



**Semiannual Report to Congress**  
October 1, 2020 – March 31, 2021  
OIG-CA-21-019

Office of Inspector General  
Department of the Treasury

## Highlights

During this semiannual reporting period, the Office of Audit issued 42 products. Work by the Office of Investigations resulted in 3 indictments and 15 convictions. Some of our more significant results for the period are described below:

- We issued a letter to the Director of the Iowa Department of Management concerning the State's use of the Coronavirus Relief Fund (CRF) to make payments related to a portion of a \$20.1 million contract with Workday, Inc. (Workday), to implement a computer system for accounting and human resources that will replace the State's legacy mainframe systems. We determined that funding the Workday contract with CRF proceeds was not a reasonable, allowable use of funds related to addressing the Coronavirus Disease 2019 (COVID-19) health pandemic. In response to our letter, the State Governor authorized the return to Iowa's CRF of all amounts that were initially allocated for payments on the Workday contract.
- We identified pervasive issues with the calculation of payroll amounts reported to the Department of the Treasury (Treasury or the Department) by non-241 passenger air carriers [carriers that do not report financial data to the Department of Transportation] and contractors in their applications for Payroll Support Program (PSP) funds. These payroll amounts impacted the accuracy of recipient award amounts. We notified Treasury of these matters in December 2020, and according to management, Treasury implemented a number of measures in its "Payroll Support Program Extension" application process to identify and correct PSP award amounts.
- We conducted an investigation based on information from an airline industry business that received funds under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The business self-reported some of their employees were underreporting hours worked and filing unemployment claims in Louisiana, in order to qualify for enhanced unemployment benefits under the CARES Act. Criminal prosecution of the employees was presented and declined by the U.S. Attorney's Office (USAO) of Louisiana.
- We conducted an investigation based on a notification from the Bureau of the Fiscal Service that a subject received more than 20 years of retirement payments totaling \$320,292 after the death of the authorized annuitant. Criminal prosecution of the subject was presented and declined by the USAO of Maryland.
- An agent in our Office of Investigations participated as a member of a U.S. Marshals' Task Force, ensuring the continued safety of vulnerable children.



## Message from the Acting Inspector General

During this reporting period, the Department of the Treasury (Treasury or the Department) Office of Inspector General's (OIG) oversight expanded significantly to include new programs and additional funding for existing programs established to provide economic relief in response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. In 2020 and 2021, OIG added four audit directorates to carry out oversight responsibilities assigned to us under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) enacted on March 27, 2020; the *2021 Consolidated Appropriations Act* enacted on December 27, 2020; and the *American Rescue Plan* enacted on March 11, 2021.

Pandemic programs overseen by OIG include the \$150 billion Coronavirus Relief Fund, \$350 billion State and Local Fiscal Recovery Funds, \$62 billion Air Carrier Payroll Support Programs, \$47 billion Emergency Rental Assistance Programs, \$10 billion Homeowner Assistance Fund, \$10 billion State Small Business Credit Initiative, \$9 billion Emergency Capital Investment Program, \$3 billion Community Development Financial Institutions (CDFI) Fund, and \$2 billion Coronavirus Economic Relief for Transportation Services Program. Our office is actively engaged with Treasury regarding the implementation of new relief programs and our oversight role.

The magnitude of the pandemic appropriations under Treasury's responsibility, and the speed with which funding needs to be disbursed to those in need, only serves to increase the importance of OIG's oversight role to ensure that fraud, waste, and abuse are prevented and detected and that there is transparency around government pandemic spending. In this effort, we work closely with the Council of the Inspectors General on Integrity and Efficiency's Pandemic Response Accountability Committee to ensure transparency and accountability of COVID-19 spending.

While much has changed since the beginning of the Pandemic, Treasury OIG remains steadfast in our efforts to ensure that our oversight of Treasury's operations, programs, and personnel provides value-driven data, insight, and recommendations that assist the Department in meeting its management goals and objectives. I'm honored to work with these impressive professionals, whose quantity and quality of work serves the Department, and the country, so well.

A handwritten signature in black ink, reading "Richard K. Delmar".

Richard K. Delmar  
Acting Inspector General

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## Treasury Office of Inspector General Overview

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

Treasury OIG performs independent, objective reviews of Treasury programs and operations, except for those of the Internal Revenue Service (IRS), the Troubled Asset Relief Program (TARP), and certain pandemic-related loans, loan guarantees, and other investments, 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) and the Government Accountability Office (GAO) perform oversight related to IRS. A Special Inspector General and GAO perform oversight related to TARP. The Special Inspector General for Pandemic Recovery performs oversight of loans, loan guarantees, and other investments under the *Coronavirus Economic Stabilization Act of 2020*.

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

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

The Office of Audit, under the leadership of the Assistant Inspector General for Audit, performs and supervises financial and performance audits, attestation engagements, and evaluations. The Assistant Inspector General for Audit also serves as the Special

Deputy Inspector General for Small Business Lending Fund (SBLF) Program Oversight. Under the Assistant Inspector General for Audit, there are three deputies. The first deputy is primarily responsible for financial sector audits to include audits of banking supervision, manufacturing of currency and coins, resource management, procurement, alcohol and tobacco excise tax revenue collection activities, SBLF programs, and the State Small Business Credit Initiative (SSBCI) authorized by the American Rescue Plan. The second deputy is primarily responsible for financial management and transparency audits to include financial audits of Treasury and the Council performed by Treasury OIG staff and contractors, audits of Government-wide collection, payment, and debt programs and operations, audits of anti-money laundering/terrorist financing, foreign sanctions, and intelligence programs and operations, and audits of Emergency Rental Assistance (ERA) and Homeowners Assistance Fund (HAF) programs authorized by the Consolidated Appropriations Act, 2021 and the American Rescue Plan. The third deputy is primarily responsible for cybersecurity and financial assistance audits to include audits of Treasury and the Council information systems performed by Treasury OIG staff and contractors, RESTORE Act programs and operations, the Coronavirus Relief Fund (CRF), and the new State and Local Fiscal Recovery Fund authorized by the American Rescue Plan.

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

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

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<sup>1</sup> *Giglio* information refers to material that may call into question the character or testimony of a prosecution witness in a criminal trial.



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

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

Treasury OIG's annual fiscal year 2021 appropriation is \$41 million, including up to \$2.8 million of 2-year funding for the RESTORE Act programs. Treasury OIG's oversight of SSBCI and SBLF programs is funded on a reimbursable basis. In addition to the annual fiscal year appropriation, Treasury OIG has received no-year funding of \$35 million for the CRF, \$9.5 million for ERA, and \$2.6 million for the HAF programs. As of March 31, 2021, Treasury OIG had 188 full-time staff.

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## Management and Performance Challenges

*The Reports Consolidation Act of 2000* requires that the Department of the Treasury (Treasury or the Department) Inspector General annually provides information on the most serious management and performance challenges facing Treasury and the Gulf Coast Ecosystem Restoration Council (Council). The following is a synopsis of our annual assessments which are available, in their entirety, on the Treasury Office of Inspector General (OIG) [website](#).

### Treasury

In an October 29, 2020, memorandum to Secretary of the Treasury, Steven Mnuchin, Deputy Inspector General Richard Delmar reported the following six challenges facing the Department of which one is new.

- Coronavirus Disease 2019 (COVID-19) Pandemic Relief (New)
- Operating in an Uncertain Environment
- Cyber Threats
- Anti-Money Laundering/Terrorist Financing and Bank Secrecy Act Enforcement
- Efforts to Promote Spending Transparency and To Prevent and Detect Improper Payments
- Information Technology Acquisition and Project Management

### Gulf Coast Ecosystem Restoration Council

In an October 7, 2020, letter to the Honorable Andrew Wheeler, Administrator of the Environmental Protection Agency, as Chairperson of the Gulf Coast Ecosystem Restoration Council, we reported three challenges, two of which are repeat challenges and one that is a new challenge.

- Loss of Key Leadership Over Administration of Gulf Coast Restoration Activities (New)
- Federal Statutory and Regulatory Compliance
- Grant and Interagency Agreement Compliance Monitoring

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# Office of Audit – Significant Audits and Other Products

## Financial Management

### Treasury’s Consolidated Financial Statements

KPMG LLP (KPMG), a certified independent public accounting firm working under a contract with and supervised by our office, issued an unmodified opinion on the Department of the Treasury’s (Treasury or the Department) fiscal years 2020 and 2019 consolidated financial statements. KPMG reported (1) a significant deficiency in internal control over cash management information systems and a significant deficiency in internal control over Federal debt information systems at the Bureau of the Fiscal Service (Fiscal Service), collectively representing a significant deficiency for Treasury as a whole, and (2) a significant deficiency in internal control over unpaid tax assessments and a significant deficiency in internal control over financial reporting systems at the Internal Revenue Service, collectively representing a significant deficiency for Treasury as a whole. KPMG also reported that Treasury’s financial management systems did not substantially comply with certain requirements of the *Federal Financial Management Improvement Act of 1996* (FFMIA) related to Federal financial management systems requirements. KPMG found no other instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested. **(OIG-21-019)**

In connection with its audit of Treasury’s consolidated financial statements, KPMG issued a management report, which provided the specific findings and recommendations pertaining to the significant deficiency in internal control over cash management information systems and the related noncompliance with FFMIA’s Federal financial management systems requirements at Fiscal Service that were summarized in the auditor’s report. **(OIG-21-021)** Additionally, KPMG issued a management letter recommending improvements to strengthen internal control over financial reporting with respect to program management implementation, frequency and evidence of Financial Analysis and Reporting System backups, timeliness of control documentation availability, untimely recording of the quarterly Government Sponsored Enterprises liquidity preference increase, lack of appropriate review of Judgement Fund Internet Claims System year-end accrual, and lack of documentation of review over Federal Manager’s Financial Integrity Act compliance testing results; and incorrect compilation on the Statement of Assurance Review Sheet. **(OIG-21-020)**

## Other Treasury Financial Audits

*The Chief Financial Officers Act of 1990*, as amended by the *Government Management Reform Act of 1994*, requires annual financial statement audits of Treasury and any component entities designated by the Office of Management and Budget (OMB). In this regard, OMB designated IRS for annual financial statement audits. The financial statements of certain other Treasury component entities are audited either pursuant to other requirements, their materiality to Treasury’s consolidated financial statements, or as a management initiative. The table below shows the audit results for fiscal years 2020 and 2019.

Treasury-audited financial statements and related audits						
Entity	Fiscal year 2020 audit results			Fiscal year 2019 audit results		
	Opinion	Material weak-nesses	Significant deficiencies	Opinion	Material weak-nesses	Significant deficiencies
<b>Government Management Reform Act/Chief Financial Officers Act requirements</b>						
Department of the Treasury	U	0	2	U	0	2
Internal Revenue Service (A)	U	0	2	U	0	2
<b>Other required audits</b>						
Office of Financial Stability (TARP) (A)	U	0	0	U	0	0
Bureau of Engraving and Printing	U	0	1	U	0	2
Community Development Financial Institutions Fund	U	0	0	U	0	0
Office of D.C. Pensions	U	0	1	U	0	0
Federal Financing Bank	U	0	0	U	0	0
Treasury Forfeiture Fund	U	0	0	U	0	0
U.S. Mint						
Financial Statements	U	0	0	U	0	0
Custodial Gold and Silver Reserves	U	0	0	U	0	0
<b>Other audited accounts/financial statements that are material to Treasury’s financial statements</b>						
Bureau of the Fiscal Service						
Schedule of Federal Debt (A)	U	0	1	U	0	1
Exchange Stabilization Fund	U	0	0	U	0	0
<b>Management-initiated audits</b>						
Office of the Comptroller of the Currency	U	0	0	U	0	0
Alcohol and Tobacco Tax and Trade Bureau	U	0	0	U	0	0
U.S. Gold Reserves Held by Federal Reserve Banks	U	0	0	U	0	0
U Unmodified opinion and (A) Audited by the Government Accountability Office.						



In connection with the fiscal year 2020 financial statement audits, the auditors issued management letters on certain matters involving deficiencies in internal control at the Community Development Financial Institutions Fund (**OIG-21-007**), the United States Mint (**OIG-21-012**), the Office of D.C. Pensions (**OIG-21-014**), the Alcohol and Tobacco Tax and Trade Bureau (**OIG-21-017**), and the Bureau of Engraving and Printing (**OIG-21-023**).

### Gulf Coast Ecosystem Restoration Council’s Financial Statements

The audit of the Gulf Coast Ecosystem Restoration Council’s (Council) financial statements is also required by the *Chief Financial Officers Act of 1990*, as amended by the *Accountability of Tax Dollars Act of 2002*. RMA Associates, LLC (RMA), a certified independent public accounting firm working under a contract with and supervised by our office, issued an unmodified opinion on the Council’s fiscal years 2020 and 2019 financial statements. RMA did not identify any matters involving internal control and its operation that are considered material weaknesses. Additionally, RMA did not identify any instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested. (**OIG-21-008**)

### Attestation Engagements

Independent certified public accounting firm, KPMG LLP (KPMG), under a contract monitored by our office, completed the reports described below in support of the audit of Treasury’s fiscal year 2020 consolidated financial statements and the financial statement audits of certain other Federal agencies.

#### Reports on the Processing of Transactions by Fiscal Service

KPMG examined general computer investment and redemption processing, and monitoring controls (systems) used for processing various Federal agencies’ transactions by Fiscal Service’s Federal Investments and Borrowings Branch, and general computer trust funds management processing, and monitoring controls (system) used for processing various Federal and State agencies’ transactions by the Fiscal Service’s Funds Management Branch for the period beginning August 1, 2019, and ending July 31, 2020. KPMG found, in all material respects, that the controls were fairly presented in the description of controls for these activities and suitably designed. KPMG also found that controls tested operated effectively throughout the period. (**OIG-21-001**, **OIG-21-002**)

**Federal Financial Management Improvement Act**

The following instances of noncompliance with the *Federal Financial Management Improvement Act of 1996*, were reported in connection with the audit of Treasury’s fiscal year 2020 consolidated financial statements.

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

The status of these instances of noncompliance, including progress in implementing remediation plans, will be evaluated as part of the audit of Treasury’s fiscal year 2021 consolidated financial statements.

## CARES Act Oversight

Title IV, Subtitle B, “Air Carrier Worker Support,” of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) authorized up to \$32 billion of direct financial assistance for passenger air carriers (\$25 billion), cargo air carriers (\$4 billion), and contractors (\$3 billion). Financial assistance is to ensure the continuation of workers’ payroll and benefits with the stipulation that employees are not involuntarily furloughed and do not receive reductions in pay and benefits. Section 4113 (d) assigned Treasury Office of Inspector General the responsibility to audit the certifications required to be submitted by non-241 carriers (air carriers that do not report financial information to the Department of Transportation) and contractors. Treasury established the Payroll Support Program (PSP) to carry out applicable provisions of the CARES Act. Division N of the *Consolidated Appropriations Act, 2021* extended the Air Carrier Worker Support by providing up to \$15 billion of additional support to passenger air carriers and contractors. The *American Rescue Plan Act* (American Rescue Plan) authorized an additional \$15 billion for air transportation payroll support.

Title VI of the Social Security Act, as amended by Title V of the CARES Act, (hereinafter referred to as Title V) established the Coronavirus Relief Fund (CRF) for Treasury to make \$150 billion in payments to each of the 50 States, qualifying units of local government, the District of Columbia, U.S. Territories, and Tribal Governments for necessary expenditures due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19). The *Consolidated Appropriations Act, 2021*, extended the covered period for recipients of CRF payments to use funds between March 1, 2020 and December 31, 2021.

Under Title V of the CARES Act, Treasury Office of Inspector General (OIG) is assigned responsibility to conduct monitoring and oversight of the receipt, disbursement, and use of CRF payments. Treasury OIG also was assigned authority to recoup CRF proceeds in the event that it is determined a recipient of a CRF payment failed to comply with requirements of subsection 601(d) of the *Social Security Act*, as amended, (42 U.S.C. 801(d)). As part of our ongoing oversight of CRF payments, we issued the following reports during this semiannual period.

## State of Iowa's Noncompliance with Uses of Coronavirus Relief Fund Requirements

We issued a letter to the Director of the Iowa Department of Management concerning the State's use of CRF to make payments related to a portion of a \$20.1 million contract with Workday, Inc. (Workday), a computer system used for accounting and human resources that will replace the State's legacy mainframe systems. We were also informed that CRF proceeds were used to pay for some contract expenses that were incurred after March 1, 2020, and additional funds were expected to be used for expenses that were to be incurred before December 30, 2020. While the new and modern Workday system may provide additional functionalities through a cloud-based environment, the timeline for achieving them is nearly two years away and the system upgrades were contemplated well before the pandemic began. Accordingly, we maintained that funding the Workday contract with CRF proceeds was not a reasonable, allowable use of funds related to addressing the COVID-19 health pandemic. We required that amounts equal to payments issued on the Workday contract and any system implementation expenses related to contractor assistance using CRF proceeds be returned to Iowa's "Coronavirus Relief Fund" for eligible uses. Furthermore, additional CRF proceeds should not be used to make payments on this contract. In a written response, the State Governor authorized the return to Iowa's Coronavirus Relief Fund of all amounts that were initially allocated for payments on the Workday contract, including any system implementation expenses related to contractor assistance. **(OIG-CA-21-011)**

## State of Rhode Island's Uses of Coronavirus Relief Fund Payment

We issued a letter to the Director of the Rhode Island Pandemic Recovery Office concerning allegations that the State intended to withhold CRF proceeds to balance the State's budget shortfalls. It was believed potential legislation might allow CRF proceeds to be used to backfill revenue shortfalls. It was noted that State officials had internal conversations as to whether they would pivot their approach to spending CRF proceeds if proposed legislation passed allowing recipients to fill budget gaps. Since meeting with State representatives, the CRF was extended by the *Consolidated Appropriations Act, 2021*, Division N, "Additional Coronavirus Response and Relief." We advised State officials that the use of CRF proceeds to cover revenue shortfalls remains an unallowable use of funds. The *Consolidated Appropriations Act, 2021* did not change this

requirement as anticipated by State officials. To the extent that CRF proceeds are used in this manner, our office will seek recoupment of those funds from the State of Rhode Island in accordance with the CARES Act. The letter also clarified necessary expenditures incurred due to the public health emergency. We did not make any formal recommendations in our letter. **(OIG-CA-21-018)**

### **Interim Audit Update-Air Carrier and Contractor Certification for Payroll Support Program**

We issued an interim report related to certifications that passenger and cargo air carriers and contractors submitted to Treasury when applying for a Payroll Support Program (PSP) payment. To conduct our work, we selected a non-statistical sample of 5 passenger air carriers, 4 cargo air carriers, and 7 contractors for audit. Of the 16 air carriers and contractors selected, as of the date of this interim report, we reviewed documentation to support requested payroll support amounts for 7 recipients (5 passenger air carriers, 1 cargo air carrier, and 1 contractor). Based on audit work to date, we identified pervasive issues with the calculation of payroll amounts reported to Treasury by non-241 passenger air carriers (carriers that do not report financial data to the Department of Transportation) and contractors. These payroll amounts impacted the accuracy of recipient award amounts. We notified Treasury of these matters in December 2020, and according to management, Treasury implemented a number of measures in its “Payroll Support Program Extension” application process to identify and correct PSP award amounts. We reported that we would resume our audit of the remaining non-241 passenger air carriers and contractor certifications after we receive confirmation from Treasury that award amounts are corrected.

We recommended that Treasury management (1) review payments issued under PSP1 to ensure awarded amounts are allowable per the CARES Act and Treasury guidance; and (2) remedy the incorrect amounts awarded under PSP1. Management’s planned corrective actions met the intent of our recommendations. **(OIG-21-025)**

### **CARES Act Compliance Monitoring**

As part of our compliance monitoring of CRF payments, we developed a portal via GrantSolutions, a grants management system under U.S. Department of Health and Human Services, for CRF recipients to report expenditure data on a quarterly basis

starting September 1, 2020. We issued updates to the following memoranda pertaining to CRF reporting: (1) Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (**OIG-CA-20-028R**) and (2) CRF Prime Recipient Desk Reviews (Reissued for updated guidance) (**OIG-CA-21-004R**).

## Cyber/Information Technology

### FISMA

The *Federal Information Security Modernization Act of 2014* (FISMA) requires Inspectors General to perform an annual, independent evaluation of their agency's information security program and practices. During this semiannual reporting period, we issued reports on Treasury's and the Gulf Coast Ecosystem Restoration Council's (Council) compliance with FISMA.

### **Fiscal Year 2020 Audit of Treasury's Information Security Program for its Unclassified Systems**

KPMG, a certified independent public accounting firm working under a contract with and supervised by our office, performed an audit of Treasury's information security program and practices for its unclassified systems for the period July 1, 2019 through June 30, 2020. The Treasury Inspector General for Tax Administration (TIGTA) performed the annual FISMA evaluation of Internal Revenue Services' (IRS) unclassified systems. For fiscal year 2020, KPMG reported that Treasury's information security program and practices for its unclassified systems were established and have been maintained for the 5 Cybersecurity Functions and 8 FISMA Metric Domains. The program was not effective according to Department of Homeland Security (DHS) criteria. KPMG identified 4 deficiencies within 2 of the 5 cybersecurity functions and within 4 of the 8 FISMA metric domains. KPMG made 11 recommendations to the responsible officials to address the identified deficiencies. Treasury management agreed with the recommendations and prepared corrective action plans that met the intent of KPMG's recommendations. Due to the sensitive nature of these systems, this report is designated Sensitive But Unclassified. (**OIG-21-009, Sensitive But Unclassified**)



## **Fiscal Year 2020 Audit of Treasury’s Information Security Program for its Collateral National Security Systems**

KPMG, working under a contract with and supervised by our office, performed an audit of Treasury’s information security program and practices for its collateral National Security Systems (NSS) for the period July 1, 2019 through June 30, 2020. For fiscal year 2020, KPMG reported that Treasury established and maintained its information security program and practices for its collateral NSS for the 5 Cybersecurity Functions and 8 FISMA Metric Domains. The program was not effective according to DHS criteria. KPMG identified 4 deficiencies within 2 of the 5 cybersecurity functions and within 4 of the 8 FISMA metric domains. KPMG made 12 recommendations to responsible officials to address the identified deficiencies. Treasury management agreed with the recommendations and prepared corrective action plans that met the intent of KPMG’s recommendations. Due to the sensitive nature of these systems, this report is designated Sensitive But Unclassified. **(OIG-21-010, Sensitive But Unclassified)**

## **Fiscal Year 2020 Evaluation of the Gulf Coast Ecosystem Restoration Council’s Information Security Program**

RMA, a certified independent public accounting firm working under a contract with and supervised by our office, performed this year’s annual FISMA evaluation of the Council’s information security program and practices for the period July 1, 2019 through June 30, 2020. RMA reported that the Council’s information security program and practices were established, and concluded that the Council’s information security program and practices were effective for the period July 1, 2019 through June 30, 2020. **(OIG-CA-21-003)**

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## Office of Investigations – Significant Investigations

### CARES Act Investigation

We initiated an investigation upon receipt of information from an airline industry business that received funds under Section 4003 of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). The business self-reported that some of their employees were underreporting hours worked and filing unemployment claims in Louisiana, in order to qualify for enhanced unemployment benefits under the CARES Act. Criminal prosecution of the employees was presented on December 10, 2020, and declined by the U.S. Attorney’s Office (USAO) for the Eastern District of Louisiana.

### Other Significant Investigations

#### **Allegation Substantiated for Subject that Fraudulently Obtained DC Pension Benefits Totaling \$320,292**

We initiated an investigation upon notification from the Bureau of the Fiscal Service (Fiscal Service) that a subject received more than 20 years of retirement payments totaling \$320,292, after the death of the authorized annuitant. Criminal prosecution of the subject was presented on December 8, 2020 and declined by the USAO for the District of Maryland. We provided a report to the Fiscal Service for their information.

#### **Mint Contract Employees Terminated for Theft of Government Property**

On February 12, 2021, we received a response from the United States Mint (Mint) regarding our investigation of three Mint contractors, who removed penny planchets,<sup>2</sup> “blanks” from the Mint, and exchanged the planchets for legitimate currency in automated coin machines. Criminal prosecution was presented and declined by the USAO for the District of Colorado; however, the employees were terminated and security measures were enhanced.

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<sup>2</sup> A planchet is a round metal disk ready to be struck as a coin. It is also referred to as a blank.

### **Allegations of Workers’ Compensation Fraud by an Office of the Comptroller of the Currency Employee Substantiated**

We initiated an investigation upon notification that an Office of the Comptroller of the Currency (OCC) employee provided false statements to their agency and medical providers to obtain and continue to receive workers’ compensation. We substantiated the allegation; however, criminal prosecution was declined on March 5, 2021, by the USAO for the Northern District of Texas. We provided a report to the OCC for their information.

### **Mint Employee Sent Anonymous Harassing Letters to Management**

On November 9, 2020, we received a response from the Mint regarding an employee who submitted harassing anonymous letters to Mint management. Our forensic analysis determined the identity of the employee that sent the letters. During our interview with the employee, the employee provided false statements. The employee received a 5-day suspension for lack of candor.

### **Findings of Misconduct by a Treasury OIG Employee Substantiated for Misusing Government Title and Government Email for Personal Gain**

We initiated an investigation upon receipt of information from a hotline complaint that a Treasury Office of Inspector General (OIG) employee used their title, government computer and email to enhance a complaint made to a local court administrator. We substantiated the allegation that the employee misused their government position for personal gain. OIG management verbally counseled the employee and required them to attend ethics training.

### **Misconduct Unsubstantiated for Two Companies that Allegedly Installed and Overcharged for Faulty Fire and Security Systems at a Bureau of Engraving and Printing Facility**

We initiated an investigation based on an anonymous complaint alleging one company failed to install a working fire system in the Bureau of Engraving and Printing (BEP) facility in Fort Worth, Texas, and that another company overcharged BEP for faulty security equipment. We did not substantiate either allegation.

## Treasury OIG Accomplishments and Activities

### Office of Investigation’s Participation “Operation Find Our Children”

The U.S. Marshals Service conducted a significant 5-day law enforcement effort, dubbed “Operation Find Our Children,” throughout the Commonwealth of Virginia that resulted in the rescue of 27 previously missing children and confirmed the location of 6 additional children previously reported as missing and subsequently discovered by the U.S. Marshals Service as being in the custody of their legal guardian. An Office of Investigation’s agent participated as a member of a U.S. Marshals’ Task Force, ensuring the continued safety of vulnerable children.

### Treasury OIG Leadership Roles

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

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

**Pauletta Battle**, Deputy Assistant Inspector General for Financial Management and Transparency Audits, chairs the Federal Audit Executive Council’s DATA Act Working Group, which educates Inspectors General and Government financial communities on the DATA Act oversight process. The Working Group consists of approximately 200 members representing at least 48 OIGs.

**Donna Joseph**, Deputy Assistant Inspector General for Cyber and Financial Assistance Audits, serves as the National Single Audit Coordinator for Treasury, and is a member of the American Institute of Certified Public Accountants’ (AICPA) National Governmental Accounting and Auditing Update Conference planning committee. **Ms. Joseph** serves with **James Hodge**, Audit Director, on the AICPA National Governmental Accounting and Auditing Update Conference planning committee.

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# Statistical Summary

## Summary of Treasury OIG Activities

October 1, 2020 through March 31, 2021

OIG Activity	Number or Dollar Value
<b>Office of Counsel Activities</b>	
Regulation and legislation reviews	5
Instances where information was refused	0
<b>Office of Audit Activities</b>	
Reports issued and other products	42
Disputed audit recommendations	0
Significant revised management decisions	0
Management decision in which the Inspector General disagrees	0
<b>Monetary benefits (audit)</b>	
Questioned costs	\$0
Funds put to better use	\$0
Total monetary benefits	\$0
<b>Office of Investigations Activities*</b>	
<b>Criminal and judicial actions (including joint investigations)</b>	
Investigative reports issued	184
Cases referred for prosecution and/or litigation	15
Individuals referred for criminal prosecution to the Department of Justice	17
Individuals referred for criminal prosecution to state and local authorities	0
Cases accepted for prosecution and/or litigation	4
Arrests	1
Indictments/informations	3
Convictions (by trial and plea)	15
Senior Staff Cases Closed During SAR Period with Misconduct Allegations	1

*\*During the reporting period defendants were sentenced to 666 months of prison time, 972 months of probation, 1 month of community service and ordered to pay fines, restitution, and court fees in the amount of \$3.1 million, seizures and forfeitures in the amount of \$505,570, and civil judgments, civil settlements, and civil recoveries in the amount of \$2 million.*

### Metrics Used for Office of Investigations Activities

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

## Reports with Unimplemented Recommendations

Issued prior to October 1, 2020

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

Treasury OIG is reporting 105 open and unimplemented recommendations for 18 reports issued prior to October 1, 2020, with \$2,550 in potential monetary benefits. Treasury OIG considers all unimplemented recommendations for reports issued over 6 months to be significant.

Treasury Programs and Operations

Fiscal Year	Report Number	Report Title	Date Issued
2016	OIG-16-059	<i>General Management: Treasury Has Policies and Procedures to Safeguard Classified Information but They Are Not Effectively Implemented</i>	09/16
1.	The Assistant Secretary for Intelligence and Analysis should direct the Deputy Assistant Secretary for Security to update the Treasury Security Manual to include procedures requiring the Office of Security Programs to follow up and obtain all bureau self-inspection reports. Management agreed with the recommendation.		
2017	OIG-17-044	<i>Terrorist Financing/Money Laundering: Federal Agencies Are Generally Satisfied with TFFC's Collaboration Efforts, but Enhancements Can Be Made</i>	05/17
1.	The Assistant Secretary for Terrorist Financing should develop policies and procedures to ensure continuity and consistency in collaboration efforts with interagency task forces and workgroups.		
2.	Develop and implement a mechanism to monitor, evaluate, and report on the effectiveness of the Office of Terrorist Financing and Financial Crimes' (TFFC) interagency collaboration.		
3.	Develop meaningful performance measures specific to TFFC collaboration.		
4.	Address areas of concern expressed by Federal agencies regarding TFFC's collaboration that includes feedback, intersessional meetings, and invitations to participate in bilateral meetings with foreign countries during the Financial Action Task Force Plenary. Management agreed with the recommendations.		

Fiscal Year	Report Number	Report Title	Date Issued
2018	OIG-18-018	<i>Terrorist Financing/Money Laundering: OFAC Human Resources Practices Need Improvement</i>	11/17
1.	The Office of Foreign Assets Control (OFAC) Director should ensure that legacy employees' current position descriptions are evaluated to ensure that the documented promotion potential of these non-supervisory employees is consistent with OFAC's current promotion practices. Management agreed with the recommendation.		
2018	OIG-18-043	<i>Terrorist Financing/Money Laundering: OFAC's Licensing Program Would Benefit From System Enhancements</i>	04/18
1.	The Director of OFAC should develop performance measures specific for the licensing division. Management agreed with the recommendation.		
2018	OIG-18-044	<i>Terrorist Financing/Money Laundering: Audit of the Office of Intelligence and Analysis' Authorities and Actions Related to U.S. Persons' Financial Information</i>	04/18
1.	The Under Secretary for Terrorism and Financial Intelligence, as expeditiously as possible, should ensure that the Office of Intelligence and Analysis's (OIA) U.S. Persons Procedures are finalized and submitted for approval to the Attorney General of the United States.		
2.	Implements a compliance monitoring program to assess whether intelligence analysts' activities are conducted in accordance with OIA authorities, and electronic searches and other queries are performed in a manner that fully protects the rights of U.S. persons. Management agreed with the recommendations.		

Fiscal Year	Report Number	Report Title	Date Issued
2019	OIG-19-007	<i>Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2018 Performance Audit</i>	10/18
1.	Treasury Inspector General for Tax Administration (TIGTA) management should establish a current enterprise baseline of software and related configurations for the TIGTA System.		
2.	Develop and disseminate to TIGTA personnel a TIGTA System Information System Contingency Plan that addresses purpose, scope, roles, responsibilities, management commitment, coordination, and compliance to facilitate the implementation of the contingency planning policy and associated contingency planning controls. TIGTA should conduct disaster recovery and business continuity testing for the TIGTA System on the frequency stipulated by a Business Impact Analysis. Management agreed with the recommendations.		
2019	OIG-19-040	<i>DATA Act: Treasury's Efforts to Increase Transparency Into Federal Spending Continue, But Further Refinement is Needed</i>	07/19
1.	The Fiscal Assistant Secretary should enhance generic disclaimers on USAspending.gov and expand the use of limitation statements on pages with known and potential display issues so that the public has a clear understanding of known limitations when using the data as displayed and available for download. Management agreed with the recommendation.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-002	<i>Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2019 Performance Audit for Collateral National Security Systems (Sensitive but Unclassified)</i>	10/19
1.	This recommendation is Sensitive But Unclassified. Management agreed with the recommendation.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-003	<i>Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2019 Performance Audit</i>	10/19
1.	The Bureau of Engraving and Printing (BEP) management should assess and remediate vulnerabilities identified during Security Content Automation Protocol (SCAP) configuration baseline compliance and vulnerability scanning within the required timeframes specified in the BEP Minimum Standard Parameters.		
2.	Departmental Offices (DO) management should develop and implement a process to ensure that periodic user access reviews are completed for DO System 2, documented, and all unnecessary access is removed in accordance with National Institute of Standards and Technology Special Publication 800-53 Revision 4, "Security and Privacy Controls for Federal Information Systems and Organizations" (NIST SP 800-53, Rev. 4) and Treasury Directive Publication 85-01, "Department of the Treasury Information Technology Security Program" (TD P 85-01).		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-003	<i>Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2019 Performance Audit</i>	10/19
3.	Bureau of the Fiscal Service (Fiscal Service) management should protect the confidentiality and integrity of transmissions by encrypting Fiscal Service System 2 data in transit as required by NIST 800-53, Rev. 4.		
4.	United States Mint (Mint) management should establish a quality control process to ensure that user access to Mint System 1 and other Mint information systems follow the access management process requiring the completed background investigations, signed non-disclosure agreements (NDA), signed rules of behavior (ROB), and completion of the security awareness training.		
5.	Mint management should clearly document and formally approve exemptions to the Mint's access authorization process when a business justification exists.		
6.	Mint management update the Mint Information Security Policy to meet TD P 85-01 and NIST requirements related to access agreements and ROB.		
7.	Mint management should finalize and implement its bureau-wide privacy program that includes a strategic organizational privacy plan for implementing applicable privacy control and procedures in accordance with NIST 800-53.		
8.	Mint management should implement mechanisms to monitor and audit on a regular basis the effectiveness of its privacy controls and internal privacy policy at the bureau-level.		
9.	Mint management should establish sufficient controls to ensure supervisors/managers are held accountable for the completion of the role-based specialized information technology security training by their employees with security roles and responsibilities. Management agreed with the recommendations.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-007	<i>DATA Act: Treasury Continues to Make Progress in Meeting its DATA Act Reporting Requirements</i>	11/19
1.	Treasury's Assistant Secretary for Management (ASM), working as needed with Treasury's Senior Accountable Official, the Senior Procurement Executive, reporting entities, the Program Management Office, and the Office of Management and Budget (OMB) develop and implement a method and procedures to submit Treasury Forfeiture Fund financial assistance award data to the Financial Assistance Broker Submission in accordance with the reporting submission specifications established by DATA Act Information Model Schema (DAIMS). Management agreed with the recommendation.		
2020	OIG-20-015	<i>Financial Management: Management Letter for the Audit of the Department of the Treasury's Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
1.	DO management should communicate the timeframe required to disable or remove the access of terminated employees and contractors from DO systems to the appropriate staff. Management agreed with the recommendation.		
2020	OIG-20-015	<i>Financial Management: Management Letter for the Audit of the Department of the Treasury's Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
1.	DO management should communicate the timeframe required to disable or remove the access of terminated employees and contractors from DO systems to the appropriate staff. Management agreed with the recommendation.		



Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
1.	Fiscal Service management should address the mainframe operating system vulnerabilities noted in the condition as soon as possible.		
2.	Develop a tailored mainframe operating system security configuration baseline that specifies how security configuration options are to be set based on the selected industry guidance.		
3.	Ensure that the chief information security officer assign specific responsibility for providing controls over operating system security, including access permissions to all system datasets and all security-related option settings.		
4.	Develop and document controls over changes and monitor update access to all key system datasets.		
5.	Develop and document controls and baseline documentation of mainframe operating system options specified in the configuration files.		
6.	Establish which techniques are to be used to control update access to key system datasets and to control read access to sensitive system datasets (such as the security software database and the page files), whether a third-party tool is to be used, or tailored change control mechanisms, and develop procedures and documentation to support their use.		
7.	Develop procedures to provide assurance that programs installed with the privileges of the operating system (whether purchased from software vendors or internally developed) do not introduce security weaknesses.		
8.	Develop, document, and implement policies, procedures, and controls to conduct periodic reviews of actual mainframe security software settings against the security baseline.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
9.	Develop a mainframe security software risk assessment process using the Defense Information Systems Agency (DISA) Security Technical Implementation Guide (STIG) as a guideline.		
10.	Develop a tailored mainframe security software configuration baseline that specifies how security configuration options should be set based on the industry guidance. As part of this action, management should develop and document a baseline specifying for each possible setting in the security software control file how the option should be set and who is responsible for approving the setting.		
11.	Use the mainframe security software configuration baseline to harden the mainframe environment, including the Payment Authorization Manager (PAM) and Payments, Claims, and Enhanced Reconciliations (PACER) production.		
12.	Remove duplicate and excessive permissions in the mainframe security software database.		
13.	Perform an annual comparison of each actual setting in the mainframe security software control file to each setting specified in the baseline to verify compliance with the baseline.		
14.	Develop and document procedures for controlling updates to the mainframe security software control file.		
15.	Define and document the segregation of functions and privileges based on the principle of least privilege for mainframe security software and operating system.		
16.	Review and establish access permissions to the mainframe system and security software based on the principle of least privilege access.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
17.	Review and re-assess each access permission in the mainframe security software dataset and resource rules on a periodic basis.		
18.	Develop procedures and documentation to establish the following for each dataset permission, resource permission, and mainframe security software privilege: a. Responsibility for approving access and enforcing compliance with the principle of least privilege; b. Actual access meets the principle of least privilege; and c. Any discrepancy from approved access will be identified and corrected.		
19.	Develop, document and implement policies, procedures, and controls for comprehensive logging and monitoring of events. Procedures and controls should include an annual re-assessment of whether logging and reporting is adequate.		
20.	Review and determine which profiles, applications, databases, and other processes on the mainframe will be logged and reviewed.		
21.	Assess all mainframe logs to determine which logs should be evaluated by the incident management tool.		
22.	Establish appropriate alerts and event thresholds for those mainframe logs required to be evaluated by the external tracking tool.		
23.	Develop and implement data and analysis tools and processes for identifying event trends, patterns, spikes, and exceptions tool.		
24.	Identify non-security related purposes for logging and monitoring (including performance tuning, problem management, capacity planning, and management of service level agreements); assign responsibility for addressing them and for integrating them with security uses of logging and monitoring.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
25.	Identify the possible sources of log information; determine how each is to be used for security monitoring; and develop procedures to ensure that each type of logging which is necessary for effective security monitoring is activated.		
26.	Annually assess the effectiveness of security logging and monitoring, ensuring that the volume of logged events is limited to just those that are needed for security, and ensuring that monitoring results include effective identification and response for any violations and for any significant trends (such as an increase in the number of password resets for a given group of users or repetition of the same attempted but failed attempt to access a productions dataset or resource).		
27.	Identify, document, and assess the mainframe security controls affecting the system software, to fully describe how mainframe security is provided. These Fiscal Service management controls should include: a. Specific assignment of responsibility for maintaining operating security, b. Skill assessment and remediation for operating system security maintenance, c. Baseline documents for mainframe configuration files, d. Standard procedures for review and maintenance of operating system security, and e. Standard procedures to compare actual configuration settings to baseline documents.		
28.	Update mainframe documentation to be consistent with Fiscal Service and TD P 85-01.		
29.	Develop procedures and documentation to establish who is responsible and how effective security is achieved for controls requirements.		
30.	Implement an oversight process to determine that designated Fiscal Service personnel reviews and reevaluates privileges associated with the UNIX production environment semiannually for privileged accounts.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
31.	Configure the systems-management software agents to include all UNIX servers, databases, and users' accounts within the UNIX environment when generating the users' lists for the semiannual review and recertification process so that all privileged and non-privileged users' access is reviewed.		
32.	Update UNIX semiannual account review and recertification procedures to include quality control steps to validate that systems-management software is generating complete and accurate account listings for all UNIX servers and databases privileged and non-privileged user accounts within the UNIX environment prior to completing the review and recertification process.		
33.	Finalize policies and procedures to review audit logs of production DB2 servers.		
34.	Implement an oversight process to ensure that designated Fiscal Service personnel: a. Reviews the security logs for the UNIX and DB2 servers hosting the Payment Information Repository (PIR), Judgment Fund Internet Claim System (JFICS), and Security Payment System (SPS) applications on a pre-defined frequency, as indicated in the Fiscal Service Baseline Security Requirements (BLSR). b. Formally documents completion of their reviews and any escalations to the Information System Security Office, and c. Retains the audit logs and documentation of its reviews for 18 months, as required by the BLSR.		
35.	Periodically review Fiscal Service management's implementation and operation of the review the security audit logs for the UNIX and DB2 servers hosting the PIR, JFICS, and SPS applications to determine that Fiscal Service management completes the reviews on a pre-defined basis, documents completion of the reviews and escalations, and maintains such documentation.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
36.	Establish an effective enforcement process or mechanism to ensure that (a) UNIX and DB2 events and monitoring controls are followed, and (b) Fiscal Service management has confidence it consistently reviews for potential unauthorized or inappropriate activity.		
37.	Update its current PIR security procedures to require that management obtain current PIR developer access requirement listings from the service provider and use them when validating the appropriateness of PIR developer access during the semiannual access reviews and recertification of the PIR and UNIX environments.		
38.	Maintain the documentation used to review and recertify the access of the known PIR service provider developers evidencing that their access to the UNIX environments is commensurate with their job functions and responsibilities.		
39.	Ensure that developers do not have the ability to make changes to the PIR production environment.		
40.	Remove users' access once validated by the Federal Program Agency (FPA), during the SPS annual user access review.		
41.	Retain evidence of recertification of all users.		
42.	Oversee the recertification process and ensure that access corrections are processed once received from the FPA.		
43.	Review and enhance the manual processes and procedures to ensure that user access to all resources as defined for Treasury Web Application Infrastructure (TWA) users are accurately and completely identified and evaluated during the course of the General Support System 1 (GSS1) and General Support System 2 (GSS2) TWA User Privilege Recertification cycles.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
44.	Complete the GSS1 TWAI User Access Recertification cycle within the time intervals set by Fiscal Service BLSR requirements.		
45.	Remove and disable the two users' access immediately.		
46.	Implement a quality control process to ensure that PIR application accounts defined to the PIR production environment that have been inactive for over 120 days are disabled.		
47.	Review and update the Enterprise Information Technology Infrastructure System Security Plans, Attachment A-Security Control Matrix, to be consistent with the Fiscal Service BLSR and the Chief Information Officer Publication Information System Security Internal Standard Operating Procedure 8.3.6.60 UNIX/LINUX Account Management.		
48.	Configure the six UNIX servers to enforce the minimum password as stated in the Fiscal Service BLSR and ensure that the default password configuration settings for the production Unix environments comply with the minimum requirements specified in the BLSR.		
49.	Develop and implement a quality control process to ensure that PIR emergency change approvals are consistently obtained, documented, and retained by the Change Control Board prior to implementing changes into the PIR production environment.		
50.	Develop and implement documentation to assign responsibility for ensuring adequacy of UNIX and database security and baseline settings.		
51.	Update existing UNIX and database configuration security baseline documents to ensure that these documents fully incorporate and enforce the components of the DISA STIG. Management should document any deviations from the STIGs and note compensating controls that mitigate the security risk to an acceptable level.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-022	<i>Financial Management: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2019 and 2018</i>	12/19
52.	Develop, document, and implement policies, procedures, and controls to conduct periodic reviews of actual UNIX and database settings against the security configuration baselines.		
53.	Provide logging and monitoring of security related events to include the retention of evidence of reviews performed.		
54.	Develop a baseline of essential security settings and specifying that baseline as the standard to be observed.		
55.	Implement corrective actions to address all vulnerabilities associated with the baseline enforcement to include removing the three default user accounts on UNIX servers. Management agreed with the recommendations.		



Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-027	<i>Resource Management: Audit of the Department of the Treasury Departmental Offices Executive Pay Adjustments, Bonuses, and Awards</i>	02/20
1.	The ASM should ensure that the Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO) and the Office of Executive Resources (OER) develop, implement, and include effective internal controls within its policies and standard operating procedures (SOP) to ensure Treasury's Senior Executive Service (SES) basic pay rates are in compliance with 5 CFR 534.403(a)(3)(b), <i>Suspension of certification of performance appraisal system; and 5 CFR 534.404 (h)(2), Setting pay upon transfer.</i>		
2.	DASHR/CHCO and OER calculate the overpayment amounts for the two DO SES members whose pay was set higher than allowed by regulation.		
3.	DASHR/CHCO and OER seek recovery of the overpayment amounts or exercise the authority to waive any claim in accordance with applicable Federal regulations and Treasury's Directive 34-01, <i>Waiving Claims Against Treasury Employees for Erroneous Payments.</i>		
4.	DASHR/CHCO and OER complete Office of Personnel Management (OPM) data calls in accordance with OPM's applicable instructions and guidance to ensure all required employees, such as those who have left Treasury, are properly reported.		
5.	DASHR/CHCO finalizes and approves Treasury's SES Pay and Awards policy, and then periodically reviews it for continued relevance, effectiveness, and transparency in making pay decisions and awarding bonuses, assesses staffing levels, workforce skills, and respective budgets to determine whether additional personnel should and can plausibly be incorporated into future strategic planning to ensure OER can meet its goals and mission.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-027	<i>Resource Management: Audit of the Department of the Treasury Departmental Offices Executive Pay Adjustments, Bonuses, and Awards</i>	02/20
6.	DASHR/CHCO finalizes and approves Treasury's SES Pay and Awards policy, and then periodically reviews it for continued relevance, effectiveness, and transparency in making pay decisions and awarding bonuses.		
7.	OER documents the processes and SOP, with appropriate detail, followed in administering Treasury DO SES member performance ratings, pay adjustments, and bonuses.		
8.	OER oversees the process regarding exceptions to the 12-month rule.		
9.	OER includes information regarding the approval process for waiver requests for exceptions to the 12-month rule in the instructions provided to bureau heads and DO policy offices. This information should be consistent with Federal regulations and Treasury's SES Pay and Awards policy.		
10.	OER submits Treasury's respective data call report to OPM by the due dates established by 5 CFR 534.405, <i>Performance awards</i> , and before any established deadlines per OPM's annual data call memorandum. Management agreed with the recommendations.		
<b>Questioned Cost</b>	\$2,550		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-029	<i>Gulf Coast Restoration: Jefferson Parish's Internal Control over Federal Awards</i>	03/20
1. & 2.	The Fiscal Assistant Secretary should ensure that deficiencies identified in Jefferson Parish, Louisiana's (Jefferson Parish) controls over Federal awards are considered as part of the Treasury's oversight of future awards as well as risk assessments of Jefferson Parish as required by the <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (2 CFR Part 200) (Uniform Guidance). Management agreed with the recommendation. This recommendation is counted as two recommendations because it applies to both findings in the report.		
2020	OIG-20-030	<i>Bill and Coin Manufacturing: The United States Mint Numismatic Order Management System is Meeting User Needs But Improvements to Oversight are Needed</i>	03/20
1.	The Mint Director ensures the Numismatic and Bullion Directorate retains evidence of its monitoring activities outlined in the contract's Quality Assurance Surveillance Plan to better document the Mint's oversight of the contractor's compliance with contract requirements.		
2.	Perform an assessment regarding the impact of not having language accessibility for Mint's numismatic program services and considers adding these services to the Mint's Order Management System (OMS-II).		
3.	Perform analyses to determine the feasibility and potential impact of proposed actions to improve numismatic sales, performs additional studies to enhance future sales, and reports the results to stakeholders. Management agreed with the recommendations.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-036	<i>Interim Audit Update – Coronavirus Relief Fund Recipient Reporting</i>	05/20
1.	Treasury management should support our office in accomplishing our monitoring and oversight responsibilities in the following ways: (1) assist in communications with Coronavirus Relief Fund recipients on matters that include, but are not limited to, communications of reporting and record keeping requirements and other audit inquiries, as needed; (2) ensure that Treasury maintains communication channels with recipients to obtain and address post payment inquiries regarding specific payments; and (3) continue to update Coronavirus Relief Fund guidance and disseminate to recipients as needed. Management agreed with the recommendation.		
2020	OIG-20-040	<i>BILL AND COIN MANUFACTURING: Audit of Bureau of Engraving and Printing’s Implementation of Security Features and Meaningful Access for the Blind and Visually Impaired into New Note Design</i>	06/20
1.	The Director of BEP in collaboration, as necessary, with members of the United States Currency Program:  Continue to improve the Banknote Development Process and Technology Development Process guidance, including refining procedures to reflect lessons learned during its Catalyst note series redesign.		
2.	Ensure the Advanced Counterfeit Deterrence Steering Committee charter is updated in a timely manner, and as needed, to ensure roles, responsibilities, and current practices such as the attendance of Advanced Counterfeit Deterrence Steering Committee monthly meetings by appropriate personnel are clearly defined and communicated to its members. Management agreed with the recommendations.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-042	<i>MANUFACTURING AND REVENUE: Mint Controls Over Raw Materials and Coin Exchange Programs Need Improvement</i>	08/20
1.	The U.S. Mint Director should conduct regular reviews of the suppliers' quality systems to ensure that the suppliers are acting in the best interest of the Mint. This includes regular site visits or periodic reviews of the suppliers' quality system documentation.		
2.	Develops and implements SOPs that are consistent among Mint facilities to ensure quality assurance processes over sampling, inspection, and testing of materials for circulating coinage are standardized and documented; and that materials received meet the specifications required in the contracts and by U.S. law.		
3.	Considers sampling and testing the material after blanking in order to assess the material quality throughout the coil.		
4.	Verifies incoming raw material weights to ensure that the Mint is receiving the raw materials paid for.		
5.	Considers improving raw materials traceability by using a unique number to identify each coil rather than a group lot number.		
6.	Strengthens and finalizes SOPs for all coin exchange programs before accepting any redemptions. This would include using tests and subject matter experts to authenticate the genuineness of coins redeemed, as well as working with the Board to develop appropriate interagency procedures to assure the integrity of the coin redemption process for uncurrent coins.		

Fiscal Year	Report Number	Report Title	Date Issued
2020	OIG-20-042	<i>MANUFACTURING AND REVENUE: Mint Controls Over Raw Materials and Coin Exchange Programs Need Improvement</i>	08/20
7.	Follows all SOPs, including but not limited to, procedures related to sampling, inspecting, and testing coins; and appropriately documenting redemptions. Additionally, ensure that adequate background investigations are conducted on bulk redeemers and decisions to allow participation into the Mutilated Coin Redemption Program are based on relevant data from the background investigation. The Mint should add criteria such as obtaining financial statements for analyses of the potential bulk redeemers and performing site visits at their premises as part of the background investigation process for entry into the program. The Mint should document how this criteria was met, and if these steps were not performed, the reasons why.		
8.	Ensures that all coins returned to the Mint and removed from circulation are destroyed timely and sufficiently accounted for. Management agreed with the recommendations.		

## Closed Investigations of Senior Government Employees Not Publicly Disclosed

October 1, 2020 through March 31, 2021

Treasury OIG closed one investigation involving a senior Government employee during the period that was not publicly disclosed. This instance of misconduct against a senior Government employee was unsubstantiated.

### Case Number

### Allegation/Disposition

DO-21-0013-I

Treasury received an allegation against a Senior Treasury, Departmental Offices (DO) employee for conflict of interest due to a personal or business relationship. The complainant alleged that the DO employee influenced a blanket purchase agreement

contracting process with the DO employee's former employer, a covered relationship. Treasury OIG did not substantiate the allegation by determining that the contract solicitation, bidding, rating and selection process did not involve nor was influenced by the DO employee. The report of investigation was completed on January 25, 2021.

*Unsubstantiated*

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### Summary of Instances of Whistleblower Retaliation

October 1, 2020 through March 31, 2021

There were no cases of possible whistleblower retaliation opened during this reporting period. As such, there were no established cases of whistleblower retaliation to report for the period.

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

October 1, 2020 through March 31, 2021

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

## Listing of Audit Products Issued

October 1, 2020 through March 31, 2021

In the list of 42 audit products below we identified 4 products that were issued during the reporting period that were not publicly disclosed.

### Office of Audit

*FINANCIAL MANAGEMENT: Report on the Bureau of the Fiscal Service's Description of Federal Investments and Borrowings Branch's Investment and Redemption Service and the Suitability of the Design and Operating Effectiveness of its Controls for the Period August 1, 2019, to July 31, 2020 (OIG-21-001, 10/5/2020)*

*FINANCIAL MANAGEMENT: Report on the Bureau of the Fiscal Service's Description of Funds Management Branch's Trust Funds Management Processing Service and the Suitability of the Design and Operating Effectiveness of its Controls for the Period August 1, 2019 to July 31, 2020 (OIG-21-002, 10/5/2020)*

*Quarterly Summary Memorandum for the Lead Inspector General, Department of Defense: Operation Inherent Resolve - Summary of Work Performed by the Department of the Treasury Related to Terrorist Financing, ISIS, and Anti-Money Laundering for Fourth Quarter Fiscal Year 2020 (OIG-CA-21-001, 10/6/2020)*

*Letter to the Honorable Andrew Wheeler, Administrator, Environmental Protection Agency and Chairperson, Gulf Coast Ecosystem Restoration Council: 2021 Management and Performance Challenges (OIG-CA-21-002, 10/7/2020)*

*FINANCIAL MANAGEMENT: Audit of the United States Mint's Schedules of Custodial Deep Storage Gold and Silver Reserves as of September 30, 2020 and 2019 (OIG-21-003, 10/21/2020)*

*INFORMATION TECHNOLOGY: The Gulf Coast Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 for Fiscal Year 2020 (OIG-CA-21-003, 10/26/2020)*

*Coronavirus Relief Fund Prime Recipient Desk Review Procedures (OIG-CA-21-004, 10/26/2020)*



*Annual Plan, Fiscal Year 2021, Office of Inspector General, Department of the Treasury (OIG-CA-21-005, 10/27/2020)*

*Management And Performance Challenges Facing the Department of the Treasury FY 2021 (OIG-CA-21-006, 10/29/2020)*

*FINANCIAL MANAGEMENT: Audit of the Department of the Treasury's Schedules of United States Gold Reserves Held by Federal Reserve Banks as of September 30, 2020 and 2019 (OIG-21-004, 11/2/2020)*

*FINANCIAL MANAGEMENT: Audit of the Federal Financing Bank's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-005, 11/12/2020)*

*FINANCIAL MANAGEMENT: Audit of the Community Development Financial Institutions Fund's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-006, 11/13/2020)*

*FINANCIAL MANAGEMENT: Management Letter for the Audit of the Community Development Financial Institutions Fund's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-007, 11/13/2020)*

*FINANCIAL MANAGEMENT: Audit of the Gulf Coast Ecosystem Restoration Council's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-008, 11/16/2020)*

*INFORMATION TECHNOLOGY: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2020 Performance Audit (OIG-21-009, 11/30/2020) Sensitive But Unclassified, Not Publicly Disclosed*

*INFORMATION TECHNOLOGY: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2020 Performance Audit for the Collateral National Security Systems (OIG-21-010, 11/30/2020) Sensitive But Unclassified, Not Publicly Disclosed*

*CIGIE FAEC Inspectors General Guide to Compliance under the DATA Act (OIG-CA-21-008, 12/4/2020)*

*FINANCIAL MANAGEMENT: Audit of the United States Mint's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-011, 12/8/2020)*

*FINANCIAL MANAGEMENT: Management Letter for the Audit of the United States Mint's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-012, 12/8/2020)*

*FINANCIAL MANAGEMENT: Audit of the Office of D.C. Pensions' Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-013, 12/9/2020)*

*FINANCIAL MANAGEMENT: Management Letter for the Audit of the Office of D.C. Pensions' Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-014, 12/9/2020)*

*State of Iowa's Noncompliance with Uses of Coronavirus Relief Fund (OIG-CA-21-011, 12/14/2020)*

*FINANCIAL MANAGEMENT: Audit of the Department of Treasury Forfeiture Fund's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-015, 12/15/2020)*

*FINANCIAL MANAGEMENT: Audit of the Alcohol and Tobacco Tax and Trade Bureau's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-016, 12/15/2020)*

*FINANCIAL MANAGEMENT: Management Letter for the Audit of the Alcohol and Tobacco Tax and Trade Bureau's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-017, 12/15/2020)*

*FINANCIAL MANAGEMENT: Audit of the Office of the Comptroller of the Currency's Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-018, 12/18/2020)*

*FINANCIAL MANAGEMENT: Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-019, 12/30/2020)*

*FINANCIAL MANAGEMENT: Management Letter for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2020 and 2019 (OIG-21-020, 12/30/2020)*

*Quarterly Summary Memorandum for the Lead Inspector General, Department of Defense: Operation Inherent Resolve - Summary of Work Performed by the Department of the Treasury Related to Terrorist Financing, ISIS, and Anti-Money Laundering for First Quarter Fiscal Year 2021 (OIG-CA-21-012, 1/4/2021)*

*Letter to Robert Fairweather, Acting Director, Office of Management and Budget: Annual Report on the Status of the Gulf Coast Ecosystem Restoration Council's Implementation of Purchase and Travel Card Audit Recommendations (OIG-CA-21-013, 1/26/2021)*

*Letter to Robert Fairweather, Acting Director, Office of Management and Budget: Annual Report on the Status of the Department of the Treasury's Implementation of Purchase and Travel Card Audit Recommendations* (OIG-CA-21-014, 1/26/2021)

*Memorandum for the Honorable Richard K. Delmar, Treasury Deputy Inspector General: Joint Purchase and Integrated Card Violation Report (April 1, 2020–September 30, 2020)* (OIG-CA-21-015, 2/1/2021) **Internal Memorandum, Not Publicly Disclosed**

*FINANCIAL MANAGEMENT: Management Report for the Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2020 and 2019* (OIG-21-021, 2/2/2021)

*Whistleblower Referrals to the Department of the Treasury Office of Inspector General, Office of Investigations.* (OIG-CA-21-016, 2/5/2021) **Please read in conjunction with report number OIG-20-046.**

*Addendum to the Referral for Investigation: Potential Conflicts of Interest and Improprieties Between Wisconsin-based Administrator of Department of the Treasury's Financial Assistance Programs and Beneficiary Company* (OIG-CA-21-017, 2/9/2021) **Not Publicly Disclosed**

*State of Rhode Island's Uses of Coronavirus Relief Fund Payment* (OIG-CA-21-018, 2/11/2021)

*FINANCIAL MANAGEMENT: Audit of the Bureau of Engraving and Printing's Financial Statements for Fiscal Years 2020 and 2019* (OIG-21-022, 2/12/2021)

*FINANCIAL MANAGEMENT: Management Letter for the Audit of the Bureau of Engraving and Printing's Financial Statements for Fiscal Years 2020 and 2019* (OIG-21-023, 2/12/2021)

*Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* (OIG-CA-20-028R, 3/2/2021) **Revised Frequently Asked Questions, Replaced OIG-CA-20-028.**

*FINANCIAL MANAGEMENT: Audit of the Exchange Stabilization Fund's Financial Statements for Fiscal Year 2020 and 2019* (OIG-21-024, 3/10/2021)

*CRF Prime Recipient Desk Reviews* (OIG-CA-21-004R, 3/22/2021) **Revised for Updated Guidance.**

*Interim Audit Update – Air Carrier and Contractor Certifications for Payroll Support Program (OIG-21-025, 3/31/2021)*

**Council of Inspectors General on Financial Oversight**

*2020 CIGFO Presidential Transition Handbook (12/10/2020)*

## Audit Reports Issued With Questioned Costs

October 1, 2020 through March 31, 2021

Category	Total No. of Reports	Total Questioned Costs	Total Unsupported Costs
For which no management decision had been made by beginning of reporting period	2	\$93,427,202	\$93,424,652
Which were issued during the reporting period	0	\$0	\$0
Subtotals	2	\$93,427,202	\$93,424,652
For which a management decision was made during the reporting period	1	\$93,424,652	\$93,424,652
Dollar value of disallowed costs	1	\$3,525,178	\$3,525,178
Dollar value of costs not disallowed	1	\$89,899,474	\$89,899,474
For which no management decision was made by the end of the reporting period	1	\$2,550	\$0
For which no management decision was made within 6 months of issuance	1	\$2,550	\$0
Questioned costs include expenditures: (1) that are questioned because of an alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds; (2) that, at the time of the audit, are not supported by adequate documentation (i.e., unsupported costs); or (3) used for the intended purpose that are unnecessary or unreasonable.			

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

October 1, 2020 through March 31, 2021

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

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## Reports for Which No Management Comment was Returned Within 60 Days

As of March 31, 2021

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

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

As of March 31, 2021

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

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## Significant Revised Management Decisions

October 1, 2020 through March 31, 2021

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

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## Significant Disagreed Management Decisions

October 1, 2020 through March 31, 2021

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

## Peer Reviews

October 1, 2020 through March 31, 2021

### Office of Audit

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

The most recent peer review of our office was performed by the Department of Education (Education) OIG. In its report dated September 24, 2018, Education OIG rendered a *Pass* rating for our system of quality control in effect for the year ended March 31, 2018. External audit peer review reports of our office are available on Treasury OIG's [website](#). The U.S. Department of Health & Human Services OIG is performing a peer review of our Office of Audit for the period April 1, 2018 through March 31, 2021. The review was ongoing as of the end of this semiannual reporting period. OIG did not perform any peer reviews of other Federal audit organizations during this reporting period.

### Office of Investigations

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

In its report dated January 5, 2021, the Federal Housing Finance Agency OIG found our office to be in compliance with all relevant guidelines for fiscal year 2020.



## Other Reporting Requirements and Requests

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

### Reviews of Bank Failures with Nonmaterial Losses

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

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

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

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

**(OIG-CA-21-001, OIG-CA-21-012)**

### Annual Reports on the Status of Implementation of Purchase and Travel Card Audit Recommendations

We provided annual reports on the progress made by Treasury and by the Council in implementing charge card related audit recommendations in accordance with the *Charge Card Act* and OMB Memorandum M-13-21, "Implementation of the Government Charge Card Abuse Prevention Act of 2012" (M-13-21). Our office has issued two charge card related audit findings and recommendations to Treasury. Our office has not issued any charge card related audit findings and recommendations to the Council. **(OIG-CA-21-013, OIG-CA-21-014)**

### Whistleblower Referrals to the Department of the Treasury Office of Inspector General, Office of Investigations

We issued a memorandum to OCC clarifying comments made in Audit Report OIG-20-046, *Prior to 2015, OCC Missed Opportunities to Analyze and Address Inappropriate Sales Practices at Wells Fargo Bank*, issued September 28, 2020. In the report, we encouraged OCC to continue to provide whistleblower referrals to the Treasury OIG's Office of Investigations (OI) to further support OIG's investigative process.

The memorandum clarified the types of referrals that OCC should send to OI and asked that OCC cease forwarding whistleblower referrals of alleged misconduct by bank employees of OCC-regulated entities to OI. OCC should continue to send allegations of OCC employee misconduct and Orders of Investigation to OI. **(OIG-CA-21-016)**

## References to the Inspector General Act

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Section 4(a)(2)	Review of legislation and regulations	21
Section 5(a)(1)	Significant problems, abuses, and deficiencies	7-18
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Section 5(a)(4)	Matters referred to prosecutive authorities	21
Section 5(a)(5)	Summary of instances where information was refused	41
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Section 5(a)(10)(A)	Summary of each audit, inspection, and evaluation report issued before the beginning of the reporting period for which no management decision was made	49
Section 5(a)(10)(B)	Summary of each audit, inspection, and evaluation report issued for which no management comment was returned within 60 days	49
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Section 5(a)(11)	Significant revised management decisions made during the reporting period	49
Section 5(a)(12)	Management decisions with which the Inspector General is in disagreement	49
Section 5(a)(13)	Instances of unresolved Federal Financial Management Improvement Act noncompliance	10
Section 5(a)(14)	Results of peer reviews conducted of Treasury OIG by another OIG	50
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Section 5(a)(16)	List of peer reviews conducted by Treasury OIG, including a list of outstanding recommendations from those peer reviews	50
Section 5(a)(17)(A-D)	Statistics for the period related to the number of (A) investigative reports issued, (B) persons referred to the Department of Justice for criminal prosecution, (C) persons referred to state and local authorities for criminal prosecution, and (D) criminal indictments/informations	21
Section 5(a)(18)	Description of metrics used to develop investigative statistics in Section 5(a)(17)	21
Section 5a(19)	Summary of each investigation involving a senior Government employee where allegation of misconduct was substantiated	40-41
Section 5a(20)	Instances of whistleblower retaliation	41
Section 5a(21)	Summary of attempts to interfere with Treasury OIG independence	41
Section 5a(22)(A)	Description of each inspection, evaluation, and audit that was closed and not publicly disclosed	42-46
Section 5a(22)(B)	Description of each investigation closed, involving a senior Government employee, that was not publicly disclosed	40-41
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	41

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## Abbreviations

BEP	Bureau of Engraving and Printing
BLSR	Baseline Security Requirements
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CDFI	Community Development Financial Institutions
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Council	Gulf Coast Ecosystem Restoration Council
COVID-19	Coronavirus Disease 2019
CRF	Coronavirus Relief Fund
DASHR/CHCO	Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer
DATA Act	Digital Accountability and Transparency Act of 2014
DO	Departmental Offices
DIF	Deposit Insurance Fund
ERA	Emergency Rental Assistance
ERA1 or ERA2	Emergency Rental Assistance programs
FFMIA	Federal Financial Management Improvement Act of 1996
Fiscal Service	Bureau of the Fiscal Service
FISMA	Federal Information Security Modernization Act of 2014
IRS	Internal Revenue Service
KPMG	KPMG LLP
Mint	United States Mint
NIST SP 800-53, Rev. 4	National Institute of Standards and Technology Special Publication 800-53 Revision 4, "Security and Privacy Controls for Federal Information Systems and Organizations"
OCC	Office of the Comptroller of the Currency
OER	Office of Executive Resources
OFAC	Office of Foreign Assets Control
OIG	Office of Inspector General
OI	Office of Investigations
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PIR	Payment Information Repository
PSP	Payroll Support Program
RESTORE Act	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012
RMA	RMA Associates, LLC
SBLF	Small Business Leading Fund
SES	Senior Executive Service

SOP	standard operating procedures
SPS	Security Payment System
STIG	Security Technical Implementation Guide
SSBCI	State Small Business Credit Initiative
TIGTA	Treasury Inspector General for Tax Administration
TD P 85-01	Treasury Directive Publication 85-01, “Department of the Treasury Information Technology Security Program”
TFFC	Office of Terrorist Financing and Financial Crimes
Treasury or the Department	Department of the Treasury
TWAI	Treasury Web Application Infrastructure
USAO	U.S. Attorney’s Office



Pictured above is the Bell Entrance of the Treasury Building, Washington D.C.  
**Source: Treasury Graphics**



## **Treasury Office of Inspector General Locations**

1500 Pennsylvania Avenue, N.W., Room 4436  
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Washington, DC 20005

408 Atlantic Avenue, Room 330  
Boston, Massachusetts 02110



### **Report Waste, Fraud, and Abuse**

Submit a complaint regarding Treasury OIG Treasury Programs and Operations and Gulf Coast Restoration using our online form: <https://oig.treasury.gov/report-fraud-waste-and-abuse>

### **Treasury Whistleblower Ombudsman**

For information about whistleblowing and reprisal and about your rights and responsibilities as a Treasury employee or contractor, please contact the OIG Whistleblower Ombudsman Program at 202-927-0650 or Email: [OIGCounsel@oig.treas.gov](mailto:OIGCounsel@oig.treas.gov)

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