

Department of the Treasury
Office of Inspector General

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2022

Table of Contents

Section I – Budget Request	3
A – Mission Statement.....	3
B – Summary of the Request	3
1.1 – Appropriations Detail Table	4
1.2 – Budget Adjustments Table.....	5
C – Budget Increases and Decreases Description.....	5
1.3 – Object Classification (Schedule O) Obligations	6
D – Appropriations Language and Explanation of Changes	7
E – Legislative Proposals.....	7
Section II – Annual Performance Plan and Report	8
A – Strategic Alignment	8
B – Budget and Performance by Budget Activity	14
2.1.1 – Audit Resources and Measures.....	14
Audit Budget and Performance.....	14
2.1.2 – Investigations Resources and Measures.....	15
Investigations Budget and Performance	15
C – Changes in Performance Measures	16
D –Evidence Building Activity.....	16
Section III – Additional Information	17
A – Summary of Capital Investments.....	17

Section I – Budget Request

A – Mission Statement

To promote the integrity, efficiency, and effectiveness in programs and operations within the Department of the Treasury and OIG's jurisdictional boundaries.

B – Summary of the Request

The FY 2022 request for \$42,362,000 for the OIG will be used to fund 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; Payment Integrity Information Act of 2019 (PIIA); Government Charge Card Abuse Prevention Act of 2012; Federal Deposit Insurance Act; Small Business Jobs Act of 2010; Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE); the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Consolidated Appropriations Act, 2021; and the American Rescue Plan Act (ARP). Specific mandates include: (1) audits of the Department's financial statements (2) audits or evaluations of the Department's information systems security program and practices as required by FISMA, (3) assessments of the Department's cybersecurity information sharing, (4) audits of improper payments and recoveries under PIIA, (5) risk assessments and audits of charge card programs, and (6) material loss reviews of failed insured depository institutions regulated by the Office of the Comptroller of the Currency (OCC).

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 anti-terrorist financing enforcement, (4) efforts to promote spending transparency and to prevent and detect improper payments, (5) information technology acquisition and project management; and (6) certain Treasury Pandemic Relief programs.

Within its jurisdictional boundaries, the OIG also conducts audit of the highest risk programs and operations of Gulf Coast Ecosystem Restoration Council (Council) established under RESTORE. The highest risk programs and operations identified as the Council's management and performance challenge include: (1) Federal statutory and regulatory compliance, (2) grant and interagency agreement compliance monitoring, and (3) Loss of Key Leadership Over Administration of Gulf Coast Restoration Activities.

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.

Office of Inspector General’s FY 2022 Budget Request

In accordance with the requirements of Section 6(f) (1) of the Inspector General Act of 1978, as amended, the Treasury Inspector General submits the following information relating to the OIG’s requested budget for FY 2022:

- The aggregate budget request for the operations of the OIG is \$52,362,000 comprised of \$42,362,000 from direct appropriations, and \$10,000,000 from reimbursable collections;
- The portion of this amount needed for OIG training is \$650,000; and
- The portion of this amount estimated in support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is \$92,500.

The amount requested for training satisfies all OIG training needs for FY 2022.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020		FY 2021		FY 2022		FY 2021 to FY 2022	
	Operating Plan		Operating Plan		Request		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources								
Audit	128	\$30,524	136	\$30,524	144	\$31,182	5.9%	2.2%
Investigations	39	\$10,520	44	\$10,520	46	\$11,180	4.5%	6.3%
Subtotal New Appropriated Resources	167	\$41,044	180	\$41,044	190	\$42,362	5.6%	3.2%
Other Resources								
Reimbursable	0	\$6,000	0	\$9,000	0	\$9,000	NA	0.0%
Subtotal Other Resources	0	\$6,000	0	\$9,000	0	\$9,000	NA	0.0%
Total Budgetary Resources	167	47,044	180	\$50,044	190	\$51,362	5.6%	2.6%

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.

In FY 2021 additional appropriated resources were provided by the Consolidated Appropriations Act of 2021 (CAA) and the American Rescue Plan Act of 2021 (ARP) which are not included above:

1. \$3 Million for oversight of the Emergency Rental Assistance program (ARP).
2. \$6.5 million for oversight of the Emergency Rental Assistance program (CAA).
3. \$2.6 million for oversight of the Homeowner Assistance Fund (ARP).
4. \$35 million for oversight of the programs authorized in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	180	\$41,044
Changes to Base:		
Maintaining Current Levels (MCLs):	0	1,258
Pay Annualization (1.0% average pay raise)	0	75
Pay Raise (2.7% average pay raise)	0	677
FERS Contribution Increase	0	284
Non-Pay	0	222
FY 2022 Current Services	180	\$42,302
Program Changes:		
Program Decreases	0	(1,709)
Reduction in Contracts and Absorption of Rent Increase	0	(1,709)
Program Increases:	10	1,769
Workforce FTE Adjustment	10	1,709
Electric Vehicles and Associated Infrastructure	0	60
Subtotal Program Changes	10	\$60
FY 2022 President's Budget Request	190	\$42,362

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$1,258,000 / +0 FTE

Pay Annualization (1.0%) +\$75,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +\$677,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +\$284,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +\$222,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases.....-\$1,709,000 / -0 FTE

Reduction in Contracts and Absorption of Rent Increase -\$1,709,000 /-0 FTE

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

Program Increases+\$1,769,000 / +10 FTE

Workforce FTE Adjustment +\$1,709,000 / +10 FTE

This adjustment is required to right-size the workforce for increased audit and investigative oversight and to provide necessary support staff.

Electric Vehicles and Associated Infrastructure +\$60,000 / +0 FTE

Following the lead from Executive Order (E.O.) 14008, “Tackling the Climate Crises at Home and Abroad”, the U.S. Department of the Treasury (Treasury or Department) joins in the Administration’s priority to develop a comprehensive plan to create good jobs and stimulate clean energy industries by revitalizing the Federal Government’s sustainability efforts. This includes Treasury’s commitment to use all available procurement authorities to augment its Departmentwide fleet management program with a continued focus on the leasing of electric vehicles (EV) and purchasing, installing, and maintaining essential infrastructure. The planned resources will help Treasury comply with the requirements set forth by E.O. 14008 and reduce the carbon footprint of emissions into the atmosphere by acquiring an updated fleet of zero-emissions vehicles that can support mission operations.

For FY 2022, the OIG requests \$60,000 to fund the eventual conversion of its fleet to EV. Of that money, a to-be-determined amount will be allocated to support the purchase, installation, maintenance, and/or upgrade of infrastructure required to maintain an EV fleet management program.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	22,000	20,905	22,762
11.3 - Other than full-time permanent	10	10	10
11.5 - Other personnel compensation	400	900	900
11.9 - Personnel Compensation (Total)	22,410	21,815	23,672
12.0 - Personnel benefits	8,000	8,095	7,575
13.0 - Benefits for former personnel	15	15	15
Total Personnel and Compensation Benefits	\$30,425	\$29,925	\$31,262
21.0 - Travel and transportation of persons	700	700	631
23.1 - Rental payments to GSA	4,126	4,306	4,306
23.3 - Communications, utilities, and miscellaneous charges	900	900	900
24.0 - Printing and reproduction	10	10	10
25.2 - Other services from non-Federal sources	2,100	2,300	2,300
25.3 - Other goods and services from Federal sources	2,200	2,300	2,300
25.6 - Medical care	75	75	75
25.7 - Operation and maintenance of equipment	58	58	58
26.0 - Supplies and materials	200	200	250
31.0 – Equipment	250	250	250
91.0 - Unvouchered	0	20	20
Total Non-Personnel	\$10,619	\$11,119	\$11,100
Total Obligations	\$41,044	\$41,044	\$42,362
Full-time Equivalents (FTE)	167	180	190

Amounts reflect updated obligations of annually appropriated resources, carryover balances, reimbursables, and transfers. FY 2020 actual obligations are updated from MAX schedule O entry.

In FY 2021 additional appropriated resources were provided by CAA and ARP which are not included above:

1. \$3 Million for oversight of the Emergency Rental Assistance program (ARP).
2. \$6.5 million for oversight of the Emergency Rental Assistance program (CAA).
3. \$2.6 million for oversight of the Homeowner Assistance Fund (ARP).
4. \$35 million for oversight of the programs authorized in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY OFFICE OF INSPECTOR GENERAL <i>Federal Funds</i></p> <p style="text-align: center;">SALARIES AND EXPENSES</p> <p>For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [\$41,044,000]<i>\$42,362,000</i>, including hire of passenger motor vehicles; of which not to exceed \$100,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury; of which up to \$2,800,000 to remain available until September 30, [2022]<i>2023</i>, shall be for audits and investigations conducted pursuant to section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (33 U.S.C. 1321 note); and of which not to exceed \$1,000 shall be available for official reception and representation expenses. (<i>Department of the Treasury Appropriations Act, 2021.</i>)</p>	

E – Legislative Proposals

The OIG has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Through the audit and investigative functions, the OIG supports the Department of the Treasury's Strategic Plan. In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President's Budget to reflect new departmental strategic goals and objectives. The OIG will publish a component plan that aligns bureau activities and priorities to the Department's by early spring 2022.

The FY 2022 requested resources will enable the OIG to perform audits and investigations of Treasury programs and operations under its jurisdiction, except for those of the Internal Revenue Service (IRS), the Troubled Asset Relief Program (TARP), the Special Inspector General for Pandemic Recovery (SIGPR), and to keep the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and the need for corrective action. By statute, the OIG also performs oversight of the Gulf Coast Ecosystem Restoration Council, an independent Federal entity.

Major challenges and risks for Treasury:

Operating in an Uncertain Environment

This challenge addresses the external factors and future uncertainties that affect the Department's programs and operations. Among the most notable is the COVID-19 outbreak. The COVID-19 outbreak presented unique complexities for Treasury to include, among other things, implementing measures for the health and safety of its workforce, as well as administering more than \$2 trillion in financial assistance under pandemic-related legislation. Despite these challenges, Treasury responded with limited onsite staff and details from within Treasury, other Federal agencies, and outside contractors. In addition to its normal payment operations, Treasury leveraged existing resources and processes to facilitate the delivery of billions of dollars in pandemic funding. While Treasury faces unforeseen challenges working through the COVID-19 pandemic going into fiscal year 2022, other previously reported uncertainties have yet to be resolved. Overall, human capital management remains a high-risk area as the lengthy security clearance process has hampered the recruitment of cybersecurity personnel and other mission critical positions dealing with programs and materials of the highest sensitivity.

As another complicating factor, Treasury must operate in the repeated cycle of budget and debt ceiling stopgaps. While the debt ceiling has been lifted through July 31, 2021, it is only temporary. The OIG will assess the Department's ability to meet new mandates and manage challenges and risks to its programs and operations.

Cyber Threats

Treasury has maintained steady progress in addressing the continual and on-going challenges that the Federal Government and private sector face, including the threat of ransomware and difficulty obtaining cybersecurity personnel. Cyber threats are a persistent concern as Treasury's information systems are critical to the core functions of government and the Nation's financial infrastructure. Attempted cyber-attacks against Federal agencies, including Treasury, and

financial institutions continue to increase in frequency and severity, in addition to continuously evolving. There are risks that Treasury's systems and resources already in use, including critical infrastructure, contain components from sources that have yet to be designated as threats.

The Department will need to monitor developments in this area closely and plan for the possibility that its current supply chain may no longer be available in the near future.

In addition to its own networks and systems, the Department must be cognizant of, and mitigate, the risks posed by attacks made against other agencies and Treasury contractors and subcontractors. Furthermore, effective public-private coordination continues to be required to address the cyber threat against the Nation's critical infrastructure. In this regard, Treasury is looked upon to provide effective leadership to financial institutions in particular, and the financial sector in general, to strengthen awareness and preparedness against cyber threats.

As an ongoing challenge, Treasury will need to balance cybersecurity demands while modernizing and maintaining information technology (IT) systems. This is becoming more and more critical, especially since the COVID-19 pandemic shifted the Federal workforce to primarily telework status, which increases the opportunities for cyber-attacks. Long-standing cyber threats pose increased risks to networks and information systems during the ongoing COVID-19 global health pandemic as more opportunities are available for bad actors to stage cyber-attacks. As the tools used to perpetrate cyber-attacks become easier to use and more widespread, less technological knowledge and fewer resources are needed to launch successful attacks of increasing sophistication. To this end, Treasury must ensure that cybersecurity is fully integrated in its IT investment decisions. OIG conducts audits of Treasury's information systems and operations. As part of these audits, OIG conducts penetration tests of selected Treasury bureaus and offices to determine whether sufficient protections exist to prevent and detect unauthorized access to Treasury networks and systems.

Anti-Money Laundering/Terrorist Financing and Bank Secrecy Act Enforcement

Identifying, disrupting, and dismantling the financial networks that support rogue regimes, terrorist organizations, transnational criminal organizations, and other threats to the national security of the United States and our allies continues to be challenging as the Office of Terrorism and Financial Intelligence's (TFI) role to counter these financial networks and threats has grown because its economic authorities are key tools to carry out U.S. policy. Effective coordination and collaboration and TFI's ability to effectively gather and analyze intelligence information requires a stable cadre of experienced staff. Concerns over TFI's ability to meet mission critical objectives are heightened by multiple vacant key positions. The security clearance process has significantly impacted Treasury's human capital management and is a systemic issue government-wide. Stability, experienced leadership, and coordination within TFI is imperative to enhance information gathering and intelligence analysis and increase efficiency.

Data security and information sharing are challenges for the Financial Crimes Enforcement Network (FinCEN), which has experienced unauthorized disclosures of Bank Secrecy Act information. The challenge for FinCEN is to ensure the Bank Secrecy Act data remain secure to maintain the confidence of the financial sector while meeting the access needs of law enforcement, regulatory, and intelligence partners.

Given the criticality of Treasury's mission, its role to carry out U.S. policy, and resource constraints, the OIG continues to consider anti-money laundering and combating terrorist financing programs and operations as inherently high-risk. In addition, the COVID-19 global pandemic created additional challenges for TFI senior management. For example, many TFI employees regularly work with classified information and with international organizations involving travel. Protocols for social distancing and expanded telework are challenges for TFI to accomplish its mission. Through OIG's ongoing audits and reviews, the OIG monitors this high-risk area closely.

Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments

Given the broad implications and critical roles assigned to Treasury by the *Digital Accountability and Transparency Act of 2014* (DATA Act), there are renewed challenges facing Treasury given the need to ensure transparency to the taxpayer and other stakeholders on the use of funds distributed under the economic relief packages enacted to address individuals and industry sectors impacted by the COVID-19 pandemic. DATA Act reporting is now seen as one of the means to ensure transparency into the use of Federal funds related to COVID-19 expenditures. In its April 2020 memorandum, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19) OMB requires that agencies leverage existing financial accountability and transparency mechanisms. In part, OMB requires (1) tracking of COVID-19 expenditures with usage of a Disaster Emergency Fund Code; (2) reporting financial assistance recipient information within two weeks of issuance, with the exception of loans; and (3) reporting outlay information at the financial award transaction level. To further enhance transparency, Treasury devoted significant resources and leveraged existing financial reporting systems to promote spending transparency and use of Federal financial data to strengthen government-wide decision-making. Treasury has also shifted from quarterly to monthly reporting and certification beginning with the period ending June 2020, and plans to add a program activity attribute beginning with the first quarter of fiscal year 2021. The speed in which supplemental funding was distributed created new data management needs for Treasury along with labor intensive ingestion of data associated with the application for, and issuance of, economic relief. The rapid delivery of funds within short timeframes may create opportunities for illicit activity by anyone attempting to misuse or abuse funds that were intended for COVID-19 relief. Considering the challenges and risks associated with ensuring economic relief is deployed and used for intended purposes, Treasury must continue to address reporting and data quality issues noted in DATA Act audits and intensify efforts to reduce improper payments. Reliable and transparent data is critical to the Department's ongoing implementation of government-wide reforms for making data accessible and useful for decision-making as authorized by the *Foundations for Evidence-Based Policymaking Act of 2018* (Evidence Act). The OIG will monitor the Department's progress in this area.

The OIG also continues to identify and analyze the risks of improper payments and reviews the controls and safeguards put in place by Treasury to prevent and recover such payments as set forth in the *Payment Integrity Information Act of 2019* (PIIA).

Information Technology Acquisition and Project Management

Government-wide implementation of the *Federal Information Technology Acquisition Reform Act* (FITARA) continues to be an ongoing challenge. FITARA expanded the involvement of Chief Information Officers of Federal agencies in IT decision making, including annual and

multi-year planning, programming, budgeting, execution, reporting, management, governance, and oversight functions. Among FITARA-specific requirements, the areas that Treasury needs most improvement were enhanced transparency and risk management and improved cybersecurity. Since February 2015, the Government Accountability Office has included the management of IT acquisitions and operations on its high-risk list as cost overruns and schedule delays impact mission related outcomes government-wide. The OIG monitors the Department's progress to fully implement FITARA requirements and management of IT projects.

Non-IT related acquisitions also require attention to ensure timely delivery and minimize cost overruns for achieving cost savings. In this regard, the OIG plans audit oversight of the Bureau of Engraving and Printing's large construction project of a new facility to ensure continuity of operations of the bureau.

COVID-19 Pandemic Relief

The COVID-19 pandemic affected the health and economic stability of communities nationwide. Congress passed a series of legislation to address the COVID-19 health crisis and the economic fallout affecting individuals, businesses, and other industry sectors. Treasury has been instrumental in implementing and/or supporting other Federal agencies in implementation of economic relief provisions of the CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act (ARP). Along with administering and delivering economic relief, Treasury must manage the unprecedented oversight required by the aforementioned legislation. In the context of this overarching challenge, OIG recognizes the breadth and scope of Treasury's responsibilities as it impacts programs, operations, and activities regardless of jurisdictional oversight boundaries. With no clear end to the COVID-19 pandemic in sight, Treasury must continue to navigate through this challenging time and be prepared to administer another fast-paced relief package in the near future, if legislated. To date, Treasury has been able to leverage its existing workforce and hired contractors to address the demands of the CARES Act workload. That said, there was reported strain associated with working remotely while managing normal responsibilities and additional work due to the COVID-19 pandemic. Going forward, Treasury may experience difficulties in balancing its new responsibilities and workloads while managing several ongoing challenges as described throughout this document.

Major challenges and risks for the Gulf Coast Ecosystem Restoration Council (Council) *Federal Statutory and Regulatory Compliance*

The Council must ensure that activities and projects funded by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) meet all environmental laws and regulations at the Federal and State level, and must also ensure its compliance with applicable laws and regulations as a Federal entity. The Council is challenged to follow Federal statutory and regulatory compliance requirements related to the DATA Act, IPERA, and the Evidence Act. The Council still faces challenges in meeting these Federal statutory and regulatory compliance stemming from the need for a reliable grants management system among other things. With the uncertainty of a successful transition to a new grants management system, the Council's ability to comply with new as well as existing Federal requirements may be in question. In addition, there has been a loss of key leaders at the Council which will make a successful transition even more challenging.

The OIG will continue to focus audits on the Council's continued implementation and compliance with key Federal mandates.

Grant and Interagency Agreement Compliance Monitoring

Given the increase in grants and interagency agreements, the OIG continues to emphasize the necessity to monitor projects and award recipients of RESTORE Act funds. This challenge is further impacted by the Council's transition to a new grants management system during fiscal year 2020. The OIG audits will focus on the Council's monitoring controls in place to ensure projects' and recipients comply with grant and agency agreements and funds are used as intended.

**In the Investigations operational area, OIG has established eight priorities for FY 2021:
*Threats Against Treasury Employees and Facilities***

Investigative efforts into threats against Treasury employees and facilities are critical in ensuring safety for the Department. These matters require prompt attention and coordination with federal, state, and local authorities to protect those involved.

Criminal and Serious Employee Misconduct

The OIG Office of Investigation's highest priority is investigating complaints involving alleged criminal and other serious misconduct by Treasury employees. OIG investigates allegations of the general crimes enumerated in Title 18 of the U.S. Code, other federal crimes, alleged violations of the Ethics in Government Act, and allegations of serious misconduct prohibited by the Standards of Ethical Conduct for Employees of the Executive Branch. Several Treasury bureaus and offices have additional rules and regulations relating to ethical standards for their own employees, and OIG also investigates complaints of alleged violations of these rules and regulations.

Fraud Involving Contracts, Grants, Guarantees, and Federal Funds

The OIG Office of Investigations conducts investigations into allegations of fraud and other crimes involving Treasury contracts, grants, loan guarantees, and federal funds, including investigations made in accordance with Sections 1602 and 1603 of the Recovery Act. Such allegations often involve contractors, entities, and individuals who are providing or seeking to provide goods or services to the Department. The Office of Investigations receives complaints alleging criminal or other misconduct from employees, contractors, members of the public, and the Congress.

Financial Programs and Operations Crime

Investigations relating to Treasury financial programs and operations that involve Treasury bureaus issuing licenses, providing benefits, and exercising oversight of U.S. financial institutions; frauds involving improper Federal payments such as those involving stolen, counterfeit, altered or fraudulently obtained Treasury checks and ACH payments; frauds involving improper Federal payments such as those involving Treasury checks and the *Check Forgery Insurance Fund*; crimes involving the improperly-redistributed benefits of federal government payees; and false claims of any kind that seek Federal payments, including federal income tax refunds, Social Security benefits, and Department of Veterans' Affairs. These matters require prompt attention to protect the public and the integrity of the department.

Cyber Threats against Treasury Systems and Cyber Enabled Financial Crimes Fraud

The OIG conducts investigations into Cyber intrusions of Treasury systems, the illicit removal of Treasury protected information from Treasury systems and Cyber enabled criminal activity impacting Treasury programs and operations, such as Business Email Compromise, Personal Email Compromise and other schemes.

Treasury Employee and Bureau Impersonation Scams

Investigations relating to scammers who represent themselves as Treasury employees to defraud the citizens of the U.S. and other countries by the impersonation of Treasury employees and/or the fraudulent use of the Treasury and Bureau seals. This is a problem that has significantly increased in the last few years. These matters require prompt attention to protect the public and the integrity of the Department.

Investigating Fraud Related to Persons Representing Themselves as “Sovereign Citizens” Submitting Fictitious Financial Instruments to Treasury, Financial Institutions, and Private Companies

The OIG conducts investigations into criminal activity associated with individuals who attempt to scam the Treasury, financial institutions, private companies, and citizens by submitting fictitious financial instruments purporting to be issued by or drawn on the Treasury or other counterfeit documents to perpetrate a variety of fraud schemes. These matters have become more prevalent and require prompt coordination with Federal, State, and local authorities to protect the targets of the scams.

Identifying and Investigating Fraud Related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other related special programs related to minimize economic consequences of the Pandemic.

The OIG conducts inquiries and investigations of waste, fraud, and abuse related to Title V of the CARES Act, which established the Coronavirus Relief Fund, as well as the Emergency Rental Assistance program (ERA/ERA2), the Homeowner Assistance Fund (HAF) and the State Small Business Credit Initiative (SSBCI).

B – Budget and Performance by Budget Activity
2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$27,653	\$26,014	\$24,413	\$25,699	\$30,524	\$30,524	\$31,182
Reimbursable	\$7,299	\$6,726	\$6,116	\$6,236	\$9,000	\$9,000	\$9,000
Budget Activity Total	\$34,952	\$32,740	\$30,529	\$31,935	\$39,524	\$39,524	\$41,182
Full-time Equivalents (FTE)	137	137	115	119	128	128	136

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Number of Completed Audit Products	98	90	91	79	85	76	74	74
Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100	100	100	100

Audit Budget and Performance

(\$31,182,000 from direct appropriations, and \$9,000,000 from reimbursable resources):

The Office of Audit (OA) conducts audits intended to ensure the accountability of resources, protect information, and provide recommendations for improving the integrity, economy, efficiency, effectiveness, of programs and operations within the Department and within OIG’s jurisdictional boundaries, which include those of the Council. The requested funding for FY 2022 is necessary to perform mandated work (including audits/assessments of financial statements, information systems security program and practices, cybersecurity information sharing, improper payments and recoveries, charge card programs, material loss reviews of failed insured depository institutions regulated by the OCC, and data quality audits of spending data), and to maintain an appropriate level of oversight of programs and operations consistent with the OIG’s responsibilities under the Inspector General Act of 1978, amended. In FY 2022, OIG will also continue to provide oversight of Treasury’s government-wide role and responsibilities under the CARES Act, FY2021 Consolidated Appropriations Act, and ARP. Reimbursable funding agreements support financial statement audits of Treasury and oversight of the State Small Business Credit Initiative and the Small Business Lending Fund. Reimbursable funding agreements also support Treasury financial audits for which Treasury OIG is the lead office in selecting and overseeing contractor selection.

Description of Performance

OA plans to complete 74 audit products in FY 2021, and 74 in FY 2022. The number of audit products was reduced beginning in FY 2019 due to decreased staffing to cover increased administrative costs (rent). In FY 2020, the OA completed 85 audit products, and met all statutory audit timelines. Audit products included audit reports, evaluation reports, the Inspector General’s Semi-Annual Reports to Congress, and the Inspector General’s annual memoranda to the Secretary of the Treasury and the designated Chairperson of the Gulf Coast Ecosystem

Restoration Council, on the most significant management and performance challenges facing the Department and Gulf Coast Ecosystem Restoration Council, respectively.

Audit products can also include responses to specific information requests by the Congress. By completing independent and timely assessments of programs and operations across its jurisdiction, the Office of Audit supports the OIG’s mission of promoting integrity, efficiency, effectiveness of those programs and operations. The recommendations for improvement in programs and operations noted through OIG’s assessments directly support both the Treasury Department and the Gulf Coast Ecosystem Restoration Council in achieving their strategic goals and meeting their respective missions.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$6,913	\$7,164	\$11,512	\$11,344	\$10,520	\$10,520	\$11,180
Budget Activity Total	\$6,913	\$7,164	\$11,512	\$11,344	\$10,520	\$10,520	\$11,180
Full-time Equivalents (FTE)	33	43	42	39	39	44	46

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Percentage of All Cases Closed During Fiscal Year That Were Referred for Criminal/Civil/Administrative Action.	84	84	98	80	91	80	80	80

Investigations Budget and Performance

(\$11,180,000 from direct appropriations):

The Office of Investigations (OI) prevents, detects, and investigates complaints of fraud, waste, and abuse impacting Treasury programs and operations. 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 Treasury-related contracts, there is an increased risk of contract fraud across all 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 contracts 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 impacting 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, the 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 Fiscal Service. OI remains committed to investigating benefit, improper payment and other monetary fraud associated with the programs and operations of the Treasury Department.

Additionally, the OI remains committed to investigating benefit, improper payment and other monetary fraud associated with the programs and operations of the Treasury Department.

Description of Performance

In FY 2020 OI met the Investigative Performance Measure target (Target – 80 percent; Actual – 91 percent), opened 76 new investigations and closed 107 investigations. The OIG also referred 13 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 119 investigations for criminal prosecution and 3 investigations for civil prosecution. In FY 2020 OI charged and/or indicted 41 subjects. Ongoing investigations resulted in 23 subjects sentenced which resulted in fines, seizures, restitution, penalties, and settlements of more than \$15.6 million.

Since the inception of the CARES Act in March 2020, the OI has increased its caseload by 25 percent for investigations that involve potential misappropriated funds of state, local, and tribal governments.

OI 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.

The Investigative Performance Measure is a percentage of all cases closed by OI during the fiscal year referred to Department Bureaus for administrative action or for criminal or civil prosecution by Federal or local prosecutors. The goal for OI is that at least 80 percent of closed cases meet the aforementioned criteria. Meeting or exceeding this goal demonstrates that OI is responsive to allegations and complaints referred to the office and when these referrals require investigation, the cases are timely, thoroughly and accurately reported to assist the Department in maintaining the integrity of its programs and operations, subsequently ferreting out fraud, waste, and abuse. The office is working to meet or exceed this measure in both FY 2021 and FY 2022.

C – Changes in Performance Measures

OIG has no changes in performance measures.

D –Evidence Building Activity

The OIG will be adding a data analysis function to its audits to use data to assess risk and feed decisions about programs requiring further evaluation within Treasury. The auditors within the

Office of Audit will use this information to assess individual programs and to assess risk on a Treasury-wide level. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Section III – Additional Information

A – Summary of Capital Investments

The OIG has no capital investments. Capital investments that support the OIG are included in the Departmental Offices plan.

A summary of capital investment resources, including major information technology and non-technology investments can be found at: <https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>