

## Office of Inspector General

### Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017*	FY 2018	FY 2019	FY 2018 TO FY 2019	
	Enacted	Annualized CR	Request	\$ Change	% Change
Audit	\$28,524	\$28,330	\$27,720	(\$610)	-2.15%
Investigations	\$8,520	\$8,462	\$8,280	(\$182)	-2.15%
<b>Subtotal, OIG</b>	<b>\$37,044</b>	<b>\$36,792</b>	<b>\$36,000</b>	<b>(\$792)</b>	<b>-2%</b>
Offsetting Collections - Reimbursables	\$10,500	\$10,000	\$9,000	(\$1,000)	-10.00%
<b>Total Program Operating Level</b>	<b>\$10,500</b>	<b>\$10,000</b>	<b>\$9,000</b>	<b>(\$1,000)</b>	<b>-10.00%</b>
Direct FTE	158	175	175	0	0.00%
Reimbursable FTE	7	5	5	0	0.00%
<b>Total FTE</b>	<b>165</b>	<b>180</b>	<b>180</b>	<b>0</b>	<b>0.00%</b>

\*This column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

### Summary

The FY 2019 request for \$36,000,000 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 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 (FISMA); Government Management Reform Act; Improper Payments Elimination and Recovery Act; Digital Accountability and Transparency Act of 2014 (DATA Act); Federal Deposit Insurance Act; Small Business Jobs Act of 2010; and Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). Specific mandates include audits of the Department's financial statements, the Department's compliance with FISMA, the Department's actions in implementing cyber security information sharing, failed insured depository institutions regulated by Treasury, and spending data submitted by the Department to USASpending.gov. With the resources available after mandated requirements are met, the OIG will conduct

audits of the Department's highest risk programs and operations and respond to stakeholder requests for specific work as appropriate. Some of the Department's highest risk programs and operations include: (1) Cyber Threats, (2) Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement, (3) Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments, and (4) Management of Treasury's Authorities Intended to Support and Improve the Economy, including administration of the Gulf Coast Restoration Trust Fund.

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

**OIG FY 2019 Budget Highlights**

Dollars in Thousands

Office of Inspector General	FTE	Amount
<b>FY 2018 Annualized CR</b>	<b>175</b>	<b>\$36,792</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	0	\$305
Pay Annualization	0	\$117
Non-Pay	0	\$188
Subtotal Changes to Base	0	\$305
<b>Total FY 2019 Base</b>	<b>175</b>	<b>\$37,097</b>
Program Decreases	0	(\$1,097)
Data Act and Other Workload	0	(\$1,097)
<b>Total FY 2019 Request</b>	<b>175</b>	<b>\$36,000</b>

**FY 2019 Budget Adjustments**

**Adjustments to Request**

**Maintaining Current Level (MCLs)**

**Pay Annualization +\$117,000 / +0 FTE**

Funds are requested for annualization of the January 2018 pay-raise.

**Non-Pay +\$188,000 / +0 FTE**

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

**Program Decreases**

**-\$1,097,000 / -0 FTE**

Program decreases in DATA Act and other workload.

**Explanation of Budget Activities**

**Audit \$27,720,000 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 under its jurisdiction, which include those of Treasury and the Gulf Coast Ecosystem Restoration Council (Council). The requested funding for FY 2019 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. The OIG also responds to requests by Treasury and Council officials and the Congress for specific work. In FY 2019, 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 audits as well as oversight of the Small Business Lending Fund programs.

**Investigations \$8,280,000 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 the increased risk of the Recovery Act grant programs for low-income housing and specific energy properties, OI faces greater challenges and anticipated increases in grant fraud. In addition, with the establishment of Gulf Coast Restoration Trust Fund outreach efforts are being made in an effort to prepare

for future investigative referrals and complaints aimed at suspected fraud involving the funds with this program. Investigative efforts are also being directed towards 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, OI has seen a noted increase in fraud impacting other significant Treasury programs and operations including fraud impacting the

Treasury Direct program and the Treasury payment processing service operated by the Bureau of Fiscal Service.

OI has also substantially increased its focus on the investigation of Treasury related improper payment fraud and scams targeting U.S. citizens where Treasury employees are being impersonated and Treasury seals are being used to defraud victims.

### **Legislative Proposals**

OIG has no legislative proposals.

### **OIG Performance Highlights**

Budget Activity	Performance Measure	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
		Actual	Actual	Actual	Target	Target
Audit	Number of Completed Audit Products	86	98	90	74	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	87	84	84	80	80

### **Description of Performance**

The Office of Audit completed 90 audit products in FY 2017 and expects to complete 74 in FY 2018 due to the reduced funding and a significant rent increase that will consume resources that would otherwise be used to fully staff the Office of Audit. In FY 2019, the Office of Audit also expects to complete 74 audit products. In FY 2017, the Office met its mandated audit requirements and identified \$2.7 million in monetary benefits.

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 2017 the OIG exceeded the Investigative Performance Measure target, opened 100 new investigations, and closed 133 investigations. The OIG also referred six investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 135 investigations for criminal prosecution and 37 investigations for civil prosecution. The OIG arrested 160 subjects leading to 52 convictions. This, along with civil judicial settlements, resulted in recoveries ordered to the Treasury of more than \$639 million. The OIG received

investigative referrals regarding potential criminal misconduct that occurred prior to or during bank failures, and has worked criminal investigations with the Federal Deposit Insurance Corporation Office of Inspector General, the National Credit Union Administration Office of Inspector General and the OIG Office of Audit 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.