

DEPARTMENT OF THE INTERIOR  
OFFICE OF INSPECTOR GENERAL

FISCAL YEAR 2010 BUDGET JUSTIFICATION

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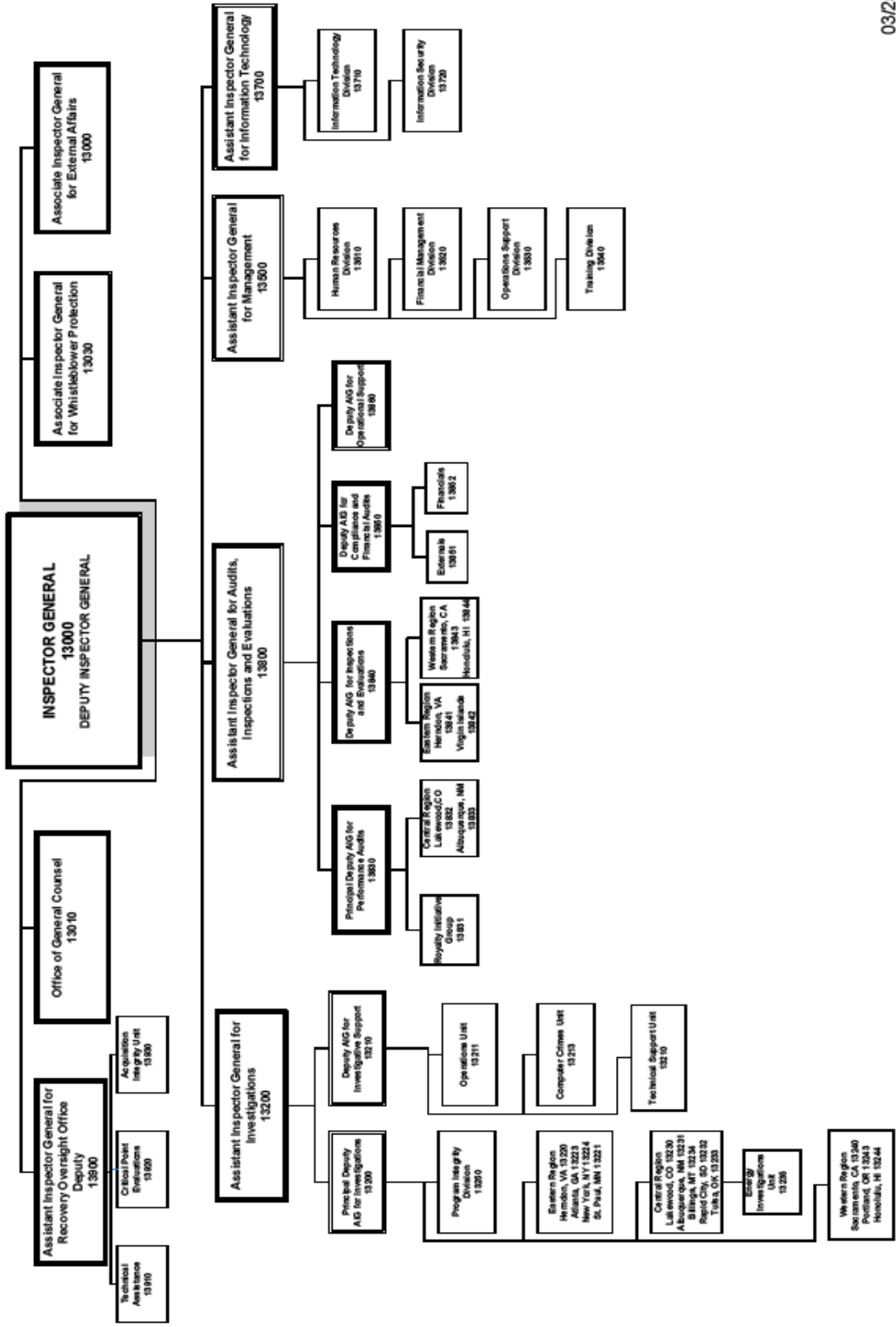
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03/25/09



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

**GENERAL STATEMENT**

The multi-faceted mission of the Office of Inspector General (OIG) is to promote excellence, integrity, and accountability in the programs, operations, and management of the U.S. Department of the Interior (DOI).

The Department of the Interior is a large, decentralized agency with more than 67,000 employees and 236,000 volunteers located at approximately 2,400 operating locations across the United States, Puerto Rico, U.S. territories, and freely associated states with an annual operating budget of approximately \$16.7 billion. DOI is responsible for 500 million acres of America's public land, or about one-fifth of the land in the United States, and 56 million acres of Indian Trust lands. DOI also has responsibility for a variety of water and underwater resources, including 479 dams and 348 reservoirs and approximately 8,526 active oil and gas leases on 44 million acres of the Outer Continental Shelf. Approximately 30 percent of the nation's energy production comes from projects on DOI-managed lands and offshore areas. DOI scientists conduct a wide range of research on biology, geology, and hydrology to provide land and resource managers with critical information for sound decision-making. DOI lands also provide outstanding recreational and cultural opportunities to numerous visitors worldwide.

The OIG provides a blend of services to independently and objectively identify risks and vulnerabilities that directly impact, or could impact, the Department's ability to accomplish its mission. Specifically, OIG employees conduct audits, inspections, evaluations, assessments, and investigations relating to DOI programs and operations. Ultimately, the Inspector General (IG) is required to keep the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of DOI programs and operations. With less than 300 employees and a budget that is less than one-fourth of 1 percent of DOI's total budget authority, the OIG faces a growing challenge in monitoring an organization of the size and complexity of DOI and must focus its available resources on various competing demands in high-risk areas. The OIG targets cross-cutting or Department-wide issues and concentrates on the most serious management and program challenges.



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

**OVERVIEW OF 2010 BUDGET REQUEST**

|   | 2008<br>Enacted | 2009<br>Enacted | Fixed Costs and<br>Inflation<br>(+/-) | Program<br>Changes | 2010 OMB<br>Request | Change from<br>2009 (+/-) |
|---|-----------------|-----------------|---------------------------------------|--------------------|---------------------|---------------------------|
| <b>Appropriation:</b>                                     |                 |                 |                                       |                    |                     |                           |
| <b>Office of Inspector General (\$000)</b>                | <b>43,877</b>   | <b>45,953</b>   | <b>+1,437</b>                         | <b>+1,200</b>      | <b>48,590</b>       | <b>+2,637</b>             |
| Office of Audits, Inspections and<br>Evaluations* (\$000) | 19,292          | 20,083          | +592                                  | +658               | 21,333              | +1,250                    |
| Office of Investigations (\$000)                          | 15,880          | 16,690          | +430                                  | +413               | 17,533              | +843                      |
| Office of Management (\$000)                              | 8,705           | 9,180           | +415                                  | +129               | 9,724               | +544                      |
|   |                 |                 |                                       |                    |                     |                           |
| <i>FTE</i>  | 251             | 283             | -                                     | -                  | 287                 | +4                        |
| <i>ARRA FTE (included in above total)</i>                 |                 | 10              | -                                     | -                  | 10                  | -                         |

\*Formerly the Office of Audits

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

The 2010 budget request for the Office of Inspector General is \$48.6 million and 287 FTEs, a net change of +\$2.6 million and 4 FTEs from 2009.

- An increase of \$1,437,000 for fixed costs.
- An increase of \$964,000 to develop on-shore royalty oversight capacity.
- An increase of \$123,000 to conduct inspections and critical point evaluations.
- An increase of \$113,000 to expand ability to investigate procurement and financial assistance programs.

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

**PERFORMANCE SUMMARY**

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

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

**Representative Performance Measures**

|  | 2005 Actual        | 2006 Actual | 2007 Actual | 2008 Plan | 2009 Plan (Pres Budget) | 2009 Likely Enacted | 2010 President’s Budget |
|--|--------------------|-------------|-------------|-----------|-------------------------|---------------------|-------------------------|
| Percent of completed audits resulting in a notice of finding   | Establish Baseline | 65%         | 68%         | 72%       | 75%                     | 72%                 | 70% <sup>1</sup>        |
| Percent of investigations resulting in a management advisory   | Establish Baseline | 16%         | 20%         | 25%       | 20%                     | 20% <sup>2</sup>    | 25%                     |
| Percent of cases resulting in criminal conviction, civil or administrative action, or other appropriate resolution | Establish Baseline | 60%         | 70%         | 80%       | 80%                     | 80%                 | 80%                     |

<sup>1</sup> A 2008 review of this measure identified the need to adjust the performance target for FY 2010 to be more consistent with recent actual performance.

<sup>2</sup> A 2007 review of this measure identified the need to adjust the performance target for FY 2008 to be more consistent with recent actual performance. However, the review was not conducted in time for the adjustment to be made to the FY 2008 Plan. Therefore, the adjustment was made in the 2009 President’s Budget and is also reflected in the 2009 Plan (CR).



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

**2010 BUDGET AT A GLANCE**

| (in thousands)  | 2008<br>Enacted | 2009<br>Enacted | Fixed Costs<br>and Inflation<br>(+/-) | Program<br>Changes | 2010 OMB<br>Request | Change from<br>2009 (+/-) |
|---|-----------------|-----------------|---------------------------------------|--------------------|---------------------|---------------------------|
| <b>Appropriation:<br/>Office of Inspector General</b> | 43,877          | 45,953          | +1,437                                | +1,200             | 48,590              | +2,637                    |
| Office of Audits, Inspections and<br>Evaluations*     | 19,292          | 20,083          | +592                                  | +658               | 21,333              | +1,250                    |
| Office of Investigations                              | 15,880          | 16,690          | +430                                  | +413               | 17,533              | +843                      |
| Office of Management                                  | 8,705           | 9,180           | +415                                  | +129               | 9,724               | +544                      |
|   |                 |                 |                                       |                    |                     |                           |
| <i>FTE</i>  | 251             | 273             | -                                     | -                  | 277                 | +4                        |
| <i>FTE – ARRA</i>                                     | -               | 10              | -                                     | -                  | 10                  | -                         |
|   |                 |                 |                                       |                    |                     |                           |
| Reimbursable Program                                  | 3,221           | 3,000           | -                                     | -                  | 3,000               | -                         |
|   |                 |                 |                                       |                    |                     |                           |
| Total Program   | 47,098          | 48,953          | +1,437                                | +1,200             | 51,590              | +2,637                    |
|   |                 |                 |                                       |                    |                     |                           |
| American Recovery and<br>Investment Act of 2009       | 0               | 15,000          | 0                                     | 0                  | 0                   | 0                         |

\*Formerly the Office of Audits



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

**SUMMARY OF BUDGETARY CHANGES BY ACTIVITY**

**Office of Audits, Inspections and Evaluations**

|   | 2008<br>Enacted | 2009<br>Enacted | Fixed Costs<br>and Inflation<br>(+/-) | Program<br>Changes | 2010 OMB<br>Request | Change from<br>2009 (+/-) |
|---|-----------------|-----------------|---------------------------------------|--------------------|---------------------|---------------------------|
| Office of Audits, Inspections and Evaluations (\$000) | 19,292          | 20,083          | +592                                  | +658               | 21,333              | +1,250                    |
| <i>FTE</i>  | 99              | 122             |                                       | +2                 | 124                 | +2                        |

*\*Formerly the Office of Audits*

The 2010 budget request for the Office of Audits, Inspections and Evaluations is \$21.3 million and 124 FTEs, a net change of +\$1.3 million and 2 FTEs from the 2009 enacted.

**Office of Investigations**

|                                  | 2008<br>Enacted | 2009<br>Enacted | Fixed Costs<br>and Inflation<br>(+/-) | Program<br>Changes | 2010 OMB<br>Request | Change from<br>2009 (+/-) |
|----------------------------------|-----------------|-----------------|---------------------------------------|--------------------|---------------------|---------------------------|
| Office of Investigations (\$000) | 15,880          | 16,690          | +430                                  | +413               | 17,533              | +843                      |
| <i>FTE</i>                       | 94              | 98              |                                       | +2                 | 100                 | +2                        |

The 2010 budget request for the Office of Investigations is \$17.5 million and 100 FTEs, a net change of +\$843,000 and 2 FTEs from the 2009 enacted.

**Office of Management**

|                              | 2008<br>Enacted | 2009<br>Enacted | Fixed Costs<br>and Inflation<br>(+/-) | Program<br>Changes | 2010 OMB<br>Request | Change from<br>2009 (+/-) |
|------------------------------|-----------------|-----------------|---------------------------------------|--------------------|---------------------|---------------------------|
| Office of Management (\$000) | 8,705           | 9,180           | +415                                  | +129               | 9,724               | +544                      |
| <i>FTE</i>                   | 58              | 63              |                                       | -                  | 63                  | 0                         |

The 2010 budget request for the Office of Management is \$9.7 million and 63 FTEs, a net change of +\$544,000 and 0 FTE from the 2009 enacted.

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

**JUSTIFICATION OF 2010 PROGRAM CHANGES**

**Develop On-Shore Royalty Oversight Capacity  
(+\$964,000/4 FTEs)**

The FY 2008 appropriation provided direction, and funding for the OIG to develop a permanent capability to oversee Minerals Management Service (MMS) royalties. In response, the OIG established the Royalty Initiatives Group (RIG) in FY 2008.

In the royalty collection area, there is a need to expand oversight beyond the MMS off-shore programs to include oversight of the onshore energy and minerals royalty programs. A series of investigations and audits indicates real problems with the collection of royalties by the Bureau of Land Management (BLM) and MMS onshore. This assessment led the OIG to seek funds to oversee onshore royalty collection consistent with the effort established by the OIG for offshore royalty oversight. The Department's emphasis on correcting deficiencies and ethical problems associated with royalty collection would also argue for this additional funding.

The OIG is committed to building a permanent capacity for auditing and investigating outer continental shelf oil and gas royalty-in-kind programs. The requested funding increase would allow the OIG to expand RIG efforts to provide onshore royalty oversight as well.

**Conduct Inspections and Critical Point Evaluations  
(+\$123,000/0 FTE)**

Although the OIG has routinely conducted the equivalent of inspections and evaluations for years, the OIG has not had a dedicated inspections and evaluations unit. The OIG established the Office of Inspections and Evaluations in October 2007, and concentrated oversight, authority, and leadership within the Office of Audits, Inspections and Evaluations (formerly the Office of Audits) in November 2008.

Inspections are independent, objective reviews of various program elements (such as documents, facilities, records, and any other assets) to determine if a program is complying with specific regulations or criteria. Inspections have limited depth and breadth, relate to a single issue, are designed to answer a specific question, and would generally not contain recommendations. In some cases, an inspection may be used to respond to a congressional request for information or may answer some specific question not directly tied to criteria.

Evaluations are objective, independent studies and appraisals of a program's systems, records, and processes. The goal of an evaluation is to determine the significance, value, and/or current operating condition of program elements and determine whether opportunities exist for improvements in program operation or effectiveness.

Evaluations may focus on such issues as program vulnerabilities; program effectiveness; “best practices”; the adequacy and appropriateness of program policies; the efficiency of resource use; or fraud, waste, and abuse. Evaluations include developing only an understanding of the internal control environment as it relates to the functioning of the program elements under review. No actions are undertaken to specifically detect or identify fraud or illegal acts. Evaluations, which provide timely reporting on programmatic results while conserving staff resources, have scopes of either depth or breath, but not both; address a single program or operation of a single or multiple bureaus; and accept a greater, but acceptable, risk that errors in our findings, conclusions, recommendations, or suggestions might occur. The report or other product presented to DOI management officials may contain recommendations or suggestions on how to improve management of the program, activity, or organizational unit under review.

Critical Point Evaluations (CPEs) are a new product/service being offered by the OIG. The CPEs are limited scope evaluations of planned or ongoing major projects or initiatives, such as the acquisition of a new financial system, a large construction project, or a new cross-cutting initiative. The CPEs are designed to identify and resolve issues or concerns early, at the lowest level, and least cost, to prevent waste and costly mistakes, identify best practices relevant to the project or initiative, and enhance coordination among affected DOI entities. For projects with multiple CPEs, a compilation report may be prepared at the conclusion, primarily to record and memorialize lessons learned to aid OIG and DOI in future projects.

Typically, CPEs have been conducted at a project’s beginning, before major funding has been expended, to ensure that adequate management controls and oversight have been incorporated in the project. However, CPEs may also be iterative components of a project, occurring at identified major milestones. The requested increase in funding for inspections and evaluations will increase the OIG efforts in short turnaround inspections and management requested CPEs.

### **Expand Ability To Investigate Procurement and Financial Assistance Programs (+113,000/0 FTE)**

The Department awards approximately \$4.5 billion in contracts and over \$2 billion in grants annually. To further enhance effective and efficient audits, evaluations, and investigations related to fraud and other irregularities in DOI’s procurement and financial assistance programs, the OIG established the Acquisition Integrity Unit (AIU) to supplement and support OIG contract and grant oversight efforts. The AIU is a hybrid organization combining auditors, investigators, criminal research specialists, and program analysts to provide a level of procurement and financial expertise previously unavailable in-house. In addition, AIU conducts independent analyses of, and provides recommendations for the improvement of DOI procurement and financial assistance programs and processes. The requested increase in funding to investigate procurement and financial assistance programs will enhance risk-based selection strategies, expand the breadth and depth of AIU reviews, and increase our efforts for evaluations and assessments related to OIG contract and grant oversight.



**DEPARTMENT OF THE INTERIOR  
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**SUMMARY OF REQUIREMENTS BY OBJECT CLASS**

(Dollars in thousands)

| Object Class  | FY 2009 Estimate |               | Fixed Costs |               | Program Changes |               | FY 2010 Request |               |
|---|------------------|---------------|-------------|---------------|-----------------|---------------|-----------------|---------------|
|   | FTE              | Amount        | FTE         | Amount        | FTE             | Amount        | FTE             | Amount        |
| <b><u>Personnel compensation:</u></b>                               |                  |               |             |               |                 |               |                 |               |
| 11.1 Full-time permanent  | 283              | 29,700        | --          | +833          | --              | +708          | 277             | 31,241        |
| 11.3 Other full-time permanent                                      | --               | --            | --          |               | --              | --            | --              |               |
| 11.5 Other personnel compensation                                   | --               | 300           | --          |               | --              | --            | --              | 300           |
| <b>Total personnel compensation</b>                                 | <b>283</b>       | <b>30,000</b> | <b>--</b>   | <b>+833</b>   | <b>--</b>       | <b>+708</b>   | <b>277</b>      | <b>31,541</b> |
| 12.1 Personnel benefits:<br>Civilian                                |                  | 7,000         |             | +99           |                 | +284          |                 | 7,383         |
| 21.1 Travel/Transportation of<br>Persons                            |                  | 3,000         |             |               |                 | +100          |                 | 3,100         |
| 23.1 Rental payments to GSA   |                  | 2,000         |             | +184          |                 | +108          |                 | 2,292         |
| 25.2 Other Services   |                  | 4,000         |             | +321          |                 |               |                 | 4,321         |
| 25.3 Purchases of goods and<br>services from Government<br>Accounts |                  | 2,000         |             |               |                 |               |                 | 2,000         |
| Reimbursable  |                  | 3,000         |             |               |                 |               |                 | 5,000         |
| <b>Total Requirements</b>   | <b>283</b>       | <b>51,000</b> |             | <b>+1,437</b> |                 | <b>+1,200</b> |                 | <b>55,637</b> |

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

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

| Treasury Account ID<br>14-0104-0                        | FY 2008 Actual | FY 2009 Estimate | FY 2010 Estimate |
|---|----------------|------------------|------------------|
| <b><u>Program by activities:</u></b>                    |                |                  |                  |
| 00.01 Direct Program                                    | 44             | 46               | 49               |
| 00.02 Recovery Act                                      | 0              | 2                | 4                |
| 09.01 Reimbursable Program                              | 3              | 3                | 3                |
| <b>10.00 Total Obligations</b>                          | <b>47</b>      | <b>51</b>        | <b>56</b>        |
| <b><u>Current Appropriations</u></b>                    |                |                  |                  |
| 40.00 Appropriation - Direct                            | 44             | 46               | 49               |
| 40.01 Appropriation – Recovery                          | 0              | 15               | 0                |
| <b>43.00 Appropriation – Total<br/>discretionary</b>    | <b>44</b>      | <b>61</b>        | <b>49</b>        |
| <b><u>Relation of obligations to outlays</u></b>        |                |                  |                  |
| 70.00 Total obligations                                 | 47             | 64               | 52               |
| 72.40 Obligated balance – start of year                 | 2              | 4                | 6                |
| 74.40 Obligated balance – end of year                   | 4              | 6                | 5                |
| <b>87.00 Outlays (gross)</b>                            | <b>45</b>      | <b>49</b>        | <b>57</b>        |
| <b><u>Direct Obligations:</u></b>                       |                |                  |                  |
| 11.101 Full-time permanent                              | 28             | 30               | 32               |
| 12.101 Civilian personnel benefits                      | 7              | 7                | 7                |
| 21.001 Travel and transportation of<br>Persons          | 2              | 3                | 3                |
| 23.100 Rental Payments to GSA                           | 2              | 2                | 3                |
| 25.201 Other services                                   | 3              | 4                | 6                |
| 25.301 Purchase of services from<br>Government accounts | 2              | 2                | 2                |
| <b>99.91 Total obligations</b>                          | <b>44</b>      | <b>48</b>        | <b>53</b>        |
| <b><u>Personnel Summary:</u></b>                        |                |                  |                  |
| <b>Full-time equivalent employee (direct)</b>           | <b>251</b>     | <b>283</b>       | <b>287</b>       |



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

**EMPLOYEE COUNT BY GRADE**

|   | <b>FY 2008 Actual</b> | <b>FY 2009 Estimate</b> | <b>FY 2010 Estimate</b> |
|---|-----------------------|-------------------------|-------------------------|
| Executive Level   | 1                     | 1                       | 1                       |
| SES   | 10                    | 10                      | 10                      |
| GS-15   | 34                    | 34                      | 34                      |
| GS-14   | 65                    | 72                      | 72                      |
| GS-13   | 81                    | 100                     | 105                     |
| GS-12   | 27                    | 22                      | 22                      |
| GS-11   | 4                     | 13                      | 12                      |
| GS-10   | 6                     | 6                       | 6                       |
| GS-9  | 13                    | 7                       | 7                       |
| GS-8  | 3                     | 3                       | 3                       |
| GS-7  | 3                     | 11                      | 14                      |
| GS-6  | 0                     | 0                       | 0                       |
| GS-5  | 3                     | 3                       | 1                       |
| GS-4  | 1                     | 0                       | 0                       |
| GS-3  | 0                     | 1                       | 0                       |
| GS-2  | 0                     | 0                       | 0                       |
| <b>Total employment<br/>(actual/projected)<br/>End of fiscal year</b> | <b>251</b>            | <b>283</b>              | <b>287</b>              |

**APPENDIX I: APPROPRIATION LANGUAGE CITATION**

Appropriation: Office of the Inspector General

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

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

**Proposed appropriations language changes**

*For necessary expenses of the Office of Inspector General, [\$45,953,000] \$48,590,000  
(Department of the Interior, Environment, and Related Agencies Appropriations Act,  
2009)*

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

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

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

| <b>External Administrative Costs</b>     |                |                |                |
|--|----------------|----------------|----------------|
| <b>(Dollars in thousands)</b>            |                |                |                |
| <b>Department's Working Capital Fund</b> | <b>FY 2008</b> | <b>FY 2009</b> | <b>FY 2010</b> |
| <b>Centralized Billings</b>              | <b>1,030</b>   | <b>1,043</b>   | <b>1,362</b>   |
| <b>Fee for Services</b>                  | <b>562</b>     | <b>364</b>     | <b>392</b>     |

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

| <b>OIG Billing for Reimbursable Work</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>(Dollars in thousands)</b>            |                |                |                |
|  | <b>FY 2008</b> | <b>FY 2009</b> | <b>FY 2010</b> |
| <b>Salaries and Benefits</b>             | <b>2,254</b>   | <b>2,000</b>   | <b>2,000</b>   |
| <b>Reimbursable Overhead</b>             | <b>967</b>     | <b>1,000</b>   | <b>1,000</b>   |
| <b>Total</b>                             | <b>3,221</b>   | <b>3,000</b>   | <b>3,000</b>   |

**APPENDIX III: JUSTIFICATION OF FIXED COSTS AND RELATED CHANGES**

(Dollars in Thousands)

|   | 2009<br>Budget | 2009 Revised  | 2010<br>Fixed Costs<br>Change |
|---|----------------|---------------|-------------------------------|
| <b>Additional Operational Costs from 2009 and 2010 January Pay Raises</b>   |                |               |                               |
| <b>1. 2009 Pay Raise, 3 Quarters in 2009 Budget</b>   | +\$706         | +\$706        | NA                            |
| <i>Amount of pay raise absorbed (assuming enactment at 3.5%)</i>  | [0]            | [243]         | NA                            |
| <b>2. 2009 Pay Raise, 1 Quarter (Assumed 3.9%)</b>  | NA             | NA            | +\$328                        |
| <b>3. 2010 Pay Raise (Assumed 2.0%)</b>   | NA             | NA            | +\$505                        |
| <p>These adjustments are for an additional amount needed to fund estimated pay raises for Federal employees.</p> <p>Line 1 is an update of 2009 budget estimates based an assumed 3.5% versus the request of 3.0%.</p> <p>Line 2 is the amount needed in 2010 to fund the estimated 3.9% January 2009 pay raise from October through December 2009.</p> <p>Line 3 is the amount needed in 2010 to fund the estimated 2.0% January 2009 pay raise from January through September 2010.</p>   |                |               |                               |
|   | 2009<br>Budget | 2009 Revised  | 2010 Fixed<br>Costs<br>Change |
| <b>Employer Share of Federal Health Benefit Plans</b>   |                |               |                               |
| <i>Amount of health benefits absorbed</i>   |                |               |                               |
| The adjustment is for changes in the Federal government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 6.5%.  | +\$44<br>[0]   | +\$44<br>[0]  | +\$99<br>0                    |
| <b>Workers Compensation Payments</b>  |                |               |                               |
| <i>Amount of workers compensation absorbed</i>  |                |               |                               |
| The adjustment is for actual charges through June 2007 in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2008 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.   | +5<br>[0]      | +5<br>[0]     | +\$58                         |
| <b>Unemployment Compensation Payments</b>   |                |               |                               |
| <i>Amount of unemployment compensation absorbed</i>   |                |               |                               |
| The adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.  | -\$2<br>[0]    | -\$2<br>[0]   | -\$2                          |
| <b>Rental Payments</b>  |                |               |                               |
| <i>Amount of rental payments absorbed</i>   |                |               |                               |
| The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is not alternative but to vacate the currently occupied space, are also included. | +\$179<br>[6]  | +\$179<br>[6] | +\$128                        |
| <b>Departmental Working Capital Fund</b>  |                |               |                               |
| <i>Amount of WCF payments absorbed</i>  |                |               |                               |
| The change reflects expected changes in the charges for Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Department Management.   | +\$21<br>[2]   | +\$21<br>[2]  | +\$321                        |

**APPENDIX IV: OIG PERFORMANCE OUTPUT IN FY 2005, FY 2006, FY 2007, and FY 2008**

Below are statistics that were reported in the FY 2005, FY 2006, FY 2007, and FY 2008 OIG Semiannual Reports to the Congress, as mandated by the Inspector General Act of 1978, as amended. This information highlights some OIG activities and outputs and their potential impact on the Department's programs and operations.

| <b>Audit Activities</b>                                       | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Actual</b> | <b>FY 2007<br/>Actual</b> | <b>FY 2008<br/>Actual</b> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Audit Reports Issued or Reviewed</b>                       |                           |                           |                           |                           |
| <b>Internal Audits, Contracts &amp; Grant Audits</b>          | 90                        | 63                        | 91                        | 90                        |
| <b>Single Audit Desk Reviews</b>                              | 193                       | 231                       | 168                       | 116                       |
| <b>Single Audit Quality Control Reviews</b>                   | 5                         | 5                         | 5                         | 4                         |
| <b>Total Audit Reports Issued or Processed</b>                | 288                       | 299                       | 264                       | 210                       |
|   |                           |                           |                           |                           |
| <b>Impact of Audit Activities –<br/>(Dollars in millions)</b> |                           |                           |                           |                           |
|   |                           |                           |                           |                           |
| <b>Lost or Potential Additional Revenues</b>                  | \$1.5                     | \$2.8                     | \$6.8                     | \$252.9                   |
| <b>Questioned Costs</b>                                       | \$10.3                    | \$ .9                     | \$10.2                    | \$ 6.0                    |
| <b>Recommendations That Funds Be Put<br/>To Better Use</b>    | \$13.8                    | \$1.2                     | \$21.7                    | \$10.8                    |
| <b>Wasted Funds*</b>  |                           |                           | \$28.9                    | \$7.4                     |
| <b>Total Monetary Impact</b>                                  | \$25.6                    | \$4.9                     | \$67.6                    | \$277.1                   |
|   |                           |                           |                           |                           |
| <b>Internal Audit Recommendations Made</b>                    | 511                       | 446                       | 473                       | 517                       |
| <b>Internal Audit Recommendations Resolved</b>                | 255                       | 185                       | 358                       | 430                       |
|   |                           |                           |                           |                           |

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

| <b>Investigative Activities</b>                                  | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Actual</b> | <b>FY 2007<br/>Actual</b> | <b>FY 2008<br/>Actual</b> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Investigative Activities:</b>                                 |                           |                           |                           |                           |
| <b>Cases Opened</b>  | <b>446</b>                | <b>422</b>                | <b>411</b>                | <b>371</b>                |
| <b>Closed</b>  | <b>336</b>                | <b>501</b>                | <b>590</b>                | <b>431</b>                |
| <b>Hotline Calls Received</b>                                    | <b>172</b>                | <b>169</b>                | <b>136</b>                | <b>152</b>                |
| <b>Impact of Investigative Activities:</b>                       |                           |                           |                           |                           |
| <b>Indictments/Information</b>                                   | <b>48</b>                 | <b>55</b>                 | <b>53</b>                 | <b>26</b>                 |
| <b>Convictions</b>   | <b>48</b>                 | <b>46</b>                 | <b>45</b>                 | <b>39</b>                 |
| <b>Sentencing</b>  | <b>37</b>                 | <b>46</b>                 | <b>39</b>                 | <b>52</b>                 |
| <b>Jail (months)</b>   | <b>355</b>                | <b>356</b>                | <b>540</b>                | <b>1109</b>               |
| <b>Probation/Supervised Release (months)</b>                     | <b>1026</b>               | <b>1611</b>               | <b>1230</b>               | <b>2034</b>               |
| <b>Community Service (hours)</b>                                 | <b>204</b>                | <b>1251</b>               | <b>550</b>                | <b>4050</b>               |
| <b>Criminal Judgments/Restitutions<br/>(Dollars in millions)</b> | <b>\$2.2</b>              | <b>\$1.5</b>              | <b>\$5.0</b>              | <b>\$6.1</b>              |
| <b>Criminal Investigative Activities:</b>                        |                           |                           |                           |                           |
| <b>Criminal Matters Referred for Prosecution</b>                 | <b>76</b>                 | <b>75</b>                 | <b>79</b>                 | <b>68</b>                 |
| <b>Criminal Matters Declined</b>                                 | <b>28</b>                 | <b>63</b>                 | <b>74</b>                 | <b>74</b>                 |
| <b>Civil Investigative Activities:</b>                           |                           |                           |                           |                           |
| <b>Referrals</b>   | <b>5</b>                  | <b>8</b>                  | <b>7</b>                  | <b>12</b>                 |
| <b>Declinations</b>  | <b>2</b>                  | <b>6</b>                  | <b>8</b>                  | <b>9</b>                  |
| <b>Civil Recoveries</b>  | <b>\$1.8 million</b>      | <b>0</b>                  | <b>\$105.5 million</b>    | <b>\$300,000.00</b>       |
| <b>Administrative Investigative Activities:</b>                  |                           |                           |                           |                           |
| <b>Administrative Actions</b>                                    | <b>96</b>                 | <b>91</b>                 | <b>77</b>                 | <b>51</b>                 |
| <b>Administrative Recoveries/Restitutions</b>                    | <b>\$10,738</b>           | <b>\$50,459</b>           | <b>\$2.3 million</b>      | <b>\$30,411</b>           |
| <b>Contractor Suspensions</b>                                    | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  |
| <b>Contractor Debarments</b>                                     | <b>0</b>                  | <b>7</b>                  | <b>3</b>                  | <b>0</b>                  |
| <b>Contract Terminations</b>                                     | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  |

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

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

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



**APPENDIX VI: INSPECTOR GENERAL REFORM ACT OF 2008 REQUIREMENTS:**

As required by the Inspector General Reform Act of 2008 (Pub. L. 110-409), the budget for the Office of Inspector General must specify the amount requested for all training needs and any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency.

The Office of Inspector General's 2010 budget request includes \$450,000 in base funding for all the training needs of the Office for the fiscal year. The Office expects to receive a request from the Council of Inspectors General on Integrity and Efficiency for funding in fiscal year 2010 not to exceed 0.24 percent of the OIG's total budget request.