



**Budget for Fiscal Year 2027
Congressional Budget Justification**

February 2026

Federal Deposit Insurance Corporation
Office of Inspector General

MISSION AND VISION

The Federal Deposit Insurance Corporation (FDIC) insured an estimated \$10.7 trillion in deposits at 4,379 banks and savings associations and directly supervised 2,772 of these banks as of September 30, 2025. The FDIC 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 United States (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. Accordingly, the FDIC OIG's statutory purpose 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. The FDIC OIG mission is to deliver credible results that drive meaningful change, enhance integrity and accountability, and maintain public trust in the FDIC. In carrying out its statutory 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 be a leader within the IG community through proactive, agile, and innovative oversight of FDIC programs and operations.

The OIG's work focuses on its guiding principles of Impactful Audits and Evaluations; Significant Investigations; Partnerships with External Stakeholders;¹ Efforts to Maximize Use of Resources; Leadership Skills and Abilities; and Teamwork. To accomplish its important work, the OIG employs auditors, investigators, data analysts, attorneys, and other business professionals with expertise in auditing, accounting, banking, and financial disciplines at its Headquarters in Arlington, VA, and locations across the U.S. The OIG consists of the Immediate Office of the IG and the following four operational offices: Office of Audits, Office of Investigations, Office of Management, and Office of General Counsel.

¹ External stakeholders include, but are not limited to, the FDIC, Congress, and the public.

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 appropriation acts specify the amount of funding, they also clarify that the source of the funding is the DIF, 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 2027 BUDGET

Budget Request Summary

For FY 2027, the President's budget requests \$42.2 million for the FDIC OIG to provide independent oversight of the FDIC's programs and operations. This request is a \$6.3 million reduction from the FY 2026 enacted level of \$48.5 million—a 13 percent reduction. Specifically, the President's budget supports \$39.2 million for personnel salaries and benefits for 97 full-time equivalents (FTE) and \$3 million for non-personnel expenses.

In compliance with the President's Executive Order on workforce optimization and related guidance,² the FDIC OIG took steps to maximize efficiency and productivity through reorganization and reduction of personnel beginning in FY 2025 and extending through FY 2027. In total, of the previously authorized 153 FTEs, 20 employees have separated from the OIG as of the end of FY 2025, and an additional 10 authorized positions will remain vacant in FY 2026.

To further implement the Administration's priorities of reducing staffing and funding while focusing on core statutory functions, the President's FY 2027 budget supports salaries and benefits for 97 FTEs as noted earlier. This reflects a reduction of 26 positions from the staffing level of 123 FTEs at the beginning of 2026.

Under this reduced budget, the OIG will prioritize core statutory responsibilities. This includes statutorily mandated reviews of failed banks, evaluations of the FDIC's information security program, investigations of FDIC employee misconduct cases, and investigations of financial crimes that directly cause losses to the FDIC's DIF.

Current Baseline

The FDIC OIG's budget is largely driven by personnel and benefits costs, estimated at \$43 million for FY 2026, approximately 88 percent of the total budget enacted for the current fiscal year. As of January 2026, the OIG had 123 employees on board, due to staff reductions through the Deferred Resignation Program, Voluntary Early Retirement Authority, and Voluntary Separation Incentive Payment.

The OIG prioritized retaining a highly experienced and specialized workforce, consisting of 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. Of these OIG positions, 62 are Special Agents in the 1811 criminal investigation job series, with a higher cost structure due to availability pay and higher benefits costs for retirement funding. The FDIC OIG's overall salary and benefits are based on compensation set by the FDIC, as the parent Agency, which differs from the annual adjustments to the General Schedule base pay schedule administered by the Office of Personnel Management.

² Executive Order 14210, [Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative](#) (90 FR 9669) (February 11, 2025) and Office of Management and Budget and Office of Personnel Management (OMB and OPM), [Guidance on Agency RIF and Reorganization Plans Requested by Implementing The President's "Department of Government Efficiency" Workforce Initiative](#), (February 26, 2025).

The current baseline includes expenses for recurring non-personnel categories to enable critical oversight work (e.g., investigative travel, purchases and leases of equipment and supplies, and subscriptions and licenses for information technology (IT) resources).

The FY 2027 budget request also includes sufficient funding for OIG employees' required training and mandatory contributions to the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which is 0.4 percent of the budget request, or \$168,800.

Reduction from Baseline

The FY 2027 budget request of \$42.2 million reflects a \$6.3 million (or 13 percent) reduction from the FY 2026 enacted appropriation of \$48.5 million. Because the majority of the FDIC OIG budget is for personnel salaries and benefits, this funding level requires a reduction of 26 FTEs from the January 2026 staffing level of 123 FTEs, resulting in an affordable staffing level of 97 FTEs.

To implement this reduction, the OIG will narrow its oversight focus to work mandated by statute and prioritize work addressing direct monetary losses to the FDIC.

Contingency Funding

The FY 2026 enacted appropriation included \$1.5 million in no-year funding authority to enable unanticipated work, such as completing statutorily-mandated reviews of large bank failures. The FDIC OIG is required by statute to determine the causes of any bank failures and the resulting material losses to the DIF and evaluate the FDIC's supervision of the failed institution. These reviews are required to be completed within six months, so no-year funding enables the FDIC OIG to continue these reviews across fiscal years without interruption.

FY 2025 AUDIT AND INVESTIGATIVE OUTCOMES

The FY 2027 FDIC OIG budget request reflects the importance of work that, in FY 2025, contributed to a reduction in systemic risk for the FDIC and seeks to focus available resources accordingly. We reported over \$3 billion in financial recoveries in FY 2025, which equates to a return-on-investment (ROI) of \$68 for every dollar invested in our budget that fiscal year. For the past two fiscal years on average, we have provided an ROI of nearly \$45 for every dollar invested.

Of our notable FY 2025 audit work, in December 2024, we issued our report on the *Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct – Part 1*. This review assessed employee perceptions of the FDIC's workplace culture, management's response to harassment complaints, related misconduct and litigation, and FDIC executives' awareness and actions regarding these issues. We made six recommendations to improve the FDIC's workplace culture by setting a tone where all executives model the FDIC's core ethical values. As a result of this important work, the FDIC has undertaken agency-wide efforts to remediate deep-seated workforce culture issues, which continue to be a key priority for the FDIC.

In November 2024, we issued the statutorily mandated Material Loss Review on the April 2024 failure of Republic First Bank of Philadelphia, PA, with an estimated loss to the DIF of approximately \$667 million. That report found that the Bank failed due to the reclassification of its held-to-maturity debt securities portfolio, requiring it to recognize significant fair value losses in its net income due to insufficient liquidity, and resulting in it becoming critically undercapitalized. The report also included four recommendations to improve the FDIC's supervision process and help prevent future losses to the DIF.

In Spring 2023, the FDIC responded to the unanticipated failures of Silicon Valley Bank, Signature Bank of New York, and First Republic Bank. These three bank failures represented the second, third, and fourth largest in U.S. history, which occurred at unprecedented speed, and concurrent with the failure of one foreign Global Systemically Important Bank and material stresses in the wider banking system. Correspondingly, in December 2024, we issued a report that concluded that at the time of the Spring 2023 failures, the FDIC had not ensured that it fully met its human and technology resource needs or that it sufficiently coordinated resources to resolve large regional banks. We issued 11 recommendations to further mature the FDIC's readiness to resolve large regional banks.

Additionally, we performed an audit of the FDIC's largest service contract, the Infrastructure Support Services (ISS) contract, valued at \$300 million. The contract provides day-to-day IT operational support for the FDIC's infrastructure facilities, hardware, software, and systems. The report included eight recommendations to improve the FDIC's oversight of the ISS contract. It also identified funds to be put to better use for service level credits due and questioned costs resulting from missing data to support contract invoices.

As for our impactful investigations, we continue to help maintain and preserve the integrity of the banking sector by detecting and deterring financial fraud. Three recent examples, involving Par Funding, American Express, and TD Bank, illustrate the

complexity and varied nature of cases during the reporting period along with other successful outcomes. In brief, the former CEO of Par Funding was sentenced to 186 months for RICO conspiracy, securities fraud, obstruction of justice, tax violations, and related charges. In the case of American Express, it agreed to pay \$108.7 million to settle allegations of deceptive marketing and “dummy” account information. The investigation of TD Bank, the 10th largest bank in the U.S., for deficiencies in its anti-money laundering program resulted in a guilty plea to conspiracy charges and a monetary penalty of more than \$1.8 billion.

Our investigative work continues to produce financial recoveries that far exceed the total OIG budget. In FY 2025, FDIC OIG investigations resulted in 124 indictments, 107 convictions, 109 arrests, and more than \$3.2 billion in fines, restitution ordered, and other monetary recoveries.

Our internal investigations also help ensure accountability at the FDIC, resulting in criminal, and administrative outcomes in FY 2025. In July 2025, we issued a report entitled, *Special Inquiry of the FDIC’s Workplace Culture with Respect to Harassment and Related Misconduct – Part 2*. We reviewed allegations of personal misconduct by five senior FDIC officials. While the scope and severity of conduct varied, our investigations developed evidence supporting that each of the senior officials personally engaged in some degree of inappropriate workplace conduct. We provided our factual findings to the FDIC for their review and action. The FDIC stated that in response to the OIG’s investigations of the five senior officials discussed in this report, the FDIC reviewed the reports of investigation, conducted its own investigations in several cases, and took corrective action, as appropriate. None of the officials remain at the FDIC.

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 was likely to undergo significant changes that may impact the challenges we identified. These challenges build on our past efforts and were key drivers in our work plan for FY 2025 and ongoing work.

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 Work

In developing our FY 2026 audit plan, we leveraged the FDIC's Enterprise Risk Management program to independently assess and identify the most significant risks facing the FDIC. We also drew on the most recent Top Management and Performance Challenges, OIG Hotline referrals, experience gained from recent and ongoing projects, as well as insights from various FDIC Divisions and Offices. As of this writing, we are currently performing the following audits, evaluations, and reviews.

We are conducting a series of projects related to FDIC resolution and receivership functions. Overall, our assessment will focus on the adequacy of the FDIC's resolution readiness and response efforts following the failures of Silicon Valley Bank, Signature Bank of New York, and First Republic Bank, including the FDIC's adherence to established policies and procedures for key resolution functions. Currently, we are determining the extent to which the FDIC adhered to established policies and procedures consistent with FDI Act requirements for the valuation function in response to the three bank failures.

We are also performing an in-depth review of the January 2025 failure of Pulaski Savings Bank, Chicago, IL, which resulted in an estimated loss to the DIF of \$28.4 million at the time. We determined that an in-depth review was warranted based on the high estimated loss rate (62 percent) and the unusual circumstances surrounding the deposit liabilities of at least \$20.7 million that were not accounted for in the bank's core financial system.

Our oversight efforts also include work related to protecting FDIC data and information. Specifically, we are performing an audit to determine to what extent the FDIC has implemented processes to detect, respond, and actively defend against cyber threats. We are also performing the statutorily mandated evaluation of the FDIC's information security program and practices under the Federal Information Security Modernization Act.

Lastly, our ongoing audit of the FDIC's Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) will determine whether the FDIC has effectively conducted AML/CFT examination scoping and risk-based planning activities, and whether examiners have the necessary training and skills to evaluate AML/CFT and sanctions compliance.

This ongoing body of work examines FDIC programs and operations for efficiency, effectiveness, and compliance with laws, regulations, and leading practices, with the

aim to recommend improvements and alert FDIC management of any identified concerns.

See [FDIC OIG Ongoing Work](#) for more details.

Investigative Work

The Office of Investigations (OI) helps preserve the integrity of the U.S. 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 or other insiders 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 companies, and international financiers. In these circumstances, OI Special Agents conduct extensive criminal investigations resulting in federal charges that help ensure accountability and stability in the banking sector.

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. Since FY 2024, the ECU lab has supported approximately 100 requests for assistance within OI that provided forensic and analytical support for 22 search warrants, over 50 forensic imaging requests, and numerous eDiscovery reviews for Special Agents throughout the country. The ECU has collected over 181 items and imaged over 329 terabytes of data in support of ongoing investigations.

Sustaining Prior Investments in Data Analytics and IT Infrastructure

In FY 2027, the OIG proposes a budget that sustains and enhances, where feasible, our past investment in personnel uniquely skilled in cybersecurity audits, cybercrime investigations, data analytics, and IT operations, as well as supporting the cost of personnel to ensure the FDIC OIG's administrative and fiscal accountability. Over the past two years, we have increased our capabilities and skills in conducting technical cybersecurity audits, evaluations, and reviews.

For the first time, our highly skilled auditors recently conducted in-house cybersecurity tests to simulate real-world threat actors and test the FDIC's network monitoring and defenses. In addition, we performed highly technical oversight work of the FDIC's cloud governance and security, as well as the FDIC's ransomware readiness. This work marks the beginning of a body of technical audits, evaluations, and reviews to identify IT risks and assess the FDIC's IT network.

We have also increased our capabilities to conduct complex cybercrime investigations by investing in digital forensics infrastructure and hiring and sustaining highly trained Special Agents certified in cyber, cryptocurrency, and digital forensics skill sets. This effort has resulted in successful investigations targeting criminal actors and bank insiders who have victimized countless Americans by utilizing technology and the dark web to compromise and profit from victims' bank account and identity information. These schemes often target vulnerable populations, such as the elderly.

Supporting Artificial Intelligence (AI) Initiative

The FDIC OIG continues to expand the use of data and artificial intelligence (AI) to improve the efficiency and effectiveness of operations. In FY 2025, the OIG modernized data and AI governance policies to improve security, protect the integrity of our oversight capacity, incorporate new innovations into our efforts, and meet the requirements of OMB Memorandum M-25-210, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust*. The OIG partnered with the FDIC to provision new cloud-based machine learning tools capable of natural language processing, speech recognition, and language/translation services to all OIG employees in August 2025. These new tools are being developed into pilot projects that will reduce the amount of manual transcription by audit and investigation staff in FY 2026. In both 2025 and again in 2026 the OIG will perform outreach to the FDIC demonstrating proper usage of AI in the oversight community at the FDIC Data Summit and other events as requested.

The OIG is currently dedicating significant staff resources to deploy generative AI tools to all employees, with a phased rollout planned to begin in FY 2026. Additionally, generative AI features are being integrated into existing platforms such as Microsoft 365 to enhance operational efficiency and effectiveness. The majority of OIG AI use cases currently involve the ingestion of large amounts of documents for synthesis and analysis. The OIG is currently working on several pilots to perform these tasks in a cost-effective manner to promote the usage of generative AI. The amount of return on these AI technology investments will depend heavily on the ability to train existing personnel to employ these new tools, recruit new personnel with AI skillsets, and contract for projects as necessary. The OIG is enthusiastically pursuing efficiencies with the new technologies in a prudent and secure manner.

CONTINGENCY PLANNING FOR POTENTIAL BANK FAILURES

Section 38(k) of the FDI Act requires the Inspector General of the appropriate Federal banking agency to complete a review and prepare a report when the DIF incurs a material loss (greater than \$50 million) regarding an insured depository institution for which the FDIC is appointed Receiver. The report must be issued within six months of the accounting transaction for the loss determination. As required under the Dodd-Frank Act, the FDIC OIG is mandated to review all losses incurred by the DIF under the \$50 million threshold regarding an insured depository institution for which the FDIC is appointed Receiver.

Our experience has shown how quickly a bank's liquidity issues can result in failure and may have contagion effects for other financial institutions and the economy as a whole. If OIG personnel are needed to conduct highly complex material loss reviews of institution failures, we will analyze all ongoing work to determine which project(s) should be suspended, allowing staff resources to be redirected to the required reviews.

When Republic First Bank, Philadelphia, PA, failed in FY 2024, with an estimated \$667.1 million loss to the DIF, we engaged an independent public accounting firm with specialized expertise to conduct the review. In recognizing economic and financial uncertainties, we had implemented a contingent contract vehicle only to be executed if a bank failure occurred and we were required to conduct a material loss review. Having this contract in place in FY 2023 and FY 2024 allowed us to perform the highly complex material loss review for Republic First Bank in a timely manner to meet the statutory deadline 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. Having a contract vehicle in place and the availability to fund that contract is imperative to being able to conduct statutorily mandated material loss reviews.

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 continue to exercise responsible stewardship of our Congressional funding and foster effective working relationships with the FDIC as we provide critical independent 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.

APPENDIX – FDIC OIG Budget Comparison (\$ in thousands)

Object Classification	FY 2025 Enacted	FY 2026 Enacted³	FY 2027 CBJ
11.1 Full-Time Equivalent	29,390	26,937	25,635
11.5 Other Personnel Compensation	1,160	893	600
11.9 Total Personnel Compensation	30,550	27,830	26,235
12.1 Civilian Personnel Benefits	14,077	14,711	13,008
21.0 Travel and Transportation of Persons	870	1,325	888
22.0 Transportation of Things	-	-	-
25.0 Other Services	955	3,563	1,141
26.0 Supplies and Materials	23	31	31
31.0 Equipment	1,025	1,040	897
Total	47,500	48,500	42,200
Full-Time Equivalent	143	123	97

³ This table reports the data required by Section 608 of the Consolidated Appropriations Act, 2026, to establish the baseline for application of reprogramming and transfer authorities for the current fiscal year.

APPENDIX – FDIC OIG Overall Results and Highlights

OIG Results	Fiscal Year	
	2024	2025
OIG Audit and Other Products	13	11
Recommendations	73	44
Total Monetary Benefits	\$9,900,000	\$0
OIG Investigations Statistics:		
Hotline Inquiries Received	557	945
Hotline Cases Opened	18	46
Investigations Opened	82	127
Investigations Closed	53	139
Judicial Actions:		
Indictments/Informations	163	124
Convictions	127	107
Arrests	120	109
Criminal – Asset Forfeiture	\$521,321,452	\$679,887,631
Criminal – Fines	\$628,800	\$1,441,507,528
Criminal – Restitution	\$307,925,437	\$952,687,697
Criminal – Special Assessment	\$24,600	\$27,725
Criminal – Criminal Penalty	\$0	\$77,696,000
<i>Total Criminal Recoveries</i>	\$829,900,289	\$3,151,806,580
Civil – Penalty Imposed	\$53,000,000	\$108,700,000
Civil – Monetary Restitution	\$53,750,000	\$0
Civil – Negotiated Monetary Settlement	\$66,250,000	\$0
<i>Total – Civil Monetary</i>	\$173,000,000	\$108,700,000
Total Monetary Recoveries	\$1,002,900,289	\$3,260,506,580
<i>Return-On-Investment</i>	\$21.32	\$68.64

OIG Results	Fiscal Year	
	2024	2025
Referrals to DOJ (U.S. Attorney)	134	126
Investigative Reports to FDIC Management for Action	7	24
Responses to Requests Under the Freedom of Information/Privacy Act	41	50
IG Subpoenas Issued	3	9