

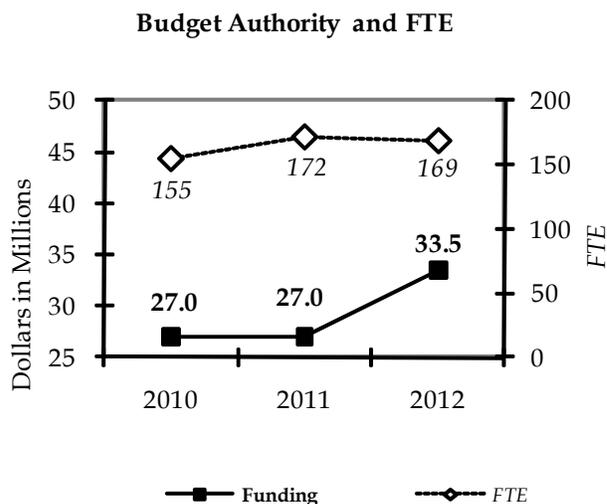
Office of the Inspector General

The Office of the Inspector General (OIG) promotes economy and efficiency in Department of Commerce programs and operations to prevent fraud, waste, and abuse. The OIG monitors and tracks the use of taxpayer dollars through audits, inspections, evaluations, and investigations. The Inspector General is required by law to keep the Secretary and Congress timely informed about problems and deficiencies relating to the administration of programs and operations and the need for corrective action.

The audit function involves performance and financial audits and evaluations. Performance audits address the efficiency, effectiveness, and economy of the Department's programs, activities, and information technology systems. Financial audits focus on compliance with generally accepted accounting

principles, management's responsibility for internal controls as defined by the Office of Management and Budget, and financial laws and regulations. Program evaluations are in-depth reviews of specific management issues, policies, or programs, while systems evaluations focus on system development, system acquisitions, operations, and policy of computer systems and other technologies.

The investigative function focuses on alleged or suspected improper and illegal activities involving employees, contractors, recipients of financial assistance, and others responsible for handling Federal resources. OIG focuses on programs and operations with the greatest potential for identifying fraud, recovering funds, precluding unnecessary outlays, and improving management.



Summary of Appropriations

<u>Funding Levels</u>	2010	2011 CR	2012	Increase
<u>Appropriation</u>	<u>Actual</u>	<u>(Annualized)</u>	<u>Estimate</u>	<u>(Decrease)</u>
Inspector General	\$27,000	\$27,000	\$33,520	\$6,520
Total Budget Authority	27,000	27,000	33,520	6,520
FTE				
Inspector General Direct	155	172	169	(3)
Inspector General Reimbursable	6	6	6	0
Total	161	178	175	(3)

Highlights of Budget Changes

Appropriation: Office of the Inspector General

Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
2011 CR (Annualized)			172	\$27,000
Adjustments to Base				
Restoration of Base	4	\$881		
FTEs from Recovery Act Carryover	(22)	0		
<u>Other Changes</u>				
Civil Service Retirement System (CSRS)		(89)		
Federal Employees' Retirement System (FERS)		149		
Thrift Savings Plan		26		
Federal Insurance Contributions Act (FICA) - OASDI		57		
Employees' Compensation Fund		13		
Health insurance		93		
Travel:				
Per Diem		11		
Mileage		(3)		
Rent payments to GSA		29		
Electricity		73		
Water		1		
Other services:				
Working Capital Fund		245		
General Pricing Level Adjustment				
Communications, utilities, and miscellaneous charges		1		
Other Services		27		
Supplies and materials		1		
Equipment		1		
Subtotal, other cost changes			0	635
TOTAL, ADJUSTMENTS TO BASE			<u>(18)</u>	<u>1,516</u>
2012 Base			154	28,516
Administrative Savings			[0]	[221]
Program Changes			15	5,004
2012 APPROPRIATION			<u>169</u>	<u>33,520</u>

Note: The distribution of administrative savings reflected in this table are based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change.

Comparison by Activity

	2011 Currently Avail.		2012 Base		2012 Estimate		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
DIRECT OBLIGATIONS								
Inspector General	172	\$42,136	154	\$28,516	169	\$33,520	15	\$5,004
TOTAL DIRECT OBLIGATIONS	172	42,136	154	28,516	169	33,520	15	5,004
REIMBURSABLE OBLIGATIONS		6,000		6,000		6,000	0	0
TOTAL OBLIGATIONS	172	48,136	154	34,516	169	39,520	15	5,004
FINANCING								
Unobligated balance, start of year (direct)		(15,136)				0		
Unobligated balance, start of year (reimb.)								
Offsetting Collections		(6,000)				(6,000)		
Subtotal, financing	0	(21,136)			0	(6,000)		
TOTAL BUDGET AUTHORITY/	172	27,000			169	33,520		
APPROPRIATION								

Note: The distribution of administrative savings reflected in this table is based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change.

Administrative Savings

The Administration is pursuing an aggressive government-wide effort, called the Administrative Efficiency Initiative, to curb non-essential administrative spending. In order to be good stewards of taxpayer money, the Federal Government should continue to see ways to improve the efficiency of programs without reducing their effectiveness. As such, the President directed each agency to analyze its administrative costs and identify savings where possible. After reviewing its administrative costs, OIG has identified \$221,000 in administrative savings. OIG expects to achieve these savings through strategic sourcing and by not filling an existing vacancy in its administrative areas. In addition, \$123,000 in savings has been identified for the OIG through the Department's Working Capital Fund. The \$221,000 in administrative savings identified above will be reinvested in the Office of Audit and Evaluation and the Office of Investigations to better support the Inspector General's mission.

Highlights of Program Changes

	Base		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Acquisition and contract oversight	154	\$28,516	+15	+\$1,849

In FY 2012, OIG requests an increase of \$1.8 million and 15 FTEs to provide oversight for Departmental acquisitions and contracts. In FY 2010, the Department planned to spend \$6.4 billion in acquisitions and contracts. Some of these acquisitions and contracts were one-time procurements. Others, such as those for the National Oceanic and Atmospheric Administration's (NOAA) satellite programs, represent only a small portion of a large, ongoing program. Two satellite programs accounted for \$1.1 billion in obligations in FY 2010. Other programs, such as the planning for the 2020 Census, will involve large ongoing contracts. OIG will need to establish audit teams to examine cross-cutting acquisitions and contracts for all the Operating Units. Because of statutory mandates and competing priorities, OIG does not have sufficient personnel available to provide consistent oversight of these expenditures with its existing staffing level.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Council of the Inspectors General on Integrity and Efficiency	0	\$0	0	+\$455

Also in FY 2012, the OIG requests \$0.5 million to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The Inspector General Reform Act of 2008 (P.L. 110-409) established CIGIE to address integrity, economy, and effectiveness issues that transcend individual government agencies. Its mission is to increase the professionalism and effectiveness of personnel by developing policies, standards and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General. The DOC OIG is a member of CIGIE, and the Act authorizes interagency funding of CIGIE and requires that any department, agency, or entity of the executive branch, which has a member on the Council, shall fund or participate in the funding of its activities.

Federal Audit Clearinghouse	0	\$0	0	+\$2,700
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Finally, in FY 2012, the OIG requests \$2.7 million in support of the Federal Audit Clearinghouse (FAC), to be transferred to the Census Bureau, which operates the FAC. Each year, the Federal Government provides hundreds of billions of dollars in grants to State, local and tribal governments, colleges, universities and other non-profit organizations (non-Federal entities). Of these entities, those expending more than \$500,000 per year in financial assistance must have a financial audit performed to ensure that the funds are spent properly. For audit information on these entities, the FAC is the sole source for Federal program managers, Chief Financial Officers, and Federal Inspectors General. The public further benefits because this audit information is also available for public scrutiny. The Single Audit Act Amendments of 1996 (P.L. 104-156) requires all audit and data collection forms to be submitted solely to the FAC. A direct appropriation to the Census Bureau to support the FAC could result in restrictions on use of the data; therefore, the FAC is funded by a transfer from the OIG, which in addition to being a user of the data, also has an oversight interest in the efficient and effective performance of the FAC as an asset across the government.

Performance Objective and Measures

(Dollars Reflect Obligations in Millions and Includes Reimbursable Funding)

In FY 2012, in conjunction with its new strategic plan, the Department will complete the re-organization of its performance structure from three strategic goals and a management integration goal to three program themes and three administrative themes. An overview of the Strategic Plan can be found on Page 169. The OIG performance measures now appear in the administrative theme - Organizational Excellence, under the objective to strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statute and regulation, and prevent waste, fraud, and abuse of government resources.

As the Department works to accomplish its mission, OIG provides a unique, independent voice to the Secretary and other senior DOC managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness, and to prevent and detect waste, fraud, and abuse in Department programs and operations. This work is primarily accomplished through audits, inspections, evaluations, and investigations and related activities. In FY 2012, OIG will continue its efforts to help the Department achieve organizational and management excellence by:

- Performing high quality and timely work;
- Concentrating efforts on the Department's most critical programs, operations, challenges, and vulnerabilities;
- Achieving results that allow government funds to be put to better use; and
- Addressing any criminal, civil, or other wrongdoing.

Prior performance measures are included among these objectives along with one new measure. The table below shows the new objectives and their associated funding and performance measures. A more detailed description of these goals and measures is in the OIG section of the Department of Commerce budget.

	2010 Actual	2011 CR (Annualized)/ Targets	2012 Estimate / Targets
Objective 22: Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statute and regulation, and prevent waste, fraud, and abuse of government resources.	\$36.2	\$48.1	\$39.5
% of OIG recommendations accepted by departmental and bureau management	100%	95%	95%
% of OIG recommendations accepted that have been implemented by departmental and bureau management	N/A	N/A	TBD
Dollar value of financial benefits identified by OIG	\$47.8M	\$39.0	\$39.0
% of criminal and civil matters that are accepted for prosecution	50%	75%	75%

