

Department of the Treasury
Office of Inspector General

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2023

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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 2023 request for \$43,878,000 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 cyber security 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 2023 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 2023:

- The aggregate budget request for the operations of the OIG is \$55,878,000 comprised of \$43,878,000 from direct appropriations, and \$12,000,000 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 2023.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021		FY 2022		FY 2023		FY 2022 to FY 2023	
	Operating Plan ¹		Annualized CR		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Audit	145	29,324	144	30,521	144	32,198	0.0%	5.5%
Investigations	44	10,120	46	10,520	46	11,680	0.0%	11.0%
Subtotal New Appropriated Resources	189	\$39,444	190	\$41,041	190	\$43,878	0.0%	6.9%
Other Resources								
Reimbursables - Annual	0	8,061	0	12,000	0	12,000	NA	0.0%
Reimbursable – SSBCI	0	400	0	1,000	0	1,000	NA	0.0%
Resources from Other Accounts	0	8,000	0	10,959	0	10,122	NA	-7.6%
Subtotal Other Resources	0	\$16,461	0	\$23,959	0	\$23,122	0.0%	-7.6%
Total Budgetary Resources	189	\$55,905	190	\$65,000	190	\$67,000	0.0%	3.1%

FY 2021 Other Resources and Full-time Equivalents reflect actuals.

In FY 2021, additional appropriated resources were provided by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 that are not included above:

1. \$3 million for oversight of the Emergency Rental Assistance program
2. \$6.5 million for oversight of the Emergency Rental Assistance program
3. \$2.6 million for oversight of the Homeowner Assistance Fund
4. \$35 million for oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Funding received in FY 2020)
5. \$10 million for SSBCI (Small Business Jobs Act of 2010) starting in 2021 with \$400k and thereafter, \$1M each year.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	190	\$41,041
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$1,516
Pay Annualization (2.7% average pay raise)	0	\$211
Pay Raise (4.6% average pay raise)	0	\$1,083
Non-Pay	0	\$222
Other Adjustments:		
Adjustments to Meet Current Operating Levels	0	\$1,321
Subtotal Changes to Base	0	\$2,837
FY 2023 Current Services	190	\$43,878
FY 2023 President's Budget Request	190	\$43,878

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$1,516,000 / +0 FTE

Pay Annualization (2.7%) +\$211,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% in 2023) +\$1,083,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

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

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

Other Adjustments+\$1,321,000 / +0 FTE

Adjustments to Meet Current Operating Levels +\$1,321,000 / +0 FTE

Treasury requests adjustments to realize current services operating levels. Current Operating Levels include the annualization of the January 2021 1.0% average pay raise, 2.7% average pay raise in January 2022, FY 2022 FERS contribution increases and FY 2022 non-labor expenses self-funded from FY 2021 enacted levels.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification ¹	FY 2021	FY 2022	FY 2023
	Actual Obligations	Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	22,000	27,000	28,000
11.5 - Other personnel compensation	1,312	1,000	1,000
11.9 - Personnel Compensation (Total)	23,312	28,000	29,000
12.0 - Personnel benefits	9,000	10,000	11,000
Total Personnel and Compensation Benefits	\$32,312	\$38,000	\$40,000
21.0 - Travel and transportation of persons	0	1,000	1,000
23.1 - Rental payments to GSA	0	4,000	4,000
23.3 - Communications, utilities, and miscellaneous charges	0	1,000	1,000
25.1 - Advisory and assistance services	1,100	0	0
25.2 - Other services from non-Federal sources	9,417	10,000	9,000
25.3 - Other goods and services from Federal sources	10,475	12,000	12,000
31.0 - Equipment	667	0	0
Total Non-Personnel	\$21,659	\$28,000	\$27,000
Total Obligations	\$53,971	\$66,000	\$67,000
Full-time Equivalents (FTE)	189	190	190

FY 2021 Other Resources and Full-time Equivalents reflect actuals.

In FY 2021, additional appropriated resources were provided by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 that are not included above:

1. \$3 million for oversight of the Emergency Rental Assistance program
2. \$6.5 million for oversight of the Emergency Rental Assistance program
3. \$2.6 million for oversight of the Homeowner Assistance Fund
4. \$35 million for oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Funding received in FY 2020)
5. \$10 million for SSBCI (Small Business Jobs Act of 2010) starting in 2021 with \$400k and thereafter, \$1M each year.

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><i>For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$43,878,000, 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, 2024, 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></p> <p>Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.</p>	

E – Legislative Proposals

The OIG has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, through the audit and investigative functions the OIG is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget. The OIG will publish a component plan that aligns bureau activities and priorities to the Department's by early spring 2022.

The FY 2023 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.

B – Major challenges and risks for Treasury

New Mandates

While Treasury continues transitioning key senior leadership positions and implementing new initiatives and programs, other critical matters such as the budget and debt ceiling stopgaps during the COVID-19 pandemic continues to be more challenging than usual. The impact of these challenges and the uncertainties require the Department to continue to focus its resources on programs that are in the highest need to citizens and/or where there is a unique federal role. It is essential that new initiatives, programs, and reforms be managed and communicated effectively for achieving performance and accountability. 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 challenging in recruiting and retaining 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 is needed 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 cyber security 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. TFI's counter-terrorism designations disrupt the financial networks that support terrorist organizations. Disrupting terrorist financing depends on a whole-of-government approach and requires collaboration and coordination within Treasury and with other federal agencies. Effective collaboration and coordination are key to successfully identifying and disrupting terrorists' financial networks and meeting TFI's mission.

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 and its role to carry out U.S. policy, the OIG continues to consider anti-money laundering and combating terrorist financing programs and operations as inherently high-risk. 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 2022. 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 supporting other Federal agencies in implementation of economic relief provisions of the CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan. Along with administering and delivering economic relief, Treasury must manage the unprecedented oversight required by the aforementioned legislations. 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. 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 required to follow Federal statutory and regulatory compliance requirements related to the DATA Act, PIIA, 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 FY 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 2022: 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-redireceted 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 Pandemic Related Acts

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 for State, Local, U.S territories, the District of Columbia and Tribal governments, the Consolidated Appropriations Act, 2021, the American Rescue Plan Act of 2021, as well as the Emergency Rental Assistance program (ERA/ERA2), the Homeowner Assistance Fund (HAF), Coronavirus State and Local Recovery Funds (SLFRF), State Small Business Credit Initiative (SSBCI), Air Carrier and Certain Contractors – Payroll Support Programs, Coronavirus Economic Relief for Transportation Services, Emergency Capital Investment Fund, and the CDFI Fund Emergency Support (Rapid Relief Program).

C – Budget and Performance by Budget Activity

2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$26,014	\$24,413	\$25,699	\$30,524	\$30,524	\$30,521	\$32,198
Reimbursable	\$6,726	\$6,116	\$6,236	\$9,000	\$8,261	\$12,000	\$12,000
Budget Activity Total	\$32,740	\$30,529	\$31,935	\$39,524	\$38,785	\$42,521	\$44,198
Full-time Equivalents (FTE)	137	115	119	128	136	144	144

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of Completed Audit Products	90	91	79	85	80	80	74	82
Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100	100	100	100

Audit Budget and Performance

(\$32,198,000 from direct appropriations, and \$11,000,000 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 2023 is necessary to perform mandated work (including audits/assessments of financial statements, information systems security program and practices, cyber security 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 2023, OIG will also continue to provide oversight of Treasury’s Government-wide role and responsibilities under the CARES Act, FY 2021 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 2022, and 82 in FY 2023. Audit products include audit reports, evaluation reports, desk reviews, 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 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$7,164	\$11,512	\$11,344	\$10,520	\$10,520	\$10,520	\$11,680
Budget Activity Total	\$7,164	\$11,512	\$11,344	\$10,520	\$10,520	\$10,520	\$11,680
Full-time Equivalents (FTE)	43	42	39	39	44	46	46

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of All Cases Closed During Fiscal Year That Were Referred for Criminal/Civil/Administrative Action.	84	98	80	91	100	100	80	80

Investigations Budget and Performance

(\$11,680,000 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 \$3 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. The Pandemic Response Accountability Committee (PRAC) established a Fraud Task Force to serve as a resource for the Inspectors General (IG) community by merging investigative resources into those areas where the need is the greatest, currently pandemic loan fraud. Agents from Offices of Inspectors General (OIG) across the Government are detailed to work on Task Force cases. These agents have partnered with prosecutors at the Department of Justice's Fraud Section and at United States Attorneys' Offices across the country.

Treasury OIG has seven agents who are assigned to the PRAC Fraud Task Force on a part-time basis. The agents are assigned Paycheck Protection Program cases while continuing to work their existing Treasury OIG caseload. This initiative allows Treasury OIG to make a broader contribution to the IG community by assisting with investigations that might otherwise remain unstaffed.

Description of Performance

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 2022 and FY 2023.

In FY 2021 OI met the Investigative Performance Measure target (Target – 80 percent; Actual – 100 percent), opened 88 new investigations and closed 72 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 65 investigations for criminal prosecution and 5 investigations for civil prosecution. In FY 2020 OI charged and/or indicted 23 subjects. Ongoing investigations resulted in 24 subjects sentenced which resulted in fines, seizures, restitution, penalties, and settlements of more than \$10.9 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, tribal governments, and governments of U.S. Territories.

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.

C – Changes in Performance Measures

OIG has no changes in performance measures.

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 viewed and downloaded at:

<https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>