

DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL



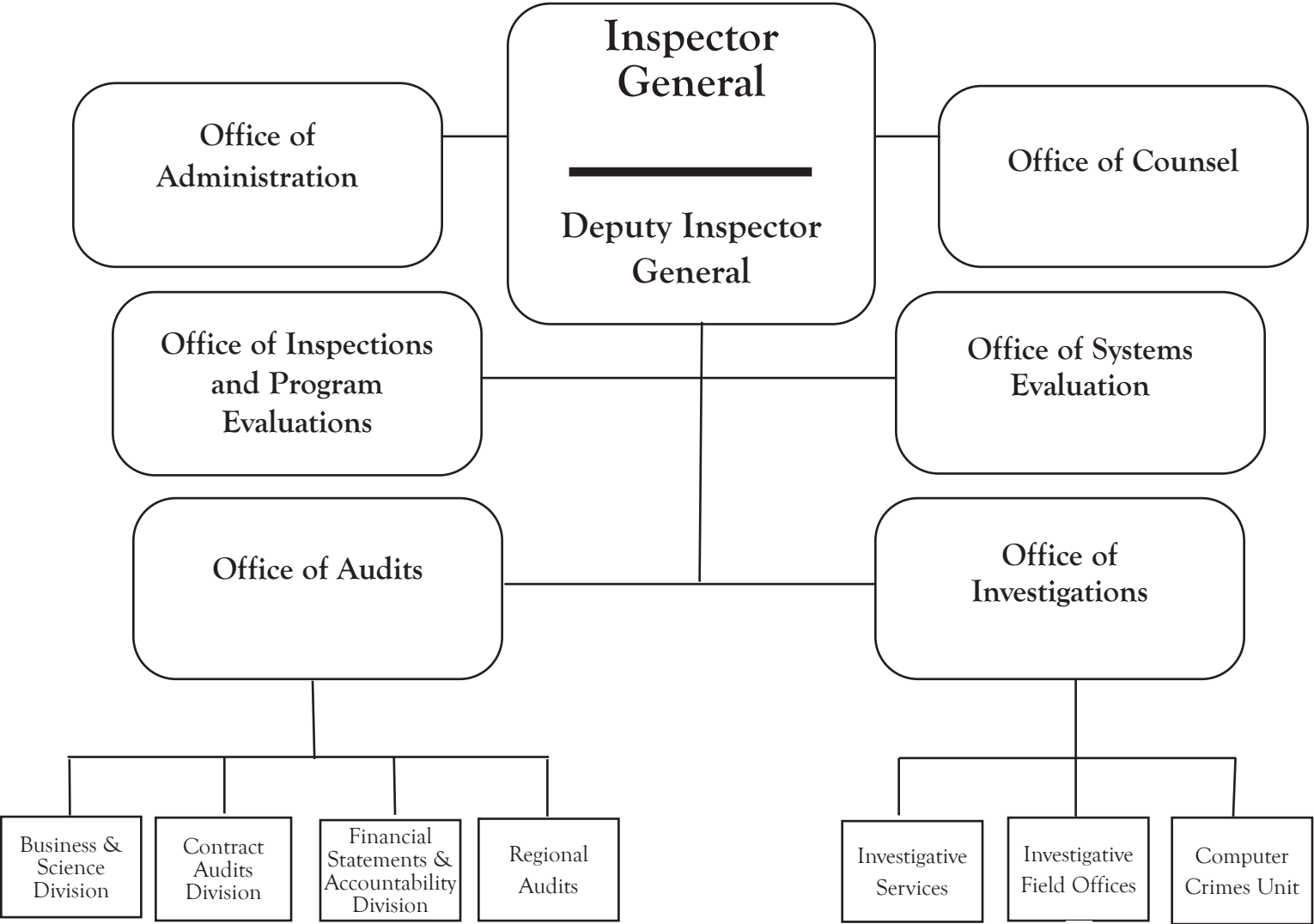
FY 2008  
CONGRESSIONAL SUBMISSION

*Department of Commerce*  
*Office of Inspector General*  
FY 2008 Budget Estimates  
Congressional Submission

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*Department of Commerce*  
*Office of Inspector General*  
 Budget Estimates, Fiscal Year 2008

General Statement

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

For FY 2008, OIG will continue to focus its work on the Department's efforts to address the major challenges we have identified. Census Bureau activities will consume an increasing share of our resources, as we plan to monitor the critical 2008 dress rehearsal, the last major test of systems and operations that will support the 2010 decennial. We will also continue our oversight of complex, costly acquisitions to include a special focus on satellite programs: the Department will spend several billion dollars for the purchase, construction, and modernization of environmental satellites, and these huge projects require careful monitoring. Other critical areas of focus will be the Department's efforts to promote international trade, protect marine resources stewardship, and ensure the safety and security of its people, facilities, and operations worldwide.

(Dollar amounts in thousands)

<u>Appropriation</u>		<u>2007 Currently Available</u>		<u>2008 Estimate</u>		<u>Inc. (+) or Dec. (-)</u>	
		<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>
Office of Inspector General	Pos./Appr.	138	22,467	138	23,426	0	959
Total, Office of Inspector General	Pos./Appr.	138	22,467	138	23,426	0	959

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*Department of Commerce*  
*Office of Inspector General*  
FY 2008 Performance Goals and Measures

*Mission Statement*

The Office of Inspector General has the mission of providing a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency, effectiveness, and economy of Department operations. The office has authority to inquire into all programmatic and administrative activities of the Department, including individuals or organizations performing under contracts and grants, cooperative agreements, and other financial assistance agreements.

The Office of Inspector General supports the Department's management integration goal by completing work that prevents, detects, and offers recommendations for reducing fraud, waste, abuse, and mismanagement and improving the efficiency, effectiveness, and economy of Department operations. The public investment in Commerce OIG activities consistently returns sizable financial and other benefits, which reflects our ability to target limited resources in ways that yield significant results.

OIG's work is primarily conducted through audits (performance and financial), inspections, program and systems evaluations, and investigations. OIG presents the findings of its audits, inspections, and evaluations to Commerce operating officials and agency heads for their review and comment before we release the information in a final report. Investigations are referred to the Department of Justice for prosecution if evidence of criminal wrongdoing is found or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative action. OIG is headquartered in Washington, D.C. Its Office of Audits (OA) has personnel at several sites in the metropolitan Washington, D.C. area, plus offices in Atlanta, Denver, and Seattle. The OIG Office of Investigations (OI) has offices in Atlanta, Denver, Seattle, Silver Spring (MD), Alexandria (VA), and Washington, D.C.



**Priorities/Management Challenges**

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

**PART Assessment**

OIG has not been evaluated under the PART process.

**Target and Performance Summary**

*(Dollar amounts in thousands)*

	<b>FY 2003 Actual</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Target</b>	<b>FY 2008 Target</b>
<b>Performance Goal 1: 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>						
Measure 1a. Percentage of OIG recommendations accepted by departmental and bureau management	97%	97.5%	99%	96%	95%	95%
Measure 1b. Dollar value of financial benefits identified by OIG	\$43,323	\$26,000	\$32,000	\$24,900	\$29,600	\$29,600
Measure 1c. Percentage of criminal and civil matters accepted for prosecution	50%	67%	81%	91%	70%	70%

**Resource Requirements Summary***(Dollar amounts in thousands)*

	<b>FY 2003 Actual</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Continuing Resolution</b>	<b>FY 2008 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2008 Request</b>
Total Funding	22,152	20,970	21,371	22,467	22,467	23,426	0	23,426
Direct	20,667	20,894	21,371	22,467	22,467	23,426	0	23,426
Reimbursable	1,485	76	0	0	0	0	0	0
IT Funding	0	0	0	0	0	0	0	0
FTE	137	125	115	118	138	138	0	138

**OIG Performance Goal**

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

**Corresponding DOC Strategic Goal**

Management Integration Goal: Achieve Organizational and Management Excellence

Commerce's diverse mission and critical programs and operations are administered in a dynamic environment – one that is greatly influenced by ever-changing conditions. As the Department works to accomplish its mission, the Office of Inspector General provides a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness and prevent and detect waste, fraud, and abuse in Department programs and operations. The work is primarily accomplished through audits, inspections, evaluations, and investigations and a variety of activities geared toward averting problems.

Moreover, OIG strives to

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

**Measure 1a: Percentage of OIG recommendations accepted by departmental and bureau management**

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

**Measure 1b: Dollar value of financial benefit identified by OIG**

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.

**Measure 1c: Percentage of criminal and civil matters accepted for prosecution**

OIG investigative work that helps prevent waste, fraud, and abuse may result in either civil or criminal cases that are referred for prosecution. Thus, the percentage of civil or criminal referrals that are accepted for prosecution is a measure of the quality of OIG investigative work.

**Crosscutting Activities**

**Intra-Department of Commerce:** OIG provides a full range of audits, inspections, program and systems evaluations, and investigative services to the various bureaus of the Department of Commerce to ensure the efficiency, effectiveness, and integrity of their operations and programs.

**Other Government Agencies:** OIG also conducts various activities with OIGs of other agencies that can affect several agencies or government-wide activities.

**Program Evaluations/External Factors:** OIG must comply with standards in the conduct of its audits and inspections. These include the Government Accountability Office’s Government Auditing Standards and the President’s Council on Integrity and Efficiency’s Quality Standards for Inspections and Program Evaluations. OIGs also are subject to peer reviews designed to evaluate their compliance with applicable laws and standards.

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

**OIG Data Validation and Verification**

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

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

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

	Positions	Budget Authority	FTE	Direct Obligations
FY 2007 Continuing Resolution	138	22,467	138	22,467
Adjustments to support level in FY 2007 President's Budget	0	64	0	64
Adjustments to Base		895		895
2008 Base	138	23,426	138	23,426
plus (or less): 2008 Program Increase	0	0	0	0
2008 Estimate	138	23,426	138	23,426

		2006 Actual	2007 Currently Available		2008 Base		2008 Estimate		Increase/ (Decrease) Over 2008 Base		
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Comparison by activity:											
Inspector General	Pos./BA	120	22,467	138	22,467	138	23,426	138	23,426	0	0
	FTE/Obl.	118	22,424	138	22,467	138	23,426	138	23,426	0	0
TOTALS	Pos./BA	120	22,467	138	22,467	138	23,426	138	23,426	0	0
	FTE/Obl.	118	22,424	138	22,467	138	23,426	138	23,426	0	0
Adjustments to Obligations											
Recoveries			0		0		0		0		0
Unobligated Balance, start of year			0		0		0		0		0
Unobligated Balance transferred			0		0		0		0		0
Unobligated Balance, end of year			0		0		0		0		0
Unobligated Balance expiring			(43)		0		0		0		0
Financing from transfers:											
Transfer from other accounts (-)			0		0		0		0		0
Transfer to other accounts (+)			0		0		0		0		0
Appropriation		118	22,467	138	22,467	138	23,426	138	23,426		0

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

	2006 Actual	2007 Continuing Resolution	2008 Base	2008 Estimate	Increase/ (Decrease) Over 2008 Base
Total Obligations	22,424	22,467	23,426	23,426	0
Offsetting collections from:					
Federal funds					
Trust funds					
Non-Federal sources					
Recoveries	0	0	0	0	0
Unobligated balance, start of year	0	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	0	0	0	0	0
Unobligated balance expiring	43	0	0	0	0
Budget Authority	22,467	22,467	23,426	23,426	0
Financing:					
Transfer from other accounts (-)	0	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	22,467	22,467	23,426	23,426	0



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*Department of Commerce*  
*Office of Inspector General*  
 FY08 Adjustments to Base (ATB)  
 (Dollar amounts in thousands)

	ATB Amount
2007 Pay Raise - Annualization	95
2008 Pay Raise	361
Payment to Working Capital Fund	12
Within-grade step increases	0
Change in Compensable Days	125
Civil Service Retirement System (CSRS)	(69)
Federal Employees' Retirement System (FERS)	95
Federal Insurance Contributions Act (FICA) - OASDI	48
Thrift Savings Plan	20
Employee Compensation Fund	(7)
Health Insurance	59
Travel and Transportation of Persons - Per Diem	9
Travel and Transportation of Persons - Mileage	4
Rental Payments to GSA	32
Postage	1
GPO Printing and Reproduction	1
General Pricing Level Adjustment	41
Working Capital Fund	68
<b>TOTAL, ADJUSTMENTS TO BASE</b>	<b>895</b>

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*Department of Commerce*  
*Office of Inspector General*  
**Salaries and Expenses**  
**FY08 JUSTIFICATION OF ADJUSTMENTS TO BASE**  
(Dollar amounts in thousands)

	<u>FTE</u>	<u>AMOUNT</u>
<u>Other Changes:</u> .....	0	0
 <u>Pay Raises:</u> .....		468

Annualization of FY 2007 Pay Raise

The FY 2007 President's Budget assumes a pay raise of 2.2% to be effective January 2007.

Total cost in FY 2008 of FY 2007 pay raise.....	380,000
Less amount funded in FY 2007 .....	(285,000)
Amount requested in FY 2008 to provide for full-year cost of FY 2007 pay raise.....	95,000
FY 2008 pay raise and related costs	

A general pay raise of 3.0% is assumed to be effective January 2008.

Total cost in FY 2008 of January 2008 pay raise .....	361,000
Payment to Working Capital Fund.....	<u>12,000</u>
Amount requested in FY 2008 for FY 2008 pay raise.....	373,000

Compensable Day..... 125

In 2008, there will be 2 additional compensable days, or an increase of 2 compensable days over FY 2007. The cost of 2 more compensable days in FY 2008 is calculated by dividing the FY 2007 estimated personnel compensation (\$13,934,000) and applicable benefits (\$2,376,000) by 260 compensable days, the number of compensable days in FY 2007, and multiplying the result by 2.

Adjustment to base..... 125,461

Civil Service Retirement System (CSRS)..... (69)

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 37.40% in FY 2007 to 30.40% in FY 2008 for regular employees, and from 9.40% in FY 2007 to 0% in FY 2008 for law enforcement employees.

The contribution rates for regular employees and law enforcement employees will remain at 7.00% for regular employees and 7.50% for law enforcement employees in FY 2008.

Regular employees:	
FY 2008 (\$12,431,148 x .3040 x .070).....	264,535
FY 2007 (\$12,431,148 x .3740 x .070).....	<u>325,447</u>
Subtotal .....	(60,912)
Law enforcement employees:	
FY 2008 (\$1,146,852 x 0 x .075).....	0
FY 2007 (\$1,146,852 x .0940 x .075).....	<u>8,085</u>
Subtotal .....	(8,085)

Total adjustment to base ..... (68,997)

Federal Employees Retirement System ..... 95

The estimated percentage of payroll for regular employees covered by FERS will increase from 64.60% in FY 2007 to 69.60% in FY 2008. The estimated percentage of payroll for law enforcement employees covered by FERS will increase from 90.60% in FY 2007 to 100% in FY 2008. The estimated contribution rates for FY 2007 will remain the same in FY 2008, at 11.20% for regular employees and 23.80% for law enforcement employees.

Regular employees:	
FY 2008 (\$12,431,148 x .6960 x .1120).....	969,033
FY 2007 (\$12,431,148 x .6460 x .1120).....	<u>(899,418)</u>
Subtotal .....	69,615
Law enforcement employees:	
FY 2008 (\$1,146,852 x 1.00 x .2380).....	272,951
FY 2007 (\$1,146,852 x .9060 x .2380).....	<u>(247,293)</u>
Subtotal .....	25,659
Total adjustment to base .....	95,273

Federal Insurance Contributions Act (FICA) - OASDI..... 48

The OASDI contribution rate will remain at 6.20%. However, the annual salary subject to the OASDI tax will increase from \$96,150 in FY 2007 to \$102,300 in FY 2008. The total salaries subject to the OASDI tax will increase from 93.26% in FY 2007 to 93.90% in FY 2008. The OASDI participation rate for regular employees will increase from 64.60% in FY 2007 to 69.60% in FY 2008 and from 90.60% in FY 2007 to 100% in FY 2008 for law enforcement employees.

Regular employees:

FY 2008 (\$12,431,148 x .9390 x .6960 x .062).....	503,726
FY 2007 (\$12,431,148 x .9326 x .6460 x .062).....	<u>(464,334)</u>
Subtotal.....	39,392

OASDI - Law Enforcement:

FY 2008 (\$1,146,852 x .9390 x 1.00 x .062).....	66,767
FY 2007 (\$1,146,852 x .9326 x .9060 x .062).....	<u>(60,079)</u>
Subtotal.....	6,688

Other salaries .....

FY 2007 (\$513,000 x .9390 x .6960 x .062).....	20,787
FY 2006 (\$513,000 x .9326 x .6460 x .062).....	<u>(19,162)</u>
Subtotal.....	1,625

Total adjustment to base ..... 47,686

Thrift Savings Plan .....

20

The estimated percentage of payroll for regular employees covered by FERS will increase from 64.70% in FY 2007 to 69.60% in FY 2008 and the percentage for law enforcement employees will increase from 90.60% in FY 2007 to 100% in FY 2008. The contribution rate for regular and law enforcement employees will remain at 2.00% in FY 2008.

Regular employees:

FY 2008 (\$12,431,148 x .6960 x .0200).....	173,042
FY 2007 (\$12,431,148 x .6250 x .0200).....	<u>(155,389)</u>
Subtotal.....	17,653

Law enforcement employees:

FY 2008 (\$1,146,852 x 1.00 x .0200).....	22,937
FY 2007 (\$1,146,852 x .9060 x .0200).....	<u>(20,781)</u>
Subtotal.....	2,156

Adjustment to base ..... 19,809

Employee Compensation Fund ..... (7)

The Employee Compensation Fund bill for the year ending June 30, 2006, is \$7,000 less than the bill for the year ending June 30, 2005. The charges will be reimbursed for the Department of Labor pursuant to 5 U.S.C. 8147.

Health Insurance ..... 59

Estimated OIG contributions to employees' health insurance premiums will increase from \$908,000 in FY 2007 to \$966,657 in FY 2008, an increase of \$58,657, or 6.46%.

Adjustment to base.....58,657

Travel – Per Diem ..... 9

Effective October 1, 2005, the General Services Administration raised per diem rates in Washington, D.C., Denver, Atlanta, and other locations where OIG has offices. These rate increases will increase the per diem reimbursement rate by 5.0%. This percentage, applied against the FY 2007 estimate of \$170,000, results in an increase of \$8,500.

Adjustment to base.....8,500

Travel – Mileage ..... 4

Effective January 1, 2006, the General Services Administration raised the mileage reimbursement rate for the use of privately owned automobiles from 40.5 cents to 44.5 cents, a 9.9% increase. This percentage, applied against the FY 2007 estimated mileage reimbursement cost of \$43,000, increases the total cost for FY 2008 to \$47,257, an increase of \$4,257 over FY 2007.

Adjustment to base.....4,257



Rental Payments to GSA ..... 32

GSA rental rates are projected to increase 2.4% in FY 2008. This percentage, applied to the FY 2007 estimate of \$1,329,000, increases the total cost of rental payments to GSA to \$1,360,896, an increase of \$31,896 over FY 2007.

Adjustment to base .....31,896

Postage ..... 1

Effective January 8, 2006, the Governors of the U.S. Postal Service implemented a rate increase for first-class mail from 37 cents to 39 cents, an increase of 5.4%. This percentage was applied to the FY 2007 estimate of \$14,000 to arrive at a new estimate of \$14,756, an increase of \$756 over FY 2007.

Adjustment to base.....756

GPO Printing and Reproduction ..... 1

GPO has provided an estimated rate increase of 1.8%. This percentage, when applied to the FY 2007 estimated cost of \$55,000, raised the cost for FY 2008 to \$55,990, an increase of \$990 over FY 2007.

Adjustment to base.....990

General Pricing Level Adjustment ..... 41

The federal nondefense, nonpay deflator for FY 2008 is 1.8%. This percentage was applied to the FY 2007 estimates for sub-object cost classes where the prices the Government pays are established through the market system. Factors are applied to communications, utilities, and miscellaneous charges (excluding postage & FTS) (\$2,412); other services (\$36,132); supplies and materials (\$1,494); and equipment (\$792).

Adjustment to base..... 40,824

<u>Working Capital Fund</u> .....	68
Total Adjustments to Base Requested .....	895

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

Activity: Inspector General

		2006		2007		2008		2008		Increase	
		Actual		Currently Available		Base		Estimate		(Decrease)	
Subactivity:		Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Executive Direction	Pos./BA	10	1,950	12	1,950	12	1,990	12	1,990	0	0
	FTE/Obl.	11		12		12		12		0	
Audits	Pos./BA	66	8,988	55	8,988	55	9,321	55	9,321	0	0
	FTE/Obl.	54		55		55		55		0	
Inspections & Evaluations	Pos./BA	30	4,343	30	4,343	30	4,570	30	4,570	0	0
	FTE/Obl.	21		30		30		30		0	
Investigations	Pos./BA	21	4,316	25	4,316	25	4,570	25	4,570	0	0
	FTE/Obl.	18		25		25		25		0	
Administration	Pos./BA	19	2,870	16	2,870	16	2,975	16	2,975	0	0
	FTE/Obl.	14		16		16		16		0	
Total	Pos./BA	146		138		138		138		0	0
	FTE/Obl.	118	22,467	138	22,467	138	23,426	138	23,426	0	

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

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

Our work is primarily conducted through audits (performance and financial), inspections, program and systems evaluations, and investigations. We present the findings of our audits, inspections, and evaluations to operating officials and agency heads, who are normally given the opportunity to review and comment on them before we release them in a final report. Investigations are referred to the Department of Justice for prosecution if evidence of criminal wrongdoing is found or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative action.

OIG is headquartered in Washington, D.C. Our Office of Audits has personnel at several sites in the metropolitan Washington, D.C., area, plus regional offices in Atlanta, Denver, and Seattle. The Office of Investigations has offices in Atlanta, Denver, Silver Spring (MD), Alexandria (VA), and Washington, D.C.

OIG accomplishes its mission through five principal activities:

Executive Direction Includes the Immediate Office of the Inspector General (IG) and the Office of Counsel. The IG provides overall leadership and policy direction, including reviews of proposed and existing departmental legislation and regulations. The Office of Counsel provides legal advice and assistance to the IG and to OIG staff engaged in the other principal activities.

Audits The Office of Audits (OA) performs audits of internal Department operations (performance audits and financial statements audits) and external activities funded by or through the Department (contracts, grants, and other forms of financial assistance). OA

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

OA's performance audits are of two types: (1) economy and efficiency audits and (2) program audits. Economy and efficiency audits examine whether the subject entity is acquiring, protecting, and using its resources economically and efficiently, determine the causes of any identified deficiencies, and assess whether the entity has complied with laws and regulations. Program audits determine a program's effectiveness as well as the extent to which it is achieving legislatively intended benefits complying with applicable laws and regulations.

OA's financial statements audits assess the accuracy and reliability of financial information provided for Department entities. They determine whether (1) reported information presents fairly the entity's financial position and results of operations, (2) the entity has a sound internal control structure, and (3) the entity has complied with laws and regulations. Major programs of audited entities are evaluated for costs, benefits, and effectiveness. In addition, an entity's cumulative financial data is analyzed to provide an overall picture of the efficiency of its operations.

OA also conducts audits of external entities that have received contracts, grants, cooperative agreements, and loan guarantees from the Department. These audits check compliance with laws, regulations, and award terms; adequacy of accounting systems and internal controls; allowability of costs; and project outcomes.

OA reviews audit reports of recipients of Commerce financial assistance that are prepared by state and local governments or by independent public accountants, in accordance with the Single Audit Act and OMB Circular A-133.

Inspections and Evaluations These activities are handled by two OIG components: the Office of Inspections and Program Evaluations (OIPE) and the Office of Systems Evaluation (OSE). OIPE conducts inspections of departmental programs and operations, and performs evaluations of specific programs, policies, or management issues. OSE performs evaluations that focus exclusively on information technology.

OIPE maintains a diverse technical and analytical staff with the skills necessary to critically assess program performance, analyze policy and management issues and operations, and perform other important oversight functions. Staff members include management and program analysts, business and financial analysts, economists, auditors and evaluators, and persons with expertise in international

business and business development.

OIPE inspections (1) provide agency managers with timely information about operations, including current and foreseeable problems, and (2) detect and prevent fraud, waste, and mismanagement while encouraging effective and efficient operations. The office also prepares crosscutting reports on management and program issues that pertain to multiple sites or entities and interagency operations or support.

OIPE program evaluations offer recommendations to address major program or management concerns. These reviews sometimes address government-wide or multiagency issues, programs, or operations, and thus may be conducted cooperatively with other OIGs.

OSE focuses on issues related to information technology, including OIG's oversight responsibility for the Department's many mission-critical systems. OSE reviews information technology acquisition, development, operations, and all related aspects—such as information security—for Commerce computer hardware, communications systems, environmental satellites, and other major systems. Work is carried out by a staff of computer scientists, engineers, mathematicians, evaluators, and contracting specialists who have extensive experience with the technical, management, and contractual issues relating to these systems. The objectives of OSE evaluations are to ensure that information technology investments are well managed and maintain an appropriate balanced between achieving technical requirements and managing cost, schedule, and other risks.

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

OI has dedicated considerable resources to improving its capabilities in the area of information technology security and integrity of government computer systems. OIG now has a full-time, well-equipped, and highly trained Computer Crimes Unit, which has aggressively and successfully pursued investigations into the criminal misuse of government computers, particularly in the area of Internet child pornography. These cases represent a sizable but necessary investment of time and resources to eliminate destructive and unacceptable conduct through successful prosecution and effective deterrence.



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

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

On the departmental level, OADM provides technical assistance to the Department to ensure its compliance with the Federal Managers' Financial Integrity Act; evaluates Commerce's compliance with OMB Circular A-123; and monitors its identification of material weaknesses and subsequent actions to correct them.

*Department of Commerce*  
*Office of Inspector General*  
 Program Changes for 2008  
 (Dollar amounts in thousands)

		2008 Base		2008 Estimate		Increase/ (Decrease)	
		<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>
Office of Inspector General	Pos/BA	138	\$23,426	138	\$23,426	0	\$0
	FTE/Obl.	138		138		0	

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*Department of Commerce*  
*Office of Inspector General*  
 Summary of Requirements by Object Class  
 (Dollars in thousands)

Object Class	2006 Actual	2007 Continuing Resolution	2008 Base	2008 Estimate	Increase/ (Decrease) Over 2008 Base
11.0 Personnel compensation					
11.1 Full-time permanent	11,474	11,474	14,150	14,150	0
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	569	569	572	572	0
11.9 Total personnel compensation	12,043	12,043	14,722	14,722	0
12.1 Civilian personnel benefits	3,441	3,441	3,579	3,579	0
21.0 Travel and transportation of persons	662	662	437	437	0
22.0 Transportation of things	13	13	11	11	0
23.1 Rental payments to GSA	1,570	1,570	1,361	1,361	0
23.2 Rental payments to others	28	28	26	26	0
23.3 Commun., util., misc. charges	168	168	151	151	0
24.0 Printing and reproduction	70	70	56	56	0
25.2 Other services	2,286	2,286	1,069	1,069	0
25.3 Purchase of goods and services from Gov't accounts	1,936	1,936	1,884	1,884	0
26.0 Supplies and materials	150	150	85	85	0
31.0 Equipment	100	100	45	45	0
99.0 <b>Total Obligations</b>	22,467	22,467	23,426	23,426	0
Less prior-year recoveries					0
Total Budget Authority	22,467	22,467	23,426	23,426	0

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*Department of Commerce  
Office of Inspector General*

DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

<u>Object Class</u>	<u>2008 Adjustments to Base</u>	<u>2008 Base</u>	<u>2008 Estimate</u>	<u>Increase/ (Decrease) Over 2008 Base</u>
11 Personnel compensation				
11.1 Full-time permanent				
Executive level	10	153	153	0
Senior executive service	69	1074	1074	0
General schedule	493	12,923	12,923	0
Subtotal	572	14,150	14,150	0
11.3 Other than full-time permanent				
General schedule	0	0	0	0
Subtotal	0	0	0	0
11.5 Other personnel compensation				
Overtime	3	359	359	0
SES performance awards	0	56	56	0
Cash awards	0	157	157	0
Subtotal	3	572	572	0
11.9 Total personnel compensation	575	14,722	14,722	0

*Department of Commerce*  
*Office of Inspector General*

Exhibit 17

DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

<u>Object Class</u>	2008 Adjustments to Base	2008 Base	2008 Estimate	Increase/ (Decrease) Over 2008 Base
12.1 Civilian personnel benefits				
Employee Pension & Annuitant Health Benefits	0	0	0	0
Civil Service Retirement System	-66	349	349	0
Federal Employees Retirement System	103	1,145	1,145	0
Thrift Savings Plan	23	353	353	0
Federal Insurance Contribution Act	52	604	604	0
Health insurance	59	967	967	0
Life insurance	0	37	37	0
Employee Compensation Fund	-7	124	124	0
Subtotal	164	3,579	3,579	0
21 Travel and transportation of persons				
Common carrier	0	173	173	0
Mileage	4	47	47	0
Per diem/actual	9	179	179	0
Vehicular	0	34	34	0
Security service fee	0	0	0	0
Other	0	4	4	0
Subtotal	13	437	437	0
22 Transportation of things	0	11	11	0
23.1 Rental payments to GSA	32	1,361	1,361	0
23.2 Rental payments to others	0	26	26	0

*Department of Commerce*  
*Office of Inspector General*  
**DETAILED REQUIREMENTS BY OBJECT CLASS**  
(Dollar amounts in thousands)

<u>Object Class</u>	2008 Adjustments to Base	2008 Base	2008 Estimate	Increase/ (Decrease) Over 2008 Base
23.3 Communications, utilities, and misc. charges				
Rental of ADP equipment	0	7	7	0
Rental of office copying equipment	0	7	7	0
Other equipment rental	0	10	10	0
Federal telecommunications system	0	41	41	0
Other telecommunications services	2	66	66	0
Postal service by USPS	1	15	15	0
Other	0	5	5	0
Subtotal	3	151	151	0
24 Printing and reproduction				
Publications	0	26	26	0
Other	1	30	30	0
Subtotal	1	56	56	0
25.1 Consulting services				
Management & prof. support svcs.	0	0	0	0
Studies, analyses, & evaluation	0	0	0	0
Engineering & technical services	0	0	0	0
Subtotal	0	0	0	0



*Department of Commerce*  
*Office of Inspector General*  
**DETAILED REQUIREMENTS BY OBJECT CLASS**  
(Dollar amounts in thousands)

Exhibit 17

<u>Object Class</u>	<u>2008</u> <u>Adjustments to Base</u>	<u>2008</u> <u>Base</u>	<u>2008</u> <u>Estimate</u>	<u>Increase/</u> <u>(Decrease)</u> <u>Over 2008 Base</u>
25.2 Other services				
Training:				
University	0	22	22	0
Other	0	50	50	0
Maintenance of equipment	0	20	20	0
ADP services	0	21	21	0
Telecommunications services	0	12	12	0
Other nongovernment contracts	36	827	827	0
CAMS - specific	0	117	117	0
Subtotal	36	1,069	1,069	0
25.3 Purchases of goods and services from Gov't accounts				
Office of Personnel Management training	0	6	6	0
GSA reimbursable services	0	3	3	0
CAMS - shared	0	0	0	0
GA - security	0	60	60	0
Building delegation	0	72	72	0
Working Capital Fund	68	1,743	1,743	0
Subtotal	68	1,884	1,884	0
26 Supplies and Materials				
Office supplies	0	30	30	0
ADP supplies	0	10	10	0
Other	2	45	45	0
Subtotal	2	85	85	0

*Department of Commerce*  
*Office of Inspector General*  
**DETAILED REQUIREMENTS BY OBJECT CLASS**  
(Dollar amounts in thousands)

<u>Object Class</u>	2008 Adjustments to Base	2008 Base	2008 Estimate	Increase/ (Decrease) Over 2008 Base
31 Equipment				
Office machines and equipment	0	7	7	0
ADP hardware	1	33	33	0
ADP software	0	4	4	0
Other	0	1	1	0
Subtotal	1	45	45	0
99 Total Obligations	895	23,426	23,426	0
Less prior-year recoveries	0	0	0	0
Less amount absorbed	0			
Total adjustment to base	895			
<b>Total Budget Authority</b>		<b>23,426</b>	<b>23,426</b>	<b>0</b>

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*Department of Commerce*  
*Office of Inspector General*  
**SUMMARY OF INFORMATION TECHNOLOGY RESOURCES**  
 (Dollar amounts in thousands)

<b>IT Projects</b>			<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Increase/</b>
<b>activity/subactivity:</b>	<b>Unique Project Identifier</b>	<b>IT Investment Title</b>	<b>Estimate</b>	<b>President's</b>	<b>Estimate</b>	<b>Decrease</b>
<b>with totals by activity</b>			<b>Estimate</b>	<b>Budget</b>	<b>Estimate</b>	<b>Decrease</b>
IT Infrastructure and Office Automation	006-03-02-00-01-0511	OIG Appropriation Account	2,200	2,200	2,200	0
<b>Total</b>			<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>0</b>

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*Department of Commerce*  
*Office of Inspector General*  
Appropriation Summary Statement

Appropriation: Office of Inspector General

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

Accomplishments planned for FY 2008 include:

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

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

Appropriation: Office of Inspector General

For necessary expenses of the Office Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$23,426,000.

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

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



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Department of Commerce  
Office of Inspector General  
Periodicals, Pamphlets, and Audiovisual Products  
(Dollars in Thousands)

	2006 <u>Actual</u>	2007 <u>Estimate</u>	2008 <u>Estimate</u>
Periodicals* .....	\$ 76	\$ 70	\$ 55
Pamphlets .....	0	0	0
Audiovisuals.....	<u>0</u>	<u>0</u>	<u>0</u>
 Total .....	 \$ 76	 \$ 70	 \$ 55

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

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

	2006 <u>Actual</u>	2007 <u>Estimate</u>	2008 <u>Estimate</u>
Average EX Grade .....	3	3	3
Average SES Grade .....	3.25	*	*
Average GS/GM Grade .....	12.50	12.50	12.50
Average GS/GM Salary .....	\$84,957	\$87,675	\$89,957

\*The new Performance Appraisal System went into effect September 30, 2004 and eliminated level/grades for the Senior Executive Service. 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. Given this change, it is not possible to derive average SES grade.