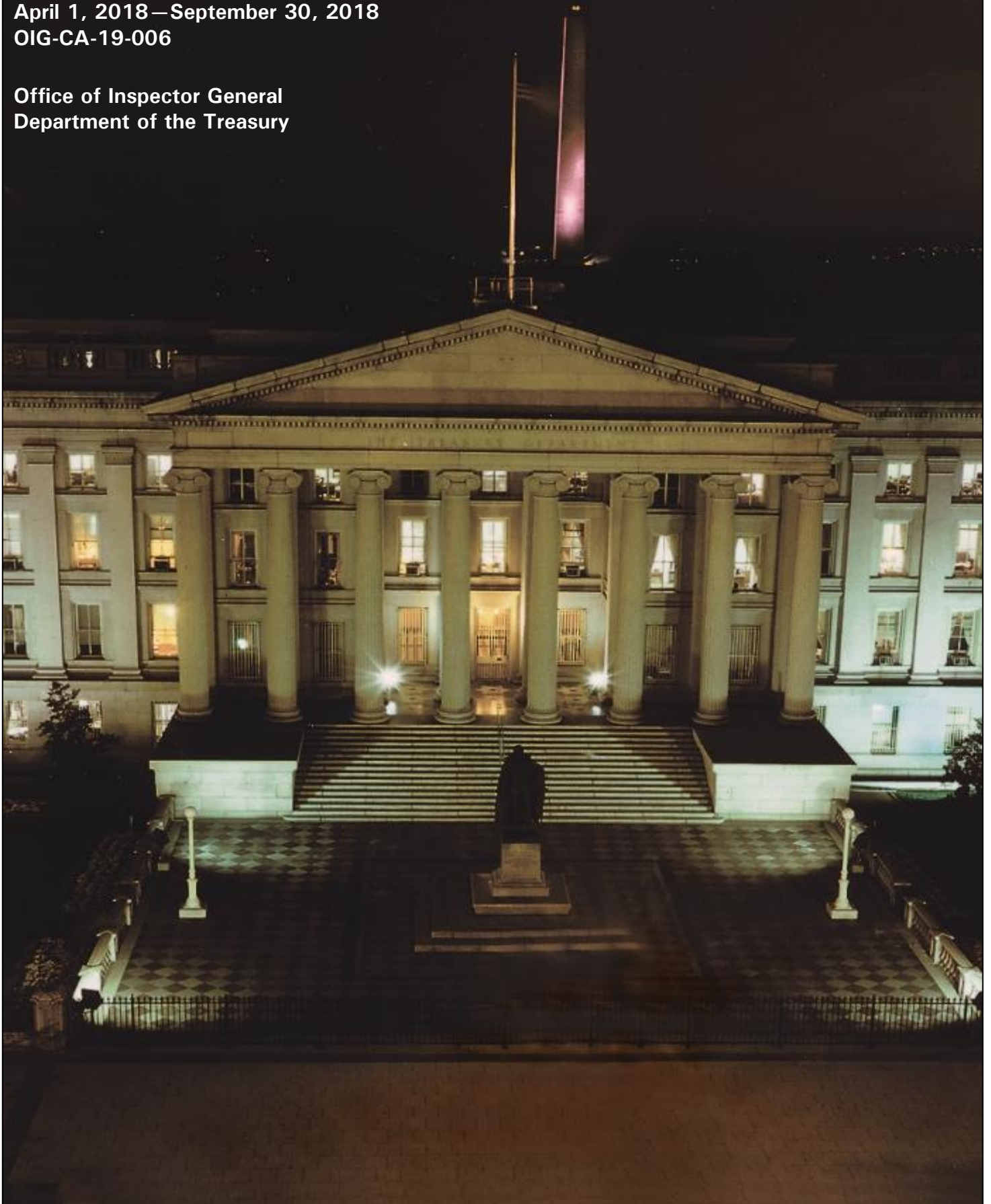


Semiannual Report to Congress

April 1, 2018—September 30, 2018

OIG-CA-19-006

Office of Inspector General
Department of the Treasury



Highlights

During this semiannual reporting period, the Office of Audit issued 21 products. Work by the Office of Investigations resulted in 32 indictments and 10 convictions. Some of our more significant results for the period are described below:

- In our response to a Congressional request citing an October 2017 article published by *BuzzFeed News (BuzzFeed)* claiming that the Department of the Treasury's (Treasury) Office of Intelligence and Analysis (OIA) "repeatedly and systematically violates domestic surveillance laws by snooping on the private financial records of U.S. citizens and companies;" we reported that the *BuzzFeed* claims were not supported.¹ We did not find evidence to substantiate the claims that OIA analysts were (1) illegally collecting and retaining domestic financial information from the Financial Crimes Enforcement Network's (FinCEN) Bank Secrecy Act database, (2) contacting financial institutions to make inquiries about individual bank accounts and transactions involving U.S. citizens, or (3) violating its *Memorandum of Understanding* with FinCEN.
- Our 2018 audit of Treasury's information system security program and practices for its intelligence systems, as required by the Federal Information Security Modernization Act of 2014, recounted unresolved issues from the prior year's audit and identified new matters that require management's attention.
- For the seventh consecutive year, we concluded that Treasury was not in compliance with the Improper Payments Elimination and Recovery Act of 2010 due to the Internal Revenue Service's Earned Income Tax Credit program deficiency reported by the Treasury Inspector General for Tax Administration.
- Our investigation found that a Texas solar panel installer made false statements on applications to Treasury for 1603 Program Payments for Specified Energy Property in Lieu of Tax Credits authorized by the American Recovery and Reinvestment Act of 2009² for 42 projects. The U.S. District Court, State of Colorado entered a civil default judgment against the company in the amount of \$5 million for all available damages, civil penalties, and other monetary relief under the False Claims Act.
- Our joint investigation with the U.S. Postal Inspection Service revealed that at least 12 subjects deposited 99 stolen Treasury checks at various branches of the same bank in Arizona, Colorado, Kansas, and Missouri. The estimated loss to the bank is over \$447,000. Eight subjects have been indicted for Mail Theft, Bank Fraud, Aggravated Identity Theft, and Conspiracy.

¹ Jason Leopold and Jessica Garrison, "U.S. Intelligence Unit Accused of Illegally Spying on Americans' Financial Records," *BuzzFeed News* (October 6, 2017), https://www.buzzfeed.com/jasonleopold/us-intelligence-unit-accused-of-illegally-spying-on?utm_term=.icO44m4V3L#.krn22v2Gab

² P.L. 111-5, 123 Stat. 115 (February 17, 2009)



Message from the Inspector General

I am pleased to present the Department of the Treasury (Treasury) Office of Inspector General (OIG) Semiannual Report to Congress for the 6-month period ended September 30, 2018.

This year we mark the 40th anniversary of the Inspector General Act and the creation of the original 12 OIGs. Our office was created in 1989. Since that time we have been part of a community that has grown to include 73 statutory Inspectors General who collectively oversee the operations of nearly every aspect of the Federal government. Every 6 months we provide Congress with a report detailing our independent oversight of Treasury and other programs and operations across Treasury OIG's jurisdictional boundaries during the semiannual reporting period. This report is our 59th semiannual report. In the years to come, we look forward to continuing our efforts to provide independent and effective oversight of these programs and operations and working with the Council of Inspectors General on Integrity and Efficiency on important issues that cut across our government.

I would like to express my appreciation to all Treasury OIG staff for making possible the significant audit and investigative results that are summarized in this Semiannual Report, and to Congress and Treasury for their sustained commitment to the important work of our office.

/s/

Eric M. Thorson
Inspector General

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Treasury Office of Inspector General Overview

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

Treasury OIG performs independent, objective reviews of Treasury programs and operations, except for those of the Internal Revenue Service (IRS) and the Troubled Asset Relief Program (TARP), and keeps the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and the need for corrective action. The Treasury Inspector General for Tax Administration (TIGTA) and the Government Accountability Office (GAO) perform oversight related to IRS. A Special Inspector General and GAO perform oversight related to TARP.

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

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

The Office of Audit, under the leadership of the Assistant Inspector General for Audit, performs and supervises financial and performance audits, attestation engagements, and evaluations. The Assistant Inspector General for Audit also serves as the Special Deputy Inspector General for Small Business Lending Fund (SBLF) Program Oversight.

Under the Assistant Inspector General for Audit, there are three deputies. The first deputy is primarily responsible for financial sector audits to include audits of banking supervision, manufacturing of currency and coins, and alcohol and tobacco excise tax revenue collection activities; the second deputy is primarily responsible for financial management and transparency audits to include financial audits of Treasury and the Council performed by Treasury OIG staff and contractors, audits of Government-wide collection, payment, and debt programs and operations, and audits of anti-money laundering/terrorist financing, foreign sanction, and intelligence programs and operations; and the third deputy is primarily responsible for cybersecurity, procurement, and financial assistance audits to include audits of Treasury and the Council information systems performed by Treasury OIG staff and contractors, audits of the SBLF program, and RESTORE Act programs and operations.

The Office of Investigations, under the leadership of the Assistant Inspector General for Investigations, performs investigations and conducts initiatives to detect and prevent fraud, waste, and abuse in programs and operations across Treasury OIG's jurisdictional boundaries; and to protect Treasury personnel and facilities against threats. The Office of Investigations also manages the Treasury OIG Hotline to facilitate reporting of allegations involving these programs and operations. The Assistant Inspector General for Investigations is supported by a deputy in leading both the day-to-day operations and task force initiatives in Washington, DC; Greensboro, North Carolina; Houston, Texas; and Jacksonville, Florida.

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

The Office of Management, under the leadership of the Assistant Inspector General for Management, provides services to maintain the Treasury OIG administrative

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

infrastructure. The Assistant Inspector General for Management is supported by a deputy in leading the day-to-day functions for administrative services; including facilities, human resources, information technology, procurement, records management, and security.

Treasury OIG's fiscal year 2018 appropriation was \$37 million. Treasury OIG's oversight of the SBLF program is funded on a reimbursable basis. As of September 30, 2018, Treasury OIG had 166 full-time staff.

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Management and Performance Challenges

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

Treasury

In an October 15, 2018 memorandum to the Secretary of the Treasury Steven Mnuchin, we reported the following four challenges facing the Department that were repeated from the prior year.

- Operating in an Uncertain Environment
- Cyber Threats
- Anti-Money Laundering/ Terrorist Financing and Bank Secrecy Act Enforcement
- Efforts To Promote Spending Transparency and To Prevent and Detect Improper Payments

Other matters of concern were also highlighted:

- challenges with currency and coin production, and
- excise tax reform.

Gulf Coast Ecosystem Restoration Council

In an October 1, 2018, letter to the Honorable Andrew Wheeler, Acting Administrator of the Environmental Protection Agency, as Chairperson of the Gulf Coast Ecosystem Restoration Council, we reported two management and performance challenges that were repeated from the prior year.

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

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Office of Audit—Significant Audits and Other Products

Cyber/Information Technology

During this semiannual reporting period, we performed a cyber/information technology audit of Department of the Treasury’s (Treasury) information security program.

Fiscal Year Audit of the Department of the Treasury’s Information Security Program and Practices for Its Intelligence Systems

The Federal Information Security Modernization Act of 2014 requires that we annually evaluate Treasury’s information security program and practices. In our fiscal year 2018 audit of Treasury’s security program and practices for its intelligence systems, we recounted unresolved issues from the prior year’s audit and identified new matters that require management’s attention. Management agreed with the recommendations made in this report. Due to the sensitive nature of Treasury’s intelligence systems, this report is classified. **(OIG-18-052, Classified)**

RESTORE Act

As part of our ongoing oversight of Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) programs, we assess the Gulf Coast Ecosystem Restoration Council’s (Council) and Treasury’s activities funded by the act. We issued the following two reports this semiannual period.

St. Bernard Parish’s Internal Control over Federal Awards

We assessed St. Bernard Parish, Louisiana’s (St. Bernard Parish) internal control over the administration of Federal awards in accordance with Federal laws, regulations, and Treasury’s grant application requirements. Overall, we concluded that St. Bernard Parish had designed and implemented a system of internal control to administer Federal Awards but did not maintain all controls in place as required by Office of Management and Budget’s (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, Treasury’s *RESTORE Act Financial Assistance Standard Terms and Conditions and Program-Specific Terms and Conditions*, and Treasury’s *RESTORE Act Direct Component Guidance* and

Application to Receive Federal Financial Assistance. While we found no matters of concern involving St. Bernard Parish’s controls to administer grants in the areas of budgeting, cash management, disbursements, financial reporting, inventory management, procurement, and performance monitoring, we noted two control deficiencies in the area of program management. Specifically, grant time keeping was not consistently tracked and grant personnel had limited knowledge and experience to administer Federal awards and lacked Federal grant training.

Accordingly, we recommended that Treasury’s Fiscal Assistant Secretary consider St. Bernard Parish’s control deficiencies over grant time keeping and employees’ lack of knowledge, experience, and training on Federal grants as part of Treasury’s oversight and administration of St. Bernard Parish’s awards and as part of Treasury’s risk assessments required by the *Uniform Guidance* for future awards. Treasury management agreed with our recommendation. **(OIG-18-049)**

Santa Rosa County’s Internal Control over Federal Awards

We assessed Santa Rosa County Florida’s (Santa Rosa County) internal control over the administration of Federal awards in accordance with Federal laws, regulations, and Treasury’s grant application requirements. We concluded that Santa Rosa County had designed and implemented a system of internal control to administer Federal awards as required by OMB’s *Uniform Guidance*, Treasury’s *RESTORE Act Financial Assistance Standard Terms and Conditions and Program-Specific Terms and Conditions*, and Treasury’s *RESTORE Act Direct Component Guidance and Application to Receive Federal Financial Assistance*. As such, we made no recommendations in our report. **(OIG-18-050)**

Recovery Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act) authorized Treasury’s Payments to States for Low-Income Housing Projects in Lieu of Low-Income Housing Tax Credits (1602 Program). As part of our ongoing oversight of the 1602 Program, we conducted audits of awards made to selected State housing credit agencies. The objective of these audits was to assess whether the agencies awarded funds under Treasury’s 1602 Program complied with the program’s overall requirements and the “Grantee Terms and Conditions” (together referred to as 1602 Program requirements). In this semiannual reporting period, we provided our assessment of 1602 Program awards made to New Hampshire.

New Hampshire Housing Finance Authority’s Payment Under the 1602 Program

We found that the New Hampshire Housing Finance Authority (NHHFA) generally complied with Treasury’s 1602 Program requirements which capture the eligibility and compliance requirements set forth in Section 42 of the Internal Revenue Code and Section 1602 of the Recovery Act. Specifically, NHHFA met applicable requirements for receiving its 1602 Program award totaling \$27.7 million as well as requirements for subawarding those funds to nine eligible low-income housing projects. We also found that NHHFA established a process for monitoring the long-term viability of projects and their compliance with 1602 Program requirements. At the time of our review, there were no matters impacting the long-term viability of 1602 Program funded projects and their compliance with Section 42 of the Internal Revenue Code. Furthermore, NHHFA complied with 1602 Program reporting requirements in submitting quarterly project performance reports and annual certification reports to Treasury. Nonetheless, we emphasized the need for continued diligence on the part of Treasury and NHHFA to ensure compliance with the 1602 Program requirements over the remaining 15-year compliance period. We made no recommendations in our report. **(OIG-18-048)**

Anti-Money Laundering/Terrorist Financing and Bank Secrecy Act Enforcement

We conduct audits of Treasury’s anti-money laundering and terrorist financing programs, and of its Bank Secrecy Act (BSA) enforcement. We issued the following three reports during this semiannual period.

Audit of the Office of Intelligence and Analysis’ Authorities and Actions Related to U.S. Persons’ Financial Information

In November 2017, while we were performing an audit to assess the Treasury Office of Intelligence and Analysis’ (OIA) progress in meeting its statutory responsibilities, we received a request from the **Chairman** and **Ranking Member** of the **Senate Committee on Finance** for information from our audit of OIA authorities and actions related to the collection, retention, and review of domestic financial information on U.S. Persons (USP). The request cited an October 2017 article published by *BuzzFeed News (BuzzFeed)* claiming that OIA

“repeatedly and systematically violates domestic surveillance laws by snooping on the private financial records of U.S. citizens and companies.”⁴ The *BuzzFeed* article stated that OIA analysts were (1) illegally collecting and retaining domestic financial information from the BSA database maintained by the Financial Crimes Enforcement Network (FinCEN) because OIA did not have USP procedures approved by the Attorney General of the United States (Attorney General), (2) contacting financial institutions to make inquiries about individual bank accounts and transactions involving U.S. citizens, and (3) exceeding the limits of the agreement between OIA and FinCEN that allows OIA access to FinCEN’s banking database.

We found that the *BuzzFeed* claims were not supported. Specifically, we did not find evidence to substantiate the claims that OIA analysts were (1) illegally collecting and retaining domestic financial information from FinCEN’s BSA database, (2) contacting financial institutions to make inquiries about individual bank accounts and transactions involving U.S. citizens, or (3) violating its *Memorandum of Understanding* with FinCEN.

However, OIA’s USP Procedures had not been approved by the Attorney General as required by Executive Order (EO) 12333, “United States Intelligence Activities.” Despite the lack of approved USP procedures, OIA’s statutory authorities under the Consolidated Appropriations Act of 2005 and EO 12333 permit OIA to legally collect, retain, and disseminate USP information until its USP Procedures are approved. Furthermore, EO 12333 does not prescribe a deadline for approving USP procedures and instructs intelligence community elements that until its USP procedures are approved, USP activities shall be conducted in accordance with an agency’s existing procedures or requirements established under EO 12333. OIA is conducting its USP activities under the requirements established in EO 12333.

OIA has a working draft of its USP Procedures, which includes guidelines on collecting, retaining, and disseminating USP information. Although not yet implemented at the time of our report, OIA’s draft USP Procedures state that OIA will conduct periodic reviews to verify continued compliance with the

⁴ Jason Leopold and Jessica Garrison, “U.S. Intelligence Unit Accused of Illegally Spying on Americans’ Financial Records,” *BuzzFeed News* (October 6, 2017), https://www.buzzfeed.com/jasonleopold/us-intelligence-unit-accused-of-illegally-spying-on?utm_term=.icO44m4V3L#.krn22v2Gab

procedures. A compliance program is not required by EO 12333, but we believe it is prudent for OIA to implement such oversight.

Accordingly, we recommended that as expeditiously as possible the Under Secretary for Terrorism and Financial Intelligence ensure that (1) OIA's USP Procedures are finalized and submitted for approval to the Attorney General and (2) OIA implements a compliance monitoring program to assess whether intelligence analysts' activities are conducted in accordance with OIA authorities, and electronic searches and other queries are performed in a manner that fully protects the rights of USP.

Management has taken corrective action to implement our recommendations, including providing its draft USP Procedures to the Department of Justice and the Office of the Director of National Intelligence for review and for the Attorney General's approval. Management has also assigned an Oversight Coordinator to work with Treasury's Office of General Counsel on developing a compliance monitoring program. We consider management's corrective actions taken and planned to be responsive to our recommendations. **(OIG-18-044)**

OFAC's Licensing Programs Would Benefit From System Enhancements

The Office of Foreign Assets and Control (OFAC) is responsible for administering and enforcing economic and trade sanctions against countries and groups of individuals based on U.S. foreign policy and national security goals. In this regard, OFAC has the authority to authorize by license certain activities that would otherwise be prohibited under imposed sanctions. We assessed OFAC's licensing programs to determine (1) whether OFAC's licensing database sufficiently supports its licensing programs, (2) whether OFAC's license application case files properly documented that decisions were made in accordance with applicable laws and regulations, and (3) how OFAC measures the effectiveness of its licensing programs.

Our initial fieldwork conducted in 2011, found that OFAC's licensing database, known as the OFAC Administrative System for Investigations and Sanctions (OASIS), did not meet the needs of OFAC's licensing division. We identified a number of issues such as a significant amount of duplicate license application cases as well as inaccurate data in OASIS which impeded the efficiency of OFAC's licensing process and impacted its ability to generate reports and track the status of license applications. In 2012, OFAC upgraded OASIS, and in 2013

made enhancements to its licensing process by providing the capability to submit all license application documentation electronically. To assess the impact of these enhancements on OFAC's licensing programs, additional fieldwork was conducted in 2016 and 2017. Our follow-up fieldwork found that OFAC improved its oversight capabilities of license applications, its ability to generate reports, and that OASIS met the needs of OFAC's licensing division but additional enhancements could improve the licensing division's oversight of OFAC's licensing programs.

Additionally, we found that OFAC properly documented licensing decisions with its use of determination letters, but was delinquent in providing Congress mandatory reports. Subsequent to completion of our fieldwork and prior to issuance of our report, OFAC provided Congress with 8 of the 9 outstanding reports. Also, OFAC implemented a formal written standard operating procedure (SOP) across its licensing programs to ensure license applications are consistently processed and to improve the usefulness of the data collected. However, we found additional guidance was needed.

We also found that although OFAC had internal performance metrics to evaluate the productivity of OFAC's licensing division personnel, it had not established performance measures to evaluate the effectiveness of its licensing programs.

We recommended that OFAC (1) implement additional categories for case status and consider future enhancements to OASIS to improve the usability and quality of information stored in the system within the next year; (2) ensure the licensing division's written SOP is updated as needed including providing guidance to ensure that both acknowledgement letters are completed and Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) reports are filed timely; (3) ensure the delinquent TSRA report is provided to Congress within 90 days of this report's issuance; and (4) develop performance measures specific to the licensing division. OFAC management generally agreed with our recommendations. OFAC has funded and scheduled a 2018 OASIS licensing module enhancement release which will increase the case status categories and improve overall licensing data quality and usability. Additionally, OFAC reported it would provide Congress the remaining overdue TSRA biennial report within 90 days, and update its SOP to ensure that future congressional reports are filed in a timely manner. Also, management was to update its strategic plan for fiscal years 2018-2023 to address the issues raised in this audit. While we consider management's corrective actions taken and planned to be responsive to our recommendations, we were not able to confirm whether OFAC has provided

Congress the remaining overdue TSRA biennial report and whether it has updated its strategic plan for fiscal years 2018-2023 to address the issues raised in this audit because Treasury’s audit follow-up system, the Joint Audit Management Enterprise System has not been updated with planned corrective actions to address these recommendations. **(OIG-18-043)**

OFAC’s Iran Sanctions Program Processes Comply with Requirements

In an interim report on our ongoing audit of OFAC’s administration of the Iran sanctions program, we assessed whether (1) OFAC’s Iran sanctions program was consistent with U.S. commitments under the Joint Comprehensive Plan of Action (JCPOA) and complied with applicable laws and regulations; and (2) sanctions decisions and deliberations were properly documented and approved by OFAC officials.

We reviewed 25 designations and 4 general licenses issued and amended by OFAC from July 1, 2016, through February 28, 2017. We found that OFAC (1) complied with applicable laws and regulations and acted consistent with the JCPOA, and (2) properly documented and approved sanctions decisions and deliberations. OFAC’s processes for the designations and general licenses issued and amended were thorough. However, at the time of our review, OFAC lacked formalized and approved SOPs recommended in our 2015 report.⁵ In response to that report, OFAC formalized SOPs as of December 28, 2017. We reviewed OFAC’s SOPs related to its designation and general license processes and determined that they provide sufficient information to enable staff members to complete the fundamental steps necessary for each process. Accordingly, we did not make any recommendations to OFAC. **(OIG-18-047)**

⁵ Treasury OIG, *Libyan Sanctions Case Study*, OIG-16-001 (October 26, 2015)

Financial Management

IPERA

As required by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), we reported on Treasury's and the Council's overall compliance with IPERA for fiscal year 2017. We also assessed compliance with additional improper payment reporting requirements set forth in EO 13520, "Reducing Improper Payments and Eliminating Waste in Federal Programs," and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

Treasury Was Not in Compliance With IPERA for Fiscal Year 2017

For the seventh consecutive year, we concluded that Treasury was not in compliance with IPERA due to the Internal Revenue Service's (IRS) Earned Income Tax Credit (EITC) program deficiency reported by the Treasury Inspector General for Tax Administration (TIGTA). Specifically, IRS has not reported an overall improper payment rate of less than 10 percent for EITC as required by IPERA. In addition, our report included TIGTA's determination that IRS continues to incorrectly rate the improper payment risk associated with the Additional Child Tax Credit (ACTC), American Opportunity Tax Credit (AOTC), and Premium Tax Credit (PTC). ACTC, AOTC, and PTC were erroneously identified as medium risk programs instead of as high risk programs. Additionally, TIGTA identified more than \$45.2 million in confirmed erroneous and fraudulent refundable claims that IRS has not addressed. Finally, TIGTA reported that without additional compliance tools and authorities, the IRS will continue to issue billions of dollars each year in improper refundable credit payments, including EITC. As TIGTA has previously reported on these conditions, it did not make any new recommendations. We determined that Treasury was in compliance with all other IPERA, EO 13520, and IPERIA improper payment reporting requirements. We also noted that Treasury complied with OMB's reporting requirements for improper payments. We did not make any recommendations in our report. **(OIG-18-045)**

Gulf Coast Ecosystem Restoration Council Did Not Administer Programs and Activities Susceptible to Significant Improper Payments

Based on the results of the Council's fiscal year 2017 financial statement audit, we determined that the Council did not have programs and activities susceptible

to significant improper payments in fiscal year 2017. That is, total program and activity expenditures were less than the threshold of reporting requirements for “significant improper payments” specified in Appendix C to OMB Circular No. A-123, “Requirements for Effective Estimation and Remediation of Improper Payments” (OMB M-15-02).⁶ Additionally, the Council did not have any OMB-designated high priority programs or other risk susceptible programs. Furthermore, although expenditures exceeded \$10 million, the total estimate for improper payments was less than 1.5 percent. The Council’s financial services provider, Bureau of the Fiscal Service (Fiscal Service), performed a payment recapture audit on behalf of the Council and identified a total dollar value of improper payments of \$320.50, which is a rate of just .0026 percent of total payments made. The Council also recaptured \$520.50 with no outstanding erroneous or improper payments at the end of the fiscal year. In addition, we determined that the Council was compliant with all of the applicable requirements set forth in PART-II A. 3 of OMB M-15-02. **(OIG-CA-18-018)**

Attestation Engagement

KPMG LLP (KPMG), under a contract monitored by our office, completed a report described below in support of the audit of Treasury’s fiscal year 2018 consolidated financial statements and the financial statement audits of certain other Federal agencies.

Report on the Processing of Transactions by Fiscal Service

KPMG examined the accounting and procurement processing and general computer controls related to financial management services provided to various Federal agencies by Fiscal Service’s Administrative Resource Center for the period beginning July 1, 2017, and ending June 30, 2018. KPMG found, in all material respects, that the controls were fairly presented in the description of controls for these activities and suitably designed. The service auditor also found that controls tested operated effectively throughout the period. **(OIG-18-051)**

⁶ “Significant improper payments” are defined as gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million (regardless of the improper payment percentage of total program outlays).

Federal Financial Management Improvement Act

The following instances of noncompliance with the Federal Financial Management Improvement Act of 1996, were reported in connection with the audit of Treasury’s fiscal year 2017 consolidated financial statements.

Condition	Type of noncompliance
Treasury continues to have deficiencies in IRS financial management systems. Specifically, IRS did not consistently design, implement, and operate information system controls and security programs over its financial systems in accordance with the Federal financial management system requirements. (first reported in fiscal year 1997)	Federal financial management systems requirements
Treasury has a material weakness at the IRS that affected its ability to prepare its financial statements in accordance with the Federal accounting standards. Specifically, IRS financial reporting systems did not provide timely, reliable and complete transaction-level financial information necessary to enable IRS to classify and report unpaid assessments balances in accordance with the Federal accounting standards. (first reported in fiscal year 1997)	Federal accounting standards

The status of these instances of noncompliance, including progress in implementing remediation plans, will be evaluated as part of the audit of Treasury’s fiscal year 2018 consolidated financial statements.

Other Audit of Treasury Programs and Operations

Review of Circumstances Surrounding Citibank’s Exclusion of In-Scope Borrowers

At the request of the **Ranking Member** of the **House Committee on Financial Services**, we reviewed the Office of the Comptroller of the Currency’s (OCC) oversight of the determination of the population of in-scope borrowers⁷ related to the foreclosure consent orders issued in April 2011, and subsequently amended in February 2013.

We found that OCC took immediate action to determine the total borrowers omitted from Citibank N.A.’s (Citibank) in-scope population once the error was discovered and ensured checks were mailed to the affected borrowers in accordance with the Independent Foreclosure Review payment agreement. We found that OCC’s process for determining the in-scope population of borrowers was reasonable and consistent with the process reviewed in our prior audit of the amended consent orders.⁸ OCC

⁷ Borrowers who were in the foreclosure process in 2009 and 2010.

⁸ Treasury OIG, *SAFETY AND SOUNDNESS: OCC Needs to Ensure Servicers Implement Amended Foreclosure Consent Orders and Act on Identified Weaknesses*, OIG-14-044 (August 6, 2014)

identified system errors during its oversight of this process and directed the respective servicers to take corrective action. We also found that OCC had a borrower complaint process that sought to address borrowers' concerns regarding their in-scope status in a reasonable manner. Further, we found that all servicers reviewed by OCC had identified data gaps and/or system integration issues and took corrective actions to mitigate those issues. We did not make any recommendations to OCC. **(OIG-18-046)**

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Office of Investigations – Significant Investigations

Civil Default Judgment of \$5M Awarded Against Solar Panel Installer

Our investigation of a Texas solar panel installer resulted in the U.S. District Court, State of Colorado entering a civil default judgment against the company in the amount of \$5 million for all available damages, civil penalties, and other monetary relief under the False Claims Act. The company installed solar panels using grants (payments) awarded under the Department of the Treasury’s (Treasury) 1603 Program—Payments for Specified Energy Property in Lieu of Tax Credits authorized by the American Recovery and Reinvestment Act of 2009 (Recovery Act).⁹ The Recovery Act, otherwise known as the “stimulus” package of government spending, was passed by Congress in the wake of the financial crisis of 2008 through 2009. Under section 1603 of the Recovery Act, Treasury made payments to eligible persons who placed in service specified energy property and applied for such payments. The purpose of the payments was to reimburse eligible applicants for a portion of the expense of such property. The payments were made in lieu of tax credits that could potentially be claimed by the awardees. Treasury paid the company \$1.6 million for 42 projects. The investigation found that the company made false statements on the project applications, to include inflation of costs.

Stolen Treasury Check Ring

Our joint investigation with the U.S. Postal Inspection Service (USPIS) revealed that at least 12 subjects deposited 99 stolen Treasury checks at various branches of the same bank in Arizona, Colorado, Kansas, and Missouri. The estimated loss to the bank is over \$447,000. The case is being prosecuted by the U.S. Attorney’s Office (USAO) for the Western District of Missouri. Eight subjects have been indicted for Mail Theft, Bank Fraud, Aggravated Identity Theft and Conspiracy. Further judicial action is pending.

Subject Indicted for Using Father’s SSA Benefit Funds for Own Use

Our joint investigation, initiated by the Social Security Administration (SSA), revealed that a subject converted over \$61,000 of her father’s Social Security benefit funds to her own use without her father’s knowledge and forged documents causing the withdrawal of over \$300,000 of her father’s 401(k) funds. The subject was indicted for Theft of Government Property, Unauthorized Disclosure of Social Security Number,

⁹ P.L. 111-5, 123 Stat. 115 (February 17, 2009)

and Aggravated Identity Theft. The subject pled not guilty in U.S. District Court, Middle District of Florida. Judicial action is pending.

Subject Pleads Guilty to Theft from the Federal Government

Our investigation into a business owner who received approximately \$241,000 in grant funds from an affordable housing and community development organization, determined that 645 clients of the business never received any foreclosure counseling services. The business owner submitted grant reimbursement claims using real identities, some of which were stolen, but provided false addresses including several that were gas stations and vacant lots. The grant funds paid to the business owner were congressionally appropriated and disbursed by the Treasury to the community development organization. The business owner pled guilty in Federal Court to Theft from the Federal Government and was sentenced to 18 months in prison, 36 months of probation, ordered to pay restitution in the amount of \$105,000, and a special assessment of \$100.

Subject Pleads Guilty to Access Device Fraud

Our joint investigation, initiated after a request for investigative assistance from the Brevard County, Florida Sheriff's Office, revealed a subject in Melbourne, Florida, was in possession of over 106 debit and credit cards, numerous financial institution documents related to bank accounts, cash, guns, personally identifiable information (PII), and electronic equipment, all of which were seized with a search warrant conducted on the residence. The subject admitted to conducting identity theft crimes for approximately 3 years. Prosecution of this case is being conducted by the USAO for the Middle District of Florida. The subject was charged for knowingly being in possession of 15 or more Unauthorized Access Devices, with the Intent to Defraud. The subject has pled guilty. Judicial action is pending.

Subject Preying on Elderly Charged with Fraud Violations

Our investigation, conducted at the request of the USAO, Middle District of North Carolina, by the North Carolina Treasury Financial Crimes Task Force (NC-TFCTF) identified a subject who preyed upon the elderly. The subject forced elderly victims to forge and negotiate checks at Treasury regulated financial institutions, taking the proceeds from the victim. The subject has an extensive criminal history for similar crimes impacting the community. This case is being prosecuted by the USAO Middle District of North Carolina. The subject was indicted for Aggravated Identity Theft, Bank fraud, and Wire Fraud. Judicial action is pending.

Former BEP Employee Indicted for Wire Fraud

A former senior Bureau of Engraving and Printing (BEP) employee, in a sensitive high-risk position, stole over \$16,000 from an employee-funded organization's account, making at least seven personal withdrawals. The subject made statements to other employees that additional dues were owed by members to cover the debts of the organization and used the withdrawals to partially pay on debt the subject owed to the Internal Revenue Service (IRS). The subject was indicted in the U.S. District Court, District of Maryland, Baltimore Office on charges related to wire fraud. Judicial action is pending.

Following is information related to significant investigative activities from prior semiannual periods.

Subjects Plead Guilty to Identity Theft and Tax Fraud

As reported in previous semiannual periods, our joint investigation with the IRS Criminal Investigation (IRS-CI) and USPIS revealed that multiple subjects conspired to defraud the Federal Government by producing at least 12,000 fraudulent Federal income tax returns using stolen identities, and negotiating the resulting tax refund payments, totaling at least \$40 million for personal gain.

Update: Two additional subjects were sentenced during this semiannual reporting period. To date, the joint investigation has resulted in 49 arrests, including the arrest of employees of money services businesses, financial institutions, and the U.S. Postal Service (USPS). The arrests have so far resulted in 41 guilty pleas, 3 defendants were found guilty by jury trial. Thirty-three (33) defendants have been sentenced to nearly 1,065 months in prison, 1,180 months of probation, and ordered to pay nearly \$23 million in restitution to Treasury. The case is being prosecuted by the USAOs in the District of Columbia; the District of Maryland, Greenbelt Office; and by the Department of Justice, Tax Division. Judicial action is pending.

Subjects Arrested for Theft of \$37 Million in Treasury Checks

As reported in the previous semiannual period, our investigation revealed the theft of \$37 million in Treasury checks from the USPS. The checks were stolen by USPS and contract employees. The subjects sold the stolen checks for a fraction of the value to

co-conspirators, who then negotiated the checks. To date, agents have executed eight arrest warrants and one search warrant issued by the U.S. District Court, Central District of California.

Update: Seven subjects were indicted on Federal charges of Theft, Forgery, Conspiracy, and Aggravated Identity Theft. One subject pled guilty to Forgery and was sentenced to 6 months in prison, 36 months of probation, ordered to pay a \$100 special assessment, and restitution to be determined. Judicial action is pending.

Subject Uses Stolen Identities to Cash Stolen Treasury Checks

As reported in a previous semiannual period, our joint investigation with the Jacksonville Sheriff's Office, Jacksonville, Florida, determined that a subject was using stolen identities to open accounts at Treasury-regulated banks in Florida to cash stolen Treasury checks. The subject was arrested and charged with Uttering a Treasury check in the amount of \$3,200. Subsequently, 4 additional Treasury checks were found in the subject's personal belongings totaling an additional \$15,000. The subject was charged, in the Fourth Judicial Circuit Court, Jacksonville, Florida, for Bank Fraud and Possession of multiple stolen Treasury checks and identifications. The subject was identified as a member of a large, organized criminal enterprise based in California, responsible for stealing over 19,500 Treasury checks, totaling \$37 million.

Update: The subject was sentenced to 4 days in prison, with 4 days of credit for time served, 24 months of probation, and ordered to pay \$516 for Scheme to Defraud a Financial Institution and Unlawful Possession of a Driver's License by the Fourth Judicial Circuit Court, Jacksonville, Florida.

Subject Pleads Guilty to Conspiracy to Defraud the Government

As reported in the previous semiannual period, our joint investigation with the IRS-CI, determined that a subject in Pennsylvania was involved in a fraud scheme to illicitly procure and negotiate Treasury checks. The subject, who owns two money services businesses, was linked to approximately \$10 million in potential fraud related to stolen Treasury checks, and a Stolen Identity Refund Fraud scheme. The subject pled guilty to Conspiracy to Defraud the Government in U.S. District Court, Middle District of Pennsylvania, and forfeited \$2 million. Investigative efforts continue to locate and arrest the remaining co-conspirators.

Update: Three additional subjects were arrested for Theft, Aggravated Identity Theft, and Conspiracy to Defraud the Government. Judicial action is pending.

Hospital Employee Arrested for Embezzlement

As reported in previous semiannual periods, our joint investigation with NC-TFCTF, U.S. Secret Service, Homeland Security Investigations, and State and local law enforcement agencies determined that the Director of Financial Management at a North Carolina hospital embezzled approximately \$4 million of hospital funds. The subject wrote fraudulent checks out of hospital accounts and deposited the funds into the subject's Treasury-regulated bank account. The subject was arrested on State Embezzlement charges pending Federal indictment in North Carolina. The subject's house, 3 personal bank accounts, and 15 motor vehicles were seized to refund the hospital. To date this investigation has recovered \$1.5 million in assets.

Update: State criminal charges were dismissed in lieu of Federal charges. The subject was indicted in U.S. District Court, Middle District of North Carolina for violations of Wire Fraud, Aggravated Identity Theft, Bank Fraud, and Possession of a Forged Security. The defendant signed a plea agreement and was sentenced to 102 months in prison, ordered to pay restitution totaling \$3.9 million, and a special assessment of \$300.

Subjects Arrested for Bank Fraud

As reported in the previous semiannual period, our joint investigation with the Federal Bureau of Investigation (FBI) and U.S. Secret Service determined six subjects were involved in a sovereign citizen scheme attempting to obtain 104 fraudulent loans amounting to \$3.4 million. Fraudulent Treasury money orders were used in an attempt to pay off \$160,000 in loans at lending institutions and at a residential leasing company. The subjects were indicted for Bank Fraud and are being prosecuted in U.S. District Court, Northern District of Georgia. Five of the subjects were arrested. The sixth subject is a fugitive outside the United States.

Update: One subject pled guilty to Bank Fraud Conspiracy and was sentenced to 44 months of probation, ordered to pay restitution totaling \$165,000, and a special assessment of \$100. A second subject pled guilty to Bank Fraud Conspiracy and was sentenced to 42 months of probation, ordered to pay restitution totaling \$48,000, and a special assessment of \$100. An additional subject was indicted for Bank Fraud Conspiracy. Judicial action is pending.

Subject Indicted for Possession with Intent to Distribute Heroin and Possession of a Firearm by a Felon

As reported in the previous semiannual period, our joint investigation with the Drug Enforcement Agency and FBI identified a subject involved in laundering through Treasury-regulated financial institutions, fraudulent proceeds obtained from an illegal drug trafficking enterprise. The subject is also being investigated for the commission of violent crimes and was identified as the source of fentanyl-laced heroin traced to multiple overdoses, 10 of which were related to deaths. This case is being prosecuted in U.S. District Court, Eastern District of Virginia. The subject was indicted for Possession with Intent to Distribute Heroin and Possession of a Firearm by a Felon.

Update: The subject pled guilty to Possession with Intent to Distribute Heroin and Possession of a Firearm by a Felon and was sentenced to 151 months in prison, 36 months of probation, and a special assessment of \$200.

Subjects Arrested for Conspiracy, Embezzlement of Credit Union Funds, False Documents, and Aggravated Identity Theft

As reported in the previous semiannual period, our joint investigation with the FBI determined two subjects conspired to embezzle over \$1 million from a Hawaiian credit union, whose deposits were insured by the National Credit Union Administration. The subjects admitted to creating fictitious deposits to erase overdraft fees and used a general ledger account to pay personal expenses. The investigation identified fictitious documents and entries in the credit union's records created to conceal embezzlement from the credit union's board of directors and the National Credit Union Administration. The embezzlement resulted in the collapse of the credit union. The liquidation of the credit union was the largest loss to the National Credit Union Share Insurance Fund in 2016. The subjects were indicted in U.S. District Court, District of Hawaii, and arrested for Conspiracy, Embezzlement of Credit Union Funds, False Documents, and Aggravated Identity Theft.

Update: One subject pled guilty to Conspiracy to Commit Embezzlement from a Federal Credit Union and Aggravated Identify Theft and was sentenced to 84 months in prison, 36 months of probation, ordered to pay \$528,000 in restitution, and a \$200 special assessment. The second subject pled guilty to Conspiracy to Commit Embezzlement from a Federal Credit Union and was sentenced to 50 months in prison, 36 months of probation, ordered to pay \$475,000 in restitution, \$281,000 in forfeiture, and a \$100 special assessment.

Subject Pleads Guilty to Access Device Fraud Using Stolen Credit Cards

As reported in the previous semiannual period, our investigation of an organized criminal group using stolen credit cards issued by Treasury-regulated financial institutions to purchase \$400,000 in gift cards from stores, identified five subjects for prosecution. One subject pled guilty in U.S. District Court, District of Maryland, to Access Device Fraud for using stolen credit cards to purchase gift cards.

Update: Two additional subjects were indicted in U.S. District Court, District of Maryland. Additional judicial action is pending.

Subject Indicted for Producing and Uttering Fictitious Treasury Obligations

As reported in the previous semiannual period, our joint investigation with the FBI, led to the indictment of a subject identified as a Sovereign Citizen, who attempted to pay off a mortgage and other loans, totaling \$253,000, with fictitious documents purportedly issued by the Treasury. The subject was indicted and arrested for Producing and Uttering Fictitious Treasury obligations, in U.S. District Court, Middle District of Florida. The subject was released on bond.

Update: The subject was found guilty. Sentencing is pending.

Bank Employee Arrested for Bank Fraud

As reported in the previous semiannual period, our investigation of a Treasury-regulated bank employee determined the subject stole a customer's identity and account information to pay off student loans with the Federal Government which totaled \$22,000 and an additional \$115,000 in personal debt. All but \$6,900 was recovered during the investigation. The subject was arrested for Bank Fraud and subsequently pled guilty to Aggravated Identity Theft in the Middle District of Florida, Orlando Division.

Update: The subject was sentenced to 24 months in prison, 12 months of probation, ordered to pay \$6,900 in restitution, and a special assessment of \$100.

Subject Pleads Guilty to Theft of Public Money

As reported in the previous semiannual period, our joint investigation with the SSA Office of Inspector General (OIG) identified a subject who fraudulently obtained

\$108,000 in Social Security, Title II Retirement and Survivors Insurance funds for which he was not entitled. The subject was estranged from his wife and infant son. When his wife died, he abandoned the child and left him in the care of his wife's best friend, but continued to receive benefits for the child. The subject pled guilty to Theft of Public Money in U.S. District Court, Northern District of Florida.

Update: The subject was convicted of Theft of Government Property and was sentenced to 6 months in prison, 36 months of probation, ordered to pay \$97,000 in restitution to SSA, and a \$100 special assessment.

Subject Arrested for Theft of Government Funds and Aggravated Identity Theft

As reported in the previous semiannual period, our joint investigation with the SSA OIG identified a subject that fraudulently collected \$70,000 of his deceased neighbor's Social Security benefits. The subject allegedly accessed the neighbor's checking account to retrieve funds, including Social Security benefit payments. The subject was arrested in the Middle District of Florida for Theft of Government Funds and Aggravated Identity Theft.

Update: The subject pled guilty to Theft of Public Funds and was sentenced to 6 months in prison, 60 months of probation, ordered to pay \$42,000 in restitution, and a \$100 special assessment.

Subject Sentenced for Making a Materially False Statement to a Bank and Aggravated Identity Theft

As reported in the previous semiannual period, our joint investigation with NC-TFCTF and the Durham Police Department, North Carolina, determined a subject, who was on probation, targeted female victims through internet dating websites and social media. The subject obtained personal bank account information by convincing the victims to provide access, changed the victims' passwords, and ordered checks. Checks obtained by the subject from a victim's account were deposited in another victim's account. The subject withdrew funds before the Treasury-regulated bank detected the scheme. This case was prosecuted by the USAO, Middle District of North Carolina. The subject was arrested for Making a Materially False Statement to a Bank and Aggravated Identity Theft. The subject pled guilty and was sentenced to 45 months in prison, 60 months of probation, ordered to pay restitution in the amount of \$19,000, and a \$200 special assessment.

Update: Two additional subjects involved have been indicted and arrested within the Middle District of North Carolina for Aggravated Identity Theft and Making a Materially False Statement to a Bank. Judicial action is pending.

Veterinarian Indicted for Violations of Access Device Fraud and Aggravated Identity Theft

As reported in the previous semiannual period, our joint investigation with the NC-TFCTF and the Durham Police Department, North Carolina, determined a veterinarian fraudulently used customers' credit cards through merchant chargebacks with an on-site credit card processor and credit applications to establish fraudulent credit lines at Treasury-regulated financial institutions. This case is being prosecuted by the USAO, Middle District of North Carolina. The subject has been indicted for violations of Access Device Fraud and Aggravated Identity Theft.

Update: The subject was additionally indicted for Bank Fraud, Wire Fraud, and Prescription Fraud. Judicial action is pending.

Subject Pleads Guilty to Theft of Government Property

As reported in the previous semiannual period, our joint investigation with National Archives and Records Administration (NARA) OIG discovered a subject had stolen historical items, including dog tags, from the National Archives. Our office assisted NARA OIG in the execution of a search warrant of the subject's residence and with forensic analysis of electronic devices seized during the search. The subject was arrested and pled guilty in U.S. District Court, District of Maryland, to Theft of Government Property.

Update: The subject was sentenced to 12 months in prison, 36 months of probation, ordered to pay restitution of \$43,000, and a \$100 special assessment.

Subject Arrested for Defrauding a Financial Institution and Obtaining Personal Property with Intent to Defraud

As reported in the previous semiannual period, our investigation discovered a subject compromised a Treasury-regulated financial institution's credit card accounts, using stolen PII to add herself as an authorized user to make purchases at various retail locations, causing a fraud loss of \$15,000. The subject was arrested by the

Jacksonville Sheriff's Office, Jacksonville, Florida, for Defrauding a Financial Institution and Obtaining Personal Property with Intent to Defraud. The case was later accepted for prosecution by the USAO, Middle District of Florida.

Update: The subject was indicted in the Middle District of Florida for Wire Fraud and Aggravated Identity Theft and was arrested while being held by the U.S. Marshals for Federal probation violations. Judicial action is pending.

Subjects Plead Guilty for the Use of Counterfeit Access Devices, Aggravated Identity Theft, and Possession of Access Device Making Equipment with Intent to Defraud

As reported in the previous semiannual period, our joint investigation with the NC-TFCTF and Asheboro, North Carolina, Police Department determined two subjects conducted a credit card fraud scheme impacting Treasury-regulated financial institutions. During the execution of a search warrant the subjects were found to be in possession of over 100 counterfeit and re-encoded credit cards, a card reader device, two computers, and an embossing machine. One subject pled guilty to Use of Counterfeit Access Device, Aggravated Identity Theft, Possession of Access Device Making Equipment with Intent to Defraud, and Possession of 15 or more Counterfeit Devices. The second subject pled guilty to Accessory After the Fact. The case is being prosecuted by the USAO, Middle District of North Carolina.

Update: Judicial action is pending for the first subject. The second subject was sentenced to 36 months of probation and ordered to pay restitution in the amount of \$6,300.

Subject Pleads Guilty to Possession of Counterfeit and Unauthorized Access Devices and Possession of Device Making Equipment

As reported in the previous semiannual period, our investigation identified three subjects for prosecution in a case involving identity theft, fraudulent access devices, theft, money laundering, and organized criminal activity. The subjects used gas pump skimming devices to obtain victim credit card information to produce counterfeit access devices for purchases. The first subject pled guilty to Possession of Counterfeit and Unauthorized Access Devices and Possession of Device Making Equipment in U.S. District Court, Southern District of Texas.

Update: The first subject was sentenced to 40 months in prison, 12 months of probation, and ordered to pay a \$200 special assessment. Additional arrests and judicial action are pending.

Subject Indicted for Conspiracy to Commit Access Device Fraud, Use of Unauthorized Access Devices, and Aggravated Identity Theft

As reported in the previous semiannual period, our investigation identified three subjects that used fraudulently obtained PII to compromise a retail merchant's accounts at Treasury-regulated financial institutions. The subjects were indicted for Conspiracy to Commit Access Device Fraud, Use of Unauthorized Access Devices, and Aggravated Identity Theft. The first subject was arrested in the Southern District of Florida.

Update: The first subject pled guilty to Conspiracy to Commit Access Device Fraud and Aggravated Identity Theft, and was sentenced to 34 months in prison, 36 months of probation, ordered to pay \$83,000 in restitution, and a special assessment of \$200. The second subject was arrested. The third subject is a fugitive. Judicial action is pending.

Subject Indicted for Preparing and Filing False Tax Returns

As reported in previous semiannual periods, our joint investigation with IRS-CI and USPIS, determined that subjects prepared and submitted over 2,000 fraudulent Federal income tax returns totaling \$12 million for undocumented workers and resident foreign nationals. Two subjects, sisters, schemed to use other individual's wages and falsely reported a high number of dependents to produce excessive tax refunds, exploiting the Earned Income Tax Credit. The first subject was arrested in the District of Minnesota for Fictitious and Fraudulent Claims and Theft of Public Money. The second subject was indicted for Fictitious and Fraudulent Claims, Theft of Public Money, and Aggravated Identity Theft.

Update: The first subject was sentenced to 1 day in prison for False Claims, 24 months in prison for Aiding and Abetting and Aggravated Identity Theft, followed by 12 months of probation, ordered to pay \$7,800 in restitution, and a \$200 special assessment by the U. S. District of Minnesota. The second subject is a fugitive. Judicial action is pending.

Subjects Arrested for Uttering Counterfeit Checks

As reported in previous semiannual periods, our joint investigation with the Jacksonville Sheriff's Office, Jacksonville, Florida, determined that 17 subjects conspired to cash counterfeit checks drawn on Treasury-regulated financial institutions. Arrest warrants were issued for the 17 subjects in the Fourth Judicial Circuit of Florida for Bank Fraud and Uttering. Eleven (11) of the 17 subjects were arrested for Uttering, of which, 6 pled guilty to Uttering, and were sentenced from 12 days to 20 months in prison and ordered to pay restitution from \$481 to \$950 each. Prosecution was deferred for 4 of the 11 subjects, and adjudication was withheld for the other subject after diversion.¹⁰ Judicial action was pending for 6 of the 17 subjects.

Update: To date, 12 of the 17 subjects have been arrested for Uttering, 2 subjects have been dismissed (warrants withdrawn), and 3 subjects are fugitives. Judicial action is pending.

Subject Pleads Guilty to Stolen Treasury Checks and Counterfeit Driver's License Scheme

As reported in previous semiannual periods, our joint investigation with the Fairfax City Police Department, Virginia, and USPIIS uncovered a criminal fraud conspiracy involving subjects using counterfeit Washington, DC, drivers' licenses to negotiate stolen Treasury checks and Washington, DC, payroll checks. Three subjects have been identified. The first subject pled guilty to charges of Bank Fraud and was sentenced to 20 months in prison, 36 months of probation, and restitution of \$47,000. A second subject was arrested and pled guilty to Conspiracy to Commit Bank Fraud. The case is being prosecuted by the USAO, Eastern District of Virginia.

Update: The second subject is awaiting sentencing. The third subject was arrested and pled guilty to charges of Bank Fraud, and was sentenced to 36 months in prison, 36 months of probation, ordered to pay \$18,000 in restitution, and a special assessment of \$100. Two additional subjects were arrested and pled guilty to charges related to Bank Fraud. Judicial action is pending.

Other Treasury OIG Accomplishments and Activities

The Eighth Annual Treasury OIG Awards

On May 17, 2018, the Department of the Treasury (Treasury) Office of Inspector General (OIG) held its eighth annual awards program in the Cash Room of the Treasury Building. The program recognized the achievements and outstanding performance of Treasury OIG staff and its agency partners during calendar year 2017. Presented were four Individual Achievement Awards, seven Teamwork Awards, one Manager of the Year Award, one Rookie of the Year Award, one Commitment to Service Award, and four Special Partner Awards. Also awarded was the Inspector General Leadership Award, the highest honor bestowed on a Treasury OIG employee. In addition, 16 Treasury OIG staff members were recognized for their length of Federal service.

The awards were presented to the following recipients:

Individual Achievement Award

Randy Adams, Matthew Lynch, Andrea Peacock, and Justin Walker

Intra-Component Teamwork Award

2017 Federal Information Security Modernization Act Audits

Larissa Klimpel, Robert Kohn, and Mike Patel

State Small Business Credit Initiative Audit Team

Theresa Cameron, Lynette Feliciano Del Valle, Nadine Forgenie, Dennis Orsini, and Anita Smith

Hobson Investigation Team

Carter Catlett, Brian Francis, Jessie Foster, Lee Hemphill, Chrystal Overcash, Kenneth Rickard, and Scott Sluder

Operation: Intelligent Mail

Brittany Harding, Susan Holsey, Peter D. LoJacono, and Amanda Perkins

eRequester Project

Dawn Buckingham and Cynthia Poree

Other Treasury OIG Accomplishments and Activities

Inter-Component Teamwork Award

Antideficiency Act Audit Team

Amy Altemus, Susan Barron, Andrew Berke, Lisa Carter, Rafael Cumba, Daniel Gerges, Hillary Hopper, Olivia Scott, and Valeria Tettey

Office of Intelligence and Analysis Team

Amy Altemus, Pauletta Battle, Richard Delmar, Kiira Hall, Eileen Kao, Regina Morrison, and Gregory Sullivan

Manager of the Year Award

Mark Ossinger

Rookie of the Year Award

Jeneba Moiwo

Commitment to Service Award

Matthew Creager and Craig Harbeck

Special Partner Award

Office of Foreign Assets Control

Cheryl Carson, Former Audit Liaison

Fictitious Treasury Money Orders Investigation Team

Jae Park, Federal Bureau of Investigation, and
Joel DeJesus, U.S. Secret Service

Operation: Intelligent Mail

Victoria DiGiampaolo, Question Document Analyst, Bureau of the Fiscal Service, Jennifer Lawlor, Special Agent, Robert Parker, Special Agent, and Bao Nguyen, Data Mining Specialist, U.S. Postal Service OIG, Aric Lewallen, Special Agent, Social Security Administration OIG, Jerry Phillips, Postal Inspector, U.S. Postal Inspection Service, and Kim Smith, Fingerprint Specialist, U.S. Secret Service

Other Treasury OIG Accomplishments and Activities

Treasury

Bob Mahaffie, Budget Director

Length of Federal Service Recognition

40 Years

Richard Delmar, Office of Counsel

25 Years

Sonja Scott, Office of Investigations

20 Years

Mark Ossinger, Office of Audit

15 Years

Horace Bryan, Office of Audit

Jenny Hu, Office of Audit

Gerald Kelly, Office of Audit

Gina O. Buchanan, Office of Investigations

Susan Holsey, Office of Investigations

Christopher LeFever, Office of Investigations

Sally Luttrell, Office of Investigations

Thomas Trimble, Office of Investigations

Ernest Eldredge, Office of Management

10 Years

Clyburn Perry III, Office of Audit

Richard Wood, Office of Audit

5 Years

Usman Abbasi, Office of Audit

Lawrence Gonzalez, Office of Audit

Inspector General Leadership Award



*Sharon Torosian Receiving the
Inspector General Leadership Award from
Inspector General Thorson*

Treasury OIG Leadership Roles

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

Deborah Harker, Assistant Inspector General for Audit, is serving as the Co-Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Federal Audit Executive Council's Digital Accountability and Transparency Act (DATA Act) Working

Other Treasury OIG Accomplishments and Activities

Group Governance Committee. **Ms. Harker** also represents CIGIE on the Chief Financial Officers Council, Leveraging Data as a Strategic Asset Working Group.

Pauletta Battle, Deputy Assistant Inspector General for Financial Management and Transparency Audits, chairs the Federal Audit Executive Council's DATA Act Working Group, which educates Inspectors General and Government financial communities on the DATA Act oversight process. The Working Group consists of approximately 200 members representing 38 OIGs.

Lisa Carter, Deputy Assistant Inspector General for Financial Sector Audits, serves as the Treasurer for the Association of Inspectors General DC Chapter, an organization of Federal, State, and local Inspectors General. **Ms. Carter** is also a member of its Training committee.

Donna Joseph, Deputy Assistant Inspector General for Cyber and Financial Assistance Audits, serves as the National Single Audit Coordinator for Treasury, and is a member of the American Institute of Certified Public Accountants' (AICPA) National Governmental Accounting and Auditing Update planning committee. The committee coordinated its annual east coast conference in Washington, DC, on August 13-15, 2018.

Jeffrey Dye, Audit Director, regularly teaches a module of the Introductory Auditor course sponsored by the CIGIE Training Institute.

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

Andrea Smith, Audit Director, was the recipient of the National Association of Black Accountants, Inc. (NABA) 2018 National Achievement in Government Award for her leadership efforts to ensure the Inspector General community was well positioned to execute its oversight responsibilities under the DATA Act. The award was presented June 16, 2018, at NABA's 2018 National Convention in Orlando, Florida.

On July 18, 2018, **Ms. Smith**, led a half-day workshop Treasury OIG hosted for NABA's Accounting Career Awareness Program (ACAP), in Washington, DC. ACAP's primary objective is to increase the understanding of accounting and business career opportunities among high school students from underrepresented ethnic groups. ACAP, a one-week residency program at Howard University, introduced students to accounting, finance, economics, and management through a focused, undergraduate-

Other Treasury OIG Accomplishments and Activities

level program taught by college faculty and guest lecturers from business and Government. During the week, students had the opportunity to attend classes on careers in accounting and business, personal development, college preparation, and tour college campuses, local companies, and certified public accounting firms. Treasury OIG's workshop encouraged the students to learn about auditing in the Federal sector. Other Treasury OIG representatives that contributed to these efforts were **Ashley Smith**, Audit Manager; and **R. Nikki Akinyeye**, Auditor-In-Charge.

Mark Ossinger, Audit Manager, was the recipient of a Treasury 2018 Leadership Legacy Honors award. The award was announced on May 9, 2018, during Public Service Recognition Week to honor executives, managers, and supervisors at all levels in Government who have achieved mission results through successfully mentoring and coaching employees and teams to achieve their highest potential.

Statistical Summary

Summary of Treasury OIG Activities

April 1, 2018 through September 30, 2018

OIG Activity	Number or Dollar Value
Office of Counsel Activities	
Regulation and legislation reviews	4
Instances where information was refused	0
Office of Audit Activities	
Reports issued and other products	21
Disputed audit recommendations	0
Significant revised management decisions	0
Management decision in which the Inspector General disagrees	0
Monetary benefits (audit)	
Questioned costs	\$0
Funds put to better use	\$0
Total monetary benefits	\$0
Office of Investigations Activities	
Criminal and judicial actions (including joint investigations)*	
Investigative reports issued	125
Cases referred for prosecution and/or litigation	65
Individuals referred for criminal prosecution to the Department of Justice	62
Individuals referred for criminal prosecution to state and local authorities	7
Cases accepted for prosecution and/or litigation	49
Arrests	0
Indictments/informations	32
Convictions (by trial and plea)	10

**During the reporting period, subjects were sentenced to 817 months of prison time, 960 months of probation, 550 days of community service, and ordered to pay fines, restitution, and court fees in the amount of \$9.3 million. In addition, Treasury OIG seized \$10.3 million as a result of a criminal prosecution and participated in an investigation where a judgment of \$5 million was ordered to be paid to Treasury.*

Metrics Used for Office of Investigations Activities

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

Reports with Unimplemented Recommendations

Issued prior to April 1, 2018

The following list of Treasury OIG reports with unimplemented recommendations is based on information in Treasury’s automated audit recommendation tracking system, which is maintained by Treasury management officials, and recommendations tracked by other Federal organizations related to Treasury OIG’s oversight of the Resources and Ecosystems Sustainability, Tourist Operations, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) programs and activities of the Gulf Coast Ecosystem Restoration Council (Council) and the National Oceanic and Atmospheric Administration’s (NOAA) Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program (Science Program). As of the end of this reporting period, there are no Treasury OIG reports with unimplemented recommendations addressed to the Council and NOAA.

Treasury OIG is reporting 116 open and unimplemented recommendations for 23 reports issued prior to April 1, 2018. Treasury OIG does not have any potential cost savings to report for these reports.

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

Treasury Programs and Operations

Number	Date	Report Title and Recommendation Summary
OIG-15-036	06/15	<p data-bbox="532 1350 1370 1430"><i>RESTORE Act: Alabama’s Center of Excellence Was Not Selected through Competitive Award</i></p> <p data-bbox="532 1438 1477 1692">The Fiscal Assistant Secretary should ensure that the Alabama Council selects its Centers of Excellence through a competitive process in accordance with the RESTORE Act and Treasury regulations prior to disbursing grant funds to the Alabama Council for funding Centers of Excellence. Management agreed with the recommendation. (1 recommendation)</p>

OIG-15-040 07/15 *OSP Needs to Promptly Inform OIG of Potential Illegal Activity and Improve Other Processes*

The Assistant Secretary for Intelligence and Analysis should (1) conduct, in conjunction with the Office of the Chief Information Officer, a resource analysis of the Office of Security Programs (OSP) to determine the proper information technology software, equipment, and support needed to comply with Central Verification System requirements; (2) ensure that OSP works with the Office of the Chief Information Officer and Office of Personnel Management, as appropriate, to resolve OSP system and data issues with the Central Verification System so that Treasury employee security clearance data is provided to and maintained in the Central Verification System on a complete, current, and accurate basis going forward; (3) improve the security clearance process guidance by streamlining the Treasury Security Manual and other related sources by, for example, including a roles and responsibilities matrix/cross-index of all the parties involved in the security clearance process; and (4) ensure that OSP develops and implements comprehensive standard operating procedures (SOP) for the security clearance process. Management agreed with the recommendations. (4 recommendations)

OIG-16-001 10/15 *Libyan Sanctions Case Study*

The Director of the Office of Foreign Assets Control (OFAC) should (1) implement a methodology to identify blocked assets that have been released by license type (general or directive); and (2) develop a lessons-learned process to capture and communicate acquired knowledge from past sanctions programs at a time appropriate for each sanctions program. Management agreed with the recommendations. (2 recommendations)

OIG-16-010 11/15 *Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2015 Performance Audit*

United States Mint (Mint) management, for the selected system, should (1) ensure access forms are completed, properly reviewed by the help desk prior to granting access, and centrally retained by the help desk; (2) ensure that control implementation statements and statuses for all National Institute of Standards and Technology Policy 800-53 Revision 4 (NIST P 800-53 Rev. 4) controls and control enhancements are fully addressed in the system security plan; (3) revisit the existing third-party cloud service provider's contract and ensure the appropriate Federal Risk and Authorization Management Program security clauses and requirements related to the Federal Information Security Modernization Act of 2014 (FISMA) and NIST guidance is incorporated; and (4) ensure that its third-party cloud service provider provides FISMA-related artifacts to demonstrate FISMA compliance to the Mint security compliance team. Management agreed with the recommendations. (4 recommendations)

Treasury OIG Comment: Recommendation 3 is closed in Treasury's audit follow-up system, the Joint Audit Management Enterprise System (JAMES). However, Treasury OIG considers the recommendation to be unimplemented because the auditor has reported the recommendation as open in its 2018 FISMA report.

OIG-16-059 09/16 *General Management: Treasury Has Policies and Procedures to Safeguard Classified Information but They Are Not Effectively Implemented*

The Assistant Secretary for Intelligence and Analysis should direct the Deputy Assistant Secretary for Security to (1) emphasize to derivative classifiers the importance of properly marking classification decisions, including adding a note in classified emails to remind employees to properly portion mark emails before sending; (2) update the Treasury

Security Manual to include OSP responsibilities to (i) follow-up timely with Departmental Offices (DO) and bureaus on their Standard Form (SF) 311 submissions; (ii) review the SF 311s for completeness and accuracy; (iii) implement a mechanism such as a checklist or reconciliation to ensure complete and accurate reporting of SF 311 information; and (iv) document explanations for corrections made to DO's and bureaus' SF 311 reporting if OSP makes any changes; (3) provide additional guidance and training to SF 311 preparers focusing on areas of repeated weaknesses such as difficulties identifying the difference between original and derivative classification decisions; and remind DO and bureaus of their responsibilities to ensure that the SF 311 is complete and accurate; (4) emphasize to bureaus with employees who handle and generate classified information the importance of conducting annual self-inspections, documenting the results, and submitting the reports to OSP; (5) update the Treasury Security Manual to include procedures requiring OSP to follow up and obtain all bureau self-inspection reports; and (6) ensure that training materials are periodically reviewed and updated to include current Federal and Treasury requirements; and (7) use the Treasury Learning Management System (TLMS) or a similar system to retain records of training and monitor completion of required derivative classifier and original classifier training. Management agreed with the recommendations. (7 recommendations)

Treasury OIG Comment: Recommendations 3 and 7 are closed in JAMES. However, Treasury OIG considers the recommendations to be unimplemented, as documentation used to support the closures did not include evidence that guidance was provided to DO and bureau SF 311 preparers focusing on difficulties identifying the difference between original and derivative classification decisions, including a reminder to DO and bureaus of their responsibilities to ensure that the SF 311 is complete and accurate, and evidence of the training in TLMS.

- OIG-17-003 11/16 *Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2016 Performance Audit*
 DO, for the selected system, should configure the system to disable user accounts automatically after 120 days of inactivity. Management agreed with the recommendation. (1 recommendation)
-
- OIG-17-012 11/16 *Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2016 and 2015*
 The Assistant Secretary for Management (ASM) and the Deputy Chief Financial Officer should ensure that the (1) Bureau of the Fiscal Service (Fiscal Service) takes corrective action to resolve control deficiencies over its information systems. Management agreed with the recommendation. (1 recommendation)
-
- OIG-17-044 05/17 *Terrorist Financing/Money Laundering: Federal Agencies Are Generally Satisfied with TFFC's Collaboration Efforts, but Enhancements Can Be Made*
 The Assistant Secretary for Terrorist Financing should (1) develop policies and procedures to ensure continuity and consistency in collaboration efforts with interagency task forces and workgroups; (2) develop and implement a mechanism to monitor, evaluate, and report on the effectiveness of the Office of Terrorist Financing and Financial Crimes' (TFFC) interagency collaboration; (3) develop meaningful performance measures specific to TFFC collaboration; and (4) address areas of concern expressed by Federal agencies regarding TFFC's collaboration that includes feedback, intersessional meetings, and invitations to participate in bilateral meetings with foreign countries during the Financial Action Task Force Plenary. Management agreed with the recommendations. (4 recommendations)
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OIG-17-046 06/17 *RESTORE Act: Gulf County's Policies and Procedures Did Not Reflect All Uniform Guidance Requirements*

The Fiscal Assistant Secretary should consider the County's need to further develop and strengthen its policies and procedures to fully document the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. This consideration should be part of Treasury's oversight and administration of the County's Multiyear Implementation Plan Planning Assistance award as well as risk assessments required by the *Uniform Guidance* for future awards. Management agreed with the recommendation. (1 recommendation)

OIG-18-004 10/17 *Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2017 Performance Audit*

Fiscal Service management should implement an enterprise-wide Software Asset Management tool to discover and identify installed software on the Fiscal Service network, manage software product signatures, analyze software use (i.e., license consumption), and facilitate software asset management reporting. Management agreed with the recommendation. (1 recommendation)

DO management should (1) update the DO Information Technology Security Policy Handbook (DO IT P-910), Version 3.3, specifically the Risk Assessment-5 and System and Information Integrity-2 security controls, to establish actionable timeframes for remediating vulnerabilities using a risk-based approach or develop a continuous monitoring program to determine and set agreed upon timeframes to remediate organizational defined vulnerabilities; (2) update DO IT P-910 and supporting patch management policies and procedures to enforce a patch management process for the operating systems supporting selected system 1, selected system 2, and other moderate or high risk information systems to test, document, and approve patches prior to installation; (3) perform and

document a cost benefit analysis to determine if a complete test environment is warranted for all DO systems to include tracking of all patch management decisions; and (4) test patches in adherence to the updates to DO IT P-910 and supporting patch management policies and procedures. Management agreed with the recommendations. (4 recommendations)

Mint management should (1) review and approve Mint-wide information security policies and procedures on an annual basis; (2) implement a remediation plan to commit resources to update all Mint-wide information security policies and procedures on the frequency required by Treasury Directive Publication 85-01 (TD P 85-01) and NIST SP 800-53, Rev. 4; (3) develop and implement a process to ensure that periodic user access reviews are completed for the selected system; (4) ensure all active selected system accounts are consistently reviewed in accordance with NIST SP 800-53, Rev. 4; (5) for the selected system, ensure that the cloud service provider conducts and documents a Business Impact Analysis prior to the next major Information System Contingency Plan update; and (6) for the selected system, complete Business Impact Analyses per TD P 85-01 and NIST SP 800-34 Revision 1, "Contingency Planning Guide for Federal Information Systems" as part of its contingency planning process. Management agreed with the recommendations. (6 recommendations)

Treasury OIG Comment: The recommendations are closed in JAMES. However, Treasury OIG considers the recommendations to be unimplemented because the auditor has reported the recommendations as open in its 2018 FISMA report.

OIG-18-005 10/17 *Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2017 Performance Audit for Collateral National Security Systems*
DO should (1) evaluate the current test environment to determine if management needs to enhance the environment to

allow for adequate testing of changes and patches, and, if necessary, implement a cost-effective solution; (2) establish a process to review at a defined frequency the DO Collateral National Security Systems user accounts; and (3) disable terminated or inactive DO employees' or contractors' DO Collateral National Security Systems accounts accordingly. Management agreed with the recommendation. (3 recommendations)

OIG-18-006 10/18 *Terrorist Financing/Money Laundering: Audit of the Office of Intelligence and Analysis' Management of the Office of Terrorism and Financial Intelligence Employees' Intelligence Community Public Key Infrastructure Certificates*

The Under Secretary for Terrorism and Financial Intelligence should ensure that (1) the Office of Intelligence and Analysis and the Office of Special Security Programs clarify, formalize, and distribute intelligence community public key infrastructure (IC PKI) process policies and procedures; (2) employees at all levels are trained on the process and documentation required to efficiently gain IC PKI access; (3) an assessment is performed to determine the adequacy of staffing and system resources, as well as cross-training of Office of Special Security Programs employees responsible for reviewing and renewing IC PKI certificates; and (4) the Office of Intelligence and Analysis and the Financial Crimes Enforcement Network (FinCEN) officials work together to ensure that they understand their roles and responsibilities. Management agreed with the recommendations. (4 recommendations)

OIG-18-009 11/17 *RESTORE Act: MDEQ's Compliance with Its Use of the Planning Assistance Award to Develop the Multiyear Implementation Plan*

The Fiscal Assistant Secretary should consider the Mississippi Department of Environment Quality's (MDEQ) need to further develop and strengthen documentation of its policies and procedures to align with the OMB's *Uniform Guidance*. This consideration should be part of Treasury's oversight and

administration of the MDEQ's Multiyear Implementation Plan Planning Assistance award as well as risk assessments required by the *Uniform Guidance* for future awards. Management agreed with the recommendation. (1 recommendation)

- OIG-18-010R 11/17 *Treasury Continues to Make Progress in Meeting DATA Act Reporting Requirements, But Data Quality Concerns Remain*
 The ASM, working as needed with Treasury's senior accountable official, reporting entities, and the Government-wide Program Management Office, as well as OMB should (1) review the list of 57 data elements, including the standardized definitions, to ensure that all reporting entity contracting specialists/officers understand and are trained on how the elements are defined, where these elements are captured in underlying records, and how these elements are reported in procurement and financial systems; (2) ensure that appropriate and complete documentation is maintained and readily available for all procurement awards including, but not limited to, base award documentation and requisitions; and (3) continue to monitor the resolution for issues identified in corrective action plans including, but not limited to, the Administrative Resource Center's process to report procurement data on behalf of its customer agencies. Management agreed with the recommendations. (3 recommendations)

Treasury OIG Comment: Recommendation 1 is closed in JAMES. However, Treasury OIG considers the recommendation to be unimplemented until it performs follow-up to determine if the recommendation is implemented.

- OIG-18-013 11/17 *Financial Management: Management Letter for the Audit of the Federal Financing Bank's Fiscal Years 2017 and 2016 Financial Statements*
 Federal Finance Bank management should implement a process to monitor DO's performance of Loan Management and Control System security controls, including the rotation of backup

media to an offsite location, on an ongoing basis. Management agreed with the recommendation. (1 recommendation)

OIG-18-015 11/17 *Financial Management: Audit of the Department of the Treasury's Consolidated Financial Statements for Fiscal Years 2017 and 2016*

The ASM and the Deputy Chief Financial Officer should ensure that the (1) Internal Revenue Service (IRS) takes corrective action to improve controls over financial reporting; (2) Fiscal Service increase its focus on assessing risks associated with continued change, design and implement effective controls to address such risks, and monitor the effectiveness of controls; and (3) Fiscal Service implement requisite corrective actions to resolve control deficiencies over its debt management information systems; and (4) IRS implements its remediation plan outlining actions to be taken to resolve noncompliance with the Federal Financial Management Improvement Act of 1996 requirements and the resources and responsible organizational units for such planned actions. Management agreed with the recommendations. Management agreed with the recommendations. (4 recommendations)

OIG-18-018 11/17 *Terrorist Financing/Money Laundering: OFAC Human Resources Practices Need Improvement*

The OFAC Director should (1) ensure that career ladder promotions of legacy employees are based on equitable, consistent, and supportable methodologies, including alignment with the official Office of Personnel Management ratings categories, Treasury and OFAC requirements, and the duties and responsibilities of the employees' assigned position descriptions; (2) ensure that legacy employees' current position descriptions are evaluated to ensure that the documented promotion potential of these non-supervisory employees is consistent with OFAC's current promotion practices; (3) ensure that considerations and justifications used for promotions are documented when promotion decisions are inconsistent with established policies; and (4) work with the Office of the Deputy

Assistant Secretary for Human Resources and Chief Human Capital Officer to ensure that required records are included in the electronic Official Personnel Folders (eOPF). Management agreed with the recommendations. (4 recommendations)

OIG-18-024 12/17 *Resource Management: Treasury's Office of Budget and Travel Potentially Violated the Antideficiency Act and Needs to Improve Its Reimbursable Agreement Process*

For findings 1 to 3, the ASM should (1) within 60 days of the issuance of this report, finalize the Office of Budget and Travel's (OBT) internal review of its fiscal year 2015 records and request a Government Accountability Office decision to determine if the Antideficiency Act violations occurred; and (2) analyze OBT's fiscal year 2016 and 2017 records to determine whether Antideficiency Act violations occurred. For findings 4 to 11, the ASM should (3) ensure OBT develops, revises, and/or finalizes office-wide manuals, policies, and SOPs to ensure: a. adequate documentation of all processes and procedures for budget formulation and execution, as well as reimbursable agreements; b. the signing of reimbursable agreements before periods of performance begin; c. timely billing of and revenue collection from DO customers (requesting agencies); d. recording of DO's reimbursable budget authority in the appropriate funds and timely recording of obligations and expenditures of reimbursable funds related to its requesting agencies subsequent to the signing of reimbursable agreements; e. ongoing communication between OBT and DO customers to effectively monitor OBT's execution of the goods and services provided, available funding, and collection of revenues against reimbursable agreements; and f. adequate supervision of OBT staff in the performance of budget formulation and execution duties, as well as the monitoring of reimbursable agreements that OBT is responsible for executing and servicing; (4) ensure OBT performs an analysis to determine whether advances should be obtained from DO customers at the time reimbursable services are ordered; (5) ensure OBT distributes to OBT management and staff, and provides training on, new or revised OBT policies and SOPs and

timely notifies them of any modifications to the reimbursable agreement process; (6) ensure OBT complies with DO “Reimbursable Agreement Policy” (October 2010) by reviewing and updating a procedural manual that addresses roles, responsibilities, and activities associated with each phase of the reimbursable agreement lifecycle, as necessary, at least once every 2 years; and (7) ensure OBT develops a mandatory training program to ensure that all OBT management and staff are properly trained on budget execution and formulation, the reimbursable agreement process, and the requirements of applicable laws, regulations, policies, and guidance. Management agreed with the recommendations. (46 recommendations—recommendations are repeated for each applicable finding)

Treasury OIG Comment: Forty-five (45) of the 46 recommendations are closed in JAMES. However, Treasury OIG considers these recommendations to be unimplemented until it performs follow-up to determine if the recommendations are implemented.

OIG-18-026 12/17 *Financial Management: Management Letter for the Audit of the U.S. Mint's Fiscal Years 2017 and 2016 Financial Statements*
 Mint management should (1) implement an oversight process to ensure that Mint personnel are complying with Mint account management policies and procedures; (2) validate that the existing Wide Area Network (WAN)/Local Area Network (LAN) and Order Management System II user accounts are still appropriate; (3) configure the WAN/LAN to disable user accounts automatically after 90 days of inactivity; (4) validate that the existing three WAN/LAN user accounts are still appropriate; (5) develop formal procedures for completing and submitting the annual Web Time and Attendance (WebTA) user access review and recertification; (6) evaluate WebTA users defined to the Philadelphia site and ensure that the current user access and privileges are still appropriate; (7) update Mint HRConnect policies and procedures to specify the period to remove the access of terminated users from the HRConnect

system; and (8) remove terminated user access in accordance with recommendation 1. Management agreed with the recommendations. (8 recommendations)

OIG-18-032 12/17 *Terrorist Financing/Money Laundering: Financial Institutions Used FinCEN Guidance Designed To Avoid Duplicate Filing of Reports With OFAC and FinCEN, but BSA Data Users Did Not Have Access to All Data*

The Director of FinCEN, in collaboration with the Director of OFAC, should review the 2004 guidance and information sharing agreement based on changes to sanctions programs and update accordingly. Management agreed with the recommendation. (1 recommendation)

OIG-18-034 12/17 *Financial Regulation and Oversight: Material Loss Review of Guaranty Bank*

The Office of the Comptroller of the Currency (OCC) should develop and document examination procedures, for banks subject to prompt corrective action restrictions, that are designed to identify and track all types of compensation paid to executive officers (as defined in Regulation O). The implementation of documented examination procedures for identifying and tracking executive officer compensation (salary, bonuses, etc.) will enhance compliance monitoring of compensation restrictions. Management agreed with the recommendation. (1 recommendation)

OIG-18-037 02/18 *Bill and Coin Manufacturing: BEP Needs To Finalize Its COOP Plan*

The Director of the Bureau of Engraving and Printing (BEP) should work with the Board of Governors of the Federal Reserve System, in consultation with the Federal Emergency Management Agency's National Continuity Programs Office as necessary, to determine BEP's Mission Essential Functions (MEF) and if any of those functions support other organizations' MEFs. Management agreed with the recommendation. (1 recommendation)

OIG-18-038 02/18 *Financial Regulation and Oversight: Treasury OIG Review of the Office of Financial Research's Government Purchase Card Program*

The Director of the Office of Financial Research (OFR) should (1) when Approving Official duties are transferred to OFR employees in 2018, develop and implement a policy to require OFR Approving Officials to review purchase card transactions for potential split purchases on a monthly basis; (2) ensure a review of purchase cardholder files are completed to ensure that all documents required by policy and procedures are included in the files; and (3) develop and implement a policy for storing and maintaining government purchase card transaction documentation in a centralized location. Management agreed with the recommendations. (3 recommendations)

Closed Investigations of Senior Government Employees Not Publicly Disclosed

April 1, 2018 through September 30, 2018

Treasury OIG closed two investigations involving senior Government employees during the period that were not publicly disclosed. The investigations substantiated instances of misconduct against the senior Government employees.

Case Number	Allegation/Disposition
USM-18-0068-I	<p>A Mint employee alleged assault by a Mint manager. The case was referred to the U.S. Attorney’s Office for the District of Columbia and declined for prosecution on June 5, 2018, with a recommendation that the matter be handled administratively. The manager was issued a Letter of Reprimand for Violation of the “Department of the Treasury Employee Rules of Conduct,” and the matter was closed.</p> <p><i>Substantiated</i></p>
OCC-18-0025-I	<p>Treasury OIG received a complaint from OCC, that one of its executives may have used OCC time and resources to attempt to access inappropriate internet sites. The case was referred to the U.S. Attorney’s Office for the Eastern District of Virginia and declined for prosecution on May 15, 2018. On June 1, 2018, the OCC stated that the subject retired.</p> <p><i>Substantiated</i></p>

Summary of Instances of Whistleblower Retaliation

April 1, 2018 through September 30, 2018

Two cases of possible whistleblower retaliation that were being investigated as of the end of the prior semiannual reporting period, were ongoing as of the end of this reporting period. There were no new cases of possible whistleblower retaliation opened during this reporting period.

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

April 1, 2018 through September 30, 2018

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

Listing of Audit Products Issued

April 1, 2018 through September 30, 2018

In the list of 21 audit products below we identified 2 products that were issued during the reporting period that were not publicly disclosed.

Office of Audit

Terrorist Financing/Money Laundering: OFAC's Licensing Program Would Benefit From System Enhancements (OIG-18-043, 4/3/2018)

Quarterly Summary Memorandum for the Lead Inspector General, Department of Defense: Operation Inherent Resolve—Summary of Work Performed by the Department of the Treasury and Office of Inspector General Related to Terrorist Financing, ISIS, and Anti-Money Laundering (OIG-CA-18-016, 4/4/2018)

Terrorist Financing/Money Laundering: Audit of the Office of Intelligence and Analysis' Authorities and Actions Related to U.S. Persons' Financial Information (OIG-18-044, 4/9/2018)

Review of the Gulf Coast Ecosystem Restoration Council's Compliance with the Improper Payments Elimination and Recovery Act of 2010 for FY 2017 (OIG-CA-18-018, 5/3/2018)

Response to Congressional Request: Office of Minority and Women Inclusion's Compliance with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (OIG-CA-18-019, 5/11/2018)

Financial Management: Treasury Did Not Comply with the IPERA Requirements for Fiscal Year 2017 (OIG-18-045, 5/14/2018)

Financial Regulation and Oversight: Review of Circumstances Surrounding Citibank's Exclusion of In-Scope Borrowers (OIG-18-046, 7/10/2018)

Quarterly Summary Memorandum for the Lead Inspector General, Department of Defense: Operation Inherent Resolve—Summary of Work Performed by the Department of the Treasury and Office of Inspector General Related to Terrorist Financing, ISIS, and Anti-Money Laundering for Third Quarter Fiscal Year 2018 (OIG-CA-18-020, 7/10/2018)

Foreign Assets Control: OFAC's Iran Sanctions Program Processes Comply with Requirements (OIG-18-047, 7/12/2018)

Termination Memorandum–Audit of BEP's Currency Programs To Provide Access to Blind and Visually Impaired Persons (OIG-CA-18-021, 7/19/2018)

Joint Purchase and Integrated Card Violation Report (October 1, 2017 through March 31, 2018) (OIG-CA-18-022, 7/23/2018) **Internal Treasury OIG Memorandum, Not Publicly Disclosed**

Termination Memorandum–Audit of the Controls Over Purchase and Travel Cards (OIG-CA-18-023, 7/24/2018)

Audit of New Hampshire Housing Finance Authority's Payment Under 1602 Program (OIG-18-048, 7/25/2018)

Audit Termination Memorandum–Audit of Treasury's Implementation of the Digital Accountability and Transparency Act of 2014-Phase III (OIG-CA-18-024, 7/31/2018)

RESTORE Act: St. Bernard Parish's Internal Control over Federal Awards (OIG-18-049, 8/1/2018)

Audit Termination Memorandum–Selection and Monitoring of Financial Agents for Revenue Collection Management (OIG-CA-18-025, 8/2/2018)

RESTORE Act: Santa Rosa County's Internal Control over Federal Awards (OIG-18-050, 8/7/2018)

Audit Termination Memorandum–Office of Financial Research's Performance Measures (OIG-CA-18-026, 8/15/2018)

Financial Management: Report on the Bureau of the Fiscal Service Administrative Resource Center's Description of its Financial Management Services and the Suitability of the Design and Operating Effectiveness of its Controls for the Period July 1, 2017 to June 30, 2018 (OIG-18-051, 9/20/2018)

Information Technology: Fiscal Year 2018 Audit of the Department of the Treasury's Information Security Program and Practices for Its Intelligence Systems (OIG-18-052, 9/21/2018) **Classified, Not Publicly Disclosed**

Audit Termination Memorandum–Oversight of Servicers' Operational Improvements and Foreclosure Prevention Actions (OIG-CA-18-027, 9/28/2018)

Audit Reports Issued With Questioned Costs

April 1, 2018 through September 30, 2018

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

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

April 1, 2018 through September 30, 2018

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

Reports for Which No Management Comment was Returned Within 60 Days

As of September 30, 2018

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

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

As of September 30, 2018

There were no such reports as of the end of this reporting period.

Significant Revised Management Decisions

April 1, 2018 through September 30, 2018

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

Significant Disagreed Management Decisions

April 1, 2018 through September 30, 2018

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

Peer Reviews

April 1, 2018 through September 30, 2018

Office of Audit

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

The most recent peer review of our office was performed by the Department of Education (Education) OIG. In its report dated September 24, 2018, Education OIG rendered a *Pass* rating for our system of quality control in effect for the year ended March 31, 2018. External audit peer review reports of our office are available on Treasury OIG's [website](#). Treasury OIG's peer review of the Department of Labor (DOL) OIG was ongoing as of the end of this reporting period.

Office of Investigations

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

In its report dated October 16, 2017, the Department of Energy OIG found our office to be in compliance with all relevant guidelines for the period of April 2014 to July 2017. In addition, the peer review team identified best practices that increased the efficiency and effectiveness of our office. Best practices identified were the Treasury OIG policy for Certified Forensic Examiners and a process used in obtaining Inspector General Subpoenas. Treasury OIG did not perform any peer reviews of other Federal investigative law enforcement organizations during this reporting period.

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Other Reporting Requirements and Requests

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

Treasury's Office of Minority and Women Inclusion's Compliance with Dodd-Frank

In response to a request made by the **Honorable Joyce Beatty**, of the **House Committee on Financial Services**, on February 14, 2018, we reviewed the Department of the Treasury's (Treasury) compliance with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank). Section 342 required each agency to establish an Office of Minority and Women Inclusion (OMWI) responsible for all matters of the agency relating to diversity in management, employment, and business activities. We were requested to answer three questions, if (1) Treasury is in compliance with Section 342(b)(3) of Dodd-Frank—we reported that Section 342(b)(3) of Dodd-Frank states "Each Director shall advise the agency administrator on the impact of the policies and regulations of the agency on minority-owned and women-owned businesses." Dodd-Frank defines "agency", relevant to Treasury, as DO and defines "agency administrator" as the head of the agency. The Director of OMWI told us she met regularly with the Assistant Secretary for Management (ASM) in 2017 to discuss OMWI matters and that the ASM met regularly with the Secretary of the Treasury. With the exception of one item, a statement on diversity that she drafted and that the Secretary signed and issued in 2017, she did not know the extent to which the ASM discussed other OMWI matters with the Secretary. The Director also told us she met with Secretary Mnuchin on March 6, 2018, to discuss OMWI matters and that he requested to meet with her on a monthly basis going forward; (2) Treasury's OMWI Director reports directly to the Secretary—we reported that organizationally, the Director of OMWI does not report directly to the Secretary. The Director reports directly to the head of administrative operations within DO, the ASM. The Director reports indirectly to the Secretary through a "dotted line" reporting relationship; (3) OMWI's 2016 annual report to Congress exists, and if the report exists, why OMWI's reports are not readily available online, like every other regulator's OMWI reports—we reported that the 2015, 2016, and 2017 OMWI annual reports do exist, were submitted to Congress on March 28, 2018, and are available online. The OMWI Director told us that the 2015 and 2016 reports were delayed because (a) since 2016, she has been the sole staff

member of OMWI and, unlike the preparation of the 2011 through 2014 annual reports, she did not have the benefit of a staffed team to work with her on developing the later reports; (b) the annual reports require extensive data mining and analysis that is both time and labor intensive and have a lengthy clearance and approval process; and (c) at one point Treasury considered not issuing separate 2015 and 2016 reports but, instead, report the trends across all three years in the 2017 report. Later, the decision was made to issue separate 2015 and 2016 reports in conjunction with the issuance of the 2017 report. The Director also told us that OMWI will not likely be able to fulfill its Dodd-Frank responsibilities in the same way or at the same level as the other OMWIs in the financial regulatory agencies, which are more sufficiently staffed. As such, we expressed our belief that it would be prudent for Treasury to review the responsibilities of OMWI and determine if the current and planned staffing levels are adequate to meet those responsibilities. **(OIG-CA-18-019)**

Reviews of Bank Failures with Nonmaterial Losses

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

During this reporting period, there were no banks supervised by the OCC that failed. There was however, one bank that failed during the prior semiannual

reporting period with a material loss to the DIF. Washington Federal Bank for Savings, Chicago, Illinois, was closed on December 15, 2017, with an estimated loss to the DIF of \$82.6 million. Our draft report of the material loss review was provided to OCC for comment on September 24, 2018. We plan to issue the final report later this year.

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

During this reporting period, we issued two summary memorandums to the Department of Defense OIG regarding information we obtained on the Treasury's activities with respect to disrupting the Islamic State of Iraq and Syria's (ISIS) finances. The memorandums included specific examples of activities to disrupt ISIS's financing, information on Treasury programs that combat terrorist financing, and work we performed or plan to perform to review these programs. **(OIG-CA-18-016, OIG-CA-18-020)**

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References to the Inspector General Act

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Abbreviations

1602 Program	Treasury's Payments to States for Low Income Housing Projects in Lieu of Low Income Housing Tax Credits
ACAP	Accounting Career Awareness Program
ASM	Assistant Secretary for Management
Attorney General	Attorney General of the United States
BSA	Bank Secrecy Act
BuzzFeed	BuzzFeed News
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Council	Gulf Coast Ecosystem Restoration Council
DATA Act	Digital Accountability and Transparency Act of 2014
DO	Departmental Offices
DO IT P-910	Departmental Offices Information Technology Security Policy Handbook
Dodd-Frank	Dodd Frank Wall Street Reform and Consumer Protection Act of 2010
DIF	Deposit Insurance Fund
EITC	Earned Income Tax Credit
EO	Executive Order
EO 12333	EO 12333 "United States Intelligence Activities"
FBI	Federal Bureau of Investigation
FinCEN	Financial Crimes Enforcement Network
Fiscal Service	Bureau of the Fiscal Service
FISMA	Federal Information Security Modernization Act of 2014
IC PKI	intelligence community public key infrastructure
IPERA	Improper Payments Elimination and Recovery Act of 2010
IRS	Internal Revenue Service
IRS-CI	Internal Revenue Service Criminal Investigation
JAMES	Joint Audit Management Enterprise System
KPMG	KPMG LLP
Mint	United States Mint
NABA	National Association of Black Accountants, Inc.
NC-TFCTF	North Carolina Treasury Financial Crimes Task Force
NHHFA	New Hampshire Housing Finance Authority
NIST P 800-53 Rev. 4	National Institute of Standards and Technology Publication 800-53 Revision 4, "Security and Privacy Controls for Federal Information Systems and Organizations"
OASIS	OFAC Administrative System for Investigations and Sanctions
OBT	Office of Budget and Travel
OCC	Office of the Comptroller of the Currency

OFAC	Office of Foreign Assets Control
OFR	Office of Financial Research
OIG	Office of Inspector General
OIA	Office of Intelligence and Analysis
OSP	Office of Security Programs
OMB	Office of Management and Budget
OMWI	Office of Minority and Women Inclusion
PII	personally identifiable information
Recovery Act	American Recovery and Reinvestment Act of 2009
RESTORE Act	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012
SBLF	Small Business Leading Fund
Science Program	Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program
SF	standard form
SOP	standard operating procedure
SSA	Social Security Administration
St. Bernard Parish	St. Bernard Parish, Louisiana
TFFC	Office of Terrorist Financing and Financial Crimes
TIGTA	Treasury Inspector General for Tax Administration
Treasury or the Department	Department of the Treasury
TSRA	Trade Sanctions Reform and Export Enhancement Act of 2000
Uniform Guidance	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
USAO	U.S. Attorney’s Office
USP	U.S. Persons
USPIS	U.S. Postal Inspection Service
USPS	U. S. Postal Service
WAN/LAN	Wide Area Network/Local Area Network



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