

Office of Inspector General

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2019	FY 2020	FY 2021	FY 2020 TO FY 2021	
	Operating Plan	Enacted	Request	\$ Change	% Change
Audit	\$28,524	\$30,524	\$29,524	(\$1,000)	0.01%
Investigations	\$8,520	\$10,520	\$9,811	(\$709)	0.01%
Subtotal, OIG	\$37,044	\$41,044	\$39,335	(\$1,709)	-11.00%
Offsetting Collections - Reimbursables	\$6,000	\$9,000	\$9,000	\$0	0.00%
Total Program Operating Level	\$6,000	\$9,000	\$9,000	\$0	-0.00%
Direct FTE	154	167	180	13	7.70%
Total FTE	154	167	180	0	0.00%

FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals. This column reflects levels appropriated in P.L 116-93, the Appropriations Act of 2019. For further details on the execution of these resources see the 2021 Budget *Appendix* chapter for the Department of the Treasury.

Summary

The FY 2021 request for \$39,335,000 for the OIG will be used to fund critical audit, investigative, and mission-support activities to meet the requirements of the Inspector General Act of 1978, as amended, and other statutes including, but not limited to: the Cybersecurity Act of 2015; Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank); Federal Information Security Modernization Act of 2014 (FISMA); Federal Information Technology Acquisition Reform Act; Government Management Reform Act; Improper Payments Elimination and Recovery Act of 2010; Digital Accountability and Transparency Act of 2014 (DATA Act); Federal Deposit Insurance Act; Small Business Jobs Act of 2010; the Government Charge Card Abuse Protection Act of 2012; and Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). Specific mandates include (1) audits of the Department's financial statements, (2) audits and/or evaluations of the Department's information systems security program and practices as required by FISMA, (3) assessments of the Department's cyber security information sharing, (4) audits of improper payments and recoveries under IPERA, (5) risk assessments and audits of charge card programs, (6) material loss reviews of failed insured depository institutions regulated by the Office of the Comptroller of the Currency (OCC), and (7) data quality audits of spending data submitted by the Department to USASpending.gov.

The OIG will also conduct audits of the Department's highest risk programs and operations and respond to stakeholder requests for specific work, including: (1) operating in an uncertain environment; (2) cyber threats; (3) Bank Secrecy Act, anti-money laundering, and and-terrorist financing enforcement; (4) efforts to promote spending transparency and to prevent and detect improper payments; and (5) information technology acquisition and project management.

Within its jurisdictional boundaries, the OIG also conducts audit of the highest risk programs and operations of the Gulf Coast Ecosystem Restoration Council (Council) established under the RESTORE Act. The highest risk programs and operations identified as the Council's management and performance challenges include: (1) Federal Statutory and Regulatory Compliance and (2) Grant and Interagency Agreement Compliance Monitoring.

The OIG will continue its investigative work to prevent, detect, and investigate complaints of fraud, waste, and abuse impacting Treasury programs and operations. This includes the detection and prevention or deterrence of employee misconduct and fraud.

Through the audit and investigative functions, the OIG supports the Department of the Treasury’s FY 2018 – 2022 Strategic Plan. The goals are: Goal 1: Boost U.S. Economic Growth; Goal 2: Promote Financial Stability; Goal 3: Enhance National Security; Goal 4: Transform Government-wide Financial Stewardship; and Goal 5: Achieve Operational Excellence. In support of Treasury’s Strategic Plan, the OIG established the following strategic goals:

- Promote the integrity, efficiency, and effectiveness of programs and operations across Treasury OIG’s jurisdictional boundaries through audits and investigations
- Proactively support and strengthen the ability of programs across Treasury OIG’s jurisdictional boundaries to identify challenges and manage risks
- Fully and currently inform stakeholders of Treasury OIG findings, recommendations, investigative results, and priorities
- Enhance, support, and sustain a workforce and strengthen internal operations to achieve the Treasury OIG mission, vision, and strategic goals.

The Budget includes language that would allow, contingent upon enactment of authorizing legislation to transfer the United States Secret Service to Treasury, the Secretary of Homeland Security to transfer amounts from the Department of Homeland Security Office of Inspector General to support the Treasury OIG’s oversight of the Secret Service.

FY 2021 Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2020 Enacted	167	\$41,044
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$982
Pay Annualization (2020 3.1% average pay raise)	0	\$237
Pay-Raise (1% average pay raise)	0	\$231
FERS Contribution Increase	0	\$304
Non-Pay	0	\$210
Other Adjustments:	13	\$0
Workforce FTE Adjustment	13	\$0
Subtotal Changes to Base	13	\$982
FY 2021 Current Services	180	\$42,026
Program Changes:		
Program Decreases	-	(\$2,691)
Reduction in Contracts and Absorption of Rent	-	(\$2,691)
Increases		
FY 2021 President's Budget Request	180	\$39,335

FY 2021 Budget Adjustments

Adjustments to Request

Maintaining Current Levels (MCLs).....+\$982,000 / +0 FTE

Pay Annualization (3.1%) +\$237,000 /+0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay-Raise (1.0% in FY 2021) +\$231,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +\$304,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +\$210,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment.

Other Adjustments.....+\$0 / +13 FTE

Workforce FTE Adjustment +\$0 / +13 FTE

This adjustment is required to right-size the workforce to the funded FTE level.

Program Decreases.....-\$2,691,000 / -0 FTE

Reduction in Contracts and Absorption of Rent Increase -\$2,691,000 /-0 FTE

Program decrease in contracts and to accommodate increased administrative costs, including rent.

Explanation of Budget Activities

Audit \$29,524,000 from direct appropriations, \$9,000,000 from reimbursable

The Office of Audit conducts audits to ensure the accountability of resources, protect information, and provide recommendations for improving the economy, efficiency, effectiveness, and integrity of programs and operations across its jurisdictional boundaries, which include those of Treasury and the Gulf Coast Ecosystem Restoration Council (Council). The requested funding for FY 2021 is necessary to perform mandated work and maintain an appropriate level of oversight of these programs and operations consistent with its responsibilities under the Inspector General Act, as amended. The OIG also responds to requests by Treasury and Council officials and the Congress for specific work. In FY 2021, the OIG will also continue to provide oversight of Treasury’s government-wide role and responsibilities under the DATA Act. Reimbursable funding supports agreements for contracted financial statement audits as well as oversight of the Small Business Lending Fund program.

Investigations \$9,811,000 from direct appropriations

The Office of Investigations (OI) prevents, detects, and investigates complaints of fraud, waste, and abuse. This includes the detection and prevention or deterrence of employee misconduct and fraud, or related financial crimes within or directed against Treasury. OI refers its cases to the Department of Justice, State, or local prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action.

With almost \$4 billion in U.S. Treasury related contracts, there is an increased risk of contract fraud across all U.S. Treasury bureaus and programs. OI initiated a program of providing integrity briefs to contract personnel notifying them of the responsibilities to report fraud, waste, and abuse within U.S. Treasury contracts and programs. OI works with the U.S. Department of Justice to prosecute False Claims Acts in federal court to recover funds through civil penalties. Additionally, OI conducts criminal investigations to prosecute contractors engaging in fraudulent activity, such as kickbacks, product substitution, bid manipulation, and many other types of contract fraud. OI continues to work allegations directly impacting the American Reinvestment and Recovery Act and the Gulf Coast Restoration Trust Fund.

OI directs investigative efforts toward those that subvert bank examination processes and/or perpetrate fraud affecting the Bank Secrecy Act oversight responsibilities of Treasury bureaus, subsequently defrauding the nation’s financial infrastructure and eroding the public’s trust.

In addition to the grant programs listed above, OI has seen a noted increase in fraud impacting other significant Treasury programs and operations, including leaks of Treasury information, as well as fraud impacting the Treasury payment processing service operated by the Bureau of the Fiscal Service. OI remains committed to investigating benefit, improper payment and other monetary fraud associated with the programs and operations of the Treasury Department.

Legislative Proposals

OIG has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Target	FY 2021 Target
Audit	Number of Completed Audit Products	90	91	79	82	74
Audit	Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100
Investigations	Percentage of All Cases Closed During the Fiscal Year That Were Referred for Criminal/Civil Prosecution or Treasury Administrative Action	84	98	80	80	80

Description of Performance

The Office of Audit completed 79 audit products in FY 2019 and expects to complete 82 in FY 2020 due to the increased funding. In FY 2019, OA met its mandated audit requirements and identified \$18.2 million of questioned costs.

In keeping with the OIG’s strategy to maintain a highly skilled and motivated workforce, the OIG plans and executes a meaningful body of work designed to help ensure the integrity, efficiency, and effectiveness of programs and operations across OIG’s jurisdiction while looking for opportunities to improve them.

In FY 2019 the OIG exceeded the Investigative Performance Measure target, opened 63 new investigations, and closed 119 investigations. The OIG also referred 10 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 81 investigations for criminal prosecution and 3 investigations involving 13 entities for civil prosecution. The Office of Investigations charged and/or indicted 19 subjects. Ongoing investigations resulted in 32 subjects sentenced which resulted in fines, seizures, restitution, penalties and settlements of more than \$29.5 million. The OIG received investigative referrals regarding potential criminal misconduct that occurred prior to or during bank failures, and has worked on criminal investigations with the Federal Deposit Insurance Corporation Office of Inspector General, the National Credit Union Administration Office of Inspector General regarding potential prosecution of acts which may have contributed to the bank failures. Additionally, the OIG continues to receive investigative referrals from Treasury bureaus, law enforcement agencies, and other sources regarding fraud impacting Treasury programs and operations and routinely conducts independent and joint investigations into these matters.

The Office of Investigations continues to support frequent congressional inquiries, sensitive investigative requests from the Council of the Inspectors General on Integrity and Efficiency, and annual peer reviews of other Offices of Inspector General, thus ensuring a high level of professionalism within the Inspector General community.