



FY 2016  
CONGRESSIONAL SUBMISSION



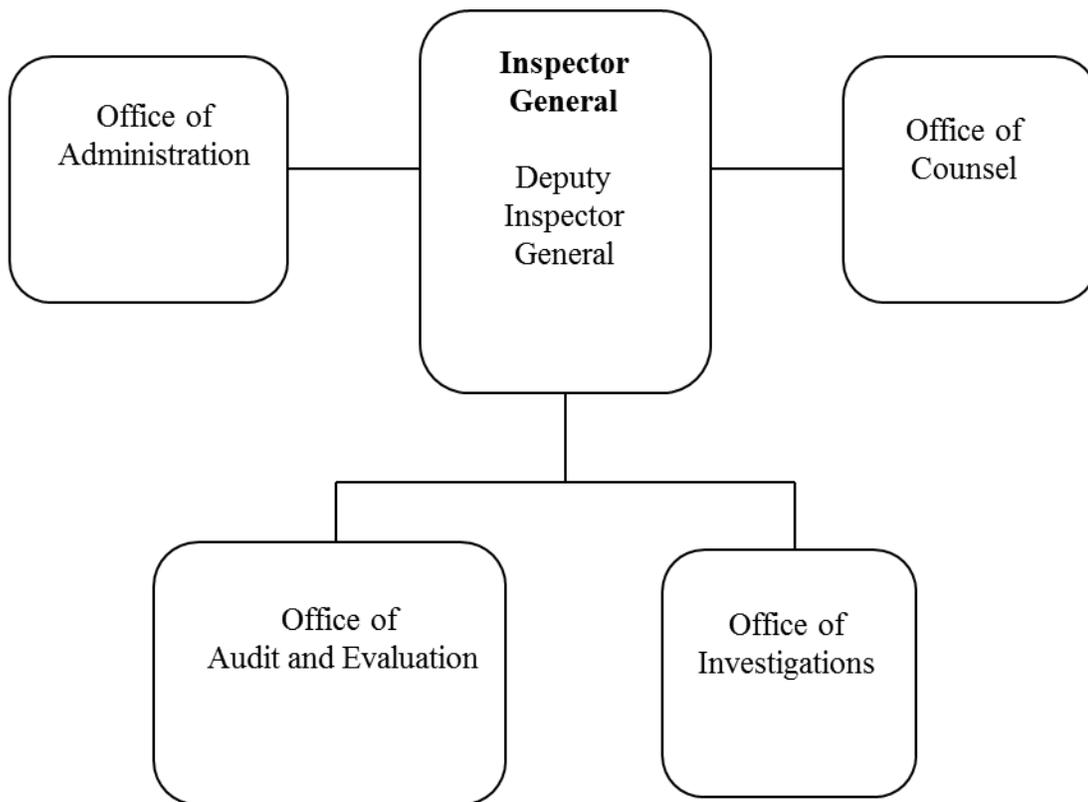
**Department of Commerce  
Office of Inspector General  
FY 2016 Congressional Submission**

**Table of Contents**

<u>Exhibit #</u>		<u>Page No.</u>
1	Table of Contents .....	OIG - i
2	Organizational Chart .....	OIG - 1
3	Executive Summary .....	OIG - 3
5	Summary of Resource Requirements.....	OIG - 5
6	Summary of Reimbursable Obligations .....	OIG - 7
7	Summary of Financing .....	OIG - 9
9	Justification for Adjustments to Base.....	OIG - 11
10	Program and Performance: Direct Obligations.....	OIG - 17
12-15	FY 2016 Base Program Summary and Program Change Summary.....	OIG - 19
16	Summary of Requirements by Object Class.....	OIG - 45
33	Appropriation Language and Code Citation.....	OIG - 17
34	Consulting and Related Services .....	OIG - 49
35	Periodicals, Pamphlets, and Audiovisual Products.....	OIG - 51
36	Average Grade and Salaries .....	OIG - 53
40	Inspector General Reform Act of 2008 Reporting Requirements .....	OIG - 55
3a	FY 2016 Annual Performance Plan / FY 2014 Annual Performance Report.....	OIG - 57

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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 2016**

Executive Summary

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.

For FY 2016, OIG will continue to focus its work on the Department's efforts to address the major challenges we have identified, and to continue supporting the Department's strategic goals. OIG requests inflationary increases of \$1.7 million to its base budget in order to continue providing the current level of oversight of Departmental activities and programs. OIG proposes to enhance its oversight of the First Responder Network Authority (\$1.4 million), trade promotion and export control (\$0.5 million), and Departmental contracting and acquisitions (\$1.0 million).

OIG does not request a transfer increase for FY 2016 to provide expanded oversight of the planning and execution of the 2020 Decennial Census; however, by FY 2017 Census's increased activity in preparation for the 2020 Decennial Census will likely necessitate an increase in the transfer from Census in order to ensure adequate oversight.

These proposed increases are especially important in light of OIG's historically constrained budget, given the breadth, complexity, and critical nature of the Department's programs. 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. The requested transfers and increases, support oversight of multibillion dollar programs or activities. The cost of this necessary oversight is modest compared to the risks facing the Department. OIG's oversight has provided a \$4.79 return on investment (ROI) since FY 2008, a strong track record. (OIG's ROI is based on a comparison of OIG's appropriations and transfers received with OIG's financial benefits, which include questioned costs, funds put to better use, and administrative, civil, and criminal recoveries.)

(Dollar amounts in thousands)

Budget Authority	<u>FY 2015 Enacted</u>		<u>FY 2016 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	177	35,449	200	40,043	23	+4,594
Total, Office of Inspector General	177	35,449	200	40,043	23	+4,594

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**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 2015 Currently Available	177	172	35,449	42,477
2016 Adjustments to Base				
plus: Uncontrollable cost changes	0	2	1,736	1,736
less: Obligations from prior year balances			0	(7,028)
2016 Base	177	174	37,185	37,185
less: 2016 Inflationary Adjustments			0	0
plus: 2016 Program changes	23	17	2,858	2,858
plus: Changes to 2016 Transfers	0	0	0	0
2016 Estimate	200	191	40,043	40,043

		2014 Actual		2015 Enacted		2016 Base		2016 Estimate		Increase/ (Decrease) Over 2016 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Comparison by program:											
Inspector General	Pos./BA	169	34,000	177	35,449	177	37,185	200	40,043	23	2,858
	FTE/Obl.	139	32,404	172	42,477	174	37,185	191	40,043	17	2,858
TOTALS	Pos./BA	169	34,000	177	35,449	177	37,185	200	40,043	23	2,858
	FTE/Obl.	139	32,404	172	42,477	174	37,185	191	40,043	17	2,858
Adjustments to Obligations											
Recoveries			0		0		0		0		0
Unobligated Balance, start of year			(7,478)		(7,028)		0		0		0
Unobligated Balance transferred			0		0		0		0		0
Unobligated Balance, end of year			8,051		0		0		0		0
Unobligated Balance expiring			1,023		0		0		0		0
Financing from transfers:											
Transfer from other accounts (-)			(4,000)		(4,853)		(4,853)		(4,853)		0
Transfer to other accounts (+)			0		0		0		0		0
Appropriation			30,000		30,596		32,332		35,190		2,858

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

		2014		2015		2016		2016		Increase	
		Actual		Enacted		Base		Estimate		(Decrease)	
Comparison by Program		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Inspector General	Pos/BA	1	3,181	1	4,500	1	4,500	1	4,500	0	0
	FTE/Obl.	1	3,181	1	4,500	1	4,500	1	4,500	0	0
Total	Pos/BA	1	3,181	1	4,500	1	4,500	1	4,500	0	0
	FTE/Obl.	1	3,181	1	4,500	1	4,500	1	4,500	0	0

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

	2014 Actual	2015 Enacted	2016 Base	2016 Estimate	Increase/ (Decrease) Over 2016 Base
Total Obligations	35,585	46,977	41,685	44,543	2,858
Offsetting Collections from:					
Federal Funds	(3,181)	(4,500)	(4,500)	(4,500)	0
Unobligated balance, start of year	(7,478)	(7,028)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	8,051	0	0	0	0
Unobligated balance expiring	1,023	0	0	0	0
Budget Authority	34,000	35,449	37,185	40,043	2,858
Financing:					
Transfer from other accounts (-)	(4,000)	(4,853)	(4,853)	(4,853)	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	30,000	30,596	32,332	35,190	2,858

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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>2016 Pay Raises</u>		364

Annualization of FY 2015 Pay Raise

A pay raise of 1.0% was effective January 1, 2015.

Total cost in FY 2016 of FY 2015 pay raise	284,444
Less amount funded in FY 2015	<u>(224,000)</u>
Amount requested in FY 2016 to provide for full-year cost of FY 2015 pay raise	60,444

FY 2016 Pay Raise and Related Costs

A general pay raise of 1.3% is assumed to be effective January 2016.

Total cost in FY 2016 of January 2016 pay raise.....	304,000
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Adjustment to base	364,444
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<u>Full year cost in FY 2016 of positions financed part-year in FY 2015</u>	<u>2</u>	<u>267</u>
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An increase of \$267,156 is required to fund the full-year cost in FY 2016 of positions financed for part-year in FY 2015. The computation is:

Annual Salary of new positions in 2015	8	774,957
Salary adjusted for 2015 pay raise (.0100 x 774,957)		7,750
Less 5% lapse		<u>(39,155)</u>
Full-year cost of personnel compensation	8	743,572
Less personnel compensation in 2015	<u>(6)</u>	<u>(539,000)</u>
Cost of personnel compensation in 2016	2	204,572
Adjustment for 2016 pay raise (.0130 x .75 x 204,939)	<u>0</u>	<u>1,995</u>
Add'l amount required for personnel compensation	2	206,567
Benefits	<u>0</u>	<u>60,627</u>
Total adjustment to base	2	267,156

<u>Additional Compensable Day</u>		<u>98</u>
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In 2016 there will be one additional compensable day over FY 2015. The cost of an additional compensable day for FY 2016 is calculated by adding the FY 2015 estimated personnel compensation (\$19,292,050) and applicable

benefits (\$6,383,230) by 261, the number of compensable days in FY 2015.

Adjustment to base 98,373

Civil Service Retirement System (CSRS)

(39)

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 4.2% in FY 2015 to 1.4% in FY 2016 for regular employees. It will decrease from 11.2% to 7.5% for law enforcement employees.

The contribution rates will remain at 7.0% for regular employees and 7.5% for law enforcement employees; OIG has one law enforcement personnel participating in CSRS.

Regular employees:

FY 2016 (\$17,655,568 x .0140 x .0700)	17,302
FY 2015 (\$17,655,568 x .0420 x .0700)	<u>- 51,907</u>
Subtotal	(34,605)

Law enforcement

FY 2016 (\$1,636,482 x .0750 x .0750)	9,205
FY 2015 (\$1,634,482 x .1125 x .0750)	<u>-13,808</u>
Subtotal	(4,603)

Total adjustment to base (39,208)

Federal Employees Retirement System

136

The estimated participation rate for regular employees covered by FERS is 95.8% in FY 2015 and 98.6% in FY 2016. The estimated participation rate for law enforcement employees covered by FERS will increase from 88.8% to 92.5% from FY 2015 to FY 2016. The estimated contribution rate for regular employees will remain unchanged at 13.2% for FY 2016. The estimated contribution rate for law enforcement employees will increase from 26.5 % to 30.1% in FY 2016.

Regular employees:

FY 2016 (\$17,655,568 x .9860 x .1320)	2,297,907
FY 2015 (\$17,655,568 x .9580 x .1320)	<u>- 2,232,653</u>
Subtotal	65,254

Law enforcement employees:	
FY 2016 (\$1,636,482 x .9250 x .3010)	455,637
FY 2015 (\$1,636,482 x .8880 x .2650)	- 385,097
Subtotal	70,540
Total adjustment to base	135,794

Federal Insurance Contributions Act (FICA) – Old Age Survivors and Disability Insurance (OASDI)

33

The OASDI contribution rate will remain at 6.20% for employees in FY 2016. However, the annual salary subject to the OASDI tax will increase from \$16,241,351 to \$17,655,568 in FY 2016. The OASDI participation rate for regular employees will increase from 95.80% in FY 2015 to 98.60% in FY 2016, and will increase from 88.80% to 92.50% for law enforcement employees.

Regular employees:	
FY 2016 (\$17,655,568 x .9860 x .9330 x .0620)	1,007,006
FY 2015 (\$17,655,568 x .9580 x .9330 x .0620)	- 978,409
Subtotal	28,597
Law enforcement employees:	
FY 2016 (\$1,636,482 x .9250 x .9330 x .0620)	87,564
FY 2015 (\$1,636,482 x .8880 x .9330 x .0620)	- 84,062
Subtotal	3,502
Other salaries	
FY 2016 (\$450,209 x .9860 x .9330 x .0620)	25,678
FY 2015 (\$450,209 x .9580 x .9330 x .0620)	- 24,949
Subtotal	729
Total adjustment to base	32,828

Thrift Savings Plan

6

The estimated participation rate for regular employees covered by FERS is 95.80% in FY 2015 and 98.60% in FY 2016. The estimated participation rate for law enforcement employees is 88.80% for FY 2015 and 92.50% for FY 2016. The estimated contribution rate for regular and law enforcement employees will remain at 1.0% in FY 2015 and FY 2016.

Regular employees:	
FY 2016 (\$17,655,568 x .9860 x .01)	174,084
FY 2015 (\$17,655,568 x .9580 x .01)	- 169,140
Subtotal	4,944

Law enforcement employees:	
FY 2016 (\$1,636,482 x .9250 x .01)	15,137
FY 2015 (\$1,636,482 x .8880 x .01)	- 14,532
Subtotal	605

Total adjustments to base. 5,549

Employee Compensation Fund

(3)

The Employee Compensation Fund bill for the year ending June 30, 2014, decreased by \$3,432.82 from the bill of \$3,759.61 for the year ending June 30, 2013. Therefore, \$326.79 in charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.

Adjustments to base (3,433)

Health Insurance

35

The average rate increase for 2016 is expected to be 2.6%. Against estimated health costs for 2015 of \$1,356,067, the additional amount required for 2016 is \$35,258.

Adjustment to base 35,258

Travel – Per Diem

10

The average rate per diem rate for CONUS travel is expected to increase from \$123 to \$129 for FY 2016, a 5% increase. On a base of \$208,435, the additional amount required is \$10,422.

Adjustment to base 10,422

Travel – Mileage

0

The mileage reimbursement rate for privately-owned automobiles increased from \$0.56 to \$0.57.5, or 2.68%, effective January 1, 2015. On a base of \$8,937, an increase of \$240 will occur.

Adjustment to base 240

Rental Payments to GSA

29

GSA rental rates are projected to increase 1.5% in FY 2016. This percentage, applied to the FY 2015 estimate of \$1,914,000 raises the total cost of rental payments to GSA to \$1,942,710 for FY 2016, an increase of \$28,710 over FY 2015.

Adjustment to Base 28,710

General Pricing Level Adjustment 61

The federal non-defense, non-pay deflator for FY 2016 is 1.6%. This percentage was applied to the FY 2015 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 (\$1,072); other services (\$52,272); transportation of things (\$144); printing (\$176); communications and miscellaneous expenses, excluding postage & FTS (\$3,384), and equipment (\$3,632).

Adjustment to base 60,680

Working Capital Fund 743

An increase of \$743,000 is requested in the payment to the Department's Working Capital Fund as a result of inflationary and program cost increases to the centralized services provided by the Department.

Adjustment to base 743,000

Utilities (4)

Based on estimates of charges for FY 2016 from GSA, WSSC, and Pepco, costs will decrease by \$4,000 for electricity and remain unchanged for steam and water.

Adjustment to base (4,000)

Total Adjustment to Base 2 1,736

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

Program: Inspector General

		2014 Actual		2015 Enacted		2016 Base		2016 Estimate		Increase/ (Decrease) Over 2016 Base	
Subprogram:		Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Executive Direction & Counsel	Pos./BA	17	4,034	17	4,206	17	4,412	17	4,412	0	0
	FTE/Obl.	15	3,845	17	5,040	17	4,412	17	4,412	0	0
Audits & Evaluations	Pos/BA	121	23,915	129	24,934	129	26,155	148	28,868	19	2,712
	FTE/Obl.	102	22,792	124	29,878	126	26,155	140	28,868	14	2,712
Investigations	Pos/BA	31	6,051	31	6,309	31	6,618	35	6,764	4	146
	FTE/Obl.	22	5,767	31	7,559	31	6,618	34	6,764	3	146
Total	Pos/BA	169	34,000	177	35,449	177	37,185	200	40,043	23	2,858
	FTE/Obl.	139	32,404	172	42,477	174	37,185	191	40,043	17	2,858

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## FY 2016 BASE PROGRAM SUMMARY

<b>Bureau:</b>	<b>Office of Inspector General</b>	
<b>Program:</b>	<b>Office of Inspector General</b>	
<b>Base Resources (including ATBs):</b>	<b>\$37,185,000</b>	<b>FTE: 174</b>

## PROGRAM DESCRIPTION

### Program Resources Assessment

The Department of Commerce Office of Inspector General (OIG) was established in FY 1979 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, evaluations, and investigations to uncover fraud, waste, and abuse in the Department's programs and activities.

OIG's work provides good return on investment. Since 2008, when OIG's budget began increasing after a decade of flat budgets, OIG has received \$253 million in appropriations and transfers, but has identified over \$1.21 billion in financial benefits, a return on investment of \$4.79 per dollar invested in OIG.

OIG achieved this return in spite of a long period of flat budgets and declining manpower. In FY 1997, OIG had a staff of 192; by FY 2008, 11 years later, OIG's staff had declined to 113. Late in FY 2008, OIG received a \$3 million transfer to help OIG provide oversight of the 2010 decennial census, but even with that assistance, for a period in 2010 OIG had to effectively shut down its other work and devote its entire staff, including its administrative personnel, to fieldwork to provide adequate oversight of the decennial census.

With its current base funding, OIG can provide statutorily-required oversight and investigative services, and respond to requests from Congress and DOC leadership. Oversight outside of these three areas has recently been funded via transfers and special appropriations, such as the \$3 million OIG received in FY 2008 for oversight of the decennial census, \$16 million for oversight of the Department's efforts under the American Recovery and Reinvestment Act of 2009 (including the \$4.7 billion Broadband Technology Opportunities Program), and \$18 million since FY 2008 for oversight of Census, NOAA satellites, and USPTO. Without this funding, very little oversight of these critical areas would be possible. To illustrate the effect of OIG's limited resources, prior to receiving a transfer in FY2009 to fund USPTO oversight, OIG was able to perform only two audits of this multi-billion dollar agency in the previous five years.

OIG focuses its oversight efforts on the top management challenges for the Department. These efforts are aligned with the Department's FY 2014-2018 Strategic Plan – and, within each of the plan's strategic goals, the challenges we have identified are:

- TRADE AND INVESTMENT: Expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs.* The International Trade Administration must work to realize fully the benefits of its recent consolidation and reorganization; meet the demands of the Administration's new, long-term export-promotion strategy, NEI/NEXT; and complete the procurement and deployment of a replacement for its Client Tracking System. The Bureau of Industry and Security (BIS) will need to meet the challenge of completing the transfer to BIS of licensing responsibilities for numerous categories of items previously handled by the State Department. BIS will also need to work with the Defense and State Departments to complete the creation of a single customer portal for the submission of license applications, as called for under the Administration's Export Control Reform Initiative. Due to the 2012 IT disruption at the Economic Development Administration (EDA), its Revolving Loan Fund Management System (RLFMS) has been unavailable. The unavailability of RLFMS, the absence of a reliable and consistently applied interim tool, and turnover among EDA's regional staff who monitor RLF program activities have allowed the internal control weaknesses that we first reported in 2007 to continue. Under new rules issued by the Office of Management and Budget that went into effect in December 2014, the Department and each of its bureaus must assume new responsibilities regarding single audits of grants. This new approach will place a greater burden on the Department and, if not properly deployed, may affect the performance of its trade and research grant programs, which in FY 2014 totaled almost \$1.3 billion.
- INNOVATION: Foster a more innovative U.S. economy—one that is better at inventing, improving, and commercializing products and technologies that lead to higher productivity and competitiveness.* The U.S. Patent and Trademark Office (USPTO) must address a variety of internal and external challenges, including reducing waiting times for filings, responding to stakeholder concerns about patent quality, and advocating for greater global protection for intellectual property rights. USPTO also faces challenges in managing its large and dispersed workforce. To find ways of sharing radio frequency spectrum among federal and commercial entities, the National Telecommunications and Information Administration (NTIA) faces many challenges—such as a lack of incentive for commercial providers to bid for shared spectrum, revenue generation, and rights-of-use issues. The First Responder Network Authority (FirstNet), which is charged with establishing a nationwide public safety network, faces challenges in establishing an effective organization, leveraging existing infrastructure, and conducting effective outreach to ensure buy-in from the public safety community it is designed to serve. NTIA's Broadband Technology Opportunities Program, which has awarded \$3.9 billion since 2009 in support of a variety of broadband infrastructure projects, must pay close attention to the sustainability of these projects beyond the federal funding period. The National Institute of Standards and Technology's Hollings Manufacturing Extension Partnership (MEP), which works with U.S. manufacturers to grow and create jobs, must ensure that the three-year process of re-competing all 58 MEP centers is implemented without disrupting the MEP system and degrading the program's overall performance.
- ENVIRONMENT: Ensure communities and businesses have the necessary information, products, and services to prepare for and prosper in a changing environment.* As the lead agency for addressing the Department's environmental goal, the National Oceanic and

Atmospheric Administration (NOAA) faces challenges posed by satellite acquisitions and development, potential data gaps, efforts to improve forecast accuracy, the competing needs among fisheries stakeholders, and limited marine technology. Acquisition and development delays could lead to gaps in NOAA's Geostationary Operational Environmental Satellite-R Series and the Joint Polar Satellite System coverage, potentially degrading its ability to perform storm tracking, weather forecasting, and climate study functions. In addition, a broad range of National Marine Fisheries Services concerns—including the difficult balance of stakeholder roles and interests, the need for scientific and technological advancement, and the continuing call for National Observer Program improvements—pose challenges for NOAA.

- *DATA: Improve government, business, and community decisions and knowledge by transforming Department data capabilities and supporting a data-enabled economy.* This Departmental goal will challenge the Economics and Statistics Administration and the U.S. Census Bureau. Various Census Bureau 2020 decennial research projects are experiencing delays. Also, because it has not integrated the 2020 decennial's research and testing schedule with budget and cost data, the Census Bureau is challenged with designing a more cost-effective 2020 decennial census. Keeping up with rapidly changing technology is another challenge faced by Departmental data providers such as the Census Bureau and NOAA. The population data and business indicators that the Census Bureau provides—and the weather, climate, and environmental information that users access through NOAA—are only two examples of the Department's diverse data resources. The Department's goal of "transforming Department data capabilities and supporting a data-enabled economy," along with the Digital Accountability and Transparency Act of 2014, challenge the Department (and the new Chief Data Officer it will hire) to develop and implement a vision for the future of the Department's diverse data resources.
- *OPERATIONAL EXCELLENCE: Deliver better services, solutions, and outcomes that benefit the American people.* The Departmental goal of "operational excellence" calls on all facets of the Department to maintain "customer-focused" drive. To meet this challenge, the Department must focus on three types of customers. First, for its internal customers, the Department must address security weaknesses in its incident-detection and response capabilities; persistent security deficiencies make the Department vulnerable to cyber-attacks. In addition, a longstanding fragmented IT governance structure provides additional challenges to effectively strengthening Department-wide cybersecurity. Next, its customers in the public at large expect a culture of accountability from the Department. Over the past two years, the Department and its bureaus have worked closely with OIG to resolve management issues raised through OIG's hotline. Finally, the Department's customers in the American business sector seek help from Commerce to become more innovative at home and more competitive abroad. The Department's challenges are to improve financial data quality by addressing financial management issues—as well as to reduce acquisition risk by monitoring both the awarding of high-risk contracts and contractor performance.

Over the past several years, the Department has experienced many problems - such as inappropriate acquisition and contracting practices, improper accounting of millions of dollars in reimbursable agreement services, and unjustified use of forfeited assets - due to lapsed internal controls. Recent incidents involving unauthorized reprogramming of funds and cyberattacks on

bureau systems are the latest in a series of wake-up calls. To its credit, Department top-level management has issued directives requiring immediate and across-the-board corrective actions when becoming aware of these deficiencies. The Offices of the Chief Financial Officer and Chief Information Officer also took actions to strengthen Department oversight and promulgate consistent practices among bureaus. Commerce leadership must continue showing the way forward to establish an accountability culture with increased transparency, readily available support, and independent validation. This is perhaps the Department's biggest challenge of all.

OIG remains committed to keeping Department decisionmakers informed of both long-standing and emerging problems identified through OIG's audits and investigations, so timely corrective actions can be taken. OIG's offices are using base resources to support these current efforts:

**Executive Direction and Counsel** (\$4.4 million). The primary governing units of OIG are the immediate office of the Inspector General (IG) and the Office of Counsel (OC). The immediate office of the IG provides overall leadership and policy direction for the agency and OC provides legal guidance in support of the agency's mission.

**Audit and Evaluation** (\$26.2 million). The Office of Audit and Evaluation (OAE) conducts audits and evaluations of programs and operations, providing the Department valuable independent assessments of whether programs and operations are cost-efficient and effective. OAE performs work planned and in response to Congressional or Departmental requests—covering such activities as financial controls, operational efficiencies, information systems, program performance, and major acquisitions.

OAE's work in FY 2014 and early FY 2015 included a number of recommendations and improvements to the Department's operations, a select number of which are detailed below:

- *NOAA's information security controls*: OIG audited NOAA's information security controls and security-related documentation for four National Environmental Satellite, Data, and Information Service (NESDIS) systems to determine whether key security measures adequately protect them. Additionally, OIG reviewed the independent security control assessments—conducted in FY 2012 and FY 2013 through an intra-agency shared service agreement—of five National Weather Service (NWS) systems to determine whether the controls were adequately assessed. OIG found that information systems connected to NESDIS' critical satellite ground support systems increases the risk of cyber-attacks, NESDIS' inconsistent implementation of mobile device protections increases the likelihood of a malware infection, critical security controls remain unimplemented in NESDIS' information systems, and improvements are needed to provide assurance that independent security control assessments are sufficiently rigorous.
- *Security concerns related to Joint Polar Satellite System (JPSS) ground systems*: While conducting an audit of NOAA's IT security program, OIG identified significant security concerns related to the JPSS ground systems that justified special and separate attention. The audit team found that the JPSS program needs to expedite its efforts to reduce the current IT security-related risks to its ability to support critical weather forecasting operations and improve the overall security posture of the JPSS' ground systems.

- *USPTO time-and-materials and labor-hour (T&M/LH) contracts:* The OIG audited T&M/LH contracts awarded by the U.S. Patent and Trademark Office (USPTO) for FY 2012 to determine whether USPTO properly awarded and administered T&M/LH contracts. During that period, USPTO awarded 416 T&M/LH contracts with a total obligated value of approximately \$129 million. OIG determined that contracting and program officials did not follow best practices to award and administer T&M/LH contracts and task orders for work performed. This occurred because (1) contract and task order awards lacked justifications and established ceiling prices, (2) contractor monitoring and oversight was inadequate, and (3) contract files lack key documentation. The audit findings include potential monetary benefits, in the form of unsupported costs, totaling more than \$24 million.

OAE's current ongoing work involves:

- NOAA's IT Security Program;
- Census Bureau's IT Security Continuous Monitoring Program;
- BIS's IT Security Continuous Monitoring Program;
- NIST monitoring of contracts;
- NIST working capital fund;
- NOAA's polar and geostationary satellite programs;
- NOAA's fishery observer and catch share programs;
- 2020 decennial census-preparations;
- NTIA's Broadband Technology Opportunities Program;
- DOC premium class travel spending;
- USPTO's quality assurance practices;
- EDA's revolving loan fund;
- ITA consolidation program activities;
- NOAA Hurricane Sandy Disaster Relief Funds;
- Technical Design of the FirstNet Nationwide Public Safety Broadband Network; and
- NIST Boulder Laboratory Certification

OAE also conducts annual audits of the Department's financial statements and information security program and practices; prepares semiannual reports summarizing OIG activities; completes an annual audit plan prior to the start of the fiscal year, supported by an annual risk assessment of Department offices and programs; and issues an annual report on the Department's top management challenges.

**Investigations** (\$6.6 million). The Office of Investigations (OI) investigates fraud, waste, and abuse in the Department's many programs and operations. OI investigations help prevent and detect fraud perpetrated by Department contractors and grantees and address reported improprieties of a serious nature involving Department employees. OI also investigates alleged whistleblower reprisal, as well as underlying whistleblower disclosures (e.g., reporting a violation of law/regulation, abuse of authority, mismanagement). OI's investigative work in FY 2013 and 2014 resulted in a number of criminal and administrative actions and improvements to the Department's programs and operations, a select number of which are detailed below.

- *Waste and mismanagement at USPTO.* In July 2014, OIG completed an investigation of allegations received from multiple whistleblowers alleging waste and mismanagement at the Patent Trial and Appeal Board (PTAB), one of the components within USPTO. OIG's investigation uncovered waste in the PTAB that persisted for more than four years (2009-2013) and resulted in the misuse of federal resources totaling more than \$5 million. The bulk of the wasted resources related to PTAB's paralegals who had insufficient workloads and considerable idle time during those years.
- *NOAA's Use of Hurricane Sandy Funds:* In May 2014, OI published a public report concerning allegations that NOAA improperly advised grantees to apply for funds under the Hurricane Sandy disaster relief act that they were not eligible for under the plain language of the law. OIG's investigation found that NOAA's direction to the grantees expanded the Act's plain language requirement that equipment be "damaged" in order to receive funds. As a result, OIG identified over \$550,000 in questioned costs—over half of the approximately \$1 million of funds disbursed—for items that may not have been eligible for funding based on the plain language of the law.
- *Data Falsification at Census:* In May 2014, OI published a public report concerning allegations of widespread data falsification within the Census Bureau's Philadelphia Regional Office, which OIG found to be unsubstantiated. However, OIG found that Census Bureau employees suspected of falsifying data are sometimes allowed to continue working while they are being investigated, and that the quality assurance process at Census creates the possibility for conflicts of interest. As a result, OIG made several recommendations for Census to strengthen its programs by increasing detection of data falsification and reducing the overall incidence of falsification.
- *Significant Improvements in the Handling of Hotline Complaints:* Working closely with OIG, the Department has made progress dealing with issues raised by whistleblowers and the public via OIG's hotline. Of the hotline complaints received from employees and members of the public about ethics, compliance, or management issues, OIG investigates the most serious allegations and refers the remaining complaints to operating unit leadership to address and resolve.
- *Monetary Benefits and Personnel Actions:* In FY 2014, OIG's investigative team identified over \$7 million in monetary benefits, including questioned costs identified in the investigation of a NOAA grantee, financial recoveries from individuals convicted and sentenced for wrongdoing, and waste identified in salaries and bonuses paid to agency employees without sufficient work to do. During FY 2014, six personnel actions resulted from investigative work, including two suspensions, three counselling actions, and one resignation. In addition, one individual was issued a debarment letter from the Department as a result of our investigative work.

**Current OIG Resources:**

OIG has a base of 174 FTE in FY 2016, and a base funding level of \$37,185,000. This includes a \$2 million transfer from USPTO, a \$1.302 million transfer from NOAA, and a \$1.551 million

transfer from Census, which are continued for FY2016 and assumed in OIG's base funding. OIG's headquarters office is located in Washington, D.C. and field offices are located in Atlanta, Denver, and Seattle.

## INCREASE REQUEST

### Statement of Need

Because the Department continues to operate in a time of fiscal constraint, the need for OIG oversight is increasing. Program managers primarily focus on achieving their program goals, and during periods of tight budgets are significantly more likely to ignore internal controls in order to achieve those goals. Further, the Department is standing up two major multi-billion dollar programs over the next several years, the 2020 Decennial Census and FirstNet. Finally, OIG does not have the resources to provide adequate oversight of the Department's first strategic goal, Trade and Investment.

OIG has identified four areas of high risk to the Department requiring significant or enhanced oversight that cannot be funded from within OIG's base resources. OIG proposes to close some of these gaps with this budget. The gaps are:

**FirstNet.** FirstNet's efforts to use \$7 billion in spectrum sale proceeds to establish the public safety broadband network (PSBN) are an area requiring substantial OIG oversight. FirstNet has already received significant Congressional and media attention and is the subject of ongoing investigations and audit work.

**International Trade, Investment, and Export Control.** Increasing international trade and encouraging foreign direct investment are major management challenges for the Department. Both initiatives are Administration priorities that require significant funding and management attention. The success of these initiatives depends on enhanced coordination, both among the bureaus and with other federal agencies, and will require close oversight to ensure this success. However, with its base resources, OIG has been able to complete a total of two audits of ITA and BIS combined since 2007.

**Acquisitions and Contracts.** From 2012 to date, 40% of the contract obligations awarded by the Department have been high-risk obligations with limited cost restrictions unlike those associated with fixed price contracts. Within NOAA alone, 73% of contract obligations at the National Ocean Service (NOS) and 60% of those at the National Environmental Satellite, Data, and Information Services (NESDIS) are considered high-risk. In addition, over 15% of these contract obligations during this period were awarded with either no or limited competition, including 56% of those within NOS. As these conditions exist, NOAA is planning to undertake a new approach to contracting for services (Pro-Tech) requiring significant additional oversight resources.

**Census Bureau.** OIG has identified significant concerns with the Census Bureau's decennial census project management controls and schedule slippages—which, if not overseen in a timely manner, could severely limit the Bureau's ability to use innovative design alternatives to a costly

paper-based 2020 Census. The Bureau must remain on track with its own research, testing, and deployment schedule for new cost-saving methods. If it cannot successfully develop new methods, the Bureau will risk wasting billions of dollars in missed savings, as well as the cost of the failed improvements. OIG does not seek a transfer increase for FY 2016 as OIG expects that the current transfer amount of \$1,551,000 will be sufficient through FY 2016. As work on the Decennial Census ramps up in FY 2017, OIG expects that an increase in the transfer from Census may be necessary to ensure adequate oversight.

### **FY 2016 Increase Request**

For FY 2016, OIG requests an appropriation increase of \$2,858,000 and 17 FTE, of which \$1,400,000 will fund oversight of FirstNet, \$958,000 will fund increased oversight of Departmental acquisitions and contracting, and \$500,000 will fund increased oversight of international trade, investment, and export control activities. Finally, OIG requests adjustments to base of \$1,736,000 for inflationary increases to ensure that funding provided for increased OIG oversight is not consumed by the increasing cost of the current level of oversight. OIG's total request for FY 2016 is \$35,190,000 in appropriations and \$4,853,000 in transfers for a total of \$40,043,000 and 191 FTE.

### **Significant Adjustments-to-Base (ATBs)**

For adjustments to base, OIG requests an increase of 2 FTE and \$1,736,000. This increase will fund the full salaries of employees added in FY 2015, pay increases in FY 2015 and 2016, and inflationary costs including increased Departmental Working Capital Fund (WCF) assessments.

Program Budget Profile  
(Dollar amounts in thousands)

Funding Requirements	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Office of Inspector General	34,000	35,449	40,043	40,834	41,650	42,483	43,333
Total Dollars	34,000	35,449	40,043	40,834	41,650	42,483	43,333
Total FTEs	163	172	191	200	200	200	200

## SCHEDULE AND DELIVERABLES

### **Deliverables & Schedule:**

OIG's major deliverables include:

- A report on the top management challenges facing the Department – *published in November*;
- 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 OIG’s 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 OIG’s recommendations are appropriately implemented by management – *ongoing;*
- Issuance of several public investigative reports – *published throughout the year following OIG’s determination about the importance of disclosure of certain matters under investigation;*
- Evaluating and determining how to address approximately 1,200 hotline complaints in a given year—*production is ongoing throughout the year;*
- Conducting casework on over 100 criminal, civil, and administrative investigations and typically initiates and closes about 70 investigations per year—*production is ongoing throughout the year;*
- Annual risk assessment and audit plan – *October;* and
- Department training where OIG provides guidance to program management and grant recipients on implementing effective control – *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.

<b>Performance Measures</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Target</b>
Measure 1. Percent of OIG recommendations accepted by Departmental and bureau Management.	96%	96%	100%	95%
Measure 2. % of investigative cases completed within 365 days.	58%	53%	48%	70%
Measure 3. Dollar value of all financial benefits identified by OIG.	\$174.8 M	\$361.5 M	\$181.7 M	\$70.0 M

During FY 2014 and into FY 2015, OIG has attempted to close cases and reduce the number of investigations in our caseload that are older than one year. However, in the process of making this adjustment, these old cases count against our metric, and show OIG as not meeting its metric. In the coming year, OIG will plan to resolve and close old cases, and bring the agency to a new steady state, where the portion of cases over 365 days old does not exceed 30 percent.

## FY 2016 PROGRAM CHANGE SUMMARY

Program		
Change:	<b>Oversight of First Responder Network Authority (FirstNet)</b>	
Amount:	<b>\$1.4 Million</b>	FTE: <b>8</b>
Budget		
Activity:	<b>Office of Inspector General</b>	
PPA:	<b>Office of Inspector General</b>	

## PROGRAM CHANGE DESCRIPTION

OIG requests \$1.400 million, funding an additional 8 FTE, to provide oversight of the First Responder Network Authority (FirstNet).

### **Business Problem**

FirstNet, established by the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96), is responsible for the establishment, building, operation and maintenance of a nationwide public safety broadband network. In support of this effort, the National Telecommunications and Information Administration (NTIA) will operate a State and Local Implementation Grant Program (SLIGP) for states to assist state, regional, tribal, and local jurisdictions to plan and implement the most efficient and effective way for those jurisdictions to use and integrate the public safety network equipment and infrastructure. Establishing a nationwide public safety network is a challenge that will require fostering cooperation with public safety agencies, integrating ongoing public safety telecommunications projects, and creating a long-term evolution network.

FirstNet will issue contracts directly with private sector entities for the construction and operation of the network. They will also issue grants for the construction of the public safety network to those states that choose to opt out of the nationwide public safety network as proposed by FirstNet and have their alternate plan approved by the Federal Communications Commission. The \$7 billion to be available for the establishment of the public safety network will come from spectrum auction receipts. In order that FirstNet may proceed prior to receiving the receipts from spectrum auctions which may not occur for a number of years, FirstNet has borrowing authority from the Treasury of up to \$2 billion for the establishment of the public safety network and up to \$135 million for the SLIGP. FirstNet is required to recover the total expenses of operating and maintaining the public safety network and has authority to assess, collect, and spend network user fees, network capacity lease fees, and equipment and infrastructure lease fees in order to do so.

To date, FirstNet has focused on establishing an organizational structure, planning, and performing outreach with its stakeholders. However, FirstNet has already received significant Congressional scrutiny and media attention. The OIG conducted a review of the procurement and

potential conflict of interest issues that were also raised by the board member. OIG found that a) the Department's confidential and public disclosure procedures were inadequate; b) board members did not file timely public financial disclosure reports; c) board operational procedures for monitoring potential conflicts of interest need improvement; and d) contracting practices lacked transparent award competition, sufficient oversight of hiring, adequate monitoring, and procedures to prevent payment of erroneous costs.

### **Proposed Solution**

Because of FirstNet's scope, complexity, and financial magnitude, OIG requires additional resources to support its auditing efforts of this new program to ensure that the public receives the best value for its investment, and to reduce the likelihood of waste, fraud, and abuse.

To provide oversight for FirstNet, OIG will require three audit teams. One team will examine the technical aspects of the program, including FirstNet's handling of technology and equipment (vendor) selection, and the integration of four Broadband Technology Opportunities Program (BTOP) public safety projects into FirstNet. This team will later provide oversight of the actual implementation of FirstNet, including construction, maintenance, and operations of the National Public Safety Broadband Network (NPSBN). Another team will provide oversight of the FirstNet startup (e.g., hiring and establishment of internal controls), and the contract process. The third team will provide oversight to the SLIGP, outreach efforts, and the grant process. The teams will need to be supported by a lead investigator to investigate complaints made against the program office and contractors supporting the program.

OIG has experience with the Public Safety Interoperable Communications Grant Program (PSIC) and BTOP, also contained within NTIA, which are somewhat similar to FirstNet in scope and magnitude. PSIC provided over \$968 million in grants to states and territories to fund interoperable public safety communications. OIG received over \$3 million via an interagency agreement with NTIA to provide oversight for this program.

Under BTOP, a program to provide grants for deploying broadband infrastructure and increasing sustainable broadband adoption across the United States, NTIA provided over \$3.8 billion in grants to states and territories. Recognizing that the oversight requirements for such a large program were greatly in excess of what OIG could provide within its base funding, Congress provided \$10 million to OIG in no-year funding specifically for BTOP oversight.

### **Risk Assessment**

The FirstNet program is almost twice the size of BTOP, far broader in scope, substantially more complex, and far longer in term. In addition to the Congressional scrutiny and media attention this program is receiving, state and local governments and public safety officials (i.e. police and fire) are closely tracking its implementation. The breadth of this attention will increase as the program matures and significant spending begins. FirstNet includes the design of a nationally interoperable communications network; a mix of direct contracting and grants; operation, maintenance, and upgrade of the network; and establishment, collection, and spending of fees to offset operational costs. Oversight requirements to ensure successful and efficient establishment

and operation, and to avoid waste, fraud, and abuse, will be similarly greater in scope and complexity.

In order to provide adequate oversight of FirstNet without reducing the level of oversight of other competing priorities and statutory mandates, OIG requires dedicated personnel to provide consistent oversight of these expenditures. Providing adequate oversight of FirstNet within OIG's base resources would require a substantial and significant reduction in oversight of the rest of the Department; attempting to provide oversight of FirstNet without significant impact to OIG's oversight of the rest of the Department would result in much less oversight than, in the opinion of the Inspector General, is necessary for this large and complex program.

### **Base Resource Assessment**

In FY 2014 and 2015, OIG and FirstNet entered into MOUs for OIG to provide specific audit and investigative services at the request of FirstNet, for total funding of \$1,352,672 over the two-year period. However, OIG cannot perform general oversight of FirstNet via MOU; OIG receives an appropriation for general oversight and entering into an MOU for general oversight would constitute an augmentation of funds. To provide adequate oversight for FirstNet, OIG will require three teams of auditors and a lead investigator.

## SCHEDULE AND DELIVERABLES

### **Schedule & Milestones:**

This funding would provide for 6 audits and subsequent reports each year for FY 2016-2021.

### **Deliverables:**

OIG would focus its oversight on the following areas:

- Ensuring FirstNet optimizes available resources through successful outreach;
- Ensuring successful, efficient, and effective design, implementation, and operation of the FirstNet public safety network;
- Ensuring grants and contract are pursued efficiently and effectively;
- Reducing waste, fraud, and abuse in FirstNet grants and procurement; and
- Ensuring FirstNet's acquisition strategies are aligned with its resources, as well as ensuring its general program effectiveness.

Also, OIG anticipates that this large dollar value and high visibility programs will generate a number of complaints requiring follow-up. To process these complaints, OIG will maintain a formal complaint process.

**PERFORMANCE METRICS**

Performance Goal Performance Measure: # of Audits... etc.	FY 16 Target	FY 17 Target	FY 18 Target	FY 19 Target	FY 20 Target	FY 21 Target
With increase	4 audit products	6 audit products				
Without increase	0 audit products					

Performance Goal Performance Measure: \$ recovered or put to better use	FY 16 Target	FY 17 Target	FY 18 Target	FY 19 Target	FY 20 Target	FY 21 Target
With increase	\$4.0M	\$5.0M	\$5.0M	\$5.0M	\$5.0M	\$5.0M
Without increase	0	0	0	0	0	0

**PROGRAM CHANGE PERSONNEL DETAIL**

**Program Change Personnel Detail**

Program: Office of Inspector General

Subprogram: Office of Inspector General

<b>Title :</b>	<b>Location</b>	<b>Grade</b>	<b>Number of Positions</b>	<b>Annual Salary</b>	<b>Total Salaries</b>
Senior Auditor/Program Analyst	Washington DC	14	1	106,263	106,263
Telecommunications Advisor	Washington DC	14	1	106,263	106,263
Auditor	Washington DC	13	2	89,924	179,848
Program Analyst	Washington DC	13	1	89,924	89,924
Criminal Investigator	Washington DC	13	1	112,405	112,405
Auditor	Washington DC	12	1	75,621	75,621
Program Analyst	Washington DC	12	2	75,621	151,242
Auditor	Washington DC	11	2	63,091	126,182
<b>Total</b>			<u>11</u>		<u>947,748</u>
less Lapse		25%	<u>3</u>		<u>(236,937)</u>
Total full-time permanent (FTE)			8		710,811
2015 Pay Raise of 1.0%					7,108
2016 Pay Raise of 1.3%					9,241
<b>Total</b>					<u>727,160</u>

**Personnel Data**

Full-Time Equivalent Employment:

Full-time permanent

Other than full-time permanent

Total

**Number**

8

0

8

Authorized Positions:

Full-time permanent

Other than full-time permanent

Total

11

0

11

**Program Change Detail by Object Class**

Activity: Office of Inspector General

Subactivity: Office of Inspector General

		<b>FY 2016</b>
<b>Object Class</b>		<b>Change (\$000)</b>
11	Personnel compensation	
11.1	Full-time permanent	\$727
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	7
11.9	Total personnel compensation	<u>734</u>
12	Civilian personnel benefits	189
21	Travel and transportation of persons	66
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	22
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	166
25.3	Purchases of goods & services from Gov't accounts	165
26	Supplies and materials	3
31	Equipment	<u>55</u>
99	Total obligations	<u>1,400</u>

## FY 2016 PROGRAM CHANGE SUMMARY

Program  
 Change: Oversight of International Trade, Investment, and Export Control Activities

Amount: \$0.5 Million FTE: 3

Budget  
 Activity: Office of Inspector General

PPA: Office of Inspector General

## PROGRAM CHANGE DESCRIPTION

OIG requests an increase of \$500,000 and 3 FTE to provide increased oversight of Departmental international trade, investment, and export control activities.

### **Business Problem**

The Department of Commerce lists increasing trade and investment as its first priority goal in its new strategic plan. The Department provides leadership for the National Export Initiative, and seeks to increase opportunities for U.S. companies by opening markets globally; increase U.S. exports by broadening and deepening the U.S. exporter base, increase high-impact inward foreign direct investment in the United States, and to strengthen fair competition in international trade for U.S. firms and workers by addressing and resolving foreign unfair trade practices and enforcing international trade agreements. International trade policy and export promotion are at the center of the Administration's strategy to recover from the global economic downturn.

The Department of Commerce plans to devote approximately \$618 million (or about 7 percent of its requested FY 2015 budget) to fund direct international programs and activities. Most of this is represented by the budgets of the International Trade Administration (ITA) and Bureau of Industry and Security (BIS). Furthermore, every Commerce bureau operates international programs or engages in various international activities to some extent, including:

- formulating international policy, goals and strategy, and negotiating agreements;
- representing the United States in bilateral, regional, and multilateral forums;
- managing international cooperation and exchanges;
- promoting U.S. exports and commercial representation abroad;
- combating unfair trade practices;
- regulating trade and investment;
- collecting, analyzing, and disseminating international trade and investment data;
- promoting the international competitiveness of U.S. firms and communities;
- mitigating the negative effects of international trade on U.S. firms and communities;
- developing, maintaining and promoting U.S. product standards; and
- enforcing international law under U.S. treaty obligations.

### **Statement of Need and Economic Benefits – Cost/Benefit Analysis**

OIG requests additional resources to oversee the highly complex, and vital functions performed by the Department in the area of international trade and export control. From FY 2008 to FY 2014, investments in OIG's work have returned in excess of \$4.79 per dollar spent. Any return on investment with respect to international trade and export control would be significant and more than pay for this program change in increased tax revenues resulting from increased exports. For example, in March 2014, the U.S. exported \$193.9 billion in goods and services. If OIG audits lead to improvements in the regulatory processes involved in international trade by even .01 percent, the impact would be over \$19 million of increased exports a month.

### **Risk Assessment**

Increasing international trade and encouraging foreign direct investment represent major management challenges for the Department. Both initiatives are Administration priorities that require significant funding and management attention. The success of these initiatives depends on enhanced coordination, both among the bureaus and with other federal agencies. Similarly, any reorganization or consolidation of the federal agencies involved in trade and export promotion likely would require wholesale changes in the way Commerce is organized and how it functions.

### **Base Resources Assessment**

This work represents an area of expansion in OIG's audit process. Given resource constraints and competing demands, OIG initiated and completed one program audit on ITA<sup>1</sup> since 2007. Based on two Congressional requests, OIG recently completed an audit reviewing BIS progress on the export control reform initiative, and initiated an audit of ITA's recent consolidation. OIG's recent budget increases for oversight of USPTO, Census, and NOAA satellite activities have come in the form of directed transfers for specific areas of oversight, and are not available for oversight of international trade, investment, and export control. Nor do the recent budget increases free up funding for other oversight activities, because prior to receiving them OIG's budget was sufficient only to provide statutorily-mandated activities, criminal investigations, and audits specifically requested by Congress or Departmental leadership.

## SCHEDULE AND DELIVERABLES

### **Schedule & Milestones:**

This funding would provide for one additional audit annually.

### **Deliverables:**

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

- Ensuring that the Department's export-promotion strategy maximizes scarce resources.
- Improving intra-agency and interagency coordination on international trade issues.

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<sup>1</sup> U.S. Export Assistance Centers Could Improve Their Delivery of Client Services and Cost Recovery Efforts, issued 11/30/2012.

- Ensuring program effectiveness, such as evaluating and refining the Department’s strategy for promoting foreign direct investment in the United States. (Invest in America initiative).
- Assessing trade enforcement and trade compliance systems and processes.

**PERFORMANCE METRICS**

Performance Measure: Number of audits issued:	FY 16 Target	FY 17 Target	FY 18 Target	FY 19 Target	FY 20 Target	FY 21 Target
With increase	1	2	1	2	1	2
Without increase	0	1	0	1	0	1

Performance Measure: Dollar Value of Financial Benefits Identified by OIG (\$ in millions)	FY 16 Target	FY 17 Target	FY 18 Target	FY 19 Target	FY 20 Target	FY 21 Target
With increase	\$1.5	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Without increase	\$0	\$0	\$0	\$0	\$0	\$0

**PROGRAM CHANGE PERSONNEL DETAIL**

**Program Change Personnel Detail**

Program: Office of Inspector

General

Subprogram: Office of Inspector General

<b>Title:</b>	<b>Location</b>	<b>Grade</b>	<b>Number of Positions</b>	<b>Annual Salary</b>	<b>Total Salaries</b>
Auditor/Program Analyst	Washington DC	13	1	89,924	89,924
Auditor/Program Analyst	Washington DC	12	1	75,621	75,621
Data Analytics Specialist	Washington DC	12	1	75,621	75,621
Auditor/Program Analyst	Washington DC	11	1	63,091	63,091
<b>Total</b>			<u>4</u>		<u>304,257</u>
less Lapse		25%	<u>1</u>		<u>(76,064)</u>
Total full-time permanent (FTE)			3		228,193
2015 Pay Raise of 1.0%					2,282
2016 Pay Raise of 1.3%					2,967
<b>Total</b>					<u>233,441</u>

**Personnel Data**

	<b>Number</b>
Full-Time Equivalent Employment	
Full-time permanent	3
Other than full-time permanent	0
<b>Total</b>	<u>3</u>

Authorized Positions:

Full-time permanent	4
Other than full-time permanent	0
<b>Total</b>	<u>4</u>

**PROGRAM CHANGE DETAIL BY OBJECT CLASS**

**Program Change Detail by Object Class**

Activity: Office of Inspector General

Subactivity: Office of Inspector General

<b>Object Class</b>	<b>FY 2016 Change (\$000)</b>
11 Personnel compensation	
11.1 Full-time permanent	\$233
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	2
11.9 Total personnel compensation	<u>235</u>
12 Civilian personnel benefits	61
21 Travel and transportation of persons	24
22 Transportation of things	0
23.1 Rental payments to GSA	16
23.2 Rental Payments to others	0
23.3 Communications, utilities and miscellaneous charges	8
24 Printing and reproduction	0
25.1 Advisory and assistance services	0
25.2 Other services	78
25.3 Purchases of goods & services from Gov't accounts	67
26 Supplies and materials	1
31 Equipment	10
99 Total obligations	<u>500</u>

## FY 2016 PROGRAM CHANGE SUMMARY

Program  
 Change: **Increased Oversight of Departmental Acquisitions and Contracting**

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Amount: **\$1.0 Million** FTE: **6**

Budget  
 Activity: **Office of Inspector General**

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PPA: **Office of Inspector General**

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## PROGRAM CHANGE DESCRIPTION

OIG requests a program increase of \$958,000 and 6 FTE to provide increased oversight of Departmental acquisitions and contracting. With this increase OIG expects to achieve financial benefits of \$80 million in FY 2016 of funds recovered or put to better use, increasing to \$140 million by FY 2020.

### **Business Problem:**

From 2012 to date, 40% of the contract obligations awarded by the Department have been high- risk obligations with limited cost restrictions, unlike those associated with fixed price contracts. Within NOAA alone, 73% of contract obligations at the National Ocean Service (NOS) and 60% of those at the National Environmental Satellite, Data, and Information Service are considered high-risk. In addition, over 15% of these contract obligations during this period were awarded with either no or limited competition, including 56% of those within NOS. In this contracting environment, NOAA is planning to undertake a new approach to contracting for services (Pro-Tech) requiring additional oversight resources. OIG's staffing approach will focus OIG professionals on high risk contracts, uncompleted contracts and NOAA's Pro-Tech initiative to address responsible spending. This approach will improve on OIG's ability to provide oversight to multiple Department acquisition initiatives by allowing OIG to maintain multiple ongoing audits.

### **Statement of Need and Economic Benefits – Cost Benefit Analysis**

Recommendations from OIG's recent acquisition audits have identified business process improvements that will result in several hundred million dollars in funds put to better use upon implementation. OIG identified these improvements using an approach that can be repeated with additional resources focused on the Department's contract acquisitions, which represent 25% of DOC's annual budget.

### **Risk Assessment**

A sizeable number of the Department's acquisitions for services are considered to be high-risk because they are designed to reimburse contractors for their total costs, thereby often disincentivizing contractors from controlling costs. While this approach is necessary in certain instances, OIG's audits have shown that inattention to planning and implementation has exposed the Department to unnecessary risks that can be mitigated with improved controls. Increases in

the value of services and the growing complexity of federal acquisition vehicles only increase the risks associated with contract spending.

### Base Resources Assessment

Of the approximately 90 professional staff in OAE, seven auditors assigned to acquisition audits. Two of these auditors are managers (1 GS-15 and 1 GS-14), leaving 5 full-time staff fully assigned to acquisition audits. With additional resources, OIG will stand up an additional team of auditors. This approach will more closely align OIG resources with Department resources dedicated to acquisition issues.

## SCHEDULE AND DELIVERABLES

### Schedule & Milestones:

Additional OIG acquisition audit assignments through FY 2018 would include the following:

- FY 2016
  - NOAA Pro-Tech acquisition planning
  - Surveillance of Joint Polar Satellite System (JPSS) contract documentation
- FY 2017
  - Implementation and surveillance of NOAA's Pro-Tech contract vehicle
  - National Weather Service implementation of contracts for modernization of Advanced Weather Interactive Processing System
- FY 2018
  - JPSS post-launch contract implementation and monitoring
  - Small-business set-asides or sole source procurement practices

### Deliverables:

- Major project deliverables and outputs

## PERFORMANCE METRICS

Performance Goal Performance Measure: (# of Audits)	FY 16 Target	FY 17 Target	FY 18 Target	FY 19 Target	FY 20 Target	FY 21 Target
With increase	2	2	3	3	3	3
Without increase	1	1	1	1	1	1

Performance Goal Performance Measure: (monetary benefits: \$ recovered or put to better use)	FY 16 Target	FY 17 Target	FY 18 Target	FY 19 Target	FY 20 Target	FY 21 Target
With increase	\$80M	\$100M	\$120M	\$120M	\$140M	\$140M
Without increase	\$40M	\$50M	\$60M	\$60M	\$70M	\$70M

**PROGRAM CHANGE PERSONNEL DETAIL**

**Program Change Personnel Detail**

Program: Office of Inspector General

Subprogram: Office of Inspector General

<b>Title:</b>	<b>Location</b>	<b>Grade</b>	<b>Number of Positions</b>	<b>Annual Salary</b>	<b>Total Salaries</b>
Lead Auditor-Acquisitions	Washington DC	13	2	89,924	179,848
Auditor-Acquisitions	Washington DC	12	1	75,621	75,621
Data Analytics Specialist	Washington DC	12	1	75,621	75,621
Auditor-Acquisitions	Washington DC	11	2	63,091	126,182
Auditor-Acquisitions	Washington DC	9	2	52,146	104,292
Total			8		561,564
less Lapse		25%	2		(140,391)
Total full-time permanent (FTE)			6		421,173
2015 Pay Raise of 1.0%					4,212
2016 Pay Raise of 1.3%					5,475
Total					430,860

**Personnel Data**

	<b>Number</b>
Full-Time Equivalent Employment	
Full-time permanent	6
Other than full-time permanent	0
Total	6
Authorized Positions:	
Full-time permanent	8
Other than full-time permanent	0
Total	8

**Program Change Detail by Object Class**

Activity: Office of Inspector General

Subactivity: Office of Inspector General

<b>Object Class</b>		<b>FY 2016 Change (\$000)</b>
11	Personnel compensation	
11.1	Full-time permanent	\$431
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	4
11.9	Total personnel compensation	435
12	Civilian personnel benefits	113
21	Travel and transportation of persons	48
22	Transportation of things	0
23.1	Rental payments to GSA	32
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	16
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	152
25.3	Purchases of goods & services from Gov't accounts	120
26	Supplies and materials	2
31	Equipment	40
99	Total obligations	958

**Summary of Program Change Object Class Totals**

Program: Office of Inspector General

Subprogram: Office of Inspector General

		<b>FY 2016</b>
<b>Object Class</b>		<b>Change (\$000)</b>
11	Personnel compensation	
11.1	Full-time permanent	1,391
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	13
11.9	Total personnel compensation	1,404
12	Civilian personnel benefits	363
21	Travel and transportation of persons	138
22	Transportation of things	0
23.1	Rental payments to GSA	48
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	46
24	Printing and reproduction	0
25.1	Advisory and assistance services	0
25.2	Other services	396
25.3	Purchases of goods & services from Gov't accounts	352
26	Supplies and materials	6
31	Equipment	105
99	Total obligations	2,858

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

<b>Object Class</b>	2014 Actual	2015 Enacted	2016 Base	2016 Estimate	Increase/ (Decrease) Over 2016 Base
11.0 Personnel compensation	\$15,677	21,680	19,918	21,309	1,391
11.1 Full-time permanent- non wage	0	0	0	0	0
11.3 Other than full-time permanent	122	122	122	122	0
11.5 Other personnel compensation	561	601	559	572	13
11.9 Total personnel compensation	16,360	22,403	20,599	22,003	1,404
12.1 Civilian personnel benefits	4,975	6,585	5,703	6,066	363
13.0 Benefits to former personnel	0	50	0	0	0
21.0 Travel and transportation of persons	302	382	392	530	138
22.0 Transportation of things	7	7	7	7	0
23.1 Rental payments to GSA	1,927	2,121	2,121	2,169	48
23.2 Rental payments to others	0	0	0	0	0
23.3 Commun., util., misc. charges	661	705	427	473	46
24.0 Printing and reproduction	31	31	31	31	0
25.1 Consultant services	0	0	0	0	0
25.2 Other services	3,252	4,287	3,304	3,700	396
25.3 Purchase of goods and services from gov't accounts	3,330	4,305	4,303	4,655	352
26.0 Supplies and materials	163	183	68	74	6
31.0 Equipment	1,396	1,418	230	335	105
42.0 Insurance Claims and Indemnities	0	0	0	0	0
<b>99.0 Total Direct Obligations</b>	<b>32,404</b>	<b>42,477</b>	<b>37,185</b>	<b>40,043</b>	<b>2,858</b>
Less prior-year recoveries	0	0	0	0	0
Less Transfers	(4,000)	(4,853)	(4,853)	(4,853)	0
Less unobligated balance from prior years	(7,478)	(7,028)	0	0	0
Plus unobligated balance, expiring	1,023	0	0	0	0
Plus unobligated balance, end of year	8,051	0	0	0	0
<b>Total Appropriation</b>	<b>30,000</b>	<b>30,596</b>	<b>32,332</b>	<b>35,190</b>	<b>2,858</b>
<b>Personnel Data</b>					
Full-Time Equivalent Employment:					
Full-time permanent	139	172	174	191	17
Other than full-time permanent	0	0	0	0	0
Total	139	172	174	191	17
Authorized Positions:					
Full-time permanent	169	177	177	200	23
Other than full-time permanent	0	0	0	0	0
Total	169	177	177	200	23

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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, \$35,190,000.

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**

**ADVISORY AND ASSISTANCE SERVICES**  
(Obligations in thousands)

	2014 Actual	2015 Estimate	2016 Estimate
Consultant Services.....	\$0	\$0	\$0
Management and professional services .....	0	0	0
Special studies and analyses.....	0	0	0
Mgmt & support services for research & development	<u>0</u>	<u>0</u>	<u>0</u>
Total .....	\$0	\$0	\$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 SERVICES**  
(Obligations in thousands)

	2014 Actual	2015 Estimate	2016 Estimate
Periodicals.....	\$ 31	\$31	\$31
Pamphlets.....	0	0	0
Audiovisuals .....	0	0	0
<b>Total</b>	<b>\$ 36</b>	<b>\$36</b>	<b>\$36</b>

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**Department of Commerce  
Office of Inspector General**

**Salaries and Expenses**

**AVERAGE GRADE AND SALARIES**

	2014 Enacted	2015 Estimate	2016 Estimate
Direct:	NA	NA	NA
Average SES Grade*	NA	NA	NA
Average GS/GM Grade	13	13	13
Average GS/GM Salary	\$90,528	\$109,858	\$107,746

\*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 2016:

OIG FY 2016 Request to Department of Commerce: \$39,942,000

OIG FY 2016 Congressional Request: \$40,043,000

Dollar amounts in thousands					
	2014 Actual	2015 Enacted	2016 Base	2016 Estimate	Increase/ (Decrease)
	BA	BA	BA	BA	BA
Aggregate Funding	34,000	35,449	37,185	40,043	2,858
OIG Funding	34,000	35,449	37,185	40,043	2,858

Amounts provided for training and for support of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) are as follows:

Dollar amounts in thousands					
	2014 Actual	2015 Enacted	FY 2016 Base	FY 2016 Estimate	Increase/ (Decrease)
Training	295	298	301	352	51
Amounts for support of CIGIE	27	423	423	108	(315)

OIG certifies that the training amount for FY 2016 listed above represents the total training requirement for OIG.

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## **FY 2016 Annual Performance Plan / FY 2014 Annual Performance Report**

### *Office of Inspector General*

#### **Part 1: Agency and Mission Information**

##### Section 1.1: Overview

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 Office of Inspector General (OIG) promotes compliance by the Department's employees and others managing federal resources with applicable laws and regulations, and actively works to prevent fraud, waste, and abuse in program operations. The OIG monitors and tracks the use of taxpayer dollars in federally-funded programs with its purpose being to keep Departmental officials and Congress informed about issues, problems, and deficiencies relating to the administration of programs and operations and the need for corrective action. OIG has a headquarters office located in Washington, D.C. and field offices located in Atlanta, Denver, and Seattle.

OIG has a base of 174 FTE in FY 2016.

##### Section 1.2: Mission 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.

##### Section 1.3: Vision and Values

OIG's vision is to be recognized for our contribution to improved Commerce performance.

- We work as a seamless, integrated team delivering valuable products to serve the public and to support decision-makers in the Department, OMB, and Congress.
- We are an integral and trusted broker to our stakeholders.
- We are catalysts for positive change throughout the Department.
- We are fully staffed and have the resources to get the job done.
- We have a diverse, competent, enthusiastic, and productive workforce and a cadre of effective managers at every level of the organization.
- We have credible risk assessment processes that drive strategic and operational plans, priorities, and programs.
- We have efficient, effective processes and a state-of-the-art infrastructure.
- We have performance metrics that drive high performance and accountability.

#### **Core Values:**

##### *Integrity*

- We are honest, ethical, and objective.
- We hold ourselves to high standards and are willing to take tough stands.
- We honor our commitments to each other and our stakeholders.

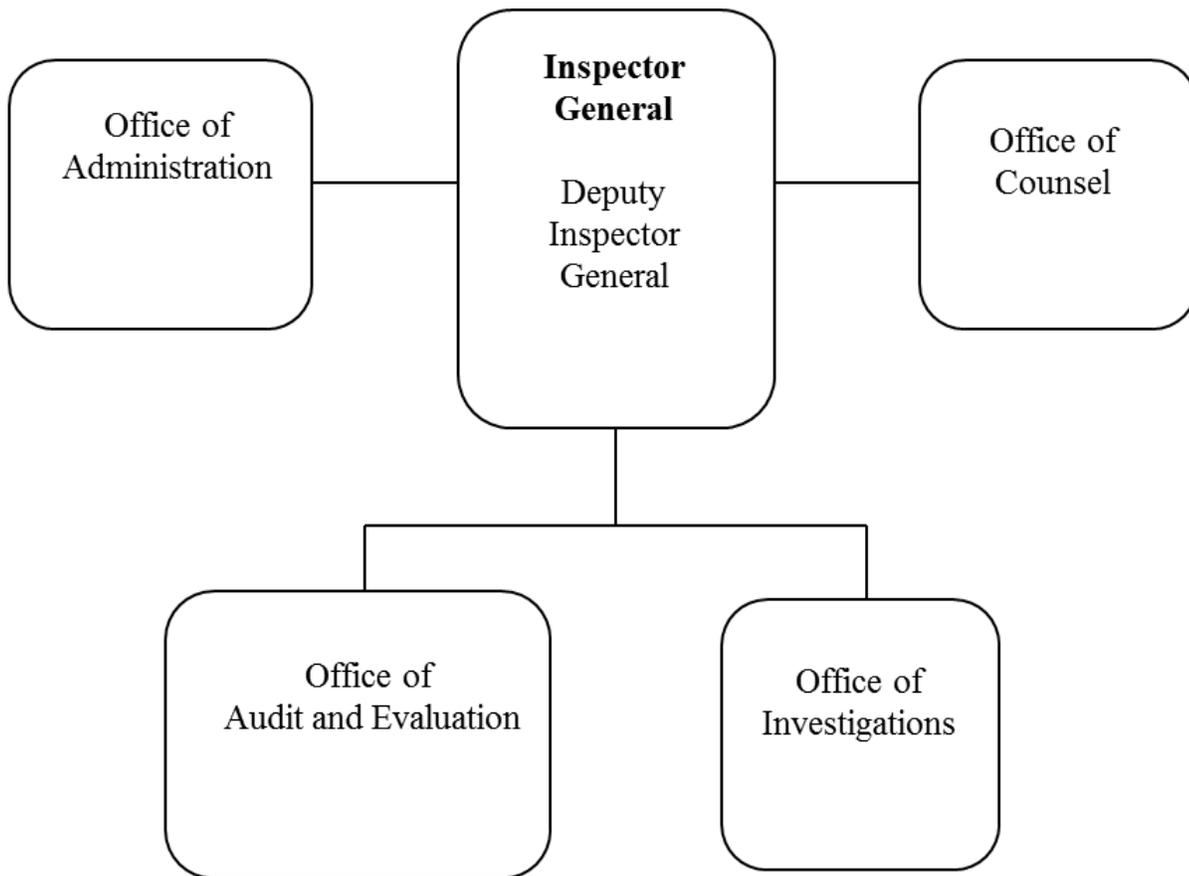
**Excellence**

- We are forward-looking and seize opportunities to improve Commerce performance
- We deliver timely, relevant, and high-impact products and services.
- We encourage risk-taking that leads to new ideas and innovative solutions.

**Accountability**

- We operate as independent, transparent, and trusted brokers serving our stakeholders.
- We are passionate about delivering results that drive positive change.
- We are trustworthy and can be counted on to do what we say.

Section 1.4: Organizational Structure



**Part 2: Cross-Agency Priority Goals**

Section 2.1: Overview

OIG is not a leader of or a participant in any Departmental Cross-Agency Priority Goals.

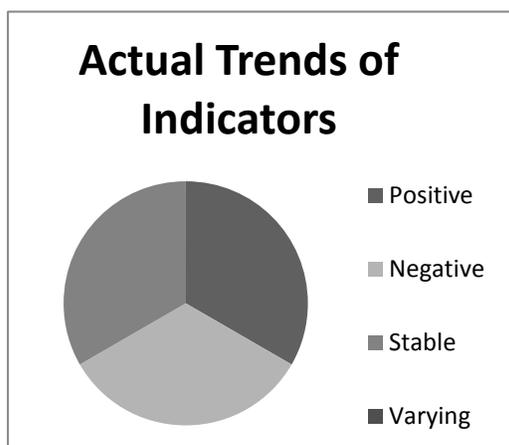
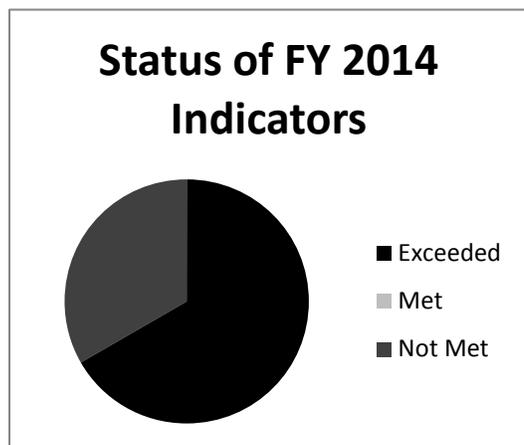
**Part 3: Strategic Goals and Objectives**

Goal	Objective Number	Objective Name	Leader
Operational Excellence	5.1	Strengthen organizational capabilities to drive customer-focused, outcomes-driven mission performance.	Office of Secretary; all bureaus contribute.

*Section 3.2: Strategies for Objectives*

OIG’s strategy for contributing to the Department’s goal of operational excellence and its objective of strengthening organizational capabilities to drive customer focused, outcome driven mission performance consists 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.

Many improvements to Commerce operations and programs come through recommendations made in various OIG work products. OIG measures its effectiveness by tracking the extent to which it offers useful, practical recommendations for improvements. OIG measures the usefulness and practicality of its recommendations by tracking the extent to which they are accepted by Commerce management.



Another key measure of the value of OIG’s work is its dollar return on investment. It measures this by tracking financial benefits, which include: (1) questioned costs agreed to by management, (2) funds put to better use, and (3) administrative, civil, and criminal recoveries.

OIG’s contribution in combatting fraud, waste, abuse, and mismanagement requires that its cases be

completed in a timely manner so that the results are useful to Departmental managers. OIG measure this by tracking the mean and median number of days it takes to complete a case, with the goal of completing investigative cases within 365 days.

*Section 3.3: Progress Update for Strategic Objectives*

OIG provides 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.

OIG’s accomplishments in FY 2014 include auditing the Department’s financial statements, completing 13 performance audits, beginning 17 new audits, and issuing five public investigative reports. OIG’s completed audit reports may be found at <http://www.oig.doc.gov/Pages/Audits-Evaluations.aspx>. Announcements of OIG’s new audits may be found at <http://www.oig.doc.gov/Pages/Audits-Initiated.aspx>. OIG’s investigative reports may be found at <http://www.oig.doc.gov/Pages/Investigations.aspx>.

Section 3.4: Next Steps

OIG plans to improve its progress on strengthening organizational capabilities to drive customer-focused, outcomes-driven mission performance by improving oversight in areas that do not currently receive adequate oversight. To do this, OIG requests \$500,000 and 3 FTE to provide oversight of Departmental international trade, investment, and export control activities. Increasing international trade and encouraging foreign direct investment major management challenges for the Department. Both initiatives are Administration priorities that require significant funding and management attention. The success of these initiatives depends on enhanced coordination, both among the bureaus and with other federal agencies. With these resources, OIG expects to identify \$2 million per year in financial benefits.

OIG requests an increase of \$958,000 and 6 FTE to provide increased oversight of Departmental acquisitions and contracting. Focusing on high-risk contracts with limited cost restrictions, with these resources OIG expects to identify an additional \$80 million in financial benefits in FY 2016, increasing to \$100 million annually in FY 2017 and beyond.

**Part 4 Performance Goals / Indicators**Section 4.1: Summary of Performance

Status is based on the following standard:

Exceeded	More than 100 percent of target
Met	90 - 100 percent of target
Not Met	Below 90 percent of target

An indicator with a positive trend is one in which performance is improving over time while a negative trend is an indicator that has declining performance. A stable trend is one in which the goal is to maintain a standard, and that is occurring. A varying trend is one in which the data fluctuates too much to indicate a trend. At a minimum these indicators must have three years of data.

Section 4.2: Summary of Indicator Performance

Objective 5.1: Strengthen organizational capabilities to drive customer-focused, outcomes-driven mission performance.

<b>Indicator</b>	<b>Target</b>	<b>Actual</b>	<b>Status</b>	<b>Trend</b>
Percent of OIG recommendations accepted by Departmental and bureau management	95%	100%	Exceeded	Stable
Dollar value of financial benefits identified by OIG (millions)	\$70	\$181.7	Exceeded	Positive
% of investigative cases completed within 365 days	70%	48%	Not Met	Negative

Section 4.3      Detailed Indicator Plans and Performance

Objective 5.1: Strengthen organizational capabilities to drive customer-focused, outcomes-driven mission performance.

Indicator	Percent of OIG recommendations accepted by Departmental and bureau management (OIG)							
Description	Many 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.							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	90%	90%	90%	90%	95%	95%	95%	95%
Actual	97%	100%	94%	96%	96%	100%		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	12 years of data, trendline indicates performance is stable.							
Adjustments to targets	Reporting implementation rate of recommendations issued 3 years prior.							
Notes	Unresolved recommendations from reports issued in the 4 <sup>th</sup> Q of FY 2014 are excluded because bureaus have 60 days after issuance of a final report to submit a corrective action plan, which must be approved by OIG.							
<b>Validation and Verification</b>								
Data Source	OIG audit and inspection process							
Frequency	As conducted							
Data Storage	OIG files							
Internal Control Procedures	OIG review							
Data Limitations	None							
Actions to be Taken	Continue collecting data							

Indicator	Dollar value of financial benefits identified by OIG (millions)							
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.							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	\$30	\$30	\$30	\$30	\$30	\$70	\$70	\$70
Actual	\$126.9	\$47.8	\$33.5	\$175.8	\$361.5	\$181.7		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	12 years of data, trendline indicates performance is positive.							
Adjustments to targets	The target has been adjusted for FY 2014 and FY 2015 to reflect OMB's preference that targets be more aggressive rather than easily attainable.							
<b>Validation and Verification</b>								
Data Source	OIG audit and inspection process							
Frequency	As conducted							
Data Storage	OIG files							
Internal Control Procedures	OIG review							
Data Limitations	None							
Actions to be Taken	Continue collecting data							

<b>Indicator</b>		<b>% of investigative cases completed within 365 days (OIG)</b>						
Description		Mean and median number of days it took Office of Investigations to complete a case.						
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	N/A	N/A	N/A	70%	70%	70%	70%	70%
Actual (See explanation below)	N/A	N/A	N/A	58%	53%	48%		
Status	N/A	N/A	N/A	Not Met	Not Met	Not Met		
Trend	Varying							
Explanation (if not met in FY 2014)	During FY 2014 and into FY 2015, OIG has attempted to close cases and reduce the number of investigations in our caseload that are older than one year. However, in the process of making this adjustment, these old cases count against our metric, and show OIG as not meeting its metric. In the coming year, OIG will plan to resolve and close old cases, and bring the agency to a new steady state, where the portion of cases over 365 days old does not exceed 30 percent.							
<b>Validation and Verification</b>								
Data Source	OIG audit and inspection process							
Frequency	As conducted							
Data Storage	OIG files							
Internal Control Procedures	OIG review							
Data Limitations	OIG is implementing a new case management system for investigations, which does not yet have any analytics or reporting functionality. As a result, all data included in this table should be considered estimates.							
Actions to be Taken	Complete implementation of new case management system; resolve and close old cases; replace estimates with actuals.							

**Part 5: Other Indicators**

None

**Part 6: Agency Priority Goals**

None

**Part 7: Resource Requirements Table**

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Base	Increase / Decrease	FY 2016 Request
<b>Total Funding</b>										
Direct	27,285	31,137	33,580	31,040	30,199	32,404	35,449	37,185	2,858	40,043
Reimbursable	838	5,108	4,165	3,661	1,775	3,181	4,500	4,500	0	4,500
Total	28,123	36,245	37,745	34,701	31,974	35,585	39,949	41,685	2,858	44,543
<b>Total FTE</b>										
Direct	112	155	172	169	137	139	172	174	17	191
Reimbursable	3	6	4	0	1	1	1	1	0	1
Total	115	161	176	169	138	140	173	175	17	192

## **Part 8: Other Information**

### **Section 8.1: Major Management Priorities, Challenges, and Risks**

OIG's priorities continue to be: providing statutorily-mandated oversight, pursuing criminal investigations and whistleblower allegations; work requested by Congress and Departmental leadership; and oversight of the Department's top management challenges.

OIG's focus on these top management challenges support each of the Department's strategic goals:

- Trade and Investment – Expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs;
- Innovation – Foster a more innovative U.S. economy – one that is better at inventing, improving, and commercializing products and technologies that lead to higher productivity and competitiveness;
- Environment – Ensure communities and businesses have the necessary information, products, and services to prepare for and prosper in a changing environment;
- Data – Improve government, business, and community decisions and knowledge by transforming Department data capabilities and supporting a data-enabled economy; and
- Operational Excellence – Deliver better services, solutions and outcomes that benefit the American people.

### **Section 8.2: Cross-Agency Collaborations**

OIG has maintained a strong association with the Council of Inspectors General for Integrity and Efficiency (CIGIE). CIGIE was established as an independent entity by the Inspector General Reform Act of 2008 to address integrity, economy, and effectiveness issues that transcend individual government agencies; 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. CIGIE is comprised of all Inspectors General whose offices are established under section 2 or section 8G of the Inspector General Act of 1978 (5 U.S.C. App.), those that are Presidentially appointed/Senate confirmed, and those that are appointed by agency heads (designated federal entities). OIG sits on the CIGIE committees for Information Technology and for Investigations, and participates in a government-wide audit of cloud computing services.

### **Section 8.3: Evidence Building**

Program evaluations for FY 2016 – OIG will monitor and evaluate its oversight of the First Responder Network Authority (FirstNet) to ensure adequacy of resources. For FY 2016 OIG requests a program increase of \$1.4 million to provide independent oversight of FirstNet. OIG expects to issue four additional audit reports in FY 2016, increasing to six additional audit reports annually in FY 2017. Potential reviews in the following areas would support the Department's mission:

- Ensuring FirstNet optimizes available resources through successful outreach;
- Ensuring successful, efficient, and effective design, implementation, and operation of the FirstNet public safety network;
- Ensuring grants and contract are pursued efficiently and effectively;
- Reducing waste, fraud, and abuse in FirstNet grants and procurement; and
- Ensuring FirstNet's acquisition strategies are aligned to its resources, and ensuring general program effectiveness.

OIG also requests a program increase of \$500,000 and 3 FTE for oversight of international trade, investment, and export control activities. OIG expects to issue three additional audit reports every two years, beginning in FY 2016. Potential reviews in the following areas would support the Department's mission:

- Ensuring that the Department's export-promotion strategy maximizes scarce resources; and
- Improving intra-agency and interagency coordination on international trade issues.

OIG also requests a program increase of \$958,000 and 6 FTE to provide increased oversight of Departmental acquisition and contracting. OIG expects to issue two additional audit reports annually beginning in FY 2016, increasing to three additional reports annually by FY 2018. Potential OIG reviews of the following areas in FY 2016 would support the Department's mission:

- NOAA Pro-Tech acquisition planning; and
- Surveillance of Joint Polar Satellite System contract documentation.

OIG also evaluates the effectiveness of its own programs and processes through A-123 internal control reviews and peer reviews of OIG's audit and investigative functions.

*Section 8.4: Hyperlinks*

None.

*Section 8.5: Data Validation and Verification*

The FY 2014 Summary of Performance includes in the Secretary's Statement an assessment of the reliability and completeness of the Department's performance data.

*Section 8.6: Lower-Priority Program Activities*

Lower-priority programs for FY 2016 can be found in the *Cuts, Consolidations and Savings* volume of the President's Budget, available at: <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/css.pdf>.