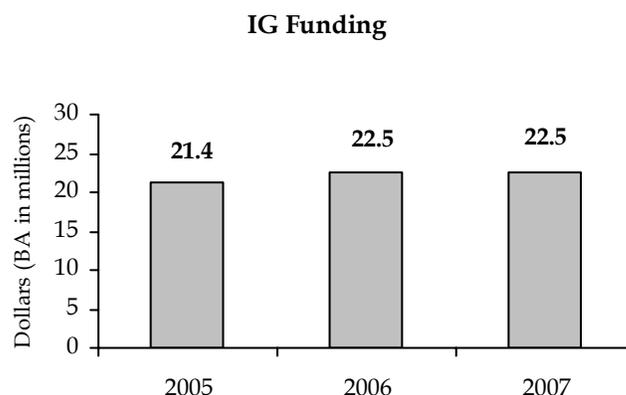


## Office of the Inspector General

Public officials and others entrusted with public resources are responsible for applying those resources economically, efficiently, and effectively to achieve established goals. The Office of the Inspector General (OIG) ensures government employees and others managing federal resources comply with applicable laws and regulations and actively work to prevent fraud, waste, and abuse in program operations. Through audits, inspections, evaluations, and investigations, OIG monitors and tracks the use of taxpayer dollars in federally funded programs. OIG's purpose is to keep the heads of the various Commerce units, the Office of the Secretary, and Congress fully and currently informed about issues, problems and deficiencies relating to the administration of programs and operations and the need for corrective action.



The audit function involves performance and financial audits and attestation engagements. Performance audits address the efficiency, effectiveness, and economy of the Department's programs, activities and information technology systems. Financial audits focus on compliance with generally accepted accounting principles, internal controls set forth by OMB, and financial laws and regulations. Attestation engagements utilize agreed-upon procedures to examine and report results on a particular subject matter. Inspections are designed to give agency managers timely and useful information about operations, including current and foreseeable problems. Program evaluations are in-depth reviews of specific management issues, policies, or programs, while systems evaluations focus on system development, acquisitions, operations, and policy of computer systems and other technologies. The investigative function focuses on alleged or suspected improper and illegal activities involving employees, contractors, recipients of financial assistance, and others responsible for handling Federal resources. OIG concentrates on programs and operations that have the greatest potential for identifying fraud, recovering funds, precluding unnecessary outlays, and improving management.

## Summary of Appropriations

### Funding Levels

|                      | 2005<br><u>Actual</u> | 2006<br><u>Estimate</u> | 2007<br><u>Estimate</u> | Increase<br>(Decrease) |
|----------------------|-----------------------|-------------------------|-------------------------|------------------------|
| <b>Appropriation</b> |                       |                         |                         |                        |
| Inspector General    | \$21,371              | \$22,467                | \$22,531                | \$64                   |
| <b>FTE</b>           |                       |                         |                         |                        |
| Inspector General    | 115                   | 138                     | 138                     | 0                      |

## Highlights of Budget Changes

### Appropriation: Office of the Inspector General

#### Summary of Requirements

|   | <u>Detailed</u> |               | <u>Summary</u> |                 |
|---|-----------------|---------------|----------------|-----------------|
|   | <u>FTE</u>      | <u>Amount</u> | <u>FTE</u>     | <u>Amount</u>   |
| <b>2006 Appropriation</b>                         |                 |               | 138            | \$22,467        |
| <b>Adjustments to Base</b>                        |                 |               |                |                 |
| <b><u>Other Changes</u></b>                       |                 |               |                |                 |
| 2006 Pay raise                                    |                 | \$91          |                |                 |
| 2007 Pay raise                                    |                 | 274           |                |                 |
| Payment to the Working Capital Fund               |                 | 11            |                |                 |
| Civil Service Retirement System (CSRS)            |                 | (60)          |                |                 |
| Federal Employees' Retirement System (FERS)       |                 | 145           |                |                 |
| Thrift Savings Plan                               |                 | (205)         |                |                 |
| Federal Insurance Contributions Act (FICA) -OASDI |                 | 25            |                |                 |
| Health insurance                                  |                 | 81            |                |                 |
| Employees' Compensation Fund                      |                 | 40            |                |                 |
| Travel:   |                 |               |                |                 |
| Per Diem  |                 | 3             |                |                 |
| Mileage   |                 | 3             |                |                 |
| Rent payments to GSA                              |                 | 20            |                |                 |
| Other services:                                   |                 |               |                |                 |
| Working Capital Fund                              |                 | 149           |                |                 |
| GPO Printing                                      |                 | 1             |                |                 |
| Communications, Utilities, & misc.                |                 | 2             |                |                 |
| Other services                                    |                 | 14            |                |                 |
| Supplies and materials                            |                 | 1             |                |                 |
| Subtotal, other cost changes                      |                 |               | 0              | 595             |
| Less Amount Absorbed *                            |                 |               |                | (531)           |
| <b>TOTAL, ADJUSTMENTS TO BASE</b>                 |                 |               | <b>0</b>       | <b>64</b>       |
| <b>2007 Base</b>                                  |                 |               | <b>138</b>     | <b>\$22,531</b> |
| Program Changes                                   |                 |               | 0              | 0               |
| <b>2007 APPROPRIATION</b>                         |                 |               | <b>138</b>     | <b>\$22,531</b> |

\* OIG will absorb the adjustments-to-base through adjustments to hiring plans and a reduction of purchases of scalable goods and services.

*Comparison by Activity*

|   | 2006 Currently Avail. |               | 2007 Base  |               | 2007 Estimate |               | Increase / Decrease |               |
|---|-----------------------|---------------|------------|---------------|---------------|---------------|---------------------|---------------|
|   | <u>FTE</u>            | <u>Amount</u> | <u>FTE</u> | <u>Amount</u> | <u>FTE</u>    | <u>Amount</u> | <u>FTE</u>          | <u>Amount</u> |
| <b>DIRECT OBLIGATIONS</b>                         |                       |               |            |               |               |               |                     |               |
| Inspector General                                 | 138                   | \$22,467      | 138        | \$22,531      | 138           | \$22,531      | 0                   | \$0           |
| <b>TOTAL DIRECT OBLIGATIONS</b>                   | 138                   | 22,467        | 138        | 22,531        | 138           | 22,531        | 0                   | 0             |
| REIMBURSABLE OBLIGATIONS                          |                       | 200           |            | 200           |               | 200           | 0                   | 0             |
| <b>TOTAL OBLIGATIONS</b>                          | 138                   | 22,667        | 138        | 22,731        | 138           | 22,731        | 0                   | 0             |
| <b>FINANCING</b>                                  |                       |               |            |               |               |               |                     |               |
| Offsetting collections from:                      |                       |               |            |               |               |               |                     |               |
| Federal funds                                     |                       | (200)         |            |               |               | (200)         |                     |               |
| <b>TOTAL BUDGET AUTHORITY /<br/>APPROPRIATION</b> | 138                   | 22,467        |            |               | 138           | 22,531        |                     |               |

## OIG Performance Measures

OIG performance measures and targets focus on Commerce's diverse mission and critical programs and operations that are administered in a dynamic environment -- one that is greatly influenced by ever-changing conditions. As the Department works to accomplish its mission, OIG provides a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness; and prevent and detect waste, fraud, and abuse in Department programs and operations. This work is primarily accomplished through audits, inspections, evaluations, and investigations and a variety of activities geared toward averting problems. Moreover, in FY 2006, OIG will continue to move its efforts forward to help achieve organization and management excellence by continuing to:

- Perform high quality, timely work;
- Concentrate its efforts on the Department's most critical programs, operations, challenges, and vulnerabilities, and;
- Achieve results that allow government funds to be put to better use and address criminal, civil, and other wrongdoing.

The following table shows the measures that OIG uses to gauge its performance. A more detailed description of these goals and measures is in the OIG section of the Department of Commerce budget.

### Performance Goal (Obligations) and Measures (Targets)

(Dollars in millions)

|   | 2005<br><u>Actual</u> | 2006<br>Estimate /<br><u>Target</u> | 2007<br>Estimate /<br><u>Target</u> |
|---|-----------------------|-------------------------------------|-------------------------------------|
| <b>Goal: Promote improvements to Commerce programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness and (2) prevents and detects fraud, waste and abuse</b> | <b>\$21.6</b>         | <b>\$22.7</b>                       | <b>\$22.7</b>                       |
| % of OIG recommendations accepted by departmental and bureau management   | 99.0%                 | 95%                                 | 95%                                 |
| Dollar value of financial benefit identified by OIG   | \$32.0                | \$29.6                              | \$29.6                              |
| % of criminal and civil matters that are accepted for prosecution   | 81%                   | 65%                                 | 63%                                 |

Note: Total obligations may differ from the reports in the other tables in this section and Congressional Justification exhibits due to the inclusion of prior year funds in the amounts cited above.