



Office of Inspector General
Department of the Treasury

Semiannual Report to the Congress

October 1, 1999 - March 31, 2000

*For additional information or copies of this publication,
please contact:*

**Office of Inspector General
U.S. Department of the Treasury**

*1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220*

Telephone: (202) 622-1090 Fax: (202) 622-2151

Website: www.treas.gov/oig

FOREWORD

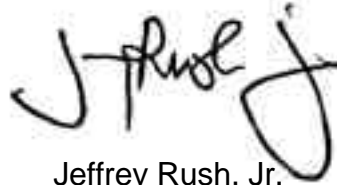
The Honorable Lawrence H. Summers
Secretary of the Treasury
Washington, D.C. 20220

Dear Mr. Secretary:

Enclosed is my Semiannual Report to the Congress. This report summarizes the activities of this office for the six-month period ending March 31, 2000.

The employees of the Office of Inspector General hope that you find their audits and investigations contribute to the economy, efficiency, and effectiveness of the Department.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Rush, Jr.", written in a cursive style.

Jeffrey Rush, Jr.
Inspector General

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FOREWORD

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OVERVIEW

The Office of Inspector General (OIG) issued 79 audit reports and 2 evaluation reports during the reporting period which recommended \$1.1 million be put to better use and identified \$705,000 in questioned costs. The following summaries represent major issues and concerns for the first half of Fiscal Year (FY) 2000.

FINANCIAL MANAGEMENT

The Treasury Department made progress during the past year in meeting its financial management objectives, however major challenges remain. The OIG rendered a qualified opinion on the Department's FY 1999 financial statements noting two material weaknesses, three other reportable conditions, and four instances of noncompliance with laws and regulations. The OIG's audit opinion was qualified because the Internal Revenue Service (IRS) could not provide sufficient evidence to support certain administrative accounts in the financial statements. The ability of the Department to achieve an unqualified opinion and comply with the Federal Financial Management Improvement Act largely depends on major financial improvements at IRS. (See page 8-9.)

The U.S. Customs Service (Customs) FY 1999 financial statements received an unqualified opinion although two material weaknesses, seven other reportable conditions, and two instances of noncompliance with laws and regulations were cited in the report. The material weaknesses related to significant deficiencies in the design and operation of the core financial and information systems. The audit results underscore the critical need for comprehensive systems improvements to correct long-standing deficiencies. (See page 9-10.)

The Financial Management Service's (FMS) FY 1999 financial statements received a qualified opinion because the propriety of two account balances could not be verified due to insufficient detailed records. The report cited three material weaknesses related to lack of documentation supporting liabilities for deposit funds and suspense accounts, financial management and reporting, and accountability over property and equipment. (See page 10.)

The Treasury Department made progress during the past year in meeting its financial management objectives, however major challenges remain.

PERFORMANCE AUDITS

Material Loss Review of The First National Bank of Keystone

As mandated under Section 38 (k) of the Federal Deposit Insurance Act, the OIG completed a material loss review of the First National Bank of Keystone (Keystone) in Keystone, West Virginia. On September 1, 1999, the Office of the Comptroller of the Currency (OCC) closed Keystone after examiners were unable to verify \$515 million of the bank's reported loans. This discrepancy represented nearly 50 percent of the bank's assets. Allegations of fraud were still under investigation by Federal law enforcement agencies at the time of the OIG's report. Keystone's failure is expected to cost the Bank Insurance Fund over \$700 million, making it one of the largest dollar losses in Federal Deposit Insurance Corporation history. (See page 17.)

Banks are viewed as a first line of defense and are required to have sufficient internal controls, file Currency Transaction Reports (transactions generally over \$10,000) and Suspicious Activity Reports (any amount), and otherwise comply with BSA.

OCC Bank Secrecy Act Examinations

An OIG audit reviewed OCC's examinations of national banks for compliance with requirements of the Bank Secrecy Act (BSA). BSA is designed to prevent institutions from being vehicles for money laundering. Banks are viewed as a first line of defense and are required to have sufficient internal controls, file Currency Transaction Reports (transactions generally over \$10,000) and Suspicious Activity Reports (any amount), and otherwise comply with BSA. The OIG found that OCC examinations for BSA compliance were not always complete or adequately documented. The OIG made several recommendations to improve examination coverage and workpaper documentation. (See page 17-18.)

Review of Debt Collection Efforts Within the Federal Government

To assist in the oversight of the Federal debt collection process, the Treasury OIG led a President's Council on Integrity and Efficiency/ Executive Council on Integrity and Efficiency (PCIE/ECIE) government-wide review of non-tax delinquent debt. Sixteen Offices of Inspector General, including the Treasury OIG, collaborated in this review. The non-tax delinquent debt represented by the agencies of the respective participants in this review was approximately \$29.7 billion of the estimated \$46 billion of non-tax debt over 180 days delinquent.

In addition to leading the PCIE/ECIE non-tax delinquent debt review, the Treasury OIG conducted reviews of FMS's cross-servicing procedures and processes and of its oversight of private collection agencies to further assess the implementation of the Debt Collection Improvement Act (DCIA) of 1996 provisions. Overall, the OIG concluded that these processes are generally effective in reducing non-tax delinquent debt. However, the OIG identified several areas where improvements are needed. (See page 18-19.)

Interagency Review of Efforts to Prevent Illicit Transfers of U.S. Military Technologies

The OIG participated in an interagency assessment of U.S. Government agency counterintelligence and export control measures to prevent illicit transfers of U.S. military technologies to certain countries and entities of concern. This assessment was required by the National Defense Authorization Act for FY 2000. As discussed in the OIG report, the Department has only peripheral responsibilities with regard to counterintelligence program activities, but cooperates with and supports agencies involved in these efforts. Additionally, the Department chairs the interagency Committee on Foreign Investments in the United States (CFIUS), which reviews all foreign mergers and acquisitions of U.S. companies with national security implications. While the OIG review found that CFIUS' efforts have deterred some foreign investments involving potential national security implications, notifications are voluntary and CFIUS was not timely notified of two significant acquisitions. Absent mandatory reporting, the OIG recommended several ways CFIUS could more proactively meet its responsibilities. (See page 19-20.)

Treasury's Progress for Implementing the Information Technology Management Reform Act

The OIG's audit focused on the Treasury Investment Review Board (TIRB) and its related roles and responsibilities which were intended to satisfy the Information Technology Management Reform Act (ITMRA). The audit disclosed that the Department does not have an adequate TIRB structure to provide executive direction and effective management for fully implementing ITMRA, and adequate information is not being collected by the Department in order to create, maintain, and manage the portfolio of IT Investments by the TIRB. Furthermore, although the Chief Information Officer organization drafted guidance and initiated an organizational structure, which established the initial control framework needed to satisfy the requirements of ITMRA, the guidance was never issued as a directive. As a result, the TIRB is not effective in managing, evaluating, and making strategic decisions regarding the Department's portfolio of IT initiatives. Treasury has been unable to streamline its IT acquisitions and emphasize life cycle management of IT as a capital investment. This condition places the Department's \$597 million in IT initiatives and operations at risk of not being sound investments. (See page 22.)

INVESTIGATIVE ACTIVITIES

Task Force Investigation

OIG agents are currently supporting a multi-agency task force investigation involving allegations of fraud by officials of the First National Bank of Keystone in Keystone, West Virginia. On September 1, 1999, OCC closed Keystone after examiners were unable to verify \$515 million of the bank's reported loans. This discrepancy represented nearly 50 percent of the bank's assets. Keystone's failure is expected to cost the Bank Insurance Fund over \$700 million, making it one of the largest dollar losses in Federal Deposit Insurance Corporation history. (See page 29-30.)

OIG agents are currently supporting a multi-agency task force investigation involving allegations of fraud by officials of the First National Bank of Keystone in Keystone, West Virginia.

INTRODUCTION

Under the provisions of the Inspector General Act of 1978, as amended, Treasury's OIG reports to the Congress semiannually on its activities. This report, which covers the first half of FY 2000, describes major issues and concerns identified during audits, evaluations, and investigations, along with recommendations for corrective action. Because the report describes selected significant reviews and investigations, the conditions should not be considered as representative of overall conditions in the Department of the Treasury and its bureaus.

Treasury's OIG consists of the following components:

- **Audit**
- **Investigations**
- **Legal Counsel**
- **Management Services**

The OIG's mission is to conduct independent audits and investigations that promote economy, efficiency, and effectiveness; prevent and detect fraud and abuse; and that keep the Secretary and the Congress informed about problems and deficiencies.

In addition to Treasury OIG operations, this report includes a summary of the significant activities of the Offices of Internal Affairs and Inspection at the Bureau of Alcohol, Tobacco and Firearms (ATF), Customs, and the U.S. Secret Service (Secret Service). The Inspector General is responsible for oversight of the internal investigations conducted by these offices.

TREASURY FUNCTIONS AND ORGANIZATION

Treasury is organized into 13 bureaus and 12 offices. The Treasury Bureaus make up 98 percent of the Treasury work force and are responsible for carrying out specific operations assigned to the Department. The Treasury Offices are composed of divisions headed by Assistant Secretaries and are primarily responsible for policy formulation and overall management of the Treasury Department.

The OIG performs reviews of Treasury's many roles, which include such diverse functions as striking commemorative medals, enforcing national firearms and explosives laws, and investigating financial institution fraud. Today, over 168,000 Federal employees work for the Department of the Treasury throughout the world. Treasury, as one of the oldest Federal agencies, performs some of the most fundamental governmental activities, including collecting and borrowing the money to run the United States Government, and enforcing Federal laws.

The OIG's mission is to conduct independent audits and investigations that promote economy, efficiency, and effectiveness; prevent and detect fraud and abuse; and that keep the Secretary and the Congress informed about problems and deficiencies.

TREASURY EMPLOYMENT FIGURES

Bureau/Office	Number of Full Time Equivalent Staffing
OIG	282
ATF	4,145
Bureau of Engraving and Printing (BEP)	2,590
Bureau of Public Debt (BPD)	1,573
Departmental Offices ¹ (DO)	2,223
Federal Law Enforcement Training Center (FLETC)	612
FMS	2,142
Inspector General for Tax Administration ²	1,020
IRS	96,435
OCC	3,047
Office of Thrift Supervision (OTS)	1,291
Customs	19,757
U.S. Mint (Mint)	3,107
Secret Service	5,103
Total	143,327

Source: President's FY 2000 Enacted Budget

- 1 Employment figures for the Financial Crimes Enforcement Network (FinCEN), the Community Development Financial Institutions (CDFI) Fund, and the Treasury Forfeiture Fund (TFF) are included within DO.
- 2 Under provisions of the IRS Restructuring Act of 1998, the Treasury Inspector General for Tax Administration will exercise all duties and responsibilities on all matters relating to IRS. However, the OIG does complete financial statement audits at IRS as part of its review of the Department's Consolidated Financial Statements.

AUDIT ACTIVITIES

FINANCIAL STATEMENT AUDITS

The Chief Financial Officers (CFO) Act and the Government Management Reform Act (GMRA) are intended to strengthen Federal financial management systems and require audited financial statements. The CFO Act, as amended by GMRA, requires an annual audit of the Department of the Treasury and any Office of Management and Budget (OMB) designated components (currently IRS, Customs, and ATF).

The process of preparing and auditing financial statements has resulted in the identification of areas for financial management improvements. Corrective actions in these areas have enabled Department and bureau managers to more effectively manage their operations throughout the year, as well as provide an audited annual reporting of their financial activities.

The CFO Act, as amended by GMRA, requires an annual audit of the Department of the Treasury and any Office of Management and Budget (OMB) designated components.

Financial statements audit work at the Department is primarily based on the CFO Act and GMRA requirements. However, other statutory financial statement audit requirements and audits performed pursuant to Treasury management initiatives also are incorporated into the overall audit plan. Under a memorandum of understanding with the General Accounting Office (GAO), the OIG must perform sufficient audit work to opine on the Department-wide financial statements. Stand-alone audited financial statements must be submitted for three Departmental entities: IRS, Customs, and ATF. The Federal debt managed by BPD and the operating cash of the Federal Government managed by FMS are also audited.

Financial statements audits required by other statutes or management initiatives, which are incorporated into the overall audit plan, include BEP, Federal Financing Bank, Government Trust Funds, OCC, the Mint, Treasury Forfeiture Fund, OTS, Exchange Stabilization Fund, FMS, DO, CDFI Fund, and the District of Columbia (D.C.) Pension Funds. The “Department of the Treasury Audited Financial Statements” table at the end of this section provides a three-year summary of financial statements audit results for the Department and these component entities.

As in prior years, a combination of OIG, GAO, and contractor audit resources were utilized to meet the FY 1999 financial statements audit requirements at the Department. The OIG audited the Department of the Treasury’s consolidated financial statements, Customs, the Exchange Stabilization Fund, D.C. Pension Funds and the Mint gold and silver reserves. GAO audited the IRS financial statements, BPD’s Schedule of Federal Debt and the operating cash of the Federal Government managed by FMS. The OIG reviewed GAO’s work in order to report on the Department’s consolidated financial statements.

The OIG provides contract oversight and performs quality control reviews for audits undertaken by Independent Public Accountants (IPAs). IPAs audited ATF, DO, FMS, the Federal Financing Bank, BEP, OCC, OTS, and the Mint. In addition, IPAs audited the Treasury Forfeiture Fund, CDFI Fund, Government Trust Funds, and the Schedule of Loans Receivable serviced by BPD, all of which were subject to OIG oversight.

Treasury Department's Consolidated Financial Statements

The OIG audited the Department's Consolidated Balance Sheet as of September 30, 1999, its Consolidated Statements of Net Cost, Changes in Net Position, and Custodial Activity for the year then ended; and its Combined Statements of Budgetary Resources and Financing for the year then ended (the "financial statements"). This audit is required by GMRA, which expanded the CFO Act. These financial statements are incorporated into the Department of the Treasury Accountability Report for Fiscal Year 1999.

The OIG's audit opinion was qualified because IRS could not provide sufficient evidence to support certain administrative accounts in the financial statements.

At the Department-wide reporting level, the OIG identified two material weaknesses and three other reportable conditions. The two material weaknesses relate to financial management and reporting at IRS, and electronic data processing general controls at certain bureaus, most notably IRS, Customs, and FMS. The other reportable conditions address financial management improvements needed at Customs, FMS, and certain other component entities. These internal control findings are discussed in more detail in the following section on the results of component entity audits.

The OIG noted four instances of noncompliance with applicable laws and regulations. The Department reported that it is not in compliance with the financial management systems requirements of Federal Financial Management Improvement Act of 1996 (FFMIA). This is based on instances of non-compliance identified at seven component entities. The OIG concurs with this assessment. Also, IRS' installment agreements and tax lien release practices were not in compliance with the Internal Revenue Code. Finally, Customs did not conduct a biennial review of reimbursable fees and charges, as required by the CFO Act.

The Department made progress during the past year in meeting its financial management objectives, however major challenges remain. The Department should continue to focus particular efforts on engaging top-level bureau management to address key financial management issues affecting the integrity of their financial reporting, particularly at IRS. The continuing material weaknesses in internal control at IRS, which have been reported since financial statement audits were initiated in FY 1992, resulted in disclaimers of an audit opinion on four of the six IRS FY 1999 financial statements. This in turn resulted in a qualified audit opinion on the Department's financial statements. Although some improvements were made, they were not sufficient to materially affect the audit outcome at the IRS. IRS is the Department's largest component entity, and the IRS audit results have a substantial impact on the OIG's audit report for the Department as a whole. The ability of the Department to achieve an unqualified opinion and comply with FFMIA is predicated in large part upon major financial management improvements at IRS. IRS would benefit substantially from more active involvement by executive management in addressing financial management issues.

A critical factor in meeting the Department's overall financial management objectives will be to successfully develop and implement remediation plans to address the non-compliances with FFMIA. Although all but two Treasury component entities, IRS and FMS, received unqualified audit opinions on

their stand alone FY 1999 financial statements, in many cases this was achieved only through extensive efforts after the fiscal year-end to overcome material weaknesses to produce auditable information. Although this may result in materially correct annual financial statements, it does not provide for timely and reliable information during the year for management purposes. Meeting the requirements of FFMIA is a formidable challenge for the Department, which will require strong corporate leadership and proactive engagement with the bureaus to ensure that viable remediation plans are developed and implemented.

In connection with the OIG's annual financial statement audits of the Department for FY 1997, 1998 and 1999, the OIG reported that the Department was not in substantial compliance with the financial management systems requirements of FFMIA. The Department also determined it was not in substantial compliance for each of these fiscal years. The "Inventory of Unresolved FFMIA Non-compliances as of September 30, 1999" table at the end of this section provides a summary of unresolved FFMIA non-compliances by bureau as of September 30, 1999 as reported in the OIG's audit of the Department's FY 1999 financial statements.

FFMIA requires that the Department establish remediation plans (hereafter referred to as plans) including resources and intermediate target dates necessary to bring financial management systems into substantial compliance no later than three years after the determination of non-compliance. The concurrence of the Director of OMB is required for plans that extend beyond three years. The plans submitted to date by the bureaus generally are not complete and require significant revisions. The Department is requiring bureaus to submit revised remediation plans by July 1, 2000 and will evaluate whether the plans resolve the non-conformances, as well as the bureau's ability to implement the plans.

The OIG will evaluate the Department's oversight and coordination with OMB regarding the plans. On a semiannual basis, the OIG will report instances and reasons when bureaus other than the IRS have not met the intermediate target dates established in their plans. The Treasury Inspector General for Tax Administration is responsible for reporting this information with respect to the IRS' plan.

Departmental Component Entity Financial Statement Audits

The Department-wide audit report reflects the cumulative results of audit work performed at 11 departmental bureaus, as well as the consolidation itself. Highlights of the individual bureau and component entity audits for which final reports have been issued appear below.

IRS FY 1999 Financial Statements

The OIG worked with GAO on the audit of the IRS Fiscal Year 1999 financial statements by participating in testing accounts and cycles that were material to the Treasury consolidated financial statements.

The GAO rendered an unqualified opinion on the Statement of Custodial Activity, a qualified opinion on the Balance Sheet, and disclaimers of opinion on the Statements of Net Cost, Changes in Net Position, Budgetary Resources, and Financing. GAO also opined that IRS' internal controls at September 30, 1999, were not effective.

The audit identified seven material weaknesses related to IRS' controls over (1) the financial reporting process, (2) management of unpaid tax assessments, (3) refunds, (4) fund balance with Treasury, (5) property and equipment, (6) budgetary activities, and (7) computer security. With the exception of budgetary controls, GAO reported on these issues last year. GAO's audit also found two repeat reportable conditions related to weaknesses in internal controls over safeguarding manual tax receipts and taxpayer information, and revenue reporting and distribution of tax receipts to trust funds.

The auditors also stated that limitations on the scope of the work prevented testing of compliance with the Anti-deficiency Act. Otherwise, testing of compliance with selected provisions of laws and regulations disclosed two instances of reportable noncompliance. IRS did not release Federal tax liens within 30 days after the date the related tax liability was satisfied or became unenforceable. Also, as noted in last years' report, installment agreements did not fully satisfy outstanding tax liabilities prior to the expiration of the statutory collection period. In addition, financial management systems again did not substantially comply with the requirements of the FFMIA.

Customs' Financial Statements

The OIG issued an unqualified opinion on Customs' Balance Sheets as of September 30, 1999 and 1998, and the related Statements of Net Cost, Changes in Net Position, Budgetary Resources, Financing, and Custodial Activities for the years then ended. The report cited two material weaknesses related to significant deficiencies in the design and operation of the core financial and information systems. The first material weakness relates to the core financial systems inability to provide certain financial information necessary for managing operations, such as "customer-based" subsidiary ledger for non-entity accounts receivable. The financial systems also did not capture all transactions as they occurred during the year, did not record all transactions properly, and were not fully integrated. The systems did not always provide essential controls with respect to override capabilities and changes to system data. The second material weakness relates to several significant deficiencies in Customs' ability to provide for timely restoration of mission-critical systems that could impair the bureau's ability to respond effectively to a disruption in operations.

The report also discussed seven reportable conditions. Five repeat conditions involve the need to strengthen drawback controls, controls over bills of lading and in bond shipments, software development and change controls, and access controls over data files, application programs, and computer-related facilities and equipment.

The report again commented on the need for comprehensively implementing compliance measurement programs to identify the revenue gap and assess trade law compliance. Two current year conditions involve the need to strengthen accountability controls over seized property inventory, including narcotics, and entity-wide security planning and management.

The OIG noted two instances of noncompliance with laws and regulations. Customs' financial management system did not fully comply with the requirements of the CFO Act as it applies to the biennial review of fees for services provided. In addition, the financial management

systems did not substantially comply with the financial management system requirements of the FFMIA.

The FY 1999 audit results underscore the critical need for comprehensive systems improvements to remedy long-standing deficiencies. Customs' outdated systems are quickly reaching their capacity. Without a major systems overhaul, Customs may not be able to effectively handle the higher level of trade projected in the future.

FMS' Financial Statements

An IPA issued a qualified opinion on FMS' Consolidated Balance Sheet as of September 30, 1999, and the related Consolidated Statements of Net Cost, Changes in Net Position, Budgetary Resources, and Financing, and the Statement of Custodial Activity for the year then ended.

The auditors could not verify the propriety of two account balances as of fiscal year end because FMS did not maintain sufficient detailed records. Specifically, records did not support \$260.4 million of the total \$275.3 million recorded as Governmental Liabilities for Deposit Funds, and \$19.6 million of the total \$45.5 million recorded as Intragovernmental Liabilities for Deposit Funds and Suspense Accounts, in the Balance Sheet.

The report cited three material weaknesses related to lack of documentation supporting liabilities for deposit funds and suspense accounts, financial management and reporting, and accountability over property and equipment. FMS' financial management systems also did not substantially comply with Federal Financial Management Improvement Act requirements because of computer access control and system integration problems.

A GAO audit of the operating cash of the Federal Government totaling \$59.3 billion at September 30, 1999, managed by FMS in conjunction with its central banking function, found that FMS' general controls over computerized information systems that process collections and disbursements were ineffective. Computer control weaknesses placed the financial systems at significant risk of unauthorized modification or disclosure of sensitive data and programs, misuse or damage to computer resources, or disruption of critical operations.

ATF's Balance Sheet

An IPA rendered an unqualified opinion on ATF's Balance Sheet as of September 30, 1999, and the related Statements of Net Cost, Changes in Net Position, Budgetary Resources, Financing, and Custodial Activity for the year ended September 30, 1999.

Despite some progress by ATF, three of the four areas noted in prior years' audit reports continue to have weaknesses that are reportable conditions. ATF can further strengthen (1) controls to protect information, (2) the system change control process, and (3) segregation of duties in the areas of system security and system administration. The IPA found no instances of reportable noncompliance with laws and regulations. The IPA report has not been provided to the OIG for formal issuance.

Mint's Financial Statements

An IPA rendered an unqualified opinion on the Mint's Statements of Financial Position as of September 30, 1999 and 1998, and the related Statements of Operations and Changes in Net Position, and Cash Flows for the fiscal years then ended. The Independent Auditors' Report on Internal Control discussed one reportable condition involving operating and control deficiencies in the Consolidated Information System (COINS), the Mint's new enterprise resource planning tool. COINS replaced the primary financial management system that was comprised of diverse mainframe, manual and personal computer based systems.

The Independent Auditors' Report on Compliance with Laws and Regulations reported no instances of noncompliance.

Mint's Statements of Custodial Gold and Silver Reserves

An OIG audit of the Mint's Statements of Custodial Gold and Silver Reserves as of September 30, 1999 and 1998 resulted in an unqualified opinion. There were no material weaknesses or other reportable conditions and no instances of noncompliance with applicable laws and regulations.

BEP's Financial Statements

An IPA rendered an unqualified opinion on the Balance Sheets of BEP as of September 30, 1999 and 1998, and the related Statements of Operations and Cumulative Results of Operations, and Cash Flows for the years then ended. No reportable conditions were noted, and the auditors identified no instances of reportable noncompliance with applicable laws and regulations.

Treasury Forfeiture Fund's Financial Statements

An IPA rendered an unqualified opinion on the Balance Sheets of the Treasury Forfeiture Fund (TFF) as of September 30, 1999 and 1998, and the Statements of Net Cost, Changes in Net Position, Budgetary Resources, and Financing for the year ended September 30, 1999 and 1998. The TFF consolidates all Treasury law enforcement organizations under a single forfeiture fund program administered by the Department. The TFF participants include Customs, IRS, ATF, Secret Service, the FinCEN, and FLETC, as well as the United States Coast Guard.

The IPA reported three repeat material weaknesses. Accounting records primarily continued to be maintained on a cash basis rather than an accrual basis of accounting, and the general ledger did not include all balances and transactions reflected in the financial statements. System controls deficiencies continue to exist in the Seized Asset and Case Tracking System (SEACATS).

There were three other reportable conditions that involved: (1) improper timing for valuing forfeited property; (2) lack of control over assets; and (3) inadequate property management functions.

The Independent Auditors' Report on Compliance with Laws and Regulations cited one repeat instance of noncompliance with applicable laws and regulations exclusive of the Federal Financial Management Improvement Act. The Budget and Accounting Procedures Act of 1950, as amended, requires

Federal agencies to establish an internal control structure that ensures the safeguarding of assets and the proper recording of revenues and expenditures. As previously noted, the TFF's internal control structure had certain material weaknesses that resulted in noncompliance with this Act. Most of the material weaknesses require significant computer system improvements to be corrected.

Departmental Office's Consolidated Balance Sheet

An IPA rendered an unqualified opinion on the Departmental Offices' Consolidated Balance Sheet as of September 30, 1999, and the related Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, Combined Statement of Budgetary Resources, Combined Statement of Financing, and Consolidated Statement of Custodial Activity for the year then ended. The Independent Auditors' Report on Compliance with Laws and Regulations identified no instances of noncompliance. However, one repeat reportable condition related to property capitalization and accountability was cited in the Independent Auditors' Report on Internal Control over Financial Reporting.

BPD Activities

An IPA issued thirteen reports on BPD related activities. Eleven were audits and two were American Institute of Certified Public Accountants Statement on Auditing Standards Number 70 reviews, "Reports on the Processing of Transactions by Service Organizations."

An IPA rendered an unqualified opinion on the Schedule of Loans Receivable from Federal Entities and Related Interest Receivable Serviced by BPD at September 30, 1999. The schedule represents intragovernmental receivables that arise from certain Federal entities, which borrow from the Department of the Treasury. These entities then make loans to various non-Federal borrowers such as students and farmers. BPD is responsible for the accounting and servicing of loans made to Federal entities.

The IPA's Report on Internal Controls over Financial Reporting contained one repeat reportable condition related to the interest recalculation process for Federal Credit Reform Act loans. The Report on Compliance with Laws and Regulations disclosed no instances of noncompliance.

An IPA audited ten Government Trust Fund schedules of assets and liabilities, and the related schedule of activity for the year ended September 30, 1999. The BPD Trust Fund Management Branch ("Management Branch") provides accounting, investment, and financial reporting services. While the Management Branch provides these custodial services, the program agencies are responsible for administering, regulating, and monitoring program activities financed through Government Trust Funds.

The Independent Auditors' Reports on Internal Control over Financial Reporting contained no material weaknesses or other reportable conditions related to the internal controls for the Trust Funds. The Independent Auditors' Reports on Compliance with Laws and Regulations reported that BPD did not use an integrated financial management system that eliminates unnecessary duplication of transaction entries, contrary to the requirements of OMB Circular A-127.

The IPA also examined general computer and management controls related to the Trust Fund Management Branch for the period October 1, 1998 to September 30, 1999. The examination was in accordance with SAS Number 70, "Reports on the Processing of Transactions by Service Organizations." The IPA concluded that BPD's policies and procedures are suitably designed to provide reasonable assurance that the specified control objectives were achieved. Aside from not meeting the requirements of OMB Circular A-127 referenced above, no other significant problems were identified.

A similar SAS No. 70 review of BPD's Federal Investment Branch controls and operating effectiveness concluded that BPD's policies and procedures are suitably designed to provide reasonable assurance that specified control objectives were achieved. The IPA reviewed BPD transactions processing related to the investment accounts of various Federal Government agencies maintained by the Federal Investment Branch. The IPA found no instances of reportable noncompliance with applicable laws and regulations.

Exchange Stabilization Fund's FY 1999 and 1998 Financial Statements

The OIG issued an unqualified opinion on the Exchange Stabilization Fund's FY 1999 and FY 1998 financial statements. The auditors identified no reportable conditions in the internal control structure, and no instances of reportable noncompliance with laws and regulations.

CDFI Fund's Financial Statements

An IPA rendered an unqualified opinion on the CDFI Fund's Statements of Financial Position as of September 30, 1999 and 1998, and the related Statements of Operations and Changes in Net Position, and of Cash Flows for the years then ended. No reportable conditions or reportable instances of noncompliance with laws and regulations were identified. The Riegle Community Development and Regulatory Improvement Act created the CDFI Fund to promote economic revitalization and community development.

Federal Financing Bank's Financial Statements

An IPA rendered an unqualified opinion on the Statements of Financial Position of the Federal Financing Bank as of September 30, 1999 and 1998, and the related Statements of Operations and Accumulated Deficit, and Cash Flows for the years then ended. There were no matters involving internal control over financial reporting and its operation considered to be reportable conditions. No instances of reportable noncompliance with laws and regulations were found. The IPA report has been provided to the OIG for final issuance.

FINANCIAL MANAGEMENT RELATED AUDITS

Unliquidated Obligations Reviews

The OIG audited the unliquidated obligations at Customs and ATF. The objectives of these audits were to determine if controls were in place to ensure that an adequate review of obligated balances is performed as legally required, and to determine if any unliquidated obligations should be deobligated.

The auditors identified no reportable conditions in the internal control structure, and no instances of reportable noncompliance with laws and regulations.

Customs and ATF established policies and procedures for conducting periodic reviews of unliquidated obligations. However, they did not identify all amounts that should have been deobligated. The OIG projected a possible overstatement for ATF of \$12 million. In addition, ATF's controls over the retention of supporting documentation needed to be strengthened, as ATF was not able to provide documentation substantiating obligations for all items tested. The possible overstatement projected for Customs was immaterial.

The OIG also audited unliquidated obligations at DO, CDFI, FLETC, and Secret Service issuing reports in September 1999. Results of these audits were included in the previous Semiannual Report.

Controls over Harbor Maintenance Tax Refunds

The OIG evaluated whether Customs had established adequate controls over refunds of harbor maintenance tax on exports, and complied with the U.S. Court of International Trade's (CIT) order governing such refunds. The review disclosed that, overall, Customs had adequate refund procedures. The OIG also did not identify any significant instances of non-compliance with the CIT's order.

DEPARTMENT OF THE TREASURY AUDITED FINANCIAL STATEMENTS

ENTITY	FY 99 Audit Results		FY 98 Audit Results		FY 97 Audit Results	
	Opinion	Material Weaknesses	Opinion	Material Weaknesses	Opinion	Material Weaknesses
Treasury Department (A)						
Department-wide	Qualified	2	Qualified	2	-	-
Administrative	-	-	-	-	Unqualified	4
Custodial	-	-	-	-	Qualified	
IRS (A)						
IRS Financial Statements	(B)	7	(B)	6	-	-
Administrative	-	-	-	-	Unqualified	2
Custodial	-	-	-	-	Unqualified	6
Headquarters						
Departmental Offices	Unqualified	0	Unqualified	0	Unqualified	0
Exchange Stabilization Fund	Unqualified	0	Unqualified	0	Unqualified	0
Federal Financing Bank	Unqualified	0	Unqualified	0	Unqualified	0
Treasury Forfeiture Fund	Unqualified	3	Unqualified	4	Unqualified	3
CDFI Fund	Unqualified	0	Unqualified	0	Unqualified	2
International Assistance Prgms (IAP)	(C)	-	Unqualified	0	(C)	-
DC Pension Funds	(F)	(F)	Not Audited	-	Not Audited	-
ATF	Unqualified	0	Unqualified	0	Unqualified	0
OCC	(F)	(F)	Unqualified	3	Unqualified	0
Customs	Unqualified	2	Unqualified	2	Unqualified	2
BEP	Unqualified	0	Unqualified	0	Unqualified	0
FMS						
Financial Statements (D)	Qualified	3	Unqualified	2	-	-
Salaries and Expenses	-	-	-	-	Unqualified	1
Treasury Managed Accounts/ Miscellaneous Accounts	-	-	-	-	Disclaimer	4
Federal Government Cash	(E)	1	(E)	1	(E)	1
BPD						
Schedule of Federal Debt	Unqualified	0	Unqualified	0	Unqualified	0
Schedule of Loans Receivable	Unqualified	0	Unqualified	0	Unqualified	0
Government Trust Funds	Unqualified	0	Unqualified	0	Unqualified	0
Mint						
Financial Statements	Unqualified	0	Unqualified	1	Unqualified	1
Custodial Gold and Silver Reserves	Unqualified	0	Unqualified	0	Unqualified	0
Secret Service	Not Audited	-	Not Audited	-	Qualified	2
OTS	(F)	(F)	Unqualified	0	Unqualified	0

NOTES

- A. For FY 1999 and 1998, administrative and custodial activities were reported in a single set of financial statements. For FY 1997, administrative and custodial activities were reported in separate financial statements.
- B. The IRS' FY 1999 and FY 1998 Financial Statements audit resulted in (1) an unqualified opinion on the Statement of Custodial Activity, (2) a qualified opinion on the Balance Sheet, and (3) disclaimers of opinion on the Statements of Net Cost, Changes in Net Position, Budgetary Resources, and Financing.
- C. IAP significant accounts were audited as part of the Department-wide audit in FY 1999 and as an entity in FY 1998. IAP was included in FMS Miscellaneous Accounts in FY 1997.
- D. FMS' FY 1999 and FY 1998 financial statements cover Salaries & Expenses and Miscellaneous Accounts, which were reported separately in FY 1997. Miscellaneous Accounts were renamed Treasury Managed Accounts in FY 1999.
- E. Audit procedures were performed to determine that cash balances managed by FMS were reliable in all material respects. A separate audit opinion was not issued.
- F. Audits are still in process.

Audit Activities

Inventory of Unresolved FFMIA Non-Compliances as of September 30, 1999

BUREAU	CONDITION	FY FIRST REPORTED FOR FFMIA PURPOSES
Customs	Core Financial Systems do not provide complete and accurate information for financial reporting and for preparation of audited financial statements.	1997
Customs	Weaknesses exist in EDP controls over (1) timely restoration of its mission-critical systems; (2) access to data files, application programs, and computer-related facilities and equipment; and (3) application software development and program modifications.	1997
Departmental Offices	The Department's Financial Management Division's accounting services are provided by the Center for Applied Financial Management. The issue is the lack is the lack of emergency back-up capabilities.	1999
Executive Office of Asset Forfeiture	Customs' SEACATS does not contain accurate and sufficient data that can be relied upon to prepare the analysis of changes in seized and forfeited property without substantial manual manipulation and reconciliation.	1998
Executive Office of Asset Forfeiture	Accounting records are primarily maintained on a cash basis. The fund's general ledger does not record all balances and transactions that are reflected in the financial statements.	1998
FMS	Area for improvement in computer controls. Information in FMS' systems is at significant risk because of serious general control weaknesses.	1997
FMS	The general ledger system for Salary and Expense accounts was not integrated with its subsidiary property system.	1999
IRS	IRS cannot reliably prepare four of the six financial statements required by OMB 97-01, as amended.	1998
IRS	IRS does not have a general ledger that conforms to the U.S. Government Standard General Ledger.	1997
IRS	IRS lacks a subsidiary ledger for its unpaid assessments.	1997
IRS	IRS lacks a reliable subsidiary ledger for its property and equipment.	1997
IRS	IRS lacks an effective audit trail from its general ledger back to subsidiary detailed records and transaction source documents.	1997
IRS	IRS has other material weaknesses, including controls over refunds, property and equipment, payroll, budget, and computer security are also conditions indicating that IRS' systems do not comply with Federal Financial Management Systems Requirements.	1997
OCC	Timely and complete information for tracking financial expenditures is not available for program personnel, (i.e., there is no formal system for administrative control of funds.)	1999
OCC	OCC's financial management systems currently do not comply with Federal financial management systems requirements and the U.S. Government Standard General Ledger at the transactional level.	1999
Secret Service	Secret Service does not have reliable Seized Property Systems.	1997
Secret Service	Materials and supplies are not entered in the US Standard General Ledger.	1997

PERFORMANCE AUDITS

Material Loss Review of The First National Bank of Keystone

As mandated under Section 38 (k) of the Federal Deposit Insurance Act (FDIA), the OIG completed a material loss review of the First National Bank of Keystone (Keystone). On September 1, 1999, OCC closed Keystone after examiners were unable to verify \$515 million of the bank's reported loans. This discrepancy represented nearly 50 percent of the bank's assets. To date, two bank officials have been convicted for conspiracy and obstructing the examination of a financial institution. Keystone's failure is expected to cost the Bank Insurance Fund (BIF) over \$700 million, making it one of the largest dollar losses in Federal Deposit Insurance Corporation (FDIC) history.

The specific underlying causes of Keystone's failure may not be fully known until Federal law enforcement agencies complete their investigations. As a result, the OIG was unable to fully assess the adequacy of OCC's supervision of Keystone. Nevertheless, the OIG concluded that Keystone offers several valuable lessons and opportunities for OCC to improve examinations and enforcement procedures. OCC's yearly examinations of Keystone from 1992 until its failure in 1999 repeatedly uncovered unsafe and unsound banking practices and regulatory violations. However, OCC enforcement actions proved largely ineffective in getting Keystone to fully address its operating problems. Alleged fraudulent accounting practices, uncooperative bank management and reported high profitability may have all served to mask the bank's true financial condition from OCC examiners. Despite this, indicators existed throughout the period that may have dictated a more aggressive supervisory response by OCC, such as earlier verification of booked loans, taking more timely enforcement actions, and curbing the bank's growth in high-risk activities, until sufficient systems and controls were in place.

The OIG made several recommendations focusing on OCC examination procedures and enforcement actions when banks do not adequately address unsafe and unsound practices. The OIG also recommended that OCC evaluate whether a different supervisory approach is needed to address banks' rapid growth in high-risk activities, although accompanied by high profitability and adequate capitalization, but without sufficient management systems and controls. In response to the OIG report, the OCC formed a committee of senior deputy comptrollers to address the OIG's recommendations. (Report #OIG-00-067)

OCC Bank Secrecy Act Examinations

An OIG audit reviewed OCC's examinations of national banks for compliance with requirements of the Bank Secrecy Act (BSA). BSA is designed to prevent institutions from being vehicles for money laundering. Banks are viewed as a first line of defense and are required to have sufficient internal controls, file Currency Transaction Reports (transactions generally over \$10,000) and Suspicious Activity Reports (SAR) [any amount], and otherwise comply with the BSA. OCC examinations review compliance with these requirements.

The OIG identified two areas in which OCC can improve its BSA examinations. First, OCC examiners did not perform a complete examination for 38 of the 82 examinations the OIG reviewed. They did not: (1) review bank-generated reports, which are useful in identifying suspicious activity (17 banks); (2) follow-up on indicators of suspicious activity, perform sufficient review of high-risk accounts, adequately follow-up on prior examination exceptions, or take action when prior exceptions continued to exist (10 banks); or (3) perform complete examinations, including verifying the bank's hiring process or citing the bank for incomplete BSA policy (11 banks). Second, workpaper documentation for 44 examinations did not include adequate support for the examination work performed or the conclusions reached.

The OIG made several recommendations to improve examination coverage and workpaper documentation. OCC outlined a set of satisfactory corrective actions for all OIG recommendations, with the exception of one recommendation that SARs be reviewed during BSA exams. OCC did not fully commit to taking this action, but indicated it is expanding its examination procedures to place greater emphasis on SAR reporting. The OIG will assess these new procedures when they are implemented before commenting on their adequacy. (Report #OIG-00-027)

Review of Debt Collection Efforts Within the Federal Government

Treasury OIG led a President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE) government-wide review of non-tax delinquent debt.

To assist in the oversight of the Federal debt collection process, the Treasury OIG led a President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE) government-wide review of non-tax delinquent debt. Sixteen Offices of Inspector General, including the Treasury OIG, collaborated in this review. The non-tax delinquent debt represented by the agencies of the respective participants in this review was approximately \$29.7 billion of the estimated \$46 billion of non-tax debt over 180 days delinquent.

Generally, Federal agencies have worked towards meeting the objectives of the Debt Collection Improvement Act of 1996 (DCIA), which are to (1) maximize collections of delinquent debts owed to the Federal Government, and (2) reduce losses arising from inadequate debt management activities. The OIG found that progress has been made in collecting Federal non-tax delinquent debt. Since enactment of the DCIA, collections of Federal non-tax delinquent debt through administrative offset and cross-servicing have risen from approximately \$1.5 million at the end of FY 1997 to about \$15.4 million as of the end of FY 1998. Also, collections of Federal non-tax delinquent debt through Tax Refund Offset have increased from approximately \$0.7 billion to about \$0.9 billion between calendar years 1997 and 1998. However, this audit identified several areas where improvements are needed. Specifically, more needs to be done to ensure that Federal agencies are referring delinquent debt to FMS for collection activities and are adequately managing their respective portfolios to ensure that loss to the Federal Government is minimized. (Report #OIG-00-013)

As part of the PCIE/ECIE audit, the Treasury OIG conducted a review of compliance with the DCIA by Customs, the Secret Service and Treasury's DO. Generally, these bureaus have implemented the requirements of the DCIA. However, improvements are needed regarding properly classifying delinquent debt, ensuring the accuracy of accounts receivable balances, issu-

ing timely demand letters, and referring debt to FMS in a timely manner. (Reports #OIG-00-001, OIG-00-002, and OIG-00-003)

In addition to leading the PCIE/ECIE non-tax delinquent debt review, the Treasury OIG conducted reviews of FMS's cross-servicing procedures and processes and of its oversight of private collection agencies (PCAs) to further assess the implementation of DCIA provisions. Overall, the OIG concluded that these processes are generally effective in reducing non-tax delinquent debt. However, the OIG identified several areas where improvements are needed.

With reference to FMS's cross-servicing function, the review indicated that its practices and procedures to familiarize agencies with the debt collection process, initiate collection efforts, and follow through with closure when debts are determined to be uncollectible are generally effective. However, the OIG found that FMS needs to strengthen its procedures for designating debt collection centers and for providing waivers to the transfer provisions of the DCIA. (Report #OIG-99-104)

Regarding PCAs, the OIG found the FMS oversight process to be generally effective. A survey of the PCAs indicated that 9 of the 10 PCAs that responded to an OIG questionnaire were satisfied with the service provided by FMS. While FMS's oversight of PCAs has been generally effective, the OIG identified several operational areas where FMS can make further improvements.

Specifically, operational procedures at FMS's Birmingham Debt Management Operations Center (BDMOC) should be enhanced, the contracting officer's oversight procedures should be improved, and industry best practices should be implemented to improve debt services. Improvements would include implementing written procedures for the BDMOC, implementing a tracking system for both verbal and written complaints, tracking the actions of the PCAs, and monitoring collection procedures and practices to ensure that cost-effective methodologies are being used. (Report #OIG-99-117)

In general, management concurred with the recommendations made by the OIG in these reports. Corrective actions planned or taken include enhancing policies and procedures, increasing the level of monitoring and oversight, revising delegations of authority, and verifying the existence, accuracy, and completeness of accounts receivable balances. The OIG believes that these actions will enhance Federal debt collection efforts.

Interagency Review of Efforts to Prevent Illicit Transfers of U.S. Military Technologies

The OIG participated in an interagency assessment of U.S. Government agency counterintelligence and export control measures to prevent illicit transfers of U.S. military technologies to certain countries and entities of concern. This assessment was required by the National Defense Authorization Act for FY 2000 which mandated reporting to Congress by March 30, 2000. Other participants included the OIGs of the Departments of Commerce, Defense, Energy, and State, and the Central Intelligence Agency. An interagency working group was formed to coordinate review and reporting efforts. The participating OIGs issued individual reports to their respective agencies, including the Department of the Treasury, and the working group developed a consolidated interagency report highlighting major findings and cross-cut

ting issues. This classified report and the individual agency reports, some of which were also classified, were submitted to the respective Committees on Armed Services of the Senate and House of Representatives, as well as to other congressional committees.

As discussed in the OIG report on the Department of the Treasury, the Department has only peripheral responsibilities with regard to counterintelligence program activities. However, the Department cooperates with and supports agencies involved in these efforts. For example, Customs enforces export controls that could produce useful counterintelligence information, and arrangements exist for the appropriate sharing of this data. Additionally, the Department chairs the interagency Committee on Foreign Investments in the United States (CFIUS), which reviews all foreign mergers and acquisitions of U.S. companies with national security implications.

The OIG review disclosed that CFIUS' efforts have deterred some foreign investments involving potential national security implications, but notifications are voluntary and CFIUS was not timely notified of two significant acquisitions. Absent mandatory reporting, CFIUS needs to take a more proactive role to identify non-filers. Accordingly, the OIG recommended that the CFIUS chair coordinate efforts with other Committee members to identify sources of available data to identify non-filers, and that procedures be established to effectively use these data sources to meet CFIUS' responsibilities. Management concurred with the OIG recommendation. (Report #OIG-00-072)

Customs' Automated Commercial System Cargo Selectivity

The Automated Commercial System (ACS) Cargo Selectivity Program was created to facilitate the processing of legitimate cargo while attempting to stop fraud, narcotics smuggling, and the entrance of illegal cargo. An OIG audit found that trade has been facilitated by limiting cargo examinations targeted shipments; however, selectivity has not been as successful in stopping the smuggling of narcotics.

Specifically, ACS Cargo Selectivity's effectiveness in targeting high risk shipments for examinations could be improved by developing better targeting criteria. This could be accomplished by establishing local accountability for tasks such as developing and maintaining an up-to-date narcotics criteria database, obtaining and sharing proactive intelligence more freely among the Customs disciplines, and providing additional training in data analysis and research techniques for persons working with criteria. Also, targeting effectiveness was hindered by the practice of overriding examination criteria unnecessarily, which led to releasing a significant number of targeted shipments without examination. Although the OIG found no instances of fraud, this practice along with inadequate performance of cargo examinations and inaccurate reporting of results, could mask



Customs inspection of passengers departing Miami on flight to Bogata, Columbia.



OIG Auditor John Carnahan and Customs inspector observe Customs “rovers” and license plate readers on vehicles awaiting inspection and clearance into the U.S.

lent activities. These conditions applied equally to the examination of hazardous material, where the OIG found examination teams in need of training and equipment in need of maintenance, repair, or replacement.

Useful performance measures were needed to determine the exact cause for the low seizure rate when using ACS Cargo Selectivity criteria. Also, periodic management reviews did not provide sufficient coverage to identify operational weaknesses in the ACS Cargo Selectivity Program. For example, reviews did not cover controls over the use of examination fraudoverrides or the physical processing of cargo. Weaknesses in these areas can undermine the effectiveness of targeting efforts.



The OIG made eight recommendations to improve the effectiveness of the ACS Cargo Selectivity Program. These included the development of narcotics examination criteria, the improvement of examination procedures, and the implementation of management controls. Customs agreed with these findings and recommendations, and has initiated corrective actions. (Report #OIG-00-066)

Customs Needs to Improve Collection of Overdue Payments

An OIG audit found that Customs could improve its collection of overdue payments at several ports. The payments became overdue when importers and brokers were delinquent in paying duty, and Customs did not take consistent or timely action to resolve the discrepancies. The OIG estimated that Customs could collect about \$842,000 in overdue payments in Detroit and

Newark, where a large number of the payments were located. As a result of the audit, Customs collected over \$292,000 at the two locations. The OIG believes Customs could collect another \$550,000 by acting aggressively.

The OIG also found a major internal control weakness in the New York/Newark Area office that raised questions about whether all cancellations and deletions of entries were appropriate. Entries are filed by brokers and importers when goods are brought into the U.S., so that duties, taxes, and fees may be assessed. In New York/Newark, Customs allowed the same people who deleted or cancelled the entries to have responsibility for reviewing the entry cancellations. The OIG made recommendations to improve the collection of overdue payments and the internal controls. Customs concurred and is taking appropriate action. (Report #OIG-00-028)

Treasury's Progress for Implementing the Information Technology Management Reform Act

The Information Technology Management Reform Act (ITMRA), also known as the Clinger-Cohen Act, mandates that the Department establish processes and provide information to help ensure that Information Technology (IT) projects are being implemented at acceptable costs, and within reasonable and expected time frames. The OIG's audit focused on the Treasury Investment Review Board (TIRB) and its related roles and responsibilities which were intended to satisfy the ITMRA.

The OIG audit disclosed that the Department does not have an adequate TIRB structure to provide executive direction and effective management for fully implementing ITMRA, and adequate information is not being collected by the Department in order to create, maintain, and manage the portfolio of IT Investments by the TIRB. Furthermore, although the Chief Information Officer organization drafted guidance and initiated an organizational structure, which established the initial control framework needed to satisfy the requirements of ITMRA, the guidance was never issued as a directive. As a result, the actual implementation of ITMRA has been negatively impacted. Specifically, the TIRB is not effective in managing, evaluating, and making strategic decisions regarding the Department's portfolio of IT initiatives. Treasury has been unable to streamline its IT acquisitions and emphasize life cycle management of IT as a capital investment. This condition places the Department's \$597 million in IT initiatives and operations at risk of not being sound investments.

The OIG recommended that the current TIRB structure include representation from the bureaus as well as other working groups within the Department. The OIG also recommended the issuance of formal directives to further Treasury's progress in implementing ITMRA by specifying a dollar threshold for requiring business case documentation to be submitted to the Information Technology Policy and Management office for concurrence. The Department concurred with all OIG recommendations and is taking positive steps toward improvements in managing, evaluating, and making strategic decisions regarding the Department's portfolio of IT initiatives and ongoing operations. (Report #OIG-00-077)

Year 2000 Systems Compliance Testing and Contingency Planning for Business Continuity at the Department of the Treasury

In December 1999, the OIG completed the last in a series of audits initiated in 1998 of the Department's Year 2000 (Y2K) on-going conversion efforts. This final audit evaluated the Department's oversight and external reporting of Treasury bureau Y2K systems compliance testing and contingency planning for business continuity. The OIG also evaluated the Department's planning efforts for "Day One" reporting of its Y2K status to the President's Council on Year 2000 Conversion. The audit focused on those bureaus and offices whose mission-critical systems have the greatest impact to the public and Treasury operations (Customs, ATF, FMS, BPD, BEP, Mint, and Corporate Systems Management).

The audit disclosed that the Department did not have complete and reliable information relating to the bureaus' Y2K conversion status and, therefore, lacked assurance that all Treasury systems reported as Y2K compliant would function as intended during the century rollover. Weaknesses were also noted in testing procedures and Y2K project management at the bureaus. The OIG also found discrepancies between two equipment listings for the Treasury Communications System, which raised questions whether all Treasury Communications System equipment needing Y2K testing was in fact identified and tested. Additionally, significant work remained to finalize bureaus' business continuity and contingency plans. Finally, the OIG reported that the Department needed to perform further tests to ensure the full functionality of its Emergency Information Coordination Center Day One operations. (Report #OIG-00-025)

BEP's Processing of Mutilated Currency Claims

An OIG audit of BEP's program to process mutilated currency claims found that during Calendar Year 1997, 88 percent of the claims BEP accepted, appeared to involve unfit (currency that is soiled or badly worn, but still easily identifiable) rather than mutilated currency. According to Federal Regulations, unfit currency should be exchanged at commercial banks, not forwarded to the Treasury. By accepting this unfit currency as mutilated, BEP significantly increased its workload.

BEP also did not have completed background investigations on all staff working in the mutilated currency operation even though the positions in this area were designated as high-risk in September 1996. BEP is required to have detailed background investigations completed every 5 years for employees occupying these positions. At the time of the review, only 3 of the 28 employees in the mutilated currency operation met this requirement.

In addition, BEP:

- lacked support for the 10 percent indirect cost rate it charged the Federal Reserve to process mutilated currency claims;
- did not have an automated system to either track mutilated currency claims, in accordance with a 1994 Secret Service recommendation, or capture basic claims data that could be used to produce timely management information; and

- needed to improve its management controls over mutilated currency claims to prevent loss or theft.

The OIG included recommendations to BEP for each of these weaknesses. BEP management responded that they took action on a number of the recommendations and plan to implement other corrections in FY 2000. (Report #OIG-00-047)

FinCEN's Office of Compliance and Regulatory Enforcement

The OIG conducted an audit to determine whether FinCEN's Office of Compliance and Regulatory Enforcement (OCRE) had reduced the civil monetary penalty (CMP) case backlog and taken action to ensure timely processing of future CMP cases. This audit was initiated after GAO reported a substantial backlog in FinCEN's inventory of open CMP cases in June 1998. GAO attributed the backlog to FinCEN's untimely processing.

The audit disclosed that FinCEN reduced the number of open matters³ referred to OCRE and took positive actions to ensure matters are timely processed. In the first three months of 1999, OCRE closed more matters than in all of 1995 and 1996 combined. This improvement is attributed to revised procedures and the assignment and initiatives of a new Assistant Director of OCRE. However, to ensure OCRE's recent momentum in closing matters is maintained, the OIG recommended that FinCEN continue the initiatives for improving OCRE operations, such as reassigning the compliance workload to another FinCEN division. FinCEN concurred with the findings and stated that it had already taken action on these recommendations. (Report #OIG-00-014)

Customs Performance Data for Commercial Activities

The OIG reviewed Customs FY 1998 performance data for the following commercial activities: trade, passenger, and outbound. For the trade activities, the OIG determined that the overall quality of the FY 1998 performance data was reasonably accurate. The OIG noted inaccuracies in passenger performance data. However, related performance measures may not be materially misstated due to the net effect of positive and negative errors, the nature of the projections, and the sheer magnitude of the numbers of passengers. With respect to the outbound activities, the OIG found that there was insufficient data to measure performance.

The OIG's audit found that while considerable progress has been made, implementation of the Results Act is still a work in process. Specifically, improvements are needed in the controls to verify data accuracy, the disclosure of data limitations, the completeness of performance measures, and the credibility of Government Performance and Results Act (Results Act) reports. The OIG made eight recommendations to assist Customs in its continuing effort to improve data reliability and validity for both Results Act reporting and for management decision-making. (Report #OIG-00-036)

Consultative Assessment of OCC's Strategic Planning Process

The OIG's consultative assessment revealed that OCC Strategic Planning Process is continually evolving, with recent emphasis on performance measures and annual performance plan development. OCC has devoted significant preliminary effort toward the design of a more effective strategic plan-

ning process. However, as acknowledged by OCC executive management, continuity of effort and Results Act implementation has been uneven, and hampered by resource restrictions, the planning staff's collateral duties, and executive management changes.

Recently, OCC initiated a planning and performance measurement framework consistent with implementing the Results Act. However, it requires sustained staff effort and a more balanced approach to implementation, performance management, and accountability. OCC clearly devoted a substantial amount of time to its strategic planning efforts resulting in some significant underpinnings for the planning process.

Despite the positive accomplishments, OCC still needs an automated standardized management information system. OCC districts' reporting is still a cumbersome process. There is a need for integrated systems and improvements concerning reliability and validity of data. OCC also needs to work with other agencies to develop more outcome-related performance measures.

The OIG offered several suggestions for how OCC could improve its strategic planning process. The OIG acknowledged in this report that OCC's executive leadership has changed recently, providing an opportunity to improve the planning process' ability to address OCC's mission. (Report #OIG-00-CA-002)

BPD's Results Act Compliance

BPD worked diligently to create a FY 1999 Performance Plan that represented the key business operations and their impact on the Nation's investors. Based on the OIG's review of selected performance measures, BPD is meeting, and in some cases exceeding, its established performance measures. However, the OIG recommended some improvements in the data verification and exceeded, stronger quality control over case transaction processing is needed to ensure that the correct data elements are reported accurately. mendations and has implemented procedures and revised operational practices to address the reported findings. (Report #OIG-00-076)

BPD worked diligently to create a FY 1999 Performance Plan that represented the key business operations and their impact on the Nation's investors.

Assessment of Customer Satisfaction with the Department's Performance Reporting System

The OIG conducted an assessment of customer satisfaction with the Department's Performance Reporting System (PRS) and identified areas for improvement. The OIG's assessment revealed that the Office of Strategic Planning and Evaluation (OSPE) has devoted significant effort toward development and implementation of an effective system for performance reporting. PRS is designed to lower the overall burden on bureau staff by making it easier to keep the Department current on performance information.

However, a sustained staff effort will be required and a more balanced approach to implementation will be necessary at the Departmental level. The OIG encouraged OSPE to work with Departmental executive management to obtain direct feedback on the system, particularly with regard to report development, to facilitate better decision-making. In addition, efforts underway to integrate PRS into larger financial management systems must

be sustained for PRS to be effective as a management tool. The OIG identified several areas that OSPE could address to improve PRS implementation. (Report #OIG-CA-00-004)

CONTRACT OVERSIGHT

All Treasury bureau requests for preaward, cost incurred, and other contract audits are referred to the OIG. The OIG either performs the audits, refers the audits to the Defense Contract Audit Agency (DCAA) and other cognizant Government audit agencies, or contracts with an IPA.

As shown on the following page, the OIG performed or contracted for a total of 26 contract audits, which questioned approximately \$971,000 (\$266,000 in preaward audits and \$705,000 in overhead audits) in Treasury contractor costs. Contracting officers agreed to savings and disallowed costs of approximately \$216,000 including amounts which were questioned prior to September 30, 1999. An additional \$5.7 million in potential monetary benefits, including amounts which were questioned prior to September 30, 1999, are awaiting completion of negotiations with the contractors.

Preaward audits, which provide information on whether pricing proposals are fair and reasonable, are used by contracting officers in negotiating contracts. During the period, DCAA auditors questioned approximately \$222,000 of costs included in a \$9.2 million subcontract proposal submitted to Customs related to the modification of the P-3 Airborne Early Warning/SLICK aircraft. Disposition of the questioned costs is pending future contract negotiations.

The audit disclosed questioned direct material, lower-tier subcontract costs, and indirect expenses. The questioned direct material was due to unsupported additional effort beyond the vendor quote, and questioned costs related to the lower-tier subcontract is due to a decrement factor. The questioned indirect expenses resulted from application of the proposed indirect rates to questioned base costs. (Report #OIG-00-073)

Incurring costs audits are used to determine the permissibility of direct costs and indirect cost rates under flexibly priced contracts. In addition, incurred costs audits are used to determine indirect rates to facilitate contract close-out. During the period, the DCAA performed an audit of a DO contractor's incurred cost submission. The audit disclosed approximately \$584,000 in questioned consultant costs. The contractor double counted the claimed consultant costs in the contract specified labor category and as other direct costs. The costs should have been billed within the specified labor category. The contractor concurred with the audit findings. (Report #OIG-00-030)

**COMPLETED CONTRACT AUDITS
OCTOBER 1, 1999 THROUGH MARCH 31, 2000**

ORGANIZATION	PREAWARD PROPOSAL AUDITS		OVERHEAD AUDITS		OTHER CONTRACT AUDITS	
	NUMBER OF REPORTS	FUNDS TO BE PUT TO BETTER USE	NUMBER OF REPORTS	COSTS QUESTIONED	NUMBER OF REPORTS	COSTS QUESTIONED
ATF	1	\$44,104	0	\$0	0	\$0
BEP	0	\$0	1	\$38,523	0	\$0
Customs	1	\$222,116	3	\$6,063	2	\$0
DO	0	\$0	3	\$584,192	2	\$0
IRS	0	\$0	6	\$76,480	4	\$0
Secret Service	<u>1</u>	<u>\$0</u>	<u>1</u>	<u>\$0</u>	<u>1</u>	<u>\$0</u>
TOTALS	<u>3</u>	<u>\$266,220</u>	<u>14</u>	<u>\$705,258</u>	<u>9</u>	<u>\$0</u>

All audits were accomplished by OIG and DCAA auditors.

The monetary amounts are reflected in the table on monetary benefits from OIG audits in the Statistical Summaries chapter of this report.

INVESTIGATIVE ACTIVITIES

INTEGRITY AWARENESS BRIEFINGS

Integrity awareness, which is critical to the effectiveness of agency programs and how they are received throughout the Federal Government and by the citizens they serve, remains a high priority. The OIG conducted 27 fraud and integrity awareness briefings to 520 Treasury employees, managers and supervisors during the reporting period. The OIG is working with all the Treasury agencies to ensure they have programs in place to brief each employee on fraud and integrity awareness as well as ethical conduct.

Highlights of integrity awareness activities conducted by the Offices of Internal Affairs and Inspection at ATF, Customs and Secret Service follow:

- Secret Service conducted four ethics briefings for 124 students. In addition, 1,126 employees were provided confidential interviews during scheduled office inspections where integrity awareness information was provided.
- ATF Office of Inspection special agents and managers present integrity awareness briefings at conferences, meetings, and training classes throughout the country. During this reporting period, 17 briefings were conducted with 438 criminal investigators, inspectors, analysts, managers, supervisors, and administrative personnel in attendance. In addition, 56 offices were inspected at which time supervisors were briefed on proper administrative procedures, office security and internal controls. Each employee was afforded a personal interview which covered morale, supervision and work-related issues.
- Customs' Office of Internal Affairs conducted 79 integrity awareness presentations to 713 employees during the period.

IMPROPER CONDUCT OR DISCLOSURE

Customs Supervisor Retires after Interfering with Investigation

An OIG investigation revealed that a Customs supervisor interfered with a Customs Internal Affairs investigation when he disclosed critical information having a close personal relationship with the defendant. It was established that the subject who disclosed the information was aware at the time of the disclosure that the other supervisor had the relationship with the defendant. The supervisor retired from Customs and the U.S. Attorney declined criminal prosecution. (OIG)

Department Contractor Removed for Falsifying Hours

An OIG investigation disclosed that a Department personal services contractor assigned overseas took an unauthorized leave of absence for an extended period and claimed he was on duty during this period. The employee claimed that he notified his immediate supervisors, but the inves-

tigation determined that the authorizing officials were not advised of his leave of absence. The contractor's personal services contract was not renewed as a result of the OIG's findings. (OIG)

OCC Employee Receives Suspension for Accepting Gifts

An OIG investigation substantiated allegations that an OCC employee, having signature authority for OCC business, was provided a luxury hotel suite, transportation and complimentary tickets to a private function while attending an OCC sponsored conference. The hotel contracting the OCC conference provided the gratuities.

Based on this OIG investigation, the OCC revised its ethic rules to prohibit the acceptance of all gifts and gratuities except for "insignificant" items (e.g., pins or calendars). The OCC employee received a 21-day suspension for violating OCC ethical standards. (OIG)

THEFT/MISUSE OF FUNDS OR PROPERTY

U.S. Mint Employee Prosecuted for Theft of Coins

U.S. Mint Police apprehended an employee attempting to exit the Philadelphia Mint with rolls of Susan B. Anthony one dollar coins hidden in her shoes. A subsequent search by Mint Police and OIG investigators of the employee's locker found numerous additional rolls of the one dollar coins. A follow-up investigation revealed the employee had stolen other one dollar coins on different occasions and used them for purchases at a store near her residence. The U.S. Attorney's Office has accepted prosecution of the case and judicial action is pending. (OIG)

CRIMINAL - OTHER

Legal Assistant Indicted for Perjury

A Federal grand jury in the Southern District of New York returned a perjury indictment against a legal assistant who worked for a Queens, New York attorney. The attorney was a co-defendant in a New York/New Jersey Port Authority extortion scheme trial. The legal assistant falsely testified to her knowledge of coerced financial payments to other subjects in the investigation – one being a former Secret Service agent. The investigation involved extortion, attempted extortion, mail fraud, and tax evasion by the former Secret Service agent and other individuals when they attempted to obtain cash payments from a businessman in exchange for arranging for the businessman to obtain a lease to run an employee cafeteria at the Port Authority.

The OIG investigation substantiated the legal assistant's false testimony and she reached agreement with the U.S. Attorney's office in the Southern District of New York by accepting deferred prosecution for a six-month period. (OIG)

OIG Agents Involved in Ongoing Task Force Investigation

OIG agents are currently supporting a multi-agency task force investigation involving officials of the First National Bank of Keystone in Keystone, West Virginia. The bank was closed by federal regulators on September 1, 1999.

Investigative Activities



The First National Bank of Keystone.

The local importance of the bank and the potential losses, possibly exceeding \$800 million, generated national media attention. OIG agents assisted in the execution of two search warrants. On the second search, OIG agents helped recover 370 boxes of bank records that were buried on a rural property owned by one of the senior bank officials (see pictures below). To date, two individuals have been convicted for conspiracy and obstructing the examination of a financial institution. Sentencing is scheduled for July 2000.



OIG Special Agents help recover 370 boxes of bank records buried underground.



OFFICE OF LEGAL COUNSEL ACTIVITIES

The OIG Legal Counsel reports directly to the Inspector General. During this reporting period, the Legal Counsel position was filled at the SES level. The office fulfilled all of its responsibilities in the areas of ethics training and financial reporting obligations, as well as representing the agency in personnel matters. The office assisted in the revision of the OIG's record retention schedules, the rewrite of the Office of Investigations Manual, started development of a process to review all audit reports for Freedom of Information Act (FOIA) compliance, and centralized the responsibility for review and comment on proposed legislation and regulations.

Pursuant to the requirement of *Giglio v. United States*, 405 U.S. 150 (1972), the Government is obligated to provide potential impeachment evidence to criminal defendants about federal agents who may testify at their trials. Such evidence generally includes specific instances of conduct, or opinion or reputation for, credibility or character for veracity, prior inconsistent statements, and information suggesting bias. U.S. Attorneys' Offices and Department of Justice litigating divisions seek information on Department of the Treasury law enforcement agents from law enforcement bureaus and from the Office of Inspector General to determine if potentially impeaching information has been developed regarding agents.

The Office of Investigations receives requests and searches its investigative database. The Office of Counsel receives the results of the searches and communicates with the requesting prosecutor's office. Where information about a particular agent exists, Counsel coordinates with the prosecutor to determine if the information constitutes impeaching material that must be provided to the defendant.

During the period October 1, 1999 through March 31, 2000, the OIG processed 110 requests for information pursuant to *Giglio*. In performing this function, the OIG assists the Government to carry out its obligation to provide criminal defendants with their Fifth Amendment right to confront witnesses, and provides oversight of the conduct of Treasury law enforcement activities.

As discussed in the OIG's last Semiannual Report, the OIG formed a task force to work on outstanding FOIA requests, in order to clear out a large backlog of cases. By the middle of this reporting period, when the task force was formally disestablished, it had completed over 140 cases, reducing the backlog by well over 80 percent.

The office fulfilled all of its responsibilities in the areas of ethics training and financial reporting obligations, as well as representing the agency in personnel matters.

ACCESS TO INFORMATION

The Inspector General Act requires Inspectors General to report on unreasonable refusals of information available to the agency which relate to programs and operations for which the Inspector General has responsibilities. There were no instances to report where information or assistance requested by the Inspector General or the Offices of Internal Affairs and Inspection were unreasonably refused.

STATISTICAL SUMMARIES

This chapter contains statistical analyses of OIG and Offices of Internal Affairs and Inspection activities. Several of the analyses fulfill reporting requirements in the Inspector General Act, as amended.

STATISTICAL HIGHLIGHTS APRIL 1999 - MARCH 2000			
(Includes statistics for the OIG and the Offices of Internal Affairs and Inspection at ATF, Customs, and Secret Service)			
	6 MONTHS ENDED 9/30/99	6 MONTHS ENDED 3/31/00	TOTAL
AUDITS			
Evaluation Reports	1	2	3
Audit Reports	66	79	145
Recommended Monetary Benefits (in Thousands):			
Questioned Costs	\$3,813	\$705	\$4,518
Savings	4,769	1,108	5,877
Revenue Enhancements	54,626	0	54,626
Total	\$63,208	\$1,813	\$65,021
INVESTIGATIONS			
Cases Opened	835	938	1,773
Cases Closed	604	665	1,269
Successful Prosecutions	14	11	25
Administrative Sanctions	153	131	284
Recoveries and Penalties (in Thousands)	\$1,458	\$69	\$1,527
OVERSIGHT AND QUALITY ASSURANCE REVIEWS			
Reviews and Analyses	4	0	4

Audit and Evaluation Reports Issued by Bureau

Appendix A of this report lists individual audit and evaluation reports issued during the six months ended March 31, 2000.

OIG AUDITS AND EVALUATIONS BY BUREAU	
BUREAU	REPORTS
ATF	2
BEP	3
BPD	15
Customs	15
DO	13
FLETC	1
FMS	2
Independent Entity	3
IRS ¹	10
Mint	2
Multi-Bureau	4
OCC	5
OTS	2
Secret Service	<u>4</u>
Total	<u>81</u>
¹ Includes OIG contract audits.	

Audit Reports With Questioned Costs

The term “questioned cost” means a cost that is questioned because of (1) an alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation (“unsupported cost”); or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

The term “disallowed cost” means a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.

OIG AUDIT REPORTS WITH QUESTIONED COSTS SIX MONTHS ENDED MARCH 31, 2000			
Report Category	Number	Questioned Costs¹ (in Thousands)	Unsupported Costs¹ (in Thousands)
1. For which no management decision had been made by the beginning of the reporting period	18	\$4,919	\$0
2. Which were issued during the reporting period	<u>4²</u>	<u>705</u>	<u>0</u>
3. Subtotals (1 plus 2)	22	5,624	0
4. For which a management decision was made during the reporting period	4	126	0
<ul style="list-style-type: none"> ● Dollar value of disallowed costs ● Dollar value of costs not disallowed 	3 1	122 4	0 0
5. For which no management decision has been made by the end of the reporting period (3 minus 4)	<u>18</u>	<u>\$5,498</u>	<u>\$0</u>
6. Reports for which no management decision was made within six months of issuance	<u>16</u>	<u>\$4,908</u>	<u>\$0</u>
¹ “Questioned costs” includes “unsupported costs.” ² All audits were performed by DCAA.			

Audit Reports With Recommendations That Funds Be Put To Better Use

The term “recommendation that funds be put to better use” means a recommendation that funds could be used more efficiently if management took actions to implement and complete the recommendation, including (1) reductions in outlays; (2) deobligations 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 reviews of contract agreements; (5) any other savings which are specifically identified; or (6) enhancements to revenues.

The term “management decision” means the evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision concerning its response to such findings and recommendations, including actions concluded to be necessary.

OIG AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE SIX MONTHS ENDED MARCH 31, 2000				
Report Category	Number	Total	Savings (in thousands)	Revenue Enhancements (in thousands)
1. For which no management decision had been made by the beginning of the reporting period	5	\$60,072	\$244	\$59,828
2. Which were issued during the reporting period	<u>3¹</u>	<u>1,108</u>	<u>1,108</u>	<u>0</u>
3. Subtotals (1 plus 2)	8	61,180	1,352	59,828
4. For which a management decision was made during the reporting period	4 ²	10,498	1,130	9,368
● Dollar value of recommendations that were agreed to by management	4 ²	10,304	936	9,368
● Based on proposed management action	4 ²	10,304	936	9,368
● Based on proposed legislative action	0	0	0	0
● Dollar value of recommendations that were not agreed to by management	1	194	194	0
5. For which no management decision has been made by the end of the reporting period (3 minus 4)	<u>4</u>	<u>\$50,682</u>	<u>\$222</u>	<u>\$50,460</u>
6. Reports for which no management decision was made within six months of issuance	<u>3</u>	<u>\$50,460</u>	<u>\$0</u>	<u>\$50,460</u>
¹ One audit was performed by DCAA.				

Disputed Audit Recommendations

The Inspector General Act requires Inspectors General to provide information on significant management decisions in response to audit recommendations, with which the Inspectors General disagree. As of March 31, 2000, there were no disagreements to report.

Undecided Audit Recommendations

The Inspector General Act requires a summary of each audit report which has been undecided for over six months. There were 19 such reports.

Report Title and Date	Report Number	Amounts
1. ATF Administration of Cover Over Payments to Puerto Rico and the Virgin Islands, 3/28/94 d/	OIG-94-063	\$3,160,000
2. Evaluation of Procurement Overhead Rates Under Contract TC-89-047, Review of Contractor's Accounts Payable Processing System, and Compliance with Cost Accounting Standard 412, 12/15/94 a/	OIG-95-029	10,234
3. Evaluation of Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for Calendar Year Ending 12/31/92, 1/11/95 a/	OIG-95-033	69,284
4. Costs Incurred Under Contract TOS-91-31 for Calendar Year 1991, 3/12/96 b/	OIG-96-042	5,404
5. Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for Calendar Year Ended December 31, 1993, 10/10/96 a/	OIG-97-002	135,662
6. Final Procurement Determined Indirect Cost Rates Claimed Under Contract TC-89-047 for Contractor Fiscal Year-Ended December 31, 1992, 7/23/97 a/	OIG-97-113	33,774
7. Final Procurement Determined Indirect Cost Rates Claimed Under Contract TC-89-047 for Contractor Fiscal Year-Ended December 31, 1993, 7/23/97 a/	OIG-97-114	112,884
8. Contract Termination Review Under Contract No. TIRNO-95-D00059, the task Order IR-95-4515 for the Workflow Management Services, 8/22/97 a/	OIG-97-123	58,674
9. Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for Fiscal Year Ended December 31, 1994, 9/15/97 a/	OIG-97-132	37,716

Statistical Summaries

Report Title and Date	Report Number	Amounts
10. Verification of Voucher Costs, 9/24/97 a/	OIG-97-136	3,153
11. Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for Fiscal Year Ended December 31, 1995, 12/10/97 a/	OIG-98-025	39,071
12. Contractor's Fiscal Year Ended December 31, 1992, through 1994, Applicable to Contractor's TOS-91-31 and TOS-94-25, 2/25/98 b/	OIG-98-045	562,205
13. Review of the Effectiveness of Using Commercial Bank Lock Boxes for Federal Income Tax Payments, 5/13/98 c/	OIG-98-097	22,000,000
14. Revised Direct and Indirect Costs and Rates Claimed Under Contract TC-89-047 for Fiscal Year Ended December 31, 1994, 1/7/99 a/	OIG-99-028	27,366
15. Post Award Audit of Cost or Pricing Data Under Contract TEP-95-55 (TN) b/	OIG-99-100	1,742,837
16. Incurred Costs for Contractor's Fiscal Year Ended December 31, 1997 a/	OIG-99-108	196,527
17. Costs Incurred Under Contract TEP-95-56 (TN) Task Orders 1 - 14 b/	OIG-99-121	1,781,424
18. Alcohol, Tobacco and Firearms Controls Over Tax Free Spirit Exports c/	OIG-99-123	25,300,000
19. Termination Settlement Proposal Submitted Under Contract TOS-94-27, Task Orders 6 and 9 b/	OIG-99-130	<u>91,747</u>
TOTAL		<u>\$55,367,962</u>

a/ Contract negotiations have not yet been held or completed.
b/ Bureau did not respond to disposition of questioned costs.
c/ The Bureau has not addressed the planned correction action.
d/ Recommendation is awaiting decision from General Counsel.

Significant Unimplemented Recommendations

The Inspector General Act requires identification of significant recommendations described in previous semiannual reports on which corrective actions have not been completed. The following lists of such unimplemented recommendations in OIG audit reports are based on information in the Department's automated tracking system, which is maintained by Treasury management officials. Unimplemented recommendations from previous financial statement audit reports pursuant to the CFO Act, GMRA, and other statutory requirements relate to material weaknesses disclosed by the audits and address the unresolved FFMIA non-conformances identified on page 19 of this report.

Report Number	Issue Date	Report Title/Potential Monetary Benefits and Recommendation Summary
OIG-94-048	1/94	<p>Department of the Treasury Forfeiture Fund Annual Financial Statements for the Year Ended September 30, 1993</p> <p>Ensure that (1) the Fund's accounting records are maintained on an accrual basis of accounting as required and (2) an integrated financial system is implemented that will capture all transactions related to the Fund's activities in the general ledger. (Two recommendations)</p>
OIG-94-060	3/94	<p>U.S. Customs Service Antidumping and Countervailing (AD-CV) Duty Program</p> <p>Improve the case management system for Enforcement of AD-CV Duty Violations to better allow cross-referencing of cases.</p>
OIG-94-063	3/94	<p>ATF's Administration of Cover Over Payments to Puerto Rico and the Virgin Islands, \$3,160,000</p> <p>Implement the decision of the Department of the Treasury, Office of the General Counsel, on the timing of cover over payments.</p>
OIG-95-130	9/95	<p>Audit of U.S. Customs Service's Fiscal Year 1994 Financial Statements</p> <p>Improve and integrate core financial systems by (1) including a "customer-based" accounts receivable subsidiary ledger, (2) recording refunds or payments against the individual import entries associated with cost submissions, (3) identifying the modifications necessary to the general ledger systems to capture all financial transactions as they occur, and (4) implementing supervisory controls over critical Automated Commercial System warning messages and other edit checks that can be overridden.</p>
OIG-96-098	9/96	<p>Audit of the U.S. Customs Service's Fiscal Year 1995 Consolidated Financial Statements</p> <p>Analyze options to ensure capacity to fully recover high priority applications, expeditiously implement an approach, and fully test the disaster recovery plan.</p>

Statistical Summaries

OIG-97-133	9/97	<p>Audit of the United States Secret Service Fiscal Year 1996 Statement of Financial Position</p> <p>Ensure that (1) the seized property system captures all seized property data necessary to generate a complete analysis of changes in seized and forfeited property and (2) material and supplies transactions are recorded in the general ledger as the transactions occur. (Two recommendations)</p>
OIG-98-033	3/98	<p>U.S. Customs Service Advance Passenger Information System</p> <p>Analyze data from the advance passenger system that result in low interception rates.</p>
OIG-98-066S	9/98	<p>Supplement to Report on the Department of the Treasury's Fiscal Year 1997 Custodial Schedules and Administrative Statements</p> <p>Ensure that IRS develops and implements an appropriate corrective action plan that will fully address the material weaknesses and reportable conditions identified in the audits of its financial statements. Provide effective oversight to ensure that the specific recommendations related to EDP general control weaknesses detailed in the component entity reports (particularly IRS, Customs, and FMS), and the related plans for corrective actions, are implemented completely and timely by the various bureaus. (Two recommendations)</p>
OIG-98-068	3/98	<p>Custom's Reorganization to Streamline Operations</p> <p>Establish definitive performance measures for CMC Mission Support Teams, to facilitate assessment of their efforts and the overall effectiveness of CMC operations. (Two recommendations)</p>
OIG-98-072	4/98	<p>Audited Fiscal Years 1997 and 1996 Financial Statements of the Treasury Forfeiture Fund</p> <p>Correct shortfalls associated with SEACATS, the seized assets and case tracking system, to allow for "cradle to grave" tracking of all property and currency seizures from case initiation to final resolution.</p>
OIG-98-096	7/98	<p>U.S. Customs Service's Oversight of Consolidated Omnibus Budget Reconciliation Act User Fees</p> <p>Ensure that Customs complies with provisions in 19 U.S.C. 58c(f) and (3) relating to personnel staffing before seeking reimbursement for the Customs User Fee Account. (Two recommendations)</p>
OIG-99-007	10/98	<p>U.S. Customs Mitigation of Penalties, \$10,000,000</p> <p>Customs should require a review of the work of the National Seizures and Penalties Officers' for compliance. (One recommendation)</p>

OIG-99-015	11/98	<p>Use of HIDTA Funds by the United States Secret Service</p> <p>Ensure that training is provided on the proper use of HIDTA funds based on Secret Service guidance.</p>
OIG-99-018	12/98	<p>ATF's Administration of the National Firearms Registration and Transfer</p> <p>Ensure that report to monitor pending workloads and identify registration activity is fully developed. (Three recommendations)</p>
OIG-99-025	12/98	<p>Transfer Fee Revenue Has Been Insufficient to Recover the Cost of Trading Treasury Securities</p> <p>Coordinate with the Wholesale Payments Product Office of the FRB of New York a reassessment of the FRBs funds movement fee to ensure it accurately represents cost to provide service.</p>
OIG-99-039	2/99	<p>Audit of the Treasury Communications System Automated Information Automated System</p> <p>DO should prepare and test continuity of operations plans that meet the requirements of TCS user agencies. (Six recommendations)</p>
OIG-99-074	3/99	<p>Audited Salaries and Expense Appropriation and Miscellaneous Accounts-Fiscal Year 1998 Financial Statements of the Financial Management Service</p> <p>Improve financial management and reporting policies and procedures to address documentation problems and the need to periodically analyze particular accounts. Ensure that accountability over property and equipment is adequately maintained, and amounts reported in the financial statements are materially correct and adequately supported. (Two recommendations)</p>

Revised Management Decisions

The Inspector General Act requires Inspectors General to provide a description and explanation of the reasons for any significant revised management decisions made during the reporting period. There were no such decisions during this reporting period.

Regulatory and Legislative Review

The Inspector General Act requires the Inspector General to review existing and proposed regulations and legislation relating to the programs and operations of the Department and to make recommendations concerning their impact. The OIG reviewed and commented on 16 Treasury Directives and 14 Treasury Orders in the six months ended March 31, 2000. In addition, the OIG reviewed and commented on the following legislative items:

- S. 1931, Civil Asset Forfeiture Reform Act
- S. 1993, Government Information Security Act of 1999
- H.R. 2944, Electricity Competition and Reliability Act
- H.R. 3981, Law Enforcement Trust and Integrity Act of 2000
- OMB 44-A, Federal Acquisition Regulation Concerning Contractor Responsibility
- Proposed Executive Order, Agency Accountability for Merit Systems Principles
- Draft Executive Memorandum, Facilitating the Growth of Electronic Commerce

Hotline Allegations

The table below summarizes allegations of fraud, waste, misconduct, mismanagement, and assault received through “800” hotline numbers during the six months ended March 31, 2000. It does not include (1) allegations received by the OIG and the Offices of Internal Affairs and Inspection through other sources; (2) inquiries on taxes and other matters which are referred informally to Treasury program managers and others for appropriate disposition; or (3) pending allegations for which dispositions have not been determined. This table does not represent the total number of “hotline” calls received during the period, but rather only the calls which led to allegations.

Disposition of Hotline Allegations	OIG	Customs	Total
No. of calls referred for investigative or audit inquiry	4	104	108
No. of calls referred to program managers	0	145	145
No. of calls referred to other agencies	22	0	22
Total	26	249	275

Caseload Accounting

This table accounts for the caseload of the OIG and the Offices of Internal Affairs and Inspection for the six months ended March 31, 2000. The beginning balance of cases, plus the cases opened, minus the cases closed, equals the ending balance of open cases.

	OIG	ATF	Customs	Secret Service	Total
Number of open cases at the beginning of the period	71*	132	1,186*	39	1,428
Number of cases opened during the period	138	92	684	24	938
Number of cases closed during the period	67	48	524	26	665
Number of open cases at the end of the period	142	176	1,346	37	1,701
*Figure adjusted from previous Semiannual Report.					

Nature of Allegations

The table below classifies the nature of allegations for investigative cases opened during the period by the OIG and the Offices of Internal Affairs and Inspection. The number of allegations equals the number of cases opened because only the most significant allegation per case was counted.

	OIG	ATF	Customs	Secret Service	Total
Bribes, graft, kickbacks	3	0	32	0	35
Procurement and contract irregularities	14	14	0	0	28
Assaults/threats	1	5	69	1	76
False statements and claims	16	5	40	1	62
Theft/misuse of funds/property	30	12	96	0	138
Drug abuse and control	4	13	0	0	17
Impersonating a Government official	0	0	11	0	11
Criminal - Other	7	7	42	5	61
Sexual harassment	1	4	22	2	29
Improper conduct or disclosure	43	14	357	8	422
Non-Criminal - Other	19	18	15	7	59
Total Allegations	138	92	684	24	938

Prosecutive Actions

The chart below accounts for the prosecutive actions of the OIG and the Offices of Internal Affairs and Inspection for the six months ended March 31, 2000. The number of pending cases at the beginning of the period, plus the cases referred to prosecutive authorities, less the cases accepted for prosecution, less the declinations, equals the pending cases at the end of the period.

	OIG	ATF	Customs	Secret Service	Total
Number of cases pending prosecutive decision at the beginning of the period	0	2	24	5	31
Number of cases referred to prosecutive authorities during the period	7	5	11	4	27
Number of cases accepted for prosecution during the period	1	0	3	2	6
Number of declinations during the period	5	6	5	2	18
Number of cases pending prosecutive decision at the end of the period	1	1	27	5	34

Successful Prosecutions

This chart shows the number of successful prosecutions involving the cases of the OIG and the Offices of Internal Affairs and Inspection during the six months ended March 31, 2000. Successful prosecutions include the number of individuals who as a result of investigations (1) are found guilty by a Federal or state court, (2) are accepted for pretrial diversion agreements by the Department of Justice, or (3) are entered into plea agreements.

Organization	Prosecutions
OIG	2
ATF	0
Customs	8
Secret Service	1
Total	11

Administrative Sanctions

This chart shows the number of personnel actions and the number of suspensions and debarments of contractors involving cases of the OIG and the Offices of Internal Affairs and Inspection during the period ended March 31, 2000.

Organization	Personnel Actions	Suspensions and Debarments
OIG	10	1
ATF	16	0
Customs	98	0
Secret Service	6	0
Total	130	1

Investigative Monetary Benefits

This table summarizes monetary benefits relating to investigations of the OIG and the Offices of Internal Affairs and Inspections during the period ended March 31, 2000.

Organization	Total	Recoveries	Criminal Penalties	Administrative Penalties	Savings
OIG	0	0	0	0	0
ATF	0	0	0	0	0
Customs	\$69,175	\$66,050	\$3,125	0	0
Secret Service	0	0	0	0	0
Total	\$69,175	\$66,050	\$3,125	\$0	\$0

APPENDIX A - REPORT LISTING

OCTOBER 1, 1999 THROUGH MARCH 31, 2000¹

Bureau of Alcohol, Tobacco and Firearms

Audit of the Bureau of Alcohol, Tobacco and Firearms' Unliquidated Obligations, OIG-00-012, 11/3/99

Offeror's Price Proposal Submitted in Response to Solicitation BATF-99-14 for Data Entry Services, OIG-00-035, 2/3/00, \$44,100 S

Bureau of Engraving and Printing

Opportunities for the Bureau of Engraving and Printing to Improve the Processing of Mutilated Currency, OIG-00-047, 2/1/00

Verification of Costs Billed to Costs Recorded Under Contract TEP-92-39 (N), OIG-00-069, 3/13/00, \$38,520 Q

Audited Fiscal Year 1999 Financial Statements of the Bureau of Engraving and Printing, OIG-00-071, 3/27/00

Bureau of the Public Debt

Bureau of the Public Debt's Auction Process, OIG-00-019, 12/21/99

Controls Placed in Operation and Tests of Operating Effectiveness for the Treasury Bureau of the Public Debt Federal Investment Branch for the Period October 1, 1998 to September 30, 1999, OIG-00-020, 12/22/99

The Treasury Bureau of the Public Debt Trust Fund Management Branch Leaking Underground Storage Tank Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-037, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Federal Supplementary Medical Insurance Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-038, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Inland Waterways Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-039, 2/7/00

¹ Amounts shown for some reports represent recommended monetary benefits.
Q= Questioned Costs; S = Savings; R = Revenue Enhancements

The Treasury Bureau of the Public Debt Trust Fund Management Branch Hazardous Substance Superfund Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-040, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Harbor Maintenance Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-041, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Federal Hospital Insurance Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-042, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Highway Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-043, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Oil Spill Liability Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-044, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Aquatic Resources Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-045, 2/7/00

The Treasury Bureau of the Public Debt Trust Fund Management Branch Airport and Airway Trust Fund Schedules for the Year Ended September 30, 1999, OIG-00-046, 2/7/00

The Schedule of Loans Receivable From Federal Entities and Related Interest Receivable Serviced by the Treasury Bureau of the Public Debt at September 30, 1999, OIG-00-048, 2/14/00

Controls Placed in Operation and Tests of Operating Effectiveness for the Treasury Bureau of the Public Debt Trust Fund Management Branch for the Period October 1, 1998 to September 30, 1999, OIG-00-049, 2/14/00

Bureau of the Public Debt's Compliance with the Government Performance and Results Act, OIG-00-076, 3/27/00

U.S. Customs Service

PCIE/ECIE Review of Non-Tax Delinquent Debt - United States Customs Service, OIG-00-001, 10/5/99

Incurred Costs Under Purchase Order CS-96-021 and Contracts TC-96-020 and TC-98-009 for Fiscal Years 1997 and 1998, OIG-00-004, 10/20/99

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Review of Controls over Refunds of Harbor Maintenance Tax on Exports, OIG-00-016, 2/7/00

U.S. Customs Service Efforts to Collect Overdue Payments, OIG-00-028, 1/4/00, \$842,000 S

Incurred Costs for Contracts TC-96-014 and TC-97-015 for Fiscal Year 1997, OIG-00-029, 1/7/00, \$6,060 Q

Follow-Up Audit of Contractor's Purchasing System and Internal Controls, OIG-00-033, 1/28/00

Customs' Performance Data for Commercial Activity, OIG-00-036, 2/3/00

U.S. Customs Service's Fiscal Years 1999 and 1998 Financial Statements, OIG-00-050, 2/18/00

Incurred Costs Under Contract TC-96-005 for Fiscal Year Ending December 31, 1996, OIG-00-058, 3/2/00

United States Customs Service Automated Commercial System Cargo Selectivity, OIG-00-066, 3/6/00

Department of the Treasury Efforts to Prevent Illicit Transfers of U.S. Military Technologies, OIG-00-072, 3/23/00

Subcontract Proposal Submitted Under Solicitation CS-99-022 for the P-3-Airborne Early/Slick Warning Program, OIG-00-073, 3/22/00, \$222,100 S

Departmental Offices

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Assessment of Personnel Security Processes Within the Departmental Offices, OIG-CA-00-001, 11/5/99

Incurred Costs for Contract TOS-92-33 for Fiscal Year 1998, OIG-00-018, 12/21/99

Audited Fiscal Years 1999 and 1998 Financial Statements of the Exchange Stabilization Fund, OIG-00-021, 1/5/00

Administrative Review of the Treasury's Process for Its Study of the Interaction of Gambling and Bankruptcy, OIG-00-026, 2/14/00

Incurred Costs for Contract TOS-92-20 for Fiscal Year 1997, OIG-00-030, 1/7/00, \$584,190 Q

Public Vouchers No. 3311-20, 3312-20, and 2214-18 Submitted Under Contract TOS-97-16, OIG-00-052, 2/17/00

Audited Departmental Offices Fiscal Year 1999 Consolidated Financial Statements and Notes, OIG-00-055, 2/22/00

Assessment of Customer Satisfaction With the Department's Performance Reporting System, OIG-CA-00-004, 2/24/00

Costs Incurred Under Contract TOS-96-31, OIG-00-057, 2/28/00

Contractor's Compliance with Cost Accounting Standard 418, "Allocation of Direct and Indirect Costs," OIG-00-074, 3/23/00

Contractor's Accounting System Applicable to Contract TOS-97-16, OIG-00-075, 3/23/00

Information Technology Management Reform Act Audit, OIG-00-077, 3/29/00

Federal Law Enforcement Training Center

Review of Internal Controls Over Collections and Imprest Fund at the Federal Law Enforcement Training Center, OIG-00-064, 3/6/00

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Financial Management Service's Reclamation of Direct Deposit Post-Death Benefit Payments, OIG-00-031, 1/20/00

Financial Management Service Fiscal Year 1999 Financial Statements, OIG-00-068, 3/13/00

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Financial Crimes Enforcement Network Office of Compliance and Regulatory Enforcement, OIG-00-014, 11/5/99

Audited Financial Statements of the Community Development Financial Institutions Fund for Fiscal Years 1999 and 1998, OIG-00-054, 2/22/00

Audited Fiscal Year 1999 Financial Statements of the Treasury Forfeiture Fund, OIG-00-063, 3/3/00

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Incurred Costs Under Contract TIRNO-95-D-00067 for Fiscal Years 1997 and 1998, OIG-00-005, 10/20/99

Final Incurred Costs for Fiscal Year 1996, OIG-00-007, 10/28/99

Contractor's Compliance with Cost Accounting Standard 408, Accounting for Costs of Compensated Personal Absences, OIG-00-008, 11/1/99

Contractor's Compliance with Cost Accounting Standard 410, Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives, OIG-00-009, 11/1/99

Contractor's Compliance with Cost Accounting Standard (CAS) 411, Accounting for Acquisition Cost of Material, and CAS 415, Accounting for Costs of Deferred Compensation, OIG-00-010, 11/1/99

Incurred Costs for Contract TIRNO-95-D00058 for Fiscal Year 1998, OIG-00-017, 12/21/99

Contractor's Compliance with Cost Accounting Standard 404 "Capitalization of Tangible Assets," OIG-00-022, 12/23/99

Incurred Costs Under Contracts TIR-94-0042, TIR-95-0030, TIRNO-97-C-00009 and TIRNO-98-C-00009 and Purchase Orders IR-95-NO-PIC00001 and IR-95-NO-PIC00002 for Fiscal Years 1996 and 1997, OIG-00-023, 12/23/99

Subcontractor's Direct and Indirect Costs and Rates Claimed Under Prime Contract TIR-94-0028 for Fiscal Year Ended December 31, 1997, OIG-00-032, 1/28/00, \$76,480 Q

Subcontractor's Direct and Indirect Costs and Rates Claimed Under Prime Contract TIR-94-0028 for Fiscal Year Ending December 31, 1997, OIG-00-059, 3/2/00

U.S. Mint

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Audited Fiscal Years 1999 and 1998 Financial Statements of the United States Mint, OIG-00-062, 3/3/00

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Year 2000 Systems Compliance Testing and Contingency Planning for Business Continuity at the Department of the Treasury, OIG-00-025, 12/29/99

Treasury Bureau's Use of HIDTA Funds, OIG-00-034, 1/28/00

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Office of the Comptroller of the Currency Bank Secrecy Act Examinations Did Not Always Meet Requirements, OIG-00-027, 1/3/00

Assessment of the Office of the Comptroller of the Currency's Strategic Planning Process, OIG-CA-00-002, 1/20/00

Office of the Comptroller of the Currency Examinations of Foreign Branch Offices for Compliance With the Bank Secrecy Act, OIG-00-060, 3/3/00

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Material Loss Review of the First National Bank of Keystone, OIG-00-067, 3/10/00

Office of Thrift Supervision

Century Date Change Event Management Planning Checklist: Office of Thrift Supervision, OIG-CA-00-003, 11/29/99

Office of Thrift Supervision's Data Reliability and Validity Under the Results Act, OIG-00-061, 3/6/00

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PCIE/ECIE Review of Non-Tax Delinquent Debt - United States Secret Service, OIG-00-002, 10/5/99

Agreed-Upon Procedures for Indirect Rates Submitted for Contract TSS-97-0007, OIG-00-051, 2/17/00

Agreed-Upon Procedures for Solicitation USSS00005, OIG-00-053, 2/17/00

Audit of the United States Secret Service's Investigations of Financial Institution Fraud, OIG-00-070, 3/20/00

APPENDIX B - CROSS REFERENCES TO INSPECTOR GENERAL ACT

The specific reporting requirements of the Inspector General Act of 1978, as amended, are listed below with cross references to the pages in this report where they can be located.

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GLOSSARY

ACS	Automated Commercial System	FOIA	Freedom of Information Act
ATF	Bureau of Alcohol, Tobacco and Firearms	FY	Fiscal Year
BEP	Bureau of Engraving and Printing	GAO	General Accounting Office
BDMOC	Birmingham Debt Management Operations Center	GMRA	Government Management Reform Act
BIF	Bank Insurance Fund	ITMRA	Information Technology Management Reform Act
BPD	Bureau of the Public Debt	IPA	Independent Public Accountant
BSA	Bank Secrecy Act	IRS	Internal Revenue Service
CCS	Counterfeit Contraband System	IT	Information Technology
CDFI	Community Development Financial Institutions	Keystone	First National Bank of Keystone
CFIUS	Committee on Foreign Investments in the United States	Mint	United States Mint
CFO	Chief Financial Officers	OCC	Office of the Comptroller of the Currency
CIT	Court of International Trade	OCRE	Office of Compliance and Regulatory Enforcement
CMP	Civil Monetary Penalty	OIG	Office of Inspector General
CMU	Currency Manufacturing Unit	OMB	Office of Management and Budget
COINS	Consolidated Information System	OSPE	Office of Strategic Planning and Evaluation
Customs	United States Customs Service	OTS	Office of Thrift Supervision
D.C.	District of Columbia	PCA	Private Collection Agency
DCAA	Defense Contract Audit Agency	PCIE	President's Council on Integrity and Efficiency
DCIA	Debt Collection Improvement Act of 1996	PRS	Performance Reporting System
DO	Departmental Offices	Results Act	Government Performance and Results Act
ECIE	Executive Council on Integrity and Efficiency	SAR	Suspicious Activity Reports
ETA	Electronic Transfer Account	SEACATS	Seized Asset and Case Tracking System
FDIA	Federal Deposit Insurance Act	Secret Service	United States Secret Service
FDIC	Federal Deposit Insurance Corporation	TFF	Treasury Forfeiture Fund
FFMIA	Federal Financial Management Improvement Act of 1996		TIGTA Treasury Inspector General for Tax Administration
FinCEN	Financial Crimes Enforcement Network	TIRB	Treasury Investment Review Board
FLETC	Federal Law Enforcement Training Center	WCF	Western Currency Facility
FMS	Financial Management Service	Y2K	Year 2000

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**Office of Inspector General
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
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DEPARTMENT OF THE TREASURY

Office of Inspector General

740 15th Street, N.W., Suite 510

Washington, D.C. 20220