

## Office of Inspector General

### Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2016	FY 2017	FY 2018	FY 2017 TO FY 2018	
	Enacted	Annualized CR	Request	\$ Change	% Change
Audit	\$28,304	\$27,219	\$26,266	(\$953)	-3.50%
Investigations	\$7,112	\$8,130	\$7,846	(\$284)	-3.49%
<b>Subtotal, OIG</b>	<b>\$35,416</b>	<b>\$35,349</b>	<b>\$34,112</b>	<b>(\$1,237)</b>	<b>-3.50%</b>
Offsetting Collections - Reimbursables	\$6,726	\$10,500	\$10,000	(\$500)	-4.76%
<b>Total Program Operating Level</b>	<b>\$42,142</b>	<b>\$45,849</b>	<b>\$44,112</b>	<b>(\$1,737)</b>	<b>-3.79%</b>
Direct FTE	164	194	175	(19)	-9.79%
Reimbursable FTE	6	19	5	(14)	-73.68%
<b>Total FTE</b>	<b>170</b>	<b>213</b>	<b>180</b>	<b>(33)</b>	<b>-15.49%</b>

Note: FY 2016 FTE and Other Resources are Actual

### Summary

The FY 2018 request for \$34,112,000 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) Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments, (3) Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement, (4) Management of Treasury's Authorities Intended to Support and Improve the Economy, including administration of the Gulf Coast Restoration Trust Fund.

In support of Treasury's mission, 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 2018 Budget Highlights**

Dollars in Thousands

Office of Inspector General	FTE	Amount
<b>FY 2017 Annualized CR</b>	<b>194</b>	<b>\$35,349</b>
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$729
Pay-Raise	-	\$401
Pay Annualization	-	\$147
Non-Pay	-	\$180
Subtotal Changes to Base	-	\$729
<b>Total FY 2018 Base</b>	<b>194</b>	<b>\$36,078</b>
Program Changes:		
Program Decreases:	-	(\$1,966)
Reduce Audit Staffing	-19	(1,966)
<b>Total FY 2018 Request</b>	<b>175</b>	<b>\$34,112</b>

**FY 2018 Budget Adjustments**

**Adjustments to Request  
Maintaining Current Level (MCLs)  
Pay-Raise +\$401,000/ +0 FTE**

Funds are requested for the proposed January 2018 pay-raise.

**Pay Annualization +\$147,000 / +0 FTE**

Funds are requested for annualization of the January 2017 pay-raise.

**Non-Pay +\$180,000 / +0 FTE**

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

**Program Decreases**

**Reduce Audit Staffing -\$1,966,000 / -19 FTE**  
Reduce Audit Staffing.

**Explanation of Budget Activities**

**Audit 26,266,000 from direct appropriations, \$10,000,000 from reimbursable resources**

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 Treasury

programs and operations under its jurisdiction, which include those of Treasury and the Gulf Coast Ecosystem Restoration Council (Council). The requested funding for FY 2018 is necessary to perform mandated work and maintain an appropriate level of oversight of Treasury and Council 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. Reimbursable funding supports agreements for contracted audits as well as oversight of the Small Business Lending Fund (SBLF) programs. SBLF program oversight and expected performance is detailed in the SBLF Program Office budget submission.

**Investigations \$7,846,000 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. The Office of Investigations 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, the Office of Investigations faces greater challenges and anticipated increases in grant fraud. Investigative efforts are 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, the Office of Investigations has seen a noted increase in fraud impacting other significant

Treasury programs and operations including fraud impacting the myRA program, Treasury Direct program, and the Treasury payment processing service operated by the Bureau of Fiscal Service.

improper payment fraud and scams targeting U.S. citizens where Treasury employees are being impersonated and Treasury seals are being used to defraud victims.

The OIG has substantially increased its focus on the investigation of Treasury related

**Legislative Proposals**

The OIG has no legislative proposals.

**OIG Performance Highlights**

Budget Activity	Performance Measure	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2014 – FY 2016
		Actual	Actual	Actual	Target	Target	Trend
Audit	Number of Completed Audit Products	75.0	86.0	98.0	86.0	74.0	
Audit	Percent of Statutory Audits Completed by the Required Date	100.0	100.0	100.0	100.0	100.0	
Investigations	Percentage (%) of All Cases Closed During Fiscal Year that were Referred for Criminal/Civil Prosecution or Treasury Administrative Action	84.0	87.0	84.0	80.0	80.0	

Key: DISC - Discontinued, B – Baseline

**Description of Performance**

The Office plans to complete 86 audit products in FY 2017 and 74 in FY 2018. The reduced number of audit products in FY 2018 is the result of a significant rent increase in FY 2018 that will consume resources that would otherwise be used to fully staff the Office of Audit. In FY 2016, the Office of Audit completed 98 audit products, exceeding the planned target of 77. In FY 2016, the Office met its mandated audit requirements and identified \$1.8 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 2016 the OIG exceeded the Investigative Performance Measure target

(Target-80 percent; Actual 84 percent) opened 144 new investigations, and closed 72 investigations. The OIG also referred 43 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 159 investigations for criminal prosecution and 46 investigations for civil prosecution. 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 and the OIG Office of Audit regarding potential prosecution of acts which may have contributed to the bank failures.