

FY 2020 Congressional Justification



**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Budget Estimates, Fiscal Year 2020  
Congressional Submission**

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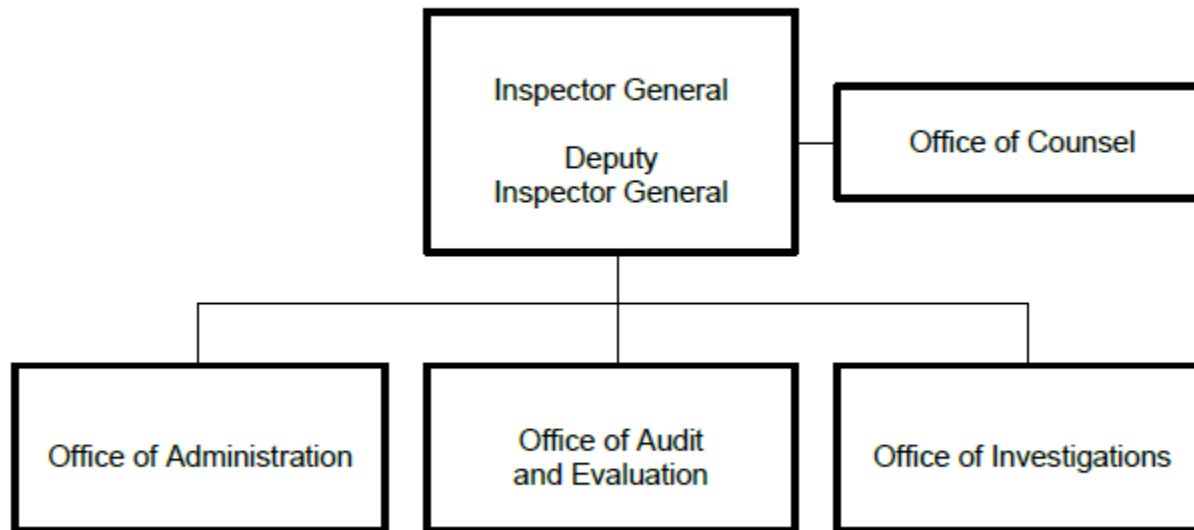
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**Department of Commerce  
Office of Inspector General  
Organization Chart**



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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Budget Estimates, Fiscal Year 2020**

Executive Summary

The mission of the Office of Inspector General (OIG) is to improve programs and operations through independent and objective oversight. OIG provides current and timely analysis of affairs to multiple stakeholders, to include the Secretary of Commerce, Department of Commerce (DOC) senior leaders, Congress, and the American taxpayers. OIG accomplishes this mission by providing auditing, investigative, and other services as a means to combat fraud, waste, abuse, and mismanagement of operations within DOC. OIG has authority to inquire into all program and administrative activities of DOC, including those performing under contracts, grants, cooperative agreements, and other financial assistance awards. The Inspector General Act of 1978, as amended, and other legislation authorizes the specific functions and programs that make up OIG's activities.

The mission of DOC is to create the conditions for economic growth and opportunity, and OIG's efforts support this by working to improve all programs and operations through its oversight role. While DOC's programs are essential to strengthening the nation's economy, it faces a number of challenges in carrying out its mission. Challenges include issues related to

- the 2020 decennial census,
- environmental satellites,
- the Nationwide Public Safety Broadband Network (NPSBN),
- intellectual property rights,
- DOC's cybersecurity posture,
- laws that promote fair and secure trade,
- EDA disaster assistance funding, and
- Departmental acquisitions.

OIG plays a critical role in addressing these and other challenges by conducting audits to identify wasteful expenditures and program mismanagement, investigating fraud and other wrongdoing, and taking other actions to detect and deter waste, fraud, abuse, and inefficiencies.

OIG's budget request reflects its priority of providing proper oversight for DOC's programs. For fiscal year (FY) 2020, OIG requests a total of \$41.9 million—\$33.0 million in direct appropriations, \$2.0 million from the Public Safety Trust Fund for First Responder Network Authority (FirstNet) oversight, and transfers of \$2.0 million from the U.S. Patent and Trademark Office (USPTO), \$1.3 million from the National Oceanic and Atmospheric Administration (NOAA), and \$3.6 million from the U.S. Census Bureau.

With our request of \$41.9 million, OIG will continue

- conducting criminal and civil investigations,
- conducting annual audits of DOC's financial statements and information security program and practices,
- conducting audits/reviews of DOC offices, programs, and activities, in which reports and recommendations for improving DOC's operations are issued, and
- maintaining the OIG Hotline to monitor and process allegations of waste, fraud, abuse, or mismanagement in DOC.

**FY 2020 Funding Estimate**

FY 2019 Direct Appropriation	32,744
FY 2019 FirstNet Appropriation	2,000
Census Transfer	3,556
NOAA Transfer	1,302
USPTO Transfer	<u>1,500</u>
<b>FY 2019 Enacted</b>	<b>41,102</b>
Plus: Inflationary Increases	1,213
Plus: Increase to USPTO Transfer	500
Less: Program Decrease, general oversight reduction	<u>(914)</u>
<b>Total FY 2020 OIG Budget Request</b>	<b>41,901</b>



**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
PROGRAM INCREASES / DECREASES / TERMINATIONS**  
(Dollar amounts in thousands)

**Increases**

<b>Page No. In CJ</b>	<b>Appropriation</b>	<b>Budget Program</b>	<b>Title of Increase</b>	<b>Positions</b>	<b>Budget Authority</b>
OIG-33	OIG	OIG	Additional Oversight of USPTO	4	500
Subtotal, Increases				4	500

**Decreases**

<b>Page No. In CJ</b>	<b>Appropriation</b>	<b>Budget Program</b>	<b>Title of Increase</b>	<b>Positions</b>	<b>Budget Authority</b>
OIG-36	OIG	OIG	Decrease in General Oversight	(7)	(914)
Subtotal, Decreases				(7)	(914)

**Terminations**

<b>Page No. In CJ</b>	<b>Appropriation</b>	<b>Budget Program</b>	<b>Title of Increase</b>	<b>Positions</b>	<b>Budget Authority</b>
N/A	N/A	N/A	N/A	N/A	N/A
Subtotal, Terminations				N/A	N/A

<b>Total, Increases, Decreases, and Terminations</b>				<b>(3)</b>	<b>(414)</b>
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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
SUMMARY OF RESOURCE REQUIREMENTS  
(Dollar amounts in thousands)**

	Positions	FTE	Budget Authority	Direct Obligations
FY 2019 Enacted	174	173	32,744	32,744
2020 Adjustments to Base				
plus: FY 2019 Transfers			8,358	8,358
plus: Uncontrollable cost changes	0	0	1,213	1,213
2020 Base	174	173	42,315	42,315
plus: Transfer Increase	4	3	500	500
less: Program Decrease	(7)	(7)	(914)	(914)
2020 Estimate	171	169	41,901	41,901

Comparison by program:		2018 Actual		2019 Enacted		2020 Base		2020 Estimate		Increase/ (Decrease) Over 2020 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Inspector General	Pos./BA	178	44,931	174	41,102	174	42,315	171	41,901	(3)	(414)
	FTE/Obl.	154	36,926	173	48,381	173	42,315	169	41,901	(4)	(414)
Total	Pos./BA	178	44,931	174	41,102	174	42,315	171	41,901	(3)	(414)
	FTE/Obl.	154	36,926	173	48,381	173	42,315	169	41,901	(4)	(414)
Adjustments to Obligations											
	Recoveries		0		0		0		0		0
	Unobligated Balance, start of year		(6,305)		(7,279)		0		0		0
	Unobligated Balance transferred		0		0		0		0		0
	Unobligated Balance, end of year		7,279		0		0		0		0
	Unobligated Balance expiring		726		0		0		0		0
Financing from transfers:											
	Transfer from other accounts (+)		(5,882)		(8,358)		(8,358)		(8,858)		(500)
	Transfer to other accounts (-)		0		0		0		0		0
Appropriation			32,744		32,744		33,957		33,043		(914)

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
SUMMARY OF REIMBURSABLE OBLIGATIONS  
(Dollar amounts in thousands)**

		2018 Actual		2019 Enacted		2020 Base		2020 Estimate		Increase/Decrease from 2020 Base	
Comparison by Activity		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Inspector General	Pos./BA	2	2,897	2	3,500	2	3,500	2	3,500	0	0
	FTE/Obl.	2	2,897	2	3,500	2	3,500	2	3,500	0	0
Total	Pos./BA	2	2,897	2	3,500	2	3,500	2	3,500	0	0
	FTE/Obl.	2	2,897	2	3,500	2	3,500	2	3,500	0	0

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
SUMMARY OF FINANCING  
(Dollar amounts in thousands)**

	2018 Actual	2019 Enacted	2020 Base	2020 Estimate	Increase/Decrease from 2020 Base
Total Obligations	26,926	48,381	42,315	41,901	(414)
Offsetting Collections from:					
Federal Funds	0	0	0	0	0
Trust Funds	0	0	0	0	0
Non-Federal Sources	0	0	0	0	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	(6,305)	(7,279)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	7,279	0	0	0	0
Unobligated balance expiring	726	0	0	0	0
Budget Authority	38,626	41,102	42,315	41,901	(414)
Financing:					
Transfer from other accounts (-)	(5,882)	(8,358)	(8,358)	(8,858)	(500)
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	32,744	32,744	33,957	33,043	(914)

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
ADJUSTMENTS TO BASE**  
(Dollar amounts in thousands)

	FTE	Amount
Transfers of Estimates	0	0
Adjustments	0	0
Financing	0	0
Other Changes		
2019 Pay Raise		355
2020 Pay Raise		0
Change in compensable days		106
Civil Service Retirement System (CSRS)		(5)
Federal Employees Retirement System (FERS)		465
Thrift Savings Plan		10
Federal Insurance Contribution Act (FICA)-OASDI		21
Health insurance		34
Employees Compensation Fund		(7)
Travel		
Per diem		13
Mileage		0
Rent payments to GSA		44
Postage		0
Utilities		29
NARA Storage and Maintenance		0

Other services:

Working capital fund		148
Subtotal, other changes	0	1,213
<b>TOTAL ADJUSTMENTS TO BASE</b>	<b>0</b>	<b>1,213</b>

**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS**  
(Dollar amounts in thousands)

Activity: Office of Inspector General  
Subactivity: Office of Inspector General

		2018 Actual		2019 Enacted		2020 Base		2020 Estimate		Increase/Decrease from 2020 Base	
Subprogram		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction & Counsel	Pos./BA	17	2,688	17	2,459	17	2,531	17	2,531	0	0
	FTE/Obl.	17	2,208	17	2,894	17	2,531	17	2,531	0	0
Audits & Evaluations	Pos./BA	126	31,057	122	28,411	122	29,249	119	28,827	(4)	(422)
	FTE/Obl.	102	25,525	121	33,443	121	29,249	117	28,827	(3)	(422)
Investigations	Pos./BA	35	11,186	35	10,232	35	10,534	35	10,534	0	0
	FTE/Obl.	35	9,193	35	12,044	35	10,534	35	10,534	0	0
Total	Pos./BA	178	44,931	174	41,102	174	42,315	171	41,901	(4)	(422)
	FTE/Obl.	154	36,926	173	48,381	173	42,315	169	41,901	(3)	(422)

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
PROGRAM AND PERFORMANCE: REIMBURSABLE OBLIGATIONS**  
(Dollar amounts in thousands)

Activity: Office of Inspector General  
Subactivity: Office of Inspector General

		2018 Actual		2019 Enacted		2020 Base		2020 Estimate		Increase (Decrease)	
Comparison by Program		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Inspector General	Pos/BA	2	2,897	2	3,500	2	3,500	2	3,500	0	0
	FTE/Obl.	2	2,897	2	3,500	2	3,500	2	3,500	0	0
Total	Pos/BA	2	2,897	2	3,500	2	3,500	2	3,500	0	0
	FTE/Obl.	2	2,897	2	3,500	2	3,500	2	3,500	0	0

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Office of Inspector General  
Subactivity: Office of Inspector General

DOC OIG was established in FY 1979 as an independent oversight agency under the general supervision of the Secretary of Commerce.

**Goal Statement**

OIG's mission is to protect the integrity of DOC's programs and operations through independent oversight.

**Base Program**

OIG achieves its mission by conducting audits, evaluations, and investigations to uncover fraud, waste, and abuse in DOC's programs and activities. OIG remains committed to keeping Departmental decision-makers informed of both long-standing and emerging problems through OIG's audits and investigations, so timely corrective actions can be taken. OIG has a base personnel level of 174 full-time equivalents (FTE) for FY 2020, and a base funding level of \$42,315,000. This funding includes transfers of \$1.5 million from USPTO, \$1.302 million from NOAA for satellite oversight, \$3.556 million from the Census Bureau, and an appropriation of \$2.0 million from the Public Safety Trust Fund for FirstNet oversight, as well as inflationary increases of \$1.213 million.

**Statement of Operating Objectives**

OIG seeks to improve the efficiency and effectiveness of DOC's programs and operations. OIG also endeavors to detect and deter waste, fraud, and abuse. OIG monitors and tracks the use of taxpayer dollars through audits, inspections, evaluations, and investigations. The Inspector General keeps the Secretary of Commerce and Congress fully and currently informed about problems and deficiencies related to Commerce's activities and the need for corrective action. In addition, OIG maintains a Whistleblower Protection Program, including an ombudsman.

**Explanation and Justification**

		2018 Actual		2019 Enacted		2020 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Inspector General	Pos./BA	178	44,931	174	41,102	174	42,315
	FTE/Obl.	154	36,926	173	48,381	173	42,315

*What OIG does:* In order to improve the efficiency and effectiveness of DOC’s programs and to uncover fraud, waste, and abuse, OIG conducts audits, evaluations, and investigations of DOC’s programs and activities. OIG focuses its oversight efforts on the top management and performance challenges for DOC.

*How OIG does it:* OIG’s headquarters office is located in Washington, DC, with field offices located in Atlanta, Denver, and Seattle. OIG’s work is primarily people-driven; almost 70 percent of its spending for personnel-related costs.

*Why it is important:* OIG provides independent oversight of DOC to improve the integrity of its operations and programs, ensure their efficient and effective operation, to provide DOC’s stakeholders with independent assessments of those operations and to identify the need for corrective action, and to combat waste, fraud, and abuse. In doing so, OIG focuses its efforts on DOC’s top management challenges. Specific areas of interest include:

**Successfully Completing 2020 Census Testing and Integration of Innovations**

- *Minimizing the challenges associated with incomplete testing of 2020 Census systems and innovations.* The Census Bureau must address challenges created by cancelation of field operations for the 2017 Census Test and the reduced scope of 2018 End-to-End Census Test field operations. In 2019, the Census Bureau plans to conduct Defect Resolution Testing and Post End-to-End Census Test Performance Testing—but these activities are dependent on the timely analysis of the results of the 2018 End-to-End Census Test.
- *Mitigating the risks of unplanned changes.* Unplanned design changes carry a high level of risk. The addition of a question that has not been tested in a decennial census environment carries a number of risks, such as insufficient time to identify and complete operational adjustments to all of the data collection and processing systems, a lower participation rate, and increasing workload and costs.



- *Maintaining a schedule that links milestones, cost, and actual progress on specific activities.* The Census Bureau has struggled to maintain a useful activity schedule that meets best practices, which may exacerbate risks from future unforeseen events. During the 2010 Census, OIG found that the Census Bureau lacked complete and reliable information for tracking progress. Additionally, while the U.S. Government Accountability Office (GAO) noted some improvements, they also identified ongoing weaknesses, such as the lack of resource needs and availability. OIG's ongoing work as of March 2019 indicates that the schedule is still not complete and is not fully integrated or resource-loaded.
- *Preventing further reductions to cost avoidance, reducing cost overruns, and eliminating unaccounted-for costs.* At the beginning of the decade, the Census Bureau reported to Congress that it could avoid \$5.3 billion in costs. Review of the estimate resulted in a reduced cost avoidance estimate of \$1.9 billion, resulting in an independent cost estimate of \$14.1 billion for the 2020 Census and a "not-to-exceed" \$15.6 billion cost estimate. While the Census Bureau has made improvements in its cost estimation practices, the problems that caused the inaccurate estimate may still exist, creating a challenge for the Census Bureau to achieve even \$1.9 billion in cost avoidance.

## Maximizing Efficiencies of Environmental Satellite Programs

- *Reducing life-cycle costs of the Polar Weather Satellite (PWS) program.* NOAA's proposed merger of the Joint Polar Satellite System (JPSS) and Polar Follow-On (PFO) programs into the PWS program promised increased cost and programmatic efficiencies. However, the PWS life-cycle cost is simply the sum of life-cycle cost baselines of the two separate programs (\$11.3 billion for JPSS; \$7.6 billion for PFO) and does not account for the efficiencies NOAA claims it will realize from the merger. Given that the JPSS and PFO budgets were already managed by a single program entity, management will be challenged to reduce costs significantly and identify new efficiencies for the PWS program.
- *Identifying an optimal launch strategy for remaining satellites in the series.* In September 2018, NOAA announced that it had delayed the launch commitment of JPSS-2 to the first quarter of FY 2023 due to technical issues with its instruments and spacecraft. Further, NOAA intended that the JPSS-3 and -4 missions include a flexible launch strategy, but policy and plans were incomplete. The Geostationary Operational Environmental Satellites-R (GOES-R) Series program postponed environmental testing of GOES-T until its investigation of the GOES-17 Advanced Baseline Imager (ABI) issue is completed. In light of the degraded performance of ABI on GOES-17 and the need for design changes to the ABIs on GOES-T and -U, NOAA is reexamining those missions' planned launch dates.
- *Managing risk in next-in-series satellites.* In addition to the technical issues with the JPSS-2 satellite, the JPSS program must manage engineering and cost risks in the acquisitions of JPSS-3 and JPSS-4. NOAA must effectively manage the large contract for a complicated ground system that will support launches of JPSS-2, -3, and -4 and on-orbit satellites. The GOES-R program will have to determine what hardware, software, or testing modifications will be needed for GOES-T and -U ABIs. This has significantly delayed the completion of GOES-T, and its May 2020 launch planning date will need to be rescheduled.

- *Planning an optimal next-generation satellite system architecture.* Given the time it takes to develop new capabilities, NOAA must make decisions on its next generation systems soon. Also, NOAA must submit a report to Congress detailing its determination of the viability of using commercial data that it has studied under pilot contracts. However, NOAA faces challenges, including whether the nascent commercial weather data industry can provide sufficient amounts of data and more than one type, potential restrictions on data redistribution, and the ramifications these may have for the eventual operational use of commercial data.

## Securing Department Systems and Information

- *Implementing security controls to protect the systems supporting the 2020 Census.* An FY 2019 OIG report found that the Census Bureau had not implemented longstanding security requirements for federal information systems. Our ongoing security assessments of some of the systems used in the 2018 End-to-End Census Test have identified significant security weaknesses.
- *Securing cloud-based systems and assets.* DOC and its operating units need a clear awareness of security responsibilities when using commercial cloud-based services. In recent audits, OIG found that both USPTO and the International Trade Administration (ITA) did not properly implement security measures when deploying a cloud-based system.
- *Sustaining Department-wide implementation of the Continuous Diagnostics and Mitigation program.* Enterprise Continuous Monitoring Operation capabilities are not fully implemented on high-impact systems at NOAA and the Bureau of Industry and Security (BIS). As a result, DOC has no continuous monitoring cybersecurity capability over its most critical systems.

## Ensuring USPTO Provides High-Quality Intellectual Property Rights

- *Ensuring that Patent Trial Appeal Board (PTAB) operates fairly and effectively.* USPTO continues to face scrutiny from stakeholders regarding patent validity and the potential for expensive and extended patent litigation when PTAB invalidates a patent. Since its effective date in 2012, PTAB has received more than 8,000 trial petition filings, instituted more than 4,000 trials and issued more than 2,000 final written decisions. However, more than 80 percent of PTAB's final decisions have resulted in the claims being held as patentable, creating uncertainty over the patents.
- *Ensuring that examiners perform thorough patent application reviews.* Identifying the most relevant prior art during examination reduces the chance that USPTO will grant a new patent for a previous invention. However, researching prior art is also the patent examiner's most time-consuming and challenging task. Nevertheless, there are trade-offs between timeliness and patent quality. Examiners cannot examine patents quickly and simultaneously ensure the highest quality patents.
- *Improving the management of information technology (IT) acquisitions and operations.* Several major IT systems are still behind their original implementation schedule and over estimated costs. Until USPTO retires the legacy systems, the agency is operating and supporting more than 62 outdated systems past the current support plan at a cost of approximately \$38.9 million a year. USPTO's continued reliance on the legacy systems for daily operations poses considerable risk in terms of maintenance, support, and reliability.

## Deploying an NPSBN

- *Deploying the NPSBN.* FirstNet's initial deployment of the NPSBN consists of five phases. It is critical that both AT&T and FirstNet meet their contractually agreed-upon milestones. In addition, they must address future coverage, the ability to operate reliably and continually during severe conditions, and the continuous improvements the network will require. Public safety users require high levels of reliability, redundancy, and security in performing their missions. FirstNet must gain the confidence of the public safety user base.
- *Securing public safety participation.* Even though all the 56 states and territories "opted in" (chose FirstNet to deploy the systems that connect devices to FirstNet's nationwide network); public safety entities are not required to subscribe to the network. FirstNet and AT&T face competition to serve the public community. Success relies upon AT&T's ability to acquire and retain public safety customers in a competitive market.
- *Ensuring the successful performance of the contract awarded to AT&T.* The objectives-based contract agreed to with AT&T is complex and will require effective oversight. In developing customized solutions for each of the 56 jurisdictions, FirstNet and AT&T will face an array of challenges of concern to network users, such as the extent of rural coverage and network reliability. FirstNet, a new organization building capacity, must exercise effective oversight of the contract to succeed.
- *Ensuring effective and efficient use of proceeds AT&T provides annually to FirstNet.* The Middle Class Tax Relief and Job Creation Act of 2012 requires that earned revenues from public safety users be invested back into the network for improvements. To meet this requirement, FirstNet—which will collect annual payments from AT&T over the life of the contract—expects the payments to support its administrative and operating costs and provide funding to reinvest in network upgrades. FirstNet must ensure that it efficiently and effectively manages funds it receives to upgrade the network and sustain the continued commitment of the public safety community.
- *Strengthening operational controls.* FirstNet has experienced continued challenges with respect to internal controls. In audits, OIG has recommended that FirstNet address control weaknesses regarding (a) workforce and recruiting challenges, (b) its federal consultation program, and (c) management of interagency agreements. In general, FirstNet has timely addressed OIG recommendations and taken actions to strengthen internal controls. However, the pattern of weaknesses increases the risk that other issues exist.

## Rebalancing Trade Enforcement and Promotion Priorities

- *Building staff expertise for the self-initiation of Antidumping (AD) and Countervailing Duty (CVD) cases.* On November 28, 2017, the Secretary announced DOC's self-initiation of separate AD and CVD cases on common alloy aluminum sheet imports from the People's Republic of China. Self-initiated cases add to the ITA's Enforcement and Compliance (E&C) existing workload, requiring E&C to take on responsibilities normally performed by petitioners. The Administration has signaled its intent to continue self-initiating cases when warranted by calling for the continued development of a specialized E&C unit to handle such cases. Increasing E&C's capacity to self-initiate AD/CVD investigations may require additional guidance and processes and enhanced training for new and current staff who may not be accustomed to conducting these type of cases.
- *Institutionalizing processes for Section 232 product exclusion request reviews and managing the increased foreign investment review workload.* Section 232 of the Trade Expansion Act of 1962 provides the President with the authority to adjust imports that threaten to impair U.S. national security based on a recommendation by the Secretary. Section 232 investigations (led by the Bureau of Industry and Security, in collaboration with ITA E&C) needed to support the President's decision can require thousands of hours to complete. Also, reviews of business transactions involving foreign entities by the interagency Committee on Foreign Investment in the United States have more than doubled in recent years—and, with the recent passage of new legislation, are expected to increase significantly more. Both BIS and ITA face uncertainty projecting their resulting workload, and must ensure that they have the right workforce, adequate resources, and processes in place to complete these reviews in a timely manner.
- *Managing the downsizing of trade promotion capacity.* The Administration proposes reducing ITA's Global Markets (GM) domestic and overseas presence. If approved by Congress, ITA faces the challenge of restructuring its international and domestic presence by downsizing its workforce—which might include closing offices ranked lower on GM's resource allocation model—while ensuring the effective delivery of specialized client services.

## Providing Adequate Oversight of the Significant Increase in Disaster Assistance Funding to EDA

- *Following a comprehensive oversight implementation strategy.* In 2018, DOC received \$1 billion in disaster recovery funds, \$600 million of which was appropriated to DOC Economic Development Administration (EDA), and \$400 million to NOAA. To begin awarding disaster recovery grants timely, EDA will need to accomplish a variety of tasks within a short period. The timeline needed to revise programs and spending processes, while maintaining compliance with federal rules, could take many months.
- *Acquiring and maintaining sufficient staff with appropriate proficiency.* With the significant increase in EDA's spending and related activities comes a corresponding increase in the number of staff that may be needed to perform duties related to disaster relief financial assistance. Shortages of experienced staff with the right skills and abilities can contribute to delays in cost-effective disaster recovery.

- *Developing a risk management strategy to strengthen internal control.* All federal agencies are responsible for implementing management practices by establishing internal controls that identify, assess, respond, and report on risks. EDA must use a risk-based approach to design and implement financial and administrative controls to identify and mitigate adverse events to provide reasonable assurance that its controls over operations and compliance are operating effectively.

## Addressing Departmental Management Involving Acquisitions

- *Improving monitoring of blanket purchase agreements.* DOC bureaus fail to maximize opportunities for competition or savings under blanket purchase agreements (BPAs) despite significant increase in usage. In addition to not taking advantage of competition under multiple award BPAs, bureaus neither seek vendor price discounts when required nor comply with annual review requirements.
- *Developing and maintaining a competent acquisition workforce to support DOC's mission.* DOC requires a robust and well-qualified acquisition workforce in order to award and administer increasingly complex acquisitions and successfully implement new major initiatives, like category management. Nevertheless, DOC continues to face challenges in maintaining a qualified acquisition workforce.
- *Establishing oversight of mission-support service delivery.* DOC has initiated a comprehensive effort to develop and implement a more effective "shared services" model for providing acquisition, financial management, human resources, and IT support services to customers across DOC. The newly-established acquisition division has awarded approximately \$1 billion in total contracts since FY 2016; DOC management should ensure that proper contract award and oversight controls are consistently applied.
- *Increasing the pace of NOAA ship acquisitions.* The pace of NOAA ship acquisitions remains a challenge. The delivery of NOAA's first ocean survey vessel has seen a 3-year delay, slipping from 2020 to 2023, creating challenges for NOAA in conducting research in hydrographic, oceanographic, atmospheric, and fisheries data collection. Three research vessels in the NOAA fleet are already more than 50 years old; the average age of NOAA's research fleet is 24 years. Delays may force NOAA to extend the design service life of these aging research vessels to meet mission requirements—and increase NOAA's use of ship charters (which may lack the specialized equipment of a NOAA research vessel), as well as small boats to perform missions better performed by a research vessel.

## Results from FY 2018 to Date

- **2020 Decennial Census.** OIG's ongoing oversight of the Census Bureau found issues during the 2018 End-to-End Census Test that indicate risk to the quality of the Address List. OIG also found that the Census Bureau must improve its implementation of the risk management framework adopted by the Bureau. Other audits found that escalating costs and inadequate quality assurance practices pose risks to 2020 Census background check activities. Another audit found that the number and location of area census offices may not reflect the demands of the decennial census' largest field operation, Nonresponse Followup, and will not result in projected costs savings.

- **FirstNet and National Telecommunications and Information Administration (NTIA).** OIG's oversight work provided recommendations for improvements in the grant program to remove users from the spectrum set aside for public safety entities by the legislation establishing FirstNet—an important step toward implementing an effective NPSBN. And a review of NTIA's and NOAA's oversight of a \$154 million Broadband Technology Opportunities Program grant awarded to the Los Angeles Regional Interoperable Communications System identified opportunities to address control weaknesses and improve management of the grant award.
- **National Institute of Standards and Technology (NIST).** OIG identified opportunities for NIST to strengthen its controls for monitoring the use of funds allocated by the Middle Class Tax Relief and Job Creation Act for public safety communications research and development. NIST plans to spend more than \$130 million on grants and cooperative agreements.
- **EDA.** OIG identified management challenges and best practices for EDA to consider when implementing the \$600 million in disaster relief funding provided in the 2018 Bipartisan Budget Act of 2018 to address major natural disasters in 2017, including Hurricanes Harvey, Irma, and Maria, as well as the western U.S. wildfires.
- **IT Security.**
  - In March 2018, OIG reported on the security posture of ITA systems that utilize cloud-computing services. OIG auditors found that ITA was unaware of significant weaknesses in the process of authorizing systems into operations, as well as maintaining and safeguarding its cloud-based systems.
  - The Intelligence Community OIG led a joint review of cybersecurity information sharing by inspectors general at seven agencies, including DOC OIG. As part of this review, DOC OIG assessed DOC's implementation of sharing cybersecurity information, the results of which formed the basis of an interagency report on federal government actions to execute the Cybersecurity Information Sharing Act of 2015.
  - In October 2018, OIG identified that the Census Bureau needed to improve how they managed cybersecurity risks. OIG determined that Census Bureau management was not accurately informed about the status of security controls protecting Census Bureau systems. For example, OIG found that management was not aware that many security controls were not implemented and that ongoing assessments of security controls were not occurring.
  - In October 2018, OIG submitted their annual Federal Information Security Modernization Act (FISMA) to The U.S. Department of Homeland Security and the Office of Management and Budget. OIG found that DOC had largely defined needed policies and procedures. OIG also found that, in general, the metrics related to security training, information security continuous monitoring, and incident response were managed and measurable. However, OIG found that DOC did not consistently implement IT security procedures and practices in risk management, configuration management, identity credential and access management, data protection and privacy, and contingency planning.

- **NOAA Satellites.**
  - OIG's oversight of NOAA's satellite programs found that the PFO missions' system design depends on program maturing the JPSS-2 technical baseline and completing plans for a flexible launch strategy, NOAA has not provided detailed polar satellite system development costs to Congress, and NOAA has identified potential future satellite systems and continues to plan its next-generation space architecture, but goals and timelines for NOAA's new technology insertions are uncertain. Another audit found that the JPSS ground system upgrade presented technical challenges and took longer to complete than planned, and the JPSS program can improve its management of the ground system cost-plus-award-fee contract.
- **Financial and Administrative Operations.**
  - DOC's FY 2018 financial statement audit identified two material weakness in DOC's internal control over financial reporting related to capitalization of costs and accounting treatment of a certain fund, as well as one significant deficiency related to IT general controls. The USPTO FY 2018 financial statement audit identified one significant deficiency related to IT general controls.
  - DOC needs more transparency in its Working Capital Fund (WCF) carryover balances and billing allocation methods. DOC and its service providers did not adhere to established WCF billing requirements, and the WCF lacks adequate documentation to support certain items within its final operating budget.

### **OIG's ongoing work includes the following:**

- *Census.* Ongoing work includes an audit of the 2020 Census Performance and Scalability Test, an audit of the Census Bureau's integrated communications contract with Young and Rubicam, an audit of the 2018 End-to-End Census Test census questionnaire assistance operation, an audit of the Census Bureau's 2018 End-to-End Test's peak operations, and an audit of the Census Bureau's Census Enterprise Data Collection and Processing program.
- *EDA.* Ongoing work includes reviewing EDA's workforce planning process and auditing EDA's grant process for awarding and administering the Disaster Supplement funds appropriated by the Bipartisan Budget Act of 2018.
- *FirstNet.* Ongoing work includes an audit of FirstNet's oversight of the March 2017 contract with AT&T to deploy a network that provides first responders with priority and preemption to communications systems during emergencies. OIG is focusing its efforts on FirstNet's administering of Task Order Number 3, *Deployment, Operation, and Maintenance of the Nationwide Core*. OIG is also conducting an audit of management of fee payments from AT&T.
- *BIS.* Ongoing work includes reviewing enforcement efforts involving foreign end users.

- *BIS and ITA*. Ongoing work includes an audit of the processes and procedures for reviewing and adjudicating product exclusion requests for aluminum and steel tariffs, as prescribed by Presidential Proclamations 9704 and 9705, respectively, under the authority of Section 232 of the Trade Expansion Act of 1962.
- *NOAA*. Ongoing work includes such topics as JPSS, PFO, and GOES-R series development, testing, and transition into operations, as well as the programs' efforts to minimize cost increases; fleet acquisition planning; and use of BPAs.
- *USPTO*. Ongoing work examines topics such as Trademark Next Generation program management; monetary awards for patent examiners, oversight and closeout of contract files, USPTO's Active Directory implementation to protect mission critical systems and data, oversight of the Systems Development and Integration Next Generation IT contract, backup and restoration policies, the patent capture and application processing system, and small business utilization goals.
- *OIG* also conducts annual audits of DOC's financial statements and information security program and practices; prepares semiannual reports summarizing *OIG* activities; and completes an annual audit plan prior to the start of the fiscal year, supported by an annual risk assessment of Department offices and programs.

## Investigations

*OIG*'s investigative work in FY 2018 to date has resulted in criminal, civil, and administrative actions, along with other efforts that led to improvements to DOC's programs and operations. Since October 2017, *OIG*'s investigations resulted in eight indictments and criminal complaints; six guilty pleas and convictions; eight suspensions/debarments of contractors and grantees; more than \$82 million in restitution, fines, settlements, and other administrative recoveries; and four terminations from federal service. Some of *OIG*'s recent investigative accomplishments include:

- *Japanese Fiber Manufacturer Agrees to Pay \$66 Million for Alleged False Claims Related to Defective Bullet Proof Vests*. In March 2018, the manufacturer and its American subsidiary agreed to pay \$66 million to settle claims involving the sale of defective Zylon fiber in bulletproof vests. The settlement was part of a larger investigation, headed by the U.S. Department of Justice Civil Division, and resolves allegations that between at least 2001 and 2005 the sole manufacturer of Zylon fiber was aware it degraded quickly in normal heat and humidity and the degradation rendered bulletproof vests with this particular fiber unfit for use. To date, the overall recoveries have exceeded \$132 million from 16 entities involved in the manufacture, distribution, or sale of Zylon vests. In addition to DOC *OIG*, the other agencies involved in the joint investigation included the General Services Administration *OIG*; Defense Criminal Investigative Service; U.S. Army Criminal Investigative Command; U.S. Treasury Inspector General for Tax Administration; U.S. Air Force Office of Special Investigations; Department of Energy *OIG*; and the Defense Contract Audit Agency.



- *CEO Sentenced for False Statements and Improper Billing for Contracts.* In October 2017, a former Department contractor was sentenced to 20 months' imprisonment, 200 hours of community service, and 36 months of supervised release for Major Fraud Against the United States. A joint OIG investigation found that the contractor made material false statements in obtaining \$3.1 million in contracts from DOC as part of the Afghanistan Investment and Reconstruction Task Force and overbilled the government more than \$1 million. As part of the plea agreement, the contractor will pay restitution in an amount equal to what the company overbilled the government.
- *Former Patent Attorney Sentenced for Money Laundering.* In February 2018, a former patent attorney was sentenced to 7 years in prison and ordered to pay \$2 million in restitution for his role in a large-scale money-laundering scheme the DOC OIG investigated jointly with Homeland Security Investigations. From at least 2013 through 2017, the patent attorney and a co-conspirator moved millions of dollars through bank accounts they controlled, including attorney trust accounts. The patent attorney also attempted to launder \$175,000 in funds that he believed to be proceeds from smuggling illegal aliens into the U.S. and from trafficking firearms in Africa.
- *Two NOAA Contract Employees Convicted in Extortion Case.* In November 2017, the Maryland State Attorney's Office indicted four NOAA security contractors on 11 counts of felony extortion. The indictment and arrest of these four security guards resulted from an OIG investigation finding that the defendants had solicited payments from NOAA security guards in exchange for passing firearms qualification scores. In March 2018, one of the defendants pled guilty to one count conspiracy to commit extortion and was sentenced to 18 months of incarceration (suspended) and 18 months of probation. In May 2018, another defendant pled guilty to one count of conspiracy to commit theft and was sentenced to 5 years of incarceration (suspended), 3 years of probation, and was ordered to pay \$1,690 restitution and a \$1,000 fine.
- *Former NOAA Employee Convicted and Sentenced for Conflict of Interest.* In February 2018, a former NOAA employee was sentenced to time served for accepting a salary from the People's Republic of China for his services as a NOAA employee from March 2010 to February 2013. The guilty plea and subsequent sentence resulted from an investigation conducted jointly by the DOCOIG, DOC Office of Security, and the Federal Bureau of Investigation.
- *Japanese Auto Parts Company Pleads Guilty to Antitrust Conspiracy Involving Steel Tubes.* In May 2018, the automotive parts manufacturer pleaded guilty and was sentenced to pay a \$12 million fine for its role in a criminal conspiracy to fix prices, rig bids, and allocate customers for automotive steel tubes incorporated into vehicles sold in the United States and elsewhere. Automotive tubes are used in fuel distribution, braking, and other automotive systems. According to the plea agreement, the manufacturer participated in a conspiracy to suppress and eliminate competition by agreeing to fix prices, allocate customers, and rig bids for automotive steel tubes sold to manufacturers in Japan and installed into vehicles sold in the U.S., in violation of the Sherman Act. DOC OIG conducted this investigation jointly with the Department of Justice Antitrust Division's Chicago Office, the FBI, and the U.S. Attorney's Office for the Southern District of Ohio.

**OIG's Deliverables & Schedule:**

OIG's major deliverables include the following:

- An annual report on the top management and performance challenges facing DOC
- A semiannual report summarizing work OIG completed or initiated in the previous 6 months (for the periods ending March 31 and September 30 of each year)
- Reports on audits and evaluations (performed according to OIG's annual audit plan, which may be modified to address new priorities)
- Responses to Congressional requests, including testimony (as necessary)
- A financial audit report of DOC and its bureaus, to include a separate USPTO report (provided in November)
- Recommendation tracking, ensuring that OIG's recommendations are appropriately implemented by management (ongoing)
- Evaluating and determining how to address approximately 1,500 hotline contacts a year (ongoing)
- Conducting casework on more than 100 criminal, civil, and administrative investigations and typically initiating and closing approximately 70 investigations per year (ongoing)
- An annual risk and audit plan (published in October)

**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
TRANSFER INCREASE FOR FY 2020  
(Dollar amounts in thousands)**

		2019 Base		2020 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Transfer increase	Pos./BA	7	1,500	11	2,000	4	500
USPTO	FTE/Obl.	7	1,500	10	2,000	3	500

OIG requests a transfer increase of \$500,000 and four positions for additional oversight of USPTO. OIG will use the additional resources in FY 2020 for oversight of the PTAB and audits of patent quality, intellectual property protection, and IT systems acquisition. In addition to its oversight work, OIG will continue to conduct criminal, civil, and administrative investigations.

**Base Resources Assessment**

For oversight of USPTO, OIG has a base of \$1,500,000 as a transfer from USPTO.

	2020	2021	2022	2023	2024
<b>Performance Measures:</b>					
Number of audits/products w/ increase	5	6	6	6	6
Number of audits/products w/o increase	4	4	4	4	4
Dollars recovered or put to better use w/ decrease	12,500	15,000	15,000	15,000	15,000
Dollars recovered or put to better use w/o decrease	10,000	10,000	10,000	10,000	10,000
<b>Outyear Costs</b>					
<b>Direct Obligations:</b>					
Uncapitalized	500	500	500	500	500
Budget Authority	500	500	500	500	500
Outlays	440	500	500	500	500
FTE	3	4	4	4	4
Positions	4	4	4	4	4

### Transfer Change Personnel Detail

Program: Office of Inspector General

Subprogram: Office of Inspector General

<b>Title:</b>	<b>Grade</b>	<b>Number of Positions</b>	<b>Annual Salary</b>	<b>Total Salaries</b>
Audit Team Leader	13	2	111,988	223,976
Auditors	12	2	94,177	188,354
Total		<u>4</u>		<u>412,330</u>
less Lapse	25%	<u>1</u>		(103,082)
Total full-time permanent (FTE)		3		309,247
2019 Pay Raise of 1.9%				5,876
2020 Pay Raise of 1.9%				5,987
Total				<u>321,111</u>

#### **Personnel Data**

	<b>Number</b>
Full-Time Equivalent Employment (FTE)	
Full-time permanent	3
Other than full-time permanent	0
Total	<u>3</u>
Authorized Positions:	
Full-time permanent	4
Other than full-time permanent	0
Total	<u>4</u>

**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
PROGRAM DECREASE FOR FY 2020  
(Dollar amounts in thousands)**

		2020 Base		2020 Estimate		Increase (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Program Decrease	Pos./BA	174	33,957	167	33,043	(7)	(914)
	FTE/Obl.	173	33,957	166	33,043	(7)	(914)

OIG requests a program decrease of \$914,000 from general oversight operations. This decrease will result in a personnel reduction of seven positions and two audit products.

**Base Resources Assessment**

OIG has a base appropriation for general oversight of \$33,957,000.

	2020	2021	2022	2023	2024
Performance Measures:					
Number of audits/products w/ decrease	36	36	36	36	36
Number of audits/products w/o decrease	40	40	40	40	40
Dollars recovered or put to better use w/ decrease	\$65M	\$65M	\$65M	\$65M	\$65M
Dollars recovered or put to better use w/o decrease	\$75M	\$75M	\$75M	\$75M	\$75M
Outyear Costs					
Direct Obligations:					
Uncapitalized	(914)	(914)	(914)	(914)	(914)
Budget Authority	(914)	(914)	(914)	(914)	(914)
Outlays	(914)	(914)	(914)	(914)	(914)
FTE	(7)	(7)	(7)	(7)	(7)
Positions	(7)	(7)	(7)	(7)	(7)

**Program Change Personnel Detail**

Program: Office of Inspector General

Subprogram: Office of Inspector General

<b>Title:</b>	<b>Grade</b>	<b>Number of Positions</b>	<b>Annual Salary</b>	<b>Total Salaries</b>
Statistician	14	(1)	132,337	(132,337)
Auditor/Program Analyst	13	(2)	111,988	(223,976)
Auditor/Program Analyst	12	(4)	94,177	(376,708)
Total		(7)		

<b>Personnel Data</b>	<b>Number</b>
Full-Time Equivalent Employment:	
Full-time permanent	(7)
Other than full-time permanent	0
	(7)
Authorized Positions:	
Full-time permanent	(7)
Other than full-time permanent	0
Total	(7)



**Salaries and Expenses**  
**PROGRAM CHANGE DETAIL BY OBJECT CLASS**  
(Dollar amounts in thousands)

Object Class		2018 Actual	2019 Enacted	2020 Base	2020 Estimate	Increase/ Decrease from 2020 Base
11.0	Personnel compensation	\$18,376	20,451	20,867	20,455	(412)
11.1	Full-time permanent- non wage	0	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	740	296	313	316	3
11.9	Total personnel compensation	19,116	20,747	21,180	20,771	(409)
12.1	Civilian personnel benefits	6,616	7,218	7,764	7,701	(63)
13.0	Benefits to former personnel	0	0	0	0	0
21.0	Travel and transportation of persons	369	763	776	786	10
22.0	Transportation of things	6	9	9	9	0
23.1	Rental payments to GSA	2,056	2,167	2,211	2,211	0
23.2	Rental payments to others	6	0	0	0	0
23.3	Commun., util., misc. charges	546	554	583	593	10
24.0	Printing and reproduction	6	7	7	7	0
25.1	Advisory and Assistance Services	0	0	0	0	0
25.2	Other services	3,861	4,427	4,427	4,439	12
25.3	Purchase of goods and services from gov't accounts	4,522	3,951	4,099	4,114	15
26.0	Supplies and materials	80	105	105	106	1
31.0	Equipment	1,442	1,154	1,154	1,164	10
42.0	Insurance Claims and Indemnities	0	0	0	0	0
99.0	<b>Total Direct Obligations</b>	38,626	41,102	42,315	41,901	(414)

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Salaries and Expenses  
SUMMARY OF REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)**

<b>Object Class</b>	2018 Actual	2019 Enacted	2020 Base	2020 Estimate	Increase/ Decrease from 2020 Base
11.0 Personnel compensation	\$18,376	20,451	20,867	20,455	(412)
11.1 Full-time permanent- non wage	0	0	0	0	0
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	740	296	313	316	3
11.9 Total personnel compensation	19,116	20,747	21,180	20,771	(409)
12.1 Civilian personnel benefits	6,616	7,218	7,764	7,701	(63)
13.0 Benefits to former personnel	0	0	0	0	0
21.0 Travel and transportation of persons	369	763	776	786	10
22.0 Transportation of things	6	9	9	9	0
23.1 Rental payments to GSA	2,056	2,167	2,211	2,211	0
23.2 Rental payments to others	6	0	0	0	0
23.3 Commun., util., misc. charges	546	554	583	593	10
24.0 Printing and reproduction	6	7	7	7	0
25.1 Advisory and Assistance Services	0	0	0	0	0
25.2 Other services	3,861	4,427	4,427	4,439	12
25.3 Purchase of goods and services from gov't accounts	4,522	3,951	4,099	4,114	15
26.0 Supplies and materials	80	105	105	106	1
31.0 Equipment	1,442	1,154	1,154	1,164	10
42.0 Insurance Claims and Indemnities	0	0	0	0	0
99.0 <b>Total Direct Obligations</b>	38,626	41,102	42,315	41,901	(414)

Less prior-year recoveries	0	0	0	0	0
Less Transfers	(5,882)	(8,358)	(8,358)	(8,858)	(500)
Less unobligated balance from prior years	(6,305)	7,279	0	0	0
Plus unobligated balance, expiring	726	0	0	0	0
Plus unobligated balance, end of year	7,279	0	0	0	0
<b>Total Appropriation</b>	<b>32,744</b>	<b>32,744</b>	<b>33,957</b>	<b>33,043</b>	<b>(914)</b>

**Personnel Data**

Full-Time Equivalent Employment:

Full-time permanent	154	173	173	169	(4)
Other than full-time permanent	0	0	0	0	0
<b>Total</b>	<b>154</b>	<b>173</b>	<b>173</b>	<b>169</b>	<b>(4)</b>

Authorized Positions:

Full-time permanent	178	174	174	171	(3)
Other than full-time permanent	0	0	0	0	0
<b>Total</b>	<b>178</b>	<b>174</b>	<b>174</b>	<b>171</b>	<b>(3)</b>

**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL**

**Salaries and Expenses**

**APPROPRIATION LANGUAGE AND CODE CITATIONS**

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, \$33,043,000: Provided, That notwithstanding section 6413(b) of the Middle Class Tax Relief and Job Creation Act of 2012 (Public Law 112-96), an additional \$2,000,000, to remain available until expended, shall be derived from the Public Safety Trust Fund for activities associated with carrying out investigations and audits related to the First Responder Network Authority (FirstNet).

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.), 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 ....”

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL**

**Salaries and Expenses**

**ADVISORY AND ASSISTANCE SERVICES**  
(Obligations in thousands)

	2018 Actual	2019 Enacted	2020 Estimate
Consulting services	0	0	0
Management and professional services	0	0	0
Special studies and analyses	0	0	0
Management and support services for research and development	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL**

**Salaries and Expenses**

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

	2017 Actual	2018 Actual	2019 Enacted	2020 Estimate
Periodicals	11	6	6	7
Pamphlets	0	0	0	0
Audiovisuals	0	0	0	0
<b>Total</b>	<b>\$11</b>	<b>\$6</b>	<b>\$6</b>	<b>\$7</b>

\* 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.

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL**

**Salaries and Expenses**

**AVERAGE GRADE AND SALARIES**

	2018 Actual	2019 Enacted	2020 Estimate
Number of SES	9	9	9
Average SES Grade*	NA	NA	NA
Average GS/GM Grade	12	13	13
Average GS/GM Salary	\$111,977	\$113,528	\$113,910

\* The Senior Executive Service (SES) 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.

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**DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL**

**INSPECTOR GENERAL REFORM ACT OF 2008 REPORTING REQUIREMENTS**

In accordance with the requirements of Section 6(g)(3) of the Inspector General Act of 1978, as amended, OIG submits the following information related to its requested budget for FY 2020:

OIG FY 2020 Request to Department of Commerce: \$41,725,000  
 Department of Commerce FY 2020 Allowance to OIG: \$40,888,000

Dollar amounts in thousands					
	2018 Actual	2019 Enacted	2020 Base	2020 Estimate	Increase/ (Decrease) from Base
	BA	BA	BA	BA	BA
Aggregate Funding	44,931	41,102	42,315	41,901	(414)
OIG Funding	44,931	41,102	42,315	41,901	(414)

Amounts provided for training and support of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) are as follows:

Dollar amounts in thousands					
	2018 Actual	2019 Enacted	2020 Base	2020 Estimate	Increase/ (Decrease)
Training	376	352	352	(2)	350
Amounts for support of CIGIE	27	107	107	109	2

OIG certifies that the training amount for FY 2020 listed above represents the total training requirement for OIG.

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## FY 2020 Performance Plan and Report Backup

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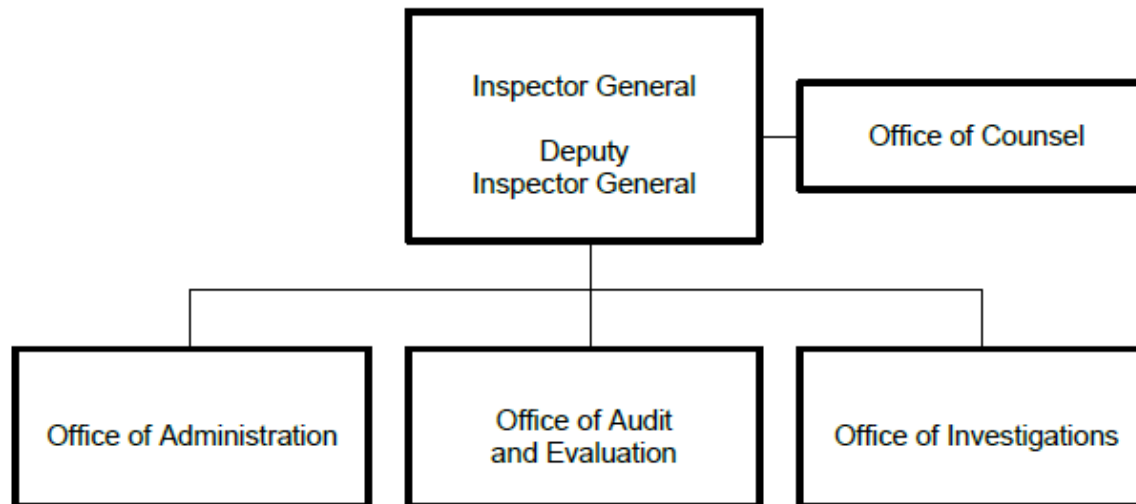
### MISSION STATEMENT

To improve the programs and operations of the Department of Commerce through independent and objective oversight.

### OVERVIEW

OIG provides auditing, investigative, and other services as a means to combat fraud, waste, abuse, and mismanagement of the programmatic operations within DOC. OIG has authority to inquire into all program and administrative activities of DOC, including those performing under contracts, grants, cooperative agreements, and financial assistance awards.

### ORGANIZATIONAL STRUCTURE



**Detailed Indicator Plans and Performance**

**Current / Recurring Indicators**

**5.3 - Strengthen DOC's capacity to achieve its objectives, maximize return on program investments, and deliver quality, timely service**

Indicator	Percent of OIG recommendations accepted by Departmental and bureau management (OIG)							
Category	Supporting (non-Strategic Plan)							
Type	Outcome							
Description	Many 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.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	95%	95%	95%	95%	95%	95%	95%	95%
Actual	96%	100%	94%	100%	95%	100%		
Status	Exceeded	Exceeded	Not Met	Exceeded	Met	Exceeded		
Trend	Positive							
Explanation (if not met in 2018)	N/A							
Actions to be taken / Future Plans	Continue collecting data.							
Adjustments to targets	N/A							
Notes	N/A							
Information Gaps	N/A							



**5.3 - Strengthen DOC's capacity to achieve its objectives, maximize return on program investments, and deliver quality, timely service**

Indicator	% of investigative cases completed within 365 days (OIG)							
Category	Supporting (non-Strategic Plan)							
Type	Process							
Description	Mean and median number of days it took Office of Investigations to complete a case.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	70%	70%	70%	70%	70%	70%	70%	70%
Actual	53%	48%	56.4%	62.3%	70%	59%		
Status	Not Met	Not Met	Not Met	Not Met	Met	Not Met		
Trend	Positive							
Explanation (if not met in 2018)	During FY 2018, OIG continued its effort to close old cases and address investigations in a more timely manner. Investigators were diverted from working lower priority cases to address older cases. To improve operations, OIG is hiring additional investigative staff, and will continue to work to meet this metric in FY 2019.							
Actions to be taken / Future Plans	Continue collecting data.							
Adjustments to targets	N/A							
Notes	N/A							
Information Gaps	N/A							

**5.3 - Strengthen DOC's capacity to achieve its objectives, maximize return on program investments, and deliver quality, timely service**

Indicator	Dollar value of financial benefits identified by OIG (millions)							
Category	Supporting (non-Strategic Plan)							
Type	Outcome							
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.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	\$30	\$70	\$70	\$70	\$70	\$70	\$70	\$70
Actual	\$175.8	\$361.5	\$181.7	\$86.4	\$56.4	\$10,542.1		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Not Met	Exceeded		
Trend	Negative							
Explanation (if not met in 2018)	N/A							
Actions to be taken / Future Plans	Continue collecting data.							
Adjustments to targets	N/A							
Notes	N/A							
Information Gaps	N/A							

**Resource Requirements Table**

	<b>FY 2014 Actual</b>	<b>FY 2015 Actual</b>	<b>FY 2016 Actual</b>	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2020 Request</b>
<b>Goal 5: Operational Excellence</b>									
<b>Total Budget Authority</b>									
Direct	34,000	35,449	36,853	38,626	38,626	41,102	42,315	(414)	41,901
Reimbursable	2,838	3,683	3,357	2,838	2,897	3,500	3,500	0	3,500
Total	36,838	39,132	40,210	41,464	41,523	44,602	45,815	(414)	45,401
<b>Total Positions</b>	169	177	177	177	177	174	174	171	(3)
Positions do not include staff funded by the Working Capital Fund									