

## Overview

---

### Mission Statement

The mission of the Office of the Inspector General is to (1) conduct and supervise audits and investigations of Treasury programs and operations; (2) provide leadership and coordination and recommend policies for activities designed to (a) promote economy, efficiency, and effectiveness in the administration of Treasury programs and operations, and (b) prevent and detect fraud, waste, and abuse in Treasury programs and operations; and (3) keep the Secretary and the Congress fully and currently informed about problems, abuses, and deficiencies in Treasury programs and operations.

### Program Summary by Budget Activity

Dollars in Thousands

Appropriation	FY 2010 Enacted	FY 2011 Annualized CR Level	FY 2012 Request	FY 2010 to FY 2012	
				\$ Change	% Change
Audit	\$22,869	\$22,869	\$22,897	\$28	0.1%
Investigations	\$6,831	\$6,831	\$6,958	\$127	1.9%
<b>Total Appropriated Resources</b>	<b>\$29,700</b>	<b>\$29,700</b>	<b>\$29,855</b>	<b>\$155</b>	<b>0.5%</b>
<b>Total FTE</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>-</b>	<b>-</b>

\*Does not include the FY 2010 Supplemental (P.L. 111-212) \$1.8 million rescission

### FY 2012 Priorities

Ensure the effectiveness and integrity of Treasury programs:

- Complete 100 percent of mandated audits on time, including requirements related to financial statements, information security, and failed financial institutions;
- To the extent resources are available after addressing mandated work, focus on programs of high risk, to include those that address the American Recovery and Reinvestment Act of 2009 (Recovery Act), the safety and soundness of the Nation's financial markets, terrorist financing and money laundering, and capital investments;
- Investigate allegations of fraud, waste, abuse, and employee misconduct; and
- Conduct proactive efforts to detect, deter, and investigate electronic crimes and threats to Treasury's physical and cyber infrastructure.

## Table of Contents

<b>Overview .....</b>	<b>1</b>
Mission Statement.....	1
Program Summary by Budget Activity .....	1
<b>Section 1 – Purpose .....</b>	<b>3</b>
1A – Description of Bureau Vision and Priorities .....	3
1B – Program History and Future Outlook .....	6
<b>Section 2 – Budget Adjustments and Appropriation Language.....</b>	<b>7</b>
2.1 – Budget Adjustments Table .....	7
2A – Budget Increases and Decreases Description.....	7
2.2 – Operating Levels Table .....	8
2.3 – Appropriations Detail Table.....	9
2B – Appropriations Language and Explanation of Changes .....	9
2C – Legislative Proposals .....	9
<b>Section 3 – Budget and Performance Plan .....</b>	<b>10</b>
3.1 – Budget by Strategic Outcome .....	10
<b>Section 4 – Supporting Materials .....</b>	<b>14</b>
4A – Human Capital Strategy Description.....	14
4.1 – Summary of IT Resources Table.....	16
4B – Information Technology Strategy.....	17

## **Section 1 – Purpose**

---

### **1A – Description of Bureau Vision and Priorities**

The Treasury Office of Inspector General (OIG) provides independent oversight of the Department of the Treasury and all of its bureaus except the Internal Revenue Service (IRS) and activities related to the Troubled Asset Relief Program (TARP). The OIG has two mission offices: the Office of Audit and the Office of Investigations.

The Fiscal Year (FY) 2012 President's Budget request for the Office of Inspector General (OIG) will be used for critical audit and investigative resources. The OIG will continue to address its traditional mandates related to audits of (1) the Department's financial statements, (2) the Department's implementation of the Federal Information Security Management Act (FISMA), and (3) failed national banks and thrift institutions regulated by Treasury. In addition to these traditional mandates, the OIG is also responsible for mandates related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Small Business Jobs Act of 2010, as discussed below.

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires the Inspector General to (1) function as the Chair of the Council of Inspectors General on Financial Oversight which includes periodic reporting on the Council's audits and investigations along with views on regulatory matters, (2) monitor the transfer of functions of the Office of Thrift Supervision with periodic reporting to the Congress, and (3) perform reviews of systemically significant failed financial institutions that had been regulated by Treasury. The Small Business Jobs Act of 2010 charges the OIG with overseeing the Small Business Lending Fund and the \$1.5 billion State Small Business Credit Initiative.

Furthermore, the July 2010 U.S. agreement with the European Union on the processing and transfer of financial messaging data for the purposes of the Department's Terrorist Finance Tracking Program specifically provides for the OIG's oversight to ensure safeguards over sensitive information are followed.

With the resources available after mandated requirements are met, the OIG will conduct audits of the Department's highest risk programs and operations. Four such programs or operations are discussed below. It should be noted that this list is not comprehensive and that risks change over time and circumstance.

*Programs to Ensure the Safety and Soundness of the Nation's Financial Markets* – The wave of bank failures beginning in calendar year 2007 underscores the need for ongoing and proactive audit coverage. While mandated reviews of failed banks are a retrospective look at the quality of bank supervision, and are useful to identify and correct weaknesses in the supervisory process, OIG must also determine the effectiveness of regulators in addressing emerging financial risks prospectively and in real time.

*Programs to Promote Economic Recovery* - The Recovery Act provided Treasury with over \$20 billion in non-IRS funding for low-income housing projects and specified energy properties for which the OIG must provide oversight. Additionally, the Community Development Financial

Institutions (CDFI) Fund received \$100 million to supplement funding for qualified program applicants and an additional \$3 billion in authority for the New Markets Tax Credit (NMTC) program. While the funds through the Recovery Act are available through FY 2010 and possibly beyond, oversight is necessary into future years. The OIG initiated work at Departmental Offices and the CDFI Fund to review controls over non-IRS Recovery Act funding. The OIG will continue this work and determine whether the funds were spent as intended.

Another area that requires vigorous oversight by the OIG is Treasury's responsibilities under the Housing and Economic Recovery Act of 2008 (HERA). Under HERA, Treasury purchases senior preferred stock in Fannie Mae and Freddie Mac, which were placed into federal conservatorship in September 2008, as necessary to ensure they maintain a positive net worth. The maximum amount available to each entity was originally \$100 billion. In May 2009 that amount was raised to \$200 billion. In December 2009, the Department amended the agreements to replace the \$200 billion per entity funding commitment cap with a formulaic cap. That formulaic cap will allow continued draws for 3 years at amounts that will automatically adjust upward quarterly by the cumulative amount of any losses realized by either entity and downward by the cumulative amount of any gains, but not below \$200 billion. At the conclusion of the 3-year period, the amount will become fixed and the remaining commitment will be available to be drawn per the terms of the agreements. As of September 30, 2010, Treasury's payments to Fannie Mae and Freddie Mac were \$85.9 billion and \$63.9 billion, respectively. Also under HERA, Treasury initiated a temporary program to purchase new mortgage backed securities issued by Fannie Mae and Freddie Mac. That program expired on December 31, 2009. In total Treasury purchased approximately \$225.5 billion in Fannie Mae and Freddie Mac mortgage backed securities. Treasury continues to manage those securities.

*Programs to Combat Terrorist Financing and Money Laundering* – Treasury faces unique challenges in carrying out its responsibilities under the Bank Secrecy Act (BSA) and the USA Patriot Act to prevent and detect money laundering and terrorist financing. While FinCEN is the Treasury bureau responsible for administering BSA, it relies on other Treasury and non-Treasury agencies to enforce compliance with the Act's requirements. Similarly, the Office of Foreign Assets Control (OFAC), the Treasury office responsible for administering U.S. foreign sanction programs, also relies on other Treasury and non-Treasury agencies to ensure compliance with OFAC requirements. Past audits and Congressional hearings have surfaced serious regulatory gaps in the detection of and/or timely enforcement action against financial institutions for BSA and OFAC violations. Moreover, with continued distress in many financial institutions both domestically and globally, there is an increased risk that compliance with BSA and OFAC requirements may have deteriorated even further. For these reasons, this will continue to be a major focus of the OIG's audit program.

*Treasury's Management of Capital Investments* – Treasury needs to ensure that the hundreds of millions of dollars being expended on large acquisitions of systems and other capital investments are properly managed. The Department's record in this regard has been mixed, at best. It is critical the OIG continue its oversight of FinCEN's BSA Information Technology Modernization program; the Department's Enterprise Content Management (ECM) system development; and the Treasury Network (TNet).

In addition to audit responsibilities, upcoming investigative priorities for FY 2012 include:

- Investigating complaints of alleged criminal and serious misconduct by Department employees and contract employees;
- Investigating allegations of fraud and other crimes involving Treasury contracts, procurements, grants, guarantees (fictitious instruments), and federal funds with an emphasis on Treasury Recovery Act funds and the Check Forgery Insurance Fund ;
- Investigating allegations of criminal conduct stemming from the OIG's review of failed banks;
- Investigating unlicensed and unregistered Money Services Businesses
- Proactive efforts in detecting, investigating, and deterring electronic crimes and other threats to the Department's physical and cyber critical infrastructure;
- Increasing awareness both internally and externally regarding the Office of Investigations investigative areas of responsibility.

As referenced above under new mandated audit work, over the next several years the OIG will provide audit and investigative oversight over two new Treasury programs—the Small Business Lending Fund (SBLF) and State Small Business Credit Initiative (SSBCI). The SBLF is a fund that will be used by Treasury to inject capital into small and medium banks with incentives to encourage them to increase their lending. The SSBCI provides Treasury with \$1.5 billion to support state programs designed to increase access to credit for small businesses. To ensure proper oversight of the SBLF, Congress directed the OIG to establish an SBLF Program Oversight Office with responsibility for all audit and investigative activities relating to the program and for recommending program improvements. Congress also directed the OIG to audit participating states' uses of SSBCI funds and required Treasury to recoup any misused funds identified by such audits. To comply with these mandates, the OIG will assess Treasury's implementation of the two programs, continually monitor recipient compliance with program requirements and use of funds, and evaluate the impact of these programs on small business lending.

Resources required to support OIG operations for FY 2012 are \$29,855,000 from direct appropriations, and \$13,200,000 from reimbursable agreements for (1) contract audits of other Treasury bureaus, and (2) OIG oversight of the SBLF and SSBCI.

### **Office of Inspector General's Fiscal Year 2012 Budget Request**

In accordance with the Inspector General Act, the Treasury Inspector General submits the following information relating to the OIG's requested budget for FY 2012:

- the aggregate budget request for the operations of the OIG is \$29,855,000,
- the portion of this amount needed for OIG training is \$600,000, and
- the portion of this amount needed to support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is \$75,000.

The amount requested for training satisfies all OIG training needs for fiscal year 2012.

## **1B – Program History and Future Outlook**

In FY 2010, the OIG completed 68 audit products, opened 100 new investigations and closed 74 investigations. OIG also referred 100 % of investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 19 investigations for criminal prosecution to the Department of Justice. As the result of a high number of bank failures, the OIG has been required to dedicate significant resources to conduct mandated material loss reviews (MLR). Because of the unprecedented numbers of failures, the OIG completed some MLRs after the 6-month timeframe prescribed in statute but the missed dates are not considered significant. The OIG also informed Treasury's Congressional oversight committees by letter that some MLRs would be late due to the numbers of banks that failed. The OIG also dedicated resources to conduct oversight of Treasury's Recovery Act funds.

The OIG, as a result of MLRs performed, received referrals regarding potential criminal misconduct that occurred prior to or during bank failures, and is currently working criminal investigations with the FDIC Office of Inspector General (FDIC OIG) and the OIG Office of Audit regarding potential prosecution of acts which may have contributed to the bank failures. The Recovery Act provided Treasury with approximately \$4 billion for low-income housing projects and specified energy properties/projects. OIG's Cyber Investigations Unit (CIU) conducts cyber investigations to identify, locate and prosecute individuals who utilize the Internet in attempts to defraud Treasury. In addition, the CIU provides incident response capability for cyber-attacks against Treasury critical infrastructure and supports initiatives and efforts by other government agencies to remediate the ongoing threat. In support of OI traditional investigations, the CIU provides the full suite of digital forensic support, to include digital media acquisition, examination, and technical investigative consultation. In FY 2012 the OIG expects to complete 70 audit products, and meet or exceed the investigative measures.

The OIG has used two investigative measures: 70 percent of all cases closed during the fiscal year are to be referred for criminal/civil prosecution or Treasury administrative action; and 70 percent of all cases accepted by prosecutors, referred for agency action, or closed during the fiscal year and are to be completed within 18 months of case initiation. After senior leadership review, the OIG determined that these measures do not accurately reflect investigative performance, and are being replaced with a single measure. Starting with FY 2011, the measure, "Percentage (%) of investigations that were referred for criminal/civil or Treasury administrative action," will have an initial goal of 80%.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.1 – Budget Adjustments Table

Dollars in Thousands

<b>Office of Inspector General</b>	<b>FTE</b>	<b>Amount</b>
<b>FY 2010 Enacted</b>	<b>172</b>	<b>\$29,700</b>
<b>FY 2011 Annualized CR Level</b>	<b>172</b>	<b>\$29,700</b>
Changes to Base:		
Adjustment to Reach Policy Level:	-	\$351
Adjustment to Reach FY 2011 President's Policy	-	\$351
Maintaining Current Levels (MCLs):	-	\$183
Maintaining Current Levels	-	\$183
Efficiencies, Savings & Base Reductions:	-	(\$392)
MLRs	-	(\$392)
Subtotal FY 2012 Changes to Base	-	\$142
<b>Total FY 2012 Base</b>	<b>172</b>	<b>\$29,842</b>
Program Changes:		
Program Increases:	-	\$13
CIGIE Contribution	-	\$13
Subtotal FY 2012 Program Changes	-	\$13
<b>Total FY 2012 Request</b>	<b>172</b>	<b>\$29,855</b>

### 2A – Budget Increases and Decreases Description

**Adjustment to Reach Policy Level ..... +\$351,000 / +0 FTE**

Adjustment to Reach FY 2011 President's Policy +\$351,000 / +0 FTE

Adjustment from the FY 2011 Annualized Continuing Resolution (CR) Rate to reach the FY 2011 President's Policy Level. The President's Policy Level is equal to the FY 2011 President's Budget as adjusted for the proposed pay freeze.

**Maintaining Current Levels (MCLs) ..... +\$183,000 / +0 FTE**

Maintaining Current Levels +\$183,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment and health benefits and the increase in Federal Employee Retirement System participation. No inflation adjustment is requested for pay in FY 2012.

**Efficiencies, Savings & Base Reductions ..... -\$392,000 / +0 FTE**

MLRs -\$392,000 / +0 FTE

Savings from anticipated reductions in Material Loss Review work. The savings are anticipated due to regulatory reform and economic recovery.

**Program Increases ..... +\$13,000 / +0 FTE**

CIGIE Contribution +\$13,000 / +0 FTE

Contribution to the Council of Inspectors General on Integrity and Efficiency

## 2.2 – Operating Levels Table

Dollars in Thousands

Office of Inspector General	FY 2010 Enacted	FY 2011 Annualized CR Level	Proposed Reprogram mings	FY 2011 Proposed Operating Level	FY 2012 Request
FTE	172	172		-	172
Object Classification					
11.1 - Full-time permanent	\$17,000	\$17,000		\$0	\$16,750
11.3 - Other than full-time permanent	\$100	\$100		\$0	\$100
11.5 - Other personnel compensation	\$550	\$1,049		\$0	\$550
11.8 - Special personal services payments	\$765	\$744		\$0	\$795
12 - Personnel benefits	\$4,800	\$4,800		\$0	\$4,812
21 - Travel and transportation of persons	\$625	\$500		\$0	\$650
23.1 - Rental payments to GSA	\$1,325	\$1,412		\$0	\$1,310
23.2 - Rental payments to others	\$320	\$450		\$0	\$453
23.3 - Communication, utilities, and misc charges	\$725	\$800		\$0	\$750
24 - Printing and reproduction	\$20	\$10		\$0	\$20
25.2 - Other services	\$895	\$450		\$0	\$950
25.3 - Other purchases of goods and services from Govt. accounts	\$1,400	\$1,450		\$0	\$1,450
25.6 - Medical care	\$25	\$35		\$0	\$60
25.7 - Operation and maintenance of equip	\$400	\$200		\$0	\$400
26 - Supplies and materials	\$300	\$300		\$0	\$250
31 - Equipment	\$450	\$400		\$0	\$400
<b>Total Budget Authority</b>	<b>\$29,700</b>	<b>\$29,700</b>		<b>\$0</b>	<b>\$29,700</b>
Budget Activities					
Audit	\$22,869	\$22,869		\$0	\$22,869
Investigations	\$6,831	\$6,831		\$0	\$6,831
<b>Total Budget Authority</b>	<b>\$29,700</b>	<b>\$29,700</b>		<b>\$0</b>	<b>\$29,700</b>

\*Does not include the FY 2010 Supplemental (P.L. 111-212) \$1.8 million rescission



## 2.3 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2010 Obligations		FY 2010 Enacted		FY 2011 Annualized CR Level		FY 2012 Request		% Change FY 2010 to FY 2012	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Appropriated Resources:</b>										
Audit	110	\$20,445	130	\$22,869	130	\$22,869	130	\$22,898	0.00%	0.13%
Investigations	29	6,107	42	6,831	42	6,831	42	6,957	0.00%	1.84%
<b>Subtotal New Appropriated Resources</b>	<b>139</b>	<b>\$26,552</b>	<b>172</b>	<b>\$29,700</b>	<b>172</b>	<b>\$29,700</b>	<b>172</b>	<b>\$29,855</b>	<b>0.00%</b>	<b>0.52%</b>
<b>Other Resources:</b>										
Offsetting Collections - Reimbursable		8,366		8,000		10,000		13,200		65.00%
Recission (Haiti Relief)				(1,800)						
Transfers In/Out (FY 2009 Carryover)		447		1,100						
<b>Subtotal Other Resources</b>	<b>0</b>	<b>\$8,813</b>	<b>0</b>	<b>\$7,300</b>	<b>0</b>	<b>\$10,000</b>	<b>0</b>	<b>\$13,200</b>		<b>80.82%</b>
<b>Total Resources Available for Obligation</b>	<b>139</b>	<b>\$35,365</b>	<b>172</b>	<b>\$37,000</b>	<b>172</b>	<b>\$39,700</b>	<b>172</b>	<b>\$43,055</b>	<b>0.00%</b>	<b>16.36%</b>

## 2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY OFFICE OF INSPECTOR GENERAL</p> <p style="text-align: center;">Federal Funds</p> <p><b>SALARIES AND EXPENSES:</b></p> <p><i>For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$29,855,000 of which not to exceed \$2,000,000 for official travel expenses, including hire of passenger motor vehicles; of which not to exceed \$100,000 for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury.</i></p>	

## 2C – Legislative Proposals

The OIG has no legislative proposals.

## Section 3 – Budget and Performance Plan

---

This table lists all FY 2012 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan provides a description of what the agency intends to accomplish over the next five years.

For detailed information about the FY 2007-2012 Treasury Strategic Plan, please go to: <http://www.treasury.gov/about/budget-performance/strategic-plan/Pages/index.aspx>

### 3.1 – Budget by Strategic Outcome

Dollars in Thousands

Treasury Strategic Outcome	FY 2010 Enacted	FY 2011 Annualized CR Level	FY 2012 Request	% Change FY10 to FY12
Exceptional accountability and transparency	37,700	39,700	43,055	14.20%
<b>Total</b>	<b>\$37,700</b>	<b>\$39,700</b>	<b>\$43,055</b>	<b>14.20%</b>

**3A - Audit** (\$22,897,000 from direct appropriations, and \$13,200,000 from reimbursable programs): The Office of Audit (OA) conducts audits, provides firsthand, unbiased perspectives and recommendations for improving the economy, efficiency, and effectiveness of Treasury programs and operations under its jurisdiction. The OA produces more than 60 products annually. The OA has recently been challenged to keep up with an increasing number of bank failures that require dedicated resources to conduct mandated material loss reviews. For FY 2009 and FY 2010, the OA received additional funding to meet this requirement. The requested funding for FY 2012 is necessary to maintain a proper level of oversight of Treasury programs and operations, and to enable the OIG to continue to meet statutory timeframes for completing the increasing number of material loss reviews due to financial institution failures. The OIG also responds to requests by Treasury officials and the Congress for specific work. Reimbursable funding supports agreements for contract audits of other Treasury bureaus, as well as oversight of the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI) programs.

### 3.2.1 Audit Budget and Performance Plan

Audit Budget Activity					
Resource Level	FY 2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level	FY 2012 Request
Appropriated Resources	\$12,658	\$20,116	\$22,869	\$22,869	\$22,897
Reimbursable Resources	\$6,498	\$7,381	\$8,000	\$10,000	\$13,200
<b>Total Resources</b>	<b>\$19,156</b>	<b>\$27,497</b>	<b>\$30,869</b>	<b>\$32,869</b>	<b>\$36,097</b>

<b>Budget Activity Total</b>	<b>\$19,156</b>	<b>\$27,497</b>	<b>\$30,869</b>	<b>\$32,869</b>	<b>\$36,097</b>
------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------

Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Number of Completed Audit Products (Ot)	64	68	68	62	70
Percent of Statutory Audits Completed by the Required Date (E)	100.0	100.0	50.0	100.0	100.0

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, M - Management/Cust. Satisfaction, DISC - Discontinued, and B - Baseline

*Description of Performance:* In FY 2010, the Office of Audit completed a total of 68 audit products. As the result of the unprecedented number of bank failures, the OIG has been required to dedicate significant resources to conduct mandated material loss reviews. Also as a consequence of the high number of failures requiring a material loss review, the OIG completed some of the reviews after the 6-month timeframe prescribed in statute, but the missed dates were not considered significant. The appropriate Congressional oversight committees were informed of this situation. The Office of Audit plans to complete 70 in FY 2012, though the number of required material loss reviews and other anticipated mandates may impact the ability to meet the target. In FY 2009, the Office of Audit met its mandated audit requirements.

**3B - Investigations** (\$6,958,000 from direct appropriations): The Office of Investigations 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 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. Additionally, investigative oversight also extends to that of performing quality assurance reviews of the Treasury's police operations at BEP and the U.S. Mint.

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 and the need to identify strengths and weaknesses in Community Development Financial Institutions (CDFI) Fund. Compliance and oversight of dispersed grant funds to ensure that CDFI funds provided are being used in accordance with the grant award.

The Office of Inspector General (OIG) is actively investigating numerous allegations received from the OIG's, Office of Audit related to their Material Loss Reviews (MLR). With increasing frequency, the Office of Audit is discovering instances of suspected fraud by bank officials during MLRs of Office of the Comptroller of the Currency (OCC) and Office of Thrift Supervision (OTS) regulated banks. As such, these alleged criminal violations, which affected the ability of the OCC and OTS to properly oversee these banking institutions, are being referred to the Office of Investigations for investigation.

### 3.2.2 Investigations Budget and Performance Plan

#### Investigations Budget Activity

Resource Level	FY 2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level	FY 2012 Request
Appropriated Resources	\$5,792	\$6,009	\$6,831	\$6,831	\$6,958
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$5,792</b>	<b>\$6,009</b>	<b>\$6,831</b>	<b>\$6,831</b>	<b>\$6,958</b>

<b>Budget Activity Total</b>	<b>\$5,792</b>	<b>\$6,009</b>	<b>\$6,831</b>	<b>\$6,831</b>	<b>\$6,958</b>
------------------------------	----------------	----------------	----------------	----------------	----------------

Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Percentage (%) of Investigations that were referred for Criminal, Civil or Treasury administrative action	N/A	N/A	N/A	B	80.0

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, M - Management/Cust. Satisfaction, DISC - Discontinued, and B - Baseline

*Description of Performance:* In FY 2010 OIG met or exceeded both Investigative Performance Measure targets, opened 100 new investigations and closed 74 investigations. OIG also referred 100 % of investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 19 investigations for criminal prosecution to the Department of Justice. OIG received investigative referrals regarding potential criminal misconduct that occurred prior to or during bank failures, and has worked criminal investigations with the FDIC Office of Inspector General (FDIC OIG) and the OIG Office of Audit regarding potential prosecution of acts which may have contributed to the bank failures. As additional financial institutions fail over the next several years, OIG expects an associated increase in investigative work. The Recovery Act provided Treasury with approximately \$4 billion for low-income housing projects and specified energy properties/projects. OIG anticipates a significant increase of related criminal investigations as Treasury continues to disburse these funds. After senior leadership review, the OIG determined that the current two performance measures do not accurately reflect investigative performance, and will be replaced with a single measure. Starting with FY 2011, the measure, "Percentage (%) of investigations that were referred for

criminal/civil or Treasury administrative action,” will have an initial goal of 80%. It is expected that the performance measure will be met or exceeded in FYs 2011 and 2012.

For detailed information about each performance measure, including definition, verification and validation, please go to: <http://www.treasury.gov/offices/management/dcfo/accountability-reports/>

## **Section 4 – Supporting Materials**

---

### **4A – Human Capital Strategy Description**

The OIG previously identified two mission critical occupations that closely align to its two budget activities, audit and investigations, and has integrated workforce plans for these specialized professionals (auditors, criminal investigators) with strategic and annual plan goals and objectives.

Over the past several years, the OIG has had exceptional recruitment success using automated tools to re-establish and then maintain its human capital pipeline. OIG job announcements sometimes attract up to 1,000 applicants, and selections are made and positions offered within 30-days, on average.

The ongoing financial crisis, however, and the resulting failure of a startling number of financial institutions placed increased pressures on the standard OIG hiring processes. By law, when a Treasury supervised bank or thrift fails, and meets statutory loss thresholds, Treasury OIG is required to complete a material loss review (MLR) within six months to determine the causes of the failure. In FY 2009 and FY 2010, Congress provided additional budgetary resources to hire the staff needed for these MLRs. OIG then embarked on an aggressive initiative to recruit and hire qualified staff to meet the rapidly growing workload, and had to defer all other audit work to devote existing staff to the MLR effort. From the latter half of FY 2009 to the present, OIG brought 67 qualified staff on board, has selected 11 others, and has an additional 13 positions in various stages of the hiring process. This was accomplished despite the dramatic increase in the number of applicants for each position, which in turn increased the time required to carefully review applications, conduct interviews and make selections to ensure OIG hires qualified and competent candidates.

OIG is aware of the critical importance to its mission of developing and maintaining a highly skilled staff. OIG continues to ensure that employees have a variety of opportunities for required developmental and professional training and education. This ensures full confidence in the expertise and integrity of our staff.

In addition, the following section outlines OIG's ongoing efforts in several important programs.

**Hiring Reform** – OIG currently uses the Bureau of Public Debt (ARC) services for recruitment. ARC staff work directly with hiring managers in developing job analysis that are specific to their needs, and uses the same standard vacancy announcement template used Department-wide to ensure that language and requirements are clear and easy to understand. ARC is also responsible for providing feedback to the applicants regarding their application. ARC and OIG are working together ensure OIG meets the recruitment requirements under the End to End (E2E) initiative. Additionally, one of the mandates for hiring reform is that agencies only use category rating. Fortunately, OIG has been using category rating for a number of years. In an effort to improve public understanding of the hiring process, the Department has been working on a website, Entrance-on-Duty System (EODS), that will provide general information about the on-boarding process. Once hired, the applicant will be granted access to EODS to learn more about Treasury and the OIG, input required information, and complete benefit election forms.

The OIG is developing training for managers and supervisors as well as informal “brown bag” sessions for employees on a number of human resources issues.

**Veterans’ Employment** – OIG is processing a number of recruitment actions that are open to all qualified applicants. As part of that process, OIG is working with organizations like the Veteran’s Employment Program Office (VEPO). Established by the Internal Revenue Service, VEPO helps connect veteran’s programs with Treasury employment opportunities. Training and assistance is offered to help veterans successfully transition into the federal government. The OIG human resources staff will continue partnering with VEPO on the various programs that are being offered and will ensure that all hiring managers get the training and support needed to aid them in their recruitment efforts.

**Hiring of Individuals with Disabilities** – OIG participated in career fairs whose targeted audience is individuals with disabilities. In addition, the OIG EEO Manager receives applications from individuals with disabilities and forwards them to the hiring managers for consideration. OIG is planning to develop a system with the EEO Manager to enhance recruitment efforts for targeted populations, including programs and facilities for individuals with disabilities. OIG also provides a wide range of resources to assist employees as well as their managers/peers (e.g. special equipment, translators, etc.)

**Labor-Management Forums** – OIG is not covered under any union agreements.

**Employee Engagement** - The OIG is developing an intranet for OIG employees to disseminate information and enable collaboration. Among other things, the intranet will be used to share announcements about the work of OIG being recognized through awards and other means. The goal will be to foster pride by acknowledging the accomplishments of OIG staff.

Also, OIG has an employee suggestion box which allows employees to voice their concerns and/or provide alternative operating procedures that will help OIG work more effectively.

**Wellness** - The OIG promotes wellness by ensuring employees have the resources and flexibility to maintain a balanced work and family life. The OIG has an onsite fitness center and the health unit provides health screenings and flu shots. The OIG encourages employees to use services provide by the Employee Assistance Program (EAP), including attending workshops or seminars on wellness. The OIG has a supportive atmosphere that encourages a healthy lifestyle and a sustainable worklife balance.

**Women and Girls** – The OIG provides workplace flexibility which focuses on balancing family and work. We offer alternative work schedules, teleworking, and other programs to provide employees the flexibility they need to remain productive while attending to their family and other responsibilities.

#### 4.1 – Summary of IT Resources Table

Dollars in Thousands

Major IT Investments / Funding Source	Budget Activity	FY 2009 Enacted	FY 2010 Enacted	% Change from FY 2009 to FY 2010	FY 2011 Annualized CR Level	FY 2012 Request	% Change from FY 2010 to FY 2012
<b>No Major Investments</b>		<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Subtotal, Major IT Investments</b>	Collect the Revenue/Protect the Public	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Non-Major IT Investments</b>	Collect the Revenue/Protect the Public						
<b>Infrastructure Investments</b>	Collect the Revenue/Protect the Public						
<b>Enterprise Architecture</b>	Collect the Revenue/Protect the Public	<b>\$650</b>	<b>\$600</b>	<b>-7.7%</b>	<b>\$1,434</b>	<b>\$1,800</b>	<b>200.0%</b>
<b>Enterprise Identity and Access Management</b>	Collect the Revenue/Protect the Public	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total IT Investments</b>	Collect the Revenue/Protect the Public	<b>\$650</b>		<b>-100.0%</b>	<b>\$1,434</b>	<b>\$1,800</b>	<b>100.0%</b>



#### **4B – Information Technology Strategy**

OIG must keep pace with and adapt to technological advancements including those in the areas of auditing, computer forensics and security. The OIG must design and/or adapt information technology that is flexible and allows for rapid response to a constantly changing environment. OIG uses standard project management methodologies to track all IT projects. This ensures that projects stay within budget, meet milestones and performance goals.

IT funding has been critical in enabling OIG to make significant progress in providing technology refreshment that allows our auditors, investigators, and support personnel to use hardware and software actively maintained by the manufacturers. IT funding also strengthens OIG's entity-wide IT security program, with hardware and software designed for anti-virus detection/protection, anti-spam detection, anti-spy detection, intrusion detection/prevention, monitoring and patch management, and disaster recovery. This ensures that the OIG IT infrastructure operates in a secure manner and that the information collected during audits and investigations of the Department's operations and resources are not susceptible to computer attacks and terrorist activities. Maintaining the OIG IT infrastructure and its IT security program at an acceptable level requires on-going upgrades of tools and technologies.

IT funding has also enhanced OIG's ability to perform computer forensics during investigations and computer vulnerability scanning during audits of the Department's IT operations and resources. Maintaining these capabilities requires on-going upgrades of tools and technologies.

Due to increasing workloads, new responsibilities, and the expansion of OIG staffing over the past two fiscal years (approximately 50%), IT operating costs are not likely to decrease in the near future. Workloads continue to increase significantly in both audit and investigations, and new responsibilities are being given to OIG to address emerging initiatives (e.g., IG Council under Financial Reform, oversight of the new Consumer Financial Protection Bureau, etc.).