



# Semiannual Report To The Congress



April 1, 2007 - September 30, 2007

OIG-CA-08-006

## Office of Inspector General

DEPARTMENT OF THE TREASURY

## HIGHLIGHTS IN BRIEF

During this semiannual reporting period, our **Office of Audit** issued 14 reports. Work by our **Office of Investigations** resulted in 7 convictions by plea agreement, 1 conviction by trial, and the indictment of 4 individuals. Investigative activities also resulted in \$793,070 in court-ordered fines, restitution, and civil settlements, as well as 45 personnel actions. Some of our significant results for this semiannual period are described below:

- We completed a follow-up audit to determine whether the Office of Foreign Assets Control (OFAC) had acted to improve its ability to ensure that financial institutions are complying with OFAC sanctions. In April 2002, we reported that OFAC was limited in its ability to monitor financial institution compliance. We recommended at the time that OFAC inform Congress of legislative impairments which prevent OFAC from conducting its own examinations of banks or having access to their financial records. Our follow up audit found that OFAC had not sought legislative change to improve its ability to ensure financial institutions comply with OFAC sanctions as OFAC management is satisfied with the current system. Since our prior report was issued, two significant actions have occurred. As one action, OFAC entered into a memorandum of understanding (MOU) with the federal banking agencies to improve information sharing. Second, the Federal Financial Institutions Examination Council issued comprehensive OFAC compliance examination guidance. Recognizing that these recent actions need time to mature, we recommended and OFAC agreed to (1) monitor whether the OFAC-related examination information provided under the MOUs is sufficient and (2) determine whether MOUs should be established with other federal financial regulators and self-regulatory organizations.
- We reported that Treasury successfully demonstrated the disaster recovery capability of its Treasury Communications System in a January 2007 test. In addition, we found that Treasury had resolved findings identified in our 2005 report on a previous disaster recovery exercise of the system and implemented all five corresponding recommendations. Although the January 2007 exercise was successful, we also reported on two areas that require improvement.
- As part of our ongoing Improper Payments Initiative, we continued to work with our counterparts at the Social Security Administration, Railroad Retirement Board, Veterans Administration, and other federal agencies. This joint effort has to date resulted in the identification of 88 potential violators who unlawfully obtained approximately \$5.9 million in potential federal benefits. In addition, the effort has resulted in the arrest of 20 individuals, the conviction of 14, restitutions of \$530,950, and the recovery of \$85,404. As an example of a joint investigation this period, a Georgia resident was arrested in a case involving approximately \$69,000 in veteran benefits issued by the Financial Management Service after the death of the beneficiary.
- An investigation found that a Mint employee used a counterfeit Mint parking pass to park his privately owned vehicle in the Mint parking garage while he was enrolled in the Mint Public Transportation Incentive Program. The Mint terminated the employee.
- As a follow up to a previously reported investigation, a former BEP employee was sentenced in May 2007 to 3 years of incarceration, 3 years of supervised release, and ordered to pay restitution in the amount of \$290,000 for defrauding the federal employee workers' compensation program.



## A MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Department of the Treasury Office of Inspector General Semiannual Report summarizing activities for the 6 month period from April 1, 2007, through September 30, 2007.

Over the past 6 months, we have continued to perform our mandated work as well as help the Department address its major management challenges. We believe the Department continues to make progress to that end. Recently, the Department filled a number of key management positions including the Assistant Secretary for Management and Chief Financial Officer and the Deputy Assistant Secretary for Information Systems/Chief Information Officer. We anticipate that this will further support the Department's continuing efforts to address a number of its challenges, particularly in the areas of corporate management, management of capital investments, and information security.

It is also important to note that during this semiannual period the Department established the Personally Identifiable Information Risk Management Group (PIIRMG). The purpose of this group is to help manage and contain breaches of personally identifiable information. My office, along with the Treasury Inspector General for Tax Administration, participates in the PIIRMG in an advisory role.

We continue to receive excellent support and cooperation from Secretary Paulson, Deputy Secretary Kimmitt, and other senior officials throughout the Department. This has greatly facilitated our ability to carry out our mission.

A handwritten signature in black ink, appearing to read "Dennis S. Schindel".

Dennis S. Schindel  
Acting Inspector General

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# OVERVIEW OF OIG AND TREASURY

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## About Our Office

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

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

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

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

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

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

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

# OVERVIEW OF OIG AND TREASURY

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

As of September 30, 2007, OIG had 105 full-time staff. OIG's fiscal year 2007 appropriation was \$17.0 million.

## About Treasury

Treasury's mission is to serve the American people and strengthen national security by managing the U.S. Government's finances effectively, promoting economic growth and stability, and ensuring the safety, soundness, and security of U.S. and international financial systems. Organized into bureaus and offices, Treasury encompasses a wide range of programs and operations. Currently, Treasury has approximately 109,000 full-time equivalent staff. Approximately 92,800 are employed by IRS and approximately 16,200 are employed by other Treasury bureaus and offices.

## Treasury Bureaus

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

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

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

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

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

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

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



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

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

## Treasury Offices

The **Departmental Offices (DO)** formulates policy and manages Treasury operations.

The **Office of Terrorism and Financial Intelligence** uses Treasury's intelligence and enforcement functions to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, money launderers, drug kingpins, and other national security threats. It is headed by an Under Secretary and includes two major components: the Office of Terrorist Financing and Financial Crime and the Office of Intelligence and Analysis. An Assistant Secretary oversees each of these offices.

- The **Office of Terrorist Financing and Financial Crime** is responsible for integrating FinCEN, the Office of Foreign Assets Control (OFAC), and the Treasury Executive Office for Asset Forfeiture. OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. The Treasury Executive Office for Asset Forfeiture administers the Treasury Forfeiture Fund, the receipt account for the deposit of nontax forfeitures made by IRS Criminal Investigation and the Department of Homeland Security. The Office of Terrorist Financing and Financial Crime also works closely with IRS Criminal Investigation to enforce laws against terrorist financing and money laundering, including the Bank Secrecy Act (BSA).
- The **Office of Intelligence and Analysis** is responsible for the receipt, analysis, collation, and dissemination of foreign intelligence and foreign counterintelligence information related to the operation and responsibilities of Treasury.

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

The **Office of International Affairs** advises on and assists in formulating and executing U.S. international economic and financial policy. Its responsibilities include developing

## OVERVIEW OF OIG AND TREASURY

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policies and guidance in the areas of international financial, economic, monetary, trade, investment, bilateral aid, environment, debt, development, and energy programs, including U.S. participation in international financial institutions.

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

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

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

# TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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## Introduction

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

## Management and Performance Challenges

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

## TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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

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

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

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

# TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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

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

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

## Areas of Concern

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

- Recently, conditions in the real estate market have worsened. At the same time, credit markets are being impacted by problems associated with subprime loans. Together, these events are putting pressure on financial institutions, including those supervised by OCC and OTS. For example, in September the OTS-supervised NetBank failed, representing the largest financial institution failure since 2001. Accordingly, Treasury needs to ensure it has the capability to monitor and take prompt action to address potential problems at other institutions should economic conditions worsen.

## TREASURY MANAGEMENT AND PERFORMANCE CHALLENGES

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

# SIGNIFICANT AUDITS AND EVALUATIONS

## Financial Management

### Financial Audits

The Chief Financial Officers Act (CFO Act), as amended by the Government Management Reform Act of 1994 (GMRA), requires annual financial statement audits of Treasury and OMB-designated entities. In this regard, OMB has designated IRS for annual financial statement audits. The financial statements of certain other Treasury component entities are audited pursuant to other requirements or due to their materiality to Treasury's consolidated financial statements. The following table shows audit results for fiscal years 2006 and 2005.

<b>Treasury audited financial statements and related audits</b>						
Entity	Fiscal year 2006 audit results			Fiscal year 2005 audit results		
	Opinion	Material weakness	Other reportable conditions	Opinion	Material weakness	Other reportable conditions
<b>GMRA/CFO Act requirements</b>						
Department of the Treasury	UQ	1	2	UQ	1	1
Internal Revenue Service (A)	UQ	4	1	UQ	4	2
<b>Other required audits</b>						
Bureau of Engraving and Printing	UQ	0	1	UQ	0	1
Community Development Financial Institutions Fund	UQ	0	2	UQ	0	0
Office of DC Pensions	UQ	0	0	UQ	0	0
Exchange Stabilization Fund	UQ	0	0	UQ	0	0
Federal Financing Bank	UQ	0	0	UQ	0	0
Office of the Comptroller of the Currency	UQ	0	1	UQ	0	0
Office of Thrift Supervision	UQ	0	0	UQ	0	0
Treasury Forfeiture Fund	UQ	0	1	UQ	1	1
<b>Mint</b>						
Financial statements	UQ	0	1	UQ	0	1
Custodial gold and silver reserves	UQ	0	0	UQ	0	0
<b>Other audited accounts that are material to Treasury financial statements</b>						
<b>Bureau of the Public Debt</b>						
Schedule of Federal Debt (A)	UQ	0	0	UQ	0	0
Government trust funds	UQ	0	0	UQ	0	0
<b>Financial Management Service</b>						
Treasury managed accounts	UQ	0	0	UQ	0	0
Operating cash of the federal government	UQ	0	1	UQ	0	1
<b>Management-initiated</b>						
FinCEN	UQ	0	0	UQ	1	0
UQ Unqualified opinion. (A) Audited by the Government Accountability Office.						

## SIGNIFICANT AUDITS AND EVALUATIONS

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Audits of the fiscal year 2007 financial statements or schedules of the Department and component reporting entities were in progress at the end of this semiannual reporting period.

The following instances of noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA) were reported in connection with the audit of the Department’s fiscal year 2006 consolidated financial statements. All instances relate to IRS. Because of the length of time that it will take to implement IRS’s system modernization effort, many of the planned timeframes exceed the 3-year resolution period specified in FFMIA. As a result, and in accordance with FFMIA, IRS received a waiver from this requirement from OMB. The current status of these FFMIA noncompliances, including progress in implementing remediation plans, will be evaluated as part of the audit of Treasury’s fiscal year 2007 financial statements.

Entity	Condition	Fiscal year first reported	Type of noncompliance
IRS	Financial management systems do not provide timely and reliable information for financial reporting and preparation of financial statements. IRS had to rely extensively on resource-intensive compensating procedures to generate reliable financial statements. IRS also lacks a subsidiary ledger for its unpaid assessments and lacks an effective audit trail from its general ledger back to subsidiary detailed records and transaction source documents for material balances such as tax revenues and tax refunds.	1997	Federal financial management systems requirements
IRS	Deficiencies were identified in information security controls, resulting in increased risk of unauthorized individuals being allowed to access, alter, or abuse proprietary IRS programs and electronic data and taxpayer information.	1997	Federal financial management systems requirements
IRS	Material weaknesses were identified related to controls over unpaid tax assessments, tax revenue, and refunds.	1997	Federal accounting standards
IRS	Financial management system cannot routinely accumulate and report the full costs of its activities.	1998	Federal accounting standards
IRS	General ledger system lacks an effective audit trail to detailed records and transaction source documents for material balances such as tax revenues and tax refunds.	1997	Standard general ledger

### Attestation Engagements

The following attestation engagements, related to BPD controls over processing transactions for other federal agencies, were completed in support of the audit of Treasury’s fiscal year 2007 consolidated financial statements. These engagements also support the financial statement audits of certain other federal agencies.

An independent public accountant (IPA), under our supervision, examined the accounting processing and general computer controls related to certain services provided by BPD’s Administrative Resource Center to various federal agencies. The IPA found that (1) BPD’s description of controls for these activities fairly presented, in all material respects, the controls that had been placed in operation as of June 30, 2007; (2) the controls were suitably designed; and (3) the controls tested by the IPA were effective during the period July 1, 2006, to



# SIGNIFICANT AUDITS AND EVALUATIONS

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June 30, 2007. The IPA noted no instances of reportable noncompliance with laws and regulations tested. **(OIG-07-044)**

An IPA under our supervision performed examinations that covered the general computer and investment/redemption processing controls related to BPD's transactions processing of investment accounts for various federal government agencies and the general computer and trust fund management processing controls related to BPD's transactions processing of investment accounts of various federal and state government agencies. The IPA found that (1) BPD's description of these controls fairly presented, in all material respects, the controls that had been placed in operation as of July 31, 2007; (2) the controls were suitably designed; and (3) the controls tested by the IPA were effective during the period August 1, 2006, to July 31, 2007. The IPA noted no instances of reportable noncompliance with the laws and regulations tested. **(OIG-07-046 and OIG-07-047)**

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## Information Technology

### Treasury Successfully Demonstrated Its TCS Disaster Recovery Capability

*[W]e found that Treasury had resolved both findings identified in our 2005 report on a previous TCS disaster recovery exercise....*

In January 2007, we observed a disaster recovery exercise of the Treasury Communications System (TCS). Our overall objective for this audit was to determine if Treasury could successfully demonstrate its TCS disaster recovery capability. In addition, we

followed up on findings from the previous disaster recovery exercise.

Treasury successfully demonstrated its TCS disaster recovery capability. In addition, we found that Treasury had resolved both findings identified in our 2005 report on a previous TCS disaster recovery exercise and implemented all five corresponding recommendations. Although the January 2007 exercise was successful, we did find two areas that require improvement.

Treasury management concurred with our findings and recommendations and proposed appropriate corrective actions. Because of the sensitivity of certain information in our report on this disaster recovery exercise we designated the report as "sensitive but unclassified."  
**(OIG-07-041)**

### Fiscal Year 2007 Evaluation of FISMA Implementation for Treasury's Non-IRS Intelligence Systems (Classified Report)

FISMA requires an annual independent evaluation of the information security program and practices for Treasury's national security systems. During this semiannual period, we performed the FISMA evaluation of Treasury's non-IRS national security systems as they relate to Treasury's intelligence program, noting significant improvement. Our report is classified.  
**(OIG-CA-07-008)**

# SIGNIFICANT AUDITS AND EVALUATIONS

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## **BEP Improved Controls Over Its Computer Security Incident Response Capability**

This report presents the results of our review of corrective actions taken by BEP in response to the four recommendations we made in our June 2005

*BEP took appropriate corrective actions that met the intent of the four recommendations*

report on BEP's computer security incident response capability. The recommendations involved (1) updating the program's policy and procedures, (2) updating BEP's Security Awareness and Training policy, (3) establishing an intrusion detection system and (4) reporting computer security incidents on time to Treasury's Computer Security Incident Response Center. We found that BEP took appropriate corrective actions that met the intent of the four recommendations.

**(OIG-07-045)**

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## **Programs and Operations**

### **Actions Have Been Taken to Better Ensure Financial Institution Compliance With OFAC Sanction Programs, But Their Effectiveness Cannot Yet Be Determined**

*The audits also found that examination documentation, not addressed in the FFIEC manual, did not provide persuasive evidence that financial institution OFAC compliance programs were adequate.*

OFAC administers and enforces economic and trade sanctions against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. In accordance with these sanctions, financial institutions are required to block or reject any transactions involving targeted

individuals, companies, or other organizations with a link to these entities. OFAC has direct administrative and enforcement authority over regulated institutions, but compliance examinations of banks and other financial institutions are conducted by federal regulators.

In an April 2002 OIG audit report, we recommended that Treasury inform Congress that OFAC lacked sufficient authority to ensure that financial institutions comply with OFAC sanctions requirements. OFAC did not agree with our recommendation. However, OFAC agreed that (1) regulator information sharing could be improved and (2) increased oversight and detailed account reviews by regulators could be beneficial.

In April 2006 OFAC entered into a MOU with the five federal banking agencies—OCC, OTS, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the National Credit Union Administration. The objective of the MOU is to improve information sharing so as to mitigate the risk of not being made aware of financial institution noncompliance issues. It was too early for us to evaluate its effectiveness, and we noted the MOU caveats that information be shared with OFAC to the extent permitted by law, including the Right to Financial Privacy Act. In this regard, OFAC believes that the caveats only minimally impact its ability to obtain information from regulators and financial institutions.

In addition, in June 2005 the Federal Financial Institutions Examination Council (FFIEC) issued the *Bank Secrecy Act/Anti-Money Laundering Examination Manual* (FFIEC manual), which provides

## SIGNIFICANT AUDITS AND EVALUATIONS

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comprehensive guidance for banking regulatory agencies to follow when conducting OFAC compliance examinations. Our audits of OCC and OTS, and audits by the Offices of Inspector General of the Federal Deposit Insurance Corporation and National Credit Union Administration of their respective agencies indicated that such guidance was needed. The audits also found that examination documentation, not addressed in the FFIEC manual, did not provide persuasive evidence that financial institution OFAC compliance programs were adequate. In response, the four audited agencies agreed to improve OFAC examination documentation going forward.

We recommended that OFAC monitor whether the OFAC-related examination information provided by the federal banking agencies is sufficient to assess compliance at specific institutions and for the overall banking industry. If necessary, appropriate action should be taken, such as seeking modification to the April 2006 MOU. We also recommended that OFAC determine whether MOUs should be established with other federal financial regulators. In response, OFAC reiterated its position that the information it obtains from mandatory blocking and reject reports, as well as from other sources, complemented by information shared under the MOU, enable it to adequately assess compliance at specific institutions and for the overall banking industry. OFAC, however, intends to monitor the situation to assure the usefulness of information from financial institution examinations. Regarding information sharing with other organizations not currently under an MOU, OFAC said it shares information with the Securities and Exchange Commission and others, and is in the process of establishing an MOU with IRS. OFAC will monitor the efficiency and effectiveness of the procedures established and make adjustments as necessary. **(OIG-07-048)**

### **Committee on Foreign Investments in the United States and OFAC Implemented Prior OIG Recommendations**

We conducted an audit to determine whether Treasury had effectively implemented recommendations from two prior OIG reports on Treasury's enforcement of controls on the export of militarily sensitive technology to countries and entities

of concern. The two reports were *Department of the Treasury Efforts to Prevent Illicit Transfers of U.S. Military Technologies*, OIG-00-072 (Mar. 23, 2000) and *Export Enforcement: Numerous Factors Impaired Treasury's Ability to Effectively Enforce Export Controls*, OIG-03-069 (Mar. 25, 2003). This audit was conducted under the auspices of an interagency working group of OIGs.

*We found that OFAC had implemented procedures that fulfilled the intent of these two recommendations but had not formalized the procedures as written policy.*

In our 2000 report, we recommended that the Chair of the Committee on Foreign Investments in the United States (CFIUS) coordinate efforts with other committee members to identify and evaluate all sources of available data that could help identify Exon-Florio non-filers. We found that the procedure CFIUS implemented in response to our recommendation was effective. In our 2003 report, we recommended that the Director of OFAC coordinate with State Department officials to implement an automated process to allow both agencies to track the status of license determination referrals. We also recommended that the Director of OFAC coordinate with Customs officials to ensure that OFAC investigative referrals can be linked to Customs cases. We found that OFAC had implemented procedures that fulfilled the intent of these two recommendations but had not formalized the procedures as written policy.

## SIGNIFICANT AUDITS AND EVALUATIONS

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In our 2007 report we recommended that the Director of OFAC ensure that OFAC develops written policy to formalize the procedures of having (1) monthly meetings with the State Department to review the status of license determination referrals and (2) regular meetings with Immigration and Customs Enforcement (ICE) to review the status of ICE-initiated investigations and OFAC referrals. OFAC concurred with our recommendations. OFAC has drafted a policy memorandum to ensure continued monthly meetings with State Department officials. OFAC also drafted a policy memorandum to ensure continued coordination with criminal law enforcement agencies, including ICE, concerning violations of OFAC regulations. In June 2007, OFAC reported that both memoranda had been distributed. **(OIG-07-040)**

### **OCC Could Further Strengthen Its Ability to Assess Risks to Community Banks Following Emergencies**

*We found that OCC Emergency Event Procedures did not specifically address documenting all important elements of financial condition from at-risk community banks in a consistent manner....*

Following Hurricanes Katrina and Rita, we conducted an audit to determine (1) how prepared OCC was to address the needs of banks and their customers during and immediately after the two hurricanes and (2) OCC's plans and abilities to assess and manage increased risks to banks following emergencies. We

focused our audit on OCC's supervision of community banks.

OCC determined that Hurricanes Katrina and Rita had posed risks to community banks in the Gulf Coast Region. Short-term risks were primarily to the banks' operations, while long-term risks were primarily to the banks' financial condition. OCC evaluated these risks by obtaining assessments from bank management and subsequently performing analyses and examinations. OCC identified 12 community banks as "at-risk" based on their lending exposure in areas most affected by the hurricanes. OCC obtained initial financial information on at-risk community banks within 45 days after Hurricane Katrina and 19 days after Hurricane Rita.

We found that OCC Emergency Event Procedures did not specifically address documenting all important elements of financial condition from at-risk community banks in a consistent manner, nor did the procedures specify timeframes for analyzing the effects of the hurricanes on the at-risk community banks' financial condition. We also found areas where OCC could improve its operational risk assessment of community banks following emergencies as OCC could not provide evidence of contact with all community banks in areas affected by Hurricane Rita. Also, weaknesses existed in the identification of banks in these areas, and OCC had difficulty establishing communication with community banks following Hurricane Katrina.

In its response to our recommendations, OCC agreed to modify its Emergency Event Procedures to incorporate its risk-based approach to supervision. In addition, OCC modified its Southern District procedures to specify documentation of important elements of financial condition of at-risk banks in a consistent manner and to specify timeframes to analyze the effects on the bank's financial condition. OCC also agreed to ensure that its systems include alternative contact information for bank personnel and to develop a methodology to accurately and consistently identify banks that should be monitored during an emergency event. **(OIG-07-038)**

# SIGNIFICANT AUDITS AND EVALUATIONS

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The results of this audit of OCC were in line with that of an audit of OTS discussed in our prior semiannual report.

## Survey of Treasury's Trade Facilitation Operations

Pursuant to a Congressional request, we surveyed Treasury's trade facilitation operations under the auspices of the Trade Promotion Coordinating Committee (TPCC). TPCC was created to provide a unifying interagency framework to coordinate U.S. export promotion and export financing activities and to develop a governmentwide strategic plan for such activities.

*Treasury's primary functions related to trade promotion are to provide support for reducing various trade barriers and creating a level playing field for trade and U.S. exporters, rather than promoting individual U.S. businesses. These functions are performed with a budget of \$3 million.*

Our objectives were to identify (1) the offices involved in trade facilitation within Treasury, (2) the offices' missions and partners in carrying out their missions, (3) how the offices promoted U.S. exports, (4) how the offices measured and reported the results of their trade promotion efforts, and (5) annual Treasury expenditures associated with the promotion of U.S. exports. We also (1) determined what guidance Treasury provided to U.S. representatives at selected multilateral development banks, (2) asked how Treasury tracked the effectiveness of multilateral development banks' trade-capacity-building programs, and (3) determined how Treasury programs or activities are selected for inclusion in the annual National Export Strategy report issued by the Department of Commerce.

Treasury's primary functions related to trade promotion are to provide support for reducing various trade barriers and creating a level playing field for trade and U.S. exporters, rather than promoting individual U.S. businesses. These functions are performed with a budget of \$3 million. Treasury also provides the multilateral development banks' U.S. Executive Directors guidance on policies, loans, and grants, and voting instructions on multilateral development bank project proposals. Treasury tracks the projects to determine whether they are adequately addressing Treasury objectives and expectations and that they comply with legislative mandates. Finally, Treasury's input to the annual National Export Strategy report generally depends on which topics are selected for inclusion by the TPCC Secretariat and Department of Commerce officials.

To address these objectives and make these determinations, we reviewed related documents and interviewed officials and personnel within Treasury and at selected multilateral development banks. We did not issue any recommendations at the conclusion of our review. (OIG-07-039)

## Federal Employee Workers' Compensation Program at Departmental Offices Was Deficient; BEP's Program Was Generally Effective

*DO was unable to locate 10 of the 15 workers' compensation case files that we selected for review.*

The Federal Employees' Compensation Act (FECA) provides compensation benefits to civilian employees of the United States for disability due to personal injury or disease sustained while in the performance

of duty. FECA also provides for payment of benefits to an employee's dependents if a work-related injury or disease causes the employee's death. We conducted audits at DO and BEP to

## SIGNIFICANT AUDITS AND EVALUATIONS

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determine whether they have effective programs in place to monitor employees receiving workers' compensation payments. Our findings are summarized below:

- DO did not (1) monitor the status of cases on the periodic rolls, (2) maintain adequate case files, (3) institute a return-to-work program, (4) review quarterly FECA chargeback reports for errors or potential program abuse, or (5) establish written policies and procedures for this activity. DO was unable to locate 10 of the 15 workers' compensation case files that we selected for review.
- Overall, BEP has an effective program to monitor employees receiving workers' compensation payments but does not have written internal guidelines to address case file management and to monitor the status of overpayments.

We made recommendations to address the issues we found, and DO and BEP concurred with the recommendations. As a result of our review, DO is evaluating the feasibility of outsourcing the administration of this program. BEP intends to develop and implement internal guidelines to monitor the status of workers' compensation cases by January 2008. **(OIG-07-043 and OIG-07-049)**

### **The Mint Has Taken Action to Improve Its Purchase Card Program**

We reviewed corrective actions taken by the Mint in response to five of the nine recommendations we made in our report *Manufacturing Operations: Control Weaknesses and Poor Management Oversight in the Mint's Purchase Card Program*, OIG-04-029 (Mar. 2, 2004). These recommendations involve modifying Mint purchase card policy, improving agency program coordinator oversight of the program, strengthening documentation requirements, and enhancing training materials for and training compliance by participants in the program. We found that the corrective actions taken by the Mint adequately responded to the five recommendations. **(OIG-07-036)**

## SIGNIFICANT INVESTIGATIONS

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### Improper Payments Initiative

OIG continues to proactively participate in identifying potentially fraudulent federal benefit and assistance payments warranting further investigation. The President's Management Agenda specifically identified the erroneous disbursement of federal benefit and assistance payments as an agenda item. In keeping with the President's recognition of this financial vulnerability and to better provide accountability to the public, we initiated a cooperative effort with our partner OIGs to review benefit and assistance programs that are vulnerable to fraud.

Since the start of this initiative, we have worked closely with our counterparts at the Social Security Administration (SSA), the Railroad Retirement Board (RRB), the Veterans Administration (VA), and other federal agencies. This joint effort resulted in the identification of 88 potential violators who unlawfully obtained approximately \$5.9 million in potential federal benefits. In addition, these joint efforts have resulted in the arrest of 20 individuals, the conviction of 14, restitutions of \$530,950, and the recovery of \$85,404. Details on convictions, guilty pleas, indictments, and arrests during this semiannual period resulting from this initiative are as follows:

*Jorge Borges unlawfully converted and negotiated SSA benefit checks issued to his deceased wife.*

A joint investigation by the Treasury OIG and the SSA OIG disclosed that Jorge Borges unlawfully converted and negotiated SSA benefit checks issued to his deceased wife. On December 15, 2006, Borges was indicted by a federal grand jury in the Southern District of Florida on one count of theft and seven counts of forgery. On February 6, 2007, Borges pled guilty to one count of theft of government funds. On April 27, 2007, he was sentenced to imprisonment for 6 months and supervised release for 3 years. In addition, he was ordered to pay a court assessment of \$100 and restitution of \$7,330.

*The investigation disclosed that Diaz improperly converted and negotiated SSA benefit checks in the estimated amount of \$26,000.*

A joint investigation by the Treasury OIG, the SSA OIG, ICE, and the United States Postal Inspection Service resulted in the March 7, 2007, indictment of Jose Diaz by a federal grand jury on theft and identity fraud charges, and his subsequent arrest on March 28, 2007. The investigation disclosed that Diaz improperly converted and negotiated SSA benefit checks in the estimated amount of \$26,000. On August 6, 2007, Diaz pled guilty in United States District Court for the Eastern District of North Carolina to one count of aggravated identity theft. Diaz is scheduled for sentencing in December 2007.

*The two-count indictment charged each subject with the unlawful taking of VA benefits....*

A joint investigation by the Treasury OIG and the VA OIG resulted in the indictment and arrest of four Georgia residents. On April 27, 2007, the four subjects were indicted on theft and identity fraud charges by a grand jury in Fulton County, Georgia. The two-count indictment charged each subject with the unlawful taking of VA benefits, which were issued via U.S. Treasury checks, and the fraudulent use of the identity of the intended VA benefits

## SIGNIFICANT INVESTIGATIONS

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recipient. The investigation determined that an estimated \$40,000 was disbursed following the death of the intended recipient.

*The investigation determined that approximately \$69,000 in VA benefit payments was issued to the subject's mother ...after her recorded death in December 2002.*

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

*Matthew or Lisa Drum withdrew approximately \$13,750 from the bank account of the deceased payee and converted it to their personal use.*

A joint investigation by the Treasury OIG and the VA OIG disclosed that Matthew and Lisa Drum unlawfully obtained VA benefit funds initially intended for an individual who died in October 2003. It was determined that from approximately October 2003 through December 2004, Matthew or Lisa Drum withdrew approximately \$13,750 from the bank account of the deceased payee and converted it to their personal use. Matthew Drum and Lisa Drum were both arrested and charged with theft, forgery, and identity fraud in the Superior Court of Douglas County, Douglas County, Georgia. On May 10, 2007, Matthew Drum pled guilty to one count of theft by taking and eleven counts of forgery. He was subsequently sentenced to 10 years of confinement on the theft charge, 10 years of confinement on one forgery charge (to run consecutively), and 10 years of confinement on the ten additional forgery charges (to run concurrently with the 10 years confinement on the theft charge, with credit for time served since February 2, 2007). On August 16, 2007, Lisa Drum pled guilty to one count of theft by taking and eleven counts of forgery. She was subsequently sentenced to 5 years of confinement on the theft charge, and 5 years of confinement on the eleven additional forgery charges, to run concurrently with the 5 years confinement on the theft charge. However, the court deemed that the sentence could be served on probation. Matthew and Lisa Drum were both ordered to pay joint restitution of \$11,000.

*[T]he defendant unlawfully converted VA benefits to her personal use, following her grandmother's death in May 2005.*

A joint investigation by the Treasury OIG and the VA OIG resulted in the July 20, 2007, sentencing of a Georgia resident, as part of a Pretrial Diversion Program in the State Court of Stephens County, Georgia. The defendant, Janelle Pittman, who was charged with eleven counts of theft by deception, was sentenced to confinement for 12 months, which may be served on probation for 8 years. In addition, the subject was ordered to pay restitution of \$5,054 and a court fine of \$1,100. The investigation disclosed



## SIGNIFICANT INVESTIGATIONS

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that the defendant unlawfully converted VA benefits to her personal use following her grandmother's death in May 2005.

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

- On March 27, 2007, two Ohio residents, Sophia Austin and April Ayers, were indicted by a federal grand jury in the Northern District of Ohio for the theft of government funds after joint Treasury OIG and RRB OIG investigations revealed that the individuals had unlawfully received federal payments. Austin was charged with the theft of government funds for her alleged negotiation of Treasury checks issued in the name of her deceased mother. Since her mother's death, in November 1994, Austin assumed the identity of her mother and unlawfully obtained RRB widow-annuitant benefits totaling more than \$186,000. Ayers was charged with the theft of government funds for her unlawful receipt of RRB unemployment payments totaling more than \$7,000, relating to her alleged filing of false unemployment claims.

**Update:** In June 2007, Ayers and Austin each pled guilty to one count of violation of 18 U.S.C. §641, Public Money, Property or Records. On August 28, 2007, Ayers was sentenced to 3 years of probation and ordered to pay restitution to RRB of \$7,056. On September 14, 2007, Austin, who had been held in pretrial detention since June 2007, was sentenced to 37 months incarceration (with credit for time served), followed by 3 years of supervised release, and ordered to pay restitution to RRB of \$186,358.

- A joint Treasury OIG and Office of Personnel Management OIG investigation revealed that Thomas Hatchell fraudulently obtained civil service retirement benefits that were initially intended for his mother, who died in October 1997. The Office of Personnel Management determined that since the mother's death, \$156,429 was paid via electronic funds transfer to her account. Hatchell wrote several checks to himself against the account to illegally access the funds. On January 29, 2007, Hatchell pled guilty in the United States District Court for the Eastern District of Virginia to one count of theft and conversion of government funds.

**Update:** On May 4, 2007, Hatchell was sentenced to 3 years of probation, including 6 months of home confinement, and ordered to pay \$156,429 in restitution to the Office of Personnel Management and an assessment in the amount of \$100.

- Joint Treasury OIG and VA OIG investigations revealed that Hope Byrd and Cleophas Kimbrough, Jr., residents of Mobile County, Alabama, received, possessed, and converted to their own use VA benefit checks that were sent to their respective deceased mothers. From the time of their mothers' deaths in 2003, until the payments were discontinued in 2006, Byrd improperly received approximately \$22,000 and Kimbrough improperly received approximately \$12,000. In January 2007, both individuals were separately indicted by a federal grand jury in the United States District Court for the Southern District of Alabama on ten counts of mail fraud. In March 2007, Byrd and Kimbrough each pled guilty to one count of mail fraud.

## SIGNIFICANT INVESTIGATIONS

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**Update:** On June 11, 2007, Byrd was sentenced to 5 years of probation, including 3 months of home confinement. She was also ordered to pay \$28,121 in restitution to VA and a \$100 assessment. On June 29, 2007, Kimbrough was sentenced to imprisonment for 1 year and 1 day (with credit for time served) and upon his release is to be on supervised release for 3 years. In addition, Kimbrough was ordered to pay restitution of \$14,165 and an assessment of \$100.

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### Other Significant Investigations

#### Former Mint Contractor Is Debarred

A Treasury OIG investigation resulted in the debarment of Jamie Franki, a former design contractor for the Mint. The debarment prohibits Franki from participating in U.S. government procurements and is effective for 3 years from the debarment date of September 6, 2007.

*Franki...submitted impermissibly derived artwork to the Mint for the American Eagle Platinum Coin series.*

Our investigation revealed that Franki, who served as an artistic designer for Mint coins, submitted impermissibly derived artwork to the Mint for the American Eagle Platinum Coin series. It was determined that Franki falsified his design

submission after creating a derivative illustration of work by the artist John Pezzenti, from a book called *The American Eagle*, and certifying it to be his own original work. The Mint terminated Franki's contract in 2006.

#### Former Office of Technical Assistance Contractor Is Debarred

A Treasury OIG investigation resulted in the debarment of Melville Brown, a former personal services contractor of the Office of Technical Assistance. The debarment prohibits Brown from participating in U.S. government procurements and is effective for 3 years from the debarment date of August 7, 2007.

*Brown...submitted six fraudulent vouchers to Treasury, related to expenses incurred for self-storage rental space in Bonita Springs, Florida.*

Our investigation revealed that Brown, who served as a Resident Banking Advisor in Kiev, Ukraine, submitted six fraudulent vouchers to Treasury related to expenses incurred for self-storage rental space in Bonita Springs, Florida. It was determined that Brown falsified invoices related to these expenses by claiming a rental cost of \$450 per month when the actual rental cost for the storage was only \$159 per month. In total, Brown received reimbursement for storage expenses in excess of \$10,000. The Office of Technical Assistance terminated Brown's contract in July 2004.

#### OCC Employees Receive Counseling for Ethics and Improper Disclosure Violations

An OCC employee was found to have improperly engaged in outside employment by performing contract loan closing services for a company that was found to be an affiliate of a

## SIGNIFICANT INVESTIGATIONS

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national bank. Additionally, the subject violated government ethical standards of conduct by not obtaining the requisite prior approval from both his supervisor and the OCC ethics counsel. As a result of our investigation, the employee was verbally cautioned by his supervisor.

A Treasury OIG investigation concerning another OCC employee disclosed that the employee improperly released sensitive information regarding a national bank to a person not entitled to the information before the bank made the information public. The employee was issued a written memorandum of counseling by his supervisor.

### **BEP Police Officers Receive Suspensions, Letters of Reprimand, and Counseling for Forwarding Pornographic E-mails**

*[T]welve BEP police officers were involved in receiving, viewing, forwarding, sending, and/or savings sexually explicit or inappropriate images while using a government computer on duty.*

A Treasury OIG investigation disclosed that twelve BEP police officers were involved in receiving, viewing, forwarding, sending, and/or saving sexually explicit or inappropriate images while using a government computer on duty. The determination was based on the computer forensic analysis of e-mail conducted by the Treasury OIG

computer forensics specialist and through subject interviews. On May 16, 2007, BEP advised us that as a result of our investigation, four subjects received suspensions, two subjects received letters of reprimand, and two subjects received letters of warning.

### **Mint Employee Is Terminated for Abusing Public Transportation Incentive Program**

A Treasury OIG investigation found that a Mint employee used a counterfeit Mint parking pass to park his privately owned vehicle in the Mint parking garage while he was enrolled in the Mint Public Transportation Incentive Program. At the time of the investigation, the Mint provided up to \$105 per month to Mint employees who qualify for the program. On March 26, 2007, the Mint advised us that the employee had been terminated.

*[A] Mint employee used a counterfeit Mint parking pass to park his privately owned vehicle in the Mint parking garage while he was enrolled in the Mint Public Transportation Incentive Program....*

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

### **Former BEP Employee Is Convicted of Scheme to Defraud Federal Employee Workers' Compensation Program**

As previously reported, the Treasury OIG, the Department of Labor OIG, and the Federal Bureau of Investigation jointly investigated the fraudulent receipt of workers' compensation by former BEP employee Sherman Berry. The investigation determined that Berry, who had been receiving workers' compensation since approximately March 1992, submitted fraudulent documentation in support of his claim and fraudulently received benefits in an extensive

## SIGNIFICANT INVESTIGATIONS

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workers' compensation fraud scheme. In February 2006, Berry was indicted by a federal grand jury in the District of Columbia on three counts of making false statements to obtain federal employees' compensation, three counts of wire fraud, and one count of making false statements. On February 1, 2007, a jury returned a guilty verdict on all seven counts.

**Update:** On May 4, 2007, Berry was sentenced to 3 years of incarceration and 3 years of supervised release upon his release from incarceration. In addition, he was ordered to pay restitution of \$290,000 and an assessment of \$700.

### **Joint Investigation Leads to Conviction for Workers' Compensation Fraud**

As previously reported, a joint investigation by Treasury OIG and the United States Postal Service OIG resulted in the December 19, 2006, indictment of Bobbie Thomas by a federal grand jury in the United States District Court for the District of South Carolina on one count of workers' compensation fraud. The investigation disclosed that Thomas participated in physically arduous outside employment activities while claiming disability from a back injury and certifying to the Office of Workers' Compensation Programs that she had not received any wages while claiming disability. Thomas received an estimated \$100,000 in workers' compensation benefits from the Office of Workers' Compensation Programs.

**Update:** On May 14, 2007, Thomas entered a guilty plea in the United States District Court for the District of South Carolina. Thomas was sentenced on September 25, 2007, to probation for 2 years and ordered to pay restitution of \$35,553 and a special assessment fee of \$100.

### **Joint Fraud Investigation Leads to Conviction of Maryland Resident**

As previously reported, as a result of a joint Treasury OIG and U.S. Secret Service investigation, Edward Everett Brown, Jr., a resident of Silver Spring, Maryland, was indicted on three counts by a federal grand jury in the District of Columbia for attempting to defraud the Treasury Federal Credit Union when he attempted to negotiate two fictitious obligations (in the amounts of \$2.9 million and \$5.5 million) at two of the credit union's locations in Washington, DC. The defendant was indicted on one count of bank fraud and two counts of uttering fictitious obligations. When the case went to trial in April 2007, the jury was unable to reach a unanimous verdict, resulting in a mistrial.

**Update:** The case was retried in July 2007. On August 3, 2007, a federal jury in the District of Columbia found Brown guilty on one count of bank fraud and two counts of uttering fictitious obligations. Brown faces a maximum of 25 years in prison.

## OTHER OIG ACCOMPLISHMENTS AND ACTIVITY

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### Treasury OIG Hosts Indonesian Delegation

In June 2007, Acting Inspector General Schindel and OIG executives met with governmental representatives from the Republic of Indonesia to discuss the mission of U.S. government Inspectors General and the Treasury OIG. Attending from Indonesia were Dr. Hekinus Manao, Director of Accounting and Financial Reporting, Ministry of Finance; Mr. Krishna Pandji, Inspector, Ministry of Finance; Mr. Iskandar, Inspector, Ministry of State Apparatus; Mr. Djoko Santoso, Inspector, Ministry of Home Affairs; Mr. Setia Budi, Director of State Apparatus, National Development Planning Agency; and Dr. Meidyah Indreswari, Auditor Analyst, Development Supervisory Agency. Also participating in the briefing, which was arranged by the Department's Office of International Affairs, was James Lingeback, Director of the Office of Accounting and Internal Control.

*Acting IG Schindel and OIG staff meet with Indonesian officials to discuss the OIG mission.*



### PCIE Awards

At the annual joint President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency (ECIE) ceremony on October 23, 2007, Treasury OIG received three Awards for Excellence in recognition of its audit and investigative work. The achievements recognized were as follows:

- An audit that found that OCC did not take strong enforcement action against Wells Fargo Bank despite 5 years of BSA compliance program deficiencies.
- Audits of OCC and OTS examinations for OFAC compliance that found better documentation of regulator oversight was needed.
- The interagency Improper Payments Initiative, which is aimed at identifying and prosecuting those individuals who have fraudulently received federal benefit payments.

## OTHER OIG ACCOMPLISHMENTS AND ACTIVITY

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Also recognized with an individual Award for Excellence was **Joel Grover**, Deputy Assistant Inspector General for Financial Management and Information Technology Audits, for his leadership and promotion of excellence in federal financial management as the chair of the Financial Statement Audit Network over the last 10 years.

*OIG staff at PCIE/ECIE award ceremony: Steve Syriala (award recipient), Bob Taylor, Acting Inspector General Dennis Schindel, Marla Freedman, Brian Crane (award recipient), Joel Grover (award recipient), Nick Swanstrom, and Mark Ossinger (award recipient).*



### **OIG Executive Recognized by Texas A&M University – Corpus Christi**

In September 2007, **Joel Grover** was recognized with the Dean’s Appreciation Award for his participation in a panel discussion on careers in government attended by accounting students at the Texas A&M College of Business. The panel was part of a semiannual meeting of American Institute of Certified Public Accountants Government Performance and Accountability Committee, of which Mr. Grover is a member.

### **Treasury OIG Special Agent Recipient of Department of Justice Law Enforcement Award**

In May 2007, Treasury OIG Special Agent **Jason Weber** was recognized for his service at the U.S. Department of Justice’s Twenty-Seventh Annual Law Enforcement Awards Ceremony. Along with agents of the United States Postal Inspection Service and the U.S. Secret Service, Special Agent Weber received an award for his work as part of the joint investigation of Jeffrey Rothschild, who was convicted of bank fraud, mail fraud, and money laundering in a scheme to defraud the Federal Emergency Management Agency of more than \$100,000 in relief funds intended for victims of Hurricanes Katrina and Rita. In February 2007, Rothschild was sentenced to 102 months of incarceration and 36 months of supervised release and was ordered to pay restitution of \$129,139.

## OTHER OIG ACCOMPLISHMENTS AND ACTIVITY

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### **OIG Leadership Roles in the Federal Audit Executive Council**

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

As chair of the FAEC Training Committee, **Marla Freedman**, Assistant Inspector General for Audit, worked with other committee members to redefine the committee's purpose. As discussed in previous semiannual reports, the committee's focus had been to review course offerings by the Inspectors General Auditor Training Institute, which ceased operations in January 2007. Going forward, the committee plans to promote and support auditor training by (1) developing standard statements of work to contract for auditing courses, (2) maintaining a website to facilitate information sharing on sources of training and training partnering/sharing opportunities, and (3) providing review services for training courses.

**Joel Grover** serves as co-chair of the FAEC Financial Statements Committee and is actively involved in developing and coordinating FAEC positions on a variety of accounting and auditing issues related to federal financial reporting. The committee also jointly sponsors with the Government Accountability Office an annual federal financial accounting and auditing update conference.

**Bob Taylor**, Deputy Assistant Inspector General for Performance Audits, is leading a multi-agency effort to update the PCIE/ECIE guide for external peer reviews of federal audit organizations. External peer reviews are required every 3 years under *Government Auditing Standards*. The updated guide will incorporate the requirements of the 2007 revision to those auditing standards.

### **Participation in Hurricane Katrina Fraud Task Force Continues**

We continued our participation in the Hurricane Katrina Fraud Task Force. The task force was established in 2005; its mission is to detect, deter, prevent and punish those who engage in criminal conduct in the wake of the devastation caused by Hurricanes Katrina, Rita, Wilma, Frances, and Jeanne. Since our last semiannual report, we have detailed two agents to the Department of Homeland Security OIG to assist with investigations involving Katrina-related fraud. The agents have developed leads toward the opening of 15 federal criminal investigations. These ongoing investigations have led to two federal grand jury indictments, and additional indictments are expected. To date, more than 400 individuals have been charged with various hurricane fraud-related violations, involving millions of dollars.

Among the cases highlighted in the Hurricane Katrina Fraud Task Force's First Year Report to the Attorney General was the joint investigation by Treasury OIG, the United States Postal Inspection Service, and the U.S. Secret Service of Jeffrey Rothschild.

## OTHER OIG ACCOMPLISHMENTS AND ACTIVITY

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### **Treasury OIG Continues Participation in U.S. Secret Service–Sponsored Fraud Task Forces**

During this reporting period, we participated in the execution of numerous federal and state search and arrest warrants and other investigative activities with the U.S. Secret Service, Baltimore Fraud Task Force and Washington Metro Area Task Force. One notable case involved the theft and negotiation of nine Treasury checks with a value totaling approximately \$265,000. Additionally, in August and September 2007, we assisted the U.S. Secret Service, United States Postal Inspection Service, and the SSA OIG with an investigation involving theft and negotiation of Treasury checks in Baltimore, Maryland.

### **Treasury OIG Participates in Special Olympics Law Enforcement Torch Run**

On June 8, 2007, OI participated in the 22<sup>nd</sup> Annual Law Enforcement Torch Run organized by the Special Olympics, District of Columbia. The annual project helps unify the law enforcement community in a common goal and displays its commitment to the community's children and adults with intellectual disabilities. Proceeds from the event help fund the Special Olympics Summer Games.



# STATISTICAL SUMMARY

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## **Summary of OIG Activity**

*For the 6 Months Ended September 30, 2007*

<b>OIG activity</b>	<b>Number or dollar value</b>
<b><i>Office of Counsel activity</i></b>	
Regulation and legislation reviews	14
Instances where information was refused	0
<b><i>Office of Audit activities</i></b>	
Reports issued (audits and evaluations)	14
Disputed audit recommendations	0
Significant revised management decisions	0
Management decision in which the IG disagrees	0
<b>Monetary benefits (Audit)</b>	
Questioned costs	\$0
Funds put to better use	\$0
Revenue enhancements	\$0
Total monetary benefits	\$0
<b><i>Office of Investigations activities</i></b>	
<b>Cases (investigations and inquiries)</b>	
Opened in the reporting period	68
Closed in the reporting period	128
Total cases in progress (as of 9/30/2007)	239
<b>Criminal and judicial actions (includes joint investigations)</b>	
Cases referred for prosecution	95
Cases accepted for prosecution	0
Arrests	6
Indictments/information	4
Convictions (by trial and plea)	8
Imprisonment (months)	331
Probation/supervised release (months)	636
Total monetary results (fines/restitutions/recoveries) includes joint investigations	\$793,070
<b>Administrative sanctions</b>	
Total adverse personnel actions taken	45
Contractor suspensions/debarments	2
<b>Oversight activities</b>	
Prevention and detection briefings	25

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# STATISTICAL SUMMARY

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## ***Significant Unimplemented Recommendations***

*For Reports Issued Prior to September 30, 2007*

<u>Number</u>	<u>Date</u>	<u>Report Title and Recommendation Summary</u>
OIG-03-007	10/02	<p><i>Terrorist Financing/Money Laundering: Controls Over FinCEN's Law Enforcement Data Need Improvement</i></p> <p>The FinCEN Director should establish a formal process for approving, transmitting, and maintaining system access authorization forms to reduce the risks associated with granting excessive or unauthorized access privileges, alterations, misunderstandings, and mishandled forms. (1 recommendation)</p>
OIG-04-035	6/04	<p><i>General Management: Controls Over Security Need to be Improved at the Bureau of Engraving and Printing</i></p> <p>The BEP Director should complete plans for the bureau's Integrated Security Systems and install its security upgrade systems expeditiously. (1 recommendation)</p>
OIG-05-032	3/05	<p><i>Terrorist Financing/Money Laundering: Office of Terrorist Financing and Financial Crimes Needs to Refine Measures for Its Performance Budget and Implement a Data Collection and Reporting System</i></p> <p>The Assistant Secretary for Terrorist Financing should ensure that the Office of Terrorist Financing and Financial Crime (1) implements the recently proposed performance measures, adjusted as appropriate based on planned discussions with OMB, and include the measures in the Department's fiscal year 2006 budget submission; (2) implements routine data collection and reporting procedures to help manage its operation and report on its performance measures; (3) creates a mechanism that will allow the office to regularly gather reliable data for organizations outside of Treasury; and (4) develops methods to assess the completeness and reliability of its performance measurement data. (4 recommendations)</p>
OIG-05-043	8/05	<p><i>Information Technology: Effective Security Controls Needed to Mitigate Critical Vulnerabilities in Departmental Offices' Networked Information Systems</i></p> <p>Due to the sensitive nature of the findings and recommendations, we designated the report Limited Official Use. Two recommendations in the report have not been implemented.</p>
OIG-06-010	12/05	<p><i>Bill and Coin Manufacturing: The Bureau of Engraving and Printing Should Ensure That Its Currency Billing Rates Include All Costs and That Excess Working Capital Is Deposited in the General Fund</i></p> <p>BEP should ensure that currency billing rates consider the full cost of operations, including imputed costs such as the imputed cost of employee benefits paid by the Office of Personnel Management. To the extent that the currency rates result in excess monies to the BEP revolving fund, they should be deposited as miscellaneous receipts to the Treasury general funds. (1 recommendation)</p>

## STATISTICAL SUMMARY

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Because this recommendation involves a policy issue with government-wide implications, the Department referred the matter to OMB. Resolution is pending.

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- OIG-06-020    12/05    *Management Letter for Fiscal Year 2005 Audit of the Federal Financing Bank's Financial Statements*  
The Federal Financing Bank should formally document its system development methodology and configuration management plans. (1 recommendation)
- 
- OIG-06-021    1/06    *Management Letter for Fiscal Year 2005 Audit of the Department of the Treasury's Financial Statements*  
The CFO should: (1) immediately begin the strategic human capital planning necessary to ensure that the offices will have the knowledge, skill, and abilities it needs to meet its mission; (2) as part of its planning effort, consider what actions can be taken now without additional staff, to ensure that if a key staff member is unexpectedly unavailable to perform his or her duties that the officers' mission will be met with minimal disruption; (3) have the Department research and determine whether component reporting entities reporting on a basis other than federal generally accepted accounting principles are required to do so by statute; (4) ensure that all reporting entities within the Department prepare their financial statements in accordance with federal generally accepted accounting principles unless statutorily required to report in accordance with a different basis of accounting; (5) prepare written operating procedures with accompanying rationale as to why the proprietary accounts chosen approximate budgetary definitions; (6) request approval from OMB for the definitions the Department uses to translate Exchange Stabilization Fund (ESF) proprietary accounts to budgetary line items to prepare Statements of Budgetary Resources and Financing, recognizing that standard federal budgetary definitions do not apply to ESF's investment portfolio fund; (7) explore with OMB alternative ways of providing meaningful, accurate, and consistent data on ESF in the President's Budget and how the information should be reported in the governmentwide financial statements and Fund Balance with Treasury balances; (8) develop and implement policies to require storage of backup tapes in fireproof boxes so that they will be protected in the event of a disaster; and (9) develop, implement, and test a continuity of operations plan and a disaster recovery plan for the Treasury Information Executive Repository and CFO Vision applications. Additionally, this plan should be tested annually upon implementation. (9 recommendations)
- 
- OIG-06-023    1/06    *Audit of the Department of the Treasury Forfeiture Fund's Fiscal Years 2005 and 2004 Financial Statements*  
The Treasury Forfeiture Fund should (1) for all common support costs not directly traceable to individual seizures, develop and implement an allocation process and (2) pursue the enhancement of the Seized Assets and Case Tracking System capabilities to record and report total expenses at the asset level. (2 recommendations)
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## STATISTICAL SUMMARY

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- OIG-06-030 5/06 *Terrorist Financing/Money Laundering: FinCEN Has Taken Steps to Better Analyze Bank Secrecy Act Data but Challenges Remain*  
FinCEN should enhance the current FinCEN Database system or acquire a new system. An improved system should provide for complete and accurate information on the case type, status, resources, and time expended in performing the analysis. This system should also have the proper security controls to maintain integrity of the data. (1 recommendation)
- 
- OIG-06-034 8/06 *Bank Secrecy Act: OCC Did Not Take Formal Enforcement Action Against Wells Fargo Bank for Significant BSA Deficiencies*  
The Comptroller of the Currency should closely monitor Wells's implementation of its BSA compliance plan and, if implementation is not adequate or timely, swiftly take appropriate formal enforcement action (e.g., a cease and desist order). (1 recommendation)
- 
- OIG-06-040 9/06 *Information Technology: Effective Security Controls Needed to Mitigate Critical Vulnerabilities in the Office of the Comptroller of the Currency's Networked Information Systems*  
Due to the sensitive nature of the findings and recommendations, we designated the report Limited Official Use. Three recommendations in the report have not been implemented.
- 
- OIG-06-042 9/06 *Information Technology: OCC Disaster Recovery Procedures Need to be Improved*  
Due to the sensitive nature of the findings and recommendations, we designated the report Limited Official Use. One recommendation in the report has not been implemented.
- 
- OIG-06-043 9/06 *Revenue Protection: TTB's Revenue Protection Audits Target the Largest Taxpayers*  
The Administrator of the Alcohol and Tobacco Tax and Trade Bureau should improve federal excise tax controls over Electronic Fund Transfer payments to ensure accurate and reliable taxpayer account histories. The entire account history needs to include adjustments and correcting entries.
- 
- OIG-06-044 9/06 *Foreign Assets Control: Assessing OTS's Examination of OFAC Compliance Was Hampered by Limited Documentation*  
The Director of OTS should ensure that OTS examiners (1) use the pertinent policies and procedures in the FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual and in the OTS Examination Handbook and policy directives when examining thrifts for OFAC compliance and (2) use the OFAC scoping and planning procedures from the FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual to document the OFAC procedures performed and include the procedures and the basis for OFAC conclusions in the workpapers. (2 recommendations)

# STATISTICAL SUMMARY

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This list of OIG audit reports with unimplemented recommendations is based on information in Treasury's automated audit recommendation tracking system, which is maintained by Treasury management officials.

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## ***Summary of Instances Where Information Was Refused***

*April 1, 2007, through September 30, 2007*

There were no such instances during this period.

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

*April 1, 2007, through September 30, 2007*

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

*Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Bureau of the Public Debt's Administrative Resource Center for the Period July 1, 2006 to June 30, 2007, OIG-07-044, 8/17/07*

*Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Bureau of the Public Debt's Federal Investments Branch for the Period August 1, 2006 to July 31, 2007, OIG-07-046, 9/11/07*

*Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Bureau of the Public Debt's Trust Fund Management Branch for the Period August 1, 2006 to July 31, 2007, OIG-07-047, 9/11/07*

### **Information Technology Audits and Evaluations**

*Information Technology: Treasury Successfully Demonstrated its TCS Disaster Recovery Capability, OIG-07-041, 6/25/07*

*Information Technology: BEP Improved Controls Over Its Computer Security Incidence Response Capability (Corrective Action Verification on OIG-05-039), OIG-07-045, 9/11/07*

*Information Technology: Fiscal Year 2007 Evaluation of Treasury's FISMA Implementation for Its Non-IRS Intelligence Systems (Classified Report), OIG-CA-07-008, 8/9/07*

### **Performance Audits**

*Manufacturing Operations: The Mint Has Taken Action to Improve Its Purchase Card Program (Corrective Action Verification on OIG-04-029), OIG-07-036, 4/5/07*

*Safety and Soundness: OCC Could Further Strengthen Its Ability to Assess Risks to Community Banks Following Emergencies, OIG-07-038, 5/25/07*

*International Assistance: Survey of Treasury's Trade Facilitation Operations, OIG-07-039, 5/29/07*

# STATISTICAL SUMMARY

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*Export Controls: CFIUS and OFAC Implemented Prior OIG Recommendations, OIG-07-040, 6/12/07*

*General Management: Departmental Offices Did Not Have an Effective Workers' Compensation Program, OIG-07-043, 7/13/07*

*Foreign Assets Control: Actions Have Been Taken to Better Ensure Financial Institution Compliance With OFAC Sanction Programs, But Their Effectiveness Cannot Yet Be Determined, OIG-07-048, 9/20/07*

*General Management: BEP Generally Has an Effective Program to Monitor Employees Receiving Workers' Compensation Payments, OIG-07-049, 9/20/07*

## Supervised Contract Audit

*Contract Audit: Audit Report on Contract Audit Closing – Metrica Contract TOS-97-16, OIG-07-037, 4/30/07*

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## **Audit Reports Issued With Questioned Costs**

*April 1, 2007, through September 30, 2007*

Category	Total		
	No. of reports	Questioned costs	Unsupported costs
For which no management decision had been made by beginning of reporting period	2	\$12,433,093	0
Which were issued during the reporting period	0	\$0	0
Subtotals	2	\$12,433,093	0
For which a management decision was made during the reporting period	2	\$12,433,093	0
dollar value of disallowed costs	2	\$12,433,093	0
dollar value of costs not disallowed	0	\$0	0
For which no management decision had been made by the end of the reporting period	0	\$0	0
For which no management decision was made within 6 months of issuance	0	\$0	0

A "Questioned Cost" denotes that one or more of the following three situations exist: (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

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## STATISTICAL SUMMARY

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

*April 1, 2007, through September 30, 2007*

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

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

*as of September 30, 2007*

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

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

*April 1, 2007, through September 30, 2007*

There were no significant revised management decisions during the period.

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

*April 1, 2007, through September 30, 2007*

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

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## REFERENCE TO THE INSPECTOR GENERAL ACT

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Reference	Requirement	Page
Section 4(a)(2)	Review of legislation and regulations	27
Section 5(a)(1)	Significant problems, abuses, and deficiencies	9-23
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	9-22
Section 5(a)(3)	Significant unimplemented recommendations described in previous semiannual reports	28-31
Section 5(a)(4)	Matters referred to prosecutive authorities	27
Section 5(a)(5)	Summary of instances where information was refused	31
Section 5(a)(6)	List of audit reports	31-32
Section 5(a)(7)	Summary of significant reports	9-22
Section 5(a)(8)	Audit Reports with questioned costs	32
Section 5(a)(9)	Recommendations that funds be put to better use	33
Section 5(a)(10)	Summary of audit reports issued before the beginning of the reporting period for which no management decision has been made	33
Section 5(a)(11)	Significant revised management decisions made during the reporting period	33
Section 5(a)(12)	Management decisions with which the Inspector General is in disagreement	33
Section 5(a)(13)	Instances of unresolved FFMIA non-compliance	10
Section 5(d)	Serious or flagrant problems, abuses or deficiencies	N/A
Section 6(b)(2)	Report to Secretary when information or assistance is unreasonably refused	N/A



## ABBREVIATIONS

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BEP	Bureau of Engraving and Printing
BPD	Bureau of the Public Debt
BSA	Bank Secrecy Act
CFIUS	Committee on Foreign Investments in the United States
CFO	Chief Financial Officer
DO	Departmental Offices
ECIE	Executive Council on Integrity and Efficiency
ESF	Exchange Stabilization Fund
FAEC	Federal Audit Executive Council
FECA	Federal Employees Compensation Act
FFIEC	Federal Financial Institutions Examination Council
FFMIA	Federal Financial Management Improvement Act of 1996
FinCEN	Financial Crimes Enforcement Network
FISMA	Federal Information Security Management Act of 2002
FMS	Financial Management Service
GMRA	Government Management Reform Act of 1994
ICE	Immigration and Customs Enforcement
IG	Inspector General
IPA	Independent Public Accountant
IRS	Internal Revenue Service
IT	information technology
MCA	managerial cost accounting
MOU	memorandum of understanding
OA	Office of Audit
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Assets Control
OI	Office of Investigations
OIG	Office of Inspector General
OMB	Office of Management and Budget
OTS	Office of Thrift Supervision
PCIE	President's Council on Integrity and Efficiency
PIIRMG	Personally Identifiable Information Risk Management Group
RRB	Railroad Retirement Board
SSA	Social Security Administration
TCS	Treasury Communications System
TPCC	Trade Promotion Coordinating Committee
VA	Department of Veterans Affairs

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With its colossal colonnade, Treasury's stone exterior was a bold move toward creating a façade unlike any other in Washington. Robert Mills' design for the new Treasury bore little resemblance to its brick-clad Georgian predecessor that was identical to the State, War, and Navy Department buildings flanking the east and west sides of the White House.



*This photograph, taken between 1862-1866, shows the stylistic contrast between the Greek Treasury façade, seen at the left side of the photograph, and the Georgian State Department Building, seen at the right side of the photograph. The State Department building was demolished in 1866 to allow for Treasury's North wing addition.  
(Source: Office of the Curator)*

## contact us

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

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

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

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

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

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



Treasury OIG Hotline  
Call Toll Free: 1.800.359.3898

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