status of significant issues</p>	<p>Increase OIG visibility in regions and offices</p> <p>Issue audit and other reports, management letters, semi-annual reports</p> <p>Attend Central Office and other management meetings</p> <p>Post all OIG audit and semiannual reports to NCUA web page</p>	<p>Increase the number of OIG contacts, presentations, and written communications with NCUA employees and the public</p> <p>Timely post each OIG and semiannual report to the NCUA web page</p>	<p>Establish base line number for all OIG presentations and written communications</p> <p>Establish base line number for initiated contacts with OIG staff, including requests for audit/investigative work, advice, and assistance</p> <p>Establish base line number of OIG staff contacts with regional and central offices and the public</p> <p>Establish base line number of OIG written communications with regional and central offices and the public</p> <p>Establish base line number of meetings and conferences attended by OIG staff</p> <p>Forward all audit and semiannual reports to NCUA webmaster for posting, within one week of completion</p>
<p>IV-2 Contribute to the resolution of integrity, economy, and effectiveness issues affecting the financial institution regulatory community</p>	<p>Work with the PCIE, ECIE, GAO, and other OIG's to identify common issues</p> <p>Participate in joint audits and reviews of common issues</p>	<p>Contribute to the resolution of common issues through the participation in joint projects</p>	<p>Annually participate in one joint project with external agencies to address common issues</p>

<p>IV-3 Respond to Congressional, employee, and public concerns, inquiries and requests for information within the scope of applicable laws and regulations</p>	<p>Communicate with Congressional oversight committees</p> <p>Respond efficiently to FOIA, Privacy Act, and other requests and inquiries from the public</p>	<p>Respond timely to Congressional requests</p> <p>Respond timely to FOIA, Privacy Act and other requests and inquiries from the public</p>	<p>Respond within five days to all Congressional requests</p> <p>Respond within ten days to all FOIA, Privacy Act, and other requests from the public</p>
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