



**BOARD ACTION MEMORANDUM**

**TO:** NCUA Board **DATE:** December 15, 2011  
**FROM:** Chief Financial Officer **SUBJ:** 2012 Budget for NCUA  
Guaranteed Note  
Securities Management  
and Oversight

**ACTION REQUESTED:** The National Credit Union Administration (NCUA) Board approval of the 2012 budget for NCUA Guaranteed Note (NGN) Securities Management and Oversight.

**DATE ACTION REQUESTED:** December 15, 2011

**OFFICES CONSULTED:** The Office of Examination and Insurance, the Office of General Counsel, and the Asset Management and Assistance Center.

**VIEWS OF OFFICES CONSULTED:** All concurred

**BUDGET IMPACT:** Presented below

**RESPONSIBLE STAFF MEMBERS:** Chief Financial Officer MaryAnn Woodson, Office of Examination and Insurance Director Larry Fazio

**SUMMARY:** The purpose of this action is to request Board approval of the 2012 budget for NGN Securities Management and Oversight and supporting offices. These resources will ensure that NCUA fulfills its ongoing responsibilities under the NGN Program in a manner that promotes transparency, efficiency, and accountability.

By Board action on August 29, 2011, the NGN Securities Management and Oversight Committee was created and funded by the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) through December 31, 2011. As set forth under the provisions of the August 29, 2011 action, as well as following Board guidance in establishing the 2012 budget, the Oversight Committee held its inaugural meeting on November 9, 2011 and subsequently formulated its 2012 budget. The budget requested is \$7,710,000 and is 37 percent lower than the preliminary budget estimate of \$12,238,000 as noted at the August board meeting.

## **Oversight Budget**

This action requests the funding of \$7,710,000, as presented in Exhibit I, 2012 Oversight Budget. The 2012 budget includes costs incurred by NCUA offices in support of the NGN Program.

Outside of personnel costs, funding is needed for various administrative expenses. Such NGN Program administration needs include, but are not limited to:

- Overseeing security valuations, which includes modeling forecasts of cash flows and credit losses (NGN Analytics);
- Processing complex accounting transactions and developing related policies and procedures;
- Preparing monthly and year-end financial reports; and
- Supporting the TCCUSF financial statement audit and any other audits (e.g., audits by the U.S. Government Accountability Office).

## **RECOMMENDED ACTION:**

Staff recommend that the NCUA Board approve the 2012 budget of \$7,710,000 for NGN Securities Management and Oversight .

**EXHIBIT I****2012 Oversight Budget**

Category	Budget
Employee Pay and Benefits	\$ 680,000
Travel	15,000
Rent, Communications, Utilities	-
Administrative	-
Contracted Services	
Consulting	3,600,000
Vendors	2,350,000
Software/Data Subscriptions	815,000
Legal	250,000
	<u>\$ 7,710,000</u>