



FY 2013
CONGRESSIONAL SUBMISSION

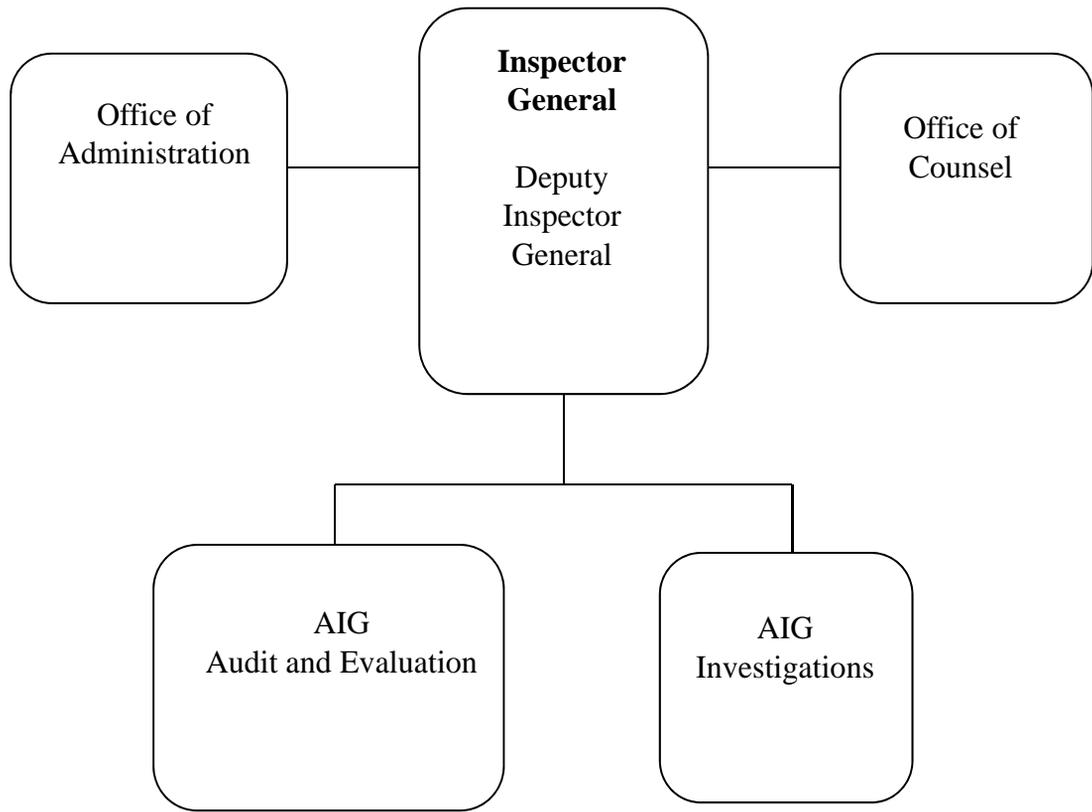
**Department of Commerce
Office of Inspector General
FY 2013 OMB Submission**

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**Department of Commerce
Office of Inspector General
Current Organizational Chart**



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**Department of Commerce
Office of Inspector General
Budget Estimates, Fiscal Year 2013**

General Statement

The Office of Inspector General has the mission of providing a unique, independent voice to the Secretary of Commerce and senior managers, and 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, grants, cooperative agreements, and other financial assistance awards. The Inspector General Act of 1978, as amended, and other legislation authorize the specific functions and programs that make up these broad activities.

The Administration is continuing its pursuit of an aggressive government-wide effort to curb non-essential administrative spending. As a result, the Department of Commerce continues to seek ways to improve the efficiency of programs without reducing their effectiveness. The Department's total savings target for FY 2013 is \$176 million, which includes \$142.8 million in savings initiated in FY 2012 and an additional \$33.2 million in savings planned for FY 2013. Building on the OIG's administrative savings planned for FY 2012 (\$0.34 million), an additional \$0.08 million in savings is targeted for FY 2013 for a total savings in FY 2013 of \$0.42 million.

For FY 2013, OIG will continue to focus its work on the Department's efforts to address the major challenges we have identified. OIG will continue oversight of Departmental contracting and procurement, and will increase its oversight of the U.S. Patent and Trademark Office. Other critical areas of focus will be the National Oceanic and Atmospheric Administration's (NOAA's) environmental satellites, the Department's efforts to promote international trade and domestic commerce, and ensuring information technology security.

OIG will monitor the planning and procurement execution for the FY 2020 Decennial Census to avoid challenges encountered in the FY 2010 Decennial Census.

OIG requests \$2 million and 11 FTEs to oversee the highly complex and vital functions performed by USPTO. Since USPTO is a fully user-fee funded entity, OIG further requests that this additional oversight be funded through a transfer from USPTO's user fees. The cost of oversight by OIG is a reasonable part of the cost of doing business by USPTO and should be borne by patent and trademark applicants and holders.

This change is especially important in light of the overall decline in OIG's FTEs over the last 10 years, a trend that has begun to change course only in the last two. Working within these constraints, OIG has prioritized its work to meet its mission under the Inspector General Act of 1978, as amended, to promote economy, efficiency, and effectiveness. A greater investment in USPTO oversight would help to promote integrity and efficiency in a bureau that has a profound effect on intellectual property rights, innovation, and commerce throughout the U.S. and abroad.

In FY 2009 and again FY 2012, Congress provided one-time transfers from USPTO to OIG totaling \$3.0 million for increased oversight of USPTO. When these funds are exhausted, however, OIG will have to

realign base resources to provide USPTO audits and oversight, reducing oversight to other areas of the Department. In order to provide adequate oversight of USPTO, without reducing the level of oversight of other competing priorities and statutory mandates, OIG requires these additional resources. The proposed increase is modest when compared to USPTO's budget and likely cost savings and program improvements.

(Dollar amounts in thousands)

<u>Appropriation</u>	<u>2012 Estimate</u>		<u>2013 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.	164	26,946	143	28,753	-21	+1,807
Total, Office of Inspector General Pos./Appr.	164	26,946	143	28,753	-21	+1,807

**Department of Commerce
Office of Inspector General
FY 2013 Performance Goals and Measures**

Mission

The mission of the Office of Inspector General (OIG) is to improve the programs and operations of the Department of Commerce through independent and objective oversight. In carrying out its mission, OIG strives to promote integrity, efficiency, and effectiveness in the programs and operations of the Department, and detect and prevent waste, fraud, abuse, and mismanagement in those programs and operations. 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 Department officials, the Administration, Congress, and the public, to improve the Department's management, operations, and delivery of services.

Corresponding DOC Theme, Strategic Goal, Objective / Outcome

Theme 5: Organizational Excellence

Strategic Goal: Create a high-performing organization with integrated, efficient, and effective service delivery.

Objective 22: Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources.

As the Department of Commerce works to accomplish its mission, OIG speaks with a unique, independent voice to the Secretary and other Department leaders, 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. This work is primarily accomplished through audits, inspections, evaluations, investigations, and a variety of other activities geared toward carrying out these objectives. OIG strives to perform high-quality, timely work; concentrate its efforts on the Department's most critical programs, operations, challenges, and vulnerabilities; investigate criminal and civil cases; and achieve results that allow government funds to be put to better use.

The Department uses reviews and reports generated by OIG to evaluate activities of the Department related to these goals and its achievement of performance targets consistent with the Department's FY 2011 – FY 2016 Strategic Plan.

OIG performs its activities in accordance with the General Accountability Office's (GAO's) Government Auditing Standards, guidelines adopted and established by the Council of Inspectors General on Integrity and Efficiency (CIGIE). OIG's audit and investigations programs are subject to external peer reviews conducted under guidelines issued by CIGIE and are designed to evaluate 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 staff with appropriate skills that are able to institute best practices for OIG's programs and operations.

Impact of Recovery Act

In FY 2009, OIG received \$10 million in Recovery Act funds to provide oversight of the Department's Broadband Technology Opportunities Program, and an additional \$6 million to provide oversight for other Departmental programs receiving Recovery Act funding. Specific activities and goals for FY 2013 associated with the use of these funds are currently under development.

Priorities / Management Challenges

NTIA has obligated over \$4 billion in Broadband Technology Opportunities Program (BTOP) funds for 230 projects. These projects have until September 30, 2013, to be completed. Since 2009, OIG has delivered fraud and awareness compliance training to over 3,000 NTIA staff, applicants and recipients; issued three reports that recommended improvements in the program office internal controls and communications with federal agencies supporting BTOP; delivered congressional testimony; and provided other technical assistance concerning the program.

OIG planned to largely conserve its BTOP oversight funds for when grantees actually begin spending their grant funds. This is when the risk of fraud, waste and abuse is the greatest and oversight is most important. However, under the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), OIG will be unable to obligate funds beyond December 31, 2012, without a waiver from the Dodd-Frank provisions. Unlike the grant funds, which have all been obligated, OIG funds, which are primarily used to pay salaries for our audit and investigation staff, cannot be obligated in advance.

Our future BTOP oversight will include a combination of program audits (e.g., sub-recipient monitoring and cash management issues¹) and targeted audits of risky grants. In addition, we are responsible for investigating and resolving complaints of wrongdoing made against BTOP award recipients. If funding is not available beyond December 31, 2012, our ability to adequately monitor BTOP will be affected. Without the dedicated funding that Congress appropriated, oversight for this important program would have to compete with other high-risk oversight priorities, such as the Department's information technology (IT) security initiatives.

USPTO requirements have significantly affected OIG's priorities, as well as new funding received for Census and NOAA oversight. While Congress has provided OIG with additional financial resources from transfers from each bureau, prompt implementation of oversight activities have significantly reduced the number of OIG staff to conduct other assignments. OIG's immediate challenge is the expedited hiring of qualified personnel, both to assist with BTOP, Census and NOAA's responsibilities and to discharge OIG's recurring duties.

¹ *Cash management issues* include matters related to drawdowns of funds to reimburse grant expenditures (for example, if the drawdowns are too slow, it may indicate that the project is behind schedule, while significant drawdowns ahead of schedule may indicate that the project is encountering problems as well).

Targets and Performance Summary / FY 2012 Target Description / Measure Descriptions / Validation and Verification

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.						
Measure 1a: Percentage of OIG recommendations accepted by Departmental and bureau management.	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Targets based on original Amount	99%	97%	100%	92%	95%	95%
Increase in performance as a result of Recovery Act Funds	N/A	/1	/1	/1	TBD	TBD
Total Adjusted Targets reflecting original and Recovery Act funds	99%	97%	100%	92%	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: In FY 2014, this measure will be replaced with the new measure. “Percent of audit recommendations that were issued three years prior, which have been implemented by Departmental and bureau management.”						
Impact of Recovery Act: We have taken a proactive approach to working with the bureaus to provide internal controls guidance to guard against fraud, waste, and abuse. We believe these activities helped bureaus to implement controls which significantly improved program operations.						
Relevant Program Change(s):	Acquisition and Contracts Oversight					Exhibit 13 Page # 27
	Increased Oversight of U.S. Patent and Trademark Office					Exhibit 13 Page # 32
	Council of Inspectors General for Integrity and Efficiency					Exhibit 13 Page # 36
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations	Actions to be Taken
OIG audit and inspection process	As conducted	OIG files	OIG review		None	Continue collecting data

/1: Our recommendations included in the reports issued addressed program internal control effectiveness and operational efficiency. The bureaus agreed to implement all OIG recommendations and once implemented, these will improve the performance of the Department program operations.

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.						
Measure 1b: Dollar value of financial benefits identified by OIG.	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Targets based on original Amount	\$113.9 M	\$126.9 M	\$47.8 M	\$33.5 M	\$39.0 M	\$39.0 M
Increase in performance as a result of Recovery Act Funds	N/A	/1	/1	/1	TBD	TBD
Total Adjusted Targets reflecting original and Recovery Act funds	\$113.9 M	\$126.9 M	\$47.8 M	\$33.5 M	\$39.0 M	\$39.0 M
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: None.						
Impact of Recovery Act: We have taken a proactive approach to working with the bureaus to provide internal controls guidance to guard against fraud, waste, and abuse. We believe these activities helped bureaus to implement controls which significantly improved program operations.						
Relevant Program Change(s):	Acquisition and Contracts Oversight					Exhibit 13 Page # 27
	Increased Oversight of U.S. Patent and Trademark Office					Exhibit 13 Page # 32
	Council of Inspectors General for Integrity and Efficiency					Exhibit 13 Page # 36
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations	Actions to be Taken
OIG audit and inspection process	As conducted	OIG files	OIG review		None	Continue collecting data

/1: Currently, only 49 percent of all DOC ARRA funds and only 29 percent of the \$4.7 billion in Broadband Technology Opportunities Program funds have been spent. Our work to date has been proactive in nature and addressed more of the activities to set up and establish program operations. Our work going forward into FY 2012 and FY 2013 will include reviews of grant activities and program spending. Given this, it is still too early to assess the dollar value of OIG work.

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.						
Measure 1c: Percentage of criminal and civil matters accepted for prosecution.	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Targets based on original Amount	73%	78%	38%	73%	75%	75%
Increase in performance as a result of Recovery Act Funds	N/A	N/A	N/A	N/A	TBD	TBD
Total Adjusted Targets reflecting original and Recovery Act funds	73%	78%	38%	73%	75%	75%
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: In FY 2014, this measure will be replaced by a new measure, “Percent of investigative cases for which investigation is complete within 12 months.”						
Impact of Recovery Act: We have taken a proactive approach to working with the bureaus to provide internal control guidance to guard against fraud, waste, and abuse. We believe these activities helped bureaus to implement controls which significantly improved program operations.						
Relevant Program Change(s):	Acquisition and Contracts Oversight					Exhibit 13 Page # 27
	Increased Oversight of U.S. Patent and Trademark Office					Exhibit 13 Page # 32
	Council of Inspectors General for Integrity and Efficiency					Exhibit 13 Page # 36
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures		Data Limitations	Actions to be Taken
OIG audit and inspection process	As conducted	OIG files	OIG review		None.	Continue collecting data.

FY 2013 Program Changes

	Accompanying GPRA	Base		Increase/ Decrease		Page # of Exhibit 13 Discussion
		FTE	\$	FTE	\$	
Program Change:	Performance Measure #					
Acquisition and Contract Oversight	1a, 1b, 1c	0	0	7	\$1.3 M	Exhibit 13 Page # 27
Increased Oversight of U.S. Patent and Trademark Office	1a, 1b, 1c	0	0	11*	\$2.0 M*	Exhibit 13 Page # 32
Council of Inspectors General for Integrity and Oversight	1a, 1b, 1c	0	\$77 K	0	\$391 K	Exhibit 13 Page # 36

* Funded via transfer from USPTO.

Resource Requirements Summary

(Dollar amounts in thousands)

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Currently Available	FY 2013 Base	Increase/ Decrease	FY 2013 Request
Original Funding	25,020	28,062	31,139	32,328	34,946	32,064	3,689	35,753
Direct	25,020	27,224	31,139	28,328	28,946	27,064	1,689	28,753
Reimbursable	0	838	0	4,165	6,000	5,000	2,000	7,000
Recovery Act Funding	N/A	61	0	5,252	8,334	0	0	0
Direct	N/A	61	0	5,252	8,334	0	0	0
Reimbursable	N/A	0	0	0	0	0	0	0
Total Funding	25,020	28,123	31,139	37,745	43,280	32,064	3,689	35,753
Direct	25,020	27,285	31,139	33,580	37,280	27,064	1,689	28,753
Reimbursable	0	838	0	4,165	6,000	5,000	2,000*	7,000
FTE	113	117	155	172	162	131	7	138
OIG FTE	113	114	142	150	144	131	7	138
Recovery Act FTE	N/A	3	13	22	18	0	0	0

* \$2 million transfer from USPTO.

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Exhibit 5

**Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS**
(Dollar amounts in thousands)

	Positions	FTE	Budget Authority	Direct Obligations
FY 2012 Appropriation	164	162	28,946	28,946
less: Recovery Act	(18)	(18)	0	0
less: Terminations	(13)	(13)	(2,000)	(2,000)
2013 Adjustments to Base				
plus: Uncontrollable cost changes	0	0	118	118
2013 Base	133	131	27,064	27,064
Administrative Savings (all savings reinvested)	[0]	[0]	[80]	[80]
plus/less: 2013 Program changes	10	7	1,689	1,689
2013 Estimate	143	138	28,753	28,753

		2011 Actual	2012 Currently Available	2013 Base	2013 Estimate	Increase/ (Decrease) Over 2013 Base
Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel
Inspector General	Pos./BA	175	26,946	164	28,946	133
	FTE/Obl.	172	33,580	162	37,280	131
TOTALS	Pos./BA	175	26,946	164	28,946	133
	FTE/Obl.	172	33,580	162	37,280	131
Adjustments to Obligations						
	Recoveries		0		0	0
	Unobligated Balance, start of year		(15,136)		(8,334)	0
	Unobligated Balance transferred		0		0	0
	Unobligated Balance, end of year		8,334		0	0
	Unobligated Balance expiring		168		0	0
Financing from transfers:						
	Transfer from other accounts (-)		0		(2,000)	0
	Transfer to other accounts (+)		0		0	0
Appropriation			26,946		26,946	27,064
						28,753
						1,689

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Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF REIMBURSABLE OBLIGATIONS
(Dollar amounts in thousands)

		2011		2012		2013		2013		Increase*	
		Actual		Currently Available		Base		Estimate		(Decrease)	
Comparison by Activity		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Inspector General	Pos/BA	6	4,165	6	6,000	6	5,000	21	7,000	15	2,000
	FTE/Obl.	4	4,165	6	6,000	6	5,000	17	7,000	11	2,000
Total	Pos/BA	6	4,165	6	6,000	6	5,000	21	7,000	15	2,000
	FTE/Obl.	4	4,165	0	6,000	6	5,000	17	7,000	11	2,000

* Includes \$2 Million transfer from USPTO.

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Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	2011 Actual	2012 Currently Available	2013 Base	2013 Estimate	Increase/(Decrease) Over 2013 Base
Total Obligations	33,580	37,280	27,064	28,753	1,689
Offsetting Collections from:					
Federal Funds	0	0	0	0	0
Unobligated balance, start of year	(15,136)	(8,334)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	8,334	0	0	0	0
Unobligated balance expiring	168	0	0	0	0
Budget Authority	26,946	28,946	27,064	28,753	1,689
Financing:					
Transfer from other accounts (-)	0	(2,000)	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	26,946	26,946	27,064	28,753	1,689

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**Department of Commerce
Office of Inspector General
Salaries and Expenses
JUSTIFICATION FOR ADJUSTMENTS TO BASE**
(Dollar amounts in thousands)

	<u>FTE</u>	<u>AMOUNT</u>						
<u>2013 Pay Raises</u>		67						
<p>FY 2013 Pay Raise and Related Costs</p> <p>A general pay raise of 0.5% is assumed to be effective January 2011.</p> <p>Total cost in FY 2013 of January 2013 pay raise 67,000</p> <p>Adjustment to base 67,000</p>								
<u>Full year cost in FY 2013 of positions financed part-year in FY 2012</u>		0						
<p>There weres no positions finance part-year in FY 2012.</p>								
<u>Civil Service Retirement System (CSRS)</u>		(26)						
<p>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 11.0% in FY 2012 to 8.3% in FY 2013 for regular employees. It will remain at 0% for law enforcement employees.</p> <p>The contribution rates for regular employees and law enforcement employees will remain at 7.50% for regular employees; OIG has one law enforcement personnel participating in CSRS.</p> <p>Regular employees:</p> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">FY 2013 (\$13,697,820 x .0830 x .0700)</td> <td style="text-align: right;">79,584</td> </tr> <tr> <td>FY 2012 (\$13,697,820 x .1100 x .0700)</td> <td style="text-align: right;"><u>105,473</u></td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right;">(25,889)</td> </tr> </table> <p>Total adjustment to base (25,889)</p>			FY 2013 (\$13,697,820 x .0830 x .0700)	79,584	FY 2012 (\$13,697,820 x .1100 x .0700)	<u>105,473</u>	Subtotal	(25,889)
FY 2013 (\$13,697,820 x .0830 x .0700)	79,584							
FY 2012 (\$13,697,820 x .1100 x .0700)	<u>105,473</u>							
Subtotal	(25,889)							
<u>Federal Employees Retirement System</u>		43						

The estimated percentage of payroll for regular employees covered by FERS is 89.00% in FY 2012 and 91.70% in FY 2013. The estimated percentage of payroll for law enforcement employees covered by FERS will remain at 100%

in FY 2012 and FY 2013. The estimated contribution rate for regular employees is 11.70% FY 2012 and FY 2013. The estimated contribution rate for law enforcement employees is 25.70% in FY 2012 and FY 2013.

Regular employees:

FY 2013 (\$13,697,820 x .9170 x .1170)	1,469,625
FY 2012 (\$13,697,820 x .8900 x .1170)	<u>1,426,354</u>
Subtotal	43,271

Law enforcement employees:

FY 2013 (\$1,287,789 x 1.00 x .2570)	330,962
FY 2012 (\$1,287,789 x 1.00 x .2570)	<u>330,962</u>
Subtotal	0

Total adjustment to base	43,271
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Federal Insurance Contributions Act (FICA) – Old-Age, Survivors, and Disability Insurance (OASDI) 18

The OASDI contribution rate will remain at 6.20%. However, the annual salary subject to the OASDI tax will decrease from \$17,163,000 to \$13,327,432 in FY 2013. The total salaries subject to the OASDI tax will decrease from 91.00% in FY 2012 to 90.60% in FY 2013. The OASDI participation rate for regular employees will increase from 89.20% in FY 2012 to 91.70% in FY 2013, and will remain at 100% for law enforcement employees.

Regular employees:

FY 2013 (\$13,697,820 x .9170 x .9060 x .062)	705,571
FY 2012 (\$13,697,820 x .8900 x .9100 x .062)	<u>687,820</u>
Subtotal	17,751

OASDI - Law Enforcement:

FY 2013 (\$1,287,789 x 1.00 x .9060 x .062)	72,338
FY 2012 (\$1,287,789 x 1.00 x .9100 x .062)	<u>72,657</u>
Subtotal	(319)

Other salaries

FY 2013 (\$471,803 x .9170 x .9060 x .062)	24,302
FY 2012 (\$471,803 x .8900 x .9100 x .062)	<u>23,691</u>
Subtotal	611

Total adjustment to base	18,043
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Thrift Savings Plan

The estimated percentage of payroll for regular employees covered by FERS will be 89.20% in FY 2012 and 91.70% in FY 2013. The percentage for law enforcement employees will remain at 100% in FY 2012 and FY 2013. The contribution rate for regular and law enforcement employees will remain at 2.0% in FY 2012 and FY 2013.

Regular employees:	
FY 2013 (\$13,697,820 x .9170 x .0200)	251,218
FY 2012 (\$13,697,820 x .8900 x .0200)	<u>243,821</u>
Subtotal	7,397

Law enforcement employees:	
FY 2013 (\$1,287,789 x 1.00 x .0200)	25,756
FY 2012 (\$1,287,789 x 1.00 x .0200)	<u>25,756</u>
Subtotal	0

Total adjustments to base. 7,397

Employee Compensation Fund

(28)

The Employee Compensation Fund bill will decrease by \$28,000 for the year ending June 30, 2010, which will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.

Adjustments to base (28,000)

Health Insurance

49

Effective January 2012, OIG's contribution to Federal employees' health insurance premiums increased by 7.0%. Applied against the FY 2012 estimate of \$705,829, the additional amount required for FY 2013 is \$49,408.

Adjustment to base 49,408

Travel – Per Diem

12

Effective October 1, 2010, the General Services Administration raised per diem rates throughout the continental U.S. an average of 6.0%. These rate increases will increase the per diem reimbursement rate by a similar amount. This percentage, applied against the FY 2012 estimate of \$200,000 results in an increase of \$12,000.

Adjustment to base 12,000

Travel – Mileage

0

During FY 2010, the General Services Administration decreased the mileage reimbursement rate for the use of privately owned automobiles a total of 2.00%. This percentage, applied against the FY 2012 estimated mileage reimbursement cost of \$6,000 increases the total cost for FY 2013 to \$6,120, an increase of \$120 from FY 2012.

Adjustment to base 120

Rental Payments to GSA 30

GSA rental rates are projected to increase 1.7% in FY 2013. This percentage, applied to the FY 2012 estimate of \$1,749,000 raises the total cost of rental payments to GSA to \$1,784,344 for FY 2013, an increase of \$30,258 over FY 2012.

Adjustment to Base 30,258

General Pricing Level Adjustment 50

The Federal non-defense, non-pay deflator for FY 2013 is 1.5%. This percentage was applied to the FY 2012 estimates for sub-object cost classes where the prices the government pays are established through the market system. Factors are applied to supplies and materials (\$1,500); other services (\$45,000); rental payments to others (\$15), transportation of things (\$120); printing (\$120); communications and miscellaneous expenses, excluding postage & FTS (\$225); and equipment (\$3,000).

Adjustment to base 49,980

Working Capital Fund (20)

An decrease of \$20,000 is requested in the payment to the Department's Working Capital Fund as a result of cost increases to the centralized services provided by the Department.

Adjustment to base (20,000)

Utilities (84)

In FY 2010, charges for utilities were transferred from the Working Capital Fund to the Advancements and Reimbursements fund, as the vendors change costs to the HCHB and the costs are then apportioned among the occupants. Based on estimates of charges for FY 2013 from GSA and Pepco, costs will decrease by \$85,000 for electricity. Charges for water are expected to increase by \$1,000. Communications and miscellaneous charges (excluding postage & FTS) will increase by \$210.

Adjustment to base (84,210)

Total Adjustment to Base 0 118

**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**
(Dollar amounts in thousands)

Activity: Office of Inspector General

Subactivity:		2011		2012		2013		2013		Increase (Decrease) Over 2013 Base	
		Actual		Currently Available		Base		Estimate		Positions	Amount
		Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Executive Direction & Counsel	Pos./BA	34	4,341	19	3,286	14	2,968	14	2,968	0	0
	FTE/Obl.	34	5,411	18	3,286	14	2,968	14	2,968	0	0
Audits & Evaluations	Pos./BA	112	18,477	116	20,505	96	19,433	106	20,731	10	1,298
	FTE/Obl.	110	23,030	115	28,839	94	19,433	101	20,731	7	1,298
Investigations	Pos./BA	29	4,101	29	5,078	23	4,586	23	4,586	0	0
	FTE/Obl.	28	5,112	29	5,078	23	4,586	23	4,586	0	0
CIGIE	Pos./BA	0	27	0	77	0	77	0	468	0	391
	FTE/Obl.	0	27	0	77	0	77	0	468	0	391
Total	Pos./BA	175	26,946	164	28,946	133	27,064	143	28,753	10	1,689
	FTE/Obl.	172	33,580	162	37,280	131	27,064	138	28,753	7	1,689

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FY 13 BASE PROGRAM SUMMARY

Bureau: Office of Inspector General
Program: Office of Inspector General
Base Resources
(including ATBs)
(\$000s): \$27,064,000 **FTE: 131**

PROGRAM DESCRIPTION

Program Resources Assessment

In FY 1979, the Department of Commerce Office of Inspector General (OIG) was established by law as an independent oversight agency under the general supervision of the Secretary of Commerce. OIG's mission is to protect the integrity of the Department's programs and operations through independent oversight. OIG achieves its mission by conducting audits and investigations to uncover fraud, waste, and abuse in the Department's programs and activities.

OIG's current base resources support an oversight program that focuses on the top management challenges for the Department. For FY 2012 and FY 2013, the base resources will support oversight of management challenges including the Decennial Census, IT Security, the Recovery Act, NOAA's Satellite Program and USPTO. In addition, OIG is prepared to support more robust suspension and debarment proceedings against Department contractors and grantees who engage in violations or fraud. These management challenges will continue to require oversight, but there are numerous other programs and operations that OIG must examine in the coming year, often at the request of Congress. Like any other oversight agency, our goal is to provide the most effective oversight possible with the resources provided. To support our oversight of top management challenges and additional congressionally-mandated oversight, this budget requests current OIG base resources. OIG is requesting increases in funding to fill two gaps in funding which, if approved, will significantly increase OIG's capacity to conduct effective oversight of the Department.

Significant Adjustments-to-Base (ATBs)

The Office of Inspector General requests a net increase of 0 FTEs and \$118,000 to fund adjustments to current programs for OIG activities. The increase would provide inflationary increases for non-labor activities, including service contracts, utilities, field office lease payments, and rent charges from the General Service Administration (GSA).

The base resources support the following offices that help OIG to achieve its mission:

Executive Direction and Counsel (\$3.0 million). The primary governing units of OIG are the immediate office of the Inspector General and the Office of Counsel. The immediate office of the IG provides overall leadership and policy direction for the agency and the Office of Counsel provides legal guidance in support of the agency's mission.

Audits and Evaluations (\$19.5 million). The Office of Audits and Evaluations (OAE) conducts audits and evaluations of Department programs and operations. OIG audits significantly assist the Department in determining whether programs and operations are cost-efficient and effective. OAE

performs both ongoing work and work in response to specific challenges and problems. Examples of OAE's ongoing work include audits of the Department's financial statements, audits, and reports on the 2020 Decennial Census, audits and reports on the Public Safety Interoperable Communications Grant Program, annual evaluations of the Department's information security program and practices, preparation of semiannual reports summarizing the activities of the Office, maintenance of a website to make OIG reports available, and an annual report on the Department's top management challenges. Examples of OAE's work with management challenges include oversight of: Commerce cyber security, NOAA's environmental satellites, Departmental management of acquisitions and contracts, patent backlogs, American Recovery and Reinvestment Act programs, cost and schedule slippages of the Commerce headquarters renovation, and the 2020 Decennial Census.

Investigations (\$4.6 million). The Office of Investigations (OI) investigates fraud, waste, and abuse in the Department. Investigations help prevent and detect fraud perpetrated by Department contractors and grantees, and also address reported improprieties of serious nature involving Department employees. For FY 2011, OI opened 78 investigations. Early in FY 2011, OI obtained a \$4.0 million dollar civil judgment in a long-running investigation against a NIST grantee already convicted, fined, and imprisoned on charges relating to misuse of grant funds. In another case, an OIG investigation led to the Department's debarment in FY 2011 of a former Census Bureau contractor for three years, making the first debarment by the Department in 16 years. The contractor had been convicted in U.S. District Court for the District of Columbia for conspiracy to launder monetary instruments. OI maintains a hotline allowing for anonymous reporting of allegations of waste, fraud, and abuse relating to Departmental programs and operations.

Pass-through to the Council of Inspectors General for Integrity and Efficiency (CIGIE) (\$0.1 million). 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, support coordinated Government-wide activities that identify and review areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste and abuse.

Locations. OIG has a headquarters office located in Washington, D.C. and field offices located in Atlanta, Denver, and Seattle.

FTE and Funding. OIG has a base of 131 FTE in FY 2013, and a base funding level of \$27,064,000.

Statement of Need

OIG is required by statute to annually report the top management challenges facing the Department. In addition to providing continuing oversight of the top management challenges, OIG will be required in the coming year to conduct oversight of other programs and operations, largely in response to Congressional requests.

OIG's most recent report identified the following eight top management challenges:

1. Coordinate economic-related programs and resources to promote trade, create jobs, and stimulate economic development;

2. Reduce costs and improve operations to optimize resource usage in a constrained budget environment;
3. Strengthen Department-wide information security to protect critical information systems and data;
4. Manage acquisition and contract operations to obtain quality goods and services in a manner most beneficial to taxpayers; and
5. Manage the development and acquisition of NOAA's environmental satellite systems to avoid launch delays and coverage gaps.

Departmental Goal(s) Supported

OIG supports the Department's Theme of Organizational Excellence, the associated Departmental goal of creating a high performing organization with integrated, efficient, and effective service delivery, and Departmental Objective 22, which calls for strengthening 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 of achieving organizational and management excellence.

Gap Assessment

OIG has two major identified funding gaps, which it proposes to close in this budget. They are:
 (1) Patent and Trademark Office oversight, to be addressed via a transfer of \$2 million from USPTO; and
 (2) Acquisitions and Contracts oversight.

SCHEDULE AND DELIVERABLES

Deliverables & Schedule:

OIG's major deliverables include:

- A report on the major management challenges facing the Department – *published in January*,
- A semiannual report summarizing work the OIG completed or initiated in the previous six months – *published in March and September*;
- Reports on audits and evaluations – *performed according to our annual audit plan, which may be modified to address new priorities*;
- Responses to Congressional requests, including testimony – *as necessary*;
- The financial audit report of the Department and its bureaus – *provided in November*;
- Oversight of audit reports prepared by independent auditors and resolution of all findings reported in these audits – *ongoing*;
- Recommendation tracking- ensuring that our recommendations are appropriately implemented by management – *ongoing*;
- Annual risk assessment and audit plan – *October*; and
- Department training where OIG provides guidance to program management and grant recipients on implementing effective controls to guard against fraud, waste, and abuse – *as necessary*.

PROGRAM PERFORMANCE METRICS AND OUTPUTS

Performance goal:

– 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.

Old Measures	FY 11 Actual	FY 12 Target	FY 13 Target
Measure 1. Percent of OIG recommendations accepted by Departmental and bureau management	94%	95%	95%
Measure 2. Dollar value of financial benefits identified by OIG	\$33.6 M	\$39.0 M	\$39.0 M
Measure 3. Percent of criminal and civil matters that are accepted for prosecution	73%	75%	75%
New Measures (to be implemented in FY 2013)			
Measure 1. Percent of audit recommendations that were issued three years prior, which have been implemented by Departmental and bureau management.	N/A	N/A	90%
Measure 2. Percent of investigative cases for which investigation is complete within 12 months.	N/A	N/A	70%
Measure 3. Dollar value of all financial benefits identified by OIG.	N/A	N/A	\$39.0 M

FY 13 PROGRAM CHANGE SUMMARY

Program

Change: **Acquisition and Contracts Oversight**

Amount: +\$1.3 Million

FTE: +7

Budget

Activity **Office of Inspector General**

PPA: **Office of Inspector General**

OIG requests \$1.298 million and 7 FTEs to expand oversight of the Department's acquisitions and contracts. In FY 2011, the Department spent over \$4.0 billion to acquire a wide range of goods and services to support mission-critical programs such as satellite acquisitions, intellectual property protection, broadband technology opportunities, management of coastal and ocean resources, information technology, and construction and facilities management.

OIG will create two teams of auditors to examine and oversee procurement activities across the Department. These teams will not be specifically devoted to one or another bureau, but will be capable of examining acquisitions in any area. These teams will be capable of performing up to six audits a year of acquisitions and contracts. OIG has identified high-risk areas in acquisitions and contracts, such as the National Oceanic and Atmospheric Administration's (NOAA) satellite programs. Two satellite programs accounted for \$1.1 billion in obligations in FY 2011. OIG will also examine planning for 2020 Census, which will involve large ongoing contracts. OIG will also develop specific expertise in technical areas to support these audit teams; for example, auditing of NOAA satellites requires specific expertise to evaluate these complex and highly technical acquisitions, and the auditing of the decennial census requires statistical expertise in evaluating census-related acquisitions.

OIG selected NOAA satellites for the initial round of audits since NOAA is in the midst of modernizing its environmental monitoring capabilities, spending nearly \$20 billion on critical satellite systems including the Joint Polar Satellite System (JPSS) and the next-generation Geostationary Operational Environmental Satellite (GOES-R). OIG's FY 2006 and FY 2007 reviews of the JPSS and GOES-R programs revealed the challenges of managing satellite procurement projects without strong management oversight.

Areas to be addressed initially include:

- Technical progress, risks, and issues with JPSS and GOES-R instruments;
- Performance of JPSS and GOES-R acquisitions as compared to their cost, schedule, and technical baselines;
- JPSS and GOES-R program management;
- Contract management, including administration of award fee;
- Department and NOAA oversight of JPSS and GOES-R acquisitions; and
- Management of JPSS and GOES-R requirements.

OIG also selected the 2020 Decennial Census for the initial round of acquisition audits because this program will likely make over \$10 billion in acquisitions over the next ten years. Census encountered numerous problems in planning and performing the 2010 Decennial Census, many of which could have been avoided by more careful acquisition planning and risk management. Oversight and monitoring by

OIG early in the 2020 Decennial Census process will help alleviate problems, avoid costs, and lead Census to provide greater personal information protection in its performance of the next decennial census.

Areas to be addressed initially include:

- contract administration and management;
- quality control methods;
- critical IT systems including field data collection automation, the data response integration system, Master Address File/Topologically Integrated Geographic Encoding and Referencing system, headquarters data processing, and the data access and dissemination system;
- safeguarding sensitive Title 13 information;
- field office infrastructure and logistics management;
- management of census operations and internal controls; and
- tabulation and dissemination of census products.

Other significant acquisitions and contracts OIG has identified as high-risk include NTIA's contract to implement the Broadband Technologies Opportunities Program (BTOP), acquisitions by recipients of BTOP grants, and NOAA's acquisition of a supercomputer to replace leased supercomputer services.

The Department expects to spend approximately \$2.4 billion on IT projects in FY 2012. Significant IT contracts and acquisitions the Department has itself identified as high-risk include¹:

NOAA – Advanced Weather Interactive Processing System, \$976 million;
 NOAA – Environmental Satellite Processing System, \$510 million;
 NOAA – NEXRAD – Product Improvement, \$149 million;
 NOAA – National Weather Service Telecommunications Gateway, \$350 million; and
 USPTO – Patents End-to-End, \$312 million.

Base Resources Assessment

In order to provide adequate oversight of acquisitions and contracts, without reducing the level of oversight of other competing priorities and statutory mandates, OIG requires dedicated personnel to provide consistent oversight of these expenditures. In FY 2012, Congress provided a total of \$2 million in one-time funding for oversight of satellite acquisition and for oversight of the activities of the Census Bureau. This request would continue and expand on the work begun with that funding.

SCHEDULE AND DELIVERABLES

Schedule & Milestones:

This funding would provide for two audits during FY 2013, increasing to six annually in FY 2014 – FY 2017.

Deliverables:

The potential OIG reviews in the following areas would support the Department's mission:

- Ensuring bureaus optimize available resources;
- Ensuring acquisitions and contract are pursued efficiently and effectively;
- Reducing waste, fraud, and abuse in Departmental procurements; and

¹ Amounts shown are estimated life-cycle costs of each project.

- Ensuring bureaus' acquisition strategies are aligned with their resources, as well as ensuring their general program effectiveness.

PERFORMANCE METRICS

Performance Measure: Number of acquisition and contract audits issued:	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target	FY 17 Target
With increase	2	6	6	6	6
Without increase	0	0	0	0	0

Performance Measure#: 1c: Dollar Value of Financial Benefits Identified by OIG.	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target	FY 17 Target
With increase	\$3.9M	\$5.0M	\$5.0M	\$5.0M	\$5.0M
Without increase	\$0	\$0	\$0	\$0	\$0

PROGRAM CHANGE PERSONNEL DETAIL

Activity: Office of Inspector General

Subactivity: Office of Inspector General

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Program Director (Prog Alexandria, Va		15	1	123,758	123,758
Program Analyst	Washington DC	14	1	105,211	105,211
Program Analyst	Washington DC	13	3	89,033	267,099
Statistician	Washington DC	13	1	89,033	89,033
Auditor	Washington DC	13	4	89,033	356,132
Total			10		941,233
less Lapse		25%	3		235,308
Total full-time permanent (FTE)			7		705,925
FY 2013 Pay Raise of 0.5%					3,530
Total					709,454

Personnel Data	Number
Full-Time Equivalent Employment:	
Full-time permanent	7
Other than full-time permanent	0
Total	7
Authorized Positions:	
Full-time permanent	10
Other than full-time permanent	0
Total	10

PROGRAM CHANGE DETAIL BY OBJECT CLASS (DIRECT)

Activity: Office of Inspector General

Subactivity Office of Inspector General

Object Class	FY 2013 Change (\$000)
11 Personnel compensation	
11.1 Full-time permanent	\$709
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	<u>6</u>
11.9 Total personnel compensation	715
12 Civilian personnel benefits	189
21 Travel and transportation of persons	26
22 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	16
24 Printing and reproduction	1
25.1 Advisory and assistance services	0
25.2 Other services	175
25.3 Purchases of goods & services from Gov't accounts	137
26 Supplies and materials	8
31 Equipment	<u>31</u>
99 Total obligations	1,298

FY 13 PROGRAM CHANGE SUMMARY

Program
Change: **Council of Inspectors General for Integrity and Efficiency**

Amount: +\$0.4 Million FTE: 0

Budget
Activity: **Office of Inspector General**

PPA: **CIGIE**

OIG requests an increase of \$391,000 to support the Council of Inspectors General for Integrity and Efficiency (CIGIE). In past years and currently, CIGIE is funded through fund transfers from various federal Inspectors General offices. In FY 2012, OIG expects to provide a total of \$77,000. Under this proposal, the largest 13 Inspectors General offices would fully fund CIGIE, with each providing \$468,000. For OIG, this would represent approximately 1.5 percent of OIG's budget for FY 2013.

PROGRAM CHANGE DETAIL BY OBJECT CLASS (DIRECT)

Activity: Office of Inspector General

Subactivity CIGIE

Object Class	FY 2013 Change (\$000)
11 Personnel compensation	
11.1 Full-time permanent	\$0
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.9 Total personnel compensation	0
12 Civilian personnel benefits	0
21 Travel and transportation of persons	0
22 Transportation of things	0
23.3 Communications, utilities and miscellaneous charges	0
24 Printing and reproduction	0
25.1 Advisory and assistance services	0
25.2 Other services	0
25.3 Purchases of goods & services from Gov't accounts	391
26 Supplies and materials	0
31 Equipment	0
99 Total obligations	391

SUMMARY PROGRAM CHANGE DETAIL BY OBJECT CLASS (DIRECT)

Activity: Office of Inspector General

Object Class	FY 2013 Change (\$000)
11 Personnel compensation	
11.1 Full-time permanent	\$709
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	6
11.9 Total personnel compensation	715
12 Civilian personnel benefits	189
21 Travel and transportation of persons	26
22 Transportation of things	0
23.3 Communications, utilities and miscellaneous charges	16
24 Printing and reproduction	1
25.2 Other services	175
25.3 Purchases of goods & services from Gov't accounts	528
26 Supplies and materials	8
31 Equipment	31
99 Total obligations	1,689

Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	FY 2011	2012	FY 2013	FY 2013	Increase/ (Decrease)
	Actual	Currently Available	Base	Estimate	Over 2013 Base
11.0 Personnel compensation	\$18,991	\$16,721	15,053	15,762	709
11.1 Full-time permanent- non wage	139	0	0	0	0
11.3 Other than full-time permanent	250	0	0	0	0
11.5 Other personnel compensation	772	605	522	528	6
11.9 Total personnel compensation	20,152	17,326	15,575	16,290	715
12.1 Civilian personnel benefits	5,067	5,040	3,835	4,024	189
21.0 Travel and transportation of persons	442	500	377	403	26
22.0 Transportation of things	9	8	8	8	0
23.1 Rental payments to GSA	1,650	1,678	1,709	1,709	0
23.2 Rental payments to others	1	1	1	1	0
23.3 Commun., util., misc. charges	326	386	239	255	16
24.0 Printing and reproduction	11	10	8	9	1
25.1 Consultant services	0	0	0	0	0
25.2 Other services	1,770	9,061	3,045	3,220	175
25.3 Purchase of goods and services from gov't accounts	3,496	2,682	1,963	2,491	528
26.0 Supplies and materials	119	85	101	109	8
31.0 Equipment	537	503	203	234	31
99.0 Total Direct Obligations	33,580	37,280	27,064	28,753	1,689
Less prior-year recoveries	0	0	0	0	0
Less unobligated balance from prior years	(15,136)	(8,334)	0	0	0
Plus unobligated balance, expiring	168				
Plus unobligated balance, end of year	8,334	0	0	0	0
Total Budget Authority	26,946	28,946	27,064	28,753	1,689
Personnel Data					
Full-Time Equivalent Employment:					
Full-time permanent	172	162	131	138	7
Other than full-time permanent	0	0	0	0	0
Total	172	162	131	138	7
Authorized Positions:					
Full-time permanent	175	164	133	143	10
Other than full-time permanent	4	0	0	0	0
Total	179	164	133	143	10

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Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF OUTYEAR CHANGES REQUESTED
(Dollar amounts in thousands)

Activity/Subactivity	2013 Amount	2014 Amount	2015 Amount	2016 Amount	2017 Amount
2011 Base Program	27,064	27,155	27,725	28,307	28,902
GDP		2.1%	2.1%	2.1%	2.1%
Adjusted Base	27,064	27,725	28,307	28,902	29,509
Program Changes					
Acquisition and Contract Oversight	1,298	1,325	1,353	1,382	1,411
Council of Inspectors General for Integrity and Efficiency	391	399	408	416	425
Transfers					
Oversight of U.S. Patent and Trademark Office*	[2,000]	[2,042]	[2,085]	[2,129]	[2,173]
Outyear Estimates	28,753	29,450	30,068	30,700	31,344

* Transfer from USPTO [Non-add].

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**Department of Commerce
Office of Inspector General**

Salaries and Expenses

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 2013 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; and
- Provide oversight of Departmental implementation of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5);
- Enhance our oversight of the U.S. Patent and Trademark Office; and
- Expand our oversight of the Department's acquisition processes and contract management.

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**Department of Commerce
Office of Inspector General**

Salaries and Expenses

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, \$28,753,000.

5 U.S.C. App.1-11, as amended by P.L. 100-504 and P.L. 110-354.

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”

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**Department of Commerce
Office of Inspector General**

Salaries and Expenses

CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	FY 2011	FY 2012	FY 2013
Consultant Services.....	\$0	\$0	\$0
Management and professional services.....	0	0	0
Special studies and analyses.....	0	0	0
Mgmt & support services for research and Total	<hr/> \$0	<hr/> \$0	<hr/> \$0

Note:

1. 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 of the Act.

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**Department of Commerce
Office of Inspector General**

Salaries and Expenses

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	2011 <u>Actual</u>	2012 <u>Estimate</u>	2013 <u>Estimate</u>
Periodicals*	\$ 14	\$ 14	\$ 16
Pamphlets	0	0	0
Audiovisuals.....	<u>0</u>	<u>0</u>	<u>0</u>
 Total	 \$ 14	 \$ 14	 \$ 16

*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. According to the Act, 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.

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**Department of Commerce
Office of Inspector General**

Salaries and Expenses

AVERAGE GRADE AND SALARIES

	2011 <u>Actual</u>	2012 <u>Estimate</u>	2013 <u>Estimate</u>
Average EX Grade.....	NA	NA	NA
Average SES Grade*.....	NA	NA	NA
Average GS/GM Grade	13	13	13
Average GS/GM Salary	\$101,893	\$102,479	\$103,791

*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.

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**Department of Commerce
Office of Inspector General
INSPECTOR GENERAL REFORM ACT OF 2008 REPORTING REQUIREMENTS**

In accordance with the requirements of Section 6(f) (3) of the Inspector General Act of 1978, as amended, OIG submits the following information related to its requested budget for FY 2012:

OIG FY 2013 Request to Department of Commerce: \$37,159,000. This amount included base funding of \$2.3 million for oversight of acquisitions and contracts, \$0.5 million as a pass-through to the Council of Inspectors General of Integrity and Efficiency and \$2.7 million as a pass-through to the Federal Audit Clearinghouse for increases originally proposed in the FY 2012 President's Budget. It also included program increases of \$1.5 million for oversight of USPTO and \$1.2 million for oversight of international trade and export control activities of the Department of Commerce.

President's Budget Request: \$30,753,000, including restoration of \$1.3 million for oversight of acquisitions and contracts, a transfer of \$2 million from USPTO for its oversight, an increase of the proposed transfer to CIGIE of \$0.4 million, and elimination of a requirement to transfer \$2.7 million to the Federal Audit Clearinghouse.

As noted above, OIG requests a transfer of \$2.0 million from USPTO to support oversight of that bureau. This transfer will support 11 FTE in FY 2013. Absent this transfer, OIG's ability to carry out oversight of USPTO will be substantially inhibited.

(Dollar amounts in thousands)

	FY 2011 Actual	FY 2012 Currently Available	FY 2013 Base	FY 2013 Estimate	Increase/ (Decrease) over 2013 Base
		BA	BA	BA	BA
OIG Funding	26,946	29,946*	27,064	30,753*	3,689*
Training	181	210	190	238	48
Amounts for support of CIGIE	27	77	77	468	391

* Includes transfer of \$1 million in FY 2012 and \$2 million in FY 2013 from USPTO.

OIG certifies that the training amount for FY 2013 listed above represents the total training requirement for OIG.