



# Strategic Plan



Fiscal Years 2003 - 2008

## Office of Inspector General

DEPARTMENT OF THE TREASURY





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## Abbreviations

DHS	Department of Homeland Security
FFMIA	Federal Financial Management Improvement Act
FOIA/PA	Freedom of Information Act and Privacy Act
FY	Fiscal Year
IG	Inspector General
OIG	Office of Inspector General
PCIE	President's Council on Integrity and Efficiency
TIGTA	Treasury Inspector General for Tax Administration



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*The Department of the Treasury  
Office of Inspector General*

## Introduction

The Department of the Treasury Office of Inspector General (OIG) was established by the 1988 amendments to the Inspector General Act of 1978 (IG Act) as an independent and objective organization within the Department to:

- Conduct and supervise audits and investigations relating to Treasury programs and operations, except for programs and operations of the Internal Revenue Service which are the responsibility of the Treasury Inspector General for Tax Administration (TIGTA);
- Provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud, waste, and abuse in such programs and operations; and
- Keep the Secretary of the Treasury and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

The IG Act provides that the Department cannot generally prevent or prohibit the OIG from carrying out audits or investigations. As provided in the 1988 amendments, the Treasury OIG is subject to the authority of the Secretary of the Treasury for operations that require access to sensitive information concerning ongoing criminal investigations; undercover operations; the identity of confidential sources; deliberations on policy matters that could reasonably have a significant influence on the economy or market behavior; intelligence matters; or other matters the disclosure of which would constitute a serious threat to national security or the protection of high level government officials and other designated individuals. If the Secretary exercises the authority to prohibit the IG from performing an audit or investigation, the Secretary must notify the IG and explain the decision. The IG must transmit a copy of the notice to Congress within 30 days after receipt.

The Treasury OIG also has statutory responsibilities to: (1) audit the financial statements and financial management systems under the provisions of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, the Federal Financial Management Improvement Act of 1996 (FFMIA), and certain other statutes; (2) evaluate the Department's information security program and practices under the provisions of the Federal Information Security Management Act; and (3) perform material loss reviews of failed national banks and thrift institutions under the provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 to determine the causes for the material losses and to evaluate the supervision that had been exercised over the institutions.

This plan should be read with the recognition of two important matters affecting this office. First, during Fiscal Year (FY) 2003, pursuant to the Homeland Security Act of 2002, we underwent a substantial divestiture of ***seventy percent of*** our resources to the Department of Homeland Security Office of Inspector General (DHS OIG). Among other things, ***the size of our divestiture made it impossible for us to sustain our field structure.*** As a result, we transferred our entire investigative field office structure and most of our audit field office structure along with critical skill sets and considerable institutional knowledge of Treasury programs and operations. ***At our current resource level,*** we cannot

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provide the Department with audit and investigation services in a timely manner or exercise the oversight of its programs and operations envisioned by the IG Act.

Second, the Administration proposed as part of its FY 2004 budget to consolidate the Treasury OIG and TIGTA. While the outcome of this proposal is unknown at this time, we have no reason to believe that the consolidation of the two offices *with no increase in resource levels*, will result in sufficient resources to meet existing responsibilities.

## **Treasury OIG Organization and Functions**

The OIG maintains its Headquarters operations in Washington, D.C., and has two field audit offices located in Boston, Massachusetts, and San Francisco, California. The OIG is organized into four functional areas as described below.

### **Office of Audit**

The Office of Audit performs audits or provides oversight for audits performed by others in order to: promote economy and efficiency throughout the Department; comply with mandated audit requirements; and prevent and detect fraud, waste, and abuse. These audits must be performed in accordance with government auditing standards promulgated by the Comptroller General of the United States. The Office of Audit also performs evaluations and other reviews in accordance with quality standards issued by the President's Council on Integrity and Efficiency (PCIE).

### **Office of Investigations**

The Office of Investigations is responsible for the investigative activities relating to complaints of fraud, waste, and abuse of the programs and operations of the Treasury Department. The Office of Investigations also performs reviews in accordance with quality standards issued by the PCIE.

### **Office of Management**

The Office of Management coordinates resources and policy activities that support the mission of the OIG. Resources and policy activities include asset management, budget and finance, human resources, information technology, general policies and procedures, and liaison to the PCIE and other organizations.

### **Office of Counsel**

The Office of Counsel provides legal advice on audits, investigations, and administrative matters; provides services within and outside the Department relating to civil, criminal and administrative litigation, including proceedings at the Equal Employment Opportunity Commission and the Merit Systems Protection Board; conducts ethics training, provides ethics advice, and assures compliance with financial disclosure requirements; responds to requests for information pursuant to the Freedom of Information Act and Privacy Act (FOIA/PA); and reviews proposed legislation and regulations.

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## **OIG Mission and Vision**

The Treasury OIG mission, based directly on our responsibilities established in law, is to:

- Conduct and supervise audits, evaluations, and investigations relating to Treasury programs and operations.
- Promote economy, efficiency, and effectiveness in the administration of Treasury programs and operations.
- Prevent and detect fraud, waste, and abuse in Treasury programs and operations.
- Keep the Secretary of the Treasury and the Congress fully and currently informed about problems and deficiencies in Treasury programs and operations, and the need for and progress of corrective actions.

The Treasury OIG vision is to:

- Be recognized as a leader among OIGs in protecting and promoting the interests of the Government and the public.
- Employ and train a workforce that embodies the highest standards of professionalism, technical skills, and innovation.
- Be an innovative organization that builds upon success and embraces change as an opportunity for continuous improvement.

## **Guiding Principles**

The Treasury OIG guiding principles are to:

- Produce high quality products and services that are accurate, timely, relevant, and responsive to the needs of decision-makers and customers.
- Ensure fairness, integrity, independence, objectivity, proficiency, and due care in performing our work.
- Promote teamwork and open communication among OIG components.
- Encourage and reward innovation, creativity, dedication, and productivity.
- Foster an environment of respect, equal opportunity, and diversity for the OIG workforce.

## **Environment Factors**

This plan is based on a variety of assumptions or environmental factors that must be evaluated on an ongoing basis. Major changes in these underlying assumptions could significantly impact OIG resource allocation and the achievement of OIG goals and objectives. Environmental factors fall into two broad

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categories: (1) factors regarding Treasury operations, which in turn affect the identification of high impact/high risk areas for OIG audits, evaluations, and investigations; and (2) factors regarding OIG operations, which relate to human resource needs and effective management of the OIG.

### **Environmental Factors Regarding Treasury Operations**

- Administration, Department and Congressional Priorities. Major changes in Administration, Department, or Congressional priorities, including new mandated requirements, could affect OIG goals and objectives. For example, the Homeland Security Act of 2002 resulted in a major divestiture of Treasury law enforcement bureaus, programs, and supporting resources to the newly created DHS and the Department of Justice.
- Major Systems Implementation Requirements at Treasury. The Department is not in compliance with the financial management systems requirements of FFMA. Present systems generally do not provide managers with timely, reliable, and useful information regarding financial condition and operating results. Also, present systems are not capable of integrating financial reporting, managerial cost accounting, budgetary information, and program performance reporting. Major new systems are needed to generate accurate financial statements; integrate financial, budgetary, and performance reporting; and link costs to program outputs and results.
- Effects of Technology Advances on Treasury Operations. Expanded usage of the Internet, e-commerce, cyber banking, electronic cash and other technological advances will result in an increasingly "paperless" environment. These developments should enhance service delivery but will also increase vulnerability to electronic fraud.

### **Environmental Factors Regarding OIG Operations**

- Core OIG Responsibilities are Set in Statutes and Determine Priorities. The workload of the OIG is driven by the requirements of the IG Act as well as other statutes prescribing specific IG reporting responsibilities.
- Divestiture of OIG Resources to DHS OIG and Proposed Consolidation of Treasury OIG and TIGTA. Pursuant to the Homeland Security Act, the OIG was required to divest staff and budgetary resources to the DHS OIG during FY 2003 that were significantly greater than the proportion of staff and resources historically devoted to auditing and investigating the Treasury bureaus and programs that had been divested under the Act. The divestiture also forced us to eliminate our investigative field office structure and, except for field offices in Boston and San Francisco, our audit field office structure. As a result of this divestiture, we do not have the resources necessary to provide audit and investigation services to the Department or meet our responsibilities in a timely manner. Additionally, the Administration has proposed to consolidate OIG with TIGTA as part of the President's FY 2004 Budget. There is no reason to believe that the consolidation of the two offices will provide a better opportunity to meet our responsibilities. The outcome of this proposal is unknown at this time.
- A Highly Skilled and Versatile OIG Workforce. Greater reliance on computers requires a highly skilled and versatile OIG workforce. Computer skills are needed to audit and investigate Treasury programs and operations effectively. Similar skills are also needed to manage OIG operations. We will need to rebuild skill sets that were lost or diminished as a result of divestiture.



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- A Strong OIG Business Infrastructure. Effective management of the OIG requires a strong business infrastructure. With divestiture, we have out-sourced most of the administrative functions that were previously performed in-house.

## **Strategic Goals and Objectives**

### **Goal 1**

#### **Promote Economy, Efficiency, and Effectiveness in the Programs and Operations of Treasury**

##### **Related Objectives**

- Plan and execute audits, evaluations, and investigative activities designed to improve the economy, efficiency, and effectiveness of Treasury programs and operations with an emphasis on audits required by law, audit products in support of the Administration's priorities, and material weaknesses and other deficiencies.
- Encourage prompt and effective actions by the Department to develop and implement remediation plans to address audit findings and recommendations.

##### **Strategies for Achieving Objectives**

- Maintain a dynamic planning process to identify specific audits, evaluations, and investigative activities having the highest impact. In addition to maintaining an ongoing relationship with management as well as Administration and Congressional stakeholders, the planning process will consider and embrace rapid changes in priorities, unanticipated events, and emerging trends.
- Leverage audit resources to meet mandated audit requirements in the most efficient and economic manner. In this effort, we will develop and execute annual plans for the financial statement audits of the Treasury Department and its component entities, utilizing an optimal mix of OIG, U.S. General Accounting Office, and contractor audit resources.
- Assess the effectiveness of management actions to correct problems and deficiencies.
- Provide advisory services to Treasury managers to improve financial systems, processes, accounting practices, and management controls.

##### **Anticipated Outcomes**

- Management recognition that weaknesses exist in programs and operations, as identified by OIG.
- Management agreement to take prompt, effective corrective actions designed to improve the efficiency and effectiveness of programs and operations, save resources, and/or increase revenue collections.

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## **Goal 2**

### **Provide Leadership and Promote the Policies Designed to Prevent and Detect Fraud and Abuse in the Programs and Operations of Treasury**

#### **Related Objectives**

- Perform audits, evaluations, and investigations to prevent and detect fraud, abuse, and misconduct.
- Work with the Department to develop and maintain an effective integrity awareness program.

#### **Strategies for Achieving Objectives**

- Plan OIG projects focused on fraud, waste, and abuse.
- Conduct fraud and integrity awareness briefings and intensive oversight reviews.
- Maintain and promote the OIG Hotline.

#### **Anticipated Outcomes**

- Heightened awareness by Treasury officials and employees of their responsibilities to maintain integrity in the Department's programs and operations.
- Recovery/restitution of misspent or stolen government funds or property.
- Management recognition of opportunities identified by the OIG to improve controls designed to detect and prevent fraud and abuse in Treasury programs and operations, including agreement to take prompt, effective corrective action.

## **Goal 3**

### **Keep the Secretary, Senior Officials of Treasury, and the Congress Fully and Currently Informed about Problems and Deficiencies in the Programs and Operations of Treasury**

#### **Related Objectives**

- Effectively and timely communicate to our stakeholders the results of OIG work, identifying where Treasury needs to improve its programs and operations.
- Identify and communicate areas of existing and emerging vulnerabilities within Treasury programs and operations.

#### **Strategies for Achieving Objectives**

- Use the most appropriate means to provide stakeholders with the information they need when they need it, e.g., written reports, oral briefings, letters, or testimony.

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- Periodically provide our perspective on the state of Treasury programs and operations, e.g., Semiannual Reports to the Congress, the OIG Annual Plan, and the annual Management Challenges letter.

### **Anticipated Outcomes**

- Improved Treasury programs and operations.

To carry out the above strategies for achieving our strategic goals, we will:

- Ensure the integrity and reliability of our work products by conducting periodic internal Quality Assurance Reviews of audit and investigative operations and subjecting our operations to external "peer" reviews by other federal agency OIGs in accordance with government auditing standards and PCIE guidelines.
- Attract, develop, and retain a highly skilled OIG workforce through (1) hiring the most qualified people, (2) providing professional development to enhance job performance and further career goals, (3) fostering diversity and respect, and (4) recognizing and rewarding performance that contributes to the achievement of the OIG strategic goals.
- Manage OIG operations effectively and efficiently by: (1) establishing a strong OIG organizational and business infrastructure; (2) using information technology in an effective manner to manage OIG operations and support audits, evaluations, and investigations; (3) improving coordination and cooperation among OIG components to maximize use of resources; (4) establishing and maintaining effective OIG administrative processes, policies, and procedures; (5) providing quality and timely legal advice on issues that arise in audits, evaluations, investigations, management, personnel, and other matters relating to the operations of the OIG; and (6) providing a modern, attractive and well-equipped OIG working environment.
- Ensure that OIG fulfills its legal responsibilities for compliance with respect the FOIA/PA, litigation matters and reporting requirements, and ethics training and reporting.

## **Linkage of OIG Strategic Plan with OIG Annual Plans**

The strategic plan is the foundation or blueprint for the annual planning process. The annual plans reflect work priorities, resource allocations, and performance measures directly related to the goals and objectives in the strategic plan. This linkage should enable evaluation of the OIG's annual performance in meeting long-term goals and objectives.

Each year, the OIG develops and publishes a plan of the work it expects to accomplish during the fiscal year. This annual plan details the specific projects and activities that the Offices of Audit, Investigations, Management, and Counsel will undertake. That work is designed to be consistent with the mission, goals, and objectives outlined in this strategic plan. The projects included in our annual plan and the questions to be answered by these projects evolve from a variety of sources such as: (1) statutory requirements; (2) our institutional knowledge of Treasury programs and activities, and related risks; (3) requests or suggestions from Treasury management; (4) requests or concerns expressed by the Office of Management and Budget and the Congress; (5) new legislation, Treasury organizational changes, and new system development efforts that warrant early involvement by our

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office; and (6) the need to follow up on previous work to determine if planned corrective actions were implemented and effective.

## Relationship of OIG Strategic Plan to Treasury Strategic Plan

The mission of the Department of the Treasury, as stated in its strategic plan for FYs 2003-2008, is to create the conditions for prosperity in the United States and to encourage prosperity in the World. To accomplish this mission, the Department identified 5 strategic goals and 14 strategic objectives that are tied to these goals. Its strategic goals and objectives follow:

**Mission:**            **The mission of the Department of the Treasury is to promote the conditions for prosperity and stability in the United States and encourage prosperity and stability in the rest of the world.**

- **Strategic Goal:**            **Promote Prosperous U.S. and World Economies**

Strategic Objectives:

- Stimulate Economic Growth and Job Creation
- Provide a Flexible Legal and Regulatory Framework
- Improve and Simplify the Tax Code

- **Strategic Goal:**            **Promote Stable U.S. and World Economies**

Strategic Objectives:

- Increase Citizens' Economic Security
- Improve the Stability of the International Financial System

- **Strategic Goal:**            **Preserve the Integrity of Financial Systems**

Strategic Objectives:

- Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers, and Other Criminals and Isolate Their Support Networks
- Execute the Nation's Financial Sanctions Policies
- Increase the Reliability of the U.S. Financial System

- **Strategic Goal:**            **Manage the U.S. Government's Finances Effectively**

Strategic Objectives:

- Collect Federal Tax Revenue When Due Through a Fair and Uniform Application of the Law
- Manage Federal Debt Effectively and Efficiently
- Make Collections and Payments On Time and Accurately, Optimizing Use of Electronic Mechanisms
- Optimize Cash Management and Effectively Administer the Government's Financial Systems

- **Strategic Goal:           Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury**

Strategic Objectives:

- Protect the Integrity of the Department of the Treasury
- Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service

Our annual work plans cover a broad range of Treasury programs and operations supporting the Department’s 5 strategic goals and related strategic objectives. As part of our audit planning process, we have identified 7 core “issue areas,” each of which addresses one or several Treasury strategic goals. The linkage of OIG issue areas to the Department’s goals that they principally address follows:

<b>Strategic Goal</b>	<b>OIG Issue Area</b>
Promote Prosperous U.S. and World Economies	<ul style="list-style-type: none"> <li>• Domestic and International Assistance Programs</li> </ul>
Promote Stable U.S. and World Economies	<ul style="list-style-type: none"> <li>• Bill and Coin Manufacturing, Marketing, and Distribution Operations</li> </ul>
Preserve the Integrity of Financial Systems	<ul style="list-style-type: none"> <li>• Foreign Asset Control/Terrorist Financing/Money Laundering</li> <li>• Safety, Soundness, and Accessibility of Financial Services</li> </ul>
Manage the U.S. Government's Finances Effectively	<ul style="list-style-type: none"> <li>• Government-wide Financial Services and Debt Management</li> <li>• Revenue Collection and Industry Regulation</li> </ul>
Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury	<ul style="list-style-type: none"> <li>• Treasury General Management and Infrastructure Support</li> </ul>

It should be noted that the Treasury General Management and Infrastructure Support issue area crosscuts all of the Department’s strategic goals. It encompasses such activities as financial management, information technology, computer security, performance management, procurement, and human capital.



# CONGRESS RECOGNIZES THE ACCOMPLISHMENTS OF THE INSPECTORS GENERAL

## H. J. RES. 70

108<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

Recognizing Inspectors General over the last 25 years in their efforts to prevent and detect waste, fraud, abuse, and mismanagement, and to promote economy, efficiency, and effectiveness in the Federal Government.

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IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2003

Mr. TOM DAVIS of Virginia (for himself, Mr. WAXMAN, Mr. PLATTS, and Mr. TOWNS) introduced the following joint resolution; which was referred to the Committee on Government Reform

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Whereas for 25 years the Inspectors General have worked with Congress to facilitate effective oversight to improve the programs and operations of the Federal Government: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

That the Congress—

- (1) recognizes the many accomplishments of the Inspectors General in preventing and detecting waste, fraud, abuse, and mismanagement in the Federal Government;
- (2) commends the Inspectors General and their employees for the dedication and professionalism displayed in the performance of their duties; and
- (3) reaffirms the role of Inspectors General in promoting economy, efficiency, and effectiveness in the administration of the programs and operations of the Federal Government.

*The Inspector General Act of 1978 was signed into law on October 12, 1978. Inspectors General now exist in the 29 largest executive branch agencies and in 28 other Federal entities. Created in 1988 Amendments to the IG Act, the Treasury Office of Inspector General has served the American taxpayer by promoting economy, efficiency, effectiveness, and integrity in the administration and programs and operations of the Treasury Department for 14 years. The above excerpt is from a joint resolution passed by the Congress recognizing the 25<sup>th</sup> Anniversary of the original IG Act.*

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Treasury OIG Web Page

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