
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM



GOVERNMENT PERFORMANCE AND RESULTS ACT
BIENNIAL PERFORMANCE REPORT
2006–2007

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INTRODUCTION

About this Biennial Performance Report

Consistent with the requirements of the Government Performance and Results Act (GPRA), this Performance Report for 2006–2007 is based on two earlier Board documents covering the same period—the Strategic Planning Document and the Biennial Performance Plan, both published in 2006. The report covers two years rather than just one because the Board uses a biennial budget.

Like the Board’s Performance Plan for 2006–07, this Performance Report for 2006–07 focuses on four areas: the monetary policy function, the supervision and regulation function, operations of the Board in overseeing System activities, and management actions to improve effectiveness and efficiency. Although a discussion of the Federal Reserve System and its structure is provided below to help explain the performance measures used by the Board, this Performance Report focuses solely on the operations of the Board.

As required by the GPRA, this report is independent of other Board documents. However, considering the report in conjunction with other Board documents gives a more detailed picture of Board planning, budget, operations, and performance. As required by the Federal Reserve Act, the Board annually submits a report to the Congress describing in detail the operations of the System for the previous year. Since 1985 the Board has also provided the Congress with a supplement, the *Annual Report: Budget Review*, which describes in detail the plans and resources discussed in the approved budgets of the Board and the Reserve Banks. The most recent versions of these two documents were provided to the Congress in summer 2008.

Overview of the Federal Reserve System

The Federal Reserve System is the central bank of the United States, established by the Congress to provide the nation with a safer, more flexible, and more stable monetary and financial system. Over the years, its role in banking and the economy has expanded, and today the Federal Reserve’s duties fall into five general areas.

1. Conducting the nation’s monetary policy by influencing money and credit conditions in the economy in pursuit of maximum employment and stable prices
2. Supervising and regulating banking institutions to ensure the safety and soundness of the nation’s banking system, maintaining the stability of the financial system, and containing systemic risk that may arise in financial markets
3. Protecting the credit rights of consumers, and encouraging banks to meet the credit needs of consumers, including those in low- and moderate-income neighborhoods
4. Playing a major role in operating the nation’s payment systems
5. Providing certain financial services to the U.S. government, the public, financial institutions, and foreign official institutions

Introduction

The Federal Reserve System was created by passage of the Federal Reserve Act, which President Woodrow Wilson signed into law on December 23, 1913. The act stated that its purposes were "to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes."

Soon after the creation of the Federal Reserve, it became clear that the act had broader implications for national economic and financial policy. As time has passed, further legislation has clarified and supplemented the original purposes. Key laws affecting the Federal Reserve have been the Bank Holding Company Act and its amendments; the Financial Institutions Reform, Recovery, and Enforcement Act; the Federal Deposit Insurance Corporation Improvement Act; the Gramm-Leach-Bliley Act; and the Check Clearing for the 21st Century Act. The Congress defined the primary objectives of national economic policy an amendment to the Federal Reserve Act in 1977. These objectives include economic growth in line with the economy's potential to expand; a high level of employment; stable prices (that is, stability in the purchasing power of the dollar); and moderate long-term interest rates. Major financial services reform legislation, incorporated in the Gramm-Leach-Bliley Act, reflects changes in the nature of the industry and the economy in general. Both the legislation and the underlying changes that had been occurring will continue to have a significant effect on the operations and workload of the Federal Reserve.

Since the late 1960s, the number of federal laws intended to protect consumers in credit and other financial transactions has been growing. The Congress has assigned to the Federal Reserve the duty of implementing these laws to ensure that consumers receive comprehensive information and fair treatment. Thus, consumer protection laws such as the 1968 Truth in Lending Act, the Community Reinvestment Act of 1977, the Expedited Funds Availability Act of 1987, the Truth in Savings Act of 1991, the Fair and Accurate Credit Transactions Act of 2003, and others have given the Federal Reserve rule-writing, compliance, and consumer education responsibilities.

The Federal Reserve System is an independent central bank, but only in the sense that its decisions do not require ratification by the President or anyone else in the executive branch of government. The entire System is subject to oversight by the Congress because the Constitution gives to the Congress the power to coin money and set its value—and that power was delegated to the Federal Reserve by the Federal Reserve Act. The Federal Reserve must work within the framework of the overall objectives of economic and financial policy established by the government; therefore, the description of the System as "independent within the government" is more accurate than "independent."

Board of Governors

The Board of Governors of the Federal Reserve System is composed of seven members appointed by the President of the United States and confirmed by the U.S. Senate. The full term of a Board member is fourteen years; the appointments are staggered so that one term expires on

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January 31 of each even-numbered year. The Chairman and the Vice Chairman of the Board are also appointed by the President and confirmed by the Senate. The nominees to these posts must already be members of the Board or must be simultaneously appointed to the Board. The terms for these positions are four years.

Structure of the System

The Federal Reserve System was structured by the Congress to give it a broad perspective on the economy and on economic activity in all parts of the nation. It is a federal system, composed of the Board of Governors in Washington, D.C., and twelve regional Federal Reserve Banks located throughout the nation. These components share responsibility for supervising and regulating certain financial institutions and activities, for providing banking services to depository institutions and the federal government, and for ensuring that consumers receive adequate information and fair treatment in their business with the banking system.

A major component of the System is the Federal Open Market Committee (FOMC), which is made up of the seven members of the Board of Governors, the president of the Federal Reserve Bank of New York, and presidents of four other Federal Reserve Banks, who serve on a rotating basis. The FOMC is charged under law with overseeing open market operations, the principal tool of monetary policy. The FOMC also directs operations undertaken by the Federal Reserve in foreign exchange markets.

MISSION, VALUES, AND GOALS OF THE BOARD OF GOVERNORS

Mission

The mission of the Board is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems so as to promote optimal macroeconomic performance.

Values

The following values of the Board guide its organizational decisions and its employees' actions.

- *Public interest.* In its actions and policies, the Board seeks to promote the public interest. It is accountable and responsive to the general public, the U.S. government, and the financial community.
- *Integrity.* The Board adheres to the highest standards of integrity in its dealings with the public, the financial community, and its employees.
- *Excellence.* The conduct of monetary policy, responsibility for bank supervision, and maintenance of the payment system demand high-quality analysis, high performance standards, and a secure, robust infrastructure. The pursuit of excellence drives the Board's policies concerning recruitment, selection, and retention policies for Board employees.
- *Efficiency and effectiveness.* In carrying out its functions, the Board is continually aware that its operations are supported primarily by public funds, and it recognizes its obligation to manage resources efficiently and effectively.
- *Independence of views.* The Board values the diversity of its employees; input from a variety of sources; and the independent professional judgment that is fostered by the System's highly valued regional structure. It relies on strong teamwork to mold independent viewpoints into coherent, effective policies.

Goals

The Board has six primary goals with interrelated and mutually reinforcing elements:

1. Conduct monetary policy that promotes the achievement of maximum sustainable long-term growth and the price stability that fosters that goal
2. Promote a safe, sound, competitive, and accessible banking system and stable financial markets
3. Effectively implement federal laws designed to inform and protect consumers, to encourage community development, and to promote access to banking services in historically underserved markets
4. Provide high-quality professional oversight of Reserve Banks

5. Foster the integrity, efficiency, and accessibility of U.S. payment and settlement systems
6. Foster the integrity, efficiency, and effectiveness of Board programs

Role of Strategic Planning

Unlike most other government agencies, the Board's budget is not subject to the Congressional appropriations process or to review by the executive office. Rather, the Board establishes its budget formulation procedures, conducts strategic planning to identify changes to its critical activities and the proper amount and allocation of resources to support its mission, approves its budget, and provides various reports and budget testimony to the Congress.

The Board, like the framers of the Federal Reserve Act, considers its budgetary independence directly relevant to independence in managing monetary policy. That said, the Board believes that to maintain budgetary independence, it must demonstrate effective and efficient use of its financial resources. Resource management begins with a clear mission statement, identification of goals, a review of factors that might affect the long-term attainment of these goals, and consideration of possible responses to those factors. With the establishment of objectives to attain those goals and identification of the resources needed to accomplish them, the Board develops the budget necessary to implement its strategic plan.

Strategic planning is a critical factor in ensuring the long-term effectiveness of Board operations and in minimizing costs. Effectiveness is improved through timely identification of risks and opportunities for improving operations. Efficiency is increased by early identification of issues and timely responses. Major factors affecting the current strategic plan include the following:

1. The desire to
 - implement Committee on Sponsoring Organizations (COSO) and Sarbanes-Oxley (SOX) requirements on a voluntary basis,
 - develop better performance metrics for each division and major Board function, and
 - provide comparative Boardwide management data to senior staff.
2. Continuing advances in automation and telecommunication technologies that will
 - foster efficiency associated with greater standardization of System supervision and regulation automation tools and databases and better coordination of plans, strategies, actions, and information sharing with other domestic and foreign regulators;
 - reduce reaction time available to address systemic issues;
 - further change the complexity of financial products;
 - require and make possible enhanced systems for identifying, measuring, and pricing risk;
 - improve capabilities for gathering, analyzing, and sharing data; and
 - provide significant opportunities for improving communication with the public.
3. The need for actions and policies that attract and retain a highly motivated, properly trained, and fairly compensated professional workforce.
4. The need for contingency plans related to the safety of personnel, disaster recovery, and information.

Mission, Values, and Goals of the Board of Governors

5. The current state of the U.S. and foreign economies, and the need to manage diverse views on the effect of the federal deficit.

As technological and other changes accelerate, planning is essential to the effective and efficient conduct of Board operations. A continuing challenge to government agencies in this regard is identifying the appropriate measures of performance. The Board's strategic planning effort recognizes key differences between government and private-sector strategic planning and measurement of results. Private planning can use measures of cost and revenue derived from prices determined in competitive markets; the results of that planning are reflected in the ability of the private entity to prosper over time. The government does not have direct competition in certain areas and has a monopoly in others (conducting monetary policy, for example), and establishing a proxy for costs and prices is extraordinarily difficult. Moreover, the results are judged relative to public policy objectives embodied in law, which often are not readily measurable. Nonetheless, the Board tries to accomplish its mission effectively while creating the efficiencies that come from strategic planning, recognizing that analogies to the private sector are just that. Thus, the Board's central planning objective is oriented toward achieving effectiveness and efficiency specific to the functions it serves.

MONETARY POLICY FUNCTION

Goal

Conduct monetary policy that promotes the achievement of maximum sustainable long-term growth and the price stability that fosters that goal

Objectives

1. Stay abreast of recent developments and prospects in the U.S. economy and financial markets, and in those abroad, so that monetary policy decisions will be well informed.
2. Enhance our knowledge of the structural and behavioral relationships in the macroeconomic and financial markets, and improve the quality of the data used to gauge economic performance, through developmental research activities.
3. Implement monetary policy effectively in rapidly changing economic circumstances and in an evolving financial market structure.
4. Contribute to the development of U.S. international policies and procedures, in cooperation with the U.S. Department of the Treasury and other agencies.
5. Promote understanding of Federal Reserve policy among other government policy officials and the general public.

Performance Measures

The performance of monetary policy in relation to evolving economic and financial circumstances will continue to be reviewed by the Congress in the context of the Board's semiannual monetary policy report and the accompanying testimony. The Congress has not chosen to establish quantitative objectives for monetary policy in statute. Moreover, it is recognized that monetary policy has only a partial and indirect influence on economic performance.

Resources

The majority of the resources expended to achieve this goal are reported in the three research divisions and the Offices of Board Members, the Secretary, and the Staff Director for Management, whose combined expenses for the 2006-07 biennium were approximately \$202 million. The amount includes direct costs for 612 employees.

SUPERVISION AND REGULATION FUNCTION

Goals

Safety and Soundness. Promote a safe, sound, competitive, and accessible banking system and stable financial markets

Consumer Protection. Effectively implement federal laws designed to inform and protect consumers, to encourage community development, and to promote access to banking services in historically underserved markets

Objectives

1. Promote overall financial stability, manage and contain systemic risk, and identify emerging financial problems early so that crises can be averted.
2. Provide a safe, sound, competitive, and accessible banking system through comprehensive and effective supervision of U.S. banks, bank and financial holding companies, foreign banking organizations, and related entities. At the same time, remain sensitive to the burden on supervised institutions.
3. Provide a dynamic work environment that is challenging and rewarding. Enhance efficiency and effectiveness, while remaining sensitive to the burden on supervised institutions, by addressing the supervision function's procedures, technology, resource allocation, and staffing issues.
4. Promote compliance by domestic and foreign banking organizations supervised by the Federal Reserve with applicable laws, rules, regulations, policies, and guidelines through a comprehensive and effective supervision program.
5. Take a leadership role in shaping the national dialogue on consumer protection in financial services, addressing the rapidly emerging issues that affect today's consumers, strengthening consumer compliance supervision programs when required, and remaining sensitive to the burden on supervised institutions.
6. Promote, develop, and strengthen effective communications and collaborations within the Board, the Federal Reserve Banks, and other agencies and organizations.
7. Develop a staff that is highly skilled, professional, innovative, and diverse, providing career development opportunities to ensure the retention of highly productive and qualified staff and recruiting highly qualified and skilled employees.
8. Promote an efficient and effective work environment by aligning business functions with appropriate work processes and implementing solutions for work products and processes that can be handled more efficiently through automation.
9. Increase public understanding of consumer protection and community development and the Board's role in these areas through increased outreach and by developing programs that address the information needs of consumers and the financial services industry.

Performance Measures

1. Identify and resolve supervisory and financial problems in a timely manner, working alone or in cooperation with other authorities, to minimize disruptions to the financial and payment systems and the economy more generally.

2006–07 target: No specific target.

Results: The Federal Reserve, along with other federal and state banking supervisors, continues to closely monitor events in the subprime markets. Supervisors are in the process of assessing lessons learned from recent events. Enhancement to supervisory programs will be made as appropriate.

2. Minimize net losses to the Bank Insurance Fund (BIF) associated with state member banks consistent with trend data associated with prevailing economic conditions.

2006–07 target: BIF losses from state member banks not to exceed premiums paid into the BIF by state member banks. (The FDIC assesses a premium against only those banks with a less-than-satisfactory rating or banks that are not well capitalized.).

Results: No net loss to the BIF.

3. Complete financial institution examinations as required by statute and as dictated by review of supervisory data and CAMELS ratings, experience, and an assessment of current risks to the financial industry.

2006–07 target: 98 percent of examinations conducted in accordance with 12- or 18-month statutory requirements; subsequent supervisory follow-up performed on CAMELS 3, 4, or 5 as required by Federal Reserve guidelines.

Results:

2006: 94 percent of examinations were conducted in accordance with the requirements. Local budget pressures and resource constraints prevented the state banking agencies, which share responsibility for examinations under the Alternate Examination Program, from beginning their exams on time.

2007: 98 percent of examinations were conducted in accordance with the requirements.

4. Complete reports of examinations within established time frames.

2006–07 target: Issue at least 90 percent of reports within 60 days of examination-closeout meeting.

Results:

2006: 98 percent of reports were issued within 60 days of the examination-closeout meeting.

2007: 98 percent of reports were issued within 60 days of the examination-closeout meeting.

5. To the extent to which they are received by the Board, process applications within established time frames.

2006–07 target: Process at least 90 percent of applications within statutory or Board guidelines.

Results:

2006: 94 percent of applications were processed within statutory or Board guidelines.

2007: 95 percent of applications were processed within statutory or Board guidelines.

6. Conduct consumer compliance and CRA examinations in accordance with Board and statutory requirements.

2006–07 target: Complete 99 percent of compliance exams within Board-established timeframes.

Results:

2006: 100 percent of compliance exams were completed within Board-established timeframes.

2007: 100 percent of compliance exams were completed within Board-established timeframes.

7. To the extent to which they are received by the Board, process consumer complaints in accordance with established time frames.

2006–07 target: Process 80 percent of consumer complaints within Board guidelines.

Results:

2006: 89 percent of consumer complaints were processed within Board guidelines.

2007: 91 percent of consumer complaints were processed within Board guidelines.

8. Review and update various consumer regulations for which the Board has rule-writing authority.

2006–07 target: Continue to complete additional FACT Act rule makings. Publish proposed rule for Regulation Z by the end of 2007.

Results:

2006: Completed additional FACT Act rulemaking.

2007: Published a proposed rule for Regulation Z.

9. Improve the accessibility of consumer information on banking products and services available in the market, such that consumers are better able to make informed choices.

2006–07 target: No target.

Results:

2006: Board representatives served on the Financial Literacy & Education Commission and its subcommittees on MyMoney.gov and strategic planning. Board representatives also distributed consumer news stories through a contract with the North America Precis Syndicate.

2007: Board representatives served on the Financial Literacy & Education Commission and its subcommittees on MyMoney.gov and strategic planning; distributed consumer news stories through a contract with the North America Precis Syndicate; and assisted in developing a new Federal Reserve Consumer Help web site.

10. Provide advisory services, conduct outreach, sponsor conferences to promote community development in underserved areas, and provide technical assistance that supports an ongoing dialogue with financial institutions, government agencies, and communities to address barriers and challenges to credit and capital access.

2006–07 target: Conduct a research conference in April 2007.

Results:

2006: Prepared for a research conference to be held in 2007.

2007: Conducted a research conference March 29 and 30, 2007.

11. Improve understanding of effective practices in financial and consumer education through research and development of consumer education materials.

2006–07 target: Collect data and conduct analysis for financial education research study.

Results:

2006: Collected benchmark data on financial status of newly enlisted military personnel.

2007: Continued to collect benchmark data on financial status of newly enlisted military personnel.

Resources

The majority of the resources expended to achieve this goal are reported in the Banking Supervision and Regulation and Consumer and Community Affairs divisions, whose combined expenses for the 2006-07 biennium were approximately \$128 million. The amount includes direct costs for 333 employees.

PAYMENT SYSTEM POLICY AND OVERSIGHT FUNCTION

Goals

Oversight. Provide high-quality professional oversight of Reserve Banks

Policy. Foster the integrity, efficiency, and accessibility of U.S. payment and settlement systems

Objectives

1. Produce high-quality assessments and oversight of Federal Reserve System strategies, projects, and operations, including adoption of technology to the business and operational needs of the Federal Reserve. The oversight process and outputs should help Federal Reserve management foster and strengthen sound internal control systems, efficient and reliable operations, effective performance, and sound project management, and also should assist the Board in the effective discharge of its oversight responsibilities.
2. Develop sound, effective policies and regulations that foster payment system integrity, efficiency, and accessibility. Support and assist the Board in overseeing U.S. dollar payment and securities settlement systems by assessing their risks and risk-management approaches against relevant policy objectives and standards.
3. Conduct research and analysis that contributes to policy development and increases the Board's and others' understanding of payment system dynamics and risk.

Performance Measures

1. Extent to which the Board completes all Reserve Bank reviews as scheduled; completes annual Reserve Bank examinations; and oversees an external audit of Reserve Bank financial statements each year, as required by the Federal Reserve Act.

2006–07 target: Complete all scheduled reviews.

Results: All scheduled reviews were completed.

2. Extent to which issues raised by the Board regarding Reserve Bank operations, internal audit, or proposed or ongoing initiatives foster positive change within the Reserve Banks.

2006–07 target: No specific target.

Results: The majority of issues were addressed and the Reserve Banks continue to work on a few remaining issues.

3. Submission of report to the Congress in 2007 on the results of our assessment of the effect of Check 21 on various aspects of check processing, including recommendations for legislative action as warranted

2006–07 target: Submission of report to the Congress in 2007.

Results: Report to the Congress on the effect of Check 21 was submitted in April 2007.

4. Monitor and ensure the full collateralization of Federal Reserve notes as defined by the Federal Reserve Act.

2006–07 target: Ensure 100 percent collateralization.

Results: 100 percent collateralization achieved.

5. Extent to which the Board (through its oversight committees) is informed of important developments and issues in a timely and effective manner.

2006–07 target: No target.

Results: Board oversight committees were informed in a timely and effective manner.

6. Timely response to requests for policy interpretations, deviations, and exception requests from the Reserve Banks.

2006–07 target: No specific performance target.

Results: All requests responded to in a timely manner.

Resources

The majority of the resources expended to achieve this goal are reported in the Division of Reserve Bank Operations and Payment Systems, whose expenses for the 2006-07 biennium were approximately \$50 million. The amount includes direct costs for 126 employees.

INTERNAL BOARD SUPPORT

Goal

Foster the integrity, efficiency, and effectiveness of Board programs

Objectives

1. Oversee a planning and budget process that clearly identifies the Board's mission, results in concise plans for the effective accomplishment of operations, transmits to the staff the information needed to attain objectives efficiently, and allows the public to measure our accomplishments.
2. Develop appropriate policies, oversight mechanisms, and measurement criteria to ensure that the recruiting, training, and retention of staff meet Board needs.
3. Establish, encourage, and enforce a climate of fair and equitable treatment for all employees regardless of race, creed, color, national origin, age, or sex.
4. Provide financial management support needed for sound business decisions.
5. Provide cost-effective and secure information resource management services to Board divisions, support divisional distributed-processing requirements, and provide analysis on information technology issues to the Board, the Reserve Banks, other financial regulatory institutions, and other central banks.
6. Efficiently provide safe, modern, secure facilities and necessary support for activities conducive to efficient and effective Board operations.

Performance Measures

1. Maintain budgetary independence.

2006–07 target: Maintain budgetary independence.

Results: Budgetary independence was maintained.

2. Complete a comprehensive review of the Board's compensation program, and implement any desired changes.

2006–07 target: Perform review, analyze results, communicate with staff, and make changes as needed.

Results: The review was completed, major findings were shared with the staff, and additional benefits were offered.

3. Develop qualified and diverse pools of internal and external candidates for all position postings.

2006–07 target: Increase the number of qualified and diverse candidates at the Board.

Internal Board Support

Results: Positions were filled with qualified and diverse candidates from varied candidate pools. Continuous efforts are underway to revise recruitment-related marketing materials, expand diversity recruitment strategies, and attend diversity career fairs in an effort to successfully attract and retain qualified talent.

4. Provide appropriate feedback to division directors and oversight committees via periodic management reports.

2006–07 target: Conduct meetings in time for results to be incorporated in directors' performance appraisals.

Results: Reports were discussed with each director and the appropriate oversight committee in time to be reflected in the directors' performance appraisals.

5. Establish the COSO framework for internal control and prepare for an AS2 opinion regarding internal controls not later than the 2008 audit.

2006–07 target: Establish a framework for internal control and prepare for an AS2 audit that tests the effectiveness of the Board's internal controls.

Results: An internal control framework was established and is in use. During the reporting period, the Public Company Accounting Oversight Board replaced AS2 with AS5, and the Board implemented controls to meet the requirements of the AS5 audit beginning in 2009.

6. Report measurable participation in EEO-sponsored training and awareness, career development, recruitment, outreach, and intern programs.

2006–07 target: Report measurable participation in EEO-sponsored training and awareness, career development, recruitment, outreach, and intern programs.

Results: For calendar year 2007, the EEO office validated that all employees completed training and that new employees completed their training within 90 days of hire.

7. Establish a high-quality and useful web-based EEO training program.

2006–07 target: Establish a high-quality and useful web-based EEO training program.

Results: The web-based training for No Fear compliance, which included basic EEO training, was completed and implemented in 2007. The design included a Learning Management System that enables the Board to track all employee participation and completion of required training modules with the issuance of a completion certificate. The Learning Management System also provides an opportunity for employees to post questions to the EEO office for response.

Internal Board Support

8. Receive an unqualified opinion each year on the Board's financial statements and the accompanying reports on internal controls and compliance with laws and regulations.

2006–07 target: Receive an unqualified opinion each year on the Board's financial statements.

2006 Results: The Board received an unqualified opinion on its financial statements from the outside auditors. No compliance issues were noted. Certain weaknesses were noted in the Board's internal controls over financial reporting that could affect the Board's ability to produce accurate and timely financial statements. Individually, the deficiencies were not considered significant. Collectively, however, they aggregated to a significant deficiency. Correction of the internal control findings was a major management initiative in 2007.

2007 Results: The Board received an unqualified opinion on its financial statements from the outside auditors. No compliance issues were noted. Certain control deficiencies were noted within the general computer control environment related to logical access controls, which affect several financial system platforms supporting the Board's financial statements. Individually, the deficiencies were not considered significant. Collectively, however, they aggregated to a significant deficiency. Correction of the internal control findings is a major management initiative in 2008-2009.

9. Enhance Boardwide physical security to protect Board resources and reduce the threat of disruption to operations, and increase the Board's capacity for disaster recovery to reduce the time needed to resume normal operations.

2006–07 target: Develop an in-house technical security program to address all aspects of access control, physical security issues, technical security counter measures, and ID badge issuance and maintenance, including the Board's compliance with HSPD-12.

Results: The Technical Security Unit is fully staffed and managing major technology initiatives. Compliance with HSPD-12 is on schedule for October 2008.

2006–07 target: Refine and implement the Board's contingency relocation and employee reception procedures.

Results: The Board's contingency relocation and reception procedures were completed, implemented, and tested during the period.

Resources

The majority of the resources expended to achieve this goal are reported in the Information Technology, Legal, and Management divisions and in the Office of the Inspector General, whose combined expenses for the 2006-07 biennium were approximately \$231 million. The amount includes costs for 857 employees.