

MEMO

OFFICE OF INSPECTOR GENERAL

DATE: December 12, 2001
To: Board of Governors
FROM: Barry R. Snyder
SUBJECT: 2002-03 Proposed Budget for the Office of Inspector General

ACTION REQUESTED

Approval of the 2002-03 Proposed Budget for the Office of Inspector General as itemized below:

1. An operating budget of \$7,756,833. This figure represents an increase of \$1,139,427 for the biennium or about 8.3 percent annually. The budget provides for 29 positions, the same number as in the previous two-year budget.
2. A capital budget of \$10,000; a 0 percent increase over the previous budget.

DISCUSSION

The Office of Inspector General's proposed budget will allow us to continue our legislated mandate of conducting audits and investigations, and to perform some nontraditional consulting and partnering projects with Board management and staff; all designed to help improve the economy, efficiency and effectiveness of the Board's programs and operations and to help prevent and detect fraud, waste, abuse and mismanagement. Our operating budget includes an increase of 7.7 percent for personnel services that reflects primarily additional salary expenses to fully implement a recently approved reorganization. This reorganization will further enhance the efficiency and effectiveness of our operations, provide additional career development opportunities for our staff, facilitate succession planning, and fulfill our commitment to increase the investment in our human capital. The personnel services increase also provides a placeholder for the Board's anticipated merit increases, variable pay for officers and attorneys, and increases in retirement and insurance costs. Our budget also includes an increase for goods and services, primarily reflecting our strategy to meet the increasing workload demands through the use of contract personnel to obtain special knowledge, skills, and abilities rather than to increase our overall staffing levels. Our capital budget reflects only the cost of new information technology equipment, projected at the same capital level as our previous budget, which helps us continue to use technology to further streamline our internal operations and to improve our overall analytical capabilities, communications and product delivery.

Our budget was prepared in a manner that is administratively consistent with the preparation of the Board's operating budget, but is submitted separately to reflect the independence of the office.