



Annual Plan Fiscal Year 2010

OIG-CA-10-004

Office of Inspector General
Department of the Treasury

Foreword

This annual plan outlines the major initiatives, priorities, and challenges of the Department of the Treasury's Office of Inspector General for fiscal year 2010.

As we entered fiscal year 2010, the most significant factors affecting our office were (1) the requirement that we perform reviews of failed financial institutions regulated by Treasury that result in material losses to the deposit insurance fund (material loss is defined as a loss that exceeds the greater of \$25 million or 2 percent of an institution's total assets) and (2) the need to provide appropriate oversight of non-Internal Revenue Service programs and funds entrusted to Treasury by the American Recovery and Reinvestment Act (Recovery Act).

Since September 2007 and as of January 4, 2010, 56 financial institutions regulated by Treasury's Office of the Comptroller of the Currency or Office of Thrift Supervision have failed. Forty-four (44) of those failures required that our office conduct a material loss review (MLR) due to the magnitude of their losses to the deposit insurance fund. To that end, we have completed 14 such reviews and are engaged in 30 others. It is anticipated that the pace of bank failures in 2009 will continue through 2010. To staff our MLR mandate, we have ceased practically all self-directed work except that associated with the Recovery Act. That means that we expect to start few, if any, new projects during fiscal year 2010 related to the Department's anti-money laundering/terrorist financing mission; multi-trillion dollar collections, disbursements, and debt systems; planned capital investments; and other banking issues, to name a few areas. At this writing, the Congress is considering legislation which we support to raise the MLR threshold. That said, the House of Representatives passed legislation that would raise the threshold triggering an MLR to \$200 million; similar legislation is currently under consideration in the Senate. If enacted, the increased threshold will provide us with some relief from mandated workload, but most likely will not be of a magnitude sufficient to enable us to undertake a significant number of other projects.

In last year's annual plan, we reported that a number of laws enacted in 2008 profoundly changed Treasury's role in preserving the integrity of the nation's financial markets. Specifically, the Housing and Economic Recovery Act of 2008, and the Emergency Economic Stabilization Act of 2008 (EESA) were enacted. The Housing and Economic Recovery Act gave Treasury unprecedented new authorities to address the financial conditions at Fannie Mae and Freddie Mac. Those authorities were extensively used when the two mortgage giants were put into conservatorship by their regulator in September 2008. The act also created a new program—the Capital Magnet Fund—to be administered by the Treasury Community Development Financial Institutions (CDFI) Fund. Additionally, EESA gave the Treasury Secretary \$700 billion in authority under the Troubled Assets Relief Program to, among other things, (1) purchase capital in qualifying U.S.-controlled financial institutions; (2) buy, maintain, and sell toxic mortgage-related assets from financial institutions; and (3) develop a program to guarantee troubled assets originated or issued prior to March 14, 2008,

including mortgage-backed securities. These authorities were intended to bolster credit availability and address other serious problems in U.S. and world financial markets. EESA also provided for a Special Inspector General to provide oversight of the Troubled Assets Relief Program.

As a significant event in 2009, the Recovery Act was signed into law February 17, 2009, in an unprecedented effort to jumpstart our economy, create or save millions of jobs, and put a down payment on addressing long-neglected challenges so our country can thrive in the 21st century. The Recovery Act is an extraordinary response to a crisis unlike any since the Great Depression, and includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need.

Treasury is responsible for overseeing an estimated \$150 billion of Recovery Act funding and tax relief. Treasury's oversight responsibilities include grants for specified energy property in lieu of tax credits, grants to states for low-income housing projects in lieu of tax credits, increased CDFI Fund grants and tax credits, economic recovery payments to social security beneficiaries and others, and payments to U.S. territories for distribution to their citizens. Many of these programs are new to Treasury and involve very large dollar amounts. As a result, Treasury faces significant challenges in ensuring that the programs achieve their intended purpose, provide for accountability and transparency, and are free from fraud and abuse. Programs under our jurisdiction include, but are not limited to, approximately \$22 billion for the grants in lieu of tax credits programs and the additional CDFI Fund grants and tax credits.

The Recovery Act also established the Recovery Act Accountability and Transparency Board. The Board comprises 12 Inspectors General, of which the Treasury Inspector General is one. The Board is responsible for maintaining Recovery.gov as well as coordinating oversight of the \$787 billion in Recovery Act funding. While not specifically identified in this annual plan, we do anticipate participating on Board-directed reviews during the year in addition to the Recovery Act audits that are identified starting on page Recovery Act Oversight 47.

The projects described in this plan represent, in our judgment, areas of known or emerging risks and vulnerabilities in the Department. As before, we encourage Treasury and bureau management to use the plan to identify areas for self-assessment and to take corrective measures when vulnerabilities and control weaknesses are identified, particularly for issues we have identified as significant but, because of limited resources and the impact of MLRs and our Recovery Act work, we do not expect to address this year.

As a final note, while we typically do not single out any particular program to highlight in the Foreword to our Annual Plans, this year we do want to express our concern of the progress by financial institutions to modify mortgages for qualified distressed homeowners through programs such as Treasury's Making Home Affordable. This year's plan includes a project to look at how OCC and OTS are ensuring banks and thrifts have implemented meaningful programs to modify troubled

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mortgages when appropriate. We believe that this is an important area requiring continued management attention during the current crisis.

January 2010

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Overview

This planning document outlines the Office of Inspector General's (OIG) priorities and initiatives for fiscal year 2010 and beyond.

Background

In 1989, the Secretary of the Treasury established OIG in accordance with the 1988 amendments to the Inspector General Act. The act sets out OIG's major duties and responsibilities:

- Conducting and supervising audits and investigations
- Providing leadership and coordination of policies that (1) promote economy, efficiency, and effectiveness in Treasury programs and operations and (2) prevent and detect fraud and abuse in Treasury programs and operations
- Providing a means for keeping the Secretary of the Treasury and Congress fully and currently informed about problems and deficiencies in Treasury programs and operations
- Submitting semiannual reports to Congress, through the Secretary, that (1) summarize OIG activities during the preceding period that disclose problems, abuses, or deficiencies in the administration of Treasury programs and operations and (2) contain and discuss OIG recommendations for corrective action

Organizational Structure and Fiscal Resources

OIG is headed by an Inspector General, who is appointed by the President with the advice and consent of the Senate. The Inspector General exercises his or her duties and responsibilities on behalf of all Treasury operations except those of the Internal Revenue Service (IRS) and the Troubled Assets Relief Program (TARP). Regarding IRS oversight, in 1998 Congress established the Treasury Inspector General for Tax Administration, which exercises authority over IRS under the Inspector General Act. Regarding TARP oversight, in 2008 Congress established the Special Inspector General for TARP, which provides oversight of the implementation of that program.

OIG has four components, which are headquartered in Washington, DC:

- Office of Audit
- Office of Investigations
- Office of Counsel
- Office of Management

For fiscal year 2010, the OIG's appropriation is \$29.7 million

Performance Measures

OIG established performance measures for fiscal year 2010 for the Office of Audit and the Office of Investigations.

Office of Audit Performance Measures

For the Office of Audit, OIG established the following performance and audit reporting measures:

- Complete 86 audits and evaluations.
- Complete 100 percent of mandated audits by the required date.
- Identify monetary benefits where appropriate.

Office of Investigations Performance Measures

For the Office of Investigations, OIG established the following investigative performance measures:

- Complete investigations within the timeframes assigned by Office of Investigations supervisors and managers 85 percent of the time.
- Ensure that 100 percent of investigations are well-planned, executed, objective, thorough, accurately reported, and concluded in accordance with established Council of the Inspectors General on Integrity and Efficiency and OIG standards to resolve the allegation received and any additional issues revealed during the investigation.

Fiscal Year 2010 Priorities and Initiatives

Audit Priorities and Initiatives

Audit Priorities

The Office of Audit established three audit priorities for fiscal year 2010.

Priority 1—Audit Products Mandated by Law

The Office of Audit allocates significant resources to meet legislative requirements related to (1) audited financial statements and financial-related review work; (2) information security; and (3) in certain instances, failed financial institutions. During fiscal year 2010, we expect to devote a significant portion of our audit resources to material loss reviews (MLR) of failed banks and thrifts. We will also devote resources to audits of Treasury's non-IRS programs and funds authorized by the American Recovery and Reinvestment Act of 2009 (Recovery Act) in support of work directed or requested by the Recovery Accountability and Transparency Board. (The Treasury Inspector General is one of 12 Inspectors General comprising the Board).

Priority 2—Work Requested by Treasury Management, Congress, or Other External Source

The Office of Audit typically receives two to three requests a year by Treasury

management or Congress for specific work. The requested work is often already in our plan and requires only that we change the timing of the work or modify its scope. If the requested work is in a new area, we assess whether the work should be undertaken.

Priority 3—Self Directed Work in Treasury's Highest-Risk Areas

If resources are available after we address mandated audit and requested work, we undertake audits to assess the Department's progress in addressing serious deficiencies and emerging risks. For fiscal year 2010, the major emphasis of our self-directed work, to the extent resources are available, will be on audits of Treasury's non-IRS Recovery Act programs.

Relationships of Audit Plan to Treasury Strategic Plan

Treasury's mission, as stated in its strategic plan for fiscal years 2007-2012, is to serve the American people and strengthen national security by managing the U.S. government's finances effectively; promoting economic growth and stability; and ensuring the safety, soundness, and security of U.S. and international financial systems. To accomplish this mission, the Department identified four strategic goals. As part of our planning process, the Office of Audit identified seven core issue areas that address one or more of Treasury's strategic goals.

The following table shows the link between specific Treasury strategic goals and OIG issue areas:

Treasury Strategic Goal	OIG Issue Area(s)
Manage U.S. government finances effectively	<ul style="list-style-type: none"> • Governmentwide financial services and debt management • Revenue collection and industry regulation
Promote growth and stability of U.S. and world economies	<ul style="list-style-type: none"> • Safety, soundness, and accessibility of financial services • Domestic and international assistance programs • Bill and coin manufacturing, marketing, and distribution operations
Prevent terrorism and strengthen the security of U.S. and international financial systems	<ul style="list-style-type: none"> • Terrorist financing, money laundering, and foreign assets control
Achieve managerial and organizational excellence	<ul style="list-style-type: none"> • Treasury general management and infrastructure support (financial management, information systems security, and general management)

The Treasury general management and infrastructure support issue area cuts across all four of the Department’s strategic goals. It encompasses such activities as financial management, information technology security, capital investments, human capital, initiatives to identify and reduce improper payments, and procurement.

Audit Initiatives

The Office of Audit plans to start 58 projects in fiscal year 2010 and to complete 66 projects started in fiscal year 2009. Our ability to undertake new self-directed audits and complete those in progress will be affected by mandated MLRs of failed financial institutions, however. We have identified 122 high-priority projects that

must be deferred beyond 2010 because of our mandated work and work related to Treasury’s non-IRS Recovery Act programs. Our in-process and planned work and projects for future consideration are described in the Planned Projects by OIG Issue Area section of this document.

In addition, the Office of Audit will complete a peer review of the National Aeronautics and Space Administration OIG

that we began in fiscal year 2009. Under U.S. generally accepted government auditing standards, each OIG must undergo a peer review every 3 years.

Investigative Priorities

Investigative Priorities

The Office of Investigations established four investigative priorities for fiscal year 2010.

Priority 1—Criminal and Serious Employee Misconduct

Our highest priority is investigating complaints involving alleged criminal and other serious misconduct by employees of the Department. OIG investigates allegations of the general crimes enumerated in Title 18 of the U.S. Code, other federal crimes, alleged violations of the Ethics in Government Act, and allegations of serious misconduct prohibited by the Standards of Ethical Conduct for Employees of the Executive Branch. Several Treasury bureaus and offices have additional rules and regulations relating to ethical standards for their own employees, and OIG also investigates complaints of alleged violations of these rules and regulations.

Priority 2—Fraud Involving Contracts, Grants, Guarantees, and Funds

We conduct investigations into allegations of fraud and other crimes involving Treasury contracts, grants, loan guarantees, and federal funds. Such allegations often involve

contractors who are providing or seeking to provide goods or services to the Department. We receive complaints alleging criminal or other misconduct from employees, contractors, members of the public, and Congress.

Priority 3—Financial Programs and Operations Crime

We conduct and supervise investigations relating to the financial programs and operations of the Department. These programs and operations involve issuing licenses, providing benefits, and exercising oversight of U.S. financial institutions. Such investigations are usually conducted jointly with the U.S. Secret Service, Federal Deposit Insurance Corporation (FDIC) OIG, the Federal Bureau of Investigation, and Department of Justice.

Priority 4—Critical Infrastructure and Fiscal Protection

Our efforts in the area of critical infrastructure and fiscal protection focus on detecting, investigating, and deterring electronic crimes and addressing threats to the Department's critical infrastructure.

Relationship Between Investigative Priorities and Treasury Strategic Goals

OIG's four investigative priorities are intended to detect and prevent fraud and other crimes against the Department's programs and operations.

Overview

The following table shows the relationship between Treasury strategic goals and OIG investigative priorities.

Treasury Strategic Goal	OIG Investigative Priorities			
	Criminal and serious employee misconduct	Contracts, grants, guarantees, and funds fraud	Financial programs and operations crimes	Critical infrastructure and fiscal protection
Manage U.S. government finances effectively				√
Promote growth and stability of U.S. and world economies		√	√	
Prevent terrorism and strengthen the security of U.S. and international financial systems		√	√	√
Achieve managerial and organizational excellence	√	√		

Counsel Initiatives

The Office of Counsel will support OIG investigative, oversight, and audit activities by responding to requests for legal advice and reviewing and processing requests for the issuance of Inspector General subpoenas. In the area of disclosure, the Office of Counsel will provide timely responses to Freedom of Information Act and Privacy Act requests and carry out its litigation responsibilities in Merit Systems Protection Board and Equal Employment Opportunity Commission cases. Based on experience, we expect to process 40 initial Freedom of Information Act/Privacy Act

requests and three appeals from those initial responses. In the area of electronic Freedom of Information Act, we expect to review approximately 60 audit, evaluation, and oversight reports for posting on OIG's Web site. The Office of Counsel will also

- continue to review the Privacy Act systems of records notices for OIG's investigative and administrative records systems, with a view to possible revision;
- complete Privacy Impact Assessments for all OIG operations and provide procedural review and training services

as the OIG senior agency official for privacy;

- coordinate with the Department in updating Treasury orders and directives that establish and define OIG's authority, responsibility, and organization;
- work to have approved a Treasury order to provide authority to sanction violations of 31 U.S.C. § 333, regarding misuse of the Treasury seal and name, and develop regulations to implement a program to carry out the authority;
- respond to *Giglio* requests, coordinate responses to document requests from Congress, and respond to discovery requests arising from litigation involving the Department and its bureaus;
- provide training on the Inspector General Act and other subjects in connection with new employee orientation and in-service training; and
- review, as statutorily mandated, legislative and regulatory proposals and, where appropriate, coordinate comments.

Management Initiatives

The Office of Management will continue to identify operational efficiencies to improve management support while identifying opportunities to reduce costs. It will continue to enable OIG to maintain its independence from Treasury programs and policies and to provide OIG offices with required administrative support.

For the administrative services function, OIG has a working agreement with the Bureau of the Public Debt (BPD)

Administrative Resource Center for procurement, travel, and permanent change-of-station services on an annual and individual service basis. Additionally, the administrative services function continues to coordinate efforts for the published policy directives issuance using plain language, to-the-point style, photos, and graphics and to conduct an annual physical inventory of certain property.

For the budget and finance function, OIG has a working agreement with the Administrative Resource Center for budget execution and accounting services. The function oversees the use of the Center's Oracle financial system for OIG.

For the human resources function, OIG has a working agreement with the Administrative Resource Center for a portion of its staffing and classification servicing. OIG and the Center use Career Connector, the Department's automated recruitment system, which facilitates the hiring of employees within 30 days after closing of vacancy announcements. The Administrative Resource Center also processes OIG payroll and routine personnel actions and provides benefits and performance management services.

For the information technology function, OIG has streamlined operations. Efforts continue to support the implementation of new management information systems; improve the implementation and quality of mobile communications; and ensure that

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automated systems are fully maintained, up-to-date, operational, and in compliance with all information security requirements.

Treasury Management and Performance Challenges

In accordance with the Reports Consolidation Act of 2000, the Treasury Inspector General annually provides the Secretary of the Treasury with his perspective on the most serious management and performance challenges facing the Department. The Secretary includes these challenges in Treasury's annual agency financial report. In a memorandum to Secretary Geithner dated October 29, 2009, Inspector General Thorson reported one new challenge—management of Recovery Act programs—and four challenges from last year. Two previously reported challenges were removed. The following is an abridged description of the challenges reported and removed.

Management of Treasury's New Authorities Related to Distressed Financial Markets (Repeat Challenge)

Treasury, along with the Federal Reserve, the FDIC, and the Federal Housing Finance Agency, has taken unprecedented actions to address the current financial crisis. To assist in those efforts, Congress passed the Housing and Economic Recovery Act in July 2008, which gave Treasury broad new authorities to address the distressed financial condition of Fannie Mae and Freddie Mac. Less than 6 weeks later, the Federal Housing Finance Agency put both entities into conservatorship. According to Treasury data,

as of June 30, 2009, Treasury had purchased \$86.5 billion in preferred stock of the two entities to cover their continuing losses and maintain a positive net worth. Treasury also purchased \$154.2 billion of mortgage-backed securities issued by Fannie Mae and Freddie Mac. Even with this assistance, both entities remain in a weakened financial condition and may require more assistance.

As the turmoil in the financial markets increased, Treasury and the Federal Reserve took additional actions to deal with the situation, including rescuing Bear Stearns and AIG. Treasury also sought and obtained additional authorities through passage of the Emergency Economic Stabilization Act (EESA) in October 2008. EESA, commonly known as TARP, gave the Treasury Secretary \$700 billion to, among other things, (1) purchase capital in qualifying U.S.-controlled financial institutions and (2) buy, maintain, and sell toxic mortgage-related assets from financial institutions.

After EESA was enacted, the Department aggressively moved forward to loosen the credit market by purchasing senior preferred stock in nine of the nation's largest financial institutions. Since then, hundreds of other financial institutions have also participated in the Capital Purchase Program. To date, some Capital Purchase Program participants have repurchased preferred shares and warrants totaling more than \$70 billion. However, a small but growing number of Capital Purchase Program recipients are failing to make their 5 percent dividend payments due to Treasury.

EESA established a Special Inspector General for TARP and imposed oversight and periodic reporting requirements on both the Special Inspector General and the Government Accountability Office (GAO). Under EESA, GAO is also responsible for performing the annual financial statement audit of TARP. Recently, GAO reported that at the 1-year mark, TARP in general and the Capital Purchase Program in particular, along with other efforts by the Federal Reserve and FDIC, had made important contributions to help stabilize credit markets. However, GAO also reported that many challenges and uncertainties remain. GAO further noted that other programs, such as the Public-Private Investment Program and the Home Affordable Modification Program, still face implementation or operational challenges. GAO recommended that as Treasury considers further action under TARP, including whether to extend the program beyond December 31, 2009, the Department should evaluate the program in the broader context of efforts by the Federal Reserve and FDIC to stabilize the financial system.¹

The Department is working through several significant accounting issues involving some very complex TARP transactions. As a result, the Department, in consultation with our office and GAO, requested an extension from the Office of Management and Budget

¹ On December 9, 2009, Secretary Geithner informed Congress that he was extending the authority provided under EESA to October 3, 2010.

for its fiscal year 2009 annual financial reporting submission.

As conditions improve, Treasury will need to work with its partners to disassemble the structure established to support recovery efforts and ensure that federal funds no longer needed for those efforts are returned in an orderly manner to the Treasury general fund.

Regulation of National Banks and Thrifts (Repeat Challenge)

As of October 29, 2009 (the date of the Inspector General's memorandum), 39 Treasury-regulated financial institutions have failed, with estimated losses to the deposit insurance fund exceeding \$27 billion. Even more financial institutions are expected to fail over the next 2 years.

Although many factors have contributed to the turmoil in the financial markets, Treasury's Office of the Comptroller of the Currency (OCC) and Office of Thrift Supervision (OTS) did not identify early or force timely correction of unsafe and unsound practices by institutions under their supervision. The irresponsible lending practices of many institutions are now well-recognized—including reliance on risky products, such as option adjustable rate mortgages, and degradation of underwriting standards. At the same time, financial institutions engaged in other high-risk activities, including high asset concentrations in commercial real estate and overreliance on unpredictable brokered deposits to fund

rapid growth. There have also been instances of certain ailing thrifts backdating capital contributions.

The banking industry will continue to be stressed over the next several years. The next substantial stresses to financial markets may result from troubled credit card debt and further deterioration in commercial real estate loans and could significantly affect financial institutions that had limited exposure to the housing crisis.

Our office is mandated to review failures of Treasury-regulated financial institutions that result in material losses to the deposit insurance fund. As of October 29, 2009 (the date of the Inspector General's memorandum), we have completed 12 such reviews and are engaged in 19 others. These reviews identify the causes of the failures and assess supervision exercised over failed institutions. Both OCC and OTS have been responsive to our recommendations for improving supervision. For example, OTS has issued guidance addressing concentration issues and the appropriate accounting treatment for capital contributions.

However, these reviews do not address the broader supervisory effectiveness of the federal banking regulators as a whole or the effectiveness of the supervisory structure. It is therefore essential that OCC and OTS continue to take a critical look at their supervisory processes to identify why those processes did not prevent or mitigate the practices that led to the current crisis and what can be done to better protect the financial health of the banking industry and consumers going forward.

Recognizing that the focus of EESA and the Recovery Act is on the current crisis, another consideration is the need to identify, monitor, and manage emerging domestic and global systemic economic risks. Moreover, these emerging risks may go beyond the current U.S. regulatory structure. Treasury and its regulatory partners must continue to diligently monitor both regulated and unregulated products and markets for new systemic risks that may require action.

Finally, both the administration and Congress are considering proposals for regulatory reform, ranging from the creation of a single financial regulator to a more limited approach calling for oversight councils composed of the existing regulators and consolidating OTS and OCC. Also under consideration is transferring responsibility for consumer financial protection functions to a new regulatory agency. Treasury, OCC, and OTS will need to work in concert with the other affected federal bank regulators to ensure a smooth and effective transition to the new regulatory structure that emerges.

Management of Recovery Act Programs (New Challenge)

Treasury is responsible for overseeing an estimated \$150 billion of Recovery Act funding and tax relief. Treasury's oversight responsibilities include grants for specified energy property in lieu of tax credits, grants to states for low-income housing projects in lieu of tax credits, increased Community Development Financial Institutions (CDFI)

Fund grants and tax credits, economic recovery payments to social security beneficiaries and others, and payments to U.S. territories for distribution to their citizens. Many of these programs are new to Treasury and involve very large dollar amounts. As a result, Treasury faces immense challenges in ensuring that the programs achieve their intended purposes, provide for accountability and transparency, and are free from fraud and abuse.

Treasury's Recovery Act grants in lieu of tax credit programs—for specified energy property and to states for low-income housing projects—are estimated to cost almost \$20 billion over their lives. Treasury has dedicated only a small number of staff to award and monitor these funds. We have concerns that the current staffing level is not commensurate with the size of these programs.

The Deputy Secretary and the Senior Accountable Official have shown a strong commitment to implementing an effective control structure over Recovery Act activities and strong support for our oversight effort.

Management of Capital Investments (Repeat Challenge)

Managing large capital investments, particularly information technology investments, is a difficult challenge for any organization, whether public or private. In prior years, we have reported on a number of capital investment projects that either failed or had serious problems. Treasury is

now making the transition to a new, mission-critical telecommunications system, TNet. The overall value of the TNet contract is estimated at \$270 million. The transition, however, is now nearly 2 years late. Treasury must exercise continuous vigilance in managing its capital investments.

Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement (Repeat Challenge)

Treasury faces unique challenges in carrying out its responsibilities under the Bank Secrecy Act (BSA) and USA PATRIOT Act to prevent and detect money laundering and terrorist financing. Although the Financial Crimes Enforcement Network (FinCEN) is responsible for administering BSA, a large number of other federal and state entities participate in efforts to ensure compliance with BSA. Many of these entities also participate in efforts to ensure compliance with U.S. foreign sanction programs administered by Treasury's Office of Foreign Assets Control (OFAC).

FinCEN and OFAC have entered into memoranda of understanding with many federal and state regulators in an attempt to build a consistent and effective process. However, these instruments are nonbinding and carry no penalties for violations.

Although BSA reports are critical to law enforcement, past audits have shown that many contain incomplete or erroneous data and that examination coverage by financial

institution regulators of BSA compliance has been limited.

Given the criticality of this management challenge to the Department's mission, we continue to consider BSA and OFAC programs as inherently high-risk. Adding to this risk in the current environment is the risk that financial institutions and their regulators may decrease their attention to BSA and OFAC program compliance as they address safety and soundness concerns. As the administration and Congress consider what could be sweeping changes to the financial regulatory structure, those changes must ensure that BSA and OFAC compliance examination coverage is sufficient.

Challenges Removed

We removed corporate management as an overarching management challenge, first identified as a challenge in 2004, because the Department has made significant progress in building up a sustainable corporate control structure. We also removed information security as a management and performance challenge, first identified in 2001, because Treasury has made significant strides in improving and institutionalizing its information security controls.

Planned Projects by OIG Issue Area

Treasury General Management and Infrastructure Support: Financial Management

In-Progress and Planned Fiscal Year 2010 Projects

Audits of Treasury Financial Statements and of Financial Statements or Schedules for Component Entities and Activities (In Progress)

The annual audit of Treasury's consolidated financial statements is performed pursuant to the requirements of the Government Management Reform Act. Office of Management and Budget designated IRS as a Treasury component entity required to issue stand-alone audited financial statements under the act. Other Treasury component entities required to have stand-alone audited financial statements are Bureau of Engraving and Printing (BEP), the Exchange Stabilization Fund, the Federal Financing Bank, the Mint, the Treasury Forfeiture Fund, the Office of the District of Columbia pensions, the CDFI Fund, OCC, OTS, and TARP. The Alcohol and Tobacco Tax and Trade Bureau (TTB) and FinCEN financial statements are audited as a management initiative. In addition, certain accounts and activities of BPD and Financial Management Service (FMS) that are material to the Department's financial statements are audited separately.

The Federal Financial Management Improvement Act of 1996 requires that our annual audits of Treasury's financial statements report on whether Treasury financial management systems comply with federal financial management systems requirements, applicable federal accounting standards, and the standard general ledger at the transaction level. The Federal Financial Management Improvement Act also requires that our semiannual reports to Congress include instances when the Department has not met targets for making its accounting systems compliant with the Act's requirements.

In addition, Treasury has responsibility for certain recently implemented government programs enacted under the Housing and Economic Recovery Act, EESA, the Recovery Act, and the Terrorism Risk Insurance Reauthorization Act. These programs will be reviewed as part of the audit of the 2009 Department-wide financial statements.

Independent public accounting firms, under OIG supervision, audit the Department's consolidated financial statements and the financial statements of component entities, with the following exceptions: GAO audits IRS and TARP financial statements and BPD's Schedule of Federal Debt, and OIG staff audit the Mint's Schedule of Custodial Deep Gold and Silver Reserves.

During fiscal year 2010, we will complete audit work for the fiscal year 2009 financial statements and schedules and begin audit work for the fiscal year 2010 financial statements and schedules. These audits will

determine whether the financial statements and schedules are fairly presented in all material respects and will report on internal control, compliance with laws and regulations, and compliance with the Federal Financial Management Improvement Act. (8,500 OIG staff hours)

Single Audit Act Activities (Ongoing)

We plan to ensure that action is taken on findings related to Treasury programs identified by Single Audits of state and local governments. (100 OIG staff hours)

Reducing Improper Payments Initiative (Executive Order 13520)

In accordance with this November 2009 Executive Order, Treasury is required to submit a report to Treasury's Inspectors General and the Council of the Inspectors General on Integrity and Efficiency by May 20, 2010, and at least a quarter thereafter on any high-dollar improper payments the Department makes. The reports are to describe actions that Treasury has taken or plans to take to recover these payments and also its plans to prevent future improper payments. The reports are also to be made available to the public.

We plan to review the Treasury reports, assess the level of risk associated with the applicable high-dollar improper payments, determine the extent of oversight warranted, and make recommendations. (200 OIG staff hours)

Projects under Consideration for Future Fiscal Years

Working Capital Fund (Suspended)

The Department maintains the Working Capital Fund to centrally provide common administrative services across the Department and thereby achieve economies of scale and eliminate duplication of effort. These services are provided on a reimbursable basis to Treasury components at rates that recover the fund's operating expenses. For fiscal year 2008, Working Capital Fund expenses were approximately \$234 million.

We are determining whether the Working Capital Fund's charges to bureaus are consistent with the costs it incurs for projects performed on their behalf. Specifically, we plan to review in phases (1) the existence, timeliness, and consistency of reconciliations between the actual costs incurred by the fund and costs billed to bureaus; (2) whether costs charged by the fund are appropriate; (3) whether costs charged by the fund to specific bureaus are supported by appropriate documentation; and (4) the reasonableness of assumptions, data, processes, or models used by the fund to estimate its annual costs. We are coordinating our work as necessary with the Treasury Inspector General for Tax Administration. (2,400 OIG staff hours)

During fiscal year 2008, we issued a report addressing the second and third objectives. Because of mandated MLR work, we

suspended this project in fiscal year 2009 and do not expect to resume our review of the first and fourth objectives in fiscal year 2010.

Implementation of the Improper Payments Information Act

Erroneous payments in federal programs can result from payments to ineligible program beneficiaries, overpayments or underpayments to beneficiaries, or duplicate payments. The Improper Payments Information Act of 2002 requires agencies to annually review all programs vulnerable to significant erroneous payments and estimate the extent of erroneous payments.² Agencies estimating more than \$10 million in erroneous payments are required to send a report to Congress and to develop a plan for reducing those payments. For fiscal year 2008, Treasury reported that no non-IRS programs or activities were at high risk for significant erroneous payments.

We plan to determine whether Treasury has implemented an effective process to assess the risk of improper payments by its offices and bureaus pursuant to the Improper Payments Information Act of 2002 and Office of Management and Budget requirements. (800 OIG staff hours)

Implementation of Managerial Cost Accounting

We plan to assess whether Treasury has implemented managerial cost accounting comprehensively and effectively. (1,200 OIG staff hours).

² Pub. L. No. 107-300.

Treasury General Management and Infrastructure Support: Information Systems Security

In-Progress and Planned Fiscal Year 2010 Projects

FISMA Independent Evaluation—Unclassified Systems (Ongoing)

The Federal Information Security Management Act (FISMA) requires Treasury to have an annual independent evaluation of its information security program and practices to determine their effectiveness. A contractor under our oversight conducts the evaluation as it pertains to Treasury's non-national security systems. The Treasury Inspector General for Tax Administration conducts the evaluation of IRS and incorporates the results of its evaluation into Treasury's overall results.

We will determine whether Treasury's information security program and practices, as they relate to Treasury's unclassified systems, are adequate and assess progress made in resolving previously reported FISMA weaknesses. (200 OIG staff hours to provide guidance and oversight to the contractor to complete the fiscal year 2009 review; 800 OIG staff hours for the fiscal year 2010 review)

FISMA Independent Audit—Collateral National Security Systems (Ongoing)

We will determine whether Treasury's information security program and practices, as they relate to Treasury's collateral national

security systems, are adequate and assess progress made in resolving previously reported FISMA weaknesses. (800 OIG staff hours)

FISMA Independent Audit—Intelligence National Security Systems (Ongoing)

We will determine whether Treasury's information security program and practices, as they relate to Treasury's intelligence national security systems, are adequate and assess progress made in resolving previously reported FISMA weaknesses. (800 OIG staff hours)

Network and System Security Assessments (Ongoing)

We plan to determine whether sufficient protections exist to prevent intrusions into Treasury bureaus' networks, systems, and computer equipment. To accomplish this objective, we plan to identify and exploit existing vulnerabilities in information technology infrastructure to determine whether network-connected systems are (1) secure from unauthorized intrusion and misuse, (2) vulnerable to malicious security attacks, or (3) accessible through unauthorized or misconfigured paths (i.e., back doors into the network from the Internet or adjacent networks). Specifically, we will perform a coordinated network security test by conducting automated and manual vulnerability assessments and exploitation. For fiscal year 2010, we plan to conclude an audit at the CDFI Fund and conduct audits at BPD and BEP. (3,400 OIG staff hours)

TNet Implementation (Ongoing)

The Treasury Communications System and the Digital Telecommunications System currently provide Treasury; its bureaus; other non-Treasury financial, enforcement and economic organizations; and on-site contractors with telecommunication services. Treasury procured Treasury Network, TNet, as a successor to these systems through GSA's Networx Universal Contract and selected AT&T as the vendor. Transition from the Treasury Communications System was scheduled to begin in November 2007 but has been delayed.

We are determining whether Treasury's implementation of TNet is based on sound and effective contract management, project management, security management, and transition management. (1,600 OIG staff hours)

Oversight of Treasury Web Application Infrastructure

FMS maintains multiple financial and information systems to help it process and reconcile monies disbursed and collected by government agencies. These systems are also used to process agency transactions, record relevant data, transfer funds to and from Treasury, and facilitate reconciliation of those transactions. FMS relies on contractors and the Federal Reserve to help carry out its financial management services. One such system, the Treasury Web Application Infrastructure—a secure infrastructure with Internet and dedicated telecommunications connectivity—is operated by the Federal Reserve. The system is supposed to be

completely separate from the Federal Reserve's own payment systems and computing infrastructure.

We plan to determine whether FMS exercises adequate oversight of the Treasury Web Application Infrastructure. (1,600 OIG staff hours)

Compliance With Executive Order 13103 on Computer Software Piracy

We plan to determine whether Treasury is complying with Executive Order 13103, which directs federal agencies, federal contractors, and recipients of federal financial assistance to adopt procedures to ensure that their acquisition or use of software does not violate copyright laws. Specifically, we plan to review existing Treasury policies and procedures promoting legal software use and proper software management. (1,600 OIG staff hours)

Malware Incident Prevention and Handling

We plan to determine, through reviews of incidents identified by the Treasury Computer Security Incident Response Center, whether non-IRS Treasury bureaus' and offices' security controls are adequate to prevent and respond to malware attacks. Malware is software that has a malicious purpose. (1,600 OIG staff hours)

Disaster Recovery Exercises (Ongoing)

We plan to determine whether Treasury and its components can recover their operations in the event of a disaster (e.g., terrorist attack, severe weather event). We will observe scheduled disaster recovery exercises

Planned Projects by OIG Issue Area

on a selective basis. In fiscal year 2010, we plan to observe one exercise. (200 OIG staff hours)

Projects under Consideration for Future Fiscal Years

Application Vulnerability Assessments

We plan to determine whether specific Treasury applications are vulnerable to attacks and exploits. Specifically, we will assess a selection of applications created by or on behalf of Treasury bureaus and offices for security vulnerabilities. (1,600 OIG staff hours)

Information Technology Capital Planning and Investment Control Process

We plan to determine whether Treasury is appropriately managing its capital planning and investment process for information technology projects. To address this objective, we will determine whether the Department is effectively focusing on system life-cycle security needs and can support its request for funding to address information technology security weaknesses. (1,600 OIG staff hours)

Configuration Management Practices

We plan to determine whether Treasury bureaus have developed, tested, implemented, maintained, and monitored standard baseline configurations for information technology assets under their control. (1,600 OIG staff hours)

Equipment Disposal Process

We plan to assess Treasury's process for media sanitation and disposal decisions, considering the security category of the associated system. (400 OIG staff hours)

Enterprise Environment

We plan to determine whether the Treasury Chief Information Officer and bureau Chief Information Officers have implemented an enterprise environment framework that eliminates redundancy, reduces cost, improves quality and timeliness of information, enhances system integration, and properly secures information. (1,600 OIG staff hours)

Data Center Security

We plan to determine whether physical and logical controls have been implemented to protect data centers at Treasury bureaus from malicious intrusions, destruction or disclosure of sensitive data, and theft or damage to valuable assets. Specifically, we plan to review (1) organization and management, (2) computer operations, (3) physical security, (4) environmental controls, (5) hardware and software inventory management, and (6) continuity of operations. (1,600 OIG staff hours per data center)

Treasury General Management and Infrastructure Support: General Management

In-Progress and Planned Fiscal Year 2010 Projects

Contract Audit Oversight Activities (Ongoing)

OIG is the Treasury's focal point for obtaining pre-award, costs incurred, and other contract audits requested by Departmental Offices and the bureaus. These audits are typically performed by the Defense Contract Audit Agency and coordinated through our office. For fiscal year 2009, approximately \$3 million of pre-award costs and \$34 million of incurred costs were audited for Treasury bureaus.

We will oversee and coordinate Defense Contract Audit Agency contract audit services requested by Treasury procurement officers. (200 OIG staff hours)

Note: Our capacity to undertake the following projects during fiscal year 2010 is contingent on our MLR workload.

Corrective Action Verification (Ongoing)

Treasury and bureau management are responsible for implementing agreed-to audit recommendations made by OIG. Management records its planned corrective actions in response to audit recommendations and the completion of those actions in the Joint Audit Management Enterprise System, a Treasury tracking system.

We will determine whether management has taken corrective action responsive to the intent of selected recommendations from prior OIG audit reports. In selecting recommendations for verification, we will also consider recommendations that have been open more than a year to assess progress made toward implementing planned actions. We plan to complete two corrective action verifications during fiscal year 2010. (200 OIG staff hours)

Management of the National Seized Property Contract (Suspended)

The Treasury Executive Office for Asset Forfeiture administers the Treasury Forfeiture Fund, the receipt account for the deposit of nontax forfeitures made by IRS, Immigration and Customs Enforcement, Customs and Border Protection, the Secret Service, and the Coast Guard. In 2007, the Treasury Executive Office for Asset Forfeiture contracted with VSE Corporation for general property services in support of the Treasury Forfeiture Fund's mission.

We are determining whether the contracting actions and practices for the national seized property contract were in compliance with policies, procedures, and guidelines established under the Federal Acquisition Regulation and with other applicable laws and regulations. Treasury Executive Office for Asset Forfeiture management requested this project. (2,000 OIG staff hours to complete)

We started this audit in fiscal year 2008 but suspended it to accommodate mandated MLR work.

Planned Projects by OIG Issue Area

Enterprise Content Management System

In fiscal years 2008 and 2009, Treasury's budget included a total of \$12 million to develop an enterprise content management system.

We plan to determine whether (1) the pilot enterprise content management project business case is based on appropriate and supportable assumptions and cost/benefit estimates, (2) sound project management principles are followed in carrying out the project, and (3) efforts are coordinated with the Department's planning for document management systems Treasury-wide. (2,000 OIG staff hours)

Annex Repair and Maintenance Project

We plan to determine whether Treasury is following sound planning and other project management principles for the Annex Repair and Maintenance project. Treasury's fiscal year 2010 budget request included \$4.5 million to replace elevators in that building. Treasury received \$11.5 million in 2009 to begin repairs to the building. (800 OIG staff hours)

Projects under Consideration for Future Fiscal Years

Departmental Offices Procurement Activities

We plan to determine whether Departmental Offices follows logical and prudent business practices that comply with laws and regulations and Treasury policies and

procedures when procuring goods and services. (2,400 OIG staff hours)

Treasury Secure Data Network

We plan to determine whether (1) the project business case for upgrading and enhancing the Treasury Secure Data Network, the Department's classified communications system, is based on appropriate assumptions and cost/benefit estimates and (2) sound project management principles are followed in carrying out the project. (1,200 OIG staff hours)

Employee Bonus Policies at Nonappropriated Bureaus

We plan to determine whether (1) policies for employee bonuses at nonappropriated bureaus are in accordance with the law and (2) bonuses paid conform to established policies. Separate audits are planned at each nonappropriated bureau, beginning with a pilot audit at the Mint. (2,000 OIG staff hours)

HR Connect Processing Controls

We plan to determine whether appropriate controls were implemented over the processing of personnel actions and over access to employee information in HR Connect, Treasury's human resources management system. (2,000 OIG staff hours)

Monitoring of Mandated Reports

We plan to determine whether Treasury has adequate monitoring controls in place to ensure the completion of presidentially and congressionally mandated reports. (800 OIG staff hours)

Audit Follow-up System

We plan to determine whether Treasury's audit follow-up system is effective to ensure that audit recommendations are promptly and properly acted upon and that progress on corrective actions is adequately monitored. This project is intended to complement our corrective action verifications on specific audits. As part of this audit, we plan to follow up on our recommendations in *General Management: Office of Management Needs to Improve Its Monitoring of the Department's Audit Follow-up Process*.³ (800 OIG staff hours)

Resolution of Accountable Officer Irregularities

Accountable officers include certifying officers, disbursing officers, collecting officials, cashiers, and other officers or employees who are responsible for or have custody of public funds. Treasury Directive 32-04, Settlement of Accounts and Relief of Accountable Officers, establishes the policy and procedures to settle irregularities (erroneous or improper payments) in the accounts of accountable officers. Requests for relief of accountable officers from liability for irregularities exceeding established thresholds must be referred to GAO for resolution. The resolution of irregularities under these thresholds has been delegated to certain Treasury officials.

We plan to determine whether irregularities in the accounts of Treasury accountable

³ OIG-08-037 (June 23, 2008).

officers are resolved in accordance with Treasury Directive 32-04. (800 OIG staff hours)

Responsiveness to Freedom of Information Act Requests

We plan to determine whether the Department and non-IRS bureaus (1) have adequate systems to record, track, and complete Freedom of Information Act requests in a timely manner; (2) provide points of contact and monitoring systems to ensure that inquiries regarding existing Freedom of Information Act requests have been properly addressed with the requesters; and (3) are compliant with the 1996 electronic Freedom of Information Act amendments to the Act. As part of this project, we plan to follow up on issues identified in a March 2007 GAO report, *Freedom of Information Act: Processing Trends Show Importance of Improvement Plans*.⁴ (1,600 OIG staff hours)

Purchase Card and Travel Card Initiative

We plan to (1) identify weaknesses in internal controls over purchase and travel cards that could lead to fraud, waste, and abuse; (2) detect transactions that were prohibited or inadequately controlled; (3) identify abusive, inappropriate, or unauthorized transactions; (4) initiate investigations when appropriate, as they relate to abusive, inappropriate, or unauthorized transactions; and (5) identify best practices to increase the programs' efficiency and security. This

⁴ GAO-07-441 (Mar. 30, 2007).

Planned Projects by OIG Issue Area

review will be undertaken jointly by the Office of Investigations and the Office of Audit (2,000 OIG staff hours)

Telework Controls

We plan to determine whether Treasury and non-IRS bureaus have adequate policies, procedures, and controls over employee teleworking. (1,600 OIG staff hours)

Terrorist Financing, Money Laundering, and Foreign Assets Control

In-Progress and Planned Fiscal Year 2010 Projects

FinCEN BSA Direct System (In Progress)

BSA Direct was to have been a data warehouse and retrieval system for BSA information. Its purpose was to improve authorized users' ability to access that information. The project repeatedly missed program milestones and performance objectives and was terminated by FinCEN in 2006. The lessons learned from this project failure are important as FinCEN considers modernization of the BSA technical environment, a \$10 million initiative proposed in its fiscal year 2010 budget request.

We are assessing FinCEN's efforts in planning, awarding, monitoring, resolving disparities, and reporting performance for the retrieval and sharing component of the BSA Direct contract. This project has been delayed to accommodate mandated MLR work. (600 OIG staff hours to complete)

FinCEN Monitoring of SAR Data Quality (In Progress)

OIG has raised concerns in three previous audits about longstanding Suspicious Activity Report (SAR) data quality problems that could adversely affect FinCEN's ability to meet its core mission. In March 2005, we reported that FinCEN had not established

data quality standards for SARs. We also found that most control weaknesses and conditions that we had reported previously remained outstanding. Our 2005 audit found, among other things, that 62 percent of the sampled SARs filed by depository institutions and money services businesses had one or more data quality problems.⁵ FinCEN has reported that the recommendations we made in 2005 have been implemented.

We are assessing the effectiveness of the corrective actions that FinCEN took in response to our 2005 recommendations and are evaluating FinCEN's current processes for accumulating and distributing SAR data to ensure data integrity. This project has been delayed to accommodate mandated MLR work. (100 OIG staff hours to complete)

OFAC Follow-up on Cases Referred for Further Inquiry (In Progress)

We are determining (1) how OFAC has been using the results of a program to assess financial institution compliance with its sanction programs and (2) what follow-up was performed regarding potential suspicious activities identified through this program. This project has been delayed to accommodate mandated MLR work. (200 OIG staff hours to complete)

⁵ *FinCEN: Heightened Management Attention Needed Over Longstanding SAR Data Quality Problems*, OIG-05-033 (Mar. 23, 2005).

Note: Our capacity to undertake the following projects during fiscal year 2010 is contingent on our MLR workload.

FinCEN Targeting of Fraudulent Loan Modification Schemes

We plan to review FinCEN's efforts and results under a multi-agency effort to target foreclosure rescue scams and loan modification fraud and identify possible areas for improving the program. (2,000 OIG staff hours)

Examination of Private Banking for Compliance With BSA (Suspended)

In November 2001, we issued an audit report on OCC examination of private banking for compliance with BSA. The audit found that OCC examinations had not covered BSA compliance for 17 percent of bank trust departments and 60 percent of banks offering private banking services. We recommended that OCC take a number of actions to improve its BSA examination coverage of bank trust departments and banks with private banking services.

We plan to determine whether OCC's examination coverage of BSA compliance by national bank trust departments and banks offering private banking services is adequate. As part of this audit, we plan to follow up on the corrective actions taken in response the recommendations in our 2001 report.⁶ (2,000 OIG staff hours)

⁶ *Bank Secrecy Act: OCC Examination Coverage of Trust and Private Banking Services*, OIG-02-016 (Nov. 29, 2001).

We started this audit in fiscal year 2008 but delayed it to accommodate mandated MLR work.

Modernization of BSA Database System

We plan to determine whether FinCEN is properly planning, awarding, and monitoring the contract to develop an improved BSA database system. (2,000 OIG staff hours)

Projects under Consideration for Future Fiscal Years

FinCEN Memorandum of Understanding With Financial Institution Regulators

FinCEN is primarily responsible for Treasury's efforts to enforce BSA and the USA PATRIOT Act and works with federal financial regulators to ensure that regulated industries comply with these laws. FinCEN has signed a memorandum of understanding with the five federal banking agencies—OCC, OTS, the FDIC, the Board of Governors of the Federal Reserve System, and the National Credit Union Administration—to better share information and improve coordination in ensuring that BSA is effectively implemented.

We plan to determine whether (1) FinCEN is receiving timely, complete, and reliable information under the memorandum of understanding and (2) the purpose of the memorandum of understanding (enhanced communication and coordination to help financial institutions identify, deter, and interdict terrorist financing and money laundering) is being achieved. To address

Planned Projects by OIG Issue Area

these objectives, we plan to conduct audits at FinCEN, OCC, and OTS. (4,000 OIG staff hours)

Status of FinCEN Efforts to Address Risks Associated With Use of Stored Value and Prepaid Cards

Recent estimates suggest that consumer spending using stored value and prepaid cards will increase from \$63 billion in 2004 to \$257 billion in 2009. Because these cards can be carried in wallets with credit cards, are often indistinguishable from credit cards, and can often be used anonymously, they are a potential vehicle for money launderers or terrorists.

We plan to evaluate FinCEN's progress in identifying and addressing money-laundering and terrorist-financing risks associated with the use of stored value and prepaid cards. (2,000 OIG staff hours)

Securities Industry Reporting of Suspicious Transactions

We plan to determine whether FinCEN has taken adequate steps to ensure that securities industry companies comply with the reporting requirements of BSA. (2,000 OIG staff hours)

Security Clearances of Individuals Handling Sensitive Office of Terrorism and Financial Intelligence Information

We plan to determine whether adequate controls are in place to ensure that Office of Terrorism and Financial Intelligence employees and contractor personnel with access to sensitive intelligence and other

information have current and appropriate security clearances. This review will be undertaken jointly by the Office of Investigations and the Office of Audit. We will also coordinate this initiative with the Treasury Inspector General for Tax Administration, as IRS maintains BSA data. (2,000 OIG staff hours at each bureau)

Reporting of Suspicious Transactions by Insurance Companies

We plan to determine what steps FinCEN has taken to assess initial insurance industry compliance with BSA. (2,000 OIG staff hours)

Anti-Money Laundering Regulations for the Real Estate Industry

The USA PATRIOT Act includes entities involved in real estate closings and settlements within its definition of financial institutions and requires those entities to comply with anti-money laundering requirements unless Treasury specifically exempts them. In 2003, FinCEN issued an advance notice of proposed rulemaking and asked the real estate industry for help in assessing risks and defining who is involved in transactions. FinCEN has not yet issued regulations.

We plan to assess the progress of FinCEN's efforts to issue anti-money laundering regulations for the real estate industry. (1,600 OIG staff hours)

Planned Projects by OIG Issue Area

OCC/OTS Implementation of Interagency Statement on Enforcement of BSA/Anti-Money Laundering Requirements

We plan to determine whether (1) OCC and OTS are using the guidance provided in the interagency statement to cite institutions with violations for not establishing or maintaining a BSA compliance program; (2) OCC and OTS are issuing cease and desist orders when warranted; (3) interagency guidance provides adequate detail; and (4) additional guidance is needed. (2,000 OIG staff hours for each regulator)

FinCEN's Information Sharing Procedures (Section 314 of the USA PATRIOT Act)

The USA PATRIOT Act provides for the sharing of information between the government and financial institutions and among financial institutions regarding individuals, entities, and organizations engaged in or reasonably suspected of engaging in terrorist acts or money laundering activities. Effective March 1, 2005, FinCEN implemented a Web-based secure communications system to expedite sharing of this information.

We plan to determine whether FinCEN has implemented an effective system to provide for the sharing of information in accordance with the USA PATRIOT Act. (1,600 OIG staff hours)

FinCEN Monitoring of and Controls Over BSA Data

FinCEN shares BSA data, which is sensitive financial information, with a variety of law enforcement customers. One means of

accessing the data is through the Gateway program, which allows users to access the IRS Currency and Banking Retrieval System, using a secure web application known as Secure Outreach. Over 4,600 users accessed the database in 2006 and FinCEN expected the number to climb to 10,000 by 2009. FinCEN needs to ensure the data are protected and not inappropriately accessed through browsing or other means. FinCEN's policy is to inspect users of BSA data every 3 years to ensure that security controls are adequate.

We plan to determine whether FinCEN is properly controlling and monitoring external access to BSA data. (1,200 OIG staff hours)

Financial Industry Use of Interdiction Software to Comply With OFAC Sanctions

To help financial institutions comply with its economic and trade sanctions, OFAC maintains a public list of targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. While not required by law, many financial institutions use commercial interdiction software to compare customers to the OFAC list. While OFAC's position is that software is the main method that financial institutions use to identify and report OFAC-related violations, OFAC does not approve any particular packages for use.

We plan to determine what best practices exist in the federal government to manage risks associated with software packages sold by the private sector that are used to comply

Planned Projects by OIG Issue Area

with laws and regulations. (1,200 OIG staff hours)

FinCEN Civil Penalties for BSA Program Violations

Determine (1) whether FinCEN is assessing civil penalties for BSA violations when appropriate, (2) how the penalties are coordinated with the regulatory agencies, and (3) how the amounts of the penalties are established. (2,000 OIG staff hours)

OCC's BSA and USA PATRIOT Act Compliance Examinations and Enforcement Actions

Our most recent comprehensive review of OCC's BSA compliance examination program was in fiscal year 2000.

We plan to determine the effectiveness of OCC's programs to conduct supervisory activities and, when necessary, take enforcement actions to ensure that national banks have controls in place and provide the requisite notices to law enforcement to deter and detect money laundering, terrorist financing, and other related criminal acts. (2,000 OIG staff hours)

Treasury Executive Office of Asset Forfeiture's Use of Treasury Forfeiture Fund Receipts to Support Law Enforcement

Our most recent audit of the use of equitable sharing funds by local government agencies was in fiscal year 1996, when we found significant instances of misuse or poor accountability over these funds.

We plan to determine whether Treasury Executive Office of Asset Forfeiture has appropriate controls to (1) distribute funds

to eligible law enforcement agencies in accordance with applicable laws, regulations, and policies and (2) ensure that distributed receipts are used for intended purposes. As part of this work, we plan to determine whether selected state and local government agencies use equitable sharing funds in accordance with Treasury guidelines. (800 OIG staff hours for each agency review)

Compliance by Money Services Business Industry With Sanction Programs

We plan to determine whether OFAC is effectively coordinating with IRS, the regulator of the money services business industry, to ensure its compliance with OFAC requirements. (1,600 OIG staff hours)

Adequacy of Modified Currency Transaction Report Exemption Procedures

We plan to determine whether FinCEN's modified regulatory requirements for Currency Transaction Report exemption reporting by depository institutions has increased the efficiency and effectiveness of Currency Transaction Report reporting. (2,000 OIG staff hours)

Electronic Banking and BSA Compliance

Most online banking involves traditional financial institutions that have typical walk-in banking, but also offer customers the ability to conduct business online. These traditional banks require customers to open accounts in person and prove their identity using a government-issued identification card, such as a driver's license. However, certain financial institutions conduct all of their

Planned Projects by OIG Issue Area

business online, allowing customers to open accounts without ever setting foot in a “storefront” location.

We plan to determine how OCC and OTS ensure that adequate customer identification and customer due diligence controls are in place for financial institutions that conduct business extensively or exclusively online. (2,400 OIG staff hours)

Financial Institution Filing of Reports to OFAC and FinCEN on Blocked Transactions

In December 2004, FinCEN advised institutions subject to SAR reporting under BSA that under certain circumstances, reports filed with OFAC of blocked transactions with designated terrorists, foreign terrorist organizations, and narcotics traffickers and trafficker kingpins would also fulfill the requirement to file SARs with FinCEN for such transactions. (i.e., a separate SAR to FinCEN on the same blocked transaction would no longer be required). If the institution has information not included on the blocking report filed with OFAC, however, a SAR containing that information must still be filed with FinCEN.

We plan to determine whether OFAC and FinCEN have implemented adequate controls to ensure that the information in reports filed with OFAC on blocked transactions is made available to law enforcement through FinCEN databases as appropriate. (800 OIG staff hours)

Intelligence Support Provided by the Office of Intelligence and Analysis

The Intelligence Authorization Act for Fiscal Year 2004 established the Office of Intelligence and Analysis and assigned it responsibility for receiving, analyzing, collating, and disseminating foreign intelligence and foreign counterintelligence information related to Treasury operations and responsibilities.

We plan to assess progress by the Office of Intelligence and Analysis in meeting its responsibilities under the Intelligence Authorization Act. (2,400 OIG staff hours)

OFAC Memorandum of Understanding With Financial Institution Regulators

OFAC has executed a memorandum of understanding with the five federal banking agencies to better share information and improve coordination. The purpose of the memorandum of understanding was to help OFAC fulfill its role as administrator and enforcer of economic sanctions and to help the regulators fulfill their roles as banking organization supervisors.

We plan to determine whether (1) OFAC is receiving timely, complete, and reliable information under the April 2006 memorandum of understanding with the federal banking regulators and (2) whether the memorandum of understanding is achieving its purpose of helping OFAC administer and enforce economic sanctions and helping banking regulators fulfill their roles as banking organization supervisors. We plan to conduct audit work at OFAC, OCC, and OTS. (2,400 OIG staff hours)

OFAC Policies and Procedures

We plan to determine whether OFAC has adequately documented its current policies, procedures, and practices. (800 OIG staff hours)

OTS BSA Enforcement (Follow-up)

Our office performed an audit in 2003 that identified weaknesses in the OTS BSA enforcement program. OTS issued formal sanctions against only 11 of 180 thrifts (taken from a sample of 351 thrifts) who were found to have substantive BSA compliance problems. OTS consistently relied on moral suasion and thrift management assurances that BSA violations would be addressed. OTS concurred with our recommendations to improve the enforcement program.

We plan to determine whether OTS is taking timely and sufficient enforcement action against thrifts with substantive violations of BSA requirements. As part of this audit, we plan to follow up on corrective actions taken in response to our 2003 audit that identified weaknesses in OTS's BSA enforcement program.⁷ (2,000 OIG staff hours)

OCC Wells Fargo Bank Enforcement (Follow-up)

In August 2006, our office completed an audit of the informal enforcement action taken by OCC to address longstanding and recurring BSA compliance problems with

⁷ *OTS: Enforcement Actions Taken for Bank Secrecy Act Violations*, OIG-03-095 (Sep. 23, 2003).

Wells Fargo Bank. The OCC action required Wells to develop and implement a correction plan by December 2006. We took issue with OCC's use of an informal action. With the correction plan already being developed by the bank, however, we recommended, among other things, that OCC closely monitor the plan.⁸

We plan to assess OCC's implementation of corrective actions taken in response to the recommendations in our August 2006 report. (600 OIG staff hours)

FinCEN Efforts to Ensure Compliance With Money Services Business Registration Requirements (Follow-up)

In 2005, our office issued an audit report recommending that FinCEN take actions to improve the registration program for money services businesses.⁹

We plan to determine whether FinCEN has exercised sufficient oversight of the money services business industry to ensure compliance with money services business registration requirements. (1,000 OIG staff hours)

FinCEN Cross-Border Wire Transfer System

The Intelligence Reform Act of 2004 required that FinCEN assess the feasibility

⁸ *Bank Secrecy Act: OCC Did Not Take Formal Enforcement Action Against Wells Fargo Bank for Significant BSA Deficiencies*, OIG-06-034 (Aug. 18, 2006).

⁹ *Bank Secrecy Act: Major Challenges Faced by FinCEN in Its Program to Register Money Services Businesses*, OIG-05-050 (Sep. 27, 2005).

Planned Projects by OIG Issue Area

and impact of implementing a cross-border wire transfer reporting requirement for financial institutions. The assessment, completed in January 2007, concluded that a requirement would be feasible and potentially valuable. The requirement has not yet been implemented, in part because it would require that FinCEN develop a system.

We plan to determine the data and methodology FinCEN used to make its assessment and the status of the system's development. (2,000 OIG staff hours)

Controls Over Intelligence Sharing

During fiscal year 2004, we completed an evaluation requested by the Treasury General Counsel that found issues in the process by which certain Treasury bureaus and offices obtained intelligence information.¹⁰

We plan to assess the current state of intelligence sharing within Treasury. (800 OIG staff hours)

¹⁰ Our evaluation report on these matters, OIG-CA-04-003, is classified.

Governmentwide Financial Services and Debt Management

In-Progress and Planned Fiscal Year 2010 Projects

Note: Our capacity to undertake the following projects during fiscal year 2010 is contingent on our MLR workload.

FMS Controls Over Disbursement Activities

Treasury's FMS is responsible for disbursing federal government payments, such as Social Security, veterans' benefits, and income tax refunds. Its regional finance centers issue payments by electronic funds transfer and paper check. In fiscal year 2008, FMS issued nearly a billion payments via paper check and electronic funds transfer, with a total dollar value of almost \$1.8 trillion.

We plan to determine, through a series of audits involving both electronic funds transfers and check payments, whether FMS has adequate internal controls over its disbursement process to ensure the integrity of payments. (2,400 OIG staff hours per audit)

FMS Debit Card Program for Social Security Benefits

U.S. Debit Card is an FMS program managed by JPMorgan Chase that lets federal agencies deliver funds through debit cards, providing an electronic alternative to checks, drafts, and imprest funds. A subset of the program, Direct Express Card, is managed by Comerica and provides an

electronic funds transfer alternative for unbanked social security and supplemental security income recipients.

We plan to determine how information about debit card recipients are safeguarded and how JPMorgan Chase and Comerica were selected to be the financial agent banks for this service. (2,000 OIG staff hours)

Projects under Consideration for Future Fiscal Years

FMS Controls Over Routing Transit Numbers Initiative

The Federal Reserve establishes and assigns routing transit numbers to federal agencies, including Treasury. Until October 2008, routing transit numbers were available to the general public via the Internet. During the period when these numbers were publicly available, some private citizens were using two Treasury routing transit numbers to purchase vehicles and pay utility and credit card bills. FMS's Birmingham Debt Management Operations Center conducted a review of one of the routing transit numbers and found numerous unauthorized or unidentified transactions. The majority of funds related to the unauthorized transactions were identified and recovered.

We plan to conduct a review to (1) identify weaknesses in internal controls over access to routing transit numbers assigned to Treasury that could lead to fraud, waste, or abuse; (2) identify possibly abusive, inappropriate, or fraudulent transactions for

further investigation; (3) assess, in coordination with the Federal Reserve OIG, whether any weaknesses found have governmentwide implications. (1,000 OIG staff hours)

Administrative Resource Center User Fee Collection and Reimbursable Agreements

The Administrative Resource Center is an office within the BPD. Its mission is to provide administrative support—including accounting, travel, personnel management, and procurement services—to various federal agencies. The Administrative Resource Center does not receive appropriated funds, relying instead on reimbursable revenue from its customers. It has 14 Treasury customers and 50 non-Treasury customers.

We plan to determine whether the Administrative Resource Center has appropriate agreements for its services and a proper accounting system to (1) operate independent of BPD funding; (2) ensure proper, timely reimbursement by federal agencies for its services; and (3) account for the full costs it incurs for providing services. (3,000 OIG staff hours)

FMS Oversight of Lockbox Operations

FMS selects financial institutions to provide lockbox remittance services for federal agencies. Lockbox processing was adopted to accelerate deposits to Treasury's General Account at the Federal Reserve Bank of New York. Agencies instruct remitters to mail payments directly to a Treasury-designated lockbox bank. The bank processes remittance advices according to

FMS and agency instructions and transfers deposits daily to the Federal Reserve for credit to agency accounts. Treasury compensates lockbox banks for their services. For fiscal year 2008, total lockbox collections were approximately \$446 billion, of which nontax collection was almost \$24 billion. Several incidents of loss or mishandling of essential documents and thefts at lockbox financial agents have been reported. For example, in 2006, the Treasury Inspector General for Tax Administration identified 54 checks, totaling \$2.8 million, as stolen from a lockbox in Dallas. Another case involved missing passport applications from a lockbox in Delaware.

We plan to determine whether FMS oversight of lockbox financial agents is effective. (2,000 OIG staff hours)

Delinquent Debt Referrals to the FMS

Since enactment of the Debt Collection Improvement Act of 1996, FMS has collected about \$37.4 billion in delinquent nontax federal debt. Prompt referral of eligible debt to FMS by federal program agencies is critical to the success of collection efforts.

We plan to evaluate FMS's efforts to work with creditor federal agencies to ensure that they refer delinquent nontax debt in accordance with the Debt Collection Improvement Act of 1996. (1,200 OIG staff hours)

Internet Payment Platform

The Internet Payment Platform is an Internet-based payment information portal

Planned Projects by OIG Issue Area

provided by FMS for use, free of charge, to federal agencies and their vendors. It was established to improve the flow of information between federal agencies and suppliers by providing a centralized location to exchange electronic purchase orders, invoices, and related payment information. FMS piloted the Internet Payment Platform from January 2003 to June 2004. The system is now available to all federal agencies and their suppliers.

We plan to determine whether FMS implemented proper security measures and controls for the portal and identified and addressed issues found in the pilot program. (2,000 OIG staff hours)

Data Center Consolidation Study

FMS and BPD are conducting a study into the possible consolidation of data centers in an effort to create a stronger IT infrastructure for the Fiscal Service.

We will monitor the progress of the study and plan appropriate audits to assess the study methodology, the estimated consolidation costs, cost savings, and other benefits claimed, and implementation of the study recommendations. (1,600 OIG staff hours for each audit objective)

Treasury Check Information System

The Treasury Check Information System records and reconciles the worldwide issuance and payment of Treasury checks and allows end users to query Treasury's Payments, Claims & Enhanced Reconciliation system for claim status on Automated Clearing House payments. The

system enables agencies to access all claim information in one system and is accessible through a standard Web browser. The Treasury Check Information System was fully implemented in June 2006.

We plan to determine whether FMS has implemented appropriate security controls over the Treasury Check Information System and the system is achieving its intended purposes. (2,000 OIG staff hours)

Debt Check

FMS's Debt Check is an Internet-based system intended to help agencies bar delinquent debtors from obtaining new loans, loan guarantees, or loan insurance. Agencies can search the Debt Check database to confirm whether assistance applicants owe delinquent nontax debt to the federal government or delinquent child support. Rollout of Debt Check was completed in 2004 and three agencies are using the system.

We plan to determine whether FMS has implemented the Debt Check program effectively. As part of this audit, we plan to assess the controls over the accuracy and completeness of Debt Check data. (1,600 OIG staff hours)

Implementation Strategy for Revenue Collection

Merchants, including federal entities, that accept payments by credit or debit card incur fees that are paid to banks to process the transactions. To identify potential savings from cards and other collection mechanisms, FMS initiated a pilot program in 2007 to review each federal entity's overall revenue

collections. According to the GAO, in its report *Credit and Debit Cards: Federal Entities Are Taking Actions to Limit Their Interchange Fees, but Additional Revenue Collection Cost Savings May Exist*, FMS had reviewed and identified potential improvements at eight entities as of March 2008 but had not developed a full implementation strategy to expeditiously achieve the goals of the program. GAO recommended that FMS develop such a strategy, including timelines for completion, cost savings estimates, and assessment of needed resources.¹¹

We plan to determine whether FMS has taken action to develop a full implementation strategy for its revenue collection review program and evaluate its effectiveness. (2,000 OIG staff hours)

Electronic Collection Methods

FMS collected \$509 billion in funds received by non-IRS agencies in fiscal year 2009. Most of the funds were collected electronically. GAO reported in November 2009 that FMS is implementing a plan to improve collections, but the plan excludes important cost considerations and does not use all available incentives. GAO recommended that FMS strengthen oversight of the costs of collecting federal fees and receipts.

We plan to determine what actions FMS has taken to increase the use electronic collections and to lower the cost of collections. (2,000 OIG staff hours)

¹¹ GAO-08-558 (May 15, 2008).

Acquisition of Banking Services by the FMS

The Consolidated Appropriations Act of 2004 authorized a permanent, indefinite appropriation for FMS to use to acquire banking services. Previously, these services were paid for through compensating balances maintained with financial institutions.

We plan to determine whether FMS followed sound business practices and applicable law in acquiring banking services. (2,000 OIG staff hours)

Survey of Treasury Securities Programs

Treasury's BPD uses public auctions to sell marketable Treasury-issued securities to institutional and individual investors. The Department offers four types of securities—bills, notes, bonds, and inflation-protected securities—and conducts approximately 200 public auctions annually. Treasury auctions occur on a set schedule and have the following three steps: (1) announcement of the auction, (2) bidding, and (3) issuance of the purchased securities. Our last examination of the BPD's auction process for Treasury securities was during fiscal year 2000.

We plan to perform a survey of the auction process for Treasury securities and related controls to identify areas that, based on our assessment of risk, should be audited in more depth. (1,200 OIG staff hours)

FMS Control of Its Card-acquiring Bank's Interchange Management

In fiscal year 2008, FMS collected approximately \$8.2 billion in revenue through credit and debit cards and paid interchange fees of approximately \$90 million. Interchange fees are payments that card-acquiring banks—banks that have a contract with a merchant to provide processing services for card payments—make to banks that issued the cards. In August 2006, FMS designated one bank as the sole provider of card-acquiring services for card payments it receives.

We plan to determine whether FMS is monitoring its card-acquiring bank's interchange management adequately. As part of this audit, we plan to follow up on the GAO's findings from its May 2008 report, *Credit and Debit Cards: Federal Entities Are Taking Actions to Limit Their Interchange Fees, but Additional Revenue Collection Cost Savings May Exist*.¹² (1,600 OIG staff hours)

Survey of the Federal Financing Bank

Created by Congress in 1973, the Federal Financing Bank is a government corporation under the general supervision of the Secretary of the Treasury. Its mission is to reduce the costs of federal and federally assisted borrowings, to coordinate those borrowings with federal fiscal policy, and to ensure that those borrowings are done in ways least disruptive to private markets. To

accomplish this mission, the Federal Financing Bank has broad statutory authority to purchase obligations issued, sold, or guaranteed by federal agencies. Our office has not previously conducted performance audit work of Federal Financing Bank programs and operations.

We plan to perform a survey of the Federal Financing Bank to identify areas that, based on our assessment of risk, should be audited in more depth. (800 OIG staff hours)

¹² GAO-08-558 (May 15, 2008).

Safety, Soundness, and Accessibility of Financial Services

In-Progress and Planned Fiscal Year 2010 Projects

MLRs (In Progress)

Section 38(k) of the Federal Deposit Insurance Act requires that the Inspector General of a failed financial institution's primary regulator conduct a review if the deposit insurance fund incurs a material loss

as a result of a bank failure. A material loss exists when the estimated loss from the failure exceeds the greater of \$25 million or 2 percent of the bank's total assets at the time FDIC is appointed receiver. The purpose of an MLR is to provide (1) an independent analysis of why the institution failed and resulted in a material loss, (2) evaluate the relevant regulator's supervision of the institution, and (3) as appropriate, make recommendations to prevent similar losses in the future. OIG has 6 months to conduct the review and publicly report on its results.

The table below contains a list of the 30 MLRs that are in process as of January 4, 2010. MLRs are generally performed by OIG staff. During fiscal year 2009, we contracted two MLRs that are being performed under our supervision. (2,000 to 4,000 OIG staff hours for each MLR)

Financial institution	Location	Regulator	Date closed	Estimated loss to the deposit insurance fund
First Bank of Idaho	Idaho	OTS	04/24/09	\$186,100,000
Silverton Bank	Georgia	OCC	05/01/09	\$608,300,000
BankUnited	Florida	OTS	05/21/09	\$4,900,000,000
Citizens National Bank	Illinois	OCC	05/22/09	\$102,900,000
First National Bank of Anthony	Kansas	OCC	06/19/09	\$30,500,000
Vineyard Bank	California	OCC	07/17/09	\$572,800,000
Peoples Community Bank ¹	Ohio	OTS	07/31/09	\$129,300,000
Union Bank ¹	Arizona	OCC	08/14/09	\$60,600,000
Ebank	Georgia	OTS	08/21/09	\$63,000,000
Guaranty Bank	Texas	OTS	08/21/09	\$3,000,000,000
Bradford Bank	Maryland	OTS	08/28/09	\$96,300,000
Vantus Bank	Iowa	OTS	09/04/09	\$166,800,000
Platinum Community Bank	Illinois	OTS	09/04/09	\$114,300,000
Corus Bank	Illinois	OCC	09/11/09	\$1,700,000,000
Irwin Union Bank	Kentucky	OTS	09/18/09	\$125,000,000
Partners Bank	Florida	OTS	10/23/09	\$28,600,000
Flagship National Bank	Florida	OCC	10/23/09	\$59,000,000

Planned Projects by OIG Issue Area

Financial institution	Location	Regulator	Date closed	Estimated loss to the deposit insurance fund
California National Bank ²	California	OCC	10/30/09	\$991,200,000
Park National Bank ²	Illinois	OCC	10/30/09	\$695,500,000
San Diego National Bank ²	California	OCC	10/30/09	\$413,000,000
Pacific National Bank ²	California	OCC	10/30/09	\$250,100,000
Pacific Coast National Bank	California	OCC	11/13/09	\$27,400,000
Century Bank, F.S.B	Florida	OTS	11/13/09	\$344,000,000
First Security National Bank	Georgia	OCC	12/4/2009	\$30,100,000
AmTrust Bank	Ohio	OTS	12/4/2009	\$2,000,000,000
Greater Atlantic Bank	Virginia	OTS	12/4/2009	\$35,000,000
Republic Federal Bank, NA	Florida	OCC	12/11/2009	\$122,600,000
New South Federal Savings Bank	Alabama	OTS	12/18/2009	\$212,300,000
Peoples First Community Bank	Florida	OTS	12/18/2009	\$556,700,000
First Federal Bank of California	California	OTS	12/18/2009	\$146,300,000

¹ Contracted MLR under our supervision.

² These banks were part of 9 banks (6 OCC-regulated to be reviewed by our office and 3 FDIC-regulated) under the same holding company. The estimated loss for 2 of the 6 OCC-regulated banks did not meet the threshold for an MLR.

Washington Mutual Bank Failure (In Progress)

OTS placed Washington Mutual Bank into receivership on September 25, 2008. In a transaction facilitated by FDIC, JPMorgan Chase acquired the institution's assets, assumed the qualified financial contracts, and made a payment of \$1.9 billion. Claims by equity, subordinated, and senior debt holders were not acquired. According to FDIC, at the time of the transaction, there was no loss to the deposit insurance fund.

We are conducting a joint review with the FDIC OIG to determine the cause(s) of Washington Mutual Bank's failure and assess the federal supervision of the institution. Although Washington Mutual Bank's failure did not result in a loss to the deposit

insurance fund—and therefore is not subject to the MLR requirement—we are conducting this review because of the size of the institution. (800 OIG staff hours)

Note: Our capacity to undertake the following projects during fiscal year 2010 is contingent on our MLR workload.

Supervision of Banks Seeking Charter Conversion

We plan to determine whether OCC and OTS application and examination processes are adequate to ensure that any pending supervisory issues involving institutions seeking charter conversions are properly addressed. (1,200 OIG staff hours at each regulator)

Planned Projects by OIG Issue Area

Supervision of Home Loan Modification Programs

We plan to determine whether OCC and OTS examination processes are adequate to ensure banks and thrifts have implemented meaningful programs to modify troubled mortgages when appropriate. (2,000 OIG staff hours at each regulator)

Additional Note: At the time this annual plan was prepared, the Congress was considering regulatory reform. We will monitor that progress of the reform legislation and undertake work as mandated by the legislation that is enacted and such other related work that is considered appropriate.

Projects under Consideration for Future Fiscal Years

Survey of Consumer Protection Issues

As our prior work in this area has been limited and is dated, we plan to perform a broad survey of consumer protection issues involving Treasury-regulated financial institutions to identify those issues, based on our assessment of risk, that should be audited in more depth. Our survey will take into consideration regulatory reforms involving consumer protection that are enacted by Congress. (1,600 OIG staff hours)

Corrective Actions Addressing OTS Involvement in Backdated Capital Contributions (Follow-up)

We determined that OTS allowed some thrifts to backdate certain capital contributions. This practice was not in accordance with generally accepted accounting principles and led to misleading financial reporting.

We plan to determine whether OTS has implemented OIG recommendations to enhance policies and procedures regarding capital contributions made to thrifts and disclosed on regulatory reports. (500 OIG staff hours)

OCC/OTS Identification of Emerging Risks

We plan to determine whether OCC and OTS have effective processes to identify emerging risks to financial institution safety and soundness and to address any risks identified. (2,000 OIG staff hours for each project at each regulator)

Examination Coverage of Identity Theft Risk at Third-Party Service Providers

According to the Identity Theft Resource Center, reports of data breaches reached 656 in 2008, a 47 percent increase over 2007's total of 446. Banking, credit, and financial services entities accounted for 12 percent of those breaches.

We plan to determine whether OCC and OTS examinations of third-party service providers that receive customer information subject to the Financial Privacy Act from banks and thrifts are adequate to mitigate

identify theft risk. (2,000 OIG staff hours for each regulator)

Establishment of Depository Institution Peer Groups

We plan to determine the criteria and process used to establish peer groups that serve as the basis for statistical comparisons of depository institutions. (800 OIG staff hours)

Examination Coverage of Nonconventional Home Mortgage Loan Risk

We plan to determine whether (1) OCC and OTS give adequate weight to nonconventional loans in assessing loan portfolio risk and determining CAMELS ratings;¹³ (2) OCC and OTS examination procedures provide a level of testing of nonconventional loans that adequately accounts for the potential adverse effects of increased interest rates on an institution's loan portfolio and its safety and soundness; and (3) OCC and OTS examiners ensure that an institution's allowance for loan and lease losses appropriately reflects the higher risks associated with certain nonconventional loans. The project will look at lessons learned by banks and regulators from the recent housing crisis. (1,600 OIG staff hours for each project at each regulator)

¹³ CAMELS is an acronym for the six components that are evaluated: capital, asset quality, management, earnings, liquidity and sensitivity to market risk. During safety and soundness examinations, each element is rated on a scale of 1 to 5, with 1 being the highest rating and 5 the lowest.

Protection of Financial Services Sector Critical Infrastructure

We plan to determine the effectiveness of (1) Treasury's coordination with private sector entities to protect the critical infrastructure of the financial services sector and (2) Financial Services Information Sharing Analysis Centers, which gather threat, vulnerability, and risk information about cyber and physical security risks faced by the financial services sector, in establishing open communication and information sharing between entities in the financial services sector and the federal government. (1,600 OIG staff hours)

OCC and OTS Risk-based Supervision

We plan to determine whether (1) OCC and OTS are conducting full-scope examinations of supervised entities according to the required 12- or 18-month cycle; (2) risk assessments are adequately supported, and (3) examination procedures are appropriately tailored base on assessed risks. (2,400 OIG staff hours for each regulator)

Bank Fraud Initiative

We plan to analyze SARs filed with FinCEN by national banks, insured thrifts, and OCC and OTS to identify instances of fraudulent transactions. This review will be undertaken jointly by the Office of Investigations and the Office of Audit and will be coordinated with the OIGs of FDIC, the Board of Governors of the Federal Reserve System, and other law enforcement agencies with jurisdiction over crimes committed by or against banks. (2,000 OIG staff hours)

Planned Projects by OIG Issue Area

Risk Management of Derivatives at Financial Institutions

We plan to determine whether OCC and OTS are effectively monitoring the risk that derivatives pose to financial institutions. (2,400 OIG staff hours for each regulator)

Examinations of Large Institutions

We plan to assess the effectiveness and adequacy of OCC examinations of institutions with assets exceeding \$100 billion. (2,400 OIG staff hours)

Examination Coverage of Identity Theft Risk at Banks and Thrifts

We plan to determine the effectiveness and adequacy of OCC and OTS examinations in determining whether banks and thrifts have sufficient controls to prevent or mitigate identity theft. (2,000 hours OIG staff hours for each regulator)

Safeguards Over Financial Institutions' Sensitive Information

We plan to determine whether OCC and OTS examiners adhere to policies and procedures for safeguarding financial institutions' sensitive information obtained during the examination process. (1,000 OIG staff hours for each regulator)

Assessment of Interest Rate Risk

We plan to evaluate how OCC and OTS are evaluating and analyzing interest rate risk during their examinations of supervised institutions. (2,400 OIG staff hours for each regulator)

Adequacy of Examinations of Financial Institutions' Subsidiaries and Holding Companies Nonbanking Activities

We plan to determine the adequacy and effectiveness of OCC and OTS examinations of nonbanking activities of national bank subsidiaries and thrift holding companies, respectively. (2,400 OIG staff hours for each regulator)

Supervision of Thrift Holding Companies With International Activities

We plan to determine whether OTS is effectively supervising thrift holding companies with international operations. (2,400 OIG staff hours)

Examinations of Thrift Holding Companies

We plan to assess the effectiveness of OTS's policies, procedures, and practices for examining thrift holding companies and determine the criteria and processes OTS uses to examine these companies. (2,000 OIG staff hours)

Revenue Collection and Industry Regulation

In-Progress and Planned Fiscal Year 2010 Projects

Based on current resource levels, mandated work, and risk relative to other OIG issue areas, we do not plan to undertake any performance audits of TTB programs and operations in fiscal year 2010.

Projects under Consideration for Future Fiscal Years

TTB Alcohol and Tobacco Permit Program

We plan to determine whether TTB has effective controls to ensure that alcohol and tobacco permits are issued only to qualified persons and businesses. (2,000 OIG staff hours)

TTB Collection Procedures

We plan to determine whether TTB has effective collection procedures for delinquent accounts and, if so, is using these procedures to encourage prompt payment. (1,600 OIG staff hours)

TTB Alcohol and Tobacco Laboratories

We plan to determine whether TTB alcohol and tobacco laboratories are providing timely and responsive service to TTB program units. (2,000 OIG staff hours)

TTB Designation of American Viticultural Areas

An American Viticultural Area is a designated wine grape-growing region with features that affect the growing conditions of the area (climate, soil, elevation, physical features) and that distinguish it from surrounding areas.

We plan to determine whether adequate controls are in place over TTB's program to designate American Viticultural Areas. (1,600 OIG staff hours)

Coordinating Participation in the International Trade Data System Project

The SAFE Port Act formally established the International Trade Data System, a new system for processing imports and exports.¹⁴ The system is to be operated by Customs and Border Protection in collaboration with 43 agencies. The act gave the Secretary of the Treasury responsibility for coordinating interagency participation in the system.

We plan to determine whether Treasury is fulfilling its responsibility under the SAFE Port Act. (800 OIG staff hours)

TTB Online Certificate of Label Approval

TTB regulates the alcohol and tobacco industries to protect consumers from fraud and deception. One of its responsibilities is to review reviews labels and formulas for domestic and imported beverage alcohol products. In fiscal year 2008, TTB processed more than 133,000 Certificate of Label

¹⁴ Pub. L. No. 109-347 (Oct. 13, 2006).

Planned Projects by OIG Issue Area

Approval applications. Approximately 62 percent of these applications were received electronically.

We plan to determine whether the online label approval system is effective. (1,600 OIG staff hours)

TTB Cover-Over Payment Program

Among TTB's responsibilities is processing approximately between \$700 and \$800 million annually in refunds, credits, and reimbursements of excise taxes to private and public entities. The largest single type processed by TTB is called a cover-over payment, which involves federal excise taxes collected on rum produced in Puerto Rico and the Virgin Islands and imported into the United States. Approximately 78 percent of this excise tax is eventually paid back—or covered over—into the treasuries of Puerto Rico and the Virgin Islands. In fiscal year 2008, TTB processed \$381 million of these cover-over reimbursements to the treasuries of Puerto Rico and the Virgin Islands combined.

We plan to determine whether TTB has adequate controls to ensure that cover-over reimbursement are made for the correct amount and in a timely manner. (1,600 OIG staff hours)

TTB Safeguards Over Taxpayer Information

We plan to determine whether TTB has adequate safeguards to ensure the security of taxpayer returns and return information. (1,600 OIG staff hours)

TTB Payments for Tax Refunds for Products Lost in Natural Disasters

We plan to determine whether effective controls are in place to ensure that claims presented to TTB for excise tax refunds for alcohol and tobacco products lost or destroyed in natural disasters are legitimate and accurate. (800 OIG staff hours)

Manufacturer Nonbeverage Drawback Program

When a manufacturer uses alcohol to produce a food, flavor, medicine, or perfume that is approved by TTB's Nonbeverage Products Laboratory as unfit for beverage purposes, the manufacturer can claim a return, or drawback, on most of the distilled spirits excise tax paid.

We plan to determine whether TTB is adequately protecting excise tax revenue through its review of nonbeverage product manufacturers and their claims for drawback. (1,600 OIG staff hours)

TTB Review of Foreign Beverages

TTB is responsible for ensuring alcoholic beverages are safe, including those entering the market from foreign countries. Since TTB does not have access to foreign production plants, it monitors foreign beverage products by conducting a pre-import review, which could include laboratory analysis. TTB monitors post-market products by collecting random or targeted samples from retail outlets and sending samples to TTB laboratories for analysis.

Planned Projects by OIG Issue Area

We plan to evaluate TTB's efforts to ensure the safety of imported beverage products through pre-import activities, post-market sampling, and laboratory analysis. (2,000 OIG staff hours)

TTB Use of Collateral to Protect Revenue

TTB protects excise tax revenue by mandating that taxpayers pledge collateral—such as a bond, note, or securities—to offset tax liability if payments are not made.

We plan to determine whether TTB is ensuring that taxpayers maintain adequate collateral to protect tax revenue. (1,200 OIG staff hours)

TTB Use of Offers in Compromise to Collect Revenue

TTB uses adverse actions to administratively resolve willful violations of laws and regulations it administers by manufacturers and distributors of alcohol, tobacco, firearms and ammunition. Offers in compromise are one form of adverse action. An offer in compromise is an agreement between the government and alleged violator in lieu of civil proceedings or criminal prosecution.

Determine whether TTB is appropriately utilizing the offers in compromise mechanism to collect all taxes due. (1,200 OIG staff hours)

Bill and Coin Manufacturing, Marketing, and Distribution Operations

In-Progress and Planned Fiscal Year 2010 Projects

Mint Production Scheduling (In Progress)

We are examining how the Mint determines demand for its products and schedules production to meet expected demand. As part of our work, we are looking at the Presidential \$1 Coin Program and the Mint's approach to implementing new coin programs. We are also reviewing actions taken by the Mint in response to our prior report, *Manufacturing Operations: The Mint Suspends Its FY 2002 Planned Production of Golden Dollar Coins*.¹⁵ This project has been delayed to accommodate mandated MLR work. (200 OIG staff hours to complete in fiscal year 2010)

Note: Our capacity to undertake the following projects during fiscal year 2010 is contingent on our MLR workload.

Mint Controls Over the Sales of Limited-Production, Investment-Grade Products

We plan to determine whether the Mint has adequate controls to ensure the broadest and most fair access to its products. (2,000 OIG staff hours)

¹⁵ OIG-02-066 (Mar. 19, 2002).

Mint Mutilated Coin Redemption Initiative

We will identify and assess potential vulnerabilities posed by the Mint's redemption programs for mutilated coins. This review will be undertaken jointly by the Office of Investigations and the Office of Audit. (1,600 OIG staff hours)

Projects under Consideration for Future Fiscal Years

Mint Procurement Operations

We plan to determine whether the Mint follows logical and prudent business practices when procuring goods and services. (2,000 OIG staff hours)

Mint Cost Accounting

We plan to determine whether the Mint is using appropriate cost accounting methods and systems for its coin production operations. (2,000 OIG staff hours)

BEP Evaluation of Contract Proposals

We plan to determine whether BEP has a methodology for documenting and reviewing bids received to ensure that it is receiving the best value. (1,600 OIG staff hours)

BEP Controls Over Security (Follow-up)

In fiscal year 2004, we reported that the dual reporting structure for security operations at BEP's two currency facilities has resulted in inconsistent policies and practices.

We plan to determine whether BEP's Western Currency Facility and Eastern

Currency Facility security offices are consistently implementing security policies and practices. As part of this audit, we will follow up on corrective actions to the related recommendations in our prior report, *General Management: Controls Over Security Need to be Improved at the Bureau of Engraving and Printing*,¹⁶ (900 OIG staff hours)

BEP Background Investigations of Personnel

We plan to determine whether BEP's background investigation procedures are adequate and implemented effectively. As part of this audit, we will follow up on the recommendations in our prior report, *General Management: The Bureau of Engraving and Printing's Controls Over Background Investigations Need to be Improved*.¹⁷ (2,000 OIG staff hours)

BEP Capital Investment Program

We plan to determine whether BEP's capital investment program ensures that all capital needs are being identified and that sufficient funds are being allocated to meet current and future capital needs. (2,000 OIG staff hours)

BEP Police Officer Training and Firearms Requalification

We plan to determine whether BEP policies for training and firearms requalification of police officers are consistent, appropriate, and followed at its two production facilities. As part of this audit, we will follow up on

¹⁶ OIG-04-035 (June 29, 2004) (report is designated as for limited official use).

¹⁷ OIG-03-004 (Oct. 16, 2002).

corrective actions to the related recommendations in our prior report, *General Management: Controls Over Security Need to be Improved at the Bureau of Engraving and Printing*.¹⁸ (1,200 OIG staff hours)

BEP Continuity of Operations Planning

We plan to determine whether BEP has comprehensively developed and tested continuity of operations plans for currency production should a major disruption occur at one or both its production facilities. (2,400 OIG staff hours)

BEP Employee Safety

We plan to determine what policies and procedures BEP uses to ensure safe working conditions in its production facilities and how the policies and procedures are being implemented. We will audit each of BEP's production facilities separately, starting with the Eastern Currency Facility. (2,000 OIG staff hours at each facility)

¹⁸ OIG-04-035 (June 29, 2004) (report is designated as for limited official use).

Domestic and International Assistance Programs

In-Progress and Planned Fiscal Year 2010 Projects

CDFI Fund Post-Award Grant Administration (In Progress)

The CDFI Fund provides assistance to low-income communities by (1) directly investing in, supporting, and training CDFIs; (2) providing incentives to banks to invest in their communities and in other CDFIs; and (3) providing financial and other assistance to Native CDFIs and other Native entities proposing to become or create Native CDFIs.

We are determining whether the CDFI Fund has effective policies, procedures, and controls in place to ensure that grant recipients are carrying out and reporting on grant activities in accordance with their assistance agreements and applicable laws and regulations. As part of this project, we have visited 20 grantees to review their records and inspect funded projects and have followed up on corrective actions taken by the CDFI Fund in response to our prior report, *Financial Management/ Compliance With the Federal Financial Management Improvement Act: Community Development Financial Institutions Fund Post-Award Administration Process*.¹⁹ (200 OIG staff hours in fiscal year 2010)

¹⁹ OIG-02-122 (Sep. 24, 2002).

Recovery Act Oversight

The overall objective of our audit oversight of Treasury's Recovery Act programs is to evaluate management's accountability, control, and oversight of the Department's non-IRS funds and provide recommendations for improving operations and preventing fraud, waste, and abuse with respect to those funds. Following is a description of in process and planned projects involving Treasury's non-IRS Recovery Act programs.

CDFI Fund Administration of Recovery Act Funds (In Progress)

The CDFI Fund received \$100 million in additional funding in fiscal year 2009 through the Recovery Act for existing programs that promote access to capital and local economic growth.

Through a series of audits, we plan to determine whether the CDFI Fund is timely and effectively using the additional funding provided under the Recovery Act for grant program activities, assessing eligibility of potential award recipients, evaluating effectiveness of internal control over grant awards, and ensuring recipient compliance with award requirements. Audit work for this project began in April 2009 and will continue in fiscal year 2010. (2,400 OIG staff hours in fiscal year 2010)

Specified Energy Property Grants in Lieu of Tax Credits (In Progress)

Through a series of audits, we plan to determine whether Treasury is timely and effectively implementing activities for

awarding energy grant reimbursements under the Recovery Act. We will assess (1) the eligibility of potential award recipients, (2) internal control procedures to prevent recipients from improperly receiving both energy tax credits and grants, and (3) whether recipients are in compliance with award requirements. Audit work for this project began in April 2009 and will continue in fiscal year 2010. (2,400 OIG staff hours in fiscal year 2010)

Low-Income Housing Grants in Lieu of Tax Credits (In Progress)

Through a series of audits, we plan to determine whether Treasury is timely and effectively implementing activities for awarding Recovery Act grants. We plan to assess (1) the eligibility of potential grant applicants at both the state and subaward level; (2) the effectiveness of internal control procedures to prevent subawardees from improperly receiving both tax credits and grants; and (3) subawardees' compliance with award requirements. Audit work for this project began in April 2009 and will continue in fiscal year 2010. (2,400 OIG staff hours in fiscal year 2010)

New Markets Tax Credit Program Award Process and Compliance Monitoring

The New Markets Tax Credit program provides investors with a tax credit for investing in communities that are economically distressed or consist of low-income populations. Treasury's CDFI Fund is authorized to allocate tax credit authority under the program to Community Development Entities, which manage New

Markets Tax Credit investments in low-income community development projects. In return for a tax credit, investors supply capital to Community Development Entities. The legislation authorizing the program requires that GAO report to Congress on the program every 3 years. Reports were issued in 2004 and 2007; the next report to be issued January 31, 2010. The Recovery Act provided the CDFI Fund with additional investment authority of \$3 billion for the New Markets Tax Credit program, to be spread over the fiscal years 2008 and 2009 award rounds.

Through a series of audits, we plan to determine the effectiveness of the New Markets Tax Credit program's (1) application and tax credit allocation process, (2) assessment of the eligibility of potential award recipients, (3) internal control over and monitoring of program awards, and (4) process for ensuring recipient compliance with tax credit allocation agreements. We will focus on the effectiveness of the CDFI Fund's allocation of the increased funding provided by the Recovery Act and its actions to address prior GAO recommendations. (2,400 OIG staff hours)

Treasury Payments to U.S. Possessions for Making Work Pay Tax Credit Equivalents

The Recovery Act authorizes Treasury to make payments to U.S. possessions in amounts reflecting amendments to the Making Work Pay tax credit provision of the Internal Revenue Code. The amendments provide for a refundable tax credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns.

Planned Projects by OIG Issue Area

Payments are to be made both to U.S. possessions with mirror tax systems (those in which citizens' income tax liabilities are determined by reference to U.S. tax laws) and to those without mirror code tax systems. For possessions without mirror systems, payments for taxable years 2009 and 2010 are to be equal to the aggregate benefits that would be provided to citizens if a mirror code tax system were in place.

We plan to determine whether Treasury is complying with provisions of the Recovery Act for making payments to U.S. possessions. Our work will include determining whether Treasury (1) timely and effectively implemented those provisions; (2) established and maintained proper internal controls, including controls to ensure possessions requested proper amounts; and (3) assessed whether possessions properly complied with payment requirements. (2,400 OIG staff hours)

Payments to U.S. Possessions for American Opportunity Credit

HOPE Scholarship Tax Credits are refundable federal income tax credits for parents of dependent students engaged in postsecondary education. The Recovery Act changed the name of the credit to the American Opportunity Credit and modified the credit for the 2009 and 2010 tax years, making it available to a broader range of taxpayers, raising the maximum amount of the credit, and expanding the types of eligible costs. The Recovery Act authorizes Treasury to make payments to U.S. possessions in amounts consistent with the modifications.

We plan to determine whether Treasury is complying with provisions of the Recovery Act for making payments to U.S. possessions in amounts equivalent to the increase in the American Opportunity Credit. Our work will include determining whether Treasury (1) timely and effectively implemented the modified provisions of the American Opportunity Credit payments to U.S. possessions; (2) established and maintained proper internal controls, including controls to ensure possessions requested proper amounts; and (3) assessed whether possessions properly complied with payment requirements. (2,400 OIG staff hours)

Note: Our capacity to undertake the following projects during fiscal year 2010 is contingent on our MLR workload.

Purchases of Government-Sponsored Enterprises' Mortgage-Backed Securities

We plan to determine the reasonableness of Treasury's process and methodology for purchases of mortgage backed-securities on the open market of government-sponsored enterprises Fannie Mae and Freddie Mac. (800 OIG staff hours)

Survey of Treasury's Responsibilities Under the Housing and Economic Recovery Act of 2008

We plan to determine how Treasury plans to carry out its responsibilities under the Housing and Economic Recovery Act of 2008. We will also identify any additional audit work that should be considered in this area. (800 OIG staff hours)

National Bank and Thrift Participation in the HOPE for Homeowners Program

The Housing and Economic Recovery Act of 2008 established the HOPE for Homeowners program, a refinancing assistance Federal Housing Administration program which insures up to \$300 billion of mortgages. The program starts on October 1, 2008 and sunsets on September 30, 2011. The Board of Directors of the HOPE program (HOPE Board) is comprised of the Secretary of Housing and Urban Development, the Secretary of the Treasury, the Chairperson of the Board of Governors of the Federal Reserve System, and the Chairperson of the Board of Directors of the FDIC, or their designees. The HOPE Board establishes requirements and standards for the program; prescribes these regulations, and provides guidance, as necessary.

We plan to determine (1) the extent to which national banks and thrifts are participating in the HOPE for Homeowners program by accepting write-downs of first or subordinate mortgages for at-risk borrowers and (2) efforts by OCC and OTS to promote participation. (2,000 OIG staff hours)

Projects under Consideration for Future Fiscal Years

Implementation of the Foreign Investment and National Security Act of 2007

The Committee on Foreign Investment in the United States is an interagency

committee chaired by the Secretary of the Treasury. It is authorized to review transactions that could result in control of a U.S. business by a foreign person in order to determine the effect of such transactions on U.S. national security. The significance of this work has grown with the increase in foreign investment in the United States and the sharp rise in transactions filed with the committee.

The Foreign Investment and National Security Act of 2007 was enacted to strengthen the process by which acquisitions are reviewed and investigated. Final regulations to implement the act became effective on December 22, 2008.

We plan to determine whether the committee has implemented the Foreign Investment and National Security Act of 2007 to achieve the national security objectives prescribed in the statute. (2,400 OIG staff hours)

Committee on Foreign Investment in the United States Procedures to Identify Nonfilers

We plan to determine the effectiveness of measures that the Committee on Foreign Investment in the United States has implemented to identify foreign investors who have not filed with the committee. (2,400 OIG staff hours)

Office of International Affairs Performance Measures

We plan to review the adequacy of the performance measures of the Office of International Affairs. (1,600 OIG staff hours)

Planned Projects by OIG Issue Area

Office of International Affairs Oversight of Multilateral Development Banks' Anti-Corruption Programs

Treasury's Office of International Affairs oversees U.S. interests in international financial institutions and is responsible for ensuring that these institutions appropriately use the resources the U.S. contributes.

We plan to determine the effectiveness of the efforts of the Office of International Affairs to promote and monitor anti-corruption programs at the multilateral development banks. (2,000 OIG staff hours)

Oversight of the North American Development Bank

The North American Development Bank is a financial institution capitalized and governed equally by the United States and Mexico. Its purpose is to finance environmental projects certified by the Border Environment Cooperation Commission.

We plan to determine whether the Office of International Affairs provides appropriate oversight of funds disbursed to the North American Development Bank. (1,600 OIG staff hours)

Appendix A: Office of Audit Fiscal Year 2010 Resource Allocation

Our Planned OIG staff resource utilization by the three priority areas for fiscal year 2010 is shown in the following table:

Audit Priority	Percentage of Planned Audit Resources
Audit products mandated by law	83
Work requested by Congress or externally driven	9
Self-directed work in Treasury's highest-risk areas	8
Total	100

Our planned OIG audit staff resource allocation by OIG Issue Area is shown in the following table:

OIG Issue Area	Percentage of Planned Audit Resources
Treasury general management and infrastructure support:	
Financial management	7
Information systems security	10
General management	1
Terrorist financing, money laundering, and foreign assets control	1
Governmentwide financial services and debt management	0
Safety, soundness, and accessibility of financial services	72
Revenue collections and industry regulation	0
Bill and coin manufacturing, marketing, and distribution operations	0
Domestic and international assistance programs	9
Total	100

Appendix A: Office of Audit Fiscal Year 2010 Resource Allocation

The table below shows planned OIG audit staff allocation by Treasury headquarters operational component and bureau:

Treasury Component	Percentage of Planned Audit Resources
Departmental Offices:	
Office of the Assistant Secretary for Management and Chief Financial Officer	9
Office of the Chief Information Officer	5
Federal Financing Bank	0
Office of Terrorism and Financial Intelligence	1
Office of Foreign Assets Control	0
Treasury Executive of Asset Forfeiture	0
Community Development Financial Institutions Fund	4
Bureaus:	
Financial Crimes Enforcement Network	1
Financial Management Service	2
Bureau of the Public Debt	2
Office of the Comptroller of the Currency	36
Office of Thrift Supervision	37
Alcohol and Tobacco Tax and Trade Bureau	0
Bureau of Engraving and Printing	2
Mint	1
Total	100

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Abbreviations

BEP	Bureau of Engraving and Printing
BPD	Bureau of the Public Debt
BSA	Bank Secrecy Act
CDFI Fund	Community Development Financial Institutions Fund
EESA	Emergency Economic Stabilization Act
FDIC	Federal Deposit Insurance Corporation
FinCEN	Financial Crimes Enforcement Network
FISMA	Federal Information Security Management Act
FMS	Financial Management Service
GAO	Government Accountability Office
IRS	Internal Revenue Service
MLR	Material Loss Review
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Assets Control
OIG	Office of Inspector General
OTS	Office of Thrift Supervision
SAR	Suspicious Activity Report
TARP	Troubled Assets Relief Program
TTB	Alcohol and Tobacco Tax and Trade Bureau

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