

**NATIONAL CREDIT UNION ADMINISTRATION**  
**OFFICE OF INSPECTOR GENERAL**



**STRATEGIC PLAN**  
**2003 - 2008**

## ***MESSAGE FROM THE INSPECTOR GENERAL***

As the newly appointed Inspector General, I am pleased to present the Office of Inspector General (OIG) Strategic Plan (Plan) for 2003-2008. Although the Government Performance Results Act (Results Act) does not apply to Offices of Inspector General, this Plan is designed to meet the Results Act's requirements. Accordingly, this Plan sets forth four strategic goals that implement the OIG's statutory mandate under the Inspector General Act. These goals are: 1) to promote economy, efficiency, and effectiveness in NCUA programs and operations; 2) to improve NCUA financial management; 3) to detect and deter fraud, waste, 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 enhance our effectiveness 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 NCUA, and the 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 intend to revisit this Plan at regular intervals to ensure that it remains a living document that measures and guides our efforts. We envision 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 federally insured credit union system.

Herbert S. Yolles  
Inspector General  
December 2002

## ***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 safe and sound federally insured 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, 31 USC 1115, *et seq.*, was signed into law by President Clinton on August 7, 1993. 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, prepare annual performance plans setting performance goals, and report annually on actual performance compared to the established goals. Reports required under the Results Act must be updated every three years. While the Results Act requirements do not statutorily apply to OIGs, most OIGs are undertaking their own plans patterned on the requirements of the Results Act. The Results Act adds some unique factors to traditional strategic planning, which many OIGs--NCUA included--have engaged in for years. 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.

### **NCUA Plan**

In preparing 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's current mission statement reads as follows:

*Our charge is to foster the safety and soundness of federally insured credit unions and to better enable the credit union community to extend availability of financial services for provident and productive purposes to all who seek such service, while recognizing and encouraging the historical emphasis by credit unions on extension of financial services to those of modest means.*

*We do this by managing the NCUSIF in an efficient and prudent manner, and establishing a regulatory environment that encourages innovation, flexibility, and continued focus on attracting new members and improving financial service to existing members.*

The agency's five strategic goals are:

1. Promote a system of financially healthy, well-managed federally insured credit unions able to withstand economic volatility;
2. Facilitate credit unions' ability to safely integrate financial services and emerging technology in order to meet the changing expectations of their members;
3. Create a regulatory environment that will facilitate credit union innovation to meet member financial service expectations;

4. Enable credit unions to leverage their unique place in the American financial system to extend availability of service to all who seek such service, while encouraging and recognizing their historical emphasis on servicing those of modest means; and
5. Enhance NCUA's organization to continue to work with the credit union community in creating an environment that enables credit unions to continue to flourish while addressing the challenges of the 21<sup>st</sup> century.

## **The Office of Inspector General Plan**

The ultimate aim of every 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 issued a second plan, covering 1999-2003, encompassing the original aim but also taking into account the Results Act as well as NCUA's Strategic and Performance Plans. Our current Plan was developed after consideration of the Results Act, NCUA's most recent Strategic and Performance Plans and, perhaps most significantly, the existing industry and agency environments as well as emerging 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 Results 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, agency employees, the credit union community, the Congress, and the general public.

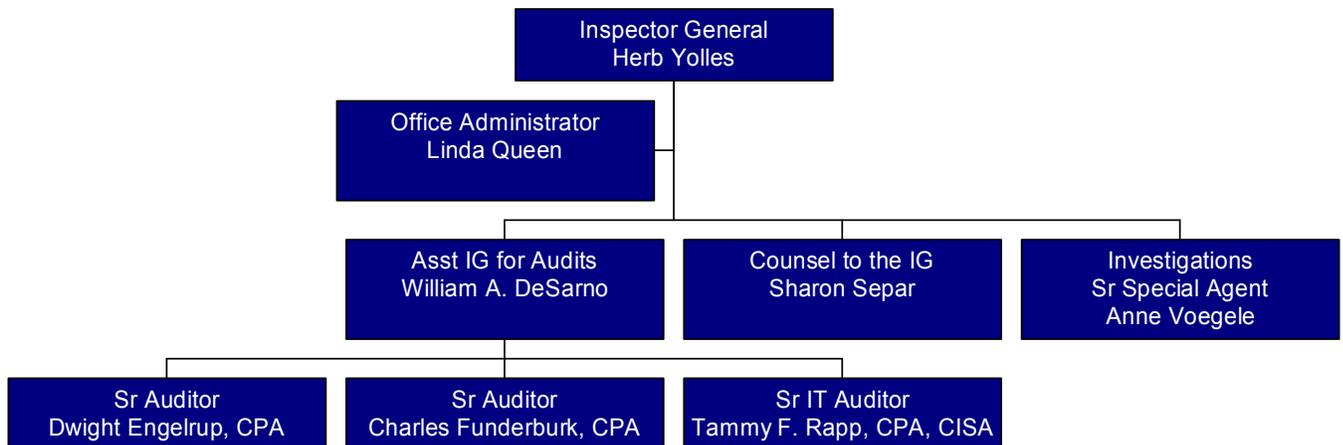
## ***ASSESSMENT OF RESOURCES AND KEY EXTERNAL FACTORS***

### **OIG Resources**

#### Staffing

The OIG staff currently consists of eight staff members who occupy the following positions:

- Inspector General
- Assistant Inspector General for Audits
- Counsel to the Inspector General
- Senior Special Agent
- Two (2) Senior Auditors
- Senior Information Technology Auditor
- Office Manager



Moreover, we augment our staff as necessary with contractor or other external assistance.

#### Budget

The OIG budget for 2003 totals approximately \$1.4 million. Like other OIG offices, personnel costs constitute the majority of our expenses. As mentioned above, because of our limited resources, we rely upon contractors to perform the financial statement audits of NCUA's Operating Fund, Share Insurance Fund, Central Liquidity Facility, and Community Development Revolving Loan Program. We also rely on a contractor to assist us in fulfilling our statutory obligation under GISRA to independently evaluate the agency's information security program. We periodically use contractors to assist in investigations where additional investigative resources are necessary to manage our caseload. In addition, we use contracting dollars for some short term, non-recurring projects. Our consulting and contracting budget is approximately \$300,000 annually.

## **Key External Factors**

### Credit union environment

NCUA's mission is to monitor and promote safe and sound federally insured credit unions. The environment in which credit unions exist is continually changing. Evolving legislation affecting credit unions, such as the USA PATRIOT 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 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 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

New legislation and changes to existing legislation could impact the focus of our office resources. For example, passage of the Government Information Security Reform Act in 2001, requires OIG's to perform annual independent evaluations of their respective agency's security systems. Further 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

OIGs are occasionally called upon by various congressional committees to conduct specific studies or reviews. For example, in 2002, in response to a congressional request, we reviewed and reported on employee misuse of government travel and purchase cards. In addition, in 2001, OIGs were requested to review their agency's use of internet "cookies" and the collection of personally identifiable information. 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***

<p style="text-align: center;"><b>Strategic Objective II-1</b> <b>Improve financial management at NCUA by conducting financial audits</b></p>
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#### **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 90 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 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 Executive Council on Integrity and Efficiency (ECIE), 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 and semiannual reports are posted on the NCUA website within 30 days 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 ECIE, 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***

**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.

**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-** 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’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.

**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
I-Conduct audits, investigations, and other reviews of priority issues to assist NCUA to fulfill its mission more effectively and efficiently	<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
II-1 Improve financial management at NCUA by conducting financial audits	<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 90 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
III-1 Heighten integrity awareness of NCUA employees and others	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	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
III-2 Detect waste, fraud, and abuse in NCUA programs and operations	Perform investigative and audit work in highly susceptible areas  Investigate complaints and other indications of criminal and administrative misconduct	Determine appropriate course of action within 15 days of receipt or identification
III-3 Deter waste, fraud, and abuse in NCUA programs and operations	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	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 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 Executive Council on Integrity and Efficiency (ECIE), 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 and semiannual reports are posted on the NCUA website within 30 days 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 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>