



# Semiannual Report To The Congress



October 1, 2007 - March 31, 2008  
OIG-CA-08-008

## Office of Inspector General

DEPARTMENT OF THE TREASURY

## HIGHLIGHTS IN BRIEF

During this semiannual reporting period, our **Office of Audit** issued 33 reports. Work by our **Office of Investigations** resulted in 7 convictions by plea agreement, 4 federal indictments, 1 state charge, and 3 referrals accepted for prosecution. Investigative activities also resulted in nearly \$141,600 in court-ordered fines, restitution, and recoveries, as well as 8 personnel or administrative actions. Some of our significant results for this period are described below:

- An Independent Public Accountant (IPA), working under our supervision, issued an unqualified opinion on the Department of the Treasury's fiscal year 2007 consolidated financial statements. The audit identified a material weakness related to financial management practices at the Internal Revenue Service (IRS) and two other significant deficiencies related to information system controls and financial management practices at the departmental level. The audit also identified instances of non-compliance with the Internal Revenue Code, the Federal Information Security Management Act (FISMA), and the Federal Financial Management Improvement Act. In addition, the IPA reported a potential anti-deficiency act violation. Furthermore, the IPA disclaimed an opinion on the Community Development Financial Institutions Fund's fiscal year 2007 financial statements. The IPA was unable to obtain appropriate representations from management with respect to those financial statements. The IPA noted that the Fund's Chief Financial Officer did not sign the management representation letter due to her concerns about potential internal control matters in the operation of the awards programs of the Fund. The Fund subsequently engaged a contractor to review its grant award process. Our office also initiated a performance audit of the Fund's post-award grant administration activities, which is in progress.
- An IPA under our oversight completed the 2007 FISMA evaluation of Treasury's unclassified systems, except for those of the IRS. The Treasury Inspector General for Tax Administration (TIGTA) performed the FISMA evaluation for the IRS systems. Both our IPA and TIGTA observed progress in their respective areas. However, despite this notable progress, Treasury has two significant deficiencies, configuration management and IRS information security. In support of FISMA, we also evaluated network security at the Financial Crimes Enforcement Network (FinCEN). Management concurred with our recommendations to address numerous high or critical-severity vulnerabilities.
- We reviewed Treasury's participation as it relates to providing information to the National Counterterrorism Center as part of a multi-agency evaluation led by the Office of the Director of National Intelligence OIG on the process for nominating individuals to the federal government's consolidated terrorist watchlist. We reported that under the authorities granted to the Office of Foreign Assets Control, Treasury provides terrorism information to the Center by placing individuals and entities on the Specially Designated Nationals list. This is the only mechanism that Treasury currently has to "nominate" individuals to the watchlist. We found no indications suggesting a need for additional processes at this time.
- As a result of a joint investigation, a former FinCEN contract employee was convicted of using a communication system for soliciting a minor for unlawful purposes. The charges stem from the collaboration of the Internet Crimes Against Children Task Force. In response to the investigative findings, FinCEN earlier removed the employee from the contract.
- We continue to work with our counterparts at other federal benefit agencies as part the previously reported Improper Payments Initiative. This joint effort has identified approximately 100 potential violators who may have unlawfully obtained federal benefit payments. In addition, the effort has resulted in the arrest of 28 individuals, the conviction of 22 individuals, restitution of \$668,000, and the recovery of \$89,500.



## A MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Department of the Treasury Office of Inspector General Semiannual Report summarizing activities for the 6-month period from October 1, 2007, through March 31, 2008.

Over the past 6 months we ensured the completion of mandated work including the audit of the Treasury's FY 2007 consolidated financial statement required by the Government Management Reform Act and the independent evaluation of Treasury's information security program as required by the Federal Information Security Management Act (FISMA). For the 6<sup>th</sup> year in a row, Treasury received an unqualified opinion on their financial statement while meeting the Office of Management and Budget's deadline of November 15<sup>th</sup> for issuance of the Performance and Accountability Report. With respect to FISMA, we found that Treasury has made notable progress but still has two significant deficiencies--configuration management and IRS information security. Treasury recently hired a new Chief Information Officer who is addressing information security weaknesses as one of his top priorities.

It is worth noting that during this semiannual period we initiated our first Material Loss Review since 2002. The Federal Deposit Insurance Corporation Improvement Act of 1991 requires the OIG to conduct an MLR when a bank fails and results in a loss to the deposit insurance funds of more than \$25 million dollars. We anticipate a second MLR in May. The FDIC recently announced plans to hire additional staff to handle an anticipated increase in bank failures. Even a moderate increase in bank failures would trigger an MLR workload for us that would be beyond our resource capability. We will be coordinating with the other financial regulatory OIGs who have MLR responsibilities to identify strategies to address the potential for a significant increase in workload.

We continue to receive excellent support and cooperation from Secretary Paulson, Deputy Secretary Kimmitt, and other senior officials throughout the Department.

A handwritten signature in cursive script, reading "Dennis S. Schindel".

Dennis S. Schindel  
Acting Inspector General

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# TABLE OF CONTENTS

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## Highlights in Brief

## A Message From The Inspector General

<b>Overview of the OIG and the Treasury</b> .....	<b>1</b>
About Our Office .....	1
About Treasury .....	2
<b>Treasury Management and Performance Challenges</b> .....	<b>5</b>
Introduction .....	5
Management and Performance Challenges .....	5
Areas of Concern.....	7
<b>Significant Audits and Evaluations</b> .....	<b>9</b>
Financial Management .....	9
Information Technology .....	13
Programs and Operations .....	14
<b>Significant Investigations</b> .....	<b>17</b>
Significant Investigations .....	17
Improper Payments Initiative .....	19
<b>Other OIG Accomplishments and Activity</b> .....	<b>23</b>
<b>Statistical Summary</b> .....	<b>26</b>
Summary of OIG Activity .....	26
Significant Unimplemented Recommendations .....	27
Summary of Instances Where Information Was Refused.....	29
Listing of Audit and Evaluation Reports Issued.....	30
Audit Reports Issued With Questioned Costs.....	32
Audit Reports Issued With Recommendations that Funds Be Put to Better Use .....	32
Previously Issued Audit Reports Pending Management Decisions (over Six Months) .....	32
Significant Revised Management Decisions .....	32
Significant Disagreed Management Decisions .....	32
References to the Inspector General Act .....	33
<b>Abbreviations</b> .....	<b>34</b>

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# OVERVIEW OF OIG AND TREASURY

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## About Our Office

The Department of the Treasury's Office of Inspector General (OIG) was established pursuant to the 1988 amendment to the Inspector General Act of 1978.<sup>1</sup> OIG is headed by an Inspector General who is appointed by the President of the United States, with the advice and consent of the United States Senate. Serving with the Inspector General in the immediate office is a Deputy Inspector General. OIG performs independent and objective reviews of Treasury programs and operations, except for those of the Internal Revenue Service (IRS), and 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) performs audit and investigative oversight related to IRS.

OIG is organized into four divisions: (1) Office of Audit (OA), (2) Office of Investigations (OI), (3) Office of Counsel, and (4) Office of Management.

**OA** performs and supervises audits, attestation engagements, and evaluations. The Assistant Inspector General for Audit has two deputies. One deputy is primarily responsible for performance audits, and the other deputy is primarily responsible for financial management and information technology audits. OA staff are located in Washington, DC, and Boston, Massachusetts.

**OI** performs investigations and conducts proactive initiatives aimed at detecting and preventing fraud, waste, and abuse in Treasury programs and operations. OI also manages the Treasury OIG Hotline System to facilitate reporting of allegations involving programs and activities under the auspices of the Department. The Assistant Inspector General for Investigations is responsible for all investigations relating to the Department's programs and operations and integrity oversight reviews of select Treasury bureaus. OI is located in Washington, DC.

**Office of Counsel** (1) processes all Freedom of Information Act/Privacy Act requests and administrative appeals on behalf of OIG; (2) processes all discovery requests for information held by OIG; (3) represents OIG in administrative Equal Employment Opportunity and Merit Systems Protection Board proceedings; (4) conducts ethics training and provides ethics advice to OIG employees and ensures OIG compliance with financial disclosure requirements; (5) reviews proposed legislation and regulations relating to the Department; (6) reviews and issues administrative subpoenas; (7) reviews and responds to all Giglio requests for information about Treasury personnel who may testify in trials; and (8) provides advice to all components within the OIG on procurement, personnel, and other management matters and on pending OIG audits and investigations.

**Office of Management** provides a range of services designed to maintain the OIG administrative infrastructure. These services include asset management; budget formulation and execution; financial management; information technology; and

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<sup>1</sup> 5 U.S.C. app. 3.

# OVERVIEW OF OIG AND TREASURY

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officewide policy preparation, planning, emergency preparedness, and reporting for OIG. The Assistant Inspector General for Management is in charge of these functions.

As of March 31, 2008, OIG had 100 full-time staff. OIG's fiscal year 2008 appropriation was \$18.5 million.

## About Treasury

Treasury's mission is to serve the American people and strengthen national security by managing the U.S. Government's finances effectively; promoting economic growth and stability; and ensuring the safety, soundness, and security of U.S. and international financial systems. Organized into bureaus and offices, Treasury encompasses a wide range of programs and operations. Currently, Treasury has approximately 107,900 full-time equivalent staff. Approximately 91,800 are employed by IRS and approximately 16,100 are employed by other Treasury bureaus and offices.

## Treasury Bureaus

The **Alcohol and Tobacco Tax and Trade Bureau** is responsible for enforcing and administering laws covering the production, use, and distribution of alcohol and tobacco products. It collects alcohol, tobacco, firearms, and ammunition excise taxes totaling approximately \$17 billion annually.

The **Bureau of Engraving and Printing (BEP)** designs and manufactures U.S. currency, securities, and other official certificates and awards.

The **Bureau of the Public Debt (BPD)** borrows the money needed to operate the federal government. It administers the public debt by issuing and servicing U.S. Treasury marketable, savings, and special securities.

The **Financial Crimes Enforcement Network (FinCEN)** supports law enforcement investigative efforts and fosters interagency and global cooperation against domestic and international financial crimes. It also provides U.S. policy makers with strategic analyses of domestic and worldwide trends and patterns.

The **Financial Management Service (FMS)** receives and disburses all public monies, maintains government accounts, and prepares daily and monthly reports on the status of U.S. government finances.

The **Internal Revenue Service (IRS)** is the nation's tax collection agency and administers the Internal Revenue Code.

The **U.S. Mint** designs and manufactures domestic bullion, foreign coins, commemorative medals, and other numismatic items. The Mint also distributes U.S. coins to the Federal Reserve Banks and maintains physical custody of and protects the nation's gold and silver assets.

## OVERVIEW OF OIG AND TREASURY

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The **Office of the Comptroller of the Currency (OCC)** charters, regulates, and supervises national banks to ensure a safe, sound, and competitive banking system that supports the citizens, communities, and economy of the United States.

The **Office of Thrift Supervision (OTS)** regulates all federal and many state-chartered thrift institutions, which include savings banks and savings and loan associations.

### Treasury Offices

The **Departmental Offices (DO)** formulates policy and manages Treasury operations. Descriptions of certain DO components, relevant to this semiannual reporting period, appear below.

The **Office of Terrorism and Financial Intelligence** uses Treasury's intelligence and enforcement functions to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, money launderers, drug kingpins, and other national security threats. This Office is also responsible for integrating FinCEN, the Office of Foreign Assets Control (OFAC), and the Treasury Executive Office for Asset Forfeiture.

- OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction.
- The Treasury Executive Office for Asset Forfeiture administers the Treasury Forfeiture Fund, the receipt account for the deposit of nontax forfeitures made by IRS Criminal Investigation and the Department of Homeland Security.

The office is headed by an Under Secretary and includes two major components: the Office of Terrorist Financing and Financial Crimes and the Office of Intelligence and Analysis. An Assistant Secretary oversees each of these offices.

- The **Office of Terrorist Financing and Financial Crimes** works across all elements of the national security community – including the law enforcement, regulatory, policy, diplomatic and intelligence communities – and with the private sector and foreign governments to identify and address the threats presented by all forms of illicit finance to the international financial system..
- The **Office of Intelligence and Analysis** is responsible for the receipt, analysis, collation, and dissemination of foreign intelligence and foreign counterintelligence information related to the operation and responsibilities of Treasury. The Office of Intelligence and Analysis is a member of the U.S. Intelligence Community.

## OVERVIEW OF OIG AND TREASURY

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The **Office of Management** is responsible for Treasury's internal management and policy in the areas of budget, planning, human resources, information and technology management, financial management and accounting, procurement, and administrative services to DO. It is headed by the Assistant Secretary for Management and Chief Financial Officer. The Office of DC Pensions, which is within the Office of Management, makes federal benefit payments associated with District of Columbia retirement programs for police officers, firefighters, teachers, and judges.

The **Office of International Affairs** advises on and assists in formulating and executing U.S. international economic and financial policy. Its responsibilities include developing policies and guidance in the areas of international financial, economic, monetary, trade, investment, bilateral aid, environment, debt, development, and energy programs, including U.S. participation in international financial institutions.

The **Exchange Stabilization Fund** is used to purchase or sell foreign currencies, hold U.S. foreign exchange and Special Drawing Rights assets, and provide financing to foreign governments.

The **Community Development Financial Institutions Fund (CDFI Fund)** expands the availability of credit, investment capital, and financial services in distressed urban and rural communities.

The **Federal Financing Bank** provides federal and federally assisted borrowing, primarily to finance direct agency activities such as construction of federal buildings by the General Services Administration and meeting the financing requirements of the U.S. Postal Service.

# TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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## Introduction

In accordance with the Reports Consolidation Act of 2000, the Inspector General annually provides the Secretary of the Treasury with his perspective on the most serious management and performance challenges facing the Department. The Secretary includes these challenges in the Department's annual performance and accountability report. In a memorandum to Secretary Paulson dated October 24, 2007, Acting Inspector General Schindel continued to report the same five challenges as our office reported last year: (1) Corporate Management, (2) Management of Capital Investments, (3) Information Security, (4) Linking Resources to Results, and (5) Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act (BSA) Enforcement. It is important to note that management and performance challenges do not necessarily represent a deficiency in management or performance. Instead, most of them represent inherent risks associated with Treasury's mission, organizational structure, or the environment in which it operates. As a result, the Department can take steps to mitigate these challenges but not entirely eliminate them; as such, they require constant management attention. In addition to these five management and performance challenges, our memorandum discussed two additional areas that are of increasing concern to our office. These areas are the potential impact of worsening real estate and credit markets on Treasury's regulators and the effect of stagnant or reduced budgets on the Department's control environment.

## Management and Performance Challenges

- Corporate Management. Starting in 2004, we identified corporate management as an overarching management challenge. In short, Treasury needs to provide effective corporate leadership in order to improve performance as a whole. Inherent in this is the need for clear lines of accountability between corporate, bureau, and program office management; enterprise solutions for core business activities; consistent application of accounting principles; and effective oversight of capital investments and information security. With nine bureaus and a larger number of program offices, Treasury is a highly decentralized organization. We believe the Department has made progress in building up a sustainable corporate control structure. The challenge now is to maintain emphasis on corporate governance and institutionalize these efforts to ensure that capital investments are properly managed, information about government operations and citizens is adequately secured, and financial resources used by Treasury can be linked to operational results.
- Management of Capital Investments. Managing large capital investments, particularly information technology (IT) investments, is a difficult challenge facing any organization whether public or private. In prior years we have reported on a number of capital investment projects that either failed or had serious problems. In light of this, with hundreds of millions of procurement dollars at risk, Treasury needs to be vigilant in this area as it proceeds with its telecommunications transition to TNet; implementation of Homeland Security Presidential Directive-12, *Policy for a Common Identification Standard for Federal Employees and Contractors*; the anticipated renovation of the Treasury Annex; and other large capital investments.

## TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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It should be noted that during the last year, the Secretary and Deputy Secretary continued to emphasize that effective management of major IT investments is the responsibility of all Treasury executives. Additionally, the Department significantly increased the number of IT investments that are monitored through the Office of Management and Budget (OMB) quarterly high-risk reporting process. The Department also plans to reinstitute a governance board consisting of senior management officials to provide executive decision-making on, and oversight of, IT investment planning and management and to ensure compliance with the related statutory and regulatory requirements.

- Information Security. Despite notable accomplishments, the Department needs to improve its information security program and practices to achieve compliance with the Federal Information Security Management Act of 2002 (FISMA) and OMB requirements. Our 2007 FISMA evaluation, completed in October 2007 and discussed on page 13, found that the Department made progress in addressing previously reported deficiencies in the areas of certification and accreditation, information security training, plans of actions and milestones, system inventory, and incident response. However, our evaluation disclosed a significant deficiency in configuration management. Specifically, we noted that Treasury did not have adequate configuration management to provide the security necessary to protect against common and dangerous threats.

During 2006, OMB issued Memorandum 06-16, *Protection of Sensitive Agency Information* (M-06-16), requiring agencies to perform specific actions to protect certain personally identifiable information. Last year, we reported that our evaluation of Treasury's compliance with M-06-16 disclosed that Treasury still faced significant challenges to meet these requirements. We will be performing follow-up work to determine if Treasury has progressed in resolving these issues. However, as a significant action, the Department recently established the Personally Identifiable Information Risk Management Group consisting of senior management officials. The purpose of this group is to help manage and contain breaches of personally identifiable information. Our office, along with TIGTA, participates in the Personally Identifiable Information Risk Management Group in an advisory role.

- Linking Resources to Results. Because the Department has not fully developed and incorporated managerial cost accounting (MCA) into its business activities, it cannot adequately link financial resources to operating results. This inhibits comprehensive program performance reporting and meaningful cost-benefit analyses of the Department's programs and operations. We have noted progress in this area, but more needs to be accomplished to implement an effective MCA program Treasury-wide. In 2006, we reported that the Department developed a high-level MCA implementation plan, but specific action items were not completed and certain target dates were missed. This year, Treasury established a workgroup to address MCA requirements, and the workgroup has completed a number of actions. The Department expects to have a viable MCA program in place in fiscal year 2008.
- Anti-Money Laundering and Terrorist Financing/BSA. Treasury faces unique challenges in carrying out its responsibilities under BSA and the USA Patriot Act to prevent and detect money laundering and terrorist financing. While FinCEN is the Treasury bureau responsible

# TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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for administering BSA, a large number of federal and state entities participate in efforts to ensure compliance with BSA. These entities include the five federal banking regulators, IRS, the Securities and Exchange Commission, the Department of Justice, and state regulators. Many of these entities also participate in efforts to ensure compliance with U.S. foreign sanction programs administered by OFAC. The dynamics and challenges for Treasury of coordinating the efforts of multiple entities, many external to Treasury, are difficult. In this regard, FinCEN and OFAC have entered into memoranda of understanding with many federal and state regulators in an attempt to build a consistent and effective process. Long-term data, however, are not yet available to make an overall determination of the effectiveness of the memoranda of understanding.

Recently, federal regulators and the Department of Justice have participated with FinCEN in assessing fines, often in the tens of millions of dollars, against financial institutions that have not been maintaining effective BSA compliance programs. While this is a sign that regulators are more willing to aggressively enforce BSA requirements, it is also a sign that not all financial institutions, despite years of warnings, have implemented effective or adequate programs. At the same time, the financial services industry has often complained about regulatory burden. To this end, Treasury has taken steps to clarify program and reporting requirements and must continually monitor and balance the needs of law enforcement with these concerns.

In fiscal year 2006, the number of BSA reports filed increased to 17.6 million, from 15.6 million in fiscal year 2005. Although these reports are critical to law enforcement, past audits have shown that many contain incomplete or erroneous data. Also, the USA Patriot Act increased the types of financial institutions required to file these reports. The regulation of certain industries, such as casinos, insurance companies, jewelers, and money service businesses, is the responsibility of IRS as a default regulator. IRS has often struggled to conduct examinations of many of these entities and recently postponed examinations of jewelers, which were supposed to start in January 2006, until at least fiscal year 2008.

## Areas of Concern

In addition to these five management and performance challenges, we also reported two areas that are of increasing concern to our office. While we have not specifically declared these areas as management and performance challenges, we will continue to monitor their impact on the Department's programs and operations.

- Recently, conditions in the real estate market have worsened. At the same time, credit markets are being affected by problems associated with subprime loans. Together, these events are putting pressure on financial institutions, including those supervised by OCC and OTS. Accordingly, Treasury needs to ensure that it has the capability to monitor and take prompt action to address potential problems at other institutions should economic conditions worsen.

It should be noted that in September 2007, the OTS-supervised NetBank, FSB failed, representing the largest financial institution failure since 2001. In April 2008, after the end

## TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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of this semiannual reporting period, we completed a material loss review of the NetBank failure as required by Section 38(k) of the Federal Deposit Insurance Act, as amended.<sup>2</sup>

- Many federal agencies, including Treasury, are facing an increasingly difficult budget environment. In such an environment, agencies tend to rely on attrition and hiring freezes to address budget shortfalls. While in the short term this strategy may work, longer term it often leads to a less than optimal mix of positions and skills, ultimately affecting an agency's ability to meet its mission for many years. Additionally, agencies tend to cut certain operations that are viewed as non-mission related, particularly review and monitoring functions, including contractor oversight, which are fundamental elements of a strong control environment. Over time, such actions could lead to the deterioration of the control environment and compromise both the effectiveness and integrity of programs and operations.

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<sup>2</sup> Section 38(k) requires our office to review a failed financial institution supervised by OCC or OTS if the loss to a deposit insurance fund exceeds the greater of \$25 million or 2 percent of the institution's total assets. Our report on the NetBank failure and OTS's supervision of the institution is available on our website at <http://www.treas.gov/inspector-general>.

# SIGNIFICANT AUDITS AND EVALUATIONS

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## Financial Management

### Financial Audits

#### Consolidated Financial Statements

An Independent Public Accountant (IPA), working under OIG supervision, issued an unqualified opinion on the Department's fiscal years 2007 and 2006 consolidated financial statements. The audit identified three significant deficiencies related to (1) financial management practices at IRS, (2) information system controls, and (3) financial management practices at the departmental level. The significant deficiency related to financial management practices at IRS is considered a material weakness. The IPA also reported that the Department's financial management systems are not in substantial compliance with the Federal Financial Management Improvement Act of 1996. In addition, the audit identified two other instances of reportable noncompliance with laws and regulations related to the Internal Revenue Code Section 6325 and the FISMA. Furthermore, an instance of a potential Antideficiency Act violation was reported. Management indicated that it concurred with the findings included in the report. **(OIG-08-009)**

Also, in connection with its audit of Treasury's consolidated financial statements, the IPA issued a management letter that identified the following other matters where Treasury could improve the quality and efficiency of financial reporting: (1) improvements can be made to the process of preparing the President's Budget Reconciliation; (2) financial reporting standards for Department component entities should be consistent; (3) disaster recovery plans for the Treasury Information Executive Repository (TIER) and the Chief Financial Officer Vision (CFO Vision) financial systems should be established; (4) the completion of TIER application-level change management steps should be consistently documented using the Software Change Request process; (5) TIER user account and password configurations should be strengthened; (6) the Financial Analysis and Reporting System, System Security Plan should be updated to meet National Institute of Standards and Technology requirements; (7) password configurations within CFO Vision should be changed to conform with the requirements set forth in the Financial Analysis and Reporting System, System Security Plan; (8) all reported IT audit findings and recommendations should be included in the Departmental Offices Plan of Action and Milestones; (9) policies and procedures for granting user access to TIER and CFO Vision should be consistently followed; (10) segregation of duties should be enforced within the TIER production environment; and (11) individual user accountability should be enforced on the database management system that supports TIER. Management indicated that it concurred with the findings included in the report. **(OIG-08-024)**

#### Other Financial Audits

The Chief Financial Officers Act (CFO Act), as amended by the Government Management Reform Act of 1994 (GMRA), requires annual financial statement audits of Treasury and OMB-designated entities. In this regard, OMB has designated IRS for annual financial statement audits. The financial statements of certain other Treasury component entities are audited pursuant to other requirements or due to their materiality to Treasury's consolidated financial statements. The following table shows audit results for fiscal years 2007 and 2006.

# SIGNIFICANT AUDITS AND EVALUATIONS

Treasury-audited financial statements and related audits						
Entity	Fiscal year 2007 audit results			Fiscal year 2006 audit results		
	Opinion	Material weakness	Other significant deficiencies	Opinion	Material weakness	Other significant deficiencies
<b>GMRA/CFO Act requirements</b>						
Department of the Treasury	UQ	1	2	UQ	1	2
Internal Revenue Service (A)	UQ	4	1	UQ	4	1
<b>Other required audits</b>						
Bureau of Engraving and Printing	UQ	0	0	UQ	0	1
Community Development Financial Institutions Fund	D	0	2	D	0	2
Office of DC Pensions	UQ	0	0	UQ	0	0
Exchange Stabilization Fund	UQ	0	0	UQ	0	0
Federal Financing Bank	UQ	0	0	UQ	0	0
Office of the Comptroller of the Currency	UQ	0	1	UQ	0	1
Office of Thrift Supervision	UQ	0	0	UQ	0	0
Treasury Forfeiture Fund	UQ	0	2	UQ	0	1
<b>Mint</b>						
Financial statements	UQ	1	0	UQ	0	1
Custodial gold and silver reserves	UQ	0	0	UQ	0	0
<b>Other audited accounts that are material to Treasury financial statements</b>						
<b>Bureau of the Public Debt</b>						
Schedule of Federal Debt (A)	UQ	0	0	UQ	0	0
Government trust funds	UQ	0	0	UQ	0	0
<b>Financial Management Service</b>						
Treasury-managed accounts	UQ	0	0	UQ	0	0
Operating cash of the federal government	UQ	0	1	UQ	0	1
<b>Management-initiated</b>						
FinCEN	UQ	1	0	UQ	0	0
UQ - Unqualified opinion D - Disclaimer of opinion (A) - Audited by the Government Accountability Office						

## Disclaimer of Opinion

The IPA disclaimed an opinion on the CDFI Fund's fiscal year 2007 and 2006 financial statements because the IPA was unable to obtain appropriate representations from management of the Fund with respect to those financial statements. The IPA also removed its opinion on the Fund's fiscal year 2006 financial statements, which was previously issued as OIG Report No. **OIG-07-011**. The IPA noted in its report on the 2007 financial statements that the Fund's Chief Financial Officer did not sign the management representation letter due to her concerns about potential internal control matters in the operation of the awards programs of the Fund, resulting in her inability to have complete assurance that the Fund's programs are not free from waste,

## SIGNIFICANT AUDITS AND EVALUATIONS

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fraud, and mismanagement. The Fund subsequently engaged a contractor to review its grant award process. Our office also initiated a performance audit of the Fund's post-award grant administration activities. As part of that audit, which was in progress at the end of this reporting period, we are visiting selected CDFIs to assess compliance with their award agreements with the Fund.

The fiscal year 2007 IPA audits of Treasury component entities, performed under our supervision, identified the following material weaknesses and other significant deficiencies:

### Material Weaknesses

- Mint's controls over financial accounting and reporting **(OIG-08-017)**
- FinCEN's controls over the calculation of expenses and revenues for the statement of net cost **(OIG-08-023)**

### Other Significant Deficiencies

- Community Development Financial Institutions Fund's (1) controls over awards monitoring and (2) communications and team building **(OIG-08-011)**
- OCC's information technology general controls over financial systems **(OIG-08-026 and OIG-08-028)**
- Treasury Forfeiture Fund's (1) recording and accounting for indirect overhead expenses of the national seized property contractor to the line item level and (2) post inventory updates to Seized Assets and Case Tracking System not performed timely **(OIG-08-020)**
- FMS's effectiveness of computer controls **(OIG-08-010 and OIG-08-013)**

We also issued management letters that identified other matters that were not required to be included in the reports on the fiscal year 2007: (1) financial statements of the Bureau of Engraving and Printing **(OIG-08-005)**, Federal Financing Bank **(OIG-08-008)**, Mint **(OIG-08-018)**, Treasury Forfeiture Fund **(OIG-08-021)**, and OCC's **(OIG-08-027)**; and (2) FMS's Schedule of Non-Entity Assets, Non-Entity Costs and Custodial Revenue **(OIG-08-015)**.

### **Federal Financial Management Improvement Act of 1996**

The following instances of noncompliance with the Federal Financial Management Improvement Act of 1996 were reported in connection with the audit of the Department's fiscal year 2007 consolidated financial statements. All instances relate to IRS. The current status of these noncompliances, including progress in implementing remediation plans, will be evaluated as part of the audit of Treasury's fiscal year 2008 financial statements.

## SIGNIFICANT AUDITS AND EVALUATIONS

Entity	Condition	Fiscal year first reported	Type of noncompliance
IRS	Financial management systems do not provide timely and reliable information for financial reporting and preparation of financial statements. IRS had to rely extensively on resource-intensive compensating procedures to generate reliable financial statements. IRS also lacks a subsidiary ledger for its unpaid assessments and lacks an effective audit trail from its general ledger back to subsidiary detailed records and transaction source documents for material tax-related balances such as tax revenues, tax receivables, and tax refunds.	1997	Federal financial management systems requirements
IRS	Deficiencies were identified in information security controls, resulting in increased risk of unauthorized individuals accessing, altering, or abusing proprietary IRS programs and electronic data and taxpayer information.	1997	Federal financial management systems requirements
IRS	Material weaknesses related to controls over unpaid tax assessments, tax revenue, and refunds.	1997	Federal accounting standards
IRS	Financial management system cannot produce managerial cost information consistent with the requirements of Statement of Federal Financial Accounting Standards No. 4, <i>Managerial Cost Accounting Standards</i> .	1998	Federal accounting standards
IRS	IRS lacks a subsidiary ledger for its unpaid assessments and lacks an effective audit trail from its general ledger back to subsidiary detailed records and transaction source documents for material tax-related balances such as tax revenues, tax receivables, and tax refunds.	1997	Standard general ledger

### Attestation Engagement

An IPA, working under OIG supervision, issued an unqualified opinion that the BPD Trust Fund Management Branch's assertions pertaining to the Schedule of Assets and Liabilities and related Schedule of Activity of Selected Trust Funds, as of and for the year ended September 30, 2007, are fairly stated. These schedules relate to the functions performed by the Trust Fund Management Branch as custodian of the following monies and investments: Federal Supplementary Medical Insurance Trust Fund, Federal Hospital Insurance Trust Fund, Highway Trust Fund, Airport and Airway Trust Fund, Hazardous Substance Superfund Trust Fund, Leaking Underground Storage Tank Trust Fund, Oil Spill Liability Trust Fund, Harbor Maintenance Trust Fund, Inland Waterways Trust Fund, and the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund. The attestation examination did not identify any deficiencies in internal control or instances of reportable noncompliance with laws and regulations. **(OIG-08-004)**

# SIGNIFICANT AUDITS AND EVALUATIONS

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## Information Technology

### FISMA Evaluation for 2007

*We believe that despite notable progress, Treasury has two significant deficiencies, configuration management, and IRS information security.*

FISMA requires an annual independent evaluation of Treasury's information security program and practices. To meet FISMA requirements, we contracted with an IPA to perform the FISMA evaluation of Treasury's unclassified systems, except for those of the IRS. TIGTA performed the FISMA evaluation for the IRS systems.

Both our IPA and TIGTA observed progress in their respective areas. For example, our IPA noted that non-IRS Treasury was consistently certifying and accrediting virtually all systems and testing security controls and contingency plans annually. In addition, TIGTA reported that IRS's inventory is substantially complete and that IRS's plan of action and milestones process is adequate to ensure that security weaknesses are remediated and that policies and procedures are followed for reporting IRS's computer security incidents.

We believe that despite notable progress, Treasury has two significant deficiencies, configuration management and IRS information security. These two deficiencies, described below, constitute noncompliance with FISMA.

- Only four non-IRS bureaus or offices had compliant configuration guides or baselines. The remaining eight non-IRS bureaus or offices reviewed have implemented configuration baselines; however, these baselines are not in compliance with applicable National Institute of Standards and Technology (NIST) guidance. Treasury issued configuration management policy on January 30, 2007. The policy requires implementation of this guidance; but allows 1 year, or until February 1, 2008, to achieve compliance.
- Although TIGTA's 2007 FISMA report noted steady progress in complying with FISMA requirements, it noted that IRS still needs to do more to adequately secure its systems and data. TIGTA also reported that the most significant areas of concern were annual testing of security controls and contingency plans, implementation of configuration management standards, and privacy requirements for protecting personally identifiable information. For purposes of its Federal Managers' Financial Integrity Act responsibilities, IRS self-reported a material weakness in the area of information security and developed an action plan to address the weaknesses.

We also performed the FISMA evaluation of Treasury's non-IRS nonintelligence national security systems and noted significant improvement in information security program and practices. However, our evaluation found that one weakness was unresolved from our prior year evaluation. This report is sensitive but unclassified. **(OIG-CA-08-001 and OIG-CA-08-002)**

# SIGNIFICANT AUDITS AND EVALUATIONS

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## Network Security at FinCEN Needs Improvement

In support of FISMA, we completed an evaluation of network security at FinCEN to identify and exploit any existing vulnerabilities in computer systems, servers, infrastructure devices, and users' awareness of information security threats. An unauthorized attack or system intrusion on FinCEN's network could be detrimental to its mission and law enforcement duties. We found numerous high- or critical-severity vulnerabilities. FinCEN concurred with our recommendations to address these vulnerabilities and has implemented or planned corrective actions that are responsive to our recommendations. This report is sensitive but unclassified. (OIG-08-025)

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## Programs and Operations

### Although Weaknesses Still Exist, the Treasury Franchise Fund Improved Compliance With DOD Procurement Requirements

*We found FedSource made notable progress to address weaknesses found in prior audits .... However, we reported that both DOD and Treasury have some continuing weaknesses, particularly with respect to market research and contractor surveillance, as well as other problems that need attention.*

We completed a second audit of Treasury's compliance with applicable laws and regulations for procurements made on behalf of the Department of Defense (DOD) through FedSource and BPD's Administrative Resource Center (ARC), components of the Treasury franchise fund. Our second audit focused on fiscal year 2006 procurements. Both this audit and the prior one<sup>3</sup> were conducted in coordination with the DOD OIG and were mandated by the National Defense Authorization Act for Fiscal Year 2006. For this audit, we were again charged with determining whether Treasury was

compliant with applicable requirements for procurements made on behalf of DOD. A determination of noncompliance would have significant implications for the Treasury franchise fund as DOD would be required to significantly curtail its use of Treasury for procurements. That said, it should be noted that BPD announced that it is to complete a controlled and orderly transition out of the FedSource business no later than September 30, 2008.

We found FedSource made notable progress to address weaknesses found in prior audits, as evidenced by our findings of fewer exceptions in the areas of competition and price reasonableness. In addition, we found no significant exceptions related to the proper use of DOD appropriations. In contrast, DOD OIG identified 21 procurements made through FedSource during fiscal year 2005 that potentially violated the Antideficiency Act. FedSource also issued procedures that were responsive to our prior audit report and DOD directives.

However, we reported that both DOD and Treasury have some continuing weaknesses, particularly with respect to market research and contractor surveillance, as well as other problems that need attention. Our review of 28 task orders issued by FedSource on behalf of

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<sup>3</sup> We reported the results of our first audit in *Acquisitions: Treasury Franchise Fund Needs to Improve Compliance With Department of Defense Procurement Requirements*, OIG-07-026 (Jan. 16, 2007).

## SIGNIFICANT AUDITS AND EVALUATIONS

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DOD found the following exceptions: no market research was done for 26 task orders with a total value of \$12.4 million, competition was inadequate for 4 task orders with a total value of \$2.8 million, price reasonableness support was either not documented or inadequate for 8 task orders with a total value of \$4.6 million, the basis for technical evaluation scores was inadequate for 16 task orders with a total value of \$8.4 million, and quality assurance surveillance deficiencies were noted in all 28 task orders. In addition, we found ARC compliance reviews of FedSource centers identified contracting deficiencies but did not obtain detailed corrective actions plans and schedules to address the problems; maximum values were exceeded by nearly a total of \$200 million for five contracts, in violation of competition requirements, because ARC and FedSource did not monitor task order awards against the contract ceilings in a coordinated manner; and ARC did not adequately monitor small business contractors' compliance with certain contract requirements regarding the extent their own employees are used on contracts.

To the extent they were still applicable, we reaffirmed the recommendations in our prior report. We also made nine new recommendations. BPD management concurred in general with the findings in our report. Its response noted that FedSource was instructed to suspend the issuance of new task orders effective October 1, 2007. As our recommendations apply to the administration of existing FedSource task orders and to current operations, BPD agreed to implement the recommendations. **(OIG-08-002)**

### **Treasury Provides Terrorism Information for Consolidated Watchlist Purposes Through Its Specially Designated Nationals List**

We conducted an audit on Treasury's participation as it relates to providing information to the National Counterterrorism Center (NCTC). We undertook this review as part of a joint evaluation by the Intelligence Community OIGs on the process for nominating individuals to the federal government's consolidated terrorist watchlist maintained by the Terrorist Screening Center (TSC). By analyzing information fed to it by a number of agencies through the NCTC, TSC generates the terrorist watchlist. The joint evaluation was led by the Office of the Director of National Intelligence OIG.

*[A]s the federal government's efforts to combat terrorism evolve, Treasury should regularly reassess whether additional processes or measures, apart from SDN designations, are necessary to provide terrorism information to NCTC.*

We reported that under the authorities granted to OFAC, Treasury provides terrorism information by placing individuals and entities on the Specially Designated Nationals (SDN) list. NCTC is then able to electronically access this information to check the names against the Terrorist Identities Datamart Environment. The SDN list identifies individuals and entities for the purpose of blocking their property and prohibiting transactions or dealings with them. This is the only mechanism that Treasury currently has to "nominate" individuals to the federal government's consolidated terrorist watchlist. We found no indications suggesting a need for additional processes at this time.

Our report did not contain recommendations. However, we noted that as the federal government's efforts to combat terrorism evolve, Treasury should regularly reassess whether additional processes or measures, apart from SDN designations, are necessary to provide terrorism information to NCTC. **(OIG-08-022)**

## SIGNIFICANT AUDITS AND EVALUATIONS

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### **Treasury Has Taken Action to Improve Its Purchase Card Program (Corrective Action Verification on OIG-04-034)**

We found that the corrective actions taken by the Department adequately responded to the recommendations in our previous audit report. Specifically, the Department emphasized to bureau heads responsibilities associated with managing the purchase card program and the need for effective internal controls; developed a purchase card management plan that contains the management controls, policies, and procedures for the proper use of the government purchase card; and obtained assessments from bureaus as to the adequacy of their policies, procedures, and internal controls over their purchase card programs and on cardholder compliance with policies and procedures. In addition, the Department plans to update Treasury Directive 76-04, "Government Purchase Card Program," to provide the official guidance to the bureau management of purchase card programs. **(OIG-08-029)**

## SIGNIFICANT INVESTIGATIONS

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### Conviction of Former FinCEN Contract Employee

*A joint ... investigation resulted in the December 26, 2007, arrest of Jovie Adawag, a then FinCEN contract employee, who allegedly solicited a sex act from a child using a government-issued computer, telephone, and official e-mail account.*

A joint Treasury OIG, Immigrations and Customs Enforcement, Federal Bureau of Investigation, and Fairfax County Police Department investigation resulted in the December 26, 2007, arrest of Jovie Adawag, a then FinCEN contract employee, who allegedly solicited a sex act from a child using a government-issued computer, telephone, and official e-mail account. The charges stem from the collaboration of the Internet Crimes Against Children Task Force, which placed a posting on the Internet classifieds Web site, advertising a fictitious underage prostitute, to which Adawag responded. Subsequent to his arrest, Adawag was indicted by a grand jury in the Commonwealth of Virginia on February 19, 2008, and was convicted on March 19, 2008, of using a communication system for soliciting a minor for unlawful activities. In response to the investigative findings, FinCEN removed the employee from the contract. Adawag remains in custody and sentencing is pending.

### Treasury OIG Investigation Leads to Recovery of U.S. Mint Assets

A Treasury OIG investigation resulted in the recovery of Treasury archival assets that were removed from the Mint without appropriate authorization. The recovered assets included a production plaster for the obverse of the 1982 George Washington half dollar coin and three design sketches for commemorative medals. The Treasury OIG investigation determined that a former engraver of the Mint removed the items from the Philadelphia Mint upon retiring from federal service, and attempted to sell the government property through a third-party auction house. Treasury OIG, in conjunction with the United States Attorney's Office for the Eastern District of Pennsylvania, coordinated a surrender of the assets. The surrender was arranged in lieu of judicial action.

*A Treasury OIG investigation resulted in the recovery of Treasury archival assets that were removed from the Mint ....*

### Premium Travel by a Treasury Presidential Appointee

*The Treasury OIG investigation determined that the appointee's premium-class travel was not properly approved ... but found no evidence that the appointee abused his position and authority ....*

In January 2008, Treasury OIG completed an investigation in response to a Government Accountability Office (GAO) report concerning premium class travel by government employees. The GAO report concluded that internal governmentwide control weaknesses led to the improper and abusive use of premium travel services. The GAO report specifically identified a Treasury presidential appointee who purchased 21 premium-class tickets at a total cost to the government of approximately \$129,000. It was alleged that the premium-class tickets were not properly approved and therefore were not authorized. The Treasury OIG investigation determined that the appointee's premium-class travel was not properly approved due to a breakdown in internal controls within DO but found no evidence that the appointee abused his position and authority to improperly obtain premium-class travel. Recommendations were provided to DO to

## SIGNIFICANT INVESTIGATIONS

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ensure that proper internal controls are put in place to prevent future unauthorized use of premium travel services.

### **Indictment of Individual for Alleged Hurricane Disaster Recovery Fraud**

A joint Treasury OIG, Department of Homeland Security OIG, and Social Security Administration (SSA) OIG investigation resulted in the indictment by a federal grand jury of an individual who allegedly applied for disaster recovery relief assistance on several occasions and submitted fraudulent applications for aid in the wake of several hurricane disasters. The subject allegedly used several different personal identifiers, including false social security numbers and multiple addresses, when submitting the fraudulent claims. The investigation is ongoing and further judicial action is pending.

*[A]n individual ... allegedly applied for disaster recovery relief assistance on several occasions and submitted fraudulent applications for aid in the wake of several hurricane disasters.*

### **Misuse of Treasury Commuter Program Benefits**

*The investigations revealed that several of the identified Treasury employees received excessive transportation subsidy benefits and misused them by selling them ....*

In response to various referrals from GAO, Treasury OIG initiated multiple investigations involving the potential misuse of public transportation subsidies by DO employees. The investigations revealed that several of the identified Treasury employees received excessive transportation subsidy benefits and misused them by selling them for profit or giving them to friends and family members, in

violation of the program policy. In addition, in order to receive excess subsidy benefits, the employees provided inaccurate information when applying to the program. The results of the investigations were provided to DO management for administrative action.

### **BEP Police Officer Violated Standards of Conduct**

A Treasury OIG investigation of a BEP police officer determined that the officer engaged in lewd behavior and made inappropriate physical contact with several subordinate female BEP officers. A report of investigation was sent to BEP for administrative action. The individual submitted his resignation after BEP management proposed disciplinary action.

## SIGNIFICANT INVESTIGATIONS

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### Mint Employees Violated Administrative Standards of Conduct

Upon receiving information from the Mint, Treasury OIG conducted an investigation concerning allegations that two Mint employees improperly ordered and purchased quantities of commemorative coins in excess of the maximum order limit. The investigation determined that in addition to circumventing the system controls by placing orders for Mint coins using multiple name variations, the two employees engaged in unauthorized outside business activities when they sold coins and other memorabilia without properly requesting and receiving approval from the Mint to engage in such activities. In response to the investigative findings, the Mint suspended one employee for 7 days and the other employee for 4 days.

*{I}n addition to circumventing the system controls by placing orders for Mint coins using multiple name variations, the two employees engaged in unauthorized outside business activities ....*

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### Improper Payments Initiative

As an initiative highlighted in prior semiannual reports, OI continues to support an effort to identify potentially fraudulent federal benefit and assistance payments warranting further investigation. Since the inception of this initiative in July 2006, we have worked closely with our counterparts at SSA, the Railroad Retirement Board (RRB), the Department of Veterans Affairs (VA), and other federal agencies. This joint effort resulted in the identification of approximately 100 potential violators who may have unlawfully obtained federal benefit payments. Since its inception, these joint efforts have resulted in the arrest of 28 individuals, the conviction of 22 individuals, restitution of \$668,000, and the recovery of \$89,500. Details on convictions, guilty pleas, indictments, and arrests during this semiannual period resulting from this initiative are as follows:

*The one-count indictment charged each subject with the theft of \$7,256 of federal benefits ....*

A joint **Treasury OIG and VA OIG** investigation resulted in the indictment, arrest, and conviction of two Georgia residents. On November 2, 2007, Rachel Clark and Rachel D. Clark (mother and daughter) were indicted on theft charges by a federal grand jury in the Middle District of Georgia. The one-count indictment charged each subject with the theft of \$7,256 of federal benefits to which the defendants were not entitled. The two were arrested in Nashville, Georgia, on November 19, 2007, pursuant to arrest warrants issued in United States District Court. Both subjects pled guilty to one count of theft of government funds in February 2008. Sentencing is pending.

## SIGNIFICANT INVESTIGATIONS

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*In the six-count indictment, the subject was charged with wire fraud and theft of government money ....*

A joint **Treasury OIG and RRB OIG** investigation resulted in the December 5, 2007, indictment of a Tomball, Texas resident by a federal grand jury in the Southern District of Texas. In the six-count indictment, the subject was charged with wire fraud and theft of government money relating to the unlawful receipt and theft of RRB widowed spouse annuity payments to which she was not entitled. On December 6, 2007, the individual was arrested. Trial is scheduled to begin on May 5, 2008.

*{T}he suspect, along with other identified co-conspirators ... may have unlawfully obtained and converted an estimated \$2 million in SSA benefits.*

A joint investigation by **Treasury OIG, SSA OIG, Health and Human Services OIG, United States Postal Inspection Service, and the Federal Bureau of Investigation** resulted in the arrest of a Philadelphia, Pennsylvania, resident who is suspected of masterminding an elaborate organized scheme intended to defraud SSA of Title II Disability Insurance Benefits. The joint investigation has revealed that the suspect, along with other identified co-conspirators who served as fictitious beneficiaries, may have unlawfully obtained and converted an estimated \$2 million in SSA benefits. The investigation is ongoing and further judicial action is pending.

The following are updates on Improper Payment Initiative cases from previous semiannual reports.

- As previously reported, a joint investigation by **Treasury OIG, SSA OIG, U.S. Immigration and Customs Enforcement, and the United States Postal Inspection Service** resulted in the indictment of Jose A. Diaz by a federal grand jury in the Eastern District of North Carolina on theft and identity fraud charges on March 7, 2007, and his subsequent arrest on March 28, 2007. The investigation determined that Diaz used fraudulent identification documents to assume the identity of another individual and apply for social security benefits. Using the fraudulently obtained identity, he collected an estimated \$26,000 in improper federal benefit payments. On August 6, 2007, Diaz pled guilty to one count of aggravated identity theft.

**Update:** On January 8, 2008, Diaz was sentenced to imprisonment for a term of 18 months, supervised release for a term of 12 months, and ordered to pay criminal monetary penalties in the amounts of \$19,036 for restitution and \$100 for a court assessment.

- As previously reported, a joint investigation by **Treasury OIG and VA OIG** resulted in the indictment and arrest of four Georgia residents. Jesse Reno Berry, Debbie Fleming, Willie Pearl Thatch, and Chrisheta Patrice Walker were indicted on theft and identity fraud charges in Fulton County, Georgia, on April 27, 2007. The two-count indictment charged each subject with the unlawful taking of VA benefits and the fraudulent use of the identity of the intended VA benefits recipient. The investigation determined that an estimated \$40,000 was improperly disbursed following the death of the intended recipient.

## SIGNIFICANT INVESTIGATIONS

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**Update:** On September 7, 2007, Berry and Fleming pled guilty and were sentenced in Fulton County Superior Court, Fulton County, Georgia. Berry pled guilty to one count of identity theft and was sentenced to confinement for a term of 2 years, which may be served on probation. Fleming pled guilty to one count of theft and was sentenced to confinement for a period of 10 years, with all but 3 years served on probation, and community service for a term of 200 hours. On November 30, 2007, Thatch pled guilty to both theft and identity fraud charges and was sentenced to confinement for a period of 10 years, all of which may be served on probation. Berry, Fleming, and Thatch were ordered to make joint restitution in the aggregate amount of \$29,458. On September 10, 2007, a warrant was issued for Walker for her failure to appear before the Fulton County Superior Court.

- As previously reported, a joint investigation by **Treasury OIG and VA OIG** resulted in the May 3, 2007, arrest of a Georgia resident, Enola Baker, on state charges of theft by deception related to the unlawful receipt and conversion of VA benefit payments. The investigation determined that approximately \$69,000 in VA benefit payments were issued to the subject's mother, via electronic fund transfers by FMS, after her recorded death in December 2002. It was determined that Baker unlawfully received and converted to her own personal use the improperly issued VA benefit payments.

**Update:** On February 7, 2008, Baker pled guilty to two theft-related counts in the Superior Court of Butts County, Georgia. She was sentenced to probation for the period of 10 years and ordered to pay restitution of \$69,228.

- As previously reported, a joint investigation by **Treasury OIG, SSA OIG, and the Baltimore County Police Department** resulted in the March 15, 2007, arrest of Leguene Patterson, a resident of Baltimore, Maryland. Patterson was charged with violating Maryland Code, Theft-Scheme: \$500 Plus, for the fraudulent receipt and negotiation of her deceased mother-in-law's social security benefits. The joint investigation revealed that Patterson negotiated over \$13,000 in Treasury checks by forging her deceased mother-in-law's signature.

**Update:** On October 15, 2007, Patterson pled guilty and was sentenced to probation for a period of 3 years and ordered to pay restitution in the aggregate amount of \$13,038 to SSA and the State Employees Credit Union.

- As previously reported, a joint **Treasury OIG and SSA OIG** investigation resulted in the November 2, 2006, arrest of Allen Covington, a resident of the District of Columbia, relating to the fraudulent receipt and negotiation of his deceased mother's social security checks. The investigation determined that Covington negotiated the Treasury-issued checks over a 3-year period and fraudulently received over \$33,000 in federal funds. A criminal complaint was filed and a warrant was issued in the Superior Court of the District of Columbia, resulting in Covington's arrest for first-degree theft.

**Update:** On October 10, 2007, Covington pled guilty to one count of fraud in the first degree, and on December 12, 2007, was sentenced to confinement for a term of 5 months, supervised probation for a term of 2 years, and ordered to pay criminal

## SIGNIFICANT INVESTIGATIONS

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monetary penalties in the amounts of \$6,307 for restitution and \$100 for a court assessment.

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The following are updates on other significant investigations discussed in previous semiannual reports.

### **Maryland Resident Sentenced in Bank Fraud Case**

As previously reported, as a result of a joint **Treasury OIG and U.S. Secret Service** investigation, Edward Everett Brown, Jr., a resident of Silver Spring, Maryland, was indicted on three counts by a federal grand jury in the District of Columbia for attempting to defraud the Treasury Department Federal Credit Union when he attempted to negotiate two fictitious obligations, in the amounts of \$2.9 million and \$5.5 million, at two of the credit union's locations in Washington, DC. The defendant was indicted on one count of bank fraud and two counts of uttering fictitious obligations. On August 3, 2007, a federal jury found Brown guilty on all three counts.

**Update:** On November 16, 2007, Brown was arrested pursuant to the issuance of a bench warrant for failing to appear for pretrial services. Brown was placed and held in custody pending sentencing. On February 27, 2008, Brown was sentenced to incarceration for a term of 6 months and supervised release for a term of 3 years.

### **Chicago Resident Sentenced in Bank Fraud Case**

As previously reported, **Treasury OIG**, in conjunction with the **U.S. Secret Service**, commenced an investigation in September 2003 concerning the alleged unauthorized use of the Treasury Seal and alleged forging of the signature of the Treasury Secretary. Further investigative activity, including the execution of a search warrant at the Chicago residence of Carey Portman, resulted in Portman's arrest and indictment for his alleged involvement in schemes to defraud financial institutions and various individuals by fraudulently obtaining loans or attempting to negotiate counterfeit or falsely altered checks. In an amended seven-count indictment, Portman was charged with bank fraud and possessing and uttering a falsely altered security. On November 20, 2006, Portman was found guilty on all seven counts in a jury trial in the U.S. District Court for the Northern District of Illinois, Eastern Division. Sentencing was scheduled for June 8, 2007.

**Update:** On October 26, 2007, Portman was sentenced to incarceration for a term of 60 months.

## OTHER OIG ACCOMPLISHMENTS AND ACTIVITY

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### Treasury OIG Hosts French Delegation



In February 2008, Acting Inspector General Dennis Schindel and OIG executives met with Mr. Jean Arthuis, Senator and Chairman of the Finance Committee of the Senate of the Republic of France, to discuss the mission of U.S. government Inspectors General and Treasury OIG. Also attending with Mr. Arthuis were Charles Waline, Director of Staff of the Finance Committee; Mr. Gerard Belet, Minister Counselor for Economic and Financial Affairs, Embassy of France; and Mr. Christophe Destais, Financial Counselor for Economic and Financial Affairs, Embassy of France. Our meeting with these French officials was arranged through Ms. Agnes Surry of the embassy's Economic Department.

*Acting Inspector General Schindel and Mr. Arthuis.*

### OIG Audit Leadership Roles

The Federal Audit Executive Council (FAEC) consists of audit executives from the OIG community and other federal audit organizations. Its purpose is to discuss and coordinate issues affecting the federal audit community with special emphasis on audit policy and operations of common interest to FAEC members. During the period, Treasury OIG continued to actively support a number of FAEC initiatives.

- As chair of the FAEC Training Committee, **Marla Freedman**, Assistant Inspector General for Audit, worked with other committee members to continued to promote and support auditor training by (1) developing standard statements of work to contract for auditing courses, (2) maintaining a website to facilitate information sharing on sources of training and training partnering/sharing opportunities, and (3) providing review services for training courses. During this period, the Committee launched a public website with information on the types of auditor training needed by the community including course descriptions and other materials from the Inspector General Auditor Training Institute, which suspended operations in December 2006. The website also includes an e-mail address to contact the Committee for additional information. A private website was being developed for use by the IG Community on the "business" side of [www.ignet.gov](http://www.ignet.gov). This website is expected to provide for a means for OIGs to share their experiences with particular courses as well as training partnering opportunities.

## OTHER OIG ACCOMPLISHMENTS AND ACTIVITY

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- **Joel Grover**, Deputy Assistant Inspector General for Financial Management and Information Security Audits, serves as co-chair of the FAEC Financial Statements Committee and is actively involved in developing and coordinating FAEC positions on a variety of accounting and auditing issues related to federal financial reporting. The committee also jointly sponsors with GAO an annual federal financial statement audit update conference. This year's conference was held on March 4, 2008, and was attended by over 300 individuals from most federal agencies, the Office of Management and Budget, GAO, and independent public accounting firms.
- **Bob Taylor**, Deputy Assistant Inspector General for Performance Audits, is leading a multi-agency effort to update the President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency (PCIE/ECIE) guide for external peer reviews of federal audit organizations. External peer reviews are required every 3 years under *Government Auditing Standards*. The updated guide will incorporate the requirements of the 2007 revision to those auditing standards.

**Mr. Grover** is also a member of the Government Performance and Accountability Committee of the American Institute of Certified Public Accountants. The mission of this Committee is to (1) promote greater government accountability and the integrity of government operations, information and information systems; (2) promote and encourage increased participation and involvement by Certified Public Accountants (CPAs) in government within the Institute; (3) enhance the professional image and value of CPAs in government; (4) provide advice and counsel to the Institute on the needs of CPAs in government, and (5) serve as a conduit for communications among CPAs in government, the Institute, and other professional organizations.

### OI Receives PCIE Award for Improper Payments Initiative



*From left to right: Gerald Garren, P. Brian Crane, Waleska Quiles, James Howell, Jason Metrick, Lew Sessions, Jason Weber, Barry Ramsey, and Nick Swanstrom.*

At the PCIE/ECIE Annual Awards Ceremony in October 2007, Treasury OIG received an Award for Excellence in recognition for exceptional interagency teamwork and outstanding performance in implementing the Improper Payments Initiative, which is aimed at identifying and prosecuting those individuals who have fraudulently received federal benefit payments. Subsequently, OI hosted an Improper Payments Initiative Awards Ceremony on February 4, 2008, to recognize the partner agencies and individuals whose teamwork and outstanding performance contributed to the success of the initiative.

As part of the ongoing Improper Payments Initiative, we continue to work with Treasury's Financial Management Service and our counterpart OIGs at SSA, RRB, VA, and other federal agencies.

## OTHER OIG ACCOMPLISHMENTS AND ACTIVITY

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### **OI Hosts Meeting to Discuss Treasury's Suspension and Debarment Process**

On February 12, 2008, OI hosted a brown bag lunch to discuss a wide range of issues related to the suspension and debarment process, which can be used to protect the government from abuse by unscrupulous contractors.

In addition to OIG Special Agents, representatives from Treasury OIG's Office of Counsel and OA met with representatives from the Department's Office of the Procurement Executive and General Counsel to present their perspectives on the investigative process and legal requirements associated with suspensions and debarments.

# STATISTICAL SUMMARY

## **Summary of OIG Activity**

For the 6 Months Ended March 31, 2008

OIG Activity	Number or Dollar Value
<b>Office of Counsel Activity</b>	
Regulation and Legislation Reviews	14
Instances Where Information was Refused	0
<b>Office of Audit Activities</b>	
Reports Issued (Audits and Evaluations)	33
Disputed Audit Recommendations	0
Significant Revised Management Decisions	0
Management Decision in Which the IG Disagrees	0
<b>Monetary Benefits (Audit)</b>	
Questioned Costs	\$0
Funds Put to Better Use	\$0
Revenue Enhancements	\$0
Total Monetary Benefits	\$0
<b>Office of Investigations Activities</b>	
<b>Allegations</b>	
Total Allegations Received and Processed	1040
<b>Cases – Investigations &amp; Inquiries (Includes Joint Investigations)</b>	
Opened in the Reporting Period*	46
Closed in the Reporting Period	120
Total Cases in Progress as of 3/31/2008	164
<b>Criminal &amp; Judicial Actions (Includes Joint Investigations)</b>	
Cases Referred for Prosecution and/or Litigation**	15
Cases Accepted for Prosecution and/or Litigation***	3
Arrests	7
Indictments/Informations	5
Convictions (By Trial & Plea)	7
<b>Total Monetary Benefits (Fines/Restitution/Recoveries - Includes Joint Investigations)</b>	<b>\$141,597</b>
<b>Administrative Sanctions</b>	
Total Adverse Personnel Actions Taken	8
<b>Oversight Activities</b>	
Prevention and Detection Briefings	5
Quality Assessment Reviews	1
Management Implication Reports	2
*Includes 4 joint investigations initiated by another agency prior to Treasury OIG involvement.	
**Includes 3 joint investigations initiated by another agency prior to Treasury OIG involvement.	
***Investigations were initiated by another agency prior to Treasury OIG involvement.	

# STATISTICAL SUMMARY

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## ***Significant Unimplemented Recommendations***

*For Reports Issued Prior to April 1, 2007*

<u>Number</u>	<u>Date</u>	<u>Report Title and Recommendation Summary</u>
OIG-03-007	10/02	<p><i>Terrorist Financing/Money Laundering: Controls Over FinCEN's Law Enforcement Data Need Improvement</i></p> <p>Due to the sensitive nature of the findings and recommendations, we designated the report Limited Official Use. One recommendation in the report has not been implemented.</p>
OIG-05-032	3/05	<p><i>Terrorist Financing/Money Laundering: Office of Terrorist Financing and Financial Crimes Needs to Refine Measures for Its Performance Budget and Implement a Data Collection and Reporting System</i></p> <p>The Assistant Secretary for Terrorist Financing should ensure that the Office of Terrorist Financing and Financial Crimes (1) implements the recently proposed performance measures, adjusted as appropriate based on planned discussions with OMB, and include the measures in the Department's fiscal year 2006 budget submission; and (2) develops methods to assess the completeness and reliability of its performance measurement data. (2 recommendations)</p>
OIG-06-010	12/05	<p><i>Bill and Coin Manufacturing: The Bureau of Engraving and Printing Should Ensure That Its Currency Billing Rates Include All Costs and That Excess Working Capital Is Deposited in the General Fund</i></p> <p>BEP should ensure that currency billing rates consider the full cost of operations, including imputed costs such as the imputed cost of employee benefits paid by the Office of Personnel Management. To the extent that the currency rates result in excess monies to the BEP revolving fund, they should be deposited as miscellaneous receipts to the Treasury general funds. (1 recommendation)</p> <p>Because this recommendation involves a policy issue with governmentwide implications, the Department referred the matter to OMB. Resolution is pending.</p>
OIG-06-020	12/05	<p><i>Management Letter for Fiscal Year 2005 Audit of the Federal Financing Bank's Financial Statements</i></p> <p>The Federal Financing Bank should formally document its system development methodology and configuration management plans. (1 recommendation)</p>
OIG-06-023	1/06	<p><i>Audit of the Department of the Treasury Forfeiture Fund's Fiscal Years 2005 and 2004 Financial Statements</i></p> <p>The Treasury Forfeiture Fund should (1) for all common support costs not directly traceable to individual seizures, develop and implement an allocation process and (2) pursue the enhancement of the Seized Assets and Case Tracking System capabilities to record and report total expenses at the asset level. (2 recommendations)</p>

## STATISTICAL SUMMARY

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- OIG-06-030 5/06 *Terrorist Financing/Money Laundering: FinCEN Has Taken Steps to Better Analyze Bank Secrecy Act Data but Challenges Remain*  
FinCEN should enhance the current FinCEN database system or acquire a new system. An improved system should provide for complete and accurate information on the case type, status, resources, and time expended in performing the analysis. This system should also have the proper security controls to maintain integrity of the data. (1 recommendation)
- 
- OIG-06-034 8/06 *Bank Secrecy Act: OCC Did Not Take Formal Enforcement Action Against Wells Fargo Bank for Significant BSA Deficiencies*  
The Comptroller of the Currency should closely monitor Wells's implementation of its BSA compliance plan and, if implementation is not adequate or timely, swiftly take appropriate formal enforcement action (e.g., a cease and desist order). (1 recommendation)
- 
- OIG-06-040 9/06 *Information Technology: Effective Security Controls Needed to Mitigate Critical Vulnerabilities in the Office of the Comptroller of the Currency's Networked Information Systems*  
Due to the sensitive nature of the findings and recommendations, we designated the report Limited Official Use. Three recommendations in the report have not been implemented.
- 
- OIG-CA-07-003 11/06 *INFORMATION TECHNOLOGY: Evaluation of Treasury's Compliance with OMB M-06-016*  
Due to the sensitive nature of the finding and recommendation, we designated the report Limited Official Use. One recommendation in the report has not been implemented.
- 
- OIG-07-020 12/06 *Report on the Office of the Comptroller of the Currency's Fiscal Years 2006 and 2005 Financial Statements*  
OCC should (1) continue implementation of new processes to ensure new employees complete initial security awareness training timely; (2) ensure all new employees and contractors complete and sign all access agreements; (3) implement password configuration settings for certain systems identified during the audit in accordance with NIST Special Publication 800-12 and (4) develop and implement a process for the active and systematic detection, notification, and prompt removal of unauthorized personal and public domain software in accordance with NIST Special Publication 800-53. (4 recommendations)
- 
- OIG-07-029 2/07 *Management Letter for the Fiscal Year 2006 Audit of the Department of the Treasury's Financial Statements*  
The Department should: (1) assess and address financial management human capital needs, (2) require all Treasury component entities to prepare their financial statement in accordance with federal generally accepted accounting principles, (3) improve quality control review procedures over financial data,

## STATISTICAL SUMMARY

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(4) improve Treasury's A-123 process, (5) develop a disaster recovery plan for TIER and CFO Vision financial systems, and (6) establish a functionality in TIER that will automatically invoke a session timeout after an extended period of time. (6 recommendations)

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OIG-07-034 3/07 *SAFETY AND SOUNDNESS: OTS Could Further Strengthen Its Ability to Assess Risks to Thrifts Following Emergencies*  
The OTS Director should (1) ensure that OTS develops a process that will enable the collection of critical information about thrifts' financial conditions following an emergency in a consistent manner. As part of this process OTS should consider developing a structured questionnaire for obtaining critical information, and (2) ensure that following an emergency, OTS determine and establish appropriate timeframes based on the gravity of the situation, for analyzing the effects on affected thrifts financial condition. (2 recommendations)

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OIG-07-035 3/07 *BILL AND COIN MANUFACTURING: Control Weaknesses Need To Be Addressed at BEP's Western Currency Facility*  
The BEP Director should (1) ensure that supervisors monitor and enforce Western Currency Facility and contractor staff members adherence to policies and procedures; (2) ensure that two persons constantly monitor the closed circuit television consoles; (3) establish clear, written policies and procedures that specify assignment of responsibilities and actions to be taken if a discrepancy is found during verification and authentication; (4) evaluate the effectiveness of the current authentication process and, in doing so, consider the objectives for these procedures in safeguarding assets, as well as the potential risks associated with the current procedures; (5) assign personnel other than the product security specialists to handle mutilated currency during authentication should it be decided to continue this process; (6) ensure that tracking and accountability documents are modified to correspond to policies and procedures identifying each control point, and that the documents are completed as required. (6 recommendations)

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This list of OIG audit reports with unimplemented recommendations is based on information in Treasury's automated audit recommendation tracking system, which is maintained by Treasury management officials. We also considered the results of the most recent financial audits, which include follow-up on matters reported in prior financial audits.

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### ***Summary of Instances Where Information Was Refused*** *October 1, 2007, through March 31, 2008*

There were no such instances during this period.

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# STATISTICAL SUMMARY

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## ***Listing of Audit and Evaluation Reports Issued***

*October 1, 2007, through March 31, 2008*

### **Financial Audits and Attestation Engagements**

*Audit of the United States Mint's Schedule of Custodial Deep Storage Gold and Silver Reserves as of September 30, 2007 and 2006, OIG-08-001R, 11/14/07*

*Audit of the Bureau of Engraving and Printing's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-003, 10/31/07*

*Financial Management: Report on the Bureau of the Public Debt Trust Fund Management Branch Schedules for Selected Trust Funds as of and for the Year Ended September 30, 2007, OIG-08-004, 11/5/07*

*Management Letter for Fiscal Year 2007 Audit of the Bureau of Engraving and Printing's Financial Statements, OIG-08-005, 11/7/07*

*Audit of the Financial Management Service's Fiscal Years 2007 and 2006 Schedules of Non-Entity Assets, Non-Entity Costs and Custodial Revenue, OIG-08-006, 11/13/07*

*Audit of the Federal Financing Bank's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-007, 11/14/07*

*Management Letter for Fiscal Year 2007 Audit of the Federal Financing Bank's Financial Statements, OIG-08-008, 11/14/07*

*Audit of the Department of the Treasury's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-009, 11/15/07*

*Audit of the Financial Management Service's Fiscal Years 2007 and 2006 Schedules of Non-Entity Governmentwide Cash, OIG-08-010, 11/15/07*

*Report on Community Development Financial Institutions Fund's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-011, 11/16/07*

*Audit of the Department of the Treasury's Special-Purpose Financial Statements for Fiscal Years 2007 and 2006, OIG-08-012, 11/17/07*

*Management Report for Fiscal Year 2007 Audit of the Financial Management Service's Schedule of Non-Entity Governmentwide Cash, OIG-08-013, 12/3/07*

*Audit of the Office of D.C. Pensions' Fiscal Years 2007 and 2006 Financial Statements, OIG-08-014, 12/4/07*

*Management Letter for Fiscal Year 2007 Audit of the Financial Management Service's Schedule of Non-Entity Assets, Non-Entity Costs and Custodial Revenue, OIG-08-015, 12/5/07*

*Audit of the Exchange Stabilization Fund's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-016, 12/10/07*

# STATISTICAL SUMMARY

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*Audit of the United States Mint's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-017, 12/10/07*

*Management Letter for the Fiscal Year 2007 Audit of the United States Mint's Financial Statements, OIG-08-018, 12/10/07*

*Audit of the Office of Thrift Supervision's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-019, 12/12/07*

*Audit of the Department of the Treasury Forfeiture Fund's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-020, 12/14/07*

*Management Letter for the Fiscal Year 2007 Audit of the Department of the Treasury Forfeiture Fund's Financial Statements, OIG-08-021, 12/14/07*

*Audit of Financial Crimes Enforcement Network's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-023, 12/14/07*

*Management Letter for the Fiscal Year 2007 Audit of the Department of the Treasury's Financial Statements, OIG-08-024, 12/20/07*

*Audit of the Office of the Comptroller of the Currency's Fiscal Years 2007 and 2006 Financial Statements, OIG-08-026, 1/9/08*

*Management Letter for Fiscal Year 2007 Audit of the Office of the Comptroller of the Currency's Financial Statements, OIG-08-027, 1/9/08*

*Management Report for Fiscal Year 2007 Audit of the Office of the Comptroller of the Currency's Financial Statements, OIG-08-028, 1/9/08*

## **Information Technology Audits and Evaluations**

*Information Technology: 2007 Evaluation of Treasury's FISMA Implementation For Its Non-IRS Non-Intelligence National Security Systems, OIG-CA-08-001, 10/1/07 (Sensitive but Unclassified)*

*Information Technology: 2007 Evaluation of Treasury's FISMA Implementation, OIG-CA-08-002, 10/1/07*

*Information Technology: Network Security at Financial Crimes Enforcement Network Needs Improvement, OIG-08-025, 1/9/08 (Sensitive but Unclassified)*

## **Performance Audits**

*Acquisitions: Although Weaknesses Still Exist, the Treasury Franchise Fund Improved Compliance with DOD Procurement Requirements, OIG-08-002, 10/29/07*

*Combating Terrorism: Treasury Provides Terrorism Information for Consolidated Watchlist Purposes Through Its Specially Designated Nationals List, OIG-08-022, 12/14/07*

*General Management: Treasury Has Taken Action to Improve Its Purchase Card Program (Corrective Action Verification on OIG-04-034), OIG-08-029, 1/29/08*

# STATISTICAL SUMMARY

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## **Supervised Contract Audits**

*DCAA Audit Report - Concordia Manufacturing Corporation Firm Fixed Price Subcontract Proposal for Solicitation TEP-08-000, OIG-CA-08-003, 10/12/07*

*DCAA Audit Report - Spectra Systems Corporation Firm Fixed Price Proposal for Solicitation TEP-08-0001, OIG-CA-08-004, 10/12/07*

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## ***Audit Reports Issued with Questioned Costs***

*October 1, 2007, through March 31, 2008*

At the beginning of the period, there were no audit reports from prior periods pending a management decision with questioned costs. There were also no audit reports issued during this period with questioned costs.

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## ***Audit Reports Issued With Recommendations That Funds Be Put to Better Use***

*October 1, 2007, through March 31, 2008*

At the beginning of the period, there were no audit reports from prior periods pending a management decision on recommendations that funds be put to better use. There were also no audit reports issued during this period with recommendations that funds be put to better use.

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## ***Previously Issued Audit Reports Pending Management Decisions (Over 6 Months)***

*as of March 31, 2008*

There were no audit reports issued before this semiannual reporting period that are pending a management decision.

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## ***Significant Revised Management Decisions***

*October 1, 2007, through March 31, 2008*

There were no significant revised management decisions during the period.

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## ***Significant Disagreed Management Decisions***

*October 1, 2007, through March 31, 2008*

There were no management decisions this period with which the IG was in disagreement.

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## REFERENCES TO THE INSPECTOR GENERAL ACT

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Reference	Requirement	Page
Section 4(a)(2)	Review of legislation and regulations	26
Section 5(a)(1)	Significant problems, abuses, and deficiencies	9-22
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	9-22
Section 5(a)(3)	Significant unimplemented recommendations described in previous semi-annual reports	27-29
Section 5(a)(4)	Matters referred to prosecutive authorities	26
Section 5(a)(5)	Summary of instances where information was refused	29
Section 5(a)(6)	List of audit reports	30-32
Section 5(a)(7)	Summary of significant reports	9-22
Section 5(a)(8)	Audit Reports with questioned costs	32
Section 5(a)(9)	Recommendations that funds be put to better use	32
Section 5(a)(10)	Summary of audit reports issued before the beginning of the reporting period for which no management decision has been made	32
Section 5(a)(11)	Significant revised management decisions made during the reporting period	32
Section 5(a)(12)	Management decisions with which the Inspector General is in disagreement	32
Section 5(a)(13)	Instances of unresolved FFMIA non-compliance	10
Section 5(d)	Serious or flagrant problems, abuses or deficiencies	N/A
Section 6(b)(2)	Report to Secretary when information or assistance is unreasonably refused	N/A

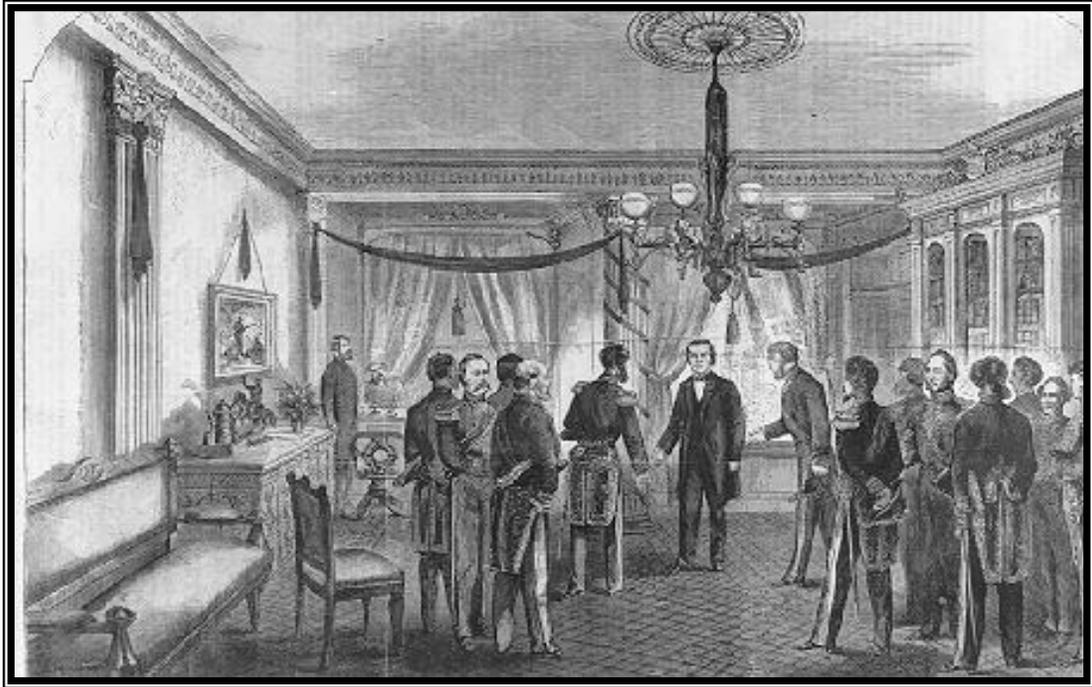
## ABBREVIATIONS

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ARC	Administrative Resource Center
BEP	Bureau of Engraving and Printing
BPD	Bureau of Public Debt
BSA	Bank Secrecy Act
CDFI Fund	Community Development Financial Institutions Fund
CFO Act	Chief Financial Officers Act
CFO Vision	Chief Financial Officer Vision
CPAs	Certified Public Accountants
DO	Departmental Offices
DOD	Department of Defense
FAEC	Federal Audit Executive Council
FinCEN	Financial Crimes Enforcement Network
FISMA	Federal Information Security Act of 2002
FMS	Financial Management Service
GAO	Government Accountability Office
GMRA	Government Management Reform Act of 1994
IRS	Internal Revenue Service
IPA	Independent Public Accountant
IT	information technology
MCA	managerial cost accounting
NCTC	National Counterterrorism Center
NIST	National Institute of Standards and Technology
OA	Office of Audit
OI	Office of Investigations
OIG	Office of Inspector General
OCC	Office the Comptroller of the Currency
OFAC	Office of Foreign Assets Control
OMB	Office of Management and Budget
OTS	Office Thrift Supervision
PCIE/ECIE	President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency
RRB	Railroad Retirement Board
SDN	Specially Designated Nationals
SSA	Social Security Administration
TSC	Terrorist Screening Center
TIER	Treasury Information Executive Repository
TIGTA	Treasury Inspector General for Tax Administration
VA	Department of Veterans Affairs







**ANDREW JOHNSON SUITE**

*The Treasury Building served as the location of the temporary White House in 1865 when Andrew Johnson assumed the presidency following the assassination of Abraham Lincoln. The presidential association, coupled with historic documentation for furnishing the rooms, makes the Andrew Johnson Suite one of the most significant spaces in the Treasury Building.*

Source: Office of the Curator

## contact us

**Headquarters**  
Office of Inspector General  
1500 Pennsylvania Avenue, N.W.,  
Room 4436  
Washington, D.C. 20220  
Phone: (202) 622-1090;  
Fax: (202) 622-2151

**Office of Audit**  
740 15th Street, N.W., Suite 600  
Washington, D.C. 20220  
Phone: (202) 927-5400;  
Fax: (202) 927-5379

**Office of Investigations**  
740 15th Street, N.W., Suite 500  
Washington, D.C. 20220  
Phone: (202) 927-5260;  
Fax: (202) 927-5421

**Office of Counsel**  
740 15th Street, N.W., Suite 510  
Washington, D.C. 20220  
Phone: (202) 927-0650;  
Fax: (202) 927-5418

**Office of Management**  
740 15th Street, N.W., Suite 510  
Washington, D.C. 20220  
Phone: (202) 927-5200;  
Fax: (202) 927-6492

**Eastern Field Audit Office**  
408 Atlantic Avenue, Room 330  
Boston, Massachusetts 02110-3350  
Phone: (617) 223-8640;  
Fax (617) 223-8651



Treasury OIG Hotline  
Call Toll Free: 1.800.359.3898

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