

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in thousands

Appropriation	FY 2011	FY 2012	FY 2013	FY 2012 TO FY 2013	
	Enacted	Enacted	Request	\$ Change	% Change
Audit	\$11,593	\$14,626	\$14,075	(\$551)	-3.77%
Investigations	\$24,634	\$27,174	\$26,150	(\$1,024)	-3.77%
Subtotal, Special IG for TARP	\$36,227	\$41,800	\$40,225	(\$1,575)	-3.77%
Available no-year funds - S&E	\$1,557	\$2,536	\$4,846	\$2,310	91.09%
Available PPIP funds	\$1,287	\$1,264	\$1,719	\$455	36.00%
Total Program Operating Level	\$39,071	\$45,600	\$46,790	\$1,190	2.61%
Direct FTE	192	192	192	0	0%
Total FTE	192	192	192	0	0%

Activity	FY 2011	FY 2012	FY 2013	FY 2012 TO FY 2013	
	Enacted	Enacted	Request	\$ Change	% Change
Audit	\$12,990	\$15,956	\$16,373	\$417	2.61%
Investigations	\$26,081	\$29,644	\$30,417	\$773	2.61%
total SIGTARP by Budget Activity	\$39,071	\$45,600	\$46,790	\$1,190	2.61%
Direct FTE	192	192	192	0	0%
Total FTE	192	192	192	0	0%

Summary

The 2013 President's Budget request for the Special Inspector General for Troubled Asset Relief Program (SIGTARP) includes funding to support and complement the Department of the Treasury's strategic goals (1) to repair and reform the financial system and support the recovery of the housing market by assessing the effectiveness of Treasury's activities and evaluating whether Troubled Asset Relief Program (TARP) recipients are satisfying their legal obligation and (5) to manage the government's finances in a fiscally responsible manner as they relate to TARP.

SIGTARP's top priority is to promote transparency in the management and operation of TARP, ensuring the satisfaction of the public's right to know how Treasury decides to invest the public's money, how it manages the assets it obtains, and how TARP recipients use these funds.

SIGTARP's mission is to advance economic stability by promoting the efficiency and effectiveness of TARP management, through transparency, through coordinated oversight, and through robust enforcement against those, whether inside or outside of Government, who waste, steal or abuse TARP funds.

SIGTARP views its oversight role prospectively, retrospectively, internally, and externally. Prospectively, SIGTARP, among other things, advises Treasury on issues relating to compliance, internal controls and fraud prevention. Retrospectively, SIGTARP assesses the effectiveness of TARP activities over time and suggests improvements. Internally, SIGTARP's oversight role reaches to Treasury officials and to other government employees who manage TARP-related programs. Externally, it reaches to the recipients of TARP funds, the other private participants in TARP-related programs and to vendors that have been retained to assist Treasury in implementing TARP. SIGTARP

also plays a significant external coordinating role among TARP oversight bodies both to ensure maximum oversight coverage and to avoid redundant and unduly burdensome requests on Treasury personnel who manage the programs.

SIGTARP FY 2013 Budget Highlights

Dollars in thousands

Special IG for TARP	FTE	Amount
FY 2012 Enacted	192	\$41,800
Changes to Base:		
Maintaining Current Levels (MCLs):		
Maintaining Current Levels	-	\$333
Efficiency Savings:		
Operations Partially Funded from No-Year Resources	-	(\$1,992)
Subtotal FY 2013 Changes to Base	-	(\$1,659)
Total FY 2013 Base	192	\$40,141
Program Increases:		
Council of the Inspectors General on Integrity and Efficiency	-	\$84
Total FY 2013 Request	192	\$40,225

FY 2013 Budget Adjustments

FY 2012 Enacted

The FY 2012 enacted direct appropriation for SIGTARP is \$41,800,000.

Maintaining Current Levels (MCLs)

Maintaining Current Levels +\$333,000 / +0 FTE

Funds are requested for inflation adjustments (1.7 percent) in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment and health benefits and the increase in Federal Employees Retirement System participation. Funds are also requested for the proposed 2013 pay raise (0.5 percent).

Efficiency Savings

Operations Partially Funded from No-Year Resources -\$1,992,000 / +0 FTE

Reduction in general operating cost reductions will occur from the annual account. In addition, SIGTARP will continue to use its mandatory funding.

Program Increases

Council of the Inspectors General on Integrity and Efficiency +\$84,000 / +0 FTE

Funds requested for Council of Inspectors General on Integrity and Efficiency (CIGIE) will support coordinated government-wide activities that identify and review areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste, and abuse.

Explanation of Budget Activities

Audit (\$14,075,000 from direct appropriations)

The Audit Division (AD) conducts, supervises, and coordinates programmatic audits with respect to Treasury's operation of TARP and the recipients' compliance with their obligations under relevant law and contracts; evaluates TARP policies and procedures; and provides recommendations to Treasury.

A particular focus of AD is ensuring that appropriate internal controls are in place and are complied with, both by Treasury in its management of TARP and by the recipients of TARP funds, including vendors and the entities in which money is invested. Where controls or compliance are found to be lacking, or where particular aspects or policies are found ineffective at reaching TARP's goals, AD assists the Special Inspector General to fashion recommendations to resolve such issues.

Investigations (\$26,150,000 from direct appropriations)

Investigations Division (ID) supervises and conducts criminal and civil investigations into those persons and entities, whether inside or outside of government, who waste, steal, or abuse TARP funds. One of SIGTARP's primary investigative priorities is to operate the SIGTARP Hotline, thus providing a simple, accessible way for the American public to report concerns, allegations,

information, and evidence of violations of criminal and civil laws in connection with TARP. From its inception in February 2009 through September 30, 2011, the SIGTARP Hotline has received and analyzed more than 28,558 Hotline contacts. A substantial number of SIGTARP’s investigations were generated in connection with Hotline tips. The SIGTARP Hotline can receive information anonymously, and the confidentiality of

whistleblowers is protected to the fullest extent possible.

Legislative Proposals

SIGTARP has no legislative proposals.

SIGTARP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Audit	Percent of Recommendations Implemented (%)	100.0	43.0	50.0	70.0	DISC
Audit	Percent of Recommendations Agreed to by the Office of Financial Stability (%)	N/A	N/A	N/A	N/A	70.0
Investigations	Percentage of Investigations Accepted by Prosecutors (%)	95.0	100.0	94.0	55.0	60.0

Key: DISC - Discontinued and B - Baseline

Percentage of Recommendations Implemented will be discontinued in FY 2013 and replaced with Percentage of Recommendations Agreed to by the Office of Financial Stability.

Description of Performance

In FY 2011 SIGTARP exceeded its performance goal, “Congressional Requests for Testimony” by completing five testimonies. SIGTARP anticipates that Congress will continue to have interest in SIGTARP’s work. The performance goal, “Completed Audit Products” includes audit reports and memoranda that promote the efficiency and effectiveness of the Troubled Asset Relief Program (TARP). In FY 2011 SIGTARP completed 13 audit products exceeding the goal for this reporting period. In order to measure the impact of reports, SIGTARP measures the “percent of recommendations implemented”. In FY 2011 50 percent were implemented by Treasury’s Office of Financial Stability (OFS).

In FY 2011 SIGTARP referred 76 percent of “Hotline Complaints for Investigation or to the Office of Financial Stability within 14 days of Receipt”, exceeding the goal for this period. In FY 2011, the “Percentage of Preliminary Investigations Converted to Full Investigations” was 88 percent, exceeding the goal of 40 percent. This success is attributed to SIGTARP proactively identifying indicators of fraud, receiving more substantial case leads and complaint referrals as the Investigations Division (ID) has developed its identity as a premier “white collar crime” law enforcement agency. The “Percentage of SIGTARP criminal or civil investigations that a federal, state, or local prosecutor has formally accepted to prosecute” was 94 in FY 2011, exceeding

the target of 55. SIGTARP ID coordinates closely with other law enforcement agencies with the goal of forming law enforcement partnerships across the Federal government to leverage SIGTARP's expertise and unique position. The overall "percentage of cases in FY 2011 that were joint with other law enforcement agencies" was 40 percent,

exceeding the target of 35 percent. This was primarily due the significant number of high profile cases opened in FY 2011.

It is expected that SIGTARP will continue to meet or exceed performance measures in FY 2012 and FY 2013.