



Semiannual Report to Congress

April 1, 2020 – September 30, 2020

OIG-CA-21-007

Office of Inspector General
Department of the Treasury

Highlights

During this semiannual reporting period, our Office of Audit issued 35 products. The office also identified \$93.4 million in questioned costs. Work by our Office of Investigations resulted in 18 indictments and 8 convictions. Some of our more significant results for the period are described below:

- Our Office of Audit relayed concerns to the Director of the Department of Treasury of American Samoa over its uses of Coronavirus Relief Fund proceeds and requested that funds be returned to the American Samoa government for future uses related to the Coronavirus Disease 2019 (COVID-19) pandemic.
- In our audit of the United States Mint’s (Mint) controls over raw materials and coin exchange programs, we found that the Mint’s controls over the coins returned to the Mint from the public and the Federal Reserve Banks were deficient and exposed the Mint to the risk of paying out tens of millions of dollars for non-genuine U.S. coinage, as well as not being able to ensure that these coins are being melted and recycled, as required by law.
- In an examination overseen by our office, the Defense Contract Audit Agency (DCAA) identified \$93.4 million in questioned costs related to a price proposal submitted in response to a Bureau of Engraving and Printing contract solicitation. Due to the proprietary nature of contractor bid and proposal information, this report is designated Sensitive But Unclassified.
- Our joint investigation with the Department of the Interior (Interior) Office of Inspector General identified leaks of confidential tribal data by Interior employees and identified a Department of the Treasury (Treasury) employee who mishandled emails containing confidential tribal data. Criminal prosecution of the employees was presented on June 4, 2020, and declined by the U.S. Attorney’s Office for the District of Columbia. We have provided responses to concerned Members of Congress and opened an investigation into the Treasury employee.
- Our investigation revealed an Office of Foreign Assets Control (OFAC) employee mishandled a foreign government’s classified information and accepted gifts from a prohibited source. The Report of Investigation was provided to OFAC for information.
- Our investigation determined a regional sewer authority in Kentucky requested redemption of certain securities in a manner contrary to the purposes of the State and Local Government Securities Program and Treasury regulations. The sewer authority paid \$1.3 million as part of a civil settlement agreement with the U.S. Attorney’s Office for the Western District of Kentucky.



Message from the Deputy Inspector General

During this reporting period, Department of the Treasury (Treasury) Office of Inspector General (OIG) staff have implemented new oversight projects and addressed complex Treasury programs established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Our staff has performed an extraordinary amount of work in carrying out these new responsibilities and has continued to produce quality products organization-wide, while engaging in full-time telework during the Coronavirus Disease 2019 (COVID-19) pandemic.

The CARES Act, signed into law March 27, 2020, provides over \$2 trillion of economic relief to workers, families, small businesses, industry sectors, and other levels of government that have been hit hard by the public health crisis created by COVID-19. Title IV, Subtitle B of the CARES Act provides up to \$32 billion of direct financial assistance to passenger air carriers, cargo air carriers, and certain contractors that must exclusively be used for the continuation of payments of employees' wages, salaries, and benefits. Title IV, Subtitle B also authorizes Treasury OIG to audit certifications made by passenger and cargo air carriers and contractors that do not report to the Department of Transportation under Title 14 Code of Federal Regulations Part 241. Title VI of the Social Security Act, as amended by Title V of the CARES Act established the Coronavirus Relief Fund (CRF) (hereinafter referred to as Title V) for the purpose of providing \$150 billion in direct assistance to States, qualified units of local government, the District of Columbia, U.S. Territories, and Tribal Governments. Under Title V, Treasury OIG is responsible for conducting monitoring and oversight of the receipt, disbursement, and uses of CRF payments. Treasury OIG also has authority to recoup funds in the event that it is determined a recipient of a CRF payment failed to comply with requirements.

To carry out these responsibilities, we stood up two CARES Act audit teams during the reporting period. Working together, these teams established a CRF recipient reporting portal with GrantSolutions¹ into which prime recipients of CRF proceeds must report quarterly on CRF obligations and expenditures. To assist CRF recipients with their quarterly reporting requirements, the teams published the *Coronavirus Relief Fund Reporting and Records Retention Requirements*, the *Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions*

¹ GrantSolutions, a grant and program management Federal shared service provider under the U.S. Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from prime recipients.

Related to Reporting and Recordkeeping, the Coronavirus Relief Fund Prime Recipient Quarterly GrantSolutions Submission Monitoring and Review Procedures Guide, and the Coronavirus Relief Fund Recipient Reporting Portal Data Dictionary. The teams held multiple webinars for five stakeholder groups, informing over 500 participants of the reporting and record retention requirements. Each prime recipient must report COVID-19 related obligations and costs incurred during the covered period beginning on March 1, 2020, and ending on December 30, 2020. By September 21, 2020, prime recipients certified and submitted, via the GrantSolutions portal, their first detailed quarterly report, covering the period of March 1 through June 30, 2020. On October 13, 2020, prime recipients certified and submitted their second detailed quarterly report, covering the period of July 1 through September 30, 2020. Quarterly reporting is generally due no later than 10 calendar days after the end of each calendar quarter. The teams have reviewed two quarters of recipient reporting, and have extracted the data to the Council of Inspectors General on Integrity and Efficiency's Pandemic Response Accountability Committee (PRAC). PRAC will display the CRF data on its website, PandemicOversight.gov.

Under Title IV, Subtitle B, the team is conducting an audit of Treasury's implementation of the Air Carrier Payroll Support Program, and 16 audits of certifications made by passenger air carriers, cargo air carriers, and contractors. The team is also conducting two audits related to Title V; the first is an audit on Treasury's implementation of the CRF and the second is an audit of American Samoa's use of CRF funds. In addition to this ongoing work, in this Semiannual report we provide summaries of work completed including *Interim Audit Update – Coronavirus Relief Fund Recipient Reporting* and the first of two projects on American Samoa, *American Samoa Uses of Coronavirus Relief Fund Payment*.

Also during the period, our investigative staff received 364 CARES Act complaints, opened 36 investigations and referred 283 cases outside our jurisdiction to other agencies. The majority of these cases were Title V, CRF-related. Out of the 364 complaints, 6 of the complaints were associated with Title IV. Our investigative staff also collaborated with the Department of Justice and many Federal law enforcement agencies, developing strategies to proactively detect and prevent fraudulent and improper payments and to safeguard CARES Act funds for intended recipients. The majority of CARES Act payments were issued by the Internal Revenue Service (IRS), and the IRS determined that payment data transmitted to the Bureau of the Fiscal Service was return information, as defined in 26 U.S.C. 6103. While this determination limits the sharing of information between our agencies for criminal investigations, we continue to share information using an ex parte order when

Message From the Deputy Inspector General

available and appropriate.² In this Semiannual report we summarized our joint, Title V investigation with the Department of Interior OIG that was closed during the period.

In addition, our staff assisted the PRAC to establish its website, PandemicOversight.gov, and implemented a hotline for the public to report waste, fraud, and abuse related to the CARES Act. Our role in the stand-up of the website is discussed in this report and the hotline information is provided on the back cover of this report. We also coordinated closely with the Special Inspector General for Pandemic Recovery (SIGPR) on oversight reporting for the period, and will continue to coordinate with the SIGPR in the future.

I am grateful to all of our staff for this exceptional body of work, and am proud of what Treasury OIG has accomplished in service to Treasury and to the country during this challenging time.



Richard K. Delmar
Deputy Inspector General

² The Internal Revenue Code generally prohibits use of Federal tax information for non-tax administration purposes. However, under 26 U.S.C. Section 6103(i), the Government can obtain an ex parte order from a judge allowing use of Federal tax information for certain specified non-tax administration law enforcement purposes.

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Treasury Office of Inspector General Overview

The Department of the Treasury's (Treasury) Office of Inspector General (OIG) was established pursuant to the 1988 amendments to the Inspector General Act of 1978. Treasury OIG is headed by an Inspector General appointed by the President with the advice and consent of the Senate.

Treasury OIG performs independent, objective reviews of Treasury programs and operations, except for those of the Internal Revenue Service (IRS), the Troubled Asset Relief Program (TARP), and of Treasury programs and activities authorized by Subtitle A, Coronavirus Economic Stabilization Act of 2020, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Treasury OIG also keeps the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and the need for corrective action. The Treasury Inspector General for Tax Administration (TIGTA) and the Government Accountability Office (GAO) perform oversight related to IRS. A Special Inspector General and GAO perform oversight related to TARP. A Special Inspector General for Pandemic Recovery (SIGPR) performs oversight related to Treasury programs and activities authorized by Subtitle A, Coronavirus Economic Stabilization Act of 2020, Division A of the CARES Act.

Treasury OIG also performs independent oversight of programs and operations funded by the Gulf Coast Restoration Trust Fund (Trust Fund) established within Treasury by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). In addition to performing oversight of Treasury-related activities, Treasury OIG performs oversight of programs and operations administered by the Gulf Coast Ecosystem Restoration Council (Council), established as an independent Federal entity, and the Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program (Science Program) administered by the National Oceanic and Atmospheric Administration (NOAA). With regard to the Council and the Science Program, Treasury OIG keeps the appointed Chairperson of the Council, the NOAA Science Program Administrator, and Congress fully informed of problems, deficiencies, and the need for corrective actions.

Treasury OIG has four components: (1) Office of Audit; (2) Office of Investigations; (3) Office of Counsel; and (4) Office of Management. Treasury OIG is headquartered in Washington, DC. Treasury OIG also has an audit office in Boston, Massachusetts. Treasury OIG closed its investigative office in Greensboro, North Carolina, in June 2020.

The Office of Audit, under the leadership of the Assistant Inspector General for Audit, performs and supervises financial and performance audits, attestation engagements, and evaluations. The Assistant Inspector General for Audit also serves as the Special Deputy Inspector General for Small Business Lending Fund (SBLF) Program Oversight. Under the Assistant Inspector General for Audit, there are three deputies. The first deputy is primarily responsible for financial sector audits to include audits of banking supervision, manufacturing of currency and coins, resource management, procurement, and alcohol and tobacco excise tax revenue collection activities. The second deputy is primarily responsible for financial management and transparency audits to include financial audits of Treasury and the Council performed by Treasury OIG staff and contractors; audits of Government-wide collection, payment, and debt programs and operations; and audits of anti-money laundering/terrorist financing, foreign sanctions, and audits of intelligence programs and operations. The third deputy is primarily responsible for the CARES Act, cybersecurity, and financial assistance audits to include audits of Treasury and the Council information systems performed by Treasury OIG staff and contractors, audits of the SBLF program, and RESTORE Act programs and operations.

The Office of Investigations, under the leadership of the Assistant Inspector General for Investigations, performs investigations and conducts initiatives to detect and prevent fraud, waste, and abuse in programs and operations across Treasury OIG's jurisdictional boundaries; and to investigate threats against Treasury personnel and assets in designated circumstances as authorized by the Inspector General Act. The Office of Investigations also manages the Treasury OIG Hotline to facilitate reporting of allegations involving these programs and operations.

The Office of Counsel, under the leadership of the Counsel to the Inspector General, provides legal advice to the Inspector General and all Treasury OIG components. The office represents Treasury OIG in administrative legal proceedings and provides a variety of legal services, including (1) processing Freedom of Information Act and *Giglio*³ requests; (2) conducting ethics training; (3) ensuring compliance with financial disclosure requirements; (4) reviewing proposed legislation and regulations; (5) reviewing administrative subpoena requests; and (6) preparing for the Inspector General's signature, cease and desist letters and monetary assessments against persons and entities misusing the Treasury seal and name. The Office of Counsel also

³ *Giglio* information refers to material that may call into question the character or testimony of a prosecution witness in a criminal trial.

responds to media and Congressional inquiries and serves as the Whistleblower Protection Coordinator for Treasury.

The Office of Management, under the leadership of the Assistant Inspector General for Management, provides administrative services to maintain the Treasury OIG administrative infrastructure, including facilities, human resources, information technology, procurement, records management, and security.

Treasury OIG's fiscal year 2020 appropriation was \$41 million. Treasury OIG received a separate no-year appropriation of \$35 million in Title V of the CARES Act. Treasury OIG's oversight of the SBLF program is funded on a reimbursable basis. As of September 30, 2020, Treasury OIG had 154 full-time staff.

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Office of Audit – Significant Audits and Other Products

CARES Act Oversight

Title VI of the Social Security Act, as amended by Title V of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), (hereinafter referred to as Title V) established the Coronavirus Relief Fund (CRF) for the Department of the Treasury (Treasury) to make \$150 billion in payments to each of the 50 States, qualifying units of local government, the District of Columbia, U.S. territories, and Tribal Governments for necessary expenditures incurred between March 1, 2020, and December 30, 2020, due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19). Under Title V, Treasury Office of Inspector General (OIG) is assigned responsibility to conduct monitoring and oversight of the receipt, disbursement, and use of CRF payments. Treasury OIG also was assigned authority to recoup CRF proceeds in the event that it is determined a recipient of a CRF payment failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)). As part of our ongoing oversight of CRF payments, we issued the following reports during this semiannual period.

Interim Audit Update – Coronavirus Relief Fund Recipient Reporting

Treasury disbursed initial CRF payments to recipients in the form of direct payments rather than financial assistance (i.e., grants) and without agreements or terms and conditions notifying recipients of the reporting requirements outlined in Section 15011 of the CARES Act, *Reporting on the Use of Funds*. Furthermore, as required by the CARES Act, Treasury did not provide user-friendly means for recipients to meet reporting requirements. Without the use of an agreement with terms and conditions requiring recipient reporting and reporting mechanisms, there is risk that reporting will not be done as required by the CARES Act resulting in the lack of accountability and transparency surrounding recipients' use of funds. While Treasury Counsel's position that reporting requirements of Section 15011 under Division B of the CARES Act do not apply to the CRF under Division A, management expressed its commitment, among other things, to ensuring transparency, accountability, and adherence to all statutory requirements in connection with the CARES Act.

Accordingly, we recommended that Treasury management support our office in accomplishing our monitoring and oversight responsibilities in the following ways: (1) assist in communications with CRF recipients on matters that include,

but are not limited to, communications of reporting and record keeping requirements and other audit inquiries, as needed; (2) ensure that Treasury maintains communication channels with recipients to obtain and address post-payment inquiries regarding specific payments; and (3) continue to update CRF guidance and disseminate to recipients as needed. Management welcomed the opportunity to consider a more specific proposal from us concerning its recipient reporting needs and is confident that both Treasury and Treasury OIG can develop an approach that meets shared objectives and responsibilities. Management’s response met the intent of our recommendations. **(OIG-20-036)**

American Samoa Uses of Coronavirus Relief Fund Payment

We issued a letter to the Director of the Department of Treasury of American Samoa related to concerns over uses of its CRF proceeds to make direct payments to members of its Fono (Legislature) of \$20,000 to the Senate President and Speaker of the House and \$10,000 to other members to support teleworking from their homes. Since Fono members were already teleworking prior to COVID-19 due to ongoing construction of its legislature building, we requested that funds be returned to the American Samoa government for future uses related to COVID-19. The letter also clarified the allowability of other proposed uses related to a hotel lease and payments to villages. We did not make any formal recommendations in our letter. **(OIG-CA-20-023)**

CARES Act Compliance Monitoring

As part of our compliance monitoring of CRF payments, we developed a portal via GrantSolutions, a grants management system under U.S. Department of Health and Human Services, for CRF recipients to report expenditure data on a quarterly basis starting September 1, 2020. We issued the following memoranda pertaining to CRF reporting: (1) the *Coronavirus Relief Fund Reporting and Records Retention Requirements (OIG-CA-20-021)*, (2) *Coronavirus Relief Fund Reporting Requirements Update (OIG-CA-20-025)*, (3) the *Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (OIG-CA-20-028)*, (4) the *Coronavirus Relief Fund Prime Recipient Quarterly GrantSolutions Submission Monitoring and Review Procedures Guide (OIG-CA-20-029)*, and (5) the *Coronavirus Relief Fund Recipient Reporting Portal Data Dictionary (OIG-CA-20-030)*.

We also conducted outreach to five stakeholder groups, informing over 500 participants of the CRF recipient reporting and record retention requirements and of our monitoring and oversight responsibilities. In these webinars, we introduced recipients to [GrantSolutions.gov](https://www.grantsolutions.gov) as the portal for quarterly CRF reporting.

Presentations to Prime Recipients Coronavirus Relief Fund Reporting and Record Retention Requirements (OIG-CA-20-027) was the product used to conduct the webinars.

CARES Act oversight reports, CRF guidance, and a recording of the webinar are available on the Treasury OIG [CARES Act web page](#).

Manufacturing

We conduct audits of Treasury's coin and currency programs. During this semiannual period, we issued the following reports on these programs.

Mint Controls Over Raw Materials and Coin Exchange Programs Need Improvement

We reviewed the United States Mint's (Mint) controls over the quality assurance of raw materials used in the production of U.S. circulating coinage, including the quality assurance of raw materials that the Mint acquires from all its circulating coinage material suppliers, and coins returned to the Mint from the public and the Federal Reserve Banks (FRB) through the Mint's coin exchange programs which are recycled back into circulating coinage raw materials. We found that the Mint and material suppliers had mature processes in place which yield minimal quality issues. However, the Mint relied mainly on its material suppliers' systems and certifications to ensure the quality of the circulating coin raw materials. Additionally, the Mint's inspections and testing to validate the quality of raw materials were limited and inconsistent between the Mint facilities, and there were opportunities for the Mint to improve controls over quality.

We also found that the Mint's controls over the coins returned to the Mint from the public and the FRBs were deficient and exposed the Mint to the risk of paying out tens of millions of dollars for non-genuine U.S. coinage, as well as not being able to ensure that these coins are being melted and recycled, as required by law. The Mint suspended its Mutilated Coin Redemption Program, which allows the public to exchange bent and partial coins, in 2015, to develop additional safeguards. The Mint resumed the program in January 2018, without finalizing or following its draft standard operating procedures (SOP), without having the capability to authenticate coins returned, and without formal

procedures over the uncurrent coin redemption process, which includes coins returned to the Mint through FRBs.

Accordingly, we recommended that the Director of the Mint ensures the Mint (1) conducts regular reviews of the suppliers' quality systems to ensure that the suppliers are acting in the best interest of the Mint. This includes regular site visits or periodic reviews of the suppliers' quality system documentation; (2) develops and implements SOPs that are consistent among Mint facilities to ensure quality assurance processes over sampling, inspection, and testing of materials for circulating coinage are standardized and documented; and that materials received meet the specifications required in the contracts and by U.S. law; (3) considers sampling and testing the material after blanking⁴ to assess the material quality throughout the coil; (4) verifies incoming raw material weights to ensure that the Mint is receiving the raw materials paid for; (5) considers improving raw materials traceability by using a unique number to identify each coil rather than a group lot number; (6) strengthens and finalizes SOPs for all coin exchange programs before accepting any redemptions. This would include using tests and subject matter experts to authenticate the genuineness of coins redeemed, as well as working with the Board of Governors of the Federal Reserve System to develop appropriate interagency procedures to assure the integrity of the coin redemption process for uncurrent coins; (7) follows all SOPs, including but not limited to, procedures related to sampling, inspecting, and testing coins, and appropriately documenting redemptions. Additionally, ensure that adequate background investigations are conducted on bulk redeemers and decisions to allow participation into the Mutilated Coin Redemption Program are based on relevant data from the background investigation. The Mint should add criteria such as obtaining financial statements for analyses of the potential bulk redeemers and performing site visits at their premises as part of the background investigation process for entry into the program. The Mint should document how this criteria was met, and if these steps were not performed, the reasons why and; (8) ensures that all coins returned to the Mint and removed from circulation are destroyed timely and sufficiently accounted for. Mint management concurred with our recommendations and outlined planned and taken corrective actions that met the intent of our recommendations. **(OIG-20-042)**

Mint Human Resources Practices Need Improvement

We initiated an audit of human resources practices at the Mint in response to four complaints received by our office that alleged, among other things, unethical and unfair hiring and promotion practices at the Mint. We found that

⁴ The term blanking refers to the process that makes the rough shape of a coin.

although the Mint generally conducted its human resources activities in accordance with Federal and Treasury requirements, some improvements were needed. Specifically, we found that the Mint (1) misassigned a reemployed annuitant when it hired an annuitant for one position but then assigned the employee to another role outside the scope of the reemployed annuitant hiring authority, and (2) did not consistently maintain documentation of personnel actions and the related decision-making processes for new appointments, reassignments, and realignments.

We recommended that the Director of the Mint (1) ensure that reemployed annuitants are assigned to positions consistent with the scope and limitations of the authority under which they are appointed; (2) work with the Bureau of the Fiscal Service's (Fiscal Service) Administrative Resource Center to ensure all required records are included in the e-electronic Official Personnel Folders; and (3) establish internal controls to ensure all records related to the hiring and promotion processes are properly managed and maintained. Mint management agreed with our recommendations and outlined planned and taken corrective actions that met the intent of our recommendations. **(OIG-20-041)**

Bureau of Engraving and Printing's Implementation of Security Features and Meaningful Access for the Blind and Visually Impaired into New Note Design

The Bureau of Engraving and Printing (BEP) implemented security features and incorporated meaningful access for the blind and visually impaired into currency through its newly structured note development governance and processes. These efforts and activities are under the multi-agency effort referred to as the United States Currency Program (USCP). We found that BEP was following the Technology Development Process (TDP) and Banknote Development Process (BDP) structured processes for note development which support BEP's ability to implement new security and raised tactile features in the next redesign of currency; and there was a formal process that documented stakeholder requirements, which included documenting security and meaningful access feature requirements. However, further refinement to the processes' guidance to reflect lessons learned would improve effectiveness in note redesign and development. BEP was also using an Integrated Master Schedule (IMS) to track the progress of BEP's redesign efforts; however, the IMS was still lacking detailed schedules which identify risks and a more defined critical path. The IMS combines major project milestones for security features development, note development, equipment scheduling, new facility construction, and engineering. We also noted that product managers have been using the BDP as a detailed

plan and activities schedule, but that these schedules had not been built into IMS. Also, the IMS should incorporate detail for technical and key activities and milestones for each redesign effort. In addition, we found that certain members of the Advanced Counterfeit Deterrence Steering Committee (ACD) were not attending committee meetings as was intended by the ACD charter, which in turn, could impact the effectiveness of the ACD. The ACD charter does not specify a timeline for updates or amendments, and it has not been updated for 15 years.

As part of this audit and in response to Congressional concerns, we also reviewed the circumstances surrounding Treasury's timeline for unveiling of new design concepts for the \$20 note. The former Secretary of the Treasury made an April 2016 announcement proposing the release of the \$5, \$10 and \$20 note designs in 2020. We confirmed that the design concept for the \$20 note will not be released in 2020, as this note has not yet entered the BDP where the design concept is finalized. Rather, the current plan is for the \$20 note to be production-ready in 2030.

We recommended the Director of BEP in collaboration, as necessary, with members of the USCP (1) continue to improve the BDP and TDP guidance, including refining procedures to reflect lessons learned during its Catalyst note series redesign; (2) review and implement actions within the IMS program to improve the decision making process and help identify issues that may impact the schedule of planned note redesign activities. This includes ensuring that technical and key milestones are incorporated into the IMS at a detailed level; and (3) ensure the ACD charter is updated in a timely manner, and as needed, to ensure roles, responsibilities, and current practices such as the attendance of ACD monthly meetings by appropriate personnel are clearly defined and communicated to its members. BEP management agreed with our recommendations and outlined corrective actions, both planned and taken, that met the intent of our recommendations. **(OIG-20-040)**

Cost Proposal in Response to a BEP Solicitation

In an examination overseen by our office, the Defense Contract Audit Agency (DCAA) reviewed a price proposal submitted in response to a BEP contract solicitation. In its report, DCAA identified \$93.4 million in questioned costs and made one recommendation. Its examination results were submitted to BEP. Due to the proprietary nature of contractor bid and proposal information, this report

is designated **Sensitive But Unclassified**. (OIG-20-043, Questioned Costs \$93,424,652)

Domestic Assistance Programs

We conduct audits of Treasury’s domestic assistance programs. During this reporting period, we assessed the Community Development Financial Institution (CDFI) Fund’s administration of Technical Assistance (TA) awards under the CDFI Program.

Improvements Are Needed in the CDFI Fund’s Administration of Technical Assistance Awards

We found that 41 of the 105 non-certified Technical Assistance awardees (39 percent) from fiscal years 2006 through 2012 did not achieve CDFI certification by the end of the 2-year performance period, or by another date specified, in accordance with their *Assistance Agreement(s)*. We also found that Certification, Compliance Monitoring, and Evaluation (CCME) staff did not (1) follow up on delinquent annual reports, (2) review awardees’ annual reports timely and close out TA awards after the final performance period ends, and (3) monitor awardees’ progress towards achieving CDFI certification.

We recommended that the Director of the CDFI Fund, (1) consider requiring a reasonable *CDFI Certification Application* deadline for awardees in the *Assistance Agreement(s)* that will allow CCME staff sufficient time to review and make certification decisions within the 90 calendar day timeline outlined in the *CDFI Certification Procedures*; (2) reassess CCME staff resources necessary to review *CDFI Certification Application(s)* and make certification decisions within the 90 calendar day timeline; (3) reassess the significance given to TA awardees’ non-compliance with the CDFI certification requirement when making a determination of default or no-default; (4) ensure that CCME staff fully document the reasons for determinations of default or no-default when TA awardees are non-compliant with their *Assistance Agreement(s)*; (5) establish in SOP a reasonable timeline for follow up on TA awardees’ delinquent annual reports; (6) reassess information technology capabilities to determine if system users can be automatically alerted of delinquent reports; (7) assess CCME staffing levels for making awardee compliance determinations and closing out awards within the timeline established in the updated SOP; (8) ensure the closeout of all 315 TA awards within the fiscal years 2006 through 2012 scope of this report; and (9) establish and implement procedures that require

monitoring of TA awardees' progress toward meeting CDFI certification requirements prior to submitting a *CDFI Certification Application*. CDFI Fund management concurred with the 9 recommendations. **(OIG-20-037)**

Financial Regulation and Oversight

We conduct audits of Treasury offices responsible for financial regulation and oversight. During this reporting period, we assessed the Office of Financial Research's (OFR) hiring practices between August 2017 and October 2018.

Review of the Office of Financial Research's Hiring Practices

We found that OFR's administration of the recruitment and selection process for filling vacancies complied with applicable Office of Personnel Management, Treasury, OFR, and other federal requirements. For example, OFR vacancy announcements included all required items for a job announcement to attract job seekers. Also, OFR gave members of the public an opportunity to compete for vacant positions in their agency by publicly announcing most job opportunities on USAJOBS for a minimum of five calendar days. Additionally, eligible applicants were rated and ranked appropriately and were referred to the OFR selecting official for consideration. Through our review of all selectees, we found no instances of veterans being passed over by OFR for the selection of non-preference eligibles. Accordingly, we made no recommendations. **(OIG-20-033)**

Prior to 2015, OCC Missed Opportunities to Analyze and Address Inappropriate Sales Practices at Wells Fargo Bank

We assessed the Office of the Comptroller of the Currency's (OCC) supervision of incentive-based compensation structures within Wells Fargo and the timeliness and adequacy of OCC's supervisory and other actions taken related to Wells Fargo's sales practices, including the opening of accounts. We concluded that OCC examiners missed opportunities from 2010 to 2014 to analyze and address issues within Wells Fargo's incentive-based compensation structures. More specifically, although OCC assessed Wells Fargo's governance and risk management practices related to compliance and operational risk during this period; it did not assess the bank's oversight and governance of sales practices until 2015. We believe this was due, in part, to OCC examiners not sufficiently reviewing Wells Fargo's internal complaint data. We also determined

that OCC lacked a formal complaint process for tracking “whistleblower-related” referrals made to OCC from initiation through resolution. Specifically, OCC’s former complaint process did not adequately record and track the research and resolution of matters that were whistleblower-related.

In order to improve its supervisory process, OCC’s Enterprise Governance Supervision (EGS) division performed an independent review of the Wells Fargo supervisory record and summarized the findings of that review in its *“Lessons-Learned Review of Supervision of Sales Practices at Wells Fargo”* report, dated April 2017. In its review, EGS identified significant issues relating to OCC’s supervisory actions regarding complaint management and sales practices which align with our conclusion that prior to 2015, OCC examiners missed opportunities to analyze and address issues within Wells Fargo’s incentive-based compensation structures. EGS made nine recommendations for OCC to address these and other supervisory issues. As of June 2018, all nine recommendations have been addressed by OCC. Based on OCC taking corrective actions to implement the nine recommendations identified in its lessons-learned review, we did not make any recommendations to OCC. **(OIG-20-046)**

Financial Management

IPERA

As required by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), we reported on Treasury’s and the Council’s overall compliance with IPERA for fiscal year 2019. We also assessed compliance with additional improper payment reporting requirements set forth in Executive Order (EO) 13520, “Reducing Improper Payments and Eliminating Waste in Federal Programs,” and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

Treasury Compliance with IPERA Fiscal Year 2019

We determined that Treasury met many requirements of IPERA but was not in compliance for fiscal year 2019 because the Internal Revenue Service did not report an overall improper payment rate of less than 10 percent for its Earned Income Tax Credit, Additional Child Tax Credit, and American Opportunity Tax Credit programs. In addition, Treasury Inspector General for Tax Administration found that authorities provided by the Internal Revenue Code were not effectively used to address erroneous refundable credits; that increased Correctable Error Authority could reduce the number of potentially erroneous

refundable credit payments; and that revising the Nonwork Social Security Number case selection could increase revenue protected. We made no recommendations in our report. **(OIG-20-034)**

Gulf Coast Compliance with IPERA Fiscal Year 2019

We determined that the Gulf Coast Ecosystem Restoration Council was compliant with all of the applicable requirements of IPERA for fiscal year 2019. Accordingly, we made no recommendations in our report. **(OIG-20-035)**

Attestation Engagements

Independent certified public accounting firms, Sagger & Rosenberg, P.C. (S&R) and KPMG LLP (KPMG), under contracts monitored by our office, completed the reports described below in support of the audit of Treasury’s fiscal year 2020 consolidated financial statements and the financial statement audits of certain other Federal agencies.

Reports on the Processing of Transactions by Fiscal Service

KPMG examined the accounting and procurement processing and general computer controls related to financial management services provided to various Federal agencies by Fiscal Service’s Administrative Resource Center for the period beginning July 1, 2019, and ending June 30, 2020. KPMG found, in all material respects, that the controls were fairly presented in the description of controls for these activities and suitably designed. KPMG also found that controls tested operated effectively throughout the period. **(OIG-20-044)**

Reports on the Processing of Transactions by Treasury Enterprise Business Solutions

S&R examined Treasury Enterprise Business Solutions’ description of controls for processing user entities’ human resource transactions in its HRConnect system; and the suitability of the design and effectiveness of these controls for the period beginning July 1, 2019, and ending June 30, 2020. S&R found, in all material respects, the controls were fairly presented in the description of controls for this system, suitably designed, and controls tested operated effectively throughout the period. **(OIG-20-045)**

Financial Audit

KPMG, an independent certified public accounting firm under a contract monitored by our office, completed the report described below.

BEP’s Financial Statements

KPMG issued an unmodified opinion on BEP's financial statements for fiscal years 2019 and 2018. The audit did not identify any matters involving internal control and its operation that were considered material weaknesses or any instances of reportable noncompliance with laws, regulations, and contracts tested. However, the audit did identify deficiencies in BEP's internal control determined to be significant deficiencies. **(OIG-20-031)** In connection with BEP’s fiscal year 2019 financial statement audit, the auditors issued a management letter on other matters involving internal control. **(OIG-20-032)**

Federal Financial Management Improvement Act

The following instances of noncompliance with the Federal Financial Management Improvement Act of 1996, were reported in connection with the audit of Treasury’s fiscal year 2019 consolidated financial statements.

Condition	Type of noncompliance
Treasury continues to have deficiencies in IRS financial management systems. Specifically, Treasury did not consistently design, implement, and operate information system controls and security programs over its financial systems in accordance with the Federal financial management system requirements. (first reported in fiscal year 1997)	Federal financial management system requirements
Treasury has deficiencies in Fiscal Service Government-wide cash and Federal debt management information systems. Specifically, Fiscal Service did not consistently design, implement, and operate information system controls and security programs over its cash and federal debt systems in accordance with the Federal financial management system requirements. (first reported in fiscal year 2018)	Federal financial management system requirements

The status of these instances of noncompliance, including progress in implementing remediation plans, will be evaluated as part of the audit of Treasury’s fiscal year 2020 consolidated financial statements.

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Office of Investigations – Significant Investigations

CARES Act Investigation

Finding of Misconduct by Interior and Treasury employees for Unauthorized Disclosure of Tribal Data Collected for CARES Act, Title V, Coronavirus Relief Fund Administration

We initiated a joint investigation with the Department of the Interior (Interior) Office of Inspector General (OIG) upon receipt of information from six Members of Congress, regarding the Department of the Treasury (Treasury) and Interior’s administration of the CARES Act, Title V, Coronavirus Relief Fund (CRF) Tribal Government payments. The letters from Members of the U.S. Senate and the U.S. House of Representatives addressed concerns that the tribal data submitted to the Treasury’s CRF portal was disseminated outside of the Executive Branch. One letter raised ethics concerns associated with an Assistant Secretary at Interior. In our joint investigation, we identified leaks of confidential tribal data by Interior employees and identified a Treasury employee who mishandled emails containing confidential tribal data. Criminal prosecution of the employees was presented on June 4, 2020, and declined by the U.S. Attorney’s Office for the District of Columbia. We have provided responses to the concerned Members of Congress and opened an investigation into the Treasury employee. Interior OIG is providing an additional response that will also address the ethics allegations.

Other Significant Investigations

Misconduct by OFAC Employee for Mishandled Foreign Government Classified Information and Accepted Gifts from a Prohibited Source

Our investigation revealed an Office of Foreign Assets Control (OFAC) employee mishandled a foreign government’s classified information and accepted gifts from a prohibited source. The case was initiated upon receipt of allegations from the Government of Colombia that the OFAC employee improperly removed an entity from the Specially Designated Nationals list and leaked investigative information regarding a separate foreign entity. The Government of Colombia’s allegations were unsubstantiated. The Report of Investigation was provided to OFAC for information.

CPA Used Treasury Payments to Embezzle and Launder over \$15 Million

Our joint investigation with the U.S. Secret Service and Internal Revenue Service, Criminal Investigation was initiated upon receipt of information from the U.S. Attorney’s Office (USAO) for the Middle District of Florida, regarding a Certified Public Accountant (CPA) and son who embezzled more than \$15 million from elderly clients. The CPA and son laundered scheme proceeds using estimated tax payments and tax refunds from the Treasury, numerous shell companies, and the purchase of assets. Over \$6 million was forfeited, but criminal prosecution of the CPA was declined due to his death and prosecution of the son was declined for insufficient evidence by the USAO.

Regional Sewer Authority Paid \$1.3 Million as Part of Settlement Agreement

Our investigation determined a regional sewer authority in Kentucky participated in the Treasury’s State and Local Government Securities (SLGS) Program, which offers special low yield securities to state and local governments and other issuers of tax-exempt bonds for investment. The sewer authority conducted a series of SLGS transactions pursuant to a trading strategy where the sewer authority requested redemption of certain SLGS securities in a manner contrary to the purposes of the Program and Treasury regulations. The sewer authority paid \$1.3 million as part of a civil settlement agreement with the USAO for the Western District of Kentucky.

Prosecution Declined for Subject Linked to the Receipt of Unentitled Government Funds

Our investigation was initiated from information provided by the District of Columbia Retirement Board that pension payments for a deceased beneficiary continued 13 years after the beneficiary’s death, and resulted in an over payment of \$790,000. The investigation determined there was an individual linked to the deceased beneficiary’s account, but that individual was also deceased. An additional individual was identified and linked to approximately \$95,000 of unentitled funds. Criminal prosecution was presented and declined by the USAO and the Attorney General for the District of Columbia.

Unsubstantiated Allegations of TTB Agents who Improperly Disclosed Tax Information

Our investigation was initiated after receiving allegations that Alcohol and Tobacco Tax and Trade Bureau (TTB) agents improperly disclosed tax information to the New York State Liquor Authority. TTB has agreements with many state and local authorities, and it is not uncommon for TTB and state and local authorities to visit locations together and conduct parallel investigations. The investigation determined that no inappropriate dissemination of tax information occurred.

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Treasury OIG Accomplishments and Activities

2020 Continuing Professional Education Symposium

The Department of the Treasury (Treasury) Office of Inspector General's (OIG) Office of Audit held its 2020 continuing professional education symposium May 19 to May 21, 2020. In attendance were 96 Treasury OIG staff members. The symposium provided 24 hours of online, quality training in the areas of (1) data analysis, (2) coaching effective writing, (3) developing effective relationships, (4) managing projects, and (5) working with Congress.

Treasury OIG Leadership Roles

Treasury OIG professionals serve on various important public and private professional organizations supporting the Federal audit community. Examples of participation in these organizations follow:

Deborah Harker, Assistant Inspector General for Audit, serves as the Co-Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council's (FAEC) Digital Accountability and Transparency Act of 2014 (DATA Act) Working Group Governance Committee. **Ms. Harker** also represents CIGIE on the Chief Financial Officers Council, Leveraging Data as a Strategic Asset Working Group. Ms. Harker also represents Treasury OIG on the National Association of State Auditors, Comptrollers, and Treasurers Coronavirus Disease 2019 (COVID-19) Accountability Work Group.

Pauletta Battle, Deputy Assistant Inspector General for Financial Management and Transparency Audits, chairs the FAEC's DATA Act Working Group, which educates Inspectors General and Government financial communities on the DATA Act oversight process. The Working Group consists of approximately 200 members representing at least 48 OIGs. Other OIG representatives that contributed to this effort were **Andrea Smith**, Audit Director; **Maria McLean**, Auditor-In-Charge; and **Herb Addy**, Auditor-In-Charge.

Donna Joseph, Deputy Assistant Inspector General for Cyber, Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and Financial Assistance Audits, serves as the National Single Audit Coordinator for Treasury, and is a member of the American Institute of Certified Public Accountants' (AICPA) National Governmental Accounting and Auditing Update planning committee. The committee coordinated its annual conference in Washington, DC.

James Hodge, Audit Director, serves with **Ms. Joseph** on the AICPA National Governmental Accounting and Auditing Update Conference planning committee.

Andrea Smith, Audit Director, led a virtual half-day workshop the OIG hosted for the National Association of Black Accountants, Inc. Accounting Career Awareness Program (ACAP) on July 15, 2020. ACAP's primary objective is to increase the understanding of accounting and business career opportunities among high school students from underrepresented ethnic groups. ACAP, a one-week residency program at Howard University, introduces students to accounting, finance, economics, and management through a focused, undergraduate-level program taught by college faculty and guest lecturers from business and Government. During the week, students had the opportunity to attend virtual classes on careers in accounting and business, personal development, college preparation. The OIG's workshop encouraged students to learn about auditing and other career disciplines in the Federal sector through technical sessions and team building exercises.

Chereeka Straker, Audit Manager, **Alicia Weber**, Audit Manager, and **Robert Hong**, Auditor-In-Charge, are participating on CIGIE's Quality Assurance Working Group. The Working Group is identifying good practices for implementing quality assurance across the OIG community.

Andrew Berke, Audit Manager, assisted CIGIE's Pandemic Response Accountability Committee with the development of the new [PandemicOversight.gov](https://www.pandemicoversight.gov) website.

Mr. Berke reconciled Treasury Appropriation Warrants to COVID-19 funding data obtained from over 35 Inspectors General offices. The reconciled funding data is displayed publicly on the [PandemicOversight.gov](https://www.pandemicoversight.gov) website.

Statistical Summary

Summary of Treasury OIG Activities

April 1, 2020 through September 30, 2020

OIG Activity	Number or Dollar Value
Office of Counsel Activities	
Regulation and legislation reviews	6
Instances where information was refused	0
Office of Audit Activities	
Reports issued and other products	35
Disputed audit recommendations	0
Significant revised management decisions	0
Management decision in which the Inspector General disagrees	0
Monetary benefits (audit)	
Questioned costs	\$93,424,652
Funds put to better use	\$0
Total monetary benefits	\$93,424,652
Office of Investigations Activities*	
Criminal and judicial actions (including joint investigations)	
Investigative reports issued	107
Cases referred for prosecution and/or litigation	15
Individuals referred for criminal prosecution to the Department of Justice	33
Individuals referred for criminal prosecution to state and local authorities	3
Cases accepted for prosecution and/or litigation	8
Arrests	8
Indictments/informations	18
Convictions (by trial and plea)	8

**During the reporting period, defendants were sentenced to 26 months of prison time, 204 months of probation, 6 months of home detention, ordered to pay fines, restitution, and court fees in the amount of \$885,930, seizures and forfeitures in the amount of \$146,035, and civil judgements, civil settlements, and civil recoveries in the amount of \$948,516.*

Metrics Used for Office of Investigations Activities

Department of the Treasury (Treasury) Office of Inspector General (OIG) investigative statistics listed above were obtained through reports drawn from Treasury OIG's Office of Investigations case management system.

Reports with Unimplemented Recommendations

Issued prior to April 1, 2020

The following list of Treasury OIG reports with unimplemented recommendations is based on information in Treasury’s automated audit recommendation tracking system, which is maintained by Treasury management officials, and recommendations tracked by other Federal organizations related to Treasury OIG’s oversight of the Resources and Ecosystems Sustainability, Tourist Operations, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) programs and activities of the Gulf Coast Ecosystem Restoration Council (Council) and the National Oceanic and Atmospheric Administration’s Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program.

Treasury OIG is reporting 129 open and unimplemented recommendations for 21 reports issued prior to April 1, 2020 with \$12,471,856 in potential cost savings.

Treasury OIG considers all unimplemented recommendations for reports issued over 6 months to be significant.

Treasury Programs and Operations

Fiscal Year	Report Number	Report Title	Date Issued
2016	OIG-16-059	<i>General Management: Treasury Has Policies and Procedures to Safeguard Classified Information but They Are Not Effectively Implemented</i>	09/16
1.	The Assistant Secretary for Intelligence and Analysis should direct the Deputy Assistant Secretary for Security to update the Treasury Security Manual to include procedures requiring the Office of Security Programs to follow up and obtain all bureau self-inspection reports. Management agreed with the recommendation.		

Fiscal Year	Report Number	Report Title	Date Issued
2017	OIG-17-044	<i>Terrorist Financing/Money Laundering: Federal Agencies Are Generally Satisfied with TFFC's Collaboration Efforts, but Enhancements Can Be Made</i>	05/17
1.	The Assistant Secretary for Terrorist Financing should develop policies and procedures to ensure continuity and consistency in collaboration efforts with interagency task forces and workgroups.		
2.	Develop and implement a mechanism to monitor, evaluate, and report on the effectiveness of the Office of Terrorist Financing and Financial Crimes' (TFFC) interagency collaboration.		
3.	Develop meaningful performance measures specific to TFFC collaboration.		
4.	Address areas of concern expressed by Federal agencies regarding TFFC's collaboration that includes feedback, intersessional meetings, and invitations to participate in bilateral meetings with foreign countries during the Financial Action Task Force Plenary. Management agreed with the recommendations.		
Fiscal Year	Report Number	Report Title	Date Issued
2018	OIG-18-018	<i>Terrorist Financing/Money Laundering: OFAC Human Resources Practices Need Improvement</i>	11/17
1.	The Office of Foreign Assets Control (OFAC) Director should ensure that legacy employees' current position descriptions are evaluated to ensure that the documented promotion potential of these non-supervisory employees is consistent with OFAC's current promotion practices. Management agreed with the recommendation.		

Fiscal Year	Report Number	Report Title	Date Issued
2018	OIG-18-043	<i>Terrorist Financing/Money Laundering: OFAC's Licensing Program Would Benefit From System Enhancements</i>	04/18
1.	The Director of OFAC should develop performance measures specific for the licensing division. Management agreed with the recommendation.		
Fiscal Year	Report Number	Report Title	Date Issued
2018	OIG-18-044	<i>Terrorist Financing/Money Laundering: Audit of the Office of Intelligence and Analysis' Authorities and Actions Related to U.S. Persons' Financial Information</i>	04/18
1.	The Under Secretary for Terrorism and Financial Intelligence, as expeditiously as possible, should ensure that the Office of Intelligence and Analysis's (OIA) U.S. Persons Procedures are finalized and submitted for approval to the Attorney General of the United States.		
2.	Implements a compliance monitoring program to assess whether intelligence analysts' activities are conducted in accordance with OIA authorities, and electronic searches and other queries are performed in a manner that fully protects the rights of U.S. persons. Management agreed with the recommendations.		
Fiscal Year	Report Number	Report Title	Date Issued
2019	OIG-19-007	<i>Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2018 Performance Audit</i>	10/18
1.	Treasury Inspector General for Tax Administration (TIGTA) management should develop a plan that incorporates and takes into account interruptions in TIGTA System funding.		

	The recommendation is closed in Treasury’s audit follow-up system, the Joint Audit Management Enterprise System (JAMES), however, the auditors consider the recommendation to be unimplemented.		
2.	TIGTA management should obtain and issue full Authority to Operate to include the following: a. Ensure that the TIGTA System's current System Security Plan is finalized and updated to include the system architecture and all security controls based on system categorization are implemented according with Treasury Directive Publication 85-01, Department of the Treasury Information Technology Security Program and National Institute of Standards (TD P 85-01) and Technology Special Publication 800-53 Revision 4, Security and Privacy Controls for Federal Information Systems and Organizations (NIST SP 800-53, Rev. 4), guidance. b. Develop Plan of Action and Milestones for the 144 out of 159 TIGTA System NIST SP 800-53, Rev. 4, security controls that were not implemented or were partially implemented. c. Complete the Security Assessment and Authorization package for the TIGTA System in accordance with NIST SP 800-37 Revision 1, Guide for Applying the Risk Management Framework to Federal Information Systems.		
3.	Establish a current enterprise baseline of software and related configurations for the TIGTA System.		
4.	Develop and disseminate to TIGTA personnel a TIGTA System Information System Contingency Plan that addresses purpose, scope, roles, responsibilities, management commitment, coordination, and compliance to facilitate the implementation of the contingency planning policy and associated contingency planning controls. TIGTA should conduct disaster recovery and business continuity testing for the TIGTA System on the frequency stipulated by a Business Impact Analysis. Management agreed with the recommendations.		
Fiscal Year	Report Number	Report Title	Date Issued
2019	OIG-19-038	<i>Domestic and International Assistance Programs: Audit of ASI Federal Credit Union’s CDFI Program Awards</i>	07/19
1.	The Director of the Community Development Financial Institutions (CDFI) Fund should determine whether ASI Federal Credit Union (ASI) was in		

	<p>default of its 2006 through 2009, 2011, and 2012 Assistance Agreements as a result of submitting invalid information in its Certification Application and Assistance Applications for fiscal years 2006 through 2009, 2011, and 2012 and its failure to deploy all Healthy Food Financing Initiative Financial Assistance (HFFI-FA) awards; and as such, take appropriate action which may include requiring ASI to reimburse the CDFI Fund all Financial Assistance and HFFI-FA awards, and suspending or revoking ASI's CDFI certification.</p>		
2.	<p>Re-evaluate ASI's fiscal year 2013 Certification Application and fiscal year 2013 Assistance Application to determine if the information submitted was valid and complete and if ASI met all eligibility requirements to be re-certified as a CDFI and to receive its \$1,347,000 Financial Assistance award. Management agreed with the recommendations.</p>		
Questioned Cost	\$12,298,806		
Fiscal Year	Report Number	Report Title	Date Issued
2019	OIG-19-039	<i>Domestic Assistance - Recovery Act: Audit of Georgia Department of Community Affairs' Payment Under 1602 Program</i>	07/19
1.	<p>Treasury's Fiscal Assistant Secretary should ensure that the Georgia Department of Community Affairs (DCA) provides sufficient support of other eligible costs used to offset the \$170,500 of excess 1602 Program payments made to 14 subawardees for unallowable legal fees. For any costs that cannot be sufficiently supported, ensure that DCA reimburses Treasury. Management agreed with the recommendations.</p>		
Questioned Cost	\$170,500		

Fiscal Year	Report Number	Report Title	Date Issued
2019	OIG-19-040	<i>DATA Act: Treasury's Efforts to Increase Transparency Into Federal Spending Continue, But Further Refinement is Needed</i>	07/19
1.	The Fiscal Assistant Secretary should update the Digital Accountability and Transparency Act of 2014 (DATA Act) Program Management Office's resource documentation to give prompt attention to staffing and succession planning for DATA Act implementation efforts to mitigate against resource gaps.		
2.	Develop an internal reference document for the DATA Act Program Management Office development team that explains why a designation of warning versus fatal error was assigned to each rule.		
3.	Incorporate sub-rules that already appear in Broker output (i.e., C23.1, C23.2, C23.3) and an explanation of potential formatting violations (with appropriate error designations) into the DATA Act Information Model Schema (DAIMS) Validation Rules v1.1.2 and Financial Assistance Broker Submission Validation Checklist v1.1 (or the most updated versions of these).		
4.	Either develop an instruction guide to interpret DATA Act Broker output or incorporate mechanisms in the output itself to aid user interpretation when multiple fields are impacted by the same rule.		
5.	Perform testing and provide documentation assuring that the limited validation rules identified as having inconsistencies operate as intended in the DATA Act Broker with accurately displayed output.		
6.	Develop procedures to ensure changes to rules implemented during coding are subsequently captured in official DAIMS documentation.		
7.	Enhance generic disclaimers on USA Spending.gov and expand the use of limitation statements on pages with known and potential display issues so that the public has a clear understanding of known limitations when using the data as displayed and available for download.		

8.	Either expand the Interface Definition Document or create a complementary document that includes all elements used for validation, derivation, and display purposes from external tables that interface with the Broker and USAspending.gov. Documentation should include the cadence on which the tables are pulled or referenced by the DATA Act Broker. Management agreed with the recommendations.		
Fiscal Year	Report Number	Report Title	Date Issued
2019	OIG-19-041	<i>Interim Audit Update - Matters for Consideration Prior to Fiscal Service's Selection of the Direct Express® Debit Card Program Financial Agent</i>	07/19
1.	The Commissioner of the Bureau of the Fiscal Service (Fiscal Service) should periodically request access to the Regulation E compliance reviews related to Direct Express conducted by the banking regulators under the provisions outlined in 12 CFR 261 or other relevant provisions related to the regulator. This information should be used by the Fiscal Service to monitor the financial agent's compliance with the Federal Agency Agreement and Service Level Requirements or to improve Direct Express. Management agreed with the recommendation.		
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-002	<i>Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2019 Performance Audit for Collateral National Security Systems (Sensitive but Unclassified)</i>	10/19
1.	<p>This recommendation is Sensitive But Unclassified.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented. Management agreed with the recommendation.</p>		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-003	<i>Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2019 Performance Audit</i>	10/19
1.	<p>Bureau of Engraving and Printing (BEP) management should assess and remediate vulnerabilities identified during Security Content Automation Protocol (SCAP) configuration baseline compliance and vulnerability scanning within the required timeframes specified in the BEP Minimum Standard Parameters.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>		
2.	<p>Departmental Offices (DO) management should develop and implement a process to ensure that periodic user access reviews are completed for DO System 2, documented, and all unnecessary access is removed in accordance with NIST SP 800-53 and TD P 85-01.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>		
3.	<p>United States Mint (Mint) management should establish a quality control process to ensure that user access to Mint System 1 and other Mint information systems follow the access management process requiring the completed background investigations, signed non-disclosure agreements (NDA), signed rules of behavior (ROB), and completion of the security awareness training.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>		
4.	<p>Mint management should clearly document and formally approve exemptions to the Mint's access authorization process when a business justification exists.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>		

<p>5.</p>	<p>Mint management should update the Mint Information Security Policy to meet TD P 85-01 and NIST requirements related to access agreements and ROB.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>
<p>6.</p>	<p>Mint management should finalize and implement its bureau-wide privacy program that includes a strategic organizational privacy plan for implementing applicable privacy control and procedures in accordance with NIST 800-53.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>
<p>7.</p>	<p>Mint management should implement mechanisms to monitor and audit on a regular basis the effectiveness of its privacy controls and internal privacy policy at the bureau-level.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>
<p>8.</p>	<p>Mint management should establish sufficient controls to ensure supervisors/managers are held accountable for the completion of the role-based specialized information technology security training by their employees with security roles and responsibilities.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>
<p>9.</p>	<p>Fiscal Service management should protect the confidentiality and integrity of transmissions by encrypting Fiscal Service System 2 data in transit as required by NIST 800-53, Rev. 4.</p> <p>The recommendation is closed in JAMES, however, the auditors consider the recommendation to be unimplemented.</p>
<p>10.</p>	<p>Fiscal Service management should enforce encryption of databases to protect the confidentiality of Fiscal Service Systems 1 and 2 as required by NIST 800-53, Rev. 4. Management agreed with the recommendations.</p>

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-007	<i>DATA Act: Treasury Continues to Make Progress in Meeting its DATA Act Reporting Requirements</i>	11/19
	1.	Treasury's Assistant Secretary for Management (ASM), working as needed with Treasury's Senior Accountable Official, the Senior Procurement Executive, reporting entities, the Program Management Office (PMO), and the Office of Management and Budget should request that Treasury's PMO ensures File D2 data is properly extracted from appropriate sources within System for Award Management (SAM) for publication on USAspending.gov.	
	2.	Develop and implement a method and procedures to submit Treasury Forfeiture Fund financial assistance award data to the Financial Assistance Broker Submission in accordance with the reporting submission specifications established by DAIMS. Management agreed with the recommendations.	
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-012	<i>Financial Management: Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	11/19
	1.	The ASM and Deputy Chief Financial Officer should ensure that Fiscal Service implements requisite corrective actions to resolve control deficiencies over its cash management and debt information systems.	
	2.	Internal Revenue Service (IRS) implements corrective actions to resolve the control deficiencies at IRS.	
	3.	IRS and Fiscal Service develop and implement remediation plans outlining actions to be taken to resolve noncompliance with the federal financial management system requirements and the resources and responsible organizational units for such planned actions. Management agreed with the recommendations.	

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-015	<i>Financial Management: Management Letter for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
1.	DO management should communicate the timeframe required to disable or remove the access of terminated employees and contractors from DO systems to the appropriate staff, and communicate the timeframe required to disable or remove the access of terminated employees and contractors from the Treasury-wide Financial Analysis and Reporting System (FARS) application, which includes the Treasury Information Executive Repository (TIER) and TIER Financial Statements (TFS), to the appropriate staff. Management agreed with the recommendation.		
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-017	<i>Financial Management: Management Letter for the Audit of the United States Mint's Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
1.	United States Mint (Mint) management should design and implement controls to ensure that expenses and related accruals are accounted for and reported in the Mint's financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Management agreed with the recommendation.		
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
1.	Fiscal Service management should address the mainframe operating system vulnerabilities noted in the condition as soon as possible.		

2.	Develop a tailored mainframe operating system security configuration baseline that specifies how security configuration options are to be set based on the selected industry guidance.
3.	Ensure that the chief information security officer assign specific responsibility for providing controls over operating system security, including access permissions to all system datasets and all security-related option settings.
4.	Develop and document controls over changes and monitor update access to all key system datasets.
5.	Develop and document controls to prevent unauthorized, unnecessary read access to system datasets containing sensitive information.
6.	Develop and document controls and baseline documentation of mainframe operating system options specified in the configuration files.
7.	Establish which techniques are to be used to control update access to key system datasets and to control read access to sensitive system datasets (such as the security software database and the page files), whether a third-party tool is to be used, or tailored change control mechanisms, and develop procedures and documentation to support their use.
8.	Provide for annual review of all techniques that permit a program to obtain the privileges of the operating system.
9.	Develop procedures to provide assurance that programs installed with the privileges of the operating system (whether purchased from software vendors or internally developed) do not introduce security.
10.	Develop, document, and implement policies, procedures, and controls to conduct periodic reviews of actual mainframe security software settings against the security baseline weaknesses.
11.	Develop a mainframe security software risk assessment process using the Defense Information Systems Agency (DISA) Security Technical Implementation Guide (STIG) as a guideline.
12.	Develop a tailored mainframe security software configuration baseline that specifies how security configuration options should be set based on the

	industry guidance. As part of this action, management should develop and document a baseline specifying for each possible setting in the security software control file how the option should be set and who is responsible for approving the setting.
13.	Use the mainframe security software configuration baseline to harden the mainframe environment, including the Payment Authorization Manager (PAM) and Payments, Claims, and Enhanced Reconciliations (PACER) production.
14.	Remove duplicate and excessive permissions in the mainframe security software database.
15.	Perform an annual comparison of each actual setting in the mainframe security software control file to each setting specified in the baseline to verify compliance with the baseline.
16.	Develop and document procedures for controlling updates to the mainframe security software control file.
17.	Define and document the segregation of functions and privileges based on the principle of least privilege for mainframe security software and operating system.
18.	Review and establish access permissions to the mainframe system and security software based on the principle of least privilege access.
19.	Identify and document the person responsible for approving each access permission.
20.	Review and re-assess each access permission in the mainframe security software dataset and resource rules on a periodic basis.
21.	Develop procedures and documentation to establish the following for each dataset permission, resource permission, and mainframe security software privilege: a. Responsibility for approving access and enforcing compliance with the principle of least privilege; b. Actual access meets the principle of least privilege; and c. Any discrepancy from approved access will be identified and corrected.

22.	Develop, document and implement policies, procedures, and controls for comprehensive logging and monitoring of events. Procedures and controls should include an annual re-assessment of whether logging and reporting is adequate.
23.	Review and determine which profiles, applications, databases, and other processes on the mainframe will be logged and reviewed.
24.	Assess all mainframe logs to determine which logs should be evaluated by the incident management tool.
25.	Establish appropriate alerts and event thresholds for those mainframe logs required to be evaluated by the external tracking.
26.	Develop and implement data and analysis tools and processes for identifying event trends, patterns, spikes, and exceptions tool.
27.	Identify non-security related purposes for logging and monitoring (including performance tuning, problem management, capacity planning, and management of service level agreements); assign responsibility for addressing them and for integrating them with security uses of logging and monitoring.
28.	Identify the possible sources of log information; determine how each is to be used for security monitoring; and develop procedures to ensure that each type of logging which is necessary for effective security monitoring is activated.
29.	Annually assess the effectiveness of security logging and monitoring, ensuring that the volume of logged events is limited to just those that are needed for security, and ensuring that monitoring results include effective identification and response for any violations and for any significant trends (such as an increase in the number of password resets for a given group of users or repetition of the same attempted but failed attempt to access a productions dataset or resource).
30.	Identify, document, and assess the mainframe security controls affecting the system software, to fully describe how mainframe security is provided. These Fiscal Service management controls should include: a. Specific assignment of responsibility for maintaining operating security, b. Skill assessment and remediation for operating system security maintenance,

	c. Baseline documents for mainframe configuration files, d. Standard procedures for review and maintenance of operating system security, and e. Standard procedures to compare actual configuration settings to baseline documents.
31.	Develop, approve, and promulgate control standards that address the purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance processes.
32.	Update mainframe documentation to be consistent with Fiscal Service and TD P 85-01.
33.	Develop procedures and documentation to establish who is responsible and how effective security is achieved for controls requirements.
34.	Implement an oversight process to determine that designated Fiscal Service personnel reviews and reevaluates privileges associated with the UNIX production environment semiannually for privileged accounts.
35.	Configure the systems-management software agents to include all UNIX servers, databases, and users' accounts within the UNIX environment when generating the users' lists for the semiannual review and recertification process so that all privileged and non-privileged users' access is reviewed.
36.	Update UNIX semiannual account review and recertification procedures to include quality control steps to validate that systems-management software is generating complete and accurate account listings for all UNIX servers and databases privileged and non-privileged user accounts within the UNIX environment prior to completing the review and recertification process.
37.	Finalize policies and procedures to review audit logs of production DB2 servers.
38.	Implement an oversight process to ensure that designated Fiscal Service personnel: a. Reviews the security logs for the UNIX and DB2 servers hosting the Payment Information Repository (PIR), Judgment Fund Internet Claim System (JFICS), and Security Payment System (SPS) applications on a pre-defined frequency, as indicated in the Fiscal Service Baseline Security Requirements (BLSR). b. Formally documents completion of their reviews and any escalations to the Information System Security Office, and

	c. Retains the audit logs and documentation of its reviews for 18 months, as required by the BLSR.
39.	Periodically review Fiscal Service management's implementation and operation of the review the security audit logs for the UNIX and DB2 servers hosting the PIR, JFICS, and SPS applications to determine that Fiscal Service management completes the reviews on a pre-defined basis, documents completion of the reviews and escalations, and maintains such documentation.
40.	Establish an effective enforcement process or mechanism to ensure that (a) UNIX and DB2 events and monitoring controls are followed, and (b) Fiscal Service management has confidence it consistently reviews for potential unauthorized or inappropriate activity.
41.	Update its current PIR security procedures to require that management obtain current PIR developer access requirement listings from the service provider and use them when validating the appropriateness of PIR developer access during the semiannual access reviews and recertification of the PIR and UNIX environments.
42.	Maintain the documentation used to review and recertify the access of the known PIR service provider developers evidencing that their access to the UNIX environments is commensurate with their job functions and responsibilities.
43.	Ensure that developers do not have the ability to make changes to the PIR production environment.
44.	Remove users' access once validated by the Federal Program Agency (FPA), during the SPS annual user access review.
45.	Retain evidence of recertification of all users.
46.	Oversee the recertification process and ensure that access corrections are processed once received from the FPA.
47.	Review and enhance the manual processes and procedures to ensure that user access to all resources as defined for Treasury Web Application Infrastructure (TWA) users are accurately and completely identified and evaluated during the course of the General Support System 1 (GSS1) and

	General Support System 2 (GSS2) TWAI User Privilege Recertification cycles.
48.	Complete the GSS1 TWAI User Access Recertification cycle within the time intervals set by Fiscal Service BLSR requirements.
49.	Create a policy to require a formal review, approval, and documentation of the results for the Segregation of Duties (SD) matrix review on an annual basis or when there is a significant change.
50.	Document in an SD or Access Management Matrix the Treasury Managed Accounts (TMA) SD responsibilities for Fiscal Accounting Operations and maintain the supporting documentation used to review and approve the SD matrix in accordance with the policy.
51.	Maintain the supporting documentation used to review and document the results, as well as approve SD responsibility matrices for DO and Government-Wide Cash (GWC) TMA in accordance with the policy.
52.	Identify conflicting roles and privileges in the DO GWC, and TMA responsibilities matrices that should not be assigned to an Oracle Financials user when access is granted and reviewed on an annual basis.
53.	Remove and disable the two users' access immediately.
54.	Implement a quality control process to ensure that PIR application accounts defined to the PIR production environment that have been inactive for over 120 days are disabled.
55.	Review and update the Enterprise Information Technology Infrastructure System Security Plans, Attachment A-Security Control Matrix, to be consistent with the Fiscal Service BLSR and the Chief Information Officer Publication Information System Security Internal Standard Operating Procedure (SOP) 8.3.6.60 UNIX/LINUX Account Management.
56.	Configure the six UNIX servers to enforce the minimum password as stated in the Fiscal Service BLSR and ensure that the default password configuration settings for the production Unix environments comply with the minimum requirements specified in the BLSR.

57.	Develop and implement a policy and a control to ensure the complete and accurate transfer of user account information from Identity and Access Management (IDAM) to Lightweight Directory Access Protocol (LDAP) on an ongoing basis for the Collections Information Repository, Treasury Check Information System, and JFICS.
58.	Perform an analysis for all financial system, mixed systems, and supporting general support systems to identify instances where user account information in IDAM and LDAP do not match and implement corrective actions to remediate these instances.
59.	Prioritize and reevaluate its procedures to outline a process to complete the application security log reviews over the SPS application and establish a process to perform the review at a defined frequency and update the procedures when changes occur.
60.	Include provisions in their process oversight so that at no time the weekly SPS log reviews are not assigned.
61.	Develop and implement a quality control process to ensure that PIR emergency change approvals are consistently obtained, documented, and retained by the Change Control Board prior to implementing changes into the PIR production environment.
62.	Develop and implement documentation to assign responsibility for ensuring adequacy of UNIX and database security and baseline settings.
63.	Update existing UNIX and database configuration security baseline documents to ensure that these documents fully incorporate and enforce the components of the DISA STIG. Management should document any deviations from the STIGs and note compensating controls that mitigate the security risk to an acceptable level.
64.	Develop, document, and implement policies, procedures, and controls to conduct periodic reviews of actual UNIX and database settings against the security configuration baselines.
65.	Provide logging and monitoring of security related events to include the retention of evidence of reviews performed.

66.	Develop a baseline of essential security settings and specifying that baseline as the standard to be observed.		
67.	Implement corrective actions to address all vulnerabilities associated with the baseline enforcement to include removing the three default user accounts on UNIX servers. Management agreed with the recommendations.		
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-023	<i>Bill and Coin Manufacturing: BEP Improved Governance and Oversight over Note Development and Production But Challenges Remain</i>	12/19
1.	The Director of BEP should finalize the required 5-year update of the memorandum of understanding with the Board of Governors of the Federal Reserve System (Board) to formalize BEP and the Board's responsibilities and authorities related to notes including activities, procedures, and obligations related to the annual production, destruction, and research and development of notes. Management agreed with the recommendation.		
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-027	<i>Resource Management: Audit of the Department of the Treasury Departmental Offices Executive Pay Adjustments, Bonuses, and Awards</i>	02/20
1.	The ASM should ensure that the Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO) and the Office of Executive Resources (OER) develop, implement, and include effective internal controls within its policies and SOP to ensure Treasury's Senior Executive Service (SES) basic pay rates are in compliance with 5 CFR 534.403(a)(3)(b), Suspension of certification of performance appraisal system; and 5 CFR 534.404 (h)(2), Setting pay upon transfer.		

2.	DASHR/CHCO and OER calculate the overpayment amounts for the two DO SES members whose pay was set higher than allowed by regulation.
3.	DASHR/CHCO and OER seek recovery of the overpayment amounts or exercise the authority to waive any claim in accordance with applicable Federal regulations and Treasury's Directive 34-01, Waiving Claims Against Treasury Employees for Erroneous Payments.
4.	DASHR/CHCO and OER complete Office of Personnel Management (OPM) data calls in accordance with OPM's applicable instructions and guidance to ensure all required employees, such as those who have left Treasury, are properly reported.
5.	DASHR/CHCO finalizes and approves Treasury's SES Pay and Awards policy, and then periodically reviews it for continued relevance, effectiveness, and transparency in making pay decisions and awarding bonuses, assesses staffing levels, workforce skills, and respective budgets to determine whether additional personnel should and can plausibly be incorporated into future strategic planning to ensure OER can meet its goals and mission.
6.	DASHR/CHCO finalizes and approves Treasury's SES Pay and Awards policy, and then periodically reviews it for continued relevance, effectiveness, and transparency in making pay decisions and awarding bonuses.
7.	OER documents the processes and SOP, with appropriate detail, followed in administering Treasury DO SES member performance ratings, pay adjustments, and bonuses.
8.	OER oversees the process regarding exceptions to the 12-month rule.
9.	OER includes information regarding the approval process for waiver requests for exceptions to the 12-month rule in the instructions provided to bureau heads and DO policy offices. This information should be consistent with Federal regulations and Treasury's SES Pay and Awards policy.
10.	OER submits Treasury's respective data call report to OPM by the due dates established by 5 CFR 534.405, Performance awards, and before

	any established deadlines per OPM's annual data call memorandum. Management agreed with the recommendations.		
Questioned Cost	\$2,550		
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-029	<i>Gulf Coast Restoration: Jefferson Parish's Internal Control over Federal Awards</i>	03/20
1. & 2.	The Fiscal Assistant Secretary should ensure that deficiencies identified in Jefferson Parish, Louisiana's (Jefferson Parish) controls over Federal awards are considered as part of the Treasury's oversight of future awards as well as risk assessments of Jefferson Parish as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) (Uniform Guidance). Management agreed with the recommendation. This recommendation is counted as two recommendations because it applies to both findings in the report.		
Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-030	<i>Bill and Coin Manufacturing: The United States Mint Numismatic Order Management System is Meeting User Needs But Improvements to Oversight are Needed</i>	03/20
1.	The Mint Director should ensure the Numismatic and Bullion Directorate periodically reviews Quality Assurance Surveillance Plan (QASP) performance measures to determine necessary adjustments and develop corrective action plans, as required by the QASP with the contractor, where needed.		
2.	Retains evidence of its monitoring activities outlined in the contract's QASP to better document the Mint's oversight of the contractor's compliance with contract requirements.		

3.	Obtains and validates contractor's supporting documentation against monthly performance reports and retains this as part of the Mint's monthly monitoring documentation.
4.	Assesses the need to include, the loss of the Mint's Order Management System (OMS-II) contractor as a potential risk to the numismatic program as part of the Mint's Risk Management Program.
5.	Performs an assessment regarding the impact of not having language accessibility for Mint's numismatic program services and considers adding these services to OMS-II.
6.	Performs analyses to determine the feasibility and potential impact of proposed actions to improve numismatic sales, performs additional studies to enhance future sales, and reports the results to stakeholders. Management agreed with the recommendations.

Closed Investigations of Senior Government Employees Not Publicly Disclosed

April 1, 2020 through September 30, 2020

Treasury OIG closed two investigations involving senior Government employees during the period that were not publicly disclosed. In both of these investigations, an instance of misconduct was substantiated against a senior Government employee.

Case Number

Allegation/Disposition

DO-19-0044-I

Treasury OIG received a complaint from DO that one of its employees traveled to the Middle East to attend and speak at a conference without providing notification or obtaining proper clearance and allegedly received payment from the foreign sponsors of the conference. The investigation did not substantiate the receipt of payment from the foreign entity, but determined that the employee failed to seek proper Treasury approval prior to accepting a speaking engagement as required by policy. This matter was not referred to the Department of

Justice, but a report was provided to DO. On May 28, 2020, DO advised that no action was taken against the employee, citing lack of information from the Department of State.

Substantiated

FinCEN-19-0042-I

Treasury OIG received information from the Financial Crimes Enforcement Network, alleging that a Senior Employee was falsifying hours worked. The investigation substantiated the allegation; however, the employee resigned before adverse action was taken. This matter was presented to the U.S. Attorney's Office, District of Columbia, but prosecution was declined.

Substantiated

Summary of Instances of Whistleblower Retaliation

April 1, 2020 through September 30, 2020

In the previous five semiannual periods we reported that Treasury OIG was investigating two instances of possible whistleblower retaliation. During this reporting period, the two investigations were closed and the allegations in both investigations were unsubstantiated. There were no other closed investigations of whistleblower retaliation to report for the period.

Summary of Attempts to Interfere With Treasury OIG Independence, Including Instances Where Information or Assistance Request was Refused

April 1, 2020 through September 30, 2020

There were no attempts made to resist, delay, or restrict Treasury OIG access to records or other information and no instances where an information or assistance request was refused during this reporting period.

Listing of Audit Products Issued

April 1, 2020 through September 30, 2020

In the list of 35 audit products below we identified 3 products that were issued during the reporting period that were not publicly disclosed.

Office of Audit

Termination Memorandum – Audit of the Alcohol and Tobacco Tax and Trade Bureau’s Network and Information System Security (OIG-CA-20-015, 4/2/2020)

Operation Inherent Resolve – Summary of Work Performed by the Department of the Treasury Related to Terrorist Financing, ISIS, and Anti-Money Laundering for Second Quarter Fiscal Year 2020 (OIG-CA-20-016, 4/7/2020)

Financial Management: Audit of the Bureau of Engraving and Printing’s Financial Statements for Fiscal Years 2019 and 2018 (OIG-20-031, 4/20/2020)

Financial Management: Management Letter for the Audit of the Bureau of Engraving and Printing’s Financial Statements for Fiscal Years 2019 and 2018 (OIG-20-032, 4/20/2020)

Financial Regulation and Oversight: OFR’s Hiring Practices Complied with Federal Requirements (OIG-20-033, 5/1/2020)

Termination Memorandum – Audit of the Bureau of the Fiscal Service’s Administration of Delinquent Debt Referrals (OIG-CA-20-018, 5/4/2020)

Financial Management: Audit of Treasury’s Compliance With the IPERA Requirements for Fiscal Year 2019 (OIG-20-034, 5/15/2020)

Financial Management: Audit of the Gulf Coast Ecosystem Restoration Council’s Compliance with IPERA for Fiscal Year 2019 (OIG-20-035, 5/15/2020)

U.S. Agency for International Development Office of Inspector General, System of Quality Control Review Report (OIG-CA-20-019, 5/27/2020)

Interim Audit Update – Coronavirus Relief Fund Recipient Reporting (OIG-20-036, 5/27/2020)

Domestic and International Assistance Programs: Improvements Are Needed In CDFI Fund's Administration of Technical Assistance Awards (OIG-20-037, 6/12/2020)

Termination Memorandum – Audit of the Department of the Treasury's Use of Permanent and Indefinite Appropriations Funds (OIG-CA-20-020, 6/16/2020)

Financial Regulation and Oversight–Safety and Soundness: Failed Bank Limited Review – Resolute Bank (OIG-20-038, 6/24/20)

Financial Regulation and Oversight–Safety and Soundness: Failed Bank Limited Review – City National Bank of New Jersey (OIG-20-039, 6/24/2020)

Bill and Coin Manufacturing: Audit of Bureau of Engraving and Printing's Implementation of Security Features and Meaningful Access for the Blind and Visually Impaired into New Note Design (OIG-20-040, 6/30/2020)

Memorandum for Coronavirus Relief Fund Recipients: Coronavirus Relief Fund Reporting and Record Retention Requirements (OIG-CA-20-021, 7/2/2020)

Operation Inherent Resolve – Summary of Work Performed by the Department of the Treasury Related to Terrorist Financing, ISIS, and Anti-Money Laundering for Third Quarter Fiscal Year 2020 (OIG-CA-20-022, 7/8/2020)

Memorandum for Mr. Ueligitone, Director, Department of Treasury American Samoa Government: American Samoa Uses of Coronavirus Relief Fund Payment (OIG-CA-20-023, 7/14/2020)

Bill and Coin Manufacturing: Mint Human Resources Practices Need Improvement (OIG-20-041, 7/17/2020)

*Memorandum for the Honorable Richard K. Delmar, Treasury Deputy Inspector General: Joint Purchase and Integrated Card Violation Report (October 1, 2019–March 31, 2020) (OIG-CA-20-024, 7/23/2020) **Internal Memorandum, Not Publicly Disclosed***

Memorandum for Coronavirus Relief Fund Recipients: Coronavirus Relief Fund Reporting Requirements Update (OIG-CA-20-025, 7/31/2020)

*Memorandum for Bureau of Engraving and Printing: Review of Crane & Co., Inc.'s Cost Accounting Standards Disclosure Statement (OIG-CA-20-026, 8/10/2020) **Sensitive But Unclassified, Not Publicly Disclosed***

Presentation to Coronavirus Relief Fund Prime Recipients: Coronavirus Relief Fund Reporting and Record Retention Requirements (OIG-CA-20-027, 8/10/2020)

Manufacturing and Revenue: Mint Controls Over Raw Materials and Coin Exchange Programs Need Improvement (OIG-20-042, 8/18/2020)

Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (OIG-CA-20-028, 8/28/2020, Revised 9/21/2020)

Coronavirus Relief Fund Prime Recipient Quarterly Grant Solutions Submissions Monitoring and Review Procedures Guide (OIG-CA-20-029, 8/31/2020)

Coronavirus Relief Fund Recipient Reporting Portal Data Dictionary (OIG-CA-20-030, 9/2/2020)

Risk Assessment of the Gulf Coast Ecosystem Restoration Council's Charge Card and Convenience Check Program (OIG-CA-20-031, 9/2/2020)

*Sensitive But Unclassified Report (OIG-20-043, 9/2/2020) **Sensitive But Unclassified, Not Publicly Disclosed, Questioned Costs \$93,424,652***

Risk Assessment of the Department of the Treasury's Charge Card and Convenience Check Program (OIG-CA-20-032, 9/9/2020)

Financial Management: Report on the Bureau of the Fiscal Service's Description of Administrative Resource Center's Financial Management Services and the Suitability of the Design and Operating Effectiveness of its Controls for the Period July 1, 2019 to June 30, 2020 (OIG-20-044, 9/17/2020)

Financial Management: Report on the Enterprise Business Solutions' Description of its HRConnect System and on the Suitability of the Design and Operating Effectiveness of its Controls for the Period July 1, 2019 to June 30, 2020 (OIG-20-045, 9/25/2020)

Financial Regulation and Oversight: Prior to 2015, OCC Missed Opportunities to Analyze and Address Inappropriate Sales Practices at Wells Fargo Bank (OIG-20-046, 9/28/2020)

Survey Results: Department of the Treasury's Compliance with the Geospatial Data Act of 2018 (OIG-CA-20-033, 9/30/2020)

Council of Inspectors General on Financial Oversight

Annual Report of the Council of Inspectors General on Financial Oversight (7/31/2020)

Audit Reports Issued With Questioned Costs

April 1, 2020 through September 30, 2020

Category	Total No. of Reports	Total Questioned Costs	Total Unsupported Costs
For which no management decision had been made by beginning of reporting period	1	\$2,550	\$0
Which were issued during the reporting period	1	\$93,424,652	\$93,424,652
Subtotals	2	\$93,427,202	\$93,424,652
For which a management decision was made during the reporting period	0	\$0	\$0
Dollar value of disallowed costs	0	\$0	\$0
Dollar value of costs not disallowed	0	\$0	\$0
For which no management decision was made by the end of the reporting period	2	\$93,427,202	\$93,424,652
For which no management decision was made within 6 months of issuance	1	\$2,550	\$0
Questioned costs include expenditures: (1) that are questioned because of an alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds; (2) that, at the time of the audit, are not supported by adequate documentation (i.e., unsupported costs); or (3) used for the intended purpose that are unnecessary or unreasonable.			

Audit Reports Issued With Recommendations that Funds Be Put to Better Use

April 1, 2020 through September 30, 2020

Category	Total No. of Reports	Total	Savings	Revenue Enhancement
For which no management decision had been made by beginning of reporting period	0	\$0	\$0	\$0
Which were issued during the reporting period	0	\$0	\$0	\$0
Subtotals	0	\$0	\$0	\$0
For which a management decision was made during the reporting period	0	\$0	\$0	\$0
Dollar value of recommendations agreed to by management	0	\$0	\$0	\$0
Dollar value based on proposed management action	0	\$0	\$0	\$0
Dollar value based on proposed legislative action	0	\$0	\$0	\$0
Dollar value of recommendations not agreed to by management	0	\$0	\$0	\$0
For which no management decision was made by the end of the reporting period	0	\$0	\$0	\$0
For which no management decision was made within 6 months of issuance	0	\$0	\$0	\$0
<p>A recommendation that funds be put to better use denotes funds could be used more efficiently if management took actions to implement and complete the recommendation including: (1) reduction in outlays; (2) de-obligations of funds from programs or operations; (3) costs not incurred by implementing recommended improvements related to operations; (4) avoidance of unnecessary expenditures noted in pre-award review of contract or grant agreements; (5) any other savings which are specifically identified; or (6) enhancements to revenues of the Federal Government.</p>				

Reports for Which No Management Comment was Returned Within 60 Days

As of September 30, 2020

There were no such reports issued for comment over 60 days as of the end of the reporting period.

Reports Issued Over 6 Months for Which No Management Decision Has Been Made

As of September 30, 2020

There was one report as of the end of this reporting period with no management decision, *RESOURCE MANAGEMENT: Audit of the Department of the Treasury Departmental Offices Executive Pay Adjustment, Bonuses, and Awards, OIG-20-027*, issued on February 5, 2020, with \$2,550 in questioned cost. Management agreed with our recommendations, but has not entered its' planned corrective actions, in its' audit follow-up system, JAMES, to address the 10 recommendations made in the report.

Significant Revised Management Decisions

April 1, 2020 through September 30, 2020

There were no significant revised management decisions during the reporting period.

Significant Disagreed Management Decisions

April 1, 2020 through September 30, 2020

There were no significant disagreed management decisions during the reporting period.

Peer Reviews

April 1, 2020 through September 30, 2020

Office of Audit

Audit organizations that perform audits and attestation engagements of Federal Government programs and operations are required by generally accepted government auditing standards to undergo an external peer review every 3 years. The objectives of an external peer review are to determine, during the period under review, whether the audit organization was complying with its quality control system to provide the audit organization with reasonable assurance that it was conforming to applicable professional standards. Federal audit organizations can receive a peer review rating of *Pass*, *Pass with Deficiencies*, or *Fail*.

The most recent peer review of our office was performed by the Department of Education (Education) OIG. In its report dated September 24, 2018, Education OIG rendered a *Pass* rating for our system of quality control in effect for the year ended March 31, 2018. External audit peer review reports of our office are available on Treasury OIG's [website](#). On May 27, 2020, our office rendered a *Pass* rating to the U.S. Agency for International Development (USAID) OIG for its system of quality control in effect for the year ended September 30, 2019.

Office of Investigations

Council of the Inspectors General on Integrity and Efficiency (CIGIE) mandates that the investigative law enforcement operations of all OIGs undergo peer reviews every 3 years to ensure compliance with (1) CIGIE's investigations quality standards and (2) the relevant guidelines established by the Office of the Attorney General of the United States.

In its report dated October 16, 2017, the Department of Energy (DOE) OIG found our office to be in compliance with all relevant guidelines for the period of April 2014 to July 2017. In addition, the peer review team identified best practices that increased the efficiency and effectiveness of our office. Best practices identified were the Treasury OIG policy for Certified Forensic Examiners and a process used in obtaining

Inspector General Subpoenas. Treasury OIG did not perform any peer reviews of other Federal investigative law enforcement organizations during the period.

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Other Reporting Requirements and Requests

This section addresses certain reporting requirements of our office that are separate from the reporting requirements in the Inspector General Act of 1978 (as amended).

Survey of Treasury’s Compliance with the Geospatial Data Act of 2018

As required by the Geospatial Data Act of 2018, we submitted to Congress a report on the Department of the Treasury’s (Treasury) collection, production, acquisition, maintenance, distribution, use, and preservation of geospatial data. The report was a survey on Treasury’s progress towards meeting the agency’s responsibilities under Section 759(a) with the objective of gaining an understanding of Treasury’s current and planned activities to meet geospatial data requirements. The results of this survey will assist us in planning for our audit due in October 2022. **(OIG-CA-20-033)**

Reviews of Bank Failures with Nonmaterial Losses

We conduct reviews of failed banks supervised by the Office of the Comptroller of the Currency (OCC) with losses to the Federal Deposit Insurance Corporation’s (FDIC) Deposit Insurance Fund (DIF) that do not meet the definition of a material loss in the Federal Deposit Insurance Act. The reviews are performed to fulfill the requirements found in 12 U.S.C. §1831o(k). The term “material loss” triggers a material loss review if a loss to the DIF exceeds \$50 million (with provisions to increase that trigger to a loss that exceeds \$75 million under certain circumstances). For losses that are not material, the Federal Deposit Insurance Act requires that each 6-month period, the Office of Inspector General (OIG) of the Federal banking agency must (1) identify the estimated losses that have been incurred by the DIF during that 6-month period and (2) determine the grounds identified by the failed institution’s regulator for appointing the FDIC as receiver, and whether any unusual circumstances exist that might warrant an in-depth review of the loss. For each 6-month period, we are also required to prepare a report to the failed institutions’ regulator and the Congress that identifies (1) any loss that warrants an in-depth review, together with the reasons why such a review is warranted and when the review will be completed; and (2) any losses where we determine no in-depth review is warranted, together with an explanation of how we came to that determination.

There were no banks supervised by OCC that failed during this reporting period.

Operation Inherent Resolve Quarterly Summary Memorandums to the Department of Defense OIG

During this reporting period, we issued two summary memorandums to the Department of Defense OIG regarding information we obtained on Treasury's activities with respect to disrupting the Islamic State of Iraq and Syria's (ISIS) finances. The memorandums included specific examples of activities to disrupt ISIS's financing, information on Treasury programs that combat terrorist financing, and work we performed or plan to perform to review these programs. **(OIG-CA-20-016, OIG-CA-20-022)**

Risk Assessments of the Gulf Coast Ecosystem Restoration Council's and Treasury's Charge Card and Convenience Check Programs

As required by the Government Charge Card Abuse Prevention Act of 2012, we conducted risk assessments of the Gulf Coast Ecosystem Restoration Council's (Council) and Treasury's charge card (collectively, purchase cards, travel cards, and centrally billed accounts) and convenience check programs to identify and analyze the risk of illegal, improper, or erroneous purchases and payments to determine the scope, frequency, and number of periodic audits of charge card and/or convenience check transactions. We assessed the overall risk of illegal, improper, or erroneous purchases and payments in Council's charge card program as low and convenience check program as very low. As such, we determined that an audit of Council's charge card and convenience check program is not necessary at this time. **(OIG-CA-20-031)** We assessed the overall risk of illegal, improper, or erroneous purchases and payments in Treasury's charge card and convenience check programs as low. However, at the component entity level, the risk of illegal, improper, or erroneous purchases and payments in charge card programs were assessed as moderate at the Bureau of Engraving and Printing (BEP) for its purchase card and at the Bureau of the Fiscal Service (Fiscal Service) for its convenience checks. As such, future audits of BEP's purchase cards and Fiscal Service's convenience checks will be incorporated into our annual audit planning in fiscal year 2021. **(OIG-CA-20-032)**

References to the Inspector General Act

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Abbreviations

ACAP	Accounting Career Awareness Program
ACD	Advance Counterfeit Deterrence Steering Committee
ASI	ASI Federal Credit Union
BEP	Bureau of Engraving and Printing
BDP	Banknote Development Process
BLSR	Baseline Security Requirements
CARES Act	Coronavirus, Aid, Relief, and Economic Security Act
CCME	Certification, Compliance Monitoring, and Evaluation
CDFI	Community Development Financial Institution
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Council	Gulf Coast Ecosystem Restoration Council
COVID-19	Coronavirus Disease 2019
CPA	Certified Public Accountant
CRF	Coronavirus Relief Fund
DAIMS	DATA Act Information Model Schema
DASHR/CHCO	Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer
DATA Act	Digital Accountability and Transparency Act of 2014
DO	Departmental Offices
DIF	Deposit Insurance Fund
EGS	Enterprise Governance Supervision
Fiscal Service	Bureau of the Fiscal Service
FRB	Federal Reserve Bank
IMS	Integrated Master Schedule
Interior	Department of the Interior
IPERA	Improper Payments Elimination and Recovery Act of 2010
IRS	Internal Revenue Service
Jefferson Parish	Jefferson Parish, Louisiana
JFICS	Judgment Fund Internet Claim System
KPMG	KPMG LLP
Mint	United States Mint
NIST SP 800-53	Technology Special Publication 800-53 Revision 4, Security and Privacy Controls for Federal Information Systems and Organizations
OCC	Office of the Comptroller of the Currency
OER	Office of Executive Resources
OFAC	Office of Foreign Assets Control
OFR	Office of Financial Research
OIG	Office of Inspector General

OPM	Office of Personnel Management
QASP	Quality Assurance Surveillance Plan
PIR	Payment Information Repository
PRAC	Pandemic Response Accountability Committee
RESTORE Act	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012
SBLF	Small Business Lending Fund
SD	Segregation of Duties
SES	senior executive service
SLGS	State and Local Government Securities Program
SOP	standard operating procedure
SPS	Security Payment System
S&R	Sagger & Rosenberg P.C.
STIG	Security Technical Implementation Guide
TA	Technical Assistance
TD P 85-01	Treasury Directive Publication 85-01, Department of the Treasury Information Technology Security Program and National Institute of Standards
TFFC	Office of Terrorist Financing and Financial Crimes
TIGTA	Treasury Inspector General for Tax Administration
TMA	Treasury Managed Accounts
Treasury	Department of the Treasury
TTB	Alcohol and Tobacco Tax and Trade Bureau
TWAI	Treasury Web Application Infrastructure
USAO	U.S. Attorney's Office



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Gulf Coast Restoration Hotline

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