



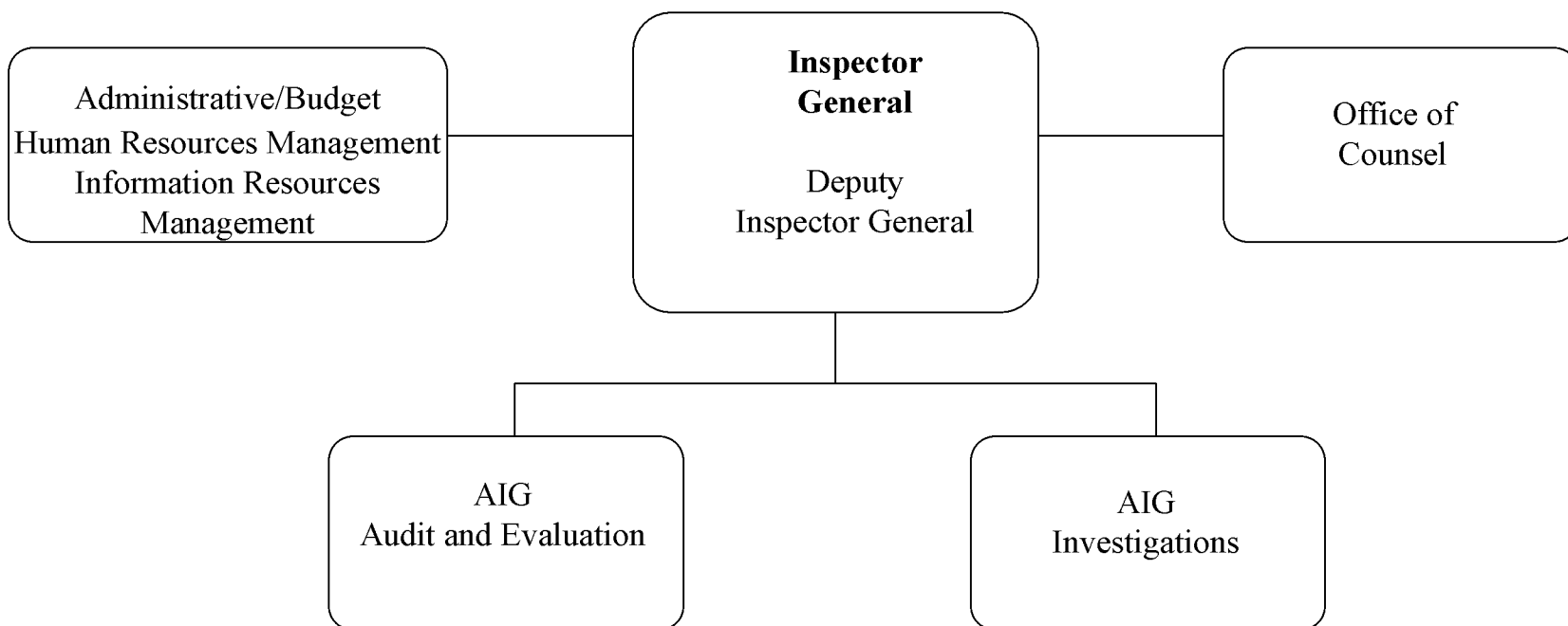
FY 2010
CONGRESSIONAL SUBMISSION

**Department of Commerce
Office of Inspector General
FY 2010 Congressional Submission**

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**Department of Commerce
Office of Inspector General
Organizational Chart**



**Department of Commerce
Office of Inspector General
Budget Estimates, Fiscal Year 2010**

General Statement

The Office of Inspector General has the mission of providing a unique, independent voice to the Secretary of Commerce and senior managers, and Congress, in combating fraud, waste, abuse, and mismanagement, and in improving the efficiency, effectiveness, and economy of Department operations. The Office has authority to inquire into all program and administrative activities of the Department, including individuals or organizations performing under contracts, grants, cooperative agreements, and other financial assistance awards. The Inspector General Act of 1978, as amended, and other legislation authorize the specific functions and programs that make up these broad activities.

For FY 2010, OIG will continue to focus its work on the Department's efforts to address the major challenges we have identified. Census Bureau activities will consume an increasing share of our resources, as we plan to monitor the remaining major preparations and tests of systems and operations that will support the 2010 Decennial. Additionally, the Office will continue oversight of the Department's implementation of the American Recovery and Reinvestment Act of 2009. Other critical areas of focus will be the U.S. Patent and Trademark Office's growing work backlog and funding shortfall, the National Telecommunications and Information Administration's implementation of the Public Safety Interoperable Communications program, and the Department's efforts to promote international trade and domestic commerce, protect marine resources, and ensure the safety and security of its people, facilities, and operations worldwide.

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended), the OIG submits the following information related to its requested budget for FY 2010:

- The Department of Commerce Office of Inspector General (OIG) requests aggregate funding of \$27,000,000 for FY 2010.
- OIG requests \$329,000 for all training needs. The requested amount satisfies all training requirements for the OIG for FY 2010.

(Dollar amounts in thousands)

<u>Appropriation</u>		<u>2009 Estimate</u>		<u>2010 Estimate</u>		<u>Inc. (+) or Dec. (-)</u>	
		<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>
Office of Inspector General	Pos./Appr.	154	31,800	186	27,000	32	(4,800)
Total, Office of Inspector General	Pos./Appr.	154	31,800	186	27,000	32	(4,800)

**Department of Commerce
Office of Inspector General
FY 2010 Performance Goals and Measures**

Mission

The mission of the Office of Inspector General is to promote economy, efficiency, and effectiveness in the programs and operations of the Department of Commerce, and detect and prevent waste, fraud, abuse, and mismanagement in those programs and operations or affecting them. OIG proposes innovative ideas and constructive solutions that lead to positive internal and external changes for the Department. OIG provides timely, useful, and reliable information and advice to Commerce officials, the Administration, Congress, and the public to improve the Department's management, operations, and delivery of services.

Corresponding DOC Strategic Goal, Objective / Outcome

Management Integration Goal: Achieve Organizational and Management Excellence

As the Department of Commerce works to accomplish its mission, the Office of Inspector General provides a unique, independent voice to the Secretary and senior Commerce managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness and prevent and detect waste, fraud, and abuse in Department programs and operations. The work is primarily accomplished through audits, inspections, evaluations, investigations, and a variety of other activities geared toward averting problems. OIG strives to: perform high-quality, timely work; concentrate its efforts on the Department's most critical programs, operations, challenges, and vulnerabilities; and achieve results that allow government funds to be put to better use and address criminal, civil, and other wrongdoing.

The Department uses reviews and reports generated by OIG to evaluate activities of the Department related to this goal and its achievement of performance targets consistent with the FY 2007 – FY 2012 Strategic Plan.

OIG performs its activities in accordance with the General Accountability Office's (GAO's) Government Auditing Standards and the President's Council on Integrity and Efficiency's (PCIE) Quality Standards for Inspections and Program Evaluations. OIG audit and investigations programs are subject to external peer reviews conducted under PCIE guidelines designed to evaluate their compliance with applicable standards.

Mitigating Strategies: A variety of external factors may affect OIG's ability to reach its targets. Key among these is the ability to hire well-qualified staff, and acquire support staff.

Impact of Recovery Act

OIG received \$10 million in Recovery Act funds to provide oversight of the Department’s Broadband Technology Opportunities Program, and an additional \$6 million to provide oversight for other Departmental programs receiving Recovery Act funding. Specific activities and goals associated with the use of these funds are currently under development.

Priorities / Management Challenges

Recovery Act requirements have significantly affected OIG’s priorities. While the Recovery Act provided substantial financial resources, early implementation of Recovery Act activities has drawn down OIG staff available for regular duty. OIG’s most pressing management challenge is the speedy hiring of qualified personnel, both to assist with Recovery Act responsibilities and to discharge OIG’s other duties.

Targets and Performance Summary / FY 2010 Target Description / Measure Descriptions / Validation and Verification

Outcome 1 – Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse.						
Measure 1a: Percentage of OIG recommendations accepted by Departmental and bureau management.	FY 2008 Actual	FY 2009 Estimate	FY 2010 Target	FY 2011 Target	FY 2012 Target	FY 2013 Target
Targets based on original Amount	100%	95%	95%	95%	95%	95%
Increase in performance as a result of Recovery Act Funds	N/A	TBD	TBD	TBD	TBD	TBD
Total Adjusted Targets reflecting original and Recovery Act funds	N/A	TBD	TBD	TBD	TBD	TBD
Description: Many of the improvements to Commerce operations and programs come through recommendations made in various OIG work products. A measure of OIG’s effectiveness is the extent to which it offers useful, practical recommendations for improvements. A measure of the usefulness and practicality of OIG’s recommendations is the extent to which they are accepted by Commerce						

management.					
Comments on Changes to Targets: None.					
Impact of Recovery Act: Impacts of the Recovery Act are still under review.					
Relevant Program Change(s):	Title: Enhance the oversight of the Department of Commerce Programs				Exhibit 13 Page # N/A
Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
OIG audit and inspection process	As conducted	OIG files	OIG review	None	Continue collecting data

Outcome 1 – Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse.						
Measure 1b: Dollar value of financial benefits identified by OIG.	FY 2008 Actual	FY 2009 Estimate	FY 2010 Target	FY 2011 Target	FY 2012 Target	FY 2013 Target
Targets based on original Amount	\$ 113,877	\$28,000	\$38,000	\$38,000	\$38,000	\$38,000
Increase in performance as a result of Recovery Act Funds	N/A	TBD	TBD	TBD	TBD	TBD
Total Adjusted Targets reflecting original and Recovery Act funds	N/A	TBD	TBD	TBD	TBD	TBD
Description: A key measure of the value of OIG’s work is its dollar return on investment. Financial benefits include: (1) questioned costs agreed to by management, (2) funds put to better use, and (3) administrative, civil, and criminal recoveries.						
Comments on Changes to Targets: None.						
Impact of Recovery Act: Impacts of Recovery Act are under review.						
Relevant Program Change(s):	Title: Enhance the oversight of the Department of Commerce Programs					Exhibit 13 Page #: N/A
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
OIG audit and inspection process	As conducted	OIG files	OIG review	None	Continue collecting data	

Outcome 1 – Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse.						
Measure 1c: Percentage of criminal and civil matters accepted for prosecution.	FY 2008 Actual	FY 2009 Estimate	FY 2010 Target	FY 2011 Target	FY 2012 Target	FY 2013 Target
Targets based on original Amount	73%	70%	75%	75%	75%	75%
Increase in performance as a result of Recovery Act Funds	N/A	TBD	TBD	TBD	TBD	TBD
Total Adjusted Targets reflecting original and Recovery Act funds	N/A	TBD	TBD	TBD	TBD	TBD
Description: OIG investigative work that helps prevent waste, fraud and abuse results in either civil or criminal legal issues that are referred for prosecution. Thus, the percentage of investigative work that results in civil or criminal referrals for prosecution is a measure of the quality of OIG investigative work.						
Comments on Changes to Targets: None						
Impact of Recovery Act: Impact of Recovery Act are under review.						
Relevant Program Change(s):	Title: Enhance the oversight of the Department of Commerce Programs					Exhibit 13 Page no: N/A
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
OIG audit and inspection process	As conducted	OIG files	OIG review	None.	Continue collecting data.	

Recovery Act – new metrics, consistent with section 2.h of OMB Memorandum M-09-10

Recovery Act metrics are under development.

FY 2010 Program Changes

	Accompanying GPRA		Base		Increase/Decrease		Page # of Exhibit 13 Discussion
	APP Page #	Performance Measure #	FTE	Amount	FTE	Amount	
Program Change: Increased Enforcement Against Restraint of Trade Activities		1a, 1b, 1c	1	150	5	438	N/A

Resource Requirements Summary

(Dollar amounts in thousands)

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Enacted	FY 2010 Base	Increase/ Decrease	FY 2010 Request
Original Funding	21,371	22,667	22,592	25,020	27,800	26,562	438	27,000
Direct	21,371	22,467	20,392	25,020	25,800	26,562	438	27,000
Reimbursable	0	200	0	0	2,000	0	0	0
Recovery Act Funding	N/A	N/A	N/A	N/A	16,000	0	0	0
Direct	N/A	N/A	N/A	N/A	16,000	0	0	0
Reimbursable	N/A	N/A	N/A	N/A	0	0	0	0
Total Funding	21,371	22,667	22,592	25,020	43,800	26,562	438	27,000

Direct	21,371	22,467	22,592	25,020	41,800	26,562	438	27,000
Reimbursable	0	200	0	0	2,000	0	0	0
FTE	115	138	124	113	152	176	5	181
Original FTE	115	138	124	113	138	140	5	181
Recovery Act FTE	N/A	N/A	N/A	N/A	14	36	0	36

Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Exhibit 5

	Positions	FTE	Budget Authority	Direct Obligations
FY 2009 Currently Available	154	152	41,800	31,702
less: Unobligated balance from prior year				(2,902)
less: Transfers			(10,000)	
less: Recovery Act	(14)	(14)	(6,000)	(3,000)
plus: Recovery Act unobligated balances	36	36		5,000
2010 Adjustments to Base				
plus: Uncontrollable cost changes	0	2	762	762
2010 Base	176	176	26,562	31,562
plus: 2010 Program changes	10	5	438	438
2010 Estimate	186	181	27,000	32,000

		2008 Actual		2009 Currently Available		2010 Base		2010 Estimate		Increase/ (Decrease) Over 2010 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Comparison by activity:											
Inspector General	Pos./BA	120	25,020	154	41,800	176	26,562	186	27,000	10	438
	FTE/Obl.	113	22,054	152	31,702	176	31,562	181	32,000	5	438
TOTALS	Pos./BA	120	25,020	154	41,800	176	26,562	186	27,000	10	438
	FTE/Obl.	113	22,054	152	31,702	176	31,562	181	32,000	5	438
Adjustments to Obligations											
	Recoveries		0		0		0		0		0
	Unobligated Balance, start of year		0		(2,902)		(13,000)		(13,000)		0
	Unobligated Balance transferred		0				0		0		0
	Unobligated Balance, end of year		2,902		13,000		8,000		8,000		0
	Unobligated Balance expiring		64		0		0		0		0
Financing from transfers:											
	Transfer from other accounts (-)		(3,000)		(10,000)		0		0		0
	Transfer to other accounts (+)		0		0		0		0		0
Appropriation			22,020		31,800		26,562		27,000		438

Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	2008 Estimate	2009 Currently Available	2010 Base	2010 Estimate	Increase/ (Decrease) Over 2010 Base
Total Obligations	22,054	33,702	31,562	32,000	438
Unobligated balance, start of year	0	(2,902)	(13,000)	(13,000)	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	2,902	13,000	8,000	8,000	0
Unobligated balance expiring	64	0	0	0	0
Budget Authority	25,020	43,800	26,562	27,000	438
Financing:					
Transfer from other accounts (-)	(3,000)	(12,000)	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	22,020	31,800	26,562	27,000	438

**Department of Commerce
Office of Inspector General
Salaries and Expenses
ADJUSTMENTS TO BASE**
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
2009 Pay Raise - Annualization		251
2010 Pay Raise		264
Payment to Working Capital Fund		12
Full-year cost in 2010 of positions financed for part year in 2009	2	50
Civil Service Retirement System (CSRS)		(3)
Federal Employees Retirement System (FERS)		30
Federal Insurance Contributions Act (FICA) - OASDI		(4)
Thrift Savings Plan		1
Employee Compensation Fund		(53)
Health Insurance		16
Travel		
Per Diem		10
Mileage		9
Rental Payments to GSA		40
HCHB Steam		116
HCHB Electricity		231
Other services:		
Working Capital Fund		100
Less payment to WCF for utilities		(328)
General Pricing Level Adjustment		
Communications, utilities, and miscellaneous charges		1
GPO Printing		
Other Services		15
Supplies and materials		1
Equipment		3
TOTAL, ADJUSTMENTS TO BASE	<u>2</u>	<u>762</u>

**Department of Commerce
Office of Inspector General
Salaries and Expenses
JUSTIFICATION FOR ADJUSTMENTS TO BASE
(Dollar amounts in thousands)**

	<u>FTE</u>	<u>AMOUNT</u>
<u>Pay Raises:</u>	2	577
Annualization of FY 2009 Pay Raise		
A pay raise of 3.90% was effective January 1, 2009.		
Total cost in FY 2010 of FY 2009 pay raise		566,621
Less amount funded in FY 2009		(316,000)
Amount requested in FY 2010 to provide for full-year cost of FY 2009 pay raise		250,621
FY 2010 Pay Raise and Related Costs		
A general pay raise of 2.0% is assumed to be effective January 2010.		
Total cost in FY 2010 of January 2010 pay raise		264,000
Payment to Working Capital Fund		<u>12,000</u>
Amount requested in FY 2010 for FY 2010 pay raises		276,000
Full year cost in FY 2010 of positions financed part-year in FY 2009		50,000
Adjustment to base	576,621	

Civil Service Retirement System (CSRS) (3)

The number of employees covered by CSRS continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS).

The estimated percentage of payroll for employees covered by CSRS will decrease from 30.40% in FY 2009 to 30.10% in FY 2010 for regular employees and will remain at 0% for law enforcement employees.

The contribution rates for regular employees and law enforcement employees will remain at 7.00% for regular employees. OIG has no law enforcement personnel participating in CSRS.

Regular employees:	
FY 2010 (\$12,236,707 x .3010 x .0700)	257,827
FY 2009 (\$12,236,707 x .3040 x .0700)	<u>260,397</u>
Total adjustment to base.....	(2,570)

Federal Employees Retirement System..... 30

The estimated percentage of payroll for regular employees covered by FERS is 69.60% in FY 2009 and 69.90% in FY 2010. The estimated percentage of payroll for law enforcement employees covered by FERS will remain at 100% in FY 2009 and FY 2010. The estimated contribution rates for FY 2009 will remain the same in FY 2010 for regular employees at 11.20% and will increase from 23.80% 2009 to 24.90% in FY 2010 for law enforcement employees.

Regular employees:	
FY 2010 (\$12,236,707 x .6990 x .1120)	957,987
FY 2009 (\$12,236,707 x .6960 x .1120)	<u>953,876</u>
Subtotal	4,111

Law enforcement employees:	
FY 2010 ($\$2,394,368 \times 1.00 \times .2490$)	596,198
FY 2009 ($\$2,394,368 \times 1.00 \times .2380$)	<u>569,860</u>
Subtotal	26,338
 Total adjustment to base	 30,449

Federal Insurance Contributions Act (FICA) - OASDI (4)

The OASDI contribution rate will remain at 6.20%. However, the annual salary subject to the OASDI tax will increase from \$106,425 in FY 2009 to \$110,400 in FY 2010. The total salaries subject to the OASDI tax will decrease from 94.30% in FY 2009 to 93.40% in FY 2010. The OASDI participation rate for regular employees will increase from 69.60% in FY 2009 to 69.90% in FY 2010, and will remain at 100% for law enforcement employees.

<u>Regular employees:</u>	
FY 2010 ($\$12,236,707 \times .93.40 \times .6990 \times .062$)	495,314
FY 2009 ($\$12,236,707 \times .94.30 \times .6960 \times .062$)	<u>497,940</u>
Subtotal	(2,626)
 <u>OASDI - Law Enforcement:</u>	
FY 2010 ($\$2,394,368 \times .9340 \times 100\% \times .062$)	138,653
FY 2009 ($\$2,394,368 \times .9430 \times 100\% \times .062$)	<u>139,989</u>
Subtotal	(1,336)
 <u>Other salaries</u>	
FY 2010 ($\$854,681 \times .9340 \times .6990 \times .062$)	34,595
FY 2009 ($\$854,681 \times .9430 \times .6960 \times .062$)	<u>34,779</u>
Subtotal	(184)

Total adjustment to base (4,146)

Thrift Savings Plan 1

The estimated percentage of payroll for regular employees covered by FERS will be 69.60% in FY 2009 and 69.90% in FY 2010. The percentage for law enforcement employees will remain at 100% in FY 2010. The contribution rate for regular and law enforcement employees will remain at 2.00% in FY 2010.

Regular employees:	
FY 2010 (\$12,236,707 x .6990 x .0200).....	171,069
FY 2009 (\$12,236,707 x .6960 x .0200).....	<u>170,335</u>
Subtotal.....	734

Law enforcement employees:	
FY 2010 (\$2,394,368 x 1.00 x .0200).....	47,887
FY 2009 (\$2,394,368 x 1.00 x .0200).....	<u>47,887</u>
Subtotal.....	0

Adjustment to base 734

Employee Compensation Fund (53)

The Employee Compensation Fund bill for the year ending June 30, 2007, is \$53,000 less than the bill for the year ending June 30, 2006. The charges will be reimbursed for the Department of Labor pursuant to 5 U.S.C. 8147.

Health Insurance..... 16

Effective January 2008, OIG’s contribution to Federal employees’ health insurance premiums increased by 1.50%. Applied against the 2009 estimate of \$1,059,104, the additional amount required is \$15,887.

Adjustment to base 15,887

Travel – Per Diem 10

Effective October 1, 2007, the General Services Administration raised per diem rates throughout the continental U.S. an average of 4.4%. These rate increases will increase the per diem reimbursement rate by a similar amount. This percentage, applied against the FY 2009 estimate of \$225,107, results in an increase of \$9,881.

Adjustment to base 9,881

Travel – Mileage 9

During FY 2009, the General Services Administration raised the mileage reimbursement rate for the use of privately owned automobiles a total of 20.6% increase. This percentage, applied against the FY 2009 estimated mileage reimbursement cost of \$45,000, raises the total cost for FY 2010 to \$54,270, an increase of \$9,270 over FY 2009.

Adjustment to base 9,270

Rental Payments to GSA 40

GSA rental rates are projected to increase 2.5% in FY 2010. This percentage, applied to the FY 2010 estimate of \$1,593,859, raises the total cost of rental payments to GSA to \$1,633,705, an increase of \$39,846 over FY 2009.

Adjustment to base 39,846

Postage 0

Effective May 12, 2008, the U.S. Postal Service raised the rate for first-class mail from 41cents to 42 cents, an increase of 2.4%. This percentage was applied to the FY 2009 estimate of \$5,170 to arrive at a new estimate of \$5,294, an increase of \$124 over FY 2009.

Adjustment to base	360	
<u>GPO Printing and Reproduction</u>		0
<p>GPO has provided an estimated rate increase of 0.8%. This percentage, when applied to the FY 2009 estimated cost of \$30,000, raised the cost for FY 2010 to \$30,240, an increase of \$240 over FY 2009.</p>		
Adjustment to base	240	
<u>General Pricing Level Adjustment</u>		19
<p>The federal non-defense, non-pay deflator for FY 2010 is 0.8%. This percentage was applied to the FY 2009 estimates for sub-object cost classes where the prices the government pays are established through the market system. Factors are applied to supplies and materials (\$619); other services (\$15,360); rental payments to others (\$306), transportation of things (\$68) and equipment (\$2,800).</p>		
Adjustment to base	19,154	
<u>Working Capital Fund</u>		(228)
<p>A decrease of \$228,000 is requested in the payment to the Department's Working Capital Fund as a result of transfers of payments for utility costs from the fund to direct billing.</p>		
Adjustment to base	(228,000)	
<u>Communications, utilities, and miscellaneous charges</u>		348
<p>In FY 2009 charges for utilities were transferred from the Working Capital Fund to the Advancements and Reimbursements fund, as the vendors charge costs to the HCHB and the costs are then apportioned among the occupants. Based on estimates of charges for FY 2010 from GSA and Pepco, costs will increase by \$116,000 for electricity, \$231,000 for steam, and \$523 for communications and</p>		

miscellaneous charges (excluding postage & FTS).

Adjustment to base 347,523

Total Adjustments to Base Requested.....2 762

**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**
(Dollar amounts in thousands)

Activity: Inspector General

		2008 Actual		2009 Estimate		2010 Base		2010 Estimate		Increase (Decrease) Over 2010 Base	
Subactivity:		Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Executive Direction	Pos./BA	4	1,835	6	1,251	7	1,255	7	1,255	0	0
	FTE/Obl.	4	1,835	6	1,251	7	1,255	7	1,255	0	0
Audits and Evaluations	Pos./BA	75	13,312	98	29,537	115	15,623	115	15,623	0	0
	FTE/Obl.	75	10,346	98	20,439	115	20,623	115	20,623	0	0
Investigations	Pos./BA	21	4,254	30	7,257	34	6,097	44	6,535	10	438
	FTE/Obl.	21	4,254	30	6,257	34	6,097	39	6,535	5	438
Administration	Pos./BA	13	5,585	18	3,754	20	3,587	20	3,587	0	0
	FTE/Obl.	13	5,585	18	3,754	20	3,587	20	3,587	0	0
Total	Pos./BA	113	25,020	152	41,800	176	26,562	186	27,000	10	438
	FTE/Obl.	113	22,054	152	31,702	176	31,562	181	32,000	5	438

**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM AND PERFORMANCE: REIMBURSABLE OBLIGATIONS**
(Dollar amounts in thousands)

Activity: Inspector General

		2008 Actual		2009 Currently Available		2010 Base		2010 Estimate		Increase (Decrease)	
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Inspector General	Pos/BA	0	0	14	2,000	0	0	0	0	0	0
	FTE/Obl.	0	0	14	2,000	0	0	0	0	0	0
Total	Pos/BA	0	0	14	2,000	0	0	0	0	0	0
	FTE/Obl.	0	0	14	2,000	0	0	0	0	0	0

**Department of Commerce
Inspector General
Salaries and Expenses
JUSTIFICATION FOR PROGRAM AND PERFORMANCE**

The Office of Inspector General was established in FY 1979 in accordance with the Inspector General Act of 1978. OIG provides a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, for combating fraud, waste, abuse, and mismanagement and for improving the efficiency and effectiveness of Department operations. OIG has the authority to inquire into all program, management, and administrative activities of the Department, including individuals and organizations performing under contracts, grants, and other financial assistance agreements.

OIG conducts audits, evaluations, investigations, and reviews proposed and existing Commerce regulations and related legislation. We present our findings to Commerce operating officials and agency heads for their review and comment before we release the information in a final report. Investigations are referred to the Department of Justice for prosecution if evidence of criminal wrongdoing is found or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative action.

Executive Direction. The immediate office of the Inspector General (IG) and the Office of Counsel are our primary governing units. The IG provides overall leadership and policy direction. The Office of Counsel gives legal advice and assistance to the IG and to OIG staff engaged in agency work activities.

Audits and Evaluations. The Office of Audits and Evaluations (OAE) conducts performance audits, financial audits, attestation engagements and evaluations.

OAE follows up on recommendations made in audit reports to (1) evaluate agency responses and proposed actions, (2) resolve disputes between OIG auditors and management officials, and (3) suggest specific corrective actions in those cases in which audit recommendations have been ignored or circumvented.

Performance audits address the efficiency, effectiveness, and economy of the Department's programs, activities, and information

technology systems. They may check a unit's compliance with laws and regulations, and evaluate its success in achieving program objectives. They may also review the Department's financial assistance awards—assessing an award recipient's compliance with laws, regulations, and award terms; and the degree to which projects achieved intended results.

Financial audits determine whether (1) a reporting entity's financial statements are presented fairly and in accordance with generally accepted accounting principles; (2) the entity has an internal control structure that provides reasonable assurance of achieving the control objectives set forth by OMB; and (3) the entity complied with laws and regulations that could have a direct and material effect on the financial statements, the Federal Financial Management Improvement Act, and other laws and regulations.

Attestation engagements involve examining, reviewing, or performing agreed-upon procedures on a subject matter or an assertion about a subject matter and reporting the results. Attestation engagements can have a broad range of financial or nonfinancial focuses, such as an entity's compliance with laws and regulations; and the allowability and reasonableness of final grant and contract costs.

Evaluations. Program evaluations review specific management issues, policies, or programs, and offer recommendations to address major program or management concerns. Systems evaluations review system development, acquisitions, operations, and policy, focusing on information security, computer systems, communications systems, environmental satellites, and other major technologies. Evaluations sometimes address government-wide or multiagency issues, programs or operations and may be conducted cooperatively with other OIGs.

Review of single audit reports. In addition to undergoing OIG-performed audits, certain recipients of Commerce financial assistance are periodically examined by state and local government auditors and by independent public accountants, as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. OAE reviews these reports to ensure the single audits are conducted in accordance with all government regulations.

Investigations. The Office of Investigations (OI) investigates alleged or suspected fraud, waste, abuse, and misconduct by Department of Commerce employees, contractors, recipients of financial assistance, and others involved in the Department's programs and operations. Such wrongdoing may result in criminal and/or civil prosecution, as well as administrative sanctions for violations of Department regulations and employee standards of conduct.

OIG has dedicated considerable resources to improving OI's capabilities in the area of information technology security and integrity of government computer systems. OI now has a fully-functioning Computer Crimes Unit, which has aggressively and successfully

pursued investigations into the criminal misuse of government computers, particularly in the area of internet child pornography.

Infrastructure and Administrative Support. OIG provides a full range of administrative support to all OIG units.

LOCATIONS. OIG headquarters is located in Washington, D.C. Its Office of Audits and Evaluations (OAE) has personnel at sites in the D.C. metropolitan area, plus offices in Atlanta, Denver, and Seattle. OIG's Office of Investigations (OI) has offices in Atlanta, Denver, Seattle, Silver Spring (MD), and Washington, D.C.

**Department of Commerce
Office of Inspector General
Salaries and Expenses
INCREASES FOR 2010**

(Dollar amounts in thousands)

		2010 Base		2010 Estimate		Increase/(Decrease)	
		<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>
Office of Inspector General	Pos/BA	1	150	11	588	10	438
	FTE/Obl.	1	150	6	588	5	438

Increased Enforcement Against Restraint of Trade Activities (+5 FTE and +\$438,000): OIG requests an increase of \$438,000 and 5 FTE to increase enforcement against restraint of trade and anti-competitive activities as they relate to Departmental programs.

Statement of Need

To achieve its mission of creating the conditions for economic growth and opportunity through promoting innovation, entrepreneurship, competitiveness, and stewardship, the Department of Commerce seeks to maximize U.S. competitiveness and to enable American economic growth by fostering domestic economic development and export opportunities, and by advancing responsible economic growth and trade while protecting American security.

The Department supports programs that work to provide market access, fair competition, and open trade, and combat predatory trade practices. Programs such as Trade Adjustment and Assistance Centers and the Market Access and Compliance program provide technical assistance to U.S. businesses when they either attempt to access foreign markets or when they are faced with adverse competitive market

conditions at home. At times, these programs encounter anti-competitive behavior of a non-regulatory and potentially criminal nature. More generally, the Department and its bureaus engage in substantial commerce in the performance of their duties. The Department itself can be a victim of restraint of trade activities, such as bid rigging, cartel behavior, collusion, price fixing, contract fraud, and other anticompetitive acts.

The Office of Inspector General (OIG) has the primary responsibility for investigating and building a case against the perpetrators for civil or criminal prosecution. The Department of Justice (DoJ) relies on OIG to prepare the cases that DoJ then prosecutes. To fulfill this responsibility, OIG employs criminal investigators, specially trained to work cases focused on restraint of trade issues, to conduct investigative field work in support of commerce-related cases. OIG investigators provide critically important subject matter expertise and focused effort.

The criminal acts investigated and prosecuted as a result of this effort, while usually limited in scope, can occasionally have impacts across broad markets and industries. Illegal price fixing within one industry can artificially inflate prices for a product or commodity used in another industry. Collusion in a highly-concentrated market can illegally increase prices across the country. A successful investigation in such a case can have equally broad impacts, bringing prices down and increasing economic competitiveness and efficiency. Even in more narrow cases, lawbreakers frequently have engaged in similar criminal behavior before; a successful investigation can break a pattern of crime, prevent future losses, and result in substantial fines and restitution. Although OIG has primary responsibility for investigation of anti-competitive and restraint of trade cases, currently OIG can only assign a single investigator to these high-value cases.

Proposed Actions

OIG proposes an increase of \$438,000 and 5 FTE in FY 2010 to improve the office's capacity to investigate these cases and to support DoJ in their prosecution. This increase will enable OIG to hire an additional ten investigators over the course of FY 2010. Where possible and cost-effective, investigators will be co-located with their DoJ counterparts to ensure best-quality case development and maximize communication and cooperation. Investigators will research leads from Departmental personnel, contractors, vendors, grantees, and other sources, as well as leads developed independently through the use of forensic software and other tools, to build cases for referral to DoJ for prosecution.

**Department of Commerce
Office of Inspector General
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL**

Activity: Inspector General
Program change: Increased Enforcement Against Restraint of Trade Activities

<u>Title</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Investigators	GS-09	5	63,010	315,050
	GS-11	4	76,236	304,945
	GS-12	1	91,375	91,375
Total		10		711,370
Less Lapse	50%	(5)		(355,685)
Total full-time permanent (FTE)		<u>5</u>		<u>355,685</u>
FY 2010 Pay Raise of 2.0%				7,114
Total				<u><u>362,799</u></u>

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	5
Other than full-time permanent	0
Total	<u>5</u>

Authorized Positions:

Full-time permanent	10
Other than full-time permanent	0
Total	<u>10</u>

Department of Commerce
Office of Inspector General
PROGRAM CHANGE DETAIL BY OBJECT CLASS

Exhibit 15

(Direct obligation amounts in thousands)

Activity: Inspector General
Program Change: Increased Enforcement Against Restraint of Trade Activities

Object Class	2010 Increase
11.0 Personnel compensation	
11.1 Full-time permanent	290
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	73
11.9 Total personnel compensation	<u>363</u>
12.1 Civilian personnel benefits	75
21.0 Travel and transportation of persons	0
22.0 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities, and miscellaneous charges	0
24.0 Printing and reproduction	0
25.1 Consultant services	0
25.2 Other services	0
25.3 Purchase of goods and services from gov't accounts	0
26.0 Supplies and materials	0
31.0 Equipment	<u>0</u>
99.0 Total obligations	438

Department of Commerce
Office of Inspector General
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	2008 Actual	2009 Estimate	2010 Base	2010 Estimate	Increase/ (Decrease) Over 2010 Base
11.0 Personnel compensation					
11.1 Full-time permanent	12,042	16,098	18,199	18,489	290
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	359	1,050	1,203	1,276	73
11.9 Total personnel compensation	12,401	17,148	19,402	19,765	363
12.1 Civilian personnel benefits	3,423	4,803	5,503	5,578	75
21.0 Travel and transportation of persons	346	395	394	394	0
22.0 Transportation of things	9	12	9	9	0
23.1 Rental payments to GSA	1,596	1,516	1,492	1,492	0
23.2 Rental payments to others	5	6	6	6	0
23.3 Commun., util., misc. charges	154	160	493	493	0
24.0 Printing and reproduction	8	10	8	8	0
25.1 Consultant services	0	100	0	0	0
25.2 Other services	2,023	4,501	2,501	2,501	0
25.3 Purchase of goods and services from gov't accounts	1,583	2,510	1,521	1,521	0
26.0 Supplies and materials	127	151	123	123	0
31.0 Equipment	379	390	110	110	0
99.0 Total Obligations	22,054	31,702	31,562	32,000	438
Less prior-year recoveries	0	0	0	0	0
Less transfers		0	0	0	0
Less unobligated Balance from prior years		(2,902)	(13,000)	(13,000)	0
Unobligated balance, end of year		13,000	8,000	8,000	0
Total Budget Authority	22,054	41,800	26,562	27,000	438
Personnel Data					
Full-Time Equivalent Employment:					
Full-time permanent	113	152	176	181	5
Other than full-time permanent	0	0	0	0	0
Total	113	152	176	181	5
Authorized Positions:					
Full-time permanent	120	154	176	186	10
Other than full-time permanent	0	0	0	0	0
Total	120	154	176	186	10

**Department of Commerce
Office of Inspector General
Salaries and Expenses**

Exhibit 17

DETAILED REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

<u>Object Class</u>	2010 Adjustments to Base	2010 Base	2010 Estimate	Increase/ (Decrease) Over 2010 Base
11 Personnel compensation				
11.1 Full-time permanent				
Executive level	6	172	172	0
Senior executive service	44	1,345	1,345	0
General schedule	491	16,682	16,972	290
Subtotal	541	18,199	18,489	290
11.3 Other than full-time permanent				
General schedule	0	0	0	0
Subtotal	0	0	0	0
11.5 Other personnel compensation				
Overtime	0	0	0	0
SES performance awards	3	81	81	0
Law Enforcement Availability Pay	18	614	667	53
Cash awards	15	508	528	20
Subtotal	36	1,203	1,276	73
11.9 Total personnel compensation	577	19,402	19,765	363

Department of Commerce
Office of Inspector General
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 17

<u>Object Class</u>	2010 Adjustments to Base	2010 Base	2010 Estimate	Increase/ (Decrease) Over 2010 Base
12.1 Civilian personnel benefits				
Employee pension & annuitant health benefits	0	41	41	0
Compensable Day	0	0	0	0
Civil Service Retirement System	(3)	243	243	0
Federal Employees Retirement System	30	2,273	2,301	28
Thrift Savings Plan	1	320	340	20
Federal Insurance Contribution Act	(4)	979	991	12
Health insurance	16	1,456	1,470	14
Life insurance	0	86	87	1
Employee Compensation Fund	(53)	105	105	0
Subtotal	(13)	5,503	5,578	75
21 Travel and transportation of persons				
Common carrier	0	165	165	0
Mileage	9	42	42	0
Per diem/actual	10	185	185	0
Vehicular	0	0	0	0
Security service fee	0	0	0	0
Other	0	2	2	0
Subtotal	19	394	394	0
22 Transportation of things	0	9	9	0
23.1 Rental payments to GSA	40	1,492	1,492	0
23.2 Rental payments to others	0	6	6	0

**Department of Commerce
Office of Inspector General
Salaries and Expenses**

Exhibit 17

DETAILED REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

<u>Object Class</u>	2010 Adjustments to Base	2010 Base	2010 Estimate	Increase/ (Decrease) Over 2010 Base
23.3 Communications, utilities, and misc. charges	348	359	359	0
Rental of ADP equipment	0	0	0	0
Rental of office copying equipment	0	0	0	0
Other equipment rental	0	10	10	0
Federal telecommunications system	0	101	101	0
Other telecommunications services	0	11	11	0
Postal service by USPS	0	7	7	0
Other	0	5	5	0
Subtotal	348	493	493	0
24 Printing and reproduction				
Publications	0	8	8	0
Other	0	0	0	0
Subtotal	0	8	8	0
25.1 Consulting services				
Management & prof. support svcs.	0	0	0	0
Studies, analyses, & evaluation	0	0	0	0
Engineering & technical services	0	0	0	0
Subtotal	0	0	0	0

**Department of Commerce
Office of Inspector General
Salaries and Expenses**

Exhibit 17

DETAILED REQUIREMENTS BY OBJECT CLASS

(Dollar amounts in thousands)

<u>Object Class</u>	2010 Adjustments to Base	2010 Base	2010 Estimate	Increase/ (Decrease) Over 2009 Base
25.2 Other services				
Training:				
University	0	56	56	0
Other	2	273	273	0
Maintenance of equipment	2	131	131	0
ADP services	1	104	104	0
Telecommunications services	6	1,116	1,116	0
Other nongovernment contracts	4	821	821	0
CAMS - specific				
Subtotal	15	2,501	2,501	0
25.3 Purchases of goods and services from gov't accounts				
Office of Personnel Management training	0	5	5	0
GSA reimbursable services	0	5	5	0
CAMS - shared	0	0	0	0
GA - security	0	0	0	0
Building delegation	0	30	30	0
Working Capital Fund	(228)	1,481	1,481	0
Subtotal	(228)	1,521	1,521	0
26 Supplies and Materials				
Office supplies	1	40	40	0
ADP supplies	0	25	25	0
Other	0	58	58	0
Subtotal	1	123	123	0

**Department of Commerce
Office of Inspector General
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS**
(Dollar amounts in thousands)

<u>Object Class</u>	2010 Adjustments to Base	2010 Base	2010 Estimate	Increase/ (Decrease) Over 2010 Base
31 Equipment				
Office machines and equipment	1	10	10	0
ADP hardware	2	95	95	0
ADP software	0	5	5	0
Other	0	0	0	0
Subtotal	3	110	110	0
Total Obligations	762	31,562	32,000	438
Less prior-year recoveries	0	0	0	0
Less amount absorbed	0	0	0	0
99 Total Obligations	762	31,562	32,000	438
Less unobligated balance, start of year		(13,000)	(13,000)	
Plus unobligated balance, end of year		8,000	8,000	
Total Budget Authority	762	26,562	27,000	438

**Department of Commerce
Office of Inspector General**

Salaries and Expenses

APPROPRIATION SUMMARY STATEMENT

Appropriation: Office of Inspector General

The Office of Inspector General conducts audits, inspections, program evaluations, and investigations to combat mismanagement, fraud, waste, and abuse of Department resources, and to improve the efficiency and effectiveness of Commerce programs.

Accomplishments planned for FY 2010 include:

- Conduct audits, inspections, and program evaluations to address the Department's major management issues and provide timely advice to managers to help them address these issues;
- Ensure timely audits of Departmental financial statements and promote achievement of an unqualified audit opinion on the Department's consolidated statements;
- Improve the value of the Inspector General's findings and recommendations to senior Department management;
- Work with Department officials to improve information technology planning, management, and oversight;
- Promote timely implementation of the Government Performance and Results Act, including the use of meaningful performance measures;
- Enhance our investigative production and results by improving the timeliness and quality of our investigations; and
- Provide oversight of Departmental implementation of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

**Department of Commerce
Office of Inspector General**

Salaries and Expenses

APPROPRIATION LANGUAGE AND CODE CITATION

Appropriation: Office of Inspector General

For necessary expenses of the Office Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$27,000,000.

5 U.S.C. App. 1-11, as amended by P.L. 100-504 and P.L. 110-354.

Section 2 of the Inspector General Act of 1978 (5 U.S.C. App.3), as amended, provides that “In order to create independent and objective units – (1) to conduct and supervise audits and investigations relating to programs and operations of the establishments listed in section 11(2)...there is hereby established in each of such establishments an Office of Inspector General.” Section 11(2) of the Act reads, “the term ‘establishment’ means the Department of Commerce”

**Department of Commerce
Office of Inspector General**

Salaries and Expenses

CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Estimate</u>	<u>2010</u> <u>Estimate</u>
Consulting Services.....	\$ 0	\$ 0	\$ 0
Management and professional services	0	100	0
Special studies and analyses.....	0	0	0
Management and support services for research and development	0	0	0
Total	\$ 0	\$ 100	\$ 0

Note:

1. The Inspector General Act of 1978 authorizes the Office of Inspector General to obtain such temporary technical assistance as needed to carry out the requirements of the Act.

**Department of Commerce
Office of Inspector General**

Salaries and Expenses

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Estimate</u>	<u>2010</u> <u>Estimate</u>
Periodicals*	\$ 10	\$ 8	\$ 8
Pamphlets	0	0	0
Audiovisuals.....	0	0	0
Total	\$ 10	\$ 8	\$ 8

*Pursuant to the Inspector General Act of 1978 (P.L. 95-452), the Inspector General shall prepare semiannual reports summarizing the activities of the office during the 6-month periods ending March 31 and September 30. According to the Act, these reports shall include details of major problems, abuses, and deficiencies identified during the previous 6 months, together with recommendations for corrective action. The reports must cite any recommendations reported earlier that have not been acted upon, describe any OIG requests for information assistance that were unreasonably refused, and show the amount of funds recovered as a result of audit recommendations. The Department head may provide comments but may not change these semiannual reports.

**Department of Commerce
Office of Inspector General**

Salaries and Expenses

AVERAGE GRADE AND SALARIES

	<u>2008 Actual</u>	<u>2009 Estimate</u>	<u>2010 Estimate</u>
Average EX Grade.....	1	1	1
Average SES Grade*.....	NA	NA	NA
Average GS/GM Grade	13	13	13
Average GS/GM Salary	\$106,568	\$105,907	\$102,149

*The Senior Executive Service (SES) new Performance Appraisal System went into effect September 30, 2004 and eliminated level/grades for SES positions. The current SES Pay System includes minimum and maximum dollar amounts for those agencies with OPM-certified performance appraisal systems and minimum and maximum dollar amounts for those without OPM-certified performance appraisal programs. Because of this change, it is not possible to calculate average SES grade.