



# **BUDGET** The United States Department of the Interior **JUSTIFICATIONS**

and Performance Information  
Fiscal Year 2009

## **OFFICE OF INSPECTOR GENERAL**

NOTICE: These budget justifications are prepared for the Interior, Environment and Related Agencies Appropriations Subcommittees. Approval for release of the justifications prior to their printing in the public record of the Subcommittee hearings may be obtained through the Office of Budget of the Department of the Interior.



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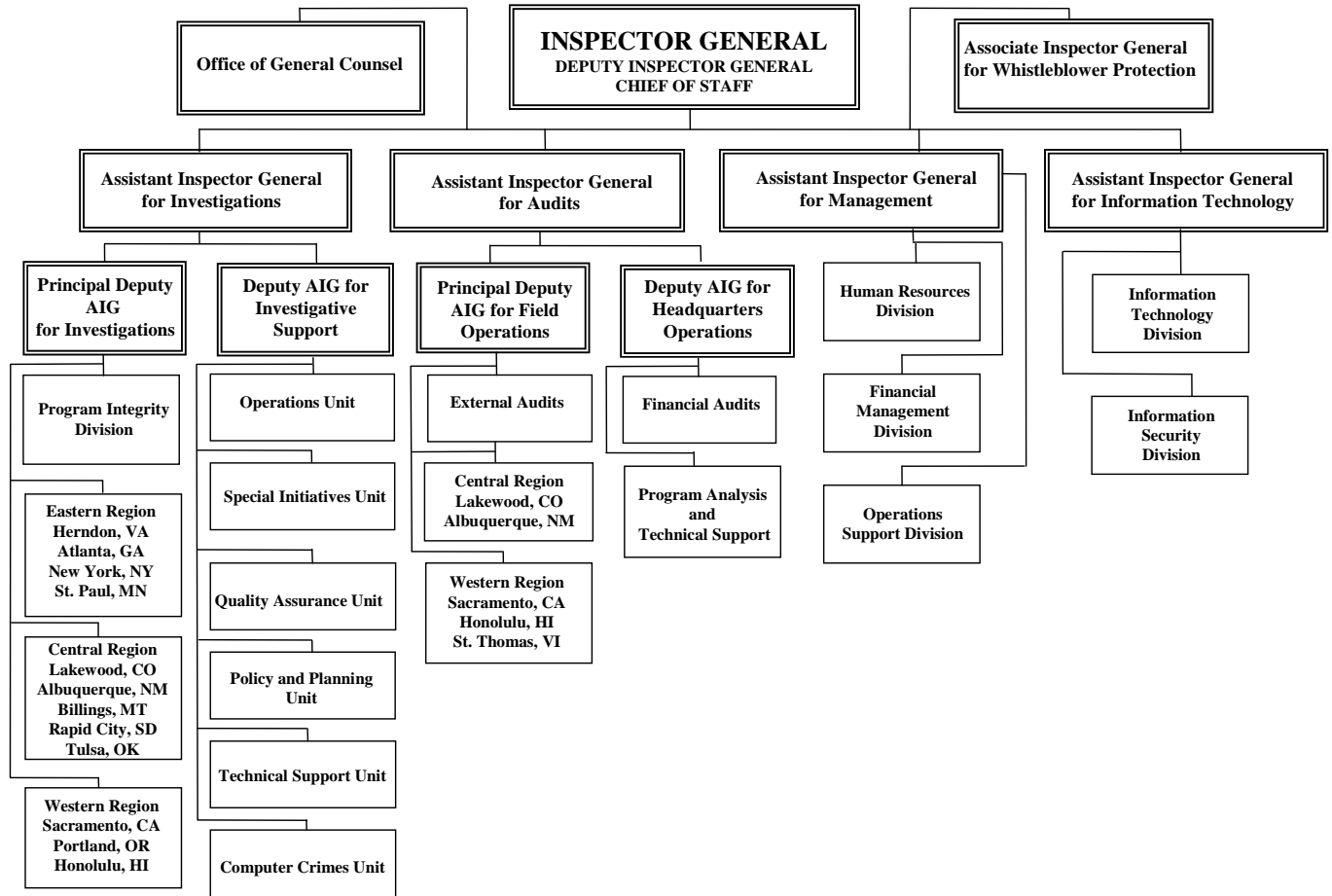
**DEPARTMENT OF THE INTERIOR  
OFFICE OF INSPECTOR GENERAL**

**FISCAL YEAR 2009 BUDGET JUSTIFICATION**

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# ORGANIZATION CHART



## **GENERAL STATEMENT**

The multi-faceted mission of the Office of Inspector General (OIG) is to promote excellence, integrity, and accountability in the programs, operations, and management of the Department of the Interior (Department). The OIG accomplishes its mission by conducting audits, evaluations, investigations, and assessments related to the Department's programs and operations. The OIG is dedicated not only to detecting fraud, waste, and mismanagement within the Department, but also to assisting the Department in identifying and implementing new and better ways of conducting business.

The Department manages more than 500 million acres of America's public lands and 56 million acres of Indian trust lands on an annual operating budget of \$16.7 billion. The Department's operations are large and decentralized, with more than 70,000 employees; 200,000 volunteers; and about 2,400 locations nationwide, Puerto Rico, the U.S. territories, and freely associated States. The OIG budget comprises less than 1 percent of the Department's budget.

With only 259 employees, the OIG faces increased pressure from the Congress to oversee a wide range of the Department's initiatives, from Minerals Management to Indian gaming, as well as Federal contracts and grants. Federal contracting has grown to \$377 billion since fiscal year 2005 and represents about 3 percent of the U.S. gross domestic product. In 2005, the Department spent approximately \$4.5 billion in contracts, and increasing oversight of the Department's contracting and grants programs has become a major priority for the OIG. In addition, the OIG plans to conduct proactive auditing and oversight of the Department's National Park Centennial Initiative, which has the potential to be a \$3 billion effort over 10 years.

Collectively, OIG employees are driven by a keen sense of mission and are dedicated to providing products and services that ultimately impact mission results. The OIG provides a blend of services to independently and objectively identify risks and vulnerabilities that directly impact, or could impact, the Department's ability to accomplish its mission. The OIG faces a growing need for mission critical resources and focuses these resources on various competing demands in high-risk areas. The OIG targets cross-cutting or Department-wide issues and concentrates on the most serious management and program challenges. Given the increasing importance of independent oversight and the size of the Department's operations, the OIG is requesting an increase to \$44,823,000 for fiscal year 2009's budget, an increase of \$946,000.

## **PERFORMANCE BUDGETING**

To meet the demands of the 21st century, the OIG has an obligation to re-examine policies, functions, and activities and identify opportunities to grow, shrink, and reshape the organization employed to meet mission requirements. Within this effort, the OIG is committed to providing the highest quality products and services at the best value to the Department and to cultivating a culture of continuous improvement within the OIG. The Inspector General (IG) continues to employ a wide range of management practices to elevate the OIG's internal standards of operation so it best meets the needs of its stakeholders.

**Performance Improvement Initiative** – The OIG collects, measures, and assesses performance information throughout the year to monitor progress, identify areas for process improvement, take corrective or preventative action, and communicate how resources are being used to achieve strategic objectives. The IG conducts monthly reviews to assess overall program performance and to ensure that the highest priority projects remain on schedule and receive the appropriate organizational resources. During the review, the IG evaluates the status and progress of significant projects and their associated cost and performance over time and redirects resources, when necessary. Budget and performance information are integrated to optimize the effective use of OIG resources. The OIG uses performance-based budgeting in conjunction with activity-based cost management (ABC/M) to help assess relevant outputs, service levels, and outcomes for each OIG program activity.

**Activity-Based Cost Management** – The OIG must evaluate and prioritize projects, budget available resources, and make sure that the OIG is keeping pace with technological advances to meet mission requirements and help the Department meet its mission. The OIG employs ABC/M to associate the costs of its activities with outputs, identify opportunities for cost reductions, evaluate process improvement targets, and determine if the work being performed is aligned with the OIG mission and work plans, and if not, shift resources to the highest priority efforts.

ABC/M enhances the OIG's ability to quantify how mission requirements use its resources and identify opportunities for further process improvements. The OIG's ABC database overcomes the limitations of traditional accounting systems by tracing the costs to specific products based upon the consumption of activities. Instead of only identifying "what" resources are used in a given period, the ABC database provides OIG senior executives and managers with better information on "how" resources are used. The OIG senior executive team uses ABC/M not only to provide insight into operational costs, and possible areas for improvement, but to improve the coordination and integration of strategic planning, budgeting, and performance measurement and reporting. The IG employs ABC/M not only to improve the work the OIG does, and the products and services the OIG provides, but to become more efficient, productive, and effective.

**Strategic Management of Human Capital** – The OIG continues to confront challenges created by the changing demographics of the Federal workforce, and strives to obtain and maintain a workforce with the appropriate mix of skills to remain effective. Increasingly, OIG employees will be required to attain or possess specialized skills, abilities, and experiences in addition to the

traditional audit and investigative knowledge and backgrounds. The OIG's audit and investigative programs now require subject matter expertise in systems auditing, information security, and the ability to respond to cyber crimes within departmental programs, as well as expertise in contract, procurement, and grants management.

The OIG has begun to prepare the organization for the possible loss of institutional knowledge as experienced personnel leave the organization, and it has implemented a mentoring program to retain and prepare high-potential, talented employees for future leadership and technical positions. The OIG has developed a succession plan identifying key senior positions that will be vacated in the next 5 years, and it has established an aggressive recruitment plan to hire team members to fill targeted needs. The OIG employs proactive approaches to human capital management to achieve both short- and long-term strategic human capital objectives, and it placed 13<sup>th</sup> for pay and benefits in the 2007 *Best Places to Work* study conducted by the Partnership for Public Service. The OIG will continue to evaluate human resource policies, programs, and benefits; expand family-friendly work arrangements; and deploy strategic human capital initiatives that can enhance the OIG's ability to adequately address the changing needs of today's workforce as well as the future workplace.

**Competitive and Strategic Sourcing** – The OIG continues to examine cost-effective alternatives to keep both the Secretary and the Congress informed about deficiencies and corrective measures in the Department's programs and operations without compromising the substantial autonomy statutorily mandated to the OIG. The OIG periodically re-evaluates the commercial activities it performs and assesses the in-house business processes to eliminate redundancies and non-value added work and to improve the overall quality of service delivery. In FY 2006 and FY 2007, the OIG contracted for human resource services in areas where it did not have in-house expertise. The OIG's strategic sourcing efforts include leveraging the consolidated purchasing power of the Department, where appropriate, to maximize the value of each purchasing dollar spent.

**Expanding E-Government** – The OIG contributes \$31,300 to support the President's E-Government initiatives. This amount is paid to the Department's Working Capital Fund Account, and costs are distributed based upon relative benefits received by each bureau. The Departmental Management budget justification includes amounts for each initiative and describes the benefits received from each E-Government activity.

**Across-the-Board Travel Reduction** - The Department is undertaking a \$20 million effort to reduce travel and relocation expenses across the board. The allocation of shares of this travel reduction is based on each bureau's and office's percentage of the Department's total 2007 budget object class 21 expenses. The OIG's share of this reduction is \$130,000. The OIG continues to improve efficiency in allocating available travel funds to highest priority uses, locations, and functions. The OIG will review policies and procedures for managing travel and relocations, reduce costs by examining and redesigning business practices for managing travel and relocations, when necessary, to ensure that OIG processes are efficient and emphasize travel priorities, and increase accountability for managing travel priorities and cost. Options that the OIG will consider in reducing 2009 travel expenses include the following:

- Reducing the number of travelers to meetings, conferences, and seminars, etc., to only essential personnel, i.e., primary decision maker, presenter, representative.
- Reducing the number of meetings hosted and attended to only mission-critical meetings.
- Reducing the number of conferences, seminars, etc., hosted and attended to only mission-critical events.
- Increasing the use of teleconferences, video-conferencing technologies, on-line meeting capabilities, etc., in lieu of traveling to events.
- Combining meetings, conferences, seminars, and other events to reduce the number of individual travel events.
- Increasing the use of on-line booking and travel management services.

The individual program reductions are included in the 2009 program changes category of the introductory table of each activity and are identified in a footnote to that table.

**OVERVIEW OF FY 2009 BUDGET REQUEST**

**FY 2009 BUDGET REQUEST SUMMARY**

	2007 Enacted	2008 Enacted	2009			Change From 2008 (+/-)
			Fixed Costs & Related Changes (+/-)	**Program Changes (+/-)	Budget Request	
<b>Office of Inspector General (\$000)</b>	<b>38,823</b>	<b>43,877</b>	<b>1,076</b>	<b>-130</b>	<b>44,823</b>	<b>946</b>
Office of Audits	16,800	19,292	+379	-59	19,612	+320
Office of Investigations	14,278	15,880	+322	-59	16,143	+263
Office of Management*	7,745	8,705	+375	-12	9,068	+363
FTE	259	273	0	0	273	0
Reimbursable Program	4,453	5,000	0	0	5,000	0
<b>Total Programs</b>	<b>43,276</b>	<b>48,877</b>	<b>1,076</b>	<b>-130</b>	<b>49,823</b>	<b>946</b>

\*Formerly entitled Administrative Services & Information Management (ASIM)

\*\*Program Changes include Across-the-Board Travel Reductions per each activity.

The 2009 budget request for the Office of Inspector General is \$44,823,000. The OIG's budget request is comprised of the following:

- An increase of \$1,076,000 for fixed costs.
- A decrease of \$130,000 for an across-the-board reduction in travel and relocation expenses.



**PERFORMANCE SUMMARY**

The Inspector General believes that to be effective and to make a positive contribution to the Department’s ability to achieve its mission, the OIG needs to educate and inform rather than simply criticize. The written products the OIG generates provide recommendations, suggestions, and examples of best practices to assist the Department and its bureaus in improving operations and maximizing value to the American taxpayer. The OIG focuses resources on high-risk areas, targets cross-cutting or Department-wide issues, and concentrates on the most serious management and program challenges. Ultimately, the OIG contributes to mission results by producing reports with recommendations that influence programmatic and systemic change, and result in prompt and effective action by the Department.

The OIG’s mission, and corresponding goals, objectives, and strategies are aligned to increase accountability and to significantly increase the likelihood that the Department will achieve its mission. During the year, the OIG tracks cost and performance data to evaluate its progress in achieving specific program performance goals and to ensure that the work being performed reflects the Inspector General’s highest priorities. The OIG’s performance measures are aligned for appropriate scale and resources, and the Inspector General focuses on certain indicators to evaluate the OIG’s progress in achieving long-term goals.

**Key Performance Measures and Indicators**

Office of Inspector General Management Excellence							
End Outcome Goal: Increase Accountability							
End Outcome Measure / Intermediate or PART Measure / PART Efficiency or Other Outcome Measure	2005 Actual	2006 Actual	2007 Plan	2008 Enacted	2009 Plan	Change from 2008 Plan to 2009	Long-term Target 2012
Percent of completed audits resulting in a notice of finding	Establish Baseline	65%	68%	72%	75%	3%	80%
Percent of investigations resulting in a management advisory	Establish Baseline	16%	20%	25%	20%	-5%	25%
Percent of cases resulting in criminal conviction, civil or administrative action, or other appropriate resolution	Establish Baseline	60%	70%	80%	80%	-	85%

## **2009 BUDGET AT A GLANCE**

<b>2009 Budget at a Glance</b> (Dollars in thousands)					
	<b>2007</b>	<b>2008</b>	<b>Fixed Costs</b>	<b>Program</b>	<b>2009</b>
	<b>Enacted</b>	<b>Enacted</b>	<b>Changes</b>	<b>Changes</b>	<b>President's</b>
					<b>Budget</b>
<b>Appropriation:</b>					
<b>Office of Inspector General</b>					
Office of Audits	16,800	19,292	379	0	19,612
Impact of ATB Travel Reduction				-59	
Office of Investigations	14,278	15,880	322	0	16,143
Impact of ATB Travel Reduction				-59	
Office of Management*	7,745	8,705	375	0	9,068
Impact of ATB Travel Reduction				-12	
<b>Total Account</b>	<b>38,823</b>	<b>43,877</b>	<b>1,076</b>	<b>-130</b>	<b>44,823</b>

\*Formerly entitled Administrative Services & Information Management.

\*\*Program Changes include Across-the-Board Travel Reductions for each activity.

### **Justification of 2009 Program Changes**

As the Department faces challenges with multiple degrees of complexity, the OIG experiences the need for improved flexibility and adaptability to communicate tangible ways the Department can improve. In addition to conventional audit and investigative programs, the OIG has experimented with practical organizational innovations to leverage the inherent strengths and abilities of its human capital and meet the demands of the Department, the Congress, and the taxpayer. The OIG will continue to take steps to meet the demands of the 21st century and to encourage change that positively impacts the Department's ability to achieve its mission. In Fiscal Year 2008, the Congress provided a total of \$2,215,000 for the OIG to develop a permanent capability for auditing and investigating outer continental shelf oil and gas royalty-in-kind programs. These funds will now be part of the OIG base.

The Department will continue to be challenged to do more with less at higher levels of performance and with greater transparency, and the OIG will face increasingly complex challenges to meet mission requirements and rising expectations for demonstrable results. While the OIG operates within the total budget levels and FTE guidelines, the nature of OIG work requires collaboration among all the OIG organizational elements so it employs an interdisciplinary team approach, shares staff resources between activities, and shifts resources to address the highest priority needs. The Inspector General will continue to make every effort to seek and to create new ways to improve what the OIG does and how the OIG does it. The OIG's 2009 budget also includes an across-the-board travel reduction. The OIG will continue to allocate available travel funds to its highest priority work to play its part in supporting the Department's efforts to reduce travel and relocation expenses Department-wide.

**JUSTIFICATION OF PROGRAM CHANGES BY ACTIVITY**

**OFFICE OF AUDITS**  
**(Dollars in thousands)**

	2007 Enacted	2008 Enacted	2009		Budget Request	Change from 2008 (+/-)
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)		
\$(000)	\$16,800	\$19,292	\$379	-\$59	\$19,612	\$320
FTE	102	112	-	0	112	0

Fixed Costs	\$379
Program Change(s): Travel Reduction	-\$59
Total Change:	\$320

**Justification of Change:**

The Office of Audits (OA) conducts independent audits and evaluations, which measure Department of the Interior (DOI) programs and operations against best practices and objective criteria to determine if the programs and operations are effective and efficient, achieve the desired results, and/or operate in accordance with laws and regulations. The OA provides oversight of the audit of DOI financial statements to determine if they are presented fairly and are in accordance with accounting principles. The OA also reviews DOI grants and contracts awarded to state, local, Indian tribal, and Insular area governments; for-profit and non-profit organizations; and educational institutions to determine if services have been provided in accordance with the agreements and if costs incurred are eligible for DOI reimbursement.

The 2009 budget request for the Office of Audits is \$19,612,000, a net increase of \$320,000 over FY 2008.

**OFFICE OF INVESTIGATIONS**  
(Dollars in thousands)

	2007 Enacted	2008 Enacted	2009		Budget Request	Change from 2008 (+/-)
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)		
\$(000)	\$14,278	\$15,880	\$322	-\$59	\$16,143	\$263
FTE	95	98	-	0	98	0

Fixed Costs	\$322
Program Change(s):	
Travel Reduction	-\$59
Total Change:	\$263

**Justification of Change:**

As mandated by the Inspector General Act of 1978 § 4(A)(1), the Office of Investigations (OI) conducts, supervises, and coordinates investigations relating to the programs and operations of the Department of the Interior. The OI investigates matters regarding waste, fraud and mismanagement or inefficiency in departmental programs and operations. The OI responsibilities include investigations of allegations of fraud, waste, or mismanagement resulting in a significant dollar amount loss to the government; misconduct by employees with access to or responsibility for monies or financial systems, regardless of dollar amount and regardless of grade; and allegations involving contractors, grantees, or any other entities doing business with, making payments to, or receiving funding from the Department of the Interior.

The 2009 budget request for the Office of Investigations is \$16,143,000, a net increase of \$263,000 over FY 2008.

**OFFICE OF MANAGEMENT\***  
**(Dollars in thousands)**

	2007 Enacted	2008 Enacted	2009		Budget Request	Change from 2008 (+/-)
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)		
\$(000)	\$7,745	\$8,705	\$375	-\$12	\$9,068	\$363
FTE	62	63	-	0	63	0

Fixed Costs	\$375
Program Change(s):	
Travel Reduction	-\$12
Total Change:	\$363

*\*Formerly entitled Administrative Services & Information Management.*

**Justification of Change:**

The Office of Management provides all of the facility, acquisition, property management, human resource, financial management, and information technology support necessary for the Offices of Audits and Investigations to carry out their primary missions.

The 2009 budget request for the Office of Management is \$9,068,000, a net increase of \$363,000 over FY 2008.

**COMPREHENSIVE ACTIVITY/SUBACTIVITY TABLE**  
**(Dollars in thousands)**

<i>Comparison By Activity/ Subactivity</i>	<i>FY 2007 Enacted</i>		<i>FY 2008 Enacted</i>		<i>Fixed &amp; Related Costs</i>		<i>FY 2009 Budget Request</i>		<i>Increase (+) / Decrease (-) from FY 2008</i>	
	<i>FTE</i>	<i>Amount</i>	<i>FTE</i>	<i>Amount</i>	<i>FTE</i>	<i>(+/-)</i>	<i>FTE</i>	<i>Amount</i>	<i>FTE</i>	<i>Amount</i>
<i>Office of Audits Travel Reduction</i>	102	16,800	112	19,292	--	+379 -59	112	19,612	--	+320
<i>Office of Investigations Travel Reduction</i>	95	14,278	98	15,880	--	+322 -59	98	16,143	--	+263
<i>Office of Management Travel Reduction</i>	62	7,745	63	8,705	--	+375 -12	63	9,068	--	+363
<i>Total Requirements</i>	259	38,823	273	43,877	--	+1,076	273	44,823	--	+1,076
<i>Reimbursable Program</i>	--	4,453	--	5,000	--	--	--	5,000	--	--
<i>Total Programs</i>	259	43,276	273	48,877	--	+946	273	49,823	--	+946

Note: The nature of the OIG work requires a close relationship among all the OIG organizational elements. Due to using a team approach and the necessity to be flexible in moving staff to priority work, the sharing of staff resources between activities is a common practice. For example, (1) teams consisting of both investigators and auditors are used to address the growing number of high level investigations and audit requests and (2) teams of OM experts and auditors are used to address information technology evaluations. As the Department faces complex challenges, the OIG, in many instances, employs interdisciplinary and cross-functional teams to leverage the inherent strengths and abilities of our human capital to identify and communicate tangible ways the Department can improve. The OIG operates within the total budget levels and FTE guidelines in the most effective and efficient manner to accomplish our mission.

**SUMMARY OF REQUIREMENTS BY OBJECT CLASS**  
**(Dollars in thousands)**

Object Class	FY 2008 Estimate		Fixed Costs		Program Changes		FY 2009 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<u>Personnel compensation</u>								
11.1 Full-time permanent	259	26,984	--	+706	--	--	273	27,670
11.3 Other full-time permanent	--	--	--	--	--	--	--	--
11.5 Other personnel compensation	--	302	--	--	--	--	--	302
Total personnel compensation	259	27,266	--	+706	--	--	273	27,972
12.1 Personnel benefits: Civilian		7,861		+44		--		7,905
21.1 Travel/ transportation of persons		1,800		--		-130		1,800
21.1 Transportation of things		200		--		--		200
23.1 Rental payment to GSA		2,640		+227		--		2,867
23.2 Rental payment to others		560		--		--		560
23.3 Communications, utilities, and misc. charges		350		--		--		350
24.0 Printing and reproduction		50						50
25.2 Other Services		1,200		+115		--		1,315
25.3 Purchases of goods and services from Government accounts		1,200		-16		--		1,184
26.0 Supplies and materials		750		--		--		750
Reimbursable		5,000						5,000
Total Requirements	259	48,877		+1,076		-130	273	49,823

**PROGRAM AND FINANCING**  
**(Dollars in millions)**

Identification Code 14-0104-0-306	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Program by activities:			
00.01 Direct program	37	44	45
09.01 Reimbursable program	6	5	5
10.00 Total obligations	43	49	50
Current Appropriations			
40.00 Appropriations (definite)	39	44	45
Relation of obligations to outlays			
70.00 Total obligations	43	49	50
72.40 Obligated balance, start of year	3	3	4
74.40 Obligated balance, end of year	3	4	4
87.00 Outlays (gross)	43	48	50
90.00 Outlays (net)	39	43	45
Direct Obligations:			
11.101 Full-time permanent	25	27	28
12.101 Civilian personnel benefits	7	7	7
21.001 Travel and transportation of persons	1	2	2
23.100 Rental Payments to GSA	2	2	3
25.201 Other Services	1	4	3
25.301 Purchase of service from Government accounts	1	2	2
99.91 Total obligations	43	49	50
Personnel Summary:			
Full-time equivalent employment (direct)	259	273	273



**EMPLOYEE COUNT BY GRADE**

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Executive Level	1	1	1
SES	10	10	10
GS-15	37	39	39
GS-14	60	62	62
GS-13	80	82	82
GS-12	32	34	34
GS-11	11	13	13
GS-10	6	8	8
GS-9	4	6	6
GS-8	3	5	5
GS-7	7	9	9
GS-6	0	0	0
GS-5	0	0	0
GS-4	1	3	3
GS-3	0	0	0
GS-2	0	0	0
Total employment (actual/projected) End of fiscal year	252	272	272

***APPENDIX I: APPROPRIATION LANGUAGE CITATION***

Appropriation: Office of the Inspector General

For necessary expenses of the Office of Inspector General, 5 U.S.C. Appendix 3.

5 U.S.C. Appendix 3 provides for the establishment of the Office of Inspector General as an independent and objective unit within the Department of the Interior to conduct and supervise audits and investigations related to Departmental programs and operations.

**Proposed appropriations language changes**

*For necessary expenses of the Office of Inspector General, [\$44,572,000] \$44,823,000  
(Department of the Interior and Related Agencies Appropriations Act, 2008)*

**APPENDIX II: SECTION 405 OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT**

The 2006 Interior and Related Agencies Appropriations Act includes the following requirement for disclosure of overhead, administrative, and other types of spending:

*SEC.405. Estimated overhead charges, deductions, reserves or holdbacks from programs, projects, activities, and subactivities to support government-wide, departmental, agency or bureau administrative functions or headquarters, regional or central operations shall be presented in annual budget justifications and subject to approval by the Committees on Appropriations. Changes to such estimates shall be presented to the Committees on Appropriations for approval.*

<b>External Administrative Costs</b>			
<b>(Dollars in thousands)</b>			
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009 Estimate</b>
<b>Department's Working Capital Fund</b>			
<b>Centralized Billings</b>	985.8	1,029.7	1,041.0
<b>Fee for Services</b>	491.7	561.5	549.9

The OIG pays external administrative costs through the Working Capital Fund and through additional separate fee for service agreements with the Department.

<b>OIG Billing for Reimbursable Work</b>			
<b>(Dollars in thousands)</b>			
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009 Estimate</b>
<b>Salaries and Benefits</b>	3,117	3,000	3,000
<b>Reimbursable Overhead</b>	1,336	2,000	2,000
<b>Total</b>	4,453	5,000	5,000

**APPENDIX III: JUSTIFICATION OF FIXED COSTS AND RELATED CHANGES**  
**(Dollars in thousands)**

	2008 Budget	2008 Revised	2009 Fixed Costs Change
<b>Additional Operational Costs from 2007 and 2008 January Pay Raises</b>			
<b>1. 2008 Pay Raise, 3 Quarters in 2007 Budget</b>	+\$838	+\$825	NA
<i>Amount of pay raise absorbed through cost savings</i>	[0]	[153]	NA
<b>2. 2008 Pay Raise, 1 Quarter (Enacted 3.5%)</b>	NA	NA	+\$243 [41]
<b>3. 2008 Pay Raise (Assumed 2.9%)</b>	NA	NA	+\$706
<p>These adjustments are for an additional amount needed to fund estimated pay raises for Federal employees.</p> <p>Line 1, 2008 Revised column is an update of 2008 budget estimates based upon an enacted 3.5% and the 1.56% across-the-board reduction.</p> <p>Line 2 is the amount needed and funded in 2009 to fund the enacted 3.5% January 2008 pay raise.</p> <p>Line 3 is the amount needed in 2009 to fund the estimated 2.9% January 2009 pay raise from January through September 2009.</p>			
	2008 Budget	2008 Revised	2009 Fixed Costs Change
<b>Other Fixed Cost Changes</b>			
<b>One Less Pay Day</b>			-\$124
<i>This adjustment reflects the increased costs resulting from the fact that there is one less pay day in 2009 than in 2008.</i>			
<b>Employer Share of Federal Health Benefit Plans</b>	+\$52	+\$51	+\$44
<i>Amount of health benefits absorbed through cost savings</i>	[0]	[1]	0
<i>The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 3.0%, the average increase for the past few years.</i>			
<b>Workers Compensation Payments</b>	+\$93	+\$92	+\$5
<i>Amount of workers compensation absorbed through cost savings</i>	[0]	[1]	
<i>The adjustment is for actual charges through June 2006 in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2009 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.</i>			
<b>Unemployment Compensation Payments</b>	\$4	\$4	+\$2
<i>Amount of unemployment compensation absorbed through cost savings</i>	[0]	[0]	
<i>The adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.</i>			
<b>Rental Payments</b>	+\$164	+\$161	+\$179
<i>Amount of rental payments absorbed through cost savings</i>	[0]	[3]	
<i>The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is not alternative but to vacate the currently occupied space, are also included.</i>			
<b>Departmental Working Capital Fund</b>	+\$1,019	+\$1,030	+21
<i>Amount of WCF payments absorbed through cost savings</i>	[0]	[27]	
<i>The change reflects expected changes in the charges for Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Department Management.</i>			

**APPENDIX IV: OIG PERFORMANCE OUTPUT IN FY 2005, FY 2006, AND FY 2007**

Below are statistics that were reported in the FY 2005, FY 2006, and FY 2007 OIG Semiannual Reports to the Congress, as mandated by the Inspector General Act of 1978, as amended. This information highlights some OIG activities and outputs and their potential impact on the Department's programs and operations.

<b><u>Audit Activities</u></b>	<b><u>FY 2005 Actual</u></b>	<b><u>FY 2006 Actual</u></b>	<b><u>FY 2007 Actual</u></b>
Audit Reports Issued or Reviewed			
Internal Audits, Contracts & Grant Audits	90	63	91
Single Audit Desk Reviews	193	231	168
Single Audit Quality Control Reviews	5	5	5
<b>Total Audit Reports Issued or Processed</b>	<b>288</b>	<b>299</b>	<b>264</b>
<b><u>Impact of Audit Activities – (Dollars in millions)</u></b>			
Lost or Potential Additional Revenues	\$1.5	\$2.8	\$6.8
Questioned Costs	\$10.3	\$9	\$10.2
Recommendations That Funds Be Put To Better Use	\$13.8	\$1.2	\$21.7
Wasted funds*			28.9
<b>Total Monetary Impact</b>	<b>\$25.6</b>	<b>\$4.9</b>	<b>\$67.6</b>
Internal Audit Recommendations Made	511	446	473
Internal Audit Recommendations Resolved	255	185	358
<b><u>Investigative Activities:</u></b>			
Cases Opened	446	422	411
Closed	336	501	590
Hotline Calls Received	172	169	136
<b><u>Impact of Investigative Activities:</u></b>			
Indictments/Information	48	55	53
Convictions	48	46	45
Sentencings	37	46	39

\* Wasted funds is a new category the OIG will use to classify funds that were wasted and cannot be recovered. Specifically, wasted funds are non-recoverable monies that do not fit in the "funds to be put to better use" or "questioned costs" categories.

<b><u>Impact of Investigative Activities (cont.):</u></b>	<b><u>FY 2005 Actual</u></b>	<b><u>FY 2006 Actual</u></b>	<b><u>FY 2007 Actual</u></b>
Jail	355 months	356 months	540 months
Probation/Supervised Release	1026 months	1611 months	1230 months
Community Service	204 hours	1251 hours	550 hours
Criminal Judgements/Restitutions (Dollars in millions)	\$2.2	\$1.5	\$5.0
<b><u>Criminal Investigative Activities:</u></b>			
Criminal Matters Referred for Prosecution	76	75	79
Criminal Matters Declined	28	63	74
<b><u>Civil Investigative Activities:</u></b>			
Referrals	5	8	7
Declinations	2	6	8
Civil Recoveries (Dollars in millions)	\$1.8	0	\$105.5
<b><u>Administrative Investigative Activities:</u></b>			
Administrative Actions	96	91	77
Administrative Recoveries/Restitutions	\$10,738	\$50,459	\$2,318,131
Contractor Suspensions	0	0	0
Contractor Debarments	0	7	3
Contract Terminations	0	0	0

## ***APPENDIX V: OIG MANDATORY ACTIVITIES***

- Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994 require that Inspectors General audit or arrange for annual audits of agency financial statements.
- The Single Audit Act of 1984, as amended, requires that Inspectors General review the quality of single audit reports of certain state, local, and Indian tribal governments and nonprofit organizations and the conformity of the audit reports with the Act.
- The No Child Left Behind Act of 2001 requires that the Inspector General (IG) for the Department of the Interior (DOI) establish a system to ensure that financial and compliance audits are conducted of each Bureau of Indian Affairs school at least once every 3 years.
- The Insular Areas Act of 1982 requires the DOI OIG to establish "an organization which will maintain a satisfactory level of independent audit oversight" in the Insular Areas of Guam, American Samoa, the U. S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands.
- The Superfund Amendments and Reauthorization Act of 1986 requires Inspectors General to audit Environmental Protection Agency Superfund monies that are directly apportioned to the Department and those monies received through interagency agreements.
- The General Accounting Office Act of 1996 requires the DOI OIG to audit the Central Utah Project Cost Allocation. (This audit is a one-time effort that will be conducted when the allocation is finalized).
- The Office of National Drug Control Policy Reauthorization Act of 1998 requires Inspectors General to authenticate the detailed accounting of all funds expended by the Department for National Drug Control Program activities during the previous year. (Note: the Department has not reached the program funding threshold for which OIG authentication is required).
- The Federal Information Security Act of 2002 requires that Inspectors General perform annual evaluations of agency information security programs.
- The Fish and Wildlife Programs Improvement and National Wildlife Refuge System Centennial Act of 2000 requires the DOI OIG to procure biennial audits of the expense incurred by the Fish and Wildlife Service (FWS) for administering the Sport Fish and Wildlife Restoration Acts.
- The Consolidated Appropriations Act of 2000 requires Inspectors General to report quarterly on the promptness of their agency's payments of their water and sewer bills to the District of Columbia Water and Sewer Authority.

- The Consolidated Appropriations Resolution of 2003 requires the Inspector General of each department to submit a report to the Committees on Appropriations detailing the department's policies and procedures to give first priority to the location of new offices and other facilities in rural areas, in accordance with the Rural Development Act of 1972, as amended.