

NCUA

National Credit Union Administration



Office of Inspector General 2014 – 2019 Strategic Plan





MESSAGE FROM THE INSPECTOR GENERAL

The National Credit Union Administration's Office of Inspector General (OIG) is pleased to present our Strategic Plan for fiscal years 2014 to 2019. This document outlines the OIG's strategic goals and objectives; which includes: 1) promoting the integrity, efficiency, and effectiveness of NCUA programs and operations to ensure the OIG will continue to provide effective and objective oversight; 2) improve NCUA financial management; 3) prevent and detect fraud, waste, and abuse in NCUA programs and operations, and 4) communicate effectively with the NCUA Board, the Congress, and other stakeholders.

We expect that by engaging in this process, we will be able to identify and report on the value we provide to the NCUA, and the changes needed to improve our organizational effectiveness and efficiency. We believe our strong commitment to the Government Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010 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.

This strategic plan is the outcome of the direct participation of the OIG staff, feedback from NCUA management, and our experience with previous strategic plans. As described herein, we maintain a risk-based approach to our work. This approach has allowed the OIG's work to evolve from an appraisal activity, where the focus is on the control environment, into a program of integrated risk assessment and mitigation, conducted in consultation with agency management.

Our stated vision directly ties the OIG's goals and objectives to the agency's strategic and performance plans and recognizes that strategic planning is an ongoing process that requires continuous monitoring and reevaluation. Accordingly, we plan to revisit this plan formally on an annual basis, and informally on an ongoing basis, to ensure 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.

A handwritten signature in black ink, appearing to read "James W. Hagen".

James W. Hagen
Inspector General



MISSION

The OIG promotes the economy, efficiency, and effectiveness of NCUA programs and operations, and detects and deters fraud, waste, and abuse, thereby supporting NCUA's mission of monitoring and promoting a safe and sound federally insured credit union system. 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

On January 4, 2011, President Obama signed into law the GPRA Modernization Act of 2010 (the Act), Public Law 111-352. The Act modernized the Federal government's performance management framework, retaining and amplifying aspects of the Government Performance and Results Act of 1993 while also addressing some of its weaknesses. In addition, the Act reinforces key elements of the Administration's approach to improving the effectiveness and efficiency of government by requiring leaders to set clear, ambitious goals for a limited number of outcome-focused and management priorities. In addition, the Act ensures agencies measure, analyze, and communicate performance information to spread successful practices and prevent or correct those that are problematic and requires leaders to frequently conduct in-depth performance reviews to drive progress on their priorities.

The Act also emphasizes the use of goals and measures to improve outcomes, and requires the Federal Government to adopt a limited number of crosscutting goals, defined as objectives. Agencies are still required to develop strategic plans, prepare annual performance plans, set performance goals, and report annually on actual performance compared to the established goals. Although the GPRA requirements do not statutorily apply to OIGs, most OIGs have traditionally developed their own plans patterned on the requirements of the Act, NCUA OIG included. By further engaging in this process under the Results Act, OIGs gain the expected benefits of strategic planning and can assist their agencies with that task in the years ahead.

The NCUA Plan

In preparing its Strategic Plan, the agency's goals, objectives, and performance measures have gone through several iterations since the first GPRA product in 1997. NCUA's current mission statement reads as follows:

[P]rovide, through regulation and supervision, a safe and sound credit union system which promotes confidence in the national system of cooperative credit.

NCUA's four strategic goals are:

1. Ensure a safe, sound, and healthy credit union system;
2. Promote credit union access to all eligible persons;
3. Further develop a regulatory environment that is transparent and effective, with clearly articulated and easily understood regulations; and
4. Cultivate an environment that fosters a diverse, well-trained, and motivated staff.



THE OFFICE OF INSPECTOR GENERAL PLAN

The ultimate goal of every NCUA OIG strategic plan is to carry out the OIG’s responsibilities as mandated in the Inspector General Act to assist the agency in accomplishing its mission more economically, efficiently, and effectively. The OIG first engaged in its own strategic planning process in 1994, and at that time issued a Strategic Plan for the years 1995-1999. Subsequently, the OIG has issued plans covering 1999-2003, 2004-2008, and 2009-2013, which encompassed the original aim but also took into account the GPRA as well as NCUA’s Strategic and Performance Plans. The OIG developed this current five-year Strategic Plan after consideration of the GPRA, the GPRA Modernization Act of 2010, as well as NCUA’s most recent Strategic and Performance Plans. In addition, and perhaps most significantly, the OIG considered existing industry and agency environments as well as current trends affecting both federally insured credit unions and the Federal government.

Strategic Planning Process

We conducted our strategic planning process by involving the entire OIG team in developing our strategic plan. We subsequently afforded the NCUA Board members and senior staff the opportunity to review the draft plan and provide their views and comments. Our final Plan reflects the input we received throughout this process.

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 evolving strategic goals and objectives. Accordingly, we will continually evaluate our strategic goals and performance plans to ensure compatibility with the GPRA, the GPRA Modernization Act, the IG Act, and NCUA’s strategic goals.

Stakeholders

Stakeholders are generally defined as those with a strong official or institutional interest in what the OIG does. For the NCUA OIG, stakeholders include the NCUA Board, the Congress, agency employees, the credit union community, and the public.

OIG Resources

Staffing

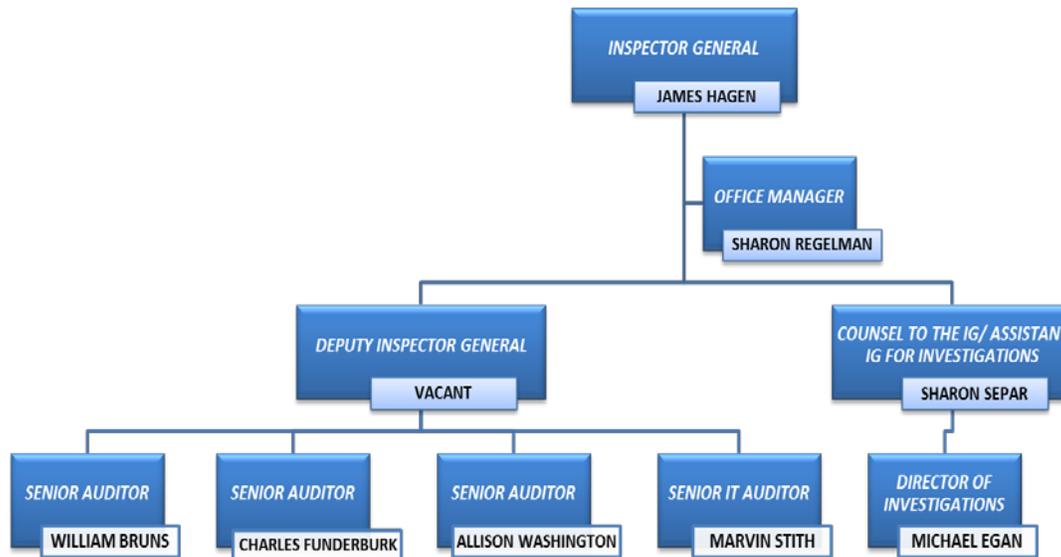
The OIG has nine full-time equivalent positions consisting of:

- Inspector General
- Deputy Inspector General (Vacant)
- Counsel to the Inspector General/Assistant IG for Investigations



- Director of Investigations
- Three (3) Senior Auditors
- Senior Information Technology Auditor
- Office Manager

The OIG also augments its staff, as necessary, with contractor or other external assistance.



Budget

The OIG current budget is approximately \$3.6 million. As mentioned above, because of limited resources, the OIG relies upon contractors to perform the financial statement audits of NCUA’s Operating Fund, Share Insurance Fund, Central Liquidity Facility, Community Development Revolving Loan Fund, and the Temporary Corporate Credit Union Stabilization Fund. The OIG also relies on contractors to assist the OIG in fulfilling our statutory obligations under FISMA and the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) to independently evaluate the agency’s information security program and conduct material loss reviews of failed credit unions, respectively. The OIG periodically uses contractors to assist in investigations where additional investigative resources are necessary or for short-term, non-recurring projects. The OIG consulting and contracting budget is approximately \$1.5 annually.

Key External Factors

Credit Union Environment

NCUA’s mission is to provide, through regulation and supervision, a safe and sound credit union system that promotes confidence in the national system of cooperative credit. The environment



in which credit unions exist is continually changing. Evolving legislation affecting credit unions, such as the Dodd-Frank 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. Specifically, economic conditions such as interest rate, housing market, credit risks, recession, and volatility in global financial markets may drive changes in credit union operations and/or targeted NCUA training in response to potential changes. Accordingly, NCUA's activities influence the issues and programs that the OIG reviews.

Changes in NCUA Organization and Programs

Changes to NCUA's organization, programs, personnel, and technology influence what areas or issues the OIG will review. These conditions provide a continual challenge to the OIG to remain abreast of such changes.

Changes in NCUA budget

Changes to NCUA's budget may indicate a change in agency resource use and program emphasis.

Changes in technology

Changes in automation and telecommunications technology affects 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

New legislation and changes to existing legislation could impact the focus of our office resources. For example, in July 2009, the Dodd-Frank Act raised the NCUA OIG's MRL threshold from \$10 million to \$25 million. However, we are now required to review all credit union failures causing a loss to the Share Insurance Fund for "unusual" circumstances and conduct MLRs when such circumstances exist. Additionally, amendments to the Federal Credit Union Act, consumer legislation, and related laws and regulations, could also change the focus of NCUA's activities, in turn affecting the emphasis of the OIG's activities.

External Studies

External evaluations by other agencies such as GAO, Treasury, or OPM can have unexpected consequences for the agency and the OIG. These studies, as well as studies or evaluations performed under contract for various NCUA offices, could also result in changes in focus for our office.



Congressional Requests

Congressional committees occasionally call upon the OIG community to conduct specific studies or reviews. For example, in February 2013, in response to a congressional request, we reviewed and reported on NCUA's use of contingency fee arrangements with outside counsel hired to handle certain financial securities-related litigation. In addition, in 2012, we received a Senate committee request to conduct an audit regarding the agency's examination process for small credit unions. Such unanticipated congressional requests and the subsequent effect on our resources may result in changes to our priorities.



STRATEGIC GOAL I

Promote Economy, Efficiency, and Effectiveness in NCUA Programs and Operations

Strategic Objective I-1

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 the highest priority areas
- Follow up on implementation of OIG recommendations six months after each report issued and document results
- Review and comment on proposed agency and OIG-related legislation, regulations, and other directives

Performance Measures:

- Complete planned audits and issue reports in a timely and effective manner
- Investigate and issue reports promptly on high priority complaints and referrals
- Achieve acceptance of majority of audit and other recommendations
- Maintain a legislative, regulatory, and directive tracking system

STRATEGIC GOAL II

Improve NCUA Financial Management

Strategic Objective II-1

Improve financial management at NCUA by conducting financial audits

Strategies:

- Ensure performance of annual independent audits of NCUA funds
- Monitor and review the progress of the financial audits done by independent contractors and issue a final report incorporating the results of their work
- Assist NCUA managers in strengthening internal controls so that audited financial statements warrant unqualified opinions

Performance Measures:

- Issue audited financial reports within 45 days of the close of the fiscal year
- Achieve acceptance and implementation of majority of financial statement audit recommendations



STRATEGIC GOAL III

Detect and Deter Fraud, Waste, and Abuse in NCUA Programs and Operations

Strategic Objective III-1

Heighten integrity awareness of NCUA employees and others

Strategies:

- Develop and present 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 as necessary

Performance Measure:

- Conduct annually at least one briefing on integrity and fraud deterrence
- Publish at least one article annually in NCUA employee newsletter on integrity and/or fraud deterrence
- Distribute revised OIG brochure at regional conference as necessary

Strategic Objective III-2

Detect waste, fraud, and abuse in NCUA programs and operations

Strategies:

- Perform investigative and audit work in highly susceptible areas
- Investigate complaints and other indications of criminal and administrative misconduct

Performance Measure:

- Determine appropriate course of action within 15 days of receipt or identification

Strategic Objective III-3

Deter waste, 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
- Monitor OIG Hotline and OIG post office box



Performance Measures:

- Review annually at least one program/operation most susceptible to fraud and misconduct
- Conduct at least one internal control review of highly susceptible areas
- Maintain and record results of OIG Hotline calls and letters

STRATEGIC GOAL IV

Communicate Effectively with the NCUA Board, the Congress, and the Other Stakeholders

Strategic Objective IV-1

Improve the NCUA Board, the 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:

- Periodically brief NCUA Board members
- Increase the OIG's visibility in regions and offices
- Issue audit and other reports, management letters, and semiannual reports
- Attend Central Office, regional, and other management meetings
- Post all OIG audit and semiannual reports to NCUA web page

Performance Measures:

- Conduct quarterly briefings for NCUA Board members
- Conduct OIG presentations and written communications at regular intervals
- Attend Council of Inspectors General on Integrity and Efficiency (CIGIE), Financial Regulatory IG, Interagency Ethics Council, and Council of Counsels for Inspectors General meetings regularly
- Maintain professional contacts with regional and central offices and the public
- Ensure that all audit reports are posted on the NCUA website within three days of issuance to agency management



Strategic Objective IV-2

Contribute to the resolution of integrity, economy, and effectiveness issues affecting the financial institution regulatory community

Strategies:

- Work with the CIGIE, GAO, and other OIGs to identify common issues
- Participate in joint audits and reviews as appropriate

Performance Measure:

- Periodically participate in joint projects with external agencies to address common issues

Strategic Objective IV-3

Respond to Congressional, employee, and public concerns, inquiries, and other requests for information

Strategies:

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

Performance Measure:

- Respond promptly to all Congressional requests
- Respond timely to all FOIA, Privacy Act, and other requests from the public



Glossary of Terms

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.

Council of Inspectors General on Integrity and Efficiency (CIGIE) – Presidentially established group of inspectors general in Federal departments, 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.

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

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.

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.

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 – Briefings by the OIG that complement the NCUA’s ethics program are coordinated with the Designated Agency Ethics Official. 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/ECIE’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.

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.

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.

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	PERFORMANCE MEASURES
<p>I-Conduct audits, investigations, and other reviews of priority issues to assist NCUA to fulfill its mission more effectively and efficiently</p>	<p>Conducts audits, investigations, and other reviews of the highest priority areas</p> <p>Follow up on implementation of OIG recommendations six months after each report issued and document results</p> <p>Review and comment on proposed agency and OIG-related legislation, regulations, and other directives</p>	<p>Complete planned audits and issue reports in a timely and effective manner</p> <p>Investigate and issue reports promptly on high priority complaints and referrals</p> <p>Achieve acceptance of majority of audit and other recommendations</p> <p>Maintain a legislative, regulatory and directive tracking system</p>

STRATEGIC GOAL II

Improve NCUA Financial Management

STRATEGIC OBJECTIVES	STRATEGIES	PERFORMANCE MEASURES
<p>II-1 Improve financial management at NCUA by conducting financial audits</p>	<p>Ensure performance of annual independent audits of NCUA funds</p> <p>Monitor and review the progress of the financial audits done by independent contractors and issue a final report incorporating the results of their work</p> <p>Assist NCUA managers in strengthening internal controls so that audited financial statements warrant unqualified opinions</p>	<p>Issue audited financial reports within 45 days of the close of the fiscal year</p> <p>Achieve acceptance and implementation of majority of financial statement audit recommendations</p>



STRATEGIC GOAL III

Detect and Deter Fraud, Waste and Abuse in NCUA Programs and Operations

STRATEGIC OBJECTIVES	STRATEGIES	PERFORMANCE MEASURES
<p>III-1 Heighten integrity awareness of NCUA employees and others</p>	<p>Develop and present 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 as necessary</p>	<p>Conduct annually at least one briefing on integrity and fraud deterrence</p> <p>Publish at least one article annually in NCUA employee newsletter on integrity and/or fraud deterrence</p> <p>Distribute revised OIG brochure at regional conference as necessary</p>
<p>III-2 Detect waste, fraud, and abuse in NCUA programs and operations</p>	<p>Perform investigative and audit work in highly susceptible areas</p> <p>Investigate complaints and other indications of criminal and administrative misconduct</p>	<p>Determine appropriate course of action within 15 days of receipt or identification</p>
<p>III-3 Deter waste, fraud, and abuse in NCUA programs and operations</p>	<p>Identify NCUA programs/operations that are 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>Monitor OIG Hotline and OIG post office box</p>	<p>Review annually at least one program/operation most susceptible to fraud and misconduct</p> <p>Conduct at least one internal control review of highly susceptible areas</p> <p>Maintain and record results of OIG Hotline calls and letters</p>



STRATEGIC GOAL IV

Communicate Effectively with the NCUA Board, the Congress, and Other Stakeholders

STRATEGIC OBJECTIVES	STRATEGIES	PERFORMANCE MEASURES
<p>IV-1 Improve the NCUA Board, the 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>Periodically brief NCUA Board members</p> <p>Increase the OIG's visibility in regions and offices</p> <p>Issue audit and other reports, management letters, and semiannual reports</p> <p>Attend Central Office, regional, and other management meetings</p> <p>Post all OIG audit and semiannual reports to NCUA web page</p>	<p>Conduct quarterly briefings for NCUA Board members</p> <p>Conduct OIG presentations and written communications at regular intervals</p> <p>Attend CIGIE, Financial Regulatory IG, Interagency Ethics Council, and Council of Counsels for Inspectors General meetings regularly</p> <p>Maintain professional contacts with regional and central offices and the public</p> <p>Ensure that all audit reports are posted on the NCUA website within three days of issuance to agency management.</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 CIGIE, GAO, and other OIG's to identify common issues</p> <p>Participate in joint audits and reviews as appropriate</p>	<p>Periodically participate in joint projects with external agencies to address common issues</p>
<p>IV-3 Respond to Congressional, employee, and public concerns, inquiries, and other requests for information</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 promptly to all Congressional requests</p> <p>Respond timely to all FOIA, Privacy Act, and other requests from the public</p>