

Office of Inspector General

FY 2005 Performance Report

October 1, 2004 - September 30, 2005



FDIC Office of Inspector General Strategic Plan Framework (2004-2008)

Vision

The agency and Congress see us as a valuable part of the Corporation and we are viewed as one of the best OIGs in government.

Mission

The Office of Inspector General promotes the economy, efficiency, and effectiveness of FDIC programs and operations, and protects against fraud, waste, and abuse, to assist and augment the FDIC's contribution to stability and public confidence in the nation's financial system.

Strategic Goals

Value and Impact

OIG products will add value by achieving significant impact related to addressing issues of importance to the Chairman, the Congress, and the public

Communication and Outreach

Communications between the OIG and the Chairman, the Congress, employees, and other stakeholders will be effective

Human Capital

The OIG will align its human resources to support the OIG mission

Productivity

The OIG will effectively manage its resources

Strategic Objectives

OIG will contribute to ensuring the:

- Protection of insured depositors
- Safety & soundness of FDIC-supervised institutions
- Protection of consumer rights
- Achievement of recovery to creditors of receiverships
- Effective management of agency resources

OIG will foster effective:

- Agency relations and communications
- Congressional relations and communications
- OIG employee relations and communications
- Relations and communications with other OIG stakeholders

OIG will enhance:

- Workforce analysis and planning
- Competency investments
- Leadership development
- The development of a results-oriented high performance culture

OIG will ensure:

- OIG processes are efficient
- OIG products meet quality standards

Core Values

Communication

Objectivity

Responsibility

Excellence

Inspector General Foreword

This report presents the results of our performance compared to our fiscal year (FY) 2005 annual performance goals. It not only conveys the results of our audits and investigations of corporate programs and operations but also examines our own performance and the extent to which we have achieved the internal organizational goals that drive our work.

The four overall strategic goals, each with a number of subgoals, that we have pursued during FY 2005 can be summarized as follows:

- **OIG Products Add Value and Achieve Significant Results**
- **The OIG Effectively Communicates with Stakeholders**
- **The OIG Aligns Human Resources to Support the OIG Mission**
- **The OIG Effectively Manages Resources**

I am pleased to report that we met or substantially met 31 of our 37¹ annual performance goals, or 84 percent of our goals in the above areas. This compares to an achievement level of 76 percent in FY 2004. I would point out that performance cannot be evaluated based solely on a statistical summary of measures. It is, however, very constructive for us as an organization to consider each of our four strategic goals, examine how well we achieved them, and learn what we might do differently in the future to accomplish even more in those areas. These considerations are and will continue to be ongoing.

I invite all OIG staff to view our performance results and provide additional feedback to me or any other member of the executive staff in the spirit of our continuing efforts to be the best OIG in government. I especially thank all OIG staff who worked in pursuit of our FY 2005 goals and all stakeholders who both challenged and supported us in carrying out our performance plan during the past fiscal year.

¹ Originally, there were 39 goals in our FY 2005 Performance Plan. However, one goal was subsequently combined with another goal and a second goal was considered not applicable because the event needed to “trigger” the goal did not occur.

OIG FY 2005 Performance Report

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Background

Nature and Purpose of the OIG's Annual Performance Report

The Office of Inspector General develops its own independent strategic plan and annual performance plan. These plans are designed to establish goals to measure performance consistent with the principles of the Government Performance and Results Act (GPRA or Results Act). This report presents our performance against our FY 2005 Performance Plan (October 1, 2004 – September 30, 2005), focusing on the most meaningful annual measures related to achieving our strategic goals and objectives.

Relationship to the FDIC's Annual Report

To help streamline its reporting process, the FDIC redesigned its Annual Report for 2002 by combining its GPRA Program Performance Report, Chief Financial Officers Act Report, and traditional Annual Report. The Performance Results section of the combined report presents and summarizes the Corporation's performance against its annual performance goals. The Corporation's annual performance goals address its mission to "*Maintain the stability and public confidence in the nation's financial system...*" under four strategic goals: (1) Insured depositors are protected from loss without recourse to taxpayer funding; (2) FDIC-supervised institutions are safe and sound; (3) Consumers' rights are protected and FDIC-supervised institutions invest in their communities; and (4) Recovery to creditors of receiverships is achieved. We believe that accomplishing the OIG's strategic and annual goals and objectives contributes to the Corporation's achievement of its mission and goals and objectives.

The requirement for an annual performance report under the Results Act applies to the agency as a whole rather than to the OIG as a separate component. However, because of the unique mission and independent nature of Inspectors General under the Inspector General Act, we prepare separate strategic and annual plans and reports, rather than integrating OIG goals and results into the Corporation's plans and reports.

Relationship to the OIG's Semiannual Report to the Congress

Annual performance reports of OIGs prepared under the Results Act differ from semiannual reports of OIGs prepared under the Inspector General Act. The two reports differ with respect to the time periods covered (12 months vs. 6 months) and the specific reporting requirements. Because both types of reports present OIG accomplishments to the Congress, we generally include our annual performance report as a separate but integral component of our Semiannual Report to the Congress covering the six-month period ending September 30.

Statistical Summary of Performance

The following table provides a statistical summary of our performance by strategic goal for FY 2005. The table reflects the number of annual performance goals that were *Met*, *Substantially Met*, or *Not Met*.

Strategic Goals	FY 2005 Annual Performance Goal Accomplishment ² (Number of Goals)			
	Met 	Substantially Met ³ 	Not Met 	Total
1. OIG Products Add Value and Achieve Significant Impact	6	1	3	10
2. Communication With Stakeholders is Effective	6	0	1	7
3. Human Resources are Aligned to Support the OIG Mission	2	1	0	3
4. The OIG Effectively Manages Resources	12	3	2	17
Total	26	5	6	37
Percentage	70%	14%	16%	100%

As shown in the table, overall we met or substantially met 31 of our 37 annual performance goals for FY 2005 (84 percent). For the previous reporting period (FY 2004), we had a 76 percent level of achievement of goals met or substantially met (see table on page 38). Organizational performance cannot be evaluated based solely on a statistical summary of measures – given that all measures are not equal in weight and the quality of the measures is still evolving. A summary level discussion of our performance by strategic goal area is presented in the *Performance Overview* section.

² A detail listing showing goal status for each FY 2005 performance goal is provided beginning on page 34. If the FY 2005 goal had a similar goal in 2004, the detail listing also shows goal accomplishment for 2004.

³ Unless otherwise noted, a quantitative goal was considered substantially met if actual performance came within 10 percent of the target level of performance. Twenty-six (26) of our 37 goals are considered quantitative goals in that they set specific quantitative targets for performance.

Performance Overview

As indicated previously in the statistical summary section, overall we met or substantially met 31 of our 37 performance goals (84 percent) in FY 2005. Presented below is a brief overview of our performance for each of the four strategic goals. A discussion of individual goal accomplishment is presented in the next section and a detailed listing of goal accomplishment is presented beginning on page 34.

Strategic Goal 1: OIG Products Add Value and Achieve Significant Impact

We met or substantially met 7 of our 10 performance goals to add value and achieve significant impact with our products and services under Strategic Goal 1. Of particular note, we achieved a 1.73 to 1 ratio of monetary benefits to operating costs for our audit operations, as measured over a three-year period. In other words, we received a return of \$1.73 for each dollar spent on our audit operations over the past three years. This exceeded our goal of achieving a 1:1 ratio. On the investigation side, 80 percent of our investigation cases that were accepted for prosecution resulted in convictions, pleas, and/or settlements, which significantly exceeded our target of 70 percent.

On a less positive note, we concluded that we did not meet two goals related to improving client satisfaction with our audit, evaluation, and investigation functions. As reflected in our annual client survey, FDIC executives voiced concerns about various aspects of our core functional areas. Many of these concerns were similar to those raised in previous client surveys. We have developed action steps to address these concerns as well as other opportunities for improvement identified through the survey. We also recognize that a certain tension between the OIG and its clients may be inherent in the nature of our mission and have some bearing on client survey results.

Strategic Goal 2: Communication with Stakeholders is Effective

We met or substantially met six of our seven performance goals to foster effective communications and outreach with our stakeholders under Strategic Goal 2. Significant efforts in support of this strategic goal during the year included cosponsoring an *Emerging Issues in Banking* symposium with the Federal Reserve Board and Department of Treasury OIGs, hosting an open house in our Electronic Crimes Unit laboratory for FDIC executives, and continuing to meet regularly with FDIC executives and managers in both headquarters and regional offices.

Strategic Goal 3: Human Resources are Aligned to Support the OIG Mission

We met or substantially met all three of our performance goals to align human resource to support the OIG mission under Strategic Goal 3. Key results under this strategic goal included establishing an OIG mentoring program and participating in the IG community's pilot implementation of e-learning training courses.

Strategic Goal 4: The OIG Effectively Manages Resources

We met or substantially met 15 of our 17 performance goals to effectively manage OIG resources under Strategic Goal 4. One of our more significant accomplishments under this strategic goal was to develop a new web-based Investigations Data System that will significantly improve the previous system's availability and performance through improved technology.

Performance By Strategic Goal Area

This section presents a discussion of individual goal accomplishment by strategic goal area. The achievement status of each performance goal is graphically represented by arrows utilizing a traffic light color system as follows:



Green Arrow – Goal Met



Yellow Arrow – Goal Substantially Met



Red Arrow – Goal Not Met

Strategic Goal 1: OIG Products Add Value and Achieve Significant Impact

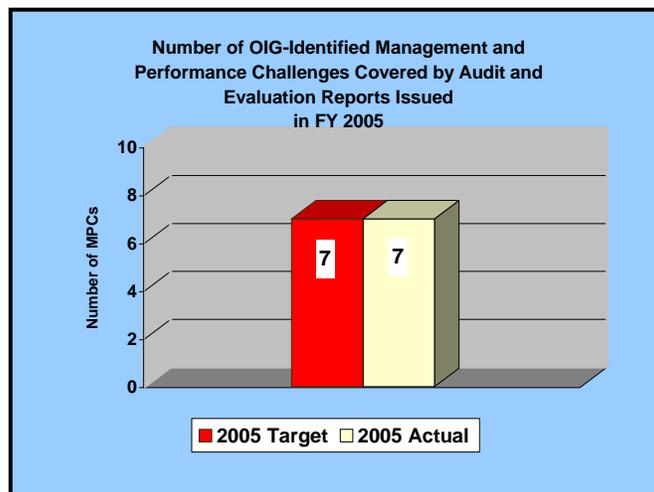
Overall, we met or substantially met 7 of our 10 annual performance goals (APG) under Strategic Goal 1. The 10 goals are further discussed below.



APG 1.0.1 – *Issue audit and evaluation reports covering all 7 OIG-identified risk-based management and performance challenges (MPC)*

As shown in the following graph, we met this goal. During FY 2005, the OIG issued 40 audit and evaluation reports covering all 7 OIG-identified risk-based management and performance challenges (MPCs) facing the Corporation.

Met



The seven MPCs covered included the following.

- Management and Analysis of Risks to the Insurance Funds
- Security Management
- Money Laundering and Terrorist Financing
- Corporate Governance in FDIC
- Resolution and Receivership Activities
- Protection of Consumer Interests
- Corporate Governance in Insured Depository Institutions



APG 1.0.2 – Issue an average of 2.5 reports per team

As shown in the following graph, we met this goal. During the fiscal year, OA’s 16 audit and evaluation teams issued a total of 40 reports for an average of 2.5 reports per team.

Met

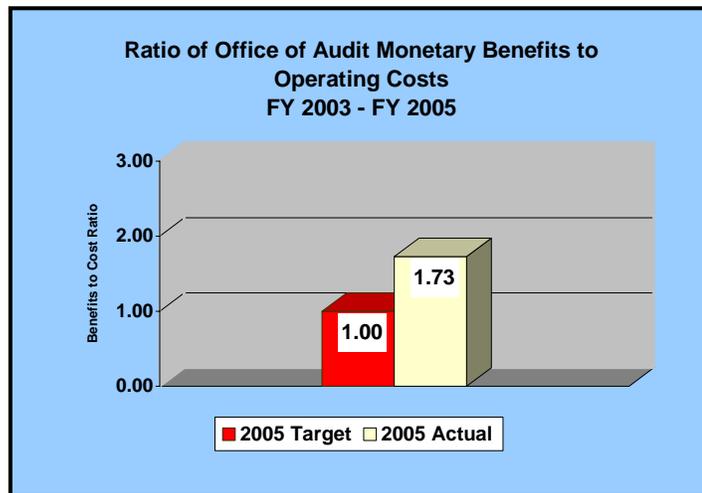




APG 1.0.3 – Maintain a ratio of monetary benefits to Office of Audits operating costs of at least \$1.00 to \$1.00, as measured over a 3-year period

As shown in the following graph, we met this goal. From October 1, 2002 to September 30, 2005, monetary benefits resulting from audit and evaluation reports totaled \$70,891,073 in relation to Office of Audits operating costs of \$40,999,230 for a ratio of 1.73 to 1 (or a return of \$1.73 for each dollar spent.) This is above the target ratio of 1 to 1. (Note: For purposes of this goal, Office of Audits operating costs are based on outlays during the reporting period, and do not include an allocation of outlays of other OIG components and certain OIG-wide non-recurring expenses.)

Met





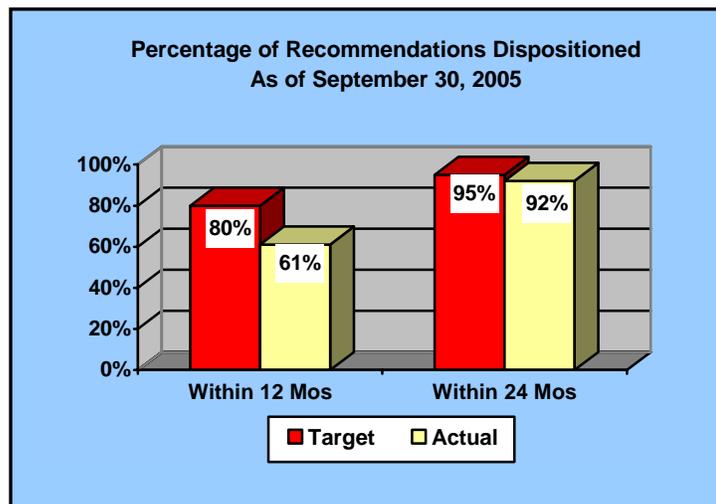
APG 1.0.4 – *Disposition 80 percent of recommendations within 12 months of report issuance or 95 percent of recommendations within 24 months of report issuance*

As shown in the graph below, we substantially met this goal. This assessment of goal performance was based on substantially meeting the 24-month criteria as explained below. Satisfaction of one of the two criteria was needed to meet or substantially meet the goal.

12-Month Criteria: Attaining the 80 percent goal required dispositioning 122 of the 153 recommendations contained in FY 2004 reports. Ninety-three, or 61 percent, of these recommendations were dispositioned within 12 months of report issuance. Eight recommendations were not dispositioned within 12 months of report issuance and 52 were not dispositioned. Thirteen of the recommendations not dispositioned or not dispositioned timely were being reviewed by our office. If our office completed action on these recommendations, we would have dispositioned a total of 106 recommendations (69 percent), a number that falls under the thresholds of meeting (80 percent) or substantially meeting (72 percent) the goal. Therefore, this portion of the goal was neither met nor substantially met.

24-Month Criteria: Attaining the 95 percent goal required dispositioning 276 of the 290 recommendations contained in reports issued from April 1, 2002 to September 30, 2003 (April 1, 2002 is when dispositioning actions began). We dispositioned 266, or 92 percent, of these recommendations within 24 months of report issuance. Of the remaining 24 recommendations, 3 were dispositioned after 24 months of report issuance and 21 were not dispositioned. To substantially meet this goal, 86 percent to 94 percent of the recommendations needed to be dispositioned within 24 months. Therefore, at 92 percent, we substantially met this portion of the goal.

Substantially Met

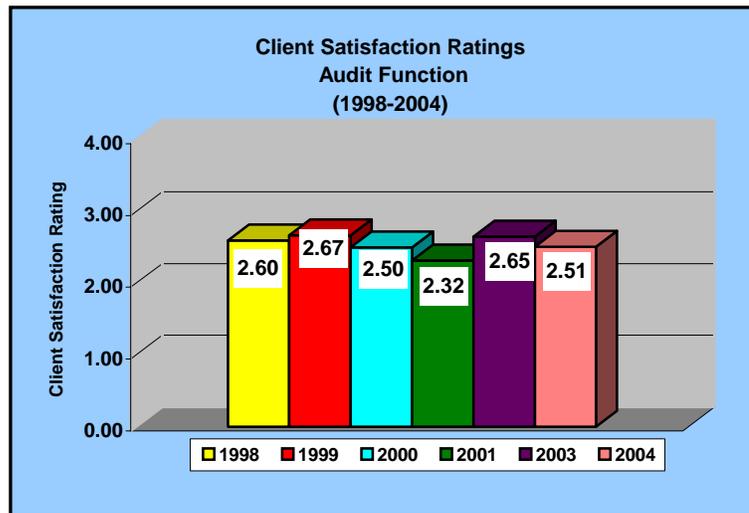




APG 1.0.5 – Achieve a level of FDIC senior executive client satisfaction with the audit function 5 percent above the level achieved in the client survey for 2004

We did not meet this goal. Due to significant changes in the client survey methodology in 2005, a quantitative assessment of performance against this goal was not possible. Therefore, our determination of goal achievement was based on a qualitative assessment of responses in the 2005 client survey report. Based on this assessment, we concluded that the goal, or more accurately the intent of the goal (i.e., to improve client satisfaction with the audit function) was not met. For example, a greater percentage of senior level executives rated the overall value of the audit function negatively in 2005 (30%) than they did in 2004 (8%). Further, a smaller percentage of senior executives rated the overall value of the audit function positively in 2005 (18%) than they did in 2004 (38%). A similar response pattern existed for the second-tier level executives (52% rated the audit function negatively in 2005 versus 17% in 2004 and 20% rated the audit function positively in 2005 versus 40% in 2004.)

The graph below shows client satisfaction ratings for the audit function from 1998 to 2004.



Note: Due to the abbreviated transition year period, a client survey was not conducted in 2002.

APG 1.0.6 – Achieve a level of FDIC senior executive client satisfaction with the evaluation function 5 percent above the level achieved in the client survey for 2004

For performance reporting purposes, we combined this goal with the client satisfaction goal for the audit function (APG 1.0.5).

The graph below shows prior years' (1999-2004) client satisfaction ratings for the evaluation function.



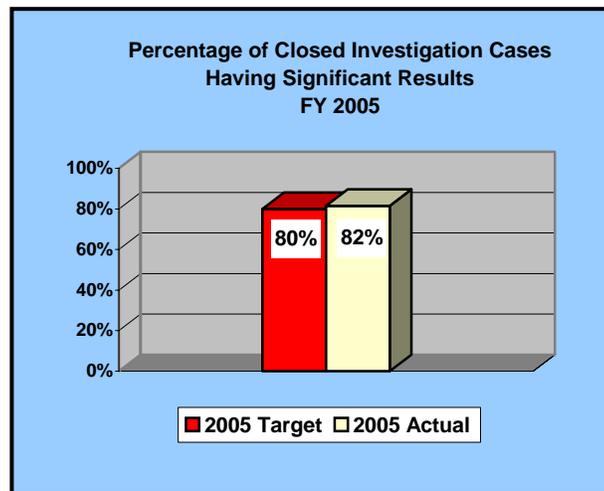
Note: Due to the abbreviated transition year period, a client survey was not conducted in 2002.



APG 1.0.7 – 80 percent of closed cases will result in either reports to management, criminal convictions, civil actions, administrative actions, or a combination of these elements

As shown in the following graph, we met this goal. For the fiscal year, 31 of 38 closed cases, or 82 percent, resulted in either reports to management, criminal convictions, civil actions, administrative actions, or a combination of these elements. This percentage is above the target level of 80 percent.

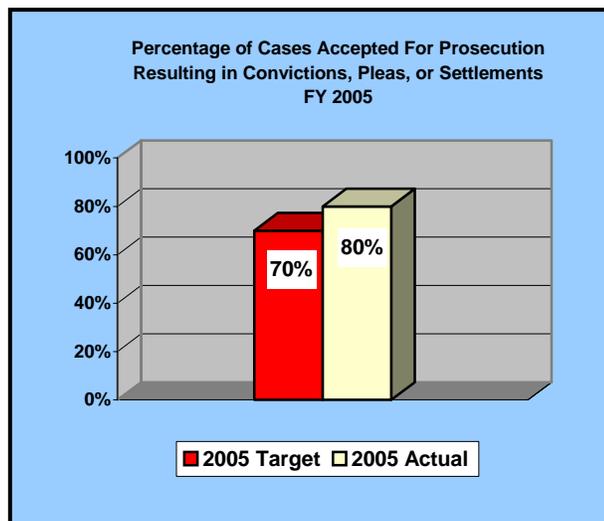
Met



APG 1.0.8 – 70 percent of cases accepted for prosecution will result in convictions, pleas, and/or settlements

As shown in the following graph, we met this goal. For the fiscal year, 16 of 20 cases (80 percent) that had been accepted for prosecution and closed in FY 2005 resulted in convictions, pleas, and/or settlements. This percentage is above the target of 70 percent.

Met

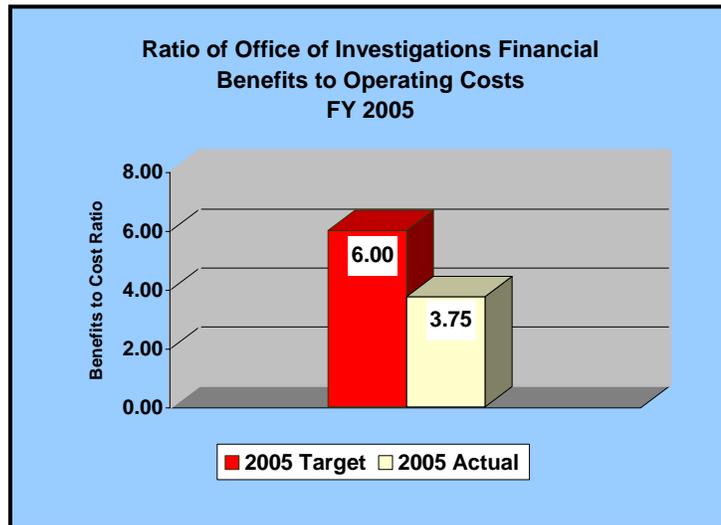




APG 1.0.9 – Attain a minimum ratio of 6 to 1 of financial benefits to investigative cost dollars

As shown in the graph below, we did not meet this goal. During the fiscal year, investigative financial benefits were \$29,449,552 and investigative operating costs were \$7,842,849 for a benefit-to-cost ratio of 3.75 to 1 (or a return of \$3.75 for each dollar spent). This ratio is below the target ratio of 6 to 1. This goal was not met because some investigations that were expected to be closed have been held up in the courts preventing court ordered monetary recoveries from taking place during this reporting period. (Note: For purposes of this goal, Office of Investigations operating costs are based on outlays during the reporting period, and do not include an allocation of outlays of other OIG components and certain OIG-wide non-recurring expenses.)

Not Met





APG 1.0.10 – Achieve a level of FDIC senior executive client satisfaction with the investigation function of 3.2 or higher

We did not meet this goal. Due to significant changes in the client survey methodology in 2005, a quantitative assessment of performance against this goal was not possible. Therefore, our determination of goal achievement was based on a qualitative assessment of responses in the 2005 client survey report. Based on this assessment, we concluded that the goal, or more accurately the intent of the goal (i.e., to improve client satisfaction with the investigation function) was not met. For example, a greater percentage of senior level executives rated the overall value of the investigation function negatively in 2005 (14%) than they did in 2004 (13%). More significantly, a smaller percentage of senior executives rated the overall value of the investigation function positively in 2005 (58%) than they did in 2004 (88%). A similar response pattern existed for the second-tier level executives (17% rated the investigation function negatively in 2005 versus 7% in 2004 and 58% rated the investigation function positively in 2005 versus 66% in 2004.)

The graph below shows prior years’ (1999-2004) client satisfaction ratings for the investigation function.



Note: Due to the abbreviated transition year period, a client survey was not conducted in 2002.



APG 1.0.11 – *Provide useful information and analysis on corporate risks, planning, performance, policies, and directives within timeframes that are responsive to corporate needs*

We met this goal. OIG efforts during the fiscal year in support of this goal include the following:

- Provided the Corporation with the OIG’s assessment of the most significant management and performance challenges facing the FDIC, in the spirit of the Reports Consolidation Act of 2000.
- Reviewed FDIC's bundling of IT application contracts for the Information Technology Application Service procurement and reviewed whether FDIC was following established acquisition policy in soliciting bids and establishing evaluation panels.
- Reviewed and provided comments to the Division of Information Technology (DIT), at their request, on the FDIC's sensitivity assessment questionnaire, which is used to categorize FDIC's information systems.
- Conducted a follow-up evaluation of the FDIC’s Corporate Planning Cycle, which included assessing the Annual Performance Plan process, the Corporate Performance Objectives process, and the corporate budgeting process.
- Reviewed and provided comments to the Government Accountability Office on the internal control portion of their opinions on the FDIC’s 2004 financial statements.
- Advised the Corporation of areas of high vulnerability and those warranting continued monitoring for the Corporation’s preparation of its 2004 Statement on Internal Accounting and Administrative Controls.
- Responded to the Corporation's solicitation of comments for proposed changes to audit and reporting requirements for insured institutions.
- Worked closely with the FDIC in developing presentations on lessons learned/red flags based on the OIG’s experience in investigating major fraud at financial institutions. Also, at the request of the Division of Supervision and Consumer Protection (DSC), provided input for a presentation DSC was developing on fraud and pursuing 8e enforcement actions.
- Continued to coordinate extensively with DSC, Legal Division, and DIT officials to establish appropriate processes in addressing cyber crimes, including computer intrusion, phishing and spoofing schemes, as well as investigations of computer misuse by FDIC employees and contractors. Also continued to work with these officials on developing procedures for preserving electronic media during bank closings.

- Developed and gave a presentation highlighting an investigation that originated from FDIC's review of complaints by consumers who received a false email that appeared to have been sent by FDIC.
- Reviewed 35 proposed policies and directives and provided five policy suggestions to FDIC management in the areas of training and development, the Privacy Counterparts Group, and IT Security Risk Management.
- Provided advisory comments to management on the drafts of the FDIC 2004 Annual Report and 2005 Annual Performance Plan.
- Provided an informational analysis of the linkage of the Government Performance and Results Act (GPRA) performance goals and the Chairman's corporate performance objectives to assist the Corporation in any future efforts to integrate the two.

Strategic Goal 2: Communications Between OIG and Stakeholders Will be Effective

Overall, we met or substantially met six of our seven performance goals under Strategic Goal 2. The seven goals are further discussed below.



APG 2.1.1 – *Promote effective corporate communications and relations by sponsoring or actively participating in various activities, including quarterly meetings, conferences, seminars, task forces, and training*

We met this goal. OIG executives and staff were involved in the following efforts and activities during the fiscal year in support of this goal:

- Participated in various activities related to our audit work including quarterly meetings with division directors to discuss current and planned audits and ongoing work as well as new developments within their divisions; organizing and providing a TeamMate demonstration to staff of the Division of Supervision and Consumer Protection's Internal Control and Review Section who are considering electronic working papers for their office; and participating in an advisory capacity on the FDIC's Chief Information Officer's Council and the Audit Committee's IT Security Committee.
- Cosponsored an *Emerging Issues in Banking* symposium along with the Federal Reserve Board and Department of Treasury OIGs to hear from leading experts about emerging issues that impact our collective and individual work and responsibilities.
- Participated in several activities related to information technology and resources including the FDIC E-Government Working Group and the New Financial Environment meetings to plan and facilitate the transition to a new FDIC-wide financial reporting system.
- Engaged in a number of activities related to our investigative work: issued quarterly reports to the Division of Supervision and Consumer Protection (DSC), the Division of Resolutions and Receiverships (DRR), the Legal Division, and the Chairman's Office on activity and results of our investigations involving closed and open banks, assets, and debt cases; met quarterly with DRR and the Legal Division's Financial Crimes Unit to review ongoing cases of interest and coordinated routinely with these offices with respect to bank closings, concealment of assets cases, and restitution orders; met quarterly with the DSC's Special Activities Section to coordinate closely on cases involving fraud at open or closed institutions; and provided a briefing to the FDIC's Ethics Office on issues of concern arising from employee cases.

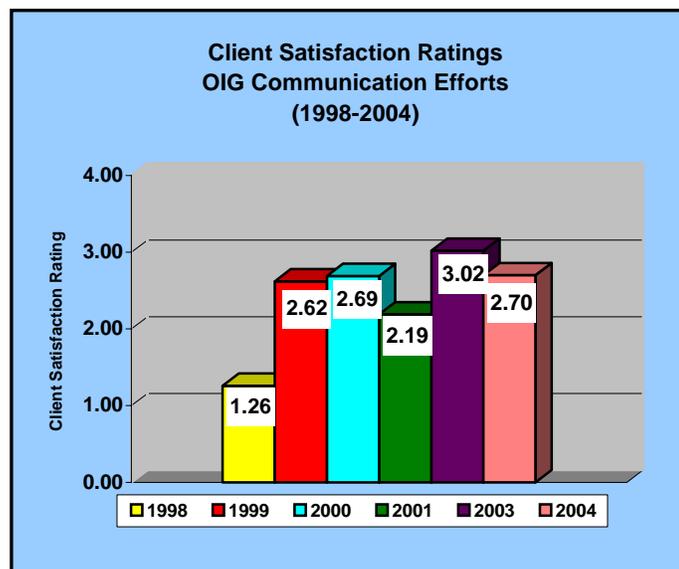
- Conducted a number of investigative outreach and related activities as follows: visited regional offices on several occasions during the year to meet with DSC management and discuss investigative cases and issues of mutual concern; OI field agents continue to make regular visits to DSC field offices to provide an overview of OI operations; and gave case-study presentations at DSC regional training conferences, Federal Financial Institutions Examination Council seminars, and the Legal Division's Fraud Conference.
- The Electronic Crimes Unit (ECU) participated in a number of activities this reporting period: hosted an open house and provided demonstrations of ECU equipment and forensic software to FDIC executives and their staff; provided a case presentation on a phishing scheme to the Vice Chairman and other senior FDIC officials; coordinated extensively with Division of Information Technology and other agency officials to establish appropriate processes in addressing cyber crimes, including computer intrusion, phishing, and spoofing schemes, as well as investigations of computer misuse by FDIC employees and contractors; and worked with FDIC officials on developing procedures for preserving electronic media at bank closings.
- Participated in activities with other financial regulatory agency staff: quarterly meetings with the Assistant Inspectors General for Audits of other financial regulators; and attended two quarterly meetings of the FSLIC Resolution Fund's Dissolution Task Force.
- Engaged in a number of communications and other initiatives around the Corporation: provided OIG Weekly Highlights Reports to the Chairman; attended the FDIC senior management leadership conference in February 2005; and held monthly meetings with the Division of Administration to stay abreast of FDIC-wide human resource issues and how they impact the OIG.



APG 2.1.2 – Achieve a level of FDIC senior executive client satisfaction with OIG communications efforts 5 percent above the level achieved in the client survey for 2004

We met this goal. Due to significant changes in the client survey methodology in 2005, a quantitative assessment of performance against this goal was not possible. Therefore, our determination of goal achievement was based on a qualitative assessment of responses from senior executives in the 2005 client survey report. Based on this assessment, we concluded that the goal, or more accurately the intent of the goal (i.e., to improve client satisfaction with OIG communications) was met. We noted that a greater percentage of FDIC senior executives responded positively than negatively to the general survey questions related to communications. For example, 59% of senior executives agreed or strongly agreed that they received adequate communication when the OIG provides Congress with reports and information affecting the executives’ area of responsibility compared to only 12% who disagreed with this statement. Also, 56% of senior executives indicated they were satisfied or very satisfied with their interactions (communications) with the IG, Acting IG, and Deputy IG during the past year compared with only 11% of executives who were dissatisfied.

The graph below shows prior years’ (1999-2004) client satisfaction ratings for OIG communications efforts.



Note: Due to the abbreviated transition year period, a client survey was not conducted in 2002.



APG 2.2.1 – *Meet with House and Senate Oversight Committees twice a year*

We met this goal. During the fiscal year, the OIG had five separate meetings with congressional staff. In January 2005, we briefed the Senate Committee on Banking, Housing, and Urban Affairs on the results of a review the Committee Chairman requested of FDIC's supervision of Bank Secrecy Act activities at a state non-member bank. In late April and early May 2005, we met with staff from the House and Senate Appropriations subcommittees, respectively, who were responsible for the OIG's FY 2006 Appropriation Request. These meetings were critical since the House and Senate reorganized the responsibilities of its Appropriations subcommittees earlier in the year. In June 2005, the Acting IG briefed staff from the House Financial Services and Senate Banking, Housing and Urban Affairs Committees and shared information on completed audits, evaluations and investigations, and ongoing OIG initiatives. During these briefings, we also highlighted information on ongoing and planned reviews that may be of interest to the Congress. Throughout the year, we periodically sent informational emails to House and Senate oversight committee staff members to alert them of the online availability of selected reports.



APG 2.2.2 – *Develop transparent protocols for Congressional communications*

We met this goal. The OIG developed and adopted on an interim basis a set of congressional protocols to govern relations with the Congress and commitments to FDIC management. The OIG plans to discuss the protocols with congressional committee staff and FDIC management in the future.



APG 2.3.1 – *The OIG Employee Advisory Group will meet three times a year to serve as facilitator of communications among OIG staff and as a channel to advise OIG management regarding employee relations*

We met this goal. The OIG Employee Advisory Group (EAG) met with the Acting Inspector General on three occasions during the year – in March, June, and September. The EAG discussed a number of issues of employee concern including OIG staffing and budget, field office closings, the Contribution-based Compensation System, the FDIC's Corporate Employee Program, the status of a new Inspector General, and the OIG's efforts to assist hurricane victims along the Gulf Coast. Results of the EAG meetings were posted to the OIG's intranet website to keep OIG staff informed.



APG 2.3.2 – *Based on an evaluation of the OIG's FY 2004 Employee Survey results, establish future quantitative targets for improving overall ratings*

We did not meet this goal. We had planned on addressing potential future employee survey targets as a part of the overall OIG FY 2006 performance planning process; however, the plans changed due to significant OIG downsizing and reorganization initiatives. The use of employee surveys in the future will be considered as part of our revised strategic planning process.



APG 2.4.1 – *Promote effective communications and relations with other OIG stakeholders to include participating in PCIE activities and meeting quarterly with other federal regulators and representatives of the U.S. Government Accountability Office (GAO)*

We met this goal. During the first 3 months of the performance period, the Inspector General served as the President’s Council on Integrity and Efficiency (PCIE) Vice Chair, chaired monthly Council meetings and welcomed guest speakers from OMB, GAO, the Administration, and individual OIGs to discuss issues related to the IG community. In support of this responsibility, we continued such routine activities as preparing agendas, minutes, and issues for monthly PCIE and quarterly Executive Council on Integrity and Efficiency (ECIE) meetings, circulating correspondence to members to facilitate communications, and monitoring the activities of the various PCIE committees and related organizations. We also prepared the data call for the PCIE and ECIE’s FY 2004 *Progress Report to the President*, assisted with the annual PCIE/ECIE awards program, and represented the PCIE by speaking at various conferences, meetings, and foreign visitor programs. With the retirement of the Inspector General, the Vice Chair responsibilities moved to another OIG. During the transition, we have worked with the new Vice Chair’s office to transfer responsibilities.

Other OIG efforts during FY 2005 in support of this goal include the following:

- Participated in monthly PCIE Government Performance and Results Act (GPRA) Roundtable Meetings regarding current GPRA-related issues.
- Responded to PCIE requests for information related to the PCIE SkillSoft training program and a survey concerning the IG community’s legislative proposals.
- Participated in the development and attended the annual Institute of Internal Auditor’s Auditing in Government Conference, the theme of which was “Changing Worlds.”
- Interacted with the Treasury/IRS OIG to develop criteria for government losses resulting from the failure to issue Forms 1099.
- Assisted the National Credit Union Administration OIG in obtaining and understanding information on the FDIC external website.
- Played an active role in the Federal Audit Executive Council (FAEC), including chairing the Information Technology Security Committee, organizing the annual FAEC conference in April, presenting information-related topics to members of the PCIE, and hosting an interagency meeting of the FAEC’s Information Technology Security Committee.

- Made presentations to the Washington Chapter of the Information Systems Audits and Controls Association on information technology and other related issues.
- Held quarterly meetings with financial regulatory Assistant Inspectors General to share best practices and ideas on issues of mutual concern.
- Received recognition at the PCIE awards ceremony for work conducted on the Bank Secrecy Act (BSA).
- Met with GAO to assist in their reviews of BSA activities and the supervision of Industrial Loan Corporations.
- Attended meetings of the PCIE Inspection and Evaluation Roundtable.
- Made a presentation at the Institute of Internal Auditor's Technology Conference in San Francisco.
- Attended the annual OIG Directors of Investigations conference.
- Participated in meetings of the Interagency Bank Fraud Working Group in headquarters and the regions.
- Participated in a PCIE working group examining the use of computer banners on OIG computers.
- Attended meetings of the Council of Counsels of Inspectors General.
- Sponsored meetings of the Banking Counsels of IGs.
- Participated in meetings with the Office of the Comptroller of the Currency, the Federal Reserve Board, and the National Credit Union Administration to determine possible collaborative work dealing with the banking regulators' handling of Hurricane Katrina efforts.
- Attended meetings of the PCIE/ECIE Homeland Security Roundtable.
- Participated in meetings of the Department of Justice Hurricane Katrina Fraud Task Force.

Strategic Goal 3: OIG Will Align Its Human Resource to Support the OIG Mission

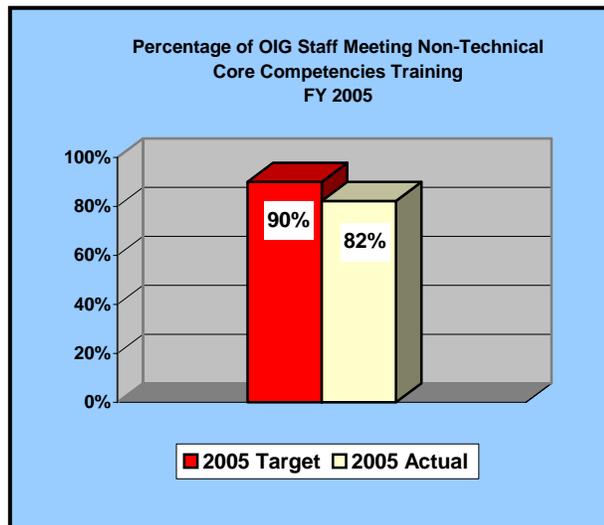
Overall, we met or substantially met all three of our performance goals under Strategic Goal 3. The three goals are further discussed below.



APG 3.2.1 – 90 percent of OIG staff will complete at least 16 hours/CPEs of training related to the OIG non-technical core competencies

As shown in the graph below, we substantially met the goal. During the year, 111 of 135 OIG employees, or 82 percent, completed at least 16 hours of continuing professional education (CPE) training related to the OIG’s non-technical core competencies. Although this percentage is below the of 90 percent level needed for meeting the goal, it is above the 81 percent level needed for substantially meeting the goal.

Substantially Met





APG 3.2.2 – Offer mentoring opportunities to entry level staff and new supervisors in a pilot program

We met this goal. The OIG Mentoring Program for new employees and supervisors was approved by the Acting IG on September 29, 2005. On September 30, 2005, the program was announced to all OIG staff. The application to become a mentoree will be sent out via email and further information on the program will be posted on the OIG's intranet.



APG 3.4.1 – Provide advisory information and training sources to OIG managers and staff about enhancing the quality and mutual participation in performance feedback communications

We met this goal. We constructed and announced the "Feedback Forum" on the OIG's intranet, which provides current articles and information on providing and receiving feedback. In addition, we prepared a matrix of courses that are available through the Corporate University's online course catalogue. The matrix relates each online course to the appropriate OIG core competency and includes many courses that address feedback and communication processes.

Strategic Goal 4: OIG Will Effectively Manage Its Resources

Overall, we met or substantially met 15 of our 17 performance goals under Strategic Goal 4. These goals are further discussed below.



APG 4.1.1 – *Develop an enterprise risk management framework for the OIG that will provide an integrated organization-wide, strategic approach to measuring and managing OIG's risks in order to maximize OIG's value and help ensure strategic goals are achieved*

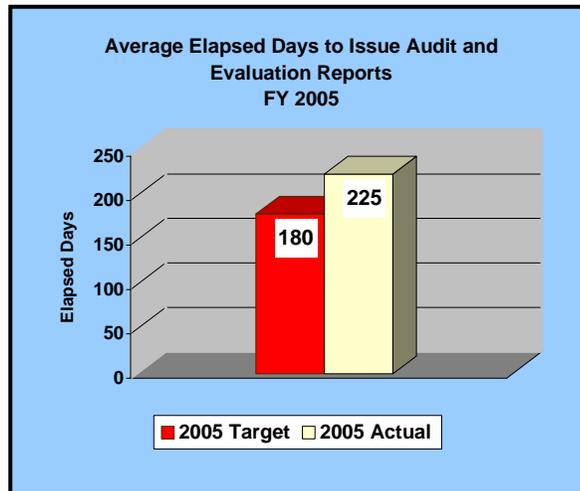
We substantially met this goal. Development of an OIG Enterprise Risk Management (ERM) Framework was envisioned as a multiyear initiative and significant progress was made this year. First, significant research and analysis was completed building on the Enterprise Risk Management Framework issued in September 2004 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as well as the related COSO Internal Control Framework, and other ERM best practices including consideration of the Sarbanes-Oxley Act. Secondly, OIG executives developed a common understanding of the need and benefits of enhancing the OIG's overall risk assessment and management and have begun outlining a future course of action to integrate ERM with the OIG's strategic planning, audit planning, and budget processes.



APG 4.1.2 – Achieve an average of 180 calendar days to produce final audit and evaluation reports

As shown in the graph below, we did not meet this goal. The average elapsed days to issue the 40 audit and evaluations reports in FY 2005 was 225 days, which is 45 days more than the target. While we did not meet the goal this year, the Office of Audits has achieved significant efficiencies in the assignment management process over the last several years. In FY 2003 and 2004, we exceeded our goals for average elapsed days to issue final reports by achieving averages well below the targets of 273 and 200 days, respectively. However, in FY 2005, while we met the goals for issuing reports covering all management and performance challenges and the goal for producing an average of 2.5 reports per team, staff attrition resulted in resource gaps for ongoing assignments that contributed to a higher than expected average elapsed days to issue our audit and evaluation reports.

Not Met

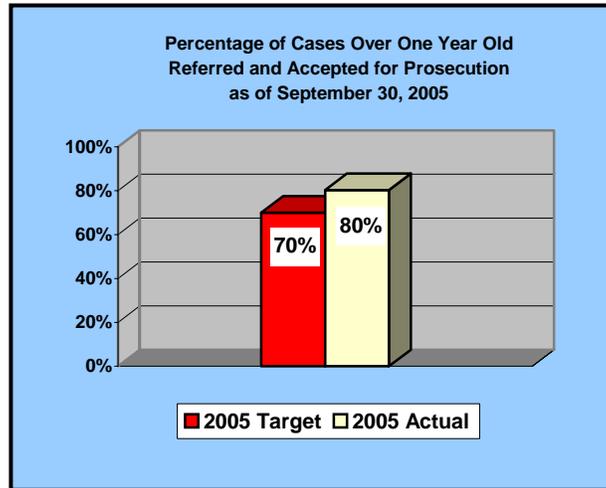




APG 4.1.3 – 70 percent of active cases that have been open over 1 year will be referred and accepted for prosecution

As shown in the following graph, we met this goal. Of 61 active cases that have been open over one year as of September 30, 49 cases or 80 percent have been referred and accepted for prosecution. This percentage is above the target of 70 percent for meeting the goal.

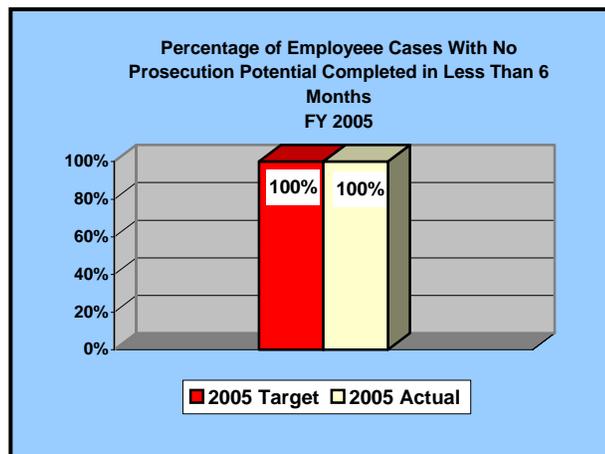
Met



APG 4.1.4 – 100 percent of employee cases that have either no criminal prosecution potential or have been declined for prosecution will be completed in less than 6 months

As shown in the following graph, we met this goal. During the fiscal year, 1 of 1 employee cases (100 percent) that had either no criminal prosecution potential or had been declined for prosecution were completed in less than 6 months. This percentage is equal to the target of 100 percent.

Met

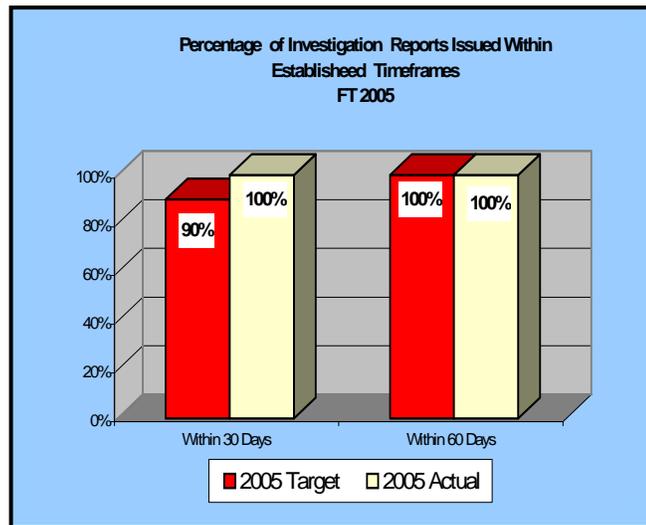




APG 4.1.5 – 90 percent of investigative reports will be issued within 30 days, and 100 percent of investigative reports will be issued within 60 working days, after completion of the case

As shown in the following graph, we met this goal. During the fiscal year, 38 Reports of Investigation were issued. All 38 reports, or 100 percent, were issued within 30 working days of case completion.

Met

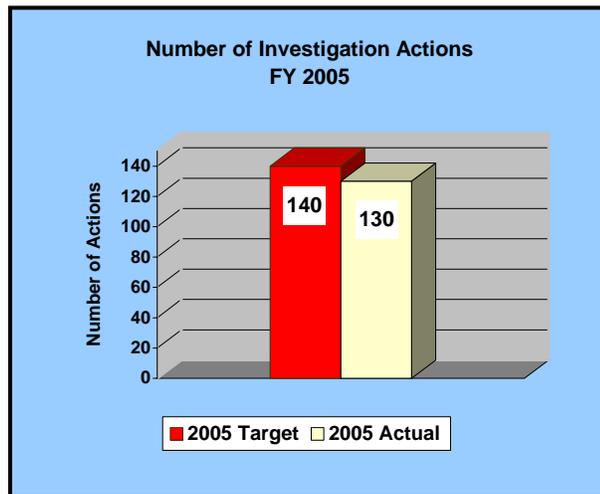




APG 4.1.6 – 140 investigative actions will result from OI cases during the year

As shown in the graph below, we substantially met this goal. During the fiscal year, 130 actions resulted from investigative cases. This is below the target of 140 actions for meeting the goal, but above the target of 126 actions for substantially meeting the goal.

Substantially Met

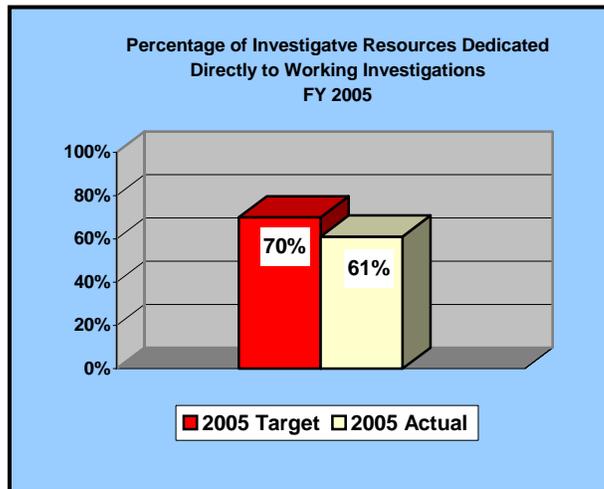




APG 4.1.7 – 70 percent of investigative resources will be dedicated directly to working investigations

As shown in the following graph, we did not meet this goal. During the fiscal year, 61 percent of investigative resources were dedicated directly to working investigations. This percentage is below the target of 70 percent. We did not meet this goal due to the turnover of investigative staff resulting in less staff hours, initially, devoted to investigative work. Further, implementation of improved tracking and better management reviews of time dedicated to investigative work was not accomplished until the last six months of the fiscal year.

Not Met



APG 4.1.8 – The Electronic Crimes Unit will provide an action plan and preliminary analysis of computer media examined within 30 days of receipt of requests for computer forensic support

We met this goal. The Electronic Crimes Unit received four field requests for forensic support during the year and on each occasion provided an action plan and preliminary analysis of computer media examined within 30 days of receipt of the request.

N/A

APG 4.1.9 – The Electronic Crimes Unit will respond to 100 percent of bank closings where fraud is suspected and OI special agents are participating

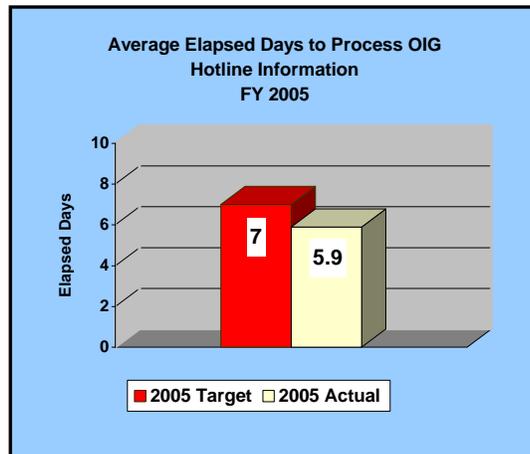
This goal is not applicable because there were no bank failures during the reporting period.



APG 4.1.10 – *OIG Hotline information will be reviewed and a determination made as to a course of action within an average of 7 business days*

As shown in the following graph, we met this goal. During the fiscal year, 119 Hotline cases were reviewed and a determination made as to a course of action on an average of 5.9 business days. This is below the target of 7 business days.

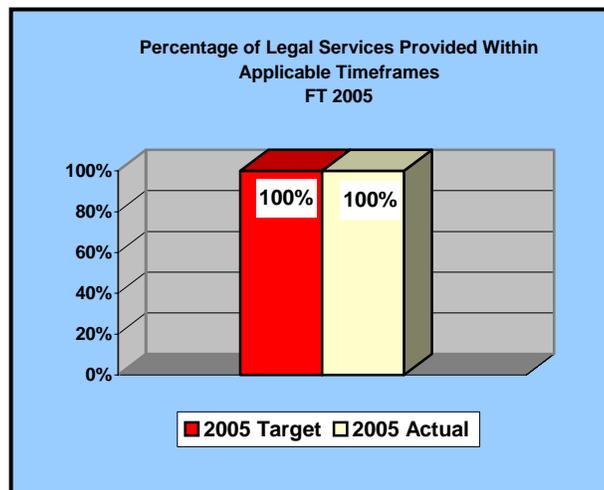
Met



APG 4.1.11 – *Legal services are provided within applicable timeframes 100 percent of the time*

As shown in the following graph, we met this goal. During the fiscal year, legal services (subpoenas, Freedom of Information Act and Privacy Act requests, and reviews of legislation, regulations, FDIC and OIG procedures) were provided by the Counsel’s Office on 41 occasions. One hundred percent of these legal services were provided within applicable timeframes.

Met





APG 4.1.12 – *Improve the efficiency and effectiveness of the investigations data system and OIG training system with enhanced technology and design*

We substantially met this goal. A new web-based Investigations Data System (IDS) was designed and developed during fiscal year 2005 that will significantly improve the previous system's availability and performance through improved technology. The new IDS began user testing during September 2005 and is expected to be implemented during the first quarter of fiscal year 2006. IDS was the majority of the work under this goal. The work on the training system was reprioritized to completing IDS development and to other OIG activities.



APG 4.1.13 – *Improve the efficiency and quality of the OIG's intranet, OIGNet*

We met this goal. On February 28, 2005, we launched the redesigned OIGNet website. This was the third version of OIGNet and it added new forms to the Audit Forms page and the 2004 OIG Awards data. In addition, it provides better access to OIG-wide information.



APG 4.2.1 – *Develop an OIG-wide Quality Assurance Framework to document the process in place to ensure that OIG work meets the highest standards of quality*

We met this goal. We established a high-level quality assurance framework built around the PCIE's *Quality Standards for Federal Offices of Inspectors General* ("Silver Book"). The Silver Book sets forth 9 general quality standards consisting of 29 quality components for the management, operation, and conduct of the work of Federal OIGs. The quality assurance framework comprehensively documents an assessment of the FDIC OIG's policies and procedures relative to the IG community's quality standards.



APG 4.2.2 – *Issue 4 quality control review reports that, collectively, cover reports issued by each of the audit and evaluation line directorates*

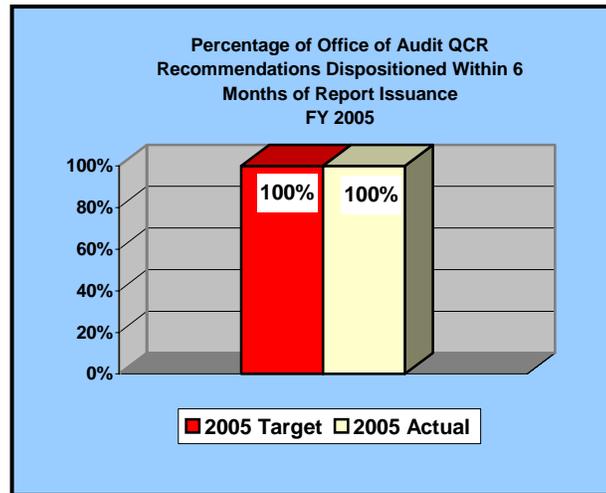
We met this goal. We issued six quality control review (QCR) reports in fiscal year 2005. Collectively these QCRs cover reports issued by the six audit and evaluation line directorates.



APG 4.2.3 – *Disposition 100 percent of Office of Audit quality control review recommendations within 6 months of report issuance*

As shown in the graph below, we met this goal. One quality control review (QCR) report was issued on January 7, 2005 and contained seven recommendations. All seven of these recommendations were dispositioned within six months of report issuance. The six-month time period for dispositioning recommendations in the remaining five QCR reports has not expired.

Met



APG 4.2.4 – *Achieve a result of zero (0) material instances of noncompliance with Government Auditing Standards as identified in quality control reviews*

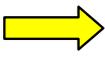
We met this goal. The six quality control review reports issued in FY 2005 reported no material instances of noncompliance with the Government Auditing Standards.



APG 4.2.5 – *Conduct internal operational reviews of the three major investigative offices every 12 months and resolve significant matters identified*

We met this goal. During the fiscal year all three major investigative offices had internal control reviews completed. Included in the reviews were the Western Region Dallas and Chicago Offices, Eastern Region Atlanta and Washington Offices, the Electronic Crimes Unit, and the Special Investigations and Operations Division. Also, a review was completed pertaining to the OI Hotline operations.

Detail Listing of Annual Performance Goal Accomplishment

FY 2005 Annual Performance Goal (By Strategic Goal)	FY 2005 Goal Accomplishment	FY 2004 Goal Accomplishment
Key:  Goal Met  Goal Substantially Met  Goal Not Met		
Strategic Goal 1: OIG Products Will Add Value by Achieving Significant Impact		
APG 1.0.1 – Issue audit and evaluation reports covering all 7 OIG-identified risk-based management and performance challenges (MPC)		
APG 1.0.2 – Issue an average of 2.5 reports per team		N/A
APG 1.0.3 – Maintain a ratio of monetary benefits to Office of Audits operating costs of at least \$1.00 to \$1.00, as measured over a 3-year period		N/A
APG 1.0.4 – Disposition 80 percent of recommendations within 12 months of report issuance or 95 percent of recommendations within 24 months of report issuance		
APG 1.0.5 – Achieve a level of FDIC senior executive client satisfaction with the audit function 5 percent above the level achieved in the client survey for 2004		
APG 1.0.6 – Achieve a level of FDIC senior executive client satisfaction with the evaluation function 5 percent above the level achieved in the client survey for 2004	Combined with APG 1.05	
APG 1.0.7 – 80 percent of closed cases will result in either reports to management, criminal convictions, civil actions, administrative actions, or a combination of these elements		
APG 1.0.8 – 70 percent of cases accepted for prosecution will result in convictions, pleas, and/or settlements		
APG 1.0.9 – Attain a minimum ratio of 6 to 1 of financial benefits to investigative cost dollars		
APG 1.0.10 – Achieve a level of FDIC senior executive client satisfaction with the investigation function of 3.2 or higher		

FY 2005 Annual Performance Goal (By Strategic Goal)	FY 2005 Goal Accomplishment	FY 2004 Goal Accomplishment
APG 1.0.11 – Provide useful information and analysis on corporate risks, planning, performance, policies, and directives within timeframes that are responsive to corporate needs		
Strategic Goal 2: Communications between the OIG and the Chairman, the Congress, employees, and other stakeholders will be effective		
APG 2.1.1 – Promote effective corporate communications and relations by sponsoring or actively participating in various activities including quarterly meetings, conferences, seminars, task forces, and training		
APG 2.1.2 – Achieve a level of FDIC senior executive client satisfaction with OIG communications efforts 5 percent above the level achieved in the client survey for 2004		
APG 2.2.1 – Meet with House and Senate Oversight Committees twice a year		
APG 2.2.2 – Develop transparent protocols for Congressional communications		N/A
APG 2.3.1 – An OIG Employee Advisory Group will meet three times a year to serve as facilitator of communications among OIG staff and as a channel to advise OIG management regarding employee relations		
APG 2.3.2 – Based on an evaluation of the OIG’s FY 2004 Employee Survey results, establish future quantitative targets for improving overall ratings		N/A
APG 2.4.1 – Promote effective communications and relations with other OIG stakeholders to include participating in PCIE activities and meeting quarterly with other federal regulators and representatives of the U.S. Government Accountability Office		
Strategic Goal 3: The OIG will align its human resources to support the OIG mission		
APG 3.2.1– 90 percent of OIG staff will complete at least 16 hours/CPEs of training related to the OIG non-technical core competencies		
APG 3.2.2 – Offer mentoring opportunities to entry		N/A

FY 2005 Annual Performance Goal (By Strategic Goal)	FY 2005 Goal Accomplishment	FY 2004 Goal Accomplishment
level staff and new supervisors in a pilot program		
APG 3.4.1 – Provide advisory information and training sources to OIG managers and staff about enhancing the quality and mutual participation in performance feedback communications		N/A
Strategic Goal 4: The OIG will effectively manage its resources		
APG 4.1.1 – Develop an enterprise risk management framework for the OIG that will provide an integrated organization-wide, strategic approach to measuring and managing the OIG’s risks in order to maximize the OIG’s value and help ensure strategic goals are achieved		
APG 4.1.2 – Achieve an average of 180 calendar days to produce final audit and evaluation reports		
APG 4.1.3 – 70 percent of active cases that have been open over 1 year will be referred and accepted for prosecution		
APG 4.1.4 – 100 percent of employee cases that have either no criminal prosecution potential or have been declined for prosecution will be completed in less than 6 months		
APG 4.1.5 – 90 percent of investigative reports will be issued within 30 days, and 100 percent of investigative reports will be issued within 60 working days, after completion of the case		
APG 4.1.6 – 140 investigative actions will result from OI cases during the year		
APG 4.1.7 – 70 percent of investigative resources will be dedicated directly to working investigations		N/A
APG 4.1.8 – The Electronic Crimes Unit will provide an action plan and preliminary analysis of computer media examined within 30 days of receipt of requests for computer forensic support		
APG 4.1.9 – The Electronic Crimes Unit will respond to 100 percent of bank closings where fraud is suspected and OI special agents are participating	N/A	
APG 4.1.10 – OIG Hotline information will be reviewed and a determination made as to a course of action within		

FY 2005 Annual Performance Goal (By Strategic Goal)	FY 2005 Goal Accomplishment	FY 2004 Goal Accomplishment
an average of 7 business days		
APG 4.1.11 – Legal services are provided within applicable timeframes 100 percent of the time		
APG 4.1.12 – Improve the efficiency and effectiveness of the investigations data system and OIG training system with enhanced technology and design		N/A
APG 4.1.13 – Improve the efficiency and quality of the OIG’s intranet, OIGNet		N/A
APG 4.2.1 – Develop an OIG-wide Quality Assurance Framework to document the process in place to ensure that OIG work meets the highest standards of quality		
APG 4.2.2 – Issue 4 quality control review reports that, collectively, cover reports issued by each of the audit and evaluation line directorates		
APG 4.2.3 – Disposition 100 percent of Office of Audit quality control review recommendations within 6 months of report issuance		N/A
APG 4.2.4 – Achieve a result of zero (0) material instances of noncompliance with Government Auditing Standards as identified in quality control reviews		
APG 4.2.5 – Conduct internal operational reviews of the three major investigative offices every 12 months and resolve significant matters identified		

Statistical Summary of Performance Fiscal Year 2004 Performance Goals

Strategic Goals	Annual Goal Accomplishment (Number of Goals)			Total
	Met 	Substantially Met 	Not Met 	
1. OIG Products Add Value and Achieve Significant Impact	8		3	11
2. Communications Between OIG and Stakeholders is Effective	5		1	6
3. Align Human Resources to Support the OIG Mission	3	2	1	6
4. OIG Resources are Managed Effectively	13		5	18
Total	29	2	10	41
Percentage	71%	5%	24%	100%