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Description of document: Eight Department of the Treasury Inspector General (OIG)
Audit Reports, 2009-2014

Request date: 2014

Released date: 26-November-2014

Posted date: 26-January-2015

Source of document: FOIA and Transparency
FOIA Request
Department of the Treasury
Washington, DC 20220
Fax: 202-622-3895
[FOIA Online Request Form](#)

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From: "Delmar, Richard K."
Date: Nov 26, 2014 1:45:02 PM
Subject: FOIA - Treasury 2014-10-136

Summary of our response to your FOIA request:

CA-14-010 – produced
CA-14-011 – produced
CA-14-013 – produced
CA-14-015 – produced
CA-13-004 – produced
CA-13-005 – produced
12-013 – number not used
CA-09-006 – produced
CA-07-005, 006, 007 – numbers not used
CA-06-003 – number not used
CA-006 – number not used.

If you disagree with this resolution of your FOIA request, you can appeal the matter pursuant to 5 U.S.C. section 552(a)(6)(A)(i). Pursuant to the Department's FOIA appeal process set forth in 31 C.F.R. section 1.5(i), an appeal must be submitted within 35 days from the date of this response to your request, signed by you and addressed to: Freedom of Information Act Appeal, DO, Disclosure Services, Department of the Treasury, Washington, D.C. 20220. The appeal should reasonably describe your basis for believing that Treasury OIG possesses records to which access has been wrongly denied, that the redactions are improper, or that we have otherwise violated applicable FOIA law or policy.

Rich Delmar
Counsel to the Inspector General
Department of the Treasury

From: "Delmar, Richard K."
Date: Nov 26, 2014 2:55:59 PM
Subject: FW: Treasury OIG audit reports - FOIA 2014-10-136

This is a partial response to your FOIA request (Treasury docket number 2014-10-136) for certain specified Treasury OIG audit reports. Attached are the 2014 reports you requested (and a couple you didn't request, but to be efficient I did a scan with all 2014 reports requested by anyone), with certain redactions and withholdings, explained below:

CA-14-001-Referral memo to OFAC of SARs – produced with redactions of bank names and details of the SARs – per FOIA Exemption 3 and 31 C.F.R. 1010.960

CA-14-002- Referral memo to OFAC of SARs – produced with redactions of bank names and details of the SARs – per Exemption 3 and 31 C.F.R. 1010.960

CA-14-007 – peer review, CIA OIG – classified and withheld per Exemption 1.

CA-14-010 – Audit Termination Memo – produced

CA-14-011 – Joint Purchase Card Violation Report – produced

CA-14-013 – Audit Termination Memo – produced

CA-14-015 – Treasury OIG Presentation on DATA Act – produced

Records from prior years will follow today.

If you disagree with this resolution of your FOIA request, you can appeal the matter pursuant to 5 U.S.C. section 552(a)(6)(A)(i). Pursuant to the Department's FOIA appeal process set forth in 31 C.F.R. section 1.5(i), an appeal must be submitted within 35 days from the date of this response to your request, signed by you and addressed to: Freedom of Information Act Appeal, DO, Disclosure Services, Department of the Treasury, Washington, D.C. 20220. The appeal should reasonably describe your basis for believing that Treasury OIG possesses records to which access has been wrongly denied, that the redactions are improper, or that we have otherwise violated applicable FOIA law or policy.

Rich Delmar
Counsel to the Inspector General
Department of the Treasury

From: "Delmar, Richard K."
Date: Nov 26, 2014 2:57:25 PM
Subject: FOIA - Treasury OIG audit report 09-006

Attached.

Rich Delmar
Counsel to the Inspector General
Department of the Treasury

= = = = =

From: "Delmar, Richard K."
Date: Dec 17, 2014 5:21:44 PM

Turns out CA-14-007 is only partly classified. Here it is with redactions.

Rich Delmar
Counsel to the Inspector General
Department of the Treasury



OFFICE OF
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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

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CA-14-001/002

October 17, 2013

MEMORANDUM FOR JENNIFER SHASKY CALVERY
DIRECTOR, FINANCIAL CRIMES ENFORCEMENT NETWORK

FROM: Marla A. Freedman
Assistant Inspector General for Audit

SUBJECT: Referral of Potential OFAC Violations by Three Banks to
OFAC and OCC

The purpose of this memorandum is to advise your office that we provided certain Suspicious Activity Reports (SAR) to the Office of Foreign Assets Control (OFAC) and the Office of the Comptroller of the Currency (OCC). As background, during our ongoing audit of the Financial Crimes Enforcement Network (FinCEN) and OFAC's use of blocked transaction reports for suspicious activity reporting, we identified 387 SARs that describe transactions processed by the filing institution that potentially violated an OFAC sanctions program. The SARs were filed by [REDACTED] (383 SARs), [REDACTED] (2 SARs), and [REDACTED] (2 SARs). The 387 SARs described either (1) transactions that were initially blocked or rejected but then were resent with the suspicious terms omitted or altered and processed by the bank (318 SARs) or (2) instances where the bank blocked or rejected transactions but processed other similar, or almost identical, related transactions (69 SARs). We referred the SARs to OFAC for a possible determination of enforcement action in connection with its administration of foreign sanctions programs. We referred the SARs to OCC for consideration in conducting its OFAC compliance examinations of the three banks.

The 387 SARs at issue are listed in Attachments 1 and 2. Attachment 1 lists the SARs where a blocked or rejected transaction was resent and processed, and Attachment 2 lists the SARs where the bank had blocked or rejected a transaction but reported that other similar transactions were processed.

We provided OFAC and OCC with these SARs under the authority of the Bank Secrecy Act and applicable regulations.¹ These provisions provide for sharing of information, in this case with OFAC and OCC, where the information may prove useful in OFAC's administration of foreign sanctions programs, and with OCC for

¹ 31 U.S.C. § 5311 and 31 C.F.R. 1010.950 (d)

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consideration in its OFAC compliance examinations of the three banks. Further, we advised OFAC and OCC of the need to protect the information and ensure that data will remain exempted with disclosure.²

If you have any questions, please contact me at 202-927-5400 or Sharon Torosian, Audit Director, at (617) 223-8638.

Attachments

cc: Krista Marting, Program Analyst, Management Programs Division, Office of Financial Management,
Becky Martin, Assistant Director, Office of Financial Management
Cynthia Clark, Deputy Chief Counsel, FinCEN
Rich Delmar, Counsel to the Inspector General

² 31 U.S.C. § 5319 and 5 U.S.C. § 552

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October 17, 2013

OIG-CA-14-001

MEMORANDUM FOR ADAM J. SZUBIN
DIRECTOR
OFFICE OF FOREIGN ASSETS CONTROL

FROM: Marla A. Freedman
Assistant Inspector General for Audit

SUBJECT: Referral of Potential OFAC Violations by Three Banks

During our ongoing audit of the Financial Crimes Enforcement Network (FinCEN) and the Office of Foreign Assets Control's (OFAC) use of blocked transaction reports for suspicious activity reporting, we identified 387 Suspicious Activity Reports (SARs) that describe transactions processed by the filing institutions that potentially violated an OFAC sanctions program. The SARs were filed by [REDACTED] (383 SARs), [REDACTED] (2 SARs), and [REDACTED] (2 SARs). The 387 SARs described either (1) transactions that were initially blocked or rejected but then were resent with the suspicious terms omitted or altered and processed by the bank (318 SARs) or (2) instances where the bank blocked or rejected transactions but processed other similar, or almost identical, related transactions (69 SARs). As discussed with Tyler Hand, Assistant Chief Counsel, Enforcement, we are referring these potential violations to your office for appropriate enforcement action.

The 387 SARs at issue are listed in Attachments 1 and 2. Attachment 1 lists the SARs where a blocked or rejected transaction was resent and processed, and Attachment 2 lists the SARs where the bank had blocked or rejected a transaction but reported that other similar transactions were processed. We are providing copies of the SARs to Luke Ballman, Senior Advisor for Legislative Affairs separately.

As an example of a SAR where a blocked or rejected transaction was resent and processed, the narrative from a SAR that [REDACTED] filed on November 8, 2012, stated:

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"[REDACTED] is filing this SAR because a client of a [REDACTED] foreign correspondent bank customer sent a payment that was blocked/rejected by [REDACTED]'s internal OFAC monitoring systems but later sent a similar payment that did not contain the information that triggered the [REDACTED] OFAC rejection/block in the original payment.

On September 22, 2010 [REDACTED] attempted to wire \$ [REDACTED] to an entity named [REDACTED]. The payment details read [REDACTED]. [REDACTED] is an island that is considered part of [REDACTED] rejected the payment on September 24, 2010 because it appeared to be prohibited by OFAC regulations.

On September 24, 2010 [REDACTED] this time using their account at [REDACTED] account, originated a second \$ [REDACTED] wire transfer to benefit [REDACTED]. However, this time the payment details read [REDACTED]. The wire was processed straight through and was not stopped in [REDACTED]'s OFAC filters because it made no reference to Iran or any other sanctioned country or entity/person." (Attachment 1, OIG No. 60, BSA ID [REDACTED])

As an example of a SAR where the bank had blocked or rejected a transaction but reported that other similar transactions were processed, the narrative from a SAR that [REDACTED] filed on January 22, 2010, stated:

"[REDACTED] is reviewing OFAC blocked or rejected transactions in the six months preceding this filing to identify additional payments, if any, involving the account number of the entity that caused the original payment to be rejected or blocked where the account number is now affiliated with a different named entity.

On June 15, 2009 [REDACTED] a client of [REDACTED] Commercial bank account number [REDACTED] tried to wire a \$920.00 payment to a [REDACTED] a client of [REDACTED] Bank account number [REDACTED]. [REDACTED] rejected the payment because of [REDACTED] Rep w/shop's apparent affiliation with [REDACTED] and [REDACTED] are both [REDACTED] foreign correspondent banking clients. [REDACTED] has located 2 [REDACTED] 1921332714001 on June 5, 2009 and July 16, 2009 for \$48,000 and \$26,850, respectively. The payments were made by [REDACTED] and [REDACTED] both clients of [REDACTED]. The payments benefited an entity named [REDACTED] Rep w/shop account number [REDACTED], a client of [REDACTED]. The wire payments were processed straight through



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and were not stopped in [REDACTED]'s OFAC filters because they made no reference to [REDACTED] [REDACTED] or any other sanctioned country or entity/person."
(Attachment 2, OIG No. 1, BSA ID [REDACTED])

As background, we identified the 387 transactions through a review of SARs filed in calendar years 2010, 2011, and 2012 using the following word search criteria: OFAC, SDN, SDGT, Block, Blocked, and Blocking. Through this word search criteria, we identified a total of 1,474 SARs, of which 387 SARs are the subject of this memorandum.

Please be advised that we are providing the SARs to you under the authority of the Bank Secrecy Act and applicable regulations.¹ These provisions allow sharing of this information with OFAC, as it will prove useful in the Director of OFAC's investigation of potential regulatory violations of sanctions. In this regard, we request that your office protect the information and ensure that the reports and the data contained therein are exempt from disclosure.² We are sending a similar memorandum to the Office of the Comptroller of the Currency for its consideration in conducting OFAC compliance examinations of the three banks. We are also notifying FinCEN that we have provided these SARs to OFAC.

If you have any questions, please contact me at 202-927-5400 or Sharon Torosian, Audit Director, at (617) 223-8638.

Attachments (Copies of Listed SARs Provided Separately)

cc: Luke Ballman, Senior Advisor for Legislative Affairs
Richard Delmar, Counsel to the Inspector General

¹ 31 U.S.C. § 5311 and 31 C.F.R. 1010.950 (d)

² 31 U.S.C. § 5319 and 5 U.S.C. § 552

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

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October 17, 2013

OIG-CA-14-002

MEMORANDUM FOR THOMAS J. CURRY
COMPTROLLER OF THE CURRENCY

FROM: Marla A. Friedman
Assistant Inspector General for Audit

SUBJECT: Referral of Potential OFAC Violations by Three Banks

As discussed with Laura McAuliffe, Senior Advisor, OIG/GAO Liaison, we are referring the following information about potential Office of Foreign Assets Control (OFAC) sanction program violations to the Office of the Comptroller of the Currency (OCC). We are providing this information for use by OCC in conducting OFAC compliance examinations of [REDACTED], and [REDACTED]. We also referred these potential violations to OFAC.

Specifically, during an ongoing Office of Inspector General audit of the Financial Crimes Enforcement Network (FinCEN) and OFAC's use of blocked transaction reports for suspicious activity reporting, we identified 387 Suspicious Activity Reports (SARs) that describe transactions processed by the filing institution that potentially violated an OFAC sanctions program. The SARs were filed by [REDACTED] (383 SARs), [REDACTED] (2 SARs), and [REDACTED] (2 SARs). The 387 SARs described either were (1) transactions that were initially blocked or rejected but then were resent with the suspicious terms omitted or altered and processed by the bank (318 SARs) or (2) instances where the bank blocked or rejected transactions but processed other similar, or almost identical, related transactions (69 SARs).

The 387 SARs at issue are listed in Attachments 1 and 2. Attachment 1 lists the SARs where a blocked or rejected transaction was resent and processed, and Attachment 2 lists the SARs where the bank had blocked or rejected a transaction but reported that other similar transactions were processed.

As background, we identified the 387 transactions through a review of SARs filed in calendar years 2010, 2011, and 2012 using the following word search criteria: OFAC, SDN, SDGT, Block, Blocked, and Blocking. Through this word search

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criteria, we identified a total of 1,474 SARs, of which 387 SARs are the subject of this memorandum.

Please be advised that we are providing the SARs to you under the authority of the Bank Secrecy Act and applicable regulations.¹ These provisions allow sharing of this information with OCC for appropriate regulatory purposes, including oversight of the banks' compliance with OFAC rules and requirements. In this regard, we request that your office protect the information and ensure that the reports and the data contained therein are exempt from disclosure.² We are also notifying FinCEN that we have provided these SARs to OCC.

If you have any questions, please contact me at 202-927-5400 or Sharon Torosian, Audit Director, at (617) 223-8638.

Attachments (Copies of Listed SARs Provided Separately)

cc: Laura McAuliffe, Senior Advisor, OIG/GAO Liaison
Rich Delmar, Counsel to the Inspector General

¹ 31 U.S.C. § 5311 and 31 C.F.R. 1010.950 (d)

² 31 U.S.C. § 5319 and 5 U.S.C. § 552

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WASHINGTON, D.C. 20220

CA-14-010.

April 25, 2014

MEMORANDUM FOR THOMAS J. CURRY
COMPTROLLER OF THE CURRENCY

FROM: Marla A. Freedman
Assistant Inspector General for Audit

SUBJECT: Audit Termination Memorandum – Review of OCC's
Supervision of Home Loan Modification Programs

In December 2010, we initiated an audit of the Office of the Comptroller of the Currency's (OCC) supervision of national bank home loan modification programs. Our audit objective was to determine whether OCC examination processes ensure banks have implemented meaningful programs to modify troubled mortgages when appropriate. For the reasons discussed below, we are terminating this audit.

Fieldwork on this audit was completed but a discussion draft report was not issued as our resources were focused on other audit priorities. These priorities included audits in related areas of OCC supervision such as national bank foreclosure practices (OIG-12-054), foreclosure-related consent orders (OIG-13-049), and amended foreclosure-related consent orders (Reporting in Process).

Our fieldwork, performed in 2011, found that OCC performed various supervisory actions to test programs that national banks had in place to modify troubled mortgages but that formal examination procedures in the Comptroller's Handbook for Mortgage Banking did not cover home loan modifications. Since our fieldwork, OCC has undertaken a number of initiatives that impact supervision of home loan modification programs, including:

- Completing the Interagency Review of Foreclosure Policies and Practices and issuing foreclosure-related consent orders to address deficiencies and unsafe and unsound practices in residential mortgage servicing, including those related to loss mitigation and loan modification processes. We have noted that work to evaluate the sufficiency of servicers' corrective action plans is ongoing.
- Overseeing servicers' compliance with amended foreclosure related consent orders. These amended orders required that servicers provide cash payments

to potentially harmed borrowers, including those that may have suffered harm from deficiencies in modification processing. In addition, these orders required servicers to meet targets for performing foreclosure prevention actions such as modifications.

- Updating the Comptroller's Handbook for Mortgage Banking to include a more in-depth discussion of modifications in both the background and examination procedures.

Over the course of the past 3 years, OCC focused significant examination resources on foreclosure and loss mitigation processes at national banks and federally regulated savings associations. In consideration of the above actions, we believe that issuing a report based on fieldwork performed prior to these initiatives will not significantly enhance OCC's current supervision of national bank home loan modification programs. Accordingly, we are terminating this audit.

Should you have any questions, please contact me at (202) 927-5400 or Jeffrey Dye, Director, Banking Audits, at (202) 927-0384.

cc: Laura McAuliffe, Senior Advisor – OIG/GAO Liaison



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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

CA-14-011

July 24, 2014

OIG-CA-14-011

MEMORANDUM FOR ERIC M. THORSON
INSPECTOR GENERAL

FROM: Marla A. Freedman
Assistant Inspector General for Audit

SUBJECT: Joint Purchase Card Violations Report, July 31, 2014

The Government Charge Card Abuse Prevention Act of 2012, Public Law 112-194 (Act) requires the head of each executive agency with more than \$10 million in purchase card spending annually, and each Inspector General of such an executive agency, on a semiannual basis, to submit to the Director of the Office of Management and Budget (OMB) a joint report on confirmed violations by employees of such executive agency and the related disciplinary actions. OMB prescribed the format for the semiannual report, which is transmitted by the Department to OMB via the OMB Max Portal.

We have reviewed the attached report prepared by the Department of the Treasury's (Treasury) Office of Procurement Executive (OPE), *Semi-Annual Report on Purchase Card Violations for the Department of the Treasury Non-Internal Revenue Service* for the period of October 1, 2013, through March 31, 2014. The report shows that for the period, Treasury's non-Internal Revenue Service offices and bureaus had no confirmed violations involving misuse of a purchase card or integrated card. The report also states, accordingly, that there were no adverse actions, punishments, or other actions taken, and that there were no violations pending investigation, hearing, final agency action, or decision on appeal. As part of our work to verify the information reported, we inquired of OPE staff about their procedures to identify reportable matters. We also inquired of the Office of Inspector General (OIG) Office of Investigations and the Counsel to the Inspector General to obtain information on cases of OIG-confirmed purchase card violations during the period, of which there were none.

Based on the above, we believe that the information in the attached report is accurate and that you authorize submission of the report by initialing the related Treasury Clearance Sheet.

Attachment

ATTACHMENT

SEMI - ANNUAL REPORT ON PURCHASE CHARGE CARD VIOLATIONS

Bureau: Department of the Treasury Non-Internal Revenue Service

PURCHASE CARD VIOLATION DATA	
I. Summary description of confirmed violations involving misuse of a purchase card or integrated card.	1 OCT - 31 MAR FY 2014
a. Abuse*	0
b. Fraud*	0
c. Other loss, waste, or misuse	0
II. Summary description of all adverse personnel actions, punishment, or other actions taken in response to each reportable violation involving misuse of a purchase or integrated card.**	1 OCT - 31 MAR FY 2014
a. Documentation of Counseling	0
b. Demotion	0
c. Reprimand	0
d. Suspension	0
e. Removal	0
f. Other	0
III. Status of all pending violations.	1 OCT - 31 MAR FY 2014
a. Number of violations pending investigation	0
b. Number of violations pending hearing	0
c. Number of violations pending final agency action	0
d. Number of violations pending decision on appeal	0

*Terms used are defined in the Government Auditing Standards see:

<http://www.gao.gov/yellowbook>

** This summary is for adverse personnel actions, not for administrative errors.



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 1, 2014

OIG-14-CA-14-013

MEMORANDUM FOR JOHN J. MANFREDI, ADMINISTRATOR
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

FROM: Marla A. Freedman /s/
Assistant Inspector General for Audit

SUBJECT: Termination Memorandum – Audit of TTB Actions Taken
Over Cigarette Excise Tax Losses

On December 6, 2011, we initiated the subject audit at the Alcohol and Tobacco Tax and Trade Bureau (TTB). The overall audit objective was to identify and assess the actions taken by TTB in response to the February 4, 2010, report titled *Department of the Treasury Report to Congress on Federal Tobacco Receipts Lost Due to Illicit Trade and Recommendations for Increased Enforcement* (Treasury's 2010 report). This study was required by the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), which increased the Federal excise tax on cigarettes and other tobacco products. For the reasons discussed below and in consideration of the current workload of our office, we are terminating this audit.

We noted that Treasury's 2010 report focused on the manufacturing and importation of cigarettes, which represented the majority of the Federal excise tax collected annually by TTB on tobacco products. Treasury reported on potential Federal excise tax losses based on estimates of the number of cigarettes consumed annually. The Federal excise tax loss estimates, however, were inconclusive because reliable data on cigarette consumption was not available.

Notwithstanding this, TTB used the results from the Treasury's 2010 report in its 2010 and 2011 annual reports stating that Federal excise tax losses from illicit cigarette trade ranged from \$500 million to \$1.5 billion and could be as high as \$4.5 billion when the CHIPRA tax rate increase was considered. TTB again cited the Treasury's 2010 report in its 2012 annual report stating that despite the difficulty of estimating tax losses, Treasury's 2010 report estimated

that tax receipts were diminished by as much as \$1.5 billion annually from 2005 to 2007 due to illicit activity. In its 2013 annual report, TTB no longer provided dollar estimates of Federal excise tax losses based on Treasury's 2010 report. In that document, TTB discussed the clandestine nature of illicit tobacco and alcohol trade in general and the difficulty of accurately measuring Federal tax lost from alcohol and tobacco diversion. Based on our understanding of the inconclusive nature of the loss estimates in Treasury's 2010 report, we agree with TTB's decision not to discuss specific loss estimates in its 2013 annual report.

The recommendations included in the Treasury 2010 report provided for enhanced coordination between Treasury and the Department of Health and Human Services in the oversight of tobacco matters and for additional resources and authority be provided to TTB in its efforts to combat illicit tobacco trade. During our audit, we were told that TTB was implementing other actions focused on increased enforcement to identify Federal excise tax due, including developing specialized audit teams and risk assessment models, using the services of Internal Revenue Service special agents to pursue criminal cases, and enhancing cooperation and data sharing with the U.S. Department of Homeland Security's Customs and Border Protection. At this time, we believe it is too early for us to assess the impact of these efforts on combatting illicit tobacco trade to reduce Federal excise tax losses.

In conclusion, we believe that issuing a report based on inconclusive tobacco Federal excise tax loss estimates or prior to when we can appropriately evaluate the results of TTB's other enforcement initiatives would not provide a benefit to TTB. Accordingly, we are terminating this audit. We plan to include an audit of TTB's enforcement initiatives in the Office of Inspector General 2015 Annual Plan.

Should you have any questions, please contact me at (202) 927-5400 or Sharon Torosian, Director, at (617) 223-8640.

cc: Timothy Skud, Deputy Assistant Secretary for Tax, Trade, and Tariff Policy
Timothy Marsh, Deputy Director, Criminal Enforcement, Office of Assistant Administrator, Field Operations, TTB

CA-14-015

CA-14-015



Federal Audit Executive Council Annual Conference 2014
U.S. Patent and Trade Office, Alexandria VA
September 4, 2014

DATA Act

A Treasury OIG Perspective

Bob Taylor
(202) 927-5792
TaylorR@oig.treas.gov



Slide 1



What I'll Talk About—

- ✓ IG and GAO Oversight
- ✓ Timeline, or Where Things Get Really Messy
- ✓ Treasury OIG Audits
- ✓ Looking Ahead

Slide 2



IG and GAO Oversight

IGs – 3 reviews

In consultation with the Comptroller General

- ✓ review a statistically valid sampling of the spending data submitted by the Federal agency
- ✓ submit to Congress and make publically available, a report assessing
 - completeness, timeliness, quality, and accuracy of the data sampled
 - implementation and use of Data Standards by the Federal agency

Slide 3



GAO – 3 reviews

After a review of IG reports

- ✓ submit to Congress and make publically available, a report assessing and comparing
 - data completeness, timeliness, quality, and accuracy of the data submitted by Federal agencies
 - implementation and use of data standards by Federal agencies

Slide 4



Timeline

- February 2014 OMB transferred programmatic responsibilities for the USASpending.gov website from GSA to Treasury's Fiscal Service
- May 9, 2014 DATA Act passed
- by May 9, 2015 OMB and Treasury to issue guidance on Data Standards
- November 2016?? **1st IG report** (due 18 months after Data Standards guidance)

Slide 5



- by May 2017?? Federal agencies start reporting financial and payment information (no later than 2 years after Data Standards guidance) Note: There is a DoD exception
- November 2017?? 1st GAO report (due 30 months after Data Standards guidance)
- by May 2018?? OMB/Treasury ensure that Data Standards are applied to the data on USASpending.gov or successor system (no later than 3 years after Data Standards guidance)

Slide 6



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- November 2018?? **2nd IG report** (due same date as the 2nd financial statement audit report that is submitted after the 1st report) Note: May be part of the financial statement audit report
- November 2019?? 2nd GAO report
- November 2020?? **3rd IG report** Note: May be part of the financial statement audit report
- November 2021?? 3rd GAO report

Slide 7



Treasury OIG Audits

- ✓ Fiscal Service's Standup of a Financial Management Transparency Office and Administration of USASpending.gov (start – March 2014)
 - Assess efforts to improve the transparency and accountability of Federal financial transactions
 - Review standup of a government-wide financial management transparency office
 - Review actions to meet new programmatic responsibilities for USASpending.gov

Slide 8



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- ✓ Treasury's Implementation of the DATA Act (start – August 2014)
 - A series of audits
 - Determine the sufficiency of plans and actions taken to timely comply with the DATA Act
 - establish Data Standards
 - ensure financial data is accurately posted and displayed on USASpending.gov or successor system
 - ensure Data Standards are applied to financial data on USASpending.gov or successor system

Slide 9



-
- establish a data analysis center or expand an existing service to provide data, tools, and techniques to prevent/reduce improper payments and improve efficiency/transparency in Federal spending

Slide 10



Looking Ahead

- ✓ In July 2014, we briefed the CIGIE Audit Committee on our perspective of the DATA Act and how to facilitate the required reviews for the IG Community
- ✓ Proposed FAEC Working Group to (initial thoughts):
 - Coordinate with GAO
 - Develop common audit approach
 - Develop tools for required analyses
 - Determine scope
 - Keep stakeholders informed
- ✓ **When established, we hope you volunteer!**

CA-09-006



Treasury OIG Continuing Professional Education Conference Evaluation Report

OIG-CA-09-006

January 7, 2009

Office of
Inspector General

DEPARTMENT OF THE TREASURY

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Abbreviations

AIGA	Assistant Inspector General for Audit
CPE	continuing professional education
DOL	Department of Labor
OA	Office of Audit
OIG	Department of the Treasury Office of Inspector General



The Department of the Treasury
Office of Inspector General

2008 CPE Conference Evaluation Report

January 7, 2009

Marla A. Freedman
Assistant Inspector General for Audit

This evaluation report identifies best practices and lessons learned from the continuing professional education (CPE) conference held in August 2008 by the Office of Audit (OA) in the Department of the Treasury Office of Inspector General (OIG). The purpose of the evaluation was to assist OA in planning future conferences. The conference was held at the Washington Duke Inn in Durham, North Carolina, from August 4 through August 8.

The objectives of the conference were to provide OIG staff the opportunity to earn 40 CPE hours to both address their career development needs and help ensure that they met the CPE requirements specified in *Government Auditing Standards*.¹

To assess whether the conference objectives were met, we examined whether (1) an appropriate site selection process was followed; (2) an appropriate course and speaker procurement process was followed; and (3) course and speaker content met the training needs of attendees.

Background

According to section 3.46 of *Government Auditing Standards*, audit staff involved in any amount of planning, directing, or reporting on assignments subject to generally accepted government auditing standards or who charge at least 20 percent of their time annually to such assignments should obtain a total of 80 hours of

¹ Government Accountability Office, *Government Auditing Standards*, section 3.46, "Continuing Professional Education," GAO-07-731G (July 2007 revision).

CPE every 2 years. To help ensure that this requirement is met, OA plans a major training event during each 2 year training cycle to give audit staff the opportunity to earn up to 40 hours of CPE credits at one time.²

In 2006, OIG began the planning process for a joint CPE conference with the Department of Labor (DOL). Site visits were performed in January 2007 and a site was selected in Jacksonville, Florida. However, due to budgetary restrictions, we could not proceed and had to delay the conference until 2008. For almost half of fiscal year 2008, we operated under a continuing resolution and could not proceed with conference planning and procurement until we received our final 2008 appropriation, in March 2008.

The 2008 CPE conference was designed for OIG audit staff. As a professional courtesy and in light of our joint efforts on past CPE conferences, we allocated 15 spaces for DOL staff to attend our conference. Our conference had a total of 70 attendees.³

The 5-day conference consisted of plenary sessions on Monday and Friday and 3-day classes Tuesday through Thursday. In addition, lunchtime sessions were held each day, during which internal OIG speakers addressed topics relating to legal issues, equal employment opportunity, computer security, performance auditing, and audit reporting. Conference attendees received evaluation forms for each plenary session speaker and for the 3-day course to which they were assigned. They received a single evaluation form for lunchtime speakers.

At the beginning of the conference planning process, we met with the AIGA to determine an estimated cost for the conference. We used final costs incurred during our 2005 training conference to establish a baseline for the 2008 conference. The following table identifies our estimated costs for the conference:

² In 2003, Treasury OIG held a conference in Richmond, Virginia. In 2005, OIG conducted a joint CPE conference with the Department of Labor in Phoenix, Arizona.

³ Attendees included 57 from Treasury OIG, and 13 from DOL.

Budgeted Item	Estimated Cost
Conference site cost	\$76,900
Travel cost	\$50,600
Training cost	\$50,000
Total estimated cost	\$177,500

The final cost incurred for the conference was \$186,794 (see appendix 5 for a detailed cost analysis). Our cost analysis shows that the increase in the final cost resulted from the higher costs of a plenary session speaker (for High Performance Leadership) and the conference site selected.

The appendices to this report provide additional details about the conference. Appendix 1 lists all classes and course content; appendix 2 lists speakers and the topics they addressed; appendix 3 summarizes evaluation scores for courses and speakers; and appendix 4 contains our analysis of conference costs.

Overall Conclusion

We concluded that OIG was successful in providing staff a training opportunity to address career development needs and helping them meet the CPE requirements specified in *Government Auditing Standards*. During our evaluation, we identified a number of best practices that OIG followed in the planning and conduct of the conference. However, we also identified several lessons learned that OIG should consider when planning and conducting its next CPE conference.

We are making four recommendations that OA should consider when planning future training conferences.

Site-Selection Process

Site-Selection Process Best Practices

On March 5, 2008, a request for proposal was issued for potential East Coast sites with the capacity to provide a training facility for

and accommodate 75 to 100 participants for a 5-day training conference. The states considered were Virginia, Maryland, North Carolina, West Virginia, Pennsylvania, New York, and New Jersey. We received 19 proposals in response to the solicitation.

A committee of four OA staff members was established to evaluate each proposal based on the minimum requirements outlined in the request for proposal. The committee devised a separate, more detailed technical evaluation form that assigned numerical values to critical areas identified in each proposal. Based on these numerical scores, the committee selected four facilities for which we would perform site evaluations:

- Washington Duke Inn, Durham, North Carolina
- Doubletree Hotel, Virginia Beach, Virginia
- Hawthorne Inn, Winston Salem, North Carolina
- Marriott Renaissance, Portsmouth, Virginia

The committee visited the four selected sites. For each visit, the team used a site checklist to identify strengths and weaknesses of the site with respect to (1) the facility, (2) sleeping rooms, (3) functionality of the meeting rooms, (4) restaurants, and (5) outside activities and local transportation. Based on the visit, the team assigned a numeric value to each of these five areas. A total score was calculated for each site, and the sites were ranked according to that score. Using this ranking, the team unanimously selected the Washington Duke Inn, which received a perfect score on the site visit checklist, as the site that best met the needs of the conference.

Lessons Learned From the Site Selection Process

Conference planning should begin earlier. Because of the delay in receiving a final appropriation for fiscal year 2008, the planning committee had a total of only 6 months to procure the conference site, courses, and speakers. Moreover, courses and speakers could not be procured until the conference site was under contract and the dates for the conference had been established. Because the conference site contract was not awarded until June 5, 2008, the

planning committee had only 2 months to procure courses and speakers for the conference.

OA should narrow potential conference site locations to a small number of specific cities. The review process was extremely cumbersome because the request for proposal solicited bids from a broad region that included seven states. Performing a detailed review of each of the 19 proposals submitted, given the limited time available, created a significant challenge to the team. Soliciting to such a broad region could have been more problematic if more bids were received. A narrower focus limited to a small number of specific cities would permit a more detailed, timely review of proposals.

Course and Speaker Selection Process

Course and Speaker Selection Process Best Practices

Before searching for prospective classes, we asked OA directors and senior management for suggestions for courses or training topics that they thought would benefit their staff. Using these suggestions, we conducted an extensive search for courses provided by nationally recognized training organizations. After we identified potential courses, we met again with OA directors and senior management to finalize course selection. We then asked OA directors to suggest which course each member of their staff should attend. After directors had assigned their staff to courses, the Assistant Inspector General for Audit (AIGA) and the Deputy Assistant Inspectors General provided their final approval on course assignment.

Course and Speaker Selection Process Lessons Learned

OA should start the class procurement process earlier. Because of the late start of the course selection process, we could not perform a comprehensive search for courses and vendors. Time constraints forced us to select courses from proposals received in response to our initial solicitation and prevented us from seeking alternative courses or vendors. Earlier initiative of the course procurement

process would give us adequate flexibility to ensure that the courses procured best meet the needs of staff.

OA should ensure that staff are assigned to courses that address their specific development needs. We received feedback from staff stating that some classes to which they were assigned did not specifically address their professional development. Some stated that they'd taken the same or similar course in the recent past. Soliciting feedback from audit staff during the class assignment process would help managers ensure that staff are assigned to courses that address their specific professional development needs.

OA should reexamine the amount of time allotted for luncheon speakers. To ensure that attendees earned the maximum number of CPE credits during the conference, luncheon speakers were scheduled. However, because the presentations lasted for most of the time allocated for the lunch period, we had delays—sometimes up to 30 minutes—due to the transition between luncheon sessions and afternoon sessions of courses. For future conferences, we should consider extending the training day hours when luncheon speakers are scheduled. This adjustment will allow participants time to take care of personal matters after lunch and the afternoon sessions to start on time.

Recommendations for Future Conferences

Based on lessons learned from the 2008 CPE conference and planning process, we recommend that the AIGA ensure that

1. planning for both the conference site and courses is initiated at least 1 year before the intended date of the conference;
2. conference site solicitation is limited to no more than three specific cities;
3. staff feedback is considered during the course assignment process; and
4. participants are provided sufficient time for transition when luncheon speakers are scheduled.

* * * * *

I would like to extend my appreciation to the members of the CPE conference committee who worked so diligently to make the conference a success. If you have any questions, please contact me at (202) 927-0191.

/s/

Joseph A. Maranto III
Director, Office of Audit Operations

2008 Continuing Professional Education Conference

U.S. Department of the Treasury, Office of Inspector General
Durham, North Carolina
August 4th - 8th, 2008

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
7:00 - 7:30		Breakfast	Breakfast	Breakfast	Breakfast	Breakfast
7:30 - 8:00		Introductions				
8:00 - 12:00		The Human Side of High Performance (Steven Wiley)	Classes	Classes	Classes	Contract Fraud (Walker & Co.)
12:00 - 1:00		Lunch (Rich Delmar)	Lunch (Ray Campbell)	Lunch (Ernie Eldridge)	Lunch (Mike Maloney)	Lunch (Bob Taylor)
1:00 - 4:00		The Human Side of High Performance (Steven Wiley)	Classes	Classes	Classes	Accounting and Auditing Update (Brad Newkirk)
4:00 - 6:00		OIG Registration				

Plenary Sessions and Meals	Room Assignment
The Human Side of High Performance	Ambassador Duke
Contract Fraud	Ambassador Duke
Accounting and Auditing Update	Ambassador Duke
All Breakfasts	Rotunda
All Lunches	Ambassador Allen

Class Number	Class Title	Room Assignment
1	New Auditor-In-Charge	Ambassador Duke
2	Federal Budgeting	Presidents III
3	Presentation Skills	Presidents IV
4	Quick Response Auditing	Matlock
5	Visionary Leadership	Forest Room

After reviewing potential courses identified during our search, we selected five courses based on the training needs of Office of Audit staff. The table below lists each course, its objective, and its intended audience.

Track	Course Title	Course Objective	Level
1	Visionary Leadership	To develop complex leadership skills in the areas of team building, implementing change, strategic planning, and ethical practices	SES and GS-15
2	Quick-Response Auditing	To use creative thinking to help reduce the cycle time for performance audits while maintaining quality and compliance with generally accepted audit standards	GS-14
3	New Auditor-in-Charge	To develop skills in effectively supervising an entire audit from assignment to report issuance by specifically focusing on how to plan, organize, and direct the activities of the audit team	GS-5 through GS-13
4	Introduction to Federal Budgeting	To develop an understanding of the basics of preparing and modifying a budget	
5	Briefing and Presentation Skills	To provide participants with individualized coaching on the organization and delivery of presentations	

As part of our plenary sessions, we scheduled outside speakers to address the areas of leadership, contracting fraud, and emerging auditing and accounting issues. The table below shows the topic, a brief description of the topic, and the presenter.

Topic	Description	Presenter
High-performance leadership	Used Civil War-based leadership scenarios to address modern-day challenges in the work environment	Steven Wiley (Gettysburg Addresses, Inc.)
Contract fraud	Identified the conditions that increase the risk of contract fraud in government environments and how to address these conditions	Mozart Bernard (Walker and Company, LLP)
AICPA accounting and auditing update	Provided an update on critical accounting and auditing standards and emerging issues in today's audit environment.	Brad Newkirk (North Carolina Association of CPAs)

In addition, we scheduled five luncheon speakers from OIG to discuss topics that directly affect our office. The table below shows the topic, a brief description of the topic, and the presenter.

Topic	Description	Presenter
Legal issues	Discussed current proposals to change the Inspector General Act and how changes would affect the Office of Inspector General (OIG)	Rich Delmar (Office of Counsel)
Equal employment opportunity	Discussed OIG's obligation to provide reasonable accommodations and practical applications for working in a diverse workforce	Ray Campbell (EEO/Diversity Officer)
Computer security	Discussed the use of cryptology and encryption in today's information technology environment	Ernie Eldridge (IT Specialist)
Performance auditing	Discussed areas of the Office of Audit policy and procedures manual as it relates to performance auditing	Mike Maloney (Director of Fiscal Service Audit)
Audit reporting	Discussed the reporting aspect of the Office of Audit policy and procedures manual and preferred writing styles for OIG	Bob Taylor (Deputy Assistant Inspector General for Performance Audit)

Course evaluation forms were provided to all course participants. Evaluations primarily focused on areas such as the relevance of course content to the attendee's job duties, ability of the instructor to present the class, and suitability of course materials. These areas were rated on a 5-point scale (5 being the most favorable and 1 being the least favorable). The following table shows the average rating each course received:

Course Title	Course Rating
Briefing and Presentation Skills	4.88
New Auditor-in-Charge	4.69
Quick-Response Auditing	4.23
Introduction to Federal Budgeting	4.09
Visionary Leadership	3.34

Plenary speaker evaluation forms were provided to all attendees. Speaker evaluations primarily focused on the relevance of the presentation content to the attendee's job duties and the speaker's presentation skills. Evaluation forms were also provided for luncheon speakers. Instead of evaluating each luncheon speaker individually, we asked for an overall rating for luncheon speakers. The same 5-point rating scale was used for all speakers. The following table shows the average rating for the speakers:

Plenary Speaker Topics and Speakers	Rating
High-performance leadership (Steven Wiley)	4.71
AICPA accounting and auditing update (Brad Newkirk)	4.47
Contract fraud (Mozart Bernard)	4.23
Luncheon speakers	4.35

The following table summarizes the final costs for the courses, speakers, travel, and other conference items.

Class	Cost	Total Class Cost
New Auditor-in-Charge (JKD & Associates)	\$4,500	
Briefing and Presentation Skills (J&K Associates)	\$7,990	
Introduction to Federal Budgeting (J & K Associates)	\$7,990	
Quick Response Auditing (J & K Associates)	\$8,350	
Visionary Leadership (J & K Associates)	\$7,990	
		\$36,820
Speakers	Cost	Total Speaker Cost
High-performance leadership (Steven Wiley)	\$14,000	
Contract fraud - (Mozart Bernard)	\$2,647	
Update on AICPA standards (Brad Newkirk)	\$3,300	
		\$19,947
Other Services	Cost	Total Other Services Cost
Travel costs and per diem	\$33,838	
Hotel accommodations	\$106,892*	
Labor reimbursement agreement	\$(10,703)	
		\$130,027
Total conference cost		\$186,794

*Hotel accommodation costs also include daily breakfast and lunch and audiovisual rental.



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

System Review Report

March 20, 2014

OIG-CA-14-007

To the Honorable David B. Buckley, Inspector General
Central Intelligence Agency

(U//FOUO) We have reviewed the system of quality control for the audit organization of the Central Intelligence Agency (CIA) Office of Inspector General (OIG) in effect for the year ended September 30, 2013. A system of quality control encompasses CIA OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. CIA OIG is responsible for establishing and maintaining a system of quality control that is designed to provide CIA OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and CIA OIG's compliance therewith based on our review.

(U//FOUO) Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed CIA OIG personnel and obtained an understanding of the nature of CIA OIG's audit organization, and the design of CIA OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with CIA OIG's system of quality control. The audits selected represented a reasonable cross-section of work completed by CIA OIG's audit organization, with emphasis on higher-risk audits. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with CIA OIG's management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

(U) In performing our review, we obtained an understanding of the system of quality control for CIA OIG's audit organization. In addition, we tested compliance with CIA OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of CIA OIG's policies and procedures on selected audits. Our review was based on selected tests; and therefore would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

(U) There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

(U) Enclosure 1 to this report identifies the products that we reviewed.

(U) In our opinion, the system of quality control for the audit organization of CIA OIG in effect for the year ended September 30, 2013, has been suitably designed and complied with to provide CIA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. CIA OIG has received a peer review rating of *pass*.

Eric M. Thorson
Inspector General

(U) Enclosure

[REDACTED]

SCOPE AND METHODOLOGY

(U) Scope and Methodology

[REDACTED]

(U//FOUO) Our tests included a review of six audit products issued during the period October 1, 2012, to September 30, 2013. We also reviewed the internal quality control reviews performed by CIA OIG. The selected audits are shown below:

(U) Reviewed Audits Performed by CIA OIG

Report Number	Report Title	Report Date
2012-0001-AS	(U) Independent Auditor's Report on the Central Intelligence Agency Fiscal Year 2012 Financial Statements	11/09/12
2011-0023-AS	(U) CIA's Processes for Engaging With the Entertainment Industry	12/31/12
2011-0014-AS	(U) CIA's Management of Laptop Computers	03/29/13
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]