

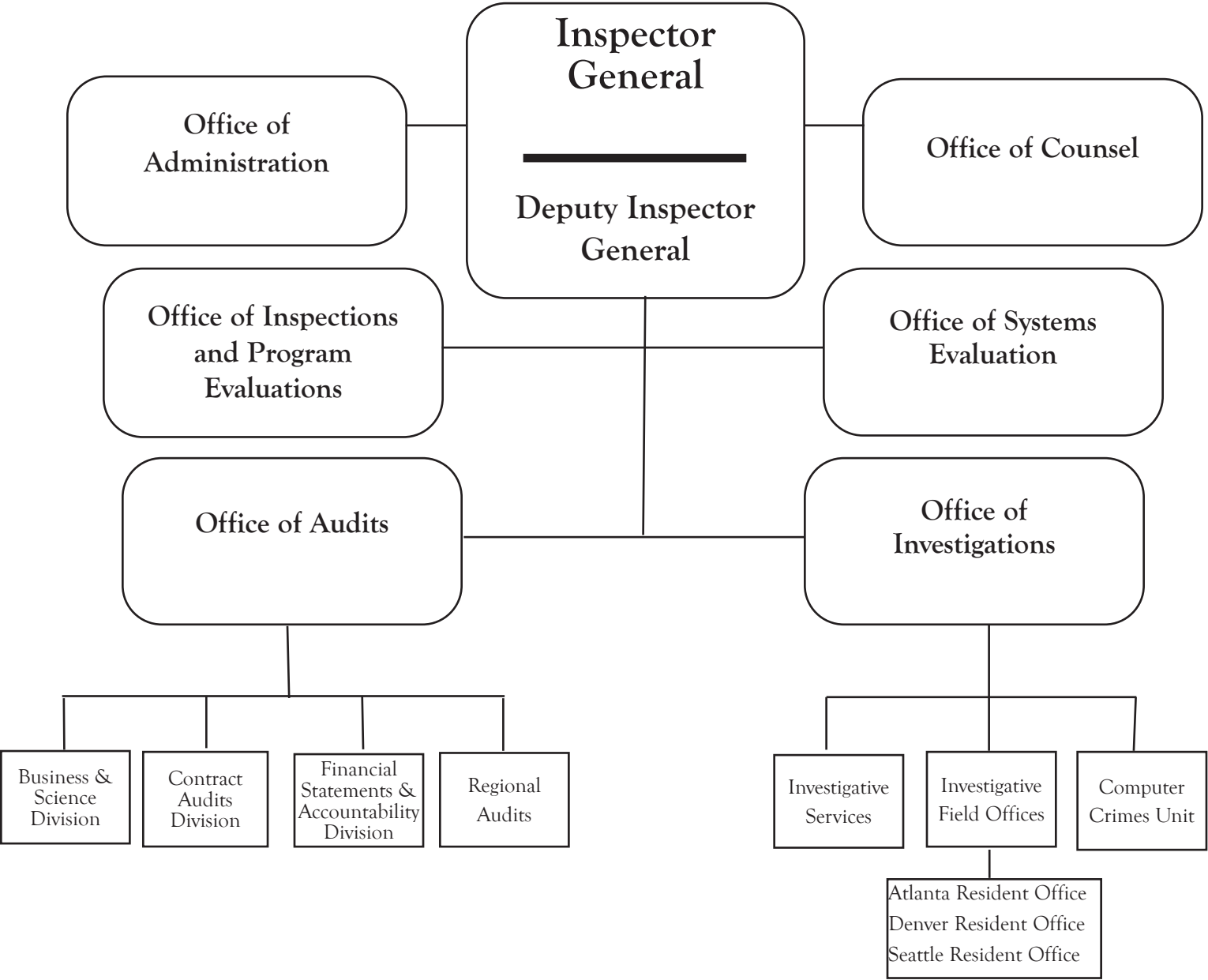


FY 2009
CONGRESSIONAL SUBMISSION

Department of Commerce
Office of Inspector General
FY 2009 Budget Estimates
Congressional Submission

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Department of Commerce
Office of Inspector General
 Budget Estimates, Fiscal Year 2009

General Statement

The Office of Inspector General has the mission of providing a unique, independent voice to the Secretary and other Commerce managers, as well as to Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency, effectiveness, and economy of Department operations. The office has authority to inquire into all program and administrative activities of the Department, including individuals or organizations performing under contracts and grants, cooperative agreements, and other financial assistance awards. The Inspector General Act of 1978, as amended and other legislation authorized the specific functions and programs that make up these broad activities.

For FY 2009, OIG will continue to focus its work on the Department's efforts to address the major challenges we have identified. Census Bureau activities will consume an increasing share of our resources, as we plan to monitor the remaining major preparations and tests of systems and operations that will support the 2010 Decennial. We will also continue our oversight of complex, costly acquisitions, including a special focus on satellite programs. The Department will spend several billion dollars for the purchase, construction, and modernization of environmental satellites, and these huge projects require careful monitoring. Other critical areas of focus will be the Department's efforts to promote international trade, protect marine resources, and ensure the safety and security of its people, facilities, and operations worldwide.

(Dollar amounts in thousands)

<u>Appropriation</u>		<u>2008 Currently Available</u>		<u>2009 Estimate</u>		<u>Inc. (+) or Dec. (-)</u>	
		<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>
Office of Inspector General	Pos./Appr.	120	22,020	138	24,766	18	2,746
Total, Office of Inspector General	Pos./Appr.	120	22,020	138	24,766	18	2,746

Department of Commerce
Office of Inspector General
FY 2009 Performance Goals and Measures

Mission Statement

The mission of the Office of Inspector General is to promote economy, efficiency, and effectiveness and detect and prevent waste, fraud, abuse, and mismanagement in the programs and operations of the Department of Commerce. OIG proposes innovative ideas and constructive solutions that lead to positive internal and external changes for the Department. OIG provides timely, useful, and reliable information and advice to Commerce officials, the Administration, Congress, and the public with the goal of improving the Department's management, operations, and delivery of services.

Corresponding DOC Strategic Goal

Management Integration Goal: Achieve Organizational and Management Excellence

Commerce's diverse mission and critical programs and operations are administered in a dynamic environment – one that is greatly influenced by ever-changing conditions. As the Department works to accomplish its mission, the Office of Inspector General provides a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness and prevent and detect waste, fraud, and abuse in Department programs and operations. The work is primarily accomplished through audits, inspections, evaluations, and investigations and a variety of activities geared toward averting problems. OIG strives to perform high-quality, timely work; concentrate its efforts on the Department's most critical programs, operations, challenges, and vulnerabilities; and achieve results that allow government funds to be put to better use and address criminal, civil, and other wrongdoing.

The Department uses reviews and reports generated by OIG, the Office of Management and Budget (OMB), the Government Accountability Office (GAO), congressional organizations, government-wide task forces, and other objective sources to evaluate activities of the Department related to this goal and its achievement of performance targets.

OIG performs its activities in accordance with GAO's Government Auditing Standards and the President's Council on Integrity and Efficiency's (PCIE) Quality Standards for Inspections and Program Evaluations. OIG audit and investigations programs are subject to external peer reviews conducted under PCIE guidelines designed to evaluate their compliance with applicable standards.

Mitigating Strategies: A variety of external factors may affect OIG’s ability to reach its targets. Key among these is the ability to hire well-qualified staff, acquire support resources, and sufficiently fund OIG activities.

PART Summary

OIG has not been evaluated under the Program Assessment Rating Tool (PART) process.

Priorities/Management Challenges

At the close of each semiannual period, OIG develops a list of the Top 10 Management Challenges faced by the Department. Each challenge meets one or more of the following criteria: (1) it is important to the Department’s mission or the nation’s well-being, (2) it is complex, (3) it involves sizable expenditures, or (4) it requires significant management improvements. Because of the diverse nature of Commerce activities, many of these criteria cut across bureau and program lines. We believe that by addressing these challenges the Department can enhance program efficiency and effectiveness; eliminate serious operational problems; decrease fraud, waste, and abuse; and achieve substantial savings.

Target and Performance Summary

(Dollar amounts in thousands)

Outcome 1 – Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse.						
	FY 2007 Actual	FY 2008 Estimate	FY 2009 Target	FY 2010 Target	FY 2011 Target	FY 2012 Target
Measure 1a: Percentage of OIG recommendations accepted by departmental and bureau management.	96%	95%	95%	95%	95%	95%
Description: Many of the improvements to Commerce operations and programs come through recommendations made in various OIG work products. A measure of OIG’s effectiveness is the extent to which it offers useful, practical recommendations for improvements. A measure of the usefulness and practicality of OIG’s recommendations is the extent to which they are accepted by Commerce management.						
Comments on Changes to Targets:						
Relevant Program Change(s):	Title: Enhance ability to reduce information security weaknesses throughout the Department				Exhibit 13 Page #: 31	

Outcome 1 – Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse.						
	FY 2007 Actual	FY 2008 Estimate	FY 2009 Target	FY 2010 Target	FY 2011 Target	FY 2012 Target
Measure 1b: Dollar value of financial benefits identified by OIG.	\$ 51,736,992	\$28,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
Description: A key measure of the value of OIG’s work is its dollar return on investment. Financial benefits include: (1) questioned costs agreed to by management, (2) funds put to better use, and (3) administrative, civil, and criminal recoveries.						
Comments on Changes to Targets:						
Relevant Program Change(s):	Title:					Exhibit 13 Page #:

Outcome 1 – Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse.						
	FY 2007 Actual	FY 2008 Estimate	FY 2009 Target	FY 2010 Target	FY 2011 Target	FY 2012 Target
Measure 1c: Percentage of criminal and civil matters accepted for prosecution.	73%	70%	70%	70%	70%	70%
Description: OIG investigative work that helps prevent waste, fraud and abuse results in either civil or criminal legal issues that are referred for prosecution. Thus, the percentage of investigative work that results in civil or criminal referrals for prosecution is a measure of the quality of OIG investigative work.						
Comments on Changes to Targets:						
Relevant Program Change(s):	Title:					Exhibit 13 Page #:

FY 2009 Program Changes

	Accompanying GPRA		Base		Increase/Decrease		Page of Exhibit 13 Discussion
	APP Page #	Performance Measure #	FTE	Amount	FTE	Amount	
Program Change:	33	1a, 1b, 1c	6	600	0	\$795	32

The requested funding will allow us to enhance oversight and evaluation of information security in FY 2009 and obtain the skilled personnel and IT hardware and software needed to perform more extensive and in-depth hands-on testing of systems and networks and place greater focus on protecting the Department’s high-impact computer systems. Additional funding will also allow us to have closer and more frequent interaction with the Department’s operating units and line offices to provide the feedback and advice essential to removing the material weakness and maintaining an effective IT security program.

Resource Requirements Summary

(Dollar amounts in thousands)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Enacted	FY 2009 Base	Increase/ Decrease	FY 2009 Request
Total Funding	20,970	21,371	22,667	22,592	22,020	23,971	795	24,766
Direct	20,894	21,371	22,467	20,392	19,820	0	0	
Reimbursable	76	0	200	0	0	0	0	
IT	0	0	0	2,200	2,200	0	0	
FTE	125	115	138	124	120	120	18	138

OIG Performance Goal

Promote improvements to Commerce programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness and (2) prevents and detects fraud, waste, and abuse.

OIG Data Validation and Verification

OIG relies, to the greatest extent possible, on data collected for and presented in its *Semiannual Report to Congress*. This ensures that the same rigorous techniques used to validate and verify the data for presentation in the *Semiannual Report to Congress* are applied to the collection of performance measures.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
Measure 1a	OIG audit and inspection process	As conducted	OIG files	OIG review	None	Continue collecting the data
Measure 1b	OIG audit and inspection process	As conducted	OIG files	OIG review	None	Continue collecting the data
Measure 1c	Investigative Case Data System	As conducted	OIG database	Investigative review process	None	Continue collecting the data

Department of Commerce
Office of Inspector General
 Summary of Resource Requirements
 (Dollar amounts in thousands)

		2007		2008		2009		2009		Increase/ (Decrease) Over 2009 Base	
		Actual	Amount	Currently Available	Amount	Base	Amount	Estimate	Amount	Personnel	Amount
Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Inspector General	Pos./BA	124	22,592	120	22,020	120	23,971	138	24,766	18	795
	FTE/Obl.	124	22,566	120	22,020	138	23,971	138	24,766	0	795
TOTALS	Pos./BA	124	22,592	120	22,020	120	23,971	138	24,766	18	795
	FTE/Obl.	124	22,566	120	22,020	138	23,971	138	24,766	0	795
Adjustments to Obligations											
	Recoveries		0		0		0		0		0
	Unobligated Balance, start of year		0		0		0		0		0
	Unobligated Balance transferred		0		0		0		0		0
	Unobligated Balance, end of year		0		0		0		0		0
	Unobligated Balance expiring		0		0		0		0		0
Financing from transfers:											
	Transfer from other accounts (-)		0		0		0		0		0
	Transfer to other accounts (+)		0		0		0		0		0
<hr/>											
Appropriation		124	22,592	120	22,020	138	23,971	138	24,766	0	795

	Positions	Budget Authority	FTE	Direct Obligations
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FY 2008 President's Budget	120	22,020	120	22,020
Adjustments to Base		513		513
Restoration of base reductions in prior years		1,438	18	1438
2009 Base	120	23,971	138	23,971
plus (or less): 2009 Program Increase	0	795	0	795
2009 Estimate	120	24,766	138	24,766

*Department of Commerce
Office of Inspector General
Summary of Financing
(Dollar amounts in thousands)*

	2007 Actual	2008 Currently Available	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
Total Obligations	22,566	22,020	23,971	24,766	795
Unobligated balance, start of year	0	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	0	0	0	0	0
Unobligated balance expiring	26	0	0	0	0
Budget Authority	22,592	22,020	23,971	24,766	795
Financing:					
Transfer from other accounts (-)	0	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	22,592	22,020	23,971	24,766	795

Department of Commerce
Office of Inspector General
 FY 2009 Adjustments to Base (ATB)
 (Dollar amounts in thousands)

	ATB Amount
2008 Pay Raise - Annualization	145
2009 Pay Raise	302
Payment to Working Capital Fund	14
Within-grade step increases	0
Change in Compensable Days	(55)
Civil Service Retirement System (CSRS)	0
Federal Employees Retirement System (FERS)	0
Federal Insurance Contributions Act (FICA) - OASDI	2
Thrift Savings Plan	0
Employee Compensation Fund	(61)
Health Insurance	15
Travel and Transportation of Persons - Per Diem	7
Travel and Transportation of Persons - Mileage	3
Rental Payments to GSA	40
Postage	1
GPO Printing and Reproduction	1
Other Services	35
Communications, utilities and miscellaneous charges	2
Supplies and Materials	1
Equipment	1
Working Capital Fund	60
TOTAL, ADJUSTMENTS TO BASE	513

Department of Commerce
Office of Inspector General
Salaries and Expenses
FY2009 Justification for Adjustments to Base
(Dollar amounts in thousands)

	<u>FTE</u>	<u>AMOUNT</u>
<u>Other Changes:</u>	0	1,438
The funding restoration of base reductions in prior years 1,438,000.		
<u>Pay Raises:</u>		461
Annualization of FY 2008 Pay Raise		
A pay raise of 3.5% was effective January 1, 2008.		
Total cost in FY 2009 of FY 2008 pay raise..... 497,333		
Less amount funded in FY 2008 (352,333)		
Amount requested in FY 2009 to provide for full-year cost of FY 2008 pay raise.....145,000		
FY 2009 Pay Raise and Related Costs		
A general pay raise of 2.9% is assumed to be effective January 2009.		
Total cost in FY 2009 of January 2009 pay raise 302,000		
Payment to Working Capital Fund..... <u>14,000</u>		
Amount requested in FY 2009 for FY 2009 pay raises316,000		

Compensable Day (55)

In 2009, there will be 1 less compensable day or decrease of 1 compensable day over FY 2008. The cost of 1 compensable day in FY 2009 is calculated by dividing the FY 2008 estimated personnel compensation (\$12,182,244) and applicable benefits (\$2,326,131) by 262 compensable days.

Adjustment to base..... (55,375)

Civil Service Retirement System (CSRS)..... 0

The number of employees covered by CSRS continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS).

The estimated percentage of payroll for employees covered by CSRS will decrease from 32.69% in FY 2008 to 30.40% in FY 2009 for regular employees and from 1.3% in FY 2008 to 0% in FY 2009 for law enforcement employees.

The contribution rates for regular employees and law enforcement employees will remain at 7.25% for regular employees and 7.50% for law enforcement employees in FY 2009.

Regular employees:	
FY 2009 (\$10,783,848 x .3040 x .0725).....	237,676
FY 2008 (\$10,783,848 x .3040 x .0725).....	<u>237,676</u>
Subtotal	0
Law enforcement employees:	
FY 2009 (\$937,726 x 0 x .075).....	0
FY 2008 (\$937,726 x .0 x .075).....	<u>0</u>
Subtotal	0

Total adjustment to base 0

Federal Employees Retirement System 0

The estimated percentage of payroll for regular employees covered by FERS will remain at 69.6% in FY 2008 and in FY 2009. The estimated percentage of payroll for law enforcement employees covered by FERS will remain at 100% in FY 2008 and FY 2009. The estimated contribution rates for FY 2008 will remain the same in FY 2009, at 11.20% for regular employees and 23.80% for law enforcement employees.

Regular employees:
 FY 2009 (\$10,783,848 x .6960 x .1120)..... 840,623
 FY 2008 (\$10,783,848 x .6960 x .1120)..... 840,623
 Subtotal 0

Law enforcement employees:
 FY 2009 (\$937,726 x 1.00 x .2380)..... 223,179
 FY 2008 (\$937,726 x 1.00 x .2380)..... 223,179
 Subtotal 0

Total adjustment to base 0

Federal Insurance Contributions Act (FICA) - OASDI..... 2

The OASDI contribution rate will remain at 6.20%. However, the annual salary subject to the OASDI tax will increase from \$102,300 in FY 2008 to \$106,425 in FY 2009. The total salaries subject to the OASDI tax will increase from 93.90% in FY 2008 to 94.30% in FY 2009. The OASDI participation rate for regular employees will remain at 69.60% in FY 2008 and in FY 2009 and 100% in FY 2008 and in FY 2009 for law enforcement employees.

<u>Regular employees:</u>	
FY 2009 (\$10,783,848 x .9430 x .6960 x .062).....	438,820
FY 2008 (\$10,783,848 x .9390 x .6960 x .062).....	<u>436,959</u>
Subtotal.....	1,861
 <u>OASDI - Law Enforcement:</u>	
FY 2009 (\$937,726 x .9430 x 1.00 x .062).....	54,825
FY 2008 (\$937,726 x .9390 x 1.00 x .062).....	<u>54,593</u>
Subtotal.....	232
 Other salaries	
FY 2009 (\$761,677 x .9430 x .6960 x .062).....	30,994
FY 2008 (\$761,677 x .9390 x .6960 x .062).....	<u>30,863</u>
Subtotal.....	131
 Total adjustment to base	 2,224

Thrift Savings Plan 0

The estimated percentage of payroll for regular employees covered by FERS will remain at 69.60% in FY 2008 and in FY 2009. The percentage for law enforcement employees will remain at 100% in FY 2008 and in FY 2009. The contribution rate for regular and law enforcement employees will remain at 2.00% in FY 2009.

<u>Regular employees:</u>	
FY 2009 (\$10,783,848 x .6960 x .0200).....	150,111
FY 2008 (\$10,783,848 x .6960 x .0200).....	<u>150,111</u>
Subtotal.....	0
 <u>Law enforcement employees:</u>	
FY 2009 (\$937,726 x 1.00 x .0200).....	18,755
FY 2008 (\$937,726 x 1.00 x .0200).....	<u>18,755</u>

Subtotal.....	0	
Adjustment to base	0	
<u>Employee Compensation Fund</u>		(61)

The Employee Compensation Fund bill for the year ending June 30, 2007, is \$61,000 less than the bill for the year ending June 30, 2006. The charges will be reimbursed for the Department of Labor pursuant to 5 U.S.C. 8147.

<u>Health Insurance</u>		15
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Estimated OIG contributions to employees' health insurance premiums will increase from \$904,077 in FY 2008 to \$919,175 in FY 2009, an increase of \$15,098 or 1.67%.

Adjustment to base.....	15,098	
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<u>Travel – Per Diem</u>		7
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Effective October 1, 2006, the General Services Administration raised per diem rates throughout the continental U.S. an average of 3.7%. These rate increases will increase the per diem reimbursement rate by 2.9%. This percentage, applied against the FY 2008 estimate of \$233,628, results in an increase of \$6,775.

Adjustment to base.....	6,775	
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<u>Travel – Mileage</u>		3
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Effective February 1, 2007, the General Services Administration raised the mileage reimbursement rate for the use of privately owned automobiles from 44.5 cents to 48.5 cents, a 9% increase. This percentage, applied against the FY 2008 estimated mileage reimbursement cost of \$30,157, raises the total cost for FY 2009 to \$32,871, an increase of \$2,714 over FY 2008.

Adjustment to base.....2,714

Rental Payments to GSA 40

GSA rental rates are projected to increase 2.4% in FY 2009. This percentage, applied to the FY 2008 estimate of \$1,656,440, raises the total cost of rental payments to GSA to \$1,696,195, an increase of \$39,755 over FY 2008.

Adjustment to base39,755

Postage 1

Effective May 14, 2007, the U.S. Postal Service raised the rate for first-class mail from 39 cents to 41 cents, an increase of 5.1%. This percentage was applied to the FY 2008 estimate of \$15,000 to arrive at a new estimate of \$15,765, an increase of \$765 over FY 2008.

Adjustment to base.....765

GPO Printing and Reproduction 1

GPO has provided an estimated rate increase of 1.9%. This percentage, when applied to the FY 2008 estimated cost of \$30,899, raised the cost for FY 2009 to \$31,486, an increase of \$587 over FY 2008.

Adjustment to base.....587

General Pricing Level Adjustment 39

The federal non-defense, non-pay deflator for FY 2009 is 1.9%. This percentage was applied to the FY 2008 estimates for sub-object cost classes where the prices the government pays are established through the market system. Factors are applied to communications, utilities, and miscellaneous charges (excluding postage & FTS) (\$1,905); other services (\$35,308); supplies and materials (\$1,137); and equipment (\$1,190).

Adjustment to base.....	39,057
<u>Working Capital Fund</u>	60
An increase of \$60,000 is requested in the IG payment to the Department's Working Capital Fund in order to pay for the inflationary increase in costs associated with that account.	
Total Adjustments to Base Requested	1,951

Department of Commerce
Office of Inspector General
 Program and Performance: Direct Obligations
 (Dollar amounts in thousands)

Activity: Inspector General

		2007 Actual		2008 Currently Available		2009 Base		2009 Estimate		Increase (Decrease) Over 2009 Base	
Subactivity:		Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Executive Direction	Pos./BA	10	2,033	10	1,835	12	2,030	12	2,030	0	0
	FTE/Obl.	11	1,560	10		12		12		0	
Audits	Pos/BA	66	9,040	52	6,242	55	6,549	55	6,549	0	0
	FTE/Obl.	51	6,428	52		55		55		0	
Inspections & Evaluations	Pos/BA	30	4,293	24	4,104	30	4,689	30	5,484	0	795
	FTE/Obl.	26	3,460	24		30		30		0	
Investigations	Pos/BA	21	4,292	21	4,254	25	4,667	25	4,667	0	0
	FTE/Obl.	23	3,620	21		25		25		0	
Administration	Pos/BA	19	2,934	13	5,585	16	6,036	16	6,036	0	0
	FTE/Obl.	13	7,498	13		16		16		0	
Total	Pos/BA	146	22,592	120		138		138		0	
	FTE/Obl.	124	22,566	120	22,020	138	23,971	138	24,766	0	795

Department of Commerce
Inspector General
Justification for Program and Performance (by subactivity)

The Office of Inspector General was established in FY 1979 in accordance with the Inspector General Act of 1978. OIG provides a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, for combating fraud, waste, abuse, and mismanagement and for improving the efficiency and effectiveness of Department operations. OIG has the authority to inquire into all program, management, and administrative activities of the Department, including individuals and organizations performing under contracts, grants, and other financial assistance agreements.

OIG conducts audits, inspections, program and systems evaluations, and investigations, and reviews proposed and existing Commerce regulations and related legislation. We present our findings to Commerce operating officials and agency heads for their review and comment before we release the information in a final report. Investigations are referred to the Department of Justice for prosecution if evidence of criminal wrongdoing is found or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative action.

Executive Direction. The Immediate Office of the Inspector General (IG) and the Office of Counsel are our primary governing units. The IG provides overall leadership and policy direction. The Office of Counsel gives legal advice and assistance to the IG and to OIG staff engaged in agency work activities.

Audits. The Office of Audits (OA) conducts performance audits, financial audits, and attestation engagements.

Performance audits address the efficiency, effectiveness, and economy of the Department's programs, activities, and information technology systems. They may check a unit's compliance with laws and regulations, and evaluate its success in achieving program objectives. They may also review the Department's financial assistance awards--assessing an award recipient's compliance with laws, regulations, and award terms; and the degree to which projects achieved intended results.

Financial audits determine whether (1) a reporting entity's financial statements are presented fairly and in accordance with generally

accepted accounting principles; (2) the entity has an internal control structure that provides reasonable assurance of achieving the control objectives set forth by OMB; and (3) the entity complied with laws and regulations that could have a direct and material effect on the financial statements, the Federal Financial Management Improvement Act, and other laws and regulations.

Attestation engagements involve examining, reviewing, or performing agreed-upon procedures on a subject matter or an assertion about a subject matter and reporting the results. Attestation engagements can have a broad range of financial or nonfinancial focuses, such as an entity's compliance with laws and regulations; and the allowability and reasonableness of final grant and contract costs.

Other OA activities are as follows:

Review of single audit reports. In addition to undergoing OIG-performed audits, certain recipients of Commerce financial assistance are periodically examined by state and local government auditors and by independent public accountants, as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. OA reviews these reports to ensure the single audits are conducted in accordance with all government regulations.

Audit resolution. OA follows up on recommendations made in audit reports to (1) evaluate agency responses and proposed actions, (2) resolve disputes between OIG auditors and management officials, and (3) suggest specific corrective actions in those cases in which audit recommendations have been ignored or circumvented.

Financial assistance screening. As part of our ongoing emphasis on preventing fraud, waste, and abuse, we continue to work with the Office of Acquisition Management, NOAA and NIST grant offices, and EDA program offices to screen proposed grants and cooperative agreements. Our screening serves two functions: it provides information on whether the applicant has unresolved audit findings and recommendations for earlier awards, and it identifies any negative financial or investigative history on individuals or organizations connected with a proposed award.

Inspections and Evaluations. These activities are administered by two OIG components: the Office of Inspections and Program Evaluations (OIPE) and the Office of Systems Evaluation (OSE).

Inspections review a departmental activity, unit, or office, or a contractor or other nonfederal entity that receives funds from the Department. They focus on an organization, not a whole program, and are designed to (1) give agency managers timely and useful information about operations, including current and foreseeable problems; and (2) detect and prevent fraud, waste, and

mismanagement while encouraging effective and efficient operations.

Program evaluations review specific management issues, policies, or programs, and offer recommendations to address major program or management concerns. Systems evaluations review system development, acquisitions, operations, and policy, focusing on information security, computer systems, communications systems, environmental satellites, and other major technologies. Evaluations sometimes address government-wide or multiagency issues, programs or operations and may be conducted cooperatively with other OIGs.

OIPE maintains a diverse technical and analytical staff that includes management and program analysts, business and financial analysts, economists, auditors and evaluators, and persons with expertise in international business and business development.

OSE work is carried out by computer scientists, engineers, mathematicians, evaluators, and contracting specialists who have extensive experience with the technical, management, and contractual issues relating to major systems.

Investigations. The Office of Investigations (OI) investigates alleged or suspected fraud, waste, abuse, and misconduct by Department of Commerce employees, contractors, recipients of financial assistance, and others involved in the Department's programs and operations. Such wrongdoing may result in criminal and/or civil prosecution, as well as administrative sanctions for violations of Department regulations and employee standards of conduct.

OIG has dedicated considerable resources to improving OI's capabilities in the area of information technology security and integrity of government computer systems. OI now has a fully functioning Computer Crimes Unit, which has aggressively and successfully pursued investigations into the criminal misuse of government computers, particularly in the area of Internet child pornography.

Administration. The Office of Administration (OADM) conducts OIG's quality assurance and internal control program and provides the full range of administrative support to all OIG units.

OADM services include development, coordination, and implementation of all policies and activities involving OIG budget formulation and execution; human resources management, policy, and operations; acquisitions; management information and computer support; personal property; security; and publications, including preparation of the Inspector General's *Semiannual Report to Congress*.

OADM also provides technical assistance to the Department to ensure it complies with the Federal Managers' Financial Integrity Act; evaluates Commerce's compliance with OMB Circular No. A-123; and monitors its identification of material weaknesses and subsequent actions to correct them.

LOCATIONS. OIG is headquartered in Washington, D.C. Its Office of Audits (OA) has personnel at sites in the D.C. metropolitan area, plus offices in Atlanta, Denver, and Seattle. OIG's Office of Investigations (OI) has offices in Atlanta, Denver, Seattle, Silver Spring (MD), Alexandria (VA), and Washington, D.C.

Department of Commerce
Office of Inspector General
 Program Changes for FY 2009
 (Dollar amounts in thousands)

		FY 2009 Base		FY 2009 Estimate		Increase/(Decrease)	
		<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>
Office of Inspector General	Pos/BA	138	\$23,971	138	\$24,766	0	\$795
	FTE/Obl.	138	\$23,971	138	\$24,766	0	\$795

Enhance Ability to Reduce Information Security Weaknesses throughout the Department

For FY 2009, we request a program increase of \$795,000 to enhance oversight and evaluation of information security. This increase is needed to fund contract services and two existing FTEs for our independent Federal Information Security Management Act (FISMA) evaluations.

Our reviews of the Department's certification and accreditation (C&A) packages, combined with our own testing, continue to find an inconsistent process that frequently does not ensure that required security controls are in place and tested. Our assessments also have found that contractor IT resources used to process sensitive government information either have not been adequately certified and accredited or have no C&A at all. Every independent review we have conducted to date has prompted major improvements. Our information security program reviews have led to significant changes to Departmental and operating units' policies, programs, contracts, and oversight, and our specific IT system security reviews have led to strengthening of system management, technical, and operational controls.

The requested funding will allow us to obtain the skilled personnel and IT hardware and software needed to perform more extensive and in-depth hands-on testing of systems and networks and place greater focus on protecting the Department's high-impact systems. Additional funding will also allow us to have closer and more frequent interaction with the Department's operating units and line offices to provide the feedback and advice essential to maintaining an effective IT security program. Specifically, the requested increase will allow us to implement the following strategy:

- On a continuing basis, refine existing procedures and develop new procedures to test security controls;
- On an annual basis, for the large operating units (i.e., Census, NIST, NOAA, USPTO) and BIS, which has high-impact systems, and every other year for smaller operating units
 - Test a sample of systems and networks to include
 - Vulnerability assessment and penetration testing,
 - Applications testing, and
 - Testing of secure configuration settings of IT products
 - Validate a sample of the self-reported results of the required annual testing of controls (annual testing of a subset of a system's controls satisfies a major part of the requirement for continuous monitoring required by FISMA); and
 - Review a sample of C&A packages and validate the certification assessments through testing of selected controls.

Performance of Commerce's IT security program will be improved by having an increasing number of systems for which the required security controls are in place, operating as intended, and producing the desired outcome.

Department of Commerce
Office of Inspector General
FY 2009 Program Change Personnel Detail
 (Dollar amounts in Thousands)

Activity: Inspector General
 Program change: Enhance Ability to Reduce Information Security Weakness throughout the Department

<u>Title</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>
IT Specialist	GS-13/1	1	82,961
IT Specialist	GS-14/1	1	98,033
FY 2008 Pay Raise Adjustment			
 Total Full-time permanent			 180,994
Less Lapse 25%			-45,248
FY 2009 Pay Raise of 2.9%			<u>3,937</u>
 Total			 <u><u>139,683</u></u>

Personnel Data

Full-time Equivalent Employment:
 Full-time permanent
 Authorized Positions:
 Full-time permanent

Department of Commerce
Office of Inspector General
FY2009 Program Change Detail by Object Class
(Dollar amounts in Thousands)

Activity: Inspector General
Program Change: Enhance Ability to Reduce Information Security Weakness throughout the Department

Object Class	2009 Increase
11.0 Personnel compensation	
11.1 Full-time permanent	140
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.9 Total personnel compensation	140
12.1 Civilian personnel benefits	41
21.0 Travel and transportation of persons	4
22.0 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities, and miscellaneous charges	0
24.0 Printing and reproduction	0
25.1 Consultant services	610
25.2 Other services	0
25.3 Purchase of goods and services from gov't accounts	0
26.0 Supplies and materials	0
31.0 Equipment	0
99.0 Total obligations	795

Department of Commerce
Office of Inspector General
 FY 2009 Summary of Requirements by Object Class
 (Dollar amounts in thousands)

Object Class	2007 Actual	2008 Currently Available	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
11.0 Personnel compensation					
11.1 Full-time permanent	12,209	11,722	14,591	14,731	140
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	539	855	572	572	0
11.9 Total personnel compensation	12,748	12,577	15,163	15,303	140
12.1 Civilian personnel benefits	3,260	3,396	3,598	3,639	41
21.0 Travel and transportation of persons	500	272	446	450	4
22.0 Transportation of things	10	11	11	11	0
23.1 Rental payments to GSA	1,400	1,630	1,394	1,394	0
23.2 Rental payments to others	32	26	26	26	0
23.3 Commun., util., misc. charges	170	93	154	154	0
24.0 Printing and reproduction	46	31	58	58	0
25.1 Consultant services	0	0	0	610	610
25.2 Other services	2,100	1,858	1,069	1,069	0
25.3 Purchase of goods and services from gov't accounts	1,970	2,003	1,919	1,919	0
26.0 Supplies and materials	130	60	87	87	0
31.0 Equipment	200	63	46	46	0
99.0 Total Obligations	22,566	22,020	23,971	24,766	795
Less prior-year recoveries					0
Total Budget Authority	22,566	22,020	23,971	24,766	795

Department of Commerce
Office of Inspector General
 Program Change
 FY2009 Summary of Requirements by Object Class

Personnel Data	2007 Currently Available	2008 President's Budget	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
Full-Time Equivalent Employment:					
Full-time permanent	124	120	120	138	18
Other than full-time permanent	0	0	0	0	0
Total	124	120	120	138	18
Authorized Positions:					
Full-time permanent	124	120	120	138	18
Other than full-time permanent	0	0	0	0	0
Total	124	120	120	138	18

Department of Commerce
Office of Inspector General
Detailed Requirements by Object Class
(Dollar amounts in thousands)

Exhibit 17

<u>Object Class</u>	2009 Adjustments to Base	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
11 Personnel compensation				
11.1 Full-time permanent				
Executive level	5	250	250	0
Senior executive service	25	1,675	1675	0
General schedule	413	12,666	12,806	140
Subtotal	443	14,591	14,731	140
11.3 Other than full-time permanent				
General schedule	0	0	0	0
Subtotal	0	0	0	0
11.5 Other personnel compensation				
Overtime	-1	357	357	0
SES performance awards	0	58	58	0
Cash awards	0	157	157	0
Subtotal	-1	572	572	0
11.9 Total personnel compensation	442	15,163	15,303	140

Department of Commerce
Office of Inspector General
Detailed Requirements by Object Class
(Dollar amounts in thousands)

Exhibit 17

<u>Object Class</u>	2009 Adjustments to Base	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
12.1 Civilian personnel benefits				
Employee pension & annuitant health benefits	0	0	41	41
Civil Service Retirement System	0	370	370	0
Federal Employees Retirement System	0	1,166	1,166	0
Thrift Savings Plan	0	374	374	0
Federal Insurance Contribution Act	2	627	627	0
Health insurance	15	1,002	1,002	0
Life insurance	0	59	59	0
Employee Compensation Fund	-61	0	0	0
Subtotal	-44	3,598	3,639	41
21 Travel and transportation of persons				
Common carrier	0	173	177	4
Mileage	3	50	51	0
Per diem/actual	7	186	184	0
Vehicular	0	34	34	0
Security service fee	0	0	0	0
Other	0	3	4	0
Subtotal	10	446	450	4
22 Transportation of things	0	11	11	0
23.1 Rental payments to GSA	40	1,394	1,394	0
23.2 Rental payments to others	0	26	26	0

Department of Commerce
Office of Inspector General
Detailed Requirements by Object Class
(Dollar amounts in thousands)

Exhibit 17

<u>Object Class</u>	2009 Adjustments to Base	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
23.3 Communications, utilities, and misc. charges				
Rental of ADP equipment		7	7	0
Rental of office copying equipment	0	7	7	0
Other equipment rental	0	10	10	0
Federal telecommunications system	0	41	41	0
Other telecommunications services	2	69	69	0
Postal service by USPS	0	15	15	0
Other	0	5	5	0
Subtotal	2	154	154	0
24 Printing and reproduction				
Publications	0	27	27	0
Other	1	31	31	0
Subtotal	1	58	58	0
25.1 Consulting services				
Management & prof. support svcs.	0	0	610	610
Studies, analyses, & evaluation	0	0	0	0
Engineering & technical services	0	0	0	0
Subtotal	0	0	610	610

Department of Commerce
Office of Inspector General
Detailed Requirements by Object Class
(Dollar amounts in thousands)

Exhibit 17

<u>Object Class</u>	2009 Adjustments to Base	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
25.2 Other services				
Training:			0	0
University	0	50	50	0
Other	0	41	41	0
Maintenance of equipment	0	21	21	0
ADP services	0	12	12	0
Telecommunications services	0	828	828	0
Other nongovernment contracts	0	117	117	0
CAMS - specific				
Subtotal	0	1,069	1,069	0
25.3 Purchases of goods and services from gov't accounts				
Office of Personnel Management training	0	6	6	0
GSA reimbursable services	0	3	3	0
CAMS - shared	0	0	0	0
GA - security	0	0	0	0
Building delegation	0	71	71	0
Working Capital Fund	60	1,839	1,839	0
Subtotal	60	1,919	1,919	0
26 Supplies and Materials				
Office supplies	1	32	32	0
ADP supplies	0	10	10	0
Other	0	45	45	0
Subtotal	1	87	87	0

Department of Commerce
Office of Inspector General
Detailed Requirements by Object Class
(Dollar amounts in thousands)

Exhibit 17

Object Class	2008 Adjustments to Base	2009 Base	2009 Estimate	Increase/ (Decrease) Over 2009 Base
31 Equipment				
Office machines and equipment	0	7	7	0
ADP hardware		33	33	0
ADP software	0	4	4	0
Other	1	2	2	0
Subtotal	1	46	46	0
Total Obligations	513	23,971	24,766	795
Less prior-year recoveries	0	0	0	0
Less amount absorbed	0			
99 Total adjustment to base				
Total Budget Authority	513	23,971	24,766	795

Department of Commerce
Office of Inspector General
Appropriation Summary Statement

Appropriation: Office of Inspector General

The Office of Inspector General conducts audits, inspections, program evaluations, and investigations to combat mismanagement, fraud, waste, and abuse of Department resources, and to improve the efficiency and effectiveness of Commerce programs.

Accomplishments planned for FY 2009 include:

- Conduct audits, inspections, and program evaluations to address the Department's major management issues and provide timely advice to managers to help them address these issues.
- Ensure timely audits of departmental financial statements and promote achievement of an unqualified audit opinion on the Department's consolidated statements.
- Improve the value of the Inspector General's findings and recommendations to senior Department management.
- Work with Department officials to improve information technology planning, management, and oversight.
- Promote timely implementation of the Government Performance and Results Act, including the use of meaningful performance measures.
- Enhance our investigative production and results by improving the timeliness and quality of our investigations.

Department of Commerce
Office of Inspector General
Appropriation Language and Code Citation

Appropriation: Office of Inspector General

For necessary expenses of the Office Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$24,766,000.

5 U.S.C. App.1-11, as amended by P.L. 100-504

Section 2 of the Inspector General Act of 1978 (5 U.S.C. App.3), as amended, provides that “In order to create independent and objective units – (1) to conduct and supervise audits and investigations relating to programs and operations of the establishments listed in section 11(2)...there is hereby established in each of such establishments an Office of Inspector General.” Section 11(2) of the Act reads, “the term ‘establishment’ means the Department of Commerce”

Department of Commerce
 Office of Inspector General
 Consulting and Related Services
 (Obligations in Thousands)

	2007	2008	2009
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Consulting Services.....	\$ 0	\$ 0	\$ 0
Management and professional services	0	0	\$610
Special studies and analyses.....	0	0	0
Management and support services for research and development	<u>0</u>	<u>0</u>	<u>0</u>
 Total	 \$ 0	 \$ 0	 \$ 610

Note:

1. The Department of Commerce has established a comprehensive system for identifying and reviewing all proposed contracts and personnel appointments for consulting and advisory and assistance services. The Deputy Secretary is responsible for the overall control and approval of these services throughout the Department.
2. The Inspector General Act of 1978 authorizes the Office of Inspector General to obtain such temporary technical assistance as needed to carry out the requirements.

Department of Commerce
Office of Inspector General
Periodicals, Pamphlets, and Audiovisual Products
(Dollar amount in thousands)

	2007 <u>Actual</u>	2008 <u>Estimate</u>	2009 <u>Estimate</u>
Periodicals*	\$ 76	\$ 70	\$ 55
Pamphlets	0	0	0
Audiovisuals.....	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 76	\$ 70	\$ 55

*Pursuant to the Inspector General Act of 1978 (P.L. 95-452), the Inspector General shall prepare semiannual reports summarizing the activities of the office during the 6-month periods ending March 31 and September 30. These reports shall include details of major problems, abuses, and deficiencies identified during the previous 6 months, together with recommendations for corrective action. The reports must cite any recommendations reported earlier that have not been acted upon, describe any OIG requests for information assistance that were unreasonably refused, and show the amount of funds recovered as a result of audit recommendations. The Department head may provide comments but may not change these semiannual reports.

*Department of Commerce
Office of Inspector General
Average Grade and Salaries*

	2007 <u>Actual</u>	2008 <u>Estimate</u>	2009 <u>Estimate</u>
Average EX Grade.....	1	1	1
Average SES Grade	7	7	7
Average GS/GM Grade	13	13	13
Average GS/GM Salary	\$92,374	\$92,374	\$92,374

*The Senior Executive Service (SES) new Performance Appraisal System went into effect September 30, 2004 and eliminated level/grades for SES positions. The current SES Pay System includes minimum and maximum dollar amounts for those agencies with OPM-certified performance appraisal systems and minimum and maximum dollar amounts for those without OPM-certified performance appraisal programs. Because of this change, it is not possible to calculate average SES grade.