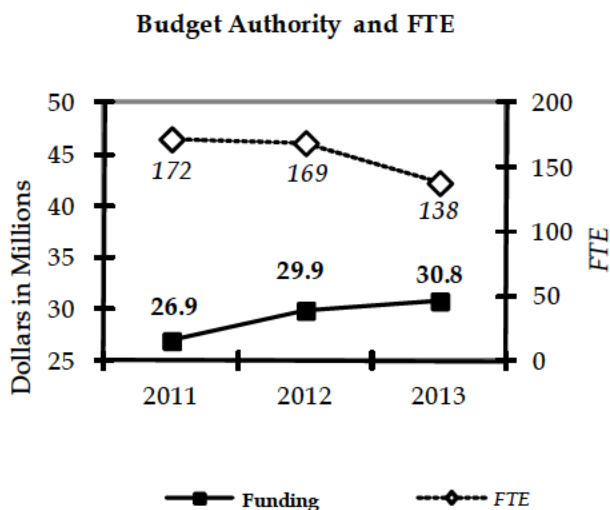


Office of the Inspector General

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

The audit function involves performance and financial audits and evaluations. Performance audits address the efficiency, effectiveness, and economy of the Department's programs, activities, and information technology systems. Financial audits focus on compliance with generally accepted accounting principles, management's responsibility for internal controls as defined by the Office of Management and Budget, and financial laws and regulations. Program evaluations are in-depth reviews of specific management issues, policies, or programs, while systems evaluations focus on system development, system acquisitions, operations, and policy of computer systems and other technologies.

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



Summary of Appropriations

<u>Funding Levels</u>	2011	2012	2013	Increase
<u>Appropriation</u>	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>	<u>(Decrease)</u>
Inspector General	\$26,946	\$26,946	\$28,753	\$1,807
Total	26,946	26,946	28,753	1,807
Transfer from Census		1,000		
Transfer from NOAA		1,000		
Transfer from USPTO (Reimbursable)		1,000	2,000	
Total Budget Authority	26,946	29,946	30,753	807
FTE				
Inspector General Direct	172	169	138	(31)
Inspector General Reimbursable	3	6	17	11
Total	175	175	155	(20)

Highlights of Budget Changes

Appropriation: Office of the Inspector General

Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
2012 Enacted			169	\$26,946
American Recovery and Reinvestment Act Reduction			(38)	
Adjustments to Base				
<u>Other Changes</u>				
2013 Pay raise		\$67		
Civil Service Retirement System (CSRS)		(26)		
Federal Employees' Retirement System (FERS)		43		
Thrift Savings Plan		7		
Federal Insurance Contributions Act (FICA) - OASDI		18		
Employees' Compensation Fund		(28)		
Health insurance		49		
Travel - Per Diem		12		
Rent payments to GSA		30		
HCHB Water		1		
HCHB Electricity		(85)		
Other services:				
Working Capital Fund		(20)		
General Pricing Level Adjustment				
Other Services		45		
Supplies and materials		2		
Equipment		3		
Subtotal, other cost changes			0	118
TOTAL, ADJUSTMENTS TO BASE			0	118
2013 Base			131	27,064
Administrative Savings [non-add]				[80]
Program Changes			7	1,689
2013 APPROPRIATION			138	28,753

Comparison by Activity

	2012 Currently Avail.		2013 Base		2013 Estimate		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
DIRECT OBLIGATIONS								
Inspector General	169	\$37,280	131	\$27,064	138	\$28,753	7	\$1,689
TOTAL DIRECT OBLIGATIONS	169	37,280	131	27,064	138	28,753	7	1,689
REIMBURSABLE OBLIGATIONS	6	6,000	6	6,000	17	7,000	11	1,000
TOTAL OBLIGATIONS	175	43,280	137	33,064	155	35,753	18	2,689
FINANCING								
Unobligated balance, start of year (direct)		(8,334)				0		
Unobligated balance, start of year (reimb.)		0				0		
Offsetting Collections		(6,000)				(7,000)		
Subtotal, financing	0	(14,334)			0	(7,000)		
TOTAL BUDGET AUTHORITY	175	28,946			155	28,753		
Transfers from other accounts		(2,000)				0		
APPROPRIATION	175	26,946			155	28,753		

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

Administrative Savings

The Administration is 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. 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 additional information see the Administrative Savings section of the Introduction to the Budget in Brief.

Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Acquisition and contract oversight	0	\$0	+7	+1,298

In FY 2013, OIG requests an increase of \$1.3 million and seven FTEs to provide oversight for Departmental acquisitions and contracts. In FY 2011, the Department spent \$6.4 billion in 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 the planning for the 2020 Census, which will involve large ongoing contracts. In order to provide adequate oversight of acquisitions and contracts, without reducing the level of oversight of other competing priorities and statutory mandates, OIG will establish audit teams to examine procurement activities across Department.

Council of the Inspectors General on Integrity and Efficiency	0	\$77	0	+\$391
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In FY 2013, the OIG requests an increase of \$0.4 million for a total of \$0.5 million to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The Inspector General Reform Act of 2008 (P.L. 110-409) established CIGIE to address integrity, economy, and effectiveness issues that transcend individual government agencies. Its mission is to

increase the professionalism and effectiveness of personnel by developing policies, standards and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General. The DOC OIG is a member of CIGIE, and the Act authorizes interagency funding of CIGIE and requires that any department, agency, or entity of the executive branch, which has a member on the Council, shall fund or participate in the funding of its activities. This funding will specifically 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.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Oversight of U.S. Patent and Trademark Office	N/A	N/A	N/A	N/A

In FY 2013, OIG requests a transfer of \$2.0 million to support 11 FTEs to provide oversight for USPTO. From FY 2005 to FY 2012, USPTO's budget has increased from \$1.5 billion to \$2.7 billion, and its workforce has increased by approximately 3,000 employees to more than 10,000. 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 to establish two teams of five auditors under one lead auditor.

Performance Objective and Measures

(Dollars Reflect Obligations in Millions and Include Reimbursable Funding)

The OIG performance measures appear in the administrative theme - Organizational Excellence, under the objective to strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statute and regulation, and prevent waste, fraud, and abuse of government resources. As the Department works to accomplish its mission, OIG provides a unique, independent voice to the Secretary and other senior DOC managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness, and to prevent and detect waste, fraud, and abuse in Department programs and operations. This work is primarily accomplished through audits, inspections, evaluations, and investigations and related activities. In FY 2012, OIG will continue its efforts to help the Department achieve organizational and management excellence by:

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

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

	<u>2011 Actual</u>	<u>2012 Enacted/ Targets</u>	<u>2013 Estimate / Targets</u>
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.	\$37.7	\$43.3	\$35.8
% of OIG recommendations accepted by departmental and bureau management. (This measure will be replaced by the following measure in FY 2013.)	94%	95%	N/A
% of audit recommendations that were issued three years prior, which have been implemented by Departmental and bureau management.	N/A	N/A	90%
Dollar value of financial benefits identified by OIG.	\$33.6M	\$39.0	\$39.0
% of criminal and civil matters that are accepted for prosecution. (This measure will be replaced by the following measure in FY 2013.)	73%	75%	N/A
% of investigative cases for which investigation is complete within 12 months.	N/A	N/A	70%