

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in Thousands

Appropriation	FY 2012	FY 2013	FY 2014	FY 2012 TO FY 2014	
	Enacted	Annualized CR	Request	\$ Change	% Change
Audit	\$14,626	\$14,716	\$12,220	(\$2,406)	-16.45%
Investigations	\$27,174	\$27,340	\$22,703	(\$4,471)	-16.45%
Subtotal, Special Inspector General for TARP	\$41,800	\$42,056	\$34,923	(\$6,877)	-16.45%
Available no-year funds – S&E	\$2,536	\$437	\$8,663	\$6,127	241.60%
Available PPIP Funds	\$1,264	\$1,618	\$1,728	\$464	36.71%
Total Program Operating Level	\$45,600	\$44,111	\$45,314	(\$286)	-0.63%
Total FTE	192	192	192	0	0

Budget Activity	FY 2012	FY 2013	FY 2014	FY 2012 TO FY 2014	
	Enacted	Annualized CR	Request	\$ Change	% Change
Audit	\$15,955	\$15,682	\$16,123	\$168	1.05%
Investigations	\$29,645	\$28,429	\$29,191	(\$454)	-1.53%
Total SIGTARP by Budget Activity	\$45,600	\$44,111	\$45,314	(\$286)	-0.63%
Total FTE	192	192	192	0	0

Summary

The 2014 President's Budget request for the Special Inspector General for Troubled Asset Relief Program (SIGTARP) includes funding to support and complement two of Treasury's five enumerated 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 mission is to advance economic stability by promoting the efficiency and effectiveness of TARP management, through transparency, coordinated oversight, and robust enforcement against those persons and entities, whether inside or outside of Government, who waste, steal or abuse TARP funds.

Of the four primary oversight bodies referenced in the Emergency Economic Stabilization Act of 2008 ("EESA"), (i.e., SIGTARP, the Financial Stability Oversight Board, the Congressional Oversight Panel, and the Government Accountability Office), SIGTARP stands as the sole TARP oversight body charged with criminal law enforcement responsibility. Also, SIGTARP is the only agency solely charged with the mission of:

- **Transparency** – Promote transparency in the Government's response to financial crisis including TARP programs;
- **Oversight** – Advise and provide recommendations to Treasury and the Federal banking regulators to facilitate effective oversight and to prevent fraud, waste and abuse;
- **Robust Enforcement** – Prevent, detect, investigate, and refer for prosecution cases of fraud, waste, and abuse related to TARP.

SIGTARP's FY 2014 budget request will provide resources to (1) quickly detect, stop and investigate fraud related to TARP; (2) provide significant oversight and transparency over the largest remaining TARP investments, including General Motors Company (GM), Ally Financial Inc. (ALLY) and other financial institutions remaining in TARP; (3) protect taxpayer investments in the Public-Private Investment Program (PPIP) and the Term Asset-Backed Securities Loan Facility (TALF); (4) provide oversight and transparency over TARP-funded housing programs which are scheduled to last as late as 2019. The Government has contracts or guarantees for TARP programs that last as long as 2020.

Under EESA SIGTARP is to carry out its duties until the Government has sold or transferred all assets and terminated all insurance contracts acquired under TARP. In other words, SIGTARP will remain "on watch" as long as TARP assets remain outstanding.

SIGTARP FY 2014 Budget Highlights

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
FY 2012 Enacted	192	\$41,800
FY 2013 Annualized CR Rate	192	\$42,056

Changes to Base:

Adjustment to Request	-	(\$1,831)
Non-Recur CR Increase	-	(\$256)
Non-Recur Operations Partly Funded from No-Year Resources from FY 2013	-	(\$1,575)
Maintaining Current Levels (MCLs):	-	\$433
Pay-Raise	-	\$240
Non-Pay	-	\$193
Efficiency Savings:	-	(\$5,815)
Operations Partially Funded from No-Year Resources	-	(\$5,815)
Subtotal Changes to Base	-	(\$7,213)
Total FY 2014 Base	192	\$34,843

Program Changes:

Program Increases:	-	\$80
Council of the Inspectors General on Integrity and Efficiency	-	\$80
Total FY 2014 Request	192	\$34,923

FY 2014 Budget Adjustments

Adjustments to Request

Non-Recur CR Increase -\$256,000 / +0 FTE

The across-the-board 0.612 percent increase provided in the CR through March 27, 2013 is non-recurred.

Non-Recur Operations Partly Funded from No-Year Resources from FY 2013 -\$1,575 / +0 FTE

Reduction in general operating costs will occur from the annual account. SIGTARP will continue to use its mandatory funding.

Maintaining Current Levels (MCLs)

Pay-Raise +\$240,000 / +0 FTE

The President's Budget proposes a 1 percent pay-raise for federal employees in 2014.

Non-Pay +\$193,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Operations Partially Funded from No-Year Resources -\$5,815,000 / +0 FTE

Reduction in general operating costs to occur from the annual account. SIGTARP will instead continue to use its mandatory funding.

Program Increases

Council of the Inspectors General on Integrity and Efficiency +\$80,000 / +0 FTE

The Council of Inspectors General on Integrity and Efficiency (CIGIE) has assessed SIGTARP \$80,000 for FY 2014 to 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 (\$12,220 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 (\$22,703 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 the SIGTARP Hotline has received and analyzed more than 31,756 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 2010	FY 2011	FY 2012	FY 2013	FY 2014
		Actual	Actual	Actual	Target	Target
Audit	Number of Completed Audit Products (Units)	9	13	13	10	10
Investigations	Percentage of Investigations Accepted for Consideration by Prosecutors (%)	100	94	95	60	70

Key: DISC - Discontinued and B - Baseline

Description of Performance

In FY 2012 SIGTARP met its performance goal, "Congressional Requests for Testimony" by completing four testimonies. SIGTARP anticipates that Congress will continue to have interest in SIGTARP's work. The performance goal, "Number of Completed Audit Products" includes audit reports and memoranda that promote the efficiency and effectiveness of the

Troubled Asset Relief Program (TARP). In FY 2012 SIGTARP completed 13 audit products exceeding the goal of 12 for this reporting period. In order to more accurately measure the impact of reports, SIGTARP implemented a new measure in FY 2013 – "Percent of Recommendations Agreed to by the Office of Financial Stability". Since SIGTARP does not have control over

Treasury's decision to implement SIGTARP recommendations it is not productive to continue to measure this component for program effectiveness. This measure will be discontinued in FY 2014.

In FY 2012 SIGTARP referred 76 percent of "Hotline Complaints Responded to or Referred for Investigation or further action within 14 days of Receipt", exceeding the goal of 70 for this period. In FY 2012, the "Percentage of Preliminary Investigations Converted to Full Investigations within 180 Days" was 77 percent, exceeding the goal of 45 percent. This success is attributed to SIGTARP's ability to respond quickly to allegations and devote the necessary resources. SIGTARP has involved the prosecutors in the early stages of the Preliminary Investigations to ensure that

allegations, if proven, will be prosecuted. The "Percentage of Investigations Accepted for Consideration by Prosecutors" was 95 in FY 2012, 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 that are joint agency/task force Investigations" with other law enforcement agencies was 65 percent, exceeding the target of 40 percent. This was primarily due the significant number of high profile cases opened in FY 2012.

It is expected that SIGTARP will continue to meet or exceed performance measures in FY 2013 and FY 2014.