



Annual Plan Fiscal Year 2024

OIG-CA-24-006

Office of Inspector General
Department of the Treasury

Foreword

This annual plan outlines the fiscal year (FY) 2024 Department of the Treasury (Treasury or the Department) Office of Inspector General audit and investigative priorities. The planned work focuses on Treasury's major initiatives and challenges and takes into consideration the Department's and Office of Inspector General's *Strategic Plan for Fiscal Years 2022–2026*.

As this plan illustrates, we have prioritized our resources to provide oversight of the most significant and highest-risk Treasury programs and operations within our jurisdictional boundaries. For FY 2024, our oversight efforts will place top priority on: (1) Coronavirus Disease 2019 pandemic relief, (2) cyber threats, (3) anti-money laundering/terrorist financing and Bank Secrecy Act enforcement, (4) efforts to promote spending transparency and to prevent and detect improper payments, (5) information technology acquisition and project management, and (6) climate initiative risks.

Areas of emphasis for FY 2024 include oversight mandated by law such as the Inspector General Act of 1978, 5 U.S.C chapter 4, the Government Management Reform Act of 1994, the Federal Information Security Modernization Act of 2014, the Federal Deposit Insurance Act, the Payment Integrity Information Act of 2019, the Digital Accountability and Transparency Act of 2014, the Trade Facilitation and Trade Enforcement Act of 2015, and the Geospatial Data Act of 2018. Since March 2020, our office has been focused on pandemic-related programs created under the Coronavirus Aid, Relief, and Economic Security Act, passed on March 27, 2020; the Consolidated Appropriations Act, 2021, enacted on December 27, 2020; and the American Rescue Plan Act of 2021, enacted on March 11, 2021. Our office has unprecedented oversight of more than \$645 billion of economic relief provided to the transportation industry for the continuation of salaries and benefits; to all 50 States, units of local government, United States Territories, and Tribal governments for rental and mortgage relief and support of small businesses, among other things; and to community development financial institutions to inject emergency capital investment into low-income communities to address the ongoing financial impact of the Coronavirus Disease 2019 pandemic.

The projects described in this plan address areas of known and emerging risks and vulnerabilities. As in the past, we encourage Department management to use this plan for areas of self-assessment.

December 2023

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Overview

Mission Statement

The Department of the Treasury (Treasury or the Department) Office of Inspector General (OIG) conducts independent and objective audits and investigations to promote integrity, efficiency, and effectiveness in programs and operations within its jurisdictional boundaries.

Background

In 1989, the Secretary of the Treasury established the OIG in accordance with the Inspector General Act Amendments of 1988. Treasury OIG has the following responsibilities:

- Conduct and supervise audits and investigations of Treasury programs and operations except for the Internal Revenue Service, which operates under the jurisdictional oversight of the Treasury Inspector General for Tax Administration; the Troubled Asset Relief Program, which operates under the jurisdictional oversight of a Special Inspector General; and operations of certain sections of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which operate under the jurisdiction of the Special Inspector General for Pandemic Recovery.
- Provide leadership and coordination of policies that (1) promote economy, efficiency, and effectiveness in Treasury programs and operations, and (2) prevent and detect fraud and abuse in Treasury programs and operations.
- Keep the Secretary of the Treasury and Congress fully and currently informed about problems and deficiencies in Treasury programs and operations.

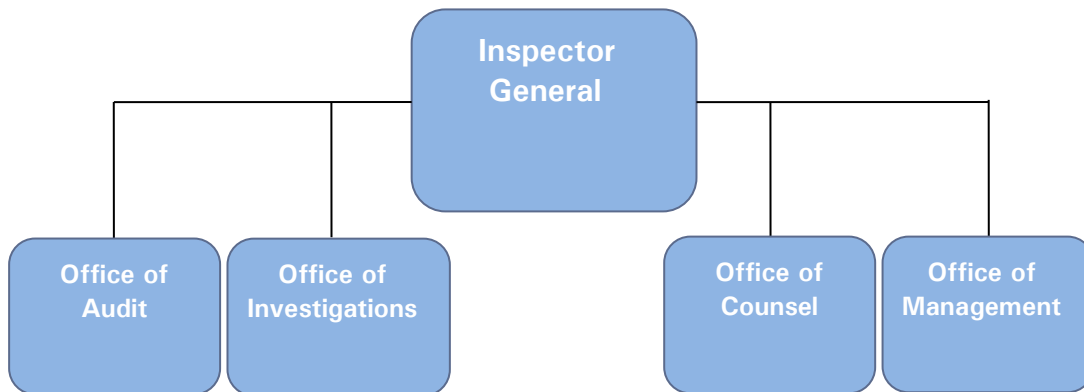
Treasury OIG also has audit and investigative oversight for both the Gulf Coast Ecosystem Restoration Council, an independent Federal entity, and the Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program (Science Program), which is administered by the National Oceanic and Atmospheric Administration under the U.S. Department of Commerce.

Organizational Structure and Fiscal Resources

Statutorily, Treasury OIG is headed by an Inspector General appointed by the President with the advice and consent of the Senate. As of this writing, due to the retirement of OIG's Inspector General in 2019, OIG is led by the Deputy

Overview

Inspector General performing the duties of Inspector General. As shown below, Treasury OIG’s organization includes four offices headquartered in Washington, DC. In 2021 OIG implemented a full-time telework option with many employees approved to work remotely from their homes.



For fiscal year (FY) 2024, the President requested approximately \$48.9 million in direct appropriations for Treasury OIG. Up to \$2.8 million of that total is to be available for audits and investigations conducted pursuant to Section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012. In FY 2020, \$35 million of “no year funding” was appropriated to OIG for audit and investigative activities related to the Coronavirus Relief Fund established by the CARES Act. In addition, Title V, Subtitle A of the Consolidated Appropriations Act, 2021, (CAA, 2021) Emergency Rental Assistance (ERA) provided OIG \$6.5 million of “no year funding” for monitoring, oversight, and recoupment of funds related to the ERA program. The American Rescue Plan Act of 2021 (ARP) provided an additional \$3 million to OIG to perform oversight of the ERA program. In addition, ARP provided OIG \$2.6 million in funding to carry out oversight of activities related to the Homeowner Assistance Fund program pursuant to Sec. 3206. Audits and investigations of the State Small Business Credit Initiative pandemic programs established under ARP are funded on a reimbursable basis by Treasury’s program office. Annual financial statement audits of Treasury and certain components are funded by the annual salaries and expense appropriation for Treasury’s Departmental Offices.

Performance Measures

Treasury OIG established the following FY 2024 performance measures for the Offices of Audit and Investigations:

Office of Audit Performance Measures

- Complete 82 audit products.
- Complete 100 percent of mandated audits by the required date.
- Identify monetary benefits where appropriate.

Office of Investigations Performance Measure

- Ensure 80 percent of investigative work product is referred (1) for civil or criminal prosecution or (2) administratively to a Treasury bureau or office for appropriate action.

Fiscal Year 2024 Priorities

Audit Priorities

Treasury OIG established three audit priorities for FY 2024:

Priority 1 Audit Products Mandated by Law

Treasury OIG allocates significant resources to meet mandated audit requirements, which include (1) audited financial statements and financial-related review work; (2) information systems security; (3) authorities under the CARES Act, the CAA, 2021, and ARP; (4) bank failures, pursuant to requirements in the Federal Deposit Insurance Act; (5) the effectiveness of measures taken by Customs and Border Protection to protect revenue, as required under Section 112 of the Trade Facilitation and Trade Enforcement Act of 2015; (6) the Geospatial Data Act of 2018; (7) compliance with the Payment Integrity Information Act of 2019; and (8) audits of programs authorized by the Small Business Jobs Act of 2010.

We also perform work in response to congressional directives and support the Council of Inspectors General on Financial Oversight¹ by leading or participating in working groups established to evaluate the effectiveness and internal operations of the Financial Stability Oversight Council.

¹ The Council of Inspectors General on Financial Oversight derives its authorities from the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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Priority 2 Work Requested by Treasury Management, Congress, or Other External Sources

Treasury OIG receives requests each year from Treasury management or Congress to perform specific work. Often a subject is already provided for in our plan, the requested work requires only that we adjust the schedule or scope. If the request pertains to a new area, we assess whether the work should be performed.

Priority 3 Self-directed Work in Treasury's Highest-risk Areas

With the resources available after we have completed mandated audits and requested work, we conduct audits to assess Treasury's progress in addressing significant known and emerging risks and vulnerabilities. For FY 2024, our self-directed work focuses on Treasury's responsibilities for Coronavirus Disease 2019 (COVID-19) pandemic relief; cybersecurity; anti-money laundering/terrorist financing programs and Bank Secrecy Act enforcement; information technology (IT) acquisition and project management; and climate initiative risks.

For details of planned FY 2024 Treasury Office of Audit resource allocation, by audit priority, see appendix A.

Treasury OIG Strategic Plan

Treasury OIG aligned its *Strategic Plan for Fiscal Years 2022–2026* with Treasury's mission to maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and managing U.S. Government finances and resources effectively. Treasury OIG works to promote the integrity, efficiency, and effectiveness of programs and operations within its jurisdictional boundaries. We accomplish our mission through four strategic goals:

- Promote program and operation integrity, efficiency and effectiveness through audits and investigations.
- Proactively support and strengthen the ability of programs within Treasury OIG's jurisdictional boundaries to identify challenges and manage risks.
- Fully and currently inform stakeholders of Treasury OIG findings, recommendations, investigative results, and priorities.
- Enhance, support, and sustain a workforce and strengthen internal operations to achieve Treasury OIG's mission, vision, and strategic goals.

Relationship Between Treasury’s Strategic Goals and Treasury OIG’s Annual Plan Issue Areas

To accomplish its mission, Treasury identified five strategic goals for FY 2022 - FY 2026. Treasury OIG will focus its FY 2024 work on 12 issue areas, shown in the table below, as they relate to Treasury’s strategic goals.

Treasury’s Strategic Goals and Related Issue Areas for FY 2022 - FY 2026

Treasury Strategic Goal	Treasury OIG Issue Area
Promote Equitable Economic Growth and Recovery	<ul style="list-style-type: none"> • Financial Regulation and Oversight • Domestic Assistance Programs • Bill and Coin Manufacturing • Gulf Coast Restoration • Alcohol and Tobacco Revenue Collection and Industry Regulation • COVID-19 Pandemic Relief Programs
Enhance National Security	<ul style="list-style-type: none"> • Cybersecurity/ IT • Anti-Money Laundering/Terrorist Financing and Foreign Assets Control / International Affairs • Domestic Assistance Programs
Protect Financial Stability and Resiliency	<ul style="list-style-type: none"> • Domestic Assistance Programs • Gulf Coast Restoration • Financial Regulation and Oversight • Cybersecurity/IT • Financial Management • Anti-Money Laundering/Terrorist Financing and Foreign Assets Control / International Affairs • COVID-19 Pandemic Relief Programs

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Treasury's Strategic Goals and Related Issue Areas for FY 2022 - FY 2026

Treasury Strategic Goal	Treasury OIG Issue Area
	<ul style="list-style-type: none">• Government-wide Financial Services and Debt Management• Alcohol and Tobacco Revenue Collection and Industry Regulation• Resource Management• Procurement
Combat Climate Change	<ul style="list-style-type: none">• Domestic Assistance Programs• International Affairs• Resource Management
Modernize Treasury Operations	<ul style="list-style-type: none">• Resource Management• Procurement• Government-wide Financial Services and Debt Management• Cybersecurity/IT• Bill and Coin Manufacturing

Office of Audit Initiatives

The Office of Audit plans to start 72 projects in FY 2024 and complete 126 projects started in prior years. For descriptions of our in progress and planned work, see the In Progress and Planned Projects by Treasury OIG Issue Area section herein.

The Office of Audit also plans to apply advanced analytics techniques using the recently added Data Analytics directorate. Data Analytics provides technical and specialist expertise that enriches and extends the work of the Office of Audit across all issue areas by obtaining and analyzing data from Treasury systems. The team will use a variety of tools and techniques to identify patterns, anomalies, and links to help identify potential fraud, improper payments, or other vulnerabilities of internal controls. The group will build capabilities for robust,

strategic, data-based decision making and recommendations to enhance OIG's risk identification and oversight.

Office of Investigations Initiatives

Treasury OIG established eight investigative priorities for FY 2024.

Priority 1 Threats Against Treasury Employees and Facilities

Our highest priority is investigating threats against Treasury employees and facilities. These efforts are critical in ensuring safety for the Department and require prompt attention and coordination with Federal, State, and local authorities.

Priority 2 Criminal and Serious Treasury Employee Misconduct

We investigate complaints involving alleged criminal and other serious misconduct by Treasury employees. We investigate allegations of the general crimes enumerated in Title 18 of the U.S. Code, other Federal crimes, alleged violations of the Ethics in Government Act, and allegations of serious misconduct prohibited by the Standards of Ethical Conduct for Employees of the Executive Branch. Several Treasury bureaus and offices have additional rules and regulations relating to ethical standards for their own employees, and we investigate complaints of alleged violations of these rules and regulations.

Priority 3 Cyber Threats Against Treasury Systems and Cyber Enabled Financial Crimes Fraud

We conduct investigations into the illicit removal of Treasury-protected information from Treasury systems, and cyber-enabled criminal activity impacting Treasury programs and operations, such as Business Email Compromise, Personal Email Compromise, and other schemes.

Priority 4 Identifying and Investigating Fraud Related to Pandemic Related Acts, including the CARES Act, Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021

We conduct inquiries and investigations of waste, fraud, and abuse related to Title V of the CARES Act, which established the Coronavirus Relief Fund for State, Local, and Tribal governments, U.S territories, and the District of Columbia. We also conduct investigations related to the ERA Program, Homeowner Assistance Fund, Coronavirus State and Local Fiscal Recovery Funds, State Small Business Credit Initiative, Air Carrier Payroll Support Programs, Coronavirus Economic Relief for Transportation Services, Emergency

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Capital Investment Fund, and the Community Development Financial Institutions Fund.

Priority 5 Fraud Involving Treasury Contracts, Grants, Guarantees, and Federal Funds

We conduct investigations into allegations of fraud and other crimes involving Treasury contracts, grants, loan guarantees, and Federal funds. Such allegations often involve contractors, entities, and individuals who provide or seek to provide goods or services to the Department. We receive complaints alleging criminal or other misconduct from employees, contractors, members of the public, and Congress. We also investigate criminal activity associated with improper payments made due to false claims to the Treasury in relation to grant programs, such as the recent pandemic programs.

Priority 6 Treasury Financial Programs and Operations Crime

We conduct and supervise criminal investigations related to Treasury financial programs and operations, including the issuance of licenses, payments and benefits, and oversight of U.S. financial institutions. We investigate criminal activity associated with improper payments made due to false claims to the Treasury and stolen, altered, counterfeit, and fraudulently obtained and/or redirected Treasury payments. We also investigate financial institution employee obstruction of the examination process and bank fraud, wire fraud, embezzlement, and other crimes affecting the oversight of Office of the Comptroller of the Currency regulated financial institutions as well as the Bank Secrecy Act/Anti-Money Laundering program overseen by Office of the Comptroller of the Currency and the Financial Crimes Enforcement Network.

Priority 7 Investigating Fraud Related to Criminals Impersonating Treasury Agents and Employees

We conduct investigations into criminal activity associated with individuals who attempt to scam citizens by fraudulently purporting to be Treasury agents or employees. These matters have become more prevalent and require prompt coordination with Federal, State, and local authorities to protect the targets of the scams.

Priority 8 Investigating Fraud Related to Persons Representing Themselves as “Sovereign Citizens” Submitting Fictitious Financial Instruments to Treasury, Financial Institutions, Private Companies, and Citizens

We conduct investigations into criminal activity associated with individuals who attempt to scam the Treasury, financial institutions, private companies, and

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citizens by submitting fictitious financial instruments purporting to be issued by or drawn on the Treasury, or other counterfeit documents, to perpetrate a variety of fraud schemes. These matters have become more prevalent and require prompt coordination with Federal, State, and local authorities to protect the targets from these scams.

Office of Counsel Initiatives

The Office of Counsel supports Treasury OIG investigative and audit activities by responding to requests for legal advice and reviewing and processing requests for the issuance of Inspector General subpoenas. In the area of disclosure, it provides timely responses to Freedom of Information Act requests as well as media and congressional inquiries. The office also carries out litigation responsibilities in cases related to the Merit Systems Protection Board and Equal Employment Opportunity Commission.

Based on experience, the Office of Counsel expects to process and close 40 initial Freedom of Information Act/Privacy Act requests and 2 appeals from those initial responses in FY 2024. With regard to the Electronic Freedom of Information Act, the Office of Counsel expects to review approximately 60 audit, evaluation, and oversight reports posted on Treasury OIG's [website](#) and [oversight.gov](#). The Office of Counsel also fulfills these additional roles and responsibilities:

- Conducts, manages, and advises on inquiries and activities related to Treasury programs and operations undertaken at the request of Congress, the Office of Special Counsel, and other stakeholders concerning Treasury programs and operations.
- Provides advice and counsel to Treasury OIG leadership regarding questions of law, including interpretation and application of legislative and administrative standards.
- Provides ethics and standards of conduct training for all employees and timely review of all required confidential and public financial disclosure reports.
- Reviews and updates, as needed, Privacy and Civil Liberties Impact Assessments for all Treasury OIG operations and provides procedural review and training services.

Overview

- Responds to *Giglio*² requests, coordinates responses to document requests from Congress, responds to media inquiries, and responds to discovery requests arising from litigation involving the Department and its bureaus.
- Provides training on the Inspector General Act and other subjects for new employee orientation and in-service training.
- Serves as Whistleblower Program Coordinator, as defined in the Whistleblower Protection Enhancement Act.
- Reviews, as statutorily mandated, legislative and regulatory proposals and coordinates comments; reviews all allegations of misuse of the Treasury seal, name, and identification; and prepares cease-and-desist orders and penalty assessments necessary for Treasury OIG to enforce 31 U.S.C. 333 (prohibition of misuse of Treasury names, symbols, etc.)

Office of Management Initiatives

The Office of Management provides a range of support to Treasury OIG offices, including administrative, budget, facilities management, procurement, human resources (HR), security, records management, asset management, and IT services. A working agreement with Treasury's Bureau of the Fiscal Service's Administrative Resource Center (ARC) provides augmented support for travel, HR, contracting, and accounting services.

The Office of Management's administrative services component manages the travel program, facilities management, public transit program and oversees security and safety initiatives. Administrative services will continue to maintain an active program for the economical and efficient management of Treasury OIG records, including implementing presidential directives for electronic records management. In addition, during FY 2024, administrative services will maintain an effective and comprehensive safety and health program to comply with regulations promulgated under the Occupational Safety and Health Act of 1970.

During FY 2024, the Office of Management's security services component will continue to manage the Personal Identity Verification Data Synchronization business process map, which shows linkages to HRConnect and USAccess for employee sponsorship and personal identity verification card issuance. Security services will also continue to design and execute measures to prevent

² Giglio refers to information that may call into question the character or testimony of a prosecution witness in a criminal trial.

Overview

unauthorized access to Treasury OIG facilities, equipment, and resources to ensure the protection of personnel and property from damage or harm, including:

- Initiating and adjudicating required background investigations.
- Enrolling cleared personnel in the Continuous Vetting Program.
- Granting security clearances for access to classified information.
- Maintaining electronic database records.
- Providing verification of security clearances for customers and processing requests for access to Sensitive Compartmented Information.

The Office of Management's procurement component will continue to assist Treasury OIG operations in ensuring that quality goods and services are delivered on time to support the mission. Procurement will continue to carry out the following responsibilities:

- Overseeing Treasury OIG's purchase card program.
- Implementing procurement policy recommendations and guidance.
- Administering adherence to Departmental small business goals.
- Coordinating appropriate training for Treasury OIG contracting officer representatives and OIG staff.

The Office of Management's budget component will work with ARC to increase the timeliness of financial information and accuracy of budget projections while adapting to the uncertainties of the Federal budgeting process. The budget component will continue to carry out these responsibilities:

- Efficiently and effectively work with ARC to reconcile financial transactions.
- Provide monitoring and oversight of billing and invoice approvals to ensure full compliance with reporting required by the Digital Accountability and Transparency Act of 2014 and the Prompt Payment Act's Do Not Pay list procedures, issued by the Office of Management and Budget.
- Prepare and execute interagency agreements for services provided or rendered.
- Respond to budget data calls.
- Interact with ARC for any system changes that affect Treasury OIG budgeting or accounting, such as establishing new cost centers to better and more accurately account for oversight of new programs and responsibilities.

Overview

The Office of Management's Human Resources component will continue to assist hiring managers with recruiting, training, hiring, and retaining employees within existing budget constraints and in addressing employee relations issues. Other plans include managing the OIG Telework Program and updating Human Resources policies.

The Office of Management's IT component will continue to seek efficiencies through virtualization, cloud computing, and service consolidation. Efforts continue to enhance Treasury OIG's general support system; improve the ability of Treasury OIG employees to collaborate, either on site or remotely; enhance the quality and choice of mobile communications; and ensure that all systems are fully maintained, operational, and in compliance with information security requirements. The IT component will continue to provide information management and collaboration tools to ensure personnel have the resources and ability to access Treasury OIG information to make timely decisions.

Management and Performance Challenges

In accordance with the Reports Consolidation Act of 2000, the Department of the Treasury Inspector General provides perspective each year on the most serious management and performance challenges facing the programs and operations within the Office of Inspector General's (OIG) jurisdictional boundaries. The Inspector General's annual Management and Performance Challenges Letters are available on OIG's [website](#).

Treasury

In a memorandum to Secretary of the Treasury Janet Yellen, then-Acting Inspector General Richard Delmar reported the following five challenges facing the Department.

- Coronavirus Disease 2019 Pandemic Relief
- Cyber Threats
- Anti-Money Laundering/ Terrorist Financing and Bank Secrecy Act Enforcement
- Information Technology and Project Management
- Climate Initiative Risks

Gulf Coast Ecosystem Restoration Council

In a letter to the Honorable Michael Regan, Administrator of the Environmental Protection Agency and Chairperson of the Council, Acting Deputy Inspector General Delmar reported two management and performance challenges that were repeated from the prior year.

- Federal Statutory and Regulatory Compliance
- Grant and Interagency Agreement Compliance Monitoring

In Progress and Planned Projects by Treasury OIG

Issue Area

Coronavirus Disease 2019 Pandemic Relief Programs

Background

The Department of the Treasury (Treasury or the Department) Office of Inspector General (OIG) has oversight responsibility of Treasury programs and activities that provide financial relief to the economic impacts of the Coronavirus Disease 2019 (COVID-19). Since March 2020, more than \$645 billion of financial assistance has been authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) enacted on March 27, 2020; the Consolidated Appropriations Act, 2021 (CAA, 2021) enacted on December 27, 2020; and the American Rescue Plan Act of 2021 (ARP) enacted on March 11, 2021. Through these pieces of legislation, Treasury provides financial assistance to the transportation industry for the continuation of salaries and benefits and to all 50 States, units of local government, U.S. Territories, and Tribal governments for rental and mortgage relief and support of small businesses, among other things. Community development financial institutions (CDFI) are also provided additional support to inject emergency capital investment into low-income communities to address the ongoing pandemic, among other things.

Treasury established the Office of Recovery Programs (ORP) to administer the pandemic relief funds. The enormity of these programs requires continued coordination between the Office of Audit, the Office of Investigations, and Office of Counsel in dealing with complaints concerning hundreds of recipients and sub-recipients that received financial relief.

Coronavirus Relief Fund Audit

Background

Title VI of the Social Security Act, as amended by Title V of the CARES Act, established the Coronavirus Relief Fund (CRF) and appropriated \$150 billion for making payments to States, Tribal governments, and qualifying units of local government. Of this amount, \$3 billion is reserved for payments to the District of Columbia and U.S. territories and \$8 billion is reserved for payments to Tribal

Planned Projects by OIG Issue Area

governments. Additionally, no State received a payment of less than \$1.25 billion. The CAA, 2021, Division N, Title X, Miscellaneous, amended Title VI of the Social Security Act to extend the CRF covered period through December 31, 2021. The CAA, 2023, Division LL, included the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act, which extended the period for which Tribal government recipients may incur eligible costs using payments from their CRF awards to December 31, 2022. As amended, the Uses of Funds under Section 601 (d) (42 United States Code (U.S.C.) 801(d)) provides that payments may only be used to cover costs that—

- were necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
- were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

Furthermore, the Inspector General of Treasury is authorized to conduct monitoring and oversight of the receipt, disbursement, and use of the fund, and is also authorized recoupment authority to recover funds in the event that it is determined a recipient of a CRF payment failed to comply with the above requirements.

In Progress and Planned FY 2024 Projects

Audit of Treasury's Implementation of Coronavirus Relief Fund (In Progress)

We plan to assess Treasury's implementation activities to include the establishment of policies, procedures, and any other terms and conditions for making CRF payments to States, Tribal governments, units of local governments, the District of Columbia, and U.S. Territories. [ORP]

Audit of American Samoa's Uses of Coronavirus Relief Fund Payment (In Progress)

We plan to assess whether American Samoa used its CRF payment proceeds in accordance with subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)), Treasury's *Coronavirus Relief Guidance for State, Territorial, Local, and Tribal Governments*, and Treasury's *Coronavirus Relief Fund Frequently Asked Questions*. [ORP]

Planned Projects by OIG Issue Area

Audit of Recipients' Use of Coronavirus Relief Fund Payments

We plan to determine whether recipients referred from desk review monitoring activities used Coronavirus Relief Fund proceeds in accordance with subsection 601 (d) of the Social Security Act, as amended, (42 U.S.C. 801(d)) and Treasury's *Coronavirus Relief Fund Guidance and Frequently Asked Questions for States, Tribal Governments and Certain Eligible Local Governments*. [ORP]

Coronavirus Relief Fund Monitoring

Background

The CARES Act requires Treasury OIG to conduct monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Furthermore, if Treasury OIG determines that a CRF recipient has failed to comply with the Uses of Funds under Section 601 (d) (42 U.S.C. 801(d)), the amount of funds used in violation may be recouped and deposited to the general fund of the Treasury. Given the direct oversight authorities assigned to Treasury OIG, the Department did not establish an administrative program office to ensure recipient compliance with the use of fund requirements subsequent to making payments to recipients. The Department provided guidance and frequently asked questions on the uses of CRF proceeds and has committed to working with our office to ensure compliance by recipients.

As part of ensuring accountability, transparency, and proper uses of CRF payments, Treasury OIG, in consultation with Treasury and the Pandemic Response Accountability Committee, issued reporting and record retention requirements for Coronavirus Relief Fund recipients and established a portal using GrantSolutions for recipients to report quarterly through September 2023 on the uses of funds, with final reports for closeout due no later than the quarter ended September 30, 2023.

In Progress and Planned FY 2024 Projects

Desk Review of Coronavirus Relief Fund Recipients Use of Funds

We plan to evaluate the documentation supporting the uses of CRF proceeds as reported in the GrantSolutions portal, and to assess risk of unallowable uses of funds. The conclusions reached from the desk review may result in a site visit for a more in-depth review or an audit. [ORP] The ongoing or planned CRF desk reviews include:

- | | |
|--|--|
| <ul style="list-style-type: none">• U.S. Virgin Islands• South Dakota | <ul style="list-style-type: none">• Newtok Tribal Council• Alaska |
|--|--|

Planned Projects by OIG Issue Area

- **Maine**
 - **City of San Jose, California**
 - **Vermont**
 - **Apache Tribe of Oklahoma**
 - **Wisconsin**
 - **Oregon**
 - **Arkansas**
 - **Michigan**
 - **District of Columbia (DC)**
 - **Washington State**
 - **Mississippi**
 - **Oklahoma**
 - **Guam**
 - **West Virginia**
 - **Massachusetts**
 - **North Carolina**
 - **North Dakota**
 - **Kiowa Tribe**
- **Native Village of Selewik**
 - **Baltimore County**
 - **New Jersey**
 - **Dallas County, TX**
 - **Connecticut**
 - **City of Fresno, CA**
 - **Oklahoma County, OK**
 - **Utah**
 - **Arizona**
 - **Pennsylvania**
 - **Georgia**
 - **New Hampshire**
 - **Bergen County**
 - **Bucks County**
 - **Nebraska**
 - **Los Coyotes**

Air Carrier Payroll Support and Coronavirus Economic Relief for Transportation Services Programs

Background

Air Carrier Payroll Support Program

Treasury established the Payroll Support Program (PSP1) to make up to \$32 billion of direct payments to eligible passenger and cargo air carriers and contractors as authorized under Division A, Subtitle B, “Air Carrier Worker Support” of the CARES Act. Air Carrier Worker Support was extended twice and provided an additional \$16 billion under the “Airline Worker Support Extension” of the CAA, 2021 in December 2020, and another \$15 billion under the “Air Transportation Payroll Support Program Extension” of the ARP in March 2021. Treasury refers to the additional funding as Payroll Support Program Extension (PSP2) and Payroll Support Program 3, respectively.

For air carriers that report salaries and benefits to the Department of Transportation (DOT) under the Code of Federal Regulations Part 241 (referred to as 241 carriers), financial assistance is an amount equal to the salaries and benefits reported to DOT. For those air carriers that do not report data to DOT (referred to as non-241 air carriers), financial assistance is an amount that the air carrier certifies using sworn financial statements or other appropriate data, as the amount of wages, salaries, benefits, and other compensation that the air carrier paid the employees.

Mandates

For PSP1 and PSP2 recipients, Treasury OIG is required to audit the certifications provided by non-241 passenger and cargo air carriers and contractors that do not report financial information to DOT. Additionally, Treasury OIG is required to audit contractors’ certifications of insufficient funds under the PSP1 to recall, by January 4, 2021, employees that were involuntary furloughed between March 27, 2020, and the date on which the contractor entered into a PSP1 agreement with Treasury. Treasury has authority to waive the requirement for a contractor to recall employees if the contractor certifies that it will have insufficient funds remaining under PSP1 to keep recalled employees employed for more than two weeks upon returning to work.

Planned Projects by OIG Issue Area

Coronavirus Economic Relief for Transportation Services

CAA, 2021 provides \$2 billion in grants to eligible providers of transportation services. Eligible providers include: (1) transportation providers that on March 1, 2020 had 500 or fewer full-time, part time, or temporary employees, and were not a subsidiary, parent or affiliate of any other entity with a combined total workforce of more than 500 full-time, part-time, or temporary employees; or (2) a provider of transportation services that on March 1, 2020 had more than 500 full-time, part-time, or temporary employees, and has not received assistance under section 4003 (b) (Coronavirus Economic Stabilization Act of 2020) or subtitle B of title IV (Air Carrier Worker Support) of the CARES Act. Eligible activities include payment of payroll costs; acquisition of services, equipment, including personal protective equipment and other measures needed to protect workers/customers from COVID-19; and continued operations and maintenance during the covered period of existing capital equipment and facilities.

In Progress and Planned FY 2024 Projects

Audit of Treasury’s Implementation of “Air Carrier Worker Support” under Title IV, Subtitle B, of the CARES Act (In Progress)

We plan to assess Treasury’s implementation of the Air Carrier Worker Support to include the establishment of policies, procedures, and other terms and conditions of financial assistance as they relate to certification requirements of air carriers. [ORP]

Audit of “Air Carrier Worker Support” Certification under Title IV, Subtitle B of the CARES Act (Mandated) (In Progress)

We plan to assess the accuracy, completeness, and sufficiency of 25 air carriers’ and contractors’ “sworn” financial statement or other data used to certify the wages, salaries, benefits, and other compensation amounts submitted and approved by Treasury. [ORP]

Audit of “Airline Carrier Support Extension” Certifications Under Section 402 of the CAA, 2021 (PSP2) (Mandated)

We plan to assess the accuracy, completeness, and sufficiency of passenger air carriers’ and contractors’ “sworn” financial statements and/or other data used to certify wages, salaries, benefits and other compensation amounts submitted and approved by Treasury under PSP2. [ORP]

Planned Projects by OIG Issue Area

Audit of “Air Carrier Worker Support” Employee Recall Waiver Certifications under Section 402 of the CAA, 2021 amended the CARES Act (Mandated)

We plan to assess the accuracy, completeness, and sufficiency of contractors’ certifications submitted to and approved by Treasury certifying that contractors have or will have insufficient PSP1 financial assistance to recall employees.

[ORP]

Audit of Treasury’s Implementation of the Coronavirus Economic Relief for Transportation Services Program (In Progress)

We plan to assess Treasury’s implementation activities to include the establishment of policies, procedures, and other terms and conditions of financial assistance under the Coronavirus Economic Relief for Transportation Services Program. [ORP]

Coronavirus State and Local Fiscal Recovery Funds

Background

ARP established the Coronavirus State and Local Fiscal Recovery Funds under Title IX, Subtitle M, Section 9901, which amended Title VI of the Social Security Act (42 U.S.C. 801 et seq.) by adding the following sections:

Section 602 Coronavirus State Fiscal Recovery Fund (\$219.8 billion)

Funds are available through December 31, 2024, for payments to States, U.S. Territories, and Tribal governments to mitigate the fiscal effects stemming from the public health emergency with respect to COVID-19. Of the \$219.8 billion available, \$195.3 billion is reserved for all 50 states and the District of Columbia, \$20 billion is reserved for Tribal governments, and \$4.5 billion is reserved for U.S. Territories.

Section 603 Coronavirus Local Fiscal Recovery Fund (\$130.2 billion)

Funds are available through December 31, 2024, for making payments to metropolitan cities, non-entitlement units of local government, and counties to mitigate the fiscal effects stemming from the public health emergency with respect to COVID-19. Of the \$130.2 billion available, \$45.57 billion is reserved for metropolitan cities, \$19.53 billion is reserved for non-entitlement units of local government, and \$65.1 billion is reserved for counties.

Sections 602 and 603 “Use of Funds”

Governments must use the funds provided under a payment, or transferred to them to cover costs incurred for the period that starts on March 3, 2021 and ends on December 31, 2024, or the last day of the recipient government’s FY in which all funds received have been expended or returned to, or recovered by, the Treasury. Funds must be used for the following:

- to respond to the public health emergency with respect to COVID–19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

Planned Projects by OIG Issue Area

- to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the recipient government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- for the provision of government services to the extent of the reduction in revenue of such recipient government due to the COVID–19 public health emergency relative to revenues collected in the most recent full FY prior to the emergency;
- to make necessary investments in water, sewer, or broadband infrastructure;
- to provide emergency relief from natural disasters or the negative economic impacts of natural disasters, including temporary housing, food assistance, financial assistance for lost wages, or other immediate needs; or
- to fund certain infrastructure (transportation and housing) projects.

Section 604 Coronavirus Capital Projects Fund (\$10 billion)

Funding is available until expended for capital projects directly enabling work, education, and health monitoring, including remote options, in response to COVID–19. Of the \$10 billion available, \$100 million is to be distributed to each of the 50 States, the District of Columbia, and Puerto Rico (for a total of \$5.2 billion); \$100 million is to be distributed equally to the U.S. Virgin Islands, Guam, American Samoa, Northern Mariana Islands, Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau; and \$100 million is to be distributed equally to Tribal governments and the State of Hawaii (Department of Hawaiian Home Lands and Native Hawaiian Education). Amounts remaining after required distributions will be allocated to the States based on population data.

Planned Projects by OIG Issue Area

Section 605 Local Assistance and Tribal Consistency Fund (\$2 billion)

Funds are available until September 30, 2023, with amounts to be obligated for FY 2022 and FY 2023. Of the \$2 billion available, \$750 million is reserved in FY 2022 and FY 2023 to allocate and pay each eligible revenue sharing county amounts determined by Treasury taking into account economic conditions, using measurements of poverty rates, household income, land values, and unemployment rates as well as other economic indicators, over the 20-year period ending with September 30, 2021. After the passage of the CAA, 2023, Treasury also determined eligible revenue sharing consolidated government allocations for FY 2023 and 2024. For eligible Tribal governments, \$250 million is reserved in FY 2022 and FY 2023 to allocate and pay amounts that are determined by Treasury taking into account economic conditions of each eligible Tribal government. Payments may be used for any governmental purpose other than a lobbying activity.

In Progress and Planned FY 2024 Projects

Audit of Treasury's Implementation of the Coronavirus State and Local Fiscal Recovery Funds (In Progress)

We plan to assess Treasury's implementation activities to include the establishment of policies, procedures, and other terms and conditions for receiving financial assistance under the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund. As part of this audit, we will review Treasury's policies and procedures to monitor recipients' uses of funds. [ORP]

Audit of Treasury's Implementation of the Coronavirus Capital Projects Fund (In Progress)

We plan to assess Treasury's implementation activities to include the establishment of policies, procedures, and other terms and conditions for financial assistance under the Coronavirus Capital Projects Fund. As part of this audit, we will review Treasury's policies and procedures to monitor recipients' uses of funds. [ORP]

Planned Projects by OIG Issue Area

Audit of Treasury's Implementation of the Coronavirus Local Assistance and Tribal Consistency Fund (In Progress)

We plan to assess Treasury's implementation activities to include the establishment of policies, procedures, and other terms and conditions for financial assistance under the Coronavirus Local Assistance and Tribal Consistency Fund. As part of this audit, we will review Treasury's policies and procedures to monitor recipients' uses of funds. [ORP]

Emergency Rental Assistance and Homeowner Assistance Fund

Background

Emergency Rental Assistance

Treasury implemented the Emergency Rental Assistance (ERA) Program to make payments up to \$25 billion to States including Washington, DC, Territories, Tribal governments, with provision for the Department of Hawaiian Homelands, and units of local government with populations of 200,000 or more for rental and rental related assistance. Under the Use of Funds provisions of CAA, 2021 (Division N, Title V, Subtitle A, Emergency Rental Assistance) which established the initial ERA program (referred to as ERA1), proceeds are to be used by recipients/grantees for the following:

- Not less than 90 percent of payment is to be used for Financial Assistance, including:
 - rent and rent arrears;
 - utilities and home energy costs and utilities/home energy costs arrears; and
 - other expenses related to housing incurred due, directly or indirectly, to the COVID-19 outbreak, as defined by the Secretary of the Treasury.

- Not more than 10 percent of payment may be used for the following:
 - Housing Stability Services to provide eligible households with case management and other services related to COVID-19 (as defined by Treasury) intended to help keep households stably housed; and
 - Administrative Costs attributable to providing Financial Assistance and Housing Stability Services.

Payments are to be made directly to the lessor or utility unless they will not accept payment from the recipient/grantee. If the lessor or utility will not accept the payment, then the payment will be made to the renter. Assistance is provided for a 12-month period. The recipient/grantee may extend for 3 months if it is deemed necessary to ensure housing stability. ERA1 funds were available through September 30, 2022.

CAA, 2021, authorized Treasury OIG to conduct monitoring and oversight of the receipt, disbursement, and use of ERA1 funds, and to recover funds in the event that it is determined a recipient failed to comply with the ERA1 requirements.

Planned Projects by OIG Issue Area

ARP authorized an additional \$21.55 billion in ERA referred to as ERA2, to remain available until September 30, 2027. ERA2 is similar to ERA1, but ERA2 incorporates some distinct requirements which include changes to eligible grantees (no Tribal Government allocation), \$2.5 billion specifically reserved for high-need grantees, and an increased administrative expenses limit of 15 percent of awarded funds, as well as changes to OIG authority. While Treasury OIG is responsible for conducting oversight, no monitoring and recoupment was authorized for OIG over ERA2 funds.

Homeowner Assistance Fund

ARP authorized \$9.96 billion for the Homeowner Assistance Fund (HAF) available to States, U.S. Territories, and Tribal governments until September 30, 2025, for qualified expenses to mitigate financial hardships related to the COVID-19 pandemic after January 21, 2020. Qualified expenses include:

- mortgage payment assistance;
- financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing related costs related to a period of forbearance, delinquency, or default;
- principal reduction;
- facilitating interest rate reductions;
- utilities, including electric, gas, home energy, and water;
- internet service, including broadband internet access service;
- homeowner's insurance, flood insurance, and mortgage insurance; and
- homeowner and condominium association fees or common charges.

ARP also requires Treasury OIG to provide oversight of the Homeowner Assistance Fund Program.

In Progress and Planned FY 2024 Projects

Treasury's Pandemic Grantees' Subrecipient Monitoring of Horne, LLP (In Progress)

We plan to assess Treasury grantees' subrecipient monitoring of Horne's program compliance and the effectiveness of grantee fraud prevention and detection measures. Specifically, we will determine whether grantees designed and implemented adequate policies and procedures that operated effectively to (1) identify and address program risks and (2) monitor Horne's compliance with the program's requirements.

Planned Projects by OIG Issue Area

Treasury's Implementation of ERA1 (In Progress)

We plan to assess Treasury's implementation activities that include the establishment of policies, procedures, and other terms and conditions for making payments to eligible recipients. [ORP]

Treasury's Implementation of Homeowner Assistance Fund (In Progress)

We plan to assess Treasury's implementation activities of the Homeowner Assistance Fund Program to include the establishment of policies, procedures, and other terms and conditions for making payments to eligible Government recipients. [ORP]

Desk Review of ERA1 Recipients (In Progress)

We plan to evaluate the Government recipients' documentation supporting the uses of ERA proceeds as reported in the portal and assess the risk of unallowable use of funds. [ORP]

Community Development Investment

Background

CAA, 2021 provided \$12 billion of emergency funding to provide long-term financial products and services, and investments in low and moderate-income and minority communities that have disproportionately suffered from impacts of the COVID-19 pandemic.

Emergency Capital Investment Program

Treasury is authorized to provide up to \$9 billion in capital investments in low- and moderate-income community financial institutions, located in areas that may be disproportionately impacted by the economic effects of the COVID-19 pandemic. Treasury established the Emergency Capital Investment Program to make funds available to eligible minority depository institutions and CDFI that are (1) federally insured depository institutions, (2) bank holding companies, (3) savings and loan holding companies, or (4) federally insured credit unions. Of the \$9 billion, Treasury must set aside \$2 billion for eligible institutions with total assets equal to or less than \$2 billion and an additional \$2 billion for eligible institutions with total assets less than \$500 million. Treasury's authority to make new capital investments under the Emergency Capital Investment Program will terminate six months after the date on which the national emergency concerning the COVID-19 outbreak declared on March 13, 2020, under the National Emergencies Act terminates, which is November 11, 2023.

CDFI Rapid Response Program

The CDFI Fund was appropriated \$3 billion of emergency funding in FY 2021 to provide grants to CDFIs that support, prepare, and respond to the economic impact of COVID-19. No later than 60 days after enactment on December 27, 2020, the CDFI Fund was required to make \$1.25 billion available. From this amount, no less than \$25 million must be available for grants to benefit Native Communities. Furthermore, the CDFI Fund must provide the grants using a formula that takes into account selected criteria, such as certification status, financial and compliance performance, portfolio and balance sheet strength, a diversity of CDFI business model types, and program capacity.

The CDFI Fund established the CDFI Rapid Response Program (RRP), which was designed with the goal of quickly deploying capital to certified CDFIs. To become eligible for a CDFI RRP award, organizations must comply with all outstanding

Planned Projects by OIG Issue Area

CDFI awards, allocations, or bond guarantee requirements, as well as meet benchmarks for programmatic/financial safety and soundness. CDFI RRP grants may be used for selected lines of business, including commercial real estate, small business, consumer financial products, consumer financial services, and affordable housing.

The CDFI RRP grants may also be used for the following seven categories that support operations: (1) compensation – Personal Services (i.e., compensation for services CDFIs’ employees delivered during CDFI RRP’s period of performance); (2) compensation – Fringe Benefits; (3) professional service costs; (4) travel costs; (5) training and education costs; (6) equipment; and (7) supplies. The CDFI Fund allows the greater of \$200,000 or 15 percent of the CDFI RRP grant to be used on these categories.

CDFI Equitable Recovery Program

Of the \$3 billion appropriated to the CDFI Fund, \$1.75 billion is available until expended, for providing grants to CDFIs for expanding lending, grant-making, or conducting investment activity in low- or moderate-income communities and communities that have significant unmet capital or financial needs. From the funds, up to \$1.2 billion must be made available for financial and technical assistance awards, and training and outreach programs for Minority Lending Institutions.

Mandates

Treasury OIG is required to submit a report, not less than twice a year, to Congress and to the Secretary of the Treasury, on the oversight of the community development programs, including recommendations for improvements to the programs.

In Progress and Planned FY 2024 Projects

Audit of Treasury’s Soundness of Investment Decisions for Approving Institutions’ Participation into the Emergency Capital Investment Program (Mandated)

We plan to assess the institutions Treasury approved for participation in the ECIP, for financial soundness and ability to meet dividend and interest rate obligations. [ORP]

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Audit of the CDFI Fund’s Award and Post-Award Review and Monitoring Process for the CDFI Equitable Recovery Program (Mandated)

We plan to assess the CDFI Fund’s award process and post-award activities and monitoring process, including review of certification documentation and standard operating procedures. [DO]

State Small Business Credit Initiative

Background

The State Small Business Credit Initiative (SSBCI), which was originally created in the *Small Business Jobs Act of 2010* to increase availability of credit for small businesses, ended in 2017. Section 3301 of ARP, reauthorized SSBCI and provided \$10 billion to implement the program. Under SSBCI, participating States, U.S. Territories, and Tribal governments may obtain funding for programs that partner with private lenders to extend credit to small businesses. Such programs may include those that finance loan loss reserves; and provide loan insurance, loan guaranties, venture capital funds, and collateral support. States, U.S. Territories, and Tribal governments who apply for SSBCI must provide Treasury with plans for using their funding allocations for review and approval, and report quarterly and annually on results. Treasury will distribute funds in three different tranches over 10 years.

In addition, ARP modified SSBCI in a number of ways including the following set-asides:

- \$500 million in allocations to Tribal governments in proportions determined appropriate by the Secretary of the Treasury;
- \$1.5 billion in allocations to States, U.S. Territories, and Tribal governments for business enterprises owned and controlled by socially and economically disadvantaged individuals;
- \$1 billion to be allocated as an incentive for States, U.S. Territories, and Tribal governments that demonstrate robust support for business concerns owned and operated by socially and economically disadvantaged individuals;
- \$500 million to be allocated to very small businesses with fewer than 10 employees; and
- \$500 million to provide technical assistance to certain businesses applying for SSBCI or other state or federal programs that support small businesses.

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Audit of Treasury's Pre-Award Process for the SSBCI Main Capital Allocation and Distribution for States and U.S. Territories (In Progress)

We plan to assess Treasury's pre-award process of the SSBCI program relating to the approval of main capital allocation agreements and distribution of funds of approximately \$6 billion for States and U.S. Territories [ORP]

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Audit of Treasury's Pre-award Process for SSBCI's Program Funds for Socially and Economically Disadvantaged Business Owners for States, U.S. Territories, and Tribal Governments (In Progress)

We plan to assess Treasury's administration of the pre-award process for SSBCI's program funds of approximately \$1.5 billion for socially and economically disadvantaged business owners for States, U.S. Territories, and Tribal governments. [ORP]

Audit of Treasury's Pre-award Process for the SSBCI's Program Funds for Technical Assistance to States, U.S. Territories, and Tribal Governments (In-Progress)

We plan to assess Treasury's administration of the pre-award process for SSBCI's program funds of approximately \$500 million for technical assistance to States, U.S. Territories, and Tribal governments. [ORP]

Treasury General Management and Infrastructure Support: Financial Management

Background

Mandates

Financial audits of Treasury and certain component entities are conducted pursuant to various statutes and other reporting requirements. For example, the Government Management Reform Act requires an annual audit of the Treasury consolidated financial statements. The Office of Management and Budget (OMB) or other laws require the following Treasury components to issue stand-alone audited financial statements:

- Internal Revenue Service (IRS)
- Bureau of Engraving and Printing (BEP)
- Federal Financing Bank (FFB)
- U.S. Mint (Mint)
- Treasury Forfeiture Fund
- Office of D.C. Pensions
- CDFI Fund
- Office of Financial Stability

Audits of the financial statements for the Office of the Comptroller of the Currency (OCC), the Exchange Stabilization Fund, and the Alcohol and Tobacco Tax and Trade Bureau (TTB) are conducted as management initiatives.

Independent certified public accounting firms, under contracts supervised by Treasury OIG, audit the Department's consolidated financial statements and the financial statements of component entities, with some exceptions. The Government Accountability Office (GAO) audits the financial statements of the IRS and the Office of Financial Stability, as well as the Bureau of the Fiscal Service's (BFS) Schedule of Federal Debt and Schedule of the General Fund. Treasury OIG staff audit the Mint's Schedule of Custodial Deep Storage Gold and Silver Reserves and Treasury's Schedule of United States Gold Reserves Held by the Federal Reserve Banks. Independent certified public accounting firms, under contracts supervised by Treasury OIG, perform attestation engagements for service organizations within BFS and Treasury's Departmental Offices (DO).

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Program Responsibilities

Treasury also has responsibility for certain programs that will be reviewed as part of the audit of FY 2024 Department-wide financial statements, including programs established by the following acts:

- Housing and Economic Recovery Act of 2008 (HERA)
- Emergency Economic Stabilization Act of 2008
- American Recovery and Reinvestment Act of 2009 (Recovery Act)
- Small Business Jobs Act of 2010
- Terrorism Risk Insurance Act of 2002, as extended and reauthorized by the Terrorism Risk Insurance Reauthorization Act of 2007, Terrorism Risk Insurance Program Reauthorization Act of 2015, and Terrorism Risk Insurance Program Reauthorization Act of 2019
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Consolidated Appropriations Act of 2021 (CAA, 2021)
- American Rescue Plan Act of 2021 (ARP)

The Terrorism Risk Insurance Program was enacted under the Terrorism Risk Insurance Act to stabilize market disruptions that result from acts of terrorism. With a cap on annual liability for insured losses of \$100 billion, the program is in place to pay 80 percent of the insured losses arising from acts of terrorism above insurers' deductibles until it expires on December 31, 2027. For discussion of other programs established by the acts listed above, see the Domestic and International Assistance Programs and the Coronavirus 2019 Pandemic Relief Programs sections herein.

Improper Payments

The Improper Payments Information Act of 2002 (IPIA) requires Federal agencies to annually review and identify programs and activities susceptible to improper payments. Executive Order (EO) 13520, "Reducing Improper Payments and Eliminating Waste in Federal Programs" (November 23, 2009), requires Federal agencies to intensify their efforts to eliminate payment error, waste, fraud, and abuse in major Federal programs and provide their inspectors general with detailed information on efforts to identify and reduce the number of improper payments in Federal programs. The Improper Payments Elimination and Recovery

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Act of 2010 (IPERA) amended the IPIA and expanded requirements for the reporting and recapture of improper payments.

On March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA) repealed IPIA, IPERA, the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and the Fraud Reduction and Data Analytics Act of 2015 and incorporated select provisions of IPIA, IPERA, IPERIA, and the Fraud Reduction and Data Analytics Act of 2015 into a single subchapter in the U.S. Code. PIIA requires each agency to periodically review all programs and activities that the head of the agency administers; and identify all program and activities that are susceptible to significant improper payments. Significant improper payments are defined as annual improper payments in the program exceeding a) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the FY reported, or b) \$100 million regardless of the improper payment percentage of total program outlays. If a program is found to be susceptible to significant improper payments, the agency must (1) estimate the amount of the improper payments; (2) report on corrective actions being taken to reduce improper payments; and (3) publish improper payments reduction targets. PIIA also requires agencies to conduct recovery audits, if not prohibited by law and if considered to be cost-effective, of each program and activity that expends more than \$1 million annually. The inspectors general must determine whether their agencies comply with PIIA each year.

Similar to EO 13520, PIIA requires the OMB Director to identify high-priority programs and coordinate with agencies to establish annual targets and semiannual or quarterly actions for reducing improper payments. Agencies must submit an annual report to their inspectors general and OMB on actions taken or planned (1) to recover improper payments and (2) to prevent future improper payments. The report is required to be available to the public on a central website.

Known Weaknesses

The Department received an unmodified audit opinion on its FY 2021 and FY 2022 consolidated financial statements. However, the certified independent public accounting firm's audit report disclosed the following internal control deficiencies:

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- a significant deficiency in internal control over cash management information systems at BFS, collectively representing a significant deficiency for Treasury as a whole (repeat condition)
- a significant deficiency in internal control over unpaid tax assessments and a significant deficiency in internal control over financial reporting systems at the IRS, collectively representing a significant deficiency for Treasury as a whole (repeat condition)

The auditors also reported that the Department’s financial management systems did not comply with certain requirements of the Federal Financial Management Improvement Act of 1996 related to Federal financial management system requirements.

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Audits of Treasury Financial Statements and of Financial Statements or Schedules for Component Entities and Activities, and Attestation Engagements for Certain Service Organizations

During FY 2024, we plan to complete audit work for the FY 2023 financial statements and schedules and begin audit work for the FY 2024 financial statements and schedules. These audits will determine whether the financial statements and schedules are fairly presented in all material respects and will report on internal control and on compliance with laws and regulations that could have a direct and material effect on the financial statements. We have completed or plan to complete 18 financial statement audits, attestations, and other related products in FY 2023. [Multi-Bureau]

Improper Payments

We plan to assess Treasury’s compliance with PIIA and other improper payment reporting requirements for FY 2023 included in EO 13520. We plan to work with the Treasury Inspector General for Tax Administration to provide an overall assessment of Treasury’s compliance and identify high-priority Treasury programs for review as well as Treasury programs susceptible to significant improper payments. We plan to complete one improper payment audit in FY 2024. [Multi-Bureau]

Treasury General Management and Infrastructure Support: Cybersecurity/Information Technology

Background

Cybersecurity is one of the most serious challenges facing our nation. The dynamics of cyberspace and rapidly changing technologies (such as open-source software, cloud computing, virtual technologies, artificial intelligence (AI), and mobile devices) provide for greater convenience and accessibility but render information and information systems more vulnerable. Cyber threats to U.S. national and economic security continue to grow in number and sophistication, increasing the risk that essential services could be degraded, interrupted or that sensitive information could be stolen or compromised.

Mounting cyber threats from foreign intelligence services, terrorists, organized groups, hacktivists, and hackers pose significant risks to the confidentiality, integrity, and availability of Treasury's information and infrastructure and to the nation's financial sector that it oversees. Supply chain attacks threaten the security and stability of the systems on which Treasury relies. Insider threats pose further significant risks to Treasury's mission and operations. Insiders have institutional knowledge and a level of trust associated with their authorized access to Treasury's critical systems and sensitive information. A successful cyberattack could result in:

- disruption of key Treasury functions (such as collecting revenues, issuing payments, managing the Government's cash and debt, producing coins and currency, and preventing financial crimes),
- compromise of classified or sensitive Treasury information,
- disclosure of information on private citizens,
- destruction or alteration of information needed to accomplish Treasury's mission,
- theft of valuable equipment or technology, or
- inappropriate use of Treasury resources.

Accordingly, cyber threats continue to be reported as one of Treasury's top management and performance challenges in the Inspector General's annual memorandum to the Secretary. Since cybersecurity is critical to Treasury's mission and operations, Treasury management must ensure an effective

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information security program to mitigate cybersecurity risks and ensure proper protections for Treasury's information and information systems.

Additionally, effective public-private coordination will be required to address the growing threat of cyberattacks against the nation's critical infrastructure. Treasury's interconnected systems are critical to the core functions of the Government and the U.S. financial infrastructure. Information security remains a constant area of concern and potential vulnerability for Treasury's network and systems, and the Department must be prepared to provide leadership to defend against cyber threats to the nation's financial institutions.

Mandates

The Federal Information Security Modernization Act of 2014 (FISMA) requires Federal agencies to have an annual independent evaluation of their information system security program and practices and to report the results of the evaluations to OMB. EO 14028, "Improving the Nation's Cybersecurity" (May 2021), directed Federal agencies to make investments in their cybersecurity defenses and begin migrating to a zero-trust architecture. OMB subsequently issued memorandum M-22-05, "FY 2021-2022 Guidance on Federal Information Security and Privacy Management Requirements" (December 2021), to implement the EO initiatives. Among other things, OMB changed the due date for the annual IG assessments from October to July to incorporate funding needs for remediation of problems identified as part of the development of the President's Budget. Additionally, M-22-05 encouraged agencies to shift towards a continuous assessment process for their annual independent assessment, and in support of this introduced a set of core metrics that must be evaluated annually (which started in FY 2022) with the remaining metrics to be evaluated on a two-year cycle, which started in FY 2023. An independent certified public accounting firm, under a contract supervised by Treasury OIG, performs the annual FISMA audits of Treasury's security program and practices for its unclassified systems and collateral national security systems, except information systems operated by the IRS. The Treasury Inspector General for Tax Administration conducts the evaluation of IRS's information security program and practices. Currently, our office conducts the FISMA audit of Treasury's security program and practices for its intelligence systems.

The Cybersecurity Act of 2015 (Public Law (P.L.) 114-113; December 18, 2015) was designed to improve cybersecurity through cyber threat information sharing. Under Division N, Title I, cited as the Cybersecurity Information Sharing Act of

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2015 (CISA), Section 107 directs Inspectors General of executive agencies, in consultation with the Inspector General of the Intelligence Community and the Council of Inspectors General on Financial Oversight (CIGFO), to submit a biennial joint interagency report to Congress on the actions of the executive branch of the Federal Government to implement cybersecurity information sharing. The fourth and fifth biennial reports are due on December 18, of 2023 and 2025, respectively. CISA has a sunset date of September 20, 2025.

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FISMA Audit–Intelligence National Security Systems (Mandated) (In Progress)

We plan to assess the effectiveness of Treasury’s information system security program and practices for its intelligence national security systems and assess Treasury’s compliance with FISMA requirements and related information security policies, procedures, standards, and guidelines. In addition, we will follow up on Treasury’s progress in resolving previously reported FISMA weaknesses cited in our prior year report. [Multi-Bureau]

FISMA Audit–Unclassified Systems (Mandated) (In Progress)

An independent certified public accounting firm, under a contract supervised by Treasury OIG, will assess the effectiveness of the Treasury’s information system security program and practices for its unclassified systems for FY 2024. As part of its audit, the contractor will assess Treasury’s compliance with FISMA requirements, related information security policies, procedures, standards, and guidelines, as well as follow up on Treasury’s progress in resolving previously reported FISMA weaknesses. [Multi-Bureau]

FISMA Audit–Collateral National Security Systems (Mandated) (In Progress)

An independent certified public accounting firm, under a contract supervised by Treasury OIG, will assess the effectiveness of Treasury’s information system security program and practices for its collateral national security systems for FY 2024. As part of its audit, the contractor will assess Treasury’s compliance with FISMA requirements and related information security policies, procedures, standards, and guidelines, as well as follow up on Treasury’s progress in resolving previously reported FISMA weaknesses. [Multi-Bureau]

Treasury’s Compliance With Information Sharing Requirements of CISA (Mandated) (In Progress)

We plan to assess whether Treasury has taken appropriate actions for sharing of cyber threat indicators or defensive measures. As required by Section 107 of

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CISA, the next biennial joint interagency report to Congress on the actions of the executive branch of the Federal Government to implement cyber security information sharing will be due in December 2023. [Multi-Bureau]

Treasury General Management and Infrastructure Support: Resource Management

Background

Treasury OIG's General Management and Infrastructure Support: Resource Management issue area encompasses other management activities to ensure that resources are used efficiently and effectively to carry out Treasury programs and operations. Examples of broad management activities that warrant audit coverage are discussed below.

Climate Hub

EO14008, *Tackling the Climate Crisis at Home and Abroad*, identifies the immediate need for comprehensive action to address the catastrophic impacts of climate change. It emphasizes that U.S. leadership—and that of federal departments and agencies—will be required to significantly enhance global action and achieve the necessary policy outcomes on climate change. In 2021, Treasury created a new Climate Hub and appointed a Climate Counselor to coordinate and lead many of its efforts to address climate change. The Treasury Climate Hub will coordinate and enhance existing climate-related activities by utilizing the tools, capabilities, and expertise from across the Department – including from Domestic Finance, Economic Policy, International Affairs, and Tax Policy. With a view of all Treasury climate initiatives, the Hub will enable Treasury to prioritize climate action.

Equity Hub

Consistent with EO13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, Treasury is building the infrastructure necessary to identify barriers to racial equity and continuously reexamine the Department's efforts to meaningfully reduce access barriers and strengthen delivery of programs and services to better reach historically underserved communities. The Equity Hub was created in 2021 and will coordinate Treasury's efforts to advance equity in all of Treasury's work, including engaging with diverse communities throughout the country and identifying and mitigating barriers to accessing benefits and opportunities with the Department. The Equity Hub is currently led by the Counselor for Racial Equity, who coordinates and leads efforts across the Department to inform

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decisions with a focus on racial equity and work to ensure our programs create opportunity in communities of color.

As of June 2023, Treasury is in the process of hiring the Department's first Chief Diversity, Equity, Inclusion, and Accessibility (DEIA) Officer to lead the Office of DEIA, which was announced in May 2023. Treasury's Chief DEIA Officer will provide executive leadership and strategic direction on internal and external DEIA matters including: (1) serving as the Department's principal advisor on Treasury Civil Rights and Diversity public policy planning, development, formulation, and issuance; (2) advising on inclusion strategies influencing employee engagement, satisfaction, development and productivity; and (3) ensuring the Treasury DEIA strategy is part of daily Treasury operations.

Tribal Affairs

Treasury's Tribal Affairs Program is responsible for coordinating consultations between Indian Tribes and Treasury bureaus and offices. Treasury conducts its tribal affairs through tribal consultations, and the Treasury Tribal Advisory Committee. Treasury's Tribal consultations are guided by the Treasury Tribal Consultation Policy adopted in 2014. The second function is the Treasury Tribal Advisory Committee, which advises the Secretary on significant matters, such as the provisions of training and technical assistance to Native American financial officers. The Tribal Advisory Committee was established on February 15, 2015, pursuant to Section 3 of the Tribal General Welfare Exclusion Act of 2014 (P.L. 113-68, September 26, 2014), and in accordance with the provisions of the Federal Advisory Committee Act (P.L. 92-463, October 6, 1972). Treasury also conducts other activities with Indian Tribes that contribute to mutual understanding, including hosting listening sessions on topics of interest, speaking at national conferences, publishing notices in the Federal Register soliciting comments, receiving comments from the public, and talking directly with tribal officials.

In response to the COVID-19 pandemic, Treasury has held Tribal Consultations to ensure that relief funds reach Tribes quickly, and that each Tribe has the flexibility to use relief funds to respond to the COVID-19 pandemic as an extension of respect for Tribal sovereignty.

IT Investment Acquisition and Project Management

Sound business practices for the acquisition and maintenance of information systems (including hardware and software) are necessary to support Treasury's

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mission to effectively manage resources and avoid risks. As of March 2023, Treasury reported that approximately \$2.5 billion was spent on major information technology (IT) investments. Of these projects, the Treasury Chief Information Officer (CIO) reported one project, Wholesale Securities Services, as having a high-risk summary investment rating. Treasury's Wholesale Securities Services, includes the Financing Modernization project, a multi-year program to modernize the debt financing system to align with Treasury's strategic priorities and long-term business requirements. This modernization will include development of a new system to support operations, meet customer expectations, become current with existing technologies, manage technical debt, and improve the delivery of secure, flexible, and resilient financing services. BFS has implemented a Program Management Improvement Accountability Act Framework to improve transparency and accountability of project performance, including a monthly dashboard and evaluation process to determine qualitative and quantitative health scores based on key metrics on cost, schedule, scope, efficiency, and quality. In addition, BFS's Chief Information Security Officer is actively monitoring compliance with all Cyber EOs and National Security Council accelerated timelines. Enterprise Architecture and Investment Sub-councils discuss the investment risks monthly and the ratings are also shared with BFS senior leadership to ensure transparency of the risk. If negative trends surface or persist, BFS's CIO has the ability to request an internal BFS "ChatStat"³ to take swift action and address risks. ChatStats and related open action items are tracked on the BFS's Program Management Improvement Accountability Act Project Performance Dashboard. The Treasury CIO also reported 17 IT projects as having medium risk to accomplishing their goals. Although projects identified with medium overall risk in cost and scheduling require special attention from the highest level of agency management, they are not necessarily at risk for failure.

The Federal Information Technology Acquisition Reform Act (FITARA) requires the heads of Chief Financial Officers Act agencies to ensure that their CIOs have a significant role in IT decisions, including annual and multi-year planning, programming, budgeting, execution, reporting, management, governance, and oversight functions. Effective implementation of FITARA is central to making

³ During the ChatStat process investments or projects are formally reviewed to address negative performance trends or concerns, and course-correction actions are formally tracked. ChatStats are monitored monthly by BFS senior leadership until resolved.

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progress in the government-wide area relating to the management of IT acquisitions and operations. The House Oversight and Reform Committee worked with GAO to develop a scorecard to assess Federal agencies' efforts in implementing FITARA by assigning a grade from A to F based on self-reported data at the department level. This bipartisan scorecard has been issued biannually since November 2015. In July 2022, Treasury received a C for its FITARA implementation efforts, and improved to a B in December 2022.

In a continuous effort to improve program and project management practices within the Federal Government, Congress enacted the Program Management Improvement Accountability Act (P.L. 114-264, December 14, 2016). The Program Management Improvement Accountability Act requires that agencies conduct annual portfolio reviews of programs in coordination with OMB to ensure major programs are being managed effectively, and that OMB conducts reviews of areas identified by GAO as "high risk." In 2021, GAO reported that significant attention was needed to improve the federal government's management of IT acquisitions and operations and ensure the nation's cybersecurity. As of 2023, GAO reported that Congress and OMB continue to demonstrate leadership commitment to ensuring agencies implement IT reform initiatives. Additionally, GAO reported that OMB and agencies made progress in implementing GAO's recommendations—73 percent of recommendations have been fully implemented, an increase from 65 percent reported in GAO's 2021 High-Risk List. However, challenges persist, including agencies' efforts to address the role of their chief information officers, IT workforce issues, and weaknesses in IT planning and management practices.

Enterprise Risk Management

Enterprise Risk Management is the practice of identifying and managing a risk portfolio that covers an entire organization. In a Federal agency, this portfolio allows leaders to see commonalities or relationships among risks in various programs and operations across the agency and in its partnerships with other agencies and organizations.

Enterprise Risk Management is a process being used to support the President's Management Agenda, which states that the Administration will take action to ensure that they will be able to say Federal agencies (1) are managing programs and delivering critical services more effectively; (2) are devoting a greater percentage of taxpayer dollars to mission achievement rather than costly, unproductive compliance activities; (3) are more effective and efficient in

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supporting program outcomes; and (4) have been held accountable for improving performance.

The Treasury Office of Risk Management (ORM) is charged with creating a robust risk management culture and overseeing the development and implementation of an integrated risk management framework for the Department. The ORM team advises Treasury leaders and their teams on policies and programs relating to the management of credit, market, liquidity, operational, and reputational risks within Treasury and throughout the Federal Government where Treasury is involved. ORM also serves as the Secretariat for the Treasury Risk Management Committee and the Treasury Enterprise Risk Management Council. In November 2022, ORM re-aligned to the Office of Strategic Planning and Performance Improvement (OSPPI). The OSPPI Director will assume the responsibilities of Chief Risk Officer, and the Deputy Chief Risk Officer will report to the OSPPI Director.

Treasury Franchise Fund

The Treasury Franchise Fund supports financial management, procurement, travel, human resources, IT, and other administrative services for Treasury and other Federal customers through shared services providers. These providers include Treasury's DO Shared Services Programs (SSP), Treasury's DO Centralized Treasury Administrative Services (CTAS), and BFS's Administrative Resource Center (ARC). These services are provided on a fully cost recoverable, fee-for-service basis to recover program costs.

Consumer Policy

The Office of Consumer Policy (OCP) leads Treasury's work to empower more Americans to create financially secure futures for themselves and for their families, with access to safe and affordable financial products and services and the right information and knowledge for making sound financial choices. OCP produces policy analyses on developments in financial services including emerging products and services provided by banks and non-bank institutions, payments, credit, financial technology, and related topics. OCP also provides leadership for the Federal Financial Literacy and Education Commission (FLEC). In October 2021, the FLEC launched an effort to study the impact of climate change on households and communities. This effort is part of the President's whole-of-government approach to tackling climate change and will bring together all FLEC agencies, and additional agencies, to write a comprehensive report with the goal of identifying priority policy actions to increase household and

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community financial resiliency. The report will explore financial risks to households and communities, especially low-income and historically disadvantaged communities, of climate change and climate transition.

Emergency Preparedness

Treasury's Office of Safety, Health, and Emergency Preparedness, formally the Office of Emergency Preparedness, is responsible for management of the Treasury Operations Center and the development and implementation of continuity of operations plans that provide for occupant safety, continuity of operations, emergency communications for Treasury leadership, and early notification and detection capabilities. Treasury Directive 75-10, "Safety and Health Management Program" (February 5, 2020), outlines the responsibilities and discusses the roles of Treasury's bureaus and DO for safety and health practices. The directive seeks to establish and maintain comprehensive safety and health programs within Treasury to ensure compliance with applicable laws, regulations, and guidance.

Strategic Human Capital Management

Mission critical skills gaps within the Federal workforce pose a high risk to the nation and can impede the Federal Government from cost-effectively serving the public and achieving results. Agencies can have skills gaps for different reasons such as having an insufficient number of people with the appropriate skills or abilities to accomplish mission critical work; current budget and long-term fiscal pressures; the changing nature of Federal work, and a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge.

In GAO's 2021 High Risk List, the Strategic Human Capital Management high-risk area's leadership commitment rating increased from partially met in 2021 to met in 2023. This increase is due to OPM filling, and the Senate confirming leadership for the first time in 5 years. Since GAO's 2021 prior high-risk update, OPM has committed to and begun leading multiple efforts to address skills gaps across the federal government. In June 2021, the Senate confirmed the current OPM Director. This affords the high-level attention needed to help address skills gaps. Additionally, in July 2021, OPM resumed stewardship of the Chief Human Capital Officers Council to help connect OPM's government-wide human capital policy efforts with agencies' human capital leaders. For example, to assist the Chief Human Capital Officers Council in setting its strategic objectives, OPM

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established an executive steering committee to advise the Chief Human Capital Officers Council on identifying its priorities. These priorities include building capacity among the federal human resources workforce.

Furthermore, the President's Management Agenda has placed strengthening and empowering the federal workforce among its top three priorities.

Managing Real Property

The Federal Government is the largest owner of real property in the United States. Federal agencies continue to face long-standing challenges in several areas of real property management, including: (1) disposing of excess and underutilized property effectively; (2) relying too heavily on leasing; (3) collecting reliable real property data to support decision making; and (4) protecting Federal facilities. OMB issued the "National Strategy for the Efficient Use of Real Property" in March 2015, which directs Chief Financial Officers Act agencies to take actions to reduce the size of the Federal real property portfolio. In addition, in December 2016, two real property reform bills were enacted that could address the long-standing problem of Federal excess and underutilized property. The Federal Assets Sale and Transfer Act of 2016 may help address stakeholder influence by establishing an independent board to identify and recommend five high-value civilian Federal buildings for disposal. Additionally, the Federal Property Management Reform Act of 2016 codified the Federal Real Property Council to ensure efficient and effective real property management while reducing costs to the Federal Government.

Strategic and Performance Planning & Reporting

The Government Performance and Results Modernization Act of 2010 established strategic planning, performance planning, and reporting as a framework for agencies to communicate progress in achieving their missions. It requires Treasury to establish performance measures for its programs and identify plans and reports that are outdated or duplicative for elimination or modification. Additionally, the Government Performance and Results Modernization Act of 2010 requires a central inventory of all Federal programs. In December 2020, OMB issued guidance to launch a Federal Program Inventory exploratory pilot as the next interim step towards creating a coherent and comprehensive inventory. The pilot is intended to identify where there may be gaps in guidance and inconsistencies or conflicting definitions across agencies and is not intended to replace any existing Federal guidance.

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Privacy, Transparency, and Records

The issue of handling and managing government records has been a major concern. In June 2018, OMB issued “Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations” to include a proposal to transition Federal agencies' business processes and recordkeeping to a fully electronic environment and end the National Archives and Records Administration's acceptance of paper records by December 31, 2022. In addition, in June 2019, OMB issued OMB M-19-21, Transition to Electronic Records, describing the steps the Government will take to meet the paperless goal. The memorandum requires all Federal agencies to: (1) ensure that all Federal records are created, retained, and managed in electronic formats, with appropriate metadata; and (2) consistent with records management laws and regulations, develop plans to close agency-operated storage facilities for paper and other analog records; and transfer those records to Federal Records Centers operated by the National Archives and Records Administration or commercial storage facilities. Recently, in December 2022, OMB issued M-23-07, Update to Transition to Electronic Records. M-23-07 reinforces the requirements established in M-19-21, reaffirms the underlying goal of transition to electronic records, and updates the previous target dates described in M-19-21 (extended to June 30, 2024).

Non-appropriated Activities

Three Treasury bureaus – BEP, the Mint, and OCC – operate on revolving, rather than appropriated funds. BEP and the Mint charge the Board of Governors of the Federal Reserve System (Board) for manufactured goods, and OCC assesses fees to banks under its supervision for regulatory activities. These three bureaus generally have greater latitude than Treasury’s appropriated bureaus in how they finance their operations. Other non-appropriated activities include shared service providers under the authority of the Treasury Franchise Fund and the direction of the Assistant Secretary for Management. As discussed above, the Treasury Franchise Fund providers include Treasury’s DO SSP, CTAS, and ARC.

In Progress and Planned FY 2024 Projects

Treasury’s Compliance with the Geospatial Data Act (Mandated)

We plan to assess Treasury’s compliance with the agency requirements and responsibilities under the Geospatial Data Act of 2018. [DO]

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Treasury Office of Budget and Travel Overhead Process and Compliance With the Economy Act (In Progress)

We plan to assess Treasury's Office of Budget and Travel's (OBT) controls over its FY 2015 through FY 2018 overhead process and compliance with the Economy Act.⁴ [DO]

Corrective Action Verification: Treasury OBT Potential Antideficiency Act Violations and Reimbursable Service Process (In Progress)

We plan to assess Treasury's corrective actions in response to the recommendations from our report *Treasury's OBT Potentially Violated the Antideficiency Act and Needs to Improve Its Reimbursable Agreement Process* (OIG-18-024, December 8, 2017). [DO]

Office of Financial Research Workforce Reshaping Efforts (In Progress)

We plan to conduct an audit of Treasury's Office of Financial Research's implementation of its workforce reshaping efforts and its compliance with applicable laws, regulations, policies, and procedures. [DO]

Mint Personal Property Management (In Progress)

We plan to conduct an audit of the Mint's Property Management Program to assess the Mint's policies, procedures, and controls regarding the management and accountability of its personal property. [Mint]

Treasury's DO Revised Overhead Process for FY 2019 (In Progress)

We plan to conduct an audit of Treasury's DO revised overhead process for FY 2019 in response to concerns identified during our ongoing audit of the prior overhead process. We plan to review transactions specific to Treasury's DO CTAS, SSP, and reimbursable services, to (1) assess the controls over OBT and the Office of the Treasury Franchise Fund Management and Oversight's accumulation, allocation, and charging of overhead, and (2) determine OBT and the Office of the Treasury Franchise Fund Management and Oversight's compliance with applicable laws, regulations, policies, and procedures. [DO]

⁴ Effective April 2021, the Office of Budget and Travel reverted its name back to its previous name, the Office of Financial Management.

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Treasury's Implementation of New Climate Change Initiatives

We plan to assess Treasury's Climate Hub's implementation of new climate change initiatives and its compliance with requisite climate change EOs, applicable laws, regulations, policies, and procedures. [DO]

Treasury's Continuity of Operations Program Activities

We plan to assess Treasury's response plan to execute its continuity of operations plan, and whether the response plan is in accordance with Federal laws, regulations, policies, and procedures. This includes, but is not limited to, the Federal Emergency Management Agency's Federal Continuity Directives. [DO]

Treasury General Management and Infrastructure Support: Procurement

Background

Large procurements are a major Treasury activity. Between October 1, 2021 and September 30, 2022, Treasury bureaus and offices (except for IRS) obligated approximately \$6.2 billion in contract actions, which included approximately \$4.7 billion obligated by the Mint, approximately \$537 million obligated by BEP, and approximately \$631 million obligated by BFS. With few exceptions, procurements follow the Federal Acquisition Regulation and the Department of the Treasury Acquisition Regulation. Treasury's procurement activities are performed by the bureaus, DO, and by Treasury shared service providers via agreements with BFS's ARC and the IRS. The Office of Procurement Executive has overall responsibility for the Department's acquisitions, including among other things, policy development and monitoring of bureau organizations.

In addition to our self-directed work in high-risk areas, Treasury OIG performs pre-award, costs incurred, and other contract audits as requested by Treasury offices and the bureaus (except IRS).

Government Charge Card Programs

The use of Government charge cards for micro purchases (generally goods and services under \$10,000) is extensive. Provisions of the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) call for strong controls over government charge cards to prevent abuse. The Charge Card Act requires all executive branch agencies to establish and maintain safeguards and internal control over purchase cards, travel cards, integrated cards, and centrally billed accounts (collectively referred to as charge cards) and convenience checks. The Charge Card Act also requires inspectors general to conduct periodic risk assessments of agency charge card and/or convenience check programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments to determine the scope, frequency, and number of periodic audits of purchase card and/or convenience check transactions. OMB Circular No. A-123, Appendix B, Revised, *A Risk Management Framework for Government Charge Card Programs* (effective August 27, 2019) consolidated current government-wide charge card program management requirements and guidance issued by OMB, the General Services Administration, GAO, Treasury, and other Federal

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agencies. OMB Circular No. A-123 (effective August 27, 2019) rescinded OMB M-13-21, “Implementation of the Government Charge Card Abuse Prevention Act of 2012” (September 6, 2013) that required inspectors general risk assessments to be completed on an annual basis. Although the annual requirement was rescinded, we plan to periodically perform risk assessments of Treasury’s charge card and convenience check program given the number of cardholders and volume of transactions Treasury-wide.

In Progress and Planned FY 2024 Projects

Charge Cards and Convenience Checks Report to OMB (Mandated)

We plan to issue an annual report to the Director of OMB on the implementation of recommendations resulting from audits of Treasury’s and component entities’ charge cards and convenience checks. [Multi-Bureau]

Purchase Card Violations Reports (Mandated)

In January 2024, we plan to issue the first of two joint reports with the Department on violations or other reported actions specific to employees’ purchase card use. We plan to issue the second joint report in July 2024. The joint reports include reporting on illegal, improper, or erroneous purchases, as well as all adverse personnel action, punishment, or other action taken based on each violation. [Multi-Bureau]

Controls Over Charge Cards and Convenience Checks Risk Assessment (Mandated) (In Progress)

We plan to assess Treasury’s charge card and convenience check program in accordance with the Charge Card Act to identify and analyze risks of illegal, improper, or erroneous purchases, travel charges, or payments. The results of our risk assessment will help us determine the scope, frequency, and number of periodic audits of transactions made with charge cards and convenience checks. [Multi-Bureau]

Corrective Action Verification— BEP’s Administration of the Burson-Marsteller Public Education and Awareness Contract Was Deficient (In Progress)

We plan to assess Treasury’s corrective actions in response to the recommendations in our audit report, *BEP’s Administration of the Burson-Marsteller Public Education and Awareness Contract Was Deficient* (OIG-13-046; August 13, 2013). [BEP]

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OCC's Controls Over Purchase Cards (In Progress)

We plan to conduct an audit to assess the controls over OCC's charge card use and identify any illegal, improper, or erroneous purchases and payments. [OCC]

Mint's Contracting Practices (In Progress)

We plan to conduct an audit to determine whether the Mint adheres to its policies and procedures as they relate to documentation supporting competition and contract award. [Mint]

Anti-Money Laundering/Terrorist Financing and Foreign Assets Control/International Affairs

Background

Office of Terrorism and Financial Intelligence

Preventing terrorism, money laundering, and other criminal activity is a global effort. Treasury's role in this effort is to safeguard the U.S. financial system and protect it from illicit use. Within Treasury, this effort is led by the Office of Terrorism and Financial Intelligence (TFI). TFI works with other U.S. Federal agencies, State and local governments, financial regulators, foreign governments, international bodies, private financial institutions, and other private entities around the world to strengthen financial systems against illicit actors, develop creative alternatives to military action, and bolster our diplomacy where possible. TFI is headed by an Under Secretary to whom the Office of Intelligence and Analysis (OIA), Financial Crimes Enforcement Network (FinCEN), Office of Terrorist Financing and Financial Crimes, Office of Foreign Assets Control (OFAC), and Treasury Executive Office for Asset Forfeiture (TEOAF), all report.

Office of Intelligence and Analysis

OIA is responsible for the receipt, analysis, collation, and dissemination of foreign intelligence and foreign counterintelligence information related to Treasury operations. OIA also serves as liaison to the Intelligence Community and represents Treasury in various intelligence-related activities.

Financial Crimes Enforcement Network

FinCEN's mission is to safeguard the financial system from illicit use, combat money laundering, and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. FinCEN carries out its mission in part, by receiving and maintaining a range of statutorily required reports from financial institutions and others; analyzing and disseminating that data for law enforcement national security purposes; and building global cooperation with counterpart organizations in other countries and international bodies. FinCEN has the authority to implement, administer, and enforce compliance with the Bank Secrecy Act (BSA), the Anti-Money Laundering Act of 2020, the Corporate Transparency Act (CTA), and other legislation that it implements.

A provision of the BSA requires financial institutions to file Currency Transaction Reports for currency transactions exceeding \$10,000 and Suspicious Activity Reports for transactions that are suspicious in nature. Law enforcement and national security agencies use the information from these reports as leads for cases involving potential fraud, money laundering, terrorist financing, and other types of illicit finance. The BSA also requires each financial institution to establish an anti-money laundering program; imposes various recordkeeping and reporting requirements; requires financial institutions to establish procedures to verify the identities and addresses of customers seeking to open accounts; and requires FinCEN to maintain a highly secure network that allows financial institutions to file BSA reports electronically.

In addition, The CTA establishes uniform beneficial ownership reporting requirements for corporations, limited liability companies, and other similar entities formed or registered to do business in the United States. The CTA authorizes FinCEN to collect that information and share it with authorized government authorities and financial institutions, subject to effective safeguards and controls.

Office of Terrorist Financing and Financial Crimes

The Office of Terrorist Financing and Financial Crimes is the policy development and outreach office for TFI and works with Federal agencies to develop and promote the United States' position in both international and domestic forums related to money laundering and illicit financing.

Office of Foreign Assets Control

OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries, as well as the individuals, groups, and entities designated under programs that are not country-specific (such as terrorists and narcotics traffickers). Collectively, such individuals and companies are called Specially Designated Nationals (SDN). SDN assets are blocked and U.S. persons are generally prohibited from dealing with them. OFAC requires

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U.S. financial institutions to block and file reports on accounts, payments, or transfers in which an OFAC-designated country, entity, or individual has interest.

Treasury Executive Office for Asset Forfeiture

TEOAF administers the Treasury Forfeiture Fund, a receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating agencies. TEOAF's mission is to affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus that participate in the Treasury Forfeiture Fund to disrupt and dismantle criminal enterprises. Forfeited items are received as a result of administrative or judicial forfeiture.

International Assistance

Treasury's Office of International Affairs leads on international economic matters, including overseeing U.S. interests in international financial institutions. The United States participates in these institutions to support poverty reduction, private sector development, the transition to market economies, and sustainable economic growth and development to advance U.S. economic, political, and commercial interests abroad. Treasury is responsible for providing U.S. leadership in these institutions, shaping the global development agenda, and leading efforts to promote transparency, accountability, and effectiveness. Treasury's Office of International Affairs also works on trade and investment policy, investment security, and international monetary policy coordination.

In Progress and Planned FY 2024 Projects

Support of the Department of Defense OIG's Overseas Contingency Operations (In Progress)

In support of the Department of Defense OIG's Overseas Contingency Operations, we conduct ongoing work and provide appropriate oversight of Treasury's involvement in Operation Inherent Resolve and Operation Freedom's Sentinel. [DO]

TFI's Ukraine/Russia-related sanctions Program (In Progress)

We plan to determine whether TFI's Ukraine/Russia-related sanctions program (1) complies with applicable laws and regulations, including but not limited to the Countering America's Adversaries Through Sanctions Act and (2) decisions and

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deliberations were properly documented and approved by appropriate TFI officials. [DO]

TEOAF's Oversight of Treasury's Seized Personal Property Contract (In Progress)

We plan to determine if a TEOAF contractor, complies with its Standard Operating Procedures and the Performance Work Statement related to storing personal property in its regional warehouses. [DO]

FinCEN's Management of the BSA Database (In Progress)

We plan to determine if FinCEN manages BSA data access, use, and retention in compliance with laws, regulations, and Treasury policies and procedures. [FinCEN]

Office of Technical Assistance's Project Selection Process (In Progress)

We plan to assess the Office of Technical Assistance's process for selecting foreign governments and foreign central banks for assistance under its five technical assistance programs: (1) revenue policy and administration; (2) budget and financial accountability; (3) government debt and infrastructure finance; (4) banking and financial services; and (5) economic crimes. [DO]

Survey of the Committee on Foreign Investment in the United States (In Progress)

We plan to gain an understanding of Treasury's activities to support the Committee on Foreign Investment in the United States in identifying and addressing national security concerns arising from covered transactions with foreign investors (i.e., mergers, acquisitions, and takeovers of U.S. businesses). With the changes under the Foreign Investment Risk Review Modernization Act of 2018 regarding the investment review timeline and mandatory filing by foreign investors, among other things, we plan to review how Treasury has implemented or plans to implement changes that impact its role to support the committee. [DO]

TEOAF's Management of its Internal Control and Oversight Support Contract (In Progress)

We plan to determine whether TEOAF (1) awarded its Internal Control and Oversight Support contract in compliance with Federal and Treasury guidelines and (2) conducted effective oversight of the performance of the contract. [DO]

FinCEN's Beneficial Ownership Reporting (Mandated)

We plan to (1) summarize external comments or complaints and related investigations conducted by OIG related to FinCEN's collection of beneficial ownership information and (2) provide recommendations, in coordination with

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FinCEN, to improve the processes for beneficial ownership information reporting to ensure the information reported to FinCEN is accurate, complete, and highly useful. [FinCEN]

OIA's Implementation of the Intelligence Authorization Act for Fiscal Year 2023 (Mandated)

We plan to evaluate (1) OIA's efforts to develop, acquire, adopt, and maintain AI capabilities for the purpose of improving intelligence collection and analysis in a timely manner and the extent to which such efforts are consistent with the policies and principles described in section 6702(a)(2) of the Intelligence Authorization Act for Fiscal Year 2023; (2) the degree to which OIA has implemented each of the provisions of Title LXVII of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023; and (3) any administrative or technical barriers to the accelerated adoption of AI by OIA.

Government-wide Financial Services and Debt Management

Background

Through BFS, Treasury borrows the money needed to operate the Federal Government, accounts for the resulting debt, and provides reimbursable support services for Federal agencies. BFS also provides central payment services for Federal agencies, operates the Federal Government's collection and deposit systems, provides government-wide accounting and reporting services (including preparation of financial reports for the Federal Government), and administers the collection of delinquent debt owed to the Federal Government.

The goal of Treasury debt management is to achieve the lowest borrowing costs over time by committing to regular and predictable debt issuance. The Federal debt has two major components: Debt Held by the Public and Intra-governmental Holdings. Debt Held by the Public is the debt held by individuals, corporations, Federal Reserve Banks, state or local governments, foreign governments, and other entities outside the United States Government. Securities held by the public include Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Inflation-Protected Securities, Treasury Floating Rate Notes, U.S. Savings Bonds, State and Local Government Series Securities, Foreign Series Securities, and Domestic Series Securities. Intra-governmental Holdings are primarily Government Account Series Securities held by Federal Government trust funds, revolving funds, and special funds. As of September 30, 2022, the total Federal debt outstanding was \$30.9 trillion, of which \$24.3 trillion was Debt Held by the Public and \$6.6 trillion as Intra-governmental Holdings. The interest expense on the debt held by the public increased to \$497 billion in FY 2022—up from \$392 billion in FY 2021. BFS's debt management operations depend on modernized electronic and information system technology. Implemented in 2002, the TreasuryDirect system maintains over 4 million funded accounts. In 2023, as of July 31, TreasuryDirect issued over \$141 billion in marketable securities and over \$19 billion in savings bonds.

BFS delivers Federal payments on behalf of more than 250 Federal entities through disbursing mechanisms such as paper checks, electronic funds transfers, and benefit cards, while expediting the efforts to make payments electronically. In FY 2021, BFS securely disbursed 1.7 billion payments totaling more than \$6.4 trillion of which 96.2 percent were made electronically. BFS also collected more than \$4.9 trillion in Federal revenue of which 99.6 percent was settled

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electronically. The collected revenue included individual and corporate income tax deposits, customs duties, fees for Government services, fines, and loan repayments.

Prompt referral of eligible, delinquent debt to Treasury by Federal program agencies is critical to the success of collection efforts. In FY 2021, delinquent non-tax debt owed to the Federal Government totaled \$197.7 billion.

“Do Not Pay” Initiative

To reduce payment errors and eliminate fraud, waste, and abuse, the President directed in EO 13520, “Reducing Improper Payments and Eliminating Waste in Federal Programs” (November 23, 2009), that Federal agencies identify ways that information sharing may improve payment eligibility verification and prepayment scrutiny. The Presidential Memorandum “Enhancing Payment Accuracy Through a “Do Not Pay List”” (June 18, 2010), directed the establishment of a “single point of entry” through which agencies would access relevant data to determine eligibility for a Federal award or payment. Congress enacted IPERA, IPERIA, and PIIA, the latter repealing the prior two, with the purpose of intensifying the efforts to identify, prevent, and recover payment error, waste, fraud, and abuse within Federal spending. In April 2011, Treasury established the Do Not Pay Business Center to support Federal agencies to reduce improper payments. In OMB’s M-12-11, “Reducing Improper Payments Through the “Do Not Pay List” (April 12, 2012), OMB described the efforts of OMB and Treasury to establish the Do Not Pay Initiative and directed Federal agencies to develop a plan for using the Do Not Pay system for pre-payment eligibility reviews.

The Do Not Pay Initiative includes multiple resources designed to help agencies confirm that the right recipient obtains the right payment for the right reason at the right time. PIIA provides the Federal Government with tools and authorities to help agencies effectively implement the Do Not Pay initiative, including standards and procedures for computer matching programs.

Treasury’s Do Not Pay Business Center is designed to help reduce improper payments by providing critical information to paying agencies through the Do Not Pay Portal and Do Not Pay Data Analytics Services. Each agency can choose to use any combination of the Do Not Pay services to best meet its needs. The Do Not Pay Portal provides users with a single entry point to search for entities that may be listed in a variety of data sources, including:

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- Credit Alert System
- Social Security Administration’s Death Master File
- List of excluded Individuals/Entities
- OFAC
- System of Award Management
- System of Award Management Exclusion Records

Four types of searches allow agencies to customize use of the Do Not Pay Portal to align with their business needs: online, batch processing, continuous monitoring, and payment integration match results.

Economic Policy Programs

Economic policy programs are responsible for analyzing and reporting on current and prospective economic developments in the U.S. and world economies through Treasury programs. These offices conduct research to assist in the formulation and articulation of Treasury policies and positions on a wide range of microeconomic issues. Recent examples include terrorism risk insurance, financial disclosure and auditing, stock options, parallel imports, health insurance, retirement income security, and long-term care.

Federal Financing

Created by Congress in 1973, the FFB is a government corporation under the general supervision of the Secretary of the Treasury. Its mission is to reduce the costs of Federal and federally assisted borrowings, to coordinate those borrowings with Federal fiscal policy, and to ensure that those borrowings are done in ways least disruptive to private markets. To accomplish this mission, the FFB has broad statutory authority to purchase obligations issued, sold, or guaranteed by Federal agencies.

Potential Integrity Risks

Integrity risks associated with government-wide financial services and debt management include fraud and abuse by means of (1) unauthorized access to sensitive information, (2) filing of false applications and claims, (3) provision of false statements to obtain Federal assistance or funds, (4) diversion of benefit proceeds, (5) check forgery, (6) promised services not delivered, and (7) misuse and mismanagement of Federal funds. Program risks related to this issue area include the inability to collect debt, inability to recover in a disaster, misallocation

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of program costs, and disruption of the Federal payment function and service to the public.

To minimize potential integrity risks, we plan to explore the use of data mining methods to analyze BFS payments and reveal hidden patterns. These data mining methods have the potential to reveal trends, relationships, and correlations between the data that could identify ongoing fraud and abuse directed against or occurring within BFS.

In Progress and Planned FY 2024 Projects

BFS Transition from FedDebt to Cross-Servicing Next Generation (In Progress)

FedDebt was an in-house customized web-based cross-servicing system designed to maintain records about individuals who owed delinquent non-tax debt(s) to the U.S. Government. In 2017, BFS began and completed the process of transitioning from FedDebt to Cross-Servicing Next Generation (CS-NG), to optimize cost-effective collection and resolution approaches.

We plan to assess BFS's (1) transfer of data from FedDebt to CS-NG; (2) requirements for creditor agencies for submission of data to CS-NG; (3) internal controls over the receipt of data submissions from creditor agencies; and (4) timeliness of delinquent debt referrals and cross-servicing efforts and the impact on the collectability of delinquent debt. [BFS]

Corrective Action Verification – Review of Treatment of Legacy Financial Management Service Employees (In Progress)

We plan to assess whether (1) corrective actions listed in response to the recommendations made in our July 2016 report, *Treatment of Legacy Financial Management Service Employees* (OIG-16-049, July 21, 2016) are implemented and (2) estimated cost savings related to the consolidation of the Financial Management Service and Bureau of the Public Debt were realized. [BFS]

Direct Express Debit Card Program – Regulation E Compliance (In Progress)

We plan to determine if the financial agent of the Direct Express Debit Card program complied with Regulation E requirements. [BFS]

Corrective Action Verification – Do Not Pay Program Implementation (In Progress)

We plan to verify BFS's corrective actions taken in response to recommendations related to the Do Not Pay Business Center we made in two reports issued in FY 2015 and FY 2016. The previous reports are *Fiscal Service Successfully*

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Established the Do Not Pay Business Center But Challenges Remain (OIG-15-006, November 6, 2014), and *Fiscal Service Faces Challenges in Obtaining Better Death Information For the Do Not Pay Business Center, But Alternatives Exist* (OIG-16-042, May 18, 2016). [BFS]

Card Acquiring Service Program and Management of Interchange Fees (In Progress)

We plan to determine whether the internal controls BFS has in place over the Card Acquiring Service program and the management of interchange fees from credit and debit card revenue collection are operating effectively. [BFS]

Treasury Offset Program – Call Center Support (In Progress)

The Treasury Offset Program (TOP) is a centralized offset program, administered by BFS's Disbursing and Debt Management Services, to collect delinquent debts owed to Federal agencies and States.

We plan to determine the (1) experience and training levels of BFS staff assigned as technicians to the TOP call center, (2) extent of problems caused by multiple debt records with the same Taxpayer Identification Numbers, but different name values in the TOP call center Interactive Voice Response application, (3) accuracy of response information provided to callers contacting call center technicians, and (4) effectiveness of call center escalation protocols in assisting callers to resolve problems and avoid referral to creditor agencies. [BFS]

Office of Tax Policy Revolving Door Practices Congressional Inquiry (In Progress)

We plan to (1) evaluate Treasury and Office of Tax Policy's (OTP) policies and procedures related to ethics and conflicts of interest, and (2) determine the procedures in place to protect Treasury's policies from being unduly influenced by employees with potential conflicts of interest. [DO]

Audit of Treasury's Process for Managing the Debt Limit (In Progress)

We plan to assess Treasury's process for managing the debt ceiling, including the use of "extraordinary measures".

Financial Regulation and Oversight

Background

Two of Treasury's strategic goals are to (1) protect financial stability and resiliency and (2) combat climate change. Some of Treasury's strategies to reach those goals are to (1) regularly assess cyclical vulnerabilities and possible actions to mitigate risks to financial stability; (2) engage with the private sector, academia, and other official sector stakeholders to promote financial sector innovations that advance financial inclusion and enhance the financial system; (3) strengthen collaboration with domestic and international partners on promoting climate investment incentive policies; and (4) improve the use of data in assessing climate-related financial risks. OCC plays a supporting role in achieving Treasury's goals and is impacted by Treasury's efforts.

As of September 30, 2022, OCC is responsible for licensing, regulating, and supervising approximately 778 nationally chartered banks, 257 Federal savings associations, and 49 Federal branches or agencies of foreign banks. OCC-supervised banks hold more than \$15.9 trillion in total assets. OCC has three strategic goals: (1) agility and learning - the OCC learns and adapts effectively; (2) credibility and trust - the OCC is highly credible and consistently trusted; and (3) leadership - the OCC leads in supervision as the banking system evolves. The OCC will invest in its people, operations, processes, and technology to ensure these strategic goals are met.

From 2007 through March 2023, 548 commercial banks and federal savings associations failed, resulting in an estimated \$107.5 billion loss to the Deposit Insurance Fund (DIF). Of these failures, 144 were banks or Federal savings associations regulated by OCC or the former Office of Thrift Supervision.

Pursuant to Section 38(k) of the Federal Deposit Insurance Act, Treasury OIG must review and produce a written report on failures of OCC-regulated financial institutions that result in material losses to the DIF. The law also requires that the report be completed within 6 months after it becomes apparent that the material loss has occurred. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) raised the threshold loss amount triggering a material loss review to \$50 million in 2014 and thereafter, with a provision for increasing the threshold to \$75 million under certain circumstances. OIG completed 58 material loss reviews during the last 16 years.

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For any failure of an OCC-regulated bank or Federal savings association with a loss to the DIF under the triggering threshold, Dodd-Frank also requires Treasury OIG to conduct a limited review to determine (1) the grounds identified by OCC for appointing Federal Deposit Insurance Corporation (FDIC) as receiver, and (2) any unusual circumstances that might warrant an in-depth review of the loss. Over the last 16 years, we completed 77 limited reviews for these types of losses.

In 2020 and 2021, the Federal Government enacted unprecedented levels of financial assistance and stimulus programs to provide much needed relief to individuals, families, and businesses in response to the COVID-19 pandemic. In keeping with its mission, the CIGFO, which is authorized to oversee the Financial Stability Oversight Council (FSOC) operations, will continue to monitor the ongoing response of FSOC and its member agencies related to the public health and financial crisis.

CIGFO is also mindful of new and evolving risks and challenges that could cause stress to the stability of the U.S. financial system such as digital assets and climate-related financial risks.

In Progress and Planned FY 2024 Projects

Supervision of Federal Branches of Foreign Banks (In Progress)

We plan to assess OCC supervision of foreign banking organizations operating in the United States. [OCC]

Review of OCC's Crisis Readiness (In Progress)

We plan to assess OCC's readiness to address crises that could impact OCC operations and the institutions it supervises. [OCC]

Corrective Action Verification – Material Loss Review of Washington Federal Bank for Savings (In Progress)

We plan to assess whether OCC management has taken corrective actions in response to the six recommendations made in our audit report, *Material Loss Review of Washington Federal Bank for Savings* (OIG-19-009, issued November 8, 2018). [OCC]

CIGFO Working Group Review

We plan to lead or participate in at least one working group convened by CIGFO to evaluate the effectiveness and internal operations of the FSOC.

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Reviews of Failed OCC-Regulated Financial Institutions (Mandated)

In the event of a failure of an OCC-regulated financial institution with an estimated loss to the DIF exceeding \$50 million, we will perform a material loss review. We will (1) determine why the institution failed and resulted in a material loss; (2) evaluate OCC's supervision of the institution; and (3) make recommendations to prevent similar losses in the future, as appropriate.

In the event of a failure that is under the material loss threshold, we will perform a limited assessment. We will determine (1) the grounds identified by OCC for appointing FDIC as receiver; and (2) whether any unusual circumstances exist that might warrant an in-depth review of the loss. [OCC]

Revenue Collection and Industry Regulation

Background

Alcohol and Tobacco Tax and Trade Bureau Revenue

TTB maintains a workforce of approximately 530 employees, most of whom either report to the TTB headquarters office in Washington, DC, or perform tax and permit processing at the National Revenue Center in Cincinnati, Ohio. TTB has 9 offices in cities across the United States and Puerto Rico for its auditors, investigators, and other employees. These offices are located close to centers of trade and industry activity. TTB also has an alcohol and tobacco laboratory in Maryland.

TTB is the third-largest tax collection agency in the Federal Government behind IRS and Customs and Border Protection (CBP). Annual revenues collected by TTB averaged approximately \$20 billion with more than 38,000 permitted taxpayers in FY 2022. TTB's tax collections on tobacco products have declined since FY 2010, at least in part due to market shifts towards lower taxed products following significantly increased tax rates on cigarettes and certain other tobacco products imposed by the Children's Health Insurance Program Reauthorization Act of 2009. In FY 2022, TTB collected approximately \$10 billion in tobacco tax revenue, which is similar to the previous FY. Firearms and ammunition tax collections have varied each year. In FY 2022, TTB collected nearly \$8 billion in revenue from U.S. wineries, breweries, and distilleries which has remained steady from the prior FY. On December 27, 2020, the President signed the Taxpayer Certainty and Disaster Tax Act of 2020 which made permanent most Craft Beverage Modernization and Tax Reform Act of 2017 provisions of the Tax Cuts and Jobs Act of 2017, while modifying some provisions. While the number of wineries, breweries, and distilleries has increased significantly, the majority are small producers that may be eligible for reduced tax rates or tax credits depending on the commodity and production volume. In 2023, TTB assumed the role of processing refunds for alcohol importers eligible for reduced tax rates.

Each FY since 2017, TTB received \$5 million in 2-year funding to enforce the trade practice provisions of the Federal Alcohol Administration Act, which prohibit certain market activities that threaten fair competition, including by undermining equal access to the alcohol beverage marketplace and limit consumer choice. In FY 2023, in response to EO 14036, *Promoting Competition in the American Economy*, TTB is also evaluating the need to modernize the

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trade practice regulations that implement these provisions of the Federal Alcohol Administration Act. In its tax enforcement efforts related to alcohol, TTB targeted known points in the supply chain that were susceptible to diversion activity and prioritized forensic audits and investigations of high-risk entities and activity in the alcohol and tobacco industries.

TTB processes applications for over 23 types of permits or registrations for the alcohol, tobacco, firearms, and ammunition industries. In general, alcohol and tobacco industry members must obtain permits from TTB to operate legally in these industries. Since TTB's release of a redesigned version of Permits Online in FY 2018, TTB continues to enhance the system and plan for replacement of its legacy systems, including Permits Online, Certificate of Label Approvals Online, and Formulas Online, with an integrated online filing experience for industry members referred to as myTTB. The multiyear initiative, which is dependent on funding, will include incremental releases that will improve usability for external users while also facilitating internal process improvements. In FY 2023, TTB continues to plan improvements to its labeling online filing systems as part of its myTTB strategy to integrate all industry transactions with TTB.

TTB monitors labeling compliance through the Alcohol Beverage Sampling Program and tests samples of wine, distilled spirits, and malt beverages in its laboratories. In FY 2023, TTB continues to conduct random and risk-based sampling of products in the marketplace to preserve a level playing field for all industry members.

TTB collects Federal excise taxes on firearms and ammunition, which are remitted to the Fish and Wildlife Restoration Fund. The U.S. Fish and Wildlife Service oversees the fund and apportions money to State governments for programs to research and restore wildlife and educate hunters. Collections have significantly increased from almost \$600 million in FY 2020 to a little over one billion dollars in FY 2022.

Customs Revenue

The Secretary of the Treasury has delegated authority for customs revenue functions to the OTP. In March 2003, the Homeland Security Act of 2002 transferred the legacy U.S. Customs Service from Treasury to the Department of Homeland Security (DHS), where it became CBP. Treasury retained the responsibility of the revenue function when it delegated and did not transfer this responsibility to DHS. OTP retained sole authority to approve any regulations

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concerning import quotas or trade bans, user fees, marking, labeling, copyright and trademark enforcement, and completion of the entry or substance of entry summary, including duty assignment and collection, classification, valuation, application of the U.S. Harmonized Tariff Schedules, eligibility or requirements for preferential trade programs, and the establishment of related recordkeeping requirements. OTP also reviews CBP rulings involving these topics if they constitute a change in practice.

Under Section 112 of the Trade Facilitation and Trade Enforcement Act of 2015 P.L. 114-125 (February 24, 2016), Treasury OIG is required to report biennially in March on the effectiveness of measures taken by CBP with respect to protection of revenue.

Potential Integrity Risks

A major integrity risk is the failure of industry members to pay all taxes due and failure of TTB to detect non-payment or underpayment of taxes through tax verification and audit programs. Tobacco and alcohol trafficking, diversion across State lines, and illegal production and distribution are all risks to TTB's revenue collection. In addition, inflated export totals (tax-exempt) and misclassification of products, particularly tobacco (cigars, roll-your-own) following passage of the Children's Health Insurance Program Reauthorization Act of 2009 and products subject to reduced tax and credits under the Taxpayer Certainty and Disaster Tax Act of 2020 require an effective enforcement program. Also, in protecting the public, TTB faces consumer risk from contaminated or deceptively labeled and advertised alcohol beverages.

Because Treasury has not exercised its oversight of CBP's revenue function, consistent monitoring of CBP's policies, procedures, and systems for assessing and collecting revenue has been absent and the adequacy of internal control has not been evaluated. Also, because this revenue function is under the jurisdiction of another agency, Treasury has the challenge of administering this oversight and monitoring CBP's operations.

In Progress and Planned FY 2024 Projects

TTB's Efforts to Promote Fair Competition in the U.S. Marketplace (In Progress)

We plan to determine how TTB assesses risks related to alcohol beverage industry trade matters. As part of this objective, we will evaluate TTB's monitoring of industry members, handling of referrals of potential trade practice

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violations, selection of trade practice cases for investigation, and actions taken to ensure compliance with TTB regulations. [TTB]

DHS and CBP Oversight of Revenue Protection and Enforcement Measures (Mandated) (In Progress)

P.L. 114-125, Sections 112 and 115 require Treasury OIG to submit to the Senate Committee on Finance and House Committee on Ways and Means a report on the effectiveness of CBP enforcement measures and other activities to protect the revenue of the United States. Section 112 requires biennial reports in March on CBP's duty collection, use of bonds, and other monitoring responsibilities.

We have three ongoing audits to meet our biennial reporting mandate. We are performing follow-up work to assess the number and dollar value of open and past due in-bond shipments. We are also performing an audit on the number of investigations instituted by CBP with respect to the underpayment of duties. Specifically, we are assessing (1) the number and outcomes of investigations instituted by CBP into the underpayment of duties, (2) the effectiveness of actions taken by CBP to measure accountability and performance with respect to investigations into the underpayment of duties, and (3) the effectiveness of training with respect to the underpayment of duties. In a third audit, we plan to assess the effectiveness of (1) CBP measures to protect revenue through the use of commercial fines and penalties, including the assessment, collection, and mitigation of such fines and penalties, and (2) training and actions taken by CBP to measure accountability and performance with respect to commercial fines and penalties. [Other Federal Entities]

TTB's Trade Practice Investigations and Enforcement (In Progress)

We plan to assess TTB's trade practice investigation and enforcement efforts to deter unfair market activity in the alcohol beverage industry following TTB's program changes in FYs 2017 through 2021. [TTB]

TTB Efforts to Ensure the Accurate Collection of Federal Excise Taxes on Imports (In Progress)

We plan to assess TTB's coordination with CBP to ensure all federal excise taxes are paid by alcohol and tobacco importers specifically with undeclared and misclassified imports. [TTB]

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TTB's Administration of Alcohol Tax Refunds

We plan to assess TTB's administration of the reduced tax rates and refunds on eligible alcohol products under the Taxpayer Certainty and Disaster Tax Relief Act of 2020. [TTB]

Bill and Coin Manufacturing

Background

BEP produces U.S. currency and other security documents issued by the Federal Government. Its primary mission is to print Federal Reserve Notes for delivery to the Federal Reserve Banks, part of the Board of Governors of the Federal Reserve System (Board), the nation's central bank. To meet its primary mission, BEP has production facilities in Washington, DC (DCF) and Fort Worth, Texas (WCF). BEP also processes claims for the redemption of mutilated paper currency and provides technical assistance and advice to other Federal agencies on the design and production of documents requiring deterrence against counterfeiting. In FY 2023, the Board ordered the production of 4.5 to 8.6 billion Federal Reserve notes valued at \$166.5 to \$190.5 billion which is lower than its FY 2022 order. BEP reduced the FY 2023 Yearly Currency Order from 7.6 billion notes to 4.9 billion notes with the Board due to 1) increased testing requirements for the next generation of currency notes; 2) required maintenance, which was deferred due to the COVID-19 pandemic; and 3) transitioning additional denominations to 50-subject sheets to increase capacity and improve efficiency. The FY 2024 budget estimate reflects a Yearly Currency Order of 6.8 billion notes. The Board pays for note production including costs associated with maintaining BEP's facilities. BEP is authorized to include an amount for capital investment and working capital requirements eliminating BEP's need for appropriations from Congress.

To produce the next family of redesigned notes, BEP expanded its WCF adding more than 300,000 square feet of production, storage, and administrative space. The project completion date has been extended to FY 2023 mainly due to unforeseen site conditions, electrical issues, and weather delays. BEP continues site preparation in Beltsville, Maryland for a new DCF and is working with the Board to establish a project management framework to proceed to construction of a smaller and more efficient facility to support current and future manufacturing processes. The FY 2023 current estimate includes \$12 million in base funding and \$885 million in increased funding for a total of \$897 million for the next phase of the replacement facility project.

The Mint's principal mission is to produce the nation's circulating coinage for trade and commerce. The Mint also produces commemorative and investment products for collectors and investors. These products include numismatic coins,

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which are rare or valuable coins that have an external value above and beyond the base value of the precious metal. In addition to its headquarters in Washington, DC, the Mint has four production facilities located in Philadelphia, Pennsylvania; West Point, New York; Denver, Colorado; and San Francisco, California. It also maintains the U.S. bullion depository at Fort Knox, Kentucky. FY 2022 circulating coin shipments to the Board decreased by 2.6 billion units (17.6 percent) to a total 12.1 billion coins compared to last year. The year saw decreases in shipments of all denominations, except the quarter dollar. The unit cost to produce pennies and nickels was 2.72 cents and 10.41 cents, respectively. The unit cost for pennies and nickels has remained above face value for the seventeenth consecutive FY, with 29.5 percent and 22.2 percent increases, respectively, just in the last year. Seigniorage (profit made by the government for issuing currency as measured by the difference between the face value of coins and their production costs and net income) in FY 2022 which was transferred to the Treasury General Fund to help finance the national debt was \$310.2 million as compared to \$381.2 million in FY 2021 (an 18.6 percent decrease) mainly due to decreased penny, nickel, and dime shipment volumes. Numismatic revenue decreased \$18.0 million (3.1 percent) compared to FY 2021 as FY 2022 numismatic revenue was \$559.4 million. Total bullion revenue decreased 1.4 percent to approximately \$3.7 million in FY 2022, primarily due to a 59.4 percent decrease in silver bullion coin revenues, which funds federal programs.

The United States Mint Public Enterprise Fund (PEF) was created in FY 1996 to enable the Mint to operate as a revolving fund. All receipts deposited into the fund are available for operating the Mint and safeguarding Federal Government assets in the Mint's custody without FY limitation. Although the Mint is not dependent on appropriated funds, Congress approves its spending authority each year. The Secretary of the Treasury must determine the excess amount in the Mint Public Enterprise Fund not needed for Mint operations in the coming year and have the amount transferred to the Treasury General Fund. The Mint made two transfers to the Treasury General Fund in FY 2022 totaling \$534 million. In December 2021, the Mint made a budget transfer of \$114 million from numismatic and bullion earnings to the Treasury General Fund. On September 30, 2022, the Mint made a non-budget transfer (from the PEF consisting of seigniorage, which is not treated as a budgetary receipt to the Government) of \$420 million to the Treasury General Fund.

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BEP and the Mint need to be aware of the risks of counterfeiters and ensure strong internal controls are in place to safeguard the integrity and protect U.S. currency and coinage. BEP needs to ensure it has the workforce, machinery, and facilities for the next generation of currency. The Mint continues to be faced with the increasing cost of producing coins and the need to fund increased demand for circulating coin shipments.

In Progress and Planned FY 2024 Projects

Mint's Gold Acquisition (In Progress)

We plan to determine if the Mint received illicit gold from its suppliers and if there were weaknesses in the Mint's controls over the acquisition of gold bullion [Mint].

BEP Western Facility Expansion (In Progress)

We plan to determine whether BEP's capital investment decisions were based on appropriate and supportable assumptions and cost/benefit analyses and whether proper documentation was maintained to support BEP's decisions. Additionally, we will assess if BEP followed capital planning and project management best practices. [BEP]

BEP Employee Safety (In Progress)

We plan to determine whether BEP policies, procedures, and practices ensure safe working conditions in DCF and WCF. [BEP]

Corrective Action Verification- Mint Controls Over Raw Materials and Coin Exchange Programs Need Improvement (In Progress)

We plan to assess whether management took corrective action responsive to recommendations we made in the audit, *Mint Controls Over Raw Materials and Coin Exchange Programs Need Improvement* (OIG-20-042, issued August 18, 2020). [Mint]

Mint's Congressional Award Medal Loss (In Progress)

In December 2022, we received a referral from Treasury OIG Office of Investigations regarding a closed case involving a complaint made on the loss of 120 Congressional Award Program medals incurred while under the Mint's control. Following this, we initiated an inquiry to develop an understanding of the events surrounding this loss and assess the adequacy of the Mint's contracting

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and controls over the production and delivery of the Congressional Award Program medals. [Mint]

Mint Employee Safety

We plan to determine whether Mint policies, procedures, and practices ensure safe working conditions in its six facilities across the country. [Mint]

Domestic Assistance Programs

Background

Treasury plays an important role in domestic assistance programs that have a significant impact on the economy. Domestic programs range from those assisting in coping with the effects of current economic conditions to programs that enhance the availability of financial education, credit, investment capital, and financial services to communities around the United States.

Treasury's role in these areas has been defined by several pieces of legislation, among others:

- Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act)
- HERA
- Recovery Act
- Small Business Jobs Act of 2010
- Social Impact Partnerships to Pay for Results Act of 2018 (SIPPRA)

The Riegle Community Development and Regulatory Improvement Act of 1994

The Riegle Act created the CDFI Fund to raise the standard of living in distressed U.S. communities by increasing the availability of business capital and financial services. The CDFI Fund promotes access to capital and local economic growth by (1) directly investing in, supporting, and training CDFIs that provide loans, investments, financial services, and technical assistance to underserved populations and communities; (2) providing incentives to banks to invest in their communities and in other CDFIs; and (3) providing access to credit, capital, and financial services in American Indian, Alaska Native, and Native Hawaiian communities. The CDFI Fund's activities have been affected by economic events, resulting in significant funding increases and new program initiatives.

The CDFI Fund's grant programs were funded a total of \$295 million and \$324 million in FY 2022 and FY 2023, respectively. Building on this unprecedented level of support for the nation's most vulnerable communities, including many rural communities, the CDFI Fund's FY 2024 budget request provides \$341.4 million (including \$37.3 million of administrative costs), which is an increase of approximately 5.4 percent above the FY 2023 enacted level.

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CDFI Program provides Financial Assistance and Technical Assistance to invest in and build the capacity of CDFIs for community revitalization, among other things. The CDFI Program also provides supplemental Financial Assistance awards specific to the Healthy Food Financing Initiative for CDFIs interested in supporting businesses offering healthy food options in underserved communities. Since its inception in FY 1994, the CDFI Fund has awarded nearly \$2.9 billion in CDFI Program awards. The CDFI Fund requested CDFI Program funding of \$225.2 million for FY 2024.

Native American CDFI Assistance Program (NACA Program), similar to the CDFI Program, provides Financial Assistance, including Healthy Food Financing Initiative awards, and Technical Assistance awards to Native CDFIs to generate economic opportunity in Native Communities by supporting the creation and expansion of Native CDFIs. Since its inception in FY 2001, the NACA Program has awarded more than \$221.8 million. The CDFI Fund requested NACA Program funding of \$25 million for FY 2024.

Small Dollar Loan Program (SDL) was created to help CDFIs establish loan loss reserves and provide technical assistance for small dollar loan programs aimed to help unbanked and underbanked populations. During the FY 2022 funding round, which closed in July 2022, CDFI awarded \$11.4 million to eligible recipients. Since its inception in FY 2021, the SDL Program has awarded more than \$22.2 million. The CDFI Fund requested SDL funding of \$9 million for FY 2024.

Bank Enterprise Award Program (BEA) was designed to provide financial incentives for FDIC-insured banks and thrifts to increase their investments in CDFIs. The BEA Program provides formula-based grants to applicants for increasing qualified community and development activities from one year to the next year. Since its inception in FY 1994, the BEA Program has awarded over \$572 million. The CDFI Fund requested BEA Program funding of \$35 million for FY 2024.

Economic Mobility Corps (EMC) is a joint initiative of the CDFI Fund and AmeriCorps, launched in FY 2020, that places full-time national service members in Certified CDFIs to enhance their capacity to provide financial literacy, financial planning, budgeting, saving, and other financial counseling activities. Service members will receive training on financial counseling, financial literacy, and help CDFIs in promoting access to capital and credit in underserved communities. Since its inception, the EMC program has awarded more than \$2.5 million in

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grants to three organizations. Due to a lack of demand, the CDFI Fund requested no EMC program funding for FY 2024.

Capital Magnet Fund Program (CMF) provides grants for rental and for-sale housing as well as community and economic development. The CMF aims at increasing the flow of capital to organizations that will engage in housing-related investments. It is a competitive grant program expected to attract private capital from two types of eligible grantees: (1) CDFIs that have been certified by the CDFI Fund and (2) nonprofit organizations with a principal purpose of developing or managing affordable housing. The eligible grant activities and entities eligible to receive grants through the CMF represent a significant expansion for the CDFI Fund's core programs. Under HERA, the CMF is to be financed through appropriations and transfers from Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). Since its inception in FY 2010, the CDFI Fund has completed seven CMF rounds of the program and awarded grants totaling nearly \$1.1 billion. The CDFI Fund requested CMF authority of \$174.7 million for FY 2024.

CDFI Bond Guarantee Program is a federal credit subsidy program, designed to function at no cost to taxpayers. The bond proceeds are debt instruments that must be repaid. The Small Business Jobs Act of 2010 authorized Treasury to guarantee all notes and bonds issued by CDFIs that make investments in eligible community and economic development opportunities. Guarantees could not total more than \$1 billion in any FY and were available through September 30, 2014. A key component of the CDFI Bond Guarantee Program is the financing vehicle used by CDFIs issuing bonds and notes with maximum maturity dates of 30 years, that are 100 percent guaranteed by the Federal Government. Since the inception of the program in FY 2010, the total amount of bonds guaranteed is nearly \$2.1 billion, through 4 Qualified Issuers and 27 eligible CDFIs. The CDFI Fund requested guarantee authority of \$500 million for FY 2024.

New Markets Tax Credit (NMTC) Program provides investors with a tax credit for investing in communities that are economically distressed or that have low-income populations. The CDFI Fund is authorized to allocate tax credit authority under the NMTC Program to community development entities (CDEs), which manage the program's investments in low-income community development projects. In return for a tax credit, investors supply capital to CDEs. Since the program's inception in calendar year 2000, the CDFI Fund has awarded \$66 billion in NMTC allocations to CDEs. The CAA, 2021 extended the NMTC

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with a \$5 billion authorization for each calendar year 2020 through 2025. In FY 2022, the CDFI Fund awarded \$5 billion in CY 2021 NMTC Program allocation authority to 107 organizations.

Housing and Economic Recovery Act of 2008

HERA was enacted to address problems in the mortgage and banking industries. Among other things, HERA established the Federal Housing Finance Agency (FHFA) as an independent agency to oversee Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. HERA increased Federal regulatory oversight of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks (collectively referred to as Government Sponsored Entities (GSE)), giving Treasury authority over existing lines of credit to the entities. Through Senior Preferred Stock Purchase Agreements, Treasury has provided financial support to Fannie Mae and Freddie Mac after any quarter the entities report deficiencies in net worth. In exchange, the liquidation preference of Treasury-owned senior preferred stock is increased.

Treasury and FHFA agreed to amend the Preferred Stock Purchase Agreements to move the GSEs toward capitalization levels that are consistent with their size, risk, and importance to the U.S. economy. On September 14, 2021, Treasury agreed to suspend proposed restrictions while FHFA undertakes a review of requirements to avoid redundancy or inconsistency with FHFA standards policies and directives. As of September 30, 2022, Treasury has not provided notice to the GSEs to terminate the suspension.

As of September 30, 2022, Treasury reported investments of approximately \$284.3 billion in senior preferred stock issued by the two GSEs.

Recovery Act

The Recovery Act provided relief as a result of the 2008 and 2009 economic downturn by expanding tax, bond, and cash assistance to segments of the economy most affected. Treasury provided an estimated \$150 billion through tax relief and Recovery Act funding. Approximately \$26 billion in Recovery Act funds, administered by Treasury's DO through two tax credit exchange programs, provided payments in lieu of tax credits for specified energy properties and payments to the States in lieu of tax credits for rehabilitation and development of low-income housing projects. While payments are no longer being made under these two programs, Treasury must continue to monitor compliance with recipient reporting requirements.

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Small Business Jobs Act of 2010

The Small Business Jobs Act of 2010 established the Small Business Lending Fund (SBLF) Program within Treasury to provide capital to community banks and community development loan funds (CDLF) so that those financial institutions can increase small-business lending. The Act also created within Treasury OIG, the Office of SBLF Program Oversight, which operates under the direction of the Special Deputy Inspector General for SBLF Oversight/Assistant Inspector General for Audit (who reports directly to the Inspector General). Treasury OIG is to report at least twice a year to the Secretary of the Treasury and Congress on the results of oversight activities involving the SBLF Program.

Treasury had invested more than \$4 billion in 332 financial institutions across the United States. For banks, the SBLF Program was structured to encourage small business lending through a dividend or interest rate incentive structure. Dividend and interest rates automatically rose to 9 percent for C corporations and 13.8 percent for S corporations and mutual institutions in the program for 4.5 years, which occurred in early 2016. Interest rates for CDLFs rose to 9 percent after 8 years in the program, which occurred in early 2019. As of March 2023, Treasury reported that 327 banks with aggregate investments of \$3.95 billion had fully redeemed their securities and exited the SBLF program. There are 2 banks and 1 CDLF remaining in the program, which have been in bankruptcy since July 2019. It should also be noted that these financial institutions may be unable to fully redeem their SBLF securities and exit the program. While rate increases have already prompted many financial institutions to redeem their securities, Treasury will need to consider the possibility that remaining financial institutions may be unable to redeem or pay at the higher rates in its wind down of the SBLF program.

Social Impact Partnerships to Pay for Results Act

Title XX of the Social Security Act was amended to create SIPPPRA intended to direct Federal funds to State and local government partnership programs resulting in measurable social benefit. Congress appropriated \$100 million in FY 2018 for the SIPPPRA program to fund Social Impact Partnership Demonstration Projects and feasibility studies. Among several requirements, no less than 50 percent of all Federal payments made to carry out SIPPPRA agreements shall be used for initiatives that directly benefit children. Among other things, SIPPPRA created new partnerships through establishing the Interagency Council on Social Impact Partnerships which includes Treasury, and

Planned Projects by OIG Issue Area

the Commission on Social Impact Partnerships comprised of members appointed by Congress. The Secretary of the Treasury, in consultation with the Interagency Council on Social Impact Partnerships, is responsible for administering the program and issuing SIPPRA regulations. Treasury made \$66 million available in FY 2019 to carry out the requirements of SIPPRA. From these funds Treasury and the Department of Labor awarded \$8.2 million in FY 2021 for a project on clean energy job training. In FY 2022, Treasury awarded \$6.3 million for a project to support a housing program designed to reduce homelessness and increase housing stability; \$3.9 million for a project to support a program that provides alternatives to incarceration for women with substance use disorders; and \$20.2 million for a project to support efforts to reduce gun violence among youth.

Potential Integrity Risks

Integrity risks for domestic assistance programs include the potential for (1) unauthorized release of sensitive or classified data; (2) falsification of applications or statements; (3) misuse or mismanagement of Federal funds, including irregularities in the award of contracts and misallocation of grant proceeds, Federal tax credits, or payments in lieu of tax credits; and (4) failure by assisted entities to deliver on promised services. Additionally, contracts, grants, tax credits, or cash payments in lieu of tax credits may be awarded without following standard operating procedures, including appropriate monitoring of funded activities. Program risks include the potential failure to promote economic growth within financially underserved areas of the United States. Risks may also include a corresponding loss of credibility with U.S. taxpayers.

Note: There are additional Domestic Assistance programs funded by the CAA, 2021 in the Community Development Investment Issue Area. Emergency funding was appropriated for capital investments and grant programs to assist economically and socially disadvantaged communities and individuals impacted by the COVID-19 pandemic. See the “Coronavirus 2019 Pandemic Relief Programs- Community Development Investment” issue area at the beginning of this plan.

In Progress and Planned FY 2024 Projects

SBLF Asset Management and Consultant Fees (In Progress)

We plan to (1) assess the process used to procure services from asset managers and other consultants and (2) determine whether services provided were consistent with contractual terms and fees paid to the providers were reasonable. [DO]

Audit of the CDFI Fund's Monitoring of New Markets Tax Credit Allocations

We plan to assess the CDFI Fund's monitoring of the NMTC allocations and proceeds to make Qualified Low Income Community Investments and designated Qualified Equity Investments in accordance with NMTC Allocation Agreements and applicable regulations, policies and practices. [DO]

Gulf Coast Restoration

Background

The Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) established the Gulf Coast Restoration Trust Fund (Trust Fund) within Treasury to provide funds for the environmental and economic restoration of the Gulf Coast region that was damaged by the 2010 Deepwater Horizon oil spill. Deposits into the Trust Fund will comprise 80 percent of all civil and administrative penalties paid after July 6, 2012, under the Clean Water Act (amendment to the Federal Water Pollution Control Act). As a result of separate settlement agreements reached between the U.S. Department of Justice and companies involved with the oil spill, approximately \$5.3 billion has been designated for the Trust Fund. Certain settlement funds will be deposited into the Trust Fund over a 15-year period. As of April 2023, the Trust Fund had received nearly \$3 billion and obligated more than \$1.8 billion through grants and administrative transfers.

The RESTORE Act also established the Gulf Coast Ecosystem Restoration Council (Council), an independent entity within the Federal Government that includes as members the governors from the five affected Gulf Coast States (Alabama, Florida, Louisiana, Mississippi, and Texas); the Secretaries from the U.S. Departments of the Interior, Commerce, and Agriculture; the head of the department under which the Coast Guard reports (currently the Secretary of DHS); the Secretary of the Army; and the Administrator of the Environmental Protection Agency . The Environmental Protection Agency Administrator is the current Council chair.

The RESTORE Act allocates money in the Trust Fund to five components:

- 35 percent to the Gulf Coast States in equal shares under the Direct Component (administered by Treasury);
- 30 percent, plus 50 percent of interest earned on the Trust Fund, for grants under the Council-Selected Restoration Component (administered by the Council);
- 30 percent for grants under the Spill Impact Component (administered by the Council);

Planned Projects by OIG Issue Area

- 2.5 percent, plus 25 percent of interest earned on the Trust Fund, to the Centers of Excellence Research Grants Program Component (administered by Treasury); and
- 2.5 percent, plus 25 percent of interest earned on the Trust Fund, to the Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program (Science Program) Component (administered by the National Oceanic and Atmospheric Administration).

Treasury's authority to administer the Trust Fund terminates on the date all amounts are expended from the Trust Fund. The RESTORE Act provides Treasury with remedies for a State's noncompliance with the conditions of the Trust Fund. Specifically, Treasury may cut off funding to a State until it either repays the Trust Fund or substitutes an ineligible activity with an eligible activity.

The RESTORE Act also authorized Treasury OIG to conduct, supervise, and coordinate audits and investigations of projects, programs, and activities funded under the Act.

Potential Integrity Risks

The integrity risks for the Gulf Coast Restoration projects, programs, and activities include the potential for (1) falsification of grant applications or statements; (2) failure by grantees or contractors to deliver on promised goods or services; (3) misuse or mismanagement of the Trust Fund, including irregularities in the award of contracts, misallocation of grant proceeds, and duplication of funding for projects or programs; (4) award of grants or contracts without following laws, regulations, or standard operating procedures; (5) failure to properly monitor funded activities; and (6) funding of programs that fail to promote the restoration of the Gulf Coast region.

In Progress and Planned FY 2024 Projects

Gulf Coast Ecosystem Restoration Council's Progress in Implementing Charge Card Recommendations (Mandated)

We will report to OMB on the Council's progress in implementing audit recommendations resulting from audits and risk assessments of the Council's charge card and/or convenience check programs. [Other Federal Entities]

Planned Projects by OIG Issue Area

Audit of Financial Statements of the Gulf Coast Ecosystem Restoration Council (Mandated) (In Progress)

An independent certified public accounting firm, working under a contract supervised by Treasury OIG will complete audit work for the FY 2023 financial statements and begin work for the FY 2024 statements. These audits determine whether the financial statements are fairly presented in all material respects and will report on internal control over financial reporting and compliance with laws and regulations that could have a direct and material effect on the financial statements. [Other Federal Entities]

FISMA Evaluation–Gulf Coast Ecosystem Restoration Council Information Security Systems Program and Practices (Mandated) (In Progress)

An independent certified public accounting firm, under a contract supervised by Treasury OIG, will assess the effectiveness of the Council’s information security program and practices for FY 2023 and FY 2024. As part of its evaluation, the contractor will, assess Council’s compliance with FISMA requirements and related information security policies, procedures, standards, and guidelines, as well as follow up on the progress in resolving previously reported FISMA weaknesses, if applicable. [Other Federal Entities]

Gulf Coast Ecosystem Restoration Council’s Compliance With Payment Integrity Information Act of 2019 (Mandated)

We plan to determine whether the Council complied with PIIA, as amended, for FY 2023. [Other Federal Entities]

Gulf Coast Ecosystem Restoration Council’s Charge Card and Convenience Check Risk Assessment (FY 2021-2022) (Mandated) (In Progress)

We initiated a risk assessment of Council’s purchase card, convenience check and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases, travel charges or payments. [Other Federal Entities]

Treasury’s Administration of Direct Component Pre-Award Phase (In Progress)

We plan to assess Treasury’s administration of the pre-award phase of the Direct Component awards to ensure compliance with the RESTORE Act, applicable regulations, and Treasury policies and procedures. [DO]

Compliance Audits of RESTORE Act Grant Recipients’ Use of Funds

We plan to assess whether selected grant recipients have used awarded RESTORE Act funds in compliance with the RESTORE Act, applicable Federal statutes and regulations, and award agreements. [Other Non-Federal Entities]

Appendix A: Office of Audit FY 2024 Resource Allocation

The following table shows our OIG projects for FY 2024, by priority area.

Audit Priority	Projects
Audit projects mandated by law	76
Work requested by Treasury management, Congress or other external sources	1
Self-directed work in Treasury's highest-risk areas	121
Total	198

The following table shows our planned Treasury OIG audit staff resource allocation for FY 2024, by OIG issue area.

OIG Issue Area	Percentage of Planned Audit Resources
Treasury General Management and Infrastructure Support:	
Financial Management	5
Cybersecurity/IT	9
Resource Management	4
Procurement	1
Anti-Money Laundering/Terrorist Financing and Foreign Assets Control/International Affairs	7

Appendix A: Office of Audit FY 2021 Resource Allocation

OIG Issue Area	Percentage of Planned Audit Resources
Government-wide Financial Services and Debt Management	6
Financial Regulation and Oversight	5
Alcohol and Tobacco Revenue Collection and Industry Regulation	5
Bill and Coin Manufacturing	3
Domestic Assistance Programs	-
COVID-19 Pandemic Relief Programs	54
Gulf Coast Restoration	1
Total	100

Abbreviations

AI	artificial intelligence
ARC	Administrative Resource Center
ARP	American Rescue Plan Act of 2021
BEA	Bank Enterprise Award Program
BEP	Bureau of Engraving and Printing
BFS	Bureau of the Fiscal Service
Board	Board of Governors of the Federal Reserve System
BSA	Bank Secrecy Act
CAA, 2021	Consolidated Appropriations Act, 2021
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBP	Customs and Border Protection
CDE	Community Development Entity
CDFI	Community Development Financial Institutions
CDFI RRP	Community Development Financial Institutions Fund’s Rapid Response Program
CDLF	Community Development Loan Fund
Charge Card Act	Government Charge Card Abuse Prevention Act of 2012
CIGFO	Council of Inspectors General on Financial Oversight
CIO	Chief Information Officer
CISA	Cybersecurity Information Sharing Act of 2015
CMF	Capital Magnet Fund
Council	Gulf Coast Ecosystem Restoration Council
COVID-19	Coronavirus Disease 2019
CRF	Coronavirus Relief Fund
CS-NG	Cross-Servicing Next Generation

Abbreviations

CTA	Corporate Transparency Act
CTAS	Centralized Treasury Administrative Services
DCF	BEP production facility in Washington, DC
DEIA	Diversity, Equity, Inclusion, and Accessibility
DHS	Department of Homeland Security
DIF	Deposit Insurance Fund
DO	Departmental Offices
DOT	Department of Transportation
EMC	Economic Mobility Corps
EO	Executive Order
ERA	Emergency Rental Assistance
Fannie Mae	Federal National Mortgage Association
FDIC	Federal Deposit Insurance Corporation
FFB	Federal Financing Bank
FHFA	Federal Housing Finance Agency
FinCEN	Financial Crimes Enforcement Network
FISMA	Federal Information Security Modernization Act of 2014
FLEC	Financial Literacy and Education Commission
FITARA	Federal Information Technology Acquisition Reform Act
Freddie Mac	Federal Home Loan Mortgage Corporation
FSOC	Financial Stability Oversight Council
FY	fiscal year
GAO	Government Accountability Office
GSE	Government Sponsored Entities
HERA	Housing and Economic Recovery Act of 2008
IPERA	Improper Payments Elimination and Recovery Act of 2010

Abbreviations

IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
IRS	Internal Revenue Service
IT	information technology
Mint	U.S. Mint
NACA	Native American CDFI Assistance Program
NMTC	New Markets Tax Credit Program
OBT	Office of Budget and Travel
OCC	Office of the Comptroller of the Currency
OCP	Office of Consumer Policy
OFAC	Office of Foreign Assets Control
OIA	Office of Intelligence and Analysis
OIG	Office of Inspector General
OMB	Office of Management and Budget
ORM	Office of Risk Management
ORP	Office of Recovery Programs
OSPPI	Office of Strategic Planning and Performance Improvement
OTP	Office of Tax Policy
P.L.	Public Law
PIIA	Payment Integrity Information Act of 2019
PSP1	Payroll Support Program: Air Carrier Worker Support
PSP2	Payroll Support Program: Airline Worker Support Extension
Recovery Act	American Recovery and Reinvestment Act of 2009

Abbreviations

RESTORE Act	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012
SBLF	Small Business Lending Fund
SDL	Small Dollar Loan Program
SIPPRA	Social Impact Partnerships to Pay for Results Act of 2018
SSBCI	State Small Business Credit Initiative
SSP	Shared Services Programs
TEOAF	Treasury Executive Office for Asset Forfeiture
TFI	Office of Terrorism and Financial Intelligence
TOP	Treasury Offset Program
Treasury or the Department	Department of the Treasury
Trust Fund	Gulf Coast Restoration Trust Fund
TTB	Alcohol and Tobacco Tax and Trade Bureau
U.S.	United States
U.S.C.	United States Code
WCF	BEP production facility in Fort Worth, Texas