Budget for Fiscal Year 2026
Congressional Budget Justification

May 2025

Federal Deposit Insurance Corporation
Office of Inspector General

MISSION AND VISION

The Federal Deposit Insurance Corporation (FDIC) insured $10.7 trillion in deposits at 4,487 banks and savings associations and directly supervised 2,848 of these banks as of December 31, 2024. It aims to promote the safety and soundness of these institutions by identifying, monitoring, and addressing risks to which they are exposed. The FDIC receives no Congressional appropriation; and is funded by premiums that banks and thrift institutions pay for deposit insurance coverage and earnings on investments in U.S. Treasury securities.

The FDIC Office of Inspector General (OIG) is an independent and objective organization established under the Inspector General (IG) Act of 1978, as amended. The FDIC OIG's statutory mission is to prevent, deter, and detect fraud, waste, abuse, and mismanagement in FDIC programs and operations; and to promote economy, efficiency, and effectiveness at the FDIC. In carrying out its mission, the FDIC OIG:

- Conducts audits, evaluations, reviews, and investigations;
- Reviews existing and proposed legislation and regulations; and
- Keeps the FDIC Chairman and the Congress informed of problems and deficiencies relating to FDIC programs and operations.

The vision for the OIG is to serve the American people as a recognized leader in the IG community by:

- Driving change and making a difference by prompting and encouraging improvements and efficiencies at the FDIC, and
- Helping to preserve the integrity of the FDIC and the banking system and protect depositors and financial consumers.

The OIG's work focuses on its guiding principles of Impactful Audits and Evaluations; Significant Investigations; Partnerships with External Stakeholders (the FDIC, Congress, whistleblowers, and fellow OIGs); Efforts to Maximize Use of Resources; Leadership skills and abilities; and Teamwork. To accomplish its work, the OIG employs auditors, investigators, data analysts, attorneys, and other business professionals at its Headquarters in Arlington, VA, and locations throughout the United States (U.S.). The OIG consists of the Immediate Office of the IG and the following four operational offices: Office of Audits (OA), Office of Investigations (OI), Office of Management (OM), and Office of General Counsel.

SOURCE OF OIG FUNDING

The source of funding for the FDIC OIG is the Deposit Insurance Fund (DIF), which is funded by premiums that banks and thrift institutions pay for deposit insurance coverage. The FDIC OIG receives no taxpayer dollars.

The FDIC OIG derives its budget authority from two sources: the Federal Deposit Insurance Act (FDI Act) and annual appropriations acts. The FDI Act provides permanent authority for the FDIC to fund its operations from the DIF without further appropriation, and this was the sole authority for OIG funding from its establishment in 1989 through fiscal year (FY) 1997. Beginning in FY 1998, to promote the independence of the OIG, the Congress has specified in annual appropriations acts the amount from the DIF that is to be allocated to the OIG for its exclusive use. Although the amount of funding is stated in the appropriations acts, the acts have also specified that the source of the funding remains the DIF created by the FDI Act, not the U.S. Treasury. Through its annual budget process as authorized by the FDI Act, the FDIC, at the beginning of each calendar year, allocates an amount from the DIF to the OIG. This figure is calculated by estimating the amount to be specified in appropriations and is later adjusted if enacted appropriations provide an amount different from the estimate.

The FDIC OIG appropriation does not count against Appropriations Subcommittee allocations under section 302(b) of the Congressional Budget Act.

FISCAL YEAR 2026 BUDGET

Budget Request Summary

For FY 2026, the OIG requests a total budget of $47 million to provide oversight of the FDIC's programs and operations. This includes $43 million for personnel salaries and benefits for 123 full-time equivalents (FTE) and $4 million for non-personnel expenses, a decrease of $500,000 from the enacted levels for FYs 2024 and 2025.

In compliance with Executive Order 14210, "Implementing the President's Department of Government Efficiency Workforce Optimization Initiative,"[1] the OIG has taken steps to maximize efficiency and productivity through reorganization and reduction of personnel

[1] Exec. Order No. 90 Fed. Reg. 9669 (February 11, 2025)

beginning in FY 2025 and extending through FY 2027. In total, of the previously authorized 153 FTE, 20 employees have departed or will separate from FDIC OIG by the end of FY 2025, and an additional 10 authorized positions will be vacant.

As the OIG continues to implement its Agency Reduction in Force and Reorganization Plan (ARRP),[2] the requested budget seeks funding necessary to support OIG oversight efforts in several key areas. This includes focusing on cybersecurity, conducting statutorily mandated reviews of failed banks, and carrying out important discretionary work to assess the efficiency and effectiveness of FDIC programs and operations, and make recommendations for improvement. Additionally, the budget request supports the continued delivery of impactful investigations involving financial crimes, such as bank and wire fraud, money laundering, and embezzlement; in addition to investigations involving misrepresentations of FDIC insurance and employee misconduct. Without this level of funding, the OIG may need to consider further personnel cost reductions, potentially leading to cuts in critical discretionary work and reduced ability to respond to risk areas and stakeholder concerns.

Current Baseline and Budget Requirements

The OIG budget is largely driven by personnel and benefits costs, which are estimated at $45 million in FY 2025—over 94 percent of the total budget. As of March 31, 2025, the OIG had 143 staff on board. Beginning in 2026, the expected number of staff on board is 123 due to staff reductions through the Deferred Resignation Program (DRP), Voluntary Early Retirement Authority (VERA), and Voluntary Separation Incentive Program (VSIP). The FY 2026 budget is based on this reduced staffing level, with projected salaries and benefits of $43 million—approximately 91 percent of the total budget.

The OIG's ARRP prioritized retaining a highly experienced and specialized workforce, particularly auditors, evaluators, data analysts, investigators, attorneys, and other business professionals—who are critical for conducting effective oversight of complex regulatory and investigative issues in the banking sector. Approximately 63 of these OIG positions are Special Agents in the 1811 job series, with a higher cost structure due to availability pay and higher benefits costs for retirement funding. The OIG's salary and benefits are based on compensation set by the FDIC parent agency, which differs from the annual adjustments to the General Schedule base pay schedule administered by OPM.

[2] On February 26, 2025, U.S. Office of Management and Budget (OMB) and U.S. Office of Personnel Management (OPM) issued guidance to the heads of Executive departments and agencies on developing ARRPs—submitted in two phases—to implement the Administration's workforce optimization initiative.

The baseline includes expenses for recurring non-personnel categories such as investigative travel, purchases and leases of equipment and supplies, and subscriptions and licenses for research and IT resources.

The budget request also includes sufficient funding for OIG employee training, and mandatory contributions to the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which is 0.40 percent of the budget request, or $188,000.

FY 2024-25 AUDIT AND INVESTIGATVE OUTCOMES

The FY 2026 budget request supports the continuation of critical work that generated systematic risk reductions for the FDIC and billions of dollars in financial recoveries in FY 2024 and FY 2025.

Our audit work assessed the FDIC's handling of three of the largest bank failures in United States history – Silicon Valley Bank, Signature Bank of New York, First Republic Bank – and made 32 recommendations for how the FDIC can prevent similar failures and improve operational readiness for future bank resolutions. We also evaluated the FDIC's sexual harassment prevention program and conducted a Special Inquiry of the FDIC's workplace culture with respect to harassment and related misconduct, recommending major improvements to the FDIC's processes that will promote accountability for misconduct.

Our investigative work continues to produce financial recoveries that far exceed the total OIG budget. In FY 2024 and the first half of FY 2025, FDIC OIG investigations resulted in 248 indictments, 211 convictions, 199 arrests, and more than $3.8 billion in fines, restitution ordered, and other monetary recoveries. Recent examples of this work include an investigation of TD Bank, the 10th largest bank in the United States, for deficiencies in its anti-money laundering program. This case resulted in a guilty plea to conspiracy charges and a monetary penalty of more than $1.8 billion.

WORK IN PROGRESS AND KEY PROJECTS PLANNED IN FY 2026

Identification of the FDIC's Top Management and Performance Challenges

This year, we issued our Top Management and Performance Challenges report at a time when the Federal Government, including the FDIC, was undergoing significant restructuring and reform that continues to unfold. The Top Challenges that we identified, in accordance with the Reports Consolidation Act of 2000, were based on the status, makeup, and processes in place at the FDIC as of March 14, 2025. We acknowledge that the FDIC is likely to undergo significant changes that may impact the challenges we identified. These challenges build on our past efforts and are key drivers in our work plans for the remainder of FY 2025 and into the future.

1. Enhancing Governance

- Fostering Agency-wide Coordination to Work as One-FDIC
- Measuring Progress Towards Mission Goals

2. Establishing Effective Human Capital Management

- Understanding the Impact of Staffing Changes at the FDIC
- Sustaining a Safe and Accountable Workplace Culture

3. Ensuring Readiness to Execute Resolution and Receivership Responsibilities

- Improving Planning for Large Regional Bank Resolutions and Orderly Liquidations

4. Identifying and Addressing Emerging Financial Sector Risks

- Escalating Supervisory Actions through Forward-Looking Supervision and Consideration of Non-Capital Triggers
- Examining for Financial Crimes and Sanctions Risks
- Assessing Crypto-Related Activities Risks

5. Assessing Operational Resilience in the Financial Sector

- Examining for Third-Party Operational Risks
- Assessing Banks' Cybersecurity Risks

6. Improving Contract Management

- Adhering to Contracting Requirements and Internal Controls
- Ensuring the FDIC's Contracting Process is Free from Conflicts of Interest

7. Ensuring Information Technology (IT) Security and Scalability

- Fostering IT Systems Security
- Providing IT Scalability During Crises

8. Guarding Against Harmful Schemes

- Keeping Pace with Payment Schemes
- Addressing Misuse of the FDIC Name and Logo

Ongoing Audit and Evaluation Work:

As of this writing, we had several ongoing audits, evaluations, and reviews, in large part emanating from our analysis of the Top Management and Performance Challenges and covering significant aspects of the FDIC's programs and activities. These include two reviews relating to the resolution and receivership of the largest bank failures in U.S. history— an audit of FDIC's Procurement of Resolution and Receivership Services and an evaluation of the FDIC's Valuation Process for Large Regional Bank Resolutions.

In addition, we have multiple ongoing engagements in the area of IT and cybersecurity such as the audit of FDIC's Intelligent Business Process Management Systems Platform and the annual evaluation of the FDIC's information security program and practices under the Federal Information Security Modernization Act.

We are also conducting a review into the steps the FDIC has taken and sustained to address risks related to succession management at the FDIC and an audit of the FDIC's efforts to determine the cost benefits of, and organizational risks associated with, operating its Student Residence Center.

Lastly, we are completing a congressionally requested review of the workplace culture and harassment allegations at the FDIC, and the statutorily mandated failed bank review of Pulaski Savings Bank, Chicago, Illinois.

These projects examine the FDIC's compliance with laws, regulations, and best practices; evaluate the FDIC's IT programs and information and cyber security; review failed banks; and alert FDIC management to concerns.

See FDIC OIG Ongoing Work for more details.

Office of Investigations

OI helps preserve the integrity of the banking system through a comprehensive nationwide program for the prevention, deterrence, detection, and investigation of criminal, civil, and administrative misconduct impacting FDIC programs and operations.

Our office plays a key role in investigating sophisticated schemes of bank fraud, embezzlement, money laundering, cyber-crime, and many other fraudulent activities affecting FDIC-supervised or insured institutions. Whether it is bank executives who have caused the failures of banks, or criminal organizations stealing from Government-guaranteed loan programs – these cases often involve bank directors and officers, Chief Executive Officers, attorneys, real estate insiders, financial professionals, crypto firms and exchanges, financial technology (FinTech) companies, and international financiers.

Cyber-crime Investigations

Our Electronic Crimes Unit (ECU) is an important component within OI. The ECU provides industry leading digital forensic, eDiscovery, and cryptocurrency tracing support to investigations nationwide, and conducts high-impact, cyber-focused criminal investigations impacting FDIC programs and operations. The ECU lab analyzes voluminous electronic records in support of complex financial fraud investigations that span the U.S. and overseas. The ECU lab also provides a platform for complex data analysis, eDiscovery, forensic data services, undercover work, and investigative technology operations, as well as the analysis of electronically stored information. The ECU lab has supported approximately 60 requests for assistance within OI and provided forensic support for 17 search warrants, forensic imaging, and eDiscovery review to Special Agents throughout the country. To date the ECU has collected over 131 items and imaged over 29 terabytes of data in support of ongoing investigations.

Sustaining Prior Investments Data Analytics and IT Infrastructure

In FY 2026, the OIG proposes a budget that sustains and expands our past investment in personnel uniquely skilled in cybersecurity audits, cybercrime investigations, data analytics, and IT, as well as supporting the cost of personnel to ensure the OIG’s administrative and fiscal accountability. Over the past 2 years, we have increased our capabilities and skills in conducting cybersecurity audits, evaluations, and reviews . This has allowed us to perform highly technical oversight work, including audits of the FDIC’s Cloud Governance, Cloud Security, and Ransomware Readiness. This work is just the beginning of a body of technical audits, evaluations, and reviews that will allow us to identify additional IT risks and assess the FDIC IT network. We have also increased our capabilities to conduct complex cybercrime investigations through investments in digital forensics infrastructure and hiring and sustaining highly trained Special Agents certified in cyber, crypto currency, and digital forensics skill sets.

The OIG's investment in data analytics has advanced data governance, security standards, and access to many analytical tools. When it is possible, to protect the integrity of OIG operations, we partner with the FDIC to gain access to cloud storage and computing to expand the OIG's analytical capabilities, while reducing redundancy and cost. The OIG's analytical use of the FDIC data lake[3] is scheduled in FY 2025, which will provide a secure, high-performance analytical environment for engagement with the FDIC and raise internal OIG efficiency at no additional cost to the OIG. In FY 2026, the OIG plans to enhance automated information sharing with the FDIC and our law enforcement partners through new capabilities in the data lake and expand our use of machine learning to predict threats to the integrity of the banking system.

Sustaining these investments will advance the OIG's efforts to conduct highly technical oversight work, develop electronic management tools, operational analytics, and performance reporting, as well as provide additional data access and analytical capabilities for our audits, evaluations, reviews, and investigations. The increased use of data analytics will allow for timely and informed decisions regarding areas in which we should focus our oversight work.

CONTINGENCY PLANNING FOR POTENTIAL BANK FAILURES

If a bank fails and results in a loss to the DIF above $50 million, the FDIC OIG is required by statute to complete a material loss review (MLR) within 6 months. If a bank fails and causes a loss to the DIF at or below $50 million, the FDIC OIG is required by statute to complete a failed bank review (FBR). We anticipate engaging a contractor to perform any mandated FY 2026 MLRs and OA staff would perform any FY 2026 FBRs, as appropriate. If resources are needed for these activities before the availability of a contractor, we will analyze all ongoing work to determine which projects should be suspended so staff resources are shifted appropriately to conduct the required reviews.

In 2023, as noted above, we saw the failure of five financial institutions, which included three of the largest bank failures in U.S. history. Two of these banks were regulated by the FDIC and required the OIG to complete MLRs. From these failures, we learned how quickly a bank's liquidity issues can result in failure and may have a contagion effect for other financial institutions and the economy as a whole.

[3] A data lake is a centralized repository designed to store, process, and secure large amounts of structured, semi-structured, and unstructured data.

Additionally, in FY 2024, we saw the failure of Republic First Bank, Philadelphia, PA, which required us to perform an MLR due to its $667.1 million estimated loss to the DIF. The OIG engaged an independent public accounting firm with specialized expertise to conduct the review. Events like these lead to additional required FDIC OIG work in a compressed time frame, which limits resources to conduct mission critical work and delays ongoing work.

In recognizing the economic and financial uncertainties, we implemented a contingent contract vehicle only to be executed if a bank failure occurred and we were required to conduct an MLR. Having this contract in place in FY 2023 and FY 2024 allowed us to perform the MLR in a timely manner to meet the statutory deadlines with minimal interruption to our other important oversight work. This type of preparedness is consistent with the FDIC's contingency planning for bank failures, and it is necessary to ensure the OIG can respond appropriately during times of heightened risk and uncertainty that may impact the stability of the banking sector.

CONCLUSION

The OIG is committed to delivering credible results that drive meaningful change, enhance integrity and accountability, and foster public trust in the FDIC and U.S. banking sector. We will exercise responsible stewardship of our Congressional funding and maintain effective working relationships with the FDIC as we provide critical oversight of the FDIC. We will promote and encourage improvements and efficiencies in FDIC programs and operations and help preserve the integrity of the banking system.

Requested funding will support FDIC OIG priorities to conduct quality audits, evaluations, and reviews in a timely manner; issue reports based on reliable evidence and sound analysis; and make meaningful recommendations focusing on outcome-oriented impact and cost savings. With funding for FY 2026, we will continue to focus on cutting-edge IT infrastructure and cybersecurity issues and employ data analytics to identify areas of concern and make data-driven decisions. With the financial and human resources needed, we will be able to conduct statutorily required work, including MLRs and FBRs, and to pursue matters regarding the subsequent resolution of failed institutions. These funds will also allow us to conduct highly important work responsive to Congressional requests for additional oversight work and investigations.

Finally, and importantly, requested funding will allow us to continue to successfully join our law enforcement partners in investigating significant financial crimes impacting the FDIC and the Nation's banks. With the financial and human resources needed, we will be able to conduct statutorily required work to prevent fraud, waste, abuse, and gross mismanagement within FDIC's programs and operations. Working together, we will bring to justice and hold accountable those who seek to undermine the mission of the FDIC and the integrity of the banking system—efforts that to date have yielded a high return on our investment.

APPENDIX – FDIC OIG Budget Comparison ($ in thousands)

Object Classification	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Request
11.1 Full-Time Equivalent	26,198	29,390	26,937
11.5 Other Personnel Compensation	1,200	1,160	893
11.9 Total Personnel Compensation	**27,398**	**30,550**	**27,830**
12.1 Civilian Personnel Benefits	14,108	14,077	14,711
21.0 Travel and Transportation of Persons	1,480	870	1,325
22.0 Transportation of Things	14	-	-
25.0 Other Services	2,323	955	2,063
26.0 Supplies and Materials	25	23	31
31.0 Equipment	2,152	1,025	1,040
Total	**47,500**	**47,500**	**47,000**
Full-Time Equivalent	**149**	**143**	**123**

APPENDIX – FDIC OIG Overall Results and Highlights

OIG Results	For the Period October 1, 2023 to September 30, 2024	October 1, 2024 to March 31, 2025	Total
OIG Audit and Other Products	13	3	16
Recommendations	73	21	94
OIG Investigations Statistics:			
Hotline Inquiries Received	557	432	989
Hotline Cases Opened	18	24	42
Investigations Opened	82	67	149
Investigations Closed	53	81	134
Judicial Actions:			
Indictments/Informations	163	64	227
Convictions	127	48	175
Arrests	120	62	182
Criminal – Asset Forfeiture	$521,321,452	$640,113,149	$1,161,434,601
Criminal – Fines	$628,800	$1,435,434,478	$1,436,063,278
Criminal – Restitution	$307,925,437	$504,208,525	$812,133,962
Criminal – Special Assessment	$24,600	$14,800	$39,400
Criminal – Criminal Penalty	$0	$77,696,000	$77,696,000
Total Criminal Recoveries	**$829,900,289**	**$2,657,466,952**	**$3,487,367,241**
Civil – Penalty Imposed	$53,000,000	$108,700,000	$161,700,000
Civil – Monetary Restitution	$53,750,000	$0	$53,750,000
Civil – Negotiated Monetary Settlement	$66,250,000	$0	$66,250,000
Total – Civil Monetary	**$173,000.000**	**$108,700,000**	**$281,700,000**
Total Monetary Recoveries	**$1,002,900,289**	**$2,766,166,952**	**$3,769,067,241**

OIG Results	For the Period October 1, 2023 to September 30, 2024	October 1, 2024 to March 31, 2025	Total
Referrals to DOJ (U.S. Attorney)	134	63	197
Investigative Reports to FDIC Management for Action	7	15	22
Responses to Requests Under the Freedom of Information/Privacy Act	41	20	61
IG Subpoenas Issued	3	3	6